



Responsible Business Conduct: OECD approach to working with Business



OECD

Better policies for better lives





Responsible Business Conduct

- Moves away from traditional vision of CSR
 - Goes beyond philanthropy or voluntary action...
 - but also beyond “just” complying with law.
- Focuses on **company impact** – both positive and negative
 - Ensuring a positive contribution to development while avoiding and addressing negative impacts
- Part of **core business** and **risk management**, including in the supply chain and business relationships
- **Risk-based due diligence** approach
- Applies to **all businesses**, not just large multinationals



Pressures

Companies are seeing an unprecedented increase in:

- Legislation for disclosure of RBC activity (both new law and strengthening existing law)
- Lawsuits for human rights and environmental issues
- Investor and shareholder requirements on companies to adopt and report on RBC
- Consumer action, both individuals and collective action, through social media and 'mega' campaign groups
- Public benchmarking on RBC, supported by investors
- Scrutiny from governments on supply chain activities

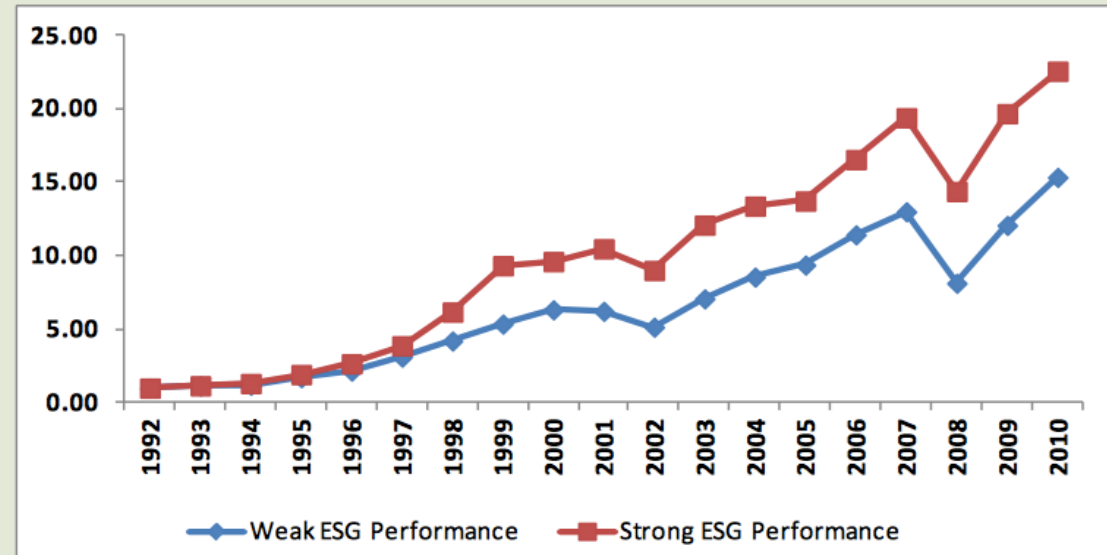




Benefits

- Reduce risks and manage reputation
- Facilitate participation in global value chains – meet customer expectations and international expectations
- Obtain and retain the social license to operate
- Protect existing value and create new value
- Increase productivity and distinguish from competitors

FINANCIAL PERFORMANCE OF COMPANIES WITH WEAK VS. STRONG ESG PERFORMANCE



Source: Eccles G.R., Ioannou I. Serafeim G. "The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance," Harvard Business School, November, 2011.

OECD and businesses

- OECD has mandate to help companies meet increasing societal expectations of responsible business conduct
- A big focus is on preventing and addressing negative impacts in companies' supply chains via risk-based supply chain due diligence
- Supported by implementation tools developed at OECD: analysis, discussion, training exchange of expertise
- OECD also convenes experts and creates multi-stakeholders platforms for companies to discuss and address common challenges

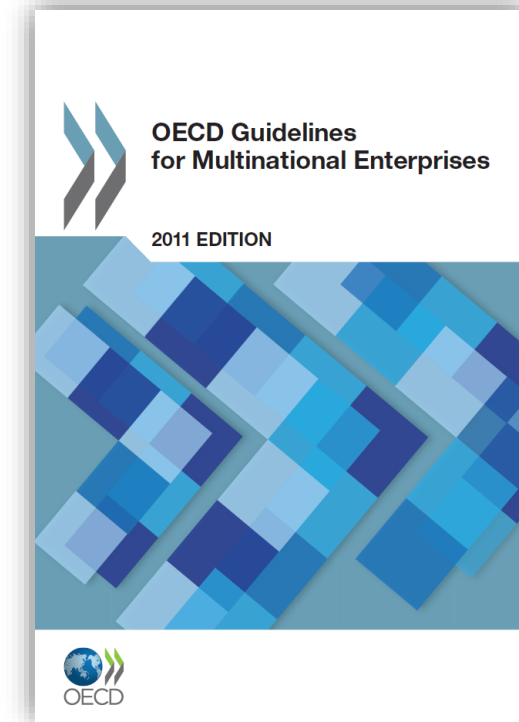
Risks in global seafood supply chains

- Labour rights and human rights
 - Growing concerns on the worst forms of child labour
 - Significant women's workforce in the processing sector
 - Working conditions and living wage
 - Lack of independent trade unions
- Food safety and public health issues
 - Misuse of antimicrobials
 - Food fraud
- Pressure on the environment
 - Pollutions
 - Climate change

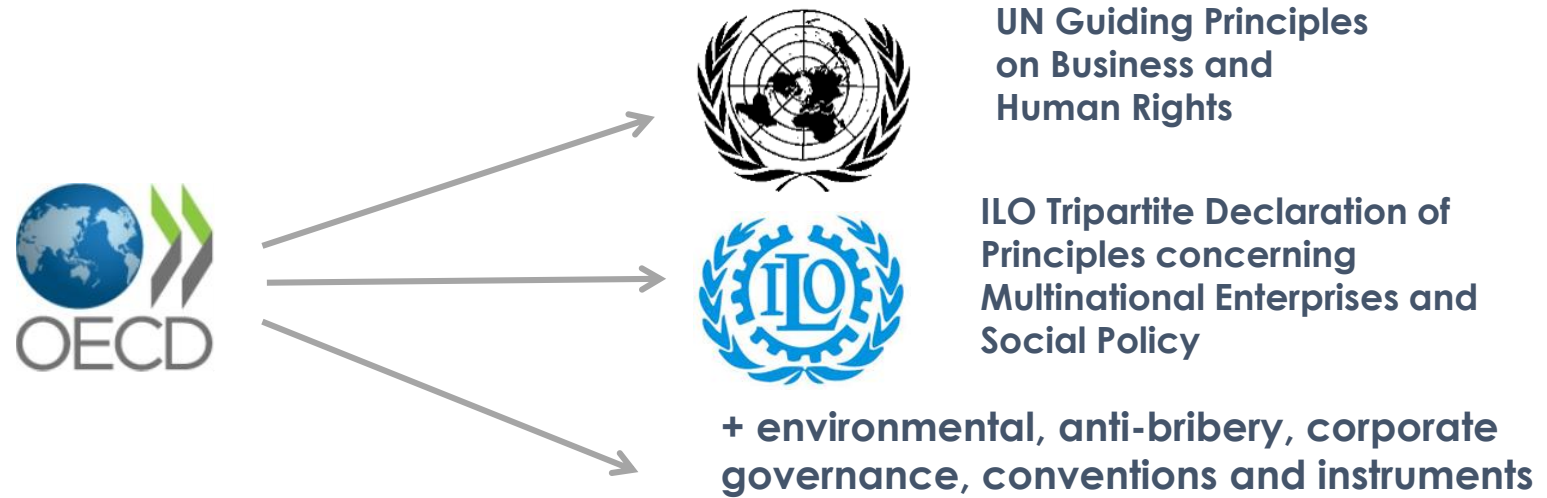


OECD Guidelines for Multinational Enterprises

- Comprehensive International standard on responsible business conduct
- Recommendations from governments to businesses
- Endorsed by business, trade unions and civil society
- Can be used by all businesses – not just large enterprises
- Incorporates **expectation of supply chain due diligence**



Alignment Internationally



Implementation: Due Diligence

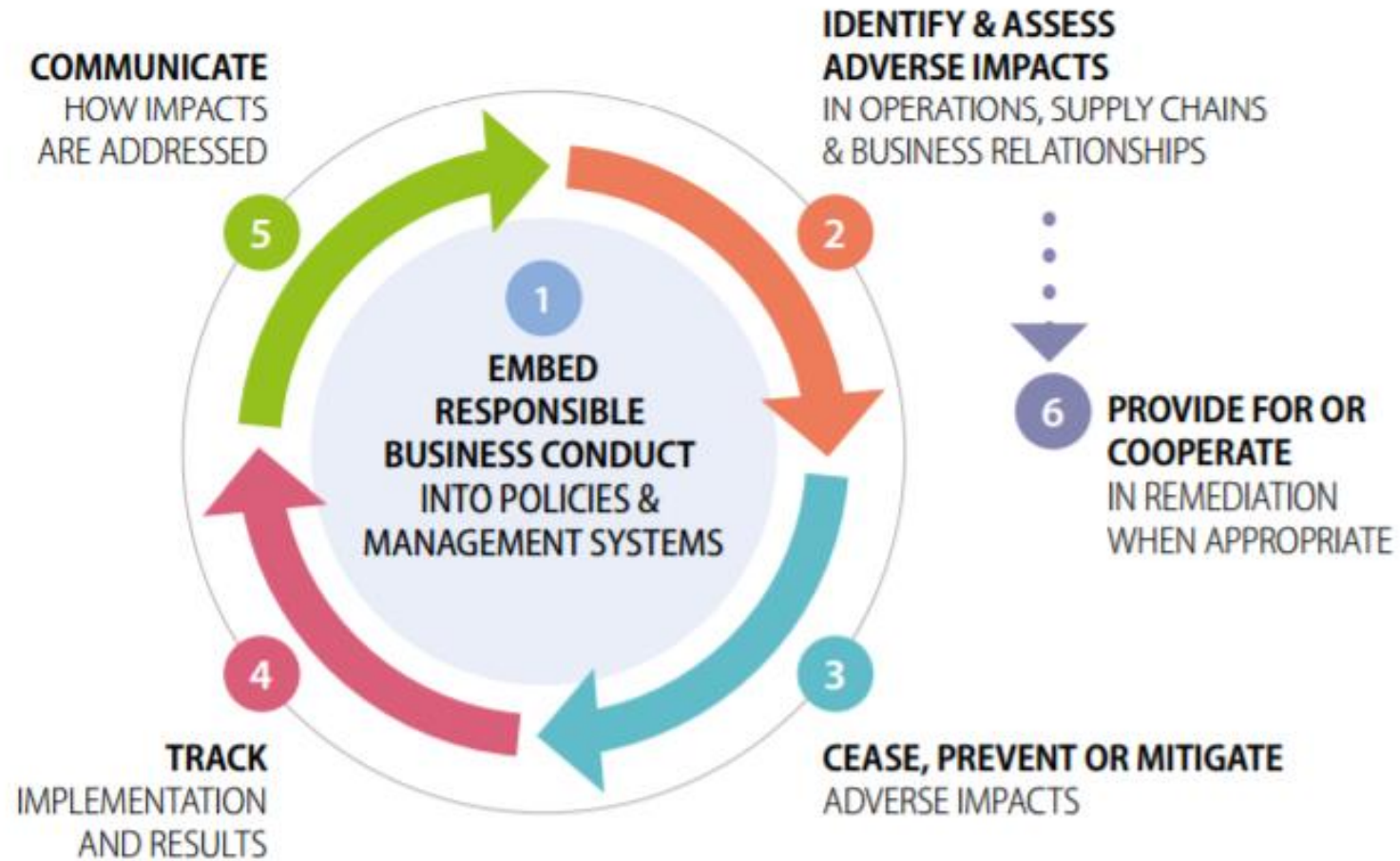


What is due diligence?

- Process through which companies can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts - KNOW and SHOW
- Impacts considered should go beyond internal financial or commercial impacts to the enterprise itself – focus on people, the environment, and society
- Common framework for the entire supply chain



OECD Due Diligence FRAMEWORK



Responsible Supply Chains in Asia Project

- Six countries: China, Japan, Myanmar, Philippines, Thailand, Vietnam
- Work directly with businesses to promote responsible supply chains through implementing due diligence standards and processes
- Target sector for Viet Nam: Seafood and Textiles
- Funded by the EU – OECD and ILO as implementation partners



European Union



BETTER POLICIES FOR BETTER LIVES



Programme Components

RESEARCH

- Research and analysis on RBC policy landscape
- In-depth analysis of existing RBC practices by companies in target sectors
- Research and new data on supply chains

POLICY

- Dialogues to encourage experience sharing and peer learning
- Development of practical resource materials on key RBC topics
- Thematic analysis of how RBC policies are integrated in other policies

CAPACITY

- Translations and adaptation of due diligence tools
- Workshops
- Cross-sectoral and cross-country experience sharing
- Pilot projects in agriculture and garment and footwear sector

AWARENESS

- Promotional conferences
- Translation of key materials in local languages
- Targeted seminars for business

OECD activities with business in Viet Nam

- Pilot project on implementing due diligence in Agriculture and Seafood –
 - Myanmar, Philippines, Thailand and Viet Nam
 - Looking for participants
 - Learn how to implement due diligence
 - Launch in June 2019
- Train the Trainer
 - Local organizations trained in OECD due diligence by OECD experts
 - Modules and training kits provided
 - Start in Q4 2019



Thank you

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