Responsible Business Conduct: OECD approach to working with Business
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
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

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

UN Guiding Principles on Business and Human Rights

ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

+ environmental, anti-bribery, corporate governance, conventions and instruments

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

1. Embed responsible business conduct into policies & management systems
2. Identify & assess adverse impacts in operations, supply chains & business relationships
3. Cease, prevent or mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate in remediation when appropriate
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
### Programme Components

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<th>RESARCH</th>
<th>POLICY</th>
<th>CAPACITY</th>
<th>AWARENESS</th>
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| • 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 | • 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 | • Translations and adaptation of due diligence tools  
• Workshops  
• Cross-sectoral and cross-country experience sharing  
• Pilot projects in agriculture and garment and footwear sector | • 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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