



Responsible Business Conduct and the SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development calls for a robust involvement of the private sector in global development efforts. The implementation of responsible business conduct (RBC) standards is essential for the private sector to maximise its contribution to the Sustainable Development Goals (SDGs).

The 2030 Agenda for Sustainable Development, adopted in 2015 by all United Nations Member States, and the 17 Sustainable Development Goals, represent a shared blueprint and a call for action for all countries to end poverty, improve health and education, reduce inequality, and spur economic growth, while tackling climate change and working to preserve oceans and forests.

Achieving the SDGs requires the contribution of all actors, including business. The important role of the private sector in delivering and financing the SDGs, as well as in various means of SDG implementation, for example, public-private partnerships or blended finance, is explicitly recognised by the Agenda 2030 (see example A/RES/70/1 which calls “upon all businesses to apply their creativity and innovation to solving sustainable development challenges”).

Many businesses have embraced the SDGs and are using them as a basis to frame their sustainability policies. For example, in 2018, the World Business Council for Sustainable Development and Shift published 15 case studies that show how responsible businesses make a positive impact on the SDGs and on company performance. There is also a clear business case for doing so. The Business and Sustainable Development Commission (2017) estimates that the economic gains from implementing the SDGs could be at least 12 trillion USD by 2030 and potentially 2 to 3 times more, assuming that the benefits are captured across the whole economy and accompanied by higher labour and resource productivity. McKinsey Institute (2017) estimates that just implementing SDG 5 on gender equality would add up 28 trillion USD to global growth by 2025.

Nonetheless, more needs to be done to meaningfully integrate the SDGs in business models and to link targets with core business activities and in the supply chain. A 2018 study by Oxfam International looked at 76 of the world's largest companies and found that, three years after their adoption, the SDGs have not substantially changed corporate approaches to sustainability. A number of NGOs at the 2017 UN Private Sector Forum cautioned that there is also a tendency to re-package existing commitments or focus on single goals. Furthermore, the UN Working Group on Business and Human Rights (2018) noted that overemphasis on business opportunities in the context of the SDGs overshadows the understanding that the most significant contribution the majority of businesses can make to realizing the SDGs is to respect human rights.

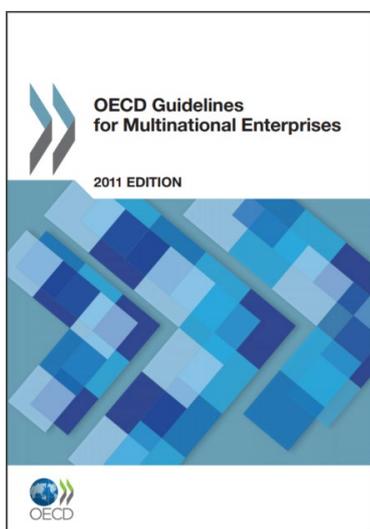
Achieving impact through responsible business conduct

Implementing RBC principles and standards can help companies operationalise the SDGs and to ensure their most significant impacts are prioritised. RBC principles and standards expect that all companies – regardless of their legal status, size, ownership or sector – should 1) make a **positive contribution** to the economic, environmental and social progress of the countries in which they operate and 2) **avoid and address negative impacts** of their activities, including in the supply chain. These expectations are set out in the main international instruments and agreements related to RBC, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the fundamental ILO conventions. Many of these expectations are also embedded in domestic legislation.

RBC standards touch upon most of the areas covered by the SDGs. By behaving responsibly, in line with international expectations, businesses can ensure that at the very least they are not undermining the SDGs, either through their own operations or through their supply chains and other business relationships. This is particularly critical in today's interconnected markets, where supply chains can span multiple jurisdictions and business cultures, and where impacts on people and the environment often occur in the most vulnerable societies. RBC is not just about compliance or "doing no harm". Understanding and addressing the impact that business operations can have on workers, communities and the environment can be transformative in itself.

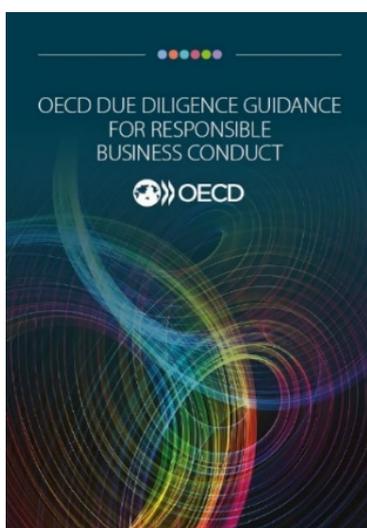
Tools for businesses to support the SDGs

RBC instruments provide a clear and practical framework for business to act, including in contexts where systemic issues may be out of a company's direct control.



The **OECD Guidelines for Multinational Enterprises** are the main OECD instrument on RBC. They cover all major areas where businesses can have impact on the society and the planet, namely information disclosure, human rights, environment, employment and industrial relations, bribery, consumer interests, competition, and taxation. By implementing the recommendations included in the different chapters of the OECD Guidelines, companies can ensure they are making a positive contribution to the SDGs (see figure below).

To support their effective implementation, countries adhering to the OECD Guidelines are required to set up **National Contact Points (NCPs)**. As part of their mandate, NCPs provide a mediation and conciliation platform to help to resolve cases (known as "specific instances") of the alleged non-observance of the Guidelines. To date NCPs have handled over 425 cases relating to impacts occurring in over 100 countries and territories.

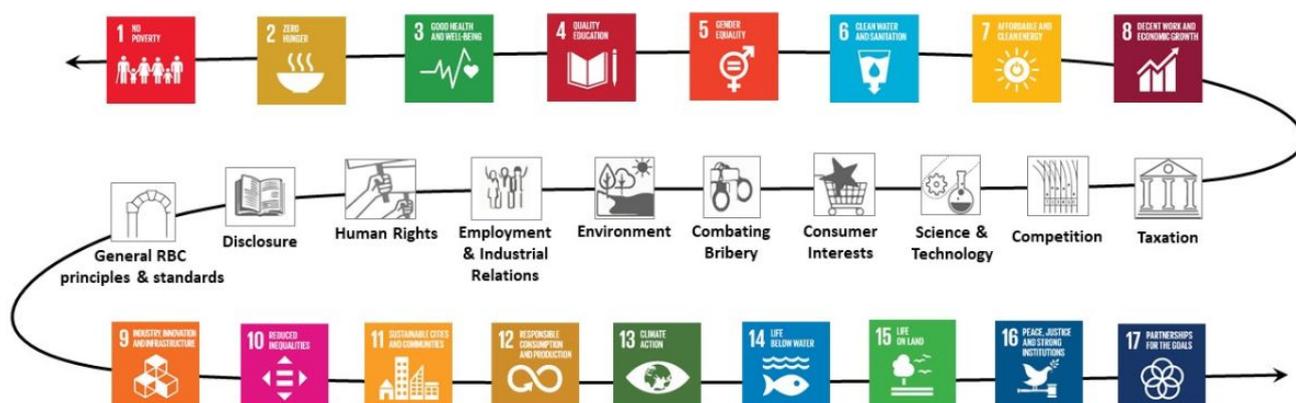


The OECD recommends that businesses can *know and show* they are addressing their most significant environmental and social impacts through risk-based due diligence - a process through which businesses identify, prevent and mitigate their actual and potential negative impacts across all business operations and account for how those impacts are addressed over time.

The OECD Due Diligence Guidance for Responsible Business Conduct adopted in 2018 explains how to do so in practice. The Guidance is relevant for all types of companies operating in all countries and all sectors of the economy. It has been adopted by all Governments adhering to the MNE Guidelines and was developed in close consultation with businesses, governments, civil society and trade unions.

In addition, the OECD has developed specific due diligence guidance for a range of sectors (minerals, agriculture, garment & footwear, extractives, financial sectors) to help companies address impacts in their operations.

RBC is inter-connected with all the SDGs



Through RBC due diligence, companies can:

Practically integrate SDGs in core business

RBC due diligence can help companies understand their impacts on the SDGs without any additional normative frameworks and across all areas where they can be influential. By undertaking RBC due diligence, businesses can know and show they are considering the whole range of their impact on the SDGs.

Start with most significant impact

In a complex business environment, it may not always be feasible to address all environmental and social issues at once. The due diligence process recognises this business reality and gives guidance on how action should be prioritised.

Consider their entire footprint

A central feature of RBC standards is the expectation that businesses manage impacts in their supply chains and business relationships; i.e. that they consider their entire footprint. This can contribute to large-scale positive impact on the SDGs.

Be dynamic and responsive

The RBC due diligence process is not static, but ongoing, responsive and changing. It is a tool that adapts to changing and different circumstances of an enterprise by definition and is flexible enough to be applied in the supply chain across countries for global companies.

Contribute to resolving systemic issues

RBC standards provide businesses with a framework to understand their own impacts in relation to systemic issues that may be driven by root causes outside of their immediate control and give guidance on what to do about it.

Engage rather than withdraw

Many risks occur in countries most in need of investment. Businesses are encouraged not to 'de-risk' by withdrawing their operations from difficult contexts, but rather to undertake risk-mitigation efforts and take into account the possible negative impacts of a decision to disengage.

Perform better

RBC benefits business as well by reducing operational, reputational, and financial risks, improving productivity and creating additional opportunities from becoming an investment, partner, brand and employer of choice.

Linking government efforts on RBC and SDGs can support their effective implementations

RBC expectations apply when governments act as economic actors (e.g. public procurement, development finance, state-owned enterprises, etc.). For the sake of a level-playing field and clarity in the market, many governments have taken concrete policy action to promote RBC. National Action Plans on Business and Human Rights or on RBC have become an important way to identify policy gaps and promote coherence.

Increasing scrutiny is also being given to the role of RBC in trade and investment. For example, the European Union committed to support the promotion of RBC widely in its *Trade for All Strategy* and to encourage its trading partners to implement RBC instruments. Countries have also adopted binding legislation to address particular salient risks, such as forced labour. For example, the UK passed a *Modern Slavery Act* in 2015. Australia followed suit in 2018 and requires businesses of a certain size to report on the risks of modern slavery in their operations and supply chains and actions to address those risks. The government itself is expected to report on its own activities.

Linking these efforts with SDGs can support their effective implementation. Governments, enterprises, social partners and other stakeholders all have important roles to play in implementing the SDGs and RBC instruments.

References and Further Reading

The Human Rights Opportunity: 15 real-life cases of how business is contributing to the Sustainable Development Goals by putting people first (Shift and World Business Council on Sustainable Development, 2018)

2018 Report of the UN Working Group on the issue of human rights and transnational corporations and other business enterprises (UN General Assembly Report, A/73/163)

Better Business, Better World (Business and Sustainable Development Commission, 2017)

Human Rights Guide to the Sustainable Development Goals (Danish Institute for Human Rights, 2017)

Business and the Sustainable Development Goals: Mind the Gap – Challenges for Implementation (Institute for Human Rights and Business, 2015)

Decent work and the 2030 agenda for sustainable development (ILO, 2017)

Responsible Business Conduct is a precondition for achieving the UN's Sustainable Development Goals (Norway National Contact Point for the OECD Guidelines for Multinational Enterprises, 2017)

An open letter to United Nations Secretary-General António Guterres and United Nations Private Sector Forum 2017 Participants

Sustainable Development Goals as Business Opportunities (see chapter on RBC) (OECD, 2016)

Making Globalization Work for All: Achieving the Sustainable Development Goals Through Business Respect for Human Rights (John G. Ruggie, 2016)

Business, Human Rights and the Sustainable Development Goals: Forging a Coherent Vision (Shift Project, 2016)

The Power of Parity: How advancing women's equality can add \$12 trillion to global growth (McKinsey Global Institute and Woetzel et al. 2015)

EU Commission Staff Working Document. Corporate Social Responsibility, Responsible Business Conduct, and Business & Human Rights: Overview of Progress (EU, SWD(2019) 143)

The OECD-FAO Guidance for Responsible Agricultural Supply Chains: How it can help achieve the Sustainable Development Goals

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