

Responsible Business Conduct (RBC) for a sustainable and resilient recovery

Concept Note

Boao Forum for Asia
Global Economic Development & Security Forum Conference

20 October, 2021
8:30 – 9:45 Paris | 14:30 – 15:45 China
Hybrid event, Changsha China

BACKGROUND

Responsible business conduct (RBC) offers a path to meet the expectation that all businesses contribute to sustainable development while avoiding and addressing adverse impacts of their operations on people, the environment, and society, including throughout their supply chains and business relationships. In short, companies should do “good” and avoid doing “harm”.

The COVID-19 pandemic has made this more challenging for businesses. The crisis has accelerated structural shifts happening in business environments across global supply chains. For example: changing consumer’s habits by moving towards more sustainable and local products, increasing supplier diversification and ensuring supply chain continuity. In parallel, the pandemic eroded trust in international commerce and global supply chains as a driver of economic and social development by undermining economic integration, encouraging trade restriction and negatively impacting investment growth. In particular, the crisis has exerted a substantial toll on economies and societies in Asia given their deep integration into the global supply chains and labour intense production models.

Shocks in supply chains are not sector nor economy discriminative. Even large economies like China, have seen significant impacts despite having relatively comprehensive production and supply networks. In Q1 2020, at the peak of the crisis, the Chinese GDP showed a year-on-year decline of 6.8%, with industry value having added a shrinking 8.4% quarter-on-quarter and a 6.4% decrease year-on-year in goods export and import total amount¹. Under the strong global economic recovery, growth in China is projected to remain close to its pre-pandemic path, staying at 8.5% for 2021 and 5.8% for 2022 year-on-year. Nevertheless, the recovery is uneven around the world and the sizeable global economic uncertainty continues². Input and output constraints to Chinese firms may remain due to still ongoing health crisis in other parts of the global economy and global supply chains disruption.

In the course of recovering from crises, RBC principles have become increasingly central in sourcing practices, investment decisions and trade dialogues, which overall shape the structure of global supply chains. Adopting long-term oriented strategies for building more sustainability, resilience, decent work and good practice of international labour standards as well as environmental standards has been further emphasised by policy makers. For example, the EU is developing mandatory due diligence regulation for EI companies to meet these expectations; the Carbis Bay G7 Summit calls on joint action to address labour challenges in supply chains as well as risks to the resilience of the critical global supply chains; and in Asia, RBC and sustainability have been put forward in the ASEAN Comprehensive

1 See : http://www.stats.gov.cn/tjsj/zxfb/202004/t20200417_1739327.html

2 See: OECD (2021), “[OECD Interim Economic Outlook](#)”.

Recovery Framework (ACRF)³ and in the 31st APEC ministerial meeting⁴. As a result, businesses have to consider RBC to navigate the transformation of the sector where they situate, and their supply chains.

RBC considerations are also high on trade, investment and industrial policy agendas, in Asia and elsewhere. A number of trade and investment developments (e.g. RCEP, CPTPP and trade negotiation between Asian countries and the EU) have made progress, showing countries willingness to work together to create an enabling environment of mutually agreed international environmental and labour standards. On the recovery run and further beyond, agreements of these economic instruments help reduce cost and time of doing businesses, steer businesses core decisions towards markets with proven track-record on RBC and attract investments.

SESSION OBJECTIVES

This session will examine the utility of RBC principles and tools in ensuring a sustainable and resilient recovery from the health, economic and social crises. The panel will seek to share experiences and identify good practice to support responsible supply chains.

Speakers will share their views on how we can ensure expectations on responsible business conduct – including those capturing environmental, social and labour objectives – which will be at the heart of policy responses and business actions. The discussion will focus around the following guiding questions:

- **What is responsible business conduct and why does it matter in today's context:** how do current international standards on responsible business conduct currently align with what businesses can or should be doing to support building a better future for our people, planet and society coming out from the crisis? How can they support connecting the multiple urgent economic, environmental and social agendas and help governments and companies to make balanced decisions?
- **What do “sustainability” and “resilience” mean for global supply chains:** as governments and businesses carrying out plans to address shocks and disruptions, this does not just mean reconnecting global supply chains. How are we to ensure that such responses do not create further risks to people, planet and society, or contribute to further destabilising supply chains down the line?
- **What RBC practices have emerged in China, the region and elsewhere as relevant:** what has worked in recovery measures and what lessons have been learned? Having regarded that different countries/regions are under different contexts of RBC work as well as their crises vary, how are we to facilitate translation of internationally accepted expectations on RBC into firm-level actions in specific markets?
- **What is needed from corporations, governments and international organisations for systemic changes in supply chains in the longer term and prepare for next crises:** it is also imperative to consider how different actors and key stakeholders can work together to achieve this goal.

³ ASEAN broad strategy 5 is on Advancing Towards a More Sustainable and Resilient Future

⁴ The 31st APEC ministerial meeting (November 2020) set “responsible business and investment” a key priority area.

- Venue on-site: Changsha International Conference Center, 1st floor, Multifunction Hall 05

SPEAKERS

Moderator:

- Ms. SU Yuting, Reporter & Anchor, China Global Television Network (CGTN)

Opening remarks to set the scene:

- Mr. Nicolas Chapuis, Head of EU Delegation to China

Speakers:

- Ms. Mathilde Mesnard, Acting Director, Directorate for Financial and Enterprise Affairs, OECD
- Mr. Chang-Hee LEE, Director, International Labour Organisation (ILO) Country Office for China and Mongolia
- Ms. WANG Jiangning, Inspector at level II, Department of International Trade and Economic Affairs, Ministry of Commerce (MOFCOM), China
- Mr. WANG Peng, Deputy Director General, Department of Industrial Policy and Regulation, Ministry of Industry and Information Technology (MIIT), China
- Mr. Alex WANG, Director for Supplier Management & Innovation and CEO, Orange Sourcing Consulting, Orange Group

AGENDA

- [5 minutes] **Moderator's introduction** of the session and the speakers
- [10 minutes] **Opening remarks** of Ambassador H.E. Nicolas Chapuis to set the scene
- [50 minutes] **1st round moderated panel discussion:** RBC considerations in key trends and transformations of supply chains
- Country perspective** shared by MIIT
- 2nd round moderated panel discussion:** Increased integration of RBC in trade, investment and industrial policies and instruments – recovery implications
- [10 minutes] **Closing comments** by panellists and summary by the Moderator

Who's who



Nicolas Chapuis (郁白) Ambassador, Head of Delegation of the European Union to China

Ambassador Nicolas Chapuis is a diplomat of extensive experience, in particular in China. With an educational background in Sinology and his life-long dedication to understanding Chinese language and culture, Ambassador Chapuis embodies the European spirit of openness and EU's efforts to dialogue with China.

Ambassador Chapuis started his career as a diplomat in China. Later on, he has returned several times to the country, having worked as Press Attaché, Political Counsellor, Cultural Counsellor, General Consul in Shanghai, and Deputy Head of Mission.

His duties with the French diplomatic service took him also to Singapore, the UK, Mongolia, and Canada. Ambassador Chapuis is also a translator and essay writer.



Mathilde Mesnard, Acting Director, Directorate for Financial and Enterprise Affairs, OECD

Ms Mesnard took up her current responsibility since July 2021. She was a Deputy Director of DAF from 2016-2021, with responsibility for the policy areas of anti-corruption, corporate governance and responsible business conduct, in addition to supporting the co-ordination and management of DAF's programme of work and Committees. Prior to this, her responsibilities at the OECD also include Co-ordinator of the New Approaches to Economic Challenges (NEAC) Initiative, Senior Advisor to the Secretary-General.

Mesnard has previously held positions as management consultant with Deloitte & Touche, Assistant Professor in Economics at the University of Picardie, and Financial Analyst at Citibank.



Changhee Lee, Director of Country Office for China and Mongolia, ILO

Dr. Lee took up his current responsibility since 1 July 2021. Prior to his current appointment, he was the Director of the ILO Country Office for Viet Nam since September 2015.

He joined ILO Headquarters in Geneva in 1996 where he participated in a number of major global research programme on industrial relations. Subsequently he worked as an industrial relations specialist of the ILO's East Asian team in Bangkok covering South East and North East Asia (2000-2006) and in Beijing covering China, Mongolia and Viet Nam (2006-2012) During his service in East Asia, he provided policy advices to tripartite industrial relations actors in East Asia on a wide range of industrial relations policy issues.



Ms. WANG Jiangning, Inspector at level II, Department of International Trade and Economic Affairs, Ministry of Commerce, China

Ms. Wang joined MOFCOM in 2000. She was in charge of Negotiations of China-ASEAN Free Trade Agreement (FTA), and served as the Chinese Negotiator on Trade in Services from 2003 to 2007. She was also in charge of Negotiations of China-New Zealand FTA and serve as the Chinese Negotiator on Services from 2004 to 2008. She once served as the Chinese Deputy Chief Negotiator on the Negotiations of China-Singapore FTA in 2006-2007, and took charge of Negotiations of China-Norway FTA in 2009, China-Iceland FTA in 2012. She was involved in the China-Korea FTA as the Chinese Negotiator on Services and investment in 2010-2015 and joined China-Israel FTA negotiations in 2017. In 2012-2018, She was in charge of negotiations on RCEP, serving as the Assistant Chief Negotiator and Chinese Negotiator on Services. She also served as the Chief Negotiator of China on the Upgraded FTA Negotiations of China-New Zealand, China-Singapore, and the FTA Negotiations of China-Norway.

Her responsibility once covered China-APEC Cooperation focusing on trade and investment facilitation, China-ASEM cooperation, China-UNCTAD, China-OECD cooperation and China/UNICEF Program of Cooperation. She is also responsible for China's participation in China-ASEAN Summit,



Mr. WANG Peng, Deputy Director General, Department of Industrial Policy and Regulation, Ministry of Industry and Information Technology, China

Mr. Wang is currently the Deputy Director General of the Department of Industrial Policy and Regulation at the Ministry of Industry and Information Technology of China.

He graduated from Wuhan University with a master's degree in economics. He once served as the Director of Industrialization Research Center of China Center for Information Industry Development (CCID), and later as the Vice President of CCID.



Alex Wang, Director for Supplier Management & Innovation and CEO, Orange Sourcing Consulting, Orange Group

During his 27-year career at Orange, Alex Wang has worked as China Area Manager for 3 years, then Strategic Account Manager, Wholesale France Sales Manager and CEO Sourcing Consulting since 2006. He also founded the Joint Audit Cooperation (JAC), the CSR association for telecom operators.

The Responsible Supply Chains in Asia (RSCA) Programme

The session is delivered as part of the Responsible Supply Chains in Asia Programme (RSCA), a partnership between the European Union (EU), the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), funded by the European Union. The RSCA works with partners in Asia to promote responsible business conduct in global supply chains. The overarching objectives of the RSCA Programme are to promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility; and to create policy environments conducive to promoting responsible business conduct and increased opportunities for dialogue. The programme is taking place in partnership with six Asian economies, namely Japan, China, Thailand, Viet Nam, Philippines, and Myanmar.

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Find out more about the joint [OECD-EU-ILO Responsible Supply Chains in Asia Programme](#).

