



SESSION NOTE

Blockchain for Responsible Supply Chains

Wednesday 20 June 2018 - 13:15-14:00

Auditorium - OECD Conference Centre

What is blockchain?

Blockchain is a Distributed Ledger Technology (DLT) which allows for the sharing of any type of digital data across a decentralised network, through the creation of immutable, encrypted databases to which users who may not know each other can input and verify data. Blockchain technology is known for its role in underpinning digital currencies but can also be applied to other data sharing requirements, including health records, land records, contracts and supply chain transactions for goods and services. What is key about blockchain data is that data entry creates a permanent record that is resistant to unauthorised editing and can allow for the record's authenticity to be verified by the entire user community using the blockchain instead of a single centralized authority.

The potential of blockchain when applied to supply chain due diligence for responsible business conduct

The MNE Guidelines and OECD Due Diligence Guidance for Responsible Business Conduct recommend that businesses across the global value chain of a product or service conduct due diligence on the risks of adverse impacts on human rights, labour rights, the environment and financial crime across the value chain. In order to identify the areas of the business and value chain where risks are most likely to be present and most significant¹, businesses need reliable and easily accessible information from midstream and downstream supply chain actors on these risks.

Several supply chain due diligence blockchain initiatives have developed in recent months across different sectors to help address this issue. Although not without significant obstacles and potential drawbacks, the technology appears to be a promising solution to some of due diligence's most challenging problems. By design, blockchains are inherently resistant to modification of the data, rather than relying on easy-to-forge paper documents. Blockchain may offer an ability to more easily manage increasingly complicated networks of suppliers with a greater level of trust, ideally establishing proof of quality, provenance, and payment on the raw materials and products being tracked.

Purpose of the session

This session will be an opportunity to understand the basics of blockchain, and consider the potential of blockchain technology to facilitate supply chain due diligence. The session will be moderated by the Director of the OECD Directorate for Financial Affairs, Greg Medcraft, and feature representatives from both Hugo Boss and De Beers, two companies helping pioneer blockchain technology in their own supply chains for cotton and diamonds respectively.

Resources

- [OECD Guidelines for Multinational Enterprises](#)
- [OECD Sector Specific Guidance](#)
- [Blockchain Research Institute](#)

¹ [OECD Due Diligence Guidance for Responsible Business Conduct](#), pp. 25-26.