



## SESSION NOTE

### The Purpose of Business in Society

Wednesday 20 June 2018 - 11:30-13:00  
Room CC1 - OECD Conference Centre

This panel will discuss the changing role of business in society to extend beyond the realisation of profits to also take into account the contribution that business activity can have to positive social and environmental impacts. Panellists will reflect on recent calls for, and expression of this changing role, in both government action and business practices, as well as in demands from civil society.

The [OECD Guidelines for Multinational Enterprises](#) and the [OECD's work on responsible business conduct](#) are at the heart of these developments. The Guidelines recognise the role that companies have in making a long-term positive contribution to advancing sustainable development, while at the same time avoiding and addressing negative impacts of their activities, including in their supply chains and business relationships. A key tool to achieve this is due diligence, and the recently adopted [OECD Due Diligence Guidance for Responsible Business Conduct](#) provides a tool to help companies in achieving this dual objective.

A number of calls for change in the way businesses operate reinforce this key message of the Guidelines.

In a recent [letter to CEOs of public companies](#), BlackRock CEO Larry Fink manifests his expectation that companies should start accounting for the impacts they have on society. In the aftermath of the financial crisis and, in Fink's words, with "many governments failing to prepare for the future, on issues ranging from retirement and infrastructure to automation and worker retraining", society is turning to the private sector, demanding that companies serve a social purpose. He noted that to prosper over time, every company should deliver not only on financial performance but also show how it makes a positive contribution to society. In this regard, he called on companies to account for how they benefit all stakeholders, not only shareholders but also employees, customers and the communities in which they do business.

The emergence of new business models, such as [B Corps](#), goes in the same direction. B Corps are for-profit companies that work to create benefits for all stakeholders, and not just to produce profits for their shareholders. Certified to meet rigorous standards of social and environmental performance, accountability, and transparency, there are currently more than 2100 Certified B Corps, covering over 130 industries.

The expectation that business contribute to more inclusive and sustainable growth is also at the core of the report [L'entreprise, objet d'intérêt collectif](#) commissioned by the French Ministry of Finance. Released in March 2018, the so called Notat-Sénard report argues that doing business should not be limited to the realisation of maximising profits for shareholders, but that companies should also assume and act in accordance with a broader social and environmental mission. Among a series of proposals, the report recommends amending the current legal framework to reflect that every company should be made to also consider the social and environmental implications of its activities, and to entrust company decision-makers to formulate this purpose to guide their operations.

These new models for corporate governance have also been highlighted in the [2017 G20 call for sustainable supply chains](#), and have been reflected in other recent developments, such as the EU's [Action Plan on Financing Sustainable Growth](#), released in March 2018, that highlights the role of finance in achieving a well-performing economy that also delivers on environmental and social goals. The OECD Council at Ministerial level adopted last May a Framework of Policy Action for Inclusive Growth, in which business plays an important role.



## GLOBAL FORUM ON RESPONSIBLE BUSINESS CONDUCT

### Resources

- Mercer (2015), “Investing in a time of climate change”, OECD (2011), OECD Guidelines for Multinational Enterprises <http://mneguidelines.oecd.org/guidelines/>
- OECD (2018) OECD Due Diligence Guidance for Responsible Business Conduct, <http://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>
- Larry Fink, Blackrock (2018), A sense of purpose, <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>
- EU Commission (2018), Action Plan: Financing Sustainable Growth, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0097>