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Executive summary

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Executive summary

The present report reviews the activities undertaken to promote the observance of the *OECD Guidelines for Multinational Enterprises* (the *Guidelines*) during the implementation cycle of June 2012-June 2013. After the May 2011 Update of the *Guidelines* and the subsequent 6 month period during which the National Contact Points (NCPs) integrated the revised provisions, the past year was the first full-fledged implementation year of the updated *Guidelines*.

It has been a time of high visibility, continuing support and uptake for the updated *Guidelines*. The increased mobilisation of the 44 adhering governments, stakeholders and partner organisations produced concrete deliverables on a number of fronts including:

- Costa Rica became the 45th country to adhere to the *Guidelines* on 30 September 2013 and Jordan was also officially invited to adhere in 2013. Jordan's adherence would bring to four the number of adhering countries in the strategic Middle East and North Africa (MENA) region.
- Enhanced inclusiveness in the structures and procedures of NCPs along with their increased capacity to provide mediation or conciliation services.
- A record high of activity in the specific instance facility. NCPs dealt with several new specific instances, more than half arising in non-adhering countries. They also contributed to new positive mediated outcomes that improve responsible business conduct (RBC) around the globe.
- Establishment under the OECD Investment Committee of a dedicated Working Party on Responsible Business Conduct (WPRBC) and designation of a Chair in March 2013 to enhance the effectiveness of the *Guidelines* and actively engage with non-adhering countries on matters covered by the *Guidelines*.
- Elaboration of a robust multi-stakeholder proactive agenda to promote the effective observance of the *Guidelines*. Progress was made in the project on the financial sector, with a research report and recommendations of the multi-stakeholder advisory group. The work on stakeholder engagement in the extractive sector progressed as well, working towards a guidance tool for enterprises. The project on responsible sourcing in the agricultural sector also made a good start. The work on conflict minerals, an OECD flagship multi-stakeholder process, also made significant further steps;

- A collective response to the Rana Plaza tragedy in Bangladesh. The NCPs issued a special statement on 25 June 2013 (reproduced in Annex 1.A1), inviting the WPRBC to urgently do further work on the textiles and garments sectors, to improve the situation on the ground. Support for further work in this area was also expressed on the occasion of the first OECD Global Forum on Responsible Business Conduct. Subsequently, the WPRBC decided to explore with the International Labour Organization (ILO), business, trade unions and other stakeholders ideas for an OECD-ILO project on responsible business conduct in the textiles industry; and to report back to the Working Party delegates on the outcome of these consultations; also, delegations were invited to keep the Chair informed of relevant developments at the national level.
- Successful launch of the OECD Global Forum on Responsible Business Conduct (the Global Forum) on 26-27 June 2013 as a strategic tool to strengthen international dialogue on RBC and promote the effective implementation of the *Guidelines*. The inaugural Global Forum brought together over 500 participants, representing government, business, trade union, civil society and international organisations.
- A new visual identity for the *Guidelines* and new communication tools.
- Signature of a Memorandum of Understanding (MOU) with the International Coordinating Committee of National Human Rights Institutions (ICC) in Amman on 7 November 2012.
- Significant outreach activities such as the working dinner on RBC in Davos, January 2013 and the High Level OECD-United Nations Economic and Social Commission for Asia and the Pacific Conference (UN ESCAP) in Kuala Lumpur at the 2012 Asia-Pacific Business Forum. The Chair of the WPRBC and the OECD Secretariat presented an outreach plan in October 2013.

While these positive developments undoubtedly contributed in raising the international profile of the updated *Guidelines*, the unprecedented recognition this OECD flagship instrument continued to enjoy was also closely associated with high expectations about the contribution to the implementation of the UN Guiding Principles for Business and Human Rights. The *Guidelines* occupy a central role in the current landscape of RBC tools: they are endowed with a unique implementation mechanism and include a human rights chapter that is drawn from the UN Guiding Principles.

This recognition has had two important consequences:

1. It has enhanced the need for the OECD to work more closely with the UN Working Group on Business and Human Rights, the ILO, and with other leading international instruments, to ensure a coherent interpretation, and mutually supportive implementation of the *Guidelines* and the UN “Protect, Respect and Remedy Framework”.

2. It has raised the bar on the performance of NCPs as a key non-judicial grievance mechanism under the third pillar of the UN Framework. The challenge has been compounded by the growing complexity of specific instances, the rise of complaints linked to human rights, risk-based due diligence – throughout supply chains and other business relationships – and stakeholder engagement, and the larger concentration of complaints in non-adhering countries. These considerations will no doubt continue to shape activities of the WPRBC and NCPs for years to come.

Adhering governments agreed that the next implementation cycle of the *Guidelines* should prioritise work on how to better communicate expectations related to the *Guidelines*; enhance NCPs' functional equivalence; implement the proactive agenda; and intensify outreach to non-adhering countries.

About the Guidelines

The *Guidelines* are far-reaching recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in areas such as human rights, employment and industrial relations, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

The *Guidelines* were first adopted in 1976 as part of the OECD Declaration on International Investment and Multinational Enterprises. They have been reviewed 5 times since then to ensure that they remain a leading tool to promote responsible business conduct in the changing landscape of the global economy. The most recent update took place in 2011.

Adhering governments

All 34 OECD countries and 11 non-OECD countries, namely Argentina, Brazil, Colombia, Costa Rica, Egypt, Latvia, Lithuania, Morocco, Peru, Romania, and Tunisia, adhere to the *Guidelines*.

Stakeholders

There are three accredited stakeholders to the OECD on the *Guidelines*, namely the Business and Industry Advisory Committee (BIAC), the Trade Union Advisory Committee (TUAC) and OECD Watch, an international network of more than 80 civil society organisations.

Partner organisations

The OECD has *inter alia* developed working relationships with the International Labour Organization, the International Organisation for Standardization, the World Bank, the UN Working Group on Business and Human Rights, the UN Global Compact, UN Finance Initiative, the Global Reporting Initiative, and the International Coordinating Committee of Human Rights Institutions.