



GLOBAL FORUM ON RESPONSIBLE BUSINESS CONDUCT
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Developing a Long-term Vision for Responsible Business Conduct

18 June 2015, 10:00 – 12:00
Room CC1, OECD Conference Centre

The OECD Guidelines for Multinational Enterprises (the OECD Guidelines), together with the UN Guiding Principles on Business and Human Rights and the core ILO conventions, set out baseline expectations for what is considered responsible business conduct (RBC). Businesses - regardless of their legal status, size, ownership structure or sector - are expected to behave responsibly in order to contribute to sustainable development.

2015 is a decisive year for sustainable development. Several major global agreements are expected to be adopted, notably the Sustainable Development Goals (SDGs) in September in New York, as well as an agreement to shape the future climate change agenda at COP 21 in December in Paris. G7 and G20 leaders are also looking at links between global investment and sustainability.

In light of these forward-looking agendas and in preparation of the 40th anniversary of the OECD Guidelines for Multinational Enterprises in 2016, the OECD is defining a vision to achieve broader uptake of responsible business practices globally in the long-term. This vision builds on the experience gained over the past decades in promoting responsible business practices that contribute to better conditions in the supply chains, managing environmental impacts, improving resource efficiency, promoting labour and human rights, and combating corruption and illicit financial flows and other areas. It also responds to the mandate given by OECD Ministers in 2015 to explore the role of RBC in trade, investment and development.

This vision is not meant to introduce any new normative framework, but rather to highlight areas that both governments and businesses could prioritise to ensure that the implementation of the OECD Guidelines effectively supports the global sustainability agenda over the long term.

The opening panel of the 2015 Global Forum on Responsible Business Forum, which will gather high-level experts in all areas of sustainability, will be an important opportunity to shape the long-term vision for RBC and the elements it could contain. Some preliminary suggestions are provided below.

ELEMENTS FOR A LONG-TERM VISION ON RESPONSIBLE BUSINESS CONDUCT

Responsible business practices throughout the life-cycle of products and operations

Multinational enterprises are expected to behave responsibly throughout supply chains. However, this expectation is often difficult to translate into practice, e.g. in specific sectors, and by certain actors. Action to ensure responsibility throughout supply chains will require developing guidance through multi-stakeholder initiatives to help business meet their responsibilities and address the challenges of responsible supply chains (such as current OECD guidance for responsible supply chains in minerals, textiles and agriculture); and supporting SMEs in meeting expectations, in both developed and developing economies, so that they can fully benefit from and contribute to responsible global value chains.

Embedding RBC through government policies and practices

To ensure that the right balance exists between economic, social and environmental policy goals, stronger policy coherence is needed; this will require reinforcing the links between expectations set out for RBC and other relevant policy areas, including tax, competition, corporate governance and public finance.

RBC as a means of promoting inclusive growth

Responsible business conduct should enable enterprises to maximise the positive impacts of its operations and value chains, through skills development, increased capital, market access, etc. With growing expectations of responsibility, the risk of excluding the weakest actors in global value chains also grows. To ensure that RBC contributes to sustainable development for all, special attention will need to be paid to ensuring that RBC does not lead to unforeseen negative impacts, e.g. marginalisation of workers in the informal sector or artisanal miners in high-risk areas; and to support investment in risk areas or sectors, to avoid the possible social and economic adverse impacts of disengagement. Effective supply chain due diligence in particular should play a role in building meaningful partnerships with suppliers and non-traditional actors to upgrade skills, formalise informal economies and build capacity of business partners to deal with expectations of responsible business conduct.

A level playing field for RBC

In a globalised world, standards for better business practices need to apply to all. This requires helping weaker actors acquire capacity to meet the expected standards, and enabling a level playing field. Action could include creating enabling frameworks for RBC in developing countries in line with the updated OECD Policy Framework for Investment; using development co-operation tools and resources to strengthen private sector capacity in developing countries to support RBC, including through training for due diligence, industry audit schemes, and programmes for risks identification and management; and promoting international co-operation and policy dialogue with emerging and developing economies.

A stronger role of business in better production and consumption

Achieving a transition to a low carbon economy, enabling better production and consumption and halting the destruction of the world's natural capital will require rethinking the boundaries for business. This means finding more efficient ways to protect common global goods, including preserving oceans, rainforests, world heritage sites and other fragile areas from harm related to industrial activity; contributing to better consumer awareness of the impacts of their purchases, and reflecting the true costs of goods and services (including social and environmental costs) in their final price.

Stronger business accountability and access to remedy

The demand for stronger accountability of enterprises operating globally has grown with increasing awareness of social, human rights and environmental disasters linked to business activity. A number of accountability mechanisms already exist, but they need to be strengthened and better used by those who have leverage to induce change, including consumers and investors. Achieving greater accountability will require improving access to remedy nationally, regionally and internationally (including through better access to non-judicial grievance mechanisms such as the National Contact Points for the OECD Guidelines), promoting greater transparency (i.e. through disclosure of material non-financial information) and empowering consumers.

Governments leading by example in promoting RBC

Governments have strong leverage to promote RBC, for example, through public support to businesses, as well as their own activities as economic actors. They can thus contribute to widespread application of RBC standards through aligning incentives and disincentives for RBC and by applying RBC standards to their own procurement and investment activities.