

# OECD Business Survey Results on Responsible Business Conduct in Latin America and the Caribbean

2021



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# 1. Executive summary

**The OECD conducted, between November 2020 and January 2021, a firm-level survey to obtain information on business practices, opportunities and challenges related to responsible business conduct (RBC) in Latin America and the Caribbean (LAC).**

**9 LAC  
COUNTRIES**

**9  
WEEKS**

**501 BUSINESS  
RESPONSES**

The survey was developed within the framework of a Project to promote RBC in Latin America and was undertaken in co-operation with National Contact Points for RBC (NCPs) in LAC. The survey was disseminated in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru and was open to responses from companies headquartered in or doing business in these countries for a period of 9 weeks (from 23 November 2020 to 31 January 2021). In total, 501 company representatives across the different target countries and a broad range of industries responded to the survey.

This survey is unique in that it focuses on how companies in LAC address RBC risks and undertake risk-based due diligence in a comprehensive way. The survey results show that a majority of businesses surveyed have taken steps to manage these risks broadly speaking, with 75% of respondents indicating that they have a policy in place setting out expectations for the management of at least one RBC issue such as human rights, employment and labour rights, the environment, combating bribery, consumer interests or disclosure. Moreover, 55% of responding businesses indicate conducting reporting on their practices related to RBC. However, the practical implementation of RBC remains a challenge, as a minority of businesses seem to conduct risk assessments along the supply chain to minimise the negative impacts of

their activities and maximise their positive contribution to sustainable development. Only 40% of respondents adopt a due diligence process when risks are identified and 21% take into account suppliers and business partners beyond Tier 1 in the supply chain. In addition, only 36% of businesses are familiar with the support that NCPs can provide to promote and facilitate RBC.

In the context of the Covid-19 pandemic, the survey results indicate that the crisis has exacerbated and/or created environmental, social and human rights challenges for businesses according to 67% of respondents (e.g. health risks, social protection coverage, temporary or permanent layoffs, pay cuts, reduced capacity to comply with environmental requirements, etc.). Fostering RBC practices has proven to be particularly important to strengthen business resilience with 75% of firms indicating that having RBC practices in place has helped them navigate the Covid-19 crisis among others by mitigating business risks. At the same time, businesses, especially SMEs and businesses operating in the agricultural sector, seem to face constraints in scaling-up RBC and have reportedly fewer policies and reporting on RBC and show a significantly weaker implementation of supply chain due diligence and risk assessment. Nevertheless, according to the survey businesses are keen to fill the implementation gap for RBC and to address



environmental, social and human rights issues in their supply chains. Over 60% indicate the need for further support and training to implement risk-based due diligence and the OECD RBC instruments.

The survey's findings show that a strategic and systemic approach to conducting business responsibly is key to the resilience of businesses operating in and from LAC with respect to their supply chains, workers and financial performance. Implementing RBC practices such as a risk-based due diligence in the supply chain has reportedly helped the large majority of responding businesses to identify, evaluate and mitigate operational, legal or market risks, especially to respond and recover from the Covid-19 crisis. Additional steps need to be taken to understand and align a risk-based due

diligence framework along the whole supply chain. The findings provide evidence to support businesses and governments in the development and implementation of RBC policies and practices. They can inform, in particular, governments and the NCPs in their role to promote RBC as well as enable businesses to scale-up supply chain due diligence and address risks in their supply chain in the region.

This document presents the survey's key findings and provides insights and evidence on opportunities and challenges of RBC in Latin America. This analysis contributes to better understand RBC practices and provides a basis to inform businesses, governments and other stakeholders to tailor support and training on RBC and due diligence in the region.



## 2. Spotlight on key findings

Responses from businesses to the OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.



### RBC Policies

**75%** – have policies in place on at least one RBC issue



### Risk assessment & due diligence

**<40%** – conduct risk assessments and adopt a due diligence process:



**58%** of businesses in the extractive sector



**<29%** in the agricultural sector



**<25%** of SMEs

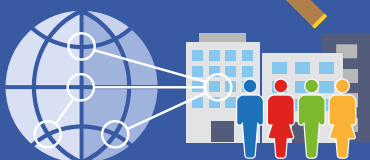


**<21%** – conduct risk assessments beyond direct (Tier 1) suppliers or on products, commodities or services.



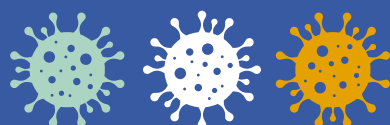
### RBC Reporting

**55%** – conduct reporting on RBC



### Familiarity with NCP system

**36%** are familiar with the National Contact Points for RBC



### Covid-19 & RBC

**75%** – say that RBC practices helped navigate the Covid-19 crisis



### Need for training

**>60%** – need training on due diligence and the OECD RBC instruments



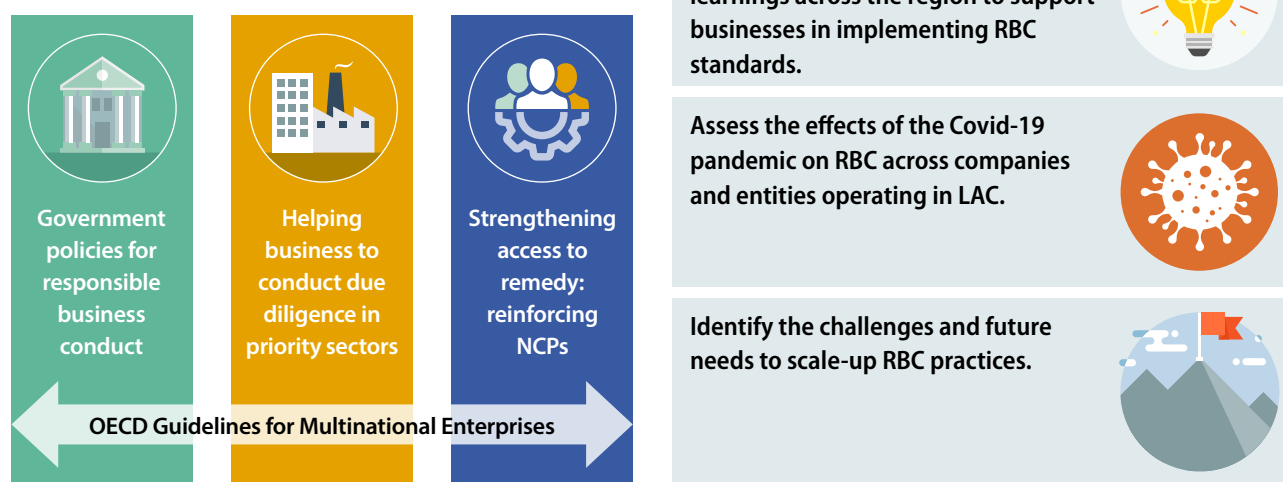
### 3. Objectives

**In recent years, a combination of regulatory, political and market incentives and pressures has driven uptake of responsible business practices in LAC via the implementation of international standards that safeguard the respect for human rights, decent work and environmental protection within business operations and along the supply chain.<sup>1</sup>**

The OECD works with governments, businesses and other actors in the region to promote RBC standards and support the implementation of due diligence practices. The project “Responsible business conduct in Latin America and the Caribbean (RBC-LAC)” aims to promote smart, sustainable and inclusive growth in the EU and LAC by supporting RBC practices in line with internationally agreed principles. It is implemented by the International Labour Organisation (ILO), the Organisation for Economic Co-operation and Development (OECD), and the United Nations Office of the High Commissioner for Human Rights (OHCHR). It is financed by and designed in collaboration with the European Union (EU).

The four-year project (2019-2022) is carried out in partnership with Chile, Colombia, Costa Rica and Mexico, all OECD members, as well as Argentina, Brazil and Peru, which have all adhered to the OECD Guidelines for Multinational Enterprises and have set up a National Contact Point for RBC (NCP). Ecuador and Panama also participate as partner economies in the project. OECD support under this project covers the three pillars of action shown in Figure 1.

Figure 1. OECD work under the RBC-LAC Project



1. For an overview of international aligned RBC standards please see the following brochure: Responsible Business – Key messages from international instruments <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf>

## 4. Key concepts

**Businesses are the engine of the economy. They contribute to economic and social development through job creation, development of skills and technology, and the provision of goods and services. At the same time, business activities can have adverse impacts on people, the environment and society.**

**Responsible business conduct (RBC)** means that all businesses – regardless of their legal status, size, ownership structure or sector – avoid and address any negative consequences of their operations, while contributing to the sustainable development of the countries and communities where they operate. RBC means integrating and considering environmental and social issues within core business activities, including **throughout the supply chain and business relationships**. Although RBC is sometimes used interchangeably with corporate social responsibility (CSR), it is understood to be more comprehensive and integral to core business than what is traditionally considered CSR (mainly philanthropy).

A key element of RBC is **risk-based due diligence** – a process through which businesses identify, prevent and mitigate their actual and potential negative impacts and account for how those impacts are addressed (Figure 2).

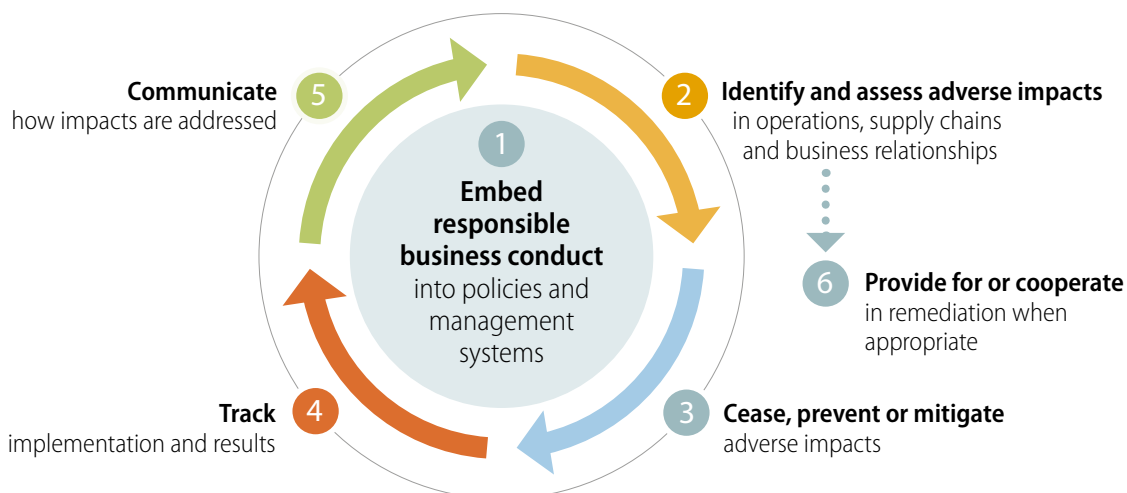
The [OECD Guidelines for Multinational Enterprises](#) (the MNE Guidelines) are the most comprehensive set of government-backed recommendations on responsible

business conduct available. They cover all major areas where businesses can have impacts on people, planet and society (Figure 3).

Figure 3. **The OECD Guidelines for Multinational Enterprises: a comprehensive instrument**



Figure 2. **Due diligence process and supporting measures**



To support implementation of the Guidelines, the OECD has developed **Due Diligence Guidance** explaining how businesses can identify, prevent and mitigate their actual and potential negative impacts across all business operations throughout their supply chains and account for how those impacts are addressed over time.

In order to promote the effective observance of the Guidelines, the OECD has developed **sector-specific due diligence** which helps enterprises identify and address actual and potential risks associated with business operations, products or services in particular sectors. The sectoral guidance establish a common understanding among governments, business, civil society and workers on due diligence for responsible business conduct and can enable business to build supply chain resilience, manage uncertainty and drive long-term value (Figure 4).

### National Contact Points for RBC

National Contact Points for Responsible Business Conduct (NCPs) are agencies established by governments. Their mandate is twofold: to promote the OECD Guidelines for Multinational Enterprises, and related due diligence guidance, and to handle cases (referred to as “specific instances”) as a non-judicial grievance mechanism. Since 2000, close to 600 specific instances have been treated by NCPs in over 100 countries and territories. To date, 50 governments have a NCP for RBC including Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru and Uruguay in LAC.

Find out more at: <https://mneguidelines.oecd.org>

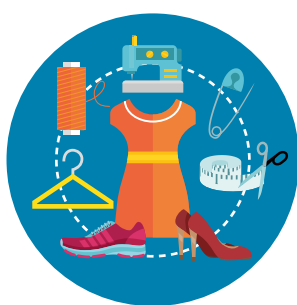
Figure 4. OECD Due Diligence Guidance on RBC



#### Extractives & minerals

**Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas** – Helps companies to respect human rights and avoid contributing to conflict through their mineral purchasing decisions.

**Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector** – For practitioners in the mining, oil and gas industries to effectively consider the views and needs of the various parties involved in these diverse and high-risk activities.



#### Garment & footwear

**Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector** – To support a common understanding of due diligence and responsible supply chain management in this highly globalised industry.



#### Agriculture

**Guidance for Responsible Agricultural Supply Chains** – Developed by the OECD & FAO to help enterprises observe standards of RBC along these supply chains and hence contribute to sustainable development.



#### Finance

**Due Diligence for Responsible Corporate Lending and Securities Underwriting** – Provides a common global framework for financial institutions to identify, respond to and publicly communicate on environmental and social risks associated with their clients.

**Responsible Business Conduct for Institutional Investors** – Highlights key considerations for institutional investors in carrying out due diligence that will help to identify and respond to environmental and social risks.





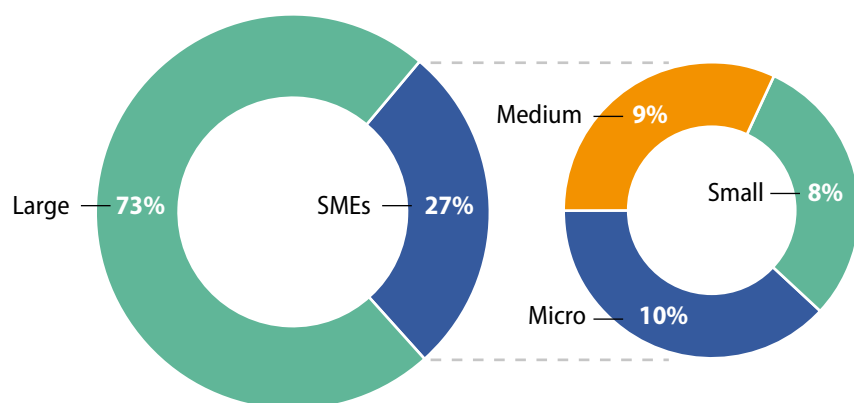
## 5. Methodology and sample

**The Business Survey was developed in co-operation with the LAC NCPs<sup>2</sup> and based on previous surveys run by the OECD Centre for Responsible Business Conduct. The Centre works on tools and standards to help businesses to contribute to sustainable development while avoiding and mitigating the negative impacts from business activities on people, planet and society. It provides research, data collection and analysis as a basis for implementing RBC practices globally. The survey included 31 questions including optional and multiple response questions covering general information, RBC policies and communications, risk-based due diligence, impact of the COVID-19 crisis and future needs. It was disseminated online in Spanish, Portuguese and English over a period of 9 weeks (23 November 2020 – 31 January 2021).**

501 individual responses to the survey were submitted by businesses operating in or from the nine RBC-LAC project countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru. The sample includes businesses of all sizes, with a majority of responses from large companies of over 250 employees (Figure 5). The response rate varied across countries with more than 30% of responses from companies operating in or from Colombia and Brazil and less than 9% from Costa Rica and Panama (see Figure 6). With respect to the ownership type across respondents, the majority of responses were provided by publicly listed (50%) and privately held enterprises (49%), followed by state owned enterprises (12%) (Figure 7). Responses were received from companies operating in all four target sectors of the RBC-LAC Project: 25% of respondent companies are active in the extractive sector, 23% in agriculture, 21% in the financial sector, 7% in garment and 58% indicated other economic sectors of operation such as the provision of services (Figure 8).

The survey findings contribute to the understanding of RBC practices in the region and provide insights on the impact of the Covid-19 crisis and its linkages to RBC, as well as best practices and future needs of companies operating in Latin America. Although, responses were received from businesses across different LAC countries, business sizes, ownership type and economic sectors, the response rates varied with respect to these categories and do not reflect a representative distribution of businesses in the region. For instance, the majority of responses were received from large companies while in fact SMEs account for the major share of employment in LAC. Moreover, the survey data rely on self-reporting and are subject to a self-selection bias, since businesses, which already engage in work on RBC might be more likely to respond to the survey than others. These limitations of representativeness need to be taken into account in the interpretation of the survey results and additional research, including quantitative analysis, is required for their verification.

Figure 5. **Responses by business size (numbers of employees).**



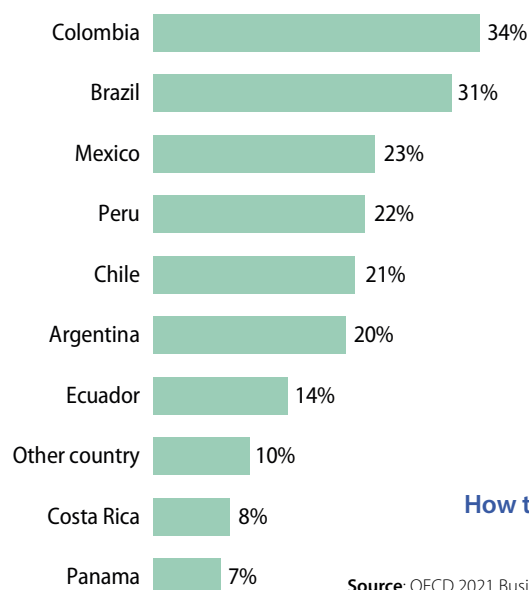
**How to read:** 73% of respondents are large enterprises with more than 250 employees (Micro: less than 10; small: 10 to 49; and medium: 50-249 employees)

**Note:** Based on 501 responses. Multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

2. National Contact Points for RBC exist in Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru. An NCP was created in Uruguay after the launch of the survey.

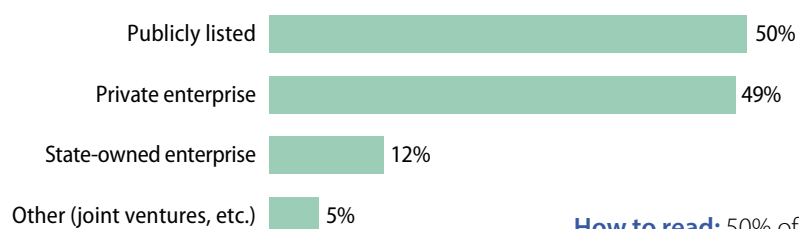


Figure 6. **Responses by country**

**How to read:** 34% of respondents operate in or from Colombia.

**Note:** Based on 501 responses. Multiple response option.

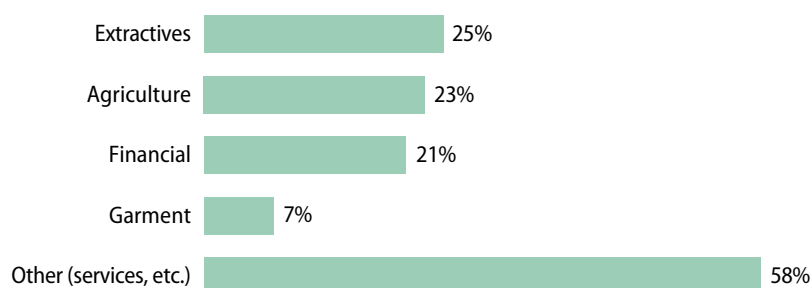
**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

Figure 7. **Responses by ownership type**

**How to read:** 50% of respondents are publicly listed enterprises.

**Note:** Based on 501 responses with multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

Figure 8. **Responses by economic sector**

**How to read:** 25% of respondents operate in the extractive sector.

**Note:** Based on 501 responses with multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

## 6. Key findings

The results of the survey show that three quarters of respondents have RBC-related policies or actions in place. Yet, there is still relatively limited use of international standards to guide those business policies. Furthermore, less than two fifths of respondents undertake risk-based due diligence along their supply chain and with their business partners. The survey also shows that the adoption of RBC practises has helped business to strengthen resilience in the context of Covid-19. A key message from the survey is that the majority of companies need further support and training to implement risk-based due diligence and to address environmental and social risks.

### Enterprise policies on RBC

Companies of all types and sectors of activity should adopt policies to advance RBC in different areas (combating bribery, protecting the environment, respecting human rights, etc.). They should also disseminate information about those policies. OECD principles and tools on RBC and due diligence can help companies to articulate their commitments and embed them into enterprise management systems.

The results of the survey show that **most respondents have risk management policies in place**. Close to 75% of respondents reported having a risk management policy in place addressing at least one of the following RBC issues: human rights, employment and labour rights, environment, combating bribery, consumer interests,

and or disclosure. Significant variations exist however with regards to the range of issues covered. Most of the risk management policies focus on disclosure (90% of respondents have a policy on this issue), followed by combating bribery (87%), environment (80%), employment and labour rights (80%), consumer interest (74%), while human rights is the issue the least addressed by risk management policies (66%) (Figure 9). With respect to international standards, 42% of businesses incorporate the Sustainable Development Goals in their risk management policies, 38% the UN Guiding Principles on Business and Human Rights and the UN Global Compact Principles, 22% the fundamental ILO Conventions, 17% the ISO 26000 Guidance on social responsibility and 16% the OECD Guidelines for MNEs.

Figure 9. **Enterprise policies that articulate commitments for RBC issues**



**How to read:** 90% of respondents have a full and/or partial policy in place that articulates the enterprise's commitments for disclosure.

**Note:** Based on 307 responses. Multiple response option.

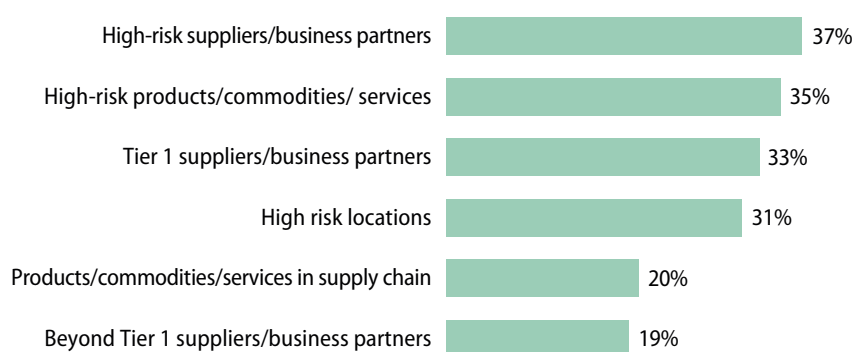
**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

## Supply chain risk assessment and due diligence

**The implementation of risk-based due diligence requires further efforts by businesses.** Companies are expected by society to undertake due diligence by identifying actual or potential adverse impacts on RBC issues, and by ceasing, preventing or mitigating them. However, the survey results indicate that only 37% of responding businesses carry out risk assessments as part of their supply chain due diligence process on all suppliers and business partners (Figure 10). This is nine percentage points lower in comparison to businesses in the Southeast Asia region as the responses from the 2020 OECD firm-level survey on RBC and anti-corruption compliance in Southeast Asia (SEA) indicate. According to the SEA survey, 46% of responding businesses in SEA indicated that they carry out assessments of environmental and social risks as part of a due diligence process on suppliers and partners<sup>3</sup>.

In the LAC survey, around 20% of companies indicate conducting risks assessments beyond Tier 1 or on products, commodities or services in the supply chain (Figure 10). Comparing this figure from the LAC survey to the SEA survey's responses shows similar results. Furthermore, according to the LAC survey results, less than 40% of the responding companies adopt an enhanced due diligence process when risks are identified. Enhanced due diligence may include on-the-ground verification of the circumstances for red flag locations, products or business partners. Less than a third require all Tier 1 suppliers and business partners to fulfil RBC expectations as part of a contract or agreement. About 20% of respondent businesses organise training sessions on RBC or due diligence for suppliers and business partners.

Figure 10. **Companies' risk assessments practices as part of a due diligence process**



**How to read:** 37% of respondents carry out risk assessment as part of a due diligence process with respect to high-risk suppliers or business partners.

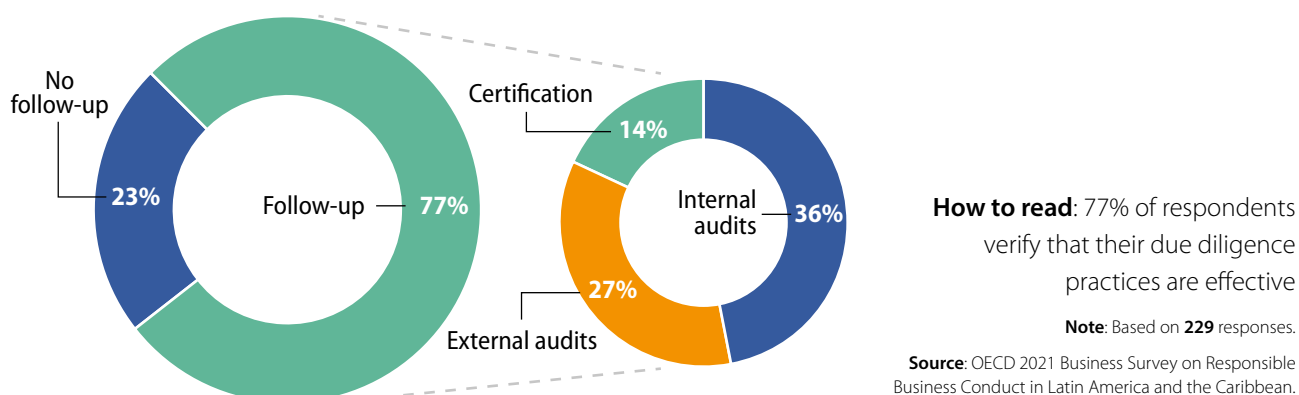
**Note:** Based on 225 responses. Multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

Companies should track the implementation and effectiveness of their due diligence activities, for example by carrying out periodic internal or third party reviews or audits of the outcomes achieved and communicating results at relevant levels within the enterprise and when applicable outside of the enterprise. **Companies are not always able to verify risk-based due diligence processes and the scope of RBC issues covered in the verification may vary.** The survey results indicate that

the verification of the effectiveness of the company's due diligence practices is carried out mostly via internal audits (36%), external audits (27%) and certification processes (14%). However, almost one quarter of companies implementing RBC practices report not having any follow-up process in place (Figure 11). In terms of RBC issues, verification of due diligence processes is highest for combating bribery (85% follow up) and lowest for human rights issues (68% follow up).

3. See OECD (2020). Responsible Business Conduct and Anti-Corruption Compliance in Southeast Asia: <http://mneguidelines.oecd.org/Responsible-Business-Conduct-and-Anti-Corruption-Compliance-in-Southeast-Asia.pdf>.

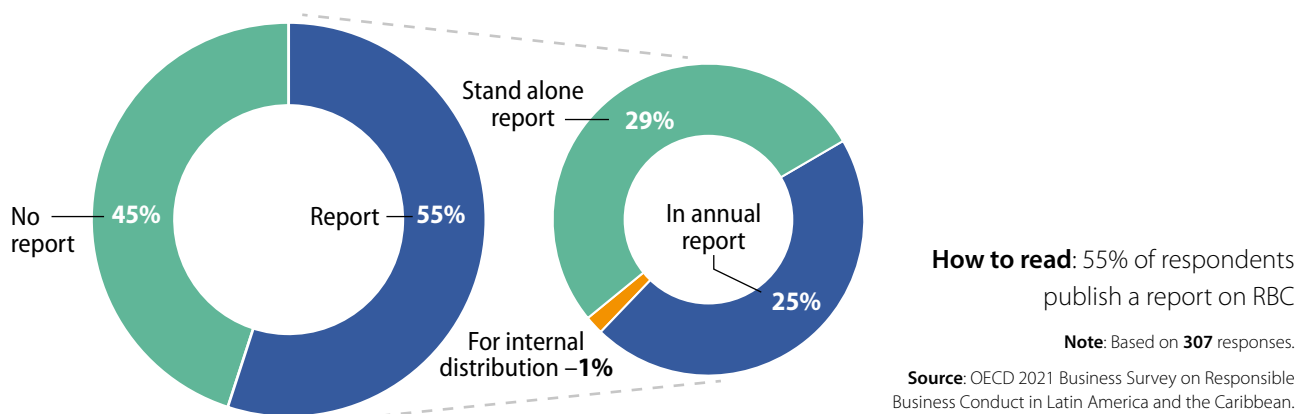
Figure 11. **Companies' verification of the effectiveness of due diligence practices**

## Public reporting on RBC

Companies should publicly report on their due diligence policies and practices, including those of their supply chains, and may do so through a dedicated annual report or by integrating due diligence reporting into their corporate social responsibility or corporate annual reports.

**More than half of companies report on RBC practices.**

According to survey responses, 55% of businesses conduct a report on RBC while 45% do not publish any report of this type. Less than a third of businesses publish a stand-alone report on RBC, 25% integrate RBC reporting into their annual company report and 1% conduct only an internal report on RBC issues (Figure 12).

Figure 12. **Public reporting by companies on RBC issues**

## Challenges and needs to scale-up RBC practices

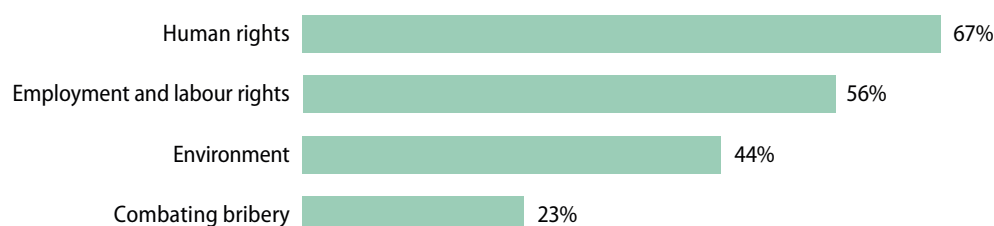
**RBC practices have strengthened business resilience in light of the additional environmental and social challenges imposed by Covid-19.** Globally, the Covid-19 crisis has impacted business, people, planet and society. In Latin America, as in the rest of the world, the health and economic crisis has severely affected business, leading to supply chain disruptions, cash flow problems and a sharp drop in activity. According to the

survey results, 60% of businesses consider that their operations were significantly affected by the Covid-19 crisis. In this context, implementing business actions such as continuing workers' pay and supporting suppliers (e.g. by providing financial assistance or contract flexibility) are crucial to prevent and mitigate human rights violations as well as other RBC risks such as environmental harm and corruption. Two thirds of businesses indicated in

their survey responses that the Covid-19 pandemic caused specific challenges with regard to human rights issues (Figure 13). Three quarters of businesses indicated that having responsible business practices in place, such as due diligence, helped them manage the Covid-19 crisis (Figure 14). In particular, RBC practices helped with regard to their mitigation of operational risks (75%), financial situation (70%), productivity (69%), supply chain management (68%), workers' retention (67%) as well as equity value and market capitalisation (62%). Businesses indicated that among the most useful responsible business practices to address the challenges brought about by the Covid-19 pandemic was the engagement with stakeholders. Meaningful relations and

communication with employees, contracting companies, government entities, beneficiaries, shareholders and communities were cited as particularly relevant during the Covid-19 crisis. Further RBC practices such as the identification, assessment and mitigation of risks including environmental, social and health risks as well as embedding enterprise policies, e.g. on protective, sanitary and teleworking measures have helped businesses during the Covid-19 crisis according to the survey responses. Implementing an RBC approach and having a risk-based due diligence process in place, can therefore generate short and long-term benefits such as increased business resilience to better deal with current and future business risks and supply chain disruptions.

Figure 13. **RBC challenges caused by the Covid-19 pandemic**



**How to read:** 67% of respondents reported that the COVID-19 pandemic and the ensuing crisis triggered specific challenges for their company with respect to human rights issues.

**Note:** Based on 216 responses. Multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

Figure 14. **RBC practices helped to manage the Covid-19 crisis**



**How to read:** 68% of respondents reported that having RBC practices in place has helped their company amidst the COVID-19 pandemic with respect to supply chain management.

**Note:** Based on 214 responses. Multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

### **Uptake of responsible business practices in LAC varies across different economic sectors.**

The survey findings indicate that the implementation of policies, reporting as well as risk assessment and due diligence practices varies across the four different project priority sectors: agriculture, minerals/extractives, financial, and garment/footwear. By comparing responses across these sectors, a higher share of businesses in the extractive sector report having risk management policies in place, conduct reporting on RBC and show a stronger application of supply chain due diligence and risk assessment. 53% of businesses operating in extractives carry out risk assessments as part of a supply chain due diligence process on all suppliers and business partners and 58% adopt a due diligence process when risks are identified. In contrast, less than one third of respondents in the agriculture sector responded accordingly, which might be explained partly by the generally smaller size and lower resources of businesses in the agricultural sector.

### **SMEs face challenges to implement RBC practices and due diligence processes and need specialised assistance.**

According to survey responses and compared to large enterprises, SMEs have generally fewer RBC risk management policies in place, report less on RBC and have significantly weaker implementation of supply chain due diligence and risk assessment. For instance, while 83% of large companies have policies on RBC in place, only 64% of SMEs responded that they had one in place. In addition, almost half of large companies carry out risk assessments as part of a supply chain due diligence process on all suppliers and business partners, whereas only a quarter of

SMEs do so. Similar results can be found with respect to due diligence practices: 50% of large enterprises and 22% of SMEs adopt an enhanced due diligence process when risks are identified. Among large companies, 77% report on RBC issues, whereas among SMEs, only 28% carry out such reporting. Similarly, a higher share of large companies have general knowledge on NCPs (41%), which promote RBC and provide access to remedy than SMEs (31%). As highlighted in recent findings from other OECD business surveys,<sup>4</sup> SMEs tend to face higher costs and have lower leverage to implement due diligence processes due to their position in supply chains, which is mostly as supplier of goods and services to larger firms. SMEs also face constraints with regard to accessing and understanding RBC information and tracing RBC issues along their supply chain. Those constraints are to a major extent due to the small size and limited resources of those firms. Hence, SMEs could greatly benefit from RBC training programmes and support, including schemes provided by larger firms when those are purchasers of the products and services of SMEs.

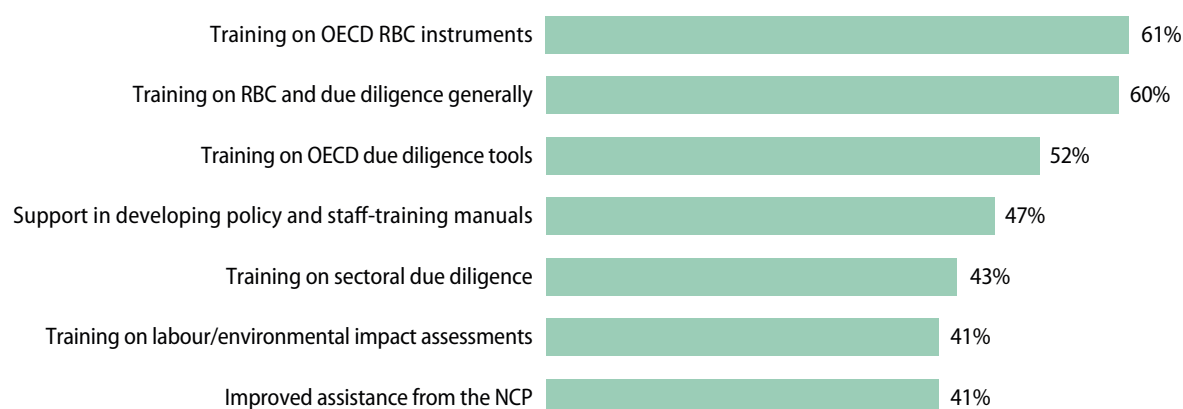
### **The majority of companies need further support and training to implement risk-based due diligence and to address environmental and social risks.**

61% of companies that responded to the survey indicated a need for capacity building and training activities on RBC instruments. Around 60% indicated the need for training on RBC and due diligence in general, and 52% on OECD due diligence tools. Similarly, 47% require further support to develop policy and staff-training manuals, 43% require training on sectoral due diligence and 41% on labour and environmental impact assessments (Figure 15).

**The majority of companies need further support and training to implement risk-based due diligence and to address environmental and social risks.**



4. See OECD (2021), Introductory paper on SMEs and Responsible Business Conduct in the Garment and Footwear Sector: Survey results and key considerations: <http://mneguidelines.oecd.org/Introductory-paper-on-smes-and-responsible-business-conduct-in-the-garment-and-footwear-sector.pdf>, Highlights: <http://mneguidelines.oecd.org/Highlights-introductory-paper-on-smes-and-responsible-business-conduct.pdf>

Figure 15. **Need for future RBC activities and support**

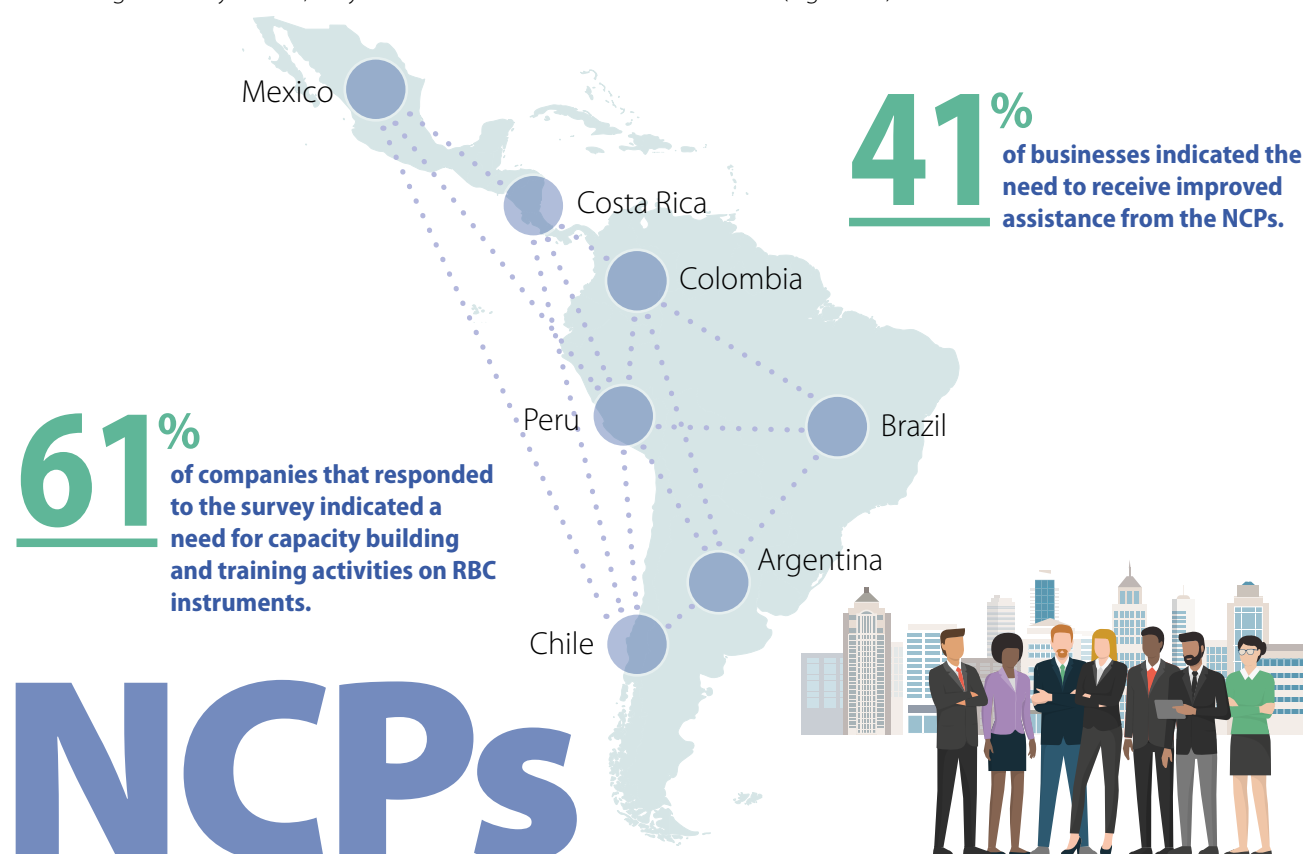
**How to read:** 61% of respondents indicate the need for training on OECD RBC instruments.

**Note:** Based on 199 responses. Multiple response option.

**Source:** OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean.

**Visibility of the National Contact Point (NCP) system with businesses in LAC could be improved.** NCPs are present in seven of the nine RBC-LAC project countries and in Uruguay, which can play an important role in the promotion of RBC and related due diligence guidance. According to survey results, only two-thirds of businesses

(36%) are familiar with the NCP system, while 57% do not have any knowledge of the NCPs. The experience of engaging with NCPs was rated on average 3.9 out of 10. Moreover, a significant number of businesses (41%) indicated the need to receive improved assistance from the NCPs (Figure 15).





## 7. The way forward

**Businesses play a key role in driving economic growth, job creation and sustainable development. The Covid-19 pandemic caused an unprecedented social and economic crisis worldwide, with the Latin America and the Caribbean region particularly affected, further exacerbating environmental, social and governance risks for businesses. In this context, the ability of businesses to identify, mitigate and manage risks in the supply chain is essential in building resilience and recovering from the crisis.**

As these survey findings indicate, implementing RBC practices such as risk-based due diligence has helped companies to mitigate risks, stabilise their financial situation and strengthen productivity. These insights show that a strategic and systemic enterprise orientation towards RBC and due diligence practices is beneficial to contribute to resilience and sustainability and essential for doing business in the region. Not only can RBC protect workers and limit the impact on rights-holders, the survey findings also suggest that it can strengthen the resilience of supply chains, many of which cross-cut sectors of critical importance to LAC economies.

The majority of responding businesses in the LAC region recognise the urgency and benefits of addressing adverse impacts in their supply chain such as corruption,

environmental, labour or human rights risks. A large share of respondents already have risk management policies on these issues in place and report on them. However, despite these steps, businesses face constraints and challenges in the practical implementation of supply chain due diligence. The implementation gap is acknowledged by businesses, which highlight the need to build and strengthen capacity to scale-up RBC practices. Challenges exist, in particular for SMEs, which lack the financial and human resources as well as the technical capacity to implement and monitor RBC practices. The survey responses also indicate that the need to improve understanding, alignment and uptake of RBC practices is particularly acute for business operating in the agricultural sector. In general, among businesses the visibility of international RBC instruments and key mechanisms such



as the OECD MNE Guidelines and the National Contact Points for RBC can still be improved. To respond to these challenges, a large share of businesses in the survey acknowledged a need for training on due diligence and OECD RBC instruments as well as a need for support from the NCPs.

The findings of the OECD Business Survey have provided key insights and evidence on how and in which areas businesses in Latin America already address and implement responsible business practices as well as which constraints and needs they have to scale-up these practices. The survey insights can support businesses and governments in fostering the development and implementation of RBC policies and practices. The findings provide a basis to enable RBC and to tailor support and training for businesses in implementing supply chain due diligence. They can inform, in particular, governments and the NCPs in promoting RBC and due diligence practices and support the elaboration of National Action Plans on Business and Human Rights or RBC across LAC countries.

The OECD is building on the findings of this survey to advance RBC business policies and practices in Latin

America. It is doing so in the framework of the RBC-LAC Project, especially around the need of businesses for capacity building and training activities to implement risk-based due diligence and the use of OECD RBC instruments and tools to address human rights, social and environmental risks. The OECD provides tailored support and training to businesses in the nine countries covered by the Project in a regional capacity building programme for risk-based due diligence, which is carried out over 2021-2022 in key sectors of the economy, namely (1) extractives and minerals; (2) garment and footwear; (3) agriculture and (4) the financial sector. The objective of these programmes is to enhance the understanding and capacity of businesses in the region to implement due diligence, based on OECD Due Diligence Guidance for Responsible Business Conduct and sector-specific Guidance. In addition to its work with businesses, the OECD supports also governments and the NCPs in their efforts to promote and uphold responsible business conduct in Latin America. The findings of the business survey provide key insights on practices, opportunities and challenges of RBC in the region for all future OECD research and activities along the action pillars of the RBC-LAC Project.



## The Responsible Business Conduct in Latin America and the Caribbean project

### The Organisation for Economic Co-operation and Development (OECD)

The OECD is an international organisation that works to build better policies for better lives. Together with governments, policy makers and citizens, the OECD works on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges. The OECD provides a unique forum and knowledge hub for data and analysis, exchange of experiences, best practice sharing and advice on public policies and international standard-setting. The OECD is home to leading international standards on responsible business conduct (RBC), including the OECD Guidelines for Multinational Enterprises and associated due diligence guidance.

The OECD has been working with partner economies in Latin America and the Caribbean to promote RBC through the RBC-LAC Project.

### RBC-LAC: Promoting Responsible Business Conduct in Latin America and the Caribbean

The Responsible Business Conduct in Latin America and the Caribbean project, implemented by the OECD together with the International Labour Organisation (ILO), the United Nations Office of the High Commissioner for Human Rights (OHCHR) and the European Union (EU), aims to promote smart, sustainable and inclusive growth in the EU and Latin America and Caribbean by supporting responsible business conduct practices in line with the OECD, UN, and ILO instruments. It is the first time these three organisations join forces with the support of the EU to promote RBC within the framework of a joint regional project, which is being implemented over a period of four years (2019-2022).

The RBC-LAC Project supports governments, businesses and stakeholders in their efforts to promote and uphold responsible business conduct in line with international standards, through a mix of regional and country-specific activities in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru.

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The OECD conducted a firm-level survey to obtain information on business practices, opportunities and challenges related to responsible business conduct (RBC) in Latin America and the Caribbean. The survey was developed within the framework of the RBC-LAC Project in cooperation with the LAC National Contact Points for RBC (NCPs). The survey was disseminated in Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru and was open to responses from companies headquartered in or doing business in these countries for a period of 9 weeks (from 23 November 2020 to 31 January 2021). In total, 501 company representatives across the different target countries and a broad range of industries responded to the survey.

For more information:

**RBC-LAC – Promoting Responsible Business Conduct in Latin America and the Caribbean**

 <https://mneguidelines.oecd.org/RBCLAC.htm>

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