



# Annual Report on the OECD Guidelines for Multinational Enterprises 2014

RESPONSIBLE BUSINESS CONDUCT BY SECTOR





# **Annual Report on the OECD Guidelines for Multinational Enterprises 2014**

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**Please cite this publication as:**

OECD (2014), *Annual Report on the OECD Guidelines for Multinational Enterprises 2014: Responsible Business Conduct by Sector*, OECD Publishing.  
<http://dx.doi.org/10.1787/mne-2014-en>

ISBN 978-92-64-22089-8 (print)  
ISBN 978-92-64-22316-5 (PDF)

Series: Annual Report on the OECD Guidelines for Multinational Enterprises  
ISSN 2220-5713 (print)  
ISSN 1999-0952 (online)

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REVISED VERSION 2015

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## Foreword

**T**o many people, international investment by multinational enterprises is what globalisation is all about. Promoting appropriate business conduct by these companies is a real challenge, however, since their operations often straddle dozens of countries and hundreds of cultural, legal and regulatory environments.

The OECD Guidelines for Multinational Enterprises aim to help businesses, labour unions and NGOs meet this challenge by providing a global framework for responsible business conduct covering all areas of business ethics, including tax, competition, disclosure, anti-corruption, labour and human rights, and environment. While observance of the Guidelines by enterprises is voluntary and not legally enforceable, adhering governments are committed to promoting their observance and to making them influential among companies operating in or from their territories.

This Annual Report, the fourteenth in a series, describes the activities undertaken to promote the observance of the Guidelines during the implementation cycle June 2013-June 2014. This includes the second Global Forum on Responsible Business Conduct, an intensive year of peer learning and promotional activities, a record of successful mediated outcomes under the specific instance facility, and the development of further multi-stakeholder guidance for the exercise of due diligence in a number of sectors.

The Annual Report has been approved by the National Contact Points for the Guidelines and the Investment Committee. The material for this publication was prepared by Marie-France Houde, former Head of the OECD Guidelines for Multinational Enterprises Unit, Tihana Bule, Economist and Policy Analyst, Mari-lou Dupont, Legal Consultant, Lark Walters, Consultant, Tyler Gillard, Manager of Sector Projects, Coralie David, Policy Analyst, Hannah Koep-Andrieu, Consultant, Barbara Bijelic, Junior Legal Expert and Shivani Kannabhiran, Policy Analyst, in the Investment Division headed by John Davies of the Directorate for Financial and Enterprise Affairs.



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## Acronyms and abbreviations

<b>3T</b>	Tin, Tantalum, and Tungsten
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>BIAC</b>	Business and Industry Advisory Committee to the OECD
<b>CIDA</b>	Canadian International Development Agency
<b>CSO</b>	Civil society organisation
<b>CSR</b>	Corporate social responsibility
<b>DFAIT</b>	Department of Foreign and International Trade Canada
<b>DFATD</b>	Department of Foreign Affairs, Trade and Development
<b>DRC</b>	Democratic Republic of the Congo
<b>ETUC</b>	European Trade Union Confederation
<b>EU</b>	European Union
<b>FMCS</b>	Federal Mediation and Conciliation Service
<b>FoE</b>	Friends of the Earth
<b>GRI</b>	Global Reporting Initiative
<b>ICC</b>	International Coordinating Committee of National Human Rights Institutions
<b>ICGLR</b>	International Conference on the Great Lakes Region
<b>ICT</b>	Information, communication and technology
<b>IHRB</b>	Institute for Human Rights and Business
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>ISO</b>	International Standards Organisation
<b>ITUC</b>	International Trade Union Confederation
<b>IUF</b>	International Union of Foodworkers
<b>MENA</b>	Middle East and North Africa
<b>MNE</b>	Multinational enterprise
<b>MoU</b>	Memorandum of Understanding
<b>NCP</b>	National Contact Point
<b>NGO</b>	Non-governmental organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>RBC</b>	Responsible business conduct
<b>RMG</b>	Ready-made garment
<b>SMEs</b>	Small and medium-sized enterprises
<b>SOEs</b>	State-owned enterprises
<b>TUAC</b>	Trade Union Advisory Committee to the OECD

<b>UN</b>	United Nations
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>USCIB</b>	United States Council for International Business
<b>WPRBC</b>	Working Party on Responsible Business Conduct

## Executive summary

The present report reviews the activities undertaken to promote the observance of the *OECD Guidelines for Multinational Enterprises* (the *Guidelines*) by the National Contact Points (NCPs) for the *Guidelines*, and by the OECD Working Party on Responsible Business Conduct (WPRBC) during the reporting cycle from June 2013 to June 2014. Highlights of the reporting period include:

- Costa Rica and Jordan adhered to the *Guidelines*, bringing the total number of adhering countries to 46.
- A ministerial communiqué on responsible business conduct (RBC) was agreed upon during the first ever Ministerial meeting held on RBC on 26 June 2014.
- The 2nd Global Forum on RBC was held on 26-27 June 2014. It was attended by over 560 participants from developed and developing countries, including 60 ministerial and high-ranking officials and 90 speakers.
- The OECD Secretary-General underlined that RBC is crucial to restoring public trust during his remarks on boosting social and environmental standards in international trade.
- NCPs renewed their pledge to address the aftermath of the Rana Plaza tragedy and provide incentives to national actors to adopt robust risk-based due diligence measures to ensure safer and more responsible global textile and garment supply chains.
- The WPRBC and the United Nations and Office of the High Commissioner for Human Rights declared that the *Guidelines* should be applied within the financial sector in the same manner as they are applied by other multinational enterprises.
- The number of activities promoting the *Guidelines* reached a high level.
- A record number of specific instances were concluded with the parties having reached an agreement.
- The multi-stakeholder development of two practical guides – for stakeholder engagement and due diligence in the extractive sector, and RBC along agricultural supply chains – has advanced.
- Evidence of the positive impact of the *OECD Due Diligence Guidance for Responsible Supply Chains of Mineral from Conflict-Affected and High-Risks Areas*

(Due Diligence Guidance) through industry implementation programmes has shown there is less conflict financing in tin, tantalum and tungsten mines and there is improved market access for an estimated 70 000 artisanal miners in the Democratic Republic of the Congo and Rwanda, supporting approximately 350 000 dependants.

- The Due Diligence Guidance has also been incorporated into national legal frameworks and policies in the African Great Lakes region. 99% of companies sampled by Ernst & Young that filed their first conflict minerals reports in the US under the Dodd-Frank Act reported to be using the OECD due diligence approach for their reporting.
- A work plan to improve NCP performance was created, a voluntary peer review of the Norwegian NCP took place, along with a horizontal thematic peer review on the initial assessment process of a specific instance.
- A Memorandum of Understanding was signed with the UN Economic Commission for Asia and the Pacific (UN ESCAP) to advance responsible business conduct in the Asia-Pacific region.
- An outreach plan was developed for Southeast Asia, and co-operation programmes launched with the Central Asian and South Caucasus region, and Myanmar.
- A new publication series on RBC in specific countries was created, featuring Kazakhstan as the first country reviewed.
- Stakeholders actively engaged in the promotion of the *Guidelines*.

While these activities have sustained the momentum created by the revision of the *Guidelines* in 2011, continued efforts are necessary to respond to the high expectations related to the *Guidelines*. In response, adhering governments have agreed that the next implementation cycle should prioritise work on how to better communicate the recommendations of the *Guidelines* and the role of NCPs; improve NCP performance and functional equivalence; develop due diligence guidance for enterprises operating in sectors facing particular challenges; and intensify engagement with non-adhering countries and partner organisations.

### **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 employment and industrial relations, human rights, 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 five 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 12 non-OECD countries, namely Argentina, Brazil, Colombia, Costa Rica, Egypt, Jordan, Latvia, Lithuania, Morocco, Peru, Romania, and Tunisia, adhere to the *Guidelines*.

#### **Stakeholders**

There are three accredited stakeholder representatives in the OECD supporting the *Guidelines*: 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 (CSOs).

#### **Partner organisations**

The OECD has developed working relationships, *inter alia*, 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, the UN Finance Initiative, the Global Reporting Initiative, and the International Coordinating Committee of Human Rights Institutions.





## Chapter 1

# **Activities of National Contact Points for the OECD Guidelines for Multinational Enterprises**

*The main role of the NCPs of governments adhering to the Guidelines is to further the instrument's effectiveness by undertaking promotional activities, handling enquiries, and contributing to the resolution of issues arising from alleged non-observance of the Guidelines in specific instances. This chapter reviews NCP activities during the June 2013-June 2014 reporting period.*

## Main findings

The reporting period marks a number of milestones, in which promotional and peer learning activities increased by 25% from the previous period; dialogue on initiatives in the textiles and garments sector following the 2013 Rana Plaza tragedy in Bangladesh began to deliver concrete results; and an unprecedented number of specific instances involving NCP-facilitated mediation helped parties reach an agreement or create an action plan toward the resolution of the specific instance. At the same time, NCPs continued to face increasingly complex and sensitive specific complaints and persistent pressures from various stakeholders to perform more effectively as a non-judicial grievance mechanism. With the implementation of the *Guidelines* gaining momentum, the 2013-2014 implementation cycle featured successes, but also revealed several areas requiring improvement.

### **Promotion and stakeholder engagement**

A primary task of NCPs is the promotion of the *Guidelines*. Since the 2011 update, NCPs have stepped up their efforts to explain and encourage the effective observance of the *Guidelines* by enterprises, trade unions, non-governmental organisations (NGOs), national governmental agencies and non-adhering governments, and collaboratively identify challenges and solutions to difficulties encountered with specific products, regions, sectors or industries. NCPs have also encouraged multinational enterprises (MNEs) at home and abroad to proactively partner with trade unions, local communities, and NGOs to open effective channels of communication regarding business activities and create forums for reconciling potential problems. Accordingly, 27 NCPs either organised promotional events or participated in events organised by a stakeholder or other interested actor. With over 200 events, this reporting period saw a 25% increase in the number of events held relative to the last reporting period. Brazil's NCP and several Brazilian state-owned enterprises (SOEs) signed a Term of Commitment to better promote and uphold responsible business conduct on the *Guidelines*.

Equally encouraging the number of events directly organised by national business associations, trade unions, NGOs or other stakeholders, provide further proof of interest from the public on these important RBC issues. The *Guidelines* encourage collaboration and mutual problem-solving on issues of shared responsibility. A sign that this goal is achieved is when a multi-

stakeholder organisations such as the Danish Federation of SMEs invites the Danish NCP to give a presentation on the *Guidelines*,<sup>1</sup> or when TUAC and OECD Watch guides local stakeholders through the specific instance process.<sup>2</sup> Even more indicative of the uptake of the *Guidelines* is the conclusion of a specific instance with reconciliation between the two parties, which demonstrates a company's willingness and commitment to uphold corporate responsibility principles in practice.<sup>3</sup>

### **Initiatives in the textile and garment sector**

The Rana Plaza garment factory collapse in 2013 exemplified the precarious working conditions in Bangladeshi textile supply chains. Propelled by this tragedy, governments, enterprises, trade union and NGOs have committed to strengthening the standards applied to safety and working conditions. While there may be a long road ahead, there has been significant progress in multilateral and national policy and practice. These efforts include the Bangladesh National Tripartite Plan of Action on Fire Safety and Structural Integrity, the International Labour Organization's (ILO) Better Work Program, the EU-US-Bangladesh-ILO Sustainability Compact for Bangladesh, the Bangladesh Accord on Fire and Building Safety, and the Alliance for Bangladesh Worker Safety. Compensation schemes for the victims of Rana Plaza have also been set up, namely the Prime Minister's Relief and Welfare Fund and the Rana Plaza Arrangement Trust Fund.<sup>4</sup>

In June 2013, NCPs issued a statement<sup>5</sup> pledging their commitment to meet their responsibilities under the *Guidelines* and invited the WPRBC to urgently undertake further work in the textiles and garment sector to improve the situation on the ground. Exemplifying this pledge, the French and Italian NCPs released comprehensive reports on the challenges inherent in the global supply chain in the textiles and garment sector and detailed recommendations to national actors.<sup>6</sup> Belgium, Canada, Germany, Italy, the Netherlands, the United Kingdom (UK) and other adhering countries have also engaged in reflective analysis and encouraging solutions by hosting or participating in promotional activities, creating action plans and actively promoting credible multi-stakeholder initiatives.

In June 2014, at their 15th meeting, NCPs issued a follow-up statement<sup>7</sup> reiterating their pledge on Bangladesh and calling on the OECD to develop specific guidance on the due diligence provisions of the *Guidelines* along the textiles and supply chain. They also welcomed the organisation of the ILO-OECD Roundtable on responsible supply chains in the textile and garment sector, in September 2014.

**Specific instances: Successes and challenges**

The NCPs handled a similarly high level of specific instances relative to last year, with 34 new specific instances (compared to last year's 36) and 33 concluded specific instances (compared to last year's 40). Fourteen NCPs received new specific instances, with high numbers accruing to the UK and the US NCPs (six each). Consistent with last year, many of the new specific instances concerned the provisions introduced in the 2011 update on human rights, due diligence, supply chains, and stakeholder engagement. A number of cases also concerned the chapter on the environment, which tended to be cited along with the human rights chapter.

Perhaps the most significant achievement of this year's implementation cycle is a record number of specific instances in which NCPs facilitated an agreement between the parties. Nine out of ten cases that received dialogue or mediation assistance reached an agreement on a timetable for negotiations. In contrast, out of the 12 specific instances in which NCPs facilitated dialogue or mediation in 2012-13, only two reached an agreement and one agreed on a timetable for negotiations. The increase in positive outcomes seems to indicate that the capacity of the NCPs to facilitate mediation and dialogue is improving. It further suggests that both MNEs and relevant stakeholders are beginning to appreciate this non-judicial grievance mechanism.

Even as the benchmark for success rises, the challenges posed to NCPs entail growing complexity. NCPs often face complaints that transcend many borders and encounter multiple conflicting interests from business, government, and stakeholders. For example, during the 2013-2014 reporting period three allegations of insufficient human rights due diligence by companies in the security sector were raised, all of which involved sensitive information and compelled NCPs to carefully examine both the obligations and boundaries of their responsibility. In other instances, NCPs were criticised for their performance and lack of consistency across NCP procedures.

Conscious of the importance of enhanced credibility and integrity of the *Guidelines* and the grievance mechanism, the WPRBC and the NCPs are discussing methods for improving NCP performance and functional equivalence through more frequent peer reviews and feedback mechanisms. The voluntary peer review of Norway's NCP (the first of its kind) took place in June 2014. It confirmed the need and benefits of conducting more regular capacity-building and peer learning exercises. It also provided insights on how future country-based evaluations could go into varying levels of detail according to the needs of the NCP. NCPs welcomed the intention of the Danish NCP to be reviewed during the next implementation cycle. These reviews, in combination with other peer learning efforts, contribute to a common understanding of good practices while identifying problematic issues in need

of further improvement. In addition, NCPs expressed their intention to hold two meetings a year and continue to work closely with the WPRBC.

### **Looking ahead**

Adhering governments have identified a number of concerns that should be prioritised in the year ahead, including NCP capacity building, policy coherence, awareness and promotional activities, and interagency and cross-sector co-ordination. Applying the *Guidelines* in specific sectors, notably the textile and garment sector, will also remain of high importance.

The remainder of this chapter provides more detailed information of past year's developments concerning NCP institutional arrangements; information and promotional activities; NCP contribution to sectorial work and the proactive agenda; policy coherence; investment promotion, export credit and investment guarantee agencies; specific instances; peer reviews; and challenges and key concerns for the next implementation cycle.

## **NCP organisation**

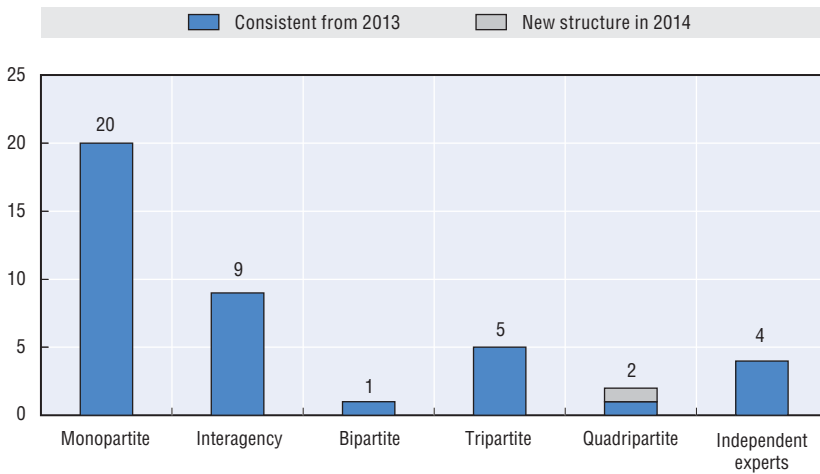
### **Reforms and adjustments in structure**

The reporting period saw few adjustments to NCP structure or composition. NCPs are mainly located within governmental departments in charge of economic and financial issues, or of foreign affairs.<sup>8</sup> While the majority of governments prefer the streamlined process of the monopartite structure, structures composed of multiple government ministries and/or stakeholders present opportunities for policy coherence, enhanced communication, and shared expertise in the performance of NCP duties.

- *Monopartite*: The NCP is composed of one or more representatives of a single Ministry. NCPs with a monopartite structure include Argentina, Australia, Austria, Chile, Colombia, Estonia, Greece, Hungary, Iceland, Israel, Italy, Jordan, Mexico, New Zealand, Peru, Poland, Slovak Republic, Spain, Turkey and the US.
- *Interagency*: The NCP is composed of one or more representatives of two or more Ministries. NCPs with an interagency structure include Brazil, Canada, Germany, Japan, Morocco, Portugal, Slovenia, Switzerland and the UK.
- *Bipartite*: The NCP is composed of one or more representatives from one or more Ministries, as well as representatives of business associations or trade unions. The only NCP with this structure is Egypt.
- *Tripartite*: The NCP is composed of one or more representatives of one or more Ministries, business associations, and trade unions. NCPs with a tripartite structure include Belgium, France, Latvia, Sweden and Tunisia.

- **Quadripartite:** The NCP is composed of one or more representatives of one or more Ministries, business associations, trade unions, and NGOs. The only NCPs with a quadripartite structure are Finland and, since 2014, the Czech Republic.
- **Independent Expert Body:** The NCP includes independent experts. The four NCPs incorporating independent experts are Denmark, Korea, the Netherlands and Norway.

Figure 1.1. **Structure of the National Contact Points**



Source: Based on 2014 NCP reports.

One NCP, the Czech Republic, underwent a complete transformation from a monopartite to quadripartite structure during 2014. Other NCPs that implemented reforms include Canada and France.

- **Canada:** The membership of Canada's NCP was adjusted to account for the merger of the Department of Foreign and International Trade Canada (DFAIT) and the Canadian International Development Agency (CIDA) into the Department of Foreign Affairs, Trade and Development (DFATD). The adjustment is intended to promote a more integrated approach to responsible business conduct and improve co-ordination with donors.
- **Czech Republic:** The Czech NCP has adopted a quadripartite structure, which is a significant reform from its previous monopartite composition. The NCP was set up by decision of the Czech government in October 2013 as a permanent working group established at the Ministry of Industry and Trade. The NCP is composed of representatives of state (relevant ministries) and Czech representatives in BIAC, TUAC and OECD Watch. By involving all

relevant ministries and stakeholders, the new NCP believes it has an improved, suitable platform to deal with specific instances in the future as well as for raising awareness about the *Guidelines*.

- *France*: The French NCP expanded its staff to include a full-time Secretary-General, who acts as the head of the French delegation to the WPRBC. It has also restructured its relationship with stakeholders to hold an annual briefing with all interested parties as well as a dialogue session with civil society representatives. Other changes may be implemented in the future.

Looking ahead, Turkey plans to implement structural reforms in the upcoming implementation cycle. It will transform from a monopartite to a multipartite structure. Lithuania is currently undergoing a structural review, with the aim to enact reforms if they are found to be necessary to improve the effectiveness of the NCP.

**Box 1.1. Costa Rica: Progress on the legal establishment of the National Contact Point**

After becoming an adherent to the *Guidelines* in September 2013, Costa Rica conducted an analysis of NCP organisational structures used by other countries and evaluated its own internal legislation relevant to the design and establishment of its NCP. It has determined an appropriate framework to establish its NCP under the administrative direction and guidance of the Investment Division of the Ministry of Foreign Trade. Work is underway to attain final validation of this proposal, which provides for a monopartite structure as well as the establishment of an advisory board to the NCP. The legal establishment of the NCP is expected to be formalised through an Executive Decree.

### **Advisory bodies**

One quarter of NCPs have established either an advisory or oversight body or both. The presence of an advisory body with representatives of other government agencies can be useful for NCPs, providing them with a means of improving the overall co-ordination of government action. This is also conducive to overall policy coherence on the national level. Many advisory bodies also include representatives from trade unions, NGOs, business, or academia, which further enhances the NCPs institutional knowledge and expertise. Oversight bodies further provide an additional layer of accountability.

Table 1.1. **Does the National Contact Point have an advisory or oversight body?**

NCP	Yes	NCP	Yes	NCP	Yes
Argentina		Greece		New Zealand	X
Australia	X	Hungary	X	Norway	
Austria	X	Iceland		Peru	
Belgium		Ireland		Poland	
Brazil		Israel	X	Portugal	
Canada		Italy	X	Romania	
Chile	X	Japan		Slovak Republic	
Colombia	X	Jordan		Slovenia	
Czech Republic		Korea		Spain	
Denmark		Latvia		Sweden	
Egypt	X	Lithuania		Switzerland	X
Estonia		Luxembourg		Tunisia	
Finland		Mexico		Turkey	
France		Morocco		United Kingdom	X
Germany	X	Netherlands		United States	

Source: Based on 2014 NCP reports.

During the reporting period, the Netherlands and Japan have incorporated advisory bodies into their structures.

- The Netherlands NCP expanded to include advisory members. These members are representatives at management level from the Ministries of Economic Affairs, Foreign Affairs, Social Affairs & Employment, and Infrastructure and Environment. In addition, the NCP holds an advisory meeting four times a year with representatives from the most important civil society stakeholders: the Confederation of Netherlands Industry and Employers (VNO/NCW), Federation Dutch Labour Movement (FNV) and OECD Watch.
- Chile's inaugural advisory body meeting occurred in August 2013. The advisory body allows the NCP to have access to the expert opinion of representatives from a variety of different ministries and agencies of the government which will facilitate the NCP's comprehension, analysis, and resolution of the complaints received.<sup>9</sup>
- Belgium anticipates that it will shortly establish its first multi-stakeholder, expert advisory body.

### **Allocated resources**

Fifteen NCPs have an allocated budget. Numbers of staff dedicated to NCPs can be difficult to capture – few NCPs have staff solely devoted to the responsibilities of the NCP. Most NCPs are composed of a mix of full-time and



part-time staff, with additional support as needed. Several NCPs – particularly those housed in a Ministry of trade or foreign affairs – are staffed by officials sharing several functions.

Table 1.2 shows the number of full and part-time staff available to each NCP, and indicates whether or not there is an allocated budget.

Table 1.2. **Resources available to National Contact Points**

NCP	Is there an allocated budget?	Are there dedicated staff members?*	NCP	Is there an allocated budget?	Are there dedicated staff members?*
Argentina	No	5	Korea	Yes	Yes
Australia	No	Yes	Latvia	Yes	2 part time
Austria	Yes	Yes	Lithuania	No	Yes
Belgium	Yes	1 full time, 1 part time	Luxembourg		
Brazil	No	2 part time	Mexico	No	No
Canada	Yes	1 full time	Morocco	No	No
Chile	Yes	3	Netherlands	Yes	3
Colombia	Yes	1 full time, 2 part time*	New Zealand		
Czech Republic	No	2 full time*	Norway	Yes	2 full time
Denmark	Yes	3	Peru	No	No
Egypt	No	No	Poland	Yes	1 part time
Estonia	No	1	Portugal	No	No
Finland	Yes	2	Romania		
France	No	Yes	Slovak Republic	No	No
Germany	No	1 full time, 2 part time	Slovenia	Yes	1 part time
Greece			Spain	No	No
Hungary	No	1	Sweden	No	No
Iceland	No	1	Switzerland	No	1-3 part time
Ireland	No	1 part time	Tunisia	No	No
Israel	No	3*	Turkey	No	1
Italy	Yes	5	United Kingdom	Yes	3
Japan	No	No	United States	No	1 full time
Jordan					

\* If starred, staff may have additional responsibilities outside the scope of the NCP.

Source: Based on 2014 NCP reports and correspondence with individual NCPs.

## Information and promotional activities

### Promotional plans

Approximately 57% of the NCPs currently have or are working on developing promotional plans. To further the effective implementation of the *Guidelines*, NCPs distribute brochures and other materials on the *Guidelines*; develop promotional tools for businesses, trade unions, and other interested stakeholders; organise and participate in workshops and seminars on the role of the NCP, the purpose and intent of the *Guidelines*, RBC more broadly, as well

as topics of key concern, and lead initiatives to promote policy coherence on RBC. Several NCPs have taken the initiative to organise capacity-building and peer-learning workshops for the benefit of the NCPs themselves. NCPs also held topical seminars focusing for example, on responsible investment in Myanmar, RBC extractive sector, and responsible supply chain management in the textile sector.

Table 1.3. **Does the National Contact Point have a promotional plan?**

NCP	Yes	NCP	Yes
Argentina	X	Korea	Work in progress
Australia	X	Latvia	X
Austria	X	Lithuania	
Belgium	X	Luxembourg	
Brazil	X	Mexico	X
Canada	X	Morocco	X
Chile	X	Netherlands	X
Colombia	X	New Zealand	
Czech Republic		Norway	X
Denmark	X	Peru	
Egypt		Poland	
Estonia		Portugal	
Finland	X	Romania	
France	X	Slovak Republic	Work in progress
Germany	X	Slovenia	
Greece		Spain	X
Hungary	X	Sweden	
Iceland	Work in progress	Switzerland	X
Ireland		Tunisia	
Israel		Turkey	X
Italy	X	United Kingdom	X
Japan		United States	
Jordan			

Source: Based on 2014 NCP reports.

Sixty per cent of NCPs either organised a promotional event or participated in an event organised by a stakeholder. There were over 200 events during this reporting period, a 25% increase from the number of events held during the previous period. These conferences, workshops, roundtables and other events aim to create dialogue on the *Guidelines* and raise awareness of the NCP's role and procedures. Often the event may focus on a specific sector or topic within the RBC field, such as due diligence in the financial sector or co-operation with trade unions. Many events in which NCPs participated were directly organised by national business associations, trade unions, NGOs or other stakeholders, providing further proof of interest from the public on these issues.

In the aftermath of the Rana Plaza garment factory collapse, over ten promotional activities were solely devoted to the textiles and garments industry.

Annex 1.A1 provides a complete list of promotional activities and related events that NCPs actively organised or in which they participated.

- Brazil's NCP and several Brazilian State-owned enterprises (SOEs) signed a Term of Commitment to better promote and uphold responsible business conduct and the *Guidelines*. The document, signed by *Banco do Brasil*, *Caixa Econômica Federal*, *Eletrobras*, and *Itaipu*, reflects the commitment of the signatory companies to: i) abide to the *Guidelines*; ii) assist in the promotion of the *Guidelines*; and iii) collaborate and dialogue with the NCP regarding any allegation of non-observance of the *Guidelines*. It also commits the NCP to i) collaborate with the company for the implementation of the *Guidelines*; ii) publicise the Term of Commitment; and iii) ensure that any allegation of non-observance of the *Guidelines* is treated according to adequate procedures. The initiative is based on the assumption that the promotion of the *Guidelines* is a government responsibility and that SOEs should lead by example.
- Colombia's NCP hosted a peer learning and capacity-building session for Latin American NCPs, with the support of the UK NCP. Participants included representatives of NCPs from Chile, Mexico, and Peru, and the Brazilian Embassy in Colombia. The UK NCP explained the operation of this NCP, administration of specific instances, and the use of mediation. A practical workshop on resolving conflicts related to responsible business conduct also took place.
- Denmark's NCP, at the instigation of the Mediation and Complaints-Handling Institution for Responsible Business Conduct, has updated its CSR Compass, a free online tool that can help companies to exercise due diligence in their supply chain. It now takes account of the latest update of the *Guidelines*, as well as the UN Guiding Principles on Business and Human Rights. The CSR Compass includes concrete recommendations on the requirements companies should make of their suppliers, dialogue and assessments to improve supplier performance on CSR, and follow-up steps on CSR evaluations.
- Italy's NCP, within the framework of the joint project carried out by the OECD and the Italian Ministry of Economic Development, co-organised an inaugural symposium on "Myanmar: the New Asian Frontier". The conference examined the new challenges Myanmar faces as it enters the international market and discussed how the country's new investment law and sustainability efforts align with the standards of the *Guidelines*. A speech of Hon. Minister of Foreign Affairs, Emma Bonino opened the event.

**Box 1.2. Latvia: Promoting responsible business conduct best practices among small and medium enterprises and micro-enterprises**

The Latvian NCP, together with the Employers' Confederation of Latvia and the Latvia Free Trade Union, has launched the "Microindex", an evaluation methodology for SMEs and micro-enterprises that aims to further sustainable development and CSR best practices. The index provides SMEs and their suppliers with the opportunity to objectively review their work and evaluate the need for improvements. It examines five spheres of enterprise activity: long-term business strategy, work environment, market relations, environment, and community. Participating companies publish the results of 40 criteria online at [www.ilgtspeja.lv/atbildigabiznesanovertejums](http://www.ilgtspeja.lv/atbildigabiznesanovertejums).

The "Microindex" is incorporated in Latvia's annual "Sustainability Index", an initiative that assists companies to develop, implement and measure their sustainable practice and encourages companies to integrate corporate responsibility into their business strategy. It also sets objective criteria for the community and public and non-governmental organisations to evaluate and support companies contributing to the long-term sustainability of the Latvian economy, environment, and society. The methodology used in both indices was developed by a wide range of Latvian experts based on global examples such as the Dow Jones Sustainability Index and Corporate Responsibility (CR) Index by Business in the Community, and is in alignment with the ISO 26000 and the Global Reporting Initiative guidelines. The results are published at [www.ilgtspejasindekss.lv](http://www.ilgtspejasindekss.lv).

- Poland's NCP reworked its promotional strategy to focus on a series of smaller, partner-focused workshops rather than on one or two annual conferences for general audiences. The new promotional plan encompassed events such as a regional trade union workshop and differentiated training programmes for CSOs, trade unions, and employers. The NCP estimates it provided training (ranging from two-hour lectures to whole-day workshops) to more than 180 participants. The NCP observed that dedicated workshops are yielding better results than activities undertaken in previous reporting periods, noting its first specific instance in eight years, and an uptake in trade union dialogue concerning the *Guidelines*.

### **Annual reports**

NCPs account for their activities by submitting annual reports as well as by participating in NCP meetings. The common reporting framework to be used by NCPs was revised in 2013 to reflect the requirements of the 2011 update to the *Guidelines* and ensure greater coherence and comparability

**Box 1.3. Colombia: Tailoring printed materials to stakeholder needs**

The Colombian NCP produced a new 24-page booklet with information and frequently asked questions related to the *Guidelines*, the role of the NCP, the Advisory Board, BIAC, TUAC and OECD Watch. This booklet is designed for those who want to know more about the OECD, the NCP, about how to file a specific instance, or how invite the NCP to participate in an event. The Colombian NCP also designed two brochures specifically targeting different stakeholders:

- One brochure designed for the private sector summarises the *Guidelines* and explains specific instances. It also has contact details of ANDI (National Business Association of Colombia which is an observer member of BIAC), and BIAC. This brochure has been distributed through ANDI, which is a member of the NCP's Advisory Board, and in meetings of the NCP with private associations and corporations.
- The second brochure is designed for labour unions and civil society organisations. It also summarises the *Guidelines* and explains how to file a specific instance before the NCP, and has contact details of TUAC and OECD Watch. The members of the Advisory Board who represent these stakeholders have helped distributing these brochures. The brochures are also distributed to civil society organisations and trade union members.

between NCP individual reports. Publishing these reports online each year helps to promote transparency and accountability before stakeholders and between NCPs. As of the end of this reporting period, 40% of NCPs have made at least one of their Annual Reports publicly available on their website within the last three years. Systematic publishing may also assist to improve the utility and accuracy of the Annual Reports. NCPs that do not yet adhere to this best practice are encouraged to publish their Annual Reports for both previous and future reporting periods.

Table 1.4. **Is the National Contact Point's Annual Report published online?**

NCP	2012	2013	2014	NCP	2012	2013	2014
Argentina	No			Korea	No		
Australia	X			Latvia	No		
Austria	X	X		Lithuania	Last report published 2008		
Belgium		X		Luxembourg	No		
Brazil	Last report published in 2011			Mexico	No		
Canada	X	X		Morocco	X	X	
Chile	No			Netherlands	X	X	
Colombia		X	X	New Zealand		X	

Table 1.4. **Is the National Contact Point's Annual Report published online?** (cont.)

NCP	2012	2013	2014	NCP	2012	2013	2014
Czech Republic	No			Norway	X	X	X
Denmark		X		Peru		X	
Egypt	No			Poland	X	X	X
Estonia	Weblink broken			Portugal		X	
Finland	No			Romania	No		
France	No - website under revision			Slovak Republic	No		
Germany	X	X		Slovenia		X	
Greece	No			Spain	No		
Hungary	X	X		Sweden	No		
Iceland	No			Switzerland	X	X	
Ireland	No			Tunisia	No		
Israel	Last report published in 2011			Turkey	No		
Italy		X	X	United Kingdom	X		
Japan	No			United States	No		
Jordan							

Source: Based on 2014 NCP reports.

## Responsible business conduct in the textile and garment sector

In the wake of the tragedy at Rana Plaza in Bangladesh, the international community has engaged in numerous multilateral and national efforts to prevent and mitigate dangerous working conditions in Bangladeshi textiles and garments supply chains. Initiatives such as the Bangladesh National Tripartite Plan of Action on Fire Safety and Structural Integrity, the Bangladesh Accord on Fire and Building Safety, and the EU-Bangladesh-Sustainability Compact illustrate the significant and concrete action taken by policymakers. Recognising their duty to promote ethical standards relating to human and labour rights, the NCPs affirmed their commitment to meet their responsibilities under the *Guidelines* and upholding the appropriate implementation of credible efforts by stakeholders and enterprises. The NCPs further encouraged the OECD Investment Committee and the WPRBC to take action, in co-ordination with relevant stakeholders, to develop a coherent, collective response within the framework of the *Guidelines* and sectoral due diligence projects.

The WPRBC and NCPs have confirmed that the *Guidelines* fully apply to what are defined as “business relationships” within textile and ready-made garments (RMG) supply chains and affirmed the expectation to incorporate risk-based due diligence in the textile and RMG sector. Several NCPs are leading the way to promote due diligence in these supply chains by organising promotional activities, developing action plans, engaging in interagency governmental initiatives and working in co-operation with trade unions and other stakeholders.

**Box 1.4. The French National Contact Point's report on implementation of the Guidelines in the textile and ready-made garment sector**

The French Minister of Trade formally requested the NCP to examine the scope of the term “business relationships” in the textile and ready-made garment (RMG) supply chain and identify the due diligence measures that multinational enterprises must endeavour to undertake. After conducting extensive consultations with relevant stakeholders, the NCP issued a comprehensive report on adverse effects indirectly and directly corresponding to MNE's activities *vis-à-vis* the supply chain. The report is intended to be implemented by all French companies active in this sector, regardless of the operating location or country origin.

Chapters include a profile of the challenges faced by French MNEs, the scope of “reasonable” obligatory due diligence, the boundaries of business relationships, and the role and responsibility of consumers, among other aspects. Critically, the report provides two sets of practical recommendations to MNEs on applying the principles of responsible business conduct in accordance with the *Guidelines* – one category proposes necessary and sufficient measures, while the second category proposes good practice measures that MNEs may apply in their business relationships. Finally, in recognition that MNEs are both supported and constrained by the business and regulatory environment within a host state, the report also provides thoughtful observations and suggestions for governmental authorities to support enterprises in their RBC efforts.

Since the report's release, the NCP has actively campaigned to promote its findings and recommendations. In co-operation with Italy, the Netherlands, the UK, and Canada, the NCP has promoted the report to businesses, civil society, and public authorities. In addition, French embassies abroad – and particularly those in Bangladesh and India – are also raising awareness of the report's findings. The European Commission, the ILO, and a number of clothing distribution companies have noted that the report serves as a practical guide to the implementation of the *Guidelines*. The report is available in both French and English on the website of the France NCP at [www.tresor.economie.gouv.fr/File/398811](http://www.tresor.economie.gouv.fr/File/398811). The 22 April 2014 communiqué outlining the NCP's efforts to circulate and promote the report's recommendations is available in French at [www.tresor.economie.gouv.fr/5731\\_les-communiqués-du-pcn](http://www.tresor.economie.gouv.fr/5731_les-communiqués-du-pcn).

- *Belgium*: The Minister of the Economy formally requested that the Belgian NCP conduct a fact-finding consultation to determine the involvement of Belgian companies and what steps could be taken to help avoid the recurrence of similar incidents. Following interviews with relevant

stakeholders, the Belgian NCP issued a report<sup>10</sup> mapping current national and multilateral efforts on fire and building safety in Bangladesh and the role of the Belgian textile sector, along with several recommendations. The NCP underlined that Belgian sectors and companies active in Bangladesh should continue to improve preventative fire and building safety measures and sign on to the Bangladesh Accord on Fire and Safety. It also called for Comeos (the Belgian Federation of the distribution sector of the textile industry) to continue its dialogue with Belgian companies to sign on to the Accord. Recognising the necessity of a comprehensive approach, the NCP plans to organise or facilitate “targeted sectoral consultation cycles” to formulate a policy on working conditions, safety and human rights at the national and international level.

- *Canada*: The government of Canada’s Interdepartmental Working Group (IDWG) has been created to ensure collaboration and co-operation on efforts related to the challenges of the ready-made garment (RMG) industry. The IDWG consists of representatives from the Department of Foreign Affairs, Trade and Development, Industry Canada, Employment and Social Development Canada, National Research Council Canada, and Public Works and Government Services Canada. The government of Canada has adopted a proactive role to work with a wide variety of stakeholders to address the challenges that the RMG sector is facing internationally, with attention currently focused primarily on Bangladesh. Canada’s NCP hosted a dedicated panel-discussion on this subject in April 2014.
- *Italy*: The Italian NCP, with the approval of its Advisory Committee, adopted an action plan on Bangladesh with the aim to encourage Italian companies in the textile industry to implement due diligence in their supply chains, engage in multi-stakeholder initiatives, and adhere to international framework agreements between MNEs and trade unions. The project proposes to collect the experiences of the companies involved in the Rana Plaza accident through a business relationship; organise meetings with textile companies, advisory and auditing firms, labour unions, NGOs, and consumers; identify challenges in the textile supply chains; and make recommendations. The Italian embassy in Bangladesh assisted the NCP in identifying Italian companies connected to Bangladeshi suppliers.<sup>11</sup>
- *United Kingdom*: The UK NCP jointly organised a workshop on responsible business conduct with the Indian Institute of Corporate Affairs that included a panel discussion exclusively focused on the textile and RMG sector. Several managers from textile manufacturers were in the audience. The workshop took place in Bangalore, India, in August 2013.

Both the French and Italian NCPs issued a comprehensive set of recommendations in their reports on responsible business conduct in the



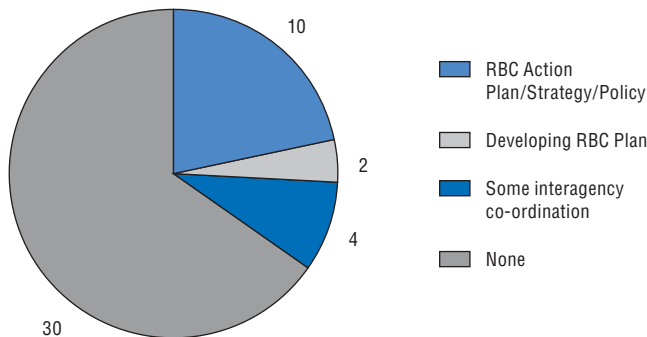
textile and RMG sector. A comparative chart of the recommendations, aligned with the appropriate chapters of the *Guidelines*, is provided in Annex 1.A2.

## Policy coherence

Part of the broad vision for implementation of the *Guidelines* is the establishment of coherent RBC policies at the global, regional, and national levels. Through measures such as national RBC action plans with global RBC initiatives, policy coherence seeks to create an enabling ecosystem to maximise the potential of the *Guidelines* to encourage RBC outcomes. Recognising the critical impact of partnerships and inter-institutional co-ordination on the proliferation and achievement of the *Guidelines*' recommendations, a number of NCPs and their governments have taken substantive steps to integrate RBC principles across national and global policy.

The convergence of global RBC initiatives is another critical component to achieving an enabling environment for responsible business conduct. Many NCPs maintain active partnerships with the ILO, the UN Global Compact, the UN High Commissioner for Human Rights, the National Institution for the Protection and Promotion of Human Rights, the Global Reporting Initiative, and ISO. Some have extended their partnerships beyond these networks (see Table 1.5).

Figure 1.2. **Number of governments with an RBC policy coherence initiative**



Source: Based on 2014 NCP reports.

### Selected examples of policy coherence activities

- **Colombia:** The NCP has further strengthened its alliance with the Ministry of Mines and Energy and the National Mining Agency to actively promote the Due Diligence Guidance. They are in the process of developing a baseline study to identify the landscape of gold mining in Colombia and will

negotiate with gold mining companies to pilot the implementation of the Due Diligence Guidance.

- *Germany*: Under the aegis of the Federal Ministry of Labour and Social Affairs, the government has developed an action plan to raise awareness and improve RBC implementation in Germany and abroad. This initiative takes into account not only the *Guidelines*, but also *inter-alia* the promotion of the UN Global Compact, UN Guiding Principles for Business and Human Rights, the European Commission’s “Renewed EU Strategy 2011-14 for Corporate Social Responsibility” and ILO Tripartite Declarations. The federal government emphasises the importance of all three international, government-backed instruments (the *Guidelines*, ILO Tripartite Declaration and UN Global Compact) wherever suitable, e.g. in the context of G8/G20.
- *Italy*: The Ministry for Economic Development, the NCP, and the Ministry of Labour and Social Affairs have been the leading administrations in the definition of the government’s 2013-2014 Action Plan for the implementation of the Communication of the EU Commission COM (2011) 681 on CSR. They are now co-operating in the monitoring of the Plan and are preparing the 2015-2016 Action Plan on RBC.

Table 1.5. **Partnerships maintained by National Contact Points**

NCP	ILO	UN Global Compact	UNHCHR	National Institution for the Protection and Promotion of Human Rights	Global Reporting Initiative	ISO26000	Other
Argentina	X						
Australia							
Austria		X			X	X	respACT Austria
Belgium		X			X	X	
Brazil	X				X	X	Government Forum for Social Responsibility, Ethos Institute, Pro-Ethics Company Registry of the Office of the Comptroller General
Canada	X	X	X	X	X	X	OECD Anti-Bribery Convention, Intergovernmental Forum on Mining, Minerals & Metals, Voluntary Principles on Security & Human Rights, EITI, Kimberley Process
Chile	X	X		X	X	X	National Human Rights Institute

Table 1.5. **Partnerships maintained by National Contact Points** (cont.)

NCP	ILO	UN Global Compact	UNHCHR	National Institution for the Protection and Promotion of Human Rights	Global Reporting Initiative	ISO26000	Other
Colombia		X	X	X	X		National Institution for the Protection & Promotion of Human Rights, UN Working Group on Business & Human Rights, Group of Friends of Paragraph 47 of the Rio +20 Declaration
Czech Republic							
Denmark		X	X	X	X	X	Danish Human Rights Institution, GRI Government Advisory Board
Egypt							
Estonia							EU HLG
Finland	X	X	X	X		X	
France	X	X		X			TUAC, BIAC; l'AFNOR et l'Obsar
Germany	X	X		X		X	
Greece							
Hungary							
Iceland	X	X	X		X		
Ireland							
Israel							X
Italy	X	X	X	X		X	
Japan		X					
Jordan							
Korea						X	National Human Rights Commission of Korea, Amnesty International Korea, Korea Labour Foundation
Latvia	X	X	X	X	X	X	Drafting Group on Human Rights & Business – Council of Europe
Lithuania							
Luxembourg							
Mexico							
Morocco	X			X			
Netherlands		X	X		X	X	
New Zealand							
Norway	X	X	X	X		X	Nordic Global Compact, National Institution for the Protection & Promotion of Human Rights, UN Working Group on Human Rights & Transnational Corps
Peru		X	X				

Table 1.5. **Partnerships maintained by National Contact Points** (cont.)

NCP	ILO	UN Global Compact	UNHCHR	National Institution for the Protection and Promotion of Human Rights	Global Reporting Initiative	ISO26000	Other
Poland	X	X					BIAC, TUAC
Portugal		X	X	X		X	Portuguese Association for Business Ethics, High-Level Group of EU Member States on CSR, Portuguese National Human Rights Committee
Romania							
Slovak Republic							
Slovenia							
Spain		X		X			State Council on Responsible Business Conduct
Sweden		X	X		X	X	
Switzerland	X	X	X	X			UN Working Group on Human Rights & Transnational Corps
Tunisia							
Turkey							
United Kingdom	X	X	X	X			
United States							

Source: Based on 2014 NCP reports.

- **Portugal:** The Portuguese NCP is analysing an integrated document on RBC that is aligned with other Portuguese public policies and with the European and international *Guidelines* on the matter. Other public government entities and relevant stakeholders are co-operating with the NCP in the document's development.

## Investment Promotion, Export Credit and Investment Guarantee Agencies

The number of governments promoting the *Guidelines* and other relevant OECD instruments in credit and investment promotion and guarantee programmes remains consistent with previous reporting periods. The 2011 update to the *Guidelines* articulates that NCP co-ordination with relevant government agencies is a critical component of policy coherence.<sup>12</sup> The 2012 revision of the OECD Recommendation on Common Approaches for Officially

Supported Export Credits and Environmental and Social Due Diligence (the Common Approaches) states that

*“Members should promote awareness of the OECD Guidelines for Multinational Enterprises among appropriate parties involved in applications for officially supported export credits as a tool for responsible business conduct in a global context.”*<sup>13</sup>

In addition, the OECD Working Party on Export Credits and Guarantees recommended that NCP reports and statements should be considered during the decision-making processes of export credit agencies.

To assess the extent to which adhering governments promote the *Guidelines* and the Common Approaches in export credit and investment promotion and guarantee programs, three sources of information have been analysed: the NCP Annual Reports, an informal survey of relevant agency websites, and an informal questionnaire circulated to export credit agencies.<sup>14</sup> Annex 1.A3 provides details on which agencies directly reference and promote the *Guidelines* to businesses on their website and during the export credit or investment guarantee process; delineate clear expectations regarding social, environmental, and human rights impact, particularly in adherence to the Common Approaches; and communicate – either formally or informally – with the country’s NCP regarding relevant statements and reports.

Eighty-seven per cent of countries adhering to the *Guidelines* are engaged in efforts to support RBC among foreign investors or domestic exporters. Only six countries do not appear to be actively promoting the *Guidelines* or Common Approaches. Twenty countries do not yet have a formal or informal procedure in place for considering relevant statements or reports from the NCP when making export credit or investment guarantee decisions.

Several governments are taking significant steps toward promoting the *Guidelines* more vigorously in their national investment framework. These efforts go beyond merely encouraging investors to comply with the *Guidelines* and range from asking companies to provide a signature confirming their understanding of the *Guidelines* to including the reference to the *Guidelines* in international investment agreements.

- **Colombia:** Chapter 11 of the Bilateral Investment Treaty between Colombia and France contains specific obligations for States to promote the *Guidelines* among companies in their jurisdiction. The government of Colombia also successfully negotiated the inclusion of a chapter on sustainable development in the new Pacific Alliance international investment agreement. Finally, Colombia is negotiating an Economic Partnership

Agreement with Japan and, in the chapter on improving the business climate, the parties agreed to promote international RBC standards.

- *France*: Firms applying for export credits or investment guarantees are systematically informed of the *Guidelines* during the application process through *Compagnie Française d'Assurance pour le Commerce* (COFACE), which provides export credit insurance. Applicants are asked to sign and declare that they have “read and understood the *OECD Guidelines*”.
- *Germany*: Companies applying for investment guarantees must confirm awareness of the *Guidelines*.

## Specific instances

Annex 1.A4 summarises all specific instances concluded in the 2013-2014 reporting period.

### ***New and concluded specific instances***

A slim majority of NCPs (24 out of 46 of the adhering countries) have developed internal procedures for handling specific instances in alignment with the procedural guidance laid out in the 2011 update of the *Guidelines*. Of these, 20 NCPs have made these readily available online – only Belgium, Mexico, Turkey, and the US have yet to add the new procedures to their websites.

Table 1.6. **Has the National Contact Point updated its internal procedures for handling specific instances?**

NCP	Yes	NCP	Yes
Argentina		Jordan	
Australia	X	Korea	
Austria	X	Latvia	
Belgium	X	Lithuania	
Brazil	X	Luxembourg	
Canada	X	Mexico	X
Chile	X	Morocco	X
Colombia	X	Netherlands	X
Costa Rica		New Zealand	
Czech Republic	X	Norway	X
Denmark	X	Peru	
Egypt		Poland	X
Estonia		Portugal	
Finland	X	Romania	
France	X	Slovak Republic	

**Table 1.6. Has the National Contact Point updated its internal procedures for handling specific instances? (cont.)**

NCP	Yes	NCP	Yes
Germany	X	Slovenia	
Greece		Spain	
Hungary	X	Sweden	
Iceland		Switzerland	X
Ireland		Tunisia	
Israel		Turkey	X
Italy	X	United Kingdom	X
Japan	X	United States	X

Source: Based on 2014 NCP reports.

### Overview and trends of new specific instances in the reporting period

Thirty-four specific instances were submitted to the NCPs between June 2013 and June 2014, in comparison to last period's total of 36. The bulk of specific instances were submitted to the UK and US NCPs, each of which received six submissions.

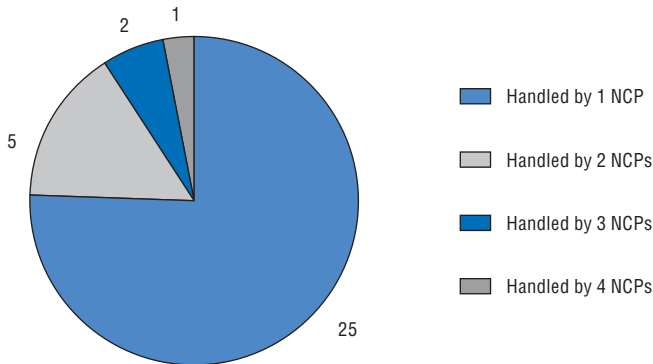
**Table 1.7. Breakdown of National Contact Points who received specific instances during the reporting period**

NCP	Number	NCP	Number
Australia	1	Germany	2
Austria	2	Korea	2
Belgium	1	Norway	1
Brazil	3	Poland	1
Canada	2	Spain	1
Denmark	4	United Kingdom	6
France	2	United States	6

Source: Based on 2014 NCP reports.

At the end of the reporting period, the 34 specific instances spanned all three stages of the conflict resolution process: 14 are in the "initial assessment" phase, four are in the "assistance to parties" phase, and 15 have been concluded or rejected. In addition, in one specific instance a preliminary investigation is in progress on alleged violations of human rights.

Comparable to last year, nine specific instances required co-operation between two or more NCPs.

Figure 1.3. **NCP co-operation on new specific instances**

Source: Based on 2014 NCP reports.

The most common cause for co-operation is a parent–subsidiary relationship between companies in the countries of the two NCPs. However, the instance requiring co-operation between four NCPs involved alleged violations by a foreign multinational enterprise in five different countries. Due to the lack of an NCP in the fifth country, there are four co-operating entities.

Of the 34 new specific instances, several trends emerged:

- Specific instances occurred most frequently in the manufacturing.
- The most frequently cited chapter of the *Guidelines* was Chapter IV (Human Rights).
- The locations of specific instances are widespread and diverse, both across adhering and non-adhering countries, similar to last year’s reporting period.
- NGOs were the most common entity to submit new specific instances.

### **Industry sectors**

Specific instances concerned thirteen industry sectors. Among new specific instances, ten sectors were implicated in one or more specific instances. The highest concentration of allegations occurred in the manufacturing sector, making up a quarter of all submitted instances. The next most common sectors included the agriculture, forestry and fishing sector, the mining and quarrying sector, and other service sectors.

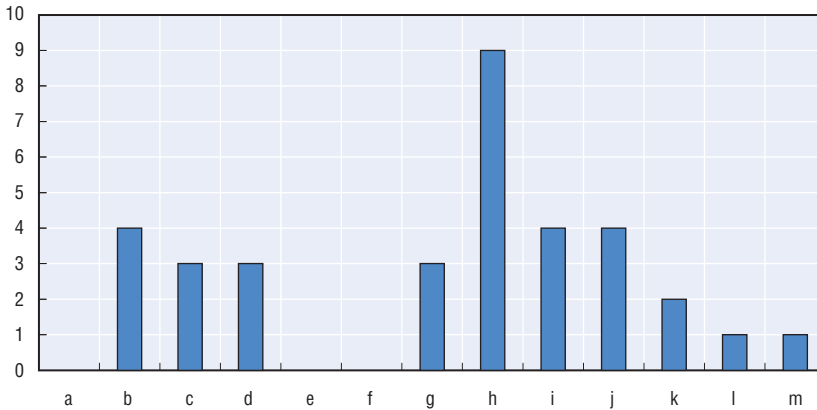
Within the manufacturing sector, allegations involved:

- One textile company
- One rubber products company
- Two chemical companies



- One motor vehicle company
- Two food product companies
- Two companies are non-specified for confidentiality reasons.

Figure 1.4. **Industry sectors cited in new specific instances**



Source: Based on 2014 NCP reports.

- |  |  |
|--|--|
| a Accommodation and food services.                     | h Manufacturing.                                     |
| b Agriculture, forestry and fishing.                   | i Mining and quarrying.                              |
| c Construction.  | j Other service activities.                          |
| d Electricity, gas, steam and air conditioning supply. | k Professional, scientific and technical activities. |
| e Financial and insurance activities.                  | l Transportation and storage.                        |
| f Human health and social work activities.             | m Wholesale or retail trade.                         |
| g Information and communication.                       |  |

Within the “other service activities” sector, allegations involved two security services corporations; the other two companies remain unspecified for confidentiality reasons. In contrast to the nine specific instances involving the financial and insurance activities sector in the 2012-2013 reporting period, there were no instances in this sector during this period.

**Box 1.5. Environmental and human rights due diligence at a world heritage site in a conflict-affected country**

On 7 October 2013, the UK NCP received a complaint from WWF International, an NGO dedicated to safeguarding wildlife and the environment, concerning the actual and potential impacts of oil exploration by SOCO International plc in Block V of Virunga National Park in the Democratic Republic of the Congo. The complainants stated that oil exploration was in conflict with international agreements – particularly regarding the Park’s status as a World Heritage site, DRC law and posed risks to the local environment and local communities dependent upon the surrounding ecosystem. SOCO, while denying the allegations, welcomed constructive dialogue with WWF. SOCO stated that its activities were still limited to environmental and social studies and social programmes, including a seismic survey on behalf of the DRC government, rather than actual oil exploration.

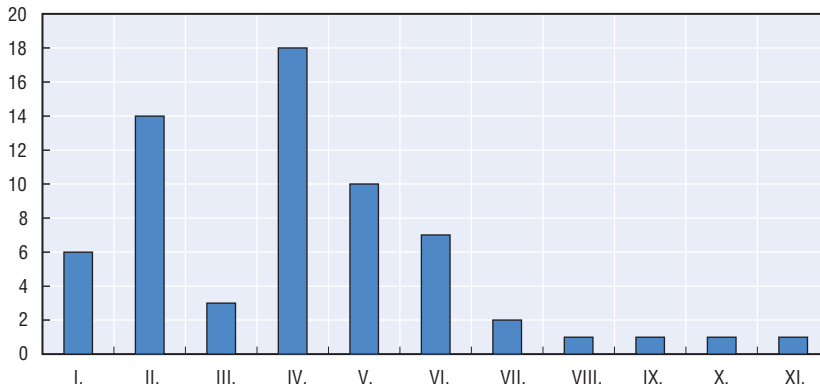
Upon completing the initial assessment, the UK NCP found that SOCO had not met several obligations outlined in Chapter VI, the “chapeau” and Paragraph 2. Further, the NCP determined that dialogue regarding the level of SOCO’s human rights due diligence appropriate to the context of conflict-affected DRC would be worthwhile, as well as the extent to which SOCO informs stakeholders about the results of its environmental impact assessment.

Based on these findings, the UK NCP offered its good offices to the parties to assist in mediation and conciliation, and the parties reached an agreement in June 2014. SOCO agreed with WWF in a joint statement to refrain from any exploratory or other drilling within Virunga National Park for as long as UNESCO and the DRC government view such activities as incompatible with the Park’s World Heritage Status. SOCO will complete its current seismic survey and will honour its commitments to local inhabitants to continue its social programmes as long as the company holds rights to the Block V license.

**Chapters of the Guidelines cited in specific instances**

Each chapter of the *Guidelines* was cited in at least one specific instance. The chapter on human rights was the most frequently cited chapter, followed by the chapters on general policies, and employment and industrial relations. The high number of citations of human rights and general policies chapters in 2 consecutive years may reflect a new trend. In last year’s report, there were 22 human rights citations compared to 18 this year; for general policies, there were 19 citations last year compared to 14 this year. The most frequently cited paragraphs of the general policies chapter were paragraphs A10 and A11, which refer to risk-based due diligence and the obligation to avoid causing or contributing to adverse impacts.<sup>15</sup> Alleged non-observance of paragraph A14, which compels companies to engage in meaningful stakeholder engagement, was also common.

Figure 1.5. Chapters of the Guidelines cited in specific instances



Source: Based on 2014 NCP reports.

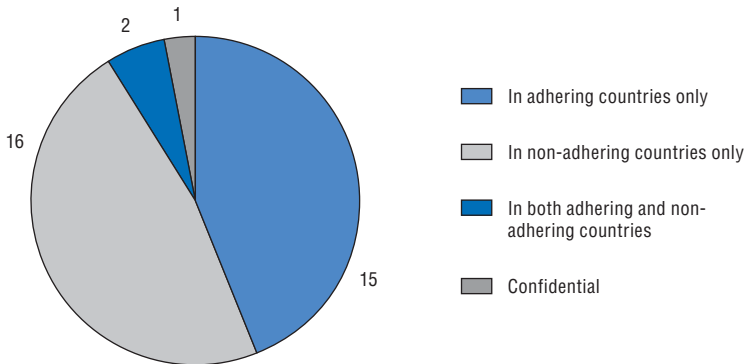
I	Concepts and Principles.	VII	Bribery.
II	General Policies.	VIII	Consumer Interests.
III	Disclosure.	IX	Science and Technology.
IV	Human Rights.	X	Competition.
V	Employment and Industrial Relations.	XI	Taxation.
VI	Environment.		

There were several notable trends in the types of issues contained in the specific instances submitted to NCPs this year. At least four addressed shortcomings in stakeholder engagement, while three involved allegations of insufficient human rights due diligence by companies in the security sector. There were also six instances in which private individuals submitted requests for review concerning issues that fell outside the mandate of the NCPs. This may be indicative of the continued need for awareness-raising and public education regarding the purpose and intent of the NCP conflict resolution process.

### Host countries

NCPs reported a higher number of specific instances relating to activities in non-adhering countries than in adhering countries. Thirteen alleged violations of the *Guidelines* occurred in adhering countries, including Austria, Brazil, Denmark, France, Israel, Poland, the United Kingdom, and the United States. Meanwhile 16 cases of alleged non-observance of the *Guidelines* arose in Bahrain, Bangladesh, Cameroon, the Democratic Republic the Congo, Ecuador, Gabon, Kazakhstan, India, Lao People's Republic of China, Pakistan, Russia, and the People's Republic of China.

Figure 1.6. **The location of new specific instances**



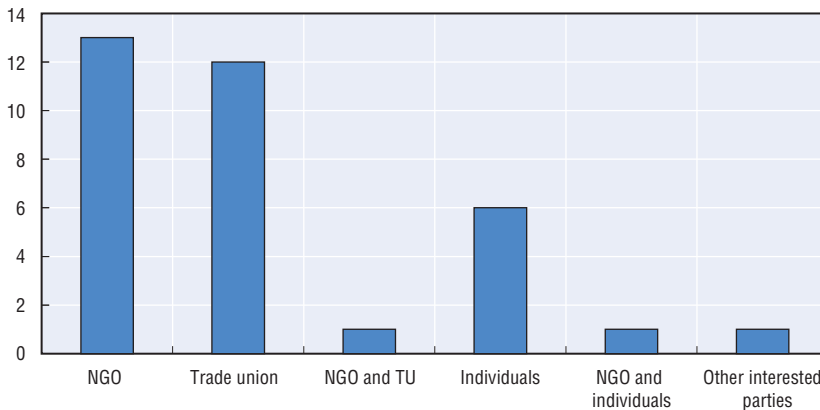
Source: Based on 2014 NCP reports.

Finally, two specific instances occurred in both adhering and non-adhering countries. One involved the activities of an MNE from an adhering country in four other countries: Brazil, Colombia, Paraguay, and Peru. The second specific instance submitted by Lawyers for Palestinian Human Rights arose in Israel and involves an MNE based in the UK.

**Sources**

As in previous years, the number of requests to consider an alleged non-observance of the *Guidelines* originating from NGOs remains high. This year, however, the number of submissions originating from trade unions doubled. There was also an increase in the number of specific instances submitted jointly by NGOs, trade unions and individuals. One request, categorised as “other interested parties”, was submitted by a local residents association regarding the activities of an MNE operating in Brazil.

Figure 1.7. **Sources of new specific instances**



Source: Based on 2014 NCP reports.

### **Overview and trends of specific instances concluded during the reporting period**

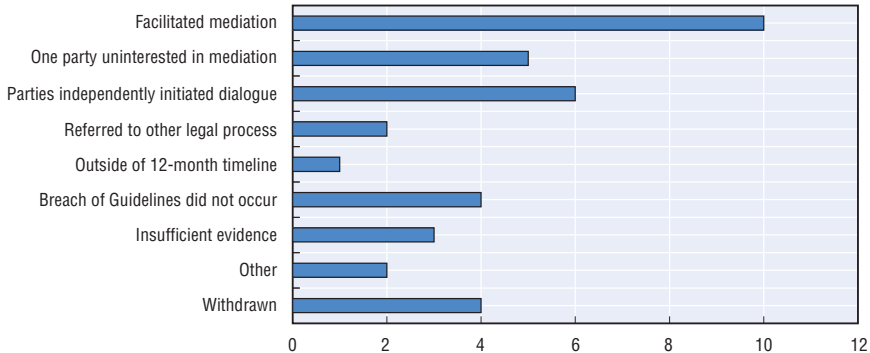
Thirty-three specific instances were concluded in this reporting period: 18 that were pending as of June 2013 and 15 new notifications. The number of specific instances with a successful mediation outcome is higher compared with the previous reporting period, where agreement was reached in only three instances. In contrast, nine out of the ten cases mediated during this reporting period reached an agreement or had a timetable for negotiations agreed upon.

There were a range of reasons invoked by NCPs for the conclusion of specific instances:

- Eleven specific instances were dismissed following the initial assessment – NCPs found that the request for review did not fall within the purview of the *Guidelines* and would be more appropriately handled by a domestic court or similar process; the notifier did not provide sufficient evidence; the notifier desired to remain anonymous and declined to reveal his/her identity to a third party representative; or a breach of the *Guidelines* did not occur.
- Twelve specific instances were concluded during the “assistance to parties” phases, either because the parties independently initiated dialogue with the aim to reach an agreement, or because one party was not interested in mediation. Of these cases, three were withdrawn. Of the five situations in which one party refused the NCP’s offer of its good offices, one notifier and four companies declined the offer. For example, in a specific instance handled by the German NCP, the notifier declined the NCP’s offer of mediation as it was displeased with the NCP’s finding that part of the complaint was unsubstantiated. In one case regarding a specific instance handled by the US, a company declined the NCP’s offer of mediation in light of on-going parallel court proceedings.
- In ten specific instances, NCPs provided assistance to the parties in the form of dialogue or mediation. The parties reached an agreement or agreed upon an action plan in nine instances. In one instance, the parties failed to reach an agreement because the notifiers withdrew their request for review in protest of the NCP’s handling of the specific instance and the findings of the initial assessment.

Several NCPs – namely Canada, France, Luxembourg, the Netherlands, and Norway – issued recommendations regardless of the outcomes of the specific instances. These recommendations included:

- advice to conduct due diligence to promote good business relations and promote sustainable development;
- specific action that a company should take to improve transparency and its relationship with community stakeholders;

Figure 1.8. **Reasons for the conclusion of specific instances**

Source: Based on 2014 NCP reports.

- clear suggestions for initiating dialogue between a company and all relevant stakeholders;
- general recommendations to adhere to the General Policies (Chapter II) of the *Guidelines*;
- recommendations and observations to a company to identify, prevent, mitigate and manage the risks associated with bribery; and
- general recommendations to pursue structured dialogue and pursue compliance with Chapters II and V of the *Guidelines*.

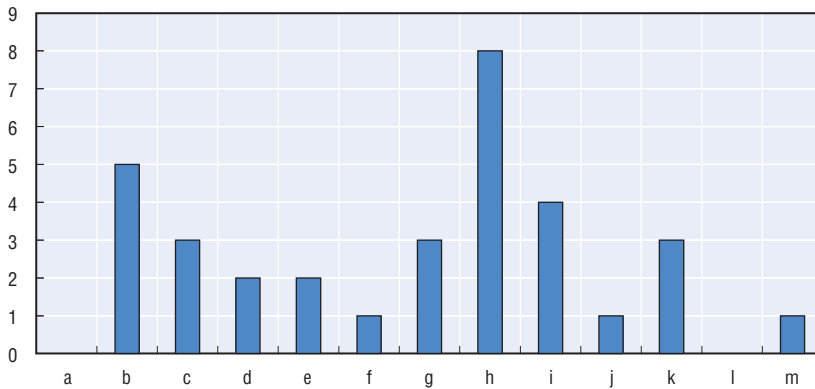
### **Parallel proceedings**

The Procedural Guidance states that “NCPs should not decide that issues do not merit further consideration solely because parallel proceedings have been conducted, are under way, or are available to the parties concerned”. While under certain circumstances it may be inappropriate or unhelpful to accept or continue a specific instance, NCPs are to encourage dialogue whenever feasible. It is the responsibility of the NCPs to determine if dialogue or mediation could positively contribute to a resolution of the issues between the parties. This requires conscientious evaluation of the circumstances particular to the specific instance in consultation with the parties involved.

In five of the concluded specific instances, parallel proceedings were taking place in the domestic or foreign courts. In three specific instances, the companies in question argued that parallel legal proceedings were either a reason not to participate in mediation, or should be withdrawn as a condition to participate in mediation. In two specific instances, the NCP adjusted its response based on the parallel legal proceedings.

- **Chile:** Although the NCP found that the company did not violate the *Guidelines*, it offered to facilitate dialogue between the parties. The company

Figure 1.9. Industry sectors in concluded specific instances



Source: Based on 2014 NCP reports.

- |  |  |
|--|--|
| a Accommodation and food services.                     | h Manufacturing.                                     |
| b Agriculture, forestry and fishing.                   | i Mining and quarrying.                              |
| c Construction.  | j Other service activities.                          |
| d Electricity, gas, steam and air conditioning supply. | k Professional, scientific and technical activities. |
| e Financial and insurance activities.                  | l Transportation and storage.                        |
| f Human health and social work activities.             | m Wholesale or retail trade.                         |
| g Information and communication.                       |  |

declined the NCP's offer due to parallel legal proceedings. The NCP determined it could not move forward without the willing engagement of one party, and concluded the specific instance.

- *France*: The company argued that it should not participate in dialogue with the notifiers due to an ongoing libel suit that the company had filed in relation to the specific instance. In spite of this initial stance, the company agreed to participate in mediation facilitated by the NCP. Eventually, the company dropped the suit and collaborated with the notifiers to reach an agreement.
- *France*: While conducting its initial assessment, the NCP was notified that the company had complied with a court order issued during parallel legal proceedings. By complying with the court order, the company resolved the issue under dispute. The NCP thus determined it was not appropriate to continue with the specific instance. Although this decision precluded mediation, the NCP believed the circumstances warranted a statement to the company to emphasise the gravity of the violations. The statement included several recommendations.
- *Germany*: The NCP accepted parts of a specific complaint but did not accept other parts due to parallel criminal proceedings in a foreign court. The NCP facilitated mediation between the two parties regarding only the issues it accepted and assisted them to reach an agreement.

- **United States:** The company declined to participate in mediated dialogue unless the notifiers withdrew a parallel civil suit in a foreign commercial court. The notifiers offered to suspend the proceedings, but desired to retain their right to resume litigation if necessary. The company reiterated it would not participate as long as the suit was on the table. The NCP determined to close the specific instance due to the company's unwillingness to participate in dialogue.

Resourcefulness by NCPs to engage both parties in dialogue despite one party's initial reluctance due to parallel proceedings is to be encouraged. In the event that a party is ultimately unwilling to participate in mediation, NCPs are encouraged to use final statements to issue recommendations to facilitate the resolution of the issues.

**Box 1.6. Leveraging business relationships to improve social and environmental outcomes in Cameroon**

In 2010, the French NCP received a request for review from a group of four NGOs regarding the activities of the Cameroon-based company Socapalm and four of Socapalm's business partners: Bolloré SA, Financière du Champ de Mars, Socfin, and Socfin SA. The NGOs argued that the four companies should have used their leverage to prevent or mitigate the adverse impacts arising from Socapalm's activities, which ranged from deterioration in the living conditions of local communities to insufficient employment of local personnel and from serious environmental damage to violent behaviour by contracted security employees.

The French NCP determined that Socapalm had breached Chapters II, V and VI of the *Guidelines* and the four partners had breached Chapters II and III. The NCP thus offered its good offices to the parties. Shortly afterwards Bolloré SA filed libel suits against two French journalists providing media coverage of the specific instance. Due to these parallel court proceedings, and its status as a minority shareholder, Bolloré then argued that it need not engage in dialogue.

In spite of Bolloré's initial position, the NCP's mediation efforts between the parties resulted in a successful outcome. The targeted companies – including Bolloré – made a commitment to assume responsibility and use their leverage to end the violations of the *Guidelines*, while Socapalm implemented several measures to resolve the social and environmental concerns (including a Quality, Health, Safety and Environment programme and ISO 14001 certification policy). With the NCP's assistance, the parties drew up a roadmap to be implemented by Socapalm and monitored by an independent, third-party committee. Shortly before the closure of the specific instance, Bolloré announced that it would drop the libel suits. The NCP believes the decision showed the effectiveness of its mediation efforts.



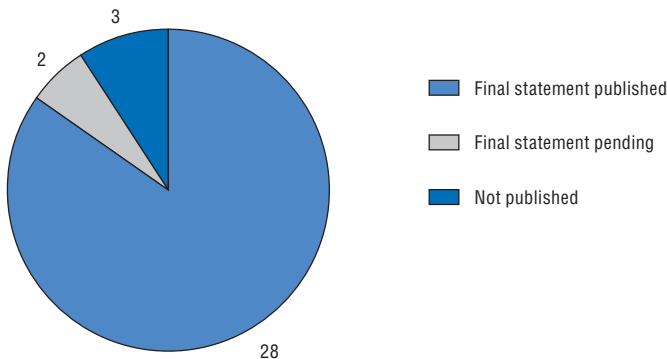
**Box 1.6. Leveraging business relationships to improve social and environmental outcomes in Cameroon (cont.)**

The NCP is conducting follow-up to its recommendations to the parties. In a statement released on 17 March 2014, the NCP reported on the actions of the parties in 2013 to implement the roadmap and establish the independent monitoring body. The NCP welcomed the progress made thus far towards Socapalm's application of the *Guidelines*, and will continue to follow-up with the parties in accordance with its Rules of Procedure. The statement is available at [www.tresor.economie.gouv.fr/5731\\_les-communiqués-du-pcn](http://www.tresor.economie.gouv.fr/5731_les-communiqués-du-pcn).

**Final statements**

Of the 33 concluded specific instances, NCPs have made 28 of the final statements publicly available online. These statements include the full text or a summary of the initial statement. Two statements are still pending and three have not been made publicly available.

Figure 1.10. **Transparency in final statements**



Source: Based on 2014 NCP reports.

**Box 1.7. Promoting sustainable development and tackling corruption in Liberia**

In May 2011, the Luxembourg NCP received a transferred specific instance from the Netherlands NCP. The request for review, submitted by the NGOs Friends of the Earth (FoE) Europe and Liberia-based Sustainable Development Institute (SDI), alleged that the steel and mining company ArcelorMittal had breached “combatting bribery and general policies” provisions of the *Guidelines* in Liberia.

**Box 1.7. Promoting sustainable development and tackling corruption in Liberia (cont.)**

Chief among FoE and SDI's primary concerns were ArcelorMittal's donation of 100 pick-up trucks to the government of Liberia (GoL); misappropriation and misuse of the County Social Development Fund (CSDF), managed by both ArcelorMittal and the GoL; lack of communication with local communities about the impact of ArcelorMittal's operations; and potential mining or exploration in the East Nimba Nature Reserve. ArcelorMittal rejected the allegations.

The Luxembourg NCP determined that it was outside the mandate of the NCP to judge whether ArcelorMittal had acted in compliance with domestic or international law and thus excluded the first allegation regarding the pick-up trucks from the complaints procedure, but believed there was sufficient cause to offer its good offices regarding the remaining allegations. The parties agreed to mediation by an expert mediator.

Two fact-finding missions took place and the parties met multiple times in 2012 and 2013. The end result was a mutually agreed-upon document recommending that the CSDF be transformed into an independent trust or foundation composed of representatives from the government, civil society organisations, and ArcelorMittal. In addition, a "board for grievances" should be established to hear appeals concerning funded projects. The Luxembourg NCP concluded the complaint on 13 September 2013 upon release of the final recommendations, noting that the process will only end in significant change if the Liberian government follows through on the recommendations.

## Peer reviews

In accordance with the procedural guidance and implementation procedures of the *Guidelines*, NCPs should engage in joint peer-learning activities either in the form of horizontal thematic peer reviews or voluntary NCP peer reviews to enhance their abilities to promote the *Guidelines*. Such peer learning will be facilitated by the OECD Investment Committee and the WPRBC and may be carried out through meetings at the OECD or through direct co-operation between NCPs. Country-based peer reviews offer an opportunity for individual NCPs to share their achievements and difficulties, and gain insights and recommendations for improvement from other NCPs.<sup>16</sup>

In 2012, Japan was the first NCP to volunteer for a review under the revised *Guidelines*, followed by Norway in 2013. Horizontal thematic peer reviews, on the other hand, offer an opportunity to focus on a priority issue or problem that touches all NCPs.<sup>17</sup> In both cases, the peer review process strives for flexibility so as to account for the varying levels of experience and resources.

Several NCPs have expressed interest in undergoing a peer review: Austria, Belgium, Brazil, Canada, Chile, Colombia, Denmark, France, Germany, Morocco, the Slovak Republic and Switzerland (see Table 1.8).

**Table 1.8. Proposed timetable for voluntary peer reviews of National Contact Points**

	2015	2016	2017
First half	Belgium Denmark	France Morocco	Canada Chile
Second half	Austria Switzerland	Brazil Colombia <sup>1</sup>	Germany Slovak Republic

1. Colombia's participation in the peer review is contingent upon the condition that the NCP had handled at least 2 specific instances by this point in time.

Source: Based on 2014 NCP reports.

### ***The first horizontal peer review on initial assessments***

The first horizontal peer learning took place in June 2014 at the 15<sup>th</sup> NCP Meeting. SHIFT<sup>18</sup> and the Consensus Building Institute (CBI)<sup>19</sup> designed and facilitated the session, which examined challenges and best practices in the initial assessment phase of the specific instance process. The procedural guidance (paragraph I.C.1) defines the initial assessment phase as a decision-making process in which NCPs determine if the issues raised in a specific instance merit further examination. While the commentary on the procedural guidance provides guidance on the key criteria to be considered during the initial assessment, the NCPs have flexibility on how to incorporate these into their rules and procedures. This leaves room for interpretation and varying methodologies.

The horizontal peer review sought to provide an opportunity for NCPs to share their experiences and concerns, explore best practices and lessons learned, and develop strategies and solutions to common challenges. The objective of the session was to better equip NCPs to handle complex specific instances and enabling greater consistency across the NCP system in the initial assessment phase.

### ***Presentations from the UK and Brazilian NCPs***

Two experienced NCPs opened the session by sharing case examples of the initial assessment process and offering lessons learned in order to stimulate frank discussion. Several themes emerged surrounding the nature of the specific instance process, the determination of admissibility criteria, resource constraints, and the building of trust with the parties.

- *The specific instance process:* It is critical that NCPs frame the grievance mechanism as a voluntary, non-legal remedy. Terming the mechanism as a

judicial or quasi-judicial process risks undermining functional equivalence, creates unfair expectations, and alienates the business community. As such, NCPs do not primarily rely on a burden of proof to handle a specific instance, but prioritise shared values such as transparency, accountability, and goodwill.

- *Determination of admissibility*: The majority of NCPs face constraints in financial resources and human capacity. It is the responsibility of the notifier to provide clear evidence to substantiate a specific instance. While a clear definition or standard of evidence required is impossible because every case has unique circumstances, there should nonetheless be a minimum set of expectations to rule out unreasonable referrals. NCPs also believe that there should be a clear relationship between the entity filing the complaint and the specific instance itself. Further, it is important for NCPs to draw a distinction between asking the notifier to define their desired outcome during the specific instance and making a determination based on the notifier's perspective and statement.
- *Trust-building with and between the parties*: NCPs may face challenges upholding goodwill, transparency, and confidentiality during the initial assessment, as well as the duration of the specific instance process. One aspect that may complicate circumstances is the existence of an on-going campaign by the notifier during the initial assessment. While recognising the utility of campaigns for NGOs filing a complaint against an MNE with comparably vast resources, NCPs are burdened with monitoring and mediating the campaign so as to protect the integrity of the specific instance process. The NCPs must balance the right of the NGO to wage a campaign with the sensitivity that is required to engage the company involved with good faith. Other complications in trust-building arise when NCPs must determine an appropriate timeline for the initial assessment and at what point to initiate conversation with the company facing allegations.

### **Conclusions from group break-out sessions**

In the second session of the horizontal peer review, participating NCPs separated into break-out groups led by two experienced NCPs. These provided a structured space for NCPs to engage in the free and open exchange of ideas, experiences, and challenges and reflect on the formal presentation of their two peers. After the discussions, each group was invited to share their conclusions. All of the groups noted that, while they did not come to any clear-cut solutions, the opportunity to discuss common challenges was both edifying and thought-provoking.

- *Balancing standards with flexibility*: Many NCPs expressed uncertainty regarding an appropriate and sufficient timeline for the initial assessment.

While valuing the room for case-specific interpretation that the *Guidelines* permits, NCPs recognise that problems in consistency arise when there is a wide range of timelines across different NCPs.

- *Defining expectations on the outcome of an initial assessment*: The NCPs agreed that they were uncertain whether the initial assessment should be structured to reach a clearly-defined outcome. Some NCPs feel that the outcome of the assessment should be a simple determination of whether the case merits deeper examination; others view it as a robust gathering of evidence that determines whether the *Guidelines* were breached; still others argued that an offer and plan for mediation, if appropriate, is the result of the assessment. One NCP stated that any of these outcomes may be relevant depending on the circumstances of the specific instances. Another aspect of this question is the intent of the parties during the admissibility phase. NCPs must consider what outcome the notifier desires and how that may impact their willingness to engage in dialogue.
- *Clear criteria for admissibility*: It is important for NCPs to distinguish between the types of questions they ask during the initial assessment in order to understand the circumstances of the incident and the types of questions that become criteria for accepting or dismissing a specific instance. Further, several NCPs believe that sharing clear criteria and the analytic process for admissibility is a significant aspect of transparency and trust-building with stakeholders. It enables stakeholders to better understand the rationale behind the number of specific instances that are dismissed by NCPs, which has been a recurring point of contention. It may also serve to clarify the level of documentation required to substantiate a specific instance. Many NCPs, however, stated that documentation depends a great deal on the particular circumstances of the complaint.
- *Communicating with the involved company*: NCPs differ greatly in their protocol for engaging companies during the initial assessment phase. Some invite the corporation right away in order to inform it about the *Guidelines*, the specific instance process, and the role of the NCP. Others wait until the assessment is complete to engage the company. Some NCPs provide space for the company to issue a statement or response as part of the initial assessment, while others view this as inappropriate. Often this is informed by the NCPs' operational context, whether that may be the cultural setting, legal framework, or political circumstances. This subject is especially sensitive as companies may feel the need to consider legal recourse, which compromises the non-judicial nature of the process.
- *Moving forward if a claim is dismissed or an offer to mediate is declined*: Many NCPs feel expectations can be unclear for the next step following an initial assessment. In the event that a claim is rejected, some NCPs expressed

uncertainty as to the extent of their responsibility. While at times a rejection may be clear, other circumstances might require a referral to a more appropriate mechanism such as a domestic court. Another common difficulty arises when one party declines an NCP's offer of good offices. Some NCPs believe that no action further is possible if one party refuses to engage in dialogue or mediation. Others see value in issuing a final statement or a series of recommendations that aim to facilitate resolution of the situation. Many NCPs face pressure from stakeholders to make some kind of "punitive determination" if a company does decline mediation facilities.

- *Stronger role of the OECD Secretariat:* All NCPs expressed a desire for the strengthened presence of the Secretariat as a source of guidance. The NCPs would like the Secretariat to help build their capacity and skills, prioritise peer learning, facilitate peer dialogue and communication.

At the close of the session, there was broad consensus that the horizontal thematic peer learning sets a healthy precedent for inter-NCP communication and joint problem-solving. NCPs seek to embed such co-operation and exchange of ideas into the NCP system. With the content and circumstances of specific instances expected to become increasingly diverse and complex, the availability of both formal and informal lines of communication is critical to building the capacity and effectiveness of new and experienced NCPs alike.

### **Spotlight on the voluntary peer review of Norway's NCP**

#### ***The peer review process***

During June 2013 – February 2014, Norway's NCP undertook a voluntary peer review. The process began with the preparation of background material and a stakeholder survey, followed by stakeholder consultations and the official visit of voluntary peer reviewers in October 2013, and culminated with a final report in February 2014. Throughout the review, the NCP received guidance and support from the non-governmental organisation SHIFT, an expert, independent non-profit operating in the business and human rights practice field.

The stakeholder survey sought responses from key domestic groups, parties to specific instances, representatives of indigenous persons, members of academia, and the Norwegian representatives of BIAC, TUAC, and OECD Watch. During the stakeholder consultations, meetings took place with a range of actors from government, business, civil society, trade unions, academia, and parties to two specific instances. The members of the voluntary peer review delegation included the Belgian, Colombian, Netherlands, and UK NCPs, while the Hungarian and Mexican NCPs, along with the OECD Secretariat, acted as observers. The Canadian NCP served as the Chair of the peer review.

All participants found the exercise helpful and informative, reflecting the current consensus that there should be an increase in the frequency of opportunities for peer learning and evaluation. The results of the peer review, as well as Norway's NCP response and follow-up plan, were presented to the WPRBC and NCPs on 20 March 2014. These documents are also available on the Norwegian NCP's website.<sup>20</sup>

### **Key findings**<sup>21</sup>

**Institutional structure:** Norway's NCP underwent a structural transformation in 2011 to become an independent body comprised of a four-person expert panel and a two person Secretariat employed by the Ministry of Foreign Affairs. This arrangement means that the NCP operates independently from the government of Norway, yet remains dependent on public funding. Since the change in structure, the performance of the NCP has significantly improved. Stakeholders have widely expressed a strong sense of ownership in the NCP, affirming that its independence from government trade interests has improved public perception of the NCP's credibility. The composition of the expert panel, dedicated Secretariat and financial resources, and strategic development have all proved integral to the NCP's improved skill, integrity, and capacity.

The caveat to the NCP's institutional independence is the diminished sense of responsibility on behalf of government ministries as well as relative disconnection from government authority. This aspect may risk undermining the role of government in promoting responsible business conduct and upholding the *Guidelines*, which can create challenges regarding policy coherence and co-ordination. It may also call into question the NCP's authority among certain stakeholders, which is implicitly derived from the power of the state. As it seeks to manage these risks, Norway's NCP is advised to better define the balance between independence and co-ordination with the government. Most likely this will require re-establishing a number of strategic links to the government, so as to ensure that there is a political champion for the role of the NCP.

**Promotional activities:** According to its communication plan, Norway's NCP actively targets small, medium, and large businesses, different civil society groups, other NCPs, members of academia, and public offices and officials when undertaking its information and promotional activities. Based on its own surveys, the number of Norwegian businesses that are aware of the *Guidelines* has increased from 10% to 60% over the past years.<sup>22</sup> Stakeholders noted their appreciation for the NCP's transparent and effective website, regular presence at RBC events and conferences, and development of online tools such as a due diligence guide and self-assessment tool for companies.<sup>23</sup> The independence of the NCP, which decreases the level of government

involvement, has enabled it to build high credibility among business and civil society and maintain effective performance.

While holding an exemplary track record, the NCP could continue to refine its communication plan to clarify its role as a mediator and improve its outreach to specific groups. Some businesses noted that trust would be furthered if the NCP emphasised its role as a non-judicial remedy. Small and medium-sized enterprises, with different resources and needs, may require different channels of engagement. In addition, the NCP could develop a specialised strategy for outreach among government ministries. As an independent body, it can be challenging to sufficiently engage relevant government actors. This aspect is critical to the NCP's future efforts, due to the high number of state-owned and state-supported enterprises in the Norwegian context and the fundamental responsibility of the government to implement the *Guidelines*.

**Handling of specific instances:** Norway's NCP was commended for its implementation of clear procedures and timelines, impartiality, fairness and consistency in its specific instances facility. The majority of stakeholders expressed high satisfaction with their experience, which appears to stem from the transparency and credibility the NCP has built through the aforementioned clear procedural guidance. The NCP's use of external third parties during various stages of the process was also highly praised. The NCP has used neutral third parties to mediate or facilitate dialogue, undertake fact-finding missions, and provide technical support to civil society members with low resources during the specific instance process. Relying on third parties has served to preserve the NCP's neutrality in more controversial or sensitive aspects of the specific instance process.

As with other NCPs, it can be challenging for Norway's NCP to reconcile the divergent desires of different stakeholders. Businesses highlighted the need for a focus on dialogue and a "constructive RBC approach" rather than a punitive approach so as to preserve fairness across the specific instance process. Other stakeholders stressed that the result of specific instances must be more related to RBC and the implementation of the *Guidelines*. They asserted that the NCP could derive more leverage from the issuance of final statements and advocated for more consistent and concrete follow-up. The NCP could further develop its procedural guidance to emphasise consensus-based decision-making as a preferred outcome while delineating exhaustive options that include a final statement if the parties decline to participate or reach an agreement. The NCP could also clarify guidance on follow-up, so that it may balance the goal of sustainable resolution with the constraints of limited resources. Further, as both the number and scope of specific instances rises, the NCP was advised to expand and strengthen co-operation with other



NCPs so as to improve functional equivalence and better access the needs of affected local stakeholders.

**Co-operation across the NCP system:** An active member in the NCP system, Norway's NCP has assisted to increase co-operation among the Nordic NCPs and participated in capacity-building workshops with several Latin American NCPs. It has also participated in the OECD Investment Committee's sectoral due diligence work through its involvement in the working group on due diligence in the financial sector, support for workshops on the extractive sector and co-operation on stakeholder engagement, among other initiatives. By volunteering for the peer review, the NCP also demonstrated its commitment to furthering peer learning and collaboration with other NCPs.

To continue this positive trajectory, Norway's NCP could assist to promote functional equivalence across the NCP system by engaging other NCPs on a regional and thematic basis as frequently as is feasible. Due to its experience and demonstrated leadership, the NCP is a valuable resource for NCPs from newly adhering governments. Finally, the NCP can seek opportunities to co-operate with other NCPs in locations where Norwegian companies have strong representation.

#### **Comments from Norway on the peer review process<sup>24</sup>**

“Norway's NCP found the peer review process in 2013 to be a highly valuable learning process, and an opportunity to reflect upon our procedures and practice in general. In particular, we have become more aware of not only our strengths, but also our weaknesses. For instance, the NCP has experienced challenges with bringing parties to the mediation table. On engaging reluctant parties, the peer review team noted that the NCP's practice of issuing final statements is an important source of leverage for the Norwegian NCP and adds credibility in the eyes of its stakeholders. The peer review team also noted that efforts to engage reluctant parties can pose challenges related to the indicative timelines contained within the NCP's procedural guidance for handling specific instances. In such cases, some flexibility in timing is recommended, so that the NCP can build understanding with a reluctant party about how the *Guidelines* apply and encourage voluntary collaboration with the specific instance process.”

#### **Comments from Canada, Chair of the voluntary peer review<sup>25</sup>**

“The terms of reference for the voluntary peer review set out two broad objectives: 1) to strengthen the performance and functioning of Norway's NCP, and 2) to contribute to strengthening the NCP system as a whole. Canada's NCP feels that both of these were met. The lessons learned, good practices, and challenges shared during this process have strengthened our collective understanding of NCP systems, and has provided excellent material for the

discussions surrounding functional equivalence of NCPs. The NCPs who participated continue to build on this co-operation at the time of drafting this report, as the NGO SHIFT, contracted by Norway's NCP to support the process, develops a good-practice and template for future voluntary peer reviews.”

## Challenges and key concerns for the next reporting period

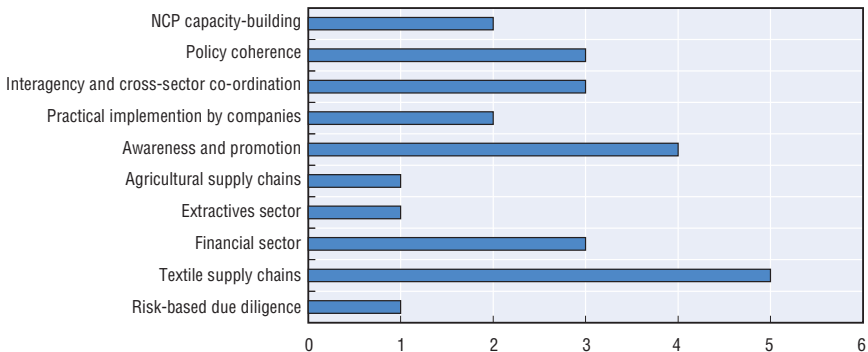
### Emerging challenges

NCPs were asked to identify the emerging challenges that were of primary concern or in which they were actively engaged. The most frequently cited issues were general awareness and promotion of RBC among enterprises and RBC in the textile sector (see Figure 1.11).

Many NCPs are taking the initiative to organise workshops and participate in intra- or intergovernmental working groups to tackle these emerging challenges. Highlights include:

- **Brazil:** The Brazilian NPC jointly organised a workshop with the NCPs of Norway and the UK to discuss the issues presently debated at the WPRBC regarding implementation of the *Guidelines* in the financial sector. The event was held at the Brazilian Central Bank in São Paulo on 28 January 2014, with broad participation of financial businesses and organisations. A summary report of the workshop was sent to the WPRBC. It is available on the websites of the NCPs involved, as well as on the website of the rapporteur, the Institute of Human Rights and Business (IHRB).<sup>26</sup>
- **Canada:** Following the joint NCP statement of June 2013 on the ready-made garment sector and textile supply chains in relation to Rana Plaza, IDWG was created to ensure collaboration and co-operation on efforts addressing challenges in the RMG industry. The IDWG consists of DFATD (with representation from trade, foreign affairs and development), Industry

Figure 1.11. Emerging RBC challenges



Source: Based on 2014 NCP reports.

Canada (IC), Employment and Social Development Canada (ESDC), National Research Council Canada, and Public Works and Government Services Canada. Canada's NCP hosted a panel discussion on the RMG sector for a wide range of stakeholders on 7 April 2014.

- *Switzerland*: The Swiss NCP has been involved in the work of the interdepartmental platform on primary commodities, which published the "Background Report Commodities" in March 2013. This report mentions the NCP as a grievance mechanism for specific instances concerning the extractives sector. The NCP provided information for the follow-up report on the implementation of the recommendations of the Background Report Commodities, published in March 2014.

### **Proposed focus of the next implementation cycle**

Close to two-thirds of the NCPs (28 of 46) provided their input regarding which issues deserve particular attention during the next implementation cycle of the *Guidelines*. Consensus is strong that peer learning and evaluations, NCP capacity-building, implementation of the *Guidelines* and an improved, co-ordinated framework for promotion are of key importance.

Excerpts from concerns listed by the NCPs include the following:

- A desire for improved coherence and frequency of voluntary peer reviews so as to increase the exchange of best practices and lessons learned, with emphasis on recommendations in final statements and mediation in practice.
- Strategies for awareness and promotion of the *Guidelines* among SMEs.
- Establishing a minimum functioning standard for NCPs while respecting the principle of functional equivalence.
- Due diligence in practice and uniformity in how NCPs interpret non-compliance when handling of specific instances

Other suggested topics included:

- convergence of global RBC initiatives;
- analysis and management of parallel proceedings;
- balancing transparency and confidentiality when handling specific instances;
- inter-NCP co-ordination, particularly regarding promotional activities.

### **Work plan to improve NCP performance and promote functional equivalence**

During the first half of the year, the WPRBC and NCPs discussed a work plan to address recent concerns regarding issues of performance and functional equivalence of the NCPs. The work plan, not yet adopted, considers

the need to accelerate the review cycle to two country peer reviews per year, develop review templates tailored to the particular needs of NCPs, hold regular horizontal reviews, strengthen the *Guidelines* accountability mechanisms and expand the supporting role of the OECD Secretariat. It also calls for regional capacity building events and open avenues of communication between experienced and newly formed NCPs. Both Canada and the Netherlands have made voluntary contributions in support of capacity building and training activities for NCPs in Latin America and the Middle East and North Africa (MENA). Plans are being made to organise two workshops in these two regions during the upcoming reporting period.

## Notes

1. The Danish NCP gave a presentation to the Danish Federation of Small and Medium Enterprises in Copenhagen on 21 May 2014.
2. OECD Watch assisted several complainants during the past year, including in the Arcelor Mittal and Socopalm specific instances brought before the NCPs of Luxembourg and France, respectively.
3. In the 2013-2014 reporting period, a total of 6 specific instances were concluded because the parties reached an agreement outside of the NCP-facilitated mediation process.
4. In addition, see the joint communiqué of France and the Netherlands and remarks of the OECD Secretary-General on “Boosting Social and Environmental Standards in International Trade”, 31st March 2014 and action taken by development corporation agencies, for example, the German Development Agency (GIZ), the *Agence Française de Développement* (AFD) and the Dutch Multi-stakeholder Action Plan on the textile sector.
5. See <http://mneguidelines.oecd.org/NCPStatementBangladesh25June2013.pdf>.
6. See [www.tresor.economie.gouv.fr/File/398811](http://www.tresor.economie.gouv.fr/File/398811) and <http://pcnitalia.sviluppoeconomico.gov.it/en/news/item/301-report-on-responsible-business-conduct-in-the-textile-and-garment-supply-chain>.
7. See <http://mneguidelines.oecd.org/NCPStatementOneYearAfterRanaPlaza25June2014.pdf>.
8. See the 2013 Annual Report on the OECD *Guidelines for Multinational Enterprises*, <http://dx.doi.org/10.1787/mne-2013-en>.
9. More specifically, the advisory body is composed of representatives from the Human Rights Division, Anti-corruption Division, and Legal Division of the Ministry of Foreign Affairs; National Women’s Service; National Standardization Institute; National Consumer Service; Superintendency of Pensions Funds; Superintendency of Social Security; Internal Revenue Service; National Economic Prosecution Service; Ministry of Labour; Ministry of Environment; Ministry of Mining; Ministry of Economy.
10. The full statement may be found at [http://economie.fgov.be/fr/binaries/Rapportenaanbeveling\\_20140207\\_EN\\_tcm326-242683.pdf](http://economie.fgov.be/fr/binaries/Rapportenaanbeveling_20140207_EN_tcm326-242683.pdf).
11. The Italian report can be downloaded at: <http://pcnitalia.sviluppoeconomico.gov.it/en/are-you-company/4-ncp-s-tools-for-business>.

12. Paragraph 37 of the Commentary on the 2011 update to the *Guidelines*.
13. *Ibid.*, Paragraph 4 (iii).
14. Survey responses collected by the OECD Export Credits Division.
15. Specific numbers ranking the frequency of cited paragraphs from the General Policies chapter is not available. This is because many initial statements have not yet been made public, or the details of the specific instance remain confidential. NCPs typically only name the general chapters cited in their Annual Reports, and provide further details regarding paragraphs upon publishing initial assessments and/or final statements.
16. Japan was the first NCP to volunteer for a peer review in 2012 under the revised *Guidelines*, followed by Norway in 2013. The Dutch NCP conducted a trial voluntary peer review in 2011.
17. In addition to the first horizontal peer review on initial assessments held in June 2014, a number of subjects have been identified for future reviews: NCP co-operation, role of NCPs as mediators versus problem solvers, transparency and confidentiality, fact finding, recommendation and follow-up.
18. SHIFT is an independent, non-profit centre for business and human rights practice created in 2011 to help governments, businesses and their stakeholders put the UN Guiding Principles on Business and Human Rights into practice, [www.shiftproject.org/page/who-we-are](http://www.shiftproject.org/page/who-we-are).
19. CBI is a not-for-profit organisation founded in 1993 by leading practitioners and theory builders in the fields of negotiation and dispute resolution.
20. See [www.responsiblebusiness.no/files/2014/02/Peer-review-report-NCP-Norway.pdf](http://www.responsiblebusiness.no/files/2014/02/Peer-review-report-NCP-Norway.pdf).
21. The key findings presented are drawn from the Norway National Contact Point Peer Review Report.
22. *Ibid.*, p. 16.
23. *Ibid.*, p. 16.
24. Edited and produced directly from the Norwegian NCP's 2014 Annual Report.
25. Reproceed directly from the Canadian NCP's 2014 Annual Report.
26. See [www.ihrb.org/pdf/2014-06-10-Meeting-Report-NCPs-and-the-Finance-Sector.pdf](http://www.ihrb.org/pdf/2014-06-10-Meeting-Report-NCPs-and-the-Finance-Sector.pdf).

## ANNEX 1.A1

*Promotional activities***Promotional activities organised by NCPs**

Country	Date	Promotional activity	Location
Belgium	4 Feb. 2014	Human Rights: A Special Challenge for Companies	Brussels, Belgium
Brazil	11 Dec. 2013	World Forum on Human Rights, International Convention Centre of Brazil	Brasília, Brazil
	27 Jan. 2014	Workshop on Awareness Raising on the Guidelines, National Confederation of Industry	São Paulo, Brazil
	28 Jan. 2014	Workshop on the Guidelines: Implementation by the Financial Sector, Central Bank of Brazil	São Paulo, Brazil
	9 June 2014	Signing Ceremony of Commitment of the Brazilian State-Owned Companies Concerning Responsible Business Conduct	Brasilia, Brazil
Canada	7 April 2014	Information Session on The Guidelines	Ottawa, Canada
Colombia	3 July 2013	Seminar on Corporate Social Responsibility	Valledupar, Colombia
	18 July 2013	Seminar on Corporate Social Responsibility	Barranquilla, Colombia
	21 Aug. 2013	Seminar on Corporate Social Responsibility	Palmira, Colombia
	5 Sept. 2013	Seminar on Corporate Social Responsibility	Cartagena, Colombia
	25 Sept. 2013	Forum on Trade in Services, Global Value Chains	San Andres, Colombia
	7-9 Oct. 2013	Peer Learning and Capacity-Building Session between the UK and Latin American NCPs	Bogota, Colombia
	9 Oct. 2013	Panel on the OECD and its CSR Vision	Bogota, Colombia
	22 Oct. 2013	Seminar on Corporate Social Responsibility	Bogota, Colombia
	20 Feb. 2014	Due Diligence Workshop,	Bogota, Colombia
	7 March 2014	Corporate Social Responsibility Workshop	Armenia, Colombia
	3 April 2014	Exercise to develop the Guidelines to implement business and human rights	Bogota, Colombia
	8 May 2014	Macro Business Conference: "Compre Colombiano"	Armenia, Colombia
Costa Rica	30 May 2014	Dissemination of information on Costa Rica's action plan before the OECD, and the implementation of Guidelines in the country, to members of the consulting company KPMG	
	10 April 2014	Dissemination of information on Costa Rica's action plan before the OECD, and the implementation of the Guidelines in the country, to members of the Services' Working Group of the Chamber of Commerce	

Country	Date	Promotional activity	Location
	9 April 2014	Interactive dialogue session of Latin American NCPs led by the Chair of the OECD WPRBC	
	8 April 2014	Annual Forum on Sustainability: Costa Rica on the Road to OECD, organised in co-operation with the Association of Businesses for Development and the Embassies of the Netherlands, the UK and the EU representation in Costa Rica	
Denmark	12-13 Nov. 2013	Implementation of CSR and the Law, Aarhus University – Department of Law	Denmark
	17 Sept. 2013	CSR Awards 2013: Side-event on due diligence in procurement and supply chains	Holstebro, Denmark
	1 Oct. 2013	NCP information meeting for NGO and trade union representatives,	Copenhagen, Denmark
	13 Nov. 2013	NCP information meeting for companies	Kolding, Denmark
Finland	31 March 2014	The Future of CSR: Current OECD Agenda	Helsinki, Finland
France	15 May 2013	Annual informational meeting with the OECD, Ministry of the Economy	Paris, France
	23 Oct. 2013	Meeting with the Finance Club on responsible due diligence, Ministry of the Economy, Paris	Paris, France
	16 Dec. 2013	Presentation of the NCP's report on the implementation of the Guidelines in the textile industry, Paris	Paris, France
	24 Jan. 2014	Presentation of the NCP's report on the Pension Reserve Fund, FRR (Fonds de Réserve pour les Retraites)	Paris, France
	12 Feb. 2014	Presentation on the Guidelines	Paris, France
	14 Feb. 2014	Presentation on the NCP's report on the textile industry, National Consultative Commission of Human Rights	France
	5 March 2014	Meeting with the France chapter of the UN Global Compact, Ministry of the Economy	Paris, France
	11 March 2014	Consultation meeting with French NGOs, Ministry of the Economy	Paris, France
	11 April 2014	Presentation on the Guidelines, <i>Association Française des Entreprises Privées (AFEP)</i>	Paris, France
	15 April 2014	Meeting with the National Consultative Commission on Human Rights, Ministry of the Economy	Paris, France
Germany	22 Nov. 2013	The Role of the OECD and the Guidelines	Berlin, Germany
	28 March 2014	National Contact Point of the OECD: The Guidelines, roles, and functions of the NCP	Berlin, Germany
Israel	1 Oct. 2013	ICC Israel's Annual Meeting of the Committee for Energy and Environment	Tel-Aviv, Israel
	30-31 Oct. 2013	Conference on Conflict Minerals	Herzalia, Israel
Italy	23 Oct. 2013	Symposium on "Myanmar: the New Asian Frontier"	Rome, Italy
	13 Nov. 2013	Conference on Business and Human Rights: the Case of Italy, House of Parliament	Rome, Italy
	1 March 2014	Promoting Responsible Investment in Myanmar: Domestic and International Responses	Nay Pyi Taw, Myanmar
	4 March 2014	Promoting Responsible Investment in Myanmar: Domestic and International Responses	Yangon, Myanmar
Korea	28 Feb. 2014	Seminar on the Guidelines for enterprises advancing abroad, Seoul International Dispute Resolution Centre	Seoul, Korea
Latvia	7 Nov. 2013	Corporate Social Responsibility for Competitive Entrepreneurship	Riga, Latvia
	2-6 June 2014	"Sustainability Week," Programme "Sustainability Index" Annual Report	Riga, Latvia

## 1. ACTIVITIES OF NATIONAL CONTACT POINTS

Country	Date	Promotional activity	Location
	2012-2013	Work Conditions and Risk in Latvia study	
	2013-2014	Business Sustainability and CSR seminars, multiple locations across Latvia	
		Effective Management Awards, annual	
		Best Regional Employer awards, annual	
Netherlands	9 Oct. 2013	Multinational works council meeting on CSR issues	Amstelveen, Netherlands
	19 Nov. 2013	Stakeholder meeting on responsible business conduct abroad	The Hague, Netherlands
Norway	27 June 2013	ICT session in the OECD Global Forum on Responsible Business Conduct	Paris, France
	27-28 Jan. 2014	Workshops on the Guidelines	São Paulo, Brazil
	22 Jan. 2014	"Mock case" workshop for major company on NCP process	Oslo, Norway
	26 Feb. 2014	Stakeholder meeting on the peer review report	Oslo, Norway
	1-2 April 2014	Mediation Workshop	Oslo, Norway
Peru	15 April 2014	Workshop on the investment climate and importance of the Guidelines	Arequipa City, Peru
Poland	4 Oct. 2013	Workshop on the Guidelines in NGO Practice	Kraków, Poland
	11-12 Sept. 2014	Regional capacity-building workshop	Warsaw, Poland
	3 April 2014	Workshop on the Guidelines in Business Practice	Warsaw, Poland
Slovenia	10 Dec. 2013	Forum on Business and Human Rights, Chamber of Commerce and Industry of Slovenia	Ljubljana, Slovenia
Sweden	08 Nov. 2013	CSR Day, Ministry for Foreign Affairs	Sweden
UK	Aug. 2013	Workshop on Responsible Business Conduct: Indian & the Guidelines	Banaglore, India
	Jan. 2014	CSR in the Financial Sector in Brazil	São Paulo, Brazil
	March 2014	Responsible Business Conduct in the Extractives Sector	London, UK

### Promotional activities organised by national stakeholders with NCP participation

Country	Date	Promotional activity	Location
Australia	4 March 2014	Promoting Responsible Investment in Myanmar	Yangon, Myanmar
Austria	26 June 2013	OECD Global Forum on Responsible Business Conduct	Paris, France
	4 July 2013	Human Rights and Business and Responsible Business Conduct: Where Now?, European Union Agency for Fundamental Rights	Vienna, Austria
	9 July 2013	CSR in Austria, Federal Ministry of Science, Research and Economy (BMWFW)	Vienna, Austria
	10 Sept. 2013	CSR Guidelines in Practice: Taking Responsibility along the Supply Chain with the Guidelines	Linz, Austria
	4 March 2014	Webinar on The Guidelines	
Brazil	11 June 2013	Seminar on the Brazilian Certification Program in Social Responsibility	São Paulo, Brazil
	12 June 2013	CUT Project on the Promotion of Labour Rights in Latin America	São Paulo, Brazil
	20 June 2013	International Conference on Corporate Social Responsibility	Rio de Janeiro, Brazil
	4 Sept. 2013	International Conference of the Ethos Institute	São Paulo, Brazil



## 1. ACTIVITIES OF NATIONAL CONTACT POINTS

Country	Date	Promotional activity	Location
	10 Oct. 2013	Sustainability as a Competitive Advantage: a Dialogue between Brazil and the Netherlands	São Paulo, Brazil
	11 Nov. 2013	Seminar on the Dialogue Mercosur and the European Union	São Paulo, Brazil
	29 April 2014	Presentation on the OECD Guidelines, Debate on Business and Human Rights	São Paulo, Brazil
	27 May 2014	1st Meeting of the Working Group of the Brazilian Government on Business and Human Rights	Brasilia, Brazil
	27 May 2014	Meeting of the Commission of Special Studies of the Brazilian Association of Technical Rules (ABNT) on ISO/PC 277 Sustainable Procurement	Brasilia, Brazil
Canada	17 Oct. 2013	CSR Presentation to the Canada-Norway Business Association	Oslo, Norway
	21 Oct. 2013	Norway Peer Review	Oslo, Norway
	2 Dec. 2013	Annual Forum on Business and Human Rights	Geneva, Switzerland
	25 March 2014	CSR Workshop, Canadian Embassy	Ankara, Turkey
	7 May 2014	Where to from Here: A Canadian Strategy for the UN Guiding Principles on Business and Human Rights	Toronto, Canada
Chile	9 July 2013	Meeting on CSR	Santiago, Chile
	23 July 2013	CSR Instruments	Santiago, Chile
	15 Aug. 2013	The Guidelines: Chapter IV, Anticorruption	Santiago, Chile
	28 Aug. 2013	Workshop on <i>The Guidelines</i> , Human Rights, and Enterprises	Medellín, Colombia
	26 Nov. 2013	The Guidelines: Chapter VI, Environment	Santiago, Chile
	27 Jan. 2014	Workshop on Implementation of Workshop on the Guidelines in the Financial Sector	São Paulo, Brazil
Colombia	18 June 2013	Challenges and Opportunities of the Guidelines in Colombia	Barranquilla, Colombia
	29-30 Aug. 2013	Regional Forum for Latin America and the Caribbean on Business and Human Rights	Medellín, Colombia
	11 Oct. 2013	ANDI's CSR Congress	Cali, Colombia
	11 Oct. 2013	Regional Meeting of the Tables for Public-Private Partnerships	Cali, Colombia
	26 Nov. 2013	Steering Committee of the Mining & Energy Committee	Bogota, Colombia
	13 Feb. 2014	Colombia Genera	Cartagena, Colombia
	17 Feb. 2014	Due Diligence Workshop	Medellín, Colombia
	22 Feb. 2014	CSR Master's Program Class, Universidad Externado de Colombia	Bogota, Colombia
	12 March 2014	Tables for Public-Private Partnerships	Cali, Colombia
	8 April 2014	AED's 2nd Annual CSR Workshop	San Jose, Costa Rica
	22 April 2014	Labour Rights Working Table, Global Compact	Bogota, Colombia
Costa Rica	7 April 2014	Workshop on the "Incorporation of Social Responsibility as a Strategy for Sustainable Development of the Central American Region"	
	31 Oct. 2013	Conference organised by the National Consultative Council on Social Responsibility on "Voluntary Norms for Responsible Business Conduct: the Guidelines"	
	29 Oct. 2013	Forum organised by the Secretariat of Central American Economic Integration on "Challenges of the Incorporation of Social Responsibility for the Sustainable Development of the Central American Region"	Guatemala
Denmark	15 April 2013	Presentation of the NCP, Copenhagen University – Department of Law	Copenhagen, Denmark
	15 May 2013	Presentation to the Council for Corporate Responsibility, Danish Business Authority	Copenhagen, Denmark

## 1. ACTIVITIES OF NATIONAL CONTACT POINTS

Country	Date	Promotional activity	Location
	21 May 2014	Presentation of the NCP, The Danish Federation of Small and Medium Enterprises	Copenhagen, Denmark
	11 Sept. 2013	Presentation to the Danish Association of Corporate Law, Danish Association of Corporate Law	Copenhagen, Denmark
	9 Oct. 2013	KPMG CSR Network	Copenhagen, Denmark
	29 Oct. 2013	Export Control Seminar for Danish Companies, Danish Business Authority	Copenhagen, Denmark
	2 Dec. 2013	Annual Forum on Business and Human Rights	Geneva, Switzerland
	5 Feb. 2014	Presentation of the Annual Report to the Council for Corporate Responsibility, Danish Business Authority	Copenhagen, Denmark
	3 March 2014	Presentation of UN Guiding Principles and Due Diligence, Ministry of Food, Agriculture, and Fisheries	Copenhagen, Denmark
Finland	13 March 2014	Finanssialan Keskusliitto-Federation of Finnish Financial Services	Helsinki, Finland
France	25 May 2013	Meeting on the social and environmental responsibility requirements of international business, Ministry of the Economy	Paris, France
	5 Dec. 2013	Presentation on the NCP's report on implementation of the Guidelines in the textile industry, OECD	Paris, France
	16 Jan. 2014	Presentation of the NCP's report on the financial sector	Paris, France
	21 Jan. 2014	Presentation of the Working Group on Supply Chain Management	Paris, France
	4 March 2014	Presentation to the European Union High-Level Working Group on Corporate Social Responsibility (CSR HLG), European Commission	Brussels, Belgium
	24 March 2014	Seminar on corporate social responsibility, French Agency for Development	Paris, France
	28 March 2014	Seminar on NCPs and the financial sector, Department for Business and Skills, UK government	London, UK
	28 March 2014	Seminar on the financial sector, Kepler Cheuvreux offices	London, UK
	31 March 2014	Conference on "Strengthening Social and Environmental Norms in International Business," Ministry of the Economy	Paris, France
	3 April 2014	Conference on "Bangladesh: the Outlook after Rana Plaza," Danish Ethical Trading Initiative	Copenhagen, Denmark
	7 April 2014	Informational meeting with the Canada NCP on the textile sector, Ottawa via video conference	Canada
	8 April 2014	Roundtable on Business Ethics	Paris, France
	10 April 2014	Meeting with the French administration and the OECD, French embassy	Paris, France
Germany	19 Nov. 2013	Roundtable on the NCP for the Guidelines	Bonn, Germany
Hungary	19 Feb. 2014	Forum of CSR Managers	Budapest, Hungary
	26 Feb. 2014	CSR Hungary Club Meeting	Budapest, Hungary
	12 March 2014	V4 Corporate Governance Conference, Ministry for National Economy	Budapest, Hungary
Italy	21 June 2013	Towards a Sustainable Economy: Finance & Business Ethics for the Development of Society	Rome, Italy
	27 Sept. 2013	2013 Corporate Social Responsibility: Opportunities for Business and International Co-operation in Development	Bologna, Italy
	1 Oct. 2013	LBMA/LPPM Precious Metals Conference	Rome, Italy
	2 Oct. 2013	Fair on CSR and Social Innovation	
	10 Oct. 2013	Webinar on Conflict Minerals	
	18 Oct. 2013	Seminar on "From the Organisational Models of Legislative Decree 231/01 to CSR"	Bologna, Italy

Country	Date	Promotional activity	Location
	28-29 Oct. 2013	CSR Forum, Association of Italian Banks	Rome, Italy
	12 Nov. 2013	Sodalitas Stakeholders Forum	Milan, Italy
	14 Nov. 2013	2013 Interagency Roundtable on CSR	Geneva, Switzerland
	13 Dec. 2013	Presentation of the Italian version of the "Trade Union Guide to the Use of The OECD MNE Guidelines"	Rome, Italy
	20 Jan. 2014	Seminar on conflict mineral legislation in Europe and the United States	Vicenza, Italy
	12 March 2014	Social Responsibility as a Driver for Sustainable Development	Val d'Agri, Potenza, Italy
	25 March 2014	DIESIS Project – study visit on CSR,	Copenhagen, Denmark
	26 March - 4 April 2014	Mediterranean Fair of Shared Social Responsibility	Naples, Italy
	15 April 2014	Workshop on Corporate Responsibility: Meanings, Perspectives, and Trends	Rome, Italy
Japan	21 July 2013	TUAC Workshop	The Philippines
	12 Nov. 2013	Symposium organised by the Japan Federation Bar Association and the International Bar Association, International House of Japan	Roppongi, Japan
Korea	18 July 2013	Seminar on Overseas Expansion Strategy and International Arbitration, Korea Chamber of Commerce and Industry	Seoul, Korea
	13 Sept. 2013	Seminar on Legal Issues of Foreign Direct Investment and Dispute Resolution, Korea Chamber of Commerce and Industry	Seoul, Korea
	31 Oct. 2013	Seminar on Managing Compliance Risks for Global Business, Korea Chamber of Commerce & Industry	Seoul, Korea
	13 Jan. 2014	Seminar on Effective Implementation of the Guidelines, National Assembly	Seoul, Korea
	7 March 2014	Seminar on Rules of Origin in the Korea-USA Foreign Trade Agreement, Korea Chamber of Commerce & Industry	Seoul, Korea
	12 March 2014	Seminar on Foreign Construction Dispute and International Arbitration, Seoul International Dispute Resolution Centre	Seoul, Korea
	26 March 2014	Seminar on Legal and Foreign Exchange Risk of Enterprise, Korea Chamber of Commerce & Industry	Seoul, Korea
Latvia	13 March 2014	"Is CSR an Ascribed Value in Latvia?"	Riga, Latvia
Mexico	24 Sept. 2013	XI. International Congress of CSR, National CSR Initiative	Mexico City, Mexico
	7 Oct. 2013	Regional capacity-building workshop,	Bogota, Colombia
	9 Oct. 2013	CSR and Colombia in the OECD	Bogota, Colombia
	21 Oct. 2013	Voluntary Peer Learning, Norway	Oslo, Norway
	24 Oct. 2013	The Present and Future of Six Initiatives on CSR and Corporate Sustainability	Mexico City, Mexico
	27 Nov. 2013	The Main Elements of CSR, Universidad Anáhuac,	Mexico City, Mexico
Netherlands	8 Oct. 2013	ESG Working Group on the Financial Sector, Netherlands Enterprise Agency	The Hague, Netherlands
	24 Oct. 2013	Conference Board Sustainability and Corporate Responsibility Council	The Hague, Netherlands
	3-5 Dec. 2013	Global Forum on Business & Human Rights	Geneva, Switzerland
	6-7 March 2014	SER Conference on Due Diligence	The Hague, Netherlands
Norway	28 June 2013	OECD Working Party on Responsible Business Conduct	Paris, France
	19 Aug. 2013	"Speed Dating" event with ambassadors and business representatives	Oslo, Norway
	26 Aug. 2013	Angola Human Rights Training, Norwegian International Law and Policy Institute	Oslo, Norway
	13 Sept. 2013	Norwegian Burma Committee meeting	Oslo, Norway

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Country	Date	Promotional activity	Location
	24 Sept. 2013	Guidelines Session for Diplomatic Trainees, Ministry of Foreign Affairs	Oslo, Norway
	11 Oct. 2013	Seminar on Corporate Social Responsibility, Norwegian Ministry of Foreign Affairs	Oslo, Norway
	24 Oct. 2013	Panel on Business and Human Rights, Norwegian Centre for Human Rights, University of Oslo	Oslo, Norway
	31 Oct. 2013	Presentation for FK (Peace Corps) Norway, Private Sector Development Team	Oslo, Norway
	4 Nov. 2013	Presentation at meeting of the Confederation of Norwegian Enterprise and Ukrainian youth delegation	Oslo, Norway
	6 Nov. 2013	Meeting with Polish trade union	Oslo, Norway
	12-13 Nov. 2013	Guidelines Conference, Aarhus University	Arhus, Denmark
	2-4 Dec. 2013	UN Global Forum on Business and Human Rights,	Geneva, Switzerland
	5 Dec. 2013	Joint Meeting of the Working Party on Responsible Business Conduct and NCPs	Paris, France
	16 Jan. 2014	Roundtable on investment	Paris, France
	27 Jan. 2014	Meeting with KOMpakt, the Norwegian government's consultative body on CSR matters	Oslo, Norway
	28 Jan. 2014	Seminar on ESG/TBL investments, BI Norwegian Business School	Oslo, Norway
	1-4 March 2014	Promoting Responsible Investment in Myanmar: Domestic and International Responses	Nay Pyi Daw and Yangon, Myanmar
	6 March 2014	Workshop on human rights and environmental due diligence	The Hague, Netherlands
	13 March 2014	Business Conference for Internationalisation and Development	Oslo, Norway
	20 March 2014	Joint Meeting of the Working Party on Responsible Business Conduct and NCPs	Paris, France
	20 March 2014	Seminar on Business and Human Rights Responsibility	Oslo, Norway
	28 March 2014	Investor workshop on soft law liabilities	London, UK
	28 March 2014	"OECD National Contact Points and the finance sector, with a focus on financing the extractive sector"	London, UK
	9 April 2014	Norwegian Export Credit Council and Guarantee Institute for Export Credits "Export Conference"	Oslo, Norway
	3-4 April 2014	Expert Meeting on Access to Remedy in Context of Business and Human Rights	The Hague, Netherlands
Peru	7-9 Oct. 2013	Peer learning session and capacity building for Latin American NCPs	Bogotá, Colombia
Poland	24 Oct. 2013	Presentation on the Guidelines in Trade Union Practice	Lowicz, Poland
	7 Nov. 2013	Presentation on the Guidelines in Trade Union Practice	Zakopane, Poland
	26 Nov. 2013	Presentation to the Kongres Prawa Pracy (The Labour Law Congress)	Warsaw, Poland
	13 Dec. 2013	Meeting of the Polish chapter of BIAC	Warsaw, Poland
	20 Jan. 2014	Presentation on the Guidelines on the process of intra-company dialogue-building for trade union's trainers	Warsaw, Poland
	27 Feb. 2014	Workshop on the Guidelines in Common Practice of NGOs and Trade Unions	Kraków, Poland
Slovenia	6-7 March 2014	Conference on Social Responsibility and Current Challenges: Health – Individual or Social Responsibility? Institute for the Development of Social Responsibility, University of Maribor	Maribor, Slovenia
Spain	13 June 2013	Experiences of the private sector in the implementation of the UN Guiding Principles on Business and Human Rights	Madrid, Spain

Country	Date	Promotional activity	Location
	20 June 2013	Presentation on the promotion of partnerships and collaboration with the private sector, Spanish Global Compact Network	Madrid, Spain
	Nov. 2013	International Congress on the implementation of the UN Guiding Principles on Business and Human Rights in Spain, University of Sévilla	Sevilla, Spain
Sweden	10 April 2014	Seminar on the Guidelines, the Swedish Trade Union Confederation	Sweden
Switzerland	3 April 2014	Presentation on responsible business conduct and the role of government, Lucerne University of Applied Sciences and Arts	Switzerland
	4 April 2014	Expert Seminar on Access to Remedy in the Context of Business and Human Rights: Improving the Effectiveness of Non-Judicial Grievance Mechanisms,	The Hague, Netherlands
	11 April 2014	Presentation on Swiss government support for companies active in conflict areas, University of Basel	Basel, Switzerland
Tunisia	23 May 2013	Training for trade unions active in foreign companies active in Tunisia	Hammamet, Tunisia
	7 Oct. 2013	Training for trade unions active in foreign companies active in Tunisia	Hammamet, Tunisia
UK	Sept. 2013	NCP capacity-building event	Warsaw, Poland
	Sept. 2013	Regional Meeting of Central European NCPs with focus on capacity-building	Vienna, Austria
	Oct. 2013	Meeting of South American NCPs and UN Human Rights Conference with focus on capacity-building	Bogotá and Cali, Colombia
	Nov. 2013	Seminar on implementation of CSR mechanisms, Aarhus University	Aarhus, Denmark
	Nov. 2013	UN – ESCAP meeting to promote the Guidelines,	Bangkok, Thailand
	March 2014	OECD Investment Review and CSR Event to Promote the Guidelines	Yangon and Nay Pyi Daw, Myanmar

## Promotional activities organised by BIAC, TUAC, and OECD Watch

### BIAC

BIAC member and observer organisations and their corporate members are working in close co-operation with BIAC on the implementation and awareness-raising of the *Guidelines*. The following is a non-exhaustive list of specific awareness-raising activities carried out by BIAC and its members.

#### National BIAC member and observer organisations

Colombia	<p>ANDI is a member of the OECD NCP in Colombia participating on behalf of the private sector. The association has distributed the NCP brochure in the 11 branches it has in the country and is organising meetings with individual multinationals and with the board of directors of several sector chambers that belong to ANDI.</p> <p>ANDI also invited the OECD to its annual forum. The purpose of this event is to promote a competitive mining and hydrocarbon value chain in Colombia. It is addressed to mining, oil and gas companies as well as their current or potential suppliers. In the February 2014 event, OECD was one of the main speakers with a presentation on the OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas. During the OECD's visit to Colombia, ANDI organised a workshop with mining companies in order to promote and solve questions related to the <i>Guidelines</i>. ANDI also organised a meeting with the participation of the OECD Secretariat to evaluate possible scenarios for collaborative outreach and design of <i>Guidelines</i> for three pilot sectors: mining, textiles, and finance.</p>
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National BIAC member and observer organisations	
Denmark	<p>DI, in co-operation with the Danish Institute for Human Rights, organised a conference on 10 June 2014 in Copenhagen, focusing on the <i>UN Guiding Principles for Business and Human Rights</i> as well as the <i>Guidelines</i>. The purpose was to raise awareness and share experiences among member companies in implementing and complying with the <i>Guidelines</i>. The Danish NCP was represented with a presentation at the conference.</p>
France	<p>MEDEF, the French Business Organisation, has a specific role regarding the <i>Guidelines</i> as a member of the French NCP. During this year, the French NCP was very active while receiving and assessing several new complaints and monitoring the implementation of previous recommendations.</p> <p>Moreover, following the referral from Nicole Bricq, the French Minister of Trade, to examine the application of the <i>Guidelines</i> with regard to the supply chain in the textile sector in Bangladesh,<sup>1</sup> MEDEF had been intensively involved in the organisation and the conduct of a consultation of more than 60 individuals/stakeholders. It was also an active contributor to the NCP report on the "<i>Implementation of the OECD Guidelines in the textile and clothing sector</i>".</p> <p>At the same time, MEDEF, as a national business organisation, has continued promoting the <i>Guidelines</i> and NCP mechanism to its members at sectoral meetings and with an "e-brochure". It was consulted by the French Human Rights Committee, the French Economic, Social and Environment Committee and the French CSR Platform on the implementation of the <i>Guidelines</i> by French multinationals and the functioning of the French NCP. Furthermore, MEDEF hosts every year a meeting with the French NCP Secretariat and one hundred French enterprises.</p>
Germany	<p>"CSR Germany" (<a href="http://www.csrgermany.de">www.csrgermany.de</a>), the CSR Internet portal of Germany's four leading business organisations (BDA, BDI, DIHK and ZDH) published information on the <i>Guidelines</i>. The German Employers' Associations (BDA) and the Confederation of Netherlands Industry and Employers (VNO-NCW) published and disseminated the joint brochure titled "The 2011 <i>OECD Guidelines – An introduction for business</i>".</p> <p>BDA informed its members of recent developments on the <i>Guidelines</i> via circulars and continuously gave information in workshops and seminars.</p> <p>BDA has been an active participant in the "Corporate Social Responsibility for All Project" (CSR for ALL), which is intended raise awareness and build capacity in partnerships/networks of employer organisations in the South East Europe region regarding CSR.</p>
Japan	<p>In October 2013, BIAC Japan of KEIDANREN issued its bulletin, including the report by the Vice Chairman of the BIAC International Investment and Multinational Enterprises Committee on proactive agenda projects.</p> <p>On 18 February 2014, KEIDANREN issued "Recommendations for redefining the OECD's Role in a Globalised World – On the 50th Anniversary of Japan's Accession to the OECD" in which KEIDANREN emphasises the importance of promoting outreach efforts of the <i>MNE Guidelines</i> with a view to securing a level playing field.</p> <p>On 3 April 2014, BIAC Japan of KEIDANREN organised a symposium on the OECD, in which the above-mentioned recommendations served as a basis for discussion. In the panel discussions, the <i>Guidelines</i> were highlighted among other key OECD rules.</p> <p>Additionally, on 5 July and 20 December 2013, the KEIDANREN secretariat participated in meetings of the Japanese NCP Committee. KEIDANREN is a member of the advisory panel to Japanese NCP.</p>

National BIAC member and observer organisations	
Latvia	<p>Organisation of a seminar on “Latvia on the way to the OECD - the business outlook, the <i>OECD Guidelines</i>” explaining the <i>Guidelines</i> together with the Ministry of Foreign Affairs. On 7 November 2013, a conference on “Corporate Social Responsibility for Competitive Entrepreneurship” was jointly organised by the Employers’ Confederation of Latvia (LDDK), the Ministry of Foreign Affairs of the Republic of Latvia, and the Institute of Corporate Sustainability. Participants in the conference had an opportunity to acquaint themselves with the <i>Guidelines</i> and benefits of responsible business conduct, international policy positions, actions of the UN Global Compact, implementation of principles of corporate social responsibility in business strategy of enterprises and more. Both BIAC and OECD participated and made presentations at the event. LDDK is involved in numerous other CSR activities and offers an important platform for its members.</p>
Netherlands	<p>Dutch business was together with trade unions closely involved in the realisation of an extensive multi-annual work program by the Social Economic Council (SER), the principal tripartite advisory body of the government, on due diligence and CSR. Among others, it included the following activities:</p> <ul style="list-style-type: none"> <li>● A two day SHIFT workshop with business, trade unions and NGOs on due diligence</li> <li>● A large conference to conclude the long lasting work of the SER on due diligence, were also an extensive report was made public (<a href="http://www.ser.nl">www.ser.nl</a>)</li> <li>● The development of an online-tool to assist companies in their CSR and due diligence policy (‘MVO Risico Management’)</li> <li>● The publication of guidance on Covenants in the field of International Corporate Social Responsibility.</li> </ul> <p>The Dutch government undertook together with KPMG an analysis of possible international CSR risks in 13 specific sectors. These sectors and many individual companies were closely involved in this analysis. Dutch business actively participated in discussions on the formulation of the National Action Plan Implementation Ruggie Guiding Principles and on the review of the Dutch NCP.</p>
US	<p>Representing United States Council for International Business (USCIB) and its member Procter &amp; Gamble, respectively, Adam Greene and Clifford Henry were two of fourteen members on the Stakeholder Advisory Board (SAB) of the US National Contact Point for the <i>Guidelines</i>, a multi-stakeholder body established to review the work of the US NCP. The SAB is comprised of leaders from business, labour, civil society and academia, and provided recommendations to the Advisory Council on International Economic Policy (ACIEP) at the US Department of State on the structure and monitoring of the US NCP, promotion of the <i>Guidelines</i>, establishing a Proactive Agenda for the US NCP and the handling of specific instances. Throughout the process, business greatly supported the existing procedures of the NCP. The SAB finalised a report to the ACIEP in January 2014 agreeing upon joint recommendations, which are currently being reviewed by the ACIEP. USCIB remains actively engaged with the US NCP.</p>

BIAC involvement in other initiatives

<p>South-East Europe outreach events</p>	<p>BIAC has been an active participant in the “Corporate Social Responsibility for All Project” (CSR for ALL), which is intended to build awareness and capacity in partnership/network of employer organisations in South East Europe region regarding CSR in order to improve their participation in multi-stakeholder dialogue at national and international levels. The project also helps to create awareness and build capacity in the network of employer organisations in the region to guide enterprises for their positive impacts on society and to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy. The BIAC Secretariat participated in two conferences, one in Istanbul in October 2013 and a second conference in Ankara in January 2014, to present the business perspective on the latest developments with regard to the <i>Guidelines</i>, highlight recent contributions by the business community and provide practical advice with regard to the implementation of the <i>Guidelines</i>.</p>
<p>ITCILO training session</p>	<p>On 3 June 2014, BIAC participated in a training workshop organised by the International Training Centre of the ILO in Turin for representatives of Russian business. An integral part of the training session was a discussion on features, interpretation and impact of companies of international corporate responsibility instruments. The BIAC Secretariat provided a presentation on key business considerations for and practical experience with the <i>Guidelines</i>. The training session also allowed for an in-depth discussion on how the various instruments fit into the international corporate responsibility landscape.</p>

Companies and other organisations

<p>Chevron</p>	<p>Participation in a panel on CSR, American Society of International Law-International Law Association, Joint Annual Meeting, April 2014, Washington, DC: Chevron presented corporate best practices, challenges, and opportunities surrounding CSR, including how the UN Guiding Principles on Business and Human Rights, and OECD’s Multinational Guideline’s incorporation of the UNGPs, have helped advance CSR practices of transnational corporations.</p> <p>American Bar Association Centre for Human Rights, Project on Business and Human Rights, Human Rights Workshop, April 2014, Washington, DC: Chevron joined a multi-stakeholder group to discuss issues surrounding business and human rights, and how the Centre for Human Rights could contribute to advancing implementation of international business and human rights principles, as expressed by the UNGPs and <i>Guidelines</i>.</p> <p>During meetings of the Social Responsibility Working Group of IPIECA company representatives, including from Chevron, shared learning and best practices on CSR topics, including those covered by the UNGPs and <i>Guidelines</i>. <a href="http://www.ipieca.org/focus-area/social-responsibility">www.ipieca.org/focus-area/social-responsibility</a>.</p>
<p>Vale</p>	<p>Both the <i>Guidelines</i> and the UN Framework for Business and Human Rights are important references for projects and operations. In 2012 Vale published a second edition of the Human Rights Guide, a publication that provides guidance to clarify and engage employees and other audiences in understanding and respecting human rights. In 2013, Vale began the process of reviewing its Human Rights Policy with the objective of reflecting advances since its publication in 2009. In 2013 a strategic education plan on human rights was established. Vale created a tool to assess human rights violation risks to be applied in their capital projects, seeking preventive action. In the case of their operations, action plans have been developed based on self-diagnosis derived from the application of the Social and Sustainability Aspects Management Tool.</p>



## Companies and other organisations

World Gold Council	The World Gold Council has organised seminars and events around the OECD Due-Diligence Guidance for Responsible Sourcing, especially in the context of the Conflict-Free Gold Standard, which is designed to operationalise the Due-Diligence Guidance for gold producers. Specific events include a number of webinars, including one hosted by Deloitte on “conflict miners”, with over 1 000 participants and speeches and another hosted by Shulte Roth & Zabel (SRZ). The OECD also organised a series of webinars about the Due-Diligence Guidance, including one on large scale gold miners, in which the World Gold Council was a main presenter. They have also spoken at a number of events, including workshops organised by the WWF on extractives and by Business Europe.
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**TUAC**

TUAC is the OECD’s interface with organised labour. TUAC has 59 affiliated trade union centres in 31 OECD countries representing more than 66 million workers. It also has associate members in Brazil, Indonesia, Russia and South Africa.

In 2014 the activities organised by TUAC in support of the *Guidelines* have focused on training and providing adequate information to its members on the functioning of the *Guidelines*.

TUAC has undertaken or planned the following activities in 2014:

Date	Training event	Location
18 March 2014	ETUI Training	Florence, Italy
26 March 2014	ILO Training Centre	Turin, Italy
2 July 2014	ILO Training Centre	Turin, Italy
Aug. 2014	Sectoral Trade Union meeting	Manila
TBC	Latin America: Regional training event	Mexico City, Mexico
21-22 Nov. 2014 (TBC)	Latin America: Regional training event	Santiago, Chile
Oct. 2014	<i>Central and Eastern Europe:</i> Regional training event	Poland

## Trade Union Guide to the Guidelines

- Current Languages: Burmese, English, French, German, Italian, Japanese, Korean; Polish, Spanish, Swedish.
- Forthcoming (2014): Chinese and Arabic.

**OECD Watch**

OECD Watch is an international network of more than 80 civil society organisations from across the world promoting corporate accountability and responsibility. Members of OECD Watch share a common goal to improve

corporate accountability mechanisms in order to achieve sustainable development and enhance the social and environmental performance of corporations worldwide. This submission outlines the activities that OECD Watch has undertaken between June 2013 and June 2014 to raise awareness about and build capacity on the *Guidelines* among CSOs. These activities were undertaken with the aim of improving the implementation of *Guidelines*.

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Supporting and maintaining information on specific instances filed by CSOs

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The website and case database of *Guidelines* complaints filed by NGOs remains an important mean of communication and outreach for OECD Watch.

OECD Watch has published Quarterly Case Updates in November 2013 and June 2014 that provide up-to-date information about the latest developments in specific instances filed by NGOs. These publications have been distributed to approximately 750 persons per publication. Additionally more than 1 000 visitors have downloaded the Quarterly Case Updates from the OECD Watch website. The OECD Watch secretariat and OECD Watch members have supported and advised NGOs on using the *Guidelines*' specific instance mechanism and promoting best practices among NCPs. OECD Watch members were instrumental in addressing several cases concerning responsible business conduct through the specific instance process in the past year. Examples of cases with a positive outcome include the joint agreements in the ArcelorMittal case in September 2013 (Luxembourg NCP) and the SOCOPALM-related cases involving Bolloré S.A, Compagnie Internationale de Cultures SA, Financière du champ de Mars S.A, and Intercultures in June 2013 (French NCP).

A detailed summary of the contents and developments of cases involving civil society organisations can be found in the OECD Watch case database on the OECD Watch website. In addition to cases that have been filed with NCPs, OECD Watch and members have supported many more organisations by helping to examine the possibility of filing a case against a company for failing to observe the *Guidelines*. For confidentiality reasons these cases are not included in this overview.

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Production of informational and promotional materials about the *Guidelines*

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- In late 2013, ForUM launched an Internet-based manual to assist NGOs and other in filing complaints with the Norwegian NCP.
- In December 2013, OECD Watch launched the online Case Check that guides users through a series of questions to generate tailored advice on whether the *Guidelines* applies to their issues or problems.<sup>2</sup>
- Lumière Synergie Développement translated *OECD Watch's Guide to the Guidelines* and brochure and distributed it at a regional workshop to discuss implementation of the Economic Community of West African States' (ECOWAS) mining code.

Presentations and expert contributions on the <i>Guidelines</i>		
Date	Event information	Location
Feb. 2014	Briefing by Oxfam Australia to Oxfam South Africa staff on the Guidelines.	South Africa
Feb. 2014	Oxfam Australia's Executive Director referred to the Guidelines in a speech given at the Resources and International Development Conference.	Australia
Nov. 2013	Presentation by Oxfam Australia to the Asia Pacific Journalism Centre – a program for journalists from across the Asia/Pacific region – on mining governance and the Guidelines (20 participants).	Victoria, Australia
Oct. 2013	Oxfam Australia presentation at Murdoch University Political Science Association's International Conference on Mining Governance and the Guidelines (150 participants).	Perth, Australia
Oct. 2013	Presentation by Oxfam Australia to Iluka Resources' management team on mining risks and the Guidelines and related OECD guidance (12 participants).	Perth, Australia
Oct. 2013	"Using the OECD Guidelines" Lecture by Oxfam Australia to masters of law students at Monash University.	Perth, Australia
Oct. 2013	Guest lecture by Oxfam Australia at the University of Melbourne, Law School on international mining laws and the OECD Guidelines" (25 participants).	Melbourne, Australia
Sept. 2013	Oxfam booth to distribute OECD Watch materials to African Down Under Forum that included participation of mining ministers and Australian mining companies (500 delegates).	Melbourne, Australia
Aug. 2013	Briefing by Oxfam Australia to PanAust (Australian mining company) senior staff on the Guidelines.	Perth, Australia
July 2013	Lecture by CIVIDEP India on the Guidelines at the National Law School Bangalore as part of a series of lectures on business and human rights, including distribution of OECD Watch's brochure	Bangalore, India
June 2013	Presentation by CIVIDEP India on human and labour rights violations in the electronics industry that included recommendations to NCPs at a special panel on human rights and internet freedom in the information and communications technology sector at the Global Forum on Responsible Business Conduct.	Paris, France
June 2013	Presentation by Oxfam Australia on the Proactive Agenda on Due Diligence and Meaningful Stakeholder Engagement in Extractives Sector at the Global Forum on Responsible Business Conduct.	Paris, France
2013	Forum for Environment and Development (ForUM) was invited to speak about the Guidelines in a meeting arranged by Danish NGOs.	Denmark
2013	ForUM has presented information about its case against Cermaq with Norway's Ministry of Trade and Industry and a group of Norwegian parliamentarians.	Oslo, Norway
2013 – 2014	ForUM has been a panellist at several meetings to present information about the Norwegian Government Pension Fund Global case (POSCO).	Norway
2013 – 2014	Presentations by Transparency International-Germany at various conferences relating to German extractive industries and CSR standards.	Germany

Organisation and support training and capacity building events

- *Capacity building seminar in Cambodia, June 2013*: Oxfam Australia organised a capacity-building seminar on the *Guidelines* that included 30 participants from across the Asia Pacific region.
- *Capacity building seminar in Cambodia, June 2013*: Oxfam Australia organised a capacity-building seminar on the *Guidelines* that included 25 Oxfam staff and partners.
- *Capacity building seminar on the OECD Guidelines in Indonesia – April 2014*: Oxfam Australia organised a capacity-building seminar on the *Guidelines* that included 40 CSO participants from Indonesia.
- *Capacity building seminar on the OECD Guidelines in Myanmar, May 2014*: Oxfam Australia organised a capacity-building seminar on the *Guidelines* that included 30 CSO participants from across the Asia Pacific region.
- *Capacity building seminar on grievance mechanisms in Kenya, September 2013*: Oxfam Australia, Accountability Counsel.
- *Advance training workshop on business and human rights in Indonesia, September 2013*: OECD Watch, Business Watch India and CIVIDEP India organised an advanced training on business and human rights from 9 -12 September 2013 in Jakarta, Indonesia. The training was attended by 15 participants and included a NCP mediation role-play so participants could better understand the *Guidelines* specific instance procedure.
- *Educational conference with youth parties in Norway, 2013*: ForUM organised a conference with leaders of Norway's political youth parties to discuss corporate accountability and access to remedy that included particular focus on the *Guidelines*. The conference was attended by 50 participants.
- *Workshop on the Guidelines in Korea, 2013*: Korean House for International Solidarity (KHIS) helped to organise a workshop entitled, "Effective Measures to Fulfill the OECD Guidelines for MNEs." The workshop was led by Jeon Soon-ok, a Korean lawmaker.
- *Training course on the Guidelines in Senegal, 2013*: Lumière Synergie Développement conducted a course on the *Guidelines* at the University of Dakar.

OECD Watch members participation in OECD/NCP-hosted processes and events

- The OECD Watch Secretariat and Co-ordination Committee members helped to organise civil society's participation in the Investment Committee's meeting in Myanmar.
- Ecoceanos is a member of the Chile NCP's newly created "Mirror Committee".
- Association Sherpa has been an active participant in the process to restructure the French NCP, which includes the creation of an Advisory Board.
- ForUM was invited to speak with the Norway NCP Peer Review team.
- ForUM was invited to speak and serve as a panellist at a conference organised by the Norwegian NCP.
- Alliance Sud is a member of the Swiss NCP's Advisory Board.
- Accountability Counsel and EarthRights International are members of the US NCP's Stakeholder Advisory Board.
- Oxfam Australia has been an active participant in the Proactive Agenda on Due Diligence and Meaningful Stakeholder Engagement in Extractives Sector Advisory Group.

OECD Watch members' publications

- Alliance Sud about Swiss NCP in Global+ Magazine, 18 September 2013, [www.alliancesud.ch/de/publikationen/globalplus/global-nr.-51-herbst-2013](http://www.alliancesud.ch/de/publikationen/globalplus/global-nr.-51-herbst-2013).
- Accountability Counsel, "A Case Study of the Dutch NCP", June 2013, [http://oecdwatch.org/publications-en/Publication\\_3970](http://oecdwatch.org/publications-en/Publication_3970).
- Alliance Sud has provided input concerning the Swiss NCP during stakeholder consultations to develop Swiss National Action Plan (*UN Guiding Principles on Business and Human Rights*).

## Promotional activities by the OECD and the Chair of the WPRBC

### OECD

- Keynote address at the Finance Accountability Symposium, Zwolle, June 2014.
- Participation in the Asia-Pacific Economic Co-operation (APEC) Mining Task Force meeting on the OECD's work on responsible mineral supply chains from conflict-affected and high-risk area, Beijing, June 2014.
- Presentation of the *Guidelines* in a panel session with the head of BASF China entitled "Social Responsibility of Companies", Chinese-German Young Professionals Program, Berlin, June 2014.
- Launch of the RBC in Kazakhstan publication at the occasion of the Astana Economic Forum, including bilateral meetings with business, government and civil society representatives, Astana, May 2014.
- Presentation of the *Guidelines* at École Centrale de Paris, Certification Programme "Entreprise Durable et Responsable", Paris, 15 May 2014.
- Participation in the G20 Task Force on Employment Sub-Group on Safer Workplaces Meeting, Istanbul, May 2014.
- Keynote address on the *Guidelines* at the CSR Summit 2014, Prague, April 2014.
- Training session on the Due Diligence Guidance in conjunction with Borsa Istanbul, Istanbul, April 2014.
- Participation in a panel at the occasion of the 3rd Edition of the Dubai Precious Metals Conference, Istanbul, April 2014.
- Participation in a panel discussion "Responsible Supply Chains: jewellery is as important as Mine supply" at the Dubai Precious Metals Conference, Dubai, April 2014.
- Participation in the Reporting and Assurance Frameworks Initiative (RAFI) Workshop, a process facilitated by Shift and Mazars in liaison with the Human Rights Resource Centre, London, April 2014.
- Participation in a roundtable discussion "Economy and Civil Society – Opportunities for Co-operation", Vienna, March 2014.
- Mission to Georgia to seek feedback from government, businesses, trade unions and civil society on the Responsible Business Conduct in Georgia publication, Tbilisi, March 2014.
- Participation in the Conflict Free Sourcing Initiative Workshop, Brussels, March 2014.
- Participation in a workshop on NCP work regarding responsibility in the financial sector, London, March 2014.
- Mission to Myanmar to raise awareness of the *Guidelines* with government officials and parliamentarians and the local and foreign business communities, Yangon and Nay Pyi Taw, March 2014.
- Presentation of the *Guidelines* at Sciences Po Paris, Seminar "Entreprises et droits de l'homme", Paris, February 2014.
- Presentation of the OECD's work on due diligence in mineral supply chains at the WWF European Consultation Workshop on Mining and Sustainability, London, February 2014.
- Presentation on the Due Diligence Guidance at the workshop "Relevance of CSR Guidelines for Companies Operating and Investing Abroad", organised by GIZ and the Chinese Enterprise Confederation, and bilateral meetings with various business associations and other relevant stakeholders, Beijing, February 2014.
- Workshops for the promotion of the *Guidelines* and a workshop on the implementation of the *Guidelines* in the financial sector, Brazil, February 2014.
- Opening presentation on the Due Diligence Guidance for Minerals at the Mining Indaba Conference, Cape Town, February 2014.
- Participation in the Forum and Exhibition Colombia Generates, Medellin, February 2014.
- Organisation of an outreach event on the implementation of the Due Diligence Guidance's Supplement on Gold, Cartagena, February 2014.
- Meetings with various Colombian government offices, including the President Office of Colombia, to discuss the OECD's work on RBC in the extractive sector, Bogota, February 2014.
- Keynote address at the Sustainable Companies: We Make it Happen Conference, Oslo, December 2013.
- Keynote address at the CSR for Competitive Entrepreneurship Conference, Riga, November 2013.
- Organisation and participation in the 6th Forum on Responsible Mineral Supply Chains, Kigali, November 2013.
- Participation in the IPC Conflict Minerals Conference, Brussels, October 2013
- Participation in the event "Conflict Mineral supply chains: from planning to action", 54th General Assembly and Associated Technical Meeting of the Tantalum-Niobium Study Centre, New York, October 2013.
- Mission to Kazakhstan to seek feedback from government, businesses, trade unions and civil society related to RBC in Kazakhstan, Astana and Almaty, September 2013.
- Chaired a session of LMBA Annual Meeting on Responsible Gold, Rome, September 2013.
- Organisation and participation in an extended session entitled "Responsible and Conflict-free Gold Supply Chains" at the India International Jewellery Show, Mumbai, August 2013.
- Launch of the ICGLR certificates under the ICGLR Regional Certification Mechanism and presentation at a panel on due diligence and ICGLR Certification, Democratic Republic of the Congo, July 2013.

## Chair of the WPRBC

- Keynote address at the Responsible Investor Conference, London, June 2014
- Promotion of the *Guidelines* and participation in the Thun Group of Bank Working Session, Thun, June 2014.
- Launch of the RBC in Kazakhstan publication at the occasion of the Astana Economic Forum, including bilateral meetings with business, government and civil society representatives, and participation in the Corporate Governance and Added Value Session, Astana, May 2014.
- Promotion of the *Guidelines* and participation in the CSR: International Instruments, Principles and Guidelines for APEC Economies Conference, Santiago, May 2014.
- Mission to Costa Rica at the occasion of the launch of the Costa Rica NCP, including a keynote address at the Conference on the Guidelines, participation in a roundtable with CSOs, bilateral meetings with business associations and a bilateral meeting with Latin American NCPs (Argentina, Brazil, Colombia, Costa Rica and Mexico), San Jose, April 2014.
- Outreach mission to Panama, including meetings with the Vice Minister of Economy and Finance, the Vice Minister of Commerce and Industry and the Vice Minister of Foreign Affairs, as well as the former President of Panama, now head of the National Centre for Competitiveness, Panama City, April 2014.
- Outreach mission to Myanmar to raise awareness of the *Guidelines* with government officials and parliamentarians and the local and foreign business communities, Yangon and Nay Pyi Taw, March, 2014.
- Keynote address on CSR and international diplomacy, Novancia Business School, Paris, March 2014.
- Keynote address at the workshop “Relevance of CSR Guidelines for Companies Operating and Investing Abroad”, organised by GIZ and the Chinese Enterprise Confederation, and bilateral meetings with various business associations and other relevant stakeholders, Beijing, February 2014.
- Guest lectures on the *Guidelines*, University Paris II Pantheon, Paris, February 2014.
- Promotion of the *Guidelines* and participation in the European Commission’s EU CSR Annual Review Meeting, Brussels, December 2013.
- Keynote address and participation in a panel about the financial sector during the UN Forum on Business and Human Rights, Geneva, December 2013.
- Participation in the Regional Co-operation in Advancing Responsible Business Practices Conference, organised with UN ESCAP on the occasion of the 2013 Asia-Pacific Trade and Investment Week, Bangkok, November 2013.
- Keynote address at the Myanmar: The Next Asian Frontier Conference, Rome, October 2013.
- Presentation during a webinar on Institutional Investor, October 2013.
- Keynote address and participation in a business roundtable during the CSR Asia Summit, including bilateral meetings with business, trade union and civil society representatives, Singapore, September 2013.
- Participation in a High Level Session on the Textile Industry with the ILO, the EU and the US, Bangladesh, July 2013.

## Notes

1. Specifically, to determine the scope of the concept of “business relationship” for the multinational enterprises in question, and to identify the reasonable diligence measures which the Guidelines recommend in this respect (prevention, detection and remediation of actual or potential negative effects).
2. Available at <http://oecdwatch.org/oecd-watch-case-check>.

ANNEX 1.A2

*Recommendations by the French and Italian NCPs  
on the implementation of the Guidelines  
in the textile and ready-made garment sector*

The <i>Guidelines</i>	Recommendations from the French NCP's Report <sup>1</sup>	Recommendations from the Italian NCP's Report <sup>2</sup>
<p><u>Preface</u> 9 (improve domestic policy frameworks)</p>	<ul style="list-style-type: none"> <li>● Observation 7: Make CSR considerations a part of trade negotiations</li> </ul>	
<p><u>Preface</u> 7</p>	<ul style="list-style-type: none"> <li>● Recommendation 5: Promote a sustainable and balanced business relationship between customer and supplier</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 1: Adhere to the Accord on Fire and Building Safety in Bangladesh and consider it as a model for the future</li> </ul>
<p><u>General policies</u> II.A.14</p>	<ul style="list-style-type: none"> <li>● Recommendation 7: Consult local stakeholders and encourage dialogue</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 3: Switch from a reactive approach to a preventive approach, including through the adoption of collective action to tackle systemic problems to be dealt with in the framework of institutional contexts ensuring impartiality and legitimacy (such as ILO, OECD, UN) and in co-operation with governments, workers and other stakeholders</li> </ul>
<p><u>Commentary on general policies</u> II.23-25 (engage in stakeholder dialogue and multi-stakeholder initiatives to develop responsible supply chains)</p>	<ul style="list-style-type: none"> <li>● Recommendation 10: Participation with all stakeholders in compensation and reparation for damage when a direct link is established</li> <li>● Proposal 2: Join in multi-stakeholder initiatives such as accession to an international framework agreement for the textile and clothing sector</li> <li>● Proposal 4: Train and assess buyers in the implications of ethical and sustainable supply</li> <li>● Observation 1: Support the current process of drafting an international standard on sustainable procurement</li> <li>● Observation 3: Join the international community in supporting reforms of workers' rights in Bangladesh/country</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 10: Consult all available sources of information and co-operate with institutions and relevant stakeholders to identify the risks and put in place a mechanism of risk assessment based on qualitative and quantitative indicators</li> <li>● Recommendation 11: Join and/or develop multi-stakeholder collective actions, setting common sectoral standards – consistent with the <i>OECD Guidelines</i>, the ILO Conventions and UN Guiding Principles – covering different aspects of sustainability in the supply chain and adhere to international framework agreements to reinforce the due diligence process</li> <li>● Recommendation 17: Arrange, where appropriate, oversight of workplace by technical teams made up of business representatives, local and international unions, trusted NGO representatives named by workers and co-operate with institutions</li> </ul>



The <i>Guidelines</i>	Recommendations from the French NCP's Report <sup>1</sup>	Recommendations from the Italian NCP's Report <sup>2</sup>
<p><u>General policies</u> II.A1 (contribute to economic, environmental and social progress)</p> <p><u>General policies</u> II.A2</p> <p><u>Human rights</u> IV. 4</p> <p><u>Commentary on human rights</u> IV.39 &amp; IV. 44</p> <p><u>Employment</u> V.1 (respect international recognised human rights)</p>	<ul style="list-style-type: none"> <li>● Recommendation 1: Formalise ethical commitments and compliance with OECD and ILO international standards</li> <li>● Recommendation 8: Ensure respect for the workers' rights enshrined by the ILO</li> <li>● Proposal 4: Train and assess buyers in the implications of ethical and sustainable supply</li> <li>● Observation 3: Join the international community in supporting reforms of workers' rights in Bangladesh/country</li> <li>● Observation 5: Extend the ordinary employment laws of Bangladesh to the export processing zones</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 3: Switch from a reactive approach to a preventive approach, including through the adoption of collective action to tackle systemic problems to be dealt with in the framework of institutional contexts ensuring impartiality and legitimacy (such as ILO, OECD, UN) and in co-operation with governments, workers and other stakeholders</li> <li>● Recommendation 4: Commit to a "responsible supply chain management policy" at the most senior level of the enterprise through a statement of policy, to be made public, that explicitly references the <i>Guidelines</i> and, at the very least, internationally recognized human rights, including the eight ILO Core Conventions</li> <li>● Recommendation 5: Incorporate the responsible supply chain management policy in the enterprise's business strategy and management system, with a particular focus on the purchasing and quality control divisions, identifying responsibilities and dedicating trained human resources and adequate financial resources</li> <li>● Recommendation 6: Adopt an evolutionary and flexible approach, adapting company policy to the risks identified as they arise; map relevant stakeholders and collaborate with them</li> </ul>
<p><u>General policies</u> II.A.10-12</p> <p><u>Commentary on general policies</u> II. 14, 15, 17, 20</p> <p><u>Human rights</u> IV.2, 3, 5</p> <p><u>Commentary on human rights</u> IV. 40-43, 45 (risk-based due diligence to identify, prevent, and mitigate actual and potential adverse impacts; avoid causing or contributing to direct impact; prevent or minimise adverse impact when it is linked by a business relationship)</p>	<ul style="list-style-type: none"> <li>● Recommendation 2: Map the supply chain and identify risks</li> <li>● Recommendation 3: Implement risk management systems to prevent adverse impacts from arising</li> <li>● Recommendation 4: Control subcontracting in order to minimise risks</li> <li>● Recommendation 5: Promote a sustainable and balanced business relationship between customer and supplier</li> <li>● Recommendation 6: Tighten the social, environmental, and safety aspects of audits</li> <li>● Proposal 1: Engage in joint improvement and monitoring activities with suppliers</li> <li>● Proposal 4: Train and assess buyers in the implications of ethical and sustainable supply</li> <li>● Observation 4: Review the Bangladeshi regulations which prohibit a new factory from exporting for two years until it has obtained a licence</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 7: Map the supply chain with regards to the procurement, production, and distribution phases</li> <li>● Recommendation 8: Map the "structure of the supply chain" with regards to the geographic areas where it takes place, the product's transit modalities, and the various stakeholders (brokers, suppliers, subcontractors), and identify the various upstream and downstream relationships along the supply chain</li> <li>● Recommendation 9: Put in place an effective and flexible system to identify the risks referred to the country in which the enterprise operates, the characteristics of the sector and of the products, the structure of the supply chain and the business relations, in order to identify specific risks for each phase of the product life-cycle</li> <li>● Recommendation 10: Consult all available sources of information and co-operate with institutions and relevant stakeholders to identify the risks and put in place a mechanism of risk assessment based on qualitative and quantitative indicators</li> <li>● Recommendation 16: Improve the quality and independence of audits, guarantee adequate frequency, encourage the standardisation of activities by avoiding overlapping audits by sharing information/experiences with other companies</li> <li>● Recommendation 17: Arrange, where appropriate, oversight of workplace by technical teams made up of business representatives, local and international unions, trusted NGO representatives named by workers and co-operate with institutions</li> <li>● Recommendation 18: Take remedial action (eg. Remedial Action Plan "RAP") based on audit findings and other verification procedures, and assure the follow-up</li> </ul>

The <i>Guidelines</i>	Recommendations from the French NCP's Report <sup>1</sup>	Recommendations from the Italian NCP's Report <sup>2</sup>
<p><u>Disclosure</u> III.1-4 <u>Commentary on disclosure</u> (disclose policies on due diligence measures)</p>	<ul style="list-style-type: none"> <li>● Proposal 3: Publish reliable and comparable information on due diligence measures, including information on social and environmental risk management systems</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 22: Adopt transparent, trustworthy and adequate forms of communication regarding the way the supply chain due diligence is performed</li> <li>● Recommendation 24: Base reporting on effective monitoring and measurement systems, recurring to internationally agreed standards, to be able to account for the results of the activities performed, and in doing so also appraise the “business case” for the sustainability of the supply chain</li> </ul>
<p><u>General policies</u> II.A.13 <u>Commentary on general policies</u> II.19-22 (leverage contractual arrangements to influence suppliers)</p>	<ul style="list-style-type: none"> <li>● Recommendation 4: Control subcontracting in order to minimise risks</li> <li>● Proposal 1: Engage in joint improvement and monitoring activities with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 12: Select suppliers through prior activities (including preventive checks in the case of potential risks) and ask suppliers to commit to respect the rules and principles of its statement of policy</li> <li>● Recommendation 13: Move away from a “prescriptive” to a “partnership” approach to managing relations with suppliers, helping and encouraging them to co-operate also using specific contractual conditions (guarantees regarding the duration of the business relationship, preferential treatment of virtuous suppliers)</li> <li>● Recommendation 14: Govern relations with suppliers/traders through contractual arrangements making it possible to implement the due diligence even beyond tier 1 of the supply chain (sustainability clause) through obligations towards subcontractors (“cascade obligations”)</li> <li>● Recommendation 15: Establish contractual terms and conditions (e.g. commercial terms, delivery timing) that are compatible with the risk prevention and mitigation obligations requested to the supplier/trader</li> </ul>
<p><u>Employment &amp; industrial relations</u> V.1 V.2 V.4 (respect the rights of workers)</p>	<ul style="list-style-type: none"> <li>● Recommendation 8: Ensure respect for the workers' rights enshrined by the ILO</li> <li>● Recommendation 9: Ensure that suppliers pay an adequate wage to satisfy the basic needs of workers and their families</li> <li>● Observation 3: Join the international community in supporting reforms of workers' rights in Bangladesh/country</li> <li>● Observation 5: Extend the ordinary employment laws of Bangladesh to the export processing zones</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 1: Adhere to the Accord on Fire and Building Safety in Bangladesh and consider it as a model for the future</li> <li>● Recommendation 4: Commit to a “responsible supply chain management policy” at the most senior level of the enterprise through a statement of policy, to be made public, that explicitly references the <i>Guidelines</i> and, at the very least, internationally recognized human rights, including the eight ILO Core Conventions</li> <li>● Recommendation 11: Join and/or develop multi-stakeholder collective actions, setting common sectoral standards – consistent with the <i>OECD Guidelines</i>, the ILO Conventions and UN Guiding principles – covering different aspects of sustainability in the supply chain and adhere to International Framework Agreements to reinforce the due diligence process</li> <li>● Recommendation 17: Arrange, where appropriate, oversight of workplace by technical teams made up of business representatives, local and international unions, trusted NGO representatives named by workers and co-operate with institutions</li> </ul>

The <i>Guidelines</i>	Recommendations from the French NCP's Report <sup>1</sup>	Recommendations from the Italian NCP's Report <sup>2</sup>
<p><u>Human rights</u> IV. 6 <u>Commentary on human rights</u> IV.46 <u>Amendment of the decision of the council</u> <u>Procedural guidance</u> (remedy adverse impacts if they occur)</p>	<ul style="list-style-type: none"> <li>● Recommendation 10: Participation with all stakeholders in compensation and reparation for damage when a direct link is established</li> <li>● Observation 6: Take out insurance cover or establish a compensation fund for the sector</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 2: Assist and provide compensation to victims through legitimate, reliable, and effective initiatives, such as the Arrangement's Trust Fund, and collaborate with structured organisations operating in Bangladesh/country and with its government</li> <li>● Recommendation 19: Resort to legitimate State-based mechanisms for providing remediation if an enterprise cannot or should not do so itself (e.g., either judicial mechanisms when legally required, or non-judicial like complaints offices, NCPs in States that have signed the <i>Guidelines</i>)</li> <li>● Recommendation 20: Resort to legitimate, reliable and effective remedial processes to address issues related to remedies (including resort to operational level grievance mechanisms) which are agreed at institutional level, ensure the right level of effectiveness and are compatible with the <i>Guidelines</i> and the United Nation Guidelines Principles (UNGPs)</li> <li>● Recommendation 21: Without prejudice of the State responsibility, remedy the adverse impact in the supply chain – including, when appropriate, financial compensation of the victims – when the enterprise causes or contributes to that impact</li> </ul>
<p><u>Consumer interests</u> VIII.2, 5, 7 <u>Commentary on consumer interests</u> VIII.86 (provide information to consumers)</p>	<ul style="list-style-type: none"> <li>● Proposal 5: Raise consumer awareness of the conditions in which textile products are manufactured</li> <li>● Observation 1: Support the current process of drafting an international standard on sustainable procurement</li> <li>● Observation 2: Facilitate and guarantee labelling to improve information to consumers</li> </ul>	<ul style="list-style-type: none"> <li>● Recommendation 23: Adopt traceability systems from the raw materials to the end product, including indication of origin of products, to supply accurate information to consumers and to all the stakeholders, also using Information and Communication Technology.</li> </ul>

### **Notes**

1. The French NCP issued 10 recommendations for multinational enterprises; 9 proposals for best practice for multinational enterprises; and 7 observations for consideration by public authorities. The document is available on the NCP website: [www.tresor.economie.gouv.fr/8507\\_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement](http://www.tresor.economie.gouv.fr/8507_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement).
2. The Italian NCP's report is part of Italy's National Action Plan for Bangladesh. The document is available on the NCP website: <http://pcnitalia.sviluppoeconomico.gov.it/en/news/item/301-report-on-responsible-business-conduct-in-the-textile-and-garment-supply-chain>.

## ANNEX 1.A3

## *The Guidelines and export credit, overseas investment guarantee and inward investment promotion programmes*

	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Argentina		
Australia	Australia's Export Finance and Insurance Corporation (EFIC) promotes corporate social responsibility principles on its website, with particular emphasis on stakeholder engagement and environmental responsibility. It highlights adherence to principles such as the <i>Guidelines</i> , the OECD's <i>Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence</i> (the Common Approaches), and the Equator Principles. Links to the Australian NCP's website are provided on the EFIC website. Additionally, the investors' obligation to comply with the <i>OECD Guidelines</i> features prominently on the Foreign Investment Review Board website.	Informal arrangements in place and EFIC meets regularly with the NCP
Austria	The Oesterreichische Kontrollbank AG (OeKB) is entrusted by the Austrian Federal Ministry of Finance to act as the Austrian export credit agency and handle its obligations to promote sustainability, transparency, and compliance regarding social and environmental impacts as well as issues of bribery and corruption. The website features the Common Approaches and references the <i>Guidelines</i> . It also provides an outline of the environmental and social assessment procedure applied by OeKB based on the Common Approaches.	Formal environmental and social assessment procedures are in place, which requires statements or reports made publicly available by the NCP
Belgium	Belgium's public credit insurer, Delcredere-Ducreire, assesses the environmental and social impacts of all transactions for which applications of cover are received. On the "Ethics" page of its website, the insurer encourages enterprises to adhere to the <i>Guidelines</i> and describes the impact analysis process informed by the OECD Common Approaches.	Formal procedure includes a regular exchange of information with the NCP

	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Brazil	The Brazilian NCP has engaged in co-operation with the Brazilian Export Financing and Guarantee Committee (COFIG) aiming to promote the Guidelines for its members and the partners. Two members of the COFIG have promoted the Guidelines on their websites: Banco do Brasil and the Export Credit Insurance Agency (SBCE). The Brazilian NCP and APEX Brasil (Brazilian Agency for Exports Promotion and Investments) have agreed on a project to bring knowledge to companies that require APEX assistance for starting their internationalisation process, which includes the promotion of the Guidelines on their dedicated websites "Passaporte para a Mundo" (Passport to the World).	
Canada	Export Development Canada (EDC) promotes a range of corporate responsibility principles and standards, including the recommendations of the <i>Guidelines</i> , as well as the Common Approaches, the Equator Principles, Extractive Industries Transparency Initiative (EITI), and the Voluntary Principles on Security and Human Rights, among others. <i>OECD Guidelines</i> brochures are distributed and dialogue on CSR with key stakeholders such as customers, various business associations, and NGOs is maintained. Issues relating to the <i>Guidelines</i> , such as the environmental and social impacts of projects, anti-corruption and anti-bribery efforts, and human rights are discussed, when relevant. Promotion and use of the <i>Guidelines</i> is included in EDC's annual Statement of Priorities and Accountabilities. The Business Development Bank of Canada (BDC) also promotes the <i>Guidelines</i> by providing environmentally-responsible financing through a questionnaire reflecting the <i>Guidelines</i> , which informs decision-making on eligibility	As part of an informal working approach, the EDC considers any statements or reports made publicly available by the NCP.
Chile	Chile's Foreign Investment Committee does not yet actively promote investors' obligations under the <i>Guidelines</i> . The <i>Foreign Investors Guide</i> does, however, delineate the procedure for the environmental impact declaration and study required for certain types of projects. The process includes an evaluation of certain social impacts, such as resettlement of human communities. It also references adherence to the ILO's Convention 169 concerning the consultation of indigenous populations.	
Colombia	The investment promotion agency of Colombia, Proexport, has included the <i>Guidelines</i> on its website as one of the tools that should be taken into account when investing abroad. Colombia views this as part of a broader effort to comply with corporate responsibility issues throughout government public policy.	
Czech Republic	Czech Invest provides information on the Czech business environment to foreign investors. It has prepared an information package, which includes the <i>Guidelines</i> and is passed to all foreign investors considering investing within the territory of the Czech Republic. The Czech NCP co-operates closely with Czech Invest. In addition, the credit insurance corporation connected with the exports of goods and services from the Czech Republic, EGAP, requires an environmental and social review for all project receiving state support and exceeding two years as well as all investment in foreign countries. This review is in compliance with The Common Approaches.	Both Czech Invest and EGAP are in regular contact with the NCP. EGAP takes into account any relevant reports made by available by the NCP.

	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Denmark	Denmark's export credit agency, the Eksport Kredit Fondon (EKF), maintains an active CSR policy that complies with the <i>Guidelines</i> , the UN Principles on business and human rights, and The Common Approaches. It also guided by the Equator Principles, the UN Global Compact, and the Berne Union. Accordingly, EKF incorporates an evaluation of environmental and human rights risks as part of its risk assessment.	Formal procedures a work in progress.
Egypt		
Estonia		
Finland	Finnvera, Finland's export credit agency does not directly name or reference the <i>Guidelines</i> , yet it does produce an annual corporate social responsibility report, which is published on its website. The report reviews financial, social, and environmental responsibility aspects. The Common Approaches inform Finnvera's assessments of the environmental and social impacts, including those concerning human rights, of projects it seeks to guarantee.	Informal inclusion of NCP reports as part of the environmental and social impact review process.
France	Firms applying for export credits or investment guarantees are systematically informed of the <i>Guidelines</i> during the application process through COFACE, which provides export credit insurance. Applicants are asked to sign and declare that they have "read and understood the <i>OECD Guidelines</i> ."	NCP reports are informally included in the impact review process.
Germany	Companies applying for investment guarantees must confirm awareness of the <i>Guidelines</i> by signature on the application form. Further, Germany's export credit guarantee agency conducts an environmental and social impact review based upon The Common Approaches.	Formal review of reports made publicly available by the NCPs is part of the due diligence process.
Greece	The <i>Guidelines</i> are available on the website of the Ministry for Development, Competitiveness, Infrastructure, Transport and Networks. The Invest in Greece agency SA, the General Secretariat of Consumer Affairs, and the Export Credit Insurance Organization (ECIO) have links to the Ministry.	
Hungary	The websites for the Hungarian Export-Import Bank and the Hungarian Export Insurance agency state that the entities are both obliged to review social and environmental considerations in accordance with criteria established by the OECD. The Hungarian export credit and investment guarantee agency (EXIM) informs prospective investors about the <i>Guidelines</i> and has a link to the brochure of the Hungarian NCP.	Informally following guidance from the NCP.
Iceland		
Ireland		
Israel	The website of Israel's Investment Promotion Centre features the NCP website in its list of links. ASHRA, Israel's export insurance agency, also details investors' obligations under the OECD Anti-Bribery Convention. Investors, however, are not directly informed about the <i>Guidelines</i> .	

	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Italy	Italy's inward investment agency (INVITALIA), outward investment agency (ITALIA), and its export financial support company (SIMEST) have all published the <i>OECD Guidelines</i> on their websites and disseminate them to enterprises asking for financial support. In addition, the Italian NCP works with SACE, the Italian export credit agency, to promote the <i>Guidelines</i> as part of its CSR strategy. The SACE website does not promote the <i>Guidelines</i> , but does provide information regarding its environmental risk assessment procedures in accordance with The Common Approaches.	Informally reviews public reports made available by the NCP and maintains a contact with the NCP for requests for information.
Japan	The websites for the Japan Bank for International Cooperation (JBIC), the Japan International Cooperation Agency, and Nippon Export and Investment Insurance (NEXI) do not directly reference the <i>Guidelines</i> , nor do they actively inform investors about the <i>Guidelines</i> during the application process. Their websites do, however, detail their environmental and social impact procedures and reference other relevant OECD instruments.	NEXI and the JBIC consider NCP reports if Japanese exporters or sponsors are mentioned and refer to relevant NCP statements during the review process.
Korea	The <i>Guidelines</i> can be found on the website of the Ministry of Knowledge Economy, which promotes trade and investment. In addition, the Korean Export-Import Bank recognizes the <i>Guidelines vis-à-vis</i> The Common Approaches in its procedures for social and environmental due diligence.	Formal procedure in place to consider relevant statements by the NCP.
Latvia	Foreign Economic Relations Promotion Division at the Ministry of Foreign Affairs and the Latvian Investment and Development Agency organize regular meetings with Latvian entrepreneurs ("The ABCs of Exporting") aimed at the promotion of export and development of economic relations. Printed summary leaflets on the <i>Guidelines</i> are distributed. There is a link to the <i>Guidelines</i> is on the Latvia Investment and Development Agency website.	
Lithuania	The Invest Lithuania agency co-operates closely with the Lithuanian NCP and provides an information package on the business environment to all foreign investors. Information on the <i>Guidelines</i> or impact assessments are not available on the Invest Lithuania website.	
Luxembourg	The Luxembourg Export Credit Agency provides a direct link to the <i>Guidelines</i> on its "Links" webpage. It also details its obligations and compliance other OECD instruments, including The Common Approaches and Anti-Bribery Convention, in its annual reports.	Formally considers relevant statements by the NCP.
Mexico	The Mexican NCP is located within the Directorate General for Foreign Investment in the Ministry of Economy, which is responsible for Mexico's participation in the Investment Committee and in different international organisations. The <i>Guidelines</i> are thus available on the Spanish-language version of its website. On the English-language version, there is a direct link provided to the OECD homepage.	
Morocco	A summary of the <i>Guidelines</i> , full text of NCP reports, and other relevant information is available on the Moroccan Investment Development Agency website.	



	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Netherlands	Applicants for Dutch business programmes or facilities receive copies of the <i>Guidelines</i> . In order to qualify, companies must state that they are aware of the <i>Guidelines</i> and that they will endeavour to comply with them to the best of their ability. Applicants for the PSI programme have to prepare a CSR policy plan based on the <i>Guidelines</i> . The Dutch state agency providing export credit and investment insurance, Atradius, conducts a corporate responsibility review of all transactions it insures and provides a link to the Dutch NCP on its website.	Official policy is that information from the NCP, when relevant, must be taken into account during the review process.
New Zealand	The Export Credit Office mentions the <i>Guidelines</i> on its website and provides a link to website of the <i>Guidelines</i> as well as the New Zealand NCP. The Overseas Investment Office website provides these links as well.	
Norway	The Guarantee Institute for Export Credits (GIEK) and Export Credit Norway have developed their own CSR policies, which are detailed on their websites. GIEK and Export Credit Norway inform their exporters about the <i>Guidelines</i> , the Norwegian NCP, and the complaint mechanism. GIEK and other ECAs advocated successfully, within the OECD Export Credit Group, for the inclusion of references to the <i>Guidelines</i> in the Common Approaches.	Formally assesses if any exporters or associated partners are under review by the NCP. Regularly communicates with the NCP on the status of cases and shares information about applicants.
Peru	The Peruvian NCP is located within the Investment Promotion Agency (PROINVERSION), and thus the website includes all relevant information pertaining to the <i>Guidelines</i> and the NCP's activities. In addition, the NCP has developed a two- fold brochure that promotes the <i>Guidelines</i> relative to investment. This brochure has been delivered to private sector participants during promotional activities.	
Poland	KUKE, Poland's export credit insurance corporation joint stock company, provides a detailed description of its obligations in accordance with The Common Approaches and encourages its investors to bear the <i>Guidelines</i> in mind when forming their investment strategies. A link to the Polish NCP website is provided.	Information published by the NCP is taken into consideration during project review.
Portugal	AICEP, Portugal's business development agency, provides information on the <i>Guidelines</i> to all companies. On its website, a link The Anti-Bribery Convention - is provided on its webpage concerning international agreements.	The Portuguese export credit agency, COSEC, may consider statements or reports from the NCP if appropriate.
Romania	In previous years, the basic text of the <i>Guidelines</i> has been available on the site of the Romanian Centre for Trade and Foreign Investment Promotion. It appears the website is currently under construction at this time.	
Slovakia	The <i>Guidelines</i> are promoted in the Slovak language on the webpage of the Ministry of Economy of the Slovak Republic. While not mentioned on the website of the Export-Import Bank (EXIMBANKA SR), an environmental and social impact assessment policy is in place that adheres to the Common Approaches.	Informally considers NCP's statements were appropriate.
Slovenia	Foreign investors that apply for public tender through SPIRIT (Entrepreneurship, Innovation, Development, Investment and Tourism Public Agency of the Republic of Slovenia) must declare that the recipient of the co- financing will abide by the <i>Guidelines</i> and the principles laid out in the Declaration on International Investments and Multinational Enterprises.	

## 1. ACTIVITIES OF NATIONAL CONTACT POINTS

	<b>Do export credit and/or investment promotion websites feature the investor's obligation to uphold the <i>OECD Guidelines</i> or other corporate social responsibility principles?</b>	<b>Are policies and procedures in place for considering relevant statements from the NCP?</b>
Spain	Spain's export credit agency, CESCE, and development funding corporation, COFIDES, provides all applicants for aid or investment guarantees with copies of the <i>Guidelines</i> in paper and electronic format. The CESCE website also references the OECD Common Approaches in its description of environmental policies.	Policy and procedures currently a work in progress.
Sweden	The Export Credits Guarantee Board provides all customers with information on the <i>Guidelines</i> , rules on environment and bribery, and the Swedish Partnership for Global Responsibility. Investors, however, are not informed about the <i>Guidelines</i> .	Ad hoc procedures only.
Switzerland	Swiss Export Risk Insurance (SERV) provides a summary of the <i>Guidelines</i> along with a link to the full text and the Swiss NCP website.	The published statements and reports of the NCP are evaluated by SERV on a regular basis.
Tunisia	The Agency for the Promotion of Foreign Investment is part of the structure of the NCP.	
Turkey	The Turk EXIMBANK provides a link to the OECD website, but not the <i>Guidelines</i> directly. It references other OECD instruments under the "regulations" portion of its website.	
United Kingdom	The UK Export Finance website is housed within the same government website as the UK NCP; however, the export finance page does not appear to provide a direct link to the <i>Guidelines</i> . The Export Finance guide on "Processes and Factors in UK Export" includes a flowchart illustrating the OECD-agreed process concerning environmental, health, safety, social and human rights impacts in respect to projects for which export credit agency support is sought. These processes specifically adhere to The Common Approaches, Sustainable Lending Practices, and Bribery Recommendation frameworks.	All relevant NCP findings are taken into consideration.
United States	The Export-Import Bank provides information on the <i>Guidelines</i> to applicants for their programmes in support of US business activities abroad. The website includes extensive directives concerning due diligence, the environment, social impact, bribery and other relevant issues. Among these, it references international instruments such as The Common Approaches and the Equator Principles. All requests for support must be approved by the US Dept. of State, which addresses human rights issues when providing clearance.	All financing actions taken by USEXIM must be cleared by the US Dept. of State, which houses the NCP and includes a human rights review when providing clearance.

## ANNEX 1.A4

## *Specific instances concluded during the reporting period*

The following statements and conclusions of specific instances are edited summaries based on public information provided by NCPs. Further information about specific instances can be found in the specific instances database [mneguidelines.oecd.org/database](http://mneguidelines.oecd.org/database) and, frequently, on the websites of individual NCPs.

### **Austria**

#### ***Initial assessment and conclusion by the Austrian NCP concerning a request for review from a trade union against a multinational enterprise***

On 21 January 2014 the Austrian NCP received a request for review from a trade union alleging that a multinational enterprise had breached the employment and industrial relations provisions of the *Guidelines* in Austria.

While the NCP was undertaking an initial assessment of the specific instance, the trade union withdrew their request. This was because the company and the employee representatives had reached an agreement on a social plan for the next 5-year period. The NCP accordingly concluded the specific instance on 18 February 2014.

### **Brazil**

#### ***Final statement by the Brazilian NCP concerning a complaint filed by the Bank Workers Union of São Paulo, Osasco and Region against Banco Santander S/A, a Spanish multinational enterprise<sup>1</sup>***

On 4 April 2010 the Brazilian NCP received a notification sent by the trade union Bank Workers Union of São Paulo, Osasco and Region – headquartered in São Paulo, Brazil – against Banco Santander S/A, a Spanish multinational enterprise.

According to the trade union, Banco Santander would have dismissed about 400 employees without previous discussions with the labour union. Moreover, the bank would have prevented workers to perform a work stoppage in protest against the bank's policy of layoffs using a legal tool called prohibitive injunction to do so. In the same context, the police would have been called to arrest two union leaders. After analysing the issue and the additional information provided, the Brazilian NCP decided the request merited further examination.

On 8 April 2013 the Brazilian NCP received Santander's reply rejecting the arguments presented in the notification. On April 30th, the trade unions stated that between April 2010 and February 2013, 5 456 layoffs were performed by Banco Santander. After reviewing all of the information, the rapporteur recommended that the NCP not accept the claim due to the passing of more than 12 months since the notification, as observed under Part I of Art. 3, Resolution No. 01/2012. The specific instance was duly concluded on 4 October 2013.

## Canada

### ***Final statement by the Canadian NCP concerning a specific instance submitted by a group of NGOs against the Canadian company Barrick Gold Corporation in respect to its activities at the Porgera Gold Mine in Papua New Guinea<sup>2</sup>***

On 1 March 2011, the Porgera SML Landowners Association, a Papua New Guinean association, and the Akali Tange Association, a Papua New Guinean NGO, assisted by Mining Watch Canada, a Canadian NGO [collectively referred to as the Notifiers], filed a request for review with the Canadian NCP. A number of issues were raised in relation to the *Guidelines* and the operation of the Porgera Gold Mine in Papua New Guinea, which since 2006 has been majority-owned and operated by Canadian company Barrick Gold Corporation [referred to as Barrick Gold] through the Porgera Joint Venture.

The notifiers indicated that they were seeking Barrick Gold's compliance with the concepts and principles, disclosure, and employment and industrial relations provisions of the *Guidelines*, and provided suggestions to that effect, in line with best practices for mining companies.

The NCP found that the allegations merited further examination and offered its good offices to facilitate a dialogue between the parties. The parties accepted and the NCP engaged with them began a mediation process. Through this mediation process the parties addressed a number of issues which resulted in an "Agreed Action Items" list, dated 24 May 2013. This list covered multiple issues, but did not address all of the subjects listed in the notifiers' initial request given that agreement on all of the topics was not

reached during mediation. The NCP's view is that the face-to-face mediation was effective in initiating the trust-building needed to achieve conciliation, but the parties would need to pursue further dialogue if they wish to comprehensively resolve all of the issues that were raised. The NCP included 6 recommendations to the parties in its final statement and concluded following the end of mediation on 19 June 2013.

## Chile

### ***Final statement by the Chilean NCP concerning a specific instance submitted by Escapes Santander against a subsidiary of BHP Billiton, an Australian-based multinational enterprise, operating in Chile<sup>3</sup>***

In December 2011, the Chilean NCP received a request for review from Escapes Santander, a small Chilean business, alleging that Minera Escondida, a subsidiary of the Australian mining company BHP Billiton, had violated its intellectual property rights.

The complaint concerned the design of safety equipment for light trucks used in mining operations. Despite the fact Santander's design is patented under Chilean law, Minera Escondida employed an example of Santander's design without paying compensation. Santander is also pursuing legal recourse in Chile. In turn Minera Escondida requested that Escapes Santander's patents be nullified. In addition to the intellectual property rights issue, Escapes Santander also accused Minera Escondida of not operating in accordance with sound commercial practice, of failing to uphold and apply good corporate governance practices, and of failing to encourage business partners to apply principles of corporate conduct compatible with the *Guidelines*.

The case is notable because it is one of the few cases filed against a multinational enterprise by another company (in this case a local small/medium enterprise) with respect to intellectual property rights.

Following an initial assessment, the Chile NCP determined that Minera/BHP Billiton had not violated the *Guidelines*, stating that the company's action did not affect the public interest. The NCP did, however, offer to facilitate a dialogue with the aim to help the parties resolve the issues. Minera/BHP Billiton, however, stated that it would not engage in the NCP-facilitated process due to parallel legal proceedings. The specific instance was duly concluded on 29 October 2013.

## Denmark

### **Statement by the Danish NCP concerning a specific instance about property rights and violations of the Danish Financial Statements Act<sup>4</sup>**

On 5 February 2014, the Danish NCP received a request for review related to questions about patent rights as well as violations of various provisions of the Danish Financial Statements Act. It can be derived from the documentation that the subject of the request, which is a Danish company, has applied for patent rights to an invention of which the complainants claim to be the inventors. The Danish company allegedly violated certain provisions of the Danish Financial Statements Act in connection with the capital increase in the company. In addition, there is a conflict about working conditions between the complainant and the subject.

No reference was made in the notifier's request for review regarding alleged violations of the *Guidelines*, and the notifier did not provide the supporting information requested by the NCP. The NCP conducted an initial assessment based on the limited documentation submitted. The NCP's assessment was that the alleged violations were not covered by the provisions of the *Guidelines*. Only the issue of working conditions was relevant, but this point is not further described or supported by documentation. The NCP concluded that the specific instance in question was a private legal dispute and the issue should be dealt with in a national court. The NCP duly concluded the specific instance on 11 March 2014. The details of the case remain confidential.

### **Statement by the Danish NCP concerning a request for insurance refunds from a Danish retailer**

On 22 January 2014, an individual residing in the US complained that a Danish retailer had not handled a possible insurance claim properly. The individual had received goods that were damaged in transit. The issue concerned the insurance due and whether the damage must be reported in the US or in Denmark. The Danish NCP referred the individual to the Danish Consumer Ombudsman. The specific instance was duly concluded on 29 January 2014.

### **Statement by the Danish NCP concerning alleged human rights violations in Israel made by a Danish subsidiary<sup>5</sup>**

On 6 December 2013, the Danish NCP received a request for review from an individual regarding an allegation that a Danish company, through a business relationship with a company in Israel, had violated the *Guidelines* by contributing to gross violations of international law and human rights in Israel. The allegations arose from the Israeli company's contracts with the Israeli prison system for the sale of products and services in prisons in Israel

and in co-operation with private customers. The individual asserted that the prisons in question contain Palestinian prisoners who have been transferred from the Palestinian West Bank and administratively imprisoned.

The Danish subsidiary is part of a global group in which the parent company is based in the UK. The direct subject of the complaint is the Israeli subsidiary of the same global group with the same parent company. The Danish subsidiary, however, exclusively operates within Danish borders and therefore has no activities in Israel nor in the Palestinian areas. Therefore the alleged violations cannot be said to have been committed in Denmark, nor has the Danish subsidiary contributed to the abuses described in the allegations. Moreover, the impact of the allegations was not been directly linked to its operations, products, or services by a business relationship.

The specific instance was rejected on these grounds on 23 January 2014. The Danish NCP has subsequently undertaken an assessment regarding which NCP would be most suitable to handle the specific instance and has entered into dialogue with the UK and Israel NCPs on this basis. It concluded that the UK NCP is the appropriate NCP, given that the parent company is domiciled in Great Britain, has the majority of shares in the Israeli company, and determines human rights- and RBC-standards in the subsidiaries.

## France

### ***Final statement by the French NCP concerning a specific instance notified by a trade union and four NGOs regarding the activities of Michelin Group, a French multinational enterprise operating in India<sup>6</sup>***

In July 2012, the French NCP received a request for review from four NGOs, the Tamil Nadu Land Rights Federation (India), the Association of Villagers of Thervoy, SANGAM (Thervoy Grama Makkal Nala Sanga, India), the NGO CCFD-Terre Solidaire (France), the Association Sherpa (France), and the trade union General Confederation of Union Workers (France) alleging that Michelin Group, a French multinational enterprise, had breached the human rights, employment and industrial relations, environment, anti-bribery, and taxation provisions of the *Guidelines* in India by constructing a manufacturing plant on recently industrialised pasture land which had negative effects on local populations.

In 2012 and 2013, the NCP offered its good offices to the parties. During this time, the NCP noted persistent differences between the facts and interpretation thereof presented by the parties, which impeded mediation efforts. In addition, the notifiers requested due diligence measures even though the industrial project had already been finalised and is currently being executed. Further, the specific allegations occurred before the update of the

*Guidelines* in 2011. The NCP believes that the updated *Guidelines* cannot be applied retrospectively.

In a statement issued in July 2013, the NCP found that, on the whole, the Michelin Group had complied with the 2011 edition of the *Guidelines*, but it cited a number of examples of inadequate compliance with or implementation of certain recommendations. The Michelin Group accepted the decisions of the NCP and committed to co-operate with it. The NGOs and the trade union, however, publicly announced their decision to withdraw the request for review from the NCP. Nevertheless, the NCP published a final statement that includes an analysis and recommendations.

In May 2014, the NCP issued a communiqué outlining the actions taken thus far by the Michelin Group to implement the NCPs recommendations. The NCP welcomes the Michelin Group's efforts to leverage its influence with its Indian supplier; prepare impact studies; undertaken communication with local stakeholders; increase numbers of local employees; and improve measures to protect the environment. The NCP will continue to monitor implementation of its recommendation.

***Final statement by the French NCP concerning a specific instance filed by four NGOs and associations from France, Cameroon, and Germany regarding the activities of the company Socapalm, a multinational enterprise operating in Cameroon***

In December 2010, the NCPs for France, Belgium and Luxembourg received a request for review from the NGOs Centre for the Environment and Development (Cameroon), Foundation of Rational Actions and Training for the Environment (Cameroon), Sherpa (France), and Misereor (Germany) against the Cameroonian MNE, Socapalm. The allegations related to four companies in a business relationship with Socapalm: Bolloré SA (France), Financière du Champ de Mars (Belgium), Socfinal (now Socfin, Luxembourg) and Intercultures (now Socfin SA, Luxembourg). The NGOs argued that the four companies should have used their leverage to prevent or mitigate the adverse impacts arising from Socapalm's activities, which ranged from deterioration in the living conditions of local communities to insufficient employment of local personnel and from serious environmental damage dumping to violent behaviour by contracted security employees.

The France NCP determined that Socapalm had breached the general policies, employment and industrial relations, and environment provisions of the *Guidelines* and the four partners had breached the general policies and disclosure provisions. The NCP offered its good offices to the parties. Shortly afterwards Bolloré SA filed libel suits against two French journalists providing media coverage of the specific instance. Due to these parallel court



proceedings, as well as its status as a minority shareholder, Bolloré then argued that it need not engage in dialogue.

In spite of Bolloré's position, the NCP's mediation efforts between the parties resulted in a successful outcome. The targeted companies – including Bolloré – affirmed a commitment to assume responsibility and use their leverage to end the violations of the *Guidelines*, while Socapalm implemented several measures to resolve the social and environmental concerns (including a Quality, Health, Safety and Environment programme and ISO 14001 certification policy). With the NCP's assistance, the parties drew up a roadmap to be implemented by Socapalm and monitored by an independent, third-party committee. Shortly before the closure of the specific instance, Bolloré announced that it would drop the libel suits. The NCP believes the decision was representative of the effectiveness of its mediation efforts.

The NCP is conducting follow-up to its recommendations to the parties. In a statement released on 17 March 2014,<sup>8</sup> the NCP reported on the actions of the parties in 2013 to implement the roadmap and establish the independent monitoring body. The NCP welcomed the progress made towards Socapalm's application of the *Guidelines*, and will continue to follow-up with the parties in accordance with its Rules of Procedure.

***Final statement by the French NCP concerning a specific instance notified by a group of trade unions regarding the activities of Eiffage Energy Group, a multinational enterprise operating in France***<sup>9</sup>

In October 2013, the French NCP received a request for review from three French trade unions alleging that Eiffage Energy Group had breached the general policies and employment and industrial relations provisions of the *Guidelines* in France. More specifically the trade union alleged that the company, following a jurisdictional decision on its institutional structure within the framework for social dialogue, decided to terminate the mandate for staff representation, thus severely impacting the livelihoods of employees in more than 900 offices in the 54 companies within the Group in France and at the European Committee level. The case was handled in parallel by several courts in France and by the administration in charge of labour issues.

During its initial assessment, the NCP found that the conflict raised by the trade unions had already been settled. Nevertheless, the NCP found that the company was not in compliance with the general policies, and employment and industrial relations provisions of the *Guidelines* between February and July 2013. In July 2013, the NCP was notified that Eiffage Energy complied with an order from the Court of Appeals to restore the previously suspended mandate and change its approach to staff representation and social dialogue. In light of the court decision and complex domestic process, the NCP determined that it was not appropriate to move forward with the

specific instance as the conflict had been resolved. The NCP nevertheless issued several recommendations to Eiffage Energy concerning its due diligence processes and emphasised the gravity of the previous violations. It will conduct a follow-up on its recommendation within one year.

## Germany

### ***Final statement by the German NCP concerning a specific instance notified by Metro Habib Employee Union against Metro Cash and Carry, a subsidiary of Metro AG, a Germany NCP operating in Karachi, Pakistan***<sup>10</sup>

On 8 January 2014, Metro Habib Employee Union submitted a request for review with the German NCP against Metro Habib Cash & Carry in Karachi, Pakistan, a subsidiary of METRO AG, located in Germany. The complainant alleged that employment contracts were breached in terms of remuneration and working hours, that trade union members were treated in an unfair way and threatened because of their union activities, and that hygiene standards and safety provisions were not observed. According to the notifiers, the human resources department of METRO Cash and Carry Pakistan and the management did not react to the employees' complaints.

In parallel to the NCP's initial assessment process, METRO AG addressed the problems in its subsidiary in Pakistan and worked towards an in-house solution, as the trade union had approached METRO AG in Dusseldorf only a few days prior to contacting the German NCP. For this purpose, it directly involved the trade union UNI Global Union in the solution of the dispute. This co-operation was based on a joint statement between METRO AG and UNI Global Union to conduct a dialogue and find a joint solution. Following two workshops and a dialogue session, the parties reach a mutually beneficial agreement. The employees that had been dismissed legally were in the meantime rehired.

On 4 April 2014, the trade union notified the NCP that it desired to terminate the specific instance process as the parties had reached an agreement.

### ***Final statement by the German NCP concerning a specific instance notified by a group of trade unions against Pt Indocement Tunggul Prakarsa and HeidelbergCement AG, two multinational enterprises operating in Indonesia***<sup>11</sup>

On 29 May 2013, a group of trade unions – including Indocement Union, SP-ITP, the Federation of Indonesian Cement Industry, the Confederation of Indonesian Trade Unions, and IndustriALL Global Union – submitted a request for review to the German NCP regarding the activities of PT Indocement Tunggul Prakarsa, an Indonesian company, and HeidelbergCement AG, a

German company. The trade unions alleged that Indocement had acted contrary to the employment and industrial relations provisions of the *Guidelines* by not according the union an appropriate level of respect and by transferring union leaders to other units within the company. Indocement contested the union's statement but stated that it desired to preserve its previously co-operative relationship with the union.

The NCP conducted an initial assessment, which included a statement by HeidelbergCement Ag, Germany, to examine whether the questions raised deserved further consideration. The NCP determined to accept parts of the request for review and offered assistance to achieve better co-operation between Indocement and the unions and to help employees overcome scepticism regarding union membership. The NCP did not accept the part of the request regarding a specific incident occurring 7 September 2012 as there were parallel criminal proceedings in the Indonesian courts.

With the NCP's assistance, the two parties met in a mediation meeting and reached an agreement on 21 May 2014. Notably, both sides affirmed a commitment to respecting the rights and safety of the unions and their members. In addition, both parties agreed to put RBC projects on the agenda of the regular meetings of the union and the management in order to promote the union's involvement in such programmes.

***Initial assessment & conclusion by the German NCP concerning a specific instance notified by an individual Russian citizen against a German multinational enterprise in Russia***<sup>12</sup>

In May 2013, the Germany NCP received a request for a review from a Russian citizen alleging that a subsidiary of a German multinational enterprise in Russia had violated her human rights and rights as an employee. She further alleged that, when presented with the evidence of these violations, the company had not investigated the matter with due diligence.

The NCP undertook an initial assessment and, in September 2013, concluded that the specific instance did not merit further consideration due to the absence of substantial evidence. Moreover, there were proceedings pending between the complainant and the Russian subsidiary of the company in question. An additional examination of the matter, beyond the ruling to be handed down by the court, was deemed unnecessary to ensure the enforcement of the *Guidelines*.

***Final statement by the German NCP concerning a specific instance notified by the European Center for Constitutional and Human Rights, Reporters Without Borders, Bahrain Center for Human Rights, Bahrain Watch, and Privacy International against Trovicor GmbH, Munich***<sup>13</sup>

On 6 February 2013, a group of NGOs (the European Center for Constitutional and Human Rights, Reporters Without Borders, Bahrain Center for Human Rights, Bahrain Watch, and Privacy International) submitted a request for review to the German NCP against Trovicor GmbH, a German company. Trovicor is a manufacturer and maintenance provider of monitoring equipment which is delivered, among others, to government agencies. The company was reproached of contributing to the monitoring, arrest, and torture of Bahraini opposition activists by maintaining monitoring equipment used by the security agencies of Bahrain.

After conducting an initial assessment, the NCP decided to accept parts of the request and to offer help with resolving the questions raised in the context of the allegations that Trovicor did not operate a complete due diligence process to analyse the risk of any possible negative effects of its business activities on human rights. The NCP rejected the request as far as it alleged that Trovicor was partly responsible for violations of human rights in Bahrain. In order to protect commercial secrets, Trovicor had not provided information on business relations, rendering it impossible to determine whether the company had any business relations with Bahrain.

In their letter dated 19 November 2013, the NGOs argued that they believed they had provided sufficient evidence establishing the existence of business relations between Trovicor and Bahrain. After the NCP declined to change its stance, the NGOs informed the NCP on 30 January 2014 that they would not take part in mediation. The specific instance was thus concluded. In its final statement the NCP expressed its regret with the NGOs' decision not to take part in the process.

## Japan

***Final statement by the Japanese NCP concerning a specific instance notified by three trade unions against Nestlé Japan Ltd.***<sup>14</sup>

On 12 August 2005, the Japanese NCP received a request for review from a group of trade unions, including the National Confederation of Trade Unions, Hyogo Local Confederation of Trade Unions, and Nestlé Japan Labour Union, alleging that Nestlé Japan Ltd. had breached the general policies, disclosure, employment and industrial relations provisions of the *Guidelines*.

Following the initial assessment and with support from the Swiss NCP, the Japanese NCP conducted separate consultations with the trade unions and Nestlé Japan. Subsequently, the parties conducted bilateral consultations and

reached an agreement on 1 October 2013. Both parties signed a “confirmation letter and agreement” with the intent to realise the “prevention of disputes and improvement of trust between multinational enterprises and local communities where those enterprise operate, which is targeted by the *OECD Guidelines for Multinational Enterprises*”. The parties agreed to collective bargaining between Nestlé Japan Labour Union and Nestlé Japan. Further, the parties agreed to close all existing disputes with the respect to the position, rights, and obligations of union members stipulated under the labour contract and with respect to the debtor-creditor relationship between both parties.

On 19 November 2013, following the signing of the confirmation letter and agreement by the trade unions and Nestlé Japan Ltd., the parties notified the Japanese NCP of their decision to withdraw the original request for review. The Japanese NCP then issued its final statement and concluded the specific instance.

## Luxembourg

### ***Statement by the Luxembourg NCP regarding a specific instance notified by Friends of the Earth (FoE) Europe and the Sustainable Development Institute of Liberia against the steel and mining company ArcelorMittal Liberia***<sup>15</sup>

On 24 January 2011 the Netherlands NCP received a request for review from the NGOs FoE Europe and Liberia-based SDI alleging that ArcelorMittal, a steel and mining company, had breached the anti-bribery, and general policies provisions of the *Guidelines* in Liberia. As ArcelorMittal is based in Luxembourg, the specific instance was transferred to the Luxembourg NCP in May 2011.

Among numerous allegations, FoE and SDI’s concerns included ArcelorMittal’s donation of 100 pick-up trucks to the government of Liberia in August 2008; misappropriation and misuse of the County Social Development Fund (CSDF), managed by both ArcelorMittal and the GoL; lack of communication with local communities about the impact of ArcelorMittal’s operations; and potential mining or exploration in the East Nimba Nature Reserve. ArcelorMittal rejected the allegations.

The Luxembourg NCP determined that it was outside the mandate of the NCP to judge whether ArcelorMittal had acted in compliance with domestic or international law and thus excluded the first allegation regarding the pick-up trucks from the complaints procedure. The NCP believed FoE provided sufficient information on the remaining allegations and, after completing the initial assessment, it offered to provide mediation assistance to both parties. The parties agreed to mediation by an expert mediator, Dr Maartje van Putten, with the aim to draft a proposal for improving management of the CSDF.

Two fact-finding missions took place and the parties met multiple times in 2012 and 2013. The end result was a mutually-agreed upon document recommending that the CSDF be transformed into a Trust or Foundation as an independent body composed of representatives from the government, civil society organisations, and ArcelorMittal. In addition, a “board for grievances” would be available to hear appeals concerning funded projects. The Luxembourg NCP concluded the specific instance on 13 September 2013 upon release of the final recommendation, noting that the process will only end in significant change if the government of Liberia follows through on the recommendations.

## Netherlands

### ***Final statement by the Netherlands NCP regarding a specific instance notified by a consortium of NGOs against POSCO India***<sup>16</sup>

On 9 October 2012, the Netherlands, Korea, and Norway NCPs received a request for review from a consortium of NGOs – Lok Shakti Abhiyan (India), Korean Trans National Corporation Watch (Korea), Fair Green Global Alliance (Netherlands), and ForUM (Norway) – alleging that Pohang Iron and Steel Enterprise (POSCO), and its joint venture POSCO India Private Ltd had breached the human rights and environment provisions of the *Guidelines*. The allegations also concerned two of POSCO’s investors, the Dutch Pension Fund ABP, and its pension administrator APG, and the Norwegian Bank Investment Management (NBIM) of the government pension fund Global. The notifying parties alleged that POSCO had failed to prevent or mitigate human rights impacts or conduct comprehensive human rights and environmental due diligence. Further, they alleged that ABP, APG, and NBIM had not taken the appropriate steps to prevent or mitigate POSCO’s negative impacts, which are directly linked to them through their financial relationship with POSCO.

The Netherlands NCP assessed the alleged breach by ABP and APG, both registered in the Netherlands, and held separate meetings with representatives of the consortium, SOMO and Both ENDS. APG informed the NCP that it would act on behalf of its clients including ABP. After publishing its initial assessment, the NCP offered to facilitate dialogue between SOMO, Both ENDS and APG. The parties reached a joint agreement in March 2013 concerning the appropriate steps to be taken by APG in order to prevent or mitigate any potential negative impacts related to their minority shareholding in POSCO and to further effectuate APG’s ongoing efforts to influence POSCO. Furthermore the parties agreed upon a draft Terms of Reference for an independent Review and Assessment of contentious issues in Odisha, India.

The Netherlands NCP concluded in its final statement that investors have a responsibility under the *Guidelines*, even when they are only minority

shareholders in a company, to exert influence where possible on companies they invest in to help prevent or mitigate possible adverse impacts of these companies' operations. The NCP concluded that APG, which manages the investments of ABP and other pension funds, has taken its responsibility as a minority shareholder and acted in accordance with the *Guidelines*.

***Final statement by the Netherlands NCP concerning a specific instance notified by the trade union FBV Eemshaven against NUON, a multinational enterprise operating in the Netherlands***<sup>17</sup>

On 27 July 2012, the Netherlands NCP received a request for review from the trade union FBV Eemshaven against NUON, a multinational enterprise in the Dutch construction sector. The notification entailed an alleged breach of the general policies, and employment and industrial relations provisions of the *Guidelines*. The trade unions alleged that NUON had violated the *Guidelines* by dealing with subcontractors that enforced standards of employment that were less favourable than those enjoyed by comparable employers in the Netherlands. After conducting an initial assessment, the NCP began providing mediation assistance in December 2012.

The parties reached a joint solution regarding the steps to be taken by Nuon which would further increase its influence over its supply chain. They agreed that Nuon will make changes to future contracts with its principal contractors in order to promote compliance with agreements throughout the supply chain. More specifically, this means that Nuon would require its principal contractors to impose the same obligations on their suppliers and subcontractors as those that Nuon imposes on its principal contractors with regard to conditions of employment, wage rates and compliance with national and European legislation. After this solution was found the NCP duly concluded the specific instance.

## Norway

***Initial assessment and conclusion by the Norwegian NCP concerning an anonymous request for review***<sup>18</sup>

In March 2014, the Norwegian NCP received an anonymous complaint about conditions at a subsidiary of a Norwegian company in India. The complainant claimed that the local management had been involved in bribery and that the parent company had not responded to a complaint via the company's whistleblower channel. The NCP was asked to investigate the matter with a view to punishing the local management.

The Norwegian NCP rejected the specific instance. While recognising that there may be legitimate reasons for the notifier to remain anonymous, the NCP was concerned that it would be too difficult to assess whether the person has a legitimate interest in the matter. The individual declined to choose

third-party representation and proved themselves to be uninterested in a dialogue process. Further, their wish for the NCP conduct an investigation was beyond the NCP's authority. The NCP provided some recommendations and observations to the company to identify, prevent, mitigate and manage the risks associated with bribery as outlined in their initial assessment.

**Final statement by the Norwegian NCP concerning a specific instance notified by the NGO Norwegian Support Committee for Western Sahara regarding the activities of Sjøvik AS, a multinational enterprise operating in the Western Sahara<sup>19</sup>**

In December 2011 the Norwegian NCP received a request for review by the NGO Norwegian Support Committee for Western Sahara alleging that Sjøvik AS, a Norwegian MNE that fishes and operates a fish processing plant in the non-self-governing territory of Western Sahara through its subsidiaries, Sjøvik Africa AS and Sjøvik Morocco SA, has failed to respect the Sahrawi right to self-determination. The company denied that the human rights provisions of the *Guidelines* were violated and alleged that the request was politically motivated. It maintained that its investment benefits the Saharawis.

After the NCP found the complaint to be substantiated and sufficiently linked to the *Guidelines*, both parties initially rejected the NCP's offer to facilitate mediation. They both reversed their stance, however, on 27 May 2012 and accepted the offer. The parties reached an agreement after mediation conducted by former Supreme Court judge Lars Oftedal Broch on behalf of the Norway NCP. The parties' signed a joint statement on 2 July 2013 in Molde, Norway.

The parties agreed to request that Norwegian authorities give unambiguous advice to businesses operating in conflict areas. They also agree that Sjøvik AS shall carry out environmental and social impact assessments for its activities, based on the principles set out in the updated *Guidelines* and *UN Guiding Principles on Business and Human Rights*, and publish content in a report in accordance with the *Guidelines* chapter on disclosure. Sjøvik will also publish "codes of conduct" and make sure that its internal grievance mechanism meets the *Guidelines* requirements by the end of 2013.

After a follow-up meeting with the parties on 15 May 2014, the Norwegian NCP formally concluded the specific instance and published some observations made by the Secretariat on the process. Most importantly, NCP Norway noted that the mediated joint statement in this specific instance was referred to by other companies as an argument that the OECD/NCP Norway have "approved" economic activity in the Non-Self-Governing territory of Western Sahara. This is not the case and in the NCP's final statement, the NCP sought to underscore the scope and precedent-setting effect of the parties' agreement. The NCP sees that this could have been articulated more clearly



and that it would have been an advantage to include this important point in the mediated statement. In future mediated joint statements, NCP Norway will urge the parties and the mediator to specify more clearly what is not covered by the agreement, particularly if significant aspects related to the complaint to the NCP on which the dialogue/mediation was based are not covered.

## Poland

### ***Final statement by the Polish NCP concerning a specific instance notified by a trade union leader against a foreign company operating in Poland in the information Communication and technology (ITC) sector***

On 4 February 2014 the Polish NCP received a request for review concerning an alleged breach of the general policies provisions of the *Guidelines*. The notification was filed by the chairman of a trade union branch within a multinational capital group of the ICT sector regarding a foreign company and a company in Poland, in which the said foreign company holds majority share.

The notification did not specify the allegations and only indicated the part of the *Guidelines* which had been breached. Based on the notification as well as on additional information acquired during the preparation of the assessment, the NCP found that the allegation concerns a dismissal of an employee resulting from enquiries about the lawfulness of the property sale by one of the companies belonging to the capital group.

Due to a lack of documentation regarding the dismissal of the aggrieved, however, as well as evidence of another reason directly related to the dismissal, the case is not deemed material and substantiated. Further, the notifying party breached its obligation not to communicate with the public about the case without consulting the Polish NCP and sent relevant information to third parties. It was also found that the complaint contained false information that the case had been sent to the Helsinki Foundation for Human Rights.

The Polish NCP determined that to undertake the case would be to risk negatively affecting the integrity of the NCP itself, undermining its reliability and the possibility of acting in other cases in the future. Due to the rejection of the specific instance, the Polish NCP did not communicate any information regarding the parties to the public.

## Sweden

### **Final statement by the Swedish NCP concerning a complaint by the NGO SwedWatch against an Electrolux subsidiary operating in Thailand<sup>20</sup>**

In April 2013 the Swedish NCP received a request for review from the NGO Swedwatch alleging that a subsidiary of Electrolux had breached the general policies, human rights, and employment and industrial relations provisions of the *Guidelines* in Thailand. The NCP undertook an initial assessment and decided not to formally accept the request since the parties initiated a dialogue to find a solution to the conflict.

The NCP encouraged the parties to continue this dialogue and believes that it is primarily up to them to find a solution to the conflict. In this context, it may be mentioned that IF Metall, which is one of the trade unions represented in the Sweden NCP, has played a role with the aim of facilitating the dialogue between the parties and has helped Electrolux in updating the company's code of conduct. Although the NCP did not formally take on the case, it followed developments ensuing from the parties' dialogue. At the time, however, the NCP felt that the parties themselves should follow through on the work they initiated. The specific instance was concluded on 23 September 2013.

### **Final statement by the Swedish NCP concerning a specific instance notified by the NGO SwedWatch against a M Inlycke subsidiary operating in Thailand<sup>21</sup>**

In April 2013 the Swedish NCP received a request for review from the NGO Swedwatch alleging that Mölnlycke, a subsidiary of Electrolux, had breached the general policies, human rights, and employment and industrial relations provisions of the *Guidelines* in Thailand. The NCP undertook an initial assessment and decided not to formally accept the request since the parties initiated a dialogue to find a solution to the conflict. In light of these measures, the NCP determined that there was no reason to formally take on the complaint. The NCP found the key issue to be that Mölnlycke has started to strengthen consultation between employers and employees in accordance with the *Guidelines*.

The NCP formally encouraged the parties to continue this dialogue. It should be noted that IF Metall and Unionen, both of which are represented in the Swedish NCP, have been involved in facilitating dialogue between the parties and has helped Electrolux in updating the company's code of conduct. The specific instance was concluded on 23 September 2013.

## United Kingdom

### **Final statement from the UK NCP concerning a specific instance notified from the NGO WWF International against the multinational enterprise SOCO International plc., a UK company operating in the Democratic Republic of the Congo (DRC)**<sup>22</sup>

On 7 October 2013, the UK NCP received a complaint from WWF International, an NGO dedicated to safeguarding wildlife and the environment, concerning the actual and potential impacts of oil exploration by SOCO International plc in Block V of Virunga National Park in the DRC. The NGO stated that oil exploration was in conflict with international agreements – particularly regarding the Park's status as a World Heritage site – and DRC law and posed risks to the local environment and local communities dependent upon the surrounding ecosystem. SOCO, while denying the allegations, welcomed constructive dialogue with WWF. SOCO stated that its activities were still limited to environmental and social studies and social programmes, including a seismic survey on behalf of the DRC government, rather than actual oil exploration.

Upon completing the initial assessment, the UK NCP found that SOCO had not met several obligations regarding the environment as outlined in the *Guidelines*. Further, the NCP determined dialogue regarding the level of SOCO's human rights due diligence appropriate to the context of conflict-affected DRC would be worthwhile, as well as the extent to which SOCO informs stakeholders about the results of its environmental impact assessment.

Based on these findings, the UK NCP offered its good offices to the parties to assist in mediation and conciliation on the issues. Dr. Karl Mackie served as mediator and assisted the parties to reach an agreement in June 2014. SOCO agreed with WWF in a joint statement to refrain from any exploratory or other drilling within Virunga National Park for as long as UNESCO and the DRC government view such activities as incompatible with the Park's World Heritage Status. SOCO will complete its current seismic survey and will honour its commitments to local inhabitants to continue its social programmes as long as the company holds rights to the Block V license. The UK NCP will not make any follow-up statement because the parties' agreement does not provide for this.

### **Final statement from the UK NCP concerning a specific instance notified by the NGO Reprieve against British Telecommunications PLC**<sup>23</sup>

In July 2013, the UK NCP received a request for review from the NGO Reprieve alleging that British Telecommunications PLC had breached the general policies and human rights provisions of the *Guidelines* by providing telecommunications services to a US military communications base in the UK.

The NGO alleged that these communications negatively impacted the human rights of individuals and communities in the Republic of Yemen.

The NCP conducted an initial assessment and concluded that the specific instance did not merit further consideration on the grounds that the allegations are not material and substantiated in regard to the company's obligations under the *Guidelines*. The evidence shows, and the company accepts, that the company has a contract with a US defence agency to provide a service that supports communications between the UK base and base in Djibouti. The evidence does not show a specific link between the communications service provided and the impacts of drone operations. The company has provided reports as evidence that it meets the general due diligence requirement, and the NCP found no substantiated link obligating furthering action. The details of the NCP's decision are outlined in their initial assessment, issued in October 2013.

## United States

### ***Statement from the US NCP concerning a specific instance notified by the NGO Greenpeace against the private company Herakles Farms and Herakles Capital***<sup>24</sup>

On 11 March 2014, Greenpeace, a nongovernmental organisation, submitted a specific instance regarding Herakles Farms and Herakles Capital (Herakles), the former of which is a New York-based entity. Greenpeace cited the disclosure provisions of the *Guidelines* as the basis for its request, stating that Herakles neglected to provide public documentation of its financial and operating results, financial contributions to All for Africa, and major share ownership and voting rights.

The NCP determined that the issues raised in the request did not merit further examination and declined to offer good offices to seek a mediated resolution between Greenpeace and Herakles. The NCP believed that the public documentation that Herakles provides on its website in large measure duplicates the relevant information that shareholders would expect from the annual report of a multinational corporation. Because Herakles' alleged violation of the *Guidelines* cannot be substantiated based on the specific instance filed, the NCP declined to offer its good offices for mediation.

### ***Final statement by the US NCP concerning a specific instance notified by International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Works' Associations (IUF) against Mondalez International, an American MNE operating in Pakistan***<sup>25</sup>

On 18 December 2013, the IUF contacted the US NCP raising concerns about the actions of Mondelez in its operations in Pakistan. The IUF alleged that the company's employment system at the Cadbury factory in Hub, Balochistan,

where only 53 (now 49) workers are employed on direct, permanent employment contracts out of a total workforce of nearly 700, embodied numerous abuses which breach the *Guidelines*. IUF underlined that the product is successful and production is expanding, yet there has been a decline in the number of direct employment contracts even as the business has grown and total employment has increased. Due to various alleged adverse impacts upon the employees, IUF argues that Mondelez breached the concepts and principles, general policies, and employment and industrial relations provisions of the *Guidelines*. Mondelez rejected these allegations, arguing that the IUF was inappropriately using the NCP process and interfering in legitimate local bargaining. It pointed to the successful negotiations that recently occurred between the local union and company representatives as proof of a pre-existing and robust national legal framework. In a subsequent update, Mondelez notified the NCP that a collective agreement, using the collective bargaining framework, was reached on 8 May 2014.

On the basis of this information and other evidence, the NCP determined that there to be no compelling evidence that Mondelez is not in compliance with Pakistani law. It did find, however, that the issue of causal/contract workers may merit further examination and may not be consistent with the spirit of the employment and industrial relations provisions of the *Guidelines*. The NCP deferred its offer of good offices, stating that it is available should Mondelez desire to engage in mediation with the IUF. It also recommended that IUF engage directly with the agencies of the contract workers as a more expedient method of addressing the alleged inconsistencies in fair labour practice.

***Final statement by the US NCP concerning a specific instance notified by International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Works' Associations (IUF) against a subsidiary of PersiCo Inc., PepsiCo India***<sup>26</sup>

On 18 November 2013, the US NCP received a request for review from IUF, based in Geneva, Switzerland. The substance of the IUF's allegations was that between 5 January and 30 April 2013, 162 workers of 170 employed at three West Bengal warehouses contracted exclusively by PepsiCo were dismissed or compelled to resign solely as a consequence of exercising their right to join a union. IUF stated that PepsiCo, through its subsidiary in India, contracts these workers through Radhakrishna Food Land Pvt. Ltd. (RKFL), and in this capacity has facilitated workers' rights abuses through this subcontracting relationship.

According to the request, the IUF cites PepsiCo in breach of specific elements found in the employment and industrial relations chapter of the *Guidelines*. Further, According to the IUF, PepsiCo has failed to perform the required human rights due diligence and therefore tacitly allows these violations to persist.

In response, PepsiCo emphasised that the IUF's allegations focused on the alleged actions of its contractor, and not PepsiCo or its subsidiary. PepsiCo maintained that the strike that led to the termination of the workers was illegal, as the strikers did not provide the required notice under Indian law. Regardless, PepsiCo stated that it did in fact use its relationship with RKFL to secure offers of reemployment to 28 of the workers that the IUF claims were specific victims of human rights violations. PepsiCo claims that the ultimate reason for the IUF request rests not on the alleged violations of the *Guidelines* in its relationship with RKFL; rather it stems from PepsiCo's refusal to enter into a formal global "relationship" with the IUF. Because it had already engaged in multiple discussions with the IUF and investigated their claims, PepsiCo declined the NCP's offer of mediation.

The US NCP offered its good office for mediation with the view that it might further dialogue between RKFL and its employees, supported by the IUF and PepsiCo. On 14 March 2014, PepsiCo responded that it had already engaged in discussions directly with the IUF; because of the inability to reach agreement on the issues in question, PepsiCo declined the US NCP's offer of mediation. The NCP therefore concluded the specific instance.

***Final statement by the US NCP concerning a specific instance notified by the Federation of Free Workers against Janssen Pharmaceuticals, a division of Johnson & Johnson operating in the Philippines***<sup>27</sup>

On 14 May 2013, the US NCP received a request for review from the Federation of Free Workers (FFW), a Philippines-based trade union confederation. The request related to alleged labour violations related to Janssen's operations in the Philippines. Janssen is a division of Johnson & Johnson (Philippines), Inc., a corporation incorporated in the Philippines and a wholly-owned subsidiary of Johnson & Johnson (J&J), incorporated in the US.

FFW claimed that managers at Janssen's sales office in Paranaque City, the Philippines, set unreasonable sales performance benchmarks which they used as a pretext to dismiss certain workers. While Janssen maintains the workers were dismissed because they failed to meet the performance benchmarks, FFW claims the workers were dismissed for engaging in unionizing activities. FFW contended these actions were inconsistent with the principles in Chapter V of the *Guidelines*. On June 6, the NCP received Janssen's formal response, in which Janssen disputed FFW's characterisation of its managers' actions and provided evidence to support its stance.

The NCP determined that the issues raised in the request did not merit further examination and declined to offer good offices to seek a mediated resolution between FFW and Janssen. FFW provided insufficient substantiation to support its allegations. Further, Philippine arbitrators have determined Janssen had justification for dismissing or seeking the resignation of the

employees identified by FFW and found no evidence of company retaliation because of the union officials' positions or activities. The same allegations have been considered and decided, in some cases several times, by multiple levels of the Philippine court and labour arbitration system, who found no evidence of company retaliation because of the union officials' positions or activities.

While court and arbitral decisions alone do not necessarily preclude the involvement of the NCP, in the absence of stronger substantiated concerns that Janssen policies or practices may be inconsistent with the cited paragraphs of the *Guidelines* relating to employment and industrial relations, the NCP concluded that its involvement would not further the effectiveness of the *Guidelines*.

***Final statement by the US NCP concerning a specific instance notified by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association against Mondelez International, an American MNE operating in Tunisia and Egypt***<sup>28</sup>

On 14 March 2013, the US NCP received a request for review from the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF) alleging that Mondelez International had breached the human rights and employment and industrial relations provisions of the *Guidelines* in Tunisia and Egypt. The trade union alleged that managers intimidated and/or retaliated against certain workers for union-related activities. IUF also cited concerns about a worker safety incident at the company's Alexandria plant. Since Mondelez's ultimate decision-making authority resides in the United States, the US NCP took the case with support from the Egypt and Tunisian NCPs.

Following an initial assessment, the NCP determined the allegations to be substantiated and offered its good offices to the parties. The NCP believed the two sides could benefit from a mediation process and offered the services of the neutral mediators employed by the US Federal Mediation and Conciliation Service (FMCS). In August 2013, Mondelez stated however that it would not participate in an information session with FMCS or any subsequent mediation offered by the NCP. Since the company was unwilling to proceed to mediation, the US NCP concluded the specific instance.

***Final statement by the US NCP concerning a specific instance notified by the Community Legal Education Centre of Cambodia and EarthRights International against American Sugar Refining Inc. (ASR)***<sup>29</sup>

On 31 October 2012 the Community Legal Education Centre of Cambodia (CLEC) and EarthRights International (ERI) jointly contacted the US NCP raising concerns over alleged human rights violations related to operations of the Koh Kong sugar plantation and refinery in Sre Ambel District, Koh Kong Province, Cambodia.

In their request, CLEC and ERI stated that in 2006 Cambodian authorities granted contracts for two economic land concessions to Koh Kong Plantation Co. Ltd. (KKPT) and Koh Kong Sugar Industry Co. Ltd. (KKSII), to develop sugar plantations and refinery operations. The NGOs claimed that beginning in 2006, the companies forcibly evicted villagers with no public consultation, social or environmental impact assessment or settlement plan as required by Cambodian law, displacing 456 families. As of October 2012, 207 families were still either under-compensated or uncompensated for their eviction.

The NGOs contended that ASR, by virtue of its supply chain relationship with the Koh Kong plantation, had an obligation to avoid contributing to adverse human rights impacts and, as the sole purchaser of the Koh Kong plantation's sugar, had a responsibility to use its leverage to mitigate such conduct. In response to the allegations, ASR's attorneys informed the NCP that ASR disputed the allegations but was inclined to participate in mediation to try to arrive at a mutually-agreed solution.

On 11 April 2013, the US NCP learned that CLEC, on behalf of affected local communities, had filed a civil suit in the UK Commercial Court against ASR's intermediary supplier, T&L Sugars Ltd. ASR informed the NCP that it remained interested in pursuing a mediated dialogue with CLEC and ERI through the specific instance process, but that it would not participate in that process unless and until CLEC withdrew its UK civil suit. CLEC and ERI responded that they would consider a stay of the UK proceedings but desired to retain the option to resume litigation; ASR reiterated it would not engage in mediation while a private claim seeking money damages was pending in London.

Given that the specific instance process – including mediation – is a voluntary one, the NCP concluded the specific instance on 4 June 2013 when it became clear the parties could not reach an agreement on how to proceed. The NCP recommended that ASR evaluate the issues raised by the NGOs and consider how to address them, even if the conditions may not exist now to address them through the NCP process. Finally, the NCP would be prepared to assist the parties in undertaking a facilitated dialogue if in the future they agree to pursue mediation or conciliation.

***Final statement by the US NCP concerning a specific instance notified by the Communications Workers of America, ver.di, and UNI Global Union against Deutsche Telekom AG, operating in the United States and Montenegro***<sup>30</sup>

On 12 July 2011, the US NCP received a request for review from the trade unions Communications Workers of America (CWA), ver.di and UNI Global Union ("CWA" collectively), regarding their concerns about labour practices by Deutsche Telekom AG (DT) operating in the United States as T-Mobile USA, (DT/T-Mobile) and in Montenegro as Crnogorski Telekom A.D. Podgorica. The



German and US NCPs consulted and agreed that the US NCP would take the lead on the T-Mobile portion while the German NCP would handle the Crnogorski portion.

CWA alleged that the activities of some DT/T-Mobile supervisors were, in effect, intimidating workers from exercising freedom of association. In response, DT/T-Mobile argued that CWA's claims must be resolved under the process set forth under US law and that the NCP process was therefore not the appropriate forum; it also asserted that CWA was using the specific instance to further escalate a public campaign against DT/T-Mobile.

The US NCP clarified that its role was to provide a neutral, third-party facilitated dialogue and not make a determination whether a violation of the *Guidelines* has occurred, nor does it adjudicate disputes submitted under the process. After the NCP proposed ground rules for mediation, the parties appear receptive to the NCP's assistance.

On 5 November 2012, the US NCP issued an initial assessment determining that the issues raised by the parties warranted further consideration under the *Guidelines* and recommended voluntary, third-party mediation under the auspices of the US FMCS. Expressing numerous questions and concerns, DT/T-Mobile did not agree to a pre-mediation discussion until February 26, 2013. Following the pre-mediation meeting, FMCS requested a date for the first mediation meeting but did not receive a timely response from DT/T-Mobile.

On 19 March 2013 the US NCP informed the parties that it was preparing a final statement regarding the specific instance. Based on the circumstances, the US NCP is no longer able to contribute to a positive resolution of this dispute and therefore withdraws its offer of good offices. The US concluded the specific instance with the release of its final statement in July 2014.

## Notes

1. Full text available at [www.pcn.fazenda.gov.br/alegacoes/final-statements](http://www.pcn.fazenda.gov.br/alegacoes/final-statements).
2. Full text available at [www.international.gc.ca/trade-agreements-accords-commerciaux/ncp-pcn/statement-declaration.aspx](http://www.international.gc.ca/trade-agreements-accords-commerciaux/ncp-pcn/statement-declaration.aspx).
3. Full text (in Spanish) available at: [www.direcon.gob.cl/ocde/punto-nacional-de-contacto-pnc/](http://www.direcon.gob.cl/ocde/punto-nacional-de-contacto-pnc/).
4. Full text available at [http://businessconduct.dk/file/468563/2014\\_03\\_11.pdf](http://businessconduct.dk/file/468563/2014_03_11.pdf).
5. Full text available at [http://businessconduct.dk/file/468562/2014\\_01\\_23.pdf](http://businessconduct.dk/file/468562/2014_01_23.pdf).
6. Full text available at [www.tresor.economie.gouv.fr/File/397224](http://www.tresor.economie.gouv.fr/File/397224).
7. Full text available at [www.tresor.economie.gouv.fr/File/397319](http://www.tresor.economie.gouv.fr/File/397319).
8. Full text available at [www.tresor.economie.gouv.fr/5731\\_les-communiqués-du-pcn](http://www.tresor.economie.gouv.fr/5731_les-communiqués-du-pcn).

9. Full text (in French) available at [www.tresor.economie.gouv.fr/File/401925](http://www.tresor.economie.gouv.fr/File/401925).
10. Full text available at [www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html](http://www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html).
11. Full text available at [www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html](http://www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html).
12. Full text available under “Rejected Complaints” at [www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html](http://www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html).
13. Full text available at [www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html](http://www.bmwi.de/EN/Topics/Foreign-trade/oecd-guidelines-for-multinational-enterprises,did=430536.html).
14. Full text available at <http://mneguidelines.oecd.org/database/ncp/Nestle-2005-English.pdf>.
15. Full text of the final statement is available at [www.cdc.public.lu/instruments/7\\_PCN/FinalStatement.pdf](http://www.cdc.public.lu/instruments/7_PCN/FinalStatement.pdf).
16. Full text available at [www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/final-statement-somo-bothends-apg-abp.pdf](http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/final-statement-somo-bothends-apg-abp.pdf).
17. Full text (in Dutch) available at [www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/eindverklaring\\_nuon-friv\\_1.pdf](http://www.oesorichtlijnen.nl/sites/www.oesorichtlijnen.nl/files/eindverklaring_nuon-friv_1.pdf).
18. Press release and initial assessment available at [www.responsiblebusiness.no/en/anonymous-complaint/](http://www.responsiblebusiness.no/en/anonymous-complaint/).
19. Full text available at [www.responsiblebusiness.no/files/2013/12/130702-NCP-Norway-Final-Statement-MEDIATION-NSCWS.pdf](http://www.responsiblebusiness.no/files/2013/12/130702-NCP-Norway-Final-Statement-MEDIATION-NSCWS.pdf).
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21. Full text (in Swedish) available at [www.regeringen.se/content/1/c6/20/90/62/8a852320.pdf](http://www.regeringen.se/content/1/c6/20/90/62/8a852320.pdf).
22. Full text available at [www.gov.uk/government/publications/uk-ncp-final-statement-wwf-international-and-soco-international-plc-agreement-reached](http://www.gov.uk/government/publications/uk-ncp-final-statement-wwf-international-and-soco-international-plc-agreement-reached).
23. Full text available at [www.gov.uk/government/publications/uk-ncp-initial-assessment-complaint-against-british-telecommunications-plc](http://www.gov.uk/government/publications/uk-ncp-initial-assessment-complaint-against-british-telecommunications-plc).
24. Full text available at [www.state.gov/documents/organization/226490.pdf](http://www.state.gov/documents/organization/226490.pdf).
25. Full text available at [www.state.gov/e/eb/oecd/usncp/links/rls/227284.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/227284.htm).
26. Full text of final statement available at [www.state.gov/e/eb/oecd/usncp/links/rls/226283.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/226283.htm).
27. Full text of final statement available at [www.state.gov/e/eb/oecd/usncp/links/rls/217348.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/217348.htm).
28. Full text available at [www.state.gov/e/eb/oecd/usncp/links/rls/215927.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/215927.htm).
29. Full text available at [www.state.gov/e/eb/oecd/usncp/links/rls/210970.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/210970.htm).
30. Full text available at [www.state.gov/e/eb/oecd/usncp/links/rls/211646.htm](http://www.state.gov/e/eb/oecd/usncp/links/rls/211646.htm).

## Chapter 2

# Responsible business conduct by sector

*The 2011 update of the Guidelines added a new prospective dimension to the Guidelines aimed at encouraging the exercise of due diligence to prevent and mitigate potential adverse impacts in relation to particular products, regions, sectors or industries. This chapter reviews the sectoral work undertaken in implementing this proactive agenda over the June 2013-June 2014 period.*

During the reporting period, efforts were concentrated in giving practical meaning to due diligence in the extractives, agricultural and textiles sector. The application of the *Guidelines* to the financial sector was one of the main issues deliberated by adhering governments.

### **Minerals in weak governance zones and conflict-affected and high-risk areas**

The implementation of the OECD *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (Due Diligence Guidance) continues to be the flagship program that showcases the *Guidelines* in practice. Approximately 500 organisations, including governments, private sector companies, civil society, and other experts, are part of the implementation programme. As a result of this broad network of engaged and committed participants, the Due Diligence Guidance – though applicable to all minerals and regions globally – has gained wide acceptance particularly throughout the supply chains of tin, tantalum and tungsten (3T) and gold. The Due Diligence Guidance has become the leading international and industry standard for companies to meet the expectations of the international community and customers *vis-à-vis* minerals from conflict-affected and high-risk areas.<sup>1</sup> The Multi-stakeholder Steering Group, which governs the implementation programme, continues to be an effective structure, and possible model for other sectoral projects.

One of the most important activities of the implementation programme is awareness-raising about the Due Diligence Guidance, including concepts such as due diligence, risk assessment, mitigation, transparency and reporting. Key markets and stakeholders, notably many SMEs, have limited awareness of the Due Diligence Guidance and limited capacity to implement the 5-step due diligence framework and, in many cases, those operators are based in countries which are not yet adherents to the Due Diligence Guidance. However, given the global nature of mineral supply chains, the engagement of all actors in the supply chain is critical to cut the link between illegal armed activity and mineral trade. Since our last update in 2013, there has been growing support for the implementation of the Due Diligence Guidance outside the African Great Lakes region, notably by the government of Colombia and Colombian industry. Colombia provides a tangible example, albeit a work in progress, of how responsible sourcing can be implemented in conflict-affected and high-risk areas beyond the Great Lakes region.

**Box 2.1. About the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**

- 34 OECD member countries and 9 non-members adhere to the Due Diligence Guidance, it has been integrated into national legislations in 3 countries in Africa's Great Lakes region (DRC, Rwanda and Burundi) and into the ICGLR's Regional Certification Mechanism that covers its 12 member states.
- Over 500 governments and organisations from industry and civil society, and over 360 participants took part in the most recent Multi-stakeholder Forum for Responsible Mineral Supply Chains held in Paris in May 2014.
- The implementation of the Due Diligence Guidance through industry programmes has given market access to an estimated 70 000 artisanal miners in the Democratic Republic of the Congo (DRC) and Rwanda, supporting about 350 000 dependants.
- The DRC has assessed conditions at more than 600 mine sites against OECD standards and industry programs now cover 1 000+ mines sites in the DRC, Rwanda and Burundi.

Turkey is equally keen to accelerate awareness and implementation of the Due Diligence Guidance in its gold supply chain, and Borsa Istanbul in mid-2014 agreed to translate the Due Diligence Guidance into Turkish. There has also been good progress in developing partnerships in China with appropriate associations. In May 2014, the Mandarin edition of the Due Diligence Guidance was launched during the 7th Multi-stakeholder Forum on Responsible Mineral Supply Chains in Paris. Participants from the government of the People's Republic of China and the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) attended the Forum; CCCMC has voiced strong support for the Due Diligence Guidance and is open to partnering on training and outreach in China to reach its 6 000 members.

NCPs have continued to play an important role in promoting the Due Diligence Guidance. Of the 38 NCP reports received in 2014, 18 respondents (47%) affirmed that they or another government agency promote the OECD *Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones*, while 22 of the 38 respondents (58%) affirmed that either they or another government agency promote the Due Diligence Guidance. Promotion of the Due Diligence Guidance ranged from making the document available on the NCP or government website, to translating the Due Diligence Guidance into the local language (Slovenia is the most recent adherent to do so), to actively

promoting the Due Diligence Guidance through workshops, and information exchanges with embassies and key industry associations in the country. The OECD is aware that government agencies in some countries are promoting the Due Diligence Guidance but have not communicated this to their NCP colleagues. Close communication between key government departments involved in RBC is encouraged, as this will result in better coordination, effective implementation and uptake on the ground.

### **Impact**

The UN Group of Experts on the DRC has reported on increases in revenues and government capacity to regulate the mineral sector in the DRC and Rwanda as a result of due diligence efforts by the private sector and relevant stakeholders. In 2012, the UN Group of Experts on the DRC also reported that “the security situation at tin, tantalum and tungsten mine sites has improved and trade in tin, tantalum and tungsten has become a much less important source of financing for armed groups”.<sup>2</sup> However, the most recent report from the group, which was issued in January 2014, estimates that 98% of the DRC’s gold is smuggled out of the country, thus rendering it impossible to distinguish conflict-gold from clean gold. While this underlines that much more work needs to be done to effectively cut the link between fraud, violence and the mineral trade, a June 2014 report by the Enough Project<sup>3</sup> is encouraging:

“since legislation began forcing companies to examine and begin cleaning up their supply chains, and since the Congolese military launched an initial restructuring, armed groups and Congo’s army have ceded control of two-thirds of mines surveyed (67%) that produce tantalum, tin, and tungsten in eastern Congo, three of the four conflict minerals. Furthermore, the mines at Bisie and Rubaya, previously major revenue sources for deadly armed groups, are now nearly completely demilitarized.”

### **Regional and national legal developments**

The Due Diligence Guidance is incorporated into the national legal frameworks and policies of the DRC, Rwanda and Burundi, and is part of the International Conference on the Great Lakes Region (ICGLR) Regional Certification Mechanism, covering all 12 ICGLR member states. The first ICGLR certificates were issued by Rwanda and the DRC in early 2014, highlighting the progress made in implementing supply chain due diligence through the ICGLR Regional Certification Mechanism and the Due Diligence Guidance.

The US Securities and Exchange Commission (SEC) furthermore recognises the Due Diligence Guidance as an international framework available to companies to meet their reporting obligations under the Dodd-

Frank Act.<sup>4</sup> Approximately 1,300 US-listed companies filed their first conflict-minerals reports with the SEC by 2 June 2014. 99% of companies sampled by Ernst & Young<sup>5</sup> that had filed their first conflict minerals reports in the US under the Dodd-Frank Act reported to be using the OECD due diligence approach for their reporting. This was reflected by many of the companies attending the May 2014 Multi-stakeholder Forum meeting who highlighted the central role of the Due Diligence Guidance in meeting their due diligence and reporting requirements.

In March 2014, the EU put forward its integrated approach on the responsible sourcing of minerals originating from conflict-affected and high-risk areas, including a draft regulation<sup>6</sup> and a host of accompanying measures referencing the Due Diligence Guidance extensively. The EU draft regulation is focused on voluntary self-certification by importers of minerals into Europe and the accompanying measures include for example a global list of smelters to provide visibility to those smelters that are compliant, public procurement incentives and financial support to SMEs.

### **Next steps**

Awareness-raising and capacity building remains a critical aspect of the implementation programme. In 2014 the focus will be on outreach in the Great Lakes region, China, Colombia and Turkey. We hope that similar progress will take root in India, which is an important market in gold. Capacity-building activities will include a “Train the Trainer” model to enable local stakeholders to perform awareness-raising of the Due Diligence Guidance on their own. Pilot trainings using this model will be carried out in the DRC but could be rolled out to other relevant areas. In addition, baselines assessments of gold supply chains and the level of awareness of due diligence in the DRC, Middle East and Colombia will further refine outreach needs and approaches. Finally, peer-learning and tool development will continue to be an important part of the implementation programme and these will be developed through the many working groups within the implementation programme on diverse issues such as the Artisanal and Small-Scale Mining Hub, audits, 3T commercial risk mitigation and the worst forms of child labour in mining.

## **Financial sector**

On the basis of research commissioned in 2013 it was concluded that few of the financial institutions surveyed use the *Guidelines* in the implementation of environmental and social due diligence as they are seen as too generic; many cited a lack of clarity on terminology, for example, the meaning of “business relationships” and “direct” links to adverse impacts in the context of the financial sector.

On the basis of these findings and further discussion within the WPRBC meetings recommendations were developed with regards to this proactive agenda project and four priority issues were identified in terms of the application of the *Guidelines* to the financial sector. In response to these issues the OECD developed three explanatory papers on the application of the *Guidelines* in the context of the financial sector.

A paper on the application of the term “business relationships” was developed and revised several times to incorporate the comments of the WPRBC. During the WPRBC meeting of 20 March 2014 the paper was approved by consensus for release.

The main findings of the paper were the following:

- The understanding that the *Guidelines* are voluntary for enterprises has implications for the use of key terms such as “application” and “scope” of the *Guidelines*. It is precisely since the *Guidelines* are recommendations and not legally enforceable that open-ended descriptions of what is meant by the term 'business relationships' can be used. Since the *Guidelines* are recommendations, and adhering countries are committed to their widest possible observance, a precise definition is not necessary.
- the *Guidelines* contain an expansive description of the term “business relationships”. Since the *Guidelines* operate with non-exhaustive descriptions of key terms, their possible use or “scope” is not limited by sector, to certain kinds of enterprises or to certain kinds of business relationships. A minority shareholding can therefore in principle be seen as a business relationship under the *Guidelines*, even if this is not spelled out in the text of the *Guidelines* itself.
- Although observance of the *Guidelines* by enterprises is voluntary and not legally enforceable,<sup>7</sup> this does not reduce the expectations that the *Guidelines* should be observed. Financial institutions should consider the appropriate manner in which observance of the *Guidelines* could successfully be implemented in their business strategies.
- As concerns the issue of financial institutions in their role as minority shareholders, including sovereign wealth funds and central banks, due regard must be paid to the sector-specific characteristics and practical and legal concerns and restrictions. This is important for the understanding of how the *Guidelines* could be observed within the financial sector.

A paper on the meaning of “adverse impacts directly linked to financial sector operations, products or services by a business relationship” was released as a note from the OECD Secretariat during the 2nd Global Forum on RBC in June 2014.<sup>8</sup> The paper provides the OECD Secretariat’s guidance on how the nature of a relationship to an adverse impact affects the type of response an enterprise is expected to exercise. It also provides more guidance on the



meaning of “directly linked” in the context of the financial sector. This paper has not been approved by the WPRBC. It was released as the OECD Secretariat’s note upon discussion in the WPRBC and will be discussed at a later stage of the project.

The third paper on the application of the *Guidelines* to sovereign wealth funds was developed by the OECD but was not released because the request for clarification on this issue by Norway was revoked.

A project proposal on the application of the *Guidelines* within the financial sector including a plan to build upon the initial exploratory work done by the OECD with regard to the aforementioned priority areas was submitted in response to a request to do so by the WPRBC. The project will, amongst other matters, include examination of risk-based due diligence approaches, the metrics and tools for risk prioritisation, the legal, policy and market contexts, and leverage in various financial services and associated business relationships. Specifically with regard to financial investments, the project will also examine due diligence in minority shareholdings, and how approaches may differ in accordance with the investment strategies (i.e. passive or active), and how to deal with investments in sovereign bonds. Currently funding is being sought to support this project.

A panel on responsible business conduct in the financial sector was organised during the 2014 Global Forum on RBC during which many of the issues above were discussed amongst industry experts.

Significant outreach efforts related to the *Guidelines* application in the financial sector were also undertaken.<sup>9</sup>

## Extractive sector stakeholder engagement

Following the inclusion of a new provision on stakeholder engagement in the updated *Guidelines*, adherents agreed to pursue a proposal by Canada and Norway for a proactive agenda project to develop a user guide for stakeholder engagement and due diligence in extractive industries. The user guide is intended to assist companies and a broad range of affected stakeholders in the extractive sector in understanding and implementing stakeholder engagement and due diligence along the full spectrum of activity, in particular at the operational and/or site-based level, to prevent and mitigate adverse impacts of extractive industries. It will also provide guidance on monitoring and evaluating stakeholder engagement to encourage putting in place systems or processes that recognise and take into account the interests of the stakeholders and provide an informed basis for decisions taken by an enterprise on its operations.

In March 2013 the WPRBC constituted an OECD-hosted multi-stakeholder Advisory Group, Chaired by the governments of Canada and Norway, to

provide substantive input on the development of a user guide on stakeholder engagement and due diligence. The membership of the Advisory Group evolved over several months and today represents a diverse body of OECD and non-OECD countries (e.g. Canada, Colombia, the Netherlands, Norway, Tanzania), industry participants from the oil, gas, mining and metals sectors (e.g. AngloAmerican, BIAAC, Canadian Association of Petroleum Producers, Chevron, China Chamber of Commerce for Metals, Minerals and Chemicals, International Council on Mining and Metals, Prospectors and Developers Association of Canada, World Gold Council,) and civil society organisations and other initiatives (e.g. International Work Group for Indigenous Affairs, OECD Watch, Oxfam Australia, Partnership Africa Canada, TUAC).

In November 2013 a request for proposals to lead the drafting of the user guide was distributed to contractors with expertise on stakeholder engagement in extractive industries. Relying on feedback from the Advisory Group on the submitted proposals, the Center for Social Responsibility in Mining (CSRSM) was awarded the contract for the project. CSRSM is housed at the Sustainable Minerals Institute of the University of Queensland, one of Australia's premier universities and possesses 12 years of experience in working with companies, governments, international organisations and communities on issues of stakeholder engagement in the extractive industries to advance sustainable development.

The Advisory Group, Chairs, CSRSM, and the OECD convened by teleconference in January, February, March and in a face to face meeting on 27 June 2014 to discuss the guide. Initial discussion focused on the scope, audience and structure of the guide. The Advisory Group is providing feedback on the outline and drafts of the guide both through written commentary and during scheduled meetings.

A panel on stakeholder engagement and due diligence in the extractive industries was organised during the 2014 Global Forum on RBC. The panel was comprised mostly of speakers from the Advisory Group and generated discussion on some of the most challenging issues with regard to this subject to help support the drafting of the user guide.

A first draft of the user guide was circulated to the Advisory Group for comment in August 2014. Finalising the user guide will be an iterative process of drafting and redrafting by the contractor in close consultation with the Advisory Group. Once the feedback of the Advisory Group is integrated a draft will be circulated for broader public consultation and input from NCPs.

## **Textile and garment sector supply chains**

On 29-30 September 2014, the OECD and the ILO organised a joint high-level roundtable on responsible supply chains in the textile and garment

sector to foster an open and constructive exchange of information among policy-makers, donors, the private sector, practitioners and CSOs, so as to strengthen implementation of textile and garment sector supply chain initiatives. The roundtable will provide an opportunity to further explore the desirability and feasibility of additional OECD due diligence guidance in this area.

The OECD may consider pursuing a project on the textile and garment sector which would focus on developing countries at particular risks of adverse impacts and facing challenges to implement responsible business conduct, with a view to explore the need and feasibility for developing practical due diligence guidance for the sector that brings added-value and is consistent with the *Guidelines* and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

A session entitled “Rana Plaza: Responsible Supply Chains in the Textile and Garment Sector” was organised during the 2014 Global Forum on RBC.<sup>10</sup> This session featured participation by senior government officials, labour representatives and civil society and discussed progress as well as ongoing challenges in this sector since the Rana Plaza incident over one year ago.

## Agricultural supply chains

The increased involvement of a wide range of investors in the agri-food sector can help meet the growing demand for agri-food products, but it also heightens the risks of adverse impacts, particularly in weak governance countries. In this context, the OECD and the UN Food and Agriculture Organisation (FAO) are developing a practical guidance to support businesses in undertaking due diligence and implementing existing principles for responsible business conduct along agricultural supply chains. A multi-stakeholder Advisory Group comprising OECD and non-OECD countries, institutional investors, agri-food companies and civil society organisations has been established in 2013 to help develop such guidance. This work is undertaken in close collaboration with the Committee on World Food Security.

The WPRBC agreed to establish an Advisory Group on responsible business conduct along agricultural supply chains on 27 June 2013. The Advisory Group held its first meeting on 16 October 2013. Terms of reference for developing the practical guidance were then approved by the Advisory Group on 10 February 2014. The first draft of the practical guidance was discussed at the second meeting of the Advisory Group on 26 June 2014. The OECD and FAO Secretariats will incorporate the comments received from members of the Advisory Group in a revised version of the guidance that will be presented to the WPRBC and the Working Party on Agricultural Policies and Markets in October and November 2014.

## Notes

1. See for example the International Tin Supply Chain Initiative (iTSCi) designed to implement the OECD Due Diligence Guidance for 3T minerals from mines to smelters; and the Conflict-Free Sourcing Initiative (CFSI) developed by EICC-GeSI to identify and assess the conflict-free status of 3Ts and gold smelters/refiners. Gold industry and trade organisations such as World Gold Council (WGC), London Bullion Market Association (LBMA), the Responsible Jewellery Council (RJC), EICC & GeSI and the Dubai Multi-Commodities Centre (DMCC) have already developed schemes and tools that operationalise the Supplement on Gold within their specific segments of the supply chain.
2. [www.securitycouncilreport.org/un-documents/democratic-republic-of-the-congo/](http://www.securitycouncilreport.org/un-documents/democratic-republic-of-the-congo/).
3. [www.enoughproject.org/reports/impact-dodd-frank-and-conflict-minerals-reforms-eastern-congo%E2%90%99s-war](http://www.enoughproject.org/reports/impact-dodd-frank-and-conflict-minerals-reforms-eastern-congo%E2%90%99s-war).
4. The SEC final rule on Section 1502 of Dodd Frank Act repeatedly endorses the OECD Guidance as a "nationally or internationally recognized due diligence framework" for fulfilling Dodd-Frank requirements of conflict mineral due diligence. The SEC says that the OECD Guidance "satisfies our criteria and may be used as a framework for purposes of satisfying the final rule's requirement that an issuer exercise due diligence in determining the source and chain of custody of its conflict minerals" (full text available at <http://sec.gov/rules/final/2012/34-67716.pdf>).
5. EY Center for Board Matters: "Let's talk: Governance – first-year conflict mineral reporting reveals insights and surprises", Issue 6, June 2014.
6. Text of the EU draft regulation: [http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc\\_152227.pdf](http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc_152227.pdf) and accompanying materials: [http://europa.eu/rapid/press-release\\_MEMO-14-157\\_fr.htm](http://europa.eu/rapid/press-release_MEMO-14-157_fr.htm).
7. The Guidelines Chapter I, paragraph 1.
8. See <http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2014-financial-sector-document-1.pdf>.
9. See Chapter 1 of this report for more details.
10. Further details are provided in Chapter 4 of this report.

## Chapter 3

# Strengthening co-operation with non-adhering countries

*Non-adhering countries, particularly in Asia, are attracting a growing share of international investment and a larger number of specific instances are arising in these countries. Outreach has become an essential component of the work on the Guidelines. This chapter reviews the activities undertaken to enhance relations with non-Members during the June 2013-June 2014 reporting period.*

Relations with non-adherent Members continued to intensify during the reporting period. It translated in the development of new partnerships on RBC with countries in Central Asia and South Caucasus, and the strengthening of relations with countries in the Asia-Pacific region, notably Myanmar and China.

### Asia-Pacific

A one-day high level conference “Regional Co-operation in Advancing Responsible Business Practices” was organised with the UN Economic Commission for Asia and the Pacific (UN ESCAP) on the occasion of the 2013 Asia-Pacific Trade and Investment Week in Bangkok (Thailand) on 18-22 November 2013. This event focused on the role of governments in supporting and facilitating more sustainable and inclusive business practices. The discussion was an opportunity to look at emerging issues of mutual interest to advanced, emerging and developing economies, and provided a strong base for exploiting existing and potential synergies between the OECD and UN ESCAP. In particular, the discussion was divided as follows: 1) national approaches to RBC; 2) multilateral and sectoral approaches to RBC; and 3) ways of advancing collaborative efforts.

OECD Deputy Secretary-General, Rintaro Tamaki, and UN ESCAP's Deputy Executive Secretary, Shun-ichi Murata, delivered the opening addresses while the Chair of the OECD WPRBC, Roel Nieuwenkamp, and UN ESCAP Director of the Trade and Investment Division, Ravi Ratnayake, presented the conclusions of the discussions. During the conference the OECD and UN ESCAP signed a Memorandum of Understanding (MoU) designed to reinforce the OECD/UN ESCAP partnership with a focus on promoting corporate responsibility and responsible business practices.<sup>1</sup>

The OECD was also invited to speak at the UN ESCAP Committee on Trade and Investment held on 20-22 November 2013 in Bangkok. In his remarks, the Chair of the OECD WPRBC, Roel Nieuwenkamp, highlighted the positive outcomes of the conference, particularly the relevance of RBC for the South East Asia (SEA) Regional Programme, which was launched at the 2013 OECD Ministerial Council Meeting. While the current level of involvement of government in promoting RBC in some countries does not always allow the immediate creation of a policy network, it is important for the OECD to continue to engage towards the creation of such formal policy network at a

later stage. Furthermore, it was highlighted that the MoU attests to the strong synergies between the two organisations and their desire to strengthen co-operation. Several South-East Asian countries welcomed these developments as a means of avoiding duplication of efforts and of using resources more efficiently.

As a result of this conference, the OECD has been invited to organise a side event on the Guidelines and the *OECD Policy Framework for Investment* at the Asia-Pacific Business Forum 2014 which will be held in Sri Lanka on 24-26 November 2014 and the next Trade and Investment Week during the Trade and Investment Week in February 2015.

## Myanmar

More investors from countries adhering to the *Guidelines* are investing in Myanmar. It is therefore important to promote the principles and operational modalities recommended in the Guidelines with regional investors (i.e. China, Malaysia, Thailand and Singapore). Local businesses can also contribute to levelling the playing field. In March 2014, the OECD organised and participated in the first official meetings on RBC and the *Guidelines* with Myanmar government officials and parliamentarians as well as the first awareness raising events with the Myanmar business community and other relevant stakeholders.<sup>2</sup>

On 1 March 2014, a working session was organised in Nay Pyi Taw between the OECD, the NCPs for Italy, Norway and the UK, and the Minister for National Planning and Economic Development of Myanmar, along with participation of 21 ministries, Members of Parliament, ASEAN ambassadors, International Finance Corporation and OECD country government representatives. The discussion centred on the unique implementation of the Guidelines and areas of future co-operation.

Additionally, a special event to raise awareness about the *Guidelines* among the domestic and foreign business community was held in Yangon on 4 March 2014 at the initiative of the Italian government. This event was part of a one-day conference “Promoting Responsible Investment in Myanmar: Domestic and International Responses” organised in co-operation with the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) on the occasion of the launch of the OECD Investment Policy Review of Myanmar. The Member of the Myanmar Investment Commission and Joint-Secretary of UMFCCI, Khine Khine Nwe, and the Chair of the Italian NCP, Benedetta Franchesconi, delivered the opening addresses for this event.

A special event focusing on why responsible investment is essential for Myanmar’s continued development was held on 26 June 2014 during the Global Forum on RBC. It included a keynote address by the Director General of

the Directorate of Investment and Company Administration in Myanmar, Aung Naing Oo. This special event was an opportunity to present the findings of the new OECD Investment Policy Review and the recent RBC-specific initiatives in Myanmar.

## China

China is taking an increasingly proactive role in the promotion of RBC, providing new opportunities for collaboration between the WPRBC and China. On 19 February 2014, the OECD participated in a workshop “Relevance of CSR Guidelines for Companies Operating and Investing Abroad” co-hosted by the China Enterprises Confederation and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ). The workshop was attended by officials from the Ministry of Commerce of the government of the People's Republic of China, the National Reform and Development Council, Chinese business groups, chambers of commerce and enterprises, as well as international guests including international organisations, OECD-country government representatives in China and bilateral aid agencies. A total of 55 attendees were part of the half day workshop. It offered a unique opportunity for the OECD to provide Chinese companies with an overview of the Guidelines and the Due Diligence Guidance and its implementation programme.

Furthermore, several bilateral meetings were organised to discuss opportunities for collaboration between the OECD and Chinese organisations, notably with the China Council for International Co-operation on Environment and Development, the Chinese Textiles and Apparel Group, the State-owned Assets Supervision and Administration, the China Council for the Promotion of International Trade, the China Chamber of Commerce of Metals, Minerals, and Chemicals Importers & Exporters, the Beijing New-century Academy on Transnational Corporations, and the CSR Center of China Academy of Social Sciences.

## Central Asia and South Caucasus

The RBC in Central Asia and South Caucasus Project was launched in February 2013 with the support of a voluntary contribution by the government of Austria. This project examines the role of RBC in building healthy business environments in Central Asia and South Caucasus. Furthermore, Kazakhstan has recently been invited to adhere to the OECD Declaration on International Investment and Multinational Enterprises, which will include the creation of an NCP and the promotion of principles and standards for RBC set out in the Guidelines.

A key end-project output was the development of a new OECD “RBC in ...” publication, a concise collection of basic RBC-related information in a specific



context, intended to be used primarily by investors, business partners, and supply chains as a resource document. Government agencies, domestic enterprises, and civil society might also find it helpful and could use it for their own activities. The objective of the publication series, which is first featuring Kazakhstan and Georgia, is to provide information on the existing expectations on RBC and on resources that could help enterprises overcome challenges in translating standards and principles into practice. The Guidelines are used as the primary framework for highlighting some of the more significant challenges businesses can face in the featured countries.

The project was also used as a basis for increased co-operation with the Central Asia and South Caucasus regions through numerous contacts with various stakeholders involved in the regions, missions to Kazakhstan and Georgia in September 2013 and March 2014, and participation in or preparation of special events in Austria, Kazakhstan and Paris in 2014.

*Responsible Business Conduct in Kazakhstan* was launched in May 2014 at the occasion of the Astana Economic Forum. At a press conference the OECD, the Chair of the WPRBC, Roel Nieuwenkamp and the Ambassador of Austria to Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan, Dr. Wolfgang Bányai, discussed the relevance of the Guidelines in Kazakhstan and presented the main findings of the publication. Bilateral meetings with the government, businesses and civil society organisations were organised in parallel.

In addition, a special event on RBC in Central Asia and South Caucasus was held on 26 June 2014 during the Global Forum on RBC. The Vice Minister of Industry and New Technologies of Kazakhstan, Yerlan Sagadiyev, and the Deputy Minister of Economy and Sustainable Development of Georgia, Ketevan Bochorishvili, delivered the opening addresses. This well attended event focused on the RBC-related challenges and opportunities that enterprises in Kazakhstan and Georgia can face in their operations, and offered an opportunity to present the main findings of the *Responsible Business Conduct in Kazakhstan* publication and the draft RBC in Georgia publication.<sup>3</sup>

## Notes

1. See <http://mneguidelines.oecd.org/2013-oecd-unescap-rbc-conference.htm> and [www.unescap.org/news/trade-and-investment-week-kicks-responsible-business-practice-conference](http://www.unescap.org/news/trade-and-investment-week-kicks-responsible-business-practice-conference).
2. See <http://mneguidelines.oecd.org/2014-conference-promoting-responsible-investment-myanmar.htm>.
3. See <http://mneguidelines.oecd.org/rbc-central-asia-south-caucasus.htm>.



## Chapter 4

# 2nd Global Forum on Responsible Business Conduct

*The Global Forum on Responsible Business Conduct was launched in 2013 to strengthen international dialogue on responsible business conduct and to enhance the synergies between corporate responsibility instruments on all levels, including the Guidelines. The 2nd meeting brought together over 560 members of the international community engaged in reinforcing the ecosystem of responsibility for all actors came together to tackle the challenges of implementing responsible business on the ground.*

## Acknowledgements

The second meeting of the Global Forum on RBC brought together over 560 attendees with over 90 distinguished speakers representing governments, businesses, trade unions, and civil society to provide insights and exchange views about the core challenges and opportunities in advancing responsible business practices. The OECD wishes to thank the speakers, the audience, stakeholder organisations (BIAC, TUAC, and OECD Watch), and partner organisations for their contribution in making the Global Forum a success.

The OECD would particularly like to thank **Arnaud Montebourg, Minister for the Economy, Industrial Renewal and Digital Affairs, France** and **Lilianne Ploumen, Minister for Foreign Trade and Development Co-operation, Netherlands** for their leadership in the organisation of the first-ever Ministerial Meeting on Responsible Business Conduct,<sup>1</sup> which took place on 26 June parallel to the Global Forum. Over 60 Ministers and high-level participants came together to discuss how governments can lead by example in promoting good business practices. The Ministerial communiqué adopted at the meeting is reproduced in Annex 4.A1.

The OECD would also like to thank **Luc Rousseau, Chairman of the Economic Council to the Minister for the Economy, Industrial Renewal and Digital Affairs, France**, who delivered the opening address at the Global Forum along with Minister Ploumen<sup>2</sup> and the OECD Secretary-General.<sup>3</sup> Special appreciation also goes to the following Global Forum lead speakers:

- **Shahriar Alam**, State Minister for Foreign Affairs, Bangladesh
- **Peter Bakker**, President, World Business Council for Sustainable Development
- **Ketevan Bochorishvili**, Deputy Minister of Economy and Sustainable Development, Georgia
- **Alexandra Guáqueta**, Member, UN Working Group on Business and Human Rights
- **Gilbert Hougbo**, Deputy Director-General for Field Operations and Partnerships, International Labour Organisation
- **Richard Howitt**, European Parliament Rapporteur on Corporate Social Responsibility
- **Philip Jennings**, General Secretary, UNI Global Union

- **Muhtar Kent**, Chairman and Chief Executive Officer, The Coca-Cola Company
- **Ravi Ratnayake**, Director, Trade & Investment, UN Economic and Social Commission for Asia and the Pacific (ESCAP)
- **Janos Pasztor**, Executive Director, Conservation, WWF International
- **Yerlan Sagadiyev**, Vice-Minister of Industry and New Technologies, Kazakhstan
- **Joseph Sam Sesay**, Minister of Agriculture, Forestry and Food Security, Sierra Leone.

Jane Nelson, Director of Corporate Social Responsibility Initiative at Harvard University contributed actively in the organisation of the opening plenary, and Jacques Schramm, President of ISO PC 277 Sustainable Procurement organised a special event on ISO Sustainable Procurement. Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility<sup>4</sup> and Prof. Dr. Roel Nieuwenkamp, Chair of the WPRBC delivered the closing addresses.

## Key findings

Improving the business climate is crucial to addressing downside risks to global recovery. Without responsibility, accountability, and transparency, markets simply cannot function well. As such, the convergence in international standards and principles on what constitutes RBC, centred around the 2011 update of the *Guidelines* and the 2011 *UN Guiding Principles for Business and Human Rights* (the *UN Guiding Principles*), is a welcome development. It has led to a more predictable business environment and has advanced the common understanding and expectations on how business should avoid and address risks and how governments can support and promote responsible business behaviour.

However, turning ideas into practice is another matter entirely. While many businesses demonstrate respect for high standards of business conduct, there is a need to address significant responsibility gaps in supply chains, processes of production and distribution, manufacturing, and throughout the entire value chain. Accidents like Rana Plaza in Bangladesh underline there is no room for complacency. Competing on the least common denominator has resulted in failure to provide even the most basic safety conditions for workers. This is not an acceptable status quo. Governments, businesses, trade unions and civil society need to act collectively so that advances in theory are reflected on the ground.

The Global Forum on RBC was launched by the OECD in 2013 to strengthen international dialogue on RBC and to enhance the synergies

between corporate responsibility instruments on all levels, including the *Guidelines*. At its second meeting on 26-27 June 2014, over 90 distinguished speakers came together with over 560 attendees to provide insights and exchange views on how to do well while doing no harm in an effort to contribute to sustainable development and enduring social progress. Discussions were held in six thematic sessions and three special events:

- Reinforcing the ecosystem of responsibility
- Grievance mechanism of the *OECD Guidelines for Multinational Enterprises*
- Rana Plaza aftermath: Responsible supply chains in the textile and garment sector
- Stakeholder engagement and due diligence in the extractive sector
- Responsible business conduct along agricultural supply chains
- Responsible business conduct in the financial sector
- Special event: Responsible business conduct in Myanmar
- Special event: Responsible business conduct in Central Asia and South Caucasus
- Special event: ISO Sustainable Procurement.

Each session was structured as a panel discussion to encourage dynamic exchanges among participants. The following report reflects the main outcomes of this discussion. It is organised according to each session and the main themes and highlights of the discussion.

### **Reinforcing the ecosystem of responsibility**

The objective of this session was to take stock of the advances in the global responsibility field since the inaugural meeting of the Global Forum in June 2013. Particular focus was given to developments in emerging economies and challenging investment environments. The discussion was structured around four main themes: 1) areas where the greatest progress has been made and the challenges and gaps that remain; 2) areas where there is the most potential for collective action, either on an individual company level through business operations and value chains or on a sectoral, regional, and thematic basis; 3) areas in which there are most opportunities to scale up and extend responsible business practices to more companies, across industries, countries and regions, and 4) key actions for the OECD in continuing to support the advancement and scale-up of RBC. Main conclusions of the discussion are listed below.

### **Responsibility in practice – a call for action**

Convergence around the expectations on responsible business conduct has generally been welcomed as it provides a common language and understanding for stakeholders. As one panellist highlighted, the strong mobilisation of international community, since 2011, and especially after the Rana Plaza tragedy in Bangladesh, has led to increased awareness of RBC and tremendous efforts to reflect change on the ground. This is progress. This panellist particularly noted that two policy pillars on RBC, the *Guidelines* and the *UN Guiding Principles*, represent an unprecedented agreement around the expectations for business to act responsibly, changing the global RBC landscape forever.

However, more efforts are needed. One panellist noted that good problem diagnostics already exist, which is good news because it gives direction for next steps and points to areas where action can be focused. Namely, there was general consensus that efforts should be focused on sector-based approaches, especially considering that there is a need for practical guidance on how to actually implement principles and standards on the ground. The financial sector was highlighted as one sector of particular importance for clarifying what RBC means in practice.

### **Re-defining value**

A number of panellists agreed that there is a fundamental problem of how businesses internalise the concept of value. Living in an economy driven by the concept of financial capital skews how value is viewed by business leadership, which is reflected broadly in the governance of business. To encompass the realities of today's economies, value needs to be re-defined and broadened to also include considerations around social and natural capital. Focusing only on returns on investment is not an accurate reflection of business risks or responsibilities. There was wide support for pushing forward the agenda around internalising and creating value for stakeholders, not just shareholders.

The panel recognised that many recent efforts have been made to help businesses re-define their performance metrics. One example named was the Global Reporting Initiative's G4 framework that emphasises the concept of materiality – a key for getting more businesses to integrate responsibility into core operations. Another example given was the efforts in the textiles industry in Bangladesh, the Sustainability Accounting Standards Board and the Extractive Industries Transparency Initiative. Advances have also been made in defining integrated reporting frameworks, which can and should be improved. Embedding a new concept of value in business operations will also require changes within capital markets. With the exception of the niche of

sustainable investment, the majority of markets do not take responsibility issues into account.

To support these efforts, the panel called for more coherence on the expectations that governments have for governance for businesses. The OECD, in particular, should use the occasion of the current revision of the OECD Principles of Corporate Governance to ensure coherence and mutual reinforcement between them and the *Guidelines for Multinational Enterprises*. One panellist encouraged the OECD to “stay the course” in its efforts on RBC and to link RBC to broader OECD initiatives, such as the New Approaches to Economic Challenges<sup>5</sup> initiative.

### **Better for society, better for business**

Some panellists noted the many efforts that individual companies are making to integrate responsibility considerations into their internal decision-making processes. These efforts are welcomed and represent a significant change from previous practices. At the same time, it is not only the number of efforts that will count in the future but rather their successful impact. One business leader cautioned that corporate responsibility issues cannot be treated as philanthropy as this will simply not work. The most important thing is to find that critical point between better for the world and better for business. Not only do responsible practices bring costs down, but in today's world, the character of the company plays a role in consumer choice. Panellists noted that success is best derived when a company is result-oriented, action-biased and focused on effective partnerships with other companies, governments, and civil society. The panel called on businesses to make specific public commitments, to set clear goals and targets, and then measure and validate them, especially through third-party validation.

### **Importance of market leaders**

A number of panellists mentioned that the complexity of global value chains should not be an excuse to defer responsibilities for impacts. Today's economy is made up of truly global business and this should also bring about global responsibility. One panellist illustrated the point by highlighting the fact that just because the workers in Rana Plaza were locals who were recruited by locals and worked for locals, it is not true that international supply chains do not hold responsibility.

There was general consensus that the most powerful engine for change is large global brands because their supply chains run through all the corners of the world. Under their leadership, supply chains will become more responsible and other business throughout the world will follow. This is why it is important to speak a common language with business executives at the



highest levels. RBC is not about philanthropy, it is about shared risks, risk management, and contributions to sustainable development.

### ***Scaling up efforts through collective action***

Change on the ground will hinge on conscious and strategic collective action – no one stakeholder alone can create the systemic change at this scale. Collective action could take different forms from company to company and industry to industry. Panellists recognised that business-to-business partnerships are an area of great potential. This is especially true since these venues could be used to share experiences and showcase leadership by market leaders to incentivise others to follow. One example given was the Consumer Goods Forum,<sup>6</sup> an industry-led network of retailers, manufacturers, service providers, and other stakeholders, reflecting the diversity of the industry in geography, size, product category and format. Another example given was the Accord on Fire and Building Safety in Bangladesh,<sup>7</sup> which has been signed by over 150 apparel corporations and is also a multi stakeholder effort.<sup>8</sup> Some panellists called upon every single sector, not just the critical ones where most of the problems happen, to move beyond just engaging with traditional trade associations.

Collective action could also happen on thematic issues, such as youth unemployment, water, and climate change. It could also be national, regional or local based. Economic empowerment of women was raised as a particular issue of importance.

### ***Importance of constructive and early engagement***

A number of panellists underlined the importance of early engagement and recognition of trade unions and civil society as necessary to achieve progress. There is no way to improve the situation when workers do not have a seat at the table. Workers have a vested interest in sustained engagement and are often solution-oriented. This is why early, constructive, formal, and confidential engagement is key. There have been a growing number of global framework agreements between businesses and trade unions, which can serve as both a good example of collective efforts and as a basis for constructive dialogue.

### ***Need to raise awareness***

Panellists noted that in many parts of the world, awareness of RBC is very low. There is a marked need to increase awareness of responsibility issues in Asia-Pacific. In general, pressure on RBC is low in Asia-Pacific, except where the damage of irresponsible conduct is already evident. Although RBC is increasingly being considered by Asia-Pacific governments and companies, more can and should be done. There was general consensus that increasing

awareness at country, regional, and local levels is of high priority. However, the panel cautioned that imposing views without taking into account the local context would not be efficient. There has to be national ownership of RBC. In general, efforts to engage society at large should be scaled up. Social media can play an important role in such engagement.

### ***Need for capacity-building***

Because of the inherent complexities and structure of global value chains, the role of governments in promoting RBC is very important. The panel welcomed the OECD's initiative in organising the first-ever Ministerial Meeting on RBC, which took place in parallel to the Global Forum. Governments should lead by example. As one panellist mentioned, low government capacity can introduce issues in the business environment, be it for the lack of oversight or even active incentives to encourage irresponsible behaviour. Furthermore, governments in emerging and developing countries face problems that are often prioritised over RBC. At the same time, a distinction needs to be made between the government's political willingness and its capacity. Triggering change is often a balancing act. Pushing too hard can sometimes lead to lost leverage and unwillingness to engage on part of the host government, while at the same time, it is not practical to wait for conditions to be perfect. One panellist highlighted that private initiatives should never be a replacement for the duty of the state. Furthermore, the focus often lands on national governments. However, a panellist noted that engaging with local or city governments can be more efficient since officials at a local level can often act faster and be more flexible.

## **Grievance mechanism of the OECD Guidelines for Multinational Enterprises**

The objective of this working session was to discuss how to make the unique grievance mechanism of the *Guidelines* more effective. The 46 adhering governments to the *Guidelines* are obliged to set up National Contact Points (NCPs) whose main role is to further the effectiveness of the *Guidelines* by undertaking promotional activities, handling inquiries, and contributing to the resolution of issues that arise from the alleged non-observance of the *Guidelines* in specific instances. This effectively makes the *Guidelines* the only international corporate responsibility instrument with a built-in grievance mechanism.

The discussion focused on access to effective remedy in grievance mechanisms such as the NCPs, the added value of mediation and practical experiences of NCPs with good offices, and how to improve the performance of NCPs. The panellists highlighted the problem solving function of NCPs.

### **Improving access to effective remedy**

The UN *Protect, Respect, and Remedy* Framework brought to light the crucial role of effective grievance mechanisms in upholding the state duty to protect and the corporate responsibility to respect human rights. Panellists highlighted the critical role of NCPs for all three pillars of the UN Framework. Nevertheless, some panellists noted that access to effective remedy is not evolving fast enough to respond to expectations and realities on the ground. In particular, the capacity of grievance mechanisms to deliver effective remedy has been put in question.

One panellist noted that there is an increasing impatience with a seeming lack of accountability related to corporate human rights abuses, lending support to the resolution approved in June 2014 by the UN Human Rights Council to examine the scope of a legally binding treaty on business and human rights. The Council has extended the mandate of the UN Working Group on Business and Human Rights to promote the UN Guiding Principles, prioritising the promotion of National Action Plans on the UN Guiding Principles in its strategy as well as judicial and non-judicial remedy questions. The High Commissioner for Human Rights was also requested in the same resolution to explore “the full range of legal options and practical measures to improve access to remedy for victims of business-related human rights abuses”.<sup>9</sup> These efforts show just how important it will be for governments and business to close the existing remedy gaps.

Improving access to remedy has to be a priority. A number of panellists underlined however, that there should be no sanctions tied to the NCP mechanism and that a consensus-based approach would be more efficient in gathering broad acceptance from businesses. Furthermore, the fact that the *Guidelines* are not legally binding does not mean that their observance is discretionary and optional.

### **Added value of mediation**

Informal problem-solving processes, such as mediation, allow the parties to exercise a better level of control over the process of reaching an agreement than the more formal processes in which a third party makes a final binding decision. This allows parties to improve their relationship and to create new partnerships based on mutual trust and respect. Businesses can resolve issues without damaging their reputation while civil society organisations can get tangible benefits for affected communities. In addition, mediation through the NCP process offers a significantly more expeditious and cost saving alternative to more formal or legal procedures. There is no one-size-fits-all in terms of mediation but the mediation process should be based primarily on providing satisfactory outcomes for both parties, provided that these

outcomes are consistent with the *Guidelines*. As a starting point for success, both parties need to have clear and realistic expectations on the possible outcomes of such a process. For instance, the type of remedy that the NCP mechanism can provide is not unlimited. In some cases, remedy may be partial or not possible.

The panel noted some other essential elements for a successful outcome of a mediation process. For example, parties need to determine realistic timescales to build ownership over the process. The neutrality of the mediator and the venue is certainly an essential element for ensuring confidence of both parties. Panellists also agreed that confidentiality is an important element in the formula. Once the mediation process is completed, it is important to have an agreement that both parties have endorsed. A follow-up process is also desirable because it allows confirmation that the parties' agreement is effectively implemented. In 2012, with the support of Norwegian, Dutch and British NCPs, the Consensus Building Institute prepared an NCP Mediation Manual<sup>10</sup> that provides useful information for NCPs in conducting mediation or choosing a mediator.

Civil society representatives cautioned, however, that mediation is not the only form of good offices that NCPs can provide. This is notable for cases where one party refuses to participate in the NCP process. NCPs were called on to be ready to make recommendations even in such instances in order to ensure the effective implementation of the *Guidelines*.

### ***Improving NCP performance***

The panel also discussed several ways in which NCPs can improve their performance. Enhancing functional equivalence was identified as one area of priority. The panel noted that NCPs that produce statements tend to be more engaged than others. Access to adequate resources is key for NCPs to function properly. Civil society representatives and affected communities sometimes find access to the NCP mechanism challenging due to the level of evidence that might be requested by an NCP. Another difficulty is the remoteness of NCPs from affected local communities. As a consequence, there can often be an imbalance between the parties from the start, as civil society often lacks financial and professional resources to overcome these challenges. Civil society has also expressed the concern that there have been specific instances where their views have not been adequately taken into account. One panellist highlighted that the fact that specific instances are often rejected after initial assessment can undermine the usefulness of the mechanism. Similarly, business participants cautioned that divergence in interpretation of the *Guidelines* across different NCPs and different specific instances can also undermine the usefulness of the mechanism by creating confusion and limiting the trust in the overall functioning of the NCP system. Overall,

increasing functional equivalence was seen as the area where efforts would produce immediate results on the ground. The panel also highlighted that the *Guidelines* are not voluntary for adhering countries. Each country is obliged to establish an NCP and adequate resources should be allocated to ensure the NCPs are functional.

### ***Increasing outreach efforts***

It was also noted that NCPs should foster a closer dialogue with other partner organisations such as the UN Working Group on Business and Human Rights and National Human Rights Institutions. The panel underlined the importance of outreach activities for the reinforcement of the NCP system. Non-adhering countries could be encouraged to establish “focal points” on RBC, whose purpose could be to co-ordinate RBC efforts in the country and to serve as a contact point for NCPs when specific instances arise in non-adhering countries.

The Ministerial Communiqué on Responsible Business Conduct commends the NCPs for their efforts in promoting RBC and providing an accessible and impartial platform for conciliation and mediation to resolve issues that arise relating to the implementation of the *Guidelines* in specific instances. It also encourages all countries that have not yet done so to consider adhering to the *Guidelines* and to commit to their principles and standards in order to collectively contribute to sustainable development and a level playing field.

## **Rana Plaza aftermath: Responsible supply chains in the textile and garment sector**

This session featured the recent global efforts to build responsible supply chains in the textile and garment sector following the April 2013 Rana Plaza accident. It included discussion of initiatives taken by governments, businesses and civil society. At the beginning of the session, Minister Ploumen, State Minister Alam, and Ambassador Andreani presented the results from the parallel Ministerial meeting on RBC.

### ***Consensus on reversing business-as-usual***

April 24, 2014 marked a one year anniversary of the tragic collapse of the Rana Plaza building in Bangladesh that claimed over 1 130 lives and resulted in more than 2 500 injured workers. The Rana Plaza disaster was a jarring reminder of the fact that responsibility over global supply chains needs to be urgently strengthened. The textile and garment sector in Bangladesh generates approximately USD 22 billion a year and is a cornerstone of the Bangladesh economy. It employs about 4 million workers, 80% of whom are

women, and has substantially contributed in bringing down the nation's poverty rate. The key role of the textiles sector in the country's economic trajectory is clear. Boycotts or disengagement by buyers cannot be the answer to Rana Plaza. Reforms of industry and governance structure are necessary to make sure that workers can enjoy increased economic opportunities while at the same time having adequate workplace health and safety standards. The panel recognised that this represents a shared responsibility among manufacturing and importing nations and private actors throughout the supply chain. Participants underlined that improvement of standards in this sector should not be driven just by a moral imperative but by commercial incentives as well. For example, a survey by the EU Trade Commission revealed that 35% of people surveyed would pay more for products that reflected strong social and environmental standards. In the context of EU textile and garment imports from Bangladesh, this would represent nearly USD 3 billion in revenue annually.

### *Progress has been achieved*

Initiatives taken by a broad range of stakeholders in response to Rana Plaza were recognised by the Ministers attending the first-ever Ministerial Meeting on RBC. This includes the Bangladesh Tripartite National Action Plan; the Sustainability Compact for Bangladesh<sup>11</sup> launched by the European Union, the United States, the ILO and Bangladesh; the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety; the work of the ILO, such as the Better Work Programme in Bangladesh; the in-depth reports of the NCPs of France<sup>12</sup> and Italy<sup>13</sup> on the implementation of the *Guidelines* in the textile and garment sector and the initiatives of Belgium,<sup>14</sup> Canada, Denmark, Germany, the Netherlands, Sweden, the United Kingdom and the United States. The Ministers also called upon stakeholders to deepen their respective efforts to build a sustainable sector in Bangladesh and recommended the development of practical due diligence guidance specific to this sector in line with the *Guidelines* and the activities of NCPs.

Panelists also presented some additional achievements that have been realised through these and other initiatives in little more than one year after Rana Plaza.

- **Factory inspections:** Progress has been made through the factory inspection program organised by the Accord on Fire and Building Safety in Bangladesh, the Alliance on Worker Safety in Bangladesh and the National Tripartite Plan of Action on Fire Safety for the Ready-Made Garment Sector in Bangladesh. To date, around 1 590 factories have been inspected (out of approximately 3 700 factories), leading to the temporary shut-down of about 17 factories assessed to be of imminent danger.

- **Legal reforms:** The government of Bangladesh has pursued regulatory reform to strengthen governance and standards in this sector. Notably, the government has amended the country's Labour Law and has ratified most of the core International Labour Organisation Conventions (including Convention No. 87 on freedom of association and Convention No. 98 on the right to organise and bargain collectively). Minimum wage rates have also been increased by 77%. Certain labour reforms still have to be implemented, such as the extension of collective bargaining and freedom of association rights to workers employed within Bangladesh's export processing zones. Consultations on further amendments to the Labour Law are ongoing and should be completed within the next month.
- **Increasing capacity:** More resources are being committed to increasing capacity in Bangladesh. The Division of Inspection for Factories and Establishments has been upgraded to a Directorate and has expanded to nearly 1 000 staff members. 2 000 workers have already been trained on labour rights, with a goal to reach 50 000. Development of a public database with information about export-orientated factories, which would also work as a platform for reporting workplace safety and labour violations, has also been launched.
- **Labour unions:** 187 trade unions have been registered in Bangladesh, up from less than 10 prior to Rana Plaza. Although this increase in representation is encouraging, it is important to ensure that such unions are credible representatives of workers and that they are able to function and negotiate on behalf of workers free from intimidation and harassment.

### **Contribution by National Contact Points of the Guidelines**

Following their June 2013 statement,<sup>15</sup> NCPs have also mobilised to respond to issues in the textiles sector. Some have engaged at the national level with enterprises sourcing textiles and garments from Bangladesh, trade unions and other stakeholders. Their first priority has been to explain the application of the *Guidelines* to the textiles and garments buyers and to "business relationships" throughout the supply chain. Some NCPs have recommended a set of due diligence measures that should be put in place upstream to effectively implement the *Guidelines* along the textiles and garment supply chain. Notably, the French NCP Report on the Implementation of the *Guidelines* in the textiles and clothing sector<sup>16</sup> and the Italian NCP Report on Responsible Business Conduct in the Textile and Garment Supply Chains<sup>17</sup> were issued as a response to Rana Plaza. Both reports were prepared in consultation with key stakeholders, including numerous industry representatives, to identify the principle challenges and needs in this sector and to provide practical recommendations to enhance responsible business conduct throughout textile and garment supply chains in the sector. More

details about NCP efforts can be found in the June 2014 statement<sup>18</sup> on one-year after Rana Plaza.

### **Way forward**

It became clear from the discussion that a turning point has been reached with regard to the responses to Rana Plaza. While much has been done, existing commitments must be honoured to ensure that the two year anniversary of Rana Plaza is marked by accomplishments rather than shortcomings.

### **Compensation**

The issue of remedy - and in this case compensation - was one of the most discussed issues in the session. The progress achieved by the Rana Plaza Arrangement, created to help streamline and standardise compensation efforts for Rana Plaza victims, was presented. So far the Arrangement has processed 2 400 claims and 14 050 medical assessments, established 4 000 bank accounts for victims and is in the process of approving 700 claims, which will eventually have to be settled. The Arrangement has estimated that a total of USD 40 million is needed to adequately compensate victims, but so far only USD 17 million have been raised. A strong plea to companies to fill this gap was heard from governments, panellists and participants over the course of both days of the Global Forum.

A statement on compensation<sup>19</sup> for Rana Plaza victims issued by the governments of Denmark, France, Germany, Italy, the Netherlands, Spain and the United Kingdom was recognised and applauded during the session. The statement urges companies, the government of Bangladesh, as well as BGMEA, to contribute generously to the Rana Plaza Donors Trust Fund for victim's compensation.

### **Remediation**

Beyond compensation and broader remedy considerations, more clarity and follow through are needed for repairs to bring infrastructure up to the appropriate safety standards. This includes considerations for workers affected by these efforts. Although factory closures have been few, reported at around only 1% of total inspections, they have nevertheless resulted in job losses for thousands of workers. The Accord has worked to relocate and provide temporary compensation to workers suffering job losses from closure of factories; however, many others are reportedly not receiving compensation during the repair efforts. Additionally, the factories that were shut down represent only those that present imminent safety threats; repairs and other remedial actions will be necessary for more than just the closed factories. It is currently unclear to whom the costs of factory repairs should fall. The Accord



stipulates that international brands should make it financially feasible for companies to undertake remediation and repair; however, it is not clear how this shall be done in practice and who will bear the ultimate responsibility for the cost.

### **From compliance to partnership**

Responsibility for strengthening conditions in this sector extends throughout the supply chain. The panel highlighted that to foster real change in the sector a shift should occur from monitoring of compliance to horizontal and vertical collaboration. Partnerships should be put in place not only among businesses, but also between government, industry, workers, civil society and institutions. Rather than reactive action, proactive efforts should be taken at the sector level to prevent these types of accidents from occurring again. Fair pricing on behalf of buyers was mentioned several times as a necessity to improve working conditions. However, it would be important for any additional revenue from pricing to be distributed appropriately.

Similarly, it was suggested that longer-term working relationships can help build strong partnerships and can help avoid the negative impacts of irregular and short-term orders and turnover deadlines. Buyers participating in the Accord have pledged to continue sourcing from the same companies at comparable volumes for two years and to stay engaged with the Accord for five years. More widespread long-term arrangements between buyers and suppliers could allow for better planning and investment both in workers and also facilities on the ground. It could also increase buyer's leverage to encourage better working conditions. Finally, small and medium sized enterprises, as an essential component of the value chain, represent a special challenge as they often do not have the resources or leverage to encourage better working conditions. Industry co-operation will be vital to including small producers in the process.

## **Stakeholder engagement and due diligence in the extractive sector**

It has been documented that a lack of meaningful stakeholder engagement can lead to significant delays and costs for extractive companies and can have irreversible impacts for communities, such as permanent destruction of the environment, livelihoods or even loss of life. However, when done right, stakeholder engagement can assist companies in maximising their investments and can bring positive benefits to stakeholders, such as increased employment opportunities, capacity and skills development and infrastructure.

The 2011 update of the *Guidelines* included a new provision that enterprises should, “[e]ngage with stakeholders in order to provide

meaningful opportunities for their decisions to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities” (*Guidelines for Multinational Enterprises, Chapter II: General Principles (14)*). In response to this new provision and the importance of the subject, the Working Party on Responsible Business Conduct agreed to constitute an OECD-hosted Multi Stakeholder Advisory Group to provide substantive input on the development of a User Guide to provide practical site-level guidance on stakeholder engagement and due diligence for extractive industries.

The aim of this session was to generate discussion and formulate constructive guidance on how to approach existing challenges and opportunities in this area on an operational level, which could feed into the drafting of the User Guide.

### **Two aspects of stakeholder engagement and due diligence**

The panellists explained that the User Guide that is being developed approaches the application of due diligence in two ways. Stakeholder engagement is used as a due diligence tool, as defined by the *Guidelines*, to avoid causing or contributing to adverse impacts through an enterprise’s own activities; and seeking to prevent or mitigate adverse impacts when the impact is directly linked to an enterprise’s operations, products or services by a business relationship. Importantly, under the *Guidelines*, adverse impacts refer to impacts to stakeholders rather than simply internal company risk, although the two are interrelated.

Additionally, due diligence also refers to monitoring and evaluating stakeholder engagement activities themselves, to drive company performance and to ensure that engagement does not cause or contribute to adverse impacts and that it has been correctly and effectively implemented and executed. Although a wide range of standards and guidance on stakeholder engagement already exists, in the current context, guidance on using a due diligence approach to stakeholder engagement is largely lacking. The idea is to create a complementary User Guide that can draw on or even incorporate existing standards.

### **Positioning engagement strategically**

Many panellists recognised that for stakeholder engagement to be most impactful, it must be positioned centrally within an organisation and the activities of various project departments – not treated merely as an add-on. Stakeholders should not only be consulted about the classic environmental and social impacts of a mining project but should also be involved in every step of the engagement process itself, including in identifying stakeholder

groups, representatives and impacts, as well as in designing engagement strategies, remedies and appropriate reporting mechanisms.

### ***Identifying the right dialogue partners***

Identifying the right stakeholders for engagement and credible representatives for various groups is a significant challenge for extractive industries. It is clear that limited engagement, for example consulting exclusively with government representatives and excluding local communities, is not effective. Challenges related to engagement with relevant sub-groups, such as women or illegal artisanal miners, for example, which can be excluded from consultations and engagement by communities themselves, were raised.

There seemed to be consensus that identifying the correct representatives of groups and avoiding 'elite capture' can take time. Strategies offered were to involve stakeholders in selecting their own representatives and to ensure that stakeholder identification is not a one-off process but rather that initial findings are refreshed over time, ideally at each phase of the project. Furthermore, it was suggested that industry should focus engagement with the most constructive and relevant stakeholders rather than those that voice their opinions the loudest.

### ***Approaching Free Prior and Informed Consent (FPIC)***

Discussion of the principle of FPIC featured prominently on the panel. Several of the panellist suggested that FPIC represents best practice when conducting stakeholder engagement and some even suggested that application of FPIC should be non-negotiable. However, it was recognised that approaches to FPIC vary across international policy and industry instruments. How it is conducted in practice will depend largely on context.

FPIC was said to be the responsibility of governments, companies as well as indigenous groups themselves. Some panellists stated that both home and host governments of extractive operations should establish regimes that protect indigenous rights over land and should impose effective sanctions and remedies in case of violations. Not all jurisdictions have endorsed FPIC, although some panellists argued that companies should nevertheless attempt to practice it.

Important practices in this regard included early engagement with the appropriate groups, preferably at the exploration phase, to avoid negative impacts both in terms of marginalisation of indigenous groups and avoiding sunk costs for corporations. Additionally, ensuring that indigenous groups have sufficient capacity to engage and can come to the table as equals was discussed. This may involve providing capacity building through training,

assisting in representation through hiring advisors selected by the community and even something as simple as ensuring that the physical context in which negotiation takes place is balanced. For example, this could mean avoiding positioning companies and governments opposite the table from indigenous groups in a literal sense.

The OECD was called upon to co-operate more closely with the UN on issues of indigenous rights.

### ***Working in institutionally weak or repressive contexts***

It was recognised that at times companies have to operate in contexts of weak governance or even repressive and violent states, and panellists discussed strategies for dealing with these situations.

- **Engaging early and proactively:** Two key strategies were identified. First, it is important to have a strong policy in place that signals a company's commitment to meaningful engagement and ethical conduct, including condemnation of violence and repression. Second, using leverage early in the process is desirable, ideally during the negotiation phase, to ensure that the company policies are well communicated and respected. Furthermore, it was suggested that before investing, companies need to consider whether they are realistically capable of respecting the policies and standards they subscribe to in the context of operating in this type of environments or if they should consider walking away, if necessary.
- **Finding allies:** It was also recognised that leverage can severely diminish throughout the lifecycle of a project as situations change. Identifying individuals or specific bodies within the government that can be relied on as allies could be one strategy.
- **Trust building:** In repressive and conflict-affected areas, the sensitivities about certain stakeholder groups need to be treated even more carefully. It was noted that trust building and creating functional systems that respect confidentiality are essential.
- **Creating a process rather than a solution:** A related issue was the role of companies in weak institutional environments where the company is looked to play a role usually reserved for the state, such as in provision of infrastructure or health care. One panellist suggested that it is important to engage the government in the process when taking on these types of roles to ensure that there is ownership and buy-in for contributions made by the company.

Responding and reporting. The importance of disclosure and reporting, both internally and externally, was raised several times throughout the panel discussion. Reporting internally helps companies monitor and evaluate their progress and assures proper stakeholder engagement. Reporting back to

communities is important so that they can make informed decisions and monitor if their contributions are being integrated into company decision-making. It can also provide communities an additional channel to hold governments accountable. Additionally, standardised performance indicators and reporting could be useful to investors for understanding the project stability and strength as related to RBC.

## Responsible business conduct along agricultural supply chains

The increased involvement of a wide range of investors in the agri-food sector can help meet the growing demand for agri-food products, but it can also heighten the risks of adverse impacts, particularly in weak governance countries. The panel discussed the measures that governments and enterprises can take to mitigate the risks faced by enterprises when investing in agricultural supply chains and to ensure that agri-business investments benefit host countries and investors.

Governments should establish platforms for multi stakeholder dialogue and strong institutional frameworks. Home governments can organise dialogue on RBC between government, business and civil society. The NCPs established under the *Guidelines* can serve as an effective platform for such dialogue, as demonstrated by the successful conclusion of some recent specific instances. Home governments can also conduct sectoral risk assessments and can develop sectoral guidance to support companies in their due diligence. Host governments can impose conditions on investors to enhance the benefits to host countries and societies, and can request enterprises to submit business plans that include measures to mitigate risks and implement RBC standards. As weak governance countries face difficulties in ensuring compliance with RBC standards, home governments and international organisations have a role to play in strengthening institutional frameworks, building capacities and raising awareness in such countries.

Businesses should undertake due diligence. Risks in the agri-food sector, such as political, weather, environmental and land tenure risks, are higher than in some other sectors and may require heightened due diligence. Country risk assessments can be undertaken to avoid investing, for instance, in countries facing food shortages, while planned investments focus on exportable cash crops. Due diligence should consider political, legal, financial and operational risks, including environmental and social risks. Enterprises should adopt a policy or principles for RBC and develop effective implementation plans. Such plans should include in particular engaging with governments and civil society, disclosing key suppliers and working with them to improve compliance, and consulting with local communities to obtain their consent on investment plans. Best practices can be drawn from the

successful win-win experiences already undertaken by some major agri-food companies. Compliance with RBC standards by major investors can effectively encourage other businesses to follow suit, thereby encouraging a race to the top.

Other players should play an active role in supporting governments and businesses in their RBC efforts. One panellist suggested that civil society can effectively encourage RBC, giving the example of a successful Oxfam campaign *Behind the Brands*. International organisations should develop sectoral guidance and credible instruments to promote RBC and help enterprises in implementing existing norms and standards. These instruments should be field-tested to ensure their feasibility and achieve win-win situations.

Several challenges should be addressed by all stakeholders to improve global food security. First, linkages between various investors should be encouraged. Large-scale investments are only part of the solution to global food security and family farms should also be supported, including by strengthening co-operatives and providing appropriate trainings. Second, food waste and losses at the farm and at the consumer level should be reduced. Third, increased investment in research and development should be encouraged to promote sustainable intensification and agroecological practices, including by increasing yields in developed, emerging, and developing economies. Indeed, the FAO estimates that an average annual net investment of USD 83 billion in primary agriculture and necessary downstream activities is required in developing countries to meet the demand for food by around 9.3 billion people in 2050.

As a conclusion, the panel agreed that RBC was good for food security and good for business. While host governments bear the principal obligation for creating the necessary conditions to promote responsible agri-business investment, businesses should undertake due diligence to mitigate the risks of contributing to adverse impacts. A thorough due diligence process can effectively lower their reputational, operational and thus financial risks. The conclusions of the panel discussion will feed into the development of the OECD-FAO practical guidance on RBC along agricultural supply chains.

## **Responsible business conduct in the financial sector**

The aim of this session was to explore practical approaches to due diligence in various real-life scenarios and across the range of financial sector products and services, drawing from the recent discussions within the OECD Working Party on Responsible Business Conduct, the United Nations, and the Office of the High Commissioner for Human Rights, on the application of the *Guidelines for Multinational Enterprises* to the financial sector.

The name of the game has changed. Following the 2008 financial crisis, public opinion regarding financial institutions plummeted and the expectations about how the financial sector should contribute to economic growth and prosperity increased. RBC, in addition to being a driver of a successful and inclusive market economy, is key to restoring public trust and improving governance in this sector. The financial sector has always been a leader in terms of risk management, and, indeed, the concept of due diligence grew out of this industry. However, international instruments such as the UN Guiding Principles and the *Guidelines* have expanded the concept of risks to include risks beyond just risks to the financial institutions.<sup>20</sup>

Several panellists considered that the principal goal of the financial sector should be the creation of long-term value and that there can be challenges related to practices that have a mainly short-term focus. With this in mind, regulation, standards and some internalisation of external costs could contribute to greater focus on the long-term value creation. The focus could be broadened from only financial capital to other five capitals: natural capital, human capital, social capital, manufactured capital and intellectual capital.

Some panellists considered that active engagement by investors regarding RBC practices of the companies they invest in was necessary. Some panellists suggested that RBC should be incorporated in the understanding of fiduciary duty in the context of the financial sector, to broaden its meaning beyond maximisation of returns. A lack of commitment to RBC can negatively impact the bottom line and it is becoming increasingly impossible to not include environmental and social due diligence in general risk management systems of financial institutions.

### ***Identify the risk and don't forget the remedy***

Having processes in place to identify risks is the first expectation under the UN Guiding Principles and the *Guidelines*. However, given the vast volume of business relationships and transactions common to financial sector institutions, thorough due diligence of every transaction or business relationship is not feasible. The *Guidelines* encourage prioritisation of risks – this is the approach leading actors in the financial sector have been applying through a variety of methods. One approach discussed was the use of risk-based matrices that evaluate host country risk, sector risk, company-level risk and specific investment risk to identify and prioritise potential adverse impacts. Another approach was using third-party information databases that capture media and civil society reports and identify potential red flags related to new or ongoing investments, also assessing the severity of the risk identified and legitimacy of the source. Another was using annual self-assessments and monitoring and evaluation to assess potential risks and

application of market leverage to mitigate or prevent potential adverse impacts. All these approaches could be mutually reinforcing.

Identifying and appropriately assessing risks is the most challenging component of risk management systems. Some panellists noted that, while it is important to recognise that not every risk will be captured, when a risk or adverse impact is identified, there is an expectation to act.

Knowing and showing. It was suggested that a failure to report on non-financial matters may present a liability to financial institutions in the future. Obligation to report non-financial information is becoming a growing trend. The EU Directive on Non-financial Reporting<sup>21</sup> will soon come into force and the Indian stock exchange already requires reporting against the *OECD Principles of Corporate Governance* for companies going through initial public offerings. Public reporting is important not just for companies, but also for external stakeholders. The level of reporting should be detailed enough so that stakeholders can evaluate whether RBC is being practiced so informed decisions can be made. Reporting is also important for the inclusion of rights-holders in the risk assessment processes. A knowledgeable community can foster a broader perspective that can contribute to more effective risk identification and management processes.

Need for additional information and standardisation. Although a plethora of information exists on corporate conduct and environmental and social impacts, participants raised the issue that there is lack of standardised, specific and quantifiable indicators for these subjects, which is one of the biggest challenges for risk identification and assessment. Panellists expressed a need for properly consolidated standards backed with quantifiable and objective data in order to strengthen risk management systems. Additional research and analysis on the monetary value of external costs, such as environmental damage or social liabilities, and their impact on profitability, was also called for.

Some initiatives are already underway in this regard. For example, one panellist mentioned the True Cost initiative, which is working on ways to include the costs of external impacts in company financial projections. One panellist described work with the World Resources Institute and Rights and Resources that involves building a database of standardised information related to environmental and social aspects in the gold mining industry. Such initiatives can contribute to greater understanding of links between social and environmental risk factors and financial return, but will have limited impact on a stand-alone basis.



### Coherence is key

The issue of policy coherence across industry, regulators, and internal company systems was frequently mentioned in the panel. First, the point was made that RBC policies need to be treated coherently throughout a company. A failure to do so will hinder the effectiveness of even the strongest policies. Additionally, coherence and collective action across the sector will be important in mainstreaming these trends. The stakeholders that are not currently aware of and/or active on RBC must be brought into the conversation. One panellist highlighted that private equity institutions should also implement the *Guidelines* and the UN Guiding Principles. Strategies need to be formulated for both traditional direct investments, as well as in other areas, such as passive investments and index funds. It was suggested by some panellists that market makers such as stock exchanges and index fund managers could be key players in undertaking complementary due diligence and pre-screening of companies to increase efficiency and catalyse broad-based reform for a responsible financial sector. However, not all panellists agreed with this approach and it was cautioned that free flow of capital should not be restricted.

The importance of supporting private efforts by a strong regulatory framework was also highlighted. Implementing international principles and standards such as the *Guidelines* and UN Guiding Principles throughout internal policies and practices contributes to coherence in private sector efforts. Financial institutions leading in this field have attested to using these instruments as a framework.

However, a strong point was made again that coherence among international instruments that cover governance of business is crucial. The OECD, in particular, was once again called upon to ensure coherence between the *OECD Principles of Corporate Governance*, currently under review, and the *Guidelines for Multinational Enterprises*.

### Special event: Responsible business conduct in Myanmar

The objective of this special event was to discuss why responsible investment is essential for Myanmar's continued development. The findings of the new *OECD Investment Policy Review of Myanmar* and a review of recent RBC-specific initiatives in Myanmar were also presented.

Responsible business conduct efforts are 'indigenous' to Myanmar. Regulatory and institutional reforms underway in Myanmar are increasing. A panellist highlighted that the public and private sectors within Myanmar are championing RBC efforts. The government's focus on efficiency, transparency and accountability has led to the revised Foreign Investment Law (2012), Special Economic Zones Law (2011), and Labour Organisation Law (2012),

among others. Thanks to labour law reforms, Myanmar was readmitted to the ILO in 2013. Institutional reforms in the Myanmar Investment Commission are also underway, while the National Human Rights Commission was established in 2012. Looking ahead, the government aims to become more active in adhering to the Extractive Industries Transparency Initiative and is currently drafting an anti-corruption law. Myanmar's standing on Transparency International Corruption Perceptions Index<sup>22</sup> has improved significantly, moving from 172nd place in 2012 to 157th in 2013. Recently, in a project supported by Italy to promote RBC and the *Guidelines* in Myanmar, the government partnered with the OECD to hold workshops with members of parliament, ministry officials, businesses and civil society. The government has also engaged in a learning exercise with the UK British Council to increase awareness of RBC issues among social enterprises. The government views RBC as a means to achieve an inclusive, sustainable economy, rather than an end itself. This drives its commitment to embed RBC in its policies and to expect investors to do the same when operating in Myanmar.

### ***New investors face diverse, complex challenges***

Despite a prevalent positive outlook among the panellists, some commented on the complex nature of due diligence that new investors must undertake in Myanmar. One panellist noted that it took his company a full year to complete the due diligence process, which entailed a value chain analysis from the sourcing of raw materials to consumer end use. A prominent risk is the still-developing basic rule of law, which means that an independent judiciary and functioning labour action system are yet to be established. Facilitation of payments is still a common practice, leaving companies with long delays if they uphold their legal obligation to refuse. Land tenure presents another risk, as companies are still learning to navigate the chain of land ownership among local suppliers as well as land purchased for company facilities. At this difficult stage, companies must seek guidance from others who have been on the ground for some time or turn to communities to gain insight into which issues require prioritisation. Given current tensions within Myanmar, it is imperative that companies seek a thorough understanding of how to handle sensitive topics such as ethnicity or religious affiliation.

### ***A widespread capacity gap may undermine recent reforms***

Myanmar's political and business actors must act quickly yet carefully to build the enabling environment necessary for responsible investment. The panellists acknowledged a widespread capacity gap at each level of government, society, and business that may risk halting or reversing recent positive trends. Local laws regarding social and environmental issues lack robustness and leave room for investors to claim they are applying local law

where none actively exist. Civil society must be empowered to participate more actively during consultations with potential investors and there must also be room for it to engage with government leaders. Local suppliers face hurdles in comprehensively meeting labour and human rights standards. The potential for increased resource wealth requires both a proactive revenue management policy and an examination of how the core-periphery relationship between the government and diverse ethnic groups can be improved.

Several panellists noted the role that the international community can play in supporting the on-going development of RBC practices. A special emphasis was placed on home governments, who can require businesses to act responsibly while also applying pressure and providing support to the Myanmar government. One panellist highlighted that the United States government now implements rigorous reporting requirements for American companies undertaking oil and gas projects or investing more than USD 500 000 in Myanmar in order to guard against irresponsible practices, particularly regarding land tender and labour.

### **Global standards should be utilised as guidance**

The panellists agreed that new RBC standards specific to Myanmar would be superfluous. Rather than attempt to create new expectations, the RBC framework in Myanmar should be guided by existing tools and common frameworks. Many of the panellists noted that it would be unreasonable to expect local businesses to meet these principles and standards within a short timeframe due to lack of capacity. The *Guidelines* provide a useful benchmark, thanks to their comprehensiveness and alignment with the universally endorsed *UN Guiding Principles on Business and Human Rights*. Several panellists also mentioned the positive role other standards available could play, such as the *ASEAN Guidelines on Good Industrial Relations Practices*.<sup>23</sup> One of the most important points is to continue sustained and robust engagement on RBC in line with common international frameworks.

## **Special event: Responsible business conduct in Central Asia and South Caucasus**

This special event focused on the role of RBC in building healthy business environments in Central Asia and South Caucasus and the investor contribution to the region's sustainable and inclusive growth. The discussion drew upon the knowledge and experience of various regional players. The main findings of the first two studies of a new OECD publication series *Responsible Business Conduct In*, featuring Kazakhstan and Georgia, were presented. This publications series was conceived as a resource document for investors to understand the needs and expectations of the societies in which

they operate. It describes the challenges and opportunities investors encounter in translating RBC principles and standards into practice, and identify appropriate tools and partners that could assist in these endeavours. The Kazakhstan and Georgia publications are part of a broader OECD project on RBC in Central Asia and South Caucasus, which is supported by the Austrian Development Agency and the Austrian Federal Ministry of Science, Research and Economy.

### ***Pushing the agenda forward in Kazakhstan***

Since independence, Kazakhstan has received a sizeable amount of foreign direct investment due to its rich natural resources, a large part of it going to oil and gas exploration. Reforms in recent years have also created a relatively open business environment. On the RBC front, the National Chamber of Entrepreneurs of Kazakhstan is developing, in co-operation with the Eurasia Foundation, a corporate social responsibility concept for Kazakhstan around which a national strategy and a national action plan could be developed by the Kazakhstan government. Kazakhstan participates in a wide range of international initiatives, including the OECD-Eurasia Competitiveness Programme launched in 2008 to develop the region's economic and employment potential by enhancing national, regional and sectorial competitiveness.

### ***Focus on integrating Georgian business in international value chains***

In Georgia, the reforms implemented in the last decade have created one of the most open business environments in the world. Georgia ranks 8th for ease of doing business out of 189 countries in the World Bank's *Doing Business* 2014. Despite robust economic growth in the last decade, poverty, inequality and unemployment rates remain high. The economic strategy of the new government prioritises the development of small and medium sized enterprises, skills and education and the absorption of the surplus agricultural labour force to achieve more inclusive growth. The Georgia-EU Deep and Comprehensive Free Trade Agreement signed on 27 June 2014 should bring new business opportunities for Georgia and help it integrate international markets.

### ***Different contexts, common challenges***

In view of the weight of the extractive sector in Kazakhstan's economy, and the stakeholder concerns generally associated with this sector, the Kazakhstan publication focuses primarily on the ways enterprises have to avoid adverse impacts and address those impacts when they do occur. The Georgia publication emphasises, on the other hand, the positive contributions of MNEs to Georgia's economic and social progress through the development

of local enterprises, transfer of skills and know-how and the integration of small and medium enterprises into the global value chain. One challenge, noted by all panellists, is the lack of common understanding in the two countries about what RBC should entail. A better understanding of RBC expectations would contribute to a constructive dialogue between business and other stakeholders about good practices in this field.

A number of panellists referred to recent improvements in social and labour relations in Kazakhstan. One trade union panellist noted, in particular, that the legal framework for labour relations can create good incentives for engaging stakeholders in new partnerships beneficial to RBC. A business representative noted the more systematic approach adopted by its management related to social and environmental programmes, notably in terms of the improvement of skills of the company's labour force. Another panellist noted the need for more active involvement of civil society organisations to influence decision-making at top management level. The Extractive Industries Transparency Initiative (EITI) in Kazakhstan was cited as a good example of how government, businesses (foreign and domestic) and civil society can successfully co-operate in improving business practices.

RBC is a relatively new concept in Georgia and panellists discussed the balance that needs to be found between measures to attract foreign investment and those aiming at improving social conditions. One trade union representative highlighted the gaps in the Georgian legislation related to collective bargaining and women rights. One panellist from a foreign enterprise operating a large hydropower project in the country shared his experience about the need to engage early with local communities in order not only to minimise potential negative impacts but also to manage expectations about job opportunities. Even in the context of a large energy project, the job opportunities are not sufficient to absorb high rates of unemployment. One panellist felt that as civil society organisations in Georgia are getting stronger, they would be in a better position to partner with enterprises in shaping good practices and ensuring their accountability.

The Chair concluded that recent initiatives in both Kazakhstan and Georgia to promote RBC at the government and private levels and the special event at the Global Forum are positive steps towards a better understanding of the role of RBC in building a healthy business environment. Nevertheless, more needs to be done to ensure that Kazakhstan and Georgia gain the most benefits from RBC. Participants particularly welcomed the second phase of the OECD project on RBC in Central Asia and South Caucasus, which aims to increase awareness and common understanding on what RBC actually entails among different stakeholders in the region.

## Special event: ISO Sustainable Procurement

This special event was intended to raise awareness of ISO work on sustainable procurement, to assess the progress to date, and to identify levers that could be used to hasten implementation at both policy-making and operational procurement levels.

Rapid progress of the ISO project, close ties with the OECD. ISO sustainable procurement project started at the end of 2013. The resulting standard is expected to be published in the first half of 2016. The work undertaken so far encompasses a new outline for the standard and a new version consistent with the new structure. There is also interest to incorporate the relevant *Guidelines* work into the process, for example, the projects on textiles and garment and extractive industries.

The Standardisation Group tasked to formulate the new standard brings together 41 countries, two-thirds OECD members and one-third non-members, including most of the BRIC countries, plus several large international organisations, such as the OECD and the UN. The work within the Group is an example of a conducive and productive international dialogue, with indication that convergence on a uniform benchmark for good practices and recommendations at the international level is likely.

### ***Unequal maturity across countries, differentiated requirements vis-à-vis the ISO standard.***

The positions of the countries that are participating in the dialogue can be divided into three categories:

- Those countries that are already far advanced that deal with a number of large domestic and multinational organisations and/or local governments and are now an inspiration for the future standard. Some, such as the United Kingdom, Israel and France, have already formulated domestic standards in this area.
- Those countries, such as certain large BRIC countries like China, that would like to align procurement practices with the principles and various core issues of ISO 26000. These countries have already acted in various industries, in some cases even through regulatory measures. These countries also stress that the implementation any new standard should be gradual.
- Those countries, such as the Democratic Republic of Congo, where the existing initiatives are very limited, if any, that are participating in the process with a view that the new ISO standard should enable them to start integrating responsibility considerations into their own policies.

### **Domestic interests that justify the involvement of governments**

Each country needs to be aware of the economic and social impact of responsible procurement. Country wealth is built on trade between economic agents, both public and private. Consequently, ensuring purchasing flows are responsible can significantly advance major environmental and social interests: preserving human rights, including local employment and workers' rights by, for example, decreasing absenteeism, workplace accidents and occupational illnesses; inclusive and sustainable development; preserving the environment; protecting consumers, etc. These interests justify the involvement of governments in ensuring purchasing flows are responsible.

However, even in countries that are advanced in this area, wide differences can be seen in the way in which governments act *vis-à-vis* public and private players. Some of these countries, such as the United Kingdom, the Netherlands and Belgium, tend to act through government procurement, having understood their responsibility to set an example in their own purchasing operations. Private initiatives in these countries tend to come from firms or industrial sectors that want to be a step ahead of the game (such as the construction sector in the United Kingdom). Another example is Israel, where the implementation of RBC through procurement began through the efforts on Standard 10000, which is a recent certification version of the ISO 26000 by the Standards Institute of Israel that includes a procurement chapter.

In other countries, such as France, there has been strong governmental support through creation of an inter-firm mediation mechanism supported by government mediation; formulation of a Charter of Ten Commitments for Responsible Purchasing;<sup>24</sup> and creation of a government-awarded seal of approval that also involves third-party evaluation. As a result, responsible procurement initiatives have increased significantly, with nearly 500 signatories to the Charter of Ten Commitments, including three-quarters of the listed French corporations and 22 organisations that have already earned the seal of approval. France is considering an initiative for issuing a State seal of approval based, in part, on full compliance with the ISO standard, and, in part, on criteria that would consider any negative impacts in business practices (e.g. excessively slow payments, lopsided contractual clauses, etc.).

### **Challenges and opportunities for MNEs**

In some cases, MNEs see new benchmarks as yet another constraint and additional cost. In other cases, they are more sensitive to the risks related to bad practices and accidents like Rana Plaza, which can hurt their brands. There are also MNEs that consider responsible purchases as a way to differentiate themselves in the market, and to enhance the attractiveness of

their brands and products with customers and consumers. That is also a longer-term and more comprehensive approach to purchasing performance. As such, the leadership of business leaders will be crucial to successful implementation of responsible purchasing practices if they are to have the scope and the long-term duration necessary for change on a broad scale.

As one panellist put it, however, “the devil is in the details”. If responsible purchasing practices are to be applied, it is imperative that the standard not be based on broad principles, but rather on specific and actionable recommendations. It is also necessary to consider the position of large companies that might be operating in a variety of contexts, both home and abroad. A special effort would also have to be made to convince internal decision-makers to shift to responsible procurement and to provide them with sufficient resources, given the magnitude of the task involved. It is also important to rely on young purchasing agents, who should be convinced that responsible procurement is the way of the future.

### **Today’s responsible procurement is tomorrow’s normal procurement**

An absence of responsibility could trigger disasters and prove very costly to MNEs and governments. There is widespread international awareness that the time has come to act, and to act quickly, in ensuring that responsibility permeates internal-decision making, both within governments and MNEs. Senior policy-makers must be brought on board so that responsible procurement will soon be the rule and not the exception. Closer co-operation between the OECD and the ISO is an excellent way of achieving that.

## **Moving forward: Time for action is now**

As highlighted in the closing address<sup>25</sup> by Richard Howitt MEP, European Rapporteur on Corporate Social Responsibility, and that of Prof. Dr. Roel Nieuwenkamp, Chair, Working Party on Responsible Business Conduct, time for action is now. Challenges are many and progress remains insufficient. Leading by example will be crucial to induce change on the ground. This is true for all stakeholders – governments, businesses, trade unions and civil society alike.

### **Promoting global responsibility**

The effective implementation of existing local laws is a first measure against the race to the bottom. Governments that have not yet done so should consider adhering to the *Guidelines* and to commit to their principles and standards in order to collectively contribute to sustainable development and a global level playing field. Complementary efforts to promote the *Guidelines* and the *UN Guiding Principles*, which both reflect the importance of risk-based due



diligence to identify, prevent and mitigate risks, should be encouraged actively. Operational co-operation within global value chains and specifically amongst producing, manufacturing and consuming countries with operations in high-risk areas is highly recommended.

### **Policy coherence**

RBC also correlates to several policy issues and could be used to ensure policy coherence within the government. Countries are also encouraged to give due consideration to the inclusion of social and environmental standards or guidelines in bilateral, regional and multilateral trade and investment regimes. A more responsible trade regime, which is respectful of social and environmental standards such as those promoted by the OECD, ILO and UN, would be a decisive driver for sustainable development and competitiveness globally. Development co-operation and development policy can also be used to support and promote a better business climate. Furthermore, social and environmental standards should be considered in the award of grants and public procurement contracts, as well as in government-backed lending, insurance and financing for business, where appropriate. Policy coherence should also be considered at this level. For example, the current efforts by ISO on sustainable procurement, and the integration of related *Guidelines* work in this international dialogue is a good example of this.

The adherents to the *Guidelines* are called upon to improve the performance of National Contact Points as a top priority. Multi stakeholder work led by the OECD to clarify responsibilities in the financial, extractives, textiles, and agriculture sectors should also be continued. Civil society, in particular, called upon making the *Guidelines* more accessible.

### **Business leadership**

While many businesses demonstrate a respect for high standards of business conduct, all businesses are called on to streamline risk-based due diligence in their entire decision-making process and throughout the entire business in a transparent way, including within purchasing, compliance, risks, and legal departments, both at home and abroad. The recent advancements in the field of corporate reporting are welcomed and should be supported. Trade unions called upon businesses to support global framework agreements as a problem-solving measure. Business leaders were also called upon to re-define and broaden how value is understood within their businesses to include considerations around social and natural capital. Focusing only on returns on investment is not an accurate reflection of the risks that businesses face. There was wide support for pushing forward the agenda around internalising and creating value for stakeholders, not just shareholders.

Scaling up efforts will require active and sustained engagement by all stakeholders. Business executives, factory workers, and consumers alike are often missing from RBC conversations. Engagement is needed on a broad scale, including with society at large. Being accountable for their actions is at the core of responsibility for all actors.

### **Evidence of progress is needed**

This second Global Forum on Responsible Business Conduct, in addition to the informal Ministerial Meeting on RBC, has again emphasised the importance of working together to advance the responsible business conduct agenda globally. The Global Forum's role as an annual meeting to ensure that efforts in this area remain strong and relevant to all stakeholders has been reinforced. These discussions are needed for the development of a robust global and collective responsibility agenda. Next year's Global Forum can serve to show concrete improvements following the discussions this year. Leading by example will be key to realising that change on the ground.

#### **Box 4.1. Programme outline for the 2014 Global Forum for Responsible Business Conduct**

##### **Thursday, 26 June 2014**

09:30-11:45	Welcoming remarks and opening addresses Reinforcing the ecosystem of responsibility	
12:00-12:45	UNCTAD 2014 World Investment Report	Update of the OECD Policy Framework for Investment: Chapter on responsible business conduct
13:30-15:30	Grievance mechanism of the <i>Guidelines</i> for multinational enterprises	Special Event: Responsible business conduct in Myanmar
16:15-18:30	Rana Plaza Aftermath: Responsible supply chains in the textiles and garment sector	Special Event: Responsible business conduct in Central Asia and South Caucasus

##### **Friday, 27 June 2014**

09:30-12:00	Stakeholder engagement and due diligence in the extractive	Special event: ISO sustainable procurement
12:00-12:30	International Trade Centre: Demonstrating convergence in RBC through standards map tool	OECD Watch: Toolkit for the <i>Guidelines</i> for multinational enterprises
13:30-15:00	Responsible business conduct along agricultural supply chains	
15:30-17:00	Responsible business conduct in the financial sector	
17:00-17:30	Moving forward	

## Notes

1. See <http://mneguidelines.oecd.org/2014-informal-ministerial-on-rbc.htm>.
2. See <http://oeso.nl/vertegenwoordiging.org/nieuws/2014/juni-2014/speech-minister-ploumen-gfrbc-26-june-2014.html>.
3. See [www.oecd.org/about/secretary-general/moving-beyond-rhetoric-responsibility-in-practice.htm](http://www.oecd.org/about/secretary-general/moving-beyond-rhetoric-responsibility-in-practice.htm).
4. See <http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/2014GFRBC-Howitt-speech.pdf>.
5. See [www.oecd.org/naec/](http://www.oecd.org/naec/).
6. See [www.theconsumergoodsforum.com/](http://www.theconsumergoodsforum.com/).
7. See [www.bangladeshaccord.org/](http://www.bangladeshaccord.org/).
8. For more information on the collective efforts in Bangladesh, please see below the summary of the Rana Plaza Aftermath panel.
9. UN Document A/HRC/26/L.1, Rev. 1.
10. See [www.responsiblebusiness.no/files/2013/12/NCP\\_mediation\\_manual.pdf](http://www.responsiblebusiness.no/files/2013/12/NCP_mediation_manual.pdf).
11. See [http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc\\_151601.pdf](http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151601.pdf).
12. See [www.tresor.economie.gouv.fr/8507\\_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement](http://www.tresor.economie.gouv.fr/8507_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement).
13. See <http://pcnitalia.sviluppoeconomico.gov.it/en/news/item/301-report-on-responsible-business-conduct-in-the-textile-and-garment-supply-chain>.
14. See [http://economie.fgov.be/fr/binaries/Rapportenaanbeveling\\_20140207\\_EN\\_tcm326-242683.pdf](http://economie.fgov.be/fr/binaries/Rapportenaanbeveling_20140207_EN_tcm326-242683.pdf).
15. See <http://mneguidelines.oecd.org/NCPStatementBangladesh25June2013.pdf>.
16. See [www.tresor.economie.gouv.fr/8507\\_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement](http://www.tresor.economie.gouv.fr/8507_rapport-du-pcn-sur-la-mise-en-oeuvre-des-principes-directeurs-de-l-ocde-dans-la-filiere-textile-habillement).
17. See <http://pcnitalia.sviluppoeconomico.gov.it/en/news/item/301-report-on-responsible-business-conduct-in-the-textile-and-garment-supply-chain>.
18. See <http://mneguidelines.oecd.org/NCP-statement-one-year-after-Rana-Plaza.pdf>.
19. See <http://oeso.nl/vertegenwoordiging.org/nieuws/2014/juni-2014/final-statement-on-compensation-rana-plaza-victims.html>.
20. For more information about the relationship of the Guidelines and the UN Guiding Principles in the context of the financial sector, including related to minority shareholding, see the Global Forum reference materials: “Scope and application of ‘business relationships’ in the financial sector under the Guidelines for Multinational Enterprises” – (<http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2014-financial-sector-document-2.pdf>) and “Due diligence in the financial sector: adverse impacts directly linked to financial sector operations, products or services by a business relationship” (<http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2014-financial-sector-document-1.pdf>); as well as the expert letters and statements (<http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2014-financial-sector-document-3.pdf>) by the UNHCR, the former UN Secretary-General Special Representative for Business and Human Rights, Professor John Ruggie, and Roel Nieuwenkamp, Chair of the OECD Working Party on RBC.
21. See [http://ec.europa.eu/internal\\_market/accounting/non-financial\\_reporting/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/non-financial_reporting/index_en.htm).

22. See [www.transparency.org/cpi2013/](http://www.transparency.org/cpi2013/).
23. See [www.asean.org/resources/publications/asean-publications/item/asean-guidelines-on-good-industrial-relations-practices](http://www.asean.org/resources/publications/asean-publications/item/asean-guidelines-on-good-industrial-relations-practices).
24. See [www.redressement-productif.gouv.fr/mediation-interentreprises/charte-relations-fournisseur-responsables-0](http://www.redressement-productif.gouv.fr/mediation-interentreprises/charte-relations-fournisseur-responsables-0).
25. See <http://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/2014GFRBC-Howitt-speech.pdf>.

## ANNEX 4.A1

*Ministerial communiqué*

The informal Ministerial Meeting, held in parallel to the Global Forum on RBC, was an opportunity to discuss how to integrate RBC principles throughout government policies to protect internationally recognised fundamental rights and to ensure good governance, fair regulations, and transparency. There is a need for a more co-ordinated approach within and between governments to promote good business practices. Ministers also discussed how to work toward a global level-playing field, while at the same time calling on businesses to acknowledge that their freedom to operate globally also carries a responsibility for their impact locally.

The communiqué below reflects the outcomes of this meeting.

**Informal ministerial meeting on Responsible Business Conduct**

26 June 2014

*Ministerial Communiqué on Responsible Business Conduct*<sup>1</sup>

1. On the occasion of the OECD's second Global Forum on Responsible Business Conduct, we have gathered at the invitation of the Secretary-General for an informal Ministerial meeting on Responsible Business Conduct co-chaired by France and the Netherlands.
2. We congratulate the OECD for bringing together this impressive gathering of governments, business, trade unions and civil society to discuss the most pressing issues in the realm of responsible business conduct today. The importance of this issue is underscored by the recent one year anniversary of the Rana Plaza tragedy, one of the largest industrial disasters of its kind.

**Promoting Responsible Trade and Sustainable Development Globally**

3. We recall that the *Guidelines for Multinational Enterprises* ("the Guidelines") represent a comprehensive set of government-backed recommendations for

responsible business conduct in a global context. We invite all countries that have not yet done so to consider adhering to the *Guidelines* and to commit to their principles and standards in order to collectively contribute to sustainable development and a global level playing field.

4. We commend the National Contact Points (NCPs) for their efforts in promoting responsible business conduct, advising how the *Guidelines* apply throughout global value chains and also in providing an accessible and impartial platform for conciliation and mediation to resolve issues that arise relating to the implementation of the *Guidelines* in specific instances.

### ***Promoting Responsibility for a Global Level Playing Field***

5. Responsible business conduct enables enterprises to better contribute to economic development, sustainability, inclusiveness, social progress and to respect internationally recognised human rights and is therefore an essential component of a vibrant, competitive and transparent business environment. Governments have a role in promoting such conduct by providing adequate legal and policy frameworks, and by taking steps to ensure accountability and transparency. We support and encourage the development of company reporting on responsible business conduct and note initiatives taken by some countries to make it a legal requirement in certain situations.

6. Beyond our discussions, we warmly welcome the second Global Forum's contribution in highlighting challenges in the global supply chains of the textile and garment, extractive, agricultural and financial sectors. To promote responsible business conduct in agricultural supply chains we highlight the development of sector specific guidance in this field by the FAO and the OECD. Given the significant influence and presence of the financial sector within the global economy, we strongly recommend that financial institutions carry-out risk-based due diligence, as recommended in the *Guidelines*. We take note of the OECD's initial good work on this subject and support its continuation in a multi stakeholder setting.

### ***Policy Coherence for Responsible Business Conduct***

7. Responsible business conduct is correlated to several policy issues and should be used to ensure policy coherence and as a tool to provide a dedicated forum for collective actions between governments, business, trade unions and civil society. We encourage operational co-operation within global value chains specifically amongst producing, manufacturing and consuming countries with operations in high-risk areas. We welcome complementary efforts to promote the *Guidelines* and the *UN Guiding Principles on Business and Human Rights*, which both reflect the importance of risk-based due diligence to identify, prevent and mitigate risks.

8. There are strong links between trade and investment, protection of the environment, respect for human rights and high social standards. We encourage countries to give due consideration to the inclusion of social and environmental standards or guidelines in bilateral, regional and multilateral trade and investment regimes. This would be a key contribution in ensuring that social (including labour and human rights) and environmental commitments are effectively respected and promoted. A more responsible trade regime, which is respectful of social and environmental standards such as those promoted by the OECD, International Labour Organisation (ILO) and UN, would be a decisive driver for sustainable development and competitiveness globally.

9. We further encourage governments to use development co-operation and development policy to support and promote a better business climate. Social and environmental standards should also be considered in the award of grants and public procurement contracts, as well as in government-backed lending, insurance and financing for business, where appropriate.

10. Policy coherence is also relevant for enterprises. Senior management should mainstream policies and practices on responsible business and involve all relevant departments, such as sourcing, compliance, risk, legal, and responsible business conduct, in this process, in all of their activities at home and abroad.

### **Promoting Responsible Supply Chains in the Textile and Garment Sector**

11. We note with appreciation the ongoing work carried out by all stakeholders – governments, industry, workers, civil society and international organisations – to help ensure dignity, well-being, safety and decent conditions of work in the textile and garment sector since the tragic collapse of Rana Plaza last year. Governments, private enterprise and labour unions responded to this incident by seeking to build a sustainable sector in Bangladesh and to work together with a vision of shared responsibility to ensure that such a tragedy is not repeated. We welcome initiatives such as the Bangladesh Tripartite National Action Plan; the Sustainability Compact for Bangladesh<sup>2</sup> launched by the European Union (EU), the United States, the ILO and Bangladesh; the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety; as well as the impressive work of the ILO, such as the Better Work Programme in Bangladesh, supported by Canada, France, the Netherlands, Switzerland, the United Kingdom and United States. In this context, we applaud the complementary role played by NGOs and Trade Unions to support the Rana Plaza victims. This collective response shows that responsibility in this sector is shared and should be approached collaboratively by all stakeholders.

12. Additionally we welcome the initiatives of many NCPs and government agencies to promote responsible sourcing of garments and textiles. They provide a good basis to accompany the multilateral and private sector responses. We warmly welcome the in-depth report of the NCPs of France and Italy on the implementation of the *Guidelines* in the textile and garment sector<sup>3</sup> and the initiatives of Belgium,<sup>4</sup> Canada, Denmark, Germany, the Netherlands, Sweden, the United Kingdom and the United States. We also take note of the June 2014 and 2013 NCP Statements<sup>5</sup> concerning this sector. We invite all stakeholders of the textile global value chain to duly consider the NCPs' recommendations to build safer and more responsible supply chains, in Bangladesh and beyond.

13. Although the progress achieved has been impressive, more remains to be done. We thank stakeholders for the contributions that have been made to date, but strongly call upon all stakeholders to deepen their respective efforts to build a sustainable sector in Bangladesh. Stakeholders should follow through in fulfilling all their respective commitments. In this regard, we acknowledge the Statement on compensation for Rana Plaza victims issued today by the governments of Denmark, France, Germany, Italy, the Netherlands, Spain and the United Kingdom. We reaffirm the importance of safe working conditions and respect for worker rights, and further acknowledge that ceasing sourcing in Bangladesh could exacerbate the situation for millions of workers, particularly women who make up the overwhelming majority in this sector.

14. The *Guidelines* offer a comprehensive tool to address major challenges in this sector. With this in mind, we welcome efforts to develop practical due diligence guidance specific to this sector, as the reports of the NCPs of France, Italy and Belgium have sought to do. We strongly encourage continued collaboration between the OECD, governments, ILO, other organisations, manufacturers and retailers, local suppliers, trade unions and relevant civil society groups in this endeavour. We look forward to the joint ILO-OECD Roundtable on Responsible Supply Chains in the Textile and Garment Sector, to be held at the OECD on 29-30 September 2014, and call on all relevant stakeholders to participate meaningfully to enhance the outcomes of the meeting.

15. Considering the relevance and utility of the co-ordinated approach being developed in Bangladesh, we invite governments and stakeholders in other textile and garment producing countries to move towards approaches similar to the above-mentioned initiatives in Bangladesh, while working with international organisations to strengthen the social dimension of trade. We underline the importance of adopting comprehensive approaches in shaping global economic and development policies for this sector, drawing on the Post-2015 Development Agenda.



### **Responsible Business Conduct in the Extractives Sector**

16. Responsible investment in the extraction, processing and trade of minerals has the potential to generate growth, employment, prosperity and development opportunities. At the same time, responsible business conduct can be particularly challenging in the extractive sector given the risks related to environmental management, and the need to address human rights and conflict, corruption and weak fiscal management and impacts on local communities.

17. We therefore underscore the high utility of the *Guidelines* and NCPs in addressing these challenges and risks. We encourage governments to strengthen their business climate and policy frameworks by integrating a social and environmental dimension to achieve closer alignment with international standards such as the *Guidelines*.

18. We also support existing initiatives and schemes which contribute to improving accountability, sustainable development, transparency and deterring corruption in the extractive industry, such the Extractive Industries Transparency Initiative,<sup>6</sup> Kimberley Process,<sup>7</sup> the Voluntary Principles on Security and Human Rights, the Africa Mining Vision and the Inter-Governmental Forum on Mining.

19. We take note that several related initiatives are driven by the private sector which could contribute to dialogue with stakeholders and promotion of due diligence. Nonetheless, we consider that the *Guidelines* should be used as an umbrella instrument to ensure consistency. Policy coherence is particularly relevant in this sector to avoid the multiplication of standards.

### **Facilitating Stakeholder Engagement in the Extractive Industry**

20. Engaging with relevant stakeholders, including governments, is important for enterprises in managing the aforementioned challenges and risks in relation to planning and implementing industrial projects. We take note that the OECD is working on the elaboration of a user guide for stakeholder engagement and due diligence in the extractives industries and call on the OECD to finalise this work before the 2015 Global Forum.

### **Focus on Conflict-free Sourcing of Minerals**

21. We underscore the importance of the OECD Council Recommendation on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas adopted in May 2011<sup>8</sup> and of the two supplements dedicated to tin, tantalum, tungsten ('3T')<sup>9</sup> and to gold supply chains.<sup>10</sup> As a result of this work, significant progress has been made in implementing due diligence and supporting responsible sourcing of minerals

from conflict-affected and high-risk areas, notably throughout the Member States of the International Conference on the Great Lakes Region.

22. We underscore the relevance of the OECD Due Diligence Guidance to all mineral supply chains and call on all stakeholders to broaden its application beyond the tin, tantalum, tungsten and gold supply chains. We note that industry-led due diligence practices can and should complement government-led efforts to regulate the industry in line with other international commitments. We also stress the importance of combating risks of contributing to conflict, human rights abuses, or poor labour conditions and environmental degradation in the coal supply chain. In this context, we stress the need for mineral sourcing companies to use their influence within their supply chains in line with OECD Due Diligence Guidance.

23. We support the United States' recognition of the OECD Due Diligence Guidance as an internationally-recognised tool for companies complying with section 1502 of the Dodd-Frank Act. We welcome the integrated approach by the EU on responsible sourcing including the initiative to set up an EU system for supply chain self-certification of responsible importers of tin, tantalum, tungsten, their ores, and gold originating in conflict-affected and high-risk areas based upon the OECD Due Diligence Guidance. We look forward to the on-going process on the draft regulation, bearing in mind the views of different stakeholders.

### **Conclusion**

24. This second Global Forum on Responsible Business Conduct and informal Ministerial Meeting has again emphasised the importance of working together to push forward the responsible business conduct agenda globally. We encourage the OECD to continue to organise this important annual meeting to ensure that our efforts in this area remain strong and relevant to all stakeholders.

### **Notes**

1. Australia, Austria, Bangladesh, Brunei Darussalam, Denmark, Cambodia, Chile, Colombia, Costa Rica, the Czech Republic, the Democratic Republic of Congo, Finland, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Kazakhstan, Latvia, Lithuania, Luxembourg, Korea, Mexico, Morocco, Myanmar, Norway, New Zealand, the Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United States.
2. [http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc\\_151601.pdf](http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151601.pdf).
3. [www.tresor.economie.gouv.fr/File/398811](http://www.tresor.economie.gouv.fr/File/398811); Report on responsible business conduct in the textile and garment supply chain Recommendations of the Italian NCP on implementation of the *Guidelines for Multinational Enterprises* (June, 2014).
4. [http://economie.fgov.be/fr/binaries/Rapportenaanbeveling\\_20140207\\_EN\\_tcm326-242683.pdf](http://economie.fgov.be/fr/binaries/Rapportenaanbeveling_20140207_EN_tcm326-242683.pdf).

5. <http://mneguidelines.oecd.org/NCPStatementBangladesh25June2013.pdf>.
6. <http://eiti.org>.
7. [www.kimberleyprocess.com/](http://www.kimberleyprocess.com/).
8. [www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf](http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf).
9. Id.
10. Id.



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# Annual Report on the OECD Guidelines for Multinational Enterprises 2014

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Consult this publication on line at <http://dx.doi.org/10.1787/mne-2014-en>.

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ISBN 978-92-64-22089-8  
20 2014 09 1 P



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