



**Asia-Pacific
Economic Cooperation**

2021/CTI/WKSP4/004

Session: 1

Promoting and Enabling Responsible Business Conduct: Global Landscape and OECD Work

Submitted by: OECD



**Workshop on Building Capacity in
Promoting Inclusive and Responsible
Business for Sustainable Growth in Digital
Society
19-20 May 2021**



PROMOTING AND ENABLING RESPONSIBLE BUSINESS CONDUCT

Global landscape and OECD work

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19 May 2021

APEC workshop on Building Capacity in Promoting Inclusive and Responsible Business for Sustainable Growth in Digital Society

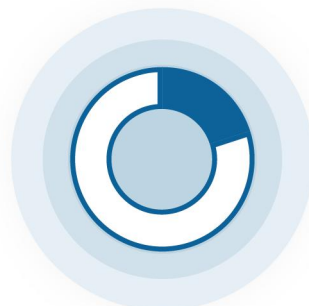


OECD in numbers



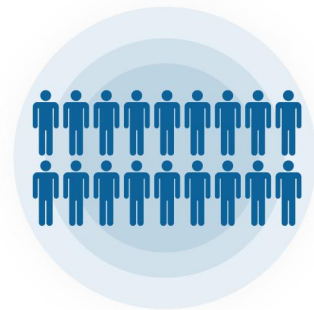
37

MEMBER COUNTRIES
& WORK WITH 100+
ECONOMIES



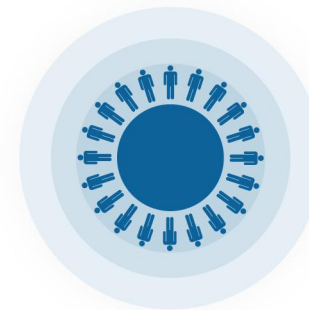
80%

OF WORLD TRADE
AND INVESTMENT
(MEMBERS & PARTNERS)



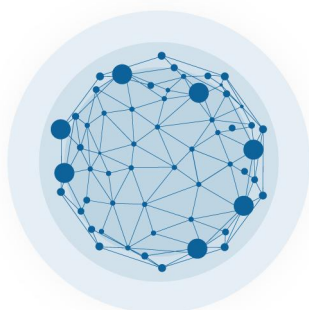
140,000

VISITORS PER YEAR



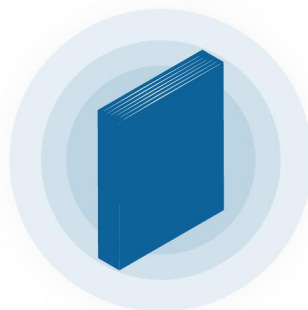
4,000

CONFERENCES PER
YEAR



5 BILLION

DATA POINTS



500

MAJOR REPORTS PER
YEAR



450+

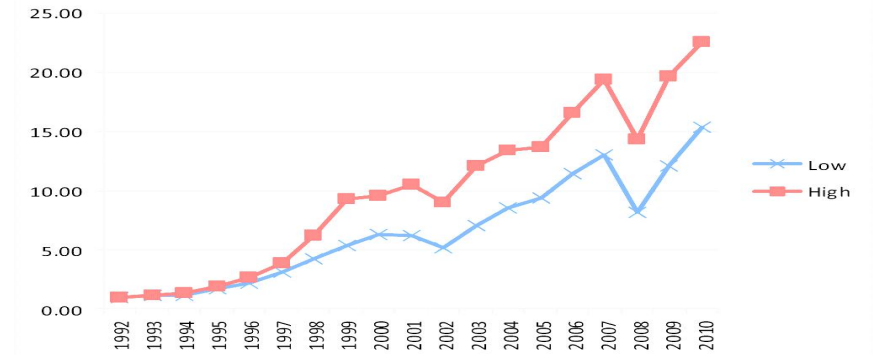
INTERNATIONAL
STANDARDS DEVELOPED



Global RBC landscape

- Increasing expectations and demand on RBC since 2011 – focus on impact, supply chain due diligence, and contribution of the private sector to global agendas
- Significant momentum on RBC policies, political, legal and regulatory initiatives, including @ APEC
- Uptake by businesses, investors, consumers - due diligence at a tipping point
- Evidence that responsible business is good business and critical for resilience

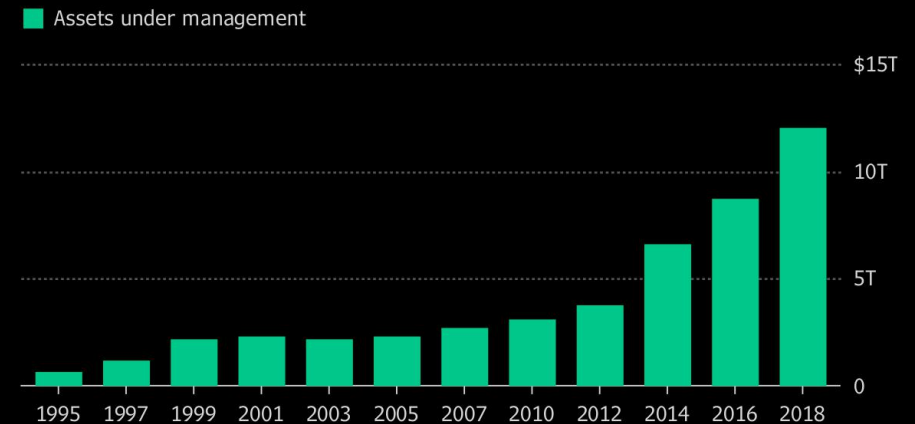
Stock market performance of high and low sustainability portfolio of firms



Source: Eccles, Robert G. et al. "The Impact of Corporate Sustainability on Organizational Processes and Performance." *Management Science* 60 (2012): 2835-2857.

Sustainable Growth

Investors using socially responsible criteria hit \$12 trillion in U.S. assets



Source: US SIF

Bloomberg



APEC economies and RBC

APEC PUTRAJAYA VISION 2040

Our vision is an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations.

Remaining committed to APEC's mission and its voluntary, non-binding and consensus-building principles, we will achieve this vision by pursuing the following three economic drivers:

Trade and Investment. To ensure that the Asia-Pacific remains the world's most dynamic and interconnected regional economy, we acknowledge the importance of, and will continue to work together to deliver, a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment. We reaffirm our support for agreed upon rules of the WTO in delivering a well-functioning multilateral trading system and promoting the stability and predictability of international trade flows. We will further advance the Bogor Goals and economic integration in the region in a manner that is market-driven, including through the work on the Free Trade Area of the Asia-Pacific (FTAAP) agenda which contributes to high standard and comprehensive regional undertakings. We will promote seamless connectivity, resilient supply chains and responsible business conduct.

- Focus on **impact**
 - x not philanthropy*
 - x not a tax*
 - x not an add-on*
- Part of **core business activities** and risk management, including in the supply chain and business relationships
- OECD standards set out **what** companies are expected to do but also **help them do it** - risk-based due diligence approach a key tool
- Applies to **all business**, not just large multinationals



OECD RBC Guidelines



| | | |
|---|--------------------|-----------------------------------|
| Disclosure | Human Rights | Employment & Industrial Relations |
| Environment | Consumer interests | Science & Technology |
| Combating Bribery, Bribe Solicitation and Extortion | Taxation | Competition |

- Most comprehensive international instrument on RBC
- Contain an implementation mechanism: National Contact Point (NCP) system
- Incorporate expectation of supply chain “due diligence” to identify and address harm
- Part of OECD Declaration on International Investment and Multinational Enterprises



Alignment among main international standards on RBC



OECD Guidelines for Multinational Enterprises



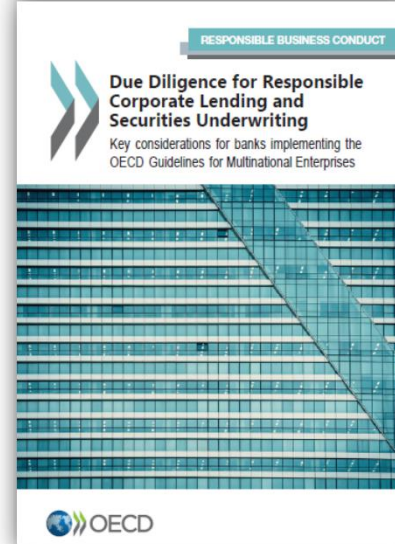
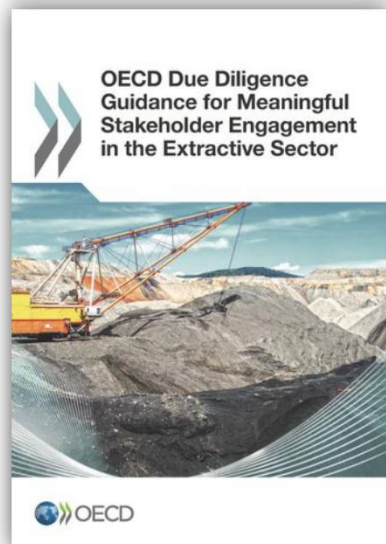
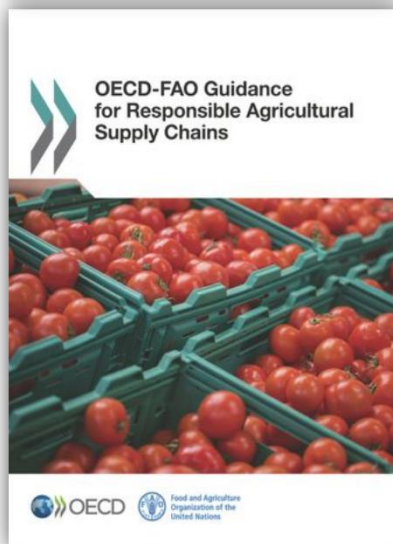
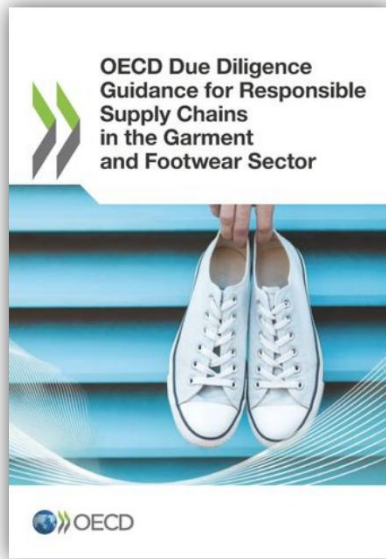
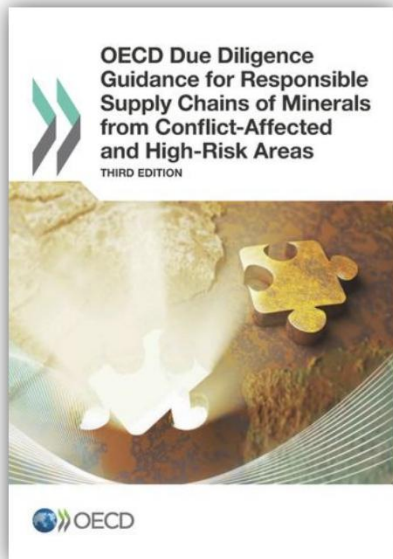
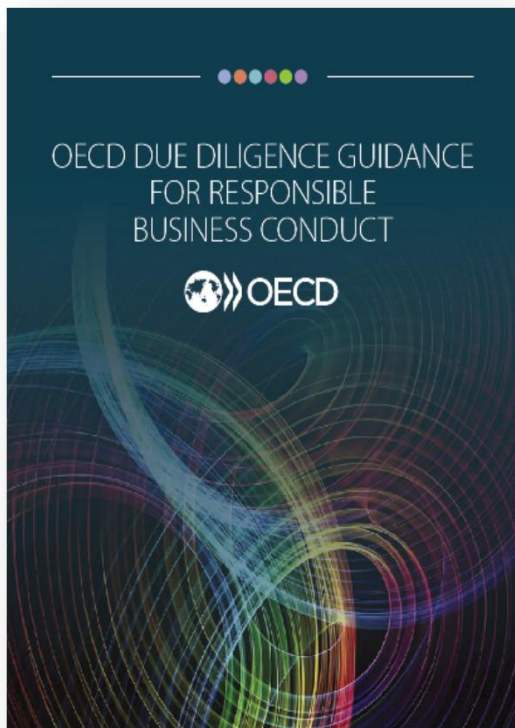
UN Guiding Principles on Business and Human Rights



ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

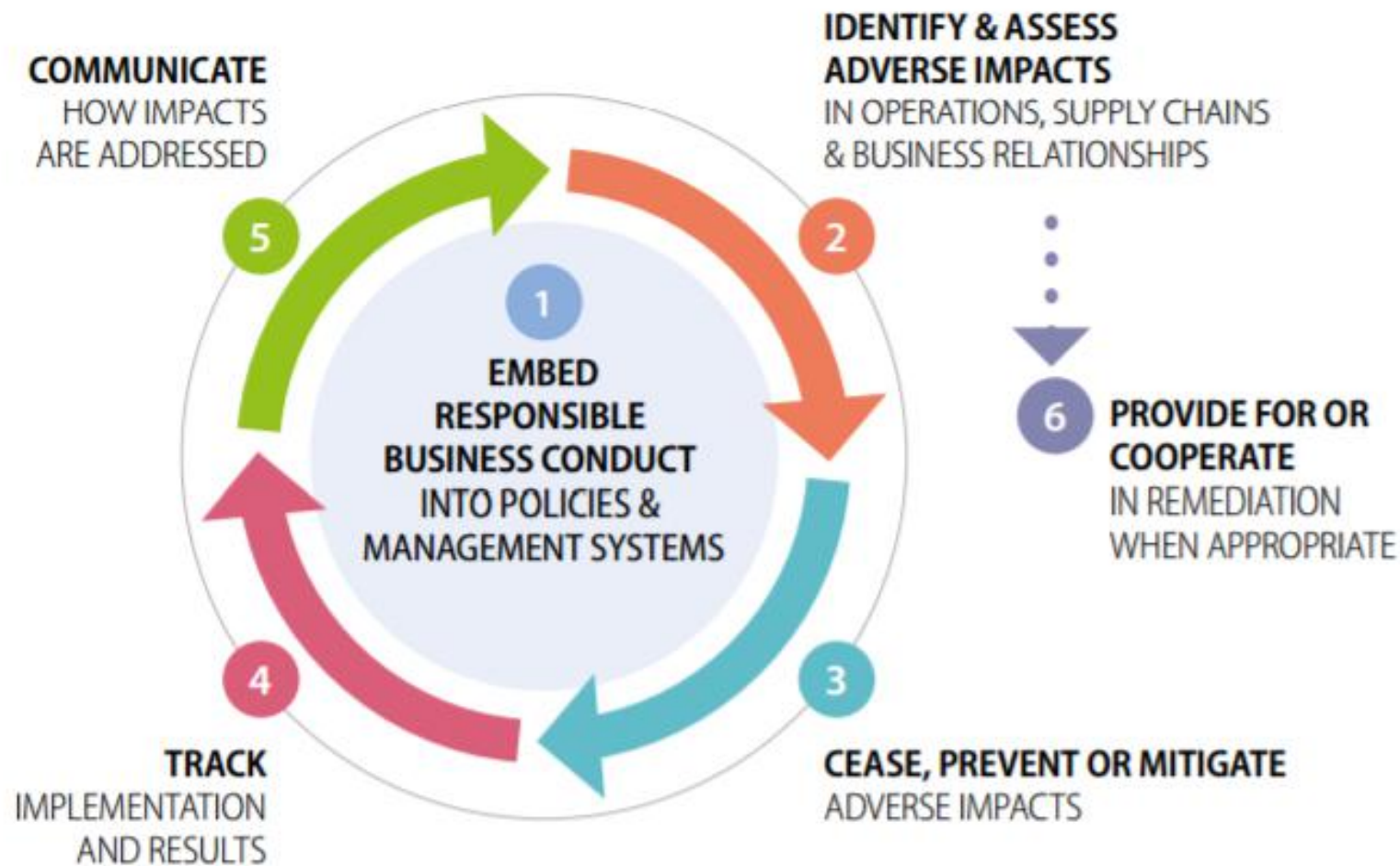


Operationalising RBC



- Explain in plain language what due diligence means and how it should be undertaken
- Contain good examples and practical actions to help businesses
- Implementation through multi-stakeholder process

RBC Due Diligence – 6 core components



- ✓ Preventative
- ✓ Involves multiple internal processes
- ✓ Based on international standards
- ✓ Ongoing, dynamic & responsive
- ✓ Risk-based
- ✓ Engages stakeholders
- ✓ Tailored to size & circumstances of the company
- ✓ Adapted to different business relationships
- ✓ Involves ongoing communication

RBC and digitalisation

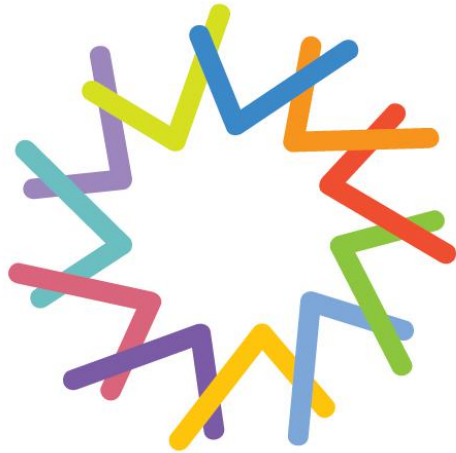
- Digitalisation has had a profound impact on the global business landscape affecting not only business models across the board but also our understanding of what a “business” is
- RBC implications in digital economy are vast and varied; new standards and initiatives on digitalisation often tend to be “issue or technology focused” and sometimes “incident driven”
- RBC instruments can provide an overarching framework for business to categorise and frame potential impacts linked to digitalisation in a systematic way, esp. in light of increasing in regulatory action globally





Final thoughts - APEC

- APEC economies have already acted on IRBI - APEC collective action could advance and amplify these efforts, esp. when it comes to business capacities on RBC.
- Harmonization and alignment can bring several benefits, esp.
 - *avoid conflicting requirements and extra compliance costs for businesses*
 - *remove inefficiencies for businesses operating across borders*
 - *level the playing field for business*
 - *speed up COVID-19 recovery efforts and increase resilience in global supply chains*
 - *ensure progress on SDGs/RBC is maintained*
- OECD stands ready to cooperate with APEC, esp. on 1) building an enabling policy environment on RBC and 2) helping industry implement RBC and improve resilience and outcomes.



OECD Centre for Responsible Business Conduct

THANK YOU!

mneguidelines.oecd.org
www.oecd.org/coronavirus

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