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

Submitted by: OECD
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
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**
- not philanthropy
- not a tax
- 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

- 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.
THANK YOU!
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