



BIAC THE VOICE OF
BUSINESS AT THE OECD

Effective implementation of the OECD Guidelines for Multinational Enterprises *The business perspective*

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BIAC

- Since 1962, the officially recognized business and industry advisory committee to the OECD
- 41 key business and employers' organizations in OECD countries
- Hungary: MGYOSZ (Business Hungary) and National Association of Entrepreneurs and Employers (VOSZ)
- Observer organizations from 11 non-member countries and 35 international sectorial associations
- Over 30 policy groups: trade, investment, responsible business conduct, taxation, labor and social affairs, anti-bribery, etc.

BUSINESS PRIORITIES

- Economics, finance, trade, taxation, digital economy, skills, employment, health, environment, etc.
- In line with the OECD Declaration on International Investment and Multinational Enterprises, BIAC supports:
 - An open and non-discriminatory investment environment
 - Responsible business conduct by companies in their home markets and international

BUSINESS COMMITMENT TO RBC

In the Company

Staff development programs help retain highly qualified employees in the company & ensure high quality in operational performance.

Along the Value Chain

Companies promote compliance with high social and environmental standards along their value chain.

At the Location of the Company

Companies are part of society: Investments, e.g. in local infrastructure, education as well as resource management play an important role.

Creating Shared Value

CSR is increasingly geared towards solving societal issues with entrepreneurial models.

KEY BUSINESS CHALLENGES

- Changing landscape for international investment
- Complex global supply chains
- Media and the broader public are increasingly critical towards international business
- There is a need to (re)establish confidence in open markets
- Stakeholder dialogue at national and international level is important

THE OECD MNE GUIDELINES: WHY THEY MATTER TO BUSINESS

- One of the most important and comprehensive instruments for promoting RBC
- The only multilaterally agreed RBC instrument that adhering governments have committed to promoting globally
- Part of the 1976 Declaration on International Investment and Multinational Enterprises (MNEs)
- Not only a demand for business, but also contribute to providing a more level playing field and protect business from unrealistic expectations
- A unique non-judicial grievance mechanism which should serve as a mediation platform

MNE GUIDELINES: KEY CONSIDERATIONS

- The Guidelines are voluntary, but MNEs are expected to act in accordance with the Guidelines
- The central concept is to avoid adverse impacts: to this end, MNEs should develop due diligence procedures
- The recommendations in the Guidelines allow for flexibility to tailor individual approaches
- The implementation is an ongoing process and demands a dialogue with stakeholders

THE GUIDELINES TODAY

- The Guidelines have demonstrated the potential for soft law to shape corporate culture
- A key international instrument, which addresses human rights abuse and responsibility for supply chains with a unique implementation mechanism
- The NCP mechanism is increasingly being used: Companies need to be aware

BIAC SUPPORT TO THE OECD GUIDELINES

- Help raise awareness of the Guidelines within the BIAC network and encourage constructive engagement
- Assist BIAC members with questions regarding the implementation of the Guidelines
- Foster closer cooperation with non-adhering countries to create a truly level playing field
- Contribute to the strategic discussions regarding the Guidelines in a forward-looking manner

KEY BUSINESS CONSIDERATIONS: THE ROLE OF THE NCP

- For the MNE Guidelines to be effectively implemented, every country should have a well functioning NCP
- NCPs should help raise visibility of the MNE Guidelines, work with business, and provide assistance to SMEs
- The NCP procedure must be presented as an offer of good offices to help parties find a forward-looking solution, and not as a platform for campaigning against companies
- NCPs, business and stakeholders will get the best result if they engage in a constructive dialogue

KEY BUSINESS CONSIDERATIONS: THE WAY FORWARD

- The Guidelines need to remain a practical and manageable tool for MNEs - this also facilitates their acceptance in non-adhering countries
- The different roles of governments and business must be clear and unambiguous
- There must be a clear understanding of the reasonable limitations for an MNE to change third parties' conduct in the supply chain when seeking to avoid or mitigate adverse impacts in a specific business context

KEY BUSINESS CONSIDERATIONS: THE WAY FORWARD

- Expand geographical coverage of the Guidelines and promote implementation by non-adhering countries, including major economies such as China and India
- Any economy that is actively involved in international investment should give serious consideration to endorse the Guidelines to create:
 - a level playing field and
 - a favorable investment environment for these countries

BUSINESS VIEWS ON THE PRO- ACTIVE AGENDA

The proactive agenda aims to promote the effective observance of the Guidelines by helping enterprises to identify and to respond to the risks of adverse impacts with specific products, regions or sectors:

- Focus on practical and user-friendly tools to assist companies in performing due diligence
- Projects should be demand-driven, avoid duplication and rely on a multi-stakeholder process
- No additional responsibilities beyond the Guidelines

PRACTICAL GUIDANCE ON DUE DILIGENCE: BUSINESS CONSIDERATIONS

General Due Diligence Guide to provide practical guidance for enterprises to implement due diligence across various industry sectors:

- The Guidance must be in line with and must not go beyond the provisions of the MNE Guidelines
- Clear understanding of the final outcome: non-binding guidance not to be turned into a legal obligation
- It must be a practical and realistic tool for companies around the world

HOW TO GET INVOLVED

For further information, consult our website

www.biac.org

Contact the BIAC Secretariat

Hanni Rosenbaum

rosenbaum@biac.org

+33 1 42 30 09 60