



The OECD Guidelines for Multinational Enterprises

“Unique Features, Unique Accomplishments”



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Outline

1

What are the OECD MNE Guidelines?

2

How are they implemented?

3

Do they make a difference?

4

Getting ready for an Update in 2010

What are the OECD MNE Guidelines?

They are voluntary recommendations to MNEs in all major areas of business ethics

They are the most comprehensive government-backed code of conduct for enterprises with multi-stakeholder involvement

- Adopted in **1976**, revised in **2000**
- Based on **universally shared** values, principles and norms
- Applicable **worldwide**
- **41** adhering countries (30 OECD countries, 11 non-OECD countries: Argentina, Brazil, Chile, Egypt, Estonia, Israel, Latvia, Lithuania, Peru, Slovenia and Romania) – and other countries have applied
- A **unique** implementation mechanism

Purpose and scope of the Guidelines

They aim to encourage OECD and other adherent MNEs to contribute to economic, social and environmental progress of the economies in which they operate, with a view to achieving sustainable development and above all, to respect human rights.

- They are not to be used for **protectionist** purposes, nor are they meant to create **differences** of treatment between multinational enterprises and domestic enterprises
- Foreign enterprises should not seek or accept **exemptions** to national laws or regulations
- They should abstain from any **improper** involvement in domestic affairs
- All governments have the **right** to prescribe the conditions under which multinational enterprises operate within their jurisdiction, subject to international law

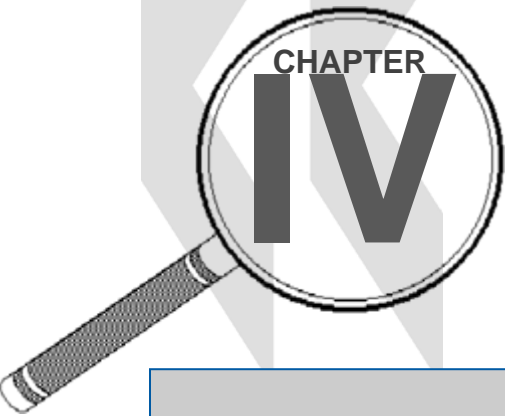
There are 10 chapters

1. **Concepts and Principles**
2. **General policies**
3. **Disclosure of information regarding activities, structure, financial situation and performance**
4. **Employment and industrial relations**
5. **Environment**
6. **Combating bribery**
7. **Consumer interests**
8. **Science and technology**
9. **Competition**
10. **Taxation**

No other corporate responsibility instrument covers these four issues

Zoom on Chapter 4:

Employment & Industrial Relations



Chapter IV treats the promotion of high-level standards for employment and industrial relations.

It is one of the most important and most elaborated chapters.

- Promotes the effective abolition of child and forced labour, non-discrimination, the right to employee representation, and the protection of health and safety of workers
- Reasonable notice to labour in case of massive lay-off or dismissals
- Asks companies not to threaten to transfer activities from the country concerned to other countries in order to influence those negotiations unfairly
- Refrain from seeking or accepting exemptions to labour regulatory standards

How are the Guidelines implemented?

The primary responsibility for implementation rests with **National Contact Points.**

These are government bodies that adhering countries must put in place under the Guidelines.

In the majority of cases, NCPs are located in economic or foreign affairs ministries.
In a few cases, they also include business & labor representatives.

Their main responsibilities :

- **Promote** the Guidelines
- Handle any **enquiries** about them
- Assist in **solving problems**
- Gather information on **national experiences** with the Guidelines
- Meet annually to **share experiences** and **report** their activities to the OECD Investment Committee

The Specific Instance Facility

A National Contact Point (NCP) can act as a “referee” for alleged non-observance of the Guidelines.

Any interested parties can bring these “specific instances” before NCPs.

- NCPs **assess** merits of complaints
- Offer their **good office** to resolve grounded grievances
- Make **recommendations**
- **150** specific instances considered since 2000
- **75** have been concluded or closed

The Guidelines make a difference!

Improved working conditions

In December 2008, the global security agent G4S reached an exemplary agreement with UNI Global Union that includes improved working conditions in G4S affiliates in Malawi, Mozambique, Nepal and the DRC.

Prevention of child and forced labor

In August 2008, the UK NCP found that Afrimex UK failed to contribute to applying sufficient due diligence to the supply chain to prevent child labour and forced labour in its mining operations in DRC.

Respect for health and safety measures

In July 2009, in the complaint filed against Philipinas Shell Petroleum Corporation, the Dutch NCP found that Shell did not apply the best level of health and safety measures in regard to the Pandacan oil depot and recommended that it be attentive to local communities' concerns.

Getting prepared for an update

“ [We] welcome further consultation on the updating of the Guidelines to increase their relevance and clarify private sector responsibilities.”

June 2009 OECD Ministerial Meeting

2000

The previous review of the Guidelines

8 December 2009

First consultation will be held in Paris

Mid-2010

Work on update to be launched at the 2010 OECD Ministerial Meeting

The main issues in the update

No official position yet taken, but a preliminary **inventory of issues** has been established on the basis of past discussions with stakeholders

- Human rights
- Supply chains
- Environment & climate change
- The responsibilities of the financial sector

Performance and resources are key!

Conclusion

The OECD Guidelines are an important international benchmark for corporate responsibility

The upcoming update is a good opportunity to increase their relevance

Asia-Pacific could play a major role

Thank you.



For more information

www.oecd.org/daf/investment/guidelines

www.oecd.org/daf/investment/pfi