

Meeting of the Council at Ministerial Level, 30-31 May 2018

**DRAFT RECOMMENDATION OF THE COUNCIL ON THE OECD DUE
DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT**

JT03432218

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Declaration on International Investment and Multinational Enterprises [C(76)99/FINAL], the Decision of the Council on the OECD Guidelines for Multinational Enterprises [[C\(2000\)96/FINAL](#)] (hereafter the “Decision on the Guidelines”), the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Recommendation of the Council on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas [[C/MIN\(2011\)12/FINAL](#)], the Recommendation of the Council on the Policy Framework for Investment [[C\(2015\)56/REV1](#)], the Recommendation of the Council on the OECD-FAO Guidance for Responsible Agricultural Supply Chains [[C\(2016\)83](#)], the Recommendation of the Council on the Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector [[C\(2016\)100](#)] and the Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector [[C\(2017\)63](#)];

CONSIDERING that OECD Ministers encouraged the OECD to develop a set of general due diligence guidelines that can be applied to any sector [[C/MIN\(2017\)9/FINAL](#)];

RECALLING that the common aim of governments recommending the observance of the Guidelines for Multinational Enterprises (hereafter the “Guidelines”) is to promote responsible business conduct;

RECALLING FURTHER that the Decision on the Guidelines provides that the Investment Committee shall, in co-operation with National Contact Points, pursue a proactive agenda in collaboration with stakeholders to promote the effective observance by enterprises of the principles and standards contained in the Guidelines with respect to particular products, regions, sectors or industries;

CONSIDERING the efforts of the international community to promote responsible business conduct globally in order to strengthen and harmonise the implementation of standards for human rights, labour, the environment, and anti-corruption and to support a level playing field for business that takes into account their impacts on society and the environment;

RECOGNISING that responsible business conduct across all sectors of the economy is critical to sustainable development;

NOTING that the Guidelines recommend that enterprises carry out risk-based due diligence to identify, prevent and mitigate actual and potential adverse impacts related to disclosure, human rights, employment and industrial relations, the environment, bribery and corruption, and consumer interests in their own operations, supply chains and other business relationships;

RECOGNISING that governments, enterprises, trade unions, civil society organisations and international organisations can draw on their respective competences and roles to promote and support responsible business conduct, including in supply chains;

HAVING REGARD to the OECD Due Diligence Guidance for Responsible Business Conduct [[C\(2018\)42/ADD1](#)] (hereafter “the Guidance”), that may be modified as appropriate by the Investment

Committee, in particular as due diligence practices evolve and become more effective in avoiding and addressing adverse impacts on society and the environment;

HAVING REGARD to the United Nations’ Guiding Principles on Business and Human Rights and the International Labour Organization’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy which contain due diligence recommendations with which this Guidance seeks to align;

RECOGNISING the valuable collaboration between the OECD and relevant intergovernmental organisations in the development and future implementation of the Guidance;

NOTING that due diligence is ongoing and responsive, involves multiple processes and objectives, should aim to prevent adverse impacts on society and the environment in the first instance, and should be risk-based, appropriate to an enterprise’s circumstances, adapted to deal with the limitations of working with business relationships, and informed by meaningful engagement with stakeholders;

On the proposal of the Investment Committee;

- I. RECOMMENDS** that Members and non-Members adhering to this Recommendation (hereafter the “Adherents”) and, where relevant, their National Contact Points to the Guidelines (hereafter the “NCPs”), actively promote the use of the Guidance by enterprises operating in or from their territories with the aim of ensuring that they observe internationally agreed standards of responsible business in order to prevent the adverse impacts of their activities and contribute to sustainable development;
- II. RECOMMENDS**, in particular, that Adherents take measures to actively support and monitor the adoption of the due diligence framework set out in the Guidance according to which the enterprises operating in or from their territories should:
 1. embed responsible business conduct into their policies and management systems;
 2. identify and assess actual and potential adverse impacts associated with their operations, products or services;
 3. cease, prevent and mitigate adverse impacts;
 4. track implementation and results;
 5. communicate how impacts are addressed; and
 6. provide for or cooperate in remediation when appropriate;
- III. RECOMMENDS** that Adherents and where relevant their NCPs, with the support of the OECD Secretariat, ensure the widest possible dissemination of the Guidance and its active use by enterprises, as well as promote the use of the Guidance as a resource for stakeholders such as industry associations, trade unions, civil society organisations, multi-stakeholder initiatives, and sector-initiatives, and regularly report to the Investment Committee on any monitoring, dissemination and implementation activities;
- IV. INVITES** Adherents and the Secretary-General to disseminate this Recommendation;
- V. INVITES** non-Adherents to take due account of and adhere to the present Recommendation;

VI. INSTRUCTS the Investment Committee to monitor the implementation of the Recommendation and to report to Council no later than five years following its adoption and as appropriate thereafter.