

**DIRECTORATE FOR FINANCIAL, FISCAL AND ENTERPRISE AFFAIRS  
INVESTMENT COMMITTEE**

**Annual Meeting of the National Contact Points for the OECD Guidelines for  
Multinational Enterprises**

**2010 ANNUAL ROUNDTABLE ON CORPORATE RESPONSIBILITY**

**Launching an Update of the OECD Guidelines for Multinational Enterprises**

**30 June 2010 - 1 July 2010 (morning)**

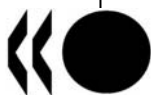
**Summary of the Discussion by the OECD Secretariat**

*This summary of the 2010 Annual Roundtable on Corporate Responsibility held in Paris on 30 June - 1 July (morning) 2010 in conjunction with the Annual NCP Meeting and entitled "Launching an Update of the OECD Guidelines for Multinational Enterprises" has been prepared by the Secretariat, including incorporated comments from the Roundtable speakers.*

*The summary is herein submitted to the NCPs and the Investment Committee for written comments and approval by 10 September 2010 for inclusion as a Secretariat document in the 2010 edition of the OECD publication "Annual Report on the OECD Guidelines for Multinational Enterprises."*

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## ACKNOWLEDGEMENTS

The National Contact Points and the co-organiser OECD Committees – the Investment Committee and the Environmental Policy Committee – wish to thank all of those who actively contributed to the OECD Conference on Corporate Responsibility, held in Paris on 30 June 2010 – 1 July 2010 (morning) in conjunction with the tenth annual meeting of the NCPs, particularly the key note speakers:

*Mr. Scott CHANG*, Senior Manager, Beijing Office, Business for Social Responsibility, Beijing, China

*Mr. Dieter HORST*, Sustainable Value Chain Initiative Manager, World Business Council for Sustainable Development

*Ms. Céline KAUFFMANN*, Economist, OECD Investment Division

*Ms. Christine LAGARENNE*, Sous-directrice de l'Economie des Ressources Naturelles et des Risques, Ministère du Développement Durable, and Vice-Chair of the OECD Environment Policy Committee.

*Mr. Jerome LAVIGNE-DELVILLE*, Head of Communications on Progress, UN Global Compact

*Mr. John MORRISON*, Executive Director, Institute for Human Rights and Business

*Mr. Roel NIEUWENKAMP*, Director, Trade and Globalisation, Ministry of Economic Affairs, the Netherlands and Chair of the Investment Committee Working Party

*Mr. Gérald PACHOUD*, Special Adviser of the Special Representative of the UN Secretary-General on Business and Human Rights

*Mr. Philip REUCHLIN*, Personal Assistant to the President, President's Office, World Business Council for Sustainable Development (WBCSD)

*Mr. Manfred SCHEKULIN*, Director, Export and Investment Policy, Federal Ministry for Economics, Family and Youth and Chair, OECD Investment Committee and Austria's NCP

*Mr. Paul SIMPSON*, Chief Operating Officer, Carbon Disclosure Project

*Mr. Cody SISCO*, Manager of Advisory Services, Business for Social Responsibility, Paris, France

*Ms. Cristina TÉBAR LESS*, Economist, OECD Investment Division

*Mr. Auret VAN HEERDEN*, President, Fair Labour Association

And the following invited respondents from government, business, labour, international, organisations and non-governmental organisations:

*Mr. Manuel BAIGORRI*, Director, Social & Environmental Sustainability, Levi Strauss & Co.

*Mr. Karl DAUMUELLER*, Program Manager & SC SER Lead Auditor, Global Procurement Services, Hewlett-Packard GmbH

*Mr. Hugh ELLIOTT*, International Government Relations Manager, Anglo American plc

*Mr. Steve GRINTER*, Education Secretary, International Textile, Garment & Leather Workers' Federation (ITGLWF)

*Mr. Clifford HENRY*, Director, Corporate Sustainable Development, Procter & Gamble Company

*Mr. Richard HOWITT MEP*, European Parliament Rapporteur on the European Commission Communication on Corporate Social Responsibility

*Mr. Matthew SMITH*, Earth Rights International, Thailand

**2010 ANNUAL ROUNDTABLE ON CORPORATE RESPONSIBILITY**  
**“LAUNCHING AN UPDATE OF THE OECD GUIDELINES FOR MULTINATIONAL**  
**ENTERPRISES”**

**Summary of the Discussion**  
**30 June 2010 – 1 July 2010 (morning)**

1. *The OECD Guidelines for Multinational Enterprises* (the Guidelines) are recommendations from governments to multinational enterprises regarding voluntary principles and standards for responsible business conduct worldwide. The aim of the Guidelines is to ensure that the operations of multinational enterprises are in harmony with government policies, strengthen the basis of mutual confidence between enterprises and the societies in which they operate, help improve the foreign investment climate and enhance the contribution to sustainable development made by multinational enterprises. In order to achieve these goals, the forty-two governments adhering to the Guidelines have committed themselves to participating in the Guidelines’ unique implementation procedures.

2. Each year, the OECD holds a Roundtable on Corporate Responsibility to correspond with the Annual Meeting of the National Contact Points (NCP). Designed to discuss emerging issues and relevant policy developments in corporate responsibility, the objective of these sessions is to assist NCPs in their work promoting and implementing the Guidelines. This year also marked the launch of the update of the Guidelines, agreed upon by the adhering governments in April 2010, to ensure the continued role of the Guidelines as a leading international instrument for the promotion of responsible business conduct and to respond to a renewed societal focus on corporate responsibility.

3. The Roundtable took the form of three “brainstorming” sessions on Supply Chains, Human Rights and Environment/Climate Change, with the aim to initiate reflection and solicitation of substantive inputs from business, labour, non-governmental organisations, international organisations, non-adhering governments and academia, on ways of clarifying or providing further guidance on the application of the Guidelines in these areas, as provided by the agreed terms of reference for the update. More particularly:

- The session on Supply Chains was based on a background note by the corporate responsibility research and consulting firm Business for Social Responsibility (BSR) and a discussion paper by Professor John Ruggie, the Special Representative of the UN Secretary-General for Business and Human Rights (UNSRSG);
- The session on Human Rights drew upon another contribution by Professor John Ruggie entitled “Updating the Guidelines for Multinational Enterprises Discussion Paper”;
- The session on Environment/Climate Change was organised in the form of a joint project by the OECD Investment and Environment Policy Committees on “Engaging the private sector in support of a low carbon future”.

4. The conference was attended by over 350 participants representing approximately 44 countries, including emerging economies (or Enhanced Engagement countries) including Indonesia and Thailand as well as other countries from Africa and other non-Member countries. Each working session consisted of key note presentations followed by a general discussion with a panel of participants drawn from multilateral organisations, business, labour and civil society (see Annex A). The following summary of the conference is organised according to each session’s main theme. The event was held under the Chatham House Rule and this summary conforms to that rule.

## 1. Supply Chains

5. *Creating value through global supply chain relationships*, aimed at transforming raw materials into finished products and services for consumers, has become a critical component of MNEs operations. Geographically fragmented MNE production processes have been rendered possible over the last two decades through substantial trade and capital movement liberalisation and technological advances which have significantly reduced transportation and communication costs. MNEs have increasingly viewed supply chains as a unique opportunity to increase efficiency and profitability, build a local presence in rapidly growing emerging markets and access strategic assets abroad, including skilled workers, technological expertise, knowledge capital and experiences of competitors. Supply chain relationships have been particularly beneficial to small and medium sized enterprises through the creation of new and more stable business opportunities and increased access to foreign strategic assets.

6. *New opportunities come with important new responsibility challenges*. Beyond the business complexities of managing inventory, quality, safety, etc., supply chains have created significant intricacies around responsible business conduct, increasing risks around several corporate responsibility issues covered by the Guidelines. These risks originate from the business conduct, or misconduct, of the suppliers themselves. For instance, labour conditions in global supply chains, particularly those that extend to developing countries, may not always meet international standards and national regulatory requirements, which can lead to serious human rights abuses. Supply chains can also have significant negative environmental impacts particularly where environmental regulations are lax, price pressures are significant and natural resources are (or are perceived) to be abundant. Additionally, significant bribery risks are known to exist within supply chain relationships. Such misconduct on the part of suppliers can directly impact the profitability and reputation of MNEs, particularly when they result in negative NGO campaigns and media coverage. These actions can lead to customer boycotts and other negative repercussions. Ultimately, risks found along the supply chain have broad implications for society as a whole.

7. *Various MNE approaches to responsible supply chain management have emerged as a result*. Participants in the supply chain session discussed several responsible supply chain management trends among MNEs, including adoption of corporate codes of conduct, moving from performance monitoring methods to capacity building and managing risks of indirect suppliers. There has been a growing trend toward harmonization of codes of conduct and expectations between MNEs and their suppliers. Initiatives like the Global Social Compliance Program aim to establish equivalency of expectations for responsible conduct within supply chains, as well as to create efficiency in monitoring supply chain performance. When the field of supply chain initially developed, MNEs took primarily an audit and compliance based approach to reducing risk by asking suppliers to meet MNE codes of conduct. Over time, there has been a call to demonstrate the value of responsible supply chain practice, for both MNEs and suppliers. This has led many MNEs and their suppliers to participate in multi-stakeholder programs and management trainings that seek to increase supplier capacity and change larger systems that influence responsible factory practice. The ILO's Better Factories program was cited as a successful example of such a program.

8. *Increased due diligence down the supply chain*. More recently, there has also been a growing acknowledgement that many issues of greatest MNE concern occur deep within supply chains, and can be several steps removed from MNEs' direct suppliers. Currently, the issue of conflict minerals, which is the subject of a special OECD pilot project<sup>1</sup>, is of great concern to companies in a range of industries. However, it is a significant challenge for MNEs to trace the source of these minerals back to their origin, which may or may not be a conflict zone. Companies in the food and beverage industry have faced similar issues for years related to child and forced labour deep within their supply chains. As a result, more MNEs are implementing programs that go beyond working with only their direct suppliers and seek to engage

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<sup>1</sup> OECD, *Draft Due Diligence Guidance, Pilot Project in the Mining and Minerals Sector: Corporate Due Diligence for Responsible Supply Chain Management of Minerals from Conflict-Affected and High-Risk Areas*, see [www.oecd.org/daf/investment](http://www.oecd.org/daf/investment).

those much further down their supply chains in order to address the significant challenges involved in managing supply chains.

9. *Important principles for responsible supply chain management.* Participants discussed various concepts referenced in the BSR discussion paper “Supply chains and the Guidelines for Multinational Enterprises,” including investment nexus, sphere of influence, due diligence, impact, materiality and continuous improvement, and provided a perspective regarding their usefulness in relation to the update of the Guidelines. In particular, the due diligence concept cited in the UN Secretary-General for Business and Human Rights’ “Protect, Respect and Remedy” framework was frequently cited as a particularly helpful and practical reference guide for MNEs. Some participants also recommended that corporate transparency, accountability and engagement be incorporated into OECD’s further guidance on supply chains.

10. *Case Study: A perspective from China.* In addition to their discussion paper, BSR also presented a case study on China, which focused on this region—heavily predisposed to supply chains and their implications—and their experiences with corporate tools and practices for managing supply chain risks. China has very much lived the supply chain trends of this past decade, from the increase in audits as a reaction to the sweatshop scandals of the early 2000’s, to the politicization and prioritization of climate change over the past few years. The key message, delivered through the experiences of China, was that evolutions in supply chain trends do not necessarily need to evolve in replace of one another, but rather, would have been more effective if new ideas were created to support and build upon the old tools. This strategy embraces the complexity of supply chains and emphasises risk mitigation, value creation and larger societal implications.

11. *Implications for the update of the Guidelines.* The Roundtable session on supply chain brought about a range of views on whether and how the guidance provided by the Guidelines on supply chains could be expanded, and the implications of such additional guidance. There was discussion about several options for providing more clarity to companies, both on their responsibilities and on how they can better meet their responsibilities through enhanced management practices. Participants emphasised the importance of management systems to support companies in upholding their responsibilities. They acknowledged that risks and circumstances vary substantially by company, sector and country, and found risk assessments to be a useful tool for a broad range of MNEs. Similarly, the concept of impact is a useful one to help companies understand their responsibilities, how their actions affect their stakeholders and how they can measure change. Due diligence was again mentioned as a very relevant reference point for responsible supply chain management. Emphasis was also placed on the importance of stable, long term, direct relationships for ensuring responsible business conduct in supply chains; “On the ground” solutions, and in particular the importance of workers’ organizations, were noted for their ability to build effective and lasting solutions to unsatisfactory working conditions. These organizations were called out as a healthy and necessary check, one that ensures basic human rights of workers are protected. At the same time, participants acknowledged that this can be a challenging issue for MNEs to address in their supply chains and that ongoing discussion, engagement, and action is needed. The ILO/IFC Better Work Program was referenced by various sources as a model of multi-stakeholder collaboration in ensuring good working conditions.

12. *Promoting consistent and flexible guidance.* A number of Roundtable participants encouraged the OECD to encourage a broader the application and implementation of the Guidelines’ principles and standards. Existing international standards and initiatives related to responsible supply chain management were emphasised, and the suggestion was for the Guidelines to maintain consistency with these other international tools and be cautious to avoid conflicting guidance. There was extensive discussion about how to provide guidance that could apply to all responsible business conduct issues, across all industries, business models and regions in which MNEs operate. The necessity of a flexible approach was raised several times. There is also a need to support leading MNEs and industries while bringing others up to speed, particularly SMEs.

13. *A multistakeholder effort, with a focus on government.* Some participants highlighted the importance of the Guidelines with respect to both export-oriented and domestic-oriented manufacturers and service providers. However, in order for the above items to be addressed, the role of government is critical to high functioning supply chains. One of the challenges discussed was the existence of a governance gap, i.e. governments that are unable or unwilling to enforce laws protecting labour, businesses, consumers and the environment. This highlights the need to engage with government to advocate for strong enforcement of the laws related to responsible business conduct. Participants from all sectors emphasised the importance of participating in multi-stakeholder initiatives whereby different actors, including businesses, governments, trade unions and civil society can work together through differentiated roles toward common goals. This form of collaboration was a key theme discussed throughout the supply chains session.

## 2. Human Rights

14. *The update of the Guidelines poses a unique opportunity to capture emerging practices in the area of human rights and enhance the operationalization of the UNSRSG's framework on Business and Human Rights.* The UNSRSG's framework on Business and Human Rights (now referred to as the UN framework) is based on the principals "Protect, Respect and Remedy"; all three of these components can be promoted and operationalised by the OECD through the updates to the Guidelines. First, updates to the Guidelines on the topic of human rights could remind adhering governments of their duty to *protect* human rights and uphold international standards and norms. The update could also reemphasise enterprises' responsibility to *respect* human rights by avoiding infringement on those rights. Finally, since the Guidelines offer access to *remedy* through their unique specific instance facility, the update will provide the opportunity to address adverse human rights impacts that have occurred by MNEs. It was generally recommended that the suggested approach for the update to the Guidelines on human rights remains consistent with the UN framework. This framework has already been adopted by other international corporate responsibility tools (such as UN Global Compact, ISO 26000, etc.) and updating the Guidelines under similar guise will facilitate its operationalization process, as well as promote consistency between international tools making it easier for companies to subscribe and adhere to its guidance.

15. *More comprehensive guidance on Human Rights is needed from the Guidelines.* Currently, Chapter II (General Policies) of the Guidelines has only one specific provision on human rights although aspects of human rights are also covered in other provisions throughout the Guidelines, notably core labour rights under Chapter IV on Employment and Industrial Relations. Many participants suggested that the update should seek to develop more comprehensive text on the application of the Guidelines to human rights, most likely in a separate chapter of the Guidelines, particularly drawing upon the work of the UNSRSG. An additional, dedicated, chapter on Human Rights should serve to further support and provide guidance to specific enterprise operations. It was also suggested that the content added to the Guidelines text, created for the human rights chapter, should consider making reference to specific rights. Additionally, the update should take into account business impacts on human rights, including business impacts on communities, inclusive of indigenous people and possible negative impacts on human rights abuses as well as considerations for human rights abuse in conflict and weak governance zones drawing upon the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

16. *Impacts to enterprises incorporating human rights into their strategy and business models.* In order to uphold human rights in business, enterprises need to respect human rights both while operating at home and abroad. To fulfil this requirement to the utmost capacity, the UN framework emphasises that companies should aim to integrate human rights policies into business culture and business practices, inclusive of monitoring and reporting. It was discussed, and generally agreed, that human rights violations can be mitigated through an enterprises' commitment to transparency, ensuring that both human rights are being affectively monitored and upheld. Promoting transparency not only increases accountability but also lends to institutional learning and the ability to leverage best practices and to set corporate standards among enterprises. Conducting human rights risk assessments and proactively subscribing to due diligence

processes were key suggested approaches discussed during this Roundtable session for incorporating human rights into corporate policies and practices. Conducting a risk assessment is one of the key operationalization components to the UN framework. Such an assessment help companies identify, prevent and address the human rights impacts of their operations. MNEs also need to be cognisant of conflicting legal requirements and practices between home and host countries and should focus on upholding international standards and norms, keeping in mind that the Guidelines do not replace national law. Although challenging to work with, conflicting requirements do not make it impossible to conduct business in a specific region, and negotiated alternatives are possible. Conflict and weak governance zones poses additional difficulties to enterprises in upholding human rights. In these cases specifically, risk assessments, transparency and due diligence processes become crucial.

17. *The unique role of NCPs on Human Rights.* With additional content on Human Rights NCPs should continue to support and promote corporate responsibilities around human rights: informing enterprises of their expectations in respecting these rights and expressing common and best practices among enterprises in incorporating them into their business models. The second role that the NCP can play is with regards to the Guidelines specific instance facility. This role allows the NCP to provide individuals access to remedy in the event of human rights violations. It is through this grievance mechanism that the operationalization of the UN framework could unfold. Recently, there has been an increased focus on the role of NCPs as problem solvers and the use of mediation to manage cases that are accepted as specific instances. This new emphasis on NCPs and the specific instance facility should enhance recognition of human rights and remedy of their abuses in the context of the Guidelines. The importance of mediation in the underlying management of specific instances is widely recognised as beneficial to the specific instance handling process.

18. *Challenging topics relating to the update and human rights content.* This session also highlighted a number of challenges that the NCPs may face with regards to understanding and finding a common ground around the degree with which the NCP may apply consequences to a company who has repeatedly failed in following-up NCP recommendations for observing the Guidelines. This point of debate will be further explored during the update of the Guidelines. There has also been discussion about an appeals process for specific instances, especially for those raised but not accepted during the initial assessment phase. More definition is also been requested around due diligence processes as they relate to supply chains, value chains and the investment nexus<sup>2</sup> and should be another point expanded upon during the update process, perhaps developing and defining a greater more precise understanding of these ideas and their enterprise implications.

19. There is also a risk that intensified global competition and outsourcing of production can result in a 'race to the bottom'. There was broad recognition that outsourcing of production, especially by transnationals, should not diminish their responsibilities with respect to compliance with international labour standards throughout their supply chains. Rights to freedom of association and collective bargaining should be available to all workers without fear of victimisation; the Guidelines should assist in outlining practical ways in which to protect and promote these rights. Likewise, the concept of decent work including living wages, limits on working hours, occupational health and safety and all other elements of the ILO's core labour standards should be discussed to increase the impact with respect to improvement of conditions for workers, which the Guidelines can contribute to.

### **3. Climate Change/Environment**

20. *Accounting and disclosure of greenhouse gas emission.* The session discussed responsible business conduct in dealing with climate change and whether and how the update of the Guidelines should consider including guidance to enterprises with respect to climate change. Information collected by the

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<sup>2</sup> These topics were also further discussed during the Roundtable session on Supply Chains and more specific commentary can be found on these topics under the Supply Chain summary.



Carbon Disclosure Project, over the past 7 years, shows an important increase in both investors' interest in climate change and in corporate responses to climate change. There is some evidence of similar trends in emerging economies as well. This increasing interest can be attributed to a range of factors, including regulation and growing awareness and pressure from stakeholders. An increasing number of companies are collecting greenhouse gas (GHG) information related to their activities and are using that information to identify inefficiencies in energy use, to reduce emissions and identify business opportunities. This practice is in line with recommendations in Chapters II and V of the Guidelines on disclosure and environmental management. Corporate GHG emission information is also useful for investors to understand the impacts of companies on climate change and their capacity to manage the related risks. Some governments find reporting of GHG emissions useful leverage to raise companies' awareness on the issue and spread good emission management practices among smaller companies, such is the case in the UK.

21. *Strengthening the effectiveness of emissions accounting and reporting* would involve several factors. First, promoting harmonised accounting GHG standards and methodologies. The Greenhouse Gas Protocol and the ISO consultative process are good pillars for such harmonisation. Second, integrating GHG emission reporting in broader sustainability reporting, ultimately, there would be benefits in consolidating sustainability reporting, including carbon disclosure, and financial reporting. Finally, ensuring the credibility, reliability and relevance of corporate information through adequate mechanisms, including verification and certification of corporate GHG information are all necessary steps in emissions accounting.

22. *Corporate actions to reduce emissions.* While the policy frameworks for driving down carbon emissions needs to be put in place by governments, the private sector, as a major emitter and the main source of innovation, has a crucial part to play. Signatories to the UN Global Compact's "Caring for Climate" initiative are showing leadership and their experience in developing measures to reduce their emissions and develop technologies and know how can help others address theirs. For many companies, the first step in reducing emissions is improving energy efficiency, the "low hanging fruit" which often help reducing both emission and operation costs. Developing and implementing ambitious corporate emission reduction plans involve a range of actions, including establishing emission reduction targets, identifying emission reduction opportunities in all of the company's operations, embedding emissions reduction priorities throughout the company, modifying the procurement processes, and involving the company's management and staff.

23. *More still needs to be done.* To reach the needed GHG reductions indicated by the Intergovernmental Panel on Climate Change, as consistent with a rise in temperature that would avoid dangerous climate change, more needs to be done to scale up corporate emission reductions. This could include strengthening environmental impact assessments to better capture the impacts of corporate activity on climate change. Stronger price signals, e.g. through carbon markets and taxes, to motivate companies to go beyond the low-cost emissions reduction measures and to undertake the investments needed to further improve operational efficiency and adopt low-carbon technologies and processes is another approach, and more have been suggested.

24. *Engagement of suppliers in dealing with greenhouse gas emissions.* Managing GHG emissions through the supply chain is an emerging area of action, and limited guidance regarding what companies can do to engage suppliers is available. However, consensus is emerging on the need to consider the value chain overall (not only suppliers) and identify emission reduction potentials wherever they are: upstream in the supply chain or downstream in the use and disposal of products. Initiatives have emerged, such as the WBCSD Sustainable Value Chain Initiative, that aim to promote sustainable management in the value chain and derive good practices and guidance for increased action. One lesson learned is the need not only to evaluate the segments of value chain in which the most significant emissions reductions can be achieved, but also to raise awareness and develop the capacity within the value chain to reduce emissions.

25. *Key points for an update of the Guidelines.* Some participants made a strong call for the need to promote companies' efforts to measure, report and reduce GHG emissions, including through regulations and other instruments in the hands of government, and for streamlining regulatory requirements. In a context of diverse levels of development and stringency of regulatory frameworks and great diversity of corporate practices, the Guidelines for Multinational Enterprises have a role to play, as a tool to communicate governments' expectations in relation to climate change: to promote good corporate practices. In terms of the update of the Guidelines, discussions highlighted the need to address climate change in the overall context of environmental sustainability. In this respect, some participants mentioned two areas that could use further development: corporate disclosure of GHG information, including the scope and quality of information to disclose; and environmental impact assessment, as an important tool to assess materiality of impacts and risks and to promote due diligence. Some participants also highlighted already taken business efforts on reporting and managing emissions, including innovative approaches to managing systems and processes, and pointed to the fact that these efforts have been taken within the existing Guidelines guidance.

#### **4. Conclusion**

26. The Roundtable concluded with a broad consensus to maintain the role of the OECD Guidelines as a leading and relevant international corporate responsibility tool and a reaffirmed commitment of NCPs and key stakeholders to the update process. The OECD Guidelines are recommendations by the forty-two adhering governments covering all major areas of business ethics, including corporate steps to obey the law, observe internationally-recognised standards and respond to other societal expectations. They apply wherever enterprises based in the forty-two adherent countries operate around the world. They also have a unique implementation mechanism in the specific instance facility, through which the National Contact Points are able to offer their good offices for the mediation and conciliation of disputes arising from alleged breaches of the Guidelines. Some 200 "specific instances" have been brought to NCPs' attention since the 2000 Review of the Guidelines, of which 167 have been considered and more than half have been concluded or closed.

27. Participants welcomed the fact that the update of the OECD Guidelines will provide a unique opportunity to (i) provide greater clarity and guidance on areas of uncertainty in the application of the Guidelines, (ii) promote consistencies between other international tools, and (iii) further improve NCP performance. Participants also highlighted the need to match any potential broadened NCP mandate with an adequate level of resources, and the application of the Guidelines to all types of international companies (including small and medium-sized enterprises). Finally, the issue of promotion and dialogue with non-adhering countries in relation to the Guidelines was considered to be a major priority.

28. The Chairs closed the Roundtable by thanking all the participants for their contribution to the debate and the OECD for making this possible.

**ANNEX A  
FINAL AGENDA**

**2010 OECD CONFERENCE ON CORPORATE RESPONSIBILITY**

*“Launching an update of the OECD Guidelines for Multinational Enterprises”*

**OECD Conference Centre**

**Paris, 30 June - 1 July (morning) 2010**

**Wednesday 30 June**

<b>08:00-09:00</b>	<b>Registration and coffee</b>
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**OPENING SESSION**

<b>09:00-09:15</b>	<b>Welcoming remarks by OECD</b>
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**Room CC12**

**SESSION ONE: SUPPLY CHAINS**

With the opening of markets, increased capital mobility, advancements in information technology and expanded production facilities in the developing world, supply chains have become a more critical means for bringing products and services to markets. These more complex patterns of production and consumption have not only created new types of commercial risks but have also led stakeholders to demand a more effective oversight of MNEs' supply chain impacts.

Recommendation 10 of Chapter II (General Policies) of the Guidelines provides that MNEs should “encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines”. In 2003, the Investment Committee issued a statement to the effect that this Recommendation and its commentary link their scope of application to the practical ability of enterprises to influence the conduct of their business partners "with whom they have an investment like relationship". It added that "in considering Recommendation II.10, a case-by-case approach is warranted that takes account of all factors relevant to the nature of the relationship and the degree of influence. The fact that the OECD Declaration does not provide precise definitions of international investment and multinational enterprises allows for flexibility of interpretation and adaptation to particular circumstances". Making the existence of an "investment like relationship" a condition for NCPs to accept specific instances raised under Recommendation II.10 has been challenged by trade unions and NGOs.

At the same time, Chapter II does not provide recommendations on due diligence steps that MNEs should consider to identify and mitigate risks of negative impacts which could arise from their operations along the supply chain. While the due diligence approach applies to both trade and investment-like activities, risk mitigation steps include consideration of the merits of pro-actively engaging with business partners and, to this end, building business relationships which allow the MNE to influence its supply chain partners' behaviour.

<p>The agreed terms of reference for the update (TORs) provides that the update should clarify or develop as appropriate further guidance on the application of the Guidelines to supply chains taking into account the considerations outlined in paragraph 7 of the TORs.</p> <p>This session will discuss emerging corporate tools and practices for managing risks relating to supply chain relationships, and possible implications for the substantive provisions as well as the application of the "specific instances" facility of the Guidelines. In so doing, it seeks to clarify the concept and components of "due diligence" and their articulation with the exercise of influence on business partners and pro-active policies for responsible business conduct along the supply chain.</p> <p>The discussion will be based on a background paper prepared by the corporate responsibility and consulting firm Business for Social Responsibility. An additional resource is the framework being developed by the OECD-hosted working group on due diligence guidance for responsible supply chain management of conflict minerals under five headings: strengthen company management systems; identify facts and assess risk in the supply chain; design and implement mitigation strategies, including establishing improvement plans or discontinuing engagement with suppliers; ensure independent third-party audit; report on supply chain due diligence and findings [COM/DAF/INV/DCD/DAC(2010)3].</p>	
<p><b>09:15-13:00</b> <b>Room CC12</b></p>	<p><b>Chair: Roel Nieuwenkamp</b>, Director, Trade and Globalisation, Ministry of Economic Affairs, the Netherlands and Chair of the Investment Committee Working Party</p>
	<p><b>a) Corporate tools and practices for managing supply chain risks</b></p> <p><b>Presentation: Scott Chang</b>, Senior Manager, Beijing Office, Business for Social Responsibility, Beijing, China</p> <p><b>b) From emerging best corporate practices to principles and standards for responsible business conduct</b></p> <p><b>Introduction: Auret van Heerden</b>, President, Fair Labour Association</p> <p><b>Lead discussants</b></p> <p><b>Manuel Baigorri</b>, Director, Social &amp; Environmental Sustainability, Levi Strauss &amp; Co.</p> <p><b>Karl Daumueller</b>, Program Manager &amp; SC SER Lead Auditor, Global Procurement Services, Hewlett-Packard GmbH</p> <p><b>Steve Grinter</b>, Education Secretary, International Textile, Garment &amp; Leather Workers' Federation (ITGLWF)</p> <p><b>c) Possible implications for the update of the Guidelines</b></p> <p><b>Introduction: Cody Sisco</b>, Manager of Advisory Services, Business for Social Responsibility, Paris, France</p> <p><b>Discussion</b></p>
<p><b>12:50-13:00</b></p>	<p><b>Summing up by the Chair</b></p>

## SESSION TWO: HUMAN RIGHTS

The growing importance of MNEs in the world economy and greater awareness of their human rights impacts have given rise in recent years to various calls for clarifying the scope of corporate responsibility. The “protect, respect and remedy” framework developed by the Special Representative of the UN Secretary-General on Business and Human Rights (UNSRSG) and supported by the Human Rights Council, describes attributes of the “corporate responsibility to respect human rights” and seeks to identify means for operationalising this responsibility.

In accordance with Chapter II on General Policies, “enterprises should respect the human rights of those affected by their activities consistent with the host government’s international obligations and commitments”. Internationally recognised labour rights as a component of human rights are covered by Chapter IV on Employment and Industrial Relations. The Guidelines’ companion tool – the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones – provides specific guidance on how MNEs may cope with human rights challenges encountered in these more difficult environments, including management of security forces.

In a key note address to National Contact Points in June 2008, the UNSRSG has indicated that the human rights component of the Guidelines could be expanded in a number of areas. Paragraphs 9-10 of the agreed TORs for an update provide that more elaborated guidance on the application of the Guidelines to human rights should be developed, including if deemed appropriate, in a separate chapter of the Guidelines. This session will invite participants to discuss the possible content of such additional guidance drawing, in particular, on a written contribution by the team of the UNSRSG.

<b>15:00-18:00</b> <b>Room CC12</b>	<p><b>Chair: Roel Nieuwenkamp</b>, Director, Trade and Globalisation, Ministry of Economic Affairs, the Netherlands and Chair of the Investment Committee Working Party</p>
	<p><b>a) Operationalising the corporate responsibility to respect human rights</b></p> <p><b>Keynote speaker: Gérald Pachoud</b>, Special Adviser of the Special Representative of the UN Secretary-General on Business and Human Rights</p> <p><b>Discussion</b></p> <p><b>b) Possible implications for the substantive provisions of the Guidelines</b></p> <p><b>Key note speaker: John Morrison</b>, Executive Director, Institute for Human Rights and Business</p> <p><b>Lead discussants:</b></p> <p><b>Matthew Smith</b>, Earth Rights International, Thailand</p> <p><b>Clifford Henry</b>, Director, Corporate Sustainable Development, Procter &amp; Gamble Company</p> <p><b>Hugh Elliott</b>, International Government Relations Manager, Anglo American plc</p> <p><b>Rapporteur: Richard Howitt</b>, Member of the European Parliament for the East of England</p> <p><b>Discussion</b></p>
<b>17:45-18:00</b>	<b>Summing up by the Chair</b>

<b>Thursday 1 July</b>	
<b>SESSION THREE: CLIMATE CHANGE</b>	
<p>Effort to achieve a low carbon economy has gained particular momentum in the last few years, and especially, in the run up to the Copenhagen Conference in December 2009. Country commitments to address climate change are multiplying and the importance of “green growth” as the way forward has been highlighted in many forums, including the 2009 and 2010 OECD Ministerial Meetings</p> <p>Transition to a low-carbon economy has already started and businesses have a major role to play in the process. In accordance with the agreed TORs, the update will consider whether there is a need to clarify or provide additional guidance on the application of the Guidelines to business engagement in addressing the growing concerns over climate change.</p> <p>This session will invite participants to discuss the following three main issues:</p> <p>(a) Disclosure: what climate change-related information should companies be expected to report, and according to which standards?</p> <p>(b) Reducing greenhouse gas emissions: what are the key elements of a corporate plan?</p> <p>(c) Reaching out: how can companies effectively engage with suppliers to reduce emissions throughout the supply chain?</p> <p>The discussion will build on a background document by the Secretariat on emerging business practices to reduce GHG emissions.</p>	
<p><b>9:00-12:45</b> <b>Room CC12</b></p>	<p><b>Co-Chairs:</b> <b>Christine Lagarenne</b>, Sous-directrice de l'Economie des Ressources Naturelles et des Risques, Ministère du Développement Durable, and Vice-Chair of the OECD Environment Policy Committee.</p> <p><b>Manfred Schekulin</b>, Director, Export and Investment Policy, Federal Ministry for Economics, Family and Youth and Chair, OECD Investment Committee and Austria's NCP</p>
	<p><b>“Emerging business practices to reduce GHG emissions”</b></p> <p>Presentation by <b>Céline Kauffmann</b> and <b>Cristina Tébar Less</b>, Investment Division, OECD</p> <p><b>a) Corporate disclosure of climate change related information</b></p> <p><b>Keynote speaker: Paul Simpson</b>, Chief Operating Officer, Carbon Disclosure Project</p> <p><b>Discussion</b></p> <p><b>b) Reducing greenhouse gas emissions</b></p> <p><b>Keynote speaker: Jerome Lavigne-Delville</b>, Head of Communications on Progress, UN Global Compact</p> <p><b>Discussion</b></p> <p><b>c) Engaging with suppliers</b></p> <p><b>Keynote speaker: Dieter Horst</b>, Sustainable Value Chain Initiative Manager, World Business Council for Sustainable Development</p> <p><b>Discussion</b></p>

12:45-13:00

Summing up by the Chairs on possible implications for the Guidelines

## REFERENCES

- *Terms of Reference for an Update of the Guidelines for Multinational Enterprises* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *OECD Guidelines for Multinational Enterprises* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *OECD Risk Awareness Tool for Multinational in Weak Governance Zones* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *OECD project on due diligence for responsible supply chain management of minerals from conflict-affected and high-risk areas* (<http://www.oecd.org/daf/investment/mining>)
- *2002 Annual Report on the Guidelines for Multinational Enterprises – Responsible Supply Chain Management* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *2004 Annual Report on the Guidelines for Multinational Enterprises – Encouraging the Contribution of Business to the Environment* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *2005 Annual Report on the Guidelines for Multinational Enterprises – Corporate Responsibility in the Developing World* ([www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines))
- *Report by the UNSRSG “Protect, Respect and Remedy: A Framework for Business and Human Rights”, A/HR/8/5 (7 April 2008)*
- *Report of the UNSRSG “Business and Human Rights: Further steps towards the operationalization of the “protect, respect and remedy” framework”, A/HRC/14/27*
- *Report of the UNSRSG “Clarifying the Concepts of ‘Sphere of Influence’ and ‘Complicity’” A/HRC/8/16*