



An Roinn Gnó,  
Fiontar agus Nuálaíochta  
Department of Business,  
Enterprise and Innovation

# OECD Guidelines for Multinational Enterprises

## Presentation to CSR Stakeholder Forum

Andrew Colgan

Ireland NCP – OECD Guidelines for Multinational Enterprises

5 March 2018

# Background



- Guidelines provide **non-binding principles and standards** for responsible business conduct in a global context.
- The only multilaterally agreed and comprehensive code of responsible business conduct that Governments have committed to promoting.
- Aim to **promote positive contributions by enterprises** to economic, environmental and social progress worldwide.
- Last Updated 2011 – 42 adhering OECD and non-OECD governments
- Guidelines are supported by OECD commentary on their alignment with international standards, instruments, agreements, declarations – United Nations, ILO, International Chamber of Commerce, ISO Standards, OECD Declarations and Recommendations.

# Structure of the Guidelines



## Part I – Recommendations for Responsible Business Conduct

- |  |   |
|--|---|
| I. Concepts and Principles             | VII. Combating Bribery, Bribe Solicitation, Extortion |
| II. General Policies                   | VIII. Consumer Interests                              |
| III. Disclosure                        | IX. Science and Technology                            |
| IV. Human Rights                       | X. Competition  |
| V. Employment and Industrial Relations | XI. Taxation  |
| VI. Environment                        |   |

<http://mneguidelines.oecd.org/guidelines/>

**Part II provides for implementation procedures, including role of National Contact Points and procedural guidance for managing specific instance complaints.**

# Chapter I. Concepts and Principles



- Observance by enterprises is **voluntary** and **not legally enforceable**. However, some matters covered by the Guidelines may be regulated by national law or international commitments.
- **Obeying domestic laws is the first obligation of enterprises.** Enterprises should honour the Guidelines to the fullest extent that does not place them in violation of domestic law.
- Do not aim to introduce different treatment between MNEs and domestic enterprises, or large and SMEs – **good practice for all.**
- Should not be used for **protectionist purposes.**
- Use of appropriate **international dispute mechanisms** including arbitration is encouraged as a means of facilitating legal problems arising between enterprises and host governments.
- Governments will **establish National Contact Points** that promote the Guidelines and participate in review and consultations procedures to concerning interpretation of the Guidelines.

# Chapter II. General Policies



Enterprises should:

- Contribute to **social, environmental and social progress with** a view to achieving sustainable development.
- Respect internationally recognised **human rights**
- Encourage **local capacity building with community**, including business interests.
- **Refrain from seeking exemptions** not contemplated in the statutory and regulatory framework regarding human rights, environment, health, safety, labour, taxation, financial incentives and other issues.
- Develop **self-regulatory practices to foster mutual trust** with societies.
- Promote **awareness and compliance by workers of company policies**, including training.
- Refrain from discriminatory or disciplinary action against **workers who make bone fide reports to management or public authorities** on practices that contravene the law, the Guidelines or enterprise's policies.

# Chapter II. General Policies



Enterprises should:

- Carry out **risk-based due diligence** to prevent and mitigate adverse impacts on matters covered by the Guidelines.
- **Avoid causing adverse impacts** on matters covered by the Guidelines.
- Seek to **prevent or mitigate an adverse impacts where they have not contributed to the impact** but the impact is linked to their operations, products or services.
- Encourage **business partners and suppliers** to apply principles of RBC compatible with the Guidelines.
- Engage with relevant stakeholders to provide opportunities to **take account of views on planning and decision making** for local communities.
- Abstain from **improper involvement in local political activities**.
- Engage or support multi-stakeholder **initiatives on responsible supply chain management** taking account of social and economic effects on developing countries.

# Supporting OECD RBC documents to the Guidelines



- OECD Guidance for Responsible Agriculture Supply Chains
- OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector
- OECD Responsible Business Conduct for Institutional Investors
- OECD Due Diligence Guidance for Responsible Mineral Supply Chains
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

<http://www.oecd.org/corporate/mne/>

# National Contact Points



All governments adhering to the OECD Declaration on International Investment and Multinational Enterprises (OECD Investment Declaration) are required to set up a **National Contact Point (NCP)** to **promote the OECD Guidelines, handle enquiries and contribute to the resolution of issues** that arise relating to the implementation of the OECD Guidelines in **specific instances**.

# NCPs – Information and Promotion



The National Contact Point will:

- Make the Guidelines known and available by appropriate means, including through on-line information.
- Prospective investors (inward and outward) should be informed about the Guidelines, as appropriate.
- Raise awareness of the Guidelines and their implementation procedures
- Respond to enquiries about the Guidelines from a) other National Contact Points b) the business community, worker organisations, other nongovernmental organisations and the public; and c) governments of non-adhering countries.

# NCPs – Specific Instances



- The Guidelines include a built-in grievance mechanism – specific instances.
- The specific instances mechanism has been part of the Guidelines since the 2000 review. Over this time, more than 400 specific instances have been treated by NCPs.
- Under this mechanism, NCPs are obliged to provide a platform for discussion and assistance to stakeholders to help find a resolution for issues arising from the alleged non-observance of the Guidelines.
- NCPs must do so in a manner that is impartial, predictable, equitable, and compatible with the principles and standards of the Guidelines.
- Specific instances are not legal cases and NCPs are not judicial bodies. NCPs focus on problem solving - they offer good offices and facilitate access to consensual and non-adversarial procedures (conciliation or mediation).

# NCPs – Specific Instances



## Specific Instance Procedure

- **Initial assessment:** to determine if the issues raised merit further examination and meet the criteria as set out in the OECD NCP procedural guidance.
- If the criteria are met, the NCP discusses the issue further with parties involved and offer ‘good offices’ in an effort to contribute informally to the resolution of issues. NCPs can also issue a statement based on the initial assessment.
- **Offer of good offices to examine the issues raised:** to facilitate access to consensual and non-adversarial dialogue to assist parties in reaching a mutual agreement on the resolution of the issues raised.
- Good offices can also include mediation, conducted either by the NCP or by professional mediators.
- **Conclusion:** to issue final statements or reports, including recommendations to the parties. At the point of closure of a specific instance, if the parties have reached an agreement, the NCP will make the results publicly available.
- **Follow-up:** to determine if the NCP recommendations were followed. The NCP can issue a statement based on the follow-up conducted.

# Contact



National Contact Point for MNE guidelines  
Trade Policy Unit  
Department of Business, Enterprise and Innovation  
23 Kildare Street  
Dublin 2  
D02 TD30

Email: [oecdncp@dbei.gov.ie](mailto:oecdncp@dbei.gov.ie)

**Ireland's procedures for handling specific instance complaints**  
<https://dbei.gov.ie/en/What-We-Do/Trade-Investment/Trade-Policy/OECD-Guidelines-for-Multinational-Enterprises/>



# Summary of OECD Guidelines for Multinational Guidelines

## Ireland National Contact Point

# Disclaimer



*Note, the information contained herein is a summary by the Irish NCP of the OECD Guidelines. Readers are advised to read the full text of the Guidelines.*

<http://www.oecd.org/corporate/mne/oecdguidelinesformultinationalenterprises.htm>

# I. Concepts and Principles



- Observance by enterprises is voluntary and not legally enforceable. However, some matters covered by the Guidelines may be regulated by national law or international commitments.
- Obeying domestic laws is the first obligation of enterprises. Enterprises should honour the Guidelines to the fullest extent that does not place them in violation of domestic law.
- Adhering Governments encourage enterprises operating in their territories to observe the Guidelines wherever they operate.
- Guidelines are addressed to all entities within the enterprise – parent companies and/or local entities. Ownership may be private, State or mixed.
- Do not aim to introduce different treatment between MNEs and domestic enterprises, or large and SMEs – good practice for all.
- Should not be used for protectionist purposes.
- Governments should fulfil their responsibilities to treat enterprises equitably in accordance with international law.
- Use of appropriate international dispute mechanisms including arbitration is encouraged as a means of facilitating legal problems arising between enterprises and host governments.
- Governments will establish National Contact Points that promote the Guidelines and participate in review and consultations procedures to concerning interpretation of the Guidelines.

# II. General Policies



Enterprises should:

- Contribute to social, environmental and social progress with a view to achieving sustainable development.
- Respect internationally recognised human rights
- Encourage local capacity building with community, including business interests.
- Refrain from seeking exemptions not contemplated in the statutory and regulatory framework regarding human rights, environment, health, safety, labour, taxation, financial incentives and other issues.
- Develop self-regulatory practices to foster mutual trust with societies.
- Promote awareness and compliance by workers of company policies, including training.
- Refrain from discriminatory or disciplinary action against workers who make bone fide reports to management or public authorities on practices that contravene the law, the Guidelines or enterprise's policies.

# II. General Policies



Enterprises should:

- Carry out risk-based due diligence to prevent and mitigate adverse impacts on matters covered by the Guidelines.
- Avoid causing adverse impacts on matters covered by the Guidelines.
- Seek to prevent or mitigate an adverse impacts where they have not contributed to the impact by the impact is linked to their operations, products or services.
- Encourage business partners and suppliers to apply principles of RBC compatible with the Guidelines.
- Engage with relevant stakeholders to provide opportunities to take account of views on planning and decision making for local communities.
- Abstain from improper involvement in local political activities.

Enterprises are encouraged to:

- Support as appropriate efforts to promote Internet Freedoms with respect to expression, assembly and association online.
- Engage or support multi-stakeholder initiatives on responsible supply chain management taking account of social and economic effects on developing countries.

# III. Disclosure



- Enterprises should ensure timely and accurate information is disclosed on all material matters regarding activities, structure, financial situation, performance, ownership and governance.
- Disclosure policies should be tailored to the nature, size and location of the enterprise.
- Disclosure policies should include information on: financial results; enterprise objectives; major share ownership and voting rights; control mechanisms; board and executive remuneration policy; information about board members (qualifications, selection process, directorships, independency); related party transactions; foreseeable risk factors; issues regarding workers and stakeholders; governance strictures and policies, in particular, governance code.
- Enterprises are encouraged to communicate value statements; codes of conduct; performance relative to statements and codes; information on audit, risk management and compliance; information on relationships with workers and stakeholders.
- Enterprises should apply high quality standards for accounting, and financial as well as non-financial disclosure, including environmental and social reporting.

# IV. Human Rights



States have a duty to protect human rights (UN Charter). Enterprises should:

- Respect human rights – avoid infringing on the human rights of others and address adverse human rights impacts where they occur.
- Avoid causing or contributing to adverse human rights impacts and address them when they occur.
- Seek ways to mitigate adverse human rights impacts that are directly linked to them by a business relationship even if they do not contribute to those impacts.
- Have a policy commitment to respect human rights.
- Carry out human rights due diligence appropriate to their size, nature and context of operations and severity of risks.
- Provide for or co-operate through legitimate processes in remediation of adverse human rights impacts where they have caused/contributed to impacts.

# V. Employment and Industrial Relations



Within the framework of applicable law, regulations, labour relations and employment practices, enterprises should:

- Respect the rights of workers employed to establish or join trade unions and representative organisations of their own choosing.
- Respect the rights of workers to have trade unions and representative organisations recognised for the purpose of collective bargaining, constructive negotiations with a view to reaching agreement on terms and conditions of employment.
- Contribute to effective abolition of child labour and elimination of the worst forms of child labour as a matter of urgency.
- Contribute to elimination of all forms of forced or compulsory labour and ensure it does not exist in their operations.
- Not discriminate against workers on grounds such as race, colour, sex, religion, political opinion, national extraction, social origin.
- Provide information to workers and representatives needed for meaningful negotiations.
- Provide information to workers and representatives which enables them to obtain a true view of the performance of the enterprise.

# V. Employment and Industrial Relations



Within the framework of applicable law, regulations, labour relations and employment practices, enterprises should:

- Promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern.
- Observe standards for employment and industrial relations not less favourable than those of the host country.
- Provide best possible wages, benefits and conditions of work within the framework of government policies.
- Take adequate steps to ensure occupational health and safety.
- To the extent practicable, employ local workers and provide training with a view to improving skill levels.
- Provide reasonable notice of changes in operations which have major employment effects. Cooperate with worker representatives and governmental authorities to mitigate to the maximum extent practicable adverse effects.
- Not threaten to transfer whole or part of the operating unit from the host country in order to unfairly influence negotiations.
- Enable representatives to negotiate on collective bargaining or labour relations issues and allow parties to consult on matters of mutual concern with representatives of management. .

# VI. Environment



Within framework of laws in host countries and in consideration of relevant international agreements and standards, enterprises should:

- Establish and maintain a system of environmental management including collection and evaluation of information regarding environmental and safety impacts; establishment of measurable objectives for improved environmental performance; review relevance of objectives to national policies and international commitments; regular monitoring and verification of progress towards objectives/targets.
- Taking into account concerns about cost, confidentiality and protection of intellectual property rights, provide public and workers with adequate measurable and timely information on environment, health and safety impacts; engage in timely communication and consultation with communities effective by environment, health and safety impacts of the activities of the enterprise.
- Assess environmental health and safety impacts in decision making and prepare environmental impact assessments where a competent authority approval is required.

# VI. Environment



Within framework of laws in host countries and in consideration of relevant international agreements and standards, enterprises should:

- Not to use lack of full scientific uncertainty as a reason for postponing cost effective measures to prevent or minimise damage.
- Maintain contingency planning for preventing, mitigating and controlling serious environmental and health damage.
- Continually seek to improve corporate environmental performance and where appropriate in its supply chain by encouraging activities such as adoption of technology; environmentally safe products and services; promotion among customers of environmental implications of products and services; exploring ways to improve long term environmental performance e.g. emissions/biodiversity.
- Provide adequate education and training to workers in environmental health and safety matters;
- Contribute to environmentally meaningful and economically efficient public policy.

# VII. Combating Bribery, Bribe Solicitation and Extortion



- Aligned with core OECD/UN antibribery instruments.
- Enterprises should not offer, promise, give or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Enterprises should resist the solicitation of bribes and extortion.

In particular, enterprises should:

- Not offer, promise or give undue pecuniary or other advantage to public officials or employees of business partners, or accept same or use third parties to channel pecuniary or other advantages.
- Develop adequate internal controls, ethics and compliance programmes for preventing and detecting bribery.
- Prohibit or discourage the use of small facilitation payments

# VII. Combating Bribery, Bribe Solicitation and Extortion



In particular, enterprises should:

- Ensure properly documented due diligence pertaining to hiring, oversight of agents and transactions with public bodies and State-owned enterprises.
- Ensure transparency regarding fight against bribery, including public commitments, disclosing management and compliance systems to honour commitments and dialogue with the public.
- Promote employee awareness of an compliance with company policies and internal controls, ethics and compliance programmes, and through training and disciplinary procedures.
- Not make illegal contributions to candidates for public office and ensure political contributions comply with public disclosure requirements and reported to senior management.

# VIII Consumer Interests



Enterprises should act in accordance with fair business, marketing and advertising practices and take all reasonable steps to ensure quality and reliability of goods and services. In particular, they should:

- Ensure goods and services meet agreed or legally required standards for consumer health and safety.
- Provide accurate and clear information on prices, content, safe use, environmental attributes, maintenance, storage and disposal.
- Provide access to effective non-judicial dispute resolution without unnecessary cost and burden.
- Not make representations that are deceptive, misleading, fraudulent or unfair.
- Support efforts to promote consumer education to help them make informed decisions, better understand economic, social and environmental impacts and support sustainable consumption.
- Respect consumer privacy and reasonable measures to ensure the security of personal data.
- Cooperate fully with public authorities to prevent and combat deceptive marketing practices.
- Take particular consideration of vulnerable consumers and specific challenges of e-commerce.

# IX Science and Technology



Enterprises should:

- Endeavour to ensure that their activities are compatible with S&T plans of the countries in which they operate and contribute to the development of local and national innovative capacity.
- Adopt where practicable practices that permit the transfer and diffusion of technologies with due regard to IP rights.
- Address local market needs and employ host country personnel in S&T capacity and encourage their training.
- Provide reasonable terms for granting licences for IP or technology transfer.
- Where relevant, develop ties with local universities, public research institutions, and participate in co-operative research projects with local industry.

# X Competition



Enterprises should:

- Carry out activities consistent with all applicable competition laws and regulations, taking into account all jurisdictions where activities may have anti-competitive effects.
- Refrain from agreements to fix prices, make rigged bids, establish restrictions or quotas, share of divide markets.
- Cooperate with investigating competition authorities.
- Regularly promote employee awareness of the importance of compliance with competition laws and regulations. In particular, train senior management in relation to competition.

# XI Taxation



- It is important that enterprises contribute to public finances of host countries.
- Enterprises should comply with the letter and the spirit of tax laws and regulations of countries in which they operate.
- Enterprises should treat tax governance and tax compliance as important elements of their oversight and broader risk management systems.
- In particular, corporate boards should adopt tax risk management strategies to ensure financial, regulatory and reputational risks associated with taxation are fully identified and evaluated.

