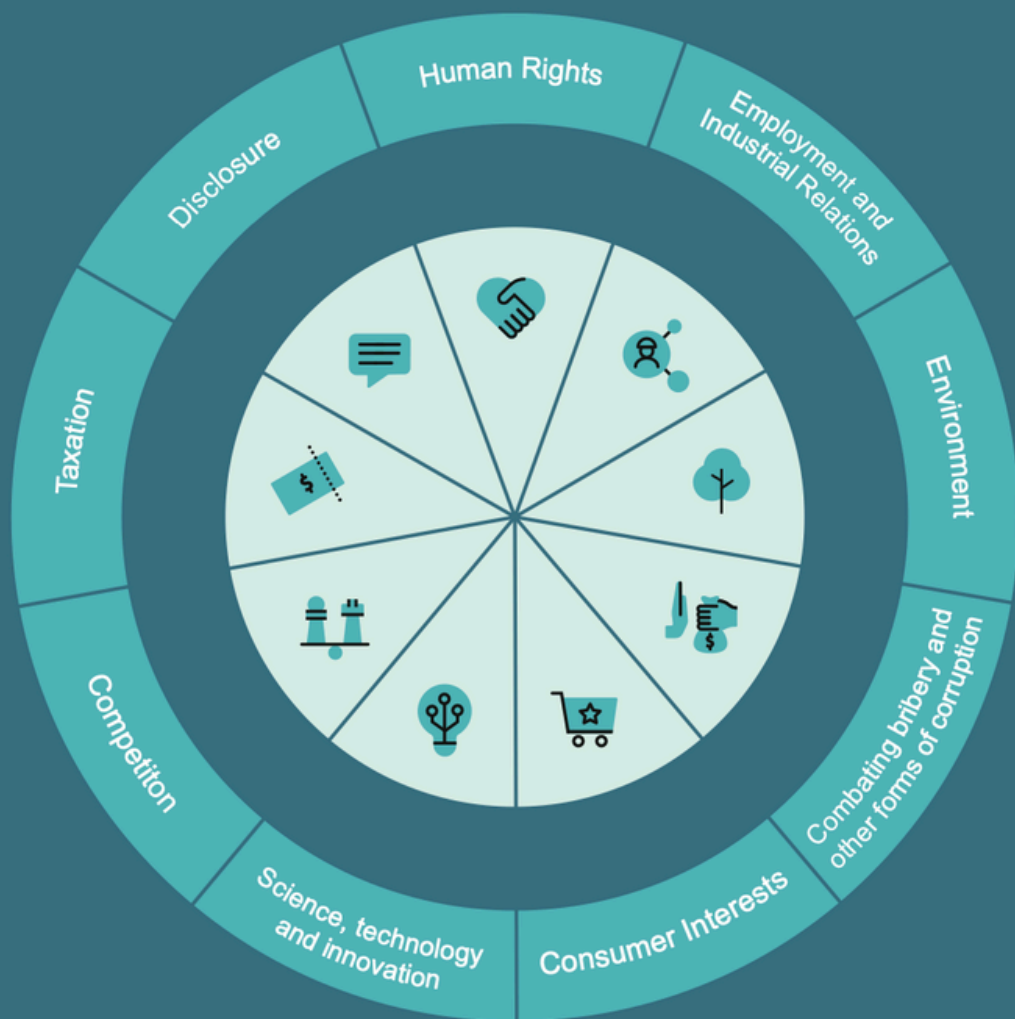


OECD Guidelines for Multinational Enterprises on Responsible Business Conduct



The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are recommendations by governments aimed at ensuring that enterprises contribute positively to economic, social and environmental progress and reduce adverse impacts associated with their operations, products and services. The overall objective of the governments adhering to the Guidelines is to promote the positive role of enterprises in sustainable development.

The Guidelines are voluntary in nature; however, compliance with national legislation is the primary responsibility of enterprises. The Guidelines do not replace or override national laws. In certain cases, the issues covered by the Guidelines may go beyond formal legal requirements, while reflecting internationally recognised standards of responsible business conduct.

The Guidelines apply to all enterprises, regardless of their size, structure, sector or location, and extend to the activities of companies in all countries in which they operate. Multinational enterprises, due to their cross-border structure, may influence economic, environmental and social conditions in different states, and the Guidelines provide a framework for responsible business conduct in such contexts.

Which topics do the Guidelines cover?

The Guidelines cover a wide range of sustainable development issues, reflecting the potential and actual impacts of business activities on people, the planet and society. They include key areas such as human rights; employment and labour relations; the environment; combating bribery and other forms of corruption; consumer interests; science, technology and innovation; competition; taxation; and information disclosure.

Each topic sets out a body of principles and recommendations aimed at ensuring that enterprises make a positive contribution to sustainable development and reduce the adverse impacts of their activities in all countries in which they operate.

What is Responsible Business Conduct Due Diligence?

Due diligence in the field of responsible business conduct is a risk-based, ongoing process through which enterprises identify, prevent and mitigate actual and potential adverse impacts, and account for how they address such issues.

Enterprises should avoid causing or contributing to adverse impacts in the areas covered by the Guidelines and seek ways to prevent or mitigate such impacts through their business relationships.

Due diligence includes the identification, prioritisation, prevention, mitigation and tracking of adverse impacts, as well as meaningful engagement with stakeholders. Prioritisation is carried out based on the severity and likelihood of the impacts.

The Guidelines distinguish between situations where an enterprise causes an impact, contributes to an impact, or where an impact is directly linked to its operations, products or services through business relationships. In each of these situations, the enterprise should take appropriate action.

The due diligence process comprises six key elements:

- 1.integrating responsible business conduct into policies and management systems;
- 2.identifying and assessing adverse impacts;
- 3.ceasing, preventing or mitigating impacts;
- 4.tracking implementation and results;
- 5.communicating how impacts are addressed;
- 6.providing for, or cooperating in, remediation where appropriate.

What are business relationships?

Business relationships are an enterprise's relationships with business partners, supply chain participants and any other governmental or non-governmental entities that are directly linked to its operations, products or services. Business relationships include both suppliers and contractors, as well as entities that receive the enterprise's products or services.

How do the Guidelines relate to laws and regulation?

The Guidelines are voluntary standards of responsible business conduct. Compliance with national legislation is the primary responsibility of enterprises, and the Guidelines do not replace or override national laws. In certain cases, the issues covered by the Guidelines may go beyond formal legal requirements, reflecting internationally recognised standards of responsible business conduct.

The matters addressed by the Guidelines may overlap with national laws and international commitments, and enterprises should comply with applicable legal requirements in all countries in which they operate. The Guidelines are not intended to be used as a tool of protectionism.

The OECD recommends that governments put in place legal and regulatory frameworks to enable responsible business conduct in the areas covered by the Guidelines. When engaging in public advocacy, enterprises should ensure that their lobbying activities are transparent and consistent with their commitments and objectives on matters covered by the Guidelines.



Disclosure

Enterprises are facing increasing demands for transparency and the disclosure of sustainability-related information. In accordance with the Guidelines, enterprises should disclose regular, timely, reliable, accurate, complete and comparable information on all material matters that may influence investors' assessment of the enterprise's value or be of interest to other relevant stakeholder groups. Such information should cover the enterprise's entire activities and, where appropriate, be provided by business line or geographical region.

Disclosure should include two types of information:

- material corporate information, such as financial performance, ownership structure, governance, management remuneration, material risks and sustainability factors;
- information on responsible business conduct, including actual and potential adverse impacts on people, the environment and society, as well as the due diligence processes through which the enterprise identifies, prevents and mitigates such impacts.

It is important to provide reliable and comparable information on the enterprise's policies, areas of significant risks and impacts, the measures taken to prevent or address them, and the outcomes of those actions. Such disclosure may go beyond financial reporting and extend to supply chains and business relationships, including the activities of contractors, suppliers and joint ventures.

Enterprises should take into account internationally recognised accounting and disclosure standards and may use external independent assurance to enhance the credibility of the information disclosed.



Human Rights

States have a duty to protect human rights, and enterprises have a responsibility to respect them in accordance with internationally recognised standards. Enterprises should avoid causing or contributing to adverse human rights impacts and should address such impacts when they occur.

Where an enterprise causes a negative impact, it should cease the impact and provide for remediation. Where an enterprise contributes to a negative impact, it should take steps to prevent or mitigate the impact and cooperate in remediation. Where a negative impact is directly linked to an enterprise's operations, products or services through a business relationship, even if the enterprise has not contributed to the impact, it should seek to prevent or mitigate the impact by using its leverage.

Enterprises should carry out human rights due diligence to identify, prevent, mitigate and track adverse impacts, and to provide for or cooperate in the provision of remedy where such impacts are linked to their activities or business relationships.

The Human Rights chapter of the OECD Guidelines is fully aligned with the UN Guiding Principles on Business and Human Rights. Enterprises should also refrain from any form of reprisals and take measures to prevent reprisals, including by business partners, against individuals or groups who raise concerns about actual or potential adverse impacts related to the enterprise's activities.



Employment and Industrial Relations

Enterprises should respect internationally recognised labour rights and avoid any unlawful practices in the field of employment and labour relations. They should respect the right of workers to establish or join trade unions and organisations of their own choosing, and to engage in collective bargaining. Enterprises should contribute to the effective abolition of child labour and the elimination of all forms of forced or compulsory labour, ensure equality of opportunity and non-discrimination in all aspects of employment, and provide safe and healthy working conditions.

Enterprises should engage in constructive dialogue with workers and their representatives, provide consultation on employment and working conditions, and respect workers' right to effective remedies. As part of responsible business conduct, enterprises should promote skills development, training and opportunities for professional growth.

Enterprises' responsibilities also extend to their supply chains and business relationships, where they should take measures to prevent or address labour rights violations by their contractors and suppliers. The Employment and Labour Relations chapter of the Guidelines is fully aligned with the ILO Declaration on Fundamental Principles and Rights at Work.



Environment

Enterprises should conduct due diligence to identify, prevent and address adverse environmental impacts of their activities, products and services. Such impacts include climate change, biodiversity loss, degradation of terrestrial, marine and freshwater ecosystems, deforestation, air, water and soil pollution, as well as the mismanagement of waste, including hazardous substances.

Enterprises should ensure that their greenhouse gas emissions and their impact on carbon sinks are consistent with internationally agreed global temperature goals, and should also consider the social impacts of their climate action and environmental management.

To manage environmental risks, enterprises should carry out environmental impact assessments, set measurable objectives, indicators and strategies to reduce adverse impacts, and regularly disclose information on their environmental performance and progress.

Enterprises should maintain preparedness and emergency response plans related to environmental risks and should continuously strive to improve their environmental performance by using best available technologies and engaging stakeholders, including local communities, in impact assessment and management processes.



Combating Bribery and Other Forms of Corruption

Adverse impacts in the areas covered by the Guidelines are often enabled by corruption. Enterprises should put in place and maintain effective measures to prevent, detect and address bribery and all other forms of corruption, including extortion, abuse of office and undue advantage. These measures should cover both the enterprise's own activities and its business relationships, including intermediaries, agents, contractors and suppliers.

In line with the 2023 updates, enterprises should conduct due diligence with respect to corruption risks, including the assessment of potential and actual violations related to operations, products, services and supply chains. Enterprises should ensure transparency in their interactions with public authorities and refrain from any actions that could be perceived as an attempt to exert undue influence.

Enterprises should resist extortion and other forms of pressure aimed at obtaining bribes or undue advantage, and ensure that their internal control, ethics and compliance systems prevent corrupt practices at all levels of their operations.



Consumer interests

Enterprises should apply fair, honest and non-discriminatory marketing practices, ensure the safety, quality and reliability of their products and services, and provide consumers with accurate, verifiable and clear information sufficient to enable informed decisions. Information on product characteristics, potential risks and proper use should be presented in an accessible and understandable manner, including where consumers belong to vulnerable groups.

Enterprises should avoid any misleading, deceptive or aggressive marketing and sales practices, and ensure that any environmental, social or other claims about product characteristics are substantiated, evidence-based and verifiable.

Enterprises should provide effective mechanisms for handling consumer complaints, take measures to prevent the recurrence of violations, and cooperate with relevant authorities and organisations to enhance product safety and quality and protect consumer rights.



Science, Technology and Innovation

Technology has a significant impact on the matters covered by the Guidelines, including sustainable development, human rights, economic participation, the quality of democracy, social cohesion, climate change and market dynamics. Its development and use can create both significant opportunities and serious risks for people, society and the environment.

Enterprises should conduct due diligence to prevent and address adverse impacts related to the development, financing, licensing, sale, trade and use of science, technology and innovation, including data collection, processing and use, as well as the operation of digital systems, automated solutions and artificial intelligence.

Responsible technology governance involves assessing potential risks, ensuring transparency and explainability of algorithmic systems, safeguarding user safety, and considering impacts on vulnerable groups. Enterprises should engage with stakeholders and take measures to minimise negative impacts throughout the technology life cycle.



Competition

Enterprises should carry out their activities in accordance with all applicable competition laws and regulations, taking into account the legislation of all jurisdictions in which their operations or business relationships may have anti-competitive effects. They should refrain from anti-competitive agreements that undermine the effective functioning of domestic and international markets, including cartels, concerted practices and the anti-competitive exchange of commercially sensitive information.

Enterprises should avoid abusing a dominant or monopolistic position, including practices aimed at preventing, restricting or eliminating competitors. Companies should ensure that their interactions with other enterprises, including through joint projects or industry initiatives, do not result in restrictions on competition, except where such cooperation contributes to efficiency gains and provides clear benefits to consumers.

Enterprises should implement and maintain effective competition compliance measures, including employee training, risk assessment and control mechanisms, in order to prevent, detect and address anti-competitive conduct.



Taxation

It is important that enterprises contribute to the public finances of the countries in which they operate by making timely and full payment of their tax obligations. Enterprises should pay taxes in the jurisdictions where economic value is created and refrain from aggressive tax planning that undermines the tax base or contradicts the spirit of tax legislation.

Tax transparency strengthens the integrity of the tax system and is an important means of demonstrating enterprises' compliance with both the letter and the spirit of tax rules. Enterprises should provide tax authorities with timely, accurate and complete information necessary for the assessment of tax liabilities and maintain good faith and constructive cooperation with the competent authorities.

Corporate governing bodies should adopt tax risk management strategies to ensure that financial, regulatory and reputational risks related to taxation are identified and assessed. Enterprises should ensure that related-party transactions and transfer pricing are consistent with the internationally recognised arm's length principle and do not distort competition.

National Contact Points for Responsible Business Conduct



Countries that adhere to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are required to establish a fully functioning National Contact Point for Responsible Business Conduct (NCP). The tasks of NCPs include promoting awareness of the Guidelines, facilitating their implementation, and supporting the coherence of government measures aimed at promoting responsible business conduct.

NCPs serve as a non-judicial grievance mechanism for handling complaints (specific instances) related to actual or potential adverse impacts of enterprises' activities. In this role, NCPs offer good offices, including facilitating dialogue, mediation and assistance in reaching mutually acceptable solutions, and may issue statements and recommendations following the consideration of cases.

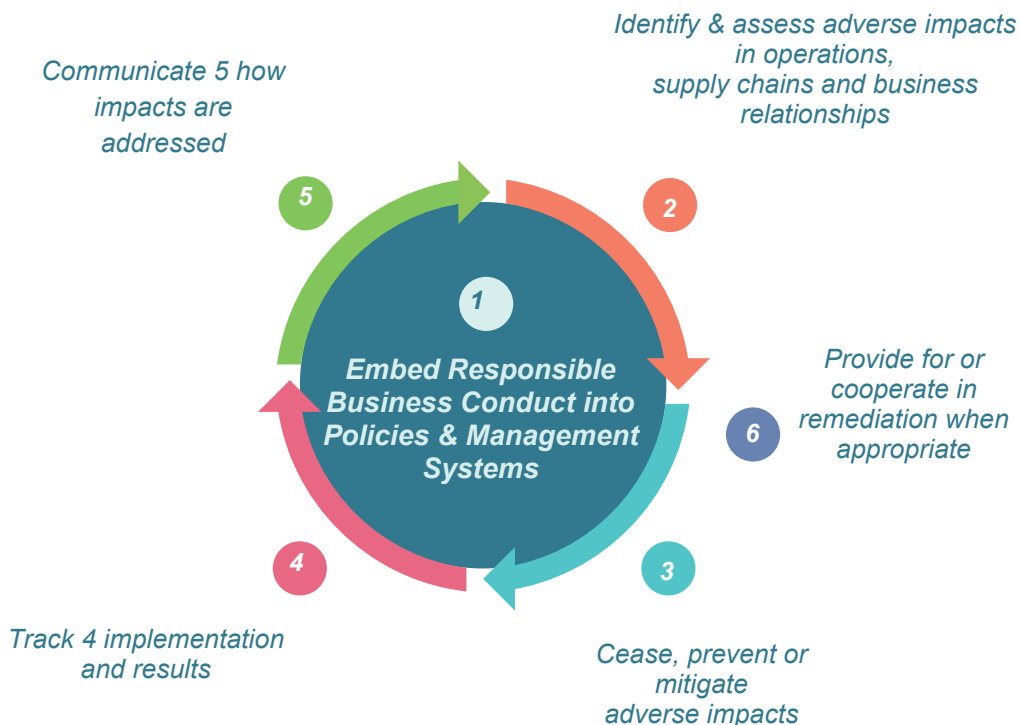
NCPs should have transparent and accessible procedures, operate consistently, and meet the OECD effectiveness criteria by being visible, accessible, transparent, accountable, impartial, predictable and compatible with the Guidelines. Governments should provide NCPs with the necessary resources and institutional support. The work of NCPs is subject to regular peer review to ensure the functional equivalence of systems across countries.

OECD Due Diligence Guidance for Responsible Business Conduct

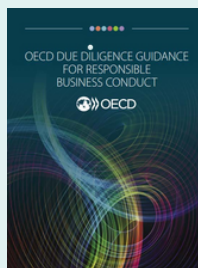
The OECD Due Diligence Guidance for Responsible Business Conduct is a central tool for implementing the OECD Guidelines and provides enterprises with a practical, risk-based due diligence model. It describes six key steps of the due diligence process that enterprises should integrate into their management systems to identify, prevent, mitigate and track adverse impacts, as well as to provide for or cooperate in remediation where appropriate.

OECD sector due diligence guidance

OECD sectoral due diligence guidance helps enterprises implement the recommendations of the Guidelines in an industry-specific manner. It adapts the overall due diligence model to specific contexts, risks and operational realities in sectors such as mining, agriculture, garment and footwear, the financial sector, and mineral supply chains. These guidance documents provide practical tools, examples and recommendations to help enterprises effectively carry out due diligence in line with the Guidelines.



Guidance and tools for practitioners



Due Diligence
Guidance for
Responsible
Business Conduct



Agricultural
supply chains



Financial Sector



Garment
and
Footwear
supply
chains



Minerals
supply
chains



OECD e-learning
Academy on Responsible
Business Conduct

The OECD Centre for Responsible Business Conduct provides analysis, supports countries in capacity building and standard setting, and promotes intergovernmental policy cooperation in the field of responsible business conduct. The Centre develops tools and guidance, conducts research, supports the work of National Contact Points, and ensures policy coherence among adhering governments. Its activities aim to enable enterprises, governments and stakeholders to align their practices with internationally recognised standards of responsible business conduct and the Sustainable Development Goals.

Find more information

**OECD Guidelines for Multinational
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