



2009 ANNUAL ROUNDTABLE ON CORPORATE RESPONSIBILITY

Consumer Empowerment and Responsible Business Conduct

Summary of the Discussion by the OECD Secretariat

15 June 2009

This summary of the 2009 Annual Roundtable on Corporate Responsibility held in Paris on 15 June 2009 in conjunction with the Annual NCP Meeting and entitled “Consumer Empowerment and Responsible Business Conduct” has been finalised in light of comments received by delegates and speakers at the Conference under written procedure by 18 September 2009.

The summary is now derestricted and will be incorporated in the 2009 edition of the OECD publication “Annual Report on the OECD Guidelines for Multinational Enterprises.”

ACKNOWLEDGEMENTS

The National Contact Points and the co-organiser OECD Committees – the Investment Committee, the Committee on Consumer Policy, the Committee on Financial Markets and the Environmental Policy Committee – wish to thank all of those who actively contributed to the OECD Conference on Corporate Responsibility, “Consumer Empowerment and Responsible Business Conduct,” held in Paris on June 15, 2009 in conjunction with the ninth annual meeting of the NCPs, particularly the key note speakers:

Ms. Meglena KUNEVA, Commissioner for Consumer Policy, European Commission

Mr. Samuel OCHIENG, President, Consumers International

Ms. Nancy NORD, Commissioner, U.S. Consumer Product Safety Commission

Mr. Aart DE GEUS, OECD Deputy Secretary General

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

Mr. Farid BADDACHE, Europe Director, Business for Social Responsibility

Mr. Brian BRANCH, Executive Vice President and Chief Operating Officer, World Council of Credit Unions

Ms. Julie CHAUVEAU, Les Echos

Ms. Véronique DELI, Chair, OECD Working Party on Global and Structural Policies

Mr. John EVANS, Secretary-General, Trade Union Advisory Committee to the OECD (TUAC)

Ms. Anne FILY, Head of the Legal & Economic Department, BEUC

Mr. Erich HARBRECHT, Vice Chair, OECD Committee on Financial Markets

Mr. Stephen HINE, Head of Responsible Investment Development, EIRIS

Mr. Yang HONGCAN, Secretary-General, Chinese Consumers Association

Ms. Céline KAUFFMANN, Economist, OECD Investment Division

Mr. Bruno LEVESQUE, OECD Financial Affairs Division

Ms. Serena LILLYWHITE, Brotherhood of St. Laurence and Representative of OECD Watch

Mr. Vernon MACKAY, Chair of the Working Party of the Investment Committee

Mr. Marcello MANCA, Vice President and General Manager, Underwriters Laboratories Environment, Inc.

Mr. Dirk MEIJER, Chief Executive of Prosafe, the European Coordination Point on Market Surveillance on Consumer Product Safety

Ms. Michèle PAPPALARDO, General Commissioner, Grenelle de l'Environnement

Mr. Bjarne PEDERSEN, Director of Operations, Consumers International

Mr. Dan REES, Director, Ethical Trading Initiative

Mr. Udo REIFNER, Head of the Institute for Financial Services, Germany

Mr. Gordan RENOUF, General Manager, Policy and Campaigns, CHOICE, Australia

Mr. Jürgen STURM, Secretary-General, European Lamp Companies Federation

Mr. Christian THORUN, ISO Working Group on Social Responsibility, Federation of German Consumer Organisations

Mr. Hubert VAN BREMEN, Chairman of the BIAC Consumer Policy Group, Business and Industry Advisory Committee to the OECD (BIAC)

Mr. Cornis VAN DER LUGT, Corporate Responsibility Program, UNEP

Ms. Mei Li VOS, Dutch MP

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Summary of the Discussion
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The *OECD Guidelines for Multinational Enterprises* (the OECD Guidelines) are recommendations from governments to multinational enterprises regarding voluntary principles and standards for responsible business conduct worldwide. The aim of the OECD 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 41 governments adhering to the Guidelines have committed themselves to participating in the Guidelines’ unique implementation procedures.

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 the meetings is to assist NCPs in their work promoting and implementing the OECD Guidelines for Multinational Enterprises.

Considering that the OECD Guidelines are the sole existing inter-governmental instrument on corporate responsibility to address consumer interests, the 2009 Roundtable, held on 15 June 2009, was devoted to the subject of “Consumer Empowerment and Responsible Business Conduct.” It was organised under the auspices of the OECD Investment Committee in close co-operation with the OECD Committee on Consumer Policy, the OECD Committee on Financial Markets and the OECD Environmental Policy Committee. Building on the results of a 2006 conference in Rotterdam on the topic of business interaction with consumers,¹ the 2009 Roundtable convened representatives of governments, business, labour and other stakeholders to:

- assess the recent evolution of consumer concerns and their impact on business conduct worldwide;
- determine how multinational enterprises integrate, as recommended by the OECD Guidelines, consumer interests into their operations and how they encourage consumers to act more responsibly towards society with due regard to their particular needs and culture;
- discuss the reliability of information provided to consumers and consumer perceptions about the health, safety and sustainability of the products they consume; and
- discuss the pros and cons of various policies and instruments to promote responsible business conduct and raise consumer confidence, and in that context, the role of the OECD Guidelines.

The conference was attended by over 200 participants representing approximately 42 countries, including emerging economies (or Enhanced Engagement countries) such as China, India, and South Africa and other non-Member countries. The discussion was divided into an opening session attended by high level officials and six other sessions that explored issues relevant to the conference’s focus. Each working session consisted of presentations by a panel of participants drawn from government, multilateral organisations, business, labour and civil society (see Annex A). The following summary is organised

¹ [http://www.oilis.oecd.org/oilis/2006doc.nsf/linkto/td-tc-wp\(2006\)17-final](http://www.oilis.oecd.org/oilis/2006doc.nsf/linkto/td-tc-wp(2006)17-final)

according to each session's main theme. The event was held under the Chatham House Rule and this summary conforms to that rule.

1. Inaugural Session. Consumers can make the global marketplace more responsible.

The inaugural session of the Roundtable benefited from keynote presentations by Aart de Geus, Deputy Secretary-General at the OECD, Meglena Kuneva, Commissioner for Consumer Policy at the European Commission, Samuel Ochieng, President of Consumers International, and Nancy Nord, Commissioner of the U.S. Product Safety Commission. The presenters conveyed the following key messages to the participants.

Consumers can and should become more powerful drivers of corporate responsibility. The OECD recognises the strong potential that consumers can exercise on business behaviour through their purchasing decisions. Corporate responsibility action by business over the past several decades has not only been driven by government regulation, investor pressure, CEO charity or their own insight of what should be put on the market but increasingly by consumer demands that environmental, social and governance (ESG) related issues be integrated into the companies' bottom-line calculations. Effective co-ordination amongst consumers, however, is difficult and research shows that they remain motivated primarily by price and quality. This level of concern, however, is highly dependent on the information available and on the context of the consumer behaviour. Consumers need to be energised and have access to the necessary tools to exercise their power more effectively.

Consumers need access to accurate, clear and user-friendly information. Research shows that an increasing number of consumers are interested in social and environmental issues and do want more confidence that the products and services that they are using are consistent with these concerns. Consumers who believe these issues are important have indicated a preference for more reliable and consistent information on the responsibility of companies with regards to such issues. Currently, consumers must filter through a complex variety of certifications and labels. If a more consistent information and certification mechanism existed, consumers would be more able, perhaps even more willing, to change their consumption decisions and direct their purchases towards more responsible suppliers of goods and services.

Consumers also have responsibilities. Consumers have the power to influence environmental and social outcomes. Consumer responsibility is an important counterpart to corporate responsibility: where producers are responsible for the production and sales of goods and services, consumers are responsible for their use and disposal. By shifting consumption patterns towards goods that were produced in a more sustainable manner or by reducing consumption of certain products, consumers can have a direct impact on environmental and social outcomes.

Governments and international organisations can provide support. There are three main areas in which governments and other organisations can have a large impact on the ability of businesses and consumers to create a more environmentally and socially responsible global marketplace. First, governments can support and incentivise businesses to integrate ESG concerns into their operations. This can happen either individually with companies or with entire industries, as was the case with the U.S. toy industry, and it can happen with producers and subcontractors all along the global supply chain. Governments may indeed be more successful if they are supporting responsible supply chain management throughout the production process rather than penalising companies for poor supply management once the products are already being sold. Second, governments can educate the public about responsible consumption and provide incentives designed to shift consumption patterns. Thirdly, governments or international organisations can require or encourage companies to provide increased transparency and information on ESG issues for use by consumers and other stakeholders. In all of these areas, robust national regulatory frameworks that empower consumers, promote disclosure, provide access to simple

redress mechanisms for malfunctioning markets and poor business practice, and ensure a transparent and predictable business environment should be a key priority.

2. What consumers expect from responsible business conduct

There is growing consumer interest in sustainability, however the extent to which interest translates to purchasing decisions is unclear. Research suggests that consumers “intend” to seek out and pay a premium for sustainable products. While this intention is well-documented, it is less certain how often that translates into actual consumer action. Some surveys suggest that consumers are unwilling to pay a premium or sacrifice product quality for increased sustainability, while others estimate that consumers would be willing to pay 5-20% more for responsibly-produced products. Current research also suggests that consumers are more sensitive to negative news regarding corporate responsibility than they are to positive news, and thus are more likely to “punish” companies with poor corporate responsibility records than they are to “reward” companies with good records. At the same time, the sales of some fair trade or locally produced products appear to have held up well in the current economic downturn.

There are many factors beyond product quality and price that drive consumer decision-making and that can be used to encourage responsible consumption. One such factor is the ease of purchasing and using sustainable products and services. Research has shown that consumers are more likely to make responsible purchasing decisions if they do not need to make significant trade-offs in convenience or product performance to do so. An important part of facilitating consumer access to sustainable products is information provision. It was again pointed out in this session that reliable and accurate information regarding the social and environmental characteristics of products is currently difficult for consumers to access. One presenter proposed switching environmental and social performance reporting from the company level to the product level, while others advocated for a standardised reporting system across all products. One success in this area has been the “energy-efficiency” label currently used in the European Union for appliances such as washing machines and dishwashers. Surveys show that the label is one of the first pieces of information consumers consider when purchasing such items.

Social engagement is also important when promoting responsible consumption. While developing sustainable products and proper information systems are important, so too is creating a social movement to promote and encourage responsible consumption. Studies have shown social pressure to be an important factor in consumer decisions as a sense of “if you will, I will” drives much of consumer behaviour. For example, one study observed consumers at a coffee shop and noted that sales of Fair Trade coffee increased dramatically when salespeople specifically prompted customers to consider Fair Trade brands. This increase was even more dramatic when a third party witnessed the sale. Results such as these suggest that non-technical, social aspects can play an important role in driving responsible consumption. Efforts to further this “social movement” are already underway, through internet-based efforts like those on social networking sites like Facebook, and smaller-scale efforts such as local sustainable cooking clubs.

Culture and lifestyle differences do need to be considered when promoting responsible consumption. Several presenters on the panel spoke of the differences that need to be considered when pursuing and encouraging responsible consumption in various regions, and they shared the view that responsible consumption measures need to be developed on a regional basis. For example, a comparison was made between Japan and Europe, two regions that share comparable standards of living but whose consumption patterns result in vastly different levels of environmental impact. For example, in Germany it is estimated that an average consumer uses the equivalent of 80 tonnes of resources per year, whereas a Japanese consumer uses only 40 tonnes of resources per year. The differences are even more apparent when comparing consumption in developed and emerging economies. Consumers in India, for example, make very different consumption decisions than consumers in the United States – they eat far less meat and purchase more locally grown products, however they also consume mostly bottled drinking water as a health safety measure (although the rising levels of affluence of emerging markets may reduce these differences in the future). These examples serve as reminders that responsible consumption efforts will

need to fit the context in which consumers make decisions. The discussion also highlighted the importance of corporate responsibility in developing country contexts, where consumer movements and regulatory environments are often less developed.

3. The business response

Businesses strive to produce products that meet the needs and expectations of their clients. As consumers have become increasingly interested in responsible production and sustainability, businesses have grown more responsive and have worked to meet these new customer and employee expectations. Sustainability considerations are no longer relegated to corporate responsibility departments, but have become a core part of companies' innovation and product development efforts. Consumers increasingly want assurances that companies are 'doing no harm', however, this in itself is no longer sufficient. Consumers also want assurance that enterprises endeavour to make a positive contribution in relation to the social and environmental impact of their business. A well known Japanese vehicle manufacturer, for example, began developing a low carbon emission car model in the mid-90s in anticipation of growing customer concern regarding the environmental impact of vehicle emissions. A leading manufacturer of consumer goods created a concentrated laundry detergent whose production and distribution requires fewer resources than other detergents. On the other hand, however, business surveys show that consumers are not willing to make significant concessions on price and quality to account for social and environmental issues. Another constraint is that businesses must look for ways to meet customer expectations on all fronts, which limits the extent to which they can pursue responsible production measures. Consumer awareness of the importance of responsible consumption is crucial and more likely to develop under the pressure of civil society groups.

Businesses can shift consumer behaviour through various mechanisms. Three mechanisms in particular were discussed: developing more sustainable products, influencing consumer choice and product use through marketing, or removing certain products from the market ("choice editing"). Choice editing most often happens at a regulatory level, while businesses themselves tend to focus on product development and marketing efforts. These efforts have proven successful in the past, both at shifting consumer preferences towards more sustainable products but also shifting post-purchase consumer behaviour towards more responsible product use. Advertising or education campaigns that reconcile sustainability with performance have proven to be particularly effective in the case of one leading manufacturer of consumer products.

Businesses can also shift supplier behaviour; however, their reach can be limited at lower levels of the supply chain. One of the biggest challenges to responsible production is the globalised supply chain. Working with suppliers to produce raw materials responsibly and sustainably is difficult, however many businesses have begun to integrate these considerations into their core businesses. One leading company of brand consumer goods said, for example, that confronted with the problem that that some suppliers were contributing to the degradation of rain forests, it worked with other companies to implement a certification system for suppliers that would allow purchases only from the suppliers that were producing responsibly. Other businesses have engaged with civil society monitoring organisations to promote responsible production amongst suppliers. One successful example of such a group is the Clean Clothes Campaign in the textiles industry.

Next steps? While businesses have made significant progress towards more sustainable and responsible production, much work remains. What is needed above all is a broad vision and understanding by actors along the entire spectrum, not just companies themselves, of what can and should be done.

4. The supply chain challenge

Supply chain management is one of the toughest challenges producers face. It is the area where action is definitely needed, and one that civil society has been particularly vocal on as there is an

increasing number of irresponsibly produced products on the market. These can range from products that are produced in an unsustainable manner to products that are actually harmful and dangerous for the consumer. There is a growing understanding amongst producers that avoiding public product recalls or other public product problems is worth expending additional resources to produce safe products responsibly. This has resulted in several successful industry self-regulation initiatives, most notably in the U.S. toy industry in response to product safety concerns and the French marketing industry. However many producers, particularly smaller producers for whom protection of a brand name is not a major concern, are still lagging behind.

There is debate about the best mechanism to incentivise and achieve safer, more sustainable production. One mechanism that was widely discussed is regulation requiring increased disclosure of business operations to channel information on ESG issues to consumers. An example of such a mechanism is the bill being introduced in the Dutch Parliament that would act as a Freedom of Information Act for corporate responsibility information. Under the bill, consumers would be able to demand information from businesses regarding their compliance with ILO standards and UN anti-corruption standards. Businesses would be required to disclose information, but could do so in whatever manner they choose. Another mechanism that was debated was voluntary third-party certification, which is currently conducted in several areas including product safety. A representative from a European organisation that co-ordinates activities in the area of market surveillance on product safety expressed reservations with regard to voluntary or obligatory third party testing schemes. These systems do not appear to add much value and may be used by companies as an excuse for not taking on their own responsibilities. Some, however, found voluntary mechanisms to be insufficient, arguing that increased regulation was necessary to drive more responsible production.

Consumer education and empowerment are necessary pieces of any solution on supply chains. International organisations and governments also need to publicise their standards and complaint mechanisms to ensure that the public knows about them and can access them easily and affordably. On product safety, for example, there is broad evidence that consumers who purchase faulty products fail to report the producers either because they are unaware of the report mechanism or because they purchased an inexpensive product and feel that they “got what they paid for.”

5. Energy consumption and climate change: how can consumers make a difference?

Consumers are important contributors to climate change. In France, for example, a household produces the equivalent of 16 tons of CO₂ per year, of which 52% comes from the production, use and disposal of products for consumption, 26% from transport, 15% from heating and 7% from electricity. Engaging consumers in a meaningful way must be a cornerstone of government and business efforts to build a low carbon future. The Roundtable discussions highlighted the challenges of such engagement, and put forward the specific experience of Consumers International, the European Lamp Companies Federation and the French Government in addressing them. The discussions also built on two background papers by EIRIS² and the OECD Secretariat.³

A range of business practices to address climate change are emerging. Business attitude towards climate change is driven by a variety of factors, including government policies and regulation and increasing pressure from consumers and other stakeholders. According to EIRIS’ research, corporate responses to climate change in consumer-facing sectors vary widely depending on the sector. Currently, electricity companies are leading their peers in terms of disclosure performance, while the residential building sector is lagging behind.

² EIRIS (2009), “The role of consumers and corporations in tackling climate change”. www.oecd.org/daf/investment/guidelines

³ C.Kauffmann and C. Tebar Less (2009), “Business and climate change: an MNE Guidelines perspective”.

Consumers are looking for guidance. Consumers are not unwilling to act to fight climate change, but many are confused about what they can do and are looking for credible guidance. Consumers International confirms that there are many initiatives to mobilise consumers' interest, including a wide range of company statements on climate change. However, consumers may not trust all information provided by businesses and want more independent assurance of product information. Assurance and verification schemes need to be further developed to help increase consumers' trust and avoid confusing consumers with "pointless self-declared labels, plethoric inadequate information and mixed messages." It is also essential to understand what drives consumer choices and behaviours. Many consumers have already made some easy, close-to-home changes. However, only a minority seems prepared to pay a premium for products with lower carbon emissions. Among the key drivers for consumer behaviour are affordability, access and confidence in corporate information, and availability of alternative products.

Consumers cannot do it alone. While consumers have an important contribution to make to build a low-carbon future, governments and companies must also do their share. Ultimately, actions by governments, companies and consumers are complementary. Domestic lighting, for example, is an area where co-operation between governments, businesses and consumers is necessary to improve energy efficiency. Consumers must switch to energy efficient light bulbs and appliances in their homes, governments can influence consumer choices by establishing regulations or providing incentives, and businesses can support governments and consumers by developing energy efficient products to meet consumer demand and by informing consumers about the environmental impacts of their product consumption and disposal.

The French government is contributing to consumer empowerment by making climate-friendly products more visible, accessible and credible. Visibility is supported through the development of labels, the indication of CO₂ emissions of new vehicles and of energy performance of buildings, and the planned compulsory indication of the carbon footprint of products by 2011. Incentives are provided through tax credits and a "bonus-malus" system⁴ (currently applicable to cars, but to be extended in other areas). The government also seeks to strengthen the credibility of climate-related information through a reform of the office in charge of verifying advertisements (Bureau de Vérification de la Publicité), so as to include environmental and consumer NGOs.

6. Protecting and educating consumers in the financial sector

The financial crisis revealed inadequate consumer protection and education. In many ways, inadequate consumer protection regulation and inadequate consumer awareness lie at the heart of the financial crisis. There is a sense that consumers are being "force-fed" credit and other debt obligations that often are accompanied by opaque and complex interest rate and fee structures that consumers frequently cannot afford. This was the case with many of the sub-prime mortgages that have been a driver in the current financial crisis, but this practice has been in existence for years. There is growing recognition that better early regulation of financial product sales practices, stronger consumer complaint mechanisms, or better consumer education (financial literacy) with regards to financial products and services may have stemmed the spread of "toxic assets" throughout the financial system. For this reason, the financial crisis can be a "teachable opportunity" to build momentum in the industry around this issue of consumer protection and financial education.

Consumer protection regulation is necessary, though the extent of this regulation remains hotly debated. One mechanism could be a requirement for more user-friendly information on the costs, risks, and potential returns of financial products and services. While there is some regulation in this area, the information provided to consumers is often either over-simplified, providing little substantive information,

⁴ The "bonus-malus" system provides a subsidy to consumers who buy a car that emits less than 130 grams of CO₂ per kilometer and imposing a penalty on new cars emitting over 160 g/km.

or overly complex and in highly technical language that often obscures the substance. Increasing and improving the information provided to consumers about financial products would enable them to make better decisions. A more controversial proposed regulatory measure is the creation of a body like the Food and Drug Administration in the United States, which would review financial products for “safety” before they are introduced in the market, banning the products that are deemed to be “too risky,” though it was agreed that this threshold would be difficult to define. There are other measures that can be taken as well, such as the new laws in the United States banning predatory practices by credit card companies. In this area, it will be important to strike a balance between creating regulation that is strong enough to protect consumers while avoiding regulation that is so burdensome that it prevents financial institutions from serving their clients, particularly those at lower income levels.

Consumer education programs provide a necessary complement to regulation. Research has shown that though consumers believe they are well-equipped to make financial decisions, few understand the technical details (e.g. interest rate calculations) well enough to make effective choices. Consumer education efforts, conducted either by the finance institutions themselves or by public or civil society entities, can increase consumers’ understanding of their needs, help them to ask the right questions, and can make them better able to avoid predatory or other irresponsible practices from financial institutions. This education can take place at the level of young adults, such as the programs run by the European Coalition for Responsible Credit, or with adults themselves. Lastly, increased access to independent financial advice would be highly beneficial for consumers. Currently, most financial advisors have incentives to sell certain financial products or brands, which can make their advice unhelpful or even potentially harmful to consumers.

Financial institutions will only pursue consumer protection and education efforts if they fit with their business models. Financial institutions face both push and pull forces to address the issues of consumer protection and education, but they will only act on this issue if it helps to further grow their business. Greater regulation in this area and stronger investor pressure will push financial institutions to change their behaviours, but financial institutions are also increasingly interested in consumer education and protection efforts as a way to engage with consumers and to build a stronger brand. To the extent that “trustworthiness” is an effective tool to attract or retain customers, financial institutions may be willing to voluntarily implement consumer protection measures or engage in consumer education activities. Implementing certain consumer protection measures, such as better screening of loan candidates, could also help to reduce risk in the institution’s portfolios, which may provide another incentive for financial institutions to act voluntarily. Some non-governmental entities have started to develop independent information on green and ethical financial products.

The OECD and other international organisations can continue to play an important role on this issue, particularly given the highly multinational character of the financial sector. The OECD has already taken the lead on the issue of financial literacy through its Financial Education Program, established in 2002. It has since published the first international report on financial education, *Improving Financial Literacy* (2005), published several follow-up reports and surveys, and established the International Network on Financial Education, a network of 50 members who advise the OECD on financial education work, and the International Gateway for Financial Education, an online clearinghouse for information on financial education programming.⁵ Through these efforts, the OECD Financial Education Program has developed standards, guidelines and principles based on good practices, including a recent elaboration of the Council Recommendation on Good Practices on Financial and Awareness Relating to Credit. Participants welcomed these contributions and suggested that the OECD can further enlarge its reach and impact by including more specific financial education and consumer protection language in the Guidelines for Multinational Enterprises.

⁵ The International Gateway for Financial Education can be found here: <http://www.financial-education.org>

7. The supporting role of the OECD Guidelines

The concluding session of the Roundtable was devoted to the supporting role of the OECD Guidelines. The OECD Guidelines are recommendations by the forty-one 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 41 adherent countries operate around the world. They also have a unique implementation mechanism in the specific instance facility, through which the National Contact Points (NCPs) are able to offer their good offices for the mediation and conciliation of disputes arising from alleged breaches of the OECD Guidelines. Some 200 “specific instances” have been brought to NCPs’ attention since the 2000 Review of the OECD Guidelines, of which 145 have been considered and half have been concluded.

After hearing reports on the outcome of the three parallel sessions confirming the relevance of Chapter VII of the Guidelines for promoting and protecting consumer interests, participants turned their attention to two main topics: (1) how the OECD Guidelines work with national regulation to create a broader structure for corporate responsibility and (2) what updates could be contemplated to the OECD Guidelines in order to improve their effectiveness. There was a general sense that the Guidelines would benefit from an update, but that the substance and scope of that update would need to be determined.

Government action is necessary to ensure that the OECD Guidelines fulfil their role in supporting and incentivising responsible consumption. While the OECD Guidelines are well-suited to encourage responsible behaviour at the business end, governments may be best positioned to address responsible consumerism in three major ways. First, they can implement a standardised information or benchmarking system that is credible and enforceable to provide greater clarity and information on ESG impacts and compliance to consumers in a way that can be used in consumption decisions. Secondly, they can provide incentives for consumers to purchase more sustainable products and services. Thirdly, they can recognise their own responsibilities as significant users of both goods and services, and as such, promote responsible purchasing and procurement policy and practice. Research has shown that consumers are reluctant to pay a premium for responsibly produced goods. Governments could subsidise sustainable products to eliminate this premium and encourage responsible consumption. Speakers also highlighted the importance of industry self-regulation to complement the private sector’s compliance with regulation.

An update of the OECD Guidelines may prove helpful to (i) provide clarity on several areas of uncertainty in the application of the Guidelines, (ii) broaden the applicability of the Guidelines to new areas of concern that have emerged over the past decade and current gaps, and (iii) help to further improve NCP performance.

The particular substantive areas mentioned were:

- Human rights: an update could take into account the work of Special Representative to the UN Secretary General on Business and Human Rights.
- Applicability of the Guidelines to the supply chain.
- Environment, with a particular focus on climate change in response to the growing public attention to the issue.
- Disclosure and transparency requirements, with emphasis on the financial sector, and the social and environmental impact of business practice as a material foreseeable risk.
- Responsible consumption for the “use phase” that follows the production phase in a product’s life cycle (e.g. proper product choice, judicious resource use, proper disposal). The consumer provisions would also need to be broadened to ensure coverage beyond product health and safety

for consumers, and give consideration to the impact of production processes on workers and communities.

Measures to address NCP performance were also seen as important parts of a potential future update. Participants focused on the following areas:

- greater homogeneity in NCP procedures across adherent countries, particularly in areas of case acceptance criteria, parallel proceedings, final statements and the non-adjudicative role of NCPs;
- accountability measures, such as the Dutch peer review mechanism, for NCP proceedings and increased transparency in NCP operations;
- increased promotion of the Guidelines, or “preventive” action, by NCPs through increased engagement and dialogue with private sector actors outside of the mediation role;
- increased stakeholder engagement and formalised structures to enhance effectiveness and accountability;
- increased co-ordination with other OECD and international organisation corporate responsibility efforts (e.g. ILO Standards, UN Global Compact, the Global Reporting Initiative).

Several challenging factors to consider when weighing a potential update were also articulated. These included the need to match any potential broadened NCP mandate with an adequate level of resources, consideration of the involvement of non-adherent countries in the update process, and the application of the Guidelines to all types of international companies (including small and medium-sized enterprises).

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