OECD-ASEAN Training on Investment Policy Making

Module 4
Responsible Business Conduct

12-14 June 2013, Da Nang
Responsible Business Conduct

• RBC entails above all compliance with laws, incl. respecting human rights, environmental protection, labour relations, financial accountability, disclosure;

• Also includes societal expectations communicated by channels other than the law (s.a. within the workplace);

• Role of policies: clear distinction of functions for government, civil society, private sector.
Host Country Measures

- Ratify major international human rights, labour and environmental conventions
- Enact and enforce domestic legislation consistent with these standards
- Free, prior and informed consent for land acquisitions, relocations, etc.
- Develop grievance mechanisms
- Promote transparency, (e.g.: EITI)
- Ensure that domestic enterprises, including SOEs, conform to the new standards of behaviour and prosecute lawbreakers
- Expand the role of civil society (labour unions, local community organisations) as watchdogs
- Provide adequate protection of property rights, including for customary land
- Prepare sectoral master plans which include RBC (e.g. tourism)
Recommendations to enterprises

• General Policies: adoption of **risk-based due diligence** as the baseline responsibility of enterprises

  - Enterprises should have in place a process “to identify, prevent and mitigate actual and potential adverse impacts and account for how these impacts are addressed.”
    -> Potential impacts are to be addressed through prevention or mitigation whilst actual impacts are to be addressed through remediation

  - Due diligence applies
    -> to human rights, employment and industrial relations, anti-corruption, environmental and consumer protection
    -> to supply chains and other business relationships
Impact of RBC

• Enabling environment for responsible businesses = attraction of high quality investors > critical in sensitive sectors (eg: mining);

• Firms with high RBC standards are more likely to bring lasting benefits to employees, customers and society;

• Law making and regulations as implementation channel – example: Bursa Malaysia Listing Requirement – PLCs need to report CSR activities.
Promoting RBC

• Government endorsement - Eg: Presidential Awards;

• Public-private evaluations – Eg: Company surveys and benchmarking;

• Investor targeting – attract investors with CSR policies and good implementation records;

• Organise training involving Civil Society and companies
International Initiatives

• Core ILO Conventions;

• UN Global Compact;

• OECD MNE Guidelines:
  – 46 adherents;
  – Government guidelines for their investors;
  – National Contact Points;
  – Specific Instance Mechanisms – almost 300 since 2000, some 50 currently underway.