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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.