

*Asia-Pacific Trade and Investment Week
18-22 November 2013
Bangkok, Thailand*

Joint OECD/ESCAP Conference
Regional Co-operation in Advancing Responsible Business Practices

CONCEPT NOTE
18 November 2013

This draft concept note outlines the purpose, objectives, and structure of the joint OECD/ESCAP conference on Regional Co-operation in Advancing Responsible Business Practices, to be held as a part of the 3rd Asia-Pacific Trade and Investment Week.

Recent Trends in the Global Responsibility Landscape

Prioritising Responsibility on the Global Agenda. Responsible business conduct¹ (RBC) has emerged over the past two years as a key priority in the global economic agenda. An unprecedented convergence in international standards and principles on what constitutes responsibility, centred around the 2011 UN Guiding Principles for Business and Human Rights (the UN Guiding Principles) and the update of the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), represents a significant advance in understanding how businesses should avoid and address societal risks and how governments can support and promote responsible practices. This convergence is echoed in other international standards, including the UN Global Compact Principles, ISO 26000 Guidance on Social Responsibility, the revised IFC Performance Standards, and the revised OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence. The result is a more predictable business environment that guides enterprises on how to meet their responsibilities and that enables stakeholders to hold them accountable to reasonable standards.

Collective Duty for Action. Ensuring that this historical opportunity to turn ideas into action is not missed is a collective duty. One of the key messages from the discussion at the inaugural meeting of the Global Forum on Responsible Business Conduct, hosted by the OECD in Paris on 26-27 June 2013, is that responsibility cannot be outsourced. As the recent Rana Plaza tragedy in Bangladesh painfully demonstrated, building a healthy business environment demands an effort by all. Businesses have a responsibility to adopt responsible business practices that take into account both the bottom line and the impact of their activities on society. Governments have a responsibility to protect internationally recognised fundamental rights and to improve the functioning of markets through good governance, fair regulations, and transparency. Labour and civil society have to be involved proactively and constructively and have a key role to play in ensuring accountability. International organisations can provide a forum for dialogue, peer learning, standard setting, analysis, and best policy recommendations.

Responsibility of Governments. Governments in particular have an important role in promoting responsible business practices. Many already view RBC as an integral part of their strategic objectives and actively promote it in order to maximise the positive contribution of business to sustainable development. For example, the 44 OECD and non-OECD adhering governments to the OECD Guidelines² have a unique approach on RBC in that they place concrete requirements not only on businesses, but also on themselves. Each adherent country is obliged to set up National Contact Points (NCPs), which are tasked with furthering the effectiveness of the OECD Guidelines by undertaking promotional activities, handling inquiries, and providing a mediation and conciliation platform for resolving issues that arise from the alleged non-observance of the OECD Guidelines. This government

¹ Also often referred to as corporate social responsibility (CSR)

² 34 OECD members and 10 non-OECD governments: Argentina, Brazil, Colombia, Egypt, Latvia, Lithuania, Morocco, Peru, Romania and Tunisia

to government approach could be replicated on a regional level to form an NCP-like network which could feed into the existing NCP network and would serve as a feedback loop into the existing UN Global Compact Local Networks that work directly with businesses.

Evolution of National Approaches to RBC. The advancements on the international scene have been mirrored in the evolution of national RBC approaches, notably in government policies of major emerging economies and new investment frontiers, to actively promote responsible business practices as part of solutions to reduce poverty, advance social equity and ensure environmental protection. For example, India has outlined its approach in the *2011 National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business* and, with recent initiatives in the Parliament, could become the first country in the world to mandate RBC. China has also clarified its approach in the *Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* and the *Environmental Guidelines on Foreign Investment and Cooperation*. Myanmar has also recently integrated RBC into its new Foreign Investment Law. Additionally, Indonesia has put forth its expectations in Company Law (40/2007), Law on Mineral and Coal Mining (4/2009), and Investment Law (25/2007).

Dialogue on RBC in Asia and the Pacific

However, despite these significant advancements, many misconceptions still arise about what type of role governments can play in promoting responsible practices and what is the appropriate extent of their involvement. Regarding Asia and the Pacific, it would be particularly useful to address the need to provide a clear message and direction to the private sector about government expectations on RBC. This does not necessarily equal regulation or mandatory measures, but it rather implies a focus on creating an enabling environment for the implementation of responsible practices. This could be done through formulation of an RBC policy accompanied by strategies and action plans. It could also mean reducing policy misalignments on national and local levels, as well as improving co-ordination, consistency and transparency of different ministries' mandates to support sustainable development. Raising awareness, capacity-building, and multi-stakeholder engagement are crucial elements of advancing these objectives since the public sector in the region exhibits varying levels of institutional development. Thus, this joint OECD/ESCAP conference would be timely as it would draw on the expertise and convening power of both ESCAP and the OECD to provide a platform for comparing different RBC approaches and experience sharing.

As the regional development arm of the UN for Asia and the Pacific and the regional support centre of Global Compact, ESCAP is uniquely positioned to spearhead regional collaborative approaches to RBC. ESCAP work related to RBC has mainly focused on building the capacity of Global Compact country networks in Asia to support implementation of the Global Compact principles by companies in the region through the Investors for Development (I4D) project. This project is now being extended to increase focus on working with other stakeholders and change agents. There have also been many initiatives in SE Asia to integrate RBC principles into business operations.

The OECD currently spearheads innovative work on RBC through different work streams on the OECD Guidelines, including recently hosting the inaugural meeting of the Global Forum on Responsible Business Conduct. The OECD Guidelines are a set of recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from adhering countries, with broad multi-stakeholder support. Their recommendations are set out in 11 chapters and cover topics such as information disclosure, human rights, employment and labour, environment, anti-corruption, and consumer interests. The 44 non-OECD and OECD adherent countries make up a large majority of world's investment flows.³ The OECD maintains co-operative relations with more than 70 non-member economies including India, China and Indonesia. The OECD has also developed partnerships arrangements with leading international initiatives such as UN Global Compact, UN Guiding Principles for Business and Human Rights, Global Reporting Initiative, International Labor Organization, and International Coordinating Committee of National Human Rights Institutions.

³ Adhering countries share of 2007-2012 global FDI flows: 63% inflows; 83% outflows.
Adhering countries share of 2007-2011 global FDI stock: 74% inward; 85% outward.
Source: OECD international direct investment database, IMF.

Structure

This one-day conference will focus on the role of governments in supporting and facilitating more sustainable and inclusive business practices. The discussion will be a great opportunity to look at emerging issues of mutual interest to advanced, emerging and developing economies and will provide a strong base for exploiting existing and potential synergies between the OECD and ESCAP. Possible topics of discussions could, *inter alia*, include:

- Recent trends and developments related to the role of government in promoting RBC, including at the international level and in light of the increased convergence and coherence in international principles and standards on what constitutes RBC;
- Different ways governments promote and implement RBC policies on a national level, including in support of sustainable development goals;
- Approaches and main challenges in developing an integrated strategy for supporting and promoting RBC-related efforts across various agencies, including through, for example, having one government agency dedicated to RBC;
- Ways governments make clear the distinction between its responsibilities and those of business, including ways of communicating these expectations;
- Strategies governments take to help strengthen the business case for RBC, for example, by rewarding responsible enterprises or integrating RBC in government support programmes (procurement, financial aid, export credits);
- Views on mandatory vs. voluntary discourse and reporting, including the challenges around what should be reported, why the financial markets are paying increasing attention to non-financial reporting and why reporting is important.

The discussion could be moderated by a knowledgeable moderator with extensive experience in Asia and the Pacific context, such as Dr. Bhaskar Chakravorti, Senior Associate Dean, International Business and Finance, Fletcher School of Law and Diplomacy and Executive Director, Institute for Business in the Global Context and the Centre for Emerging Markets Enterprises.

Preliminary Conference Schedule

Joint OECD/ESCAP Conference <i>Regional Co-operation in Advancing Responsible Business Practices</i>	
Wednesday, 18 November 2013	
09:00 – 09:30	Welcoming Remarks and Opening Address
09:30 – 12:00	National Approaches to Responsible Business Conduct
12:00 – 13:00	Lunch
13:00 – 13:45	Press launch of Asia-Pacific Trade and Investment Week 2013
14:00 – 15:30	Multilateral and Sectoral Approaches to Responsible Business Conduct
15:30 – 16:45	Ways of Advancing Collaborative Efforts
16:45 – 17:00	Closing Remarks

Registration and Further Information

Participation in the conference is open. To register online, please visit:
www.unescap.org/events/tradeinvestweek.

The conference conclusions, outcomes and proceeding will be made available publicly on the OECD website:
<http://mneguidelines.oecd.org/2013-oecd-unescap-rbc-conference.htm>.