



**ANNUAL OECD ROUNDTABLE ON CORPORATE RESPONSIBILITY --
OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES AND DEVELOPING
COUNTRIES – BUILDING TRUST**

DRAFT AGENDA AND ISSUES FOR DISCUSSION

*14 June 2005, 10.00-18.00
New Building, Room 2, OECD Headquarters
2 rue André-Pascal, 75016 Paris*

Background – Purpose and Outcomes of the Roundtable

1. The OECD Roundtable on Corporate Responsibility is held every year in conjunction with the Annual Meeting of the National Contact Points (NCPs). NCPs are offices located in each of the 39 governments adhering to the OECD Declaration on International Investment and Multinational Enterprises its OECD Guidelines for Multinational Enterprises – a government-backed set of recommendations that provide voluntary principles for responsible business conduct (see Annex for more information about the Guidelines). The NCPs are responsible for promotion and implementation of the Guidelines in the national context. The purpose of the Corporate Responsibility Roundtables is to enhance understanding and implementation of the OECD Guidelines for Multinational Enterprises.

2. A summary of the Roundtable discussions will be published in the 2005 Annual Report on the Guidelines. Ideally, this summary would identify broad axes for future development of cooperation between the Guidelines institutions and non-adhering actors and for the Committee's outreach in the area of corporate responsibility. The summary will help to inform Investment Committee and NCP presentations of the Guidelines in a non-member context.

3. This paper proposes issues for discussion for each of the three sessions of the Roundtable. The three sessions are:

- Session I. Do the Guidelines express concepts and principles that are relevant for all companies or for companies from high income countries?
- Session II. Does promoting observance of the Guidelines pose special challenges in non-adhering Countries?
- Session III. The OECD Guidelines and Development – Prospects for Maximising Positive Impacts

Agenda

- 10.00-10.20 **Welcome and Introduction** by the Chair of the Corporate Responsibility Roundtable -- Oded Grajew, President of Ethos Institute - Business and Social Responsibility, Brazil; former Special Advisor to the President of Brazil on Corporate Responsibility.
- 10.20-12.00 **Session I. Do the Guidelines express concepts and principles that are relevant for all companies or for only OECD-based companies?**
- Each invited participant may make a 5-minute contribution, based on the issues identified in the “main issues” paper. This will be followed by 5 minute presentations by BIAC, TUAC and NGOs and then by open discussion with NCPs.
- 12.00-13.00 **Session II. Does promoting observance of the Guidelines pose special challenges in non-adhering Countries?**
- Each invited participant may make a 5-minute contribution, based on the issues identified in the “main issues” paper. This will be followed by 5 minute presentations by BIAC, TUAC and NGOs and then by open discussion with NCPs.
- 13.00-15.00 **Lunch**
- Afternoon session**
- 15h00-16h00 Session II (continued from morning session).
- 16h00-17h15 **Session III. The OECD Guidelines and Development – Prospects for Maximising Positive Impacts?**
- Each invited participant may make a 5-minute contribution, based on the issues identified in the “main issues” paper. This will be followed by 5 minute presentations by BIAC, TUAC and NGOs and then by open discussion with NCPs.
- 17h15-17h30 **Chair’s Summary**

Main issues for Session I. Do the Guidelines express concepts and principles that are relevant for all companies or only for high income companies?

Roundtable participants are invited to orient their remarks in this session so as to provide answers to some or all of the following questions:

- OECD research shows that countries that do not adhere to the Guidelines have high rates of official adherence to the (non-OECD) multilateral instruments cited in text and commentary of the Guidelines (e.g. Universal Declaration of Human Rights, ILO Conventions and Declarations, the Rio Declaration on Environment and Development). Thus, while they do not adhere to the Guidelines, many non-adhering countries have adhered to similar concepts and principles through their participation in other multilateral dialogues processes.
 - Would participants care to comment on this finding?
 - Do non-adhering countries broadly share a belief in the value of the concepts and principles expressed in the Guidelines' recommendations?
- Are some areas of the OECD Guidelines and corporate responsibility more important than others in terms of supporting the development agendas of non-adhering countries? If so, what are they?
- OECD research shows that, in several non-adhering countries, parts of the domestic business community (e.g. publicly listed companies) are as active in the corporate responsibility field as their OECD counterparts – indeed some non-adhering business communities (e.g. in South Africa) appear to be leaders in this field.
 - Would participants care to comment on this finding?
 - Would they care to relate their experiences in relation to non-adhering business' engagement in the various areas of corporate responsibility?
- The business sector's core mission is to provide competitive returns to suppliers of capital. At the same time, business is expected to comply with law and, as a practical matter, must respond to certain societal expectations.
 - Would participants care to comment on this view of corporate responsibility?
 - Do developing countries have a special perspective on corporate responsibility?
- Two key findings of Investment Committee analytical work in support of the Guidelines are that: 1) corporate responsibility and government responsibility go hand-in-hand; and 2) a proper allocation of roles between the business and public sectors is necessary to ensure that both the business and the government sectors are effective in fulfilling their missions.
 - Would participants care to comment on this finding?
 - How do non-adhering host countries' laws and policies facilitate advancement of corporate responsibility objectives?

Main Issues for Session II. Does promoting observance of the Guidelines pose special challenges in non-adhering Countries?

National Contact Points (NCPs) are the main expression of adhering governments' commitment to the Guidelines. NCP responsibilities include promotion of the Guidelines, consideration of 'specific instances' and reporting on their activities. The term "specific instances" refers to a Guidelines facility through which any "interested party" can call to the attention of an NCP alleged non-observance of the Guidelines recommendations. NCPs are then asked to "contribute to the resolution of issues" through "consensual and non-adversarial means, such as conciliation and mediation.... ." At the time of the 2004 NCP meeting, almost 80 such specific instances had been considered since the June 2000 Review of the Guidelines and many of these concern companies' operations in non-adhering countries.

In addition to the specific instance procedure's very concrete approach to ethics issues encountered in real business situations, Guidelines implementation also involves consideration of generic issues by the OECD Investment Committee and its Working Party. For example, an ongoing project is the Committee's consideration of how it can help companies to conduct business with integrity in weak governance zones (defined as zones where governments are either unable or unwilling to take up their responsibilities).

Roundtable participants are invited to orient their remarks in this session so as to provide answers to some or all of the following questions:

- Are participants aware of any concerns or unease on the part of actors in non-adhering countries about the Guidelines' implementation procedures?
- What problems, if any, have been encountered in the course of considering specific instances in non-adhering countries? Have non-adhering countries received any benefits from these procedures?
- NCPs are frequently asked to consider specific instances on matters that are also the subject of related legal or administrative proceedings in the country concerned.
 - Would participants care to share views with NCPs on how they could best approach this problem?
 - Should they refuse to accept such specific instances in all cases? Should their decision depend on circumstances?
 - Do NCPs have any positive or complementary role to play, relative to host country legal and administrative proceedings?
- Annual reports by individual NCPs show that individuals and organisations from non-adhering countries have participated in the specific instances process. Are participants from non-adhering countries aware of difficulties encountered in accessing the Guidelines procedures?
- Annual reports by individual NCPs show that many consult embassy networks and the staff of official development assistance programmes in order to obtain information relevant to their consideration of specific instances in non-adhering countries.
 - Do participants view this as a positive development?
 - Do they have ideas on other possible sources of information?

Main issues for Session III. The OECD Guidelines and Development – Prospects for Maximising Positive Impacts

Roundtable participants are invited to orient their remarks in this session so as to provide answers to some or all of the following questions:

- What can the OECD investment community do to promote the interest and usefulness of the Guidelines for developing countries?
- Will progress in other areas of investment policy – notably those related to enhancing “government responsibility” (e.g. policy transparency, public sector ethics, investment protection and non-discrimination) – reinforce the effectiveness of voluntary initiatives such as the Guidelines?
- OECD analysis suggests that the Guidelines, in addition to supporting the broader work programme of the OECD investment community, also complement many regional, national and private sector initiatives in which non-adhering countries play a big role (for example, various regional human rights and anti-corruption initiatives).
 - Would participants care to comment on this finding?
 - How might the Guidelines and non-adhering countries’ corporate responsibility initiatives best support each other?

Annex. OECD Guidelines for Multinational Enterprises

The OECD Guidelines provide voluntary principles and standards for responsible business conduct consistent with applicable law, in such areas as labour relations, human rights, disclosure of information, anti-corruption, taxation, environment and consumer protection. They apply to the global operations of multinational enterprises based in adhering governments. Governments adhering to the Guidelines should not use them for protectionist purposes.

The Guidelines are part of a broader and balanced instrument of rights and commitments – the OECD Declaration on International Investment and Multinational Enterprises. In addition to the Guidelines (which are addressed to companies), the Declaration provides guidance for governments in the areas of national treatment, avoiding imposing conflicting requirements on international investors and investment incentives and disincentives.

The governments adhering to the Guidelines represent countries that are home to most multinational enterprises and the source of most global trade and international investment. Adhering countries comprise all 30 OECD member countries, and, to date, nine non-Member countries (Argentina, Brazil, Chile, Estonia, Israel, Latvia, Lithuania, Romania and Slovenia). The Guidelines were reviewed in 2000 to ensure their continued relevance and effectiveness in the rapidly changing global economy.

Multinational enterprises -- which often sell a vast array of products and services and employ tens of thousands of people in dozens of countries -- face a variety of legal, social and regulatory settings. Managing so as to comply with law and with other societal expectations that might not be written down in law books is a formidable challenge for international business. The Guidelines both complement and reinforce corporate efforts to define and implement responsible business conduct.

The Guidelines are backed by unique government-sponsored follow-up mechanisms. While observance of the Guidelines is voluntary for companies, the adhering governments are committed to actively promote them. The most visible sign of this commitment are the "National Contact Points (NCPs)", which are government offices (sometimes tripartite in structure) charged with promoting observance of the Guidelines by multinational enterprises operating in or from the national territory. The NCPs are responsible *inter alia* for the "specific instance" procedure which allows any interested party to ask an NCP to engage in dialogue with an individual company regarding observance of the Guidelines in specific business situations. As of June 2004, a total of 80 specific instances have been brought to National Contact Points' attention since the 2000 Review of the Guidelines. The majority of them concern observance of the provisions of the Employment and Industrial Relations chapter of the Guidelines but a growing number are addressing other chapters of the Guidelines as well.

The main strength of Guidelines implementation is that the NCPs allow general principles for business conduct to be promoted in ways that account for different national institutions and circumstances. NCPs have significant flexibility in determining how they go about implementing the Guidelines. However, they engage in annual peer reviews of their activities and publish an annual report. The 2004 Annual Report on the OECD Guidelines for Multinational Enterprises describes NCPs' handling of specific instances and on-going efforts by adhering countries to enhance the effectiveness, transparency and timeliness of the Guidelines procedures. The next meeting of the NCPs will be held on June 15-16, 2005.

More information about the OECD Declaration and the OECD Guidelines can be found at: www.oecd.org/daf/investment.