



THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT AND THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES: COMPLEMENTARITIES AND DISTINCTIVE CONTRIBUTIONS

This working document has been prepared by the OECD Secretariat with the Secretariat of the UNEP Finance Initiative as factual background information for the 2007 Annual OECD Roundtable on Corporate Responsibility “The OECD Guidelines for Multinational Enterprises and the Financial Sector” which will be held in Paris on 18 June 2007. It will be revised after the Roundtable.

I. Introduction

1. The UN Principles for Responsible Investment (“the PRI”) is one of the leading corporate responsibility instruments developed by the financial sector while the OECD Guidelines for Multinational Enterprises (MNEs) is the most comprehensive voluntary corporate responsibility instrument addressed by governments to multinational enterprises – i.e. those operating from and in the 39 adherent countries to the OECD Declaration on International Investment and Multinational Enterprises.¹

2. Despite their different scope and focus, both instruments share the common goal of enhancing the positive contribution of the private sector to economic, social and environment progress with a view to achieving sustainable development.

3. This document highlights the respective features of these two instruments by summarizing their premises and objectives, scope and coverage, and implementation and follow-up mechanisms. It is intended as factual background information for the 2007 Annual OECD Roundtable on Corporate Responsibility “The OECD Guidelines for Multinational Enterprises and the Financial Sector,” which will be held at the OECD on 18 June 2007. The Annex to the present document contains a comparative table based on the texts of the two instruments.

II. The OECD Guidelines for Multinational Enterprises

4. **Premise:** The OECD Guidelines are recommendations by governments to multinational enterprises (MNEs) operating in and from the territories of the 39 countries that adhere to the Guidelines. Designed to contribute to a favourable investment climate, they aim to promote the positive contributions multinational enterprises can make to economic, environmental and social progress and to ensure that MNEs act in harmony with the policies of the countries in which they operate and with societal expectations.

5. The Guidelines are part of a broader, balanced instrument of rights and commitments – the OECD Declaration on International Investment and Multinational Enterprises. The Declaration promotes a comprehensive, interlinked and balanced approach for governments’ treatment of foreign direct investment and for enterprises’ activities in adhering countries. The Guidelines are the means through which the OECD Investment Committee seeks to integrate responsible business conduct values into its work on international investment so as to help it advance its mission of enhancing the contribution of investment to growth and sustainable development.

6. **Scope:** The Guidelines are a multilaterally endorsed and comprehensive code of conduct that enjoy the backing of governments whose territories are home to almost 90 per cent of foreign direct investment flows and to 97 out of the top-100 multinational enterprises. More specifically, the Guidelines establish non-binding principles and standards covering such areas as human rights, disclosure of information, anti-corruption, taxation, labour relations, environment, competition and consumer protection. The Guidelines also “encourage, where practicable, business partners including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.”

7. **Implementation and accountability:** Responsibility for promoting the recommendations in the Guidelines lies primarily with the adhering governments as does the administration of the Guidelines’ unique follow up mechanism. By adding the weight of adhering governments’ views to the general public

¹ These are the 30 OECD countries and 9 non-member countries (Argentina, Brazil, Chile, Estonia, Israel, Latvia, Lithuania, Romania and Slovenia) that have adhered to them. Egypt is to adhere to the Declaration in July 2007.

debate on many issues in international business ethics, the Guidelines process has already succeeded in raising the legitimacy and profile of corporate attempts to address these issues.

8. The distinctive, government-backed implementation mechanisms of the OECD Guidelines include the operations of National Contact Points (NCPs). These are government offices located in each of the adhering governments. They are responsible for encouraging observance of the Guidelines and for ensuring that the Guidelines are well known and understood by the national business community and other interested parties. NCPs carry out the following responsibilities: promoting the Guidelines, handling enquiries about them, assisting in solving problems that may arise, gathering information on national experiences with the Guidelines, and reporting annually to the OECD Investment Committee

9. The fact that the Guidelines implementation processes are government-backed lends significant credibility to them. Their distinct implementation procedures provide a unique channel for exploring concrete issues of business ethics.

10. The OECD Guidelines provide a unique follow-up mechanism for raising “specific instances.” This facility allows interested parties to call a company’s alleged non-observance of the Guidelines’ recommendations to the attention of an NCP. Since the creation of the specific instance facility in 2000, it has been used one hundred ten times as a forum for discussing concrete problems of business ethics – those encountered by managers “on the ground.”

11. NCPs are working together to refine their use of the specific instances procedure to ensure that all parties – businesses, civil society and trade unions, other governments – find it a useful tool. Recent developments include the use of embassy networks and official development assistance programmes as sources of information about investment projects in non-OECD countries and the issuance of public statements explaining the nature and conclusions of the discussions held under the specific instance.

12. The National Contact Points meet every year in order to engage in a “peer review” of their activities, including their handling of specific instances. In this way, Guidelines implementation involves continual improvement, both by NCPS and by other users. An annual report on implementation of the Guidelines is published which includes information on specific instances and how other parts of government (e.g. export credit agencies) use the Guidelines in the context of their work.²

13. Responsibility for oversight of the functioning of the Guidelines falls to the OECD Investment Committee, which is expected to take steps to enhance the effectiveness of the Guidelines. It can also issue clarifications on the application of the Guidelines in specific circumstances.

III. The United Nations Principles for Responsible Investment

14. *Premise:* The UN Principles for Responsible Investment is a joint initiative of the UN Environment Programme Finance Initiative and the UN Global Compact with the aim of incorporating ESG issues into mainstream investment decision-making and ownership practices. The UN PRI is based on the premise that institutional investors and asset managers have a duty to act in the best long-term interests of their investors and therefore, need to give appropriate consideration to how environmental, social, and governance (ESG) issues can affect the performance of investment portfolios. By providing a framework for the integration of responsible business conduct into investment strategies, the PRI contributes to the promotion of ESG objectives within the financial sector.³

² OECD Guidelines for Multinational Enterprises: Annual Meeting of National Contact Points, available at www.oecd.org/document/53/0,2340,en_2649_201185_2512693_1_1_1_1,00.html.

³ UN Principles for Responsible Investment, available at www.unpri.org.

15. In early 2005 the United Nations Secretary-General invited a group of the world's largest institutional investors to join a process to develop the Principles. Individuals representing 20 institutional investors from 12 countries agreed to participate in the Investor Group. The Group accepted ownership of the Principles, and had the freedom to develop them as they saw fit. The Group was supported by a 70-person multi-stakeholder group of experts from the investment industry, intergovernmental and governmental organizations, civil society and academia. The Principles emerged as a result of these meetings.⁴

16. **Scope:** The Principles are accompanied by a set of 35 possible actions that institutional investors and asset managers can take to integrate ESG considerations into their investment activities. These actions relate to a variety of issues, including investment decision-making, active ownership, transparency, collaboration and the achievement of wider support for these practices from the whole financial services industry. The PRI's six core principles require institutional investors to:⁵

1. *Incorporate ESG issues into investment analysis and decision-making processes*
2. *Be active owners and incorporate ESG issues into ownership policies and practices*
3. *Seek Appropriate disclosure on ESG issues by the entities in which they invest*
4. *Promote acceptance and implementation of the Principles within the investment industry*
5. *Work together to enhance their effectiveness in implementing the Principles*
6. *Report on their activities and progress towards implementing the Principles*

17. Derived from consensus among institutional investors, the PRI is specifically designed for institutional investors and the financial sector. It reflects the core values of the group of large investors whose investment horizon is generally long, and whose portfolios are often highly diversified. The PRI's 35 possible actions that investment entities can take to integrate ESG considerations into their investment activities renders it accessible for all types of institutional investors (asset owners, investment managers and professional service partners) regardless of size, location or level of experience with corporate citizenship.⁶

18. **Implementation:** Participation in the UN Principles for Responsible Investment is initiated by a leadership commitment from an organisation's CEO that is communicated to the United Nations. Investment actors also engage directly in the various engagement mechanisms that the Principles endorse at the global, regional and local level, such as identification of good practices and the promotion and acceptance of ESG standards within the investment industry. Since its launch in April 2006, the UN PRI has grown from its original 20 institutional signatories representing approximately USD 2 trillion to over 180 institutional signatories representing in excess of USD 8 trillion in assets under management.⁷

19. The UN PRI offers three different types of signatory: asset owner (organizations that represent end-asset owners who hold long-term retirement savings, insurance and other assets), investment manager (companies that serve an institutional and/or retail market and manage assets as a third-party provider), professional service partner (organisations that offer products or services to asset owners and/or investment managers). Commitment is expected from the top-level leadership of an organization across the whole investment business. Signatories self-select the category they fall into, but the Board of the PRI reserves the right to make category adjustments if appropriate. Asset owners are the principal category of signatory. While the categories are not designed to be overly prescriptive, the general rule is that an investor would be considered an asset owner rather than an investment manager if it manages more of its won fund than of third-party clients. Although professional service partners are not stewards or managers

⁴ UN Principles for Responsible Investment, available at www.unpri.org.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

of assets in their own right, they do have considerable influence over how their clients address ESG issues. For this group, becoming a signatory is an acknowledgement of the relevance of ESG issues to investment management. It also represents a commitment to providing services that support the implementation of the Principles by clients, and to improving such services over time.⁸

20. In signing the Principles, investors publicly commit to adopt and implement them where consistent with their fiduciary responsibilities. Signatories to the Principles are required to report on implementation or provide an explanation if they do not comply with principles. Furthermore, signatories commit to evaluate the effectiveness and improve the content of the Principles over time in order to enhance their ability to meet obligations to beneficiaries and to better align investment activities with the broader interests of society. As the Principles are voluntary, they represent a self-reporting system.⁹

21. As signatories develop policies and procedures for integration, the PRI Secretariat will be on hand to help investors implement them. The PRI's 35 possible actions can serve as a guideline for implementation of the Principles. The specific action plans put forth for the implementation of each of the PRI's six principles are outlined in the text of the PRI below.¹⁰

1. Incorporate ESG issues into investment analysis and decision-making processes

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme

2. Be active owners and incorporate ESG issues into ownership policies and practices

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

3. Seek appropriate disclosure on ESG issues by the entities in which they invest

- Ask for standardized reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

4. Promote acceptance and implementation of the Principles within the investment industry

⁸ UN Principles for Responsible Investment, available at www.unpri.org.

⁹ *Ibid.*

¹⁰ *Ibid.*

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment services providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

5. *Work together to enhance their effectiveness in implementing the Principles*

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

6. *Report on their activities and progress towards implementing the Principles*

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a ‘Comply or Explain’ approach
- Seek to determine the impact of the Principles
- make use of reporting to raise awareness among a broader group of stakeholders

22. To promote collaboration, the UN PRI Secretariat has established the PRI Engagement Clearinghouse for shareholder engagement activities. This body provides signatories with the ability to collaborate efficiently and effectively on a range of company-specific and policy issues. This forum allows signatories to post requests for support relating to a variety of activities, including seeking co-sponsors for shareholder resolutions and instigating company dialogue on issues of concern. Additionally, the “PRI in Practice” implementation blog, a Signatory Intranet, has been created to serve as a central hub for implementation resources, and provides interviews with leading signatories on best practices and other key implementation advice and tools.¹¹

23. ***Accountability and follow-up mechanisms:*** There are no legal or regulatory sanctions associated with the Principles, and they are instead designed to be voluntary and aspirational. There may be reputational risks associated with signing up and then failing to take any action, but the commitments are, for most signatories, a work in progress and a direction to head in rather than a prescriptive checklist with which to comply.¹²

24. To promote basic engagement quality, the PRI asks participating companies to report on activities and progress toward implementing the Principles. A PRI Reporting and Assessment questionnaire assists signatories and the initiative as a whole in monitoring implementation progress, identifying and showcasing best practices, and focusing support activities where they are most needed.¹³

¹¹ UN Principles for Responsible Investment, available at www.unpri.org.

¹² *Ibid.*

¹³ *Ibid.*

25. The UN PRI initiative is governed by a volunteer board of 12 representatives from asset owner signatory organisations and two representatives from the United Nations. A PRI Secretariat reports to the PRI board. As the initiative develops over time, the Board will continue to consider how signatories can monitor and report on progress.¹⁴

IV. Concluding Remarks

26. The OECD Guidelines and the UN PRI are derived from common values and thus have mutually reinforcing missions. The OECD Guidelines are government-backed recommendations on responsible business conduct that promote the positive contributions that multinational enterprises can make to progress on environmental, social, and governance (ESG) issues. The Guidelines encourage enterprises, including various categories of institutional investors, to sufficiently reflect responsible business considerations across the breadth of their activities. The UN PRI seeks to advance responsible corporate citizenship in one single sector, the financial sector, by inspiring voluntary action by institutional investors in support of incorporation of ESG principles into investment strategies and decision-making. Both initiatives can be used as complementary and mutually supportive tools for enterprises and institutional investors seeking to ensure responsible business conduct in their operations.

¹⁴ UN Principles for Responsible Investment, available at www.unpri.org.

Annex 1

Table. A Comparison of the Coverage of the UN Principles for Responsible Investment and the OECD Guidelines for Multinational Enterprises¹⁵
(First Draft)

PRINCIPLES FOR RESPONSIBLE INVESTMENT	OECD GUIDELINES for MNEs
<p>Preamble: <i>As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society.</i></p>	<p>As seen in the following text of the OECD Guidelines, there is broad overlap between the objectives set forth in the Preface of the Guidelines and those outlined in the Preamble of the UN PRI:</p> <p><u>Preface:</u></p> <p>1. <i>The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.</i></p> <p>...</p> <p>10. <i>The common aim of the governments adhering to the Guidelines is to encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise</i></p> <p>Additionally, the following General Policies of the Guidelines also demonstrate broad overlap with the objectives of the UN PRI set forth in its Preamble:</p> <p><u>Chapter II: General Policies</u></p> <p>[<i>Enterprises should</i>]</p> <p>1. <i>Contribute to economic, social and environmental progress with a view to achieving sustainable development.</i></p> <p>3. <i>Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise's activities in domestic and foreign markets, consistent with the need for sound commercial practice.</i></p> <p>6. <i>Support and uphold good corporate governance principles and develop and apply good corporate governance practices.</i></p>

¹⁵ The table does not intend to provide an exact correspondence between the UN PRI and the OECD Guidelines for MNEs, but to reproduce texts in the respective instruments that that cover similar issues.

	<p>7. <i>Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.</i></p> <p>10. <i>Encourage, where practicable, business partners, including suppliers and subcontractors, to apply principles of corporate conduct compatible with the Guidelines.</i></p>
<p>Principle 1: <i>We will incorporate ESG issues into investment analysis and decision-making processes.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Address ESG issues in investment policy statements</i> • <i>Support development of ESG-related tools, metrics, and analyses</i> • <i>Ask investment service providers to integrate ESG factors into evolving research and analysis</i> • <i>Encourage academic and other research on this theme</i> • <i>Advocate ESG training for investment professionals</i> 	<p>By encouraging “business partners, including suppliers and subcontractors, to apply principles of corporate conduct compatible with the <i>Guidelines</i>,”¹⁶ enterprises may integrate ESG issues into their investment decisions and relationships. As institutional investors, multinational enterprises’ adoption of the OECD Guidelines may encourage them to incorporate ESG issues into “investment analysis and decision-making processes” (UN PRI Principle 1). In this regard, the content of Principle 1 and the following general policies of the OECD Guidelines highlight similar issues:</p> <p><u>Chapter II: General Policies (1,6,7,10)</u></p> <p>8. [<i>Enterprises should</i>] <i>Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.</i></p> <p>The following recommendation demonstrates potential for the OECD Guidelines to be used as a possible reference tool for incorporation of ESG issues into general employee training practices:</p> <p><u>Chapter IV Employment and Industrial Relations:</u></p> <p>5. [<i>Enterprises should</i>] <i>In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.</i></p> <p>While there is no direct correlation between the Principles and the OECD Guidelines coverage of the theme of science and technology, the following recommendation may be broadly relevant to the Principles in terms of promotion of ESG-oriented research:</p>

¹⁶

OECD Guidelines for Multinational Enterprises, Chapter II.10, available at www.oecd.org/dataoecd/56/36/1922428.pdf and OECD, “Scope of the Guidelines and the Investment Nexus,” available at www.oecd.org/document/42/0,2340,en_2649_34889_37356074_1_1_1_1,00.html.

	<p><u>Chapter VII: Science and Technology</u></p> <p>5. [<i>Enterprises should</i>] <i>Where relevant to commercial objectives, develop ties with local universities, public research institutions, and participate in co-operative research projects with local industry or industry associations.</i></p>
<p>Principle 2: <i>We will be active owners and incorporate ESG issues into our ownership policies and practices.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Develop and disclose an active ownership policy consistent with the Principles</i> • <i>Develop engagement capability</i> • <i>Participate in the development of policy, regulation, and standard setting</i> • <i>Engage with companies on ESG issues</i> • <i>Participate in collaborative engagement initiatives</i> 	<p>As the OECD Guidelines call on multinational enterprises to incorporate “principles of corporate conduct compatible with the <i>Guidelines</i>”¹⁷ where possible into investment processes, enterprises may develop responsible investment relationships with business partners by engaging with them on ESG issues. In this regard, there appears to be a broad relevance between the content of the OECD investment nexus (Chapter II.10) and Principle 2’s call for institutional investors to “incorporate ESG issues into ownership policies and practices.”</p> <p>There is potential for the following recommendations put forth by the Guidelines to be utilized in support of incorporation of “ESG issues into ownership policies and practices,” (UN PRI Principle 2) particularly in regards to regulation and standard setting:</p> <p><u>Chapter V: Environment</u></p> <p>[<i>Enterprises should</i>]</p> <p>... <i>Take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development.</i></p> <p>1b. <i>Establish and maintain...measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives.</i></p> <p>1c. <i>Establish and maintain...regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.</i></p> <p>2b. <i>Engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.</i></p> <p>6a. <i>Continually seek to improve corporate environmental performance, by encouraging...adoption of technologies and</i></p>

¹⁷

OECD Guidelines for Multinational Enterprises, Chapter II.10, available at www.oecd.org/dataoecd/56/36/1922428.pdf.

	<p><i>operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise.</i></p>
<p>Principle 3: <i>We will seek appropriate disclosure on ESG issues by the entities in which we invest.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)</i> • <i>Ask for ESG issues to be integrated within annual financial reports</i> • <i>Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)</i> 	<p>The OECD Guidelines may be considered as a list of standards helpful for the reporting and disclosure of ESG issues by users of the UN PRI. In asking for appropriate disclosure on ESG issues by the entities in which they invest, there is potential for institutional investors to suggest that these entities utilize the OECD Guidelines as a reporting tool. When asking for information from companies regarding the adoption of relevant ESG codes of conduct, the commonalities between the OECD Guidelines and the UN Global Compact make it possible for institutional investors to ask about adherence to the OECD Guidelines as well.¹⁸</p> <p>Multinational enterprises may promote appropriate disclosure behaviour by other entities on ESG issues by setting an example in their own disclosure practices, as demonstrated by the following recommendations:</p> <p><u>Chapter III: Disclosure</u> [<i>Enterprises should</i>]</p> <ol style="list-style-type: none"> 1. <i>Ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance.</i> 2. <i>Apply high quality standards for disclosure, accounting, and audit. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental and social reporting where they exist. The standards or policies under which both financial and non-financial information are compiled and published should be reported.</i> <ol style="list-style-type: none"> 4a. <i>Disclose material information on the financial and operating results of the company.</i> 5a. <i>Communicate additional information that could include value statements or statements of business conduct intended for public disclosure including information on the social, ethical and environmental policies of the enterprise and other codes of conduct to which the company subscribes.</i>

¹⁸

OECD, “The UN Global Compact and the OECD Guidelines for Multinational Enterprises: Complementarities and Distinctive Contributions,” available at www.oecd.org/dataoecd/23/2/34873731.pdf.

<p>Principle 4: <i>We will promote acceptance and implementation of the Principles within the investment industry.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Communicate ESG expectations to investment service providers</i> • <i>Support the development of tools for benchmarking ESG integration</i> 	<p>The OECD Guidelines may be helpful for institutional investors in implementing the Principles, particularly regarding the benchmarking of ESG integration. Additionally, it may be considered that there is potential for the implementation mechanism of the OECD Guidelines to support the Principles.</p>
<p>Principle 5: <i>We will work together to enhance our effectiveness in implementing the Principles.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Support/participate in networks and information platforms to share tools, pool resources and make use of investor reporting as a source of learning</i> • <i>Collectively address relevant emerging issues</i> • <i>Develop or support appropriate collaborative initiatives</i> 	<p>As both the Principles and the OECD Guidelines are committed to advancing progress on ESG issues, there is potential for NCPs to be used as a vehicle for coordination between the two frameworks.</p> <p>The adoption of the OECD Guidelines Chapter II.7 recommendation to employ operating, regulatory, and management systems that “foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate” (Chapter II.7) may be positive in the implementation of Principle 5’s commitment to “enhance effectiveness in implementing the Principles.”</p>
<p>Principle 6: <i>We will each report on our activities and progress towards implementing the Principles.</i></p> <p>Possible Actions:</p> <ul style="list-style-type: none"> • <i>Disclose how ESG issues are integrated within investment practices</i> • <i>Disclose active ownership activities</i> • <i>Disclose what is required from service providers in relation to the Principles</i> • <i>Communicate with beneficiaries about ESG issues and the Principles</i> • <i>Make use of reporting to raise awareness among a broader group of stakeholders</i> 	<p>The OECD Guidelines chapter on disclosure provides a reporting framework that may be referenced in support of Principle 6’s suggested possible actions for institutional investors to report on their “activities and progress towards implementing the Principles” (UN PRI Principle 6).</p> <p><u>Chapter III: Disclosure</u> (1, 2, 5a) [<i>Enterprises should</i>]</p> <p>5b. <i>Communicate information on systems for managing risks and complying with laws, and on statements or codes of business conduct.</i></p> <p>5c. <i>Communicate information on relationships with employees and other stakeholders.</i></p>