



PUBLIC POLICIES FOR PROMOTING RESPONSIBLE BUSINESS CONDUCT: AN OECD PERSPECTIVE

**OECD Seminar on “Recent developments in Russia’s
investment environment and policy”**

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Introduction

- **Growing awareness of the importance of responsible business conduct practices within the business community in Russia**
- **Role of the government: distinctive from business but shared responsibilities in promoting responsible business conduct**
- **Main OECD instruments for promoting responsible business conduct:**
 - OECD Guidelines for Multinational Enterprises
 - Policy Framework for Investment
 - Principles for Private Sector Participation in Infrastructure

OECD Guidelines for MNEs: Distinctive features

- **Multilaterally endorsed by 39 OECD and non-OECD governments**
- **Voluntary for companies, binding for adhering governments**
- **Based on universally shared values addressed by governments to MNEs operating in or from adhering countries**
- **Balanced and comprehensive package: promoting government and corporate responsibilities in various areas such as human rights, labour, environment, disclosure of information, combating bribery, competition, consumer protection, taxation, technology transfer**
- **Unique follow-up mechanism: National Contact Points, responsible for promoting observance of the Guidelines in their national context**

Recent Follow-up: The Risk Awareness Tool for MNEs in Weak Governance Zones

- **Aims to help companies that invest in countries where governments are unwilling or unable to assume their responsibilities**
- **Non-prescriptive but sets out a range of questions for companies to consider such as:**
 - Heightened care in managing investments
 - Knowing business partners and clients
 - Speaking out about wrongdoing
- **Accompanied by list of sources**



OECD Guidelines for MNEs: Relevance for Russia

- **Adherence to universally-shared and multilaterally-backed values and concepts on responsible business conduct**
- **Global Coverage: disciplines applicable to all, multinational and domestic enterprises alike**
 - Russian-owned MNEs operating in and from the territory of adherent countries are subject to the Guidelines
 - MNEs operating in and from the territory of adherent countries, including when operating in Russia, are subject to the Guidelines

Policy Framework for Investment (PFI): Key features

- **Non-prescriptive approach to identify key issues for creating attractive environment both for domestic and international investment, SMEs and MNEs**
- **Comprehensive, “whole-of-government” approach for improving investment conditions**
- **Co-operative and multilaterally-backed approach: Developed by a Task Force of government officials from 60 countries (including Russia); endorsed by OECD ministers**
- **Underlying principles:**
 - Policy coherence
 - Transparency and accountability
 - Regular evaluation

10 policy areas covered by PFI

1. Investment Policy
2. Investment Promotion and Facilitation
3. Trade Policy
4. Competition Policy
5. Tax Policy
6. Corporate Governance
7. Policies for Promoting Responsible Business Conduct
8. Human Resources Development
9. Infrastructure and Financial Sector Development
10. Public Governance

Public policies for promoting responsible business conduct (RBC) in the PFI

- **RBC is a key policy area contributing to enhance the investment climate**
- **Main aspects of RBC addressed by the PFI:**
 - Distinctive roles of the business and governments
 - Communication between business and governments
 - Framework for information disclosure by companies
 - Partnership and promotion to strengthen the business case for RBC
 - Participation in inter-governmental co-operation

Clear separation of government and business roles (7.2.)

- **Business:** manage investment projects for competitive returns; comply with legal and regulatory requirements; **Responsible business conduct:** respond to societal expectations, including those communicated through channels other than law
- **Governments:** protect collective interests of the citizens; cooperate with companies, trade unions and other civil society organisations towards an enabling environment for RBC

Providing an adequate framework for corporate disclosure (7.4.)

- **Governments:** develop the rules and guidance for companies' – financial and non-financial - reporting on their business activities
 - Through legislation and by encouraging self-regulation
 - Maintain flexibility to allow scope for innovation
 - Seek to avoid unnecessary regulatory burden
 - Ensure that application and enforcement of mandatory requirements is non-discriminatory

Strengthening the business case for responsible business conduct (7.6.)

- **The “business case” for responsible business conduct:**
 - Environmentally friendly production processes can decrease costs
 - Control of labour practices in supply chains can boost productivity and protect brand capital in consumer markets
 - ...
- **Governments can reinforce the business case by:**
 - Providing information about good practices
 - Lowering the costs of developing and adopting RBC, f.e. through support for industry initiatives
 - ...
- **Role of consumers:**
 - Caring about the societal/environmental impact of buying decisions
 - Requesting information about corporate behaviour
 - ...

Inter-governmental co-operation (7.7.)

- **Other relevant international initiatives and multilateral instruments, f.e.:**
 - Universal Declaration of Human Rights (1948)
 - ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policies
 - UN Global Compact
- **Inter-governmental co-operation aims at:**
 - Broadening awareness of internationally-backed principles of RBC
 - Reducing the risks that observing appropriate principles of RBC could become a competitive disadvantage

Putting the PFI into action: A flexible approach

- **Flexible instrument that governments can adapt to their circumstances and needs, f.e.:**
 - **Investment Policy Reviews:**
 - f.e. Egypt
 - maybe for the next Russia Review ...
 - **Regional Investment Initiatives:**
 - Investment Compact for Southeast Europe (IRI)
 - MENA-OECD Investment Programme
 - OECD/NEPAD Africa Investment Initiative
 - APEC/Asia
 - Latin America



Some conclusions: Promoting RBC in Russia

- **Growing interest of the business community:**
 - Foreign investors in Russia
 - Russian companies investing abroad
- **Encourage involvement of other stakeholders:**
 - Russian companies in general
 - Civil society, consumers
- **Reinforce the governments' active role:**
 - Possible contribution of OECD instruments



For more information:

Please visit:

➤ www.oecd.org/daf/investment/guidelines

➤ www.oecd.org/daf/investment/pfi

Thank you!