



DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

In practice

THE EUROPEAN UNION PROMOTES RESPONSIBLE BUSINESS CONDUCT (RBC) FOR MORE RESILIENT AND RESPONSIBLE SUPPLY CHAINS

Key messages

Through the increased integration of emerging economies into global value chains (GVCs), international trade and investment have proven to be powerful drivers of economic growth, supporting poverty reduction and improving living standards. However, the benefits of globalised trade are increasingly being questioned due to negative environmental and social impacts such as increased greenhouse gas emissions, pollution, forced and child labour, and poor working conditions. The European Union (EU) has developed regional programmes to promote Responsible Business Conduct (RBC) to address and mitigate these adverse impacts, supporting more resilient and responsible GVCs.

Keywords

[Civil society](#) | [Global goods and challenges](#) | [Partnerships](#) | [Policy and guidance](#) | [Policy coherence](#) | [Private sector](#)

Key partners

[European Union](#) | [Multilateral institution](#)

Challenge

Global Value Chains (GVCs) have been a strong catalyst for socio-economic development over the past 30 years. However, the increased adverse social and environmental impacts of GVCs have fuelled debate on the benefits of international trade and globalisation. These concerns have been heightened by the COVID-19 crisis and Russia's invasion of Ukraine, where the ability of GVCs to ensure the secure supply of essential products and generate benefits for all has come under the spotlight. These considerations have led to growing calls to embed [Responsible Business Conduct](#) (RBC), including [risk-based due diligence](#), at the core of business operations. RBC requires businesses to avoid and address negative impacts of their

activities, including in their value chains, while contributing to sustainable development in the countries where they operate. Promoting RBC principles and standards through trade and investment policies can prove useful in supporting more resilient, sustainable and responsible GVCs.

Approach

The European Union (EU), in partnership with the International Labour Organisation (ILO), the United Nations Office of the High Commissioner for Human Rights (OHCHR) and the Organisation for Economic Co-operation and Development (OECD), has implemented programmes in two key regions – Asia and Latin America and the Caribbean – to help create enabling policy environments for RBC, boost businesses' capacity to observe RBC principles and standards, and raise awareness of the importance of RBC among stakeholders. The EU benefits from the partner organisations' extensive expertise on risk-based due diligence and economic policies, to carry out the following activities:

- delivering policy analysis and advice for governments on RBC and policy areas through which RBC can be leveraged (e.g., trade and investment policies, public procurement and state-owned enterprises)
- building businesses' capacity to conduct risk-based due diligence through guidance and training in priority sectors
- strengthening [National Contact Points](#) for RBC to facilitate access to remedy.

The regional programmes are an integral part of the EU [“Trade for All” strategy](#) and of the EU 15-Point Action Plan that seeks to improve the enforcement of the [Trade and Sustainable Development \(TSD\) chapters](#) of trade agreements.

Results

Key outcomes of the regional programmes include:

- **Enhanced coherence of government policies that promote RBC in 6 Asian countries and 9 Latin American and Caribbean countries.** Under the programmes, the OECD has undertaken a number of [RBC and Investment Policy Reviews](#). These examine legislation and policies in selected policy areas covered by the [OECD Guidelines for Multinational Enterprises](#), while also analysing other policy areas through which RBC can be leveraged (i.e. trade and investment, public procurement, governance of state-owned enterprises, etc.). Practical recommendations have resulted in the progressive inclusion of RBC considerations in policy areas that shape business conduct. Notably, 12 out of the 15 countries in the programmes are developing or implementing policies to promote respect for human rights in business, notably through National Action Plans or national frameworks or policies on RBC.
- **Raised awareness on the importance of conducting risk-based due diligence for businesses engaged in international trade,** in both importing and exporting. For example, 179 companies and trade organisations in Latin America, 80 small and medium-sized enterprises (SMEs) in Viet Nam and 510 participants of the [OECD e-learning Academy on RBC](#), received training and capacity building on RBC principles and standards, as well as due diligence.
- **Increased leverage of National Contact Points for RBC to facilitate access to remedy.** For example, in Latin America, the programme helped raise awareness on the importance of National Contact Points as a channel for remediation when adverse environmental or social impacts occur. All National Contact Points are now drafting and implementing roadmaps to improve their functioning.

Lessons learnt

- **Leveraging the expertise and experience of different stakeholders is key for advancing RBC.** The alliance of international organisations has been crucial for engaging with a wide array of RBC practitioners – local policy makers, industry associations, businesses, trade unions, civil society organisations – and leveraging their expertise and experience to step up action on RBC in the two regions. For example, ILO’s local footprint in Asia was vital to providing in-person training, especially following COVID-19. Similarly, the OECD’s 15-year experience in conducting investment policy reviews was instrumental in providing policy advice to governments.
- **Engaging governments both at national and regional levels is essential to enable a level-playing field and to enhance RBC effectivity.** The domestic nature of policy making and the international dimension of GVCs require not only a local and tailored approach to policy advice but also increased regional co-operation for effectively tackling RBC issues at the right level. Governments have an important role to play in the promotion of responsible business practices and more needs to be done to ensure governments in Latin America and the Caribbean and Asia speak with one voice.
- **Uptake of due diligence by businesses is growing but is not yet standard practice.** Less than 40% of businesses conduct risk assessments and adopt a due diligence process (of which just 25% are SMEs), while only 21% conduct these assessments beyond direct suppliers. Further efforts and policy incentives are needed to ensure that due diligence is mainstreamed all along GVCs.

Further information

European Commission (2015), *Trade for all: Towards a more responsible trade and investment policy*, https://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf.

European Commission (2022), *Corporate sustainability due diligence – Fostering sustainability in corporate governance and management systems*, https://ec.europa.eu/info/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en.

International Labour Organization (2017), *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf.

ILO, OECD, United Nations, *Responsible Business – Key Messages from International Instruments*, <https://mneguidelines.oecd.org/Brochure-responsible-business-key-messages-from-international-instruments.pdf>.

United Nations (2011), *Guiding Principles on Business and Human Rights*, https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf.

OECD resources

OECD, *Promoting Responsible Business Conduct in Latin America and the Caribbean*, <https://mneguidelines.oecd.org/rbclac.htm>.

OECD, *Promoting Responsible Supply Chains in Asia*, <https://mneguidelines.oecd.org/globalpartnerships/responsible-supply-chains-asia>.

OECD, *Responsible Business Conduct*, <https://mneguidelines.oecd.org>.

OECD, *Responsible Business Conduct and Trade*, <https://mneguidelines.oecd.org/rbc-and-trade.htm>.

OECD (2021), *Building more resilient and sustainable global value chains through responsible business conduct*, <https://mneguidelines.oecd.org/Building-more-resilient-and-sustainable-global-value-chains-through-responsible-business-conduct.pdf>.

To learn more about European Union's development co-operation see:

OECD, "European Union institutions", in *Development Co-operation Profiles*, <https://doi.org/10.1787/c0ad1f0d-en>.

OECD (2018), *Development Co-operation Peer Reviews: European Union 2018*, <https://doi.org/10.1787/9789264309494-en>.

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