



Role of responsible business conduct in sustainable investment

Global landscape and OECD work

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How is **RBC** defined @ the OECD

- Focus on **core business** and impact on the people, planet and society
 - x not philanthropy*
 - x not a tax*
 - x not an add-on*
- Looks at risk management of **environmental and social issues** *including in the supply chain and business relationships*
- OECD standards set out **what** companies are expected to do but also **help them do it** – guidance on risk-based due diligence is a key tool
- Applies to **all business**, not just large multinationals



OECD RBC Guidelines



Disclosure	Human Rights	Employment & Industrial Relations
Environment	Consumer interests	Science & Technology
Combating Bribery, Bribe Solicitation and Extortion	Taxation	Competition

- Most comprehensive international instrument on RBC
- Contain an **implementation mechanism**: National Contact Point (NCP) system
- Incorporate expectation of supply chain “**due diligence**” to identify and address harm
- Part of OECD Declaration on International Investment and Multinational Enterprises



Alignment among main international standards on RBC



OECD Guidelines for Multinational Enterprises



UN Guiding Principles on Business and Human Rights

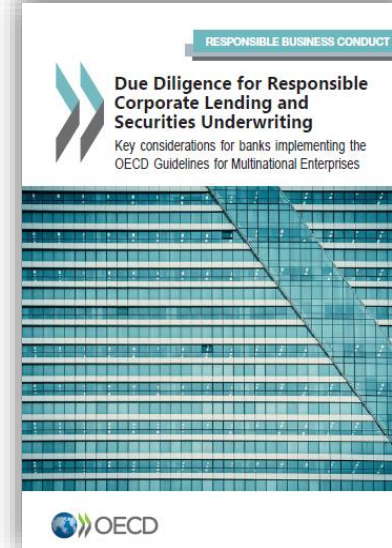
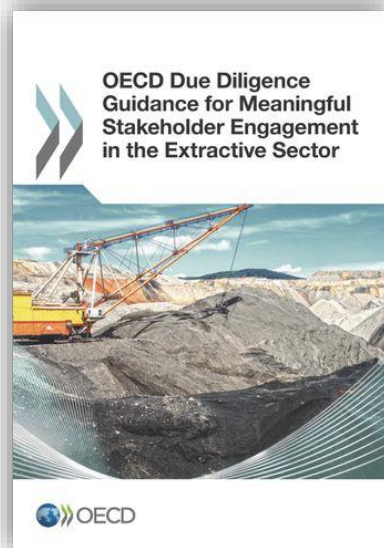
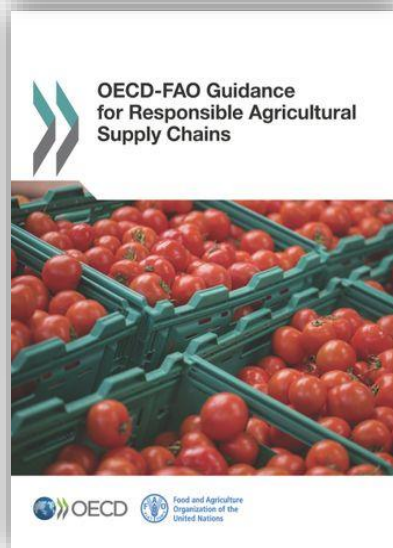
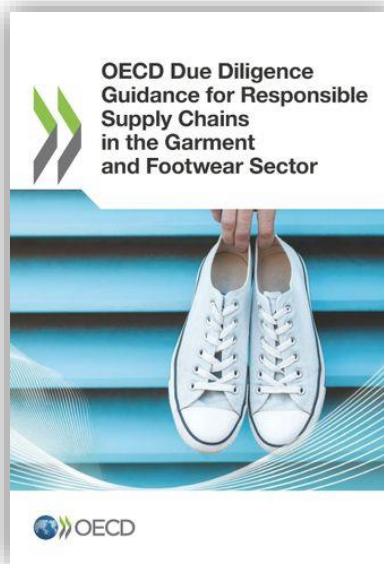
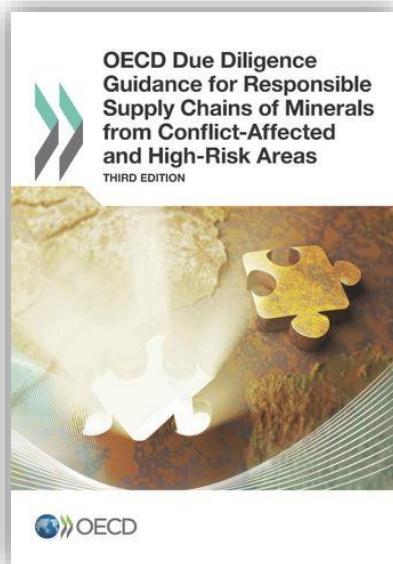
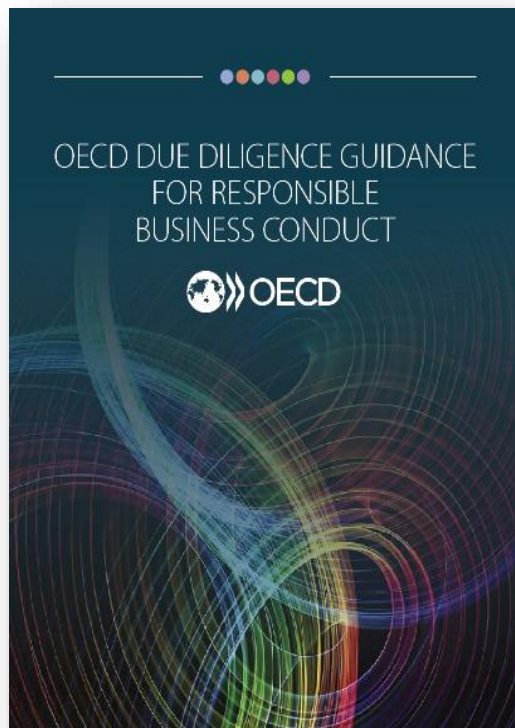


ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy



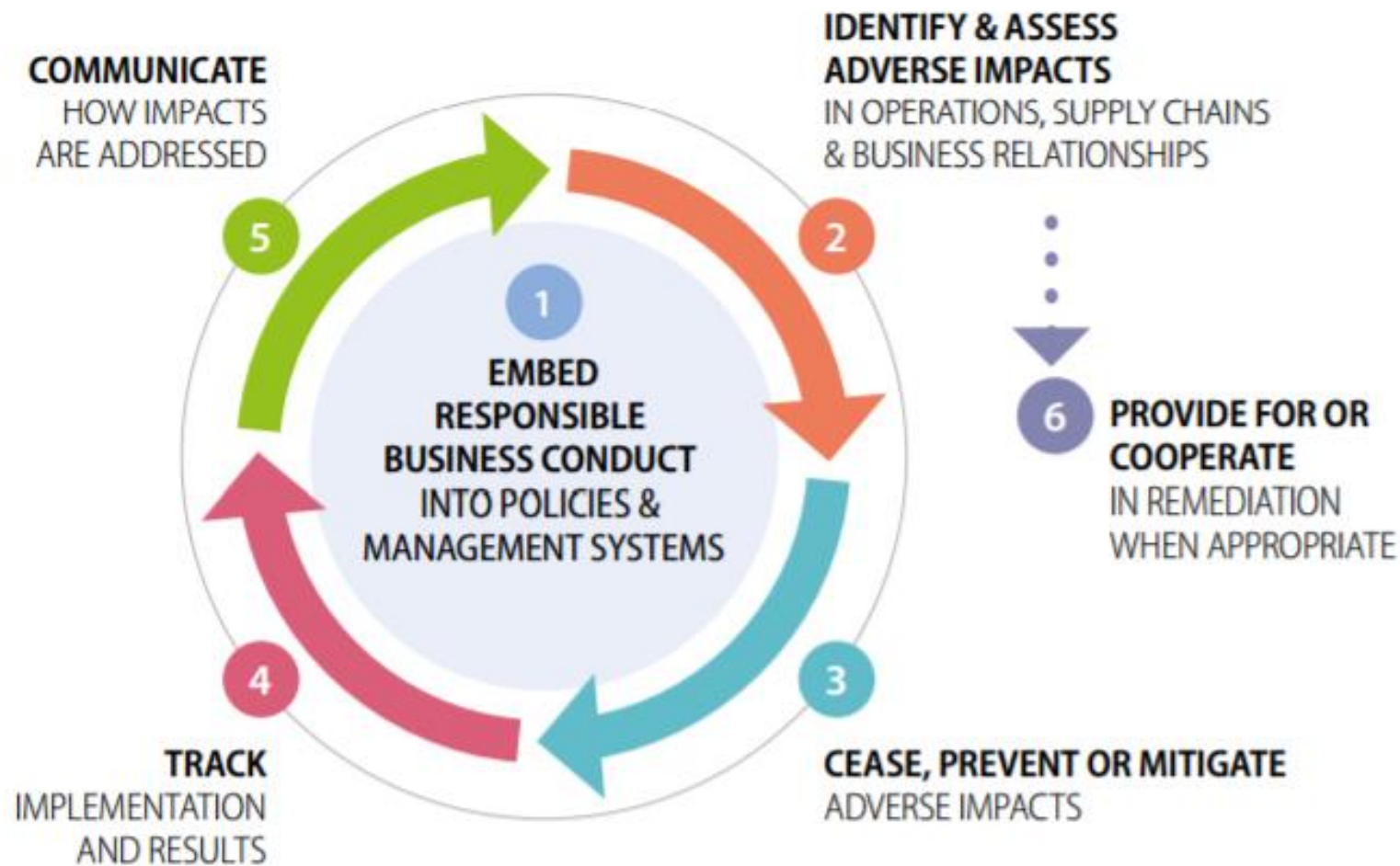


Operationalising RBC



- Explain in plain language what due diligence means and how it should be undertaken
- Contain good examples and practical actions to help businesses
- Implementation through multi-stakeholder process

RBC Due Diligence – 6 core components



- ✓ Preventative
- ✓ Involves multiple internal processes
- ✓ Based on international standards
- ✓ Ongoing, dynamic & responsive
- ✓ Risk-based
- ✓ Engages stakeholders
- ✓ Tailored to size & circumstances of the company
- ✓ Adapted to different business relationships
- ✓ Involves ongoing communication



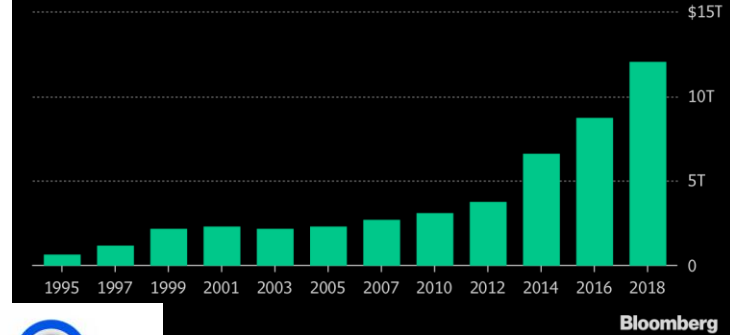
Global RBC landscape

- Increasing expectations and demand on RBC since 2011 – focus on impact, supply chain due diligence, and contribution of the private sector to global agendas
- Significant momentum on RBC policies, political, legal and regulatory initiatives, including in ASEAN, APEC, G20, G7
- Uptake by businesses, investors, consumers - due diligence at a tipping point
- Evidence that responsible business is good business and critical for resilience – supported by experience from the pandemic

Sustainable Growth

Investors using socially responsible criteria hit \$12 trillion in U.S. assets

■ Assets under management



G20 Sustainable Finance Roadmap



RBC in **ASEAN** and ASEAN Member States

- ASEAN economies and ASEAN itself have already been increasing action on RBC pre-pandemic
- ACRF and its implementation plan a significant signal to the market and important opportunity to advance and amplify national efforts, esp. when it comes to building business capacity on RBC and helping make supply chains more resilient
- Harmonization and alignment can bring several benefits, esp.
 - *avoid conflicting requirements and extra compliance costs for businesses*
 - *remove inefficiencies for businesses operating across borders*
 - *level the playing field for business*
 - *speed up COVID-19 recovery efforts and increase resilience in global supply chains*
 - *ensure progress on SDGs/RBC is maintained despite pandemic*



Final thoughts: clarity in the market

- Sustainable Investment Guidelines could provide clarity to the market and businesses on government expectations
- Good experience already exists in implementation – not new (e.g. RAI, AICHR, leadership and initiatives by ASEAN Member States)
- OECD stands ready to cooperate with ASEAN and ASEAN Member States, esp. on 1) building an enabling policy environment on RBC and 2) helping industry implement RBC and improve resilience



[...] a return to 'business as usual' is no longer be an option for ASEAN in the post-pandemic world, and a paradigm shift will be required of ASEAN governments, businesses, and civil society to work collectively to enable systemic change needed by the region for a sustainable and resilient future.



THANK YOU!

Responsible Supply Chains in Asia

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