



# Commitment to OECD Guidelines for Multinational Enterprises by Dutch stock listed companies

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## Final report

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## 1. Management summary

### Objectives of the research

The Dutch Association of Investors for Sustainable Development (VBDO) received in September 2014 the assignment of the Ministry of Foreign Affairs for a research among Dutch stock listed companies to assess company commitment to the OECD Guidelines (“the Guidelines”). The goal of this project is to help the Dutch government to fulfil its ambition to increase the percentage of companies publicly committing to the OECD Guidelines, to 90%, by providing insight in main drivers and barriers to commit and increasing awareness.

### Overall results

VBDO’s engagement results show that there is still a way to go to meet the ambition level of the Dutch government. Nevertheless, if the OECD Guidelines and their added value are explained (as in the conducted interviews), significant progress could be made. Currently, 18 companies (30%) commit to the Guidelines. Due to VBDO’s engagement, 9 companies have expressed they will commit in the future, and another 15 companies said they might commit in the future. This makes it a more promising total of 42 companies (70%) that commit and might commit in the future.

The companies that publicly commit to the OECD Guidelines are:

Aalberts Industries	Ballast Nedam	Shell
Aegon	BAM Groep	Telegraaf Media Group
Air France-KLM	DSM	Unilever
Airbus Group	KPN	Vopak
AkzoNobel	Rabobank	Wessanen
ASML	SBM Offshore	Wolters Kluwer

### Reasons and barriers to commit according to Dutch stock listed companies

Companies that do commit understand the value for their international operations. The most important barrier to commit to the OECD Guidelines according to the interviewed companies is the perceived limited added value of a public commitment; in particular, on top of other guidelines that they already commit to and apply (e.g. UN Global Compact, ILO Core Labour Standards, UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment). Stakeholders do not ask companies for commitment to the Guidelines in most cases. In addition, the process of committing to the Guidelines is unclear for the interviewed companies and companies are reluctant to the workload of a self-assessment.

### Feedback for the National Contact Point (NCP)

Almost half (46%) of the interviewed companies is familiar with the NCP. Companies recognise that the NCP could play an important role in making the OECD Guidelines more known and more practical for application by companies. Companies would expect pro-active and direct communication with them. They also mention sharing knowledge and good practices per industry is crucial. In addition, the NCP could play a role in explaining the added value and content of the Guidelines (especially on top of other guidelines), according to the interviewees.

## Recommendations to raise commitment of companies to the OECD Guidelines

Based on the interview results, on the VBDO would recommend to 1) *raise awareness for the OECD Guidelines*; 2) *make the added value of commitment clear to companies*; and 3) *make implementation as practical as possible for companies*. More specifically, the VBDO would recommend the following, divided in quick wins and longer term actions:

Quick wins	Longer-term actions
<i>Raise awareness</i>	
- Let a Minister or Minister-President make a statement about the added value of the Guidelines and commitment by companies;	- Gather ambassadors that promote the Guidelines: a mixed group of influential persons from the government, companies, NGOs etc.;
- Sent a letter (by a Ministry) to the Board of Management of all companies that should commit. In this letter the added value of a commitment and the process of commitment should be explained;	- Follow-up the sent letter by a phone call to the companies to ask if the information is clear, possibly followed-up by an interview about what next steps (of commitment and implementation) are.
- Involve the employer organisation (VNO-NCW) to promote the Guidelines among companies.	
<i>Make the added value of commitment clear</i>	
- Publish a list of companies that commit to the OECD Guidelines on the (NCP) website;	- Make clear how the OECD Guidelines relate to other guidelines and what the differences are (starting with UN Global Compact, ILO Core Labour Standards, UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment). This could be an initial high-level assessment. This could at a later stage be followed-up by a detailed assessment and also include other subjects, such as the Sustainable Development Goals.
- Update the NCP website with the added value of the Guidelines and information what companies should do to commit to the OECD Guidelines (e.g. what do they have to publish, comply or explain).	
<i>Make it as practical as possible</i>	
- Include indicators of the Guidelines in the Transparency Benchmark assessment for more alignment.	- Organise an (bi-annual) event: for companies to share knowledge and best practices; for the Ministry to gain information to make guidance more practical. Invite frontrunners on the OECD Guidelines that share examples. The event should be sector/theme specific and interactive. Work together with organisations that have sector specific/content specific knowledge;
	- Make clear what is expected from a self-assessment, including examples;
	- Make an overview of the steps that a company should take to implement the OECD Guidelines;
	- Gather assessment and implementation best practices of companies and publish them;
	- Create a disclosure platform for companies to upload their self-assessments.

## 2. Introduction

### 2.1 Background of the research

Responsible business conduct is an often cited, but equally often, highly ambiguous concept. According to the OECD, responsible business conduct involves “respecting rights of stakeholders, creating new value, and protecting existing value through risk and reputation management.”<sup>1</sup> The concept therefore goes beyond avoiding doing harm; it is about ensuring a positive contribution to all stakeholders.

The way multinational enterprises (MNEs) conduct their business is key to building a sustainable global economy. This is because the activities of MNEs span multiple countries and many cultural, legal, and regulatory environments. This complexity, coupled with the intensely competitive nature of international business, presents MNEs and their stakeholders with unique and specific challenges. In environments where regulatory, legal, and institutional frameworks are underdeveloped or fragile, some MNEs may neglect the appropriate principles and standards of conduct in an attempt to gain undue competitive advantage. Yet, an increasing number of MNEs are responding by committing to responsible business practices, promoting dialogue, and engaging with stakeholders.<sup>2</sup>

The OECD Guidelines for Multinational Enterprises (or “the Guidelines”) is a leading instrument for the promotion of responsible business conduct in a global context. They are a comprehensive set of recommendations addressed by governments to MNEs operating in or from adhering countries. More specifically, the Guidelines provide voluntary principles and standards in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.<sup>3</sup> The Guidelines were originally adopted in 1976 and were last reviewed in May 2011, with the active participation of business, labour, NGOs, non-adhering countries and international organisations.<sup>4</sup>

As of May 2011, 42 OECD and non-OECD countries have committed to promoting the Guidelines, including the Netherlands.<sup>5</sup> Adhering countries are obliged to set up National Contact Points (NCPs) that are tasked with furthering the effectiveness of the Guidelines by undertaking promotional activities, handling inquiries, and providing a mediation and conciliation platform for resolving issues that arise from the alleged non-observance of the Guidelines. This makes the Guidelines the only international corporate responsibility instrument with a built-in grievance mechanism.<sup>6</sup> For more background information on the OECD Guidelines, we refer to appendix IV.

The wide adoption of the Guidelines in the Netherlands is a priority for the Dutch government, which has set the ambition that 90% of the largest Dutch companies<sup>7</sup> commit to the Guidelines.<sup>8</sup> The Association of Investors for Sustainable Development (VBDO) conducted the first (desk) research on the commitment of Dutch stock listed companies to the Guidelines in 2013 over the

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<sup>1</sup> OECD. (2013). *OECD Guidelines for Multinational Enterprises: Responsible Business Conduct Matters*. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

<sup>2</sup> Ibid.

<sup>3</sup> <http://www.oecdguidelines.nl/oecd-guidelines/a/all-about-the-oecd-general-information>

<sup>4</sup> <https://mneguidelines.oecd.org/about/>

<sup>5</sup> OECD. (2011). *OECD Guidelines for Multinational Enterprises - 2011 Edition*. Available at: <http://mneguidelines.oecd.org/text/>

<sup>6</sup> OECD. (2013). *OECD Guidelines for Multinational Enterprises: Responsible Business Conduct Matters*. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

<sup>7</sup> Companies that meet at least two of the following three criteria: (1) they have more than 500 employees; (2) their total assets exceed €20 million, and; (3) their net turnover exceeds €40 million. This concerns some 600 Dutch companies.

<sup>8</sup> Beleidsnota “MVO loont”, 23 June 2013.

reporting year of 2012, based on the Annual Reports of 66 Dutch stock listed companies.<sup>9</sup> In September 2014, the Association of Investors for Sustainable Development (VBDO) received the assignment from the Ministry of Foreign Affairs to follow-up this research by identifying current commitments and implementation of the OECD Guidelines by Dutch stock listed companies and coming up with possible improvements.

## 2.2 Goals/objectives of the research

The project aims to help the Ministry of Foreign Affairs fulfil its ambition to increase the percentage of companies publicly committing to the OECD Guidelines, to 90%. More specifically, the project aims to:

- Raise awareness of the importance and applicability of the Guidelines among the companies in scope;
- Provide an insight into the main drivers or barriers for companies to commit to the Guidelines;
- Identify potential barriers to the implementation of the Guidelines by the companies in scope;
- Promote a better integration of the Guidelines into business conduct.

## 2.3 Scope of the research

VBDO and the Ministry of Foreign Affairs have compiled a list of 50 companies end of 2014, which meet at least two of the following three criteria: more than 500 employees, and / or total assets exceeding € 20 million, and / or net turnover over € 40 million. In total 60 companies are included in the desk research, of which 46 are interviewed.

## 2.4 Process and timelines of the research

The process of research on company commitment to the Guidelines over the reporting year 2014 is depicted in figure 3.1 below. This process is further explained in the next paragraphs.



Figure 1. Overview of VBDO's engagement activities with companies on the OECD Guidelines

<sup>9</sup> <http://www.goed-geld.nl/assets/Uploads/VBDOProjectnulmetingOESOrichtlijnen4.pdf>

#### 2.4.1. VBDO's OECD engagement activities around Annual General Meetings of Dutch stock listed companies

The following steps were taken regarding the first phase of the project: engagement activities around Annual General Meetings (AGMs) of Dutch stock listed companies.

**Step 1:** VBDO has sent a personal letter to the Board of Directors of all selected companies with the official announcement that the OECD Guidelines will be addressed during the Annual General Meetings (AGM) of Shareholders of the respective companies (see appendix IV).

**Step 2:** VBDO has analysed the current extent of commitment to the Guidelines by respective companies on the basis of publicly available information. VBDO formulated specific, material, company-related and constructive questions about commitment to the Guidelines in preparation for the AGM.

**Step 3:** VBDO has shared the results of the research and the Guidelines related written questions with the companies in scope.

**Step 4:** VBDO has visited the AGMs of the companies in scope and entered into dialogue with the Board of Directors of the respective companies on the formulated questions.

**Step 5:** VBDO has monitored and reported the results in a draft report of June 2015 to the Ministry of Foreign Affairs.

#### 2.4.2. VBDO's OECD engagement activities during bilateral meetings with Dutch stock listed companies

Based on the results of the engagement in writing and during AGMs, VBDO has engaged with 46 companies bilaterally to discuss the implementation of the OECD Guidelines and elaborate on the commitments made during the AGMs. The aim is to raise awareness for the Guidelines and support the companies at improving the performance and/or commitment to the Guidelines. The steps taken in this process are described below.

**Step 6:** VBDO contacted the companies and sent the interview guide (see appendix II) before conducting the interview. Companies were requested to invite a board member to the meeting, if possible.

**Step 7:** VBDO has entered into engagement with companies in scope to increase awareness about the OECD Guidelines and to encourage commitment and implementation of the Guidelines. Furthermore, during these meetings, VBDO investigates barriers for commitment and implementation of the Guidelines as well as feedback for the Dutch National Contact Point (NCP).

**Step 8:** VBDO sent a summary of the meetings to the companies to verify correct representation of what is discussed in the meetings.

**Step 9:** VBDO has reported the results in this final report.

### 3. Results: Company commitment and implementation of OECD Guidelines by Dutch stock listed companies

The following paragraphs are based on desk research and the results derived from the interviews with companies. For more details, see appendix I for the main results per company.

#### 3.1 Overview of company commitment to the OECD Guidelines for Dutch stock listed companies

Figure 3 below depicts the amount of companies referring to the OECD Guidelines in their annual report, sustainability report and/or integrated report in reporting year 2014. As can be seen in the figure, in 2014 more companies (47%) in the scope have referred to the Guidelines than in 2012 (26%). It should be noted that the scope between 2012 and 2014 has changed slightly to remain within the policy scope of the Ministry of Foreign Affairs (respectively 54 vs 60 companies). For our research in 2012 we refer to the earlier delivered report.

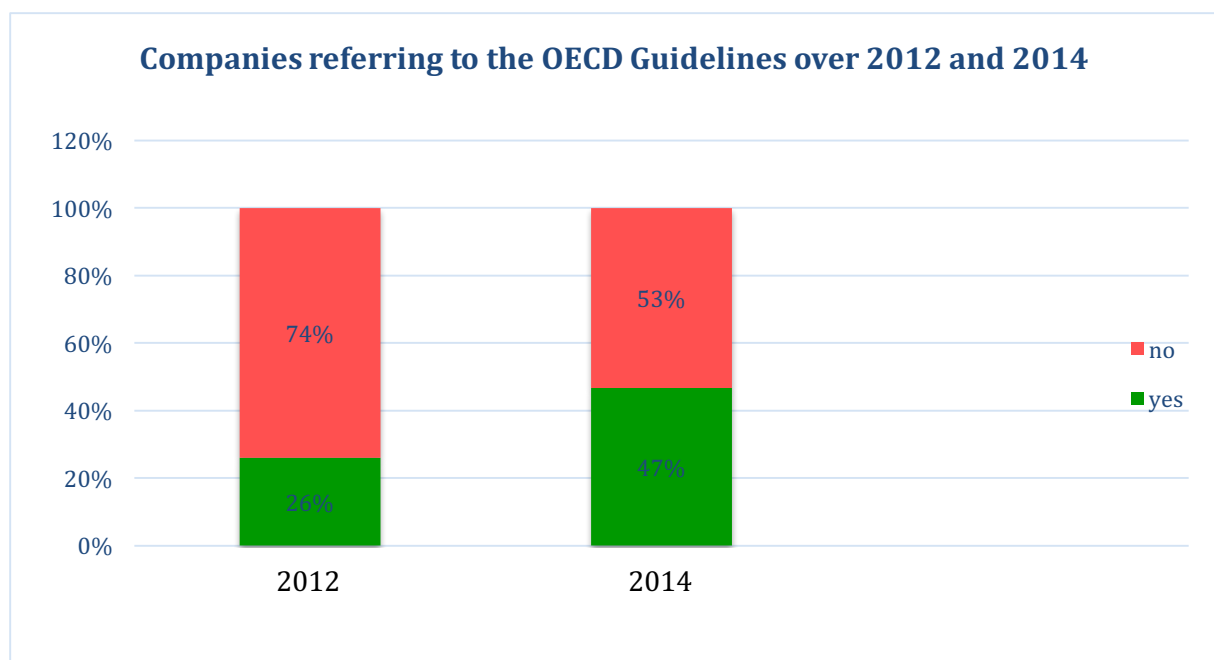


Figure 3: Companies that refer to the OECD Guidelines in publicly available information over 2012 and 2014

From the companies that refer to the OECD Guidelines in publicly available information, not all companies commit to the Guidelines as well. Companies use different kinds of ways to refer to the Guidelines, e.g. that they support the Guidelines, based their Code of Conduct or other policies on the Guidelines, based an agreement with suppliers on the Guidelines. Only a part of the companies explicitly mentions they 'commit' to the Guidelines. In addition, in the interviews we found that some companies do commit to the Guidelines, however, do not refer to the Guidelines publicly. From the interviews (and for not interviewed companies based on our interpretation of their publicly available information), results that 18 companies (30%) commit to the OECD Guidelines while 28 companies (47%) referred to it in publicly available information.

In the interviews, we asked if companies that have not committed yet, were willing to commit in the future. Nine companies indicated they would, and 15 companies they might commit in the future (see appendix I). It would be valuable to track this progress and the effect of our engagement.



## 3.2 Reasons and barriers to commit to the OECD Guidelines according to Dutch stock listed companies

### 3.2.1 Reasons to commit to the OECD Guidelines, according to Dutch stock listed companies

Dutch stock listed companies commit to the OECD Guidelines for several reasons. Several companies mention that the Guidelines are a good starting point for their code of conduct, since they cover all relevant topics. A few companies mention that the Guidelines are relevant since the company operates in an international environment or that the company works with international partners that stimulate commitment to the Guidelines.

Another large part of the companies mentions that (most of) their policies already comply with the OECD Guidelines, since they adhere to Dutch legislation. Therefore, it is a small step to a (public) commitment. Understanding of the content and relevancy of the Guidelines (as explained in VBDO's engagement meetings), made several companies aware of the added value of a self-assessment and a (public) commitment to the Guidelines (see appendix I).

A few companies were already publicly committing to the Guidelines due to more international operations in the past and continued to do so, whereas they were currently less aware of the (renewed) content of the Guidelines. One company specifically mentioned that they commit since they aspire to be a frontrunner on sustainability. Some companies also ask their suppliers to commit to the Guidelines. Companies stress that asking their suppliers for commitment is most relevant if they work with suppliers outside Europe or North-America.

### 3.2.2 Barriers to commit to the OECD Guidelines, according to Dutch stock listed companies

Companies experience several barriers to (publicly) commit to the OECD Guidelines. We have divided those barriers into two categories: barriers in the process of committing and barriers regarding the content of the Guidelines. Company names mentioned are examples and not a complete list of all the companies that mentioned the barrier.

#### **Barriers in the process of committing**

- *Unfamiliarity with the process of commitment or the Guidelines themselves*

One of the main reasons companies do not (yet) commit to the Guidelines is that they were unaware or unfamiliar with them. 12 companies mentioned that there were not aware of the Guidelines before VBDO's (request for an) interview or AGM questions. In addition, for some of the companies it was unclear that they could commit to the Guidelines or how they could commit to the guidelines (e.g. where to make it public, do they have to pay a subscription fee, are there reporting requirements, what do you have to do show your commitment).

- *Self-assessment workload*

Several companies mention that they first have to carry out a (self-)assessment before they can or want to (publicly) commit to the Guidelines. Some of the companies consider an assessment too much workload for their sustainability department, since they have limited capacity and/or other priorities. In addition, several companies mention that it is not clear what and to what extent they have to assess if they comply before they can (publicly) commit to the Guidelines. In the interviews questions were raised about auditing a public commitment and how much information needs to be published (e.g. only commitment, or also the subjects on which they do or do not commit, comply or explain). Some companies explained that they were still in the process of

conducting this assessment in relation to implementing a new sustainability strategy and therefore will commit in the future.

- *Convincing senior management*

Senior management (including the board) has to approve a public commitment. Several companies still were in the process of considering commitment by senior management. Others still needed to 'build the case' to convince senior management. This can be a barrier if the added value of a commitment cannot be clearly explained to senior management (see below).

- *No clear added value of a public commitment*

Not all companies understood the added value of committing publicly to the OECD Guidelines. Some companies did not see the added value of the content of the Guidelines (see below) and therefore did not see what a public commitment would add for their shareholders and/or other stakeholders and for their own company. Others that were aware of the Guidelines, e.g. by using them for drafting the code of conduct or when they already based their policies on the Guidelines, did not see the need of a public statement about the Guidelines in their annual report. A few companies were reluctant to publicly commit since possible legal issues could arise.

### **Barriers related to the content of the OECD Guidelines**

- *No clear added value of the Guidelines*

Eight companies mentioned specifically that they did not see the added value of the OECD Guidelines. Several companies mentioned that we were the first stakeholder asking about commit to the Guidelines, which raised the question for them if commitment is relevant for stakeholders. Companies that already commit to UN Global Compact, ILO Core Labour Standards, UN Guiding Principles on Business and Human Rights do not always see the added value of commitment to another set of guidelines. The interviewed financial institutions mentioned that the Guidelines are not easy to align with their core business and most institutions are already committing to UN Global Compact and the UN Principles for Responsible Investment, which specifically address asset managers. In addition, one company from another sector mentioned that the added value of the Guidelines was not clear in relation to their core business. Several companies understood that the Guidelines primarily apply to international trade and therefore concluded they were not or less relevant for them, since their operations and suppliers are largely national or European.

- *(Possibly) not able to meet the requirements in the Guidelines*

A few companies experienced a barrier to commit regarding the requirements in the Guidelines. The tax requirements and what was mentioned by 'the spirit of the law' were questioned several times. Two companies specifically mentioned they would not commit if the tax chapter required country-by-country (or even regional) tax reporting, since they were afraid of having to disclose competitive sensitive information. One company mentioned that the Guidelines required them to do an assessment of second-tier suppliers and beyond and that the company is not yet capable of making such an assessment for every product. Of course, these obstacles depend on how the Guidelines are interpreted per company. In addition, another company mentioned that it is important for them to set their own standards within the scope of the (broad) Guidelines. Some companies mentioned that the Guidelines are ambiguous; it was not clear to them what certain terms mean in relation to their core business.

### **3.3 Implementation of the OECD Guidelines by Dutch stock listed companies**

#### **3.3.1 Most important elements of the OECD Guidelines according to Dutch stock listed companies**

Elements in the guidelines that are most important according to the interviewed companies are the Environment, Supply Chain, Consumer interest, Human Rights, Employment and industrial relations and Health and Safety at work. Companies that mention elements as most important for them, largely also take the most action on these elements, since they are most related to their core business.

#### **3.3.2 Elements that require extra attention according to Dutch stock listed companies**

The elements Supply Chain, Human Rights and Taxation are most mentioned by the interviewed companies to require extra attention by them. Remarkable is that supply chain and human rights are as well very often mentioned as most important elements (not necessarily by the same companies).

For the element Supply Chain, large multinational production or retail companies find it hard to go back far into the supply chain, meaning, not only assessing their first tier suppliers on sustainability, but also knowing and assessing their suppliers in second tier and beyond. This is related to the topic of Human Rights; companies find it hard to go back further in the supply chain to assess if human rights are respected.

Regarding tax, companies find it often unclear what the reporting requirements of tax in the OECD Guidelines exactly are and what the meaning is of acting according to 'the spirit of the law'. As mentioned before, companies are afraid to disclose information publicly that might be competitive sensitive (e.g. country-by-country reporting).

### **3.4 Feedback of interviewed companies for the NCP**

In each interview we asked if companies were familiar with the NCP and if they had feedback for the NCP. Of the interviewed companies, 21 companies (46%) are familiar with the NCP. Remarkable is that the group of the companies that are unfamiliar with the NCP, also includes companies that do commit to the Guidelines (see appendix I).

Three companies that are familiar with the NCP also have experience with the dispute resolution mechanism of the NCP. One company mentioned specifically that they are familiar with the NCP due to their subscription to the Sustainable Development Goals (SDGs) in which the NCP was involved. Some companies have heard of the NCP, but not in the role as a promoter of the OECD Guidelines or never checked the NCP website.

A large part of the interviewed companies, eight in total, mentioned that they do not require additional efforts from the NCP. Most of these companies do not require extra guidance and are fine with the current (perceived) background role of the NCP. Additional positive feedback for the NCP is that some companies mentioned that the website was informative.

Companies have several points of additional feedback for the NCP, we have divided them in feedback regarding the communication about the Guidelines and the content of the Guidelines. The points are summarized below.

### 3.4.1 Feedback related to the communication about the OECD Guidelines

- *Be more visible in promoting the Guidelines and communicate actively and directly to companies*

Several companies advise the NCP to further promote the Guidelines and be more visible in promoting them towards companies. Companies advise to communicate more directly towards companies, by using different channels than only the website. Forms of communication could include letters to the Board, e-mail and conferences. One company mentioned for example that a biannual conference on the Guidelines would be helpful (similar to the GRI conference on their methodology).

Moreover, several companies mentioned that information on the website should include a list of companies that publicly commit to the Guidelines (to be used as positive examples and create an additional incentive for peers to commit). In addition, the website should inform companies about which actions to take to be able to publicly commit to the Guidelines.

Content of communication should focus on awareness raising, by explaining the relevance, content and process of commitment to the Guidelines in the first place. Also, it should be made clear to companies what the function of the NCP is and that this (should) include helping companies with questions about the Guidelines, including on commitment and implementation. A few companies mention that the NCP should focus on the positive side and added value of the commitment. Not only the large listed companies should be targeted, but also small and medium enterprises (SMEs). A next step would be to provide specific sector guidance and events as explained in the next point.

- *Share best practices per industry regarding the Guidelines*

Developing a sectoral approach and sharing best practices for specific industries is a topic that resonates well at the interviewed companies. In this way, the relevance of the Guidelines increases for companies on a practical level. Several companies ask for examples of how compliancy to the Guidelines is measured/reported on. Sector related comparisons and guidance would create relevant learnings and suggestions for further improvement. For example, a company mentioned that it would be most relevant for them to hold a meeting with companies in their sector to discuss how the Guidelines affect their operations.

- *Cooperate to help companies to improve their performance on the Guidelines*

Several companies asked for more cooperation, on several levels:

- Operate more on a partner level with companies
  - Work together with other organizations that carry out similar activities
  - Facilitate the dialogue between government and companies
  - Better coordinate between the activities of the various ministries regarding the OECD Guidelines
  - Start more international instead of national action
  - Set up a public grievance mechanism that companies could use
- *Further improve resolution mechanism*

Three companies already have experience with the resolution mechanism of the NCP. One of them advises the NCP to make explicit choices in which dialogues to facilitate. Another company thinks that the resolution mechanism could be used more often as a means of arbitration.

### 3.4.2 Feedback related to the content of the OECD Guidelines

- *Assist in the explanation of the Guidelines*

Firstly, companies ask for assistance in the explanation of the Guidelines. They would like to know more about the content, underlying goals and applicability of the Guidelines (in relation to their operations). An easy to understand compact version of the guidelines could be helpful for dissemination to suppliers and contractors. The subject 'tax' is for several companies an important topic and they would like to know what the Guidelines expect on this subject, especially for transparency in reporting.

- *Explain the relation to other guidelines*

Secondly, the relation with other guidelines is a point of feedback that several companies are concerned with. First of all, companies ask to explain the added value of a public commitment on top of existing guidelines and in relation to their business. Also, companies ask for an explanation of how the Guidelines align with other initiatives/guidelines and external reporting. Examples of these other guidelines include UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO Core Labour Standards, the Transparency Benchmark, Global Reporting Initiative, UN Principles for Responsible Investment and also the international CSR ("iMVO") sector covenants and the "MVO prestatieladder" are mentioned.

In a broader perspective, one company asks for guidance on what it means to be a 'good corporate citizen' today in relation to increasing number of responsibilities expected from companies. One company mentions that the OECD Guidelines should become the global standard instead of adhering to all kinds of local rules and regulations and sees a role for the NCPs to play in this. This point of feedback is related to the earlier discussed barrier of a public commitment due to less added value of a public commitment in relation to other guidelines.

- *Assist companies in the implementation of the Guidelines*

Thirdly, companies ask for what they should do to be able to commit to the Guidelines and how the Guidelines should be implemented. Several companies ask for assistance in the process of comparing their internal corporate policy with the Guidelines. Implementation guidance should be made specific to the core business (e.g. asset management for financial institutions).

## 4. Conclusions & recommendations

### 4.1 Conclusions

Our engagement results derived that there is still a way to go before the ambition level of the Dutch Government of 90% commitment of large Dutch companies to the OECD Guidelines (“the Guidelines”) is met. From the 60 companies in our scope, only 18 commit at this moment to the Guidelines. Due to our engagement, we made 12 companies aware that the Guidelines exist, 9 companies have expressed they will commit in the future, and another 15 companies said they might commit in the future. In addition, our interviews contributed to the explanation of the Guidelines, including their added value, to a large part of the interviewed companies. This means action is required and also that action undertaken, such as the interviews conducted, may have a significant effect.

Companies that do commit understand the value for their international operations and that requirements link to other (already met) legislation and guidelines. The most important barrier to commit to the OECD Guidelines according to the interviewed companies is the perceived limited added value of a public commitment, in particular on top of other guidelines that they already commit to and apply (e.g. UN Global Compact, ILO Core Labour Standards, UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment). Stakeholders do not ask companies for commitment to the Guidelines in most cases. In addition, the process of committing to the Guidelines is unclear for the interviewed companies and companies are reluctant to the workload of a self-assessment. Explaining the upside of these barriers in an interview helped companies to better understand what a commitment could add for them. Therefore, this could be a first step to reach the 90% ambition level.

The elements of the OECD Guidelines are recognised as valuable, especially Environment, Supply Chain, Consumer interest, Human Rights, Employment and industrial relations and Health and Safety at work. Supply Chain, Human Rights and Tax are elements that require more attention according to the companies in scope, due to the difficulty of their content and applicability in practice. Overall, companies recognise the value of OECD Guidelines as a relevant basis or ‘check’ for their Code of Conduct.

Only 46% of the interviewed companies is familiar with the NCP. Companies recognise that the NCP could play an important role in making the OECD Guidelines more known and more practical for application by companies. First of all, pro-active and direct communication to companies is mentioned to create more awareness of the Guidelines. Sharing knowledge and good practices per industry is crucial to a large part of the companies. Also, the NCP could play a role in explaining the added value and content of the Guidelines (especially on top of other guidelines), according to the interviewees.

### 4.2 Recommendations

Based on the interview results, on overall we would recommend the following:

- **Raise awareness.** Our research shows that a large part of the companies was not aware of the OECD Guidelines. Awareness raising, including knowledge sharing, should be the first step to raise company commitment. This could be done by directly communicating to companies and working together with organisations that are in direct contact with companies, such as employer or branch organisations.
- **Make the added value of commitment clear.** Companies need a clear answer to the crucial question for them: “What is in it for me?”. Making the added value and benefits of

(committing to) the Guidelines clear and creating external pressure to commit, will companies help to make commitment to the Guidelines a priority.

- **Make it as practical as possible for companies.** Companies search for implementation examples, good practices and tools related to their core business that help them to commit and implement the Guidelines. Making the process towards commitment and implementation clear and providing them with relevant sector examples would help accelerating the process of commitment.

Based on these overall recommendations, we would recommend to start with the following quick wins:

#### *Raise awareness*

- Let a Minister or Minister-President make a statement about the added value of the Guidelines and commitment by companies;
- Sent a letter (by a Ministry) to the Board of Management of all companies that should commit. In this letter the added value of a commitment and the process of commitment should be explained.
- Involve the employer organisation (VNO-NCW) to promote the Guidelines among companies.

#### *Make the added value of commitment clear*

- Publish a list of companies that commit to the OECD Guidelines on the (NCP) website;
- Update the NCP website with the added value of the Guidelines and information what companies should do to commit to the OECD Guidelines (e.g. what do they have to publish, comply or explain).

#### *Make it as practical as possible*

- Include indicators of the Guidelines in the Transparency Benchmark assessment for more alignment.

To follow up these quick wins, we suggest to take the following steps on a longer term:

#### *Raise awareness*

- Gather ambassadors for promoting the Guidelines, that comprises a mixed group of influential persons from the government, companies, NGOs etc.;
- Follow-up the sent letter by a phone call to the companies to ask if the information is clear, possibly followed-up by an interview about what next steps (of commitment and implementation) are.

#### *Make the added value of commitment clear*

- Make clear how the Guidelines are related to other guidelines and what differences are with the OECD Guidelines (starting with the UN Global Compact, ILO Core Labour Standards, UN Guiding Principles on Business and Human Rights, UN Principles for Responsible Investment). This could be an initial high-level assessment, at a later stage followed-up by a detailed assessment. Other subjects, such as the Sustainable Development Goals, could also be added at a later stage.

### *Make it as practical as possible*

- Organise an (bi-annual) event for companies to share knowledge and best practices and for the Ministry to gain information to make guidance more practical. Invite a few companies that are frontrunner on the OECD Guidelines and that are willing to share specific examples. The event or parts of the event should be sector specific and on selected elements of the Guidelines and as interactive as possible. In organising such an event we recommend to work together with other organisations that have sector specific/content specific knowledge, for example to facilitate break-out sessions;
- Make clear what is expected from a self-assessment, including some examples of self-assessments of companies;
- Make an overview of the steps that a company should take to implement the OECD Guidelines;
- Gather assessment and implementation best practices of companies and publish them on the website (anonymous if required);
- Create a disclosure platform for companies to upload their self-assessments and check those assessments;
- Ask feedback on the resolution mechanism to further improve this mechanism.

In the process of taking these actions, we recommend to work together with stakeholders, including companies, branch organisations, NGOs as much as possible to check the relevancy and applicability of the implementation of suggested actions.

### **4.3 Opportunities for follow-up of this research**

The research done in this report was the first engagement research conducted specifically on the OECD Guidelines. Therefore, there are several opportunities for following-up this research. The VBDO is willing and well positioned to help with follow-up research as well as implementation of the above mentioned recommendations. We believe that we are well positioned, due to our experience and network, to assist the Ministry of Foreign Affairs on the following aspects:

- *Continue to measure* if and how the OECD Guidelines are applied by Dutch stock listed companies in the coming years based on publicly available information and engagement, to be able to measure if awareness and commitment is growing and if the undertaken actions have the expected results;
- *Asses the process of self-assessment* of the OECD Guidelines by companies in more depth: what do companies need, what are existing good practices and how should a self-assessment look like. This will support the Ministry of Foreign Affairs and/or NCP in setting up most relevant guidance and good practices for these self-assessments;
- *Create an overview of the steps for implementation* that companies should follow to implement the Guidelines;
- *Conduct in-depth sector analysis*, to gain insight into the sector relevant subjects, barriers to commit and difficulties in implementation. This would help in making guidance more practical and applicable for companies. The VBDO is especially well positioned to do this for the financial sector;
- *Conduct in-depth content research* on how companies implement specific aspects of the Guidelines, e.g. specifically if those are related to VBDO's priority themes (natural capital, business and human rights (in the supply chain), responsible tax);
- *Compare or benchmark companies* in a specific industry or on specific elements of the Guidelines to help companies gain insight into where their practices could be improved. From a benchmark, a 'winner' could be used as ambassador and to stimulate the 'race to the top';



- *Stimulate investors to take the OECD Guidelines into account* in their investments decisions and in engagement with companies;
- *Co-organise conferences and events*, especially those related to VBDO's priority themes and the financial sector;
- *Facilitate roundtables* in which companies speak confidentially about difficulties in the implementation of the Guidelines;
- *Help searching for the right ambassadors* of the Guidelines, since the VBDO have a relevant network among a wide range of stakeholders.

We are glad to present this report and to discuss the opportunities for further research in more detail.



## Appendix I: Detailed results per company

Company	AGM visit VBDO 2015	OECD meeting	OECD meeting date	Reports acc. to GRI in 2014	Mentions the OECD guidelines in publicly available information (2014)	Does the company commit? (interview)
Aalberts Industries	1	yes	08-10-15	no	yes	yes
Accell Group	1	yes	21-10-15	GRI G3/3.1	no	no
Acomo		yes	19-11-15	no	no	no
Aegon	1	yes	28-09-15	GRI G4 comprehensive	yes	yes
Ahold	1	yes	28-09-15	GRI G3/3.1	no	no
Air France-KLM	1	no	-	GRI G4 core	yes	yes
Airbus Group		yes	15-02-16	GRI G4 core	yes	yes
AkzoNobel	1	yes	22-10-15	GRI G4 core	yes	yes
AMG (Advanced Metallurgical Group)	1	yes	04-12-15	GRI G3/3.1	no	no
Aperam	1	yes	23-10-15	GRI G4 core	no	no
Arcadis	1	yes	10-11-15	GRI G4 core	no	no
ArcelorMittal	1	yes	01-12-15	GRI G4 core	no	no
ASM International	1	no	04-12-15	no	no	no
ASML	1	yes	12-11-15	GRI G4 core	yes	yes
Ballast Nedam	1	yes	19-11-15	GRI G3/3.1	yes	yes

Company	AGM visit VBDO 2015	OECD meeting	OECD meeting date	Reports acc. to GRI in 2014	Mentions the OECD guidelines in publicly available information (2014)	Does the company commit? (interview)
BAM Groep	1	yes	19-10-15	GRI G4 comprehensive	yes	yes
BE Semiconductor Industries		no	-	no	no	no
Beter Bed		yes	17-11-15	GRI G4 core	no	no
Binck Bank		yes	18-12-15	GRI G3/3.1	no	no
Boskalis	1	no	-	GRI G3/3.1	no	no
Brunel		no	-	no	yes	no
Corbion	1	yes	07-10-15	GRI G4 core	yes	no
Crown van Gelder		yes	13-11-15	GRI G3/3.1	no	no
Delta Lloyd	1	yes	28-09-15	GRI G4 core	no	no
DSM	1	yes	24-11-15	GRI G4 comprehensive	yes	yes
Fugro	1	yes	21-03-16	no	yes	no
Gemalto	1	no	-	GRI G4 core	no	no
Heijmans	1	yes	06-11-15	GRI G4 core	yes	no
Heineken	1	yes	07-12-15	GRI G4 core	no	no
Holland Colours		yes	28-01-16	GRI G4 core	no	no
Imtech	1	no	-	GRI G4 core	no	no
ING	1	yes	02-10-15	GRI G4 comprehensive	yes	no
KAS Bank	1	yes	22-03-16	no	no	no

Company	AGM visit VBDO 2015	OECD meeting	OECD meeting date	Reports acc. to GRI in 2014	Mentions the OECD guidelines in publicly available information (2014)	Does the company commit? (interview)
Kendrion		yes	10-03-16	GRI G4 core	yes	no
Koninklijke Ten Cate	1	no	-	GRI G3/3.1	no	no
KPN	1	yes	17-11-15	GRI G4 comprehensive	yes	yes
Macintosh Retail Group	1	no	-	GRI G3/3.1	yes	no
Nationale Nederlanden	1	yes	15-02-16	GRI G4 core	no	no
Nutreco	1	yes	10-02-16	GRI G4 core	no	no
OCI	1	no		no	no	no
Ordina	1	yes	25-02-16	GRI G3/3.1	no	no
Philips	1	no	-	GRI G4 comprehensive	no	no
PostNL	1	yes	30-09-15	GRI G4 comprehensive	yes	no
Rabobank	1	yes	28-01-16	GRI G4 comprehensive	yes	yes
Randstad	1	yes	01-12-15	no	no	no
RELX Group	1	yes	14-10-15	GRI G3/3.1	no	no
SBM Offshore	1	yes	01-10-15	GRI G4 core	yes	yes
Shell	1	yes	11-03-16	GRI G3/3.1	yes	yes
Sligro	1	yes	09-02-16	GRI G3/3.1	no	no

Company	AGM visit VBDO 2015	OECD meeting	OECD meeting date	Reports acc. to GRI in 2014	Mentions the OECD guidelines in publicly available information (2014)	Does the company commit? (interview)
Telegraaf Media Group	1	yes	18-01-16	GRI G4 core	yes	yes
TKH Group	1	yes	19-02-16	GRI G4 core	yes	no
TNT Express	1	no	-	GRI G4 core	no	no
Unilever	1	yes	05-02-16	GRI G3/3.1	yes	yes
USG People	1	no	-	no	no	no
Van Lanschot	1	yes	11-02-16	GRI G4 comprehensive	yes	no
Vastned		yes	05-02-16	no	no	no
Vopak	1	yes	-	GRI G4 comprehensive	yes	yes
Wereldhave	1	yes	12-11-15	no	no	no
Wessanen	1	no	-	GRI G4 core	yes	yes
Wolters Kluwer	1	yes	06-10-15	GRI G4 core	yes	yes
<b>Total scope: 60</b>	<b>50</b>	<b>46</b>		<b>48</b>	<b>28</b>	<b>18</b>

Percentages

77%

80%

47%

30%



## Appendix II: Interview guide

### Interview guide, October 2015 – April 2016

#### Interview objectives

- Raise awareness of OECD Guidelines among companies in scope
- Increase number of companies that publicly commit to OECD Guidelines
- Understand company reasons to (not) commit to OECD Guidelines
- Identify main barriers for companies to implement OECD Guidelines
- Improve performance on OECD Guidelines of companies in scope

#### Results

The results of this interview will be used for a report on company commitment to the OECD Guidelines. In total we will interview 50 Dutch publicly listed companies. We will publish a short summary of your responses (50-100 words), for which we will ask your permission in advance.

#### Questions

Companies are categorised into 3 groups:

1. Companies that do not publicly commit to the OECD Guidelines
2. Companies that recently started to commit to the OECD Guidelines
3. Companies that publicly commit to the OECD Guidelines at least from 2012 onwards

#### Commitment to OECD Guidelines

*Questions for companies that do not publicly commit to the OECD Guidelines*

- Are you familiar with the OECD Guidelines for Multinational Enterprises? And your Board of Management?
- Is it correct that you do not publicly commit to the OECD Guidelines? Could you explain why? Do you experience any barriers to commit (internally and externally)?
- What would be an incentive for you to start to publicly commit to the OECD Guidelines?
- Are you planning to commit to the OECD Guidelines in the near future?

#### Commitment to OECD Guidelines

*Questions for companies that recently started to commit to the OECD Guidelines*

- Is it correct that you started to commit to the OECD Guidelines for Multinational Enterprises in the past two years? Could you explain your motivation to do this at that particular time?
- How do you substantiate your commitment to the OECD Guidelines?
- Did you experience any barriers to commit (internally and externally)?
- What was the effect of your commitment? Did you receive any feedback?

#### Commitment to OECD Guidelines

*Questions for companies that publicly commit to the OECD Guidelines at least from 2012 onwards*



- Is it correct that you commit to the OECD Guidelines for Multinational Enterprises? Do you recall your motivation to do this at that particular time?
- How do you substantiate your commitment to the OECD Guidelines?
- Did you experience any barriers to commit (internally and externally)?
- What was the effect of your commitment? Did you receive any feedback?

## **Implementation of OECD Guidelines**

### *Questions for all companies in scope*

- What do you consider to be the most important elements of the OECD Guidelines given your specific business context?
- On which elements of the OECD Guidelines do you consider yourself a frontrunner? And which elements require more attention?
- How do you implement the OECD Guidelines in your business operations? And in your value chain?  
*Prompts: policies, due diligence, training, leverage*
- Do you have any best practices that you would like to share in relation to implementation of the OECD Guidelines?
- [To include: company-specific questions regarding its performance on the OECD Guidelines, based on VBDO research, Vigeo company profiles, and RepRisk database]

## **National Contact Point**

### *Questions for all companies in scope*

- Are you familiar with the National Contact Point OECD Guidelines? And their website ([www.oesorichtlijnen.nl](http://www.oesorichtlijnen.nl))?
- Do you have any feedback for the NCP (e.g., regarding their visibility, website, activities, etc.)?
- What would help you most in adhering to the OECD Guidelines?
- Do you have any advice for NCP and VBDO to promote company commitment to the OECD Guidelines?

## Appendix III: Letter send prior to AGM engagement

Utrecht, 01 December 2014

Reference: 112/2014

Re : Engagement VBDO AGM 2014 and 2015

Dear Sir, dear Madam,

Earlier this year the Association of Investors for Sustainable Development (VBDO) engaged with your company in writing or on the occasion of your Annual General Meeting (AGM). The VBDO addressed a number of material sustainability issues, with particular focus on your company's performance regarding human rights, circularity and tax governance.

With this letter we inform you of the results of your engagement with the VBDO during the AGM of 2014, as well as of the priority themes the VBDO has selected for 2015. At the end of the letter we suggest a number of possibilities to intensify the collaboration with the VBDO.

### 1. Results of VBDO's overall AGM engagement process in 2014

We would like to thank you for the constructive dialogue the VBDO had with your company during the dialogue or AGM in 2014. Each year the VBDO issues a report with the overall results of the AGM season. In June this year the report "Sustainability Performance of Dutch Stock Listed Companies 2014" was published, which provides insights into the sustainability performance of Dutch listed companies on an overall-, sector-, and company basis. You will find this report in attachment 2.

### 2. VBDO's priority themes for 2015

The VBDO will enter into engagement with your company in writing or during the AGM in 2015. During this process, the most material social, economic, environmental and governance sustainability issues in your sector and with regard to your company will be addressed. **This year the VBDO will specifically focus on the implementation of the "OECD Guidelines for Multinational Enterprises" (attachment 3).** Moreover, wherever relevant, the VBDO will focus on three priority themes, which are outlined below.

#### A. Human rights with specific focus on grievance and remediation mechanisms

VBDO's first priority theme in 2015 will be "Human rights with specific focus on grievance and remediation mechanisms". In 2011, two important guidelines on human rights were launched: the UN Guiding Principles on Business and Human Rights and the revised OECD Guidelines. These guidelines clearly state that companies bear the responsibility to respect human rights. Since a number of years, the VBDO has engaged with companies and investors on this topic. Next year specific attention will be paid to grievance and remediation mechanisms: complaint and remedy processes which can be used by individuals, workers, communities and/or civil society organisations that may be adversely impacted by your business operations.

#### B. Circularity

VBDO's second priority theme in 2015 will be "Circularity". In its report "Vision 2050", the World Business Council for Sustainable Development has formulated zero waste as a main goal for the world in 2050. The VBDO encourages you to adopt this goal for your company, and to set ambitious targets for the coming years. During our engagement in 2015, the VBDO will address the progress your company has made in that regard, for example on increased re-usability, product lifetime extension and ways in which your company influences other companies in the value chain to improve their circular performance.

#### C. Good tax governance

VBDO's third priority theme in 2015 will be "Good tax governance". As many other institutions, the

VBDO is convinced that a company's tax policy should be an integral part of its corporate social responsibility strategy. This is substantiated in the report "Good tax governance in transition: Transcending the tax debate to CSR" (April 2014). During our engagement in 2015, the VBDO will address the progress in your company's responsible tax strategy and performance, for example on how your company's tax payments by country compare to your company's activities by country.

### 3. Collaboration with the VBDO

Although companies outside the financial sector cannot become a direct member of the VBDO, there are a number of options to cooperate together, and profit from the experience and network that we have.

#### A. VBDO Business Partnership

The Business Partnership with VBDO offers, amongst other services, regular advice on improving your company's sustainability performance from the perspective of the responsible investor, as well as the use of VBDO's knowledge, network and experience. The Partnership is exclusively offered to companies that are not eligible to become a VBDO-member. The Partnership has different advantages that vary by company size, such as the possibility to set up a call with a selected number of analysts and fund managers across the globe. AEX and midcap companies have additional advantages. More information is provided in attachment 4.

#### B. (Multi-)stakeholder engagement processes

VBDO has an extensive track record in organising (multi-)stakeholder engagement processes for and with stock listed companies, such as KPN, Ordina, BAM, associations such as VNCI and financial institutions such as ABN AMRO. With a stakeholder dialogue, the VBDO facilitates the involvement of all, or a selection of, material stakeholders in the development and implementation of the sustainability policy of a company. Thus, a company can utilise the expertise and experience of its stakeholders for a multitude of purposes. Furthermore, stakeholder dialogues are an essential requirement to comply with the latest GRI-4 reporting standard. VBDO can also (partially) execute the organisation of a stakeholder dialogue, e.g. by means of preparatory research. More information is provided in attachment 5.

#### C. Your contribution to the VBDO

With the mission to make capital markets more sustainable, the VBDO has nearly 20 years of experience with research on corporate sustainability by and for companies. The VBDO initiates and identifies new sustainability trends, publishes reports and best practices on responsible supply chain management, good tax governance and human rights. Thanks to the support of our institutional members, the VBDO is able to do continue these activities. If you would also like to support VBDO's mission, you are invited to make a donation to the 'VBDO Innovatiefonds' (VBDO Innovation Fund), NL13INGB0006890957, ING Bank, attn: 'Bijdrage Innovatiefonds'.

Should you have any further questions, please do not hesitate to contact us.  
We look forward to our continued collaboration.

Sincerely,



Giuseppe van der Helm  
Executive Director VBDO  
Giuseppe.vanderhelm@vbdo.nl



Don Gerritsen  
Project Manager Sustainability & Responsible Investment  
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**Attachments:**

1. VBDO's AGM letter 2015
2. Report "Sustainability Performance of Dutch Stock Listed Companies 2014"
3. OECD Guidelines for Multinational Enterprises – 2011 edition
4. VBDO's Business Partnership
5. VBDO's (multi)stakeholder engagement process

## Appendix IV: Background OECD Guidelines for Multinational Enterprises

### Content of the OECD Guidelines

Responsible business conduct is an essential part of an open international investment climate. The activities of multinational enterprises (MNEs) span multiple countries and many cultural, legal, and regulatory environments, which, together with the very competitive nature of international business, present MNEs and their stakeholders with unique and specific challenges. In environments where regulatory, legal, and institutional frameworks are underdeveloped or fragile, some MNEs may neglect the appropriate principles and standards of conduct in an attempt to gain undue competitive advantage. However, more and more enterprises are responding by committing to responsible business practices, promoting dialogue, and engaging with stakeholders.<sup>10 11</sup>

#### A leading global instrument

OECD Guidelines for Multinational Enterprises (“the Guidelines”) is a leading international instrument for the promotion of responsible business conduct in a global context, to which 42 OECD and non-OECD countries commit. The Guidelines were first adopted in 1976 and have been updated five times since. The last review and update of the Guidelines took place in May 2011. The Guidelines are unique because they are the most comprehensive set of government-backed recommendations and expectations on responsible business conduct in existence today to aid MNEs operating in, or from, adhering countries.<sup>12</sup>

#### A holistic approach to societal progress

Another feature of the Guidelines and their important contribution in the field of global responsible business conduct is that they address in a holistic manner the two sides of the same coin. On one hand MNEs can have an undeniable positive contribution to economic, environmental, and social progress in home and host countries. Simultaneously, MNE activities may give rise to difficulties between the host societies and the interests of enterprises. The Guidelines are developed in close consultation with a wide variety of stakeholders, thus ensuring that the interests of all parties are incorporated.<sup>13</sup>

#### Integration of human rights

Besides, the Guidelines are the first international instrument to integrate the corporate responsibility to respect human rights as set out in the UN’s Guiding Principles on Business and Human Rights. The Guidelines are also the first international corporate responsibility instrument to incorporate risk-based due diligence into major areas of business ethics. Moreover, being aligned with international principles and standards (also, such as ILO conventions), the Guidelines above all promote universal values. As such, they should be of interest to all enterprises, wherever they originate or operate, as well as to non-adhering countries. Also small and medium-sized

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<sup>10</sup>OECD (2013), OECD Guidelines for Multinational Enterprises - Responsible Business Conduct Matters. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

<sup>11</sup> OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>

<sup>12</sup> OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>

<sup>13</sup> OECD (2013), OECD Guidelines for Multinational Enterprises - Responsible Business Conduct Matters. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

enterprises are encouraged to observe the Guidelines to the fullest extent possible, despite the limitation which may occur due to smaller capacities.<sup>14</sup>

### Active implementation

Last but not least, the active way in which the Guidelines are implemented distinguishes them from other international corporate responsibility instruments. In order to ensure that the Guidelines remain at the forefront of the global responsible business conduct agenda and is the leading tool in the ever-changing landscape of the global economy, they have been updated five times since 1976 when they were originally adopted (most recent time – 2011). To facilitate the implementation of the Guidelines by MNEs National Contact Points (NCP) have been established, which also provide a mediation and conciliation platform for resolving practical issues. Having NCP makes the Guidelines the only international corporate responsibility instrument with a built-in grievance mechanism.<sup>15 16</sup>

The website [mneguidelines.oecd.org](http://mneguidelines.oecd.org) provides access to information, tools and resources relating to the promotion and implementation of the Guidelines and a specific instances database (launched in 2013) which provides information about the nature and status of specific instances submitted to NCPs.

### Responsible business conduct themes covered

The Guidelines cover the following aspects of a responsible business conduct:

- **General policies:** this chapter contains specific recommendations to enterprises in the form of general policies that set the tone and establish a framework of common principles for the subsequent chapters. It includes important provisions such as implementing due diligence, addressing adverse impacts, engaging stakeholders, and others.
- **Human rights:** Enterprises can have an impact on every aspect of internationally recognised human rights, therefore it is important that they meet their responsibilities. This new chapter of the Guidelines draws on and is aligned with the UN “Protect, Respect and Remedy” Framework and the Guiding Principles on Business and Human Rights that operationalise that framework.
- **Employment and industrial relations:** this chapter focuses on the role the Guidelines have in promoting observance among MNEs of the international labour standards developed by the ILO.
- **Environment:** this chapter provides a set of recommendations for MNEs to raise their environmental performance and help maximise their contribution to environmental protection through improved internal management and better planning.
- **Combating bribery, bribe solicitation and extortion:** enterprises have an important role to play in combating these practices. The OECD is leading global efforts to level the playing field for international businesses by fighting to eliminate bribery. The recommendations in the Guidelines are based on the extensive work the OECD has already done in this field.
- **Consumer interests:** The Guidelines call on enterprises to apply fair business, marketing, and advertising practices and to ensure the quality and reliability of the products that they provide.

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<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing.  
<http://dx.doi.org/10.1787/9789264115415-en>

- **Science and technology:** this chapter recognises that MNEs are the main conduit of technology transfer across borders. It aims to promote technology transfer to host countries and contribution to their innovative capacities.
- **Competition:** it is important that MNEs carry out their activities in a manner consistent with all applicable competition laws and regulations, taking into account the competition laws of all jurisdictions in which their activities may have anti-competitive effects. Enterprises need to refrain from anti-competitive agreements, which undermine the efficient operation of both domestic and international markets.
- **Taxation:** The Guidelines are the first international corporate responsibility instrument to cover taxation, contributing to and drawing upon a significant body of work on taxation. This important chapter covers fundamental taxation recommendations.<sup>17</sup>

The last four aspects are covered by no other corporate responsibility instrument than the OECD Guidelines for Multinational Enterprises.

## Benefits and opportunities for multinationals of committing to the Guidelines

### Equipping enterprises with necessary knowledge

By implementation of the Guidelines multinational enterprises can ensure coherence between economic, environmental and social objectives since the Guidelines offer clearer understanding and convergence on what constitutes responsible business conduct, which is echoed in other international standards.<sup>18</sup> The Guidelines provide enterprises with best practices policies spanning across most diverse aspects of business conduct and ethics, and they complement and reinforce private efforts of enterprises to define and implement responsible business conduct<sup>19</sup> - following the Guidelines can form a solid basis for company sustainability strategy and provide structure to CSR strategy.

### Favourable to risk management

By adhering to the Guidelines enterprises can better avoid and be proactive regarding ESG risks related to human rights, transparency, environment and many others mentioned in the Guidelines.<sup>20</sup> Furthermore, responsible business conduct based on the Guidelines presents an improved ability to attract financing, since investors may see the enterprise to be less risky. For example, companies are requested to sign a document referring to the OECD Guidelines prior to Dutch international trade missions.

### Increased transparency and trustworthiness

In addition, the Guidelines stipulate good tax governance and ensuring stable, transparent, non-distortive frameworks for taxation at both domestic and international levels also is essential for attracting investment.<sup>21</sup>

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<sup>17</sup> OECD (2013), OECD Guidelines for Multinational Enterprises - Responsible Business Conduct Matters. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

<sup>18</sup> Ibid.

<sup>19</sup> OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>

<sup>20</sup> OECD (2013), OECD Guidelines for Multinational Enterprises - Responsible Business Conduct Matters. Available at: <http://mneguidelines.oecd.org/responsible-business-conduct-matters.htm>

<sup>21</sup> BIAC, 2015. International taxation and BEPS. Available at: < <http://biac.org/focus-areas/international-taxation/> >