

The logo for OECD Watch, featuring a stylized eye icon to the left of the text "OECD Watch".

OECD Watch



The  
**OECD Guidelines**  
for Multinational Enterprises  
A tool for responsible business conduct



# About the **OECD Guidelines** for Multinational Enterprises

The *OECD Guidelines for Multinational Enterprises* ('the Guidelines') are government-backed recommendations to enterprises regarding responsible business conduct in their worldwide operations. The Guidelines cover a range of topics, including human rights, employment, environment, disclosure, corruption and taxation. The dispute resolution mechanism associated with the Guidelines is a unique instrument for addressing corporate misconduct. This brochure provides an overview of the Guidelines and the associated complaint mechanism.

## Overview of key provisions in the Guidelines

### Preface

The Guidelines consist of *voluntary* standards and principles, but the countries adhering to the Guidelines make a *binding* commitment to implement them.

### Chapter I **Concepts and Principles**

The Guidelines apply to all sectors of the economy and to all global operations of enterprises operating in or from OECD and adhering countries.

### Chapter II **General Policies**

Enterprises should operate in accordance with domestic laws and regulations, and in a manner that contributes to sustainable development. They should assess, prevent and mitigate (i.e. conduct due diligence on) all adverse impacts arising from their own activities and throughout their supply chains and other business relationships. Enterprises should engage meaningfully with stakeholders, uphold good corporate governance principles and refrain from improper involvement in political activities.

### Chapter III **Disclosure**

Enterprises should disclose all material matters regarding their activities, structure, financial and non-financial (i.e. social and environmental) performance, ownership and governance. Enterprises should also disclose information about their business relationships and activities and the impacts of those relations.

#### Chapter IV **Human Rights**

Enterprises should respect human rights, both in practice and through a policy commitment. They should carry out human rights due diligence to assess and address actual and potential human rights impacts, and have processes that enable remediation.

#### Chapter V **Employment and Industrial Relations**

Enterprises should honour fundamental labour rights standards and provide decent working conditions and wages that satisfy the basic needs of workers and their families.

#### Chapter VI **Environment**

Enterprises should identify, prevent and mitigate adverse impacts to the environment and public health and safety. They should establish an environmental management system and continually improve environmental performance, including reducing greenhouse gas emissions.

#### Chapter VII **Bribery and Corruption**

Enterprises should not offer or accept bribes, either directly or indirectly. They should have appropriate ethics and compliance programmes and internal controls in place to prevent and detect bribery. They should be transparent about their efforts to fight corruption.

#### Chapter VIII **Consumer Interests**

Enterprises should use fair marketing and advertising practices; ensure the quality and reliability of their goods and services; and provide accurate, verifiable and clear information to enable consumers to make informed decisions.

#### Chapter IX **Science and Technology**

Enterprises should contribute to the development of local and national innovative capacity through the transfer of new technologies, granting use of intellectual property rights and employing local personnel.

#### Chapter X **Competition**

Enterprises should adhere to competition laws and regulations and refrain from engaging in anti-competitive behaviour.

#### Chapter XI **Taxation**

Enterprises should contribute to the public finances of host countries through timely payments of taxes in line with both the letter and spirit of tax law and regulations. They should avoid shifting of profits or losses to reduce their tax burden.

## How to file a complaint

In the following step-by-step guide, OECD Watch explains the process that CSOs, other organisations and individuals can follow to submit an OECD Guidelines complaint, to prepare for mediation and to follow up after a complaint. For more detailed guidance, please consult OECD Watch's guide to the OECD Guidelines for Multinational Enterprises (available at [www.oecdwatch.org](http://www.oecdwatch.org)).

### Consider a complaint:

- Clearly define the specific violation that has occurred and determine which companies you believe to be responsible or involved.
- Consider the benefits of a Guidelines complaint, as well as the limitations of the mechanism. Consider whether another strategy might be more effective or efficient. Simultaneous strategies are possible.
- Be aware of the time and resources required for the complaint process.

## Key Features

### of the 2011 Update of the *OECD Guidelines*

In May 2011, governments in the OECD and adhering countries adopted an update of the OECD Guidelines. Although some fundamental shortcomings remain such as the lack of enforcement mechanisms, the update introduced substantial new provisions in areas such as due diligence, supply chain responsibility and human rights. The procedures that NCPs should follow when handling complaints were also improved.

**Due Diligence:** Due diligence is a process in which enterprises actively identify, prevent, mitigate and account for how they address actual and potential adverse impacts. The due diligence process entails assessing actual and potential impacts, integrating and acting upon the findings, tracking responses as well as communicating how impacts are addressed. The OECD Guidelines require enterprises to conduct due diligence on issues covered by the Guidelines, including human rights, employment, environment, corruption and consumer interests.

**Supply chain responsibility:** The Guidelines apply to all entities of an enterprise, including subsidiaries, franchisees and all business relations such as suppliers and sub-contractors. Not only should they seek to avoid causing or contributing to adverse impacts, they should further seek to

prevent adverse impacts with which they are associated through their products or services. Enterprises are encouraged to report publicly on their relationships with all business partners and those partners' impacts.

### **Human rights and stakeholder engagement:**

The Guidelines insist that enterprises should respect all human rights, wherever they operate. They should also avoid causing or contributing to human rights abuses and engage in meaningful stakeholder engagement with individuals and communities that have been affected.

**NCP performance:** NCPs must be impartial, predictable and equitable in handling complaints. They should prioritise transparency, set and follow timelines, follow predictable procedures and make themselves visible and accessible to all stakeholders.

**2****Complete the feasibility questions:**

- Consider whether your issue is covered in the OECD Guidelines. Identify which chapters and provisions have been breached.
- Map the involvement and relationships of corporate entities in the issue (e.g. parent companies, subsidiaries, joint ventures, financiers, supply chain partners, other business relationships).
- Identify the appropriate National Contact Point(s) (NCPs) and their particular rules for handling complaints.

**3****Identify desired outcomes:**

- Identify your demands of the enterprise (e.g. change policies or specific practices, prevent harm, remediate adverse impacts, etc.).
- Specify your request to the NCP (e.g. facilitate mediation, conduct fact-finding, assess compliance, issue recommendations, etc.).
- Determine the issues you are willing to compromise on and those that are non-negotiable.
- Consider other positive and negative outcomes of the complaint (e.g. improved government policies, change of industry practice, greater public awareness through publicity, etc.).



## The OECD and National Contact Points

The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental organisation consisting of 34 countries. It develops and promotes social and economic policies. In addition to the OECD member states, 9 non-OECD countries adhere to the OECD Investment Declaration, which includes the *OECD Guidelines for Multinational Enterprises*.

Governments that adhere to the Guidelines must establish a National Contact Point (NCP) to promote the Guidelines and handle complaints about 'specific instances' of alleged company misconduct. The 'specific instance' complaint procedure is focused on finding a resolution between the parties through mediated dialogue. If mediation fails, NCPs can make

statements determining whether the Guidelines have been breached and make recommendations to promote better observance of the Guidelines.

All OECD member countries and non-OECD adhering countries are required to have a functioning NCP. Although all NCPs are government offices, they are not structured uniformly or located in the same type of department. Some NCPs are simply housed in a single government office. Others are 'multi-partite', and may include representatives from business, unions and NGOs as an integral part of the NCP. The NCPs that perform best are comprised of independent experts or have an external 'steering board' to provide oversight. All NCPs are required to be visible, accessible, transparent and accountable.

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#### Write the complaint:

OECD Watch has developed a template that CSOs can use to write a clear, complete, concise and persuasive complaint. At a minimum, complaints must include: the identity of the complainants; the alleged violation(s); the enterprise(s) and its/their involvement or contribution to the issue; the provision(s) of the OECD Guidelines allegedly breached; evidence supporting each alleged violation; demands of the enterprise(s); requests to the NCP.

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#### File the complaint and engage in the process:

The complaint should be submitted to the appropriate NCP, either by email or by post. The NCP process includes multiple stages such as:

- **Initial assessment:** The NCP considers whether the complaint merits further examination. Anticipate writing multiple responses to the NCP and providing additional information and clarification.
- **Mediation:** The NCP seeks to bring the parties together for mediation aimed at reaching a mutually acceptable solution. Anticipate attending meetings with the NCP and the company as part of the mediation.
- **Determination:** If mediation fails, NCPs can make an assessment of alleged violations.



## The who, what, when, where, and why of filing a complaint

The procedures that NCPs have established to handle complaints vary from NCP to NCP. It is important to look at the particular rules that an NCP has adopted before drafting and filing a complaint. Rules common to all NCPs include the following:

**Who:** Any 'interested party' can file a complaint. This includes trade unions and NGOs as well as workers, communities and individuals who are negatively impacted by an enterprise's activities.

**What:** Complaints can be filed against companies from or operating in an OECD or adhering country concerning their worldwide activities. This includes any adverse impact through their supply chains and business relationships for any alleged breach covered in the Guidelines.

**When:** Complaints can be filed for past violations that have not been sufficiently addressed by the company, for violations currently occurring or for violations that may occur if a company goes ahead with planned

activities for which it has not carried out appropriate due diligence.

**Where:** Complaints should be filed at the NCP of the country in which the alleged violation occurred. If the host country does not have an NCP, the complaint should be submitted to the NCP of the home country where the offending company has its headquarters. It is possible to submit a complaint simultaneously to multiple (home and host country) NCPs.

**Why:** OECD Guidelines complaints can (but are certainly not guaranteed to) bring about changes in corporate behaviour, raise public awareness and provide a mechanism for remedying grievances.

**Final statement and follow-up:**

To conclude the process, the NCP should issue a public final statement.

- If mediation was successful, the statement should outline the issues, process and joint agreement reached.
- If mediation fails, the statement should outline the issues, process and recommendations to the parties. OECD

Watch expects NCPs to include an assessment of alleged violations in the final statement.

- The statement should include provisions for monitoring of and follow-up on the agreements or recommendations. Anticipate commenting on multiple drafts and negotiating wording.

## OECD Watch and the *OECD Guidelines*

**OECD Watch aims to ensure that business activity contributes to sustainable development and poverty eradication and that corporations are held accountable for their impacts around the globe.**

OECD Watch is a global network with more than 80 members in 45 countries. Membership consists of a diverse range of civil society organisations bound together by their commitment to ensuring that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their actions around the globe. In the absence of a globally binding framework for corporate accountability, the OECD Guidelines are one of the few mechanisms available for holding corporations to account for their international operations.

**Lobbying & advocacy:** As a recognised stakeholder, OECD Watch acts as a conduit for bringing the perspectives and interests of NGOs and disadvantaged communities into policy discussions at the OECD's Investment Committee. In addition to monitoring and advocating for improved NCP performance and implementation of the Guidelines, OECD Watch develops policy advice on a wide range of social, environmental and economic topics related to international investment and business activity. The network advocates for these policies and positions in its interactions with policy-makers, businesses and trade unions.

**Capacity building & support:** OECD Watch supports civil society organisations and communities by: holding capacity-building seminars; providing detailed advice on the Guidelines' complaints process to those considering and involved in a case; developing and disseminating a guide about how to interpret and use the Guidelines; and providing small grants to NGOs that are in need and whose work contributes to the overall aims of the network.

**Research & analysis:** OECD Watch researches and analyses various aspects of the implementation, effectiveness and impact of the OECD Guidelines. OECD Watch believes that by testing the effectiveness of the OECD Guidelines and pointing to its shortcomings the instrument and individual NCP performance can be improved. The network maintains an online database of all Guidelines cases filed by NGOs and publishes a *Quarterly Case Update*, including developments in and analysis of cases.

**Other corporate accountability instruments:** Beyond the OECD Guidelines, OECD Watch contributes to other advocacy efforts to strengthen corporate accountability frameworks worldwide.

**About this brochure**

This brochure provides a brief overview of the content of the OECD Guidelines for Multinational Enterprises and the associated complaint mechanism. Civil society organisations, workers, communities and individuals affected by irresponsible business conduct can use the Guidelines to hold corporations to account for their actions. This brochure briefly explains how.

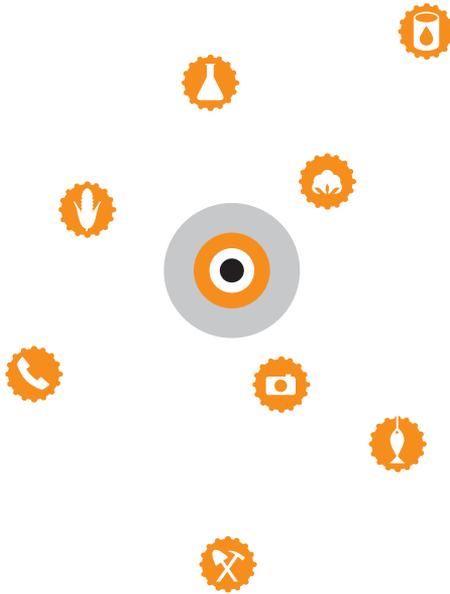
More detailed information can be found in OECD Watch’s guide to the OECD Guidelines for Multinational Enterprises, which is available on the OECD Watch website ([www.oecdwatch.org](http://www.oecdwatch.org)).

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