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# GLOBAL SUPPLY CHAINS AND RESPONSIBLE BUSINESS CONDUCT

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# Responsible Business Conduct: Beyond CSR

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**Ensuring a positive contribution by business to sustainable development while avoiding negative impacts (do good while doing no harm):**

- Focus on **environmental and social impacts** of business operations
- Responsibility covers companies' **own operations and supply chains**
- Part of **core business** and **risk management**
- Goes **beyond philanthropy** and **“just” compliance with the law**
- Is expected from **all businesses**, not just large multinationals – has become a market access issue



# Addressing risks in global supply chains in G20 countries

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- A number of G20 countries have developed programmes or regulation to enable responsible supply chains
- Around 20 (G20 & non-G20) countries (all of them adherents to the OECD Guidelines for MNEs) have adopted National Action Plans (NAPs) on Business and Human Rights, as called for in the UN Guiding Principles on Business and Human Rights
- Some NAPs (e.g. **Germany**) contain explicit reference to the expectation that companies identify and address human rights issues in their supply chains
- A few countries have also adopted legislation on companies' responsibilities through supply chains



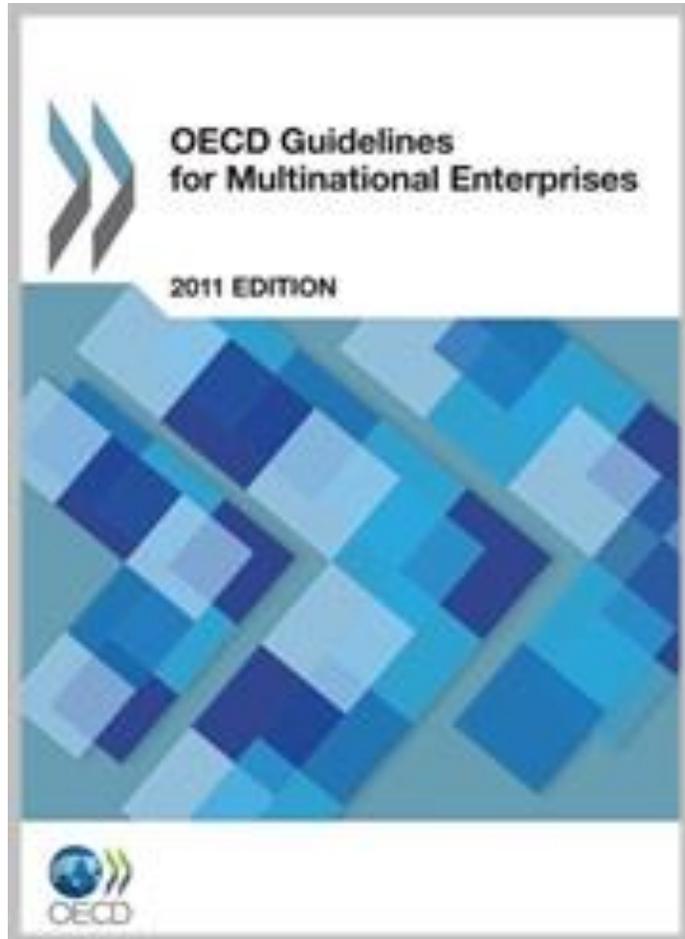
# Examples of legislation in G20 countries

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- **UK** Modern Slavery Act 2015
- **US** Trade Facilitation & Enforcement Act of 2015 (modifying US Tariff Act)
- **France:** 2017 Duty of vigilance Law (*Loi relative au devoir de vigilance*)
- **Australian** Modern Slavery Act 2018
- **EU:** several instruments touch upon supply chain due diligence:
  - Directive on Non-financial information disclosure;
  - Regulation on imports of minerals from conflict affected and high-risk areas
  - Provisions on responsible management of supply chains are included in most recent EU Free Trade Agreements



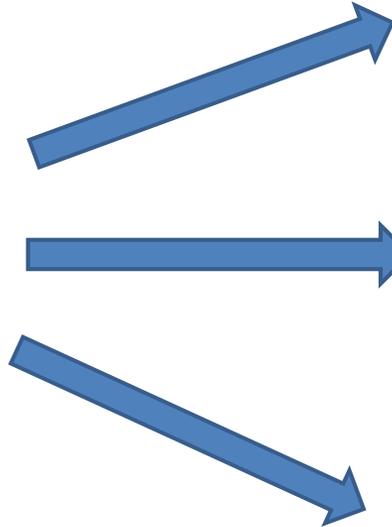
# OECD Guidelines for Multinational Enterprises: Cover key areas of business responsibility



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



# Alignment between OECD, UN and ILO



**UN Guiding Principles on Business and Human Rights**



**ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**

**Embed human rights and labour issues as well as environmental, anti-bribery, corporate governance instruments**



Companies should contribute to sustainable development (do good)

Companies should identify, prevent and address negative impacts (do no harm)

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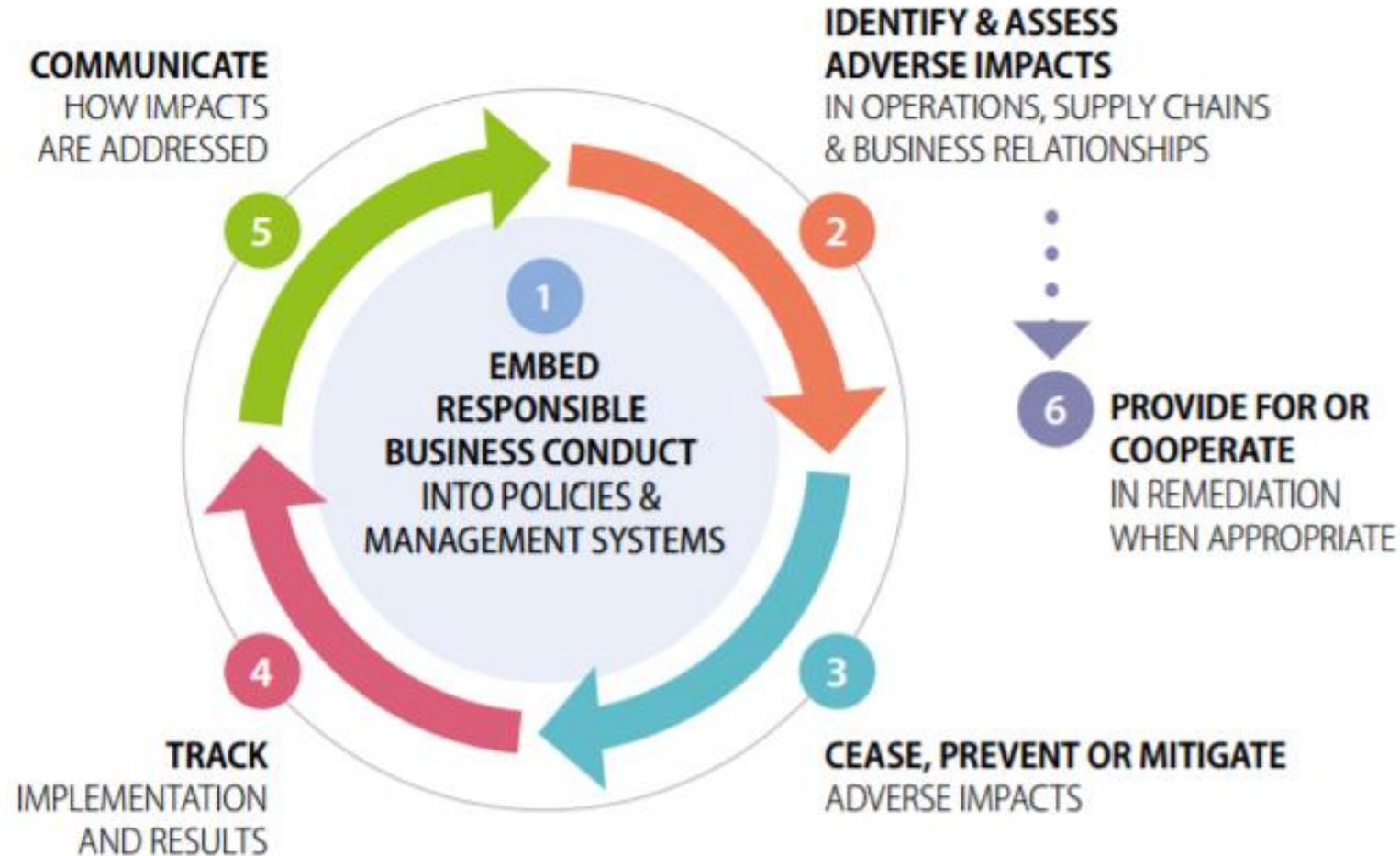
# OECD tools for responsible supply chains

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- OECD has a mandate to help companies meet increasing societal expectations of responsible business (“proactive agenda”)
- Current focus is on providing guidance to prevent and address negative impacts in companies’ supply chains.
- Guidance is demand-driven and inclusive; developed with stakeholders (ad hoc advisory groups including governments, companies, workers’ groups, NGOs, experts, etc.)
- Government-backed; embedded in OECD Recommendation, and promoted by governments
- Supported by implementation tools: analysis, discussion, training, exchange of experience
- OECD is also supporting governments integrate these tools, e.g. in public procurement policies



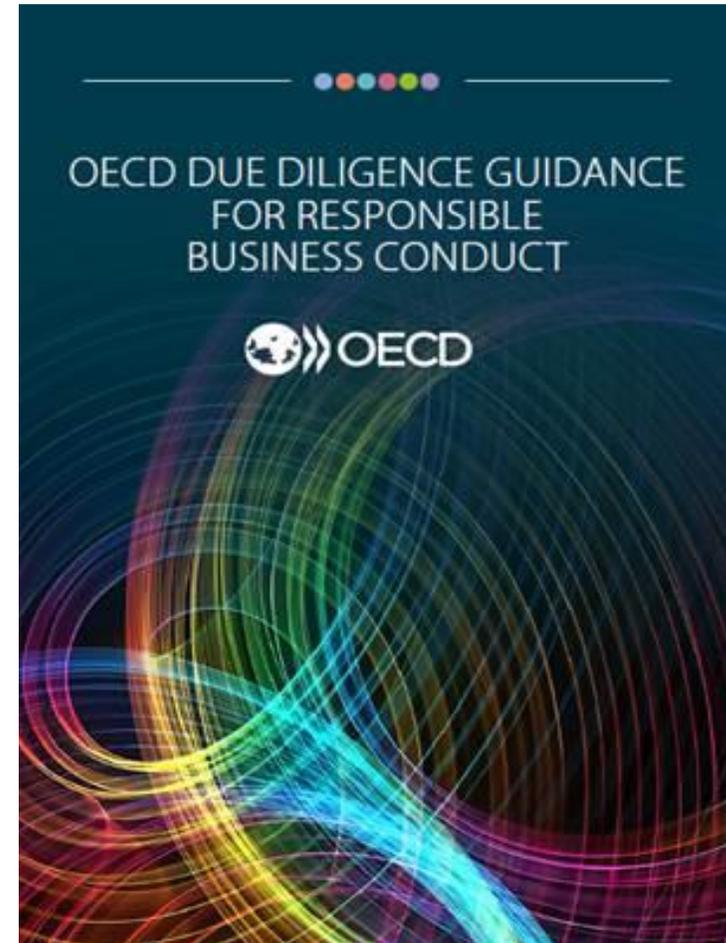
# Due Diligence for Responsible Business Conduct: 6 steps





## DUE DILIGENCE GUIDANCE FOR RBC

- Adopted in 2018, following demand from G7 and G20 to promote sustainable supply chains
- Explains each step of due diligence and provides practical guidance to implement each of them
- Addresses specific issues and challenges: gender, stakeholder engagement, role of the boards, communication, etc.
- Developed with stakeholders, backed by governments, commitment to promote it
- Can be used by all companies, in all segments of the supply chain





- OECD has also developed guidance for RBC in key sectors: minerals, extractives, garment and footwear, agriculture, financial sector
- Tailored to key risks and opportunities in each sector
- Once adopted, OECD supports companies in integrating them into their policies and risk management systems (e.g. through pilot projects)
- Cooperation with industry groups and initiatives (RBA), commodity exchanges (LME), investors, industry-government-civil society initiatives



# Thank you

Further information:

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<http://mneguidelines.oecd.org>.

<http://mneguidelines.oecd.org/duediligence>

<http://mneguidelines.oecd.org/ncps/>

