



## **2008 ANNUAL MEETING OF THE NATIONAL CONTACT POINTS**

### **Report by the Chair**

**24-25 June 2008**

*This document reproduces the report by the Chair of the 2008 Annual meeting of National Contact Points which was held on 24-25 June 2008. It will form part of the forthcoming publication "Annual Report on the OECD Guidelines for Multinational Enterprises 2008".*

## **REPORT BY THE CHAIR OF THE 2008 ANNUAL MEETING OF THE NCPS**

### **I. Overview**

Every year, the National Contact Points (NCPs) of the OECD Guidelines for Multinational Enterprises (“the Guidelines”) meet to review their experiences in performing and promoting the implementation of the Guidelines. They also engage in consultations with the Business Industry Advisory Committee (BIAC), the Trade Union Advisory Committee (TUAC), and with non-governmental organisations (NGOs), notably OECD Watch, to seek their input on how to further enhance the effectiveness of the Guidelines. Additionally, a back-to-back roundtable with practitioners is organised to assist NCPs in better understanding the emerging issues and policy developments relevant to the Guidelines. This year, at the invitation of OECD Ministers and the G8,<sup>1</sup> this event consisted of a high-level conference on “Employment and Industrial Relations: Promoting Responsible Business Conduct in a Globalising Economy” jointly organized with the International Labour Organisation (ILO) on 23-24 June, 2008.

This report reviews NCP activities as well as other implementation activities undertaken by adhering governments over the June 2007 - June 2008 period. It is based on individual NCP reports and other information received during the reporting period and the results of this year’s Annual Meeting. The report is divided into five additional sections: Section II – Institutional Arrangements; Section III – Information and Promotion; Section IV – Specific Instances; Section V – activities related to OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones; and Section VI – Considerations for Future Actions.

Overall, NCPs considered that this implementation cycle was a good year for the OECD Guidelines. The strong endorsement of the Guidelines by the G8 Leaders at their June 2007 Summit in Heiligendamm reflects their rising profile and impact. In addition, the work of the Special Representative of the United Nations Secretary-General on Business and Human Rights put the spotlight on the wide applicability of the Guidelines and the unique features of their implementation mechanism.

The NCP reports show that NCPs’ individual efforts in raising the awareness, visibility and use of the Guidelines have assumed more proactive dimensions. There have been several improvements of national websites and more diverse promotional techniques. New partnerships with stakeholders have emerged and led to their greater involvement in promotional activities. Regional co-operation among NCPs around the Guidelines has also expanded. Promotional efforts on the Guidelines are increasingly more integrated into the daily activities of governments (notably those of economic, foreign affairs and labour ministries, or aid agencies). Efforts to exploit the synergies between the Guidelines and other existing initiatives and instruments relevant to corporate responsibility such as joint activities and publication of white papers, among others, have also expanded. As of June 2008, 104 000 websites referred to the Guidelines, compared to 25 000 five years ago.

A number of new adherent governments have also taken steps to promote the use of the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones which is derived from standards and principles in the OECD Guidelines.

In total, however, this year's activities show considerably more attention paid to the issue of NCP performance and emerging NCP practices. Important changes in NCP structures (notably in the Netherlands and the United Kingdom) are now operational and these experiments are being closely watched by other NCPs. A few NCPs also report exploring the possibility of introducing changes to their institutional arrangements. The Working Party of the Investment Committee conducted a major survey of NCP performance in order to assist NCPs in preparing for the discussion at their 2008 Annual Meeting, which was largely devoted to this subject.

Although there has been a slight decline in the number of specific instances raised over the 2007-2008 implementation cycle of the Guidelines, the NCPs' reports show continued support for the specific instances facility. There were 27 cases raised for a total of 182 requests since the June 2000 Review. Of these, 136 specific instances have been considered by NCPs. The trend of searching for amicable solutions is continuing, resulting in efforts to better co-ordinate and consult on cases involving multiple requests. However, some questions remain for further discussion.

Adherence to the Declaration on International Investment and Multinational Enterprises has continued to expand. Egypt became the 40<sup>th</sup> adherent to the Declaration on International Investment and Multinational Enterprises in July 2007 and established a National Contact Point for the Guidelines. The review of Peru's application as the 41st adherent to the Declaration was completed in June 2008 and several other requests for adherence to the Declaration by other non-OECD countries are under active consideration. The Guidelines have also garnered increased visibility within the context of the OECD Investment Committee's co-operation with China.

A Memorandum of Understanding has been concluded with the International Standard Organisation (ISO) to ensure that the draft ISO International Standard Providing Guidelines on Social Responsibility and related activities are consistent with and complementary to the OECD Guidelines.

While noting the progress made during the June 2007-June 2008 period, NCPs generally agreed that still more could be done to further the effectiveness of the Guidelines. The discussion at the annual consultations with stakeholders and the exchange of views with the Special Representative of the UN Secretary-General on Human Rights on his April 2008 report did focus on NCPs although it often blurred the distinctions between stakeholder satisfaction and performance of the NCP. Nevertheless, NCPs are aware of the importance of improving their performance and they considered that the 2008-2009 implementation cycle should continue to be devoted to improving this. NCPs would benefit from access to better data on their actual performance which distinguishes those matters that are within NCPs' control - for example there was considerable discussion about process delays which are sometimes the result of other parties. NCPs are looking for more opportunities to exchange their experience in depth and in this regard welcomed the offer of the Dutch NCP to subject itself to a peer review in May 2009. They also agreed that the length of the 2009 Annual Meeting should be increased to allow more time for an in-depth exchange of concrete experiences on the functioning of the Guidelines, specifically NCPs would like an additional half day devoted to discussion of recently concluded cases. NCPs would also appreciate the opportunity to receive expert advice on techniques such as mediation. It was noted that many NCPs have not yet dealt with any specific instances but conversely that some NCPs experience resource constraints in fulfilling their duties. It was suggested to the Investment Committee that the note transmitting the Annual Report to Council could include an invitation to adhering governments to take appropriate action. Finally, they welcomed the work to be undertaken over the coming year under the auspices of the Investment Committee on the supporting role of the Guidelines in the financial sector and the promotion of the Guidelines in non-adhering countries.

## II. Innovations in NCP structure and procedures

Taking into account the structural changes that occurred in the June 2007-June 2008 period, current NCP structures now consist of:

- 20 NCP single government departments;<sup>2</sup>
- 7 NCP multiple government departments;<sup>3</sup>
- 1 bipartite NCP;<sup>4</sup>
- 9 tripartite NCPs (involving governments, business, and trade unions);<sup>5</sup>
- 2 quadripartite NCPs (involving governments, business, trade unions and NGOs);<sup>6</sup> and
- 1 mixed structure of independent experts and government representatives.<sup>7</sup>

Compared with 2000, when the NCP mechanism under the revised Guidelines was created, the inclusion of stakeholders into NCP structures has markedly expanded.<sup>8</sup> The number of NCPs with tri- or quadri-partite organisations has increased while advisory committees or permanent consultative bodies involving non-government partners has become widespread in countries with government NCP structures. Meetings with business, trade unions and civil society have also intensified. While a few NCPs seem to prefer more informal channels of communication, this year's reports underscore NCPs' commitment to respond to enquiries about the functioning of the Guidelines and be fully transparent about their activities.

The most striking innovations in NCP structures and procedures occurred in Egypt, the Netherlands and the United Kingdom:<sup>9</sup>

- *Egypt* became the 40<sup>th</sup> adherent country to the Declaration in July 2007 and established its NCP. Its newly created NCP consists of a Senior Manager from the Ministry of Investment and its own support staff. It is also assisted by an Advisory Committee comprising, in addition to the NCP's Manager, representatives from the Ministries of Finance, Foreign Affairs, Administrative Development, Trade and Industry, and Manpower and Immigration. The Advisory Committee also comprises economic, legal and financial experts. A representative of the Egyptian Trade Union Federation is a member of this Committee.
- The *Dutch NCP* now consists of an independent chairman and three independent members, who all possess backgrounds in the various stakeholder groups of the NCP's work. They are independent insofar that they have a seat in the NCP in their personal capacity, and are not bound by the policies and goals of the Dutch government. The NCP members are advised by four ministries (Economic Affairs, Foreign Affairs, Social Affairs and Employment, and Housing, Spatial Planning and the Environment). The ministry of Economic Affairs provides a Secretariat with two full-time employees. The new Dutch NCP has met twice in the reporting period.
- In the *United Kingdom*, the Steering Board overseeing the work of the NCP met for the first time in May 2007 and is now fully operational. It includes external members selected for their experience in business, employee relations and issues of concern to NGOs as well as representatives from government departments (Attorney General's Office, Environment, Food and Rural Affairs, Constitutional Affairs, International Development, Work and Pensions, Export Credit Guarantee Department, Foreign Office, UK Trade and Investment, and the Scottish Executive). Following the adoption of a new strategy in May 2007, the FCO refocused its

objectives, which means that it is no longer a member of the UK NCP although it will continue to be represented in the Steering Board. Two officials from the Department for Business, Enterprise and Regulatory Reform (BERR) are now working full time on the Guidelines, with 20 per cent of a DFID official.

NCPs noted these changes with interest and look forward to an assessment of their effectiveness at an appropriate time.

Other institutional changes reported to be under active consideration:

- *Canada* has started the process of transferring the role of NCP chair and coordinator from the Investment Trade Policy Division to the Trade Commissioner Service Overseas Operation Division. This Division has a team that advises trade commissioners in Canada and abroad on CSR, and coordinates an annual CSR-related program that includes training. The rationale behind the transfer is to expand the network and reach of the Guidelines through the trade commissioners, thus enabling the Canadian NCP to implement the Guidelines more effectively.
- In April 2008, *Chile* completed a review of its existing institutional arrangements for the Chilean NCP. Recommended changes include decentralisation of the consideration of specific instances to specialised departments or agencies, and reinforcement of the composition of the consultative Committee to the Chilean NCP.
- In *Iceland*, the location of the Icelandic NCP has been transferred to the Ministry of Business Affairs. Further changes are under active consideration.
- *Italy* reports the signing of a Protocol of Understanding between the Italian NCP and the Lombardy Region-General Directorate for Handcraft and Services in February 2008. The Protocol is aimed at strengthening NCP co-operation with sub-national institutions and promoting the Guidelines among small- and medium-sized enterprises. The Protocol provides for a series of activities to be carried out jointly between the signatories: the involvement of public and private bodies on the issues related to the Guidelines, the implementation of pilot projects together with artisan enterprises and SMEs, and the participation of the region's businesses in trade missions.
- *Japan* is exploring the modalities of establishing a standing consultative body comprised of representatives from the Japanese business and labour communities.
- *Mexico* and *Slovenia* are proceeding with a reorganisation of their NCPs.

More frequent consultations among NCPs stand out as the third most distinctive feature of the 2007-2008 review period. Co-operation was strengthened or developed at a regional level, most notably among the Nordic countries and Latin American countries. Since 2000, NCPs report having engaged in joint consultations on 22 specific instances. During the reporting period, Switzerland reports consulting with the Australian and UK NCPs on the activities of a Swiss-based multinational and co-owner of a coal mine in Colombia. The Swedish and Norwegian NCPs report working closely together on a recent case involving the financial sector.

The Italian NCP raised some questions on how instances involving multiple NCPs should be managed. It was agreed that NCPs could draw on the following guiding principles for addressing multi-NCP specific instances. *First*, it was recognized that the NCPs involved need to retain the necessary flexibility to address the merits and circumstances pertaining to such complex cases, which may vary

significantly from one case to another. It was also noted that such flexibility is already embedded in the Procedural Guidance for implementing specific instances. *Second*, multi-NCP specific instances involving the same allegations of non-compliance, should be dealt through one single process to avoid potential inconsistencies between the treatment of instances by the various NCPs concerned. *Third*, to provide for this unified approach, a “leader NCP” should be designated to manage the whole process. Furthermore, the NCP receiving the first instance should take on the responsibility of obtaining an agreement on an appropriate leader NCP and the process for handling the instance. *Fourth* the leading NCP should maintain at all times effective communication channels with other concerned NCPs. It should also closely involve them in any decisions on the intermediary procedural steps as well as in drafting of the concluding statement on the specific instances raised. It was also suggested that the OECD Electronic Discussion Group could be a helpful communication channel for disseminating relevant information to NCPs.

### **III. Proactive approaches and regional co-operation in information and promotion initiatives**

The June 2000 Decision of the OECD Council calls on NCPs to undertake promotional activities. The reporting period witnessed an increasingly proactive approach to identifying new avenues for promotional activities, and intensification in the targeting and tailoring of information delivery on the Guidelines. The present section summarizes the main activities described in the individual NCP reports.

#### **III.a Selected promotional activities**

Developments and innovations in promotion include:

- *Argentina – co-operating regionally.* In May 2008, the second annual regional meeting of national contact points in Latin America was held in Buenos Aires. At the meeting, regional co-operation among NCPs was stressed as a key way to garner political support, increase awareness of the Guidelines among civil society and government counterparts, and overcome the limited physical and human capital resources of NCP offices. In November 2007, a dedicated website to the Argentine NCP was inaugurated. Mexico offered to host in 2009 the Third Regional Meeting of the Latin American National Contact Points.
- *Australia – convening multi-stakeholder consultations.* To better promote the Guidelines and build networks across the country, the Australian NCP organised two multi-stakeholder consultations in Sydney and Melbourne in August 2007. Participants from both NGOs and the relevant government agencies gave presentations during the consultations. Further, to ensure user friendliness and act as a comprehensive information source, the Australian NCP website was reviewed and updated.
- *Brazil – targeting MNEs.* The Brazilian NCP is currently building a database of MNEs operating in Brazil and their relevant contact persons for issues related to the Guidelines. MNEs were identified as a priority group for outreach efforts and this targeted approach is complemented by additional NCP participation in conferences, seminars and regional NCP meetings.
- *Canada – global outreach.* At a seminar on human rights within the framework of La Francophonie in Rabat, Morocco in March 2008, the Canadian NCP presented the unique features of the Guidelines and the specific instance facility. Industry Canada disseminated the results of extensive research on Canadian MNEs and industry associations in the context of development of a Sustainable Development Strategy. Canadian embassies in Ecuador, Peru, Guatemala and Senegal organised multi-stakeholder seminars on the extractive sector.

- *Denmark – information-sharing at the regional level.* The Danish NCP participated in a meeting of Nordic National Contact Points in Oslo, Norway in March 2008 designed to help strengthen co-operation between NCPs on the Guidelines. In addition, the Danish NCP responded to an enquiry from the Norwegian government and discussed the Danish view of the Guidelines as a CSR-tool in a meeting with Norwegian government representatives.
- *Egypt – laying the foundation.* The Egyptian NCP website, to be launched in early summer 2008, will feature the Guidelines in both English and Arabic and other information relevant to stakeholders in Egypt. Egypt also organised an event on the Guidelines with TUAC and NGOs that attracted trade union participants from across the Middle East and North Africa.
- *France – spreading the Guidelines.* The French NCP also actively participated in the seminar on human rights organised within the framework of La Francophonie in Rabat, Morocco in March 2008 at which the creation of a French speaking NGO network was discussed. On the occasion of the major stakeholder conference, “*Quelles régulations pour une mondialisation plus juste?*” organised by the Ministry of Labour, Social Affairs and Solidarity, French enterprises were encouraged to refer to the Guidelines in the context of their framework agreements with trade unions. The association of French entrepreneurs MEDEF published an explanatory brochure on the Guidelines, which has been distributed to all French embassies abroad.
- *Germany –spotlight on the Guidelines.* At the June 2007 Leaders Summit, Germany initiated the so-called “Heiligendamm Process” to promote new forms of dialogue on CSR with G5 countries. The German NCP promoted the Guidelines with Chinese officials and was a key speaker at the forum organised in Egypt by TUAC.
- *Iceland – better promotion.* Iceland’s NCP is revising the first Icelandic translation of the Guidelines before providing a final version to domestic and foreign stakeholders. The NCP representative also introduced the Guidelines to advanced law students at Reykjavik University’s School of Law.
- *Italy – engaging SMEs.* The Italian NCP commissioned a survey concluded in October 2007 on “CSR as competitive elements for SMEs: Implementation policy and communication instruments to reach consumers.” The push to involve domestic SMEs in a dialogue on the Guidelines’ applicability also included such workshops and seminars as “Internationalisation and globalisation as key factors for the competitiveness of Micro-, Small- and Medium-Enterprises,” June 2007; “Internationalisation of the Enterprises – Workshop on Brazil,” April 2008; and “India: Challenges and Opportunities for Emilia Romagna SMEs.”
- *Japan – mobilising Southeast Asia.* The Japanese NCP participated in a symposium with TUAC and the Japanese Trade Union Confederation, RENGO, on the Guidelines in February 2008. During the symposium, participants discussed NCP experiences and how to promote the Guidelines in Southeast Asia.
- *Korea – extending partnerships.* As of 2008, excerpts of the Guidelines are available on the websites of several Korean economic organizations, as well as on the official ministry’s website. The Korean NCP is also expanding its promotion efforts off-line and is directly educating companies on the Guidelines. It also visited the Japanese NCP in November 2007 to share management ideas.
- *Netherlands – pursuing global promotion.* The Dutch NCP has worked with the Dutch Agency for International Business and Co-operation (EVD) to provide information on the Guidelines and

guidance on their implementation in emerging markets for companies considering foreign operations. EVD also launched three new country-specific CSR toolkits, which include information on the Guidelines, and more are under development. Moreover, the Guidelines were actively promoted during several Dutch trade missions.

- *Norway – maximising impact.* In January 2008, the Norwegian Foreign Ministry published a booklet on anti-corruption that included a section on the Guidelines which was distributed to all Norwegian embassies and export promotion offices abroad as well as to relevant agencies and organizations in Norway. In addition, the Norwegian government is in the process of writing a White Paper on CSR and its completion may spur a more comprehensive CSR strategy incorporating the Guidelines.
- *Poland – expanding NCP presence.* A revamped website on the Guidelines was launched in 2008. In November 2007, the Polish NCP hosted a conference on “The OECD Guidelines for Multinational Enterprises – Foreign Experience and Perspectives in Poland”. This was followed by NCP representation at a conference establishing a national platform for CSR.
- *Romania – easing accessibility.* The Guidelines are incorporated into the Romanian Agency for Foreign Investment’s new user-friendly brochure, and a section is dedicated to answering questions about the Guidelines and explaining the Romanian NCP’s functions. Moreover, the Romanian NCP is continuing its information outreach to trade unions through seminars.
- *The Swedish Partnership for Global Responsibility* has continued to be used as a platform for promoting the Guidelines, notably in relation to core labour standards, business in conflict, business in China, corruption, human rights, responsible investment and reporting.
- *In Switzerland,* the Guidelines have been promoted in ministerial speeches or that of high officials and continued to be linked with other government-supported corporate responsibility initiatives. An expanded website on the Guidelines will go live in mid-2008.
- *European Commission – building linkages.* The Guidelines featured prominently in discussion during the commission’s December 2007 Conference on “CSR at the Global Level: What role for the EU?” The Compendium on National Public Policies on CSR in the European Union (2007) also includes information on the Guidelines and NCPs.

Other promotional activities undertaken by NCPs during the reporting period include:

- Outreach to companies via contacts or presentations to individual companies or business associations (Brazil, Canada, Italy, Japan, Korea, Netherlands, Poland, Sweden, United Kingdom).
- Consultations and organisation of meetings with national partners (Australia, Brazil, Canada, Czech Republic, Denmark, Egypt, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Romania, Sweden, United Kingdom). In Denmark, a “Guidelines-Group” was established, functioning as an open forum for representatives of NGOs and the Danish NCP to discuss promoting the Guidelines.
- Newsletters, articles in the press or other promotion through the media (Brazil).
- Participation in conferences organised by non-governmental actors (Argentina, Australia, Canada, Finland, Greece, Italy, Poland, Romania, Turkey, United Kingdom, United States).



- Development of promotional material and mailings (Austria, Australia, European Commission, New Zealand, Norway, United Kingdom). Website development (Argentina, Australia, Brazil, Egypt, Italy, Poland, United Kingdom).

#### Promotional activities within governments

- Promotion through presentations to government departments or agencies or by high-level officials (Australia, Norway, Turkey, United Kingdom).
- Promotion with and training of embassy and consular staff (Australia, Canada, Germany, Norway, Romania, Spain, Switzerland, United Kingdom, United States). In 2008, the UK's Embassy in Moscow organized a series of meetings to promote the Guidelines to key British investors in Russia.
- Trade and Investment Promotion missions or activities (Canada, Germany, Japan, Lithuania, Netherlands, Norway, Romania, Slovenia, Sweden).
- Promotion through overseas development agencies (Canada, Netherlands). The Canadian International Development Agency raises awareness of the Guidelines through its participation in outreach events across Canada and internationally, for example, at the Inter-American Conference on CSR.
- Answering questions from Parliaments, Ombudsmen or other government bodies (European Commission, Germany, Japan, Sweden). Promoting the Guidelines to foreign embassies (Switzerland).

### **III.c Investment promotion, export credit and investment guarantee agencies**

Adhering governments have continued to explore ways of ensuring that their support for the Guidelines finds appropriate expression in credit and investment promotion or guarantee programmes. Table 1 summarises the links that have been established between the Guidelines and such programmes. Twenty-eight NCPs report that such links exist.

**Table 1.1. The OECD Guidelines and Export Credit, Overseas Investment Guarantee and Inward Investment Promotion Programmes**

Australia	Export credit and investment promotion	Australia's Export Finance and Insurance Corporation (EFIC) promotes corporate social responsibility principles on its website, including the OECD Guidelines. The Guidelines are hosted on the Australian NCP's website. Links to the Australian NCP's website are provided on the Foreign Investment Review Board and the Invest Australia websites.
Austria	Export credits	Oesterreichische Kontrollbank AG, acting as the Austrian export credit agency on behalf of the Austrian Federal Ministry of Finance, is actively promoting corporate responsibility principles and standards. On its website, extensive information on CSR issues, including the current text of the Guidelines, is available.
Belgium	Export credit and investment guarantees	The Belgian Export Credit Agency mentions the OECD Guidelines in its investment guarantees and all export credit guarantees.

Canada	Export Credits	The Export Development Canada (EDC) promotes corporate responsibility principles and standards, including the recommendations of the Guidelines. EDC has linked its website with that of Canada's NCP. Guidelines brochures are distributed. Dialogue on CSR with key stakeholders is maintained.
Chile	Investment promotion	The Foreign Investment Committee is the agency which promotes Chile as an attractive destination for foreign investment and international business. The Guidelines are part of the information provided by the Committee to investors.
Czech Republic	Investment promotion	There is a special agency called "Czech Invest" operating in the Czech Republic which provides information on the Czech business environment to foreign investors. It has prepared an information package (which includes the Guidelines) that is passed to all foreign investors considering investing within the territory of the Czech Republic. The Czech NCP (at the Ministry of Finance) cooperates closely with Czech Invest.
Denmark	Export credits	When applying for export credits, the Danish Eksport Kredit Fonden informs exporters about the OECD Guidelines and encourages exporters to act in accordance with the OECD Guidelines.
Estonia	Investment promotion	The Estonian Investment Agency has published a description of the Guidelines and added a link to the Estonian NCP website.
Finland	Export promotion	This programme, adopted in July 2001, introduces "environmental and other principles" for "export credit guarantees". It calls the "attention of guarantee applicants" to the Guidelines.
France	Export credits and investment guarantees	Companies applying for export credits or for investment guarantees are systematically informed about the Guidelines. This information takes the form of a letter from the organisation in charge of managing such programmes (COFACE) as well as a letter for companies to sign acknowledging that they are aware of the Guidelines (" <i>avoir pris connaissance des Principes directeurs</i> ").
Germany	Investment guarantees	A reference to the Guidelines is included in the application form for investment guarantees by the Federal Government. The reference also provides a link to information of the Guidelines, in particular the Internet address for the German translation of the Guidelines.
Greece	Investment promotion	The <i>Guidelines</i> are available on the portal of the Ministry of Economy & Finance ( <a href="http://www.mnec.gr">www.mnec.gr</a> ), as well as on the websites of the Hellenic Investment Promotion Agency (ELKE) ( <a href="http://www.elke.gr">www.elke.gr</a> ) and the Export Credit Insurance Organization (OAEP) ( <a href="http://www.ecio.gr">http://www.ecio.gr</a> ).
Israel	Investment Promotion Centre	The site of Israel's Investment Promotion Centre has a direct connection to the Israeli NCP web site where the OECD Guidelines are available electronically.
Italy	Export credits	The Italian NCP is in regular contact with SACE (the Italian association in charge of insuring export credit) and contributes to its activities,
Japan	Trade-investment promotion	The Guidelines (basic texts and Japanese translation) are available on the websites of the MOFA, METI, and MHLW Japan. Japan established a website with the intention of further strengthening a network between Asia and Africa to facilitate the exchange of trade and investment.. The Japan External Trade Organization (JETRO) website and the ASEAN-Japan Centre website are linked to the summary, full texts of the Guidelines, introduction of the Japanese NCP activity including its procedures and promotion. Tokyo International Conference on African Development (TICAD) Exchange also provides Web links to the Guidelines.
Korea	Trade-investment promotion	OECD Guidelines can be found at the MKE (Ministry of Knowledge Economy) website ( <a href="http://www.mke.go.kr">www.mke.go.kr</a> ). MKE promotes trade and investment.

Lithuania	Investment promotion	<p>“Lithuanian Development Agency” operates in the Republic of Lithuania and provides information on the Lithuanian business environment to foreign investors. It has prepared an information package that is passed to all foreign investors considering investing within the territory of Lithuania. The Lithuanian NCP (at the Ministry of Economy) cooperates closely with the “Lithuanian Development Agency”. Investment Promotion Programme for the period of 2008–2013 was adopted by the Government on 19<sup>th</sup> of December 2007. The goal of the programme is to improve investment environment in Lithuania in general and to establish an efficient system for the promotion of direct investment, focusing on long term development of economy and the prosperity of the society. Whole text of the Investment promotion Programme can be found at the web page of the Ministry of Economy:</p> <p><a href="http://www.ukmin.lt/en/investment/invest-promotion/index.php">http://www.ukmin.lt/en/investment/invest-promotion/index.php</a></p>
Netherlands	Export credits and investment guarantees	<p>Applicants for these programmes or facilities receive copies of the Guidelines. In order to qualify, companies must state that they are aware of the Guidelines and that they will endeavour to comply with them to the best of their ability.</p>
Poland	Investment promotion	<p>The Polish NCP is located in the investment promotion agency (PAIIZ). The Polish Information and Foreign Investment Agency helps investors to enter the Polish market and find the best ways to utilise the possibilities available to them. It guides investors through all the essential administrative and legal procedures that involve a project; it also supports firms that are already active in Poland. PAIIZ provides rapid access to the complex information relating to legal and business matters regarding investments, helps in finding the appropriate partners and suppliers, together with new locations.</p>
Romania	Romanian Agency for Foreign Investments (ARIS)	<p>The Romanian NCP is located within the Romanian Agency for Foreign Investments (ARIS). The RNCP’s webpage was developed starting from the Romanian Agency for Foreign Investment central site. The Guidelines (basic texts) are available electronically on the sites of the MFA (<a href="http://www.mae.ro">www.mae.ro</a>) and the Romanian Agency for Foreign Investments (ARIS) (<a href="http://www.arisinvest.ro">www.arisinvest.ro</a>). The Guidelines and the relevant decisions of the OECD Council have been translated in the Romanian language. Other useful documents posted on the RNCP’s web page include:</p> <ul style="list-style-type: none"> <li>• Policy framework for Investment;</li> <li>• OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.</li> </ul>
Slovenia	Investment promotion, export credits and investment guarantees	<p>The Slovenian NCP is established within the Ministry of Economy of the Republic of Slovenia. The promotion and use of the OECD Guidelines for Multinational Enterprises is already a part of Slovenian policies. Currently we are in the restructuring phase. Public Agency for Entrepreneurship and Foreign investments (JAPTI) and Slovene Export and Development Bank (SID) will add links to the NCP web site.</p>
Slovak Republic	Investment promotion	<p>NCP is established at the Ministry of Economy of the Slovak Republic. The Guidelines are promoted in Slovak language at Ministry’s webpage. The Ministry of Economy is funding and supervising an agency for investment and trade development (SARIO) that promotes both business environment and investment opportunities. The investors entering the Slovak republic who had been awarded with governmental incentives are to commit themselves to keep the Guidelines (part of the awarding decision).</p>
Spain	Investment guarantees	<p>The CESCE (Export Credit Agency) that manages investment guarantees, COFIDES (Corporation for Development Finance) and ICO (the Official Credit Institute) provide Guidelines brochures to applicants for support and investment guarantees.</p>
Sweden	Export credits	<p>The Swedish Export Credits Guarantee Board provides all its customers with information on the rules on environment, the rules on bribery, the OECD Guidelines for MNE’s and the Swedish Partnership for Global Responsibility.</p>

Switzerland	Export Risk Insurance	Switzerland's Export Risk Insurance (SERV) promotes corporate responsibility principles. On its website, it provides information regarding the Guidelines and their implementation mechanism.
Turkey	FDI	The Turkish NCP is located within the General Directorate of Foreign Investment (Treasury) which is the authorised body for investment policy making. The Treasury's website provides information on the Guidelines.
United Kingdom	Export credits and investment insurance	Links connect the Export Credits Guarantee Department's website with that of the UK National Contact Point. In addition, ECGD refers to the Guidelines in its publicly available Case Impact Analysis Process document.
United States	Export and import credits and investment guarantees	The Export-Import Bank and the Department of Commerce co-operate with the NCP on the provision of information on the Guidelines to applicants for their programmes in support of US business activities abroad.

### **III.d OECD Investment Committee work**

As a result of the high political profile given to the OECD Guidelines, and the requests made to the OECD to act as a platform for various corporate responsibility issues, the OECD Investment Committee embarked on three major new initiatives to enhance the visibility and use of the OECD Guidelines as a foremost corporate responsibility instrument:

- *Review of NCP performance since 2000:* In light of the G8 commitment to promote the OECD Guidelines through better governance of the National Contact Points and the decision made at the 2007 Annual NCP meeting to prioritize improving NCP performance over the 2007-2008 implementation cycle, the Working Party of the Investment Committee conducted a major review of NCP activities since the 2000 Revision of the Guidelines. The review's findings have been submitted to NCPs in advance of this year's Annual Meeting, and the report offers insight into emerging practices as "seed material" for the improvement of NCP performance.
- *Overview of selected Initiatives and Instruments relevant to CSR:* In response to the G8 request that "the OECD, in co-operation with the Global Compact and the ILO, compile the most relevant CSR standards and principles", the OECD Secretariat prepared, under the auspices of the Investment Committee, an overview of initiatives and instruments relevant to Corporate Social Responsibility that incorporates inputs from the ILO Secretariat and the UN Global Compact. This report highlights the unique status and characteristics of the ILO and OECD instruments and those of the UNGC as important complements to privately-developed CSR initiatives. It also suggests that their increased use and reference by enterprises will help enhance the visibility, consistency and acceptability of companies' own CSR initiatives.

*OECD-ILO Co-operation:* On 23-24 June 2008, the OECD Investment Committee and the Employment, Labour and Social Affairs Committee, in conjunction with the ILO, organised a high-level conference on "Employment and Industrial Relations: Promoting Responsible Business Conduct in a Globalising Economy." The widely attended event contributed to further dissemination of good corporate practices in the area of employment and industrial relations, better understanding and use of the OECD and ILO's instruments, and mutual understanding and trust between stakeholders in developed and emerging markets on approaches to responsible investment. Areas for future co-operation between the OECD and ILO were also identified.

*Outreach* work has also elevated the Guidelines' profile. On 26-27 June 2008, a China-OECD symposium was organised on China's recent progress and challenges in encouraging responsible business conduct. This event was followed by a seminar initiating a continuing dialogue and establishing a network

for sharing information on best practices for environmentally responsible business conduct among Chinese enterprises.<sup>10</sup> In the context of its support to the work underway at the IMF on generally accepted principles and practices for sovereign wealth funds, the Investment Committee publicly called attention to the relevance of the OECD Guidelines for Multinational Enterprises to this work.

In addition, the OECD Investment Committee and its Working Party continued to provide a privileged forum for exchanging experiences on the implementation of the Guidelines, notably with regard to the areas identified for future action in the 2007 Annual Report on the Guidelines.<sup>11</sup>

### **III.e Other promotion by the OECD**

In October 2007, the OECD Secretary-General met with Eurotradia International, an association of high level French executives to discuss the role of the Guidelines in a globalised world. In December 2007, the OECD Secretary-General's interview on the Guidelines with *Les Ordres Des Avocats de Paris* was reproduced in a special edition of "Le Barreau autour du Monde" on ethics and international trade. In February 2008, the OECD Deputy Secretary-General Mario Amano held a keynote address on "Making the Most of the OECD Guidelines for Multinational Enterprises" at the high level seminar organised in Tokyo by the Japanese Trade Union Confederation RENGO and the Trade Union Advisory Committee to the OECD.<sup>12</sup>

The Secretariat continued to contribute to the UN Secretary-General's Special Representative John Ruggie's work on business and human rights with speeches at a workshop in Berlin and a related supply chain workshop in The Hague in November 2007. The Secretariat also provided input to a project on alternative dispute settlement procedures in the field of corporate responsibility. Professor Ruggie presented the results of his work and their potential implications for the OECD Guidelines at the 2008 Annual NCP Meeting. His report to the Human Rights Council on 7 April 2008 [A/HRC/8/5] explicitly acknowledged that "the OECD Guidelines are currently the most widely applicable set of government-endorsed standards related to corporate responsibility and human rights." Transparency International published guidance on the Guidelines explaining their relevance in fighting corruption in the private sector.<sup>13</sup>

The OECD concluded a Memorandum of Understanding with the ISO with a view to ensuring that the International Standard Providing Guidelines on Social Responsibility currently being developed by the ISO (the so-called ISO 26000 standard) and related activities are consistent with and complement the OECD MNE Guidelines.

Officers of the Investment Committee and its Secretariat accepted invitations to promote the Guidelines at several international meetings over the period. Selected promotional events attended and activities undertaken include:

- In October 2007, the Chair of the Investment Committee made a key note presentation to the Spanish Parliament.
- The Secretariat organised an informative seminar on the Guidelines at the margins of the 5<sup>th</sup> meeting of the ISO Working Group on Social Responsibility held in Vienna in November 2007, which further benefitted from the participation of the Chair of the Investment Committee and a representative of the Global Reporting Initiative. It also made a presentation on "Matching Government and Corporate Responsibility" at a side ISO event on corporate responsibility.
- The Secretariat presented the "Perspectives of the OECD Guidelines" at the EC Conference on "Corporate Social Responsibility at the Global Level" held in Brussels in December 2007.

- The Secretariat presented on “Momentum and Responsible Growth: Role and Impact of the OECD Guidelines” at a Chatham House Conference in London in March 2008.
- The Secretariat presented the OECD instruments to promote responsible business at the seminar organised in the framework of La Francophone in Rabat, Morocco in March 2008.
- The Secretariat made a presentation on corporate responsibility at the Salon de l’Environnement et des Metiers Durables held in Paris in June 2008.
- Since March 2006, the OECD Investment Newsletter, published three times a year, has kept the larger investment policy community and other stakeholders informed about ongoing Investment Committee work on the Guidelines.

In addition, the Secretariat answered numerous queries about the Guidelines from the media, universities and other interested parties, and continued to improve the OECD website dedicated to the Guidelines.

#### **IV. Active use of the “specific instance” facility**

##### ***IV.a Number of specific instances***

182 requests to consider specific instances have been filed with NCPs since the June 2000 review. Individual NCP reports indicate that the following numbers of specific instances have been filed: Argentina (5), Australia (3), Austria (5), Belgium (11), Brazil (13), Canada (7), Chile (5), Czech Republic (5), Denmark (3), Finland (4), France (12), Germany (10), Hungary (1), Ireland (1), Italy (5), Japan (5), Korea (5), Mexico (2), Netherlands (15), New Zealand (1), Norway (3), Poland (3), Portugal (1), Romania (1), Spain (2), Sweden (3), Switzerland (5), Turkey (2), United Kingdom (18), and United States (26).

Annex 3 shows that 136 specific instances have been actively taken up and considered to date by NCPs.<sup>14</sup> 86 of these have been concluded. Most specific instances deal with Chapter IV (Employment and Industrial Relations). A number of cases also involve violation of human rights in the resources sector. The only Guidelines chapter that has not been referenced in the context of a specific instance is Chapter VIII (Science and Technology).

##### ***IV.b Selected specific instances described in NCP reports***

*Australia* – In July 2007, the Australian NCP received a request regarding alleged non-observance with several provisions of the OECD guidelines by a mining company operating in South America. The Australian NCP has consulted with the Swiss and UK NCPs in relation to this specific instance. Further deliberation of this instance was suspended pending release of the report commissioned by the mining company’s management and shareholders to review the firm’s social engagement.

*Brazil* – In March 2008, the Brazilian NCP issued a final statement on a specific instance concerning Shell Brazil Holding and alleged non-observance of certain provisions of Chapter V (Environment) of the Guidelines. In May 2006, a Brazilian environmental NGO and a labour union representing petroleum by-products workers in the state of Sao Paulo brought the complaint to the NCP. After mediation, and several meetings and discussions with the relevant parties, the Brazilian NCP closed the case and issued its findings.

*Germany* – The German NCP issued a final statement in August 2007 on a specific instance concerning Bayer CropScience’s operations in India. The statement includes a voluntary commitment from

Bayer CropScience to take concrete measures against child labour. The case dates to October 2005 when the German NCP received a request from NGOs regarding alleged non-observance of paragraph 1b) “contribute to the abolition of child labour” of Chapter IV (Employment and Industrial Relations) of the Guidelines by one of Bayer CropScience’s suppliers in India. The German NCP solicited comprehensive comments from both parties and initiated a series of meetings in November 2006 and January 2007.

*Sweden* – In January 2008, the Swedish NCP issued a final statement regarding a specific instance involving Scandinavian bank Nordea as partial financier of the Finnish company Botnia’s construction of a pulp mill in Uruguay. The case dates to July 2006 when both the Swedish and Norwegian NCPs were contacted by the Norwegian NGO Bellona and the Argentinean NGO Center for Human Rights and Environment (CEDHA) about alleged non-observance of the Guidelines. Since Nordea’s legal domicile is Sweden, the Swedish NCP took the lead with the support of the Norwegian NCP in assessing the request. This specific instance revolved around the applicability of the Guidelines to the financial sector and this issue was discussed at the annual NCP meeting in 2007. While the Swedish NCP determined that Nordea was complying with the Guidelines, it also stated that the Guidelines can and should be applied to the financial sector as well as to other multinational enterprises.

## **V. Implementation of the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones**

Several countries have taken steps to disseminate and promote the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones. Canada, for instance, has promoted the tool through its embassies in sub-Saharan Africa and the Canadian International Development Agency’s activities in Afghanistan. The Risk Awareness Tool also featured prominently in the December 2007 workshop in Kampala sponsored by Sweden on the subject of “Contributing to Sustainable Peace in Conflict-Affected Countries - Identifying a Role for Investors in Uganda.” The UK NCP drew attention to the OECD Risk Awareness Tool in its final statement on one specific instance.

The Risk Awareness Tool is now published or referred to alongside the Guidelines on NCP or corporate responsibility websites in many countries (Australia, Belgium, Canada, Germany, Ireland, Italy, Japan, Korea, Romania, Sweden and United Kingdom). The Australia Trade Commission invites business to use the tool as part of its risk management plan.

In June 2007, the UN Security Council stressed the importance of the OECD Risk Awareness Tool for promoting responsible business conduct and avoiding illegal exploitation of natural resources in countries in conflict.<sup>15</sup>

There is also increasing evidence that stakeholders are making greater use of the OECD Risk Awareness Tool. The tool has been cited, for example, as a source of helpful guidance in the management of challenges that Anglo Gold Ashanti faced in the Democratic Republic of Congo (the case-study detailing the use of the tool is available through the UN Global Compact’s learning forum). The Shareholder Association for Research and Education (SHARE) has developed recommendations for the provision of financing to companies operating in weak governance zones. The Risk Awareness Tool is listed as a relevant resource in investment decision-making by the IFC Oil, Gas and Mining Sustainable Community Development Fund, the UK Anti-Corruption Forum, Business and Human Rights Resource Centre, Rights and Accountability in Development, and Transparency International.

The OECD Secretariat also continued to actively promote the OECD Risk Awareness Tool. It publicized the tool at a conference on corporate social responsibility organized in Milan in October 2007 by the OECD Development Centre and the Unicredit Group. In March 2008, the OECD Development Assistance Committee and the OECD Investment Committee agreed to launch a joint initiative for

upgrading the promotion and implementation of the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones. This initiative is intended to provide web-based operational guidance and engage in multi-stakeholder dialogue for better management of the risks of investing in fragile states. The tool and this initiative were presented at the May 2008 International Law Association's Annual Conference British Branch on "Does International Law Mean Business? A Partnership for Progress".

## **VI. Considerations for future action**

Overall, the 2008 Annual Meeting of NCPs considered that the progress made during the reporting period corresponds to several of the objectives decided at the 2007 Annual Meeting. However, the general sense prevailed that more could be done to further the effectiveness of the Guidelines and the NCP operations. Mindful of the fact that the Investment Committee intends to undertake further work on the supporting role of the Guidelines in the financial sector and in non-Member economies, the following priority areas for future action and ways to move forward were identified for the 2008-2009 implementation cycle. It was also agreed that the duration of the 2009 Annual Meeting should be extended to facilitate an in-depth exchange of concrete experiences on the functioning of the Guidelines at that meeting.

*Peer learning:* NCPs need to learn more from each other. This could be done through a more frequent and in-depth exchange of concrete experiences, notably in handling specific instances, promoting the use of the Guidelines in supply chains and communicating with stakeholders. Voluntary peer reviews of individual performance could also be envisaged as a two way-learning process. The Dutch NCP volunteered to be the first NCP to engage in peer reviews, which could be held in May 2009. Austria, Norway and the United Kingdom also announced their intention to be among the "reviewers" in this undertaking. It was also suggested that the criteria discussed with Professor Ruggie in his presentation on his April 2008 report on non-judicial grievance mechanisms could be taken into account to assess NCP performance in implementing specific instances.<sup>16</sup> Further consideration should be given to improving performance data with a particular focus on distinguishing between performance and satisfaction and on performance matters that are within NCPs' control.

*Good offices and proactive access to mediation and conciliation.* It was widely acknowledged that NCP good offices or proactive NCP facilitation to consensual and non-adversarial means such as mediation or conciliation remain one of the core functions of NCPs. However, NCPs need to build the necessary skills or resources to make such a contribution to the resolution of disputes. The next Annual Meeting could thus set aside time to discuss with invited experts ways to enhance the skills of NCPs or their capacity in facilitating mediation by third parties. NCPs may find it useful to review the "tips" for effective mediation identified at the 2006 Corporate Responsibility Roundtable.

*Parallel proceedings* also continue to stand out as one of the most important challenge in making full use of the specific instance facility. While this matter is a complex one, it should not be used as an excuse for not considering or postponing consideration of a specific case. It was also noted more and more disputes, notably in the United States, are being mediated outside the courts. The 2006 Annual Report identified a list of considerations to be taken into account by NCPs in their decisions to consider specific instances involving parallel proceedings and provided an analysis of the possible sources of "value added" of the NCPs involvement in such situations. NCPs should take advantage of this work.

*Making greater use of the wide applicability of the Guidelines in promotional activities.* The promotion of the Guidelines is also a core function of NCPs and this activity plays a determinant role in engaging companies in responsible business conduct. Some chapters of the Guidelines remain unexplored as a promotional tool and further discussion on how to develop this potential will be valuable.



*Coping with limited resources.* Given the resource constraints of some NCPs in fulfilling their duties, it was suggested to the Investment Committee that the note transmitting the Annual Report to Council could include an invitation to adhering governments inviting them to take appropriate action.

## Notes

---

- <sup>1</sup> At their 2007 Annual Meeting, OECD Ministers invited the Organisation to organise in conjunction with the ILO a high-level meeting in 2008 with the involvement of major non-OECD economies and social partners in order to support private sector effort in the area of employment and industrial relations within the framework provided by the OECD Guidelines for Multinational Enterprises. Shortly thereafter, the G8 countries committed themselves to actively promote internationally agreed corporate social responsibility and labour standards, notably the OECD Guidelines and the ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy (ILO MNE Declaration).
- <sup>2</sup> Argentina, Australia, Czech Republic, Egypt, Germany, Greece, Luxembourg, Ireland, Israel, Italy, Mexico, New Zealand, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland, Turkey and United States.
- <sup>3</sup> Brazil, Canada, Hungary, Japan, Iceland, Korea and United Kingdom.
- <sup>4</sup> Romania's NCP is comprised of government and business representatives.
- <sup>5</sup> Belgium, Denmark, Estonia, France, Latvia, Lithuania, Luxembourg, Norway and Sweden. Several of these also have multiple governmental department NCPs.
- <sup>6</sup> Chile and Finland.
- <sup>7</sup> In 2007, the Dutch NCP has been changed from an interdepartmental office to a mixed structure consisting of four independent experts and four advisors from four ministries.
- <sup>8</sup> The report by the Working Party of the Investment Committee "Review of NCP Performance: Key Findings" analyses the structural changes that have occurred since the 2000 Revision of the Guidelines.
- <sup>9</sup> These changes in Dutch and UK NCP structures are described in greater detail in the above cited report.
- <sup>10</sup> Further information can be found in [www.oecd.org/daf/investment](http://www.oecd.org/daf/investment).
- <sup>11</sup> For further details refer to page 29 and 30 of the 2007 Annual Report of the OECD Guidelines for Multinational Enterprises which can be accessed at [www.oecd.org/daf/investment/instruments](http://www.oecd.org/daf/investment/instruments).
- <sup>12</sup> DSG Amano's speech can be found at [www.tuac.org](http://www.tuac.org).
- <sup>13</sup> See [http://www.transparency.org/publications/publications/wp\\_03\\_2008\\_oecd](http://www.transparency.org/publications/publications/wp_03_2008_oecd).
- <sup>14</sup> The number of specific instances actively taken up by NCPs is the number of specific instances listed in Annex 3, adjusted for specific instances that are listed more than once on the Annex table because more than one NCP was involved and more than one reported on the specific instance in the Annex table.
- <sup>15</sup> See UN Security Council Report S/PRST/2007/22.
- <sup>16</sup> Outlined in paragraph 92, page 24 of Professor Ruggie's report to the Human Rights Council on 7 April 2008 [A/HRC/8/5].