



# Role of responsible business conduct in sustainable investment

*Global landscape and OECD work*

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Tihana BULE  
Twitter @tbule0512



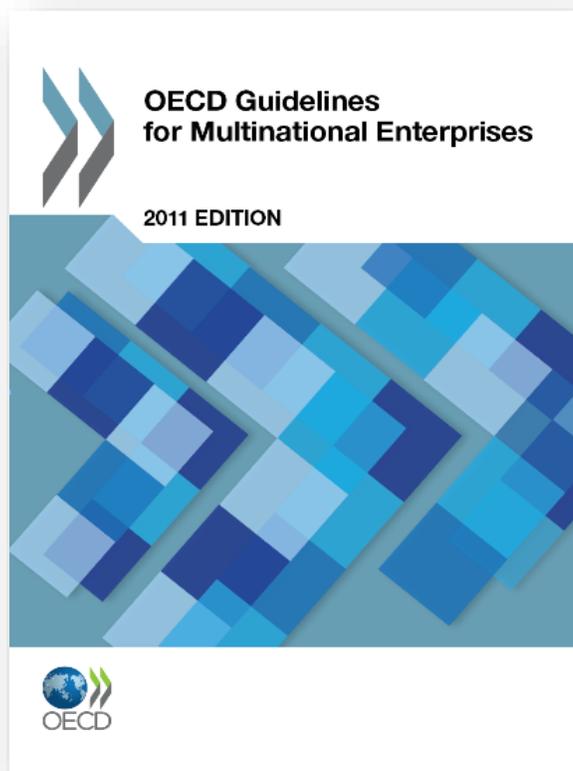


## How is **RBC** defined @ the OECD

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



# OECD RBC Guidelines



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

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



# Alignment among main international standards on RBC



OECD Guidelines for Multinational Enterprises



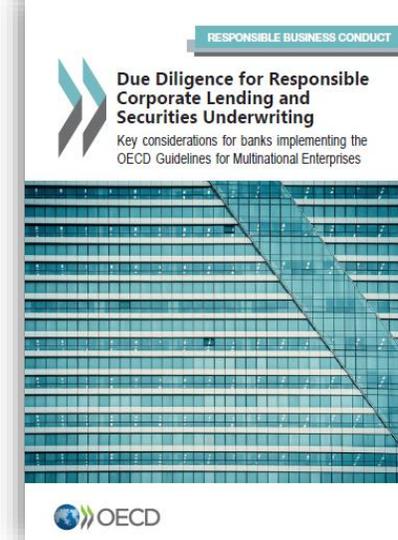
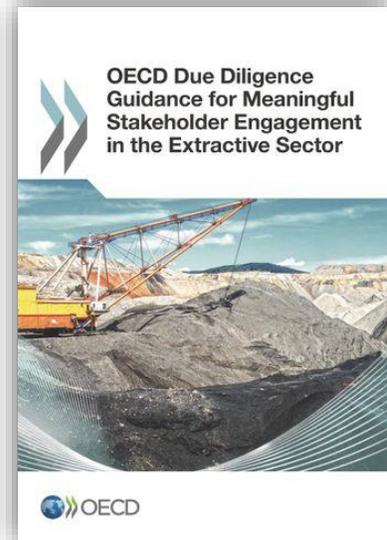
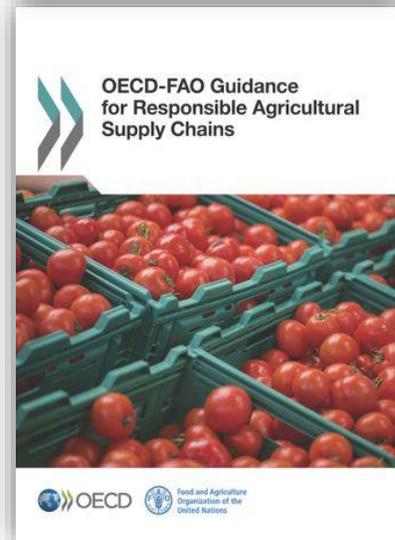
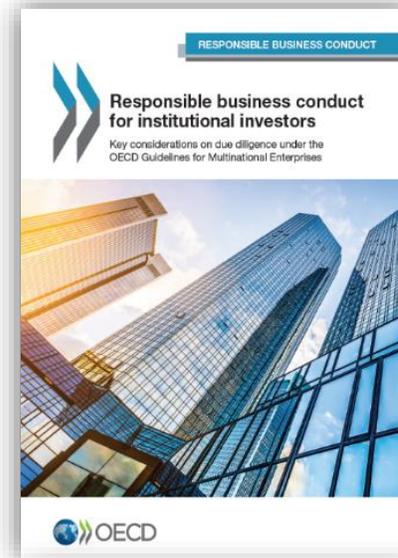
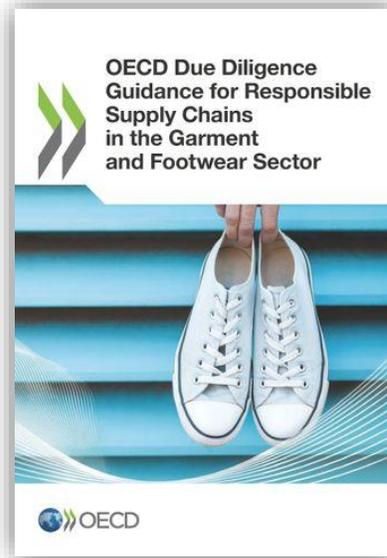
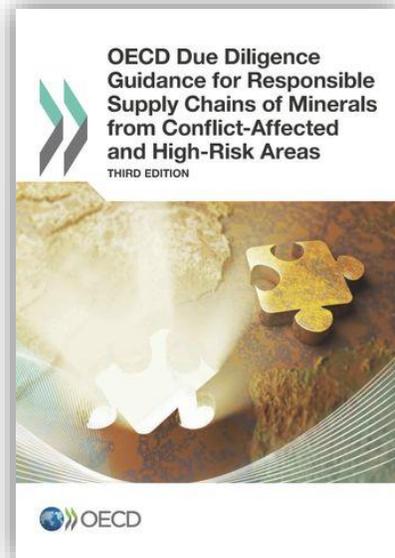
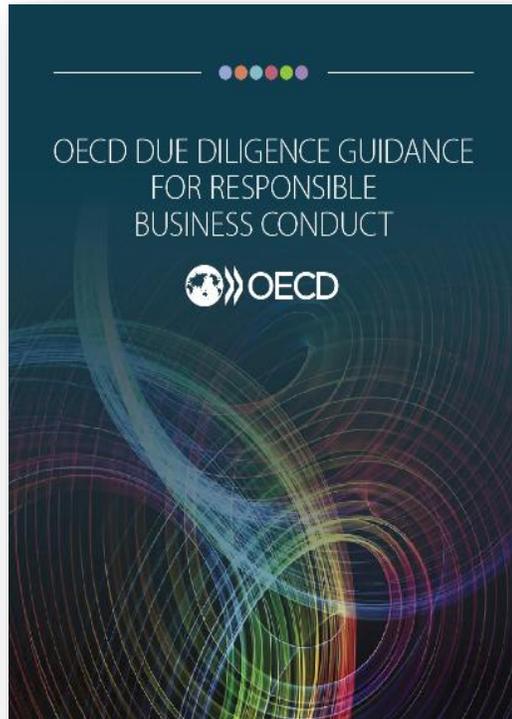
UN Guiding Principles on Business and Human Rights



ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

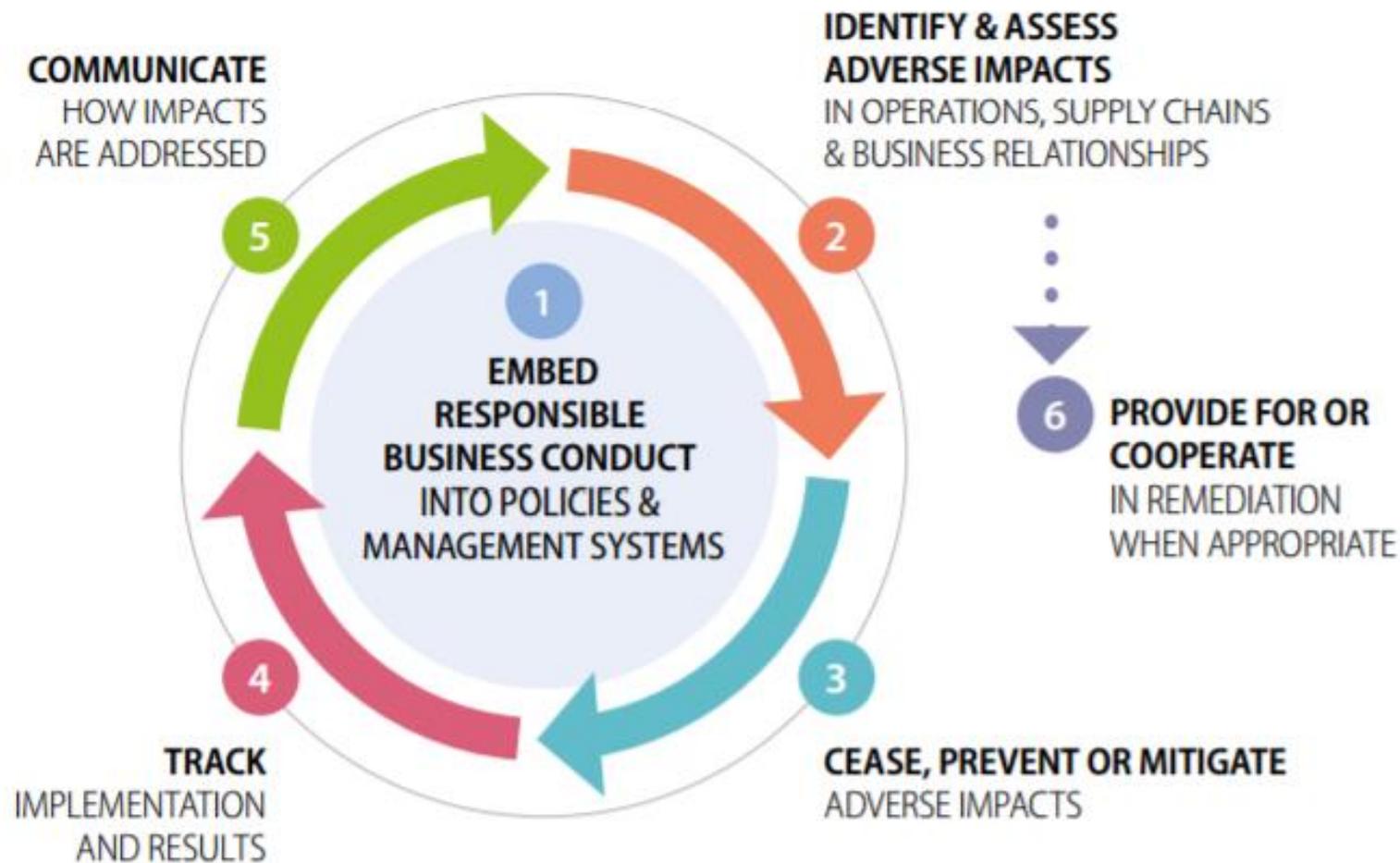


# Operationalising RBC



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

# » RBC Due Diligence – 6 core components



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

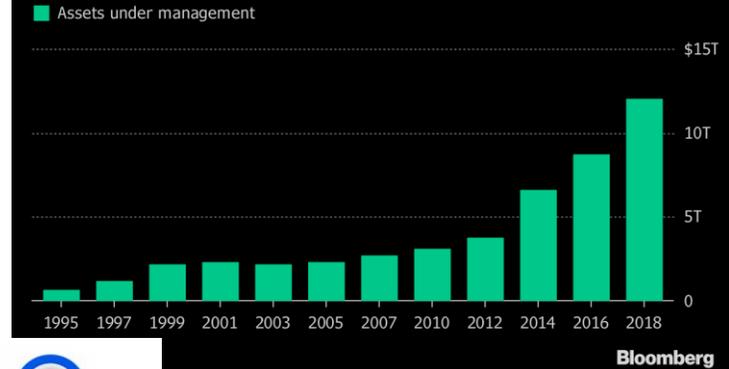


# Global RBC landscape

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

## Sustainable Growth

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



G20 Sustainable Finance Roadmap



## RBC in **ASEAN** and ASEAN Member States

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





# THANK YOU!

## *Responsible Supply Chains in Asia*

[mneguidelines.oecd.org](https://mneguidelines.oecd.org)

<https://mneguidelines.oecd.org/globalpartnerships/responsible-supply-chains-asia/>



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