



Federal Ministry
of Economics
and Technology

Responsible Business Conduct in a Global Context

OECD Guidelines for
Multinational Enterprises



Market liberalisation, lower transaction costs and increasingly powerful communication networks have made it much easier for companies to invest abroad. Many companies invest locally to secure orders and to be close to the markets they operate in.

Thanks to Germany's traditional focus on exports and to the investments by German firms in other countries, the German economy benefits greatly from these developments. The OECD Guidelines for Multinational Enterprises lay out an important code of conduct companies engaged in international commercial activity.

What are the OECD Guidelines?

The OECD Guidelines for Multinational Enterprises are an important multilateral instrument for preventing and mitigating adverse economic, social and environmental impacts resulting from the activities of multinational enterprises as they operate abroad.

The Guidelines constitute recommendations to multinational enterprises by the 34 OECD member states and eight non-OECD states. They call on companies around the world to observe and advance the principles of Corporate Social Responsibility (CSR).

The Guidelines lay out a code of conduct that targets all main areas of business ethics, including general policies, information disclosure, human rights, employment and industrial relations, environment, combating corruption, consumer interests, science and technology, competition, and taxation.

Are the Guidelines legally binding?

The Guidelines are recommendations by governments directed toward companies, and compliance is voluntary. They complement local and international law and

address conduct not covered by laws. As a consequence, companies cannot be prosecuted for non-compliance with the Guidelines, nor can companies appeal a decision by National Contact Points (NCP).

Nevertheless, the Guidelines work: companies try to avoid breaches or to quickly come to an agreement with the other party where a breach has occurred, in order to avert damage to their reputations.

What is a National Contact Point?

The governments adhering to the Guidelines are required to set up a National Contact Point (NCP) that serves as a central forum for issues relating to the Guidelines.

The main tasks of the NCPs are: to raise awareness of the Guidelines and advance their implementation; to answer general inquiries and specific questions arising from the implementation of the Guidelines; and, in response to inquiries regarding alleged breaches of the Guidelines, to assess each case in accordance with the Procedural Guidance and to strive to achieve a mutual agreement between the parties involved.

The German NCP is based at the Federal Ministry of Economics and Technology. Ministries involved with the Guidelines take part in an interministerial task force (the Ressortkreis OECD-Leitsätze). This task force coordinates all decisions and actions by the NCP and discusses relevant developments concerning the Guidelines, their effectiveness and their dissemination/implementation.

There is also a working group (the Arbeitskreis OECD-Leitsätze) comprising representatives from government, civil society, business and labour organisations, and NGOs that meets regularly to discuss basic issues involving the Guidelines.

Who can file a complaint against a company, and how?

Any natural or legal person is entitled to submit complaints and inquiries. Complaints may be submitted by business or labour organisations or other affected parties. Complainants must state their interest in the matter and justify their complaints.

The complaint should be submitted to the NCP of the country in which the alleged breach occurred. If there is no NCP in that country, complaints can be submitted to the NCP of the country in which the multinational enterprise in question is based. A list of all NCPs is available on this website.

The complaint must be submitted via regular mail and, if possible, simultaneously via e-mail.

How are alleged breaches processed?

In an initial assessment, the NCP decides whether the Guidelines apply to a submitted complaint. Statements by the parties involved can be requested during the procedure, if necessary.

If the case is accepted for conciliation proceedings by the NCP, hearings with the involved parties are conducted. These are carried out in close cooperation with the other relevant ministries. The goal is to achieve a mutual agreement during this mediation process.

After completion, with or without mutual agreement, the NCP publishes a final report outlining the process, agreement or recommendations.

How does the German NCP raise public awareness of the Guidelines?

The NCP provides information, regularly participates in events, gives speeches, takes part in discussion rounds, and answers specific questions from citizens and scholars.

Human rights

Regardless of their size, sector, operational context, ownership and structure, enterprises are expected to respect human rights. In this chapter, the Guidelines underline the companies' responsibilities in the area of human rights and provide clear criteria for fulfilling their obligations. Companies are called on to comply actively with due diligence and to counter any threat to or violation of human rights.

Employment and industrial relations

This chapter covers internationally recognised core labour standards laid down by the International Labour Organization (ILO): the freedom of association and free collective bargaining, the abolition of all forms of forced and child labour, and the elimination of discrimination in working life. Companies and employee organisations should work together constructively and promote the conclusion of effective agreements on wages and working conditions. Firms considering changes in their commercial operations should discuss the potential employment effects of these changes in advance with workers' representatives and government authorities. In addition, where possible, they should employ local workers and enhance their skills.

Environment

In terms of environmental protection, companies are called on to introduce efficient internal environmental management systems and transparent environmental reporting processes, to comply with the precautionary principle, and to have effective contingency plans in place should damage to the environment occur. In addition, enterprises should constantly strive to improve their environmental performance.

Combating corruption

In order to prevent corruption, companies should not offer, promise, grant or demand bribes directly or indirectly, and should reject any demands for bribes. In addition, they should actively combat corruption and promote transparency (e.g. management control systems).

Consumer interests

To take consumer interests properly into account, companies are called on to engage in fair business, marketing and advertising practices and to guarantee the safety and quality of the goods and services they provide. This includes aspects such as appropriate product information and the protection of personal data.

Science and technology

With regard to science and technology, the Guidelines recommend that companies use procedures that foster the transfer and rapid dissemination of technology and expertise while giving appropriate consideration to the protection of intellectual property rights.

Competition

To protect competition, the Guidelines call on companies to observe the rules of fair competition and not to form anti-competitive cartels. Firms are expected to comply with the competition rules of the respective countries in which they operate.

Taxation

Finally, in the field of taxation, companies should contribute to the public finances of their host countries through the timely payment of their tax liabilities, comply with the tax rules and regulations of the countries in which they operate, and co-operate with tax authorities.

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Further Information

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