OECD Guidelines for Multinational Enterprises

Recommendations for responsible corporate conduct in a global context
Market liberalisation, lower transaction costs and increasingly powerful communications networks have made it much easier for companies to invest in and trade with other countries.

Many companies invest locally to secure orders and to be close to the markets they are developing. The German economy particularly benefits from this thanks to its traditional strength in exports and to the investments by German firms in other countries. The Guidelines for Multinational Enterprises established by the Organisation for Economic Cooperation and Development (OECD) provide these companies with a code of conduct.

What are the OECD Guidelines?

The OECD Guidelines for Multinational Enterprises are one of the most important and comprehensive international instruments for the promotion of responsible business governance. They contain accepted principles for responsible business conduct in an international context in the areas of human rights, social affairs, the environment, anti-corruption, taxation, consumer interests, reporting, research, and competition. The OECD Guidelines reflect the political consensus between countries that have signed up to them on what can be seen as appropriate and fair business conduct and on what kind of conduct can be expected. The OECD Guidelines constitute recommendations produced by the 35 OECD member countries as well as twelve other participating countries and are aimed at multinational enterprises that conduct business in or from one of the countries that have signed up to them. A company is considered as multinational if it engages in foreign activities linked to trade or investment, no matter its size. This means that small and medium-sized firms can also be multinational enterprises.
What is the legal character of the OECD Guidelines?

The OECD Guidelines comprise a set of recommendations addressed by governments to companies, compliance with which is voluntary. The Guidelines stipulate principles and rules for responsible business conduct that is in line with internationally recognised standards. Although the OECD Guidelines are not legally binding, the Federal Government does expect German companies to comply with them.

What is a National Contact Point?

The governments of the participating countries set up National Contact Points (NCPs) charged with implementing their obligations under the OECD Guidelines. These contact points are tasked with raising the awareness of companies, trade unions, and civil society about the OECD Guidelines. They also act as mediators between the different parties in the case of a complaint due to an alleged breach of the Guidelines.

In Germany, the NCP is located at the Federal Ministry for Economic Affairs and Energy in the Directorate-General for External Economic Policy. All of the decision-making and activities undertaken by the German NCP are coordinated in the Interministerial Steering Group on the OECD Guidelines, which comprises staff from a further seven ministries having an interest in the Guidelines.

Aside from this, the NCP regularly consults with the Working Group on the OECD Guidelines, which includes representatives from business associations, trade unions, and non-governmental organisations.
Who can submit a complaint against a company and how is this done?

All natural and legal persons can submit complaints to or make enquiries with the NCP – whether businesses, trade unions, non-governmental organisations, or private persons. The complainant must be able to demonstrate that he or she has a legitimate interest in the matter and be able to justify the complaint that has been made in good faith.

Complaints are to be submitted (by post and where possible by email as well) in the country in which the potential breach of the OECD Guidelines has taken place. If there is no NCP in this country, complaints are to be submitted to the NCP in the country in which the company is headquartered.

A list of the contact details for all NCPs can be found on the website of the OECD (http://mneguidelines.oecd.org/).

How are alleged breaches dealt with?

The NCP first of all examines whether the complaint can be accepted. Relevant statements are obtained from the parties involved as well as other expert opinions where necessary. The decision on whether a complaint can be accepted or not is made by the Interministerial Steering Group. If the NCP accepts the questions raised for further examination, it conducts confidential hearings with the parties involved and works towards a constructive and joint solution as part of a mediation procedure. As it does so, it cooperates closely with the Interministerial Steering Group. After this process has been completed, the NCP publishes a final statement, irrespective of whether the parties have been able to reach an agreement or not. This statement is also jointly agreed upon.
in the Interministerial Steering Group. In cases where no agreement can be reached by the parties, the final statement can set out recommendations on the implementation of the OECD Guidelines.

**How does the German National Contact Point promote the OECD Guidelines?**

The NCP provides information to interested individuals and institutions from the political world, from business, and from civil society. It regularly takes part in relevant events, gives presentations, is represented at panel discussions, and answers enquires. The NCP works closely with the members of the Working Group on the OECD Guidelines and with other multipliers to promote the OECD Guidelines by hosting or supporting relevant events and distributing published information.

**Content of the OECD Guidelines**

**General Policies**
The chapter on general policies provides companies with a summary of the objectives and most important recommendations for conduct set out in the OECD Guidelines. This includes recommendations on sustainable development, due diligence, the promotion of local capacities, and human rights.

**Disclosure**
The requirement to disclose important information to the public is an important trust-building measure. Multinational companies should inform the public not only about their financial performance, but also about all of the important aspects of their business activities, such as how they are meeting social and environmental standards and what risks they foresee linked to their business activities.
Human Rights
Irrespective of their size, sector, operational context and structure, multinational enterprises are charged to respect human rights.

In this way, the OECD Guidelines underline the responsibility of companies to respect human rights and provide them with important criteria for carrying out due diligence and ensuring that their business activities do not have a negative human rights impact.

Employment Industrial Relations
This chapter covers the internationally recognised core labour standards of the International Labour Organisation (ILO), including 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. Multinational enterprises and employees' organisations should work together constructively within the framework of applicable law and regulations, and promote the conclusion of effective agreements on pay and conditions. Potential consequences resulting from changes in commercial activity, e.g. collective redundancies, should be announced in advance and their effects softened. Where possible, employees should be sourced locally and training provided to enhance their skills.

Environment
With regard to environmental protection, the recommendation is made for multinational enterprises to introduce an efficient environmental management system and transparent environmental reporting, to be guided by the precautionary principle, and to have effective contingency plans in place should any damage to the environment be caused. They should be constantly endeavouring to improve their environmental performance.
**Combating bribery**
In order to fight corruption, multinational enterprises should not offer, promise, grant or demand bribes either directly or indirectly. They should reject demands for bribes and make activities to combat corruption transparent (e.g. management control systems).

**Consumer Interests**
In order to take account of consumer interests, multinational enterprises are called on to apply fair business, marketing and advertising practices and to guarantee the safety and quality of their goods and services. This includes aspects like adequate product information and the protection of personal data.

**Science and Technology**
Multinational enterprises are called upon to apply procedures which – whilst giving appropriate consideration to the protection of intellectual property rights – permit the transfer and rapid dissemination of technologies and expertise.

**Competition**
In order to protect competition, multinational enterprises are expected to observe the rules of fair competition and not to form anti-competitive cartels. The rules on competition in the respective countries should be complied with.

**Taxation**
In the field of taxation, multinational enterprises should make their contribution to public finances within the framework of applicable law and regulations, in accordance with the tax rules and regulations of the host countries, and should co-operate with the tax authorities.
Contact details

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Further information

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