

# OECD Guidelines for Multinational Enterprises

setting the standards for  
Improved  
Corporate Social  
Responsibility

## What is the Organization for Economic Co-operation and Development?

The Organization for European Economic Cooperation (OEEC) was created after World War II to manage American and Canadian aid for Europe's reconstruction. In 1961, the OEEC became the Organization for Economic Co-operation and Development (OECD). Its 30 member states produce two thirds of the world's goods and services and have a common commitment to democracy and market economy. The OECD covers economic and social issues including macroeconomics, trade, development, education and science and innovation.

Website: [www.oecd.org](http://www.oecd.org)

## What are the OECD Guidelines for Multinational Enterprises?

The OECD Guidelines for Multinational Enterprises were drawn up in the 1970's, a decade during which the activities of corporations became a topic of discussion among international organizations. The sometimes negative impact of corporations on developing countries was given increased attention and harmful activities of companies to countries where they were established met growing opposition. The legal regulation of businesses was called for and international guidelines controlling their conduct were set up by international organizations such as the OECD.

The Guidelines were adopted on 21 June 1976 and represent non-binding recommendations addressed by governments to multinational enterprises operating in or from adhering countries. The Guidelines are supported by 30 OECD participating countries and eight non-member countries. They provide voluntary principles and standards for responsible business conduct in areas such as:

- Information Disclosure
  - Employment and industrial relations
  - Environment
  - Combating bribery
  - Consumer interests
  - Science and technology
  - Competition and
  - Taxation
- Core issues include:
- Respect for labor standards
  - Contribution to sustainable development
  - Respect for human rights
  - Environment (precautionary principle)
  - Bribery and corruption

Originally, the Guidelines only applied to companies operating within the OECD countries. However, the latest review of the Guidelines, conducted in 2000, widened their scope to include companies operating in or from OECD member states. The latest review also included supply chain responsibility which means that companies should encourage business partners, including sub-contractors, to do business in a manner compatible with the Guidelines.

The only formal obligation that the Guidelines put on countries is to set up 'National Contact Points', NCP's, whose primary responsibility it is to ensure the follow-up of the Guidelines. The NCP's gather information on experiences with the Guidelines, promote them, deal with enquiries, and discuss matters related to the Guidelines and assist in solving problems that arises in matters covered by the Guidelines.



The institutional set-up of the Guidelines consists of three elements: the National Contact Points, the OECD Investment Committee and the advisory committees of business and labor, BIAC and TUAC

#### **OECD Investment Committee**

The Investment Committee, which consists of governmental representatives of the OECD member states, assists NCP's in carrying out their activities and makes recommendations on how they can improve their performance.

#### **OECD Watch**

OECD Watch, which was established at a meeting in Amersfoort, the Netherlands, on 20-22 March 2003, groups together NGO's from Europe, the Americas, Australia, Africa and Asia who share a common vision about the need for corporate accountability and sustainable investment. Members of the OECD Watch are committed to the following goals:

- Monitoring and contributing to the work of the OECD's Investment Committee;
- Testing the effectiveness of the OECD Guidelines for Multinational Enterprises as a corporate accountability tool;
- Disseminating information to civil society groups, particularly in developing countries, about the work of the Investment Committee on international investment, corporate governance and the OECD Guidelines;
- Advising NGO's about filing complaints against companies alleged to have breached the OECD Guidelines

#### **Structure and Membership**

NGO's that become members of the OECD Watch network sign the Declaration of Principles of OECD Watch. Members that want to play an active role in one of the above mentioned activities of the network can join the Coordination Committee.

Website: [www.oecdwatch.org](http://www.oecdwatch.org)

#### **Shehri-Citizens for a Better Environment**

Shehri-CBE is a non-governmental organization involved in various projects related with the protection and conservation of the environment. Whether they are issues of land use, solid waste management, nature conservation, human rights or policy debates, Shehri-CBE has contributed positively in all sectors. Shehri-CBE specializes in managing dialogues and interactions between local people and government agencies on issues and concerns that require joint action and participation. Shehri-CBE is one of the founding member and also a member of the Coordination Committee of the OECD Watch.

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Funding for this publication has been made available by IRENE