Committee leadership

Investment & Responsible Business Conduct Committee
- Winand L.E. Quaedvlieg, Chair VNO-NCW (Netherlands)
- Ángel Bautista, Vice-Chair Repsol S.A. (Spain)
- Kimberley Claman, Vice-Chair Citigroup (USA)
- Paul Noll, Vice-Chair BDA (Germany)
- Soichiro Sakuma, Vice-Chair Nippon Steel & Sumitomo Metal Corp. (Japan)

Task Force on Anti-Corruption
- Klaus Moosmayer, Chair Novartis (Switzerland)
- Corinne Lagache, Vice-Chair Safran SA (France)
- Gerrie Lenting, Vice-Chair Deloitte (USA)
- Joseph Simon, Vice-Chair Nilfisk (Denmark)

Committee on Corporate Governance
- Dan Konigsburg, Chair Deloitte Touche Tohmatsu Ltd. (USA)
- Murat Dogu, Vice-Chair Dogan Holding A.S. (Turkey)
- Pascal Durand-Barthez, Vice-Chair MEDEF (France)
- Christoph Benedict, Vice-Chair GE Power AG (Germany)

Investment and Responsible Business Conduct
Anti-Corruption
Corporate Governance

As the officially recognized voice of business to the OECD, Business at OECD (BIAC) conveys business perspectives and expertise to policymakers on a broad range of global economic governance and policy issues.

In the framework of our consultative status with the OECD, We keep the OECD informed of the private sector’s response to different policy options, thus giving the business community the opportunity to shape the development of long-term policies.

This update provides an overview of key activities of the Business at OECD Investment & Responsible Business Conduct Committee, the Task Force on Anti-Corruption as well as the Corporate Governance Committee.
Business at OECD issues proactive investment agenda

Foreign direct investment (FDI) is an integral part of a growth-oriented international economic system. It spurs public prosperity and economic development in home and recipient countries. While there were some signs towards greater openness for foreign investment and the easing of conditions for international capital flows, the overall environment for international investment remains volatile. Furthermore, misconceptions about the value of investment in the public discourse are often insufficiently addressed.

Underlining the important role that the OECD can play in the international debate on investment and in providing fact-based policy analysis, Business at OECD issued its “proactive investment agenda for 2018” on the occasion of the OECD investment meetings in March. The paper calls for a forceful defense from the OECD to underpin the value of an open international investment environment, which is an essential prerequisite for economic growth worldwide.

The Business at OECD strategy paper highlights the importance of an enabling overarching policy framework for investment, and calls for effective implementation of key OECD instruments, including the OECD Policy Framework for Investment (PFI), the Declaration on International Investment and Multinational Enterprises and the Codes of Liberalization of Capital Movements. It also recommends specific action in a range of key areas, such as investment protection, investment screening, global value chains, investment for development, and state-owned enterprises to name just a few. To read the paper, please click here.

Mr. Shaun Donnelly, USCIB, speaking at the OECD Investment meetings, March 2018

The voice of the OECD in defending an open international investment environment is more important than ever.
Investment Policies related to National Security

Many countries, including OECD countries, have been reviewing their screening policies for foreign investment which could raise national security concerns. Recognizing that when there are valid concerns, they need to be addressed, we have cautioned against overly expansive or vague investment screening that could easily become a disguised form of protectionism or an improper instrument in trade negotiations.

At the OECD Investment committee meeting in October, Business at OECD issued a position paper calling for the OECD Guidelines for Recipient Country Investment Policies relating to National Security to be given renewed attention, and encouraging the OECD to ensure the necessary follow up, including through monitoring new developments and facilitating regular discussions and information sharing.

Investment and global value chains

Global value chains (GVCs) have sharpened the relationship and complexity between trade and investment, and there is growing consensus on the need for greater policy coherence. The OECD is therefore undertaking a project for GVCs to deepen the understanding of the inter-dependency between trade, FDI and GVCs and to identify opportunities for greater policy coherence. In March, Business at OECD chaired a dialogue session between business and policy makers, which was intended to highlight the practical experience of multinationals operating in GVCs.

FDI Qualities Network meeting

In October, Business at OECD participated in the second FDI qualities network meeting and the following First Roundtable on Investment and Sustainable Development for an exchange of views on how to mobilize FDI that maximizes sustainable growth.

Commenting on the proposed six clusters for the FDI Qualities project, Business at OECD underlined the importance of work on the promotion of supply chains, which are important for long-term investment, and recommended that indicators focus on measurable outcomes. We also emphasized the importance of the existing OECD frameworks, such as the Policy Framework for Investment (PFI) and the OECD Guidelines for Multinational Enterprises (MNE Guidelines). We have continuously warned against a focus that would lead to an unhelpful categorization of what is “good” and “bad” FDI. To read our key considerations on FDI qualities, click here.

Joint OECD meeting on trade and investment

GVCs have sharpened the relationship and complexity between trade and investment, and there is growing consensus on the need for greater policy coherence. The OECD Investment Committee and Trade Committees therefore launched an analysis of trade and investment interlinkages in GVCs with the objective of strengthening the information and evidence base to identify opportunities for greater policy coherence.

Business at OECD also organized a joint session of its Trade and Investment Committees, calling for continued and new evidence of the role played by trade and investment in GVCs and for greater policy coherence in areas such as digital trade, internationally active state-owned enterprises (SOEs) and others. Business looks forward to deepening engagement with the OECD on this project, through on-the-ground input and exchange of information.
The importance of a well-designed investment protection mechanism

In order to support FDI flows, a pro-investment policy environment requires assurance of fair and non-discriminatory treatment of foreign investors, adherence to the rule of law and effective dispute settlement mechanisms.

Investment protection provided by investment agreements is essential and must include efficient enforcement mechanisms that investors can call upon.

Business at OECD reiterated the fundamental importance of a well-designed investment protection mechanism, which allows taking investment disputes out of the political arena and into a transparent, rules-based forum of independent and impartial arbitrators.

We also highlighted key principles that should be in place for any investment resolution system, underlining our commitment to remain actively involved in the future discussions on this important issue. To read the policy recommendation paper, please click here.

Mr. Winand Quaedvlieg, Business at OECD Investment Committee Chair and Mr. Soichiro Sakuma, Business at OECD Investment Committee Vice Chair, speaking at the OECD investment meetings, October 2018
OECD Due Diligence Guidance for Responsible Business Conduct

At this year’s OECD Ministerial Council Meeting, Ministers welcomed the adoption of the OECD Due Diligence Guidance for Responsible Business Conduct (RBC). Forty-eight countries agreed to support the implementation of the Due Diligence Guidance. The Guidance is the first government-backed standard for corporate due diligence on responsible business conduct to cover all sectors of the economy.

Business at OECD had been actively involved in this process over the last two years to ensure that key business considerations would be reflected, underlining that the final outcome had to remain practical and flexible.

It was particularly important for business that flexibility, an underlying concept in the OECD MNE Guidelines, be reflected in the Guidance recognizing that the nature and extent of due diligence depend on the precise circumstances.

The Guidance reflects several of our key requests, i.e. that the suggested practical actions are not meant to represent an exhaustive “tick box” list for due diligence, that not every practical action will be appropriate for every situation, and that the OECD MNE Guidelines remain the reference for specific instances. The focus should now be on dissemination and on capacity building to ensure that companies at large understand and can benefit from the Guidance.
OECD Global Forum on Responsible Business Conduct

In June, a large Business at OECD delegation participated in the OECD Global Forum on Responsible Business Conduct, including in several speaking roles. The Forum brought together OECD member and non-member countries, business, trade unions, civil society and academia to debate key global social and economic challenges related to responsible business conduct.

This year’s Forum focused, among others, on due diligence, with a high-level session on the launch of the OECD Due Diligence Guidance on Responsible Business. It also included a roundtable for RBC policy makers and a range of special sessions, including on agricultural supply chains, blockchain, social dialogue, and business in society. Business at OECD speakers at the Forum underlined the pro-active role companies are playing, while highlighting that the expectations towards business must remain realistic and practical.

For further information on the forum, please click here.

OECD Forum on due diligence in the garment and footwear sector

In January, a strong business delegation participated in the OECD Forum on due diligence in the garment and footwear sector, which brought together government, business, trade unions, civil society and academia to review the progress made on the implementation of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, as well as to address emerging risks and to share learnings on implementing due diligence across geographies.

The Forum also announced the development of the alignment assessment tool for assessing collaborative initiatives to be used by individual companies to carry out self-assessments of their due diligence practices against the guidance.

Mr. Winand Quaedvlieg, Business at OECD Investment Committee Chair, speaking at the OECD Global Forum on Responsible Business Conduct, June 2018
**OECD Forum on responsible mineral supply chains**

The [April 2018 Forum](#) on responsible mineral supply chains provided the opportunity to review and discuss the implementation of the [OECD Due Diligence Guidance for Minerals](#) and other initiatives to enable responsible mineral production and sourcing. The OECD Guidance provides recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.

More than 700 experts came together to discuss challenges and opportunities for responsible sourcing across various minerals, compliance and implementation of the OECD guidance and alignment of industry programs to enable effective responsible mineral supply chains. The Forum also addressed the risks and due diligence efforts for the supply chains of cobalt in addition to tin, tantalum, tungsten, and gold.

**RBC and Corporate Lending and Securities Underwriting**

As part of the “proactive agenda” of the OECD MNE Guidelines, the OECD has developed several practical tools for addressing specific challenges, products, or sectors. Please check the following [website](#) for the various sector-specific guidance documents that have been developed so far.

As one of the projects, the OECD is currently working on guidance for corporate lending and securities underwriting, and how these relate to responsible business conduct due diligence. [Business at OECD](#) has been actively involved in the discussions to provide practical guidance to financial institutions and companies, underlining that such guidance should not create any new obligations.

In line with the general due diligence guidance, practical actions are not meant to represent an exhaustive “tick box” list for due diligence, and the specific challenges of the finance sector need to be taken into account. Particular attention needs to be paid to distinguishing between the concepts of “being directly linked”, “causing” and “contributing to” an adverse impact.

**Outreach in Asia and Latin America**

Promoting dialogue and deepening engagement on RBC with countries that do not adhere to the [OECD Declaration and Decisions on International Investment and Multinational Enterprises](#) has been one of our top priorities.

In 2018, the OECD embarked on an ambitious program to promote responsible supply chains in Asia and Latin America. Among others, the OECD participated in several events in Japan and held bilateral meetings with key stakeholders, including Keidanren.
Restoring Trust in the NCP System

Business at OECD considers responsible business conduct as promoted by the OECD MNE Guidelines to be an essential part of an open investment climate and in the best interest of business. The MNE Guidelines include a unique implementation mechanism in the form of National Contact Points (NCPs), which provide a platform for mediation and problem-solving where issues can be raised in cases concerning the alleged non-observance of the Guidelines by a company.

However, companies’ experience with the NCP system has been mixed, and there are several challenges companies have faced in certain specific instances, such as challenges with regard to confidentiality and campaigning.

Companies are also faced with a proliferation of national and international initiatives in the area of responsible business conduct. Having an OECD NCP system in place that works according to the principles established in the MNE Guidelines is therefore important. Business at OECD therefore presented a paper on “restoring trust in the NCP system” and called upon the OECD, adhering governments and stakeholders to consider our recommendations at the consultation in December.
OECD Global Anti-Corruption & Integrity Forum

The OECD Global Anti-Corruption & Integrity Forum provides an annual high-level venue for global anti-bribery discussions on the broadest range of issues, by bringing together different governments, business, and civil society leaders and experts. With over 1800 participants from 120 countries, the 2018 Forum in March took place under the theme of “Planet Integrity: Building a Fairer Society”, addressing key issues such as integrating anti-corruption strategies and practices to ensure inclusive growth, strengthening sustainable development, and addressing the backlash to globalization.

Business at OECD participated as a knowledge partner in the Forum with a large delegation, including with speakers in sessions on trade, SOEs, settlements, in addition to several other side-events as well as the high-level leaders' closing panel. Business at OECD called for decisive action in the fight against corruption and for close cooperation with the private sector.

Dialogue on High Level Reporting Mechanisms

Back-to-back with the OECD Global Anti-Corruption & Integrity Forum, Business at OECD engaged in the panel session on key considerations for a High Level Reporting Mechanisms (HLRM), an innovative tool to fight bribery solicitation. The session also allowed for an exchange of experiences with its implementation of HLRM in Colombia and Argentina.

We underlined the importance of strong government engagement to act against solicitation of bribes, to assist companies in specific situations, and to co-operate internationally. With the right conditions in place, a HLRM can play an important role as a mechanism for reporting bribe solicitation and extortion attempts above the level of the public agency or ministry involved, which companies can call upon.

Mr. Joseph Simon
Business at OECD Anti-Corruption Task Force Vice-Chair,
speaking at the OECD Global Anti-Corruption & Integrity Forum, March 2018
Addressing the demand side of bribery

At the December stakeholder consultation, the OECD launched its new study on "Foreign Bribery Enforcement: What Happens to the Public Officials on the Receiving End", which explores whether there is a "flip side" to enforcement actions that ended in sanctions for the supply-side of a foreign bribery transaction, i.e. whether public officials in the demand-side country were also sanctioned or otherwise disciplined.

Business at OECD welcomed the study as a first important step towards an ambitious program of work to address the demand side, underlining that to effectively combat corruption, we must address both the supply and the demand side. A fundamental prerequisite for this is a close dialog between business, government, and society more broadly to make this a joint fight and address corruption at every level. To read our blog on taking the fight against corruption to the demand side of bribery, please click here.

Active involvement in the B20

Throughout the year, Business at OECD has been actively involved in the B20 Argentina discussions through participation of our members in the B20 Task Force leadership and as a network partner. Key recommendations of the B20 policy paper focus on: Enhancing integrity and transparency in public procurement with a focus on infrastructure, implementing high standards of ethics and integrity with a focus on SOEs, and pursuing the implementation of beneficial ownership transparency. We remain in close contact with our Japanese member organization to highlight the importance of fighting corruption going forward.
Review of the 2009 OECD Council Recommendation

The OECD Anti-Bribery Convention establishes legally binding standards to criminalize bribery of foreign public officials in international business transactions. It is complemented by several OECD instruments, including the 2009 OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions. The Recommendation contains provisions for combating small facilitation payments, protecting whistleblowers, improving communication between public officials and law enforcement authorities, and includes the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance.

To ensure that the 2009 Recommendation is up to date and reflects current best practices, it has been decided to review this important instrument. Business at OECD supports the update of the Recommendation underlining that the fight against corruption has developed significantly since 2009 and that business has contributed by designing and implementing innovative compliance systems and promoting collective action.

On the occasion of the December consultation, we contributed our initial comments outlining issues that should be included in the update. Our comments are available on our website.

Dr. Klaus Moosmayer, Business at OECD Anti-Corruption Task Force Chair speaking at the annual consultation, December 2018

Monitoring of the OECD Anti-Bribery Convention

Countries’ implementation and enforcement of the OECD Anti-Bribery Convention is monitored by the OECD Working Group on Bribery through a rigorous peer-review monitoring system. To access the country reports, please click here.
On the occasion of the April meeting of the OECD Corporate Governance Committee, Business at OECD submitted its strategic proposals for future OECD work on corporate governance. Good corporate governance, across all sectors of the economy, is a fundamental prerequisite for the long-term sustainability of businesses, the stability of capital markets, and sustainable growth. As the world undergoes profound changes, the role of the OECD is increasingly important to analyze new trends and ensure sound corporate governance arrangements that are supportive of long-term investment and corporate access to capital markets to support the sustainable growth of our economies.

Most importantly, we need continued emphasis on the effective implementation of the G20/OECD Corporate Governance Principles, with due mechanisms in place to review progress and encourage leading practices.

The Business at OECD paper also underlines the important role of the OECD as a knowledge center, recognizing its strength in the collection and compilation of fact-based information. Additionally, it makes a number of specific recommendations in areas, such as the role of institutional investors, stock markets and stakeholders, rights and equitable treatment of shareholders, flexibility and proportionality, and directors’ skills to name just a few. To read the document, please click here.

Mr. Dan Konigsburg, Business at OECD Corporate Governance Committee Chair, at the April 2018 OECD Corporate Governance Consultation
Business at OECD engagement in the OECD work on State-Owned Enterprises

In parallel with work related to the OECD/G20 Corporate Governance Principles, Business at OECD actively supports the OECD work on corporate governance of state-owned enterprises (SOEs) and calls for effective implementation of the OECD Guidelines. In light of the growing importance of SOEs, which are increasingly active at the international level, Business at OECD provided comments on the future program of work at the March meeting of the OECD Working Party for State Ownership and Privatization Practices.

In particular, Business at OECD members commented on the OECD initiative to develop a global reporting standard for internationally active SOEs as well as the draft OECD Anti-Corruption Guidance for the state as SOE owners. Underlining that SOEs are uniquely exposed to corruption risks, Business at OECD supports both projects and underlined the relevance of implementing the SOE Guidelines, fostering transparency, well-functioning compliance systems and appropriate risk management.

The OECD Guidelines on Corporate Governance of State-Owned Enterprises advise countries how to manage more effectively their responsibilities as company owners.

Blockchain technology and corporate governance

Blockchain, a decentralized distributed ledger technology, could have huge impact on markets and economies far beyond Bitcoin or cryptocurrencies. Currently, blockchain models are being developed and tested in many different sectors. Since blockchain technology's biggest promise is the elimination of some or all intermediaries, it also offers an opportunity for better corporate governance. Blockchain technology can thus be a tool for stakeholder engagement.

Business at OECD participated in a special session on corporate governance and blockchain and will remain actively involved in related OECD activities, through the newly launched Business at OECD Blockchain Network.

Duties and Responsibilities of Boards in Company Groups

The majority of listed companies are part of a corporate group and part of a group of companies that are linked through ownership and/or other mechanisms to exercise control. Business at OECD contributed to the OECD roundtable on “the Duties and Responsibilities of Boards in Company Groups”, which focused on corporate governance issues which boards of listed companies that are part of a group of companies may face.

Business welcomed OECD analysis in this area underlining the importance of international dialogue and cooperation as companies have group entities in various countries with different corporate governance codes and expectations.
Roundtable on Corporate Governance and Increasing Public Access to Wealth Creation

Good corporate governance is a fundamental prerequisite for the long-term sustainability of businesses, the stability of capital markets, and sustainable growth. As the world undergoes profound changes, the role of the OECD is increasingly important to ensure sound corporate governance arrangements remain supportive of business sector dynamics.

To shed further light on how to increase participation in equity markets, and corporations’ access to capital, thereby enabling more broad-based wealth creation, Business at OECD organized an interactive roundtable discussion in October.

The roundtable brought together Business at OECD members and the leadership of the OECD Corporate Governance Committee to discuss the importance of corporate governance and access to capital for all sizes of companies, whether listed or non-listed.
Upcoming meetings in 2019

Please find below a non-exhaustive list of upcoming meetings. Please note that some meetings are subject to confirmation and others might be added.

OECD Forum on Due Diligence in the Garment and Footwear Sector
13-14 February

OECD Working Party on Responsible Business Conduct
5-6 March (Consultation TBC)

11-12 March

OECD Investment week
11-15 March (Consultation TBC)

OECD Anti-Corruption and Integrity Forum
20-21 March

OECD Consultation on the review of the 2009 OECD Recommendation
22 March

OECD Forum on responsible mineral supply chains
23-25 April

OECD Global Forum on Responsible Business Conduct
June (TBC)

17-18 October (Consultation TBC)

OECD Investment Committee
21-25 October (Consultation TBC)

OECD Corporate Governance Committee
28-29 October (Consultation TBC)

OECD Working Party on Responsible Business Conduct and NCP meetings
4-8 November (Consultation TBC)

OECD Working Group on Bribery in International Business Transactions
10-13 December (Consultation TBC)

Please contact the Business at OECD Secretariat for final confirmation and any questions you might have.

Hanni Rosenbaum, Senior Director, Policy and Strategic Planning
13-15 chaussée de la Muette, 75016 Paris
rosenbaum@biac.org
tel: +33 1 42 30 09 60
www.biac.org

Satoshi Shibata, Policy Advisor
shibata@biac.org

Jasmine Puoti, Assistant to the Business at OECD
Secretary General & Policy Directors,
Administration and accounting support
puoti@biac.org
Recent OECD Publications

Please click on the link to access the publication

**Investment**

**FDI IN FIGURES (OCTOBER 2018)**

According to this report, Global FDI flows fell 35% to USD 432 billion in the first half of 2018 compared to the previous 6 months, hitting their lowest level since the first half of 2013.

**CURRENT TRENDS IN INVESTMENT POLICIES RELATED TO NATIONAL SECURITY AND PUBLIC ORDER**

This paper summarizes current trends in the investment policy area related to national security and public order. It sets out five observations and suggests three issues for policymakers to consider.

**MAPPING OF INVESTMENT PROMOTION AGENCIES IN OECD COUNTRIES**

This report provides an inventory of existing practices in IPAs across 32 OECD countries. This mapping exercise covers a wide range of areas pertaining to investment promotion and facilitation with a view to enhancing peer-learning amongst practitioners.

**Responsible Business Conduct**

**OECD MNE GUIDELINES: A GLASS HALF FULL**

This publication is a Liber Amicorum for Dr. Roel Nieuwenkamp, Chair of the OECD Working Party on Responsible Business Conduct 2013-2018.

**Anti-Bribery**

**FOREIGN BRIBERY ENFORCEMENT: WHAT HAPPENS TO THE PUBLIC OFFICIALS ON THE RECEIVING END?**

This report provides an assessment of the flexibility and proportionality arrangements available within corporate governance frameworks that relate to seven areas of regulation.

**Corporate Governance**

**FLEXIBILITY AND PROPORTIONALITY IN CORPORATE GOVERNANCE**

This report provides an assessment of the flexibility and proportionality arrangements available within corporate governance frameworks that relate to seven areas of regulation.

**STATE-OWNED ENTERPRISES AND CORRUPTION - WHAT ARE THE RISKS AND WHAT CAN BE DONE?**

This report brings a comprehensive set of facts and figures to the discussion about the concrete risks facing SOEs and how they, and their state owners, go about addressing them.