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 Organization informed of the private sector’s response to different policy options, thus giving the business community the opportunity to shape the development of policies that impact business globally.

This update provides an overview of our activities in the areas of investment, responsible business conduct, anti-corruption and corporate governance in the first half of 2020 and includes a list of upcoming meetings for the rest of the year as well as the beginning of 2021. In line with the OECD’s priorities and the efforts of many other of our Committees, our activities in the first half of this year focused predominantly on the COVID-19 policy response.
Consultation with Ambassadors

Our annual consultation with OECD Leadership and Ambassadors represents an opportunity for our business leaders to provide strategic input to the OECD’s overall program of work as well as to the preparations for the annual Ministerial Council Meeting. This year’s consultation on 13 January featured a session focusing on the nexus between investment, trade and development. The discussion built on the Business at OECD statement ‘Role of Business in Lifelong Opportunities – People First Policies to Bridge Divides’ which, amongst others, explored how businesses embracing the opportunities of open markets are contributing to the promotion of well-being and what is needed from the OECD to ensure they can continue to do so in the future.

Business participants underlined the success story of the liberalization of trade and investment in developed and developing countries and noted that, in light of the deteriorating trade and investment climate, a focus on domestic flanking policies as well as more effective communication on the benefits of open markets were needed. Additional issues meritsing OECD attention brought up for discussion by the business community included, among others, systemic competition, state-owned enterprises (SOEs), the importance of a global level playing field, and the need to link investment screening to clearly and narrowly defined national security considerations.

Investor responsibilities in investment treaties

In February 2020, we contributed to the discussion about business responsibilities in investment treaties with a submission to the public consultation ahead of the OECD Investment Treaty Conference. Our statement reiterated the important role of investment treaties for a pro-growth policy environment, protecting investment against political risk and offering investors legal protection against arbitrary government action. While recognizing that the inclusion of responsible business conduct (RBC) references can help to encourage states and investors to observe not only domestic law but also internationally recognized RBC standards, we cautioned against overly complex RBC requirements so as not to overburden and overcomplicate the treaties. In particular, we stressed the importance of avoiding RBC clauses that would establish extended corporate liabilities. The full comments can be accessed on our website.
Strong focus on investment as part of the response to COVID-19

The COVID-19 crisis has significantly impacted both foreign and domestic investment, with direct consequences for jobs and economic growth. Responding to the COVID-19 crisis, the OECD has conducted extensive research on the impact of the pandemic on the investment environment, summarized in briefing notes on OECD investment policy responses to COVID-19 and analysis on investment promotion agencies as well as foreign direct investment flows in the time of COVID-19.

In this context, we submitted in May a paper on our investment policy priorities related to Covid-19. The paper underlines the key role of private and public investment in fostering recovery from the COVID-19 crisis as well as in fostering our economies’ resilience going forward, underlines the importance of upholding open international trade and investment and global value chains in light of declining FDI volumes. More specifically, it stresses the need to ensure that restrictions introduced in response to the pandemic remain transparent and temporary, reminds of the crucial value of implementing and promoting OECD investment standards and calls on the OECD to provide data and fact-based analysis to inform policy discussions.

Investment screening in times of COVID-19

In response to the COVID-19 pandemic, several governments have introduced new FDI screening mechanisms, reinforced existing ones, or accelerated policy making to address newly arising concerns with respect to national security (see OECD note). On June 25, Our Investment Committee Chair, Winand Quaedvlieg spoke in an OECD webinar, which explored the rationale and the potential implications of this trend. Business underlined that while national security concerns are valid, it is important to maintain an open trade and investment environment and ensure that new mechanisms are narrowly focused and designed in line with the OECD Guidelines for Investment Policies relating to National Security. Increasing complexity and prolonged processes can impose a significant burden on business and a cost on society if they hamper investment that is crucial to economic recovery. We therefore called on the OECD to continue to provide research and analysis to inform an evidence-based dialogue and to remain vigilant against disguised forms of protectionism.
FDI Qualities toolkit to assess productivity and innovation spill overs on SMEs

On June 30, we participated in the 4th meeting of the FDI Qualities Network, which discussed initial work on the Policy Toolkit on FDI as an enabler of productivity and innovation, with a particular focus on SMEs.

The FDI Qualities project’s objective is to analyse how foreign investment can contribute to sustainable development and identify policies to maximise the positive impacts of FDI. The initiative is rolled out in two phases, which include the development of indicators on FDI impacts and a Policy Toolkit, respectively.

The project on FDI and SME productivity and innovation is conducted jointly by the Investment Division and the SME and Entrepreneurship Division. The Policy Toolkit aims to support policy makers in assessing policy gaps and policy options to improve the impact of FDI spill overs on local SMEs.

Business Perspectives on the Pandemic’s Disruptive Effects on supply chains

In June, our Trade and Investment Committees collected in a joint effort 35 case studies outlining our members’ perspectives on on-the-ground experiences with barriers and disruptions in supply chains caused by the COVID-19 wave in early 2020. The case studies will help substantiate the OECD’s recommendations to member governments with concrete and practical business input. The compilation comprises examples from the medical goods and pharmaceuticals; ICT goods and services; transport and logistics; food and agriculture and other sectors. Many of the responses quoted problems with, among others, reduced cargo capacities, export restrictions, restrictions to the movement of personnel, shutdowns affecting manufacturers and suppliers, and delays in obtaining permits. Importantly, they underlined how much companies, and consequently economies, depend on a well-functioning global system, which is underpinned by free trade and investment.

To visit our dedicated Covid-19 website go to: http://biac.org/coronavirus/
Updated brochure on the MNE Guidelines

In January, we published an update of our ‘Responsible Business Conduct: The OECD Guidelines for Multinational Enterprises – what business needs to know’ brochure. The brochure provides an overview of the MNE Guidelines, their essence and the concept of addressing and avoiding adverse impacts with due diligence. It further explains the functioning of the National Contact Point system supporting the implementation of the Guidelines and provides an outline of the proactive agenda on RBC, under which the OECD has published a number of practical due diligence guidance documents. The paper also features key business considerations with regard to the Guidelines and raises issues which require further consideration going forward.

OECD Forum on Due Diligence in the Garment and Footwear Sector

In February, the 6th edition of the OECD Forum on Due Diligence in the Garment and Footwear Sector took place under the theme of "Due Diligence in a shifting context". The Forum gathered over 500 representatives from government, business, trade unions and civil society who discussed how due diligence can be reconciled with trade tensions, and which opportunities and challenges SMEs are facing in conducting due diligence on the ground. The event also featured a number of ‘tech talks’ and sessions dedicated to industry and multi-stakeholder initiatives.

Participants underlined the importance of further promoting the OECD Guidelines for Multinational Enterprises and raising awareness for the associated practical due diligence guidance documents both within and beyond OECD countries as well as the need to highlight how companies are already successfully implementing RBC policies in their operations. Laura Chapman Rubbo from the Walt Disney Company, Vice-Chair of our Investment and Responsible Business Conduct Committee, represented Business at OECD on the closing panel.

Laura Chapman Rubbo, Investment and RBC Committee Vice-Chair, speaking on the closing panel of the OECD Forum on Due Diligence in the Garment and Footwear Sector
**RBC consultation and seminar on leveraging RBC through public procurement**

On March 3, Business at OECD presented its considerations and priorities for future OECD work on RBC to the Working Party on Responsible Business Conduct. We reiterated the importance of ensuring policy coherence by aligning RBC initiatives with key international instruments (UN Guiding Principles, OECD MNE Guidelines, ILO MNE Declaration) and exploring synergies with work on anti-corruption and SOEs. We further recommended the OECD to use the Global Forum on RBC, coinciding with the 20th anniversary of the NCP system, as a platform to reinforce trust in the system, allowing for exchanges between NCPs and outreach to countries, which have not yet established an NCP.

On March 5, policy makers, public procurement practitioners, business and civil society gathered to discuss how public procurement can promote RBC. The meeting focused on the drivers and challenges of integrating RBC in public procurement, risk management strategies used by public contractors, and the potential of collaborative approaches. The new work stream aims to produce a compendium of good practice and to establish an active collaboration between public procurement practitioners and policy makers to support the integration of RBC into public procurement.

**Joint statement on reprisals**

On March 20 we issued, together with the other two institutional stakeholders, TUAC and OECD Watch, a joint statement on reprisals expressing our support for the communication of the OECD Working Party on Responsible Business Conduct expressing deep concern regarding alleged incidents of pressure on some applicants submitting a specific instance to National Contact Points (NCPs). The statement is available here.

**Implications of COVID-19 for responsible business conduct**

In May we submitted a paper on “Responsible business conduct and the COVID-19 pandemic” reiterating business’ commitment to RBC in the current crisis and underscoring proactive business engagement in the fight against the virus, whilst underlining that expectations must remain realistic and that RBC should be considered in line with efforts to bring our economies back on track. We therefore called upon policy makers to refrain from introducing additional layers of complexities that could hinder efforts to provide swift relief or create unnecessary bureaucratic hurdles. We underlined the need to work in partnership and focus on how the current challenges can be addressed most effectively, keeping in mind the broader policy challenges and business realities.

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**Business at OECD considers responsible business conduct as promoted by the OECD MNE Guidelines as an essential part of an open investment climate.**
The paper also addresses specific issues raised in the **OECD policy note** on RBC and COVID-19 published on the OECD’s COVID-19 knowledge hub. More specifically, we stressed the need for social partners to engage in a constructive dialogue, acknowledging that there is no one-size-fits-all of industrial relations, and called on the OECD to provide more evidence on arising RBC challenges and their causes as well as to explore pathways of reinforcing ‘pandemic preparedness’ going forward.

**OECD Global Forum on Responsible Business Conduct**

This year’s **Global Forum on Responsible Business Conduct** was held virtually and in two parts in the months of May and June. The first part of the forum, which took place on May 19, focused on COVID-19 and RBC. It brought together experts from business, governments and civil society from around the world to discuss the role of RBC in times of crisis as well as approaches to promote business responsibility in a post-COVID world. We contributed to Forum discussions, underlining how business is supporting efforts to combat the crisis, for instance by working closely together with suppliers, while recognizing the concrete challenges that companies have been facing. We also stressed the important role of governments to ensure the rule of law and implement fundamental environmental and social standards in order to create a conducive environment for RBC.

The second part of the forum on June 17 marked the 20th anniversary of the National Contact Point (NCP) system and explored the NCP’s role as a grievance mechanism within the broader landscape of access to remedy. Speaking on the closing panel, our Investment Committee Chair Winand Quaedvlieg underlined our support for the NCP system, recalled the joint statements of the three institutional stakeholders and outlined ways to strengthen trust in the system, including with awareness raising activities and capacity building efforts to ensure a level-playing field among NCPs.
Anti-Corruption and Integrity Forum webinar series

Due to the COVID-19 pandemic, the 2020 edition of the OECD Anti-Corruption and Integrity Forum was reorganized as a series of webinars, held throughout the months of May and June. The forum, which is being held on an annual basis, convenes leading actors from business, government and civil society from all around the world to discuss innovative approaches and challenges in the fight against corruption and the promotion of integrity in both public and private sectors.

During the first webinar addressing ‘safeguards for a resilient COVID-19 response and recovery’, our Anti-Corruption Committee Vice-Chair Marco Reggiani spoke about new corruption risks arising in the context of the crisis and practical challenges for companies in the prevention of bribery and corruption, whilst underlining the importance of leveraging the use of technology.

Business at OECD contributes as network partner to B20

As in previous years, Business at OECD is actively participating in the B20 process. In 2020, we supported discussions as network partners for the integrity and compliance taskforce, where our Executive Board member Klaus Moosmayer (Novartis) is acting as a Co-Chair. The taskforce comprises three different work streams, dealing with the issues of new technologies in managing corruption and fraud, enhancing integrity and transparency in public procurement and leveraging high standards of ethics in private and public sectors.

On public procurement we underlined the importance of accessibility of information about the entire procurement lifecycle in order to ensure transparency and accountability. We also called for the recognition of self-cleaning efforts, underlined the importance of effective reporting channels and cautioned that integrity-related requirements should not disadvantage SMEs in public tenders. In the discussion about high standards of ethics, we supported the call that all G20 members should adhere to the OECD Anti-Bribery Convention. We further recommended to include a focus on SOEs and underlined the need to give due attention to the question of addressing the demand side of bribery more broadly.

**Marco Reggiani,** Anti-Corruption Committee Vice-Chair (right), with Drago Kos, Chair of the OECD Working Group on Bribery in International Business Transactions (left), and Jeffrey Schlagenhaufer, OECD Deputy Secretary-General, at the Anti-Corruption and Integrity Forum webinar
Connecting the anti-corruption and human rights agendas

Over the course of the first half of the year we have been working jointly with the International Organization of Employers (IOE) on a practical guide on connecting the anti-corruption and human rights agendas, targeted at companies as well as employers’ organizations. The guide assesses the links and differences between the two agendas and offers a number of questions for self-assessment which can be used by companies to leverage existing synergies, implement a more coordinated approach to risk assessments and foster an exchange of experiences and information between those working on anti-corruption risk and those working on human rights - where desirable and feasible. It also provides an overview of the vast array of instruments and resources that exists in the fields of anti-corruption and human rights. The paper is expected to be published this summer.

Corruption and COVID-19

“In the current crisis, it is more important than ever that we do not lose the momentum on responsible business conduct, including the fight against corruption. Supply chain disruptions and shortages of certain goods and services caused by Covid-19 risk providing ground for corruption, including in certain critical sectors, such as medical equipment and treatment. It is important to be aware, monitor and address such risks across sectors and ensure compliance and due diligence efforts are not compromised during the Covid-19 crisis and subsequent recovery phase. There is a clear need for international cooperation and the OECD and ensuring preparedness in case we face a future crisis.”

The OECD Anti-Bribery Convention remains a landmark in the global fight against bribery and corruption.
Corporate Governance

The importance of Audit Quality for Trust in Business

Following the roundtable on audit quality, which was held in October 2019, Business at OECD published a paper on the importance of audit quality for trust in business in January 2020. In this paper, we underlined that the value of audit is inextricably linked to the relevance of information provided in a company’s annual report and accounts. At the same time, we emphasized the importance of addressing audit quality from a comprehensive perspective as it is dependent on the wider financial eco-system, which includes legislators, standard setters, companies (management and audit committees), investors, regulators, and external auditors.

We underlined the importance of root cause analysis, setting the right tone from the top, engaged audit committees, effective audit policies, improvements in technology and methodology, quality management systems, training and culture, dialogue with engaged investors, and measures for determining long-term value.

OECD Working Party on State Ownership and Privatisation Practices

On March 10, Business at OECD participated in the consultation with the OECD Working Party on State Ownership and Privatisation Practices. While expressing our support for the proposal for a voluntary global reporting standard for internationally active SOEs, we underlined that, in order to ensure a level playing field between SOEs and private companies, transparency is an important first step, but must be complemented by monitoring and concrete follow-up action to address undue advantages SOEs might enjoy.

We reiterated that appropriate monitoring and supporting the implementation of the SOE Guidelines as well as of the OECD Anti-Corruption and Integrity Guidelines (ACI Guidelines) should remain a main focus of the OECD’s work going forward.

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

Today, SOEs account for

22 %
of the world’s largest companies (energy, transport, telecommunication, finance, etc.)

42%
of SOE officials and board members reported observing corrupt acts or other irregular practices in their company over the last three years.
The G20/OECD Principles of Corporate Governance provide an indispensable and globally recognized benchmark for assessing and improving corporate governance. The Principles have also been adopted as one of the Financial Stability Board's key standards for sound financial systems.

Roundtable on Corporate Governance and Market Oversight initiatives related to COVID-19

On May 4, we participated in an OECD roundtable, which took stock of member countries’ responses to the COVID-19 outbreak regarding corporate governance issues. The OECD subsequently published a policy note, which provides an overview of corporate governance and capital markets-related measures that 37 jurisdictions have taken in response to the economic crisis caused by the COVID-19 outbreak.

In our COVID-19 thought starter, we underlined that good corporate governance is not only important for the short-term survival and recovery of business, but also to ensure preparedness for the future. Underlining the importance of being able to rapidly raise capital, we called on the OECD to keep track of the development of policy measures and their impact on the capital market, considering ways of adapting company law and capital markets rules to this unprecedented emergency. The OECD can play an important role in documenting temporary measures introduced across OECD countries in the context of COVID-19, including timelines of how long such rules would be in place, starting with selected countries and sharing information with the Committee.

Duties and responsibilities of boards in company groups

On 30 June, we participated in the OECD webinar to discuss the key findings of the OECD analysis on the duties and responsibilities of company groups, including key similarities and differences across countries in how company group law and regulation shape the way boards handle their responsibilities in company groups. In addition, this webinar focused on the role that company groups play in the economy and questions raised with respect to corporate governance policies, as well as insights gained from case studies on company group governance in Colombia, India, Israel and Korea.

The OECD paper provides an overview of the duties and responsibilities of boards in company groups across 45 jurisdictions. It also outlines the global landscape of company groups, their economic role and the principal challenges they present with respect to corporate governance polices.

The percentage of jurisdictions requiring or encouraging the separation of the board chair and the CEO has risen sharply in recent years to 70%.
Upcoming policy meetings 
in 2020/2021

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

2020

OECD Working Party on State Ownership and Privatisation Practices
12-13 October 2020 (consultation tbc)

OECD Investment week
12-16 October
- Roundtable on Investment and Sustainable Development (13 Oct)
- FDI Qualities network meeting (13 Oct)
- Freedom of Investment Roundtable (14-15 Oct)
- Stakeholder consultation with the OECD Investment Committee (15 Oct)

B20 Summit
26-27 October 2020

MENA-OECD Business Integrity Network
Fall 2020 (tbc)

OECD Working Party on Responsible Business Conduct
2-3 November 2020 (stakeholder consultation tbc)

OECD Meeting of the Network of NCPs
4 November 2020

OECD Corporate Governance Committee
23-25 November 2020 (stakeholder consultation tbc)

2021

OECD Working Group on Bribery
8-11 December 2020, (stakeholder consultation tbc)

OECD Working Party on Responsible Business Conduct
2-3 March 2021 (stakeholder consultation tbc)

OECD Global Anti-Corruption & Integrity Forum
22-26 March 2021

15th OECD Forum on Responsible Mineral Supply Chains
26-30 April 2021

United Nations Special session of the General Assembly against corruption
26-28 April 2021
Recent OECD Publications

Please click on the link to access the publication

INVESTMENT

Foreign direct investment in figures (April 2020)

OECD policy note on investment policy responses to COVID-19, May 2020

OECD policy note on foreign direct investment flows in the time of COVID-19, May 2020

OECD policy note on investment promotion agencies in the time of COVID-19, May 2020

Acquisition- and ownership-related policies to safeguard essential security interests, May 2020

Investment screening in times of COVID– and beyond, June 2020

ANTI-CORRUPTION

Policy measures to avoid corruption and bribery in the COVID-19 response and recovery, May 2020

CORPORATE GOVERNANCE

Duties and Responsibilities of Boards in Company Groups, June 2020

National corporate governance related initiatives during the COVID-19 crisis, May 2020

Supporting businesses in financial distress to avoid insolvency during the COVID-19 crisis, May 2020

RESPONSIBLE BUSINESS CONDUCT

COVID-19 and Responsible Business Conduct, April 2020

COVID-19 and Responsible Business Conduct (full paper), April 2020
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