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BUSINESSatOECD

*Business at OECD (BIAC)*

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# Investment and RBC

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Informal Activity Report – Summer 2022

# Executive Summary

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 first half of 2022 and includes a list of upcoming meetings for the second half of the year.

The OECD takes a leading role in promoting markets for international investment, while emphasizing the sustainability aspects of private investment. In this context, the Organization builds on its Freedom of Investment Roundtable, its network of investment promotion agencies, its Investment Treaty Conference as well as several legal instruments.

We actively contributed to new OECD work on the **future of investment treaties** as well as the **OECD Foreign Direct Investment Qualities** project, which aims to leverage the positive impacts of FDI on sustainable development. In addition, we launched a debate on the **changing investment climate**, which was also the topic of a dedicated business roundtable with OECD investment leadership in April.

With its **Guidelines for Multinational Enterprises**, the OECD further hosts the most comprehensive multilaterally agreed responsible business conduct instrument, which is supported by a unique implementation mechanism. Further to an extensive OECD stocktaking process last year to assess the continued relevance of the Guidelines in the evolving global context, the OECD is now embarking on a targeted update of the instrument.

We are actively contributing to the discussions to ensure that any potential changes are proportionate, workable, realistic, and implementable for multinational enterprises of all sizes on the ground. Other key activities revolved around the finalization of the new **OECD Recommendation on the Role of Government in Promoting RBC**, participation in OECD webinars on key issues such as the war in Ukraine and the EU's Due Diligence Proposal and the organization of a series of exclusive exchanges with OECD experts.



# Investment Highlights

## Priorities for investment policy making

On 5 April, we hosted a roundtable with the OECD Investment leadership on priorities for investment policymaking. The roundtable provided an opportunity to learn about issues that are currently high on the OECD's investment agenda, and exchange with the Head of the OECD Investment Division and the Chair of the OECD's Investment Committee on respective OECD and business priorities for investment policy in a changing global context. The discussion emphasized key business concerns including the renewed need for foreign direct investment attraction and facilitation, the impact of rising geopolitical tensions, the proliferation of foreign direct investment screening policies, as well as the need to pursue balanced approaches to leveraging the qualities of foreign direct investment and discussions around the future of investment treaties. We reiterated these [messages also at our consultation with the OECD Investment Committee](#) on 20 April.

## Leveraging sustainable Investment

Throughout last year, our Investment and Responsible Business Conduct Committee has contributed actively with business experiences and advice to the development of a [new package of OECD work on the qualities of foreign direct investment \(FDI Qualities\)](#). This includes a set of [indicators](#) and a dedicated [toolkit](#) supporting policy makers in attracting investment that contributes to low carbon, gender equality, skills development and productivity objectives. At the beginning of 2022, the OECD further announced the development of an [OECD Recommendation on the Foreign Direct Investment Qualities](#) to elevate and support the implementation of the Policy Toolkit, to which we contributed with an [extensive set of comments](#) in February. The toolkit, alongside the Recommendation were formally endorsed by the 2022 OECD Ministerial Council Meeting (MCM) and launched at the 8 June MCM side-event on [“Strengthening Sustainable Investment”](#). Our *Business at OECD* Chairman Rick Johnston participated to the launch alongside OECD Secretary General Mathias Cormann and other high-level speakers. We commended the OECD's efforts to raise awareness for the role of investment in promoting sustainable development, while underlining the need to ensure a holistic approach to investment attraction, assess investment in light of its contribution to broader sustainable development and to consider potential trade-offs between different policy objectives. Our comments also emphasized the importance of a predictable, stable, and open investment environment more broadly.



## The Future of Investment Treaties in the context of the climate change

In 2020, the OECD Investment Committee decided to launch broader consideration of [the Future of Investment Treaties](#), assessing, amongst others, the challenges that treaties should address in the future as well as desirable changes to current approaches. Against this backdrop, this year's [OECD Investment Treaty Conference](#) addressed the issue of investment treaties and the climate crisis. The conference built on insights from a public consultation held in [January-March 2022](#) and a dedicated expert webinar held on [12 April](#), at which we were also represented. Discussions focused specifically on the questions of policy space for climate policies and net zero alignment of investment treaty policies by reference to the Paris Agreement's aim to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".

### Other Activities

**Leveraging much needed private investment in health and life sciences:** On [1 June](#), we hosted an [exclusive virtual high-level roundtable on leveraging private investment in health and life sciences](#), organized in partnership with Johnson & Johnson. The event marked the launch of a new report on European life science investment attractiveness and featured a range of high-level speakers, including our Health Committee Vice-Chair Olga Mironenko Stampfer, Olivier Grumel from Johnson & Johnson, the Executive Director of EU LIFE, the Director General of EuropaBio and the President of the BioMed Alliance. Members had the opportunity to explore the interlinkages between investment and health and engage in an inclusive discussion with leading industry experts and government and OECD representatives.

**Blue Dot Network:** The OECD, at the request of the United States, Australia and Japan, has been engaged to provide technical support to the [Blue Dot Network](#). The Blue Dot Network aims to develop a certification for quality infrastructure investment that is open and inclusive, transparent, economically efficient, financially viable, resilient, environmentally and socially sustainable. Inputs to the Blue Dot Network are channeled through the [OECD Trust in Business initiative](#), which in turn has convened a multi-stakeholder network, known as the Blue Dot Network Executive Consultation Group. The Executive Consultation Group brings together over 180 global leaders from business, civil society and academia is providing high-level guidance and technical input to ensure that the Blue Dot Network is globally impactful, efficient and takes into consideration the specific needs and concerns of different sectors and regions. In March, at the third meeting of the informal Blue Dot Executive Consultation Group, [a proposal for a global certification framework for quality infrastructure investment](#) was launched, outlining a credible, efficient, transparent and sustainable certification framework that can provide a basis for operationalizing the Blue Dot Network. The certification framework will now be piloted on a number of selected projects across infrastructure projects across sectors, regions and the lifecycle.

# RBC Highlights

## **SPECIAL FOCUS: Targeted update of the OECD MNE Guidelines**

In 2021, the OECD embarked on a stocktaking of the [OECD MNE Guidelines](#) with a view to assess whether the instrument remains ‘fit or purpose’. The Guidelines constitute one of the most important and comprehensive government backed RBC standards, backed by a unique non-grievance mechanism of National Contact Points (NCPs), and have provided a reference in many ongoing legislative due diligence processes.

*Business at OECD* has engaged in this process from the very beginning, providing feedback at the OECD Working Party on RBC meetings as well as in the public consultation. The full set of our comments can be accessed [here](#). We advocated against a complex full-fledged review of the instrument, underlining that the focus of any follow-up actions should be on strengthening the implementation of the existing Guidelines and fostering awareness and buy-in on a global scale.

In the run-up to the finalization of the stocktaking report, we hosted on [25 February](#), an informal debrief with the Head of the OECD Centre on Responsible Business Conduct, Allan Jorgensen, who provided members with an outline of the key takeaways from the stocktaking exercise and informed about next steps in the process. The [final stocktaking report](#) was released in May 2022.

At its April meeting, the OECD Working Party on Responsible Business Conduct decided to explore options for a targeted update of the Guidelines, Decision and Procedural Guidance, to be completed in 2023. To that end, an informal consultation group of selected country delegates was set up with the mandate to discuss potential targeted updates in dedicated focus sessions. The Committee leadership and the Secretariat participated in these weekly discussions taking place [between April and August](#), providing business perspectives on the Human rights & Employment & Environment Chapters, the functional equivalence criteria for NCPs, the institutional arrangements of NCPs, the oversight of the NCP network, the Concepts & Principles, General Policies and Disclosure Chapters, the NCP mandate and authority, the Science and Technology Chapter, the Chapter on Bribery Chapter and the Specific Instances Procedure. Our comments underlined the importance of ensuring that any potential changes have clear added value, are proportionate to the potential impact that they may create, do not generate unintended consequences and that they are workable, realistic and implementable for multinational enterprises of all sizes. On [27-29 June](#), we further participated in a consultation with the OECD Working Party on Responsible Business Conduct, reiterating our key messages for the targeted update of the Guidelines, which can also be found [here](#).

The next meeting of the Working Party on RBC is scheduled to take place in virtual format on [28-29 September](#). This meeting will be dedicated entirely to discussing initial drafts for the updated Guidelines chapters. The drafts will be shared for comments in early September.

For regular updates and more detailed information on the process as well as opportunities to contribute, please note that we have set up a dedicated Guidelines Core group mailing list.



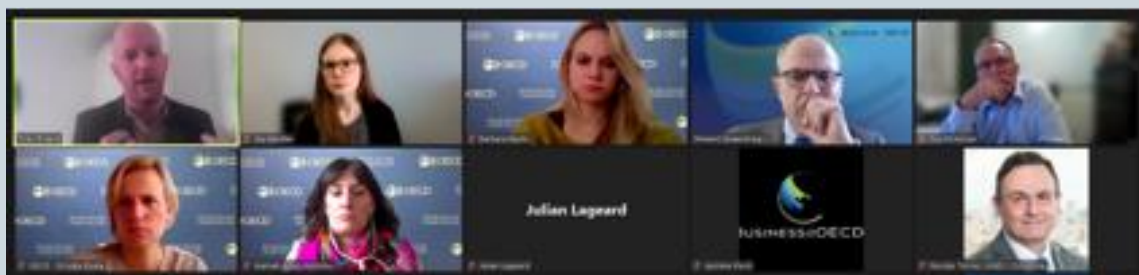
## New OECD Recommendation on the Role of Government in Promoting RBC

As RBC considerations are being integrated into an ever-growing range of policy areas, the OECD has been developing additional guidance for governments, including a new Recommendation on the role of government in promoting RBC. While we welcome efforts to foster policy coherence, and call on governments to lead by example and provide for an enabling environment for RBC, we have consistently underlined the need for a new OECD Recommendation to draw exclusively from existing instruments and provisions. First drafts of the Recommendation were discussed throughout last year, with a public online consultation held in January 2022. The Recommendation was also the main subject of our consultations with the OECD Working Party on RBC on 8 March and 26 April. Our comments welcomed changes to the text providing clarification and reinforcing the importance of national action plans and government commitments. Importantly, however, we expressed a number of important concerns that remain in the current text, including on the development of regulation and legislation. The full set of comments from March on this topic can be found [here](#). The comments from the April meeting are accessible [here](#).

## Other Activities

**War in Ukraine:** The war in Ukraine has affected global supply chains in many ways and is likely to have long-term impacts on how the global economy is structured. The war's implications for businesses present a range of responsible business conduct (RBC) issues, which both highlight RBC standards' relevance but also raise questions for their implementation. Against this backdrop, we were invited on 26 April to a dedicated OECD webinar assessing the pertinent questions of navigating sanctions compliance and approaches to doing business in Russia and Belarus going forward.

**Regulatory developments on RBC:** Recognizing the policy momentum on responsible business conduct topics, including in the context of the EU and the G7, we hosted on 18 March an exchange with OECD experts Tyler Gillard and Barbara Bijelic to discuss the role of the Guidelines in the context of emerging due diligence legislation and other regulatory developments. On 29 March, we were further invited to a dedicated webinar with OECD delegates and EU representatives assessing the EU Commission's proposal for a Directive on Corporate Sustainability Due Diligence.



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**OECD Forum on Due Diligence in the Garment and Footwear Sector:** The 2022 OECD [Forum on Due Diligence in the Garment and Footwear Sector](#) (23-24 February) was held under the theme of 'Rethinking The Business Model For Responsible Supply Chains'. Discussions considered key developments in the sector, including in the context of purchasing practices, supply chain dialogue structures, living wages, climate risk mitigation and adaptation, mandatory due diligence and public procurement. The Forum is linked to the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) .

**OECD Forum on Responsible Mineral Supply Chain:** The OECD [Forum on Responsible Mineral Supply Chains](#) (2-6 May 2022) provides a forum for discussion of the implementation of the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) and other initiatives to enable responsible mineral production and sourcing. This year's Forum devoted particular attention to critical minerals and the role of supply chain due diligence in enabling critical minerals to contribute to a just low-carbon transition.

# Publications

## *Investment*

[OECD FDI IN FIGURES, April 2022](#)

[OECD policy paper on International investment implications of Russia's war against Ukraine, May 2022](#)

[OECD UNCTAD report on G20 Investment Measures, July 2022](#)

## *RBC*

[OECD Stocktaking report on the OECD Guidelines for Multinational Enterprises, May 2022](#)

[OECD Note for policy makers on the role of sustainability initiatives in mandatory due diligence, July 2022](#)





# BUSINESSatOECD

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## Committee leadership

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Established in 1962, *Business at OECD (BIAC)* stands for policies that enable businesses of all sizes to contribute to growth, economic development, and societal prosperity. Through Business at OECD, national businesses and employers' federations representing over 7 million companies provide and receive expertise via our participation with the OECD and governments promoting competitive economies and better business.

# Upcoming Sessions

## *OECD Sessions with Member Participation – Investment*

**2022**

17 October

**OECD Investment Promotion Agencies Network:** Investment Promotion for Sustainable Regional Development (in person, tbc)  
& **OECD Investment Committee side event** (in person, tbc)

18 October

**OECD Roundtable of Investment and sustainable development** (in person, tbc)  
& **OECD FDI Qualities Network** (in person, tbc)  
& **Launch of the OECD FDI Qualities compendium for development cooperation** (in person, tbc)  
& stakeholder consultation with the **OECD Investment Committee** (in person, tbc)

23-24 November

**OECD Future of Investment Treaties** meetings (virtual, tbc)

## *OECD Sessions with Member Participation – RBC*

**2022**

28-29 September

**Meeting of the OECD Working Party on RBC** (virtual, tbc), incl. Discussion with institutional stakeholders on all draft Guidelines Chapters I-XI

14-16 November

**Meeting of the OECD Working Party on RBC** (in person, tbc), incl. Discussion with institutional stakeholders

**2023**

14-16 February

**OECD RBC Meeting on the Ministerial Level**