



To the CEOs of Acomo, Ahold, AMG, Aperam, Arcadis, ArcelorMittal, ASM International, BE Semiconductor Industries, Beter Bed, Binck Bank, Boskalis, Brunel, Corbion, Crown van Gelder, Delta Lloyd, Fugro, Gemalto, Heijmans, Heineken, Holland Colours, ING, KAS bank, Kendrion, Macintosh Retail Group, Nationale Nederlanden, Nutreco, OCI, Ordina, Philips, PostNL, Randstad, RELX Group, Sligro, TKH Group, TNT Express, USG People, Van Lanschot, Vastned and Wereldhave

National Contact Point for OECD  
Guidelines for Multinational  
Enterprises

The Netherlands

[www.oecdguidelines.nl](http://www.oecdguidelines.nl)

**Contact**

Sylvia Tuin

NCP secretariat

E [ncpoecd@minbuza.nl](mailto:ncpoecd@minbuza.nl)

T +31 (0)70 348 4200/5668

Date October 2016  
Re Awareness and observance of the OECD Guidelines for Multinational Enterprises, follow-up to the VBDO survey

Dear Sir/Madam,

Your company recently took part in a survey conducted by the Dutch Association of Investors for Sustainable Development (VBDO) on behalf of the Ministry of Foreign Affairs. The survey looked at corporate awareness and observance of the OECD Guidelines for Multinational Enterprises. The Guidelines set out the standards of corporate social responsibility (CSR) that Dutch multinationals are expected to adhere to when operating internationally.

The survey's findings have prompted the National Contact Point for the OECD Guidelines for Multinational Enterprises (NCP) to send you this letter, as the CEO's personal endorsement of corporate social responsibility is essential for a comprehensive CSR policy to enjoy wide support within a company.

There is growing recognition that enterprises play a key role in the economic and social move towards a more sustainable world. The Dutch government expects large multinationals to adopt the OECD Guidelines as the benchmark for their international activities. The government's ambition<sup>1</sup> is to have 90% of the 600 big companies<sup>2</sup> in the Netherlands to state in their annual reports that they have adopted the OECD Guidelines as a frame of reference.

The 17 Sustainable Development Goals (SDGs) set by the UN also recognise the important role played by enterprises, and many companies are integrating the SDGs into their operations. The OECD Guidelines form a robust CSR framework that reinforces the SDGs.

The Guidelines cover virtually all CSR themes, with a strong focus on due diligence, or CSR risk management in the supply chain. Companies must be aware of the potential positive and negative effects of their actions throughout their value chains (suppliers and customers) in the countries in which they operate. They have a responsibility to identify risks, to be alert to the concerns of stakeholders and to use their influence or leverage to improve local conditions.

---

<sup>1</sup> 'Corporate social responsibility pays off', letter to the House of Representatives, 26485, no. 164, 2012-2013.

<sup>2</sup> Dutch companies that meet two of the following three criteria: more than 500 employees, total assets of more than €200 million and net turnover of more than €40 million.

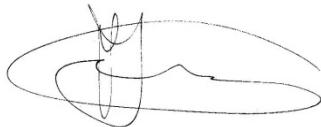
The VBDO survey found that companies are uncertain about the relevance of the OECD Guidelines and are in two minds about endorsing them. They wonder how they will benefit from publicly endorsing the Guidelines and how the Guidelines relate to other rules, codes and principles, such as the SDGs, the UN Global Compact, the Global Reporting Initiative (GRI) and ISO. The NCP hopes this letter will go some way to answering these questions (see the explanatory notes in the enclosure).

**Date**  
October 2016

The NCP learned from the survey that your company does not yet apply the OECD Guidelines as a frame of reference for your CSR policy, or makes no specific public reference to them in the annual reports. We would like you to reconsider your position. AkzoNobel, ASML, KPN, Rabobank, Unilever, Vopak and others have already taken this step.

The NCP would be more than willing to give a short presentation to your Board of Directors and discuss your policy and strategy, the CSR opportunities and risks you have identified and your questions and dilemmas.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Lodewijk de Waal', written over a faint, light-colored oval-shaped background.

Lodewijk de Waal  
Chairman, NCP

Enclosure

**What do the OECD Guidelines for Multinational Enterprises entail and to whom do they apply?**

Date  
October 2016

The OECD Guidelines for Multinational Enterprises describe the responsible business conduct expected of Dutch multinationals. They were drawn up by the Organisation for Economic Co-operation and Development (OECD) and have been signed by the Netherlands as a member of the OECD. The Guidelines are the only framework for corporate social responsibility that enjoys government backing.

The OECD Guidelines are designed to help enterprises act responsibly with regard to issues like supply chain management, human rights, child labour, the environment and corruption. The Guidelines cover virtually all CSR themes.

The Guidelines require enterprises to be aware of the potential positive and negative effects of their actions in the countries in which they operate, both directly and indirectly through their suppliers and customers, i.e. throughout their value chains. Enterprises have a responsibility to identify risks, to be alert to the concerns of their stakeholders and to use their influence or leverage to improve local conditions.

The Guidelines are a normative framework for enterprises. Although they cannot be enforced in law, they do carry obligations. A key difference with many other guidelines, codes, etc. is their focus on due diligence, or CSR risk management throughout the value chain.

The OECD Guidelines are not a practical tool for enterprises to implement a CSR policy. If you need more practical tools and information you can do the CSR Risk Check or find answers to your questions in the CSR-Q's.

The OECD itself is also developing practical guidelines for specific sectors, e.g. for the textile sector and agriculture.

The Netherlands is working hard to draft voluntary CSR agreements for manufacturing sectors with a high risk of human rights abuses, the exploitation of child labour, poor working conditions, environmental degradation, etc. The first such agreement, for the textiles and garments sector, was signed on 4 July. The agreements include provisions tailored to the practices of the companies in the sector. The companies themselves take the lead, the government is involved and civil society organisations and trade unions are invited to the table.

**What is the National Contact Point (NCP) and what is its relationship with the OECD Guidelines for Multinational Enterprises?**

The NCP<sup>3</sup> was set up by the Minister for Foreign Trade and Development Cooperation. It has four independent members, none of whom is a civil servant. All OECD member countries that have signed the Investment Declaration and the MNE Declaration are required to establish a national contact point.

The NCP has two tasks: 1) to provide information and promote the application of the OECD Guidelines for Multinational Enterprises, and 2) to deal with notifications on alleged violations of the OECD Guidelines. The outcomes of this survey are

---

<sup>3</sup> See [www.oecdguidelines.nl](http://www.oecdguidelines.nl).

highly relevant to the NCP as they can help it better match its provision of information to the needs of enterprises.

### **How can endorsing the OECD Guidelines benefit your company?**

**Date**  
October 2016

The OECD Guidelines deal with the responsible business conduct of multinational enterprises. Enterprises have a duty to operate responsibly. Businesses seek out opportunities and attempt to reduce their risks. CSR is an opportunity for your company and CSR risk management can help you mitigate risks, not only strictly commercial risks but also risks to local communities in the countries in which you operate.

Fair business practices and responsible business conduct take account of the consequences of your operations for people, the environment and the local community and are increasingly important to your customers, suppliers and consumers. They help determine your company's image.

The OECD Guidelines present a framework for all relevant CSR themes in a single document. They emphasise the importance of supply chain responsibility. By endorsing the OECD Guidelines and reporting on your current and planned activities on each theme, you show your customers and suppliers that you are a conscientious business and are sufficiently aware of potential risks and manage them wherever possible. This can have benefits for your company.

As noted above, the government would like enterprises to endorse the OECD Guidelines. It takes this into account when deciding on, for example, grant awards and participation in trade missions.

And last but not least, several studies<sup>4</sup> have found that sustainable enterprises are more innovative and in the longer term enjoy more stable growth, profits and market capitalisations and their cost of capital is lower. See, for example, the Harvard University study of the impact of CSR on organisational processes and performance.<sup>5</sup> This cross-sectoral study of 180 enterprises found that over an 18-year period those with a robust CSR strategy had significantly better market capitalisations and financial results than comparable enterprises without a robust CSR strategy. A meta-study of CSR, operational and financial performance and cost of capital entitled From the Stockholder to the Stakeholder (Oxford University)<sup>6</sup> analysed more than 200 sources and found a positive correlation between a robust CSR strategy and responsible business conduct on the one hand and commercial performance on the other.

In brief: CSR pays!

---

<sup>4</sup> <http://oecdinsights.org/2015/11/02/can-companies-really-do-well-by-doing-good-the-business-case-for-corporate-responsibility/>.

<sup>5</sup> Robert G. Eccles, Ioannis Ioannou & George Serafeim, The Impact of Corporate Sustainability on Organizational Process and Performance, 14 November 2011, available at: <http://hbswk.hbs.edu/item/the-impact-of-corporate-sustainability-on-organizational-process-and-performance>.

<sup>6</sup> Clark, Gordon L., Feiner, Andreas and Viehs, Michael, From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance, 5 March 2015, available at SSRN: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2508281](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2508281).

## How does public endorsement of the OECD Guidelines work in practice?

You can endorse the OECD Guidelines in your annual financial or sustainability report. There is no set formula, no compulsory wording and no declaration requiring your signature. Endorsement is not required by law; it is voluntary but does carry obligations. Some of the obligations are listed below.

Date  
October 2016

- You must refer to the OECD Guidelines in your annual report, for example in the letter from the CEO, and incorporate OECD-based responsible business conduct into your strategic plan.
- You must explain what your company does and what its policy is on each of the themes; in accordance with the 'comply or explain' principle, you must also state whether your company does not yet have a policy on a particular theme, e.g. human rights or corruption. You must explain what your company has not done yet and what its plans are. Above all, you must be transparent.
- Most companies report only the themes that are the most relevant to them and the areas in which they are most at risk. It is important to explain why these themes have been chosen and why others are not a priority for your company.
- Most companies are familiar with risk management and already have policies on safety and working conditions. CSR risk management, however, covers more than just operational risks. It is also concerned with risks to local communities and local environments.
- Several smaller companies indicated in the survey that they had little if any influence (leverage) in their supply chains. This frustrated their due diligence/CSR risk management. Unlike large multinationals, they could not insist on, for example, fairer prices or better working conditions at their suppliers. If this applies to your company, you should ask questions about the local situation, visit the locality if possible and be willing to act on the answers. You can increase your influence by working with other companies operating in the country in question.

There is no 'correct' formula for expressing your public commitment to the OECD Guidelines. Companies choose whatever wording is right for them. The fact that they have adopted the Guidelines is publicly disclosed in their annual financial and/or sustainability reports. This is true of the companies in the VBDO survey that have already endorsed the Guidelines.<sup>7</sup>

The NCP will continue to work with its partners to clarify how enterprises can endorse the OECD Guidelines so keep an eye on our [website](#).

## What is the relationship between the OECD Guidelines and the UN Global Compact, GRI, ISO, etc.?

The Global Reporting Initiative, UN Global Compact, Sustainable Development Goals, UN Guiding Principles on Business and Human Rights, OECD Guidelines, ISO, BSCI ... If your company already works with GRI or ISO or has endorsed the UN Global Compact, you may be wondering what the relationship is between them all.

---

<sup>7</sup> Aalberts Industries, Aegon, Air France-KLM, Airbus Group, Akzo Nobel, ASML, Ballast Nedam, BAM Groep, DSM, KPN, Rabobank, SBM Offshore, Shell, Telegraaf Media Group, Unilever, Vopak, Wessanen, Wolters Kluwer.

Today there are so many guidelines, initiatives, reporting systems, principles and objectives for CSR or ICSR that some companies can no longer see the wood for the trees. Understanding the differences between, for example, public and private 'rules' and normative frameworks and reporting methods can help clarify the situation.

**Date**  
October 2016

**Laws vs voluntary guidelines:** There are only a few laws on CSR or ICSR. However, there is anti-corruption legislation that is enforceable under criminal law and new EU transparency legislation will apply to a limited number of large Dutch enterprises.

**Public vs private initiatives:** Many public initiatives have been launched by supranational organisations such as the UN (Sustainable Development Goals, UN Guiding Principles on Business and Human Rights) and the International Labour Organization. Private initiatives include the Business Social Compliance Initiative (BSCI) to improve working conditions in the supply chain, and the UN Global Compact, though it has roots in the UN.

**Normative frameworks vs reporting frameworks:** Reporting systems such as the GRI and benchmarks like the Ministry of Economic Affairs' Transparency Benchmark require companies to report on CSR themes. In brief, they seek clarity on the policies pursued but do not set standards. The OECD Guidelines, by contrast, provide substantive guidance for enterprises.

**Implementation systems vs substantive frameworks:** Systems have also been developed to help enterprises implement CSR policies correctly, for example ISO 26000 and the NEN practical guidelines to integrate due diligence into existing risk management systems (NPR 9036:2015).

Finally, the following links provide further information that may be of use to you.

An overview of all CSR tools, grouped into guidelines, management systems, scans and measuring instruments and [step-by-step plans](#).

A database compiled by the International Trade Centre (a joint agency of the UN and WTO) with a search engine and information on more than 170 standards, codes of conduct and audit protocols addressing [sustainability](#).

ISO 26000 ('Guidance on social responsibility') is the international standard on how to apply CSR and is consistent with the OECD Guidelines. [The ISO26000 website](#) provides further information and explains how to apply GRI G4 Guidelines in conjunction with ISO26000.