



Synergies between the
OECD Guidelines for Multinational Enterprises
(MNEs)
and the
GRI 2002 *Sustainability Reporting Guidelines*

A Guide to Help Organisations Communicate Their Use of the OECD MNE
Guidelines for Multinational Enterprises (MNEs).

This paper has been prepared as a contribution to advancing management practices that promote progress by all organisations towards sustainable development. Like all GRI products, it is designed to be progressively improved based on use and feedback. GRI invites and welcomes feedback from government, business and other organisations. Contact info@globalreporting.org or call +31-20-531-0000.

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About GRI

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable *Sustainability Reporting Guidelines*. These *Guidelines* are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. A non-profit body, GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP), and works in cooperation with UN Secretary-General's Global Compact.

GRI derives its revenues from a mix of funded projects, membership fees and grants. Governments, organisations or individuals wishing to contribute to GRI's work are invited to contact projects@globalreporting.org.

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Disclaimer

This Guide has been produced by and on the sole authority of the Global Reporting Initiative (GRI) as a public good. Neither the OECD Secretariat nor Swedish Government bear any responsibility for the guidance provided in relation to the OECD *Guidelines for Multinational Enterprises* (the full text of which can be found at www.oecd.org/daf/investment/guidelines).

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Executive Summary

The OECD Guidelines for Multinational Enterprises (MNEs) and the Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* both aim to encourage corporate accountability and responsibility.

While the OECD MNE Guidelines are unique in the sense that they have been approved by governments and are addressed to multinational enterprises, the Guidelines share common elements. They both:

- relate to *economic, social and environmental* issues
- are designed to be relevant at the *global* level
- reflect *multi-stakeholder inputs*, and
- are intended for *voluntary* use.

There are however differences between the two sets of Guidelines. Their history, purpose and scope are different. For example, the OECD Guidelines are addressed mainly to multinational enterprises, while the GRI *Guidelines* are for use by all organisations. The OECD process is a government-driven one, while the GRI is an independent non-governmental institution. Their respective roles and differences are summarised in Annex 1.

These differences, however, can be strengths. While the OECD Guidelines recommend principles and standards for multinational enterprises, they do not prescribe precise ways in which to measure and report actual behaviour. Where complementarities exist, the GRI indicators can be used to help measure and report on performance in relation to some of the recommendations set forth in the OECD Guidelines.

The GRI has developed this Guide as a contribution to facilitating the use of the OECD MNE Guidelines. The heart of the Guide is a comparative table that enables users to identify the GRI indicators that correspond most closely to the individual provisions of the OECD Guidelines.

By highlighting the complementarities between the two Guidelines, GRI hopes to provide multinational enterprises with an effective sustainability management tool to assess, and if they chose, communicate their use of the OECD MNE Guidelines using a generally-accepted reporting framework.

The Guide reflects inputs from a variety of business, union and NGO stakeholders, and has been offered for review by OECD National Contact Points and the OECD Secretariat. The draft Guide was considered by the OECD Committee on International Investment and Multinational Enterprises (CIME) in December 2003. Writing on 29 March 2004, the Committee's Chair, Mr Marinus Sikkel, indicated that the CIME agreed that *"the table linking the OECD and GRI Guidelines draws attention to a useful way, among others, of reporting on the implementation of the OECD Guidelines"*.

Background

1.1 At the 2002 UN World Summit on Sustainable Development (WSSD) held in Johannesburg, governments agreed *“to encourage industry to improve social and environmental performance through voluntary initiatives”*. Specific reference was made to the utility of *“public reporting on environmental and social issues”*, *“taking into account such initiatives as the ... Global Reporting Initiative Guidelines”*.

Complementary Global Initiatives

1.2 In advancing this goal, GRI believes that it is important to promote and facilitate the full use of existing international voluntary initiatives to promote corporate social responsibility. Here, it is noteworthy that three initiatives - the UN Global Compact, the OECD Guidelines for Multinational Enterprises (the MNE Guidelines) and the GRI - share a number of common elements. They are all global in scope, cover economic, social and environmental performance, and involve a multi-stakeholder process.

1.3 As a first concrete contribution to advancing the understanding and use of these important initiatives, the GRI developed and published in early 2003 a comparative table highlighting the synergies between the UN Global Compact and the GRI 2002 *Guidelines*. The table, which is available on both the GRI and Global Compact websites, enables companies to communicate their support of the Global Compact principles by reference to corresponding indicators in the GRI *Guidelines*¹. The GRI has been honoured that the Global Compact considers that *“companies reporting under GRI fully meet the requirements of the Compact’s reporting requirements”*.

1.4 Based on the positive feedback and experience with the Global Compact/GRI comparative table, and the rising interest in OECD MNE Guidelines, the GRI judged that it was timely to explore and profile the synergies and complementarities between the OECD MNE and GRI *Guidelines*. With reference to reporting tools, the OECD MNE Guidelines encourage enterprises *“to apply high quality standards for non-financial information including environmental and social reporting where they exist”*. The GRI is also encouraged by the recognition from the OECD that *“The GRI offers a reporting framework based on normative principles that are fully compatible with those expressed in the (OECD MNE) Guidelines.”*²

Differences ... and Synergies

2.1 In assessing how it might play a role in highlighting the complementarities and synergies between the two Guidelines, the GRI is conscious that they differ in several fundamental respects.

a. Level of Government Involvement

2.2 The OECD is an intergovernmental organisation and the OECD MNE Guidelines have been formally developed and approved by governments. Like other decisions, declarations

¹ See : <http://www.globalreporting.org/about/UNGCandGRI.pdf>

² OECD Guidelines for Multinational Enterprises: 2003 Annual Meeting of the National Contact Points; Report by the Chair. Page 44.

and statements emerging from governments at other forums such as the United Nations, the MNE Guidelines represent agreed government policy. The MNE Guidelines spell out the range of expectations that adhering governments have from enterprises that operate in or from their territory.

2.3 While governments endorsed the GRI *Guidelines* in general terms at the WSSD, the GRI *Guidelines* have been developed by an independent non-government institution made up of representatives from the business, accounting, trade union, academic and NGO communities.

Synergy: Although the GRI is a 'global public policy partnership', it can play a key role in advancing government policy. For example, the GRI Guidelines cite various international instruments, including the OECD MNE Guidelines, the OECD Convention on Combating Bribery and Conventions of the ILO. Governments have also signalled their support for initiatives like the GRI that promote partnership- and voluntary- based responses to sustainable development.

b. Audience

2.4 The OECD Guidelines are relevant to all enterprises. However, because they are a part of a broader declaration on internal investment and multinational enterprises, their main audience is companies involved in international investment. While many of the organisations using the GRI *Guidelines* are multinational enterprises (over 450 corporations currently use the GRI *Guidelines* in preparing their sustainability reports), *the GRI Guidelines are intended for use by all organisations.*

Synergy: By linking its Guidelines to the OECD Guidelines, the GRI can provide a valuable role in giving additional profile to the OECD Guidelines, expanding their use, and potentially extend their observance and application beyond MNEs. Both GRI reporters and report-users could potentially be interested in the observance of the OECD Guidelines.

c. Functions

2.5 The MNE Guidelines is a code of conduct, representing recommended voluntary “principles and standards for responsible business conduct consistent with applicable laws”. They are expressly intended to promote sustainable development, in so far as they state that enterprises should ‘contribute to economic, social and environmental progress with a view to achieving sustainable development. In contrast, the GRI *Guidelines* is a sustainability reporting framework. It identifies what - inform the view of multiple stakeholders - are the key sustainable development indicators of an organisation’s economic, social and environmental performance. The GRI *Guidelines* is an instrument that describes why, how, and on what an organisation should report, discussing the principles for sustainability reporting and listing reporting disclosure items and performance indicators. (The respective roles and differences between the two Guidelines are summarised in Annex 1).

Synergy: The GRI Guidelines provide reporting organisations with the option of applying the Guidelines incrementally. This means an organisation can begin by using them internally as a reference, reporting only a few indicators, or by reporting - 'in accordance' - on all indicators. Reporting based on the GRI

Guidelines can also be assured by independent third parties. By providing a generally-accepted reporting framework, GRI helps to increase levels of transparency, trust and communication on sustainability issues. These elements are vital to the healthy functioning of markets.

d. Scope

- 2.6 As a result of differences in origin, design and purpose, there are inevitably areas where there is no specific or full correspondence between the GRI *Guidelines* and the OECD Guidelines. For example, OECD recommendations that address equal standards of employment across countries, employment and training of local people and building local capacity have no direct correspondence in the GRI *Guidelines*. In addition, the OECD recommendations that address technological capacity, appropriate transfer of technology and repatriation of funds, correspond to indicators in the GRI Sector Supplements rather than those in the GRI *Guidelines*. Similarly, predominant elements of the GRI *Guidelines* such as reporting principles, stakeholder consultation, management systems and above all, economic, environment and social performance indicators, do not specifically correspond to the OECD Guidelines.

Synergy: In other areas, however, there are direct links though definitions and levels of detail may differ. For example, the recommendations on Combating Bribery and Taxation are more specific and detailed than corresponding areas in the GRI Guidelines. Here, by including indicators on bribery and corruption, and referencing the OECD, the GRI invites disclosure on compliance with the OECD Convention on Combating Bribery.

User Guidance

- 3.1 *Audience:* There are two main audiences for this Guide.

3.2 GRI Users: One is the group of over 450 corporations and other organisations that currently use the GRI *Guidelines* to prepare sustainability reports, and the many rating agencies, investment firms and other stakeholders that read these GRI-based reports. *This Guide is designed to enable GRI reporters and information seekers alike understand how the GRI 2002 Guidelines can be used to report in a consistent and comparable manner on whether and how the OECD Guidelines for MNEs are being observed.*

3.3 Non GRI Users: Although an increasing number of leading multinational enterprises prepare some form of environment, social or economic report, most corporations do not yet prepare triple-bottom-line sustainability reports. The GRI believes that the level of general awareness of both the OECD and GRI *Guidelines* can be significantly increased. *By linking the two Guidelines and making their respective roles and relationship clearer, this Guide should help to raise awareness and promote use of both documents.*

3.4 *Structure:* The Guide is intended to respond to the basic question “*how can I use the GRI Guidelines to understand and communicate my observance of the OECD MNE Guidelines?*” The two sets of Guidelines are, however, necessarily lengthy and detailed. To facilitate comparison, this Guide is structured on the following basis:

- *Complementary issues are highlighted in tabular form, with OECD recommendations in the left column and corresponding GRI reporting elements in the right column.*
- *The sequence and issue headings of the OECD Guidelines are followed.*
- *The respective Guidelines are directly quoted to obviate the need for time-consuming cross- reference to original text.*
- *Where there is no specific correspondence, guidance is offered where applicable.*

Comparative Table

OECD Guidelines: I Concepts and Principles

This section provides guidance to governments on the use and implementation of the OECD Guidelines. For MNEs, it sets out the context in which the guidelines may be used. The GRI *Guidelines*, by contrast, serve as a complete framework for sustainability reporting and provide extensive guidance on the context within which disclosure and reporting should take place. As the OECD Guidelines are a corporate code of conduct and the GRI *Guidelines* a reporting framework, there is no explicit correspondence between this section and the GRI *Guidelines*. Some elements, nonetheless, can be included when reporting. The comparative analysis below concentrates on Sections II to X of the OECD Guidelines for MNE's.

OECD Guidelines: II General Policies

Complementarities between the two guidelines are shown in the table below.

OECD Guidelines - General Policies	Relevant disclosure items and/or performance indicators from the GRI 2002 <i>Sustainability Reporting Guidelines</i>
Enterprises should take fully into account established in the countries in which they operate, and consider the views of other stakeholders. In this regard. Enterprises should:	
1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.	<u>Vision and Strategy disclosures:</u> 1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development
2. Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments.	<u>Social Performance Indicators, Human Rights:</u> HR1 Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.
3. Encourage local capacity building through close co-operation with the community, including business interests, as well as developing the enterprise's activities in domestic and foreign market.	No specific correspondence but can be included when reporting on: <u>Social Performance Indicators, Society:</u> SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Include explanation of procedures for identifying and engaging in dialogue with community stakeholders. (See also GRI reporting elements on stakeholder engagement, 3.9 to 3.12)
4. Encourage human capital formation, in particular by creating employment	<u>Social Performance Indicators, Labour Practices and Decent Work:</u>

<p>opportunities and facilitating training opportunities for employees.</p>	<p>LA2. Net employment creation and average turnover segmented by region/country.</p> <p>LA9. Average hours of training per year per employee by category of employee. (e.g., senior management, middle management, professional, technical, administrative, production, and maintenance).</p> <p>LA16. Description of programmes to support the continued employability of employees and to manage career endings.</p> <p>LA17. Specific policies and programmes for skills management or for lifelong learning.</p>
<p>5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues.</p>	<p>No specific correspondence, but can be included when reporting on disclosure 3.18 on Government Structure and Management Systems, Overarching Policies and Management Systems. See, also:</p> <p>SO3 : Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.</p>
<p>6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices.</p>	<p>Different aspects corporate governance are covered in the following the disclosures: <u>Government Structure and Management Systems, Structure and Governance:</u></p> <p>3.1 Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation. Describe the scope of responsibility of any major committees and indicate any direct responsibility for economic, social, and environmental performance.</p> <p>3.2 Percentage of the board of directors that are independent, non-executive directors. State how the board determines “independence”.</p> <p>3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.</p> <p>3.5 Linkage between executive compensation and achievement of the organisation’s financial and non-financial goals (e.g., environmental performance, labour practices).</p> <p>3.8 Mechanisms for shareholders to provide</p>

	<p>recommendations or direction to the board of directors. Include reference to any policies or processes regarding the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to management.</p>
<p>7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.</p> <p>8. Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.</p>	<p>Internal and external self regulatory practices can be reported under the following Disclosures:</p> <p><u>Government Structure and Management Systems:</u></p> <p>3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation. Describe the status of implementation in terms of degree to which the code is applied across the organisation in different regions and departments/units.</p> <p>3.14. Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses. Include date of adoption and countries/operations where applied.</p> <p>Performance related to management systems can be reported under Disclosures: <u>Government Structure and Management Systems, Overarching Policies and Management Systems:</u></p> <p>3.16 Policies and/or systems for managing upstream and downstream impacts, including:</p> <ul style="list-style-type: none"> · supply chain management as it pertains to outsourcing and supplier environmental and social performance; and · product and service stewardship initiatives. Stewardship initiatives include efforts to improve product design to minimise negative impacts associated with manufacturing, use, and final disposal. <p>3.17 Reporting organisation’s approach to managing indirect economic, environmental, and social impacts resulting from its activities.</p> <p>3.19. Programmes and procedures pertaining to economic, environmental, and social performance. Include discussion of:</p> <ul style="list-style-type: none"> • priority and target setting; • major programmes to improve performance; • internal communication and training;

	<ul style="list-style-type: none"> • performance monitoring; • internal and external auditing; and • senior management review. <p>3.20 Status of certification pertaining to economic, environmental, and social management systems. Include adherence to environmental management standards, labour, or social accountability management systems, or other management systems for which formal certification is available.</p>
<p>9. Refrain from discriminatory or disciplinary action against employees who make <i>bona fide</i> reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies.</p>	<p>No corresponding GRI indicator. Reference to anti-discriminatory efforts can be made when reporting on the Social Performance Indicators, Human Rights, HR4.</p>
<p>10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.</p>	<p><u>Disclosures on Government Structure and Management Systems, Overarching Policies and Management Systems:</u></p> <p>3.16 Polices and/or systems for managing upstream and downstream impacts, including:</p> <ul style="list-style-type: none"> ▪ supply chain management as it pertains to outsourcing and supplier environmental and social performance; and ▪ product and service stewardship initiatives. <p>Stewardship initiatives include efforts to improve product design to minimise negative impacts associated with manufacturing, use, and final disposal.</p> <p>Economic Performance Indicators: EC 13. The organisation's indirect economic impacts. Identify major externalities associated with the reporting organisation's products and services.</p> <p><u>Environment Performance Indicator, Suppliers:</u> EN33. Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (Section 3.16).</p> <p><u>Social Performance Indicators, Human Rights:</u> HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.</p> <p>HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and</p>

	results of monitoring. "Human rights performance" refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.
11. Abstain from any improper involvement in local political activities.	<u>Social Performance Indicator, Society:</u> SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.

OECD Guidelines: III Disclosure

This section of the OECD Guidelines encourages the disclosure of financial and non-financial performance. In contrast, the objective of the GRI guidelines is to provide a framework for the disclosure of economic, environment and social performance. *The GRI Disclosures that directly correspond to the OECD recommendations are given in the table below.*

OECD Guidelines for MNEs II. Disclosure	Relevant disclosure items and/or performance indicators from the GRI 2002 Sustainability Reporting Guidelines
<p>1. Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance. This information should be disclosed for the enterprise as a whole and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.</p>	<p>The disclosure of timely, regular, reliable and relevant is discussed under the GRI Reporting Principles: Completeness, Relevance, and Timeliness.</p> <p>Refer to Part B of the GRI 2002 <i>Guidelines</i> for the complete discussion on reporting principles.</p>
<p>2. Enterprises should apply high quality standards for disclosure, accounting, and audit. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental and social reporting where they exist. The standards or policies under which both financial and non-financial information are compiled and published should be reported.</p>	<p>The GRI 2002 <i>Guidelines</i> draws from established frameworks and principles of financial disclosure and aims to provide a high quality standard for the disclosure of sustainability performance.</p>
<p>3. Enterprises should disclose basic information showing their name, location, and structure, the name, address and telephone number of the parent enterprise and its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.</p>	<p><u>Profile, Organisational Profile:</u> Reporting organisations should provide the information listed below. In addition, they are encouraged to include any additional information that is needed for a full picture of the organisation's operations, products, and services.</p> <p>2.1 Name of reporting organisation. 2.2 Major products and/or services, including brands if appropriate. The reporting organisation should also indicate the nature of its role in providing these products and services, and the degree to which the organisation relies on outsourcing. 2.3 Operational structure of the organisation. 2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures. 2.5 Countries in which the organisation's operations are located. 2.6 Nature of ownership; legal form. 2.7 Nature of markets served. 2.8 Scale of the reporting organisation: • number of employees;</p>

	<ul style="list-style-type: none"> • products produced/services offered (quantity or volume); • net sales; and • total capitalisation broken down in terms of debt and equity. <p>(Refer to the GRI 2002 Guidelines for complete text)</p>
<p>4. Enterprises should also disclose material information on: The financial and operating results of the company; Company objectives; Major share ownership and voting rights; Members of the board and key executives, and their remuneration; Material foreseeable risk factors; Material issues regarding employees and other stakeholders; Governance structures and policies.</p>	<p>The combination of financial and sustainability reporting encourages the disclosure of how an organisation affects and contributes to the economic, social and environmental improvement of the societies in which it operates. It encourages relevant discussion on the reporting organisation’s vision, governance structures and financial performance. No specific correspondence.</p>
<p>5. Enterprises are encouraged to communicate additional information that could include: Value statements or statements of business conduct intended for public disclosure including information on the social, ethical and environmental policies of the enterprise and other codes of conduct to which the company subscribes. In addition, the date of adoption, the countries and entities to which such statements apply and its performance in relation to these statements may be communicated; Information on systems for managing risks and complying with laws, and on statements or codes of business conduct; Information on relationships with employees and other stakeholders.</p>	<p><u>Disclosures on Government Structure and Management Systems:</u></p> <p>3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation. Describe the status of implementation in terms of degree to which the code is applied across the organisation in different regions and departments/units. “Policies” refers to those that apply to the organisation as a whole, but may not necessarily provide substantial detail on the specific aspects listed under the performance indicators in Part C, Section 5 of the Guidelines.</p> <p>3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group. This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles.</p> <p>3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses. Include date of adoption and countries/operations where applied.</p>

OECD Guidelines: IV Employment and Industrial Relations

There is some overlap between the recommendations in this section and the some of the *GRI Social Performance Indicators: Labour Practices and Decent Work and Human Rights*.

OECD Guidelines for MNEs IV. Employment and Industrial Relations	Relevant disclosure items and/or performance indicators from the GRI 2002 Sustainability Reporting Guidelines
Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:	
<p>1. a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions;</p> <p>b) Contribute to the effective abolition of child labour;</p> <p>c) Contribute to the elimination of all forms of forced or compulsory labour;</p> <p>d) Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.</p>	<p><u>Social Performance Indicators, Labour Practices and Decent Work:</u></p> <p>LA3. Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.</p> <p>LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring. Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination.</p> <p><u>Social Performance Indicators, Human Rights</u></p> <p>HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.</p> <p>HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. See ILO Convention No. 29, Article 2.</p> <p>HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.</p>
2. a) Provide facilities to employee representatives as may be necessary to assist in the development of effective collective	No specific correspondence. Efforts to inform and enable employee representatives can be discussed when reporting on:

<p>agreements;</p> <p>b) Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment;</p> <p>c) Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.</p>	<p><u>Social Performance Indicators, Labour Practices and Decent Work:</u></p> <p>LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).</p> <p>LA13. Provision for formal worker representation in decision making or management, including corporate governance.</p>
<p>3. Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.</p>	<p>Reporting based on GRI Guidelines would enable employees, a key stakeholder group, to gain an accurate and relevant insight into the performance of the reporting organisation and contribute to achievement of corporate goals.</p>
<p>4. a) Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country;</p> <p>b) Take adequate steps to ensure occupational health and safety in their operations.</p>	<p>No specific correspondence but can be reported under:</p> <p><u>Social Performance Indicators, Labour Practices and Decent Work:</u></p> <p>LA14. Evidence of substantial compliance with the ILO Guidelines for Occupational Health Management Systems.</p> <p>LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.</p>
<p>5. In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.</p>	<p>No specific correspondence but can be reported under:</p> <p><u>Social Performance Indicators, Labour Practices and Decent Work:</u></p> <p>LA16. Description of programmes to support the continued employability of employees and to manage career endings.</p> <p>LA17. Specific policies and programmes for skills management or for lifelong learning.</p>
<p>6. In considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of their employees, and, where appropriate, to the relevant governmental authorities, and co-operate with the employee representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other</p>	<p>No specific correspondence but can included when reporting on :</p> <p><u>Disclosures on Governance Structure and Management Systems, Overarching Policies and Management:</u></p> <p>3.17. Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities. See below (under Economic Performance Indicators) for a discussion of indirect economic impacts.</p> <p>3.18. Major decisions during the reporting period regarding the location of, or changes in, operations.</p>

<p>means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.</p>	<p>Explain major decisions such as facility or plant openings, closings, expansions, and contractions.</p> <p><u>Social Performance Indicators, Labour Practices and Decent Work:</u></p> <p>LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).</p> <p>LA13. Provision for formal worker representation in decision making or management, including corporate governance</p>
<p>7. In the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organise.</p>	<p>No specific correspondence, but negotiations with employees can be discussed under:</p> <p><u>Disclosure on Governance Structure and Management Systems, Overarching Policies and Management:</u></p> <p>3.17. Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities. See below (under Economic Performance Indicators) for a discussion of indirect economic impacts.</p>
<p>8. Enable authorised representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.</p>	<p>No specific correspondence but can be reported under:</p> <p><u>Social Performance Indicator, Labour Practices and Decent Work:</u></p> <p>LA3. Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.</p> <p><u>Social Performance Indicators, Human Rights</u></p> <p>HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.</p>

OECD Guidelines: V Environment

Areas where the Guidelines correspond are given in the table below.

OECD Guidelines for MNEs V. Environment	Relevant disclosure items and/or performance indicators from the GRI 2002 <i>Sustainability Reporting Guidelines</i>
<p>Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goals of sustainable development. In particular, enterprises should:</p>	
<p>1. Establish and maintain a system of environmental management appropriate to the enterprise, including: Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities; Establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives; and Regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.</p>	<p><u>Governance Structure and Management Systems, Overarching Policies and Management Systems:</u></p> <p>3.19 Programmes and procedures pertaining to economic, environmental, and social performance. Include discussion of:</p> <ul style="list-style-type: none"> • priority and target setting; • major programmes to improve performance; • internal communication and training; • performance monitoring; • internal and external auditing; and • senior management review. <p>3.20 Status of certification pertaining to economic, environmental, and social management systems. Include adherence to environmental management standards, labour, or social accountability management systems, or other management systems for which formal certification is available.</p>
<p>2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:</p> <p>a) Provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and</p> <p>b) Engage in adequate and timely communication and consultation with the communities directly affected by the</p>	<p>General rather than specific correspondence. Can be reported under the following, depending on industry sector and location of the reporting organisation:</p> <p><u>Disclosures on Governance Structure and Management Systems, Overarching Policies and Management Systems:</u></p> <p>3.17 Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities. See below (under Economic Performance Indicators) for a discussion of indirect economic impacts.</p>

<p>environmental, health and safety policies of the enterprise and by their implementation.</p>	<p><u>Social Performance Indicator, Society:</u> SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Include explanation of procedures for identifying and engaging in dialogue with community stakeholders.</p>
<p>3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.</p> <p>4. Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage.</p> <p>5. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.</p>	<p><u>Governance Structure and Management Systems, Overarching Policies and Management Systems:</u></p> <p>3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation. This could include an example that illustrates the organisation's approach to risk management in the operational planning or the development and introduction of new products. For reference, see the glossary for text of Article 15 of the Rio Principles on the precautionary approach.</p> <p>3.16 Policies and/or systems for managing upstream and downstream impacts, including:</p> <ul style="list-style-type: none"> · supply chain management as it pertains to outsourcing and supplier environmental and social performance; and · product and service stewardship initiatives. Stewardship initiatives include efforts to improve product design to minimise negative impacts associated with manufacturing, use, and final disposal. <p><u>Environment Performance Indicator, Compliance:</u> EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues. Explain in terms of countries of operation.</p>
<p>6. Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:</p> <p>a) Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;</p>	<p>No corresponding disclosure or indicator to recommendation 6 a).</p> <p>No specific correspondence with recommendation 6 b), but can be included when reporting under:</p> <p><u>Environment Performance Indicators:</u> EN3. Direct energy use segmented by primary source. Report on all energy sources used by the reporting organisation for its own</p>

<p>b) Development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely;</p> <p>c) Promoting higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise; and</p> <p>d) Research on ways of improving the environmental performance of the enterprise over the longer term.</p>	<p>operations as well as for the production and delivery of energy products (e.g., electricity or heat) to other organisations. Report in joules.</p> <p>EN14. Significant environmental impacts of principal products and services. Describe and quantify where relevant.</p> <p>No corresponding disclosure or indicators to recommendation 5 c) and 5 d). The entire GRI reporting process will help raise customer awareness and provide impetus for continuous improvement.</p> <p>Reporting organisation can also choose to add commentary on the observance on these recommendations when reporting on the following disclosures:</p> <p><u>Governance Structure and Management Systems:</u></p> <p>3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.</p> <p>3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses. Include date of adoption and countries/operations where applied.</p> <p>3.19 Programmes and procedures pertaining to economic, environmental, and social performance. Include discussion of:</p> <ul style="list-style-type: none"> • priority and target setting; • major programmes to improve performance; • internal communication and training; • performance monitoring; • internal and external auditing; and • senior management review.
<p>7. Provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies</p>	<p>No specific correspondence, some elements can be discussed when reporting on compliance with ILO Guidelines.</p>
<p>8. Contribute to the development of environmentally meaningful and economically</p>	<p>No specific correspondence. The GRI reporting process will facilitate the</p>

efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.	development of beneficial partnerships and initiatives.
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OECD Guidelines: VI. Combating Bribery

There is considerable overlap between the recommendations in this section and the GRI *Social Performance Indicators: Society*.

OECD Guidelines for MNEs VI. Combating Bribery	Relevant disclosure items and/or performance indicators from the GRI 2002 <i>Sustainability Reporting Guidelines</i>
Enterprises should not directly or indirectly offer, promise, give or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage. In particular, enterprises should:	
<p>1. Not offer, nor give in to demands, to pay public officials or the employees of business partners any portion of a contract payment. They should not use subcontracts, purchase orders or consulting agreements as means of channelling payments to public officials, to employees of business partners or to their relatives or business associates.</p> <p>2. Ensure that remuneration of agents is appropriate and for legitimate services only. Where relevant, a list of agents employed in connection with transactions with public bodies and state-owned enterprises should be kept and made available to competent authorities.</p> <p>3. Enhance the transparency of their activities in the fight against bribery and extortion. Measures could include making public commitments against bribery and extortion and disclosing the management systems the company has adopted in order to honour these commitments. The enterprise should also foster openness and dialogue with the public so as to promote its awareness of and co-operation with the fight against bribery and extortion.</p> <p>4. Promote employee awareness of and compliance with company policies against bribery and extortion through appropriate dissemination of these policies and through training programmes and disciplinary procedures.</p>	<p><u>Social Performance Indicator, Society:</u></p> <p>SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption. Include a description of how the organisation meets the requirements of the OECD Convention on Combating Bribery.</p>

<p>5. Adopt management control systems that discourage bribery and corrupt practices, and adopt financial and tax accounting and auditing practices that prevent the establishment of “off the books” or secret accounts or the creation of documents which do not properly and fairly record the transactions to which they relate.</p>	
<p>6. Not make illegal contributions to candidates for public office or to political parties or to other political organisations. Contributions should fully comply with public disclosure requirements and should be reported to senior management.</p>	<p><u>Social Performance Indicator, Society:</u></p> <p>SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.</p> <p>SO5. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.</p>

OECD Guidelines: VII Consumer Interests

There is some overlap between the recommendations in this section and the *GRI Social Performance Indicators: Product Responsibility*.

<p>OECD Guidelines for MNEs VI. Consumer Interests</p>	<p>Relevant disclosure items and/or performance indicators from the GRI 2002 Sustainability Reporting Guidelines</p>
<p>When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. In particular, they should:</p>	
<p>1. Ensure that the goods or services they provide meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information</p>	<p><u>Social Performance Indicators: Product Responsibility:</u></p> <p>PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Explain rationale for any use of multiple standards in marketing and sales of products.</p>
<p>2. As appropriate to the goods or services, provide accurate and clear information regarding their content, safe use, maintenance, storage, and disposal sufficient to enable consumers to make informed decisions.</p>	<p><u>Social Performance Indicators: Product Responsibility:</u></p> <p>PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.</p>

<p>3. Provide transparent and effective procedures that address consumer complaints and contribute to fair and timely resolution of consumer disputes without undue cost or burden.</p>	<p>No specific reference but can be reported under: <u>Social Performance Indicators: Product Responsibility:</u> PR8. Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.</p>
<p>4. Not make representations or omissions, nor engage in any other practices, that are deceptive, misleading, fraudulent, or unfair.</p>	<p>No specific reference but can be reported under: <u>Social Performance Indicators: Product Responsibility:</u> PR7. Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches. PR9. Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising. Identify geographic areas covered by policy.</p>
<p>5. Respect consumer privacy and provide protection for personal data</p>	<p><u>Social Performance Indicators: Product Responsibility:</u> PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy. Identify geographic areas covered by policy.</p>
<p>6. Co-operate fully and in a transparent manner with public authorities in the prevention or removal of serious threats to public health and safety deriving from the consumption or use of their products.</p>	<p>No specific correspondence but can be reported under: <u>Social Performance Indicators: Product Responsibility:</u> PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. Explain rationale for any use of multiple standards in marketing and sales of products. PR4. Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these</p>

	breaches. PR5. Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.
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OECD Guidelines: VIII Science and Technology

OECD Guidelines for MNEs VII. Science and Technology	Relevant disclosure items and/or performance indicators from the GRI 2002 Sustainability Reporting Guidelines
<ol style="list-style-type: none"> 1. Endeavour to ensure that their activities are compatible with the science and technology (S&T) policies and plans of the countries in which they operate and as appropriate contribute to the development of local and national innovative capacity. 2. Adopt, where practicable in the course of their business activities, practices that permit the transfer and rapid diffusion of technologies and know-how, with due regard to the protection of intellectual property rights. 3. When appropriate, perform science and technology development work in host countries to address local market needs, as well as employ host country personnel in an S&T capacity and encourage their training, taking into account commercial needs. 4. When granting licenses for the use of intellectual property rights or when otherwise transferring technology, do so on reasonable terms and conditions and in a manner that contributes to the long term development prospects of the host country. 5. Where relevant to commercial objectives, develop ties with local universities, public research institutions, and participate in cooperative research projects with local industry or industry associations. 	<p>No specific correspondence. Some elements can be reported under GRI disclosure 3.13 on the precautionary approach or principle. Elements such as technology transfer, technology development and licensing are addressed, in the GRI Sector Supplements to the GRI 2002 Sustainability Reporting Guidelines.</p>

OECD Guidelines: IX Competition

There is considerable overlap between the recommendations in this section and the GRI *Social Performance Indicators: Society*.

OECD Guidelines for MNE IX. Competition	Relevant disclosure items and/or performance indicators from the GRI 2002 <i>Sustainability Reporting Guidelines</i>
<p>Enterprises should, within the framework of applicable laws and regulations, conduct their activities in a competitive manner. In particular, enterprises should:</p> <ol style="list-style-type: none"> 1. Refrain from entering into or carrying out anti-competitive agreements among competitors: To fix prices; To make rigged bids (collusive tenders); To establish output restrictions or quotas; or To share or divide markets by allocating customers, suppliers, territories or lines of commerce. 2. Conduct all of their activities in a manner consistent with all applicable competition laws, taking into account the applicability of the competition laws of jurisdictions whose economies would be likely to be harmed by anti-competitive activity on their part. 3. Co-operate with the competition authorities of such jurisdictions by, among other things and subject to applicable law and appropriate safeguards, providing as prompt and complete responses as practicable to requests for information. 4. Promote employee awareness of the importance of compliance with all applicable competition laws and policies. 	<p><u>Social Performance Indicators: Society:</u></p> <p>SO6. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.</p> <p>SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.</p>

OECD Guidelines: X Taxation

OECD Guidelines for MNE X. Taxation	Relevant disclosure items and/or performance indicators from the GRI 2002 <i>Sustainability Reporting Guidelines</i>
<p>It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations. This would include such measures as providing to the relevant authorities the information necessary for the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm’s length principle.</p>	<p>No specific correspondence but can be reported under:</p> <p><u>Economic Performance Indicators, Public Sector:</u></p> <p>EC8. Total sum of taxes of all types paid broken down by country.</p> <p>EC9. Subsidies received broken down by country or region. This refers to grants, tax relief, and other types of financial benefits that do not represent a transaction of goods and services. Explain definitions used for types of groups.</p>

The Global Reporting Initiative’s 2002 *Sustainability Reporting Guidelines* are available here:
www.globalreporting.org/guidelines

The OECD Guidelines for Multi-National Enterprises are available here:
www.oecd.org/daf/investment/guidelines

Summary of Main Differences between the OECD Guidelines for Multinational Enterprises (MNEs) and the GRI 2002 Sustainability Reporting Guidelines

The OECD Guidelines is a code of conduct, representing recommended voluntary “principles and standards for responsible business conduct consistent with applicable laws”.

The GRI 2002 guidelines is a sustainability reporting framework, representing:

- sustainability reporting principles (based on financial reporting principles);
- items of disclosure which cover governance, stakeholder consultation, and management systems; and
- indicators on economic, environment and social performance.

Though both documents promote corporate accountability and sustainability, they are inherently very different documents.

<u>Main differences between the OECD Guidelines for MNE and the GRI 2002 Sustainability Reporting Guidelines</u>	
OECD Guidelines for MNEs	GRI Guidelines
Code of conduct for responsible business	Sustainability Reporting Framework
Represents principles and standards on corporate behaviour	Represents: <ul style="list-style-type: none"> • sustainability reporting principles • items of disclosure • indicators on economic, environment and social performance.
Organised under the aspects that constitute responsible business conduct: disclosure, employment and industrial relations, environment, combating bribery, consumer interests science and technology, competition, taxation	Organised as a reporting framework: <ul style="list-style-type: none"> Part A: Using the GRI Guidelines Part B: Reporting Principles Part C: Report Content (items of disclosure and performance indication)