

# 2023 Update of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct<sup>1</sup>

## 1 Questions and Answers

**What are the Guidelines?** The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the Guidelines) are recommendations jointly addressed by governments to multinational enterprises to enhance the business contribution to sustainable development and address adverse impacts of business activities on people, planet, and society. The Guidelines are supported by a unique implementation mechanism, the National Contact Points for Responsible Business Conduct (NCPs), established by governments to further the effectiveness of the Guidelines.

**What was the reason for doing the update?** Since their introduction in 1976, the Guidelines have been updated a number of times to remain fit for purpose in light of societal challenges and the evolving context for international business. The 2023 update reflects a decade of experience since their last update in 2011 and responds to urgent social, environmental, and technological priorities facing societies and businesses.

**What are the updates that have been made?** Key updates include:

- Recommendations for enterprises to align with internationally agreed goals on **climate change and biodiversity**
- Recommendations for risk-based due diligence on the development, financing, sale, licensing, trade and use of **technology, including gathering and using data**
- Recommendations on how enterprises are expected to conduct due diligence on impacts and business relationships related to the **use of their products and services**
- Better protection for **at-risk persons and groups** including those who raise concerns regarding the conduct of businesses
- Updated recommendations on **disclosure of responsible business conduct information**
- Expanded due diligence recommendations to **all forms of corruption**
- Recommendations for enterprises to ensure **lobbying activities** are consistent with the Guidelines
- Strengthened procedures to ensure the visibility, effectiveness, and functional equivalence of [National Contact Points on Responsible Business Conduct](#)

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<sup>1</sup> This is an unofficial summary of the main updates in the 2023 OECD Guidelines for multinational enterprises on responsible business conduct based on the presentation of main changes prepared by the OECD Secretariat. The presentation of the main changes is available via the following link:  
<https://mneguidelines.oecd.org/mneguidelines/OECD-MNE-Guidelines-2023-Presentation.pptx>.

**Have you made changes to the six-step due diligence framework?** There are no changes to the six- step due diligence framework, which is the reference point for responsible business conduct due diligence practices for businesses globally. In fact, with the update, the six-step due diligence framework is now better reflected across the substantive chapters of the Guidelines, including in the Disclosure chapter. Additionally, with the update, the Guideline's general due diligence recommendations now also apply to the chapter on Science, Technology and Innovation.

**Are the Guidelines still voluntary?** The Guidelines provide voluntary principles and standards for responsible business conduct consistent with applicable laws and internationally recognised standards. Matters covered by the Guidelines may be the subject of national domestic law and international commitments. The Guidelines outline recommendations on responsible business conduct that may go beyond what enterprises are legally required to comply with. The recommendation from governments that enterprises observe the Guidelines is distinct from matters of legal liability and enforcement.

**Are the Guidelines still aligned with other international instruments?** Yes. As before the updated Guidelines remain fully aligned with and complementary to the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration.

**When do the updated Guidelines come into force?** The updated Guidelines, as well as the Decision, came into force on 8 June 2023, on the occasion of the 2023 OECD Ministerial Council Meeting.

**How was the updated conducted?** The update was conducted by the 51 Adherents to the OECD Declaration on International Investment and Multinational Enterprises and the European Union in the OECD Working Party on Responsible Business Conduct and the OECD Investment Committee. The update benefitted from close involvement of the institutional stakeholders *Business at OECD*, the *Trade Union Advisory Committee to the OECD*, and *OECD Watch*, representing the views of millions of businesses, workers, and civil society members globally. The process also included two public consultations open to interested stakeholders from all countries.

## 2 Summary of changes to the preface and the chapters

### Preface

The Preface sets out the overall context in which the Guidelines operate and describes the role of the Guidelines in promoting responsible business conduct. Main updates include:

- General updated language to reflect developments in the political, economic, technological, environmental and societal **context for international business**, including the role of responsible business conduct in achieving sustainable trade and investment;
- Introducing the Guideline's focus on **risk-based due diligence** as well as their relationship with domestic law and matters of legal liability and enforcement;
- Emphasising the importance of the legal and policy environment for responsible business conduct, including **rule of law and civic space**, as well as the **role of governments in creating an enabling policy environment** including through a smart mix of mandatory and voluntary measures.

### Chapter I: Concepts and Principles

The chapter sets out the nature of the Guidelines, their potential scope of application, their relationship to domestic law and avenues for promoting the implementation of the recommendations to enterprises. Main updates include:

- Clarifying that while the Guidelines allow for a broad and flexible approach in **identifying which enterprises may be considered multinational enterprises under the Guidelines**, the main factors to consider in this regard are the international nature of an enterprise's structure or activities and its commercial form, purpose, or activities.

### Chapter II: General Policies

The chapter establishes common principles that underline the specific recommendations of subsequent chapters, including that businesses should conduct risk-based due diligence to assess and address adverse impacts associated with their operations, products and services on the matters covered by the Guidelines. Main updates include:

#### Risk-based due diligence

- Recalling that the OECD Due Diligence Guidance for Responsible Business Conduct sets out a **six-step due diligence framework** that governments have committed to actively support and monitor;
- Emphasising that **risk-based due diligence related to an enterprise's products or services**, should take into account known or reasonably foreseeable circumstances related to the use of the product or service in accordance with its intended purpose, or under conditions of reasonably foreseeable improper use or misuse, which may give rise to adverse impacts;
- Clarifying, that **due diligence should be risk-based**, commensurate to the severity and likelihood of the adverse impact and appropriate and proportionate to its context. Clarifying that where it is not feasible to address all identified impacts at once, an enterprise should **prioritise** the order in which it takes action based on the severity and likelihood of the adverse impact;
- Clarifying that enterprises are expected to **engage in meaningful consultation** with individuals or groups who may be adversely affected by their activities;

- Clarifying, that **responsibility should not be shifted** from an entity causing an adverse impact to the enterprise with which it has a business relationship;
- Recognising **practical limitations on the leverage** that enterprises have or may be able to build, depending on product and/or service characteristics, the number of suppliers and other business relationships, the structure and complexity of the supply chain, or the nature of a business relationship or adverse impact in question;
- Clarifying in relation to **responsible engagement and disengagement**, that where it is possible for enterprises to continue the relationship and demonstrate a realistic prospect of, or actual improvement over time, such an approach will often be preferable to disengagement and that when deciding to disengage, enterprises should do so responsibly.

### Business relationships

- Clarifying that the **scope of business relationships** covered by the Guidelines' due diligence expectation includes entities in the supply chain, which supply products or services that contribute to the enterprise's own operations, products or services or which receive, license, buy or use products or services from the enterprise;
- Clarifying that business relationships include **relationships beyond contractual, "first tier" or immediate** relationships;
- Clarifying that **individual consumers**, who are natural persons acting for purposes that are unrelated to a business or, commercial, or governmental activity, are not generally considered 'business relationships' under the Guidelines, although an enterprise can contribute to adverse impacts caused by them;
- Noting that when engaging with suppliers and other entities with which they have business relationships to improve their performance, engaging with and **supporting small- and medium-sized enterprises is particularly important**.

### Other general policies

- Emphasising that enterprises should **refrain from and take steps to prevent reprisals** against persons for investigating or raising concerns about its operations, products or services, and promote an environment in which people feel safe raising concerns;
- Emphasising that enterprises should ensure **transparency and integrity in lobbying activities**, taking due account of the OECD Recommendation on Principles for Transparency and Integrity in Lobbying [[OECD/LEGAL/0379](#)] and ensure that their lobbying activities are consistent with their commitments and goals on matters covered by the Guidelines;
- Emphasising that **self-regulatory practices and multi-stakeholder initiatives** on responsible business conduct should be credible and transparent and aligned with relevant international standards such as the Guidelines, and that while enterprises can collaborate at an industry or multistakeholder level, they remain individually responsible for ensuring that their due diligence is carried out effectively.

## Chapter III: Disclosure

The chapter outlines recommendations for enterprises related to disclosure of material information and disclosure of responsible business conduct information even where this information is not considered material. Main updates include:

- Aligning with the revised **G20/OECD Principles of Corporate Governance**, including in relation to beneficial ownership, board composition and materiality;
- Emphasising the importance that enterprises **disclose responsible business conduct information** in accordance with the Guidelines' six-step due diligence framework, and the relevance of **external assurance** to enhance the credibility of responsible business conduct information;

- Recognising that responsible business conduct **due diligence can support enterprises in identifying material risks and impacts**, and enhance the relevance, quality and comparability of such disclosures;
- Recognising that **responsible business conduct information could be considered material** if its omission or misstatement can reasonably be expected to influence an investor's assessment of an enterprise's value, timing and certainty of an enterprise's future cash flows or an investor's investment or voting decisions, and that **determination of which information is material may vary** over time, and according to the local context, enterprise specific circumstances and jurisdictional requirements.

## Chapter IV: Human Rights

The chapter is aligned with the business responsibility to respect human rights established in the UN Guiding Principles on Business and Human Rights, including that enterprises should conduct due diligence to avoid causing, contributing to, or being directly linked to adverse human rights impacts.

Main updates include:

- Emphasising that enterprises should pay special attention to any particular adverse impacts on individuals, for example human **rights defenders**, who may be at **heightened risk due to marginalisation, vulnerability** or other circumstances, individually or as members of certain groups or populations, including **Indigenous Peoples**, and noting that OECD due diligence guidance provides further practical guidance in this regard, including in relation to **Free, Prior and Informed Consent (FPIC)**;
- Emphasising that in the context of **armed conflict or heightened risk of gross abuses**, enterprises should conduct enhanced due diligence in relation to adverse impacts, including violations of international humanitarian law.

## Chapter V: Employment and Industrial Relations

The chapter affirms that enterprises should respect the International Labour Organization (ILO) fundamental principles and rights at work (ILO core conventions) as well as a range of principles related to industrial relations, worker training, and adequate wages and working conditions. Main updates include:

- Emphasising that enterprises should **respect the rights of all workers to freedom of association and collective bargaining**;
- Reflecting that enterprises should provide a **safe and healthy working environment** in line with the ILO Declaration on Fundamental Principles and Rights at Work;
- Emphasising that enterprises should take steps to **prevent human trafficking, forced labour and coercive means, including debt bondage** and bolster transparency around actions taken to address risks of forced labour associated with their operations, products and services;
- Emphasising that **training for up-skilling and re-skilling** should anticipate future changes in operations and employer needs, including those responding to societal, environmental technological changes, risks and opportunities linked to **automation, digitalisation, just transition and sustainable development**;
- Clarifying that the recommendation that enterprises **provide reasonable notice** to the representatives of workers and relevant government authorities, of changes in their operations which would have major effects upon the livelihood of their workers, includes moves towards **automation** involving collective or large-scale layoffs or dismissals.

## Chapter VI: Environment

The chapter sets out the expectation that enterprises conduct due diligence to assess and address adverse environmental impacts associated with their operations, products and services, including in relation to climate change and biodiversity. Main updates include:

## Environmental impacts and due diligence

- Clarifying that enterprises should carry out **risk-based due diligence to assess and address adverse environmental impacts**, and adding a **non-exhaustive list of environmental impacts** that may be associated with their activities including a) climate change; b) biodiversity loss; c) degradation of land, marine and freshwater ecosystems; d) deforestation; e) air, water and soil pollution; f) mismanagement of waste, including hazardous substances;
- Clarifying that under the Guidelines, **environmental impacts** are understood as significant changes in the environment or biota which have harmful effects on the composition, resilience, productivity or carrying capacity of natural and managed ecosystems, or on the operation of socio-economic systems or on people;
- Clarifying how, under the Guidelines, an enterprise can be involved with adverse environmental impacts:
  - an enterprise **“causes” an adverse environmental impact** if its activities on their own are sufficient to result in the adverse impact;
  - an enterprise **“contributes to” an adverse environmental impact** if its activities, in combination with the activities of other entities cause the impact, or if the activities of the enterprise cause, facilitate or incentivise another entity to cause an adverse impact;
  - adverse environmental impacts can also be **directly linked** to an enterprise’s business operations, products or services by a business relationship, even if it does not contribute to those impacts.
- Recognising that while in some instances it will be possible to assess, based on available science and information, to what extent an enterprise is **contributing to an adverse environmental impact**, in other instances such an assessment may be based on the **extent to which its activities are consistent with relevant standards and benchmarks**;
- Recognising that limitations to carrying out environmental due diligence may include lack of availability of environmental data or technologies, as well as the importance of providing **support to small- and medium-sized enterprises** and small holders;
- Recognising that adverse **environmental impacts are often closely interlinked with other matters covered by the Guidelines** such as health and safety, impacts to workers and communities, access to livelihoods or land tenure rights, and that environmental due diligence will often involve taking into account multiple environmental, social and developmental priorities.
- Recalling the imperatives of a **just transition** and that it is important for enterprises to assess and address social impacts, including on the workforce, both in their transition away from environmentally harmful practices, as well as towards greener industries or practices, such as the use of renewable energy.

## Climate change mitigation and adaptation

- Emphasising that enterprises should **ensure that their greenhouse gas emissions and impact on carbon sinks are consistent with internationally agreed global temperature goals** based on best available science, including as assessed by the Intergovernmental Panel on Climate Change (IPCC);
- Emphasising that enterprises should **introduce and implement science-based policies, strategies and transition plans on climate change mitigation and adaptation**, including adopting, implementing, monitoring and reporting on **mitigation targets** that are:
  - short, medium and long-term;
  - science-based;
  - include absolute and also, where relevant, intensity-based GHG reduction targets; and
  - that take into account scope 1, 2, and, to the extent possible based on best available information, scope 3 GHG emissions.
- Noting the importance of reporting against, reviewing and **updating targets regularly** based on the **latest available scientific evidence** and as different national or industry specific **transition pathways** are developed and updated;

- Emphasising that enterprises should **prioritise eliminating or reducing sources of emissions** over offsetting, compensation, or neutralization measures, noting that **carbon credits or offsets** may be considered as a means to address unabated emissions as a last resort, should be of high environmental integrity, and should not draw attention away from the need to reduce emissions or contribute to locking in greenhouse gas intensive processes and infrastructures;
- Emphasising that enterprises should avoid activities, which undermine climate **adaptation** for, and **resilience** of, communities, workers and ecosystems.

### Biodiversity

- Emphasising that enterprises should contribute to the **conservation of biological diversity**, the sustainable use of their components, and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources and avoid and address land, marine and freshwater degradation, including deforestation;
- Emphasising that enterprises' efforts to **prevent or mitigate adverse impacts on biodiversity** should be guided by the **biodiversity mitigation hierarchy**, which recommends first seeking to avoid damage to biodiversity, reducing or minimising it where avoidance is not possible, and using offsets and restoration as a last resort for adverse impacts that cannot be avoided;
- Noting that, where appropriate, enterprises should also contribute to sustainable land and forest management, including **restoration, afforestation, reforestation including reduction of land, marine and freshwater degradation**.

### Sustainable consumption and production

- Emphasising that enterprises should:
  - adopt technologies, where feasible **best available technologies**, to improve environmental performance;
  - develop and provide products or services that have no undue environmental impacts; are safe in their intended use; are **durable, repairable and can be reused, recycled, or disposed of safely** and that are produced in an environmentally sound manner that **uses natural resources sustainably**, minimises as far as possible energy and material input as well as generation of pollution, greenhouse gas emissions and waste, in particular hazardous waste;
  - promote higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise, including by providing **relevant and accurate information on their environmental impacts** (for example, on greenhouse gas emissions, impacts on biodiversity, resource efficiency, reparability and recyclability or other environmental issues).

### Animal welfare

- Emphasising that enterprises should **respect animal welfare standards** that are aligned with the World Organisation for Animal Health (WOAH) Terrestrial Code, and noting that an animal experiences good welfare if the animal is healthy, comfortable, well nourished, safe, is not suffering from unpleasant states such as pain, fear and distress, and is able to express behaviours that are important for its physical and mental state.

## Chapter VII: Combating Bribery and Other Forms of Corruption

The chapter sets out the expectation that enterprises do not engage in any act of bribery or other forms of corruption. This applies to both supply and demand of corruption by the enterprise and to interactions with both public officials and with employees of other enterprises. Main updates include:

- Recognising that **adverse impacts on matters covered by the Guidelines are often enabled by means of corruption**, and that anti-corruption due diligence by enterprises is an important contribution to the avoidance of other adverse impacts covered by the Guidelines;

- Extending the chapter beyond offering, promising, giving, requesting, agreeing to or accepting bribes to also include **other forms of corruption including trading in influence, embezzlement and misuse of sponsorships and charitable donations**;
- Clarifying that this includes bribery and other forms of corruption involving both public officials and employees of **entities with which an enterprise has a business relationship**;
- Emphasising that enterprises should take steps to ensure that their **agents avoid exercising illicit influence** and comply with professional standards in their relations with public officials;
- Encouraging enterprises to **disclose misconduct** related to bribery and other forms of corruption, as well as the measures adopted to address cases of suspected bribery and other forms of corruption;
- Emphasising that **political contributions** should require senior management approval and that workers should not be obliged to support a political candidate or a political organisation;
- Recognising that **collective action and meaningful engagement** with local and international civil society organisations, business, professional associations, and international organisations, including **coordinated actions** to address the solicitation and acceptance of bribes, may help enterprises mitigate corruption risks that one enterprise cannot mitigate individually.

## Chapter VIII: Consumer Interests

The chapter calls on enterprises to act in accordance with fair business, marketing and advertising practices and that their goods and services do not adversely impact consumers. Main updates include:

- Emphasising the importance that enterprises take steps to reduce the **risks of e-commerce** so that the level of protection is not less than that provided in more traditional forms of commerce, including with regard to safety and privacy;
- Emphasising that any **sustainability-related claims enterprises make about their products or services** should be based on adequate evidence and, as applicable, proper tests and verification including information on the energy efficiency and the degree of recyclability, durability, and reparability of products, the sustainability attributes of financial products and services or, for example, in the case of food products, information on agricultural practices or nutritional attributes.

## Chapter IX: Science, Technology and Innovation

The chapter sets out the expectation that enterprises conduct due diligence to assess and address adverse impacts associated with the development, financing, sale, licensing, trade and use of technology, including gathering and using data, as well as scientific research and innovation. Main updates include:

- Emphasising that enterprises should **conduct risk-based due diligence** on actual and potential adverse impacts related to science, technology and innovation, including **development, financing, sale, licensing, trade and use of technology**, including gathering and using data, as well as scientific research and innovation;
- Noting that under the Guidelines, **science** is understood as including, among other issues, research and exploration. **Technology** is understood to include digital technology, non-digital technology, and digital services, as well as digital ecosystems that facilitate their development and use. **Innovation** is understood as the process of developing a new or improved product, service or process with the intent of making it available to potential users or bringing it into use by the enterprise. **Data** is understood to refer to recorded information in structured or unstructured formats, including text, images, sound, and video.
- Noting that due diligence should take into account **known or reasonably foreseeable circumstances related to the use of the product or service** provided in accordance with its intended purpose, or under conditions of reasonably foreseeable improper use or misuse, which may give rise to adverse impacts;



- Encouraging adoption, throughout the data value cycle, of **responsible data governance** including codes of conduct, ethical principles, rules regarding manipulation and coercion of consumers, and privacy and data protection norms;
- Encouraging **transfer and diffusion of technology by enterprises** on voluntary, safe, secure and mutually agreed terms with due regard to the protection of intellectual property rights, confidentiality obligations, privacy, personal data protection, export controls and non-discrimination principles;
- Emphasising that enterprises should make efforts to identify situations where certain actors may seek to benefit from technology transfer in order to **misuse civilian technology**;
- Noting that enterprises should **conduct digital security risk management** in a manner that is consistent with the other chapters of the Guidelines;
- Emphasising that in all **activities concerning children and youth** participation in, or engagement with the digital environment, enterprises should take into account, as appropriate, the child's best interests as a primary consideration.

## Chapter X: Competition

The chapter calls on domestic and multinational enterprises to carry out their activities in a manner consistent with applicable competition laws and regulations, taking into account the competition laws of all jurisdictions in which the activities may have anti-competitive effects. Updates include:

- Recognising that credible **responsible business conduct initiatives** are not inherently in tension with the purposes of competition law and typically collaboration in such initiatives will not be in breach of such laws.
- Noting that enterprises may be **subject to competition law when buying labour input** from workers in a similar way as when buying other goods and services and that in such cases enterprises should ensure they comply with applicable laws in their recruitment and employment policies, and when planning mergers and acquisitions.

## Chapter XI: Taxation

The chapter calls on enterprises to comply with both the letter and spirit of tax laws and regulations of the countries in which they operate and make timely tax payments. Updates include:

- Recognising the transparency-related provisions of the **OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS)** project;
- Reflecting updates to the **transfer pricing guidelines** and noting the importance of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.