



Annual Report 2018

of the Austrian National Contact Point for the
OECD Guidelines for Multinational Enterprises

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1 OECD Guidelines for Multinational Enterprises

Sustainability in thought and action is natural for many Austrian enterprises. It is a driver for innovation and greater competitiveness of the Austrian economy in a global market. Against the background of ever more complex value creation chains the OECD Guidelines for Multinational Enterprises constitute an effective tool to understand and manage risks in important areas of corporate responsibility along the entire value creation chain.

1.1 Overview

The OECD Guidelines are the broadest tool to foster responsible business conduct in international business relations. They comprise recommendations with regard to information disclosure, human rights, employment, environment, the fight against corruption, consumer protection, science and technology, competition and taxation.

The OECD Guidelines help ensure that the UN's Global Goals for Sustainable Development will not be subverted by negative effects on the society and environment ("do no harm"). They facilitate the creation of equal competitive terms in the international market and they should foster a dialogue on corporate responsibility between stakeholders.

48 participating states

All 36 OECD member states plus Argentina, Brasil, Colombia, Costa Rica, Egypt, Jordan, Kazakhstan, Morocco, Peru, Romania, Tunesia and Ukraine have committed themselves to foster and implement the principles and measures of responsible business conduct as described in the OECD Guidelines.

Mechanism for conflict solution

The OECD Guidelines are the only multinational instrument for responsible business conduct that have an integral dispute settlement mechanism. National Contact Points in

the member states offer a platform for out-of-court mediation and conciliation for grievances regarding complaints involving non-compliance with the OECD Guidelines.

1.2 National Contact Points

Austrian National Contact Point

The Austrian National Contact Point is a stand-alone unit within Department III/6a at the Federal Ministry for Digital and Economic Affairs (BMDW). In its work, the Austrian NCP is assisted by a steering committee made up of representatives of ministries, chambers, interest groups and the public. It is chaired by the BMDW's representative.

The foreign trade strategy for 2018 pursued by the Austrian government uses the OECD Guidelines in its support of responsible business conduct (see the chapter on value-based foreign trade policy), emphasising the role of the Austrian NCP as a one-stop shop for responsible business conduct.

Further information

Please find the contact information on all National Contact Points on the official website for the OECD Principles: mneguidelines.oecd.org.

For more information on the OECD Guidelines for Multinational Enterprises please go to:

- Business and Industry Advisory Committee to the OECD (BIAC) www.biac.org
- OECD Watch www.oecdwatch.org
- Trade Union Advisory Committee to the OECD (TUAC) www.tuac.org

2 Review of 2018

The Austrian NCP makes available information on the OECD Guidelines, organises discussion rounds and expert talks and proactively contributes to stakeholder events on responsible business conduct. Moreover, the Austrian NCP is open for enquiries regarding application and relevance of the OECD Guidelines and comments on such enquiries. In 2018, the Austrian NCP focused on informing new dialogue groups of the OECD Guidelines through events focused on the subject.

2.1 Core activities

Grievance procedure

In 2018, the follow-up in the specific instance involving several NGOs and Andritz Hydro GmbH in a dispute over a hydropower project in Laos was concluded. The parties described the follow-up as constructive and valuable and declared their intention of continuing the dialog. The agreement made in 2017 provides for the parties to make joint efforts to improve the situation of the local population in the Mekong region, to carry out due diligence in accordance with the OECD Guidelines for future projects and to review associated entrepreneurial processes and standards. As agreed, the parties submitted follow-up declarations regarding the measures taken by them. The follow-up meeting took place at the BMDW on 6 September 2018.

2.2 Discussions of the OECD Guidelines

In 2018, the Austrian NCP organised a discussion forum on digitisation and global responsibility, an expert discussion for institutional investors and a roundtable with employees' representatives.

Expert discussion on “Responsible Investment”

On 16 May 2018, the Austrian NCP joined forces with the BAWAG Group to invite representatives of the banking and financial industry to an expert talk designed to introduce the OECD recommendations on due diligence for institutional investors and to discuss the challenges involved in identifying how to control non-financial risks.

Following a welcome address by Iris Hammerschmid from the Austrian NCP and Enver Sirucic, CFO of the BAWAG Group, Barbara Bijelic, legal expert of the OECD Department for Responsible Business Conduct, presented recommendations on integrating human rights, employment and employment relationships, environment, the fight against corruption and consumer protection into the scope of the due diligence. Next, Bernhard Moitzi, head of the Non-Financial Risk Department at the BAWAG Group, described the challenges and methods of handling non-financial risks within the BAWAG Group.



Expert discussion on responsible business conduct based on the OECD Guidelines for representatives of the banking and financial sector

Discussion forum on “Digitisation and Global Responsibility”

Blockchain, the Internet of Things and big data are considered game changers for more transparency and flexibility in the supply chain. Consequently, the discussion forum held by the Austrian NCP at the headquarters of the Federation of Austrian Industries on 11 June 2018 focused on the extent to which ongoing digitisation can improve transparency and responsibility within global supply chains.

In his welcome address, Christian Friesl, head of the Department of Education and Society at the Federation, emphasised that transparency has become a key element in global supply chains. Bernadette Marianne Gierlinger, head of the Centre for Foreign Trade Policy and European Integration at the BMDW, informed those present that the OECD Guidelines will take a major role in the Foreign Trade Strategy for 2018.



Discussion on the potential offered by digital technologies in implementing responsibility and transparency in global supply chains

Digital technologies in the supply chain

Participants in the subsequent discussion were Martin Schleper, Sustainable Operations Manager of the University of Sussex, Tara Norton, Managing Director of BSR, an international business consultancy, Michaela Kegel from the Compliance und Sustainability Services at KPMG, and Manfred Schekulin, head of the Export and Investment Policy Department at the BMDW and chair of the OECD Investment Committee.

Sustainability problems typically occur at the start of the supply chain, but businesses frequently need to trust in information by their direct suppliers, as Martin Schleper noted with regard to the problem of inadequate visibility. Many businesses are testing digital technologies and their use to obtain evidence that their supply chains are free of forced labour and corruption, according to Tara Norton, Managing Director of BSR, who pointed out examples such as a joint venture between Maersk, a Danish logistics and transport business, and IBM, the “From Bean to Cup” project at Starbucks and a project by Unilever and Sainsbury, a British supermarket chain, involving tea growers in Malawi.

According to Manfred Schekulin, it is impossible to reach sustainability goals without digitisation. Michaela Kegel noted that digitisation can help to structurally process standards such as the OECD Guidelines and predict political or labour-law risks by the use of algorithms. Nevertheless, debaters agreed that digital applications cannot substitute decision-making and trusting in the truth of information.

Roundtable with employees’ representatives

On 8 October 2018, the Austrian NCP invited employees’ representatives from internationally operating Austrian companies to an exchange of experience. Iris Hammerschmid from the Austrian NCP, Felix Hadwiger, co-publisher of “Menschenrechte in Unternehmen durchsetzen“, and Sabine Bauer, deputy chair of the supervisory board and chair of the European Works Council of Adidas AG, described strategies and tools for workers’ participation and discussed with the round of 15 participants how employees share global business responsibility. Employees’ representatives can actively support their company’s risk management by informing it of abuses; they can be included in drafting a code of conduct or in stakeholder dialogues, and they can provide the impetus for companies to advocate an international framework or join a global framework agreement in which they are accorded a specific role, as Felix Hadwiger said in describing concrete options for co-participation.



Roundtable with workers' representatives on co-designing global responsibility

2.3 Participation in stakeholder events

The Austrian NCP furnished information on the OECD Guidelines and the dispute settlement mechanism at the following stakeholder events:

- meeting of the Joint Albanian and Austrian Commission in Vienna on 11 April 2018,
- visit of a Chinese delegation of government representatives in Vienna on 28 May 2018,
- lecture on OECD Guidelines to the Austrian Women's International Law Network (GöV) in Vienna on 12 November 2018.

2.4 Brochures and information material

Information brochure

The brochure on “The Austrian National Contact Point” provides information in German and English on the OECD Guidelines as well as on the responsibilities and activities of the Austrian NCP.

Annual report

Annual reports furnish an overview of the activities of the Austrian NCP and are published in German and English.

Leaflet on the OECD Guidelines for Multinational Enterprises

Basic information on the OECD Guidelines, the Austrian NCP and the grievance procedure is available in German and in English.

All materials can be ordered by free of charge from ncp-austria@bmdw.gv.at or downloaded from www.oecd-leitsaetze.at.

3 Knowledge sharing and networking

Beyond its efforts to improve the visibility and effectiveness of the OECD Guidelines, the Austrian NCP participated in peer learning activities and other international exchange meetings.

3.1 OECD Peer Review of the Austrian NCP

The voluntary peer reviews, included in the Guidelines in 2011, aim to extend application of the OECD Guidelines and improve the work of the National Contact Points. Commenced in 2017, the peer review of the Austrian NCP was continued in 2018 and its findings were presented to the OECD Working Party on Responsible Business Conduct in December 2018. The expert competence evinced by the Austrian NCP and the scope of its activities to promote the OECD Guidelines were given their proper due. As a next step, the peer review of the Austrian NCP will be adopted by the OECD Investment Committee in March 2019 and published on the homepages of both OECD and BMDW.

3.2 NCP exchange meetings and international conferences

The Austrian NCP regularly participated in meetings of the OECD Working Party on Responsible Business Conduct and in meetings of the Network of National Contact Points. On 30 and 31 January 2018, the Austrian NCP was present at the OECD Forum on Due Diligence in the Garment and Footwear Sector held in Paris. On 15 June 2018, the Austrian NCP participated in a workshop on responsible business conduct in the financial sector, organised by the Czech National Contact Point in Prague. On 20 and 21 June 2018, the Austrian NCP sent representatives to the Global Forum on Responsible Business Conduct in Paris. This event included lectures and discussions on due diligence and a responsible agricultural supply chain. The OECD Guidelines on due diligence were also the subject of an event on 10 September 2018, held by the Swiss NCP and the Global Compact Network Switzerland with Tyler Gillard, head of Sector Projects of the OECD's Responsible Business Conduct Unit, and the president of the Global Compact Network Switzerland, at which occasion the Austrian NCP chaired a workshop. On 9 and 10 October 2018, the Austrian NCP attended a peer learning event on grievance procedures of the Netherlands NCP in

The Hague. On 3 and 4 December 2018, the Austrian NCP participated in a meeting of the OECD Working Party on Responsible Business Conduct where its peer review was presented and opinions were exchanged with stakeholders BIAC, TUAC and OECD Watch. On 5 December 2018, the Austrian NCP joined a meeting of the NCP network.

4 Contact

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