

Unpacking Supply Chain Due Diligence for Integrity

RESPONSIBLE BUSINESS CONDUCT DUE DILIGENCE AND ANTI-BRIBERY COMPLIANCE ARE MUTUALLY REINFORCING



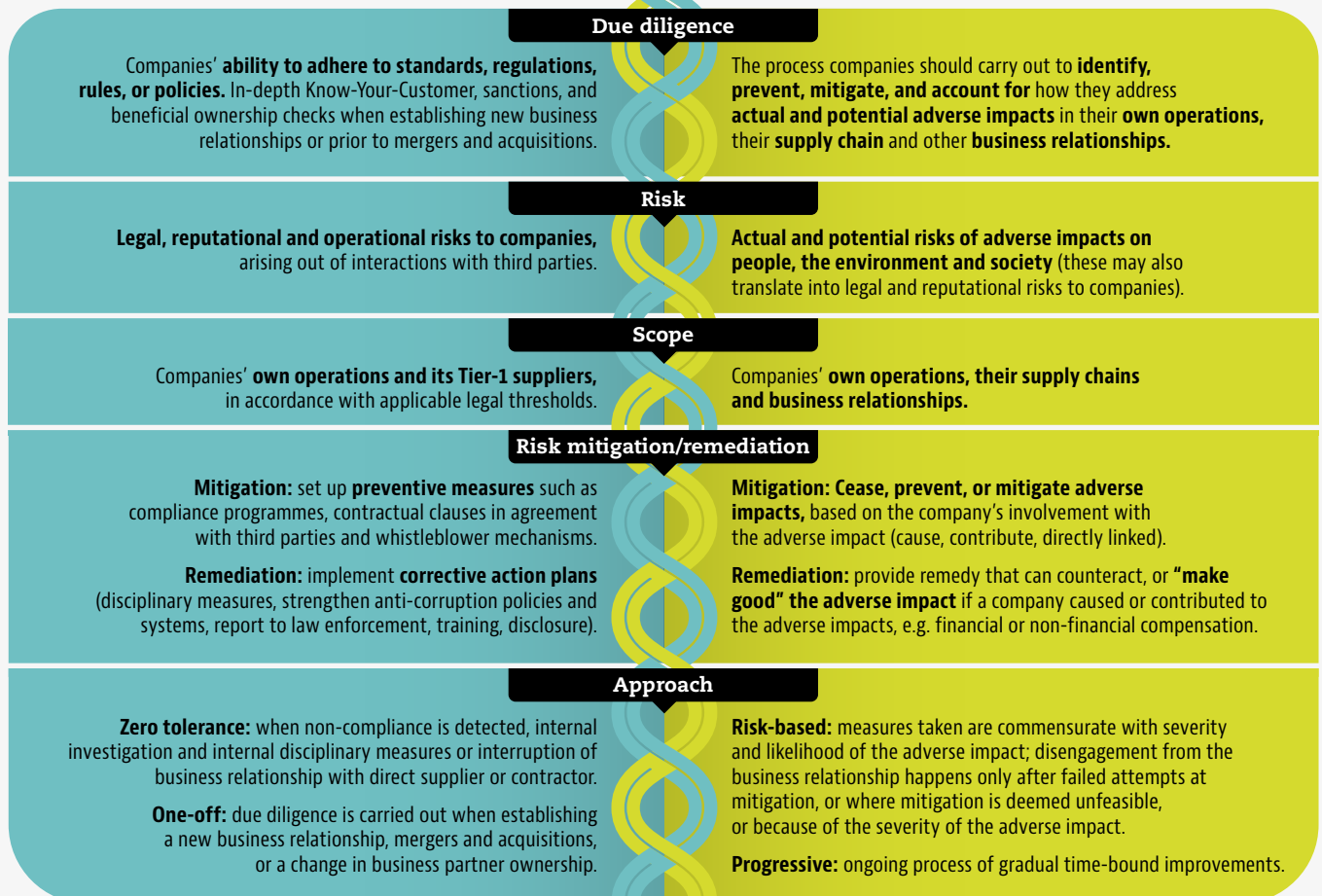
Responsible Business Conduct enhances companies' existing compliance approaches.

- By providing a framework to address corruption risks that lie potentially outside the scope of criminal liability, but nonetheless are directly linked to companies' operations.
- By shedding light on environmental and labour adverse impacts enabled by corruption.
- By leveraging synergies between the two processes to meet different but overlapping regulatory requirements.

Two different but mutually reinforcing approaches...
Sometimes using the same terminology, but with different meanings

ANTI-BRIBERY COMPLIANCE

RESPONSIBLE BUSINESS CONDUCT



...MANDATORY AND VOLUNTARY: THE JOURNEY OF ANTI-BRIBERY COMPLIANCE AND RESPONSIBLE BUSINESS CONDUCT STANDARDS

Anti-Bribery Compliance emerged from the introduction of legislation making business involvement in corruption a criminal offence, starting with the Foreign Corrupt Practices Act in 1977.

Today most jurisdictions have some form of anti-corruption laws in place. Although Responsible Business Conduct standards were originally introduced as soft law, governments are increasingly embedding these expectations into hard law by enacting legislations that mandate companies to carry out social and environmental due diligence on their supply chains.

Some of these laws also cover corruption impacts, as corruption is a key enabler of other social and environmental harms.



2010	2011	2015	2017	2018	2019
UNITED STATES Dodd Frank Act*	DEMOCRATIC REPUBLIC OF THE CONGO Mineral Due Diligence Note*	UNITED KINGDOM Modern Slavery Act UNITED STATES Trade and Facilitation Enforcement Act	FRANCE Duty of Vigilance Law	AUSTRALIA Modern Slavery Act	THE NETHERLANDS Child Labour Due Diligence Act
2020	2021	2022	2023	2024	
SWITZERLAND Conflict Minerals and Child Labour Law*	NORWAY Transparency Act* GERMANY Supply Chain Due Diligence Act UNITED STATES Uyghur Forced Labour Prevention Act UNITED KINGDOM Environment Act UNITED STATES (CALIFORNIA) Garment Worker Protection Act	UNITED ARAB EMIRATES Due Diligence Gold Regulation EUROPEAN UNION Corporate Sustainability Reporting Directive* EUROPEAN UNION Digital Services Act	EUROPEAN UNION Deforestation Regulation* EUROPEAN UNION Batteries Regulation* CANADA Forced Labour and Child Labour Act	EUROPEAN UNION Artificial Intelligence Act EUROPEAN UNION Critical Raw Materials Act* EUROPEAN UNION Corporate Sustainability Due Diligence Directive EUROPEAN UNION Forced Labour Regulation	

*Includes anti-corruption expectations

SUPPLY CHAIN DUE DILIGENCE FOR ANTI-CORRUPTION IN PRACTICE



While Anti-Bribery Compliance addresses corruption risks identified in direct business relationships, Responsible Business Conduct provides a framework to manage corruption risks throughout a company's own operations and supply chains. Although potentially outside the scope of criminal liability, managing such risks can be important to addressing environmental and social risks, preventing reputational damage and responding to emerging due diligence regulations. The below steps illustrate how supply chain due diligence can work in practice.

1 Establish or adapt any existing compliance or management programme for risks arising from the company's business relationships in the supply chain.

Engage with business relationships and allocate adequate resources towards stakeholder engagement.

Promote collaboration between compliance, legal, procurement and sustainability teams to streamline responsibilities and align tasks.

2 Use a risk-based approach when conducting corruption risks assessments throughout the supply chain through considering risk factors, such as geographic location, industry sub-sector, background identity or function of business relationship, connection to the government etc.

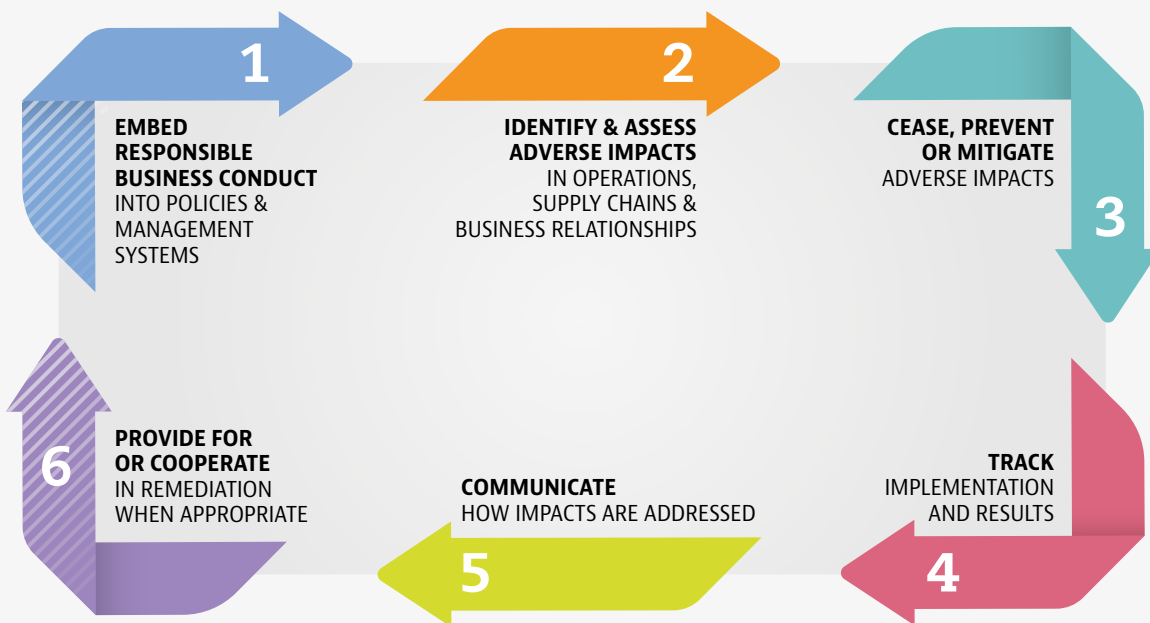
Prioritise risks for action according to severity (scale, scope and irremediable character) and likelihood.

- Scale: monetary amount of the bribe
- Scope: frequency at which bribes are paid
- Irremediable character: damage to society

3 For corruption risks identified beyond direct business relationships even many tiers away: use leverage, investigate allegations and collaborate with peers on risk mitigation, including through multi-stakeholder initiatives/collective action.

Additional information can be gathered through targeted consultation with knowledgeable NGOs, requirements of forensic audits to complement responsible sourcing systems audits.

Appropriate responses may include, as a last resort, responsible disengagement. For example if the harm is too severe, after failed attempts at preventing or mitigating severe impacts, when impacts are irremediable or when there is no reasonable prospect of change.



6 Use leverage with the business relationship that caused or contributed to corruption to encourage it to provide remediation. For example:

- Compensation to victims;
- Provision of community services or infrastructure;
- Assurances of non-repetition.

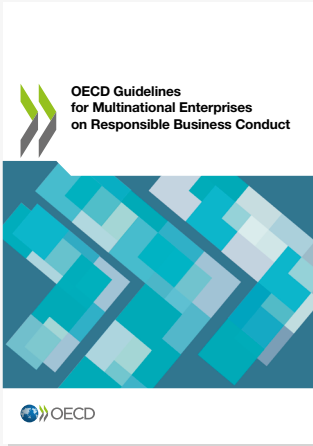
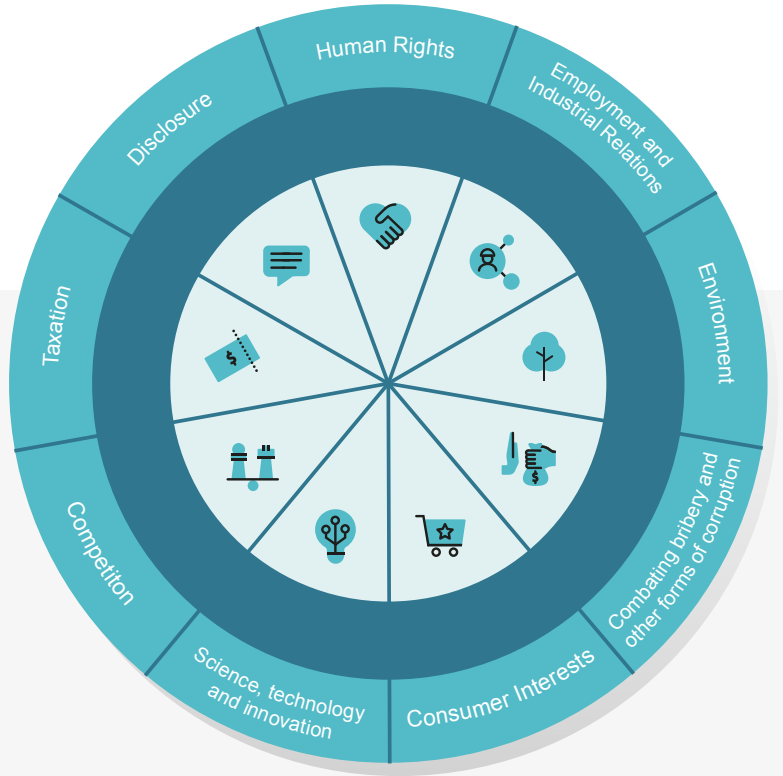
5 Disclose information on actions taken by the company to address potential and actual corruption risks in sustainability or other reports, such as:

- Policies and management systems;
- Risk assessment methodology;
- Actions taken to identify, prevent and mitigate corruption risks, including where possible estimated timelines and benchmarks for improvement and their outcomes;
- Measures to track implementation and results.

4 Track effectiveness of due diligence through setting and monitoring progress on targets. For example:

- Are number or amount of bribes demanded at business relationships' sites decreasing?
- Are business relationships' systems picking up corruption incidents they previously did not?
- Are whistleblowing mechanisms adequately providing corruption alerts?

OECD STANDARDS AND RECOMMENDATIONS ON SUPPLY CHAIN DUE DILIGENCE



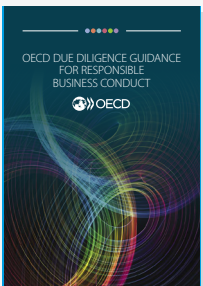
Guidelines for Multinational Enterprises on Responsible Business Conduct

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct set the expectations by governments for businesses to align companies' activities with sustainable development and conduct due diligence to avoid adverse impacts on people, planet and society.

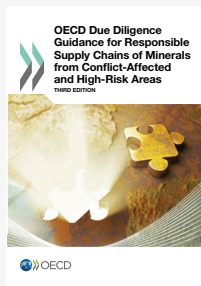


OECD e-learning Academy on Responsible Business Conduct

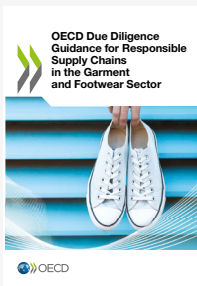
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Due Diligence Guidance for Responsible Business Conduct



Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas



Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector



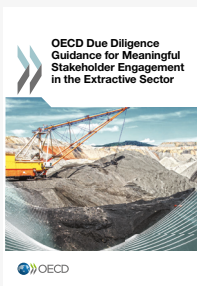
Responsible Business Conduct for Institutional Investors



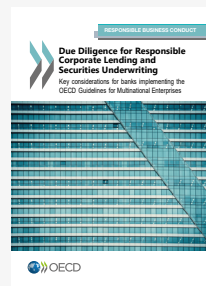
Responsible business conduct due diligence for project and asset finance transactions



Guidance for Responsible Agricultural Supply Chains



Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector



Due Diligence for Responsible Corporate Lending and Securities Underwriting

The **OECD Due Diligence Guidance for Responsible Business Conduct** and the related **sectoral Guidances** provide practical support to enterprises on the implementation of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct by providing plain language explanations of its due diligence recommendations and associated provisions.