

STRENGTHENING ALIGNMENT **between** **the updated OECD Guidelines and** **legislative initiatives in the Netherlands** **and the EU**

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ('the Guidelines') - which are, along with the UN Guiding Principles on Business and Human Rights (UNGPs), the leading international norm on due diligence - have recently undergone an update which was unanimously endorsed by the full OECD Council (comprised of 51 OECD and adhering governments) on 8 June 2023.¹

These international norms pave the way for states wanting to enshrine corporate expectations in hard law. Many EU policymakers, businesses, and civil society prioritise achieving impactful and workable due diligence laws while avoiding a proliferation of conflicting expectations for enterprises. The existing authoritative international norms on due diligence are key to avoiding such conflict.

This paper builds on OECD Watch's earlier assessment of the degree to which the three EU institutions' proposals on the Corporate Sustainability Due Diligence Directive ('CSDDD') align with or diverge from the updated OECD Guidelines.² This paper additionally looks at the Dutch Responsible and Sustainable Business Conduct bill ('Dutch bill')³, while keeping in mind that the Netherlands will need to transpose any future EU Directive that is eventually passed.

OECD Watch has previously recommended that the EU institutions agree on directive text maximising alignment with the updated OECD Guidelines. Similarly, it encourages individual EU Member States, including the Netherlands, to seek alignment with the updated OECD Guidelines. With the Dutch bill, the Netherlands seems to be largely on track to bridge some important gaps left by the EU proposal, although it can still improve its alignment, especially when it comes to due diligence related to impacts within the Netherlands and stakeholder involvement.

1 OECD, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, June 2023, available at <https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en;jsessionid=10a-rGWDihF2C-zCLOQTILuLQT3yOKGmj4Jf7LnUo.ip-10-240-5-76>.

2 OECD Watch, "Achieving alignment: Synching EU due diligence legislation with the updated OECD Guidelines", July 2023, available at <<https://www.oecdwatch.org/achieving-alignment-synching-eu-due-diligence-legislation-with-the-updated-oecd-guidelines/>>.

3 ChristenUnie et al, "Bill for Responsible and Sustainable International Business Conduct, unofficial translation from Dutch to English available at <<https://www.mvoplatform.nl/en/english-translation-of-the-bill-for-responsible-and-sustainable-international-business-conduct/>>.

TABLE 1: OVERVIEW OF ALIGNMENT OF THE EU CSDDD PROPOSALS AND DUTCH BILL WITH THE UPDATED OECD GUIDELINES

ELEMENT		UPDATED OECD GUIDELINES	EU COMMISSION	EU COUNCIL	EU PARLIAMENT	DUTCH BILL
PERSONAL SCOPE	Covers companies of all sizes	✓	✗	✗	~	~
	Covers companies of all forms	✓	~	~	~	✓
	Covers all sectors	✓	~	✗	~	✓
MATERIAL SCOPE	Covers all human rights	✓	~	✗	~	✓
	Covers broad selection of environmental impacts	✓	✗	~	✓	✓
	Covers impacts everywhere (domestic & international)	✓	✓	✓	✓	~
CLIMATE	Covers climate change as an environmental impact	✓	✗	✗	✓	✓
	Requires development of climate plan covering scope 1, 2, and 3	✓	~	~	✓	✓
VALUE CHAIN	Covers all business relationships	✓	✗	~	✓	✓
	Covers full upstream & downstream value chain	✓	✓	✗	~	✓
DUTY	Requires initial broad scoping to identify risks & impacts	✓	✗	~	✓	✓
	Requires in-depth assessment of prioritised risks & impacts	✓	✓	✓	✓	✓
	Prioritisation based on severity; no "prioritisation haven"	✓	✗	~	~	✓
	Response based on relationship to & severity of impact; no closed list of measures	✓	✗	~	✓	✓
	Views MSIs/schemes as piece, not proxy, for DD	✓	~	~	✓	✓
	No over-relying on audits	✓	~	~	✗	✓
	Seeks meaningful stakeholder engagement throughout DD	✓	✗	✗	✓	✓
	Considers a broad range of stakeholders	✓	✗	✓	✓	~
	Disengagement can be appropriate but must be responsible	✓	~	✗	~	✓
Requires remediation of harm	✓	~	~	✓	✓	

PERSONAL SCOPE OF COVERED ENTERPRISES

The OECD Guidelines apply to all companies with international operations, business partners, or value chains, irrespective of their size, sector, location, ownership, or structure. The Guidelines implicitly recognise that size is not correlated with risk, as smaller companies can sometimes generate significant risks and impacts. The Guidelines also do not distinguish between due diligence responsibilities of companies according to sector; the same due diligence standard applies to companies in all sectors. Finally, the Guidelines also do not define a form for covered multinational enterprises and in practice are applied by states even to non-traditional enterprises, such as some export credit agencies, multi-stakeholder initiatives, certification agencies, and international sports associations.

Like the Guidelines, the Dutch bill is sector-agnostic and applies the due diligence duty to all legal personalities that have economic activities. The Dutch bill focuses on the actual economic activity of the entity rather than its legal form. This approach ensures harmful or potentially harmful economic activities are addressed, whether or not they are undertaken by a traditional or non-traditional enterprise. This scope of coverage aligns also with the practice of the NCPs, which have accepted complaints against non-traditional legal personalities with economic activities such as multi-stakeholder initiatives, foundations, NGOs, and sports associations, etc. Finally, while the Dutch bill proposes size-based thresholds for the scope of covered entities, it clarifies that all companies, irrespective of size, have an obligation to respect human rights. It is regrettable that under the Dutch bill, medium-sized companies would only be phased into coverage six years after entry into force.

In contrast, none of the three EU institutions' position is fully in line with the OECD Guidelines. While the European Parliament's position is more closely aligned by covering comparatively more companies based on size, it still suffers from high thresholds, unwarranted focus on the legal form, and overly lengthy phase-in periods for comparatively smaller companies. All three EU institution positions have their own opportunities for further alignment with the Guidelines.

TABLE 2: OVERVIEW OF PROPOSALS ON SIZE AND FORM OF COVERED ENTERPRISES

OECD GUIDELINES	COMMISSION	COUNCIL	PARLIAMENT	DUTCH BILL
All companies should respect human rights. The due diligence duty applies to all multinational enterprises.	The due diligence duty applies to limited liability companies in the EU and outside. Very large companies. (500+ employees* and 150M turnover). Different threshold for companies in high-risk sectors. (250+ employees* and 40M turnover).	The due diligence duty applies to limited liability companies in the EU and outside. Very large companies. (500+ employees* and 150M turnover). Different threshold for companies in high-risk sectors. (250+ employees* and 40M turnover).	All companies should respect human rights. The due diligence duty applies to limited and unlimited liability companies in the EU and outside. Applies for large companies. (250+ employees* and 50M turnover).** Consolidated threshold for groups. (500+ employees* and 150M turnover).**	All companies should respect human rights and environment. The due diligence duty applies to large Dutch and non-Dutch companies with activities outside of the Netherlands. (250+ employees and 40M turnover).*** Applies to non-Dutch companies with a "genuine link" to the Netherlands.

* Employment criterium only applies for EU-based companies

** Part-time employees and franchises apply to the threshold

*** Part-time employees and employees of subsidiaries apply to the threshold

MATERIAL SCOPE OF HUMAN RIGHTS AND ENVIRONMENTAL IMPACTS, INCLUDING CLIMATE CHANGE

With regard to human rights, the OECD Guidelines call on companies to respect all internationally recognised⁴ human rights, including workers’ rights. With regard to the environment, the OECD Guidelines call for due diligence over potential and actual adverse environmental impacts, defined 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”.⁵ Climate change is identified as an environmental impact, and the Guidelines give extensive detail on expectations for companies in relation to climate change.⁶ The OECD Guidelines also expect due diligence over other topics addressed in the Guidelines, such as technology, corruption, and disclosure.

In line with the OECD Guidelines, the Dutch bill covers the full spectrum of human rights and environmental impacts. The Dutch bill mentions several examples of rights and harmful impacts including climate, but the bill emphasises that these examples are a non-exhaustive list and that all internationally recognised human rights are covered. While these elements are positive, the bill would be stronger if it explicitly mentioned the right to a living income and living wage and the right to free, prior, and informed consent (FPIC) as commonly infringed upon human rights whose fulfilment is a precondition for the fulfilment of many other human rights. This would be in line with the OECD Guidelines and/or OECD due diligence guidance documents, which do explicitly mention these issues.

In contrast with the open-ended and comprehensive material scope of the OECD Guidelines and the Dutch bill, all three EU institutions propose closed and more exhaustive lists with conventions and impacts. The Parliament’s position includes the most comprehensive and expansive list of protected human rights and international instruments. On the environmental dimension, the EU Council proposes a wider range of concrete multilateral environmental agreements, but the Parliament position is best aligned with the updated OECD Guidelines because it uses the same list of environmental impacts. Furthermore, the Parliament position includes *climate change* in the due diligence duty as well as a separate obligation. The two other institutions consider it solely a separate autonomous obligation.

4 Explicit reference is made to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Declaration on Fundamental Principles and Rights at Work. Companies should consider additional guidance on human rights belonging to specific groups (e.g. rights of Indigenous Peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families). The Guidelines seek “special attention” or “enhanced” or heightened due diligence over particularly vulnerable or marginalised individuals or groups, including human rights defenders and Indigenous Peoples, and in specific contexts, such as conflict-affected areas.

5 The Guidelines include a non-exhaustive list of examples of adverse impacts to be assessed in due diligence, including climate change; biodiversity loss; air, water and soil pollution; degradation of land, marine and freshwater ecosystems; deforestation; and harmful generation and mismanagement of waste, including hazardous substances.

6 The Guidelines call on enterprises to ensure their GHG emissions and impact on carbon sinks are consistent with internationally agreed global temperature goals based on best available science, including from the Intergovernmental Panel on Climate Change. The Guidelines expect that enterprises will implement transition plans and adopt, implement, monitor and report on short, medium, and long-term mitigation targets, including absolute GHG reduction targets, that take into account scope 1, 2, and 3 GHG emissions.

TABLE 3: OVERVIEW OF PROPOSALS ON MATERIAL SCOPE OF HUMAN RIGHTS AND ENVIRONMENTAL IMPACTS

OECD GUIDELINES	COMMISSION	COUNCIL	PARLIAMENT	DUTCH BILL
<p>The due diligence duty covers all internationally recognised human rights.</p> <p>The due diligence duty covers all environmental impacts, including climate change, under a broad definition.</p> <p>Climate change is identified as an environmental impact and enterprises should develop transition plans in line with the Paris agreement covering scope 1, 2, and 3 emissions.</p> <p>The due diligence duty covers impacts related to science, technology, and innovation, corruption, and consumer interests.</p> <p>The Guidelines additionally set out expectations for responsible business conduct related to disclosure, competition, and taxation.</p>	<p>The due diligence duty covers human rights and environmental obligations referenced in specific articles in a (fragmented) list of conventions, as well as any other foreseeable impact in these conventions.</p> <p>Climate change is not covered by the due diligence duty, but enterprises required to develop separate plan to address climate change.</p>	<p>The due diligence duty covers human rights and environmental obligations referenced in specific articles in a (fragmented) list of conventions, as well as any other foreseeable impact in these conventions.</p> <p>The Council reduces the Commission’s list of specific articles, limiting the list of human rights conventions while slightly expanding environmental conventions.</p> <p>Climate change is not covered by the due diligence duty, but enterprises required to develop separate plan to address climate change.</p>	<p>The due diligence duty covers human rights and environmental obligations referenced in specific articles in a (comparatively broader) list of conventions, as well as any other foreseeable impact in these conventions.</p> <p>Of note, Parliament includes international humanitarian law and Indigenous Peoples’ right to free prior and informed consent. The Parliament also adds a list of categories in relation with the updated OECD Guidelines*, while both adding and removing environmental conventions.</p> <p>Climate change is covered as an environmental impact and enterprises should develop transition plans in line with the Paris agreement covering scope 1, 2, and 3 emissions.</p>	<p>The due diligence duty covers all human rights and environmental impacts including climate change and animal welfare, but only outside the Netherlands, not domestically.</p> <p>The law contains a non-exhaustive list of possible negative impacts, including:</p> <ul style="list-style-type: none"> • Barriers to right to association and collective bargaining • Discrimination • Forced labour • Child labour • Climate change • Environmental damage • Unsafe working conditions • Violation of animal welfare regulations • Slavery • Exploitation

* a) climate change; b) biodiversity loss; c) air, water and soil pollution; d) degradation of land, marine and freshwater ecosystems; e) deforestation; f) overconsumption of material, water, energy and other natural resources; g) harmful generation and mismanagement of waste, including hazardous substances.

VALUE CHAIN SCOPE OVER RELATED BUSINESS RELATIONSHIPS

The OECD Guidelines expect enterprises to carry out due diligence on their own activities and those of their business relationships both upstream and downstream in the full value chain. The Guidelines define “business relationships” to include sub-contractors, franchisees, investee companies, clients, and joint venture partners, including relationships beyond “first-tier” or immediate relationships.

The Dutch bill aspires to cover the full value chain. To define the value chain, the explanatory memorandum expresses explicitly its desire to align with the definitions of the OECD Guidelines and the EU proposal (without specifying which one). However, both the bill and the explanatory memorandum mix activities and entities, and the value chain is defined in a circular fashion with the definition of business relationship. The definition could still be improved to ensure legal certainty and alignment and to avoid a narrow interpretation by explicitly including the full set of business relations found in the OECD Guidelines. These would include business relations such as joint ventures, franchisees, and indirect business relationships, as well as the expectation to address impacts related to the use (or misuse) of a product by consumers who are natural persons.

None of the three EU institutions aligns well with the OECD Guidelines. Whereas the Commission proposal foresees the due diligence duty to apply to the full value chain, it is limited by the concept of “established business relationships” to determine which value chains are covered. At the other end, the Parliament is more aligned with the Guidelines as it covers all business relationships, but still diverges from the Guidelines in other ways, such as regarding explicit coverage of foreseeable misuse of products or services, and full coverage of the financial sector.

TABLE 4: OVERVIEW OF PROPOSALS ON VALUE CHAIN SCOPE

OECD GUIDELINES	COMMISSION	COUNCIL	PARLIAMENT	DUTCH BILL
The due diligence duty applies to the enterprise’s own activities and those of its “business relationships” both up- and downstream, beyond first-tier contracts.	The due diligence duty applies to the enterprise’s own activities and those of its “established” business relationships both up- and downstream.	The due diligence duty applies to the enterprise’s own activities and those of its “business relationships” both up- and downstream. For downstream impacts, the duty is limited to several specific activities and specifically excludes “use” of a product and the “provision” of a service.	The due diligence duty applies to the enterprise’s own activities and those of its “business relationships” both up- and downstream. For downstream impacts, the duty is limited to activities up to and including the sale of a product or a service.	The due diligence duty applies to the enterprise’s value chain: its own activities, services, products, production lines, supply chain, customers, as well as the activities of its business relations.

THE DUE DILIGENCE DUTY

The due diligence duty relates to the nature of the actions companies are required to undertake. The OECD Guidelines and associated OECD due diligence guidance define due diligence as the process enterprises should carry out to identify, prevent, mitigate, and account for how they address the actual and potential adverse impacts in their own operations, the whole supply chain in which they operate, and other business relationships. The purpose of due diligence is, first and foremost, to avoid causing or contributing to adverse impacts on people, the environment, and society, and to seek to prevent adverse impacts directly linked to operations, products, or services through business relationships. When involvement in adverse impacts cannot be avoided, due diligence should enable enterprises to mitigate the impacts, prevent their recurrence and, where relevant, remediate them. Due diligence is risk-based, ongoing, and iterative, appropriate to an enterprise's circumstances including its involvement, informed by stakeholder engagement, and may benefit from collaboration with other companies.

The OECD Guidelines outline a six-step process for the due diligence duty: 1) embed Responsible Business Conduct into policies and management systems; 2) identify and assess adverse impacts in operations, value chains, and business relationships; 3) cease, prevent, or mitigate adverse impacts; 4) track implementation and results; 5) communicate how impacts are addressed throughout the six-step process; and 6) provide for or cooperate in remediation where appropriate.

The Dutch bill aligns with the OECD framework by calling on companies to identify and assess impacts both concerning the severity of the impact and the company's relation to the impact. The Dutch bill requires companies to take whatever measures would be appropriate to address the impact, but without prescribing a set list of measures. While this approach provides leeway to companies, it also allows companies to tailor measures to the specificity of the nature of the impact, the severity and its context. The Dutch bill further broadly aligns with the Guidelines by foreseeing the use of leverage where applicable, the expectation to consider disengagement in certain circumstances and always disengage responsibly, and the provision for or cooperation in remedy.

In terms of stakeholder engagement, the Dutch bill requires meaningful engagement with a broad range of stakeholders, but it only covers key stakeholders such as trade unions implicitly, whereas these should be explicitly mentioned.

With regard to the actions that companies should take to address risks and impacts, the Commission limits and constrains the discretion of companies by offering a closed list of "appropriate measures". The Council is more aligned with the OECD's flexibility in addressing impacts, and the Parliament's proposal combines the best of both worlds by providing a list of appropriate measures, including adapting prices and business models, that is non-exhaustive. The Parliament further aligns more closely with the OECD Guidelines by integrating a remedy framework into the due diligence duty, including the requirement of establishing a company-level grievance mechanism. However, there are also limits to the Parliament's alignment with the Guidelines. For example, the Parliament proposal does not require companies to exercise leverage to encourage remediation by business relations through whom they are directly linked to an impact. The proposal also diverges from the OECD framework in its proposal that States accredit auditors that can be involved in the due diligence process of companies; in comparison, the Guidelines do not encourage reliance on auditors or suggest the creation of an auditing accreditation system.

TABLE 5: OVERVIEW OF PROPOSALS ON DUE DILIGENCE DUTY EXPECTED OF CORPORATIONS

ELEMENT	OECD GUIDELINES	COMMISSION	COUNCIL	PARLIAMENT	DUTCH BILL
IDENTIFYING AND ASSESSING RISKS AS PART OF DUE DILIGENCE	The due diligence duty requires initial broad scoping followed by in-depth assessments starting first with higher risk impacts.	The due diligence duty requires assessments of operations, subsidiaries and established business relations.	The due diligence duty suggests an optional mapping exercise and then assessments of operations, subsidiaries and business relations.	The due diligence duty requires initial broad scoping followed by in-depth assessments of higher risk impacts (only).	The due diligence duty requires researching, collecting, and analysing all risks and assessing the involvement of the company.
PRIORITISATION IN ADDRESSING IMPACTS	The due diligence duty allows companies to prioritise actual and higher risk impacts where it is not feasible to address all impacts at once. Companies should address all impacts.	The due diligence duty does not explicitly allow prioritisation.	The due diligence duty allows companies to prioritise actual and higher risk impacts where it is not feasible to address all impacts at once, albeit with confusing terminology around "significant" impacts. Companies should address prioritised impacts in a reasonable amount of time to allow further addressal of all impacts.	The due diligence duty allows companies to prioritise actual and higher risk impacts where it is not feasible to address all impacts at once. Companies should address prioritised impacts in a reasonable amount of time to allow further addressal of all impacts.	The due diligence duty allows companies to prioritise risks based on severity and likelihood, and in consultation with stakeholders, experts, and business relations. Companies should address all impacts.
RESPONDING APPROPRIATELY TO POTENTIAL AND ACTUAL ADVERSE IMPACTS	Responses to impacts should relate to the company's relation to the impact and be commensurate with the severity of the harm.	Companies need to take appropriate measures, but heavy reliance on contractual cascading and monitoring.	Companies need to assess their relation to the impact and take appropriate measures, but with heavy reliance on contractual cascading and monitoring.	Companies need to assess their relation to the impact and take appropriate measures which are commensurate with the severity of the harm.	Companies need to assess their relationship to the impact and take adequate measures to address these impacts. The company's action plan should include, among other elements, a description of the risks that were identified, qualitative and quantitative targets in order of priority, financial details related to each measure taken, a description of the leverage that will be employed, and a description of how the different tasks have been assigned. Companies should offer appropriate support to their business relations to implement these measures.
PROMOTION OF INDUSTRY SCHEMES AND MSIS	Companies remain responsible for due diligence and need to assess whether the scheme/MSI/auditor is fit for purpose.	Promotion of sector initiatives and companies can rely upon them for monitoring of contractual cascading.	Promotion of sector initiatives and companies can rely upon them for monitoring of contractual cascading.	Promotion of sector initiatives; however, companies should assess whether they align due diligence obligations. States recommended to promote use of auditors by accrediting auditors.	Companies are allowed to fulfil the due diligence requirements in collaboration with other companies, organisations, or state entities, on the condition that such a collaboration achieves the same result, and only after informing the regulator. However, companies remain individually responsible for meeting the legal due diligence requirements.
MEANINGFUL STAKEHOLDER INVOLVEMENT	Continuous and meaningful stakeholder engagement, with broad coverage of stakeholders including rightsholders.	Ad-hoc stakeholder engagement (where relevant) with narrow coverage of stakeholders.	Ad-hoc stakeholder involvement (where relevant), but broader coverage of stakeholders.	Continuous and meaningful stakeholder engagement, with broad coverage of stakeholders (affected stakeholders, experts, unions, ...) and relevant dispositions (right to reply and protection).	Continuous and meaningful stakeholder engagement, with broad coverage of stakeholders, including experts and rightsholders, but key stakeholders such as unions not explicitly mentioned.
RESPONSIBLE DISENGAGEMENT	When impacts are not addressed and company has insufficient leverage or improvement is not plausible, the company can disengage responsibly. Company should address impacts associated with disengagement.	When impacts are not addressed, company has to suspend or terminate the relationship. No mention of addressing impacts associated with disengagement.	When impacts are not addressed, company has to suspend or terminate the relationship, unless the impact of such a decision is greater or if the product/service is difficult to substitute.	When impacts are not addressed and company has insufficient leverage, the company must disengage – but only where the company is causing or contributing to adverse impacts. Company should address impacts associated with disengagement.	When impacts are not addressed and company has insufficient leverage or improvement is not plausible, the company must disengage responsibly.

ENFORCEMENT

As a normative instrument addressed toward companies, the OECD Guidelines do not take a position on how States should enforce due diligence laws. At the same time, the UNGPs complement the Guidelines by foreseeing a broad regime of civil, administrative, and criminal liability with broad territorial application.

The EU proposals all foresee a system of administrative supervision and civil liability. The European Parliament goes into relative detail prescribing possible sanctions for breaches of the due diligence duty ranging from pecuniary sanctions (including specifying minimum thresholds in relation to turnover), to public statements mandating companies to take or cease specific actions and the suspension of goods. On civil liability, the Commission and Council limit the grounds for liability to only harms resulting from the incorrect prevention or addressing of impacts, leaving harms resulting from careless stakeholder engagement or an improperly functioning grievance mechanism untouched. The Council goes further by reducing legal remedies to exclude collective rights. In contrast, the European Parliament proposes to broaden the grounds for liability to the full duty and the autonomous climate obligation. The Parliament mirrors the Commission's Proposal of the possibility for Member States to allow courts to reverse the evidentiary burden from claimants to companies but goes further by also adding other procedural access to justice measures such as discovery, representative action, time limits and injunctive relief.

The Dutch bill takes up the baton of the UNGPs by embedding the duty's enforcement in administrative, civil and criminal bodies of law. On administrative liability, the Dutch bill operationalises the enforcement foreseen by the EU Directive and incorporates most of the sanctioning possibilities foreseen by the European Parliament. The corporate duty of care for human rights and the environment was already present in the Netherlands through existing law and jurisprudence. However, the adapted proposal codifies this jurisprudence, clarifies the applicable law in line with the EU proposals, and adds, as the European Parliament does, different access to justice measures. Finally, the Dutch bill adds an element of criminal liability, considering a breach of the reporting part of the due diligence duty an economic crime.

CONCLUSION

OECD Watch has previously found that the EU institutions each have shortcomings in terms of their alignment with the updated OECD Guidelines. At the same time, **OECD Watch has encouraged negotiators to agree on directive text maximizing alignment.**

Similarly, OECD Watch encourages individual EU Member States, such as the Netherlands, to seek alignment with the updated OECD Guidelines, even if this necessitates going beyond the scope of the future EU Directive. The Dutch bill is largely on track to bridge some important gaps between the proposed directive and the OECD Guidelines, although it can still improve its alignment, especially when it comes to due diligence related to impacts within the Netherlands and stakeholder engagement. In order to ensure full alignment with the OECD Guidelines and the most effective law possible, key recommendations for improvement for the Dutch bill are to:

- Extend the geographic coverage of the law to ensure that adverse impacts in the Netherlands are covered;
- Ensure that key stakeholders such as trade unions are explicitly mentioned in the definition of stakeholders and discussion of meaningful stakeholder engagement;
- Mention explicitly the structural and enabling rights that are frequently infringed upon by corporations, such as the right to a living wage and living income (which is often related to responsible purchasing practices) and Indigenous Peoples' right to FPIC;
- Provide a clearer definition of and examples from the full value chain, covering, as the OECD does, the full range of business relationships, including those beyond the first tier both up and downstream.

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About OECD Watch

OECD Watch is a global network with more than 130 members in over 50 countries. Membership consists of a diverse range of civil society organisations bound together by their commitment to ensuring that victims of corporate misconduct have access to remedy, that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their actions around the globe.

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