

OECD Watch response to the G7 Leaders' Declaration of 8 June 2015

OECD Watch welcomes the G7 Leaders' Declaration issued following the G7 Summit at Schloss Elmau, Germany, on 7-8 June 2015.¹ OECD Watch commends the G7 leaders for the commitment expressed in the Declaration to strengthening mechanisms for providing access to remedy for the victims of corporate misconduct, including the National Contact Points (NCPs) for the OECD Guidelines for Multinational Enterprises. The G7 leaders' acknowledgment of the need to strengthen and improve the NCP system echoes the findings in OECD Watch's recently-released "[Remedy Remains Rare](#)" report.² In the report, OECD Watch analyses the performance of National Contact Points in handling complaints over the past 15 years. Evidence reveals that NCP complaints rarely lead to beneficial results for complainants, and that they almost never facilitate access to remedy for adversely affected communities and individuals. OECD Watch's analysis points to weaknesses throughout the NCP system, particularly with regard to accessibility, impartiality and transparency. In order to improve the functioning of NCPs, OECD Watch and the G7 leaders agree that one immediate step to be taken is to enhance and strengthen the current system of peer reviews.

OECD Watch is particularly encouraged by the G7 leaders' commitment to ensure that G7 NCPs "are effective and lead by example". To fulfil this promise, OECD Watch expects the G7 countries to:

- Immediately volunteer all G7 NCPs for a peer review in 2015 or 2016
- Push the OECD to adopt a system of mandatory peer reviews that requires each NCP to undergo a peer review once every five years
- Sufficiently staff and resource G7 NCPs to fulfil their functions
- Assist other NCPs facing financial constraints and the OECD Secretariat with funding to conduct peer reviews
- Ensure that the composition of G7 NCPs includes an independent board with decision-making authority or a multistakeholder steering board charged with oversight
- Urge the OECD to initiate a process to revise the Procedural Guidance for NCPs to strengthen the structure and functioning of all NCPs
- Attach material consequences when NCPs find companies non-compliant with the Guidelines

OECD Watch is committed to monitoring the progress made in carrying through on the commitments made in the G7 Leaders' Declaration. At the OECD Global Forum on Responsible Business Conduct in Paris on 18 June 2015, State Secretary Silberhorn of the German Ministry for Economic Cooperation and Development announced that an "action plan" will be devised and a ministerial-level G7 conference will be convened on 12 October 2015 to elaborate on the G7 leaders' commitments on responsible supply chains and to engage the G20 on this issue. OECD Watch encourages the G7 to go further than the June 2015 Leaders' Declaration to secure greater buy-in for the promotion of responsible business conduct from States beyond the OECD. The G7 should indicate how it plans to contribute to a process of "outreach" and promotion of the OECD Guidelines with the aim of broadening their support base and maintaining their effectiveness and relevance. The G20 Leaders'

¹ G7 Leaders' Declaration, 8 June 2015, <https://www.whitehouse.gov/the-press-office/2015/06/08/g-7-leaders-declaration>.

² OECD Watch, "Remedy Remains Rare: An analysis of 15 years of NCP cases and their contribution to responsible business conduct", June 2015, www.oecdwatch.org/remedy-remains-rare.

Summit in Turkey in November 2015 seems an appropriate moment to engage other world leaders on this issue.

A well-functioning, state-based non-judicial grievance mechanism is also necessary to achieve the Sustainable Development Goals and implement the UN Guiding Principles for Business and Human Rights. Several countries, including the United States and Germany, are currently developing National Action Plans to this effect. These processes provide an excellent political and practical opportunity for G7 countries to strengthen and improve the functioning of their NCPs. In this context, OECD Watch's experience clearly indicates that responsible corporate behaviour cannot be ensured through non-judicial grievance mechanisms alone. Doing so requires binding regulatory frameworks that can be enforced by independent judicial systems. G7 support for further liberalisation of trade and investment is untenable without a parallel commitment to ensure that private sector actors comply with environmental and human rights standards.

OECD Watch stands ready to do its part to work with the G7 to prepare the ground for enhancing the performance of NCPs and improving the implementation of the OECD Guidelines. OECD Watch commits to better global coordination; to undertaking more rigorous case monitoring and analysis; to mobilizing public concern; to publicizing successes and failures of the OECD Guidelines complaint system; and to providing adhering governments, NCPs, the OECD Secretariat, businesses, trade unions and other stakeholders with constructive feedback and recommendations for improving the implementation and effectiveness of the Guidelines.

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