Advocacy brief: Arguments for updating the OECD Guidelines to improve business standards and NCP procedures on marginalized and disadvantaged groups

Outcome sought: Update of the OECD Guidelines for Multinational Enterprises to specify expectations for multinational enterprises (MNEs) and National Contact Points (NCPs) on respecting the rights of individuals from marginalized and disadvantaged groups.

Problem: The OECD Guidelines do not establish expectations for MNEs to particularly identify and address their impacts to people from marginalised and disadvantaged groups, nor guidance for NCPs on minimizing the barriers such people face accessing remedy via the specific instance process.

In the past ten years, practitioners have become increasingly aware that irresponsible business conduct usually has particularly harmful impacts on people from structurally marginalised or disadvantaged groups such as Indigenous peoples, women, people of low caste, children, and others. Businesses also rarely take into account how individuals with intersecting identity traits subject to discrimination (such as gender as well as race, age, disability, or migrant status) may suffer impacts differently. Marginalised and disadvantaged groups also face different barriers to accessing remedy.

Indigenous peoples

Indigenous peoples are among the world’s most vulnerable people and disproportionately impacted by business activities on or near their territories. While Indigenous peoples only form 5% of the world’s population, they safeguard 80% of the earth’s biodiversity and a great wealth of natural resources. Unfortunately, Indigenous peoples territories are routinely exploited, sold, appropriated, or polluted by companies that have not respected their rights to free, prior and informed consent (FPIC), self-determination, and others recognised under international law. Furthermore, many Indigenous human rights defenders at the frontline of environmental advocacy have been murdered or faced serious violence, intimidation, and denigration.

Gender

Women and LGBTQ+ people typically suffer gender-specific impacts from business activity. Women workers face high rates of gender-based discrimination, harassment, and violence at work with less stable contracts, lower pay and benefits, and reduced access to maternal health protections, training, and safety equipment. Women community members face gender-specific impacts from extractive and infrastructure projects such as greater displacement from land and natural resources, disrupted social status and educational access, and higher exposure to sexual violence, prostitution, and sexually transmitted diseases. LGBTQ+ people also suffer discrimination in MNE value chains and, along with women, face different and increased harms when they act as human rights defenders to defend their own or others’ rights.

People of low caste

Caste-based discrimination affects more than 260 million people worldwide, not only people in South Asia, but also in Africa, Asia, the Middle East, the Pacific, and in diaspora communities in countries such as the United Kingdom and United States. Caste-based discrimination affects workers in all sectors, including especially the agriculture, leather, garments, carpet weaving, natural stone, mineral processing, and construction sectors, as well as industrial sectors like the IT sector. Many MNEs discriminate against people of low-caste through their suppliers by engaging low-caste people as forced labourers or paying them less than minimum wage; not supporting low-caste workers to collectively organise or participate in trade unions; disproportionately tasking low-caste
workers with more dangerous, dirty, and unhealthy tasks; failing to ensure equal representation of low-caste people in management; and tolerating caste-based harassment and bullying in the workplace while creating caste-segregated work stations, eating and drinking places, and hostels.

Children

Children are among the most vulnerable members of society and can be disproportionately impacted by the activities of MNEs. Child labour is one of the most harmful impacts of corporations on children that generates most attention. According to 2017 data of the ILO, 64 million girls work as child labourers, 71% of whom labour in the agriculture sector.\(^\text{10}\) Meanwhile, in 2019 the ILO reported that 1 million children are engaged in child labour in mines and quarries.\(^\text{11}\) Yet beyond child labour, children’s rights can also be impacted by MNEs in many other ways. For example, environmental damage from infrastructure, agriculture, or extractive projects can impact children’s health differently and worse than the health of other communities members; sale of certain goods and services can be especially harmful to the well-being of child consumers; and children’s development can be harmed indirectly through their dependence on adult workers whose own capacity for child-rearing - or maternal/foetal health - is hindered by harmful labour practices.\(^\text{12}\) Children are often more vulnerable to these impacts than adults.\(^\text{13}\) Children are also routinely left out of stakeholder engagement activities.

Gaps in the Guidelines

Despite the different and disproportionate impacts MNEs have on marginalised groups, the Guidelines provide next to no guidance on this issue. Most importantly, the Guidelines do not set the overarching expectation that due diligence activities must be effectively tailored to identify the impacts to, and meet the needs and constraints of, marginalised and disadvantaged groups. The Guidelines also do not adequately reflect the rights and risks to these groups. For example:

- The Guidelines do not use the word “gender” at all and only mention “women” three times. The language on women primarily appears in the Employment chapter, leaving out discussion of impacts on LGBTQ+ people and women as community members and defenders.

- Similarly, while the Guidelines mention that MNEs should respect the rights of Indigenous peoples outlined in other international conventions, they do not specifically acknowledge key rights like the rights to self-determination and FPIC.

- In the same manner, the lack of specific mention in the Guidelines of “caste discrimination” contributes to the invisibility of this stigmatized issue and group.\(^\text{1}\)

- Likewise, while the Guidelines call on MNEs to contribute to abolishing child labour, they do not provide commentary explaining how child labour occurs in MNE value chains and how MNEs should address this by changing practices that inadvertently cause children to be forced to work. The Guidelines also do not emphasize expectations for respecting the rights of children as community members and consumers.

Furthermore, while there is documentation of the particular challenges and risks these groups face in accessing remedy\(^\text{14}\) – often due to social stigmatization and lack of access to information – the Guidelines provide no guidance to NCPs on steps they can take to minimize such barriers.

Impact of the problem: Lack of clear standards for MNEs on responsible business conduct regarding marginalised and disadvantaged groups and lack of guidance for NCPs on mitigating the barriers these individuals face to accessing remedy

\(^{1}\) While the OECD Guidelines mention the term “social origin,” which can cover caste, the lack of explicit mention of caste perpetuates the lack of visibility of this form of discrimination.
The lack of guidance on business impacts to marginalised groups in the Guidelines has several impacts:

1) Incomplete and inadequate normative standards for MNEs on addressing their impacts;
2) Diminished grounds on which these groups can seek remedy,\textsuperscript{15} and
3) Barriers to accessing remedy via the NCP specific instance process.

Solution to the problem: Update the OECD Guidelines to strengthen (1) standards for business on respecting rights of people from marginalised and disadvantaged groups and (2) guidance for NCPs on mitigating barriers such people often face seeking remedy via the specific instance process. Small additions, primarily to the General Policies chapter as well as a few other standards, and the Procedural Guidance, would provide MNEs and NCPs the guidance they need to better address risks, impacts, and barriers to remedy for marginalised and disadvantaged groups.

**Commentary in Chapter II (General Policies) should clarify expectations for MNEs to:**

- Take particular steps during due diligence and all stakeholder engagement to ensure that people from marginalised and disadvantaged groups – including as workers, community members, defenders, and consumers – are meaningfully consulted to help identify particular impacts they may face, collaboratively develop solutions to prevent or mitigate those impacts, and agree on remedies that will meet their and other impacted rightsholders’ needs;
  - Commentary should explain the importance of evaluating how impacts may differ even within rightsholder identity groups as a result of intersecting aspects of their identities.

**Commentary to Chapter III on Disclosure should:**

- Call for MNEs to disclose, wherever relevant, data disaggregated to reflect (potential) impacts to and engagement with marginalised and disadvantaged groups.

**Commentary to Chapter IV on Human Rights should:**

- Explicitly identify the particular risks people from marginalised and disadvantaged groups face from irresponsible business conduct, including as human rights defenders, and note rights, such as Indigenous peoples’ right to FPIC, that are particularly vulnerable to business misconduct;
- As in Chapter II, call on MNEs to take particular steps during human rights due diligence and all stakeholder engagement to ensure that marginalised and disadvantaged peoples – including as workers, community members, defenders, and consumers – are meaningfully consulted to help identify particular impacts these groups may face, collaboratively develop solutions to prevent or mitigate those impacts, and agree on remedies that will meet those individuals’ needs as well as those of other impacted rightsholders.

**Commentary or principles in Chapter V on Industrial and Employment Relations could:**

- Include more expanded reference to the due diligence needed to respect the rights of workers from marginalised and disadvantaged groups.
- Ensure reference to relevant marginalised groups, such subject to caste-discrimination.

**The Procedural Guidance could be updated to call for NCPs to:**

- Ensure staff capacity (including via training and solicitation of expert input) on how to support access to the mechanism by people from marginalised and disadvantaged groups;
- When handling specific instances, take steps to identify and address (including via proactive risk assessments and engagement with complainants) impacts to marginalised groups in complaints,
and barriers that might prevent these rightsholders from accessing or using equally the NCP complaint mechanism;

- Follow up after the specific instance process is concluded to check that any agreement reached or remedy promised is benefiting marginalised groups as well as other rightsholders; and
- Teach businesses, during NCP promotional activities, what expectations exist for MNEs to address risks and impacts to people from marginalised and disadvantaged groups.

The Procedural Guidance could also be updated to call for the Investment Committee to:

- Support NCPs’ capacity development by providing trainings and guides on minimizing barriers to remedy for marginalised groups using the specific instance process.

Parallel Laws and Standards

Updates to Part I of OECD Guidelines related to marginalised groups could draw on existing language in various other international agreements, national laws, industry standards, and civil society guidance, such as:

Indigenous Peoples rights

- Specific international instruments such as the Indigenous and Tribal Peoples Convention, 1989 and the UN Declaration on the Rights of Indigenous Peoples;
- Other relevant international covenants such as the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Racial Discrimination; the United Nations Convention on the Rights of the Child; and the United Nations’ Convention on the Elimination of all Forms of Discrimination against Women;
- The Escazu Agreement on access to information, public participation and environmental justice issues in Latin America and the Caribbean;  
- The UN Guiding Principles and related guidance, such as the UN Guiding Principles on Business and Human Rights and Indigenous Peoples;  
- OECD due diligence guidance, such as the OECD’s multisector Due Diligence Guidance for Responsible Business Conduct;  
- The IFC Performance Standards, which include more provisions relating to Indigenous peoples than do the OECD Guidelines.  
- Publications of Indigenous rights entities such as the International Working Group for Indigenous Affairs and Indigenous Peoples Rights International; and  
- Guidance from non-governmental groups focused on defender protections, including among Indigenous peoples, such as Global Witness, Frontline Defenders, ProtectDefenders EU, and the Coalition for Human Rights in Development.

Gender

- International conventions and declarations that explicitly address gender issues, such as the Convention on the Elimination of All Forms of Discrimination against Women, Sustainable Development Goals, the UN Guiding Principles, Women’s Empowerment Principles, Voluntary Guidelines on the Responsible Governance of Tenure, International Labour Organisation conventions, and various UN Resolutions on sexual orientation and gender identity;  
- Several OECD due diligence guidance papers; for example, the OECD’s multisector Due Diligence Guidance for Responsible Business Conduct, which includes general advice on applying a gender...
lens to due diligence, and the sector-level guidance, many of which provide more detailed explanation of the gendered impacts of business activities; and

The IFC Performance Standards, which include more provisions relating to women, such as on good practice during consultation and resettlement, than do the OECD Guidelines.

Caste

- International conventions such as the Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Racial Discrimination, and conventions of the International Labour Organisation. These use the terminology of social origin;
- International guides and statements on the subject of caste published by the UN Special Procedures and the UN Treaty bodies (including in relation to states’ Universal Periodic Reviews), as well as the OHCHR’s comprehensive 2017 “Guidance Tool on Descent-Based Discrimination: Key Challenges and Strategic Approaches to Combat Caste-Based and Analogous Forms of Discrimination.” The tool is meant to support UN country teams, agencies and other stakeholders in combatting caste-based discrimination;
- The OECD due diligence guidance, which in some cases better reflect caste-based discrimination challenges, as well as ways to address them;
- Regional-level guidance such as the European Parliament’s Annual Human Rights Report and the EU Human Rights Guidelines on Non-Discrimination in External Action;
- Industry standards such as the ISO 26000, which specifically address discrimination on the basis of “descent, including caste;”
- Principles and guidance from civil society, such as the Ambedkar Principles: Principles and Guidelines to Address Caste Discrimination in the Private Sector published by the International Dalit Solidarity Network (IDSN), and The Dalit Discrimination Check created by the Danish Institute for Human Rights and IDSN; and
- Industry and multistakeholder initiatives including ETI’s Base Code guidance on Caste in Global Supply Chains; the Amfori BSCI code of conduct, and the Rainforest Alliance Guidance, which all address caste specifically.

Children

- International conventions such as the United Nations Convention on the Rights of the Child, including its three optional protocols, and the ILO Convention on the Worst Forms of Child Labour Convention;
- UNICEF’s guidance on Children’s Rights and Business Principles;
- The ILO’s Child Labour Guidance Tool for Business seeking to improve global supply chain governance, due diligence and remediation processes to advance the progressive elimination of child labour;
- OECD due diligence guidance, such as the OECD’s multisector Due Diligence Guidance for Responsible Business Conduct;
- Work of regional bodies on the subject of children’s rights and business impacts, such as the outcomes of the EU’s expert discussion on “Responsible Business Conduct for Children: Strengthening EU Policy Measures to Address Business Impact on Children’s Rights;”
- National laws against child labour and promoting child welfare;
- The non-governmental organisation Save the Children’s Guidance on Children’s Rights in Policies and Codes of Conduct: A tool for companies;
- Guidance from the Child Rights International Network;
Updates to Part II of the Guidelines could draw from good practices employed by other grievance mechanisms, such as:

- The Independent Accountability Mechanisms of the development finance institutions, including the Independent Redress Mechanism (IRM) of the Green Climate Fund, which has developed a Strategy Note committing itself to a more gender-responsive approach in its processes and operations. The IRM’s commitments include incorporating gender aspects into its projects and programmes to ensure they are gender-inclusive, conducting a gender assessment in complaint handling, and conducting training to build internal gender expertise; and
- Guidance from the UN including a report of the UN Committee on Elimination of All Forms of Discrimination Against Women on “General recommendations on women’s access to justice.”

Why address this issue now?

The OECD Guidelines, originally drafted in 1976, have not been updated since 2011 and are out of date in many ways. Ten years of implementation of the current text of the Guidelines have revealed numerous gaps in the text that cause both a serious lack of clarity and coherence in international norms on key elements of responsible business conduct, and diminish victims’ chances for remedy and accountability via the NCPs. Meanwhile, recent developments in RBC standards and laws made beyond the OECD Investment Committee are threatening to make the OECD Guidelines comparatively less useful or even obsolete.

The OECD Investment Committee’s Working Party on Responsible Business Conduct (WPRBC), responsible for the OECD Guidelines, has completed a comprehensive stocktaking to identify what gaps exist in the Guidelines and assess whether an update is needed to close them. The stocktaking results show broad consensus among NCPs, stakeholders, and the public that the Guidelines are not adequately clear on this and other issues. The Investment Committee is now considering whether to update the Guidelines, as it has done every decade since 2001 and before that as well. Such an update would provide an opportunity for OECD governments to address the problems OECD Watch and others have identified. **Whole scale update is not needed. Instead, smart, targeted edits to principles and/or commentary in key sections would go a long way in closing the gaps.**

Who needs to act?

OECD governments should show commitment to keeping the OECD Guidelines up to date with evolving issues in the field of business and human rights, and acknowledge civil society’s concerns over limitations in the Guidelines’ standards and complaint system, by improving the Guidelines through a textual update. Governments have a critical opportunity right now to close the gaps identified by NCPs and stakeholders. OECD Watch asks all states to support ongoing discussion on specific textual edits on the issues civil society is prioritizing and encourages those states that wish to champion various concerns of civil society to present proposals to resolve the gaps found. OECD Watch stands ready to support individual states and the Committee during the anticipated update process.

About OECD Watch

OECD Watch is a global network with over 130 member organisations in more than 50 countries. Founded in 2003, OECD Watch’s primary aim is to help support CSO activities related to the OECD Guidelines and the work of the OECD’s Investment Committee. Membership consists of a diverse range of civil society organisations – from human rights to environmental and development organisations, from grassroots groups to large, international NGOs – bound together by their
commitment to ensuring that business activity contributes to sustainable development and poverty eradication, and that corporations are held accountable for their adverse impacts around the globe. For more information, please visit www.oecdwatch.org.

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12 Children’s Rights and Business Atlas. Available at: https://www.childrensrightsatlas.org/about/.
14 See, e.g. UN Committee on Elimination of All Forms of Discrimination Against Women, “General recommendations on women’s access to justice,” CEDAW/C/60/33, 23 July 2015, available at: https://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/1_Global/cedaw_c_gc_33_7767_e.pdf (concerning barriers to women accessing remedy).
18 OECD 2018 Multisector Due Diligence Guidance (pp 17, 41, 51); OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (pg 47-48, 100-102); OECD-FAO Guidance for Responsible Agricultural Supply Chains (Ch 2-3); OECD Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector (s2).
19 IFC Performance Standards 7.
23 Sustainable Development Goals (2015), para.3, para 74(a); Goal 5, Goal 10.
24 UN Global Compact and UN Women, Women’s Empowerment Principles, available at: https://www.weps.org/.
27 OECD 2018 Multisector Due Diligence Guidance (pp 17, 41, 51); OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (pg 47-48, 100-102); OECD-FAO Guidance for Responsible Agricultural Supply Chains (Ch 2-3); OECD Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector (s2).
28 IFC Performance Standards 1-2.
31 https://idsn.org/key-issues/caste-business/ambekar-principles/
33 https://www.ethicaltrade.org/resources/base-code-guidance-caste-global-supply-chains
34 https://www.ethicaltrade.org/resources/base-code-guidance-caste-global-supply-chains
40 OECD 2018 Multisector Due Diligence Guidance (pp 17, 41, 51); OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (pg 47-48, 100-102); OECD-FAO Guidance for Responsible Agricultural Supply Chains (Ch 2-3); OECD Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector (s2).