



OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

Summary of standards for business

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Businesses can play a major role in contributing to economic, environmental, and social progress, particularly by reducing the negative impact of their operations, supply chains and other business relationships.

The OECD Guidelines for Multinational Enterprises (MNEs) on Responsible Business Conduct (the Guidelines) are the most comprehensive government-endorsed standards on responsible business conduct. Responsible business conduct builds trust and confidence in businesses and markets, promoting investment and contributing to economic growth. The Guidelines outline government expectations for businesses to grow responsibly by managing risks to the environment, people, and society. They urge MNEs to conduct risk-based due diligence to identify and address actual and potential negative impacts in their operations and supply chains and business relationships.

The Guidelines are a key international standard used by governments as a foundation for policy development. They are increasingly cited in regulation aimed at embedding human rights and environmental due diligence expectations for business and international trade agreements, such as the World Trade Organisation Investment Facilitation for Development Agreement (Annex 4, Article 37), the European Union Corporate Sustainability Due Diligence Directive, and in New Zealand's free trade agreements with the United Kingdom and European Union.

Understanding the Guidelines is important for MNEs and businesses at any point in the supply chain. Familiarity with these Guidelines and the related due diligence guidance documents helps businesses to manage social and environmental risks in their operations and supply chains and understand how to implement the process of risk-based due diligence. For more detailed information visit the OECD website on responsible business conduct ([link here](#)).

The following summarises MNEs responsibilities outlined in the Guidelines.

Chapter I. Concepts and Principles

1. The Guidelines are addressed to MNEs and are consistent with applicable laws and internationally recognised standards. Keeping to the parts of the Guidelines that are not regulated by law or international commitments is voluntary.
2. The Guidelines are not a substitute for, nor should they be considered to, override domestic law or regulation. Enterprises should seek to apply the principles and standards of the Guidelines in a way that does not contravene domestic law.
3. Enterprises are encouraged to observe the Guidelines in whichever country they operate.
4. The Guidelines take a broad approach of what may be considered MNEs. The international nature of an enterprise's structure or activities and its commercial form, purpose, or activities are main factors to consider. The MNE usually has companies/entities established in more than one country and are linked so they may coordinate operations in various ways.
5. The Guidelines are not aimed to introduce differences of treatment between MNEs and domestic businesses; they reflect good practice for all.
6. Small and medium-sized enterprises (SMEs) are encouraged to follow the Guidelines' recommendations where possible. It is acknowledged that SMEs do not have the same capabilities or capacity as larger enterprises.

Chapter II. General Policies

A. Enterprises should:

1. Work towards sustainable development by contributing to economic, environmental, and social progress.
2. Respect the internationally recognised human rights of those affected by their activities.
3. Encourage local capacity building through cooperation with the local community, including business interests, as well as developing the enterprise's activities, consistent with sound commercial practice.
4. Create employment opportunities and facilitate training opportunities for employees.
5. Ensure transparency and integrity in lobbying activities, and refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework covering responsible business conduct matters.
6. Support and uphold good corporate governance principles and practices.
7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and in the society they operate.

8. Make sure workers know about and comply with enterprise policies.
 9. Refrain from discriminatory or disciplinary action or engage in reprisals against workers, trade union representatives or other worker representatives who make bona fide reports to management or to public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies.
 10. Refrain from and prevent the use of reprisals against any persons or groups that seek to raise concerns regarding actual or potential adverse impacts associated with the enterprise's operations, products or services.
 11. Carry out risk-based due diligence to identify, prevent and mitigate actual and potential adverse impacts in areas covered by the Guidelines and account for how these impacts are addressed.
 12. Avoid causing or contributing to adverse impacts in areas covered by the Guidelines through their own activities and address such impacts when they occur.
 13. Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is directly linked to their operations, products, or services by a business relationship.
 14. Encourage entities that they have a business relationship to apply the principles of the Guidelines.
 15. Engage meaningfully with relevant stakeholders as part of carrying out due diligence providing opportunities for their views to be considered with respect to activities that may significantly impact them related to matters covered by the Guidelines.
 16. Abstain from any improper involvement in political activities.
- B. Enterprises are encouraged to:
1. Support private or multi-stakeholder initiatives and social dialogue on responsible business conduct.

Chapter III. Disclosure

1. Enterprises should:
 - Take into account established disclosure policies in the country and sectors they operate in and consider the views and informational requirements of shareholders and relevant stakeholders.
 - Provide regular, timely, clear, complete, accurate and comparable information in sufficient detail on material matters, detailed according to the nature, size and location of the enterprise. Ensure this disclosure considers costs, business confidentiality, and competitive concerns.
2. Material information extends to:
 - a. the financial and operating results of the enterprise
 - b. enterprise objectives and sustainability-related information

- c. capital structures, group structures and their control arrangements
 - d. major share ownership, including beneficial owners, and voting rights
 - e. information about the composition of the board and its members, including their qualifications, the selection process, other enterprise directorships and whether each board member is regarded as independent by the board
 - f. remuneration of members of the board and key executives
 - g. related party transactions
 - h. foreseeable risk factors
 - i. governance structures and policies including the extent of compliance with national corporate governance codes or policies and the process by which they are implemented
 - j. debt contracts, including the risk of non-compliance with covenants.
3. It is important for enterprises to communicate responsible business conduct information as they carry out due diligence.
 4. Enterprises should prepare and disclose information in accordance with internationally recognised accounting and disclosure standards, and refrain from publication of insufficient or unclear information.

Chapter IV. Human Rights

Enterprises should:

1. Respect, avoid infringing on and address adverse impacts on the human rights of others.
2. Avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.
3. Prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products, or services by a business relationship, even if they do not contribute to those impacts.
4. Have a publicly available policy commitment to respect human rights.
5. Carry out human rights' due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.
6. Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

Chapter V. Employment and Industrial Relations

Enterprises should:

1.
 - a) Respect the right of workers to establish or join trade unions and representative organisations of their own choosing.
 - b) Respect the right of workers to have trade unions and representative organisations of their own choosing recognised for the purpose of collective bargaining.
 - c) Contribute to the effective abolition of child labour and take immediate and effective measures to secure the elimination of its worst forms as a matter of urgency.
 - d) Contribute to the elimination of all forms of forced or compulsory labour and take immediate and effective measures towards achieving this as a matter of urgency.
 - e) Be guided by the principle of equality of opportunity and treatment in employment and not discriminate against their workers.
 - f) Provide a safe and healthy working environment in line with the ILO Declaration on Fundamental Principles and Rights at Work.
2.
 - a) Provide facilities to workers' representatives to assist in the development of effective collective agreements.
 - b) Provide timely information to workers' representatives for meaningful negotiations on conditions of employment.
 - c) Provide information to workers and their representatives enabling them to obtain a fair view of the performance of the entity.
3. Promote consultation and co-operation between employers and workers and their representatives through legitimate processes, structures, or mechanisms on matters of mutual concern.
4.
 - a) Observe standards of employment, contractual arrangements, and industrial relations.
 - b) When operating in other countries, offer work conditions to workers no less favourable than those offered by comparable employers in host country.
 - c) Maintain the highest standards of safety and health at work.
5. Employ local workers (to the extent possible) and provide training to improve skill levels.
6. Provide reasonable notice to representatives of the affected workers when considering changes in operations that would have major employment effects.
7. Not threaten transferring location of operating entity to other countries to unfairly influence collective bargaining.

8. Enable authorised worker representatives to negotiate on issues related to collective bargaining or labour-management relations.

Chapter VI. Environment

Enterprises should conduct their activities in a manner that considers the need to protect the environment, address adverse environmental impacts and contributes to wider sustainable development goals. This includes:

1. Establish and maintain an environmental management system of its operations, products and services over its full life cycle, including through carrying out risk based due diligence.
2. Conduct meaningful stakeholder engagement with those affected by the adverse environmental impacts associated with the enterprise.
3. Not using a lack of full scientific certainty or pathways as a reason for postponing measures to prevent or minimise damage.
4. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from activities from their operations and mechanisms for reporting to the competent authority.
5. Continually seek to improve environmental performance, at the level of the enterprise and, where appropriate, entities they have a business relationship with.
6. Provide adequate education and training to workers in environmental, health and safety matters.
7. Contribute to the development of environmentally responsible and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.

Chapter VII. Combating Bribery and Other Forms of Corruption

Enterprises should:

1. Not engage in any act of corruption.
2. Develop and adopt internal controls, ethics and compliance programmes or measures for adequately preventing, detecting, and addressing bribery and corruption based on a risk-based assessment.
3. Prohibit or discourage the use of small facilitation payments and accurately record any payments made.
4. Thoroughly document the due diligence process pertaining to hiring and maintain regular and appropriate oversight of agents. Ensure that remuneration of agents is appropriate and for legitimate services only.
5. Enhance the transparency of an enterprise's activities in the fight against bribery and corruption and foster a culture of integrity.

6. Promote awareness of and compliance with company policies, internal controls, and ethics and compliance programmes aimed at bribery and corruption among employees and those companies with a business relationship.
7. All political contributions should comply with public disclosure requirements and be reported to senior management.

Chapter VIII. Consumer interests

Enterprises should:

1. Ensure that the goods and services they provide meet all agreed or legally required standards for consumer health and safety.
2. Provide accurate, verifiable, and clear information that is sufficient to enable consumers to make informed decisions.
3. Provide consumers with access to fair, easy to use, timely and effective ways of resolving complaints or disputes, without unnecessary cost or burden.
4. Not make representations or omissions, nor engage practices that are deceptive, misleading, fraudulent unfair or that subvert consumer choice in ways that harm consumers or competition.
5. Support efforts to promote consumer education in areas that relate to their business activities.
6. Protect consumer privacy by ensuring that enterprise practices relate to the collection and use of consumer data are lawful, transparent and fair, enable consumer participation and choice, and take all reasonable measures to ensure the security of personal data that they collect, store, process or disseminate.
7. Co-operate fully with public authorities to prevent and combat abusive or deceptive marketing practices, and to diminish or prevent serious threats to public health and safety or to the environment that are caused from the consumption, use or disposal of their goods and services.
8. In applying these principles, consider the needs of consumers, particularly vulnerable or disadvantaged consumers and challenges of e-commerce on consumers in applying these principles.

Chapter IX. Science, Technology and Innovation

Enterprises should:

1. Carry out risk-based due diligence based on risk to address actual and adverse impacts related to science, technology, and innovation.
2. Where practicable, adopt business practices that enable the voluntary, safe, secure and efficient transfer of technology and know-how on mutually agreed terms. Enhance data access and sharing to promote scientific discovery and innovation,

while respecting intellectual property rights, confidentiality, privacy, personal data protection, export controls and non-discrimination principles.

3. When appropriate, perform science and development activities in host countries to meet local market needs, employ local personnel, and encourage and support their training, considering integrity, security and commercial requirements.
4. When granting intellectual property licences do so with appropriate safeguards to prevent and mitigate negative impacts, and in a manner that contributes to the long-term sustainable development prospects of the host country and respects export control regulations.
5. Where relevant to commercial objectives, develop ties with local higher education institutions, public research institutions and participate in research projects with local industry, and civil society.
6. When collecting, sharing, and using data, encourage the adoption of responsible data governance.
7. As appropriate, support co-operative efforts in the appropriate fora to promote an open, free, global, interoperable, reliable, accessible, affordable, secure, and resilient Internet.

Chapter X. Competition

Enterprises should:

1. Carry out activities in a manner consistent with all applicable competition laws and regulations.
2. Refrain from entering or carrying out anti-competitive agreements among competitors.
3. Co-operate with investigating competition authorities by providing responses as promptly and completely as practicable to requests for information.
4. Promote employee awareness on the importance of compliance with competition laws and regulations.
5. Consider the needs of consumers, particularly those who are vulnerable or disadvantaged, and the challenges that e-commerce may present for them when applying the above principles

Chapter XI. Taxation

1. Enterprises should make timely payments of their tax liabilities and comply with the letter and spirit of tax laws and regulations of the countries in which they operate.
2. Enterprises should consider tax governance and compliance as key components of their oversight and risk management systems. Corporate boards should adopt tax

risk management strategies to ensure that financial, regulatory, and reputational risks associated with taxation are thoroughly identified and evaluated.

OECD guidance on due diligence

The [OECD Due Diligence Guidance for Responsible Business Conduct](#) provides practical support to business on the implementation of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct to identify, assess, act, mitigate and track risks in their supply chains as required by the Guidelines ([link here](#)).

The OECD through its e-learning Academy on Responsible Business Conduct provides a free course on “Essentials of OECD Due Diligence for Responsible Business Conduct”. The course is useful for business practitioners and other relevant stakeholders such as policy makers, industry associations, consultancies, academia, civil society and unions. E-learning modules are available on the sectors of Agriculture and Seafood Supply Chains, Garment and Footwear Supply Chains and Electronics and Vehicle Parts Supply Chains. ([link here](#))

For information from the OECD on implementing due diligence in specific sectors or topics and practical actions that business can take visit the following links:

- [Agricultural sector](#)
- [Child labour risks in the minerals supply chain](#)
- [Financial sector](#)
- [Environment and climate change](#)
- [Extractive sector](#)
- [Mineral supply chains](#)
- [Responsible business conduct and technology](#)
- [Sports sector](#)
- [Textile, garment and footwear sectors](#)

A companion document about the role of the New Zealand National Contact Point for Responsible Business is linked **here**.

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WEBSITE: [New Zealand National Contact Point for Responsible Business Conduct](#)

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