



Comments for the OECD Draft 2026 Responsible Business Outlook

14 April 2026

- *Business at OECD* (BIAC) thanks the OECD for the opportunity to comment on the Draft *Responsible Business Outlook 2026* and welcomes collaboration with the OECD Secretariat to ensure that this document is rooted in business realities and workable for companies.

General Comments

- **Overall direction & publication format:** The report provides a timely review of RBC developments. One of its central messages, that RBC commitments are becoming increasingly common while implementation remains uneven, resonates with business experience. Regarding Chapter 4 (Policy Considerations), Business at OECD requests that any policy recommendations included in the final version be vetted by adherent countries and institutional stakeholders before their inclusion.
- **Stronger grounding in business realities:** *Business at OECD* considers that parts of the analysis rely too heavily on hypothetical assumptions and do not sufficiently reflect the practical challenges businesses face in implementing reporting and sustainability due diligence across complex value chains. We recommend incorporating more concrete business examples and operational insights to ensure the document is both practical and actionable for companies.
- **Implementation and “materiality” gap framing carries regulatory risk:** The report highlights both an implementation gap and a “materiality gap” (i.e. disconnect between identified impacts and financial risk). While these are important observations, the policy implications should be approached carefully. From a business perspective, this reinforces the need not for more regulation, but for greater clarity, consistency, and effective implementation of existing frameworks, including a stronger focus on creating a global level playing field. Therefore, Chapter 4 of the Outlook (Policy Considerations) should not use the materiality gap framing to justify expanded mandatory due diligence frameworks. As well, the data underlying findings about materiality gaps is drawn almost entirely from EU CSRD/ESRS double materiality assessments. Using EU-specific data to draw global conclusions risks normalizing EU regulatory standards as the OECD benchmark.
- **What works in practice:** It is positive that the report acknowledges that collaborative, capability-building approaches with suppliers can be more effective than purely compliance-based tools (e.g. audits, codes of conduct). This shift towards outcomes and effectiveness is welcome and could be further emphasised.
- **Limitations of disclosed data:** The analysis relies heavily on publicly available disclosures and may therefore reflect reporting practices rather than the full reality of company implementation. It is important that the final report clearly maintains this caveat and **avoids equating “not disclosed” with “not done.”** In practice, there are legitimate reasons why companies may choose not to publicly disclose certain information, including commercial confidentiality, legal exposure, and competitive considerations. The OECD should clearly distinguish between disclosure practices and actual implementation and avoid drawing overly definitive conclusions based solely on publicly available data.

- **Need for differentiation:** From a business perspective, it would be helpful if the report more clearly differentiated findings across **sectors, company sizes, and positions in the value chain**. A one-size-fits-all interpretation would not reflect the risk-based and proportionate nature of effective due diligence.
- **Policy coherence and complexity:** While the report rightly emphasises the importance of a level playing field, it could more strongly reflect the operational challenges created by fragmented and overlapping regulatory frameworks across jurisdictions, including duplicative reporting and diverging requirements.
- **Declining Rule of Law undermines the due diligence framework:** This report is largely silent on the fact that [the World Justice Project Rule of Law Index has shown a global decline](#). This point is highly relevant to this OECD Outlook because:
 - Companies are being asked to conduct increasingly deep due diligence (identifying risks, engaging stakeholders, tracing supply chains, and providing remedy mechanisms) in environments where underlying governance conditions are deteriorating.
 - When rule of law weakens, the burden placed on companies through mandatory due diligence increases. Companies cannot take the place of functional legal systems or effective state enforcement.
 - Chapter 4 of the report should acknowledge that governments must address their own governance shortcomings as a prerequisite for effective RBC policy and not outsource the governance gap to corporate governance or supply chain obligations.
- **State-owned enterprises (SOEs) should not be conflated with private sector companies:** The report's company-level analysis covers 10,000 listed companies, of which approximately 1,300 are state-owned enterprises. Aggregating SOE and private sector data without differentiation risks distorting the findings on corporate RBC performance. SOEs operate under fundamentally different governance structures and ownership incentives than private companies.

This is also an issue of coherence: the OECD's Recommendation on the Role of Governments in Promoting RBC explicitly calls on governments to lead by example, yet the current presentation of data makes it impossible to assess whether they are doing so with their SOEs. *Business at OECD* requests that the final report either **disaggregate SOE and private sector data in Chapter 2, or clearly caveat all company-level findings to reflect the substantial SOE component in the sample**.

- **Measuring effectiveness and remedy:** The findings on grievance mechanisms and remedy are important, but the report may need to further clarify the distinction between formal mechanisms, effective outcomes, and what can realistically be measured through public data.
- **Reflection on unintended consequences:** The economic consequences of due diligence obligations should be reflected in the report. The Kiel Institute for the World Economy (IfW) has examined the effects of due diligence obligations, taking the German Supply Chain Act as an example, and found that due diligence obligations increase costs and risks for companies trading with suppliers in poorer countries with weak institutions. It can therefore be assumed that companies will reduce the number of suppliers from these countries or withdraw from them altogether. This development weakens the development-promoting integration of these companies into global value chains, which can lead to a reduction in per capita income in poor countries. Therefore, effective supply chain legislation should not increase trade costs with poorer countries in order to avoid negative effects on the ground.

Specific Comments

- **Chapter 2- importance of looking beyond data:** Chapter 2 provides a quantitative assessment of the implementation status of corporate due diligence for responsible business conduct. While this analysis draws primarily on corporate disclosures, it is important to note that reporting standards vary significantly across different countries, industries, and individual firms. Consequently, the findings of this study and any resulting policy considerations should look beyond raw numerical data to ensure a more nuanced and balanced interpretation.
- **Page 6- revision of over-simplified statement:** *"...companies' material sustainability impacts significantly exceed their financially material sustainability risks, particularly for workers in the supply chain and environmental topics such as biodiversity, water and circularity, implying that companies may lack incentives to address their adverse impacts"* - This sentence in the chapter 2 summary (page 6) may oversimplify the complexity of supply chain management and mischaracterize company incentives.

In practice, large multinational companies manage 50,000 to 100,000 direct suppliers. With an average of 100 employees per supplier, this means 5 to 10 million workers are in scope for direct supplier oversight alone. Companies deploy extensive risk assessment, due diligence, audits, and grievance mechanisms to identify and address impacts across these populations. The assertion that companies 'may lack incentives to address their adverse impacts' does not align with the substantial resources companies invest in supply chain management programs.

We recommend revising this statement to acknowledge the scale and complexity of supply chain oversight, recognize existing corporate due diligence efforts, and provide a more nuanced discussion of the gap between impact materiality and financial materiality without implying lack of corporate commitment.

- **Page 7- SME exemption by law from reporting obligations:** On page 7, the text states, *"This can be due to lower disclosures or less developed due diligence practices among smaller firms as compared with larger firms."* Regarding this point, we recommend adding the nuance that this is because SMEs are often exempted by law from reporting obligations.
- **Page 11- distinguish between RBC and sustainability:** *"In this respect OECD research has found a substantial "materiality gap" between whether companies perceive financial risks and actual or potential impacts across almost all sustainability topics."* - In this sentence, the distinction between RBC and sustainability should be specified.
- **Page 11- inclusion of the calculation and reporting of financial risks:** It would be of value to include in this section how financial risks can be calculated and reported, as most reports (e.g. in the CSRD) are subject to financial auditing.
- **Page 12- Box 2.1:** Climate-related financial risk and adverse impact calculation methodologies are generally more established than methodologies for other sustainability topics. However, even climate-related disclosures remain largely focused on existing risks rather than forward-looking impacts.

For companies to disclose anticipated financial effects in legally binding documents, they would need safe harbor protections from liability. Without such protections, companies are hesitant to make forward-looking statements about financial impacts.

Beyond climate, other sustainability topics require notably support and guidance to help companies quantify adverse impacts in these areas.

- **Page 15- corporate governance and remuneration:** The report notes that European companies lead in linking senior management remuneration/incentives to sustainability performance and presents lower uptake in other regions as a gap. This framing warrants caution: data also shows that, for example, US companies perform strongly on overall RBC uptake despite the absence of hard law mandating sustainability-linked remuneration. This suggests that voluntary, company-driven incentives can be effective. Executive and employee compensation decisions reflect a company's own strategy, governance structure, and context, and should remain an individual company discretionary matter.
- **Page 18- first paragraph, supplier sustainability assessments:** There are several reasons for which companies may conduct comprehensive sustainability assessments—covering all aspects, not just those in a supplier's risk profile—even without prior screening. Common scenarios include: (1) entering new high-risk markets where all suppliers require immediate assessment through self-assessments and audits, and (2) responding to media reports of potential sustainability breaches, where immediate action is necessary without waiting for formal screening processes.
- **Page 18- third paragraph suggested revision:** *"Relatedly, currently most traceability systems only fully cover a minority of key commodities"* – as due diligence is not about establishing full traceability, this sentence should be rephrased to avoid giving the impression to readers that due diligence does require this. As the later section explains traceability and due diligence in a more in-depth manner, re-phrasing here would better align with the later section.
- **Page 19- Figure 2.7 & 2.8 segmentation:** The proposed segmentation into "direct suppliers," "components," and "raw materials" assumes a simplified, linear supply chain structure in which large companies are primarily final product manufacturers or distributors. In practice, supply chain roles are more fluid: Tier 1 suppliers may have multiple functions, and companies do not always fit neatly into categories such as "direct supplier," "component supplier," or "raw material provider." These distinctions may therefore be misleading and could be reconsidered or removed from the figure.
- **Page 21- securing confidentiality:** *"Privacy protection laws present in certain jurisdictions can also complicate the efforts of companies with international operations to use a common approach to traceability"* – the issue of securing confidentiality is also relevant for MNEs in this context and should be included in this paragraph.
- **Conclusions drawn should be more directly linked to selected indicators:** we find that some indicators selected in this study lead to conclusions that are not directly linked, but are more by-products of the analysis. Comments on specific indicator-related aspects are listed below:
 - **Analysis of explicit references to the OECD Guidelines and UNGPs:** We recommend also measuring references to relevant ILO and IOM standards, particularly in relation to forced labour, recruitment fees, and foreign migrant workers, as this could provide additional valuable insights.
 - **Identifying and assessing risks and impacts in operations and supply chains (page 16):** The provided indicators appear to focus solely on the supply chain, and do not cover companies' own operations. We find that this is not aligned with the title of the section, nor with relevant OECD Guidance. In addition, given the current context and the need to emphasize risk-based approaches (again in alignment with OECD guidance), we recommend including an indicator that examines how publicly listed companies prioritize risks, as explained in their public reporting (if available). While there is a brief reference to this point, it appears overly simplified and more the result of reviewing other indicators than a standalone analytical focus.

- **Traceability systems can enhance visibility across supply chains but come with limitations (page 21):** In this section, we suggest referencing in more detail the challenges associated with requesting highly detailed data from business partners, including the potential impact on competitiveness, as well as constraints arising from current regulations that may restrict companies from requesting very granular information from business partners classified as SMEs.
- **Page 29 - difficulty for businesses reporting on actual impacts and outcomes:** *Business at OECD* members report challenges in measuring and reporting the actual impacts and outcomes of sustainability audit findings and corrective measures. Companies typically default to process-oriented metrics (e.g., 'findings addressed within X days'), so we recommend including examples of outcome-based indicators in the text, such as:
 - Measurable improvements in specific working conditions or environmental parameters
 - Reduced incident rates or grievance volumes over time
 - Enhanced supplier performance scores on key sustainability metrics
 - Stakeholder feedback demonstrating improved practices
 This would help companies move beyond procedural reporting to demonstrate substantive impact.
- **Page 30- challenges to sustainability reporting:** Our members underline an additional challenge that ESRS/CSRD requires too many data points to be included, which would make sustainability reports excessively long (potentially hundreds of pages) and unusable for investors and customers. A proposed solution is that companies should be permitted to publish supplementary data online rather than including everything in a single document.
- **Chapter 3- mandatory due diligence does not equal effective due diligence:** The minerals section in Chapter 3 (page 42) cites Dodd-Frank section 1502 as a US disclosure measure, presenting it as part of the global landscape of due diligence legislation. However, it does not mention that the US Government Accountability Office (GAO) concluded in [GAO-24-107018](#) that the SEC disclosure rule has not improved peace and security in the Democratic Republic of the Congo, which was the stated purpose of the law. This is a significant omission of the Outlook's text. We request that the final report:
 - Acknowledge the GAO findings alongside its citation of Dodd-Frank 1502.
 - Recognize in Chapter 4 that the evidence on the effectiveness of mandatory due diligence is mixed, and that regulatory design and local enabling conditions matter just as much as the existence of a rule.
 - Distinguish between the existence of a legislative measure and evidence of its effectiveness on the ground.