



**BUSINESS**at**OECD**

Business and Industry Advisory  
Committee to the OECD

# Ten Lessons Learned from 50 Years of Responsible Business Conduct

A Business Perspective for the 50<sup>th</sup> Anniversary  
of the OECD Guidelines for Multinational Enterprises  
on Responsible Business Conduct

Position Paper  
**June 2026**

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# Executive Summary

As the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (RBC) mark their 50th anniversary, this is an important moment to reflect on the lessons businesses have learned from decades of implementation. Across sectors, geographies, and company sizes, businesses have accumulated significant experience in managing social, environmental, and governance risks, navigating increasingly complex supply chains, and adapting to evolving stakeholder expectations and regulatory frameworks.

Drawing on a survey of 47 companies, insights from *Business at OECD* (BIAC) members, as well as OECD and third-party evidence, this paper distils that experience into ten lessons for policymakers. Together, these lessons point to a common conclusion: effective RBC policy must be grounded in how businesses and supply chains operate in practice, focused on improving outcomes rather than expanding procedural requirements, and supported by coherent policy frameworks that enable meaningful action. In brief, these ten lessons are as follows:

**First, businesses have found that voluntary, risk-based principles remain the foundation of effective RBC.** The flexibility of the OECD Guidelines has enabled companies to adapt implementation to diverse operating environments, risk profiles, and business models, helping drive widespread uptake over five decades.

**Second, business experience shows that due diligence establishes a standard of effort and continuous improvement, not a guarantee that all adverse impacts can be prevented or eliminated.** The effectiveness of due diligence is influenced by factors beyond a company's control, including the availability of reliable information and the broader governance environment in which risks occur.

**Third, companies have learned that supply chains are increasingly complex, non-linear, and often extend beyond the direct control of any single enterprise.** While visibility and leverage decline in deeper tiers of supply chains, significant risks frequently occur precisely in these areas, highlighting the importance of collaborative approaches and shared responsibility.

**Fourth, regulatory fragmentation has emerged as a major challenge that can undermine impact.** Diverging due diligence, reporting, and sustainability requirements across jurisdictions increase costs, create duplication, and divert resources away from risk mitigation and remediation. Greater policy coherence is therefore essential to achieving stronger outcomes.

**Fifth, businesses have found that RBC guidance is most effective when it is practical, accessible, and designed for those responsible for implementation.** Guidance that cannot be readily translated into operational decisions risks limiting uptake and reducing impact.

**Sixth, progress on RBC is often incremental, informal, and iterative.** Many important improvements occur through gradual changes in governance structures, management

systems, and organisational culture. These developments may not always be reflected in conventional reporting frameworks, despite their importance for long-term outcomes.

**Seventh, capacity-building remains essential, particularly in non-OECD countries.**

Effective implementation depends not only on multinational enterprises, but also on the capabilities of suppliers, SMEs, public authorities, and local institutions. Strengthening these capacities is critical to achieving sustainable improvements throughout global value chains.

**Eighth, business experience demonstrates that poorly designed RBC regulation can generate unintended consequences,**

including supplier disengagement, trade diversion, and reduced investment in higher-risk markets. Effective policy must therefore be assessed not only by its intentions, but also by its real-world impacts.

**Ninth, companies have learned that corporate action cannot substitute for effective state governance.**

While businesses play an important role in identifying and addressing risks, governments remain primarily responsible for protecting rights, enforcing laws, and providing access to remedy. Durable progress depends on strong public institutions alongside responsible business practices.

**Finally, businesses have observed that growing compliance requirements can sometimes crowd out activities that deliver the greatest impact on the ground.**

RBC frameworks should therefore seek to maximise resources directed toward risk mitigation, remediation, supplier engagement, and capacity-building rather than procedural compliance alone.

Taken together, these ten lessons reinforce the enduring value of the voluntary OECD Guidelines and the principles that underpin them. They also highlight the need for future RBC policy to remain practical, risk-based, coherent across jurisdictions, and focused on delivering tangible improvements for people, communities, and the environment. As the OECD looks to the next fifty years of responsible business conduct, these lessons provide an opportunity to ensure that policy frameworks continue to support meaningful progress in an increasingly complex global economy.

# Introduction

As we mark the 50th anniversary of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the Guidelines), this is a moment not only to reaffirm their continued relevance, but also to reflect on what we have learned from their application over the past five decades. *Business at OECD* (BIAC) – representing over 55 major national business and employer organizations, and collectively over 10 million companies – engaged its members in the lead-up to the 50<sup>th</sup> anniversary to reflect upon how to ensure the Guidelines remain resilient, fit for purpose, and impact-oriented. To that end, we offer here *Ten Lessons Learned from 50 Years of Responsible Business Conduct*, drawing from a *Business at OECD* survey of 47 companies, further business insights and case studies from *Business at OECD* members, as well as OECD and third-party evidence.

Businesses have been putting responsible business conduct (RBC) into practice for decades, long before it carried the specific RBC name. From early commitments to worker safety and community investment, to the integration of environmental and human rights considerations into global operations, companies have worked continuously to understand and address their impacts on people and planet. This work has not happened in isolation. Since their adoption in 1976, the OECD Guidelines have provided an internationally agreed reference point that has shaped, reinforced, and elevated these efforts, helping to align voluntary business action with shared societal expectations and government policy.

Fifty years on, as the Guidelines mark this anniversary, the business community brings to the table its lived experience. Across sectors, geographies, and company sizes, businesses represented through *Business at OECD* have spent decades implementing RBC through navigating complex supply chains, operating in challenging governance environments, managing evolving stakeholder expectations, and absorbing wave after wave of new regulatory requirements. That business experience has generated a significant knowledge base about what drives genuine progress and what gets in the way of it.

This paper distills that experience into ten lessons: practical observations, grounded in what businesses have encountered in their day-to-day operations. In these lessons, we highlight where voluntary frameworks have enabled meaningful action, where due diligence has run up against the limits of supply chain visibility and leverage, where regulatory fragmentation has diverted resources away from impact, and where the absence of effective state governance has placed unrealistic burdens on private actors. Taken together, these lessons reflect a clear message: good intentions in RBC policy are not enough. Implementation is where commitments are tested, and it is here that policy frameworks must be both relevant and workable.

This paper underscores that risk-based due diligence is an essential tool for RBC, resilience, and effective risk management, while cautioning against overly prescriptive or process-heavy approaches that may undermine real-world impact.

For each of the lessons that follow, this paper lays out what companies have experienced, what that experience reveals about current policy frameworks, and what the OECD and other

stakeholders should do to ensure that the Guidelines remain a practical, living instrument, capable of driving stronger outcomes for people and planet in the decades ahead.

# Ten Lessons Learned from Fifty Years of Responsible Business Conduct

## Lesson 1: Voluntary, Risk-based principles remain the foundation of effective RBC

### *Key insight*

Global supply chains are complex, stakeholder expectations are changing, and social, environmental, and technological risks are constantly evolving. As a result, voluntary frameworks are best suited to equip companies with the tools to adapt in this fast-moving environment and engage responsibly with their suppliers and communities. In this sense, voluntary international frameworks are the essential foundation of the RBC ecosystem.

### *What business experience shows*

The OECD Guidelines for Multinational Enterprises on RBC (the Guidelines) are the most comprehensive, internationally agreed-upon standard on RBC and have persisted for decades. They allow companies flexibility to adapt implementation to their unique context and risk profiles. Their voluntary, non-binding nature is what has enabled such a widespread adoption of the Guidelines. In a 2026 *Business at OECD* survey of 47 companies of varying sizes carried out for this paper, 80% of companies reported that the OECD Guidelines or OECD Due

Diligence Guidances have influenced their company's RBC approach.

**A significant share of companies around the world report on sustainability and engage in due diligence processes voluntarily**, as this supports better risk identification, mitigation, resource allocation, and strategic decision-making. Increasing consumer and investor demand for transparency surrounding corporate sustainability has also driven voluntary adoption of these measures. According to the 2025 OECD Corporate Sustainability Report, sustainability-related disclosure expanded from 86% to 91% of global market capitalisation between 2022 and 2024.<sup>1</sup> KPMG's Survey of Sustainability Reporting 2024 reports that 96% of the world's largest 250 companies and 79% of the 5,800 companies they surveyed across the Americas, Asia-Pacific, Europe, and the Middle East and Africa regions are already reporting on sustainability.<sup>2</sup> This survey also finds that despite recent trends toward mandatory reporting standards in certain regions around the world, voluntary guidelines and standards such as the GRI (Global Reporting Initiative) remain widely used, illustrating their widespread relevance for companies.

**Sustainability issues are highly dependent on sector and country circumstances**, and each country exists within its own unique legal context. Therefore, "one-size-fits-all" policy

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<sup>1</sup> OECD (2025), [Global Corporate Sustainability Report 2025](#).

<sup>2</sup> [The move to mandatory reporting: Survey of Sustainability Reporting 2024](#), KPMG International.

regarding RBC risks oversimplifying and overlooking critical nuances which depend on country and supply chain context.<sup>3</sup> Additionally, rigid RBC frameworks risk leading to box-checking approaches for businesses, which can get in the way of driving concrete impact and discourage the development of innovative approaches which may fall outside of conventional metrics.

Experience over the past fifty years also shows that, **when well-designed, public policies setting voluntary frameworks that reinforce shared expectations and preserve flexibility for companies to adapt implementation to their specific risk profiles are most effective.** Without this alignment, voluntary standards can lead to an uneven playing field between companies. In addition, large multinational enterprises often have greater resources and organisational capacity to implement complex due diligence systems than SMEs. At the same time, the larger scope of the operations and supply chains of MNEs makes it difficult for these companies to determine where to channel resources. Differences in challenges depending on company size can result in disparities in uptake and depth of implementation across the value chain. A balanced approach, in which governments set clear expectations and rely on internationally recognised frameworks such as the OECD Guidelines to guide implementation, can help address these challenges while avoiding overly prescriptive requirements that risk reducing due diligence to a box-checking exercise.

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<sup>3</sup> Indriago (2025), [The limits of one-size-fits-all sustainability rules](#), Holtara.

<sup>4</sup> Partiti (2023), [The Place of Voluntary Standards in Managing Social and](#)

Voluntary international RBC standards also prepare businesses to effectively implement future changes in state-level RBC-related legislation, especially given the current trend toward regulatory requirements such as the CSDDD in the EU.<sup>4</sup>

### *What this means for OECD policy going forward*

Considering the relevance and utility of voluntary frameworks in the rapidly evolving context of RBC globally, the OECD should reaffirm the importance of voluntary standards as a baseline for RBC.

#### **Business at OECD therefore calls on the OECD to:**

- Continue to **promote voluntary, risk-based guidance** as the cornerstone of the international RBC framework, including through capacity-building, awareness-raising, and support for implementation across diverse company sizes and geographies;
- **Avoid over-prescription** regarding specific processes in future OECD RBC guidance, allowing for proportionality and flexibility.

[Environmental Risks in Global Value Chains](#), European Journal of Risk Regulation.

## Lesson 2: Due diligence sets a standard for effort and process, rather than promising specific outcomes

### Key insight

Over the past fifty years of integration of RBC measures, another key learning from businesses has been that due diligence is important for setting a standard of mapping and identifying risks, but it cannot *eliminate* all risks.

### What business experience shows

Businesses have found that due diligence cannot eliminate all risks for several key reasons. First, the **effectiveness of due diligence depends on the quality and completeness of information available**. If this information is incomplete, inaccurate, or intentionally withheld, risk assessments may fail to capture the full scope of relevant impacts. Deep tier supply chain visibility is a major challenge for businesses in this regard. It remains very difficult and costly for buyers to have clear visibility on risks related to suppliers past the first tier of the supply chain. This makes due diligence at these tiers both highly resource-intensive and difficult to implement effectively under current visibility constraints, even though they are often where the most severe risks are concentrated.

Due diligence measures can also result in **unintended outcomes**. One concrete example of this is the impact of the U.S. Securities and Exchange Commission's (SEC) 2012 conflict minerals disclosure

rule, which aimed to reduce revenue going to armed groups profiting from the trade of critical minerals in the Democratic Republic of Congo (DRC) and adjoining countries by requiring companies using these conflict minerals to disclose their origins. In 2024, the U.S. Government Accountability Office (GAO) found no evidence that the rule has decreased violence in the DRC or in adjoining countries. In fact, the GAO found that the rule contributed to the spread of violence around informal, small-scale gold mining sites, since gold is more portable and less traceable than the three minerals covered by the disclosure rule.<sup>5</sup>

The 2012 conflict minerals disclosure rule sought to address a complex and adaptive system through a targeted intervention. While the rule aimed to reduce funding to armed groups by increasing scrutiny of certain minerals, it did not eliminate the underlying incentives that sustained the conflict economy. Instead, armed groups adapted their activities, shifting toward gold mining, which was more portable, less traceable, and initially less affected by the disclosure requirements. As a result, the intervention altered the flow of revenues within the system rather than fully removing the economic drivers of conflict.

This example illustrates how interventions in highly interconnected systems can produce unintended consequences when they focus on a single point of control without accounting for how actors may respond. When one avenue for generating revenue is constrained, economic activity and associated harms may migrate to alternative channels rather than disappear. The conflict minerals rule implicitly assumed that restricting trade in

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<sup>5</sup> U.S. Government Accountability Office (GAO) (2024), [Conflict Minerals: Peace and](#)

[Security in Democratic Republic of the Congo Have Not Improved with SEC Disclosure Rule.](#)

certain minerals would substantially reduce funding for armed groups. In practice, however, the system adapted to the new constraints, with armed groups redirecting their activities toward less-regulated sources of income.

This highlights the importance of understanding the broader dynamics of complex systems and anticipating how actors may adjust their behaviour in response to regulatory interventions. It also underscores the value of robust ex-post evaluations, which can help identify unintended consequences, assess whether interventions are achieving their intended objectives, and inform adjustments where policies have shifted harms rather than reduced them.

Therefore, **policymakers should be wary of equating more reporting, questionnaires, mapping, documentation, and formal due diligence procedures with better RBC outcomes.**

A 2016 study on the benefits and costs of RBC due diligence found that it is essentially impossible to establish one-to-one links between a specific RBC activity and a specific benefit or outcome.<sup>6</sup> As it is difficult to associate specific benefits with RBC due diligence, there can be significant risks to assuming that increased RBC procedural requirements and reporting will lead to better tangible outcomes.

These dynamics are further compounded by the way due diligence expectations are translated into reporting and procedural requirements. Though reporting is important for promoting transparency,

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<sup>6</sup> Mittal et al. (2016), [Quantifying the Costs, Benefits and Risks of Due Diligence for Responsible Business Conduct](#), OECD and Columbia School of International and Public Affairs.

accountability, and informed stakeholder decision-making, the number of reporting obligations in the areas of environment, social and governance (ESG) and RBC introduced around the world in recent years has been growing significantly. There are currently over 600 types of sustainability reporting provisions or regulations worldwide, with many of these diverging in their interpretations of key concepts and definitions.<sup>7</sup> This fragmentation of reporting standards leads to heavy administrative burdens on businesses because companies must often reconcile overlapping frameworks, requiring multiple interpretations of the same data. These costs of compliance can divert vital company resources away from impact-driving business sustainability activities and deteriorate company competitiveness.

Overall, due diligence is a risk-based process standard aimed at continuous improvement. Effectiveness should therefore be measured by the quality of risk prioritisation and responses to adverse impacts, not by the quantity of documentation generated to demonstrate compliance.

### *What this means for OECD policy going forward*

As due diligence is a standard aimed at continuous improvement which inherently cannot eliminate all risks, realistic expectations of due diligence should be promoted.

**Business at OECD therefore calls on the OECD to:**

<sup>7</sup> Business at OECD (BIAC) (2025), [The Risks of Divergence Between Global ESG Reporting Standards](#).

- **Promote due diligence expectations that are grounded in business realities** and reflect what companies can reasonably achieve in managing complex risks;
- **Emphasise the role of governments as central actors** in addressing the root causes of human rights and environmental risks, including through governance, infrastructure, and enforcement, as many of these systemic challenges fall beyond the direct control of individual enterprises;
- **Develop design principles for RBC interventions in highly connected production networks**, with a focus on anticipating system-wide impacts stemming from the intervention, market adaptations, and the displacement of risks to less-regulated activities;
- **Encourage governments to stress-test draft rules for substitutions and map rerouting effects before rules are adopted.**

## Lesson 3: Supply chains are complex, non-linear, and often beyond company control

### *Key insight*

A major challenge facing businesses regarding implementation of RBC standards is limited visibility into supply chains. As supply chains have become

more global and complex over the past fifty years, traceability of risk into tiers beyond Tier 1 remains a significant challenge. At the same time, recognising these practical limits does not remove the expectation for companies to prioritise the most severe risks and use available leverage to address them.

### *What business experience shows*

As a general rule, supply chain relationships are agreements between independent businesses: a buyer and a supplier. Only in limited circumstances does a buyer dictate where or from whom a supplier sources its components and materials. Moreover, buyers often lack access to information about their suppliers' own sourcing decisions. While some industries are taking steps to encourage or restrict certain upstream sourcing practices, obtaining full visibility into the procurement activities of suppliers remains a significant challenge. As independent businesses, suppliers retain control over many of their sourcing decisions, limiting the extent to which buyers can monitor or influence upstream procurement.

**As upstream suppliers become more distant, both geographically and contractually, companies' visibility and leverage decrease**, even though upstream tiers are frequently where the most significant social and environmental risks occur.<sup>8</sup> A 2025 McKinsey survey of 100 supply chain leaders around the world found that only 42% of these companies had visibility on Tier 2 or beyond, and visibility on Tier 3 suppliers

<sup>8</sup> ILO (2020), [Getting Beyond Tier 1: Using a systems approach to improve working conditions in global supply chains](#).

fell from nearly 20% to 10% between 2023-2025.<sup>9</sup>

Efforts to increase supply chain transparency also encounter structural incentive challenges at deeper tiers of the value chain. While greater transparency can drive improved compliance and integration of ESG considerations, the implementation challenge is that sub-tier suppliers, many of whom are small or informal enterprises, often lack the systems, financing and technical support to meet rising disclosure expectations.<sup>10</sup> In the absence of accompanying capacity building for these suppliers, this can lead to commercial exclusion rather than genuine improvement of standards. **The policy task is therefore not to dilute transparency of supply chains, but to pair increased transparency measures with the supplier support that Lesson 7 of this paper lays out.**

For buyers, particularly SMEs, the high cost and resource intensity of implementing traceability systems, conducting deep-tier audits, and engaging in capacity building in supply chains can exceed what any single company can absorb. For example, in our survey, a large consumer products company reported that in attempting to map the supply chain of a single chocolate product, it began with just five Tier 1 suppliers. However, as the mapping exercise progressed, this expanded to over 500,000 potential Tier 5 sub-suppliers before even reaching the level of individual cocoa farms. At this stage, the company stopped its mapping, recognising that the costs and complexity of identifying and verifying these relationships would be prohibitively high,

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<sup>9</sup> Hempel et al. (2026), [Decoding disruption to reshape manufacturing footprints](#), McKinsey & Company.

and that its ability to meaningfully influence conditions at the farm level would remain extremely limited, even if it could work in collaboration with other buyers.

These costs can also have **competitiveness implications** where regulatory expectations are not applied consistently across markets. Companies subject to extensive supply chain transparency and due diligence requirements may face significantly higher compliance costs than competitors operating under less demanding frameworks. For example, EU-based companies subject to supply chain visibility obligations under the CSDDD may incur costs that are not borne by competitors headquartered in jurisdictions without comparable RBC requirements, potentially creating competitive distortions if implementation expectations are not aligned internationally.

This example illustrates the argument for **sharing the cost of traceability**. Sector-level platforms, pre-competitive data-pooling arrangements, collective grievance mechanisms, and blended-finance support for SME buyers and suppliers can spread the fixed costs of traceability across the companies that depend on it. The OECD has played a convening role in such initiatives in minerals, garments and agriculture, and is well placed to scale this approach. Where shared infrastructure does not yet exist, the policy priority should be to build it, and not to accept the visibility gap as a permanent feature of the system.

<sup>10</sup> Mariani (2025), [Why Most Supply Chain Visibility Efforts Stop At Tier 1—and What That’s Costing You](#).

## What this means for OECD policy going forward

These insights highlight the practical limits of firm-level due diligence and reinforce the need for OECD guidance that better reflects supply chain realities.

### **Business at OECD therefore calls on the OECD to:**

- Continue to prioritise risk-based approaches and **collaboration with businesses** when developing RBC guidance to reflect supply chain realities;
- Promote **realistic expectations** regarding what companies can reasonably monitor and influence across complex global value chains;
- Continue to convene stakeholders to **further scale shared supply chain traceability infrastructure**.

## Lesson 4: Policy coherence across jurisdictions is critical for impact

### Key insight

Over the past decade, the rapid expansion of RBC-related regulations, standards, and reporting frameworks has led to an increasingly fragmented global landscape. While these initiatives pursue shared objectives, their divergence in scope, definitions, and requirements creates complexity that undermines their overall effectiveness.

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<sup>11</sup> *Business at OECD* (2025), [The Risks of Fragmentation in Global ESG Reporting Standards](#).

## What business experience shows

Fragmentation is now a defining feature of the RBC policy environment. Today, there are hundreds of sustainability reporting provisions and due diligence frameworks worldwide, reflecting a rapidly evolving regulatory landscape.<sup>11</sup> This trend has accelerated with the proliferation of due diligence legislation across jurisdictions, including the EU Corporate Sustainability Due Diligence Directive (CSDDD), national due diligence laws such as those in France, Germany, and Norway, modern slavery legislation in the UK, Australia, and Canada, and product-based measures such as the EU Deforestation Regulation and the U.S. Uyghur Forced Labor Prevention Act.<sup>12</sup>

While many of these frameworks are inspired by common international standards, they diverge in important ways. OECD analysis of due diligence legislation highlights **significant differences in scope, definitions, supply chain coverage, and reporting requirements across jurisdictions**.<sup>13</sup> For example:

- **Definitions of key concepts differ:** modern slavery and forced labour are framed differently across national laws (e.g. UK vs Australia), leading to variations in risk identification and reporting expectations;
- **Scope of due diligence obligations varies:** the German Supply Chain Act focuses primarily on **direct suppliers (Tier 1)**, while other frameworks, such as the EU CSDDD, introduce broader expectations across the value chain;

<sup>12</sup> OECD (2026), [Mapping Social and Environmental Due Diligence Legislation](#).

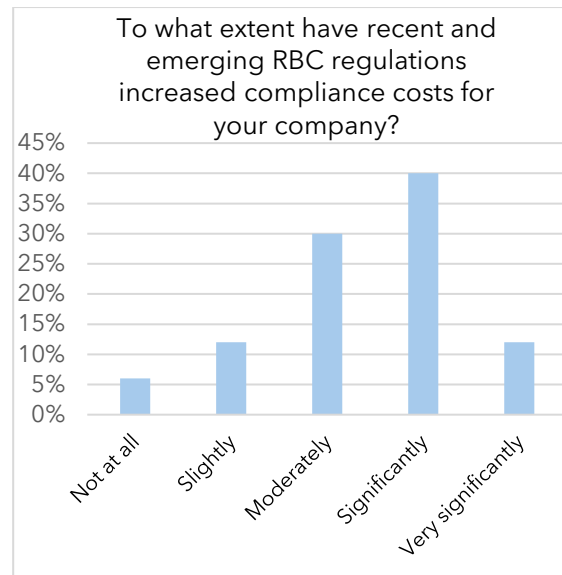
<sup>13</sup> Ibid.

- **Reporting requirements differ in format, frequency, and level of detail**, requiring companies to produce multiple reports covering similar topics but structured according to different legal templates.<sup>14</sup>

In practice, these differences require companies to establish parallel compliance systems, including separate risk assessment methodologies, reporting processes, and governance structures. Even small definitional variations can lead to duplicative data collection, repeated supplier engagement, and additional administrative burdens.<sup>15</sup>

This fragmentation comes with tangible costs. For instance, removing statutory reporting obligations under the German Supply Chain Act (2023) is expected to reduce annual compliance costs by approximately EUR 4.1 million (i.e. around EUR 5 000 per individual annual report).<sup>16</sup>

52% of the 47 businesses that responded to the *Business at OECD* survey conducted for this paper reported that emerging RBC regulations have increased their compliance costs, including reporting and resulting audit costs, either significantly or very significantly.



More broadly, business experience shows that fragmentation can lead to two unintended consequences:

- **Resource diversion:** significant financial, human, and operational resources are allocated to compliance, reporting, and legal interpretation rather than to concrete risk mitigation and remediation activities;
- **Risk-averse behaviour:** in complex or high-risk environments, companies may reduce engagement or disengage altogether where regulatory expectations are unclear, inconsistent, or difficult to operationalise across jurisdictions.

Ultimately, this risks shifting focus from achieving tangible improvements on the ground to managing multiple, and sometimes inconsistent, regulatory requirements.

This is precisely why businesses consistently report a strong need for

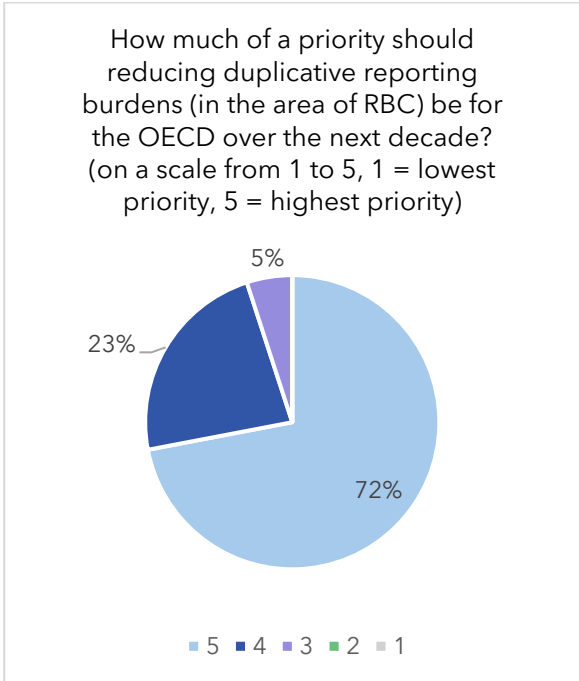
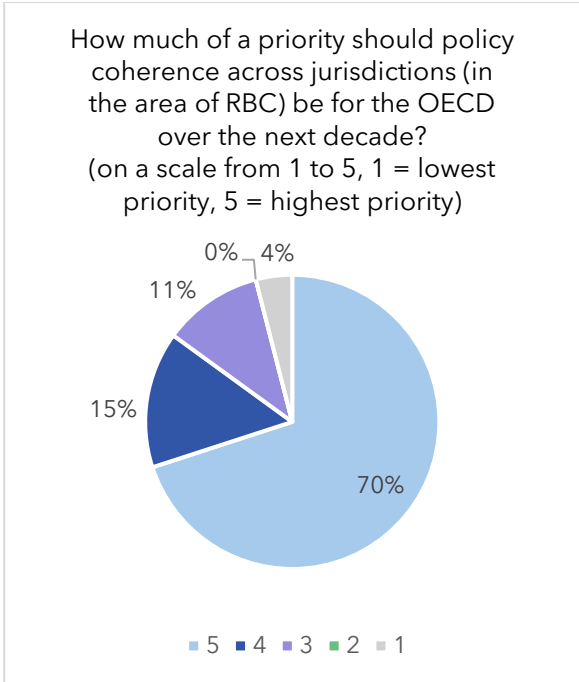
<sup>14</sup> OECD (2026), [Reporting Requirements in Social and Environmental Due Diligence Legislation](#).

<sup>15</sup> Ibid.

<sup>16</sup> BMAS (2025), *Evaluation of Reporting Obligations under the German Supply Chain Act*, Federal Ministry of Labour and Social Affairs, Berlin.

**greater alignment, interoperability, and clarity.** A more coherent policy environment would enable companies to scale effective practices, focus on the most severe risks, and deliver greater real-world impact. Integrating the industry perspective is essential in the developmental stages of RBC frameworks, in order to provide insight and feedback on diversions and practical barriers to implementation.

Respondents to the *Business at OECD* survey conducted for this paper underlined that policy coherence across jurisdictions and reducing duplicative reporting obligations should be major priorities regarding RBC for the OECD in the years ahead. 85% of respondents consider policy coherence to be a high priority issue, and 95% of respondents reported that reducing duplicative reporting burdens should be a high priority issue.



In addition to fragmented regulatory requirements, companies increasingly face duplication arising from market actors. Overlapping requests from clients, investors, audit cascades, and ESG ratings providers often require businesses to report similar information multiple times through different frameworks and processes. This compounds the burden created by jurisdictional fragmentation and can divert resources away from activities aimed at managing and addressing sustainability risks and impacts.

### *What this means for OECD policy going forward*

The OECD is uniquely positioned to address these challenges through its convening power and global reach.

In particular, the **OECD Inclusive Platform on Due Diligence Policy Cooperation** provides a critical forum bringing together policymakers from over 60 jurisdictions, including both OECD and non-OECD countries, alongside stakeholders. Its mandate includes promoting policy coherence, identifying areas of convergence, and supporting evidence-based policymaking while avoiding fragmentation.<sup>17</sup>

#### **Business at OECD therefore calls on the OECD to:**

- **Strengthen and scale up the Inclusive Platform**, including by allocating additional resources and elevating its role within the OECD RBC architecture;
- **Use the Inclusive Platform to develop concrete and actionable guidance for**

**governments** on aligning due diligence frameworks, including definitions, scope, and reporting expectations;

- **Promote interoperability and alignment of RBC frameworks**, including through common reference to voluntary OECD standards;
- **Advance mapping and transparency of RBC-related legislation**, helping policymakers identify overlaps, inconsistencies, and opportunities for convergence.
- **Ensure that investor standards and requirements for companies align with the Guidelines, to increase consistency and clarity of expectations across requests from different actors.**

## **Lesson 5: RBC guidance must be written for business practitioners**

### *Key insight*

As RBC expectations expand globally, the effectiveness of these frameworks increasingly depends on how guidance is translated into practice. While comprehensive guidance is essential, its usability is equally critical. Guidance that is too long, complex, or abstract risks limiting implementation and reducing real-world impact.

### *What business experience shows*

Over the past decade, a significant body of RBC guidance has been developed at international, regional, and national

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<sup>17</sup> OECD (2025), [Inclusive Platform on Due Diligence Policy Cooperation](#).

levels. While these tools provide valuable frameworks, they are often **lengthy, overly detailed, and difficult to operationalise for business practitioners.**

For example, the **OECD Due Diligence Guidance for Responsible Business Conduct exceeds 100 pages.**<sup>18</sup> Similarly, national implementation guidance linked to due diligence legislation (such as those accompanying the German Supply Chain Act or emerging EU-level frameworks) can also be extensive and highly technical.

While this level of detail reflects the complexity of RBC, business experience shows that operational uptake depends on clarity, usability, and accessibility. In practice:

- Companies often require **short, action-oriented guidance** that can be directly translated into internal processes, policies, and workflows;
- Overly narrative or principle-based guidance can make it difficult for operational teams (e.g., procurement, compliance, and legal functions) to translate expectations into practical actions. Without clear implementation pathways, guidance risks remaining siloed within RBC or policy teams, which may struggle to adapt high-level concepts into operational processes, tools, and decision-making frameworks;
- SMEs, in particular, face challenges navigating complex guidance without dedicated internal resources.<sup>19</sup>

Evidence from business consultations reinforces this point. Companies consistently highlight the need for clearer, more practical, and more structured guidance, including simplified tools, step-by-step approaches, and user-friendly interfaces. For instance, experience with tools such as the **UN Guiding Principles Reporting Framework**, built around a limited set of structured questions, demonstrates that concise and structured formats can significantly improve implementation and reporting practices.<sup>20</sup>

At the same time, the growing complexity of RBC-related legislation, particularly in the EU context (e.g. CSRD, CSDDD), amounts to a greater corporate demand for **practical implementation guidance** that is aligned across jurisdictions and tailored to business realities.

Without such guidance, there is a risk that companies focus on interpreting requirements rather than implementing them effectively, potentially slowing progress and increasing compliance costs without corresponding improvements in impact.

Respondents to the *Business at OECD* survey conducted for this paper flagged that creating more practical, implementable guidance should be a top priority on RBC for the OECD in the upcoming years. 90% of surveyed businesses cited this as a high priority issue.

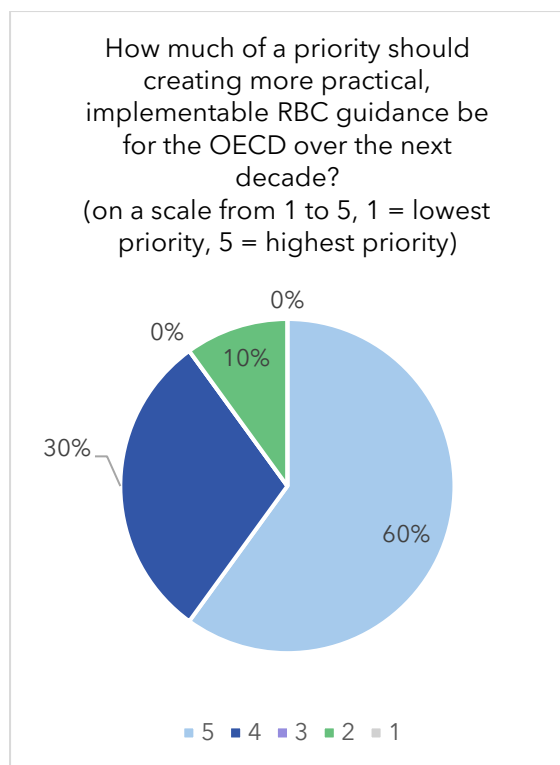
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<sup>18</sup> OECD (2018), [OECD Due Diligence Guidance for Responsible Business Conduct](#).

<sup>19</sup> Hanley et al. (2022), [The Cumulative Effect of Due Diligence Legislation on SMEs](#),

European Parliament Directorate-General for External Policies.

<sup>20</sup> UN Guiding Principles Reporting Framework (2015), [UN Guiding Principles Reporting Framework](#), Shift and Mazars.



### What this means for OECD policy going forward

To maximise the effectiveness of RBC frameworks, guidance must be designed with implementation in mind from the outset.

### Business at OECD therefore calls on the OECD to:

- **Systematically engage with business practitioners from the outset to co-develop future RBC guidance**, ensuring that it reflects operational realities across sectors, company sizes, and geographies;
- **Ensure that OECD guidance is concise, structured, and action-oriented**, including through modular formats, step-by-step tools, and practical examples. Concise entry points can be supported by more detailed technical guidance where needed;

- **Promote a demand-driven approach**, whereby guidance responds to clearly identified implementation challenges faced by companies;
- **Encourage governments and the European Union to follow the same approach**, in particular when developing implementation guidance for due diligence legislation (e.g. CSDDD), ensuring alignment with OECD standards and usability for companies.

## Lesson 6: Progress on RBC is often incremental, informal, and iterative

### Key insight

Progress on RBC is rarely linear or immediately visible. In practice, implementation often occurs through gradual internal changes, continuous learning, and iterative improvements rather than through discrete, measurable outcomes reflected in public reporting.

### What business experience shows

Many meaningful improvements in RBC begin internally, through changes in governance, processes, and organisational culture. These include the creation of dedicated sustainability committees, the integration of due diligence into procurement systems, improved escalation channels, or enhanced training and awareness among employees. These developments are often **incremental and cumulative**, which means they may not immediately translate into externally visible indicators.

In multinational companies, creating measurable impact requires alignment

across internal functions and operations spanning diverse functions and geographic regions. This can be an inherently lengthy process due to the vast scope of global business activities.

OECD analysis confirms this gradual embedding of RBC within companies. It shows for instance that 64% of the largest listed companies have already established board-level or senior management sustainability committees.

### **Concrete company experience illustrates this dynamic:**

- **Nestlé** has developed its **Child Labour Monitoring and Remediation System (CLMRS)** in its cocoa supply chains. This system relies on continuous data collection, local engagement, and iterative improvements over time. Initial phases focused on identifying risks and building local capacity, while measurable reductions in child labour required multi-year engagement, repeated adjustments, and sustained investment, rather than immediate results.<sup>21</sup>
- **Microsoft** has progressively integrated human rights due diligence into its corporate governance structures, including through a dedicated human rights programme, internal accountability mechanisms, and regular impact assessments. This evolution took place over several years and required ongoing internal learning and adaptation, illustrating how RBC

implementation is built through progressive institutionalisation rather than one-off actions.<sup>22</sup>

In addition, case-study research from the Swedish mining sector (Monazzam & Nilsson, 2025) illustrates how RBC implementation can be linked to **organisational learning processes**. Sustainability reporting can support both single-loop learning (strategy implementation, through identifying deviations and clarifying responsibilities) and double-loop learning (strategy formulation, through materiality analysis and reassessing strategic priorities).<sup>23</sup>

At the same time, current measurement frameworks often fail to capture this type of progress. The International Finance Corporation highlights that commonly used social KPIs (e.g. number of complaints, amount invested) are often poor proxies for deeper changes, such as trust, governance capacity, or long-term community outcomes.<sup>24</sup> Forward-looking, financial-related disclosures inherently involve a high degree of uncertainty due to their reliance on estimates, assumptions, and multiple variables. Therefore, the inclusion and interpretation of these types of disclosures should be approached with caution.

Concrete benchmarking data also confirms the importance of internal capacity-building. According to the Corporate Human Rights Benchmark, companies that assign clear internal responsibilities and provide targeted training on human rights outperform their

<sup>21</sup> Nestlé (2023), [Tackling Child Labour: Nestlé Cocoa Plan and CLMRS Progress Report](#).

<sup>22</sup> Microsoft (2024), [Microsoft Human Rights Report](#), Microsoft Corporation.

<sup>23</sup> Monazzam and Nilsson (2025), [The role of sustainability reporting in strategic](#)

[management](#), *Journal of Applied Accounting Research*.

<sup>24</sup> FC (2023), [Social KPIs Matter: Setting Robust Indicators for Sustainability-Linked Finance](#), International Finance Corporation, Washington, D.C.

peers by 150% in implementation scores.<sup>25</sup>

Overall, these findings suggest that the absence of measurable or reported progress does not necessarily mean the absence of real progress. Rather, it reflects the limitations of current reporting and measurement approaches.

### *What this means for OECD policy going forward*

To ensure that RBC frameworks support real-world impact, policy approaches must better reflect how progress occurs in practice.

#### **Business at OECD therefore calls on the OECD to:**

- **Avoid over-reliance on standardised quantitative indicators** as the sole measure of company performance;
- **Leverage the OECD Inclusive Platform on Due Diligence Policy Cooperation** to create more space for companies to share practical implementation experiences and lessons learned;
- **Encourage governments to design RBC frameworks that incentivise continuous improvement**, rather than focusing primarily on disclosure requirements;
- **Promote balanced evaluation approaches**, combining quantitative metrics with qualitative evidence, case studies, and practitioner insights.

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<sup>25</sup> World Benchmarking Alliance (2023), [Corporate Human Rights Benchmark 2023](#), World Benchmarking Alliance, Amsterdam.

## **Lesson 7: Capacity-building in non-OECD countries is essential**

### *Key insight*

Effective RBC implementation cannot rely on expectations placed on multinational enterprises alone. In OECD and non-OECD markets, suppliers, SMEs, public authorities, and local stakeholders are all equally responsible for enabling, supporting and implementing good RBC practices and outcomes. Yet, some still face significant knowledge and institutional capacity gaps. Thus, without targeted capacity-building, RBC requirements risk falling short, creating an uneven playing field, and becoming a compliance burden rather than a tool for improving conditions on the ground.

### *What business experience shows*

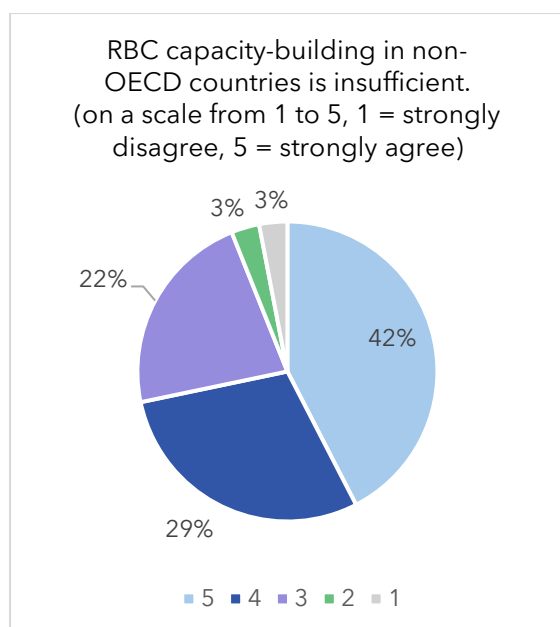
The OECD Guidelines and due diligence standards are increasingly used as global reference points, including in legislation and supply-chain expectations. However, awareness and implementation capacity remain uneven, particularly outside OECD markets.

OECD evidence from Latin America and the Caribbean illustrates this gap clearly. In the OECD 2021 Business Survey on RBC in LAC, **over 60% of businesses operating in the region indicated a need for training on due diligence and OECD RBC instruments**, while only **36% were familiar with the National Contact Point system**.<sup>26</sup> More recent OECD survey results from 2025, based on 526 businesses across 26 countries and 13

<sup>26</sup> OECD (2021), [Responses from businesses to the OECD 2021 Business Survey on Responsible Business Conduct in Latin America and the Caribbean](#).

sectors, confirm that many companies in the region are still building due diligence systems: around three fifths reported having an RBC due diligence policy, but only around one fifth indicated that such policies covered both their own operations and business relationships.<sup>27</sup>

These findings are consistent with the experiences of companies across *Business at OECD's* global network. In the survey conducted for this paper, 71% of respondents agreed or strongly agreed that capacity-building on RBC in non-OECD countries remains insufficient.



This matters because many companies in developing and emerging markets are increasingly expected to respond to sustainability requirements from buyers, investors, and regulators from other jurisdictions. Yet they may lack the technical expertise, financial resources, data systems, or access to practical guidance needed to meet these

<sup>27</sup> OECD (2026), [Assessing responsible business conduct in Latin America and the Caribbean: Results from the 2025 survey](#).

<sup>28</sup> European Centre for Development Policy Management (2015), [Costs if you do, costs if](#)

expectations. SMEs are particularly affected.

Capacity gaps also exist among governments and enforcement authorities. Analysis highlights that many developing-country governments face challenges in regulating complex sectors such as extractives, infrastructure, or energy due to constraints in technical expertise, resources, and institutional capacity.<sup>28</sup> The World Bank's Extractives Global Programmatic Support (EGPS) programme similarly identifies strengthening governance, institutional capacity, and regulatory frameworks as core priorities for resource-rich developing countries, reflecting the practical challenges many governments face in effectively overseeing complex sectors and implementing regulatory requirements.<sup>29</sup> In such contexts, expecting foreign MNEs to compensate for weak public governance risks placing unrealistic burdens on foreign companies and may fail to deliver sustainable improvements.

This is why the rationale of the upcoming **OECD Guidance on RBC and Development Co-operation** is particularly welcome. Development co-operation can help embed RBC in partner-country strategies, programmes, procurement, and development finance, while supporting the enabling conditions needed for responsible business practices to take root locally.

[you don't: Promoting responsible business & reporting - challenges for policymakers](#).

<sup>29</sup> World Bank (2024), [Extractives Global Programmatic Support \(EGPS\) Annual Report 2024](#).

## What this means for OECD policy going forward

The OECD should treat capacity-building in non-OECD countries as a core pillar of effective RBC implementation.

### **Business at OECD therefore calls on the OECD to:**

- **Scale up capacity-building for companies, especially SMEs, in non-OECD countries**, including practical training on risk-based due diligence and the OECD MNE Guidelines. Effective capacity building should enable more effective shared risk-management and better outcomes across value chains, rather than simply helping suppliers meet buyer or regulator requirements;
- **Support local public authorities** in strengthening enforcement capacity, labour inspection, customs controls, anti-corruption frameworks, environmental governance, and the protection of human rights;
- **Use development co-operation tools more systematically** to build enabling environments for RBC in partner countries. In that regard, leverage and operationalize the upcoming OECD Guidance on RBC and Development Co-operation;
- **Ensure that capacity-building efforts involve local business organisations and employers' federations**, which can help translate RBC expectations into practical tools for companies;
- **Promote practical, multilingual, and sector-specific guidance** for companies in developing and emerging markets;

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<sup>30</sup> OECD (2026), *Draft 2026 OECD Responsible Business Outlook*.

- **Deepen coordination with other international organizations**, especially with respect to trade, foreign direct investment, anti-corruption, and labor, in order to leverage existing efforts and cross-institutional resources.

## Lesson 8: Poorly designed RBC regulation can have unintended trade and development impacts

### *Key insight*

RBC regulation should improve outcomes for people, communities, and the environment. Yet, if poorly designed or implemented without adequate support, it can generate unintended consequences that weaken those objectives. In particular, complex or overly rigid requirements may push companies to reduce exposure to higher-risk markets, increase pressure on suppliers and SMEs, or redirect resources towards process-based compliance rather than lead to substantive improvements on the ground.

### *What business experience shows*

The rapid expansion of due diligence regulation reflects legitimate policy objectives. However, the design of these rules matters greatly. The OECD's recent mapping of social and environmental due diligence legislation identifies **21 legislative measures across 11 jurisdictions**, covering disclosure measures, due diligence conduct requirements, and product- or market-based measures.<sup>30</sup> This growing legal landscape shows increasing policy

attention to RBC, but also underlines the need to better assess whether these measures achieve their intended outcomes.

A central risk is disengagement. For instance, an IW Köln study found that, after the introduction of the German Supply Chain Act, **German imports in high-risk apparel sectors from countries such as Bangladesh and Pakistan declined by more than 20%.**<sup>31</sup>

While causality should be interpreted carefully, this finding illustrates the type of trade diversion risk that policymakers should monitor closely.

A 2022 study by the Kiel Institute for the World Economy found that the German Supply Chain Act imposes additional costs and risks on domestic companies if they want to do business with suppliers in developing countries with weak institutions. This effectively increases their trade costs with poorer countries and diminishes the intended positive impact on the human rights and environmental situation in the countries concerned by the German Supply Chain Act.<sup>32</sup>

The CSDDD has raised similar concerns. Academic analysis in *AJIL Unbound* warns that the Directive may create incentives for companies to terminate contracts with suppliers in jurisdictions perceived as too high-risk, with possible consequences including job losses and supply chains shifting to less regulated markets.<sup>33</sup>

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<sup>31</sup> Kolev-Shaefer and Neligan (2024), [Due Diligence - Effect of Supply Chain regulation: Data-based results on the effects of the German Supply Chain Act](#), Institut der deutschen Wirtschaft (IW) Köln.

<sup>32</sup> Felbermayr et al. (2022), *Economic Evaluation of a Due Diligence Law*, The Kiel Institute for the World Economy.

Product-based measures can create similar dynamics. The EU Deforestation Regulation, for instance, pursues an important environmental objective. Yet recent World Bank analysis notes that compliance can place significant burdens on developing economies reliant on agricultural exports, especially where value chains are fragmented and digital infrastructure is limited.<sup>34</sup> This risk is particularly acute for smallholders, who may face high costs related to traceability, geolocation, documentation, and verification. Without adequate support, such requirements can lead to exclusion from EU markets rather than improved environmental practices.

Overall, this evidence points to two reinforcing feedback loops that can arise from poorly designed RBC regulation. The first is a market-exit dynamic: as regulation increases the costs and risks associated with operating in high-risk countries, some buyers disengage from Tier 1 suppliers. In response, those suppliers may shift their sourcing to less-regulated intermediaries or markets, reducing transparency and oversight. This can increase the overall risk profile of global supply chains, which in turn may create pressure for additional regulatory intervention, further incentivising disengagement.

The second is a loss-of-leverage dynamic. When buyers disengage from suppliers in response to identified risks, they remove the very contractual leverage that could have been used to drive improvements in

<sup>33</sup> Mieszkowska (2024), *The Unintended Consequences of the EU Corporate Sustainability Due Diligence Directive*, *AJIL Unbound*.

<sup>34</sup> Sela, Spreij and Sikora (2025), [Due Diligence in Supply Chains: The Case of the EUDR](#), The World Bank Group.

business practices. As a result, buyers lose their ability to influence conditions precisely where adverse impacts are most likely to occur. Moreover, if suppliers perceive that identifying or disclosing problems will lead to termination rather than support and remediation, they may be incentivised to conceal risks rather than address them. This reduces transparency, allows issues to persist and escalate, and can ultimately lead to more severe harms that are then cited as justification for further disengagement. In this way, efforts intended to encourage RBC can inadvertently weaken incentives for disclosure, remediation, and continuous improvement. The key lesson is therefore not that RBC regulation is undesirable. It is that regulation must be carefully designed, tested, and accompanied by enabling measures. Otherwise, it may encourage companies to manage legal exposure or exit altogether rather than stay engaged, build supplier capacity, and improve conditions in difficult operating environments.

### *What this means for OECD policy going forward*

The OECD should play a leading role in ensuring that RBC policies are evaluated not only by their ambition, but also by their effectiveness and unintended impacts.

#### **Business at OECD therefore calls on the OECD to:**

- **Systematically assess the real-world effectiveness of RBC-related legislation**, including whether it improves outcomes for workers, communities, and the environment;

- **Analyse trade and development impacts**, including risks of supplier exclusion, market exit, and reduced sourcing from higher-risk or lower-income countries;
- **Develop OECD guidance for governments on ex-ante and ex-post impact assessments** of RBC regulation, including how to measure unintended consequences;
- **Promote policy designs that incentivise engagement and capacity-building**, rather than disengagement or “cut and run” approaches;
- **Encourage governments to combine due diligence requirements with accompanying measures**, including supplier support, SME assistance, development co-operation, and local capacity-building;
- **Enhance public-private dialogue to support policy solutions that generate tangible improvements on the ground, with a stronger focus on real-world impacts rather than solely on processes.** Ensure that reporting volumes, audit numbers, and formal compliance outputs are not treated as substitutes for improvements on the ground.;
- **Develop practical guidance and tools on responsible disengagement**, helping companies navigate situations where risks cannot be mitigated and where continued engagement may no longer be viable, while minimising adverse impacts on workers, suppliers, and

local communities. The Inclusive Platform on Due Diligence Policy Cooperation can be used to map and audit disengagement-related instruments.

## Lesson 9: Corporate action cannot substitute for state governance and rule of law

### Key insight

RBC depends on both corporate action and effective public governance. Companies have a responsibility to conduct due diligence and respond appropriately to identified risks and impacts, but they cannot substitute for functioning states, enforcement systems, or access to remedy.

### What business experience shows

The UN Guiding Principles on Business and Human Rights are clear: states have the primary duty to protect against human rights abuses.<sup>35</sup> The OECD Guidelines reflect the same logic.<sup>36</sup>

This distinction is critical because RBC risks are often highest where governance is weakest. Weak institutions, corruption, and limited enforcement capacity directly affect the state's ability to manage risks.

The OECD has long acknowledged this dynamic through its **Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones**, which highlights that while companies may need to apply enhanced due diligence in these

environments, they cannot substitute for the role of the state.<sup>37</sup>

Corporate grievance mechanisms and OECD National Contact Points (NCPs) can play an important role in addressing harms and identifying forward-looking solutions, but they remain complementary tools within a broader accountability ecosystem. They cannot substitute for judicial systems, enforcement authorities, or public accountability mechanisms.

The key lesson is that **RBC policies must strengthen (not displace) state responsibility**. Relying on companies to compensate for governance gaps risks shifting public duties to private actors without addressing root causes.

### What this means for OECD policy going forward

#### Business at OECD calls on the OECD to:

- **Reaffirm the central role of states** in protecting rights, enforcing laws, and ensuring access to remedy;
- **Encourage both governments and companies to address root causes of RBC risks, including weak enforcement and corruption** (recognising that companies operating in weak-governance contexts have a parallel responsibility not to contribute to those dysfunctions through their own conduct, procurement practices, or interactions with local authorities,

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<sup>35</sup> United Nations (2011), [Guiding Principles on Business and Human Rights](#).

<sup>36</sup> OECD (2023), [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#).

<sup>37</sup> OECD (2006), [Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones](#).

and to use their leverage, where possible, to support rather than undermine public governance);

- **Further operationalise OECD tools for weak governance contexts;**
- **Ensure due diligence policies do not shift public responsibilities onto companies,** particularly in high-risk contexts;
- **Ensure that OECD NCPs remain focused on promoting fairness, balance, procedural consistency, and constructive dialogue,** while safeguarding the system from being used to publicly target companies in ways that undermine its effectiveness and credibility.

## Lesson 10: Preserving impact means avoiding counterproductive compliance costs

### Key insight

RBC policy should maximise real-world impact, and business investment in due diligence systems is necessary and appropriate. However, overly complex or duplicative compliance requirements risk diverting resources away from activities that directly improve conditions for workers, suppliers, communities, and the environment.

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<sup>38</sup> Sira Consulting (2021), [Responsible Business Conduct and Better Regulation: An Exploratory Study of the Regulatory Burden of Due Diligence in Line with the OECD Guidance on Responsible Business Conduct and the Dutch Child Labour \(Duty of Care\) Act](#), Sira Consulting, Nieuwegein.

### What business experience shows

RBC implementation requires significant resources across multiple stages, including risk identification, supplier engagement, mitigation, reporting, and remediation. A 2021 study on due diligence obligations shows that companies face both **administrative and substantive compliance costs** across all these steps.<sup>38</sup>

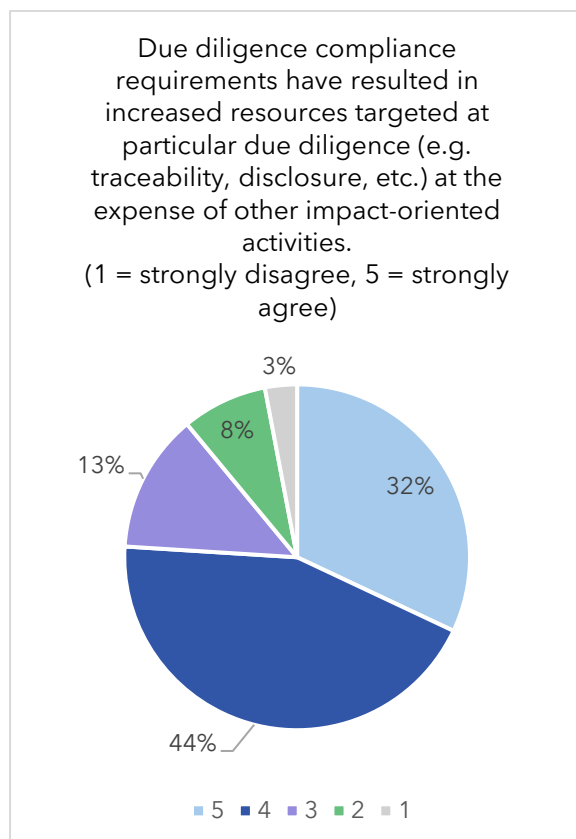
At the same time, regulatory fragmentation increases duplication. OECD analysis finds that reporting requirements across due diligence laws often cover similar elements but differ in scope, format, and level of detail, forcing companies to produce multiple overlapping reports.<sup>39</sup> The opportunity cost is substantial. For instance, EU firms devote substantial resources to regulatory compliance in a broad perspective: according to the European Investment Bank, **86% employ dedicated staff for compliance**, with costs averaging **1.8% of turnover** and reaching **2.5% for SMEs**.<sup>40</sup> These figures illustrate the growing weight of compliance-related activities within companies' overall resource allocation. Increased reliance on automated assessments and standardized questionnaires to meet compliance burden may improve scalability but can reduce meaningful engagement on context-specific risk, especially where materiality differs significantly across sectors and business models.

The *Business at OECD* survey conducted for this paper further illustrates these

<sup>39</sup> OECD (2026), [Reporting Requirements in Social and Environmental Due Diligence Legislation](#).

<sup>40</sup> European Investment Bank (2025), [Investment Report 2024/2025: Innovation, integration and simplification in Europe](#), European Investment Bank, Luxembourg.

trade-offs. At least 76% of respondents reported that due diligence compliance requirements have required companies to redirect resources toward highly procedural aspects of compliance, such as traceability, risk identification, pre-assurance, and disclosure, at the expense of activities with more direct on-the-ground impact, which can include supplier engagement, remediation, and capacity building.



This is directly relevant to the OECD's **Simplifying for Success** agenda. OECD survey evidence shows that business organisations in **81% of countries** identify regulatory requirements and compliance as a top business challenge, while business organisations in 77% of countries report that administrative compliance costs have increased over the last three years. The same OECD work

<sup>41</sup> OECD (2025), *Simplifying for Success: Insights from OECD Surveys*.

finds that reporting costs are viewed as the most burdensome source of regulatory and administrative burden by business organisations in 67% of countries.<sup>41</sup>

The key lesson is that compliance systems should enable impact, not crowd it out. RBC policies should therefore be fully included in the conversation around regulatory simplification.

### *What this means for OECD policy going forward*

#### **Business at OECD calls on the OECD to:**

- **Include RBC policies explicitly within the OECD's "Simplifying for Success" agenda**, ensuring that due diligence and sustainability reporting requirements are assessed through a lens of simplification, proportionality, and impact;
- **Encourage assessment of compliance and opportunity costs**, including impacts on SMEs and suppliers in developing countries;
- **Promote simplification and interoperability of reporting requirements**;
- **Develop guidance on impact-oriented RBC policy design**, distinguishing meaningful due diligence from formalistic compliance;
- **Support ex-post evaluations of RBC legislation** to assess whether legal requirements lead to real improvements on the ground;
- **Promote accompanying measures**, such as supplier support, capacity-building, technical assistance, and practical tools.

# Conclusion

Fifty years after the adoption of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the global landscape in which businesses operate has changed profoundly. Supply chains have become increasingly complex and interconnected, stakeholder expectations have expanded, and new regulatory frameworks have emerged across jurisdictions. At the same time, the social, environmental, and governance challenges that companies are expected to address have become more diverse and more difficult to navigate.

Throughout this period, businesses have continuously adapted through developing due diligence systems, strengthening governance structures, engaging suppliers and stakeholders, and integrating RBC into core business operations. The lessons presented in this paper reflect the experience gained through that process. They offer practical insights into what has worked and where challenges remain.

Taken together, these lessons point to a central conclusion: **effective responsible business conduct depends not only on the ambition of policy frameworks, but also on their practicality, coherence, and ability to deliver meaningful outcomes.** While the expansion of RBC-related regulations and expectations reflects a shared commitment to addressing global challenges, business experience suggests that increasing complexity can sometimes create unintended consequences, including fragmented approaches, duplicative requirements, growing compliance burdens, and reduced focus on activities that drive improvements on the ground.

The lessons in this paper do not argue for less RBC, but rather an approach that is more effective. They highlight the importance of maintaining a risk-based approach, strengthening policy coherence, supporting capacity-building, and ensuring that frameworks are designed with implementation and impact in mind. They also reinforce that durable progress depends on effective collaboration between businesses, governments, workers, civil society, and other stakeholders.

The enduring strength of the OECD Guidelines lies in their ability to provide a common, internationally recognised framework that is both principled and practical. As policymakers consider the future of RBC, that balance should be preserved and strengthened. This means **promoting greater alignment across regulatory frameworks, developing practical and implementable guidance, strengthening governance and institutional capacity where risks are highest, and evaluating policies based on their real-world impacts rather than procedural outputs alone.**

The business community remains committed to advancing RBC and to working in partnership with governments and stakeholders to improve outcomes for people, communities, and the environment. As the OECD Guidelines enter their next fifty years, the lessons of the past provide a valuable foundation for ensuring that RBC frameworks continue to evolve in ways that are effective, proportionate, and capable of delivering lasting impact.

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Germany	<b>BDI: Federation of German Industries</b>
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