OECD Guidelines for Multinational Enterprises

Hungarian NCP perspective

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The OECD Guidelines - Why?

- Strategic challenges of the global society
- Influence of multinational enterprises

To summarize expectations of responsible business conduct and encourage it.
Strategic challenges of the global society


- Economic
- Environmental
- Geopolitical
- Societal
- Technological
Strategic challenges of the global society


Top 5 Trends that Determine Global Developments

1) Rising income and wealth disparity
2) Changing climate
3) Increasing polarization of societies
4) Rising cyber dependency
5) Ageing population
Influence of multinational enterprises

Sources:
- GDP 2016 Worldbank
- Revenues – Fortune Global 500 (2017)
- www.finstat.sk
- Concorde MB Partners
- Profit: Forbes 2017

<table>
<thead>
<tr>
<th>Year 2016</th>
<th>GDP ($M)</th>
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<td>3 456 757</td>
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<table>
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<th>Revenues ($M)</th>
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<tr>
<td>1. Walmart 485 873</td>
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<tr>
<td>6. Volkswagen 240 264</td>
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<tr>
<td>7. Royal Dutch Shell 240 033</td>
</tr>
<tr>
<td>Audi Hungary 9 418</td>
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<tr>
<td>Volkswagen Slovakia 8 346</td>
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<tr>
<td>1. Apple 45 687</td>
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<tr>
<td>4. Germany 770 845</td>
</tr>
<tr>
<td>18. Netherlands 124 343</td>
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<tr>
<td>56. Hungary 89 552</td>
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<td>63. Slovakia</td>
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<th>Profit ($M)</th>
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<td>45 687</td>
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Responsible business conduct - Benefits

For the **global society** by contributing to coping with global strategic challenges via

- Inclusive and sustainable development
- Prevention or mitigation of adverse impacts

For the **governments** via

- Fair competition and level playing field
- More attractive investment climate
- Stimulating innovation

As a result higher economic growth
Responsible business conduct - Benefits

For **MNEs** via

- Preventing risks, conflicts with workers and local inhabitants, financial and reputational damages
- Improved reputation & brand image
- More loyal employees
- Better operational efficiency
- Higher stock prices
- Easier, cheaper access to financing

As a result **increasing profit**

**But**: it is not enough to engage in RBC per se, one must do it well!
For domestic enterprises

- Mostly the same benefits as for MNEs (reputation, employees’ loyalty, operational efficiency, financing)
- Ability to meet expectations arising from due diligence requirements towards MNE business partners
National Contact Points - Tasks

- Undertaking promotional activities
- Handling specific instances
- Furthering the effectiveness of the Guidelines
- Handling enquiries
1994: Hungary is an adherent to the Guidelines
Since 2000: HNCP
Since 2014: strengthening efforts, including a full time NCP staff
Since September 2017: Government Decree 245/2017 (VIII.29.)
Government Decree

- Decision of the Council on the OECD Guidelines for Multinational Enterprises and Commentary on the Implementation Procedures is wholly incorporated
- The Chair is a Senior Government Official
- NCP members from several ministries
- Dedicated budget
- Reporting obligations
The Hungarian National Contact Point – Promotional activities

- Website - oecd.kormany.hu/oecd-nkp
- Visual elements
- Promotional events

Promotional materials
Thank you for your attention!

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