



Business and Industry Advisory Committee to the OECD

Comité Consultatif Economique et Industriel Auprès de l'OCDE

Milan, 17 June 1999

PROPOSAL FOR ENVIRONMENT CHAPTER

Dear Mr. Sikkel,

On behalf on the entire Business and Industry Advisory Committee to the OECD (BIAC), I am pleased to propose to the CIME Working Party on the OECD Guidelines for Multinational Enterprises a suggested text for a new Environment Chapter.

We believe that this suggestion, which you will find enclosed, can be widely supported by business, government, labour and non-governmental interests. It handles in a specific manner environmental management—the responsibility of business enterprises—and sets forth recommendations on good practices useful for the full spectrum of businesses, large and small, multinational and domestic. It presents current environmental practice for those who need to learn, while aiming at improving practices over time.

In keeping with the original objective of the Guidelines to “*encourage the positive contributions that MNEs can make to economic and social progress,*” BIAC’s chapter is based on the intent to: 1) express expectations of businesses in terms of their real responsibility; 2) explain how any business should develop systems to manage the environmental aspects of activities; and 3) organise the issues in a manner easily understood by the intended users—companies.

BIAC is confident that this proposed new Environment Chapter can offer practical assistance to companies and can help spread environmental management systems among the tens of thousands of MNE’s operating around the world. We would welcome the opportunity to answer questions or receive comments on the proposal, and hope to work closely with the CIME Working Party as the Guidelines review moves forward.

Yours Sincerely,

Bruno Lamborghini
Chairman, Olivetti Lexikon

Enclosure

To: Mr. Marinus W. Sikkel
The Working Party on the OECD Guidelines for Multinational Enterprises

CC: Mr. William Witherill
Mr. Reiner Geiger
Mr. Robert Ley

ENVIRONMENTAL MANAGEMENT

Enterprises should take all appropriate steps to protect the environment and avoid creating environmentally related health problems. This should be done within the framework of laws, regulations, and administrative practices in the countries in which they operate, recalling the provisions of paragraph 9 of the Introduction to the Guidelines that multinational and domestic enterprises are subject to the same expectations in respect of their conduct whenever the Guidelines are relevant to both. In particular, enterprises, whether multinational or domestic, should take into account the following principles:

1. **Corporate Priority:** Recognize environmental management as among the highest business priorities and as a key determinant of sustainable development.
2. **Management Systems:** Establish policies, programs, and practices for conducting operations in an environmentally sound manner, and integrate them into business activities as an essential element of management in all its functions.
3. **Planning:** Set and measure objectives and, where practical, targets for improvements in environmental performance; conduct regular environmental audits and assessments of compliance with environmental requirements; and periodically provide appropriate information to the Directors, owners, and employees of the enterprise, to the authorities, and the public.
4. **Legal Compliance:** Comply with environmental legislation and regulations, and with other requirements to which the enterprise subscribes.
5. **Continuous Improvement:** Regularly evaluate and seek to continuously improve environmental policies, programs, and performance, with appropriate regard to market conditions, technological developments, scientific understanding, and societal expectations.
6. **Employee Training:** Train, educate, and motivate employees to conduct their activities in an environmentally responsible manner.
7. **Facilities and Operations:** Conduct operations and activities in an energy and resource efficient manner, seek to minimize adverse environmental impacts and waste generation, and safely and responsibly manage, transport, and dispose of all types of residual wastes; appropriately assess and manage environmental and health impacts before starting new activities, decommissioning a facility, or leaving a site.
8. **Products and Services:** Develop and provide products or services that have no undue environmental impact, are safe in their intended use, and are energy and resource efficient. Develop and provide products that can be reused, recycled, or disposed of safely.
9. **Customers:** Where relevant, advise and inform customers, suppliers, distributors, and the public of the safe use, transportation, storage, and disposal of products provided; apply the same considerations to the provision of services.
10. **Suppliers:** Encourage and, where appropriate, require suppliers to improve their environmental practices to make them consistent with those of the enterprise.

11. **Research:** Conduct or support research, as appropriate, on assessing and managing the environmental impacts of raw materials, products, processes, emissions, and wastes associated with the enterprise.
12. **Emergency Response:** Develop and maintain, where significant risks exist, emergency preparedness plans in conjunction with emergency services, relevant authorities, and the local community, recognizing potential transboundary impacts.
13. **Stewardship:** Keep abreast of best available technology and best practice and implement this in the design, processing, manufacture, marketing, and use of products or services, consistent with scientific understanding and economic considerations, to minimize or prevent environmental damage.
14. **Technology:** Contribute to the increased use of environmentally sound technologies and management systems throughout both private and public sectors.
15. **Public Partnerships:** Contribute to the development of environmentally meaningful and economically efficient public policy, for example by means of partnerships or initiatives that will enhance environmental awareness and protection.
16. **Communication:** Foster openness and dialogue with employees and the public, anticipating and responding to their concerns about the potential risks and impacts of operations, products, wastes, or services, including those of transboundary or global significance.