MINISTRY OF INDUSTRY AND TRADE OF THE CZECH REPUBLIC
National Contact Point for Responsible Business Conduct

Responsible Business Conduct

Practical Guide for Companies, Trade Unions, Non-Governmental Organizations, and Public Administration

Based on the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023 Revision)

Prague, 2026

1. Introduction to Responsible Business Conduct

Responsible Business Conduct (RBC) is an internationally recognized approach to how companies manage the impacts of their activities on the economy, society and the environment. The goal is simple: to contribute to positive outcomes and prevent harm.

RBC vs. Traditional CSR — What is the Difference?

Traditional CSR	Responsible Business Conduct (RBC)
Voluntary, ad hoc activities	Integrated into strategy and risk management
Philanthropy and sponsorships	Due diligence across the entire value chain
Focused on integrating the company’s economic, social and environmental responsibilities	Focused on preventing, mitigating, and remedying negative impacts on the economy, society, and the environment

Why Does RBC Matter for Czech Companies?

In a globalized economy, Czech companies are part of the supply chains of large multinational corporations. These corporations face increasing demands — and pass their requirements on to their suppliers. The ability to demonstrate a functional RBC system is becoming a prerequisite for:

- managing non-financial risks,
- strengthening the trust of business partners and investors,
- accessing international markets,
- preparing for European regulation (e.g., due diligence legislation such as the CSDDD).

✦ Practical Example

A Czech manufacturer of metal castings supplies components to a German engineering group. The German customer — under the German Supply Chain Due Diligence Act — requires proof of material origin and occupational health and safety (OHS) certification. Without this data, the supplier risks removal from the approved supplier network. RBC is a direct competitiveness tool.

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2. The OECD and the International RBC Framework

The Organisation for Economic Co-operation and Development (OECD) has issued the Guidelines for Multinational Enterprises on Responsible Business Conduct — the key international standard endorsed by the Czech Republic. The Guidelines are not a legally binding instrument for enterprises, but are increasingly serving as the foundation for binding EU legislation.

The Four Pillars of International RBC Architecture

Pillar	Focus
OECD Guidelines for MNEs	Operational rules and extrajudicial remedy through NCPs
UN / UNGPs	1. State duty to protect human rights 2. Corporate responsibility to respect human rights 3. Access to remedy
ILO	Labour standards: collective bargaining, occupational health and safety, prohibition of forced labour
UN SDGs	17 global sustainable development goals — companies contribute through responsible operations

How the OECD Guidelines Have Evolved

Year	Key Change
1976	First edition — basic rules for international investors.
2000	Major reform: creation of National Contact Points and the case handling mechanism.
2011	Human rights chapter added (linked to UNGPs) and due diligence concept introduced.
2023	Latest update: climate change, biodiversity protection, AI risks, and strengthened whistleblower protection.

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Important

Implementing Responsible Business Conduct (RBC) principles in accordance with the OECD Guidelines helps Czech companies prepare for European legislative requirements (CSDDD) and for the growing expectations of business partners.

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Key Terms Explained Simply

Responsible Business Conduct (RBC)	An approach through which companies maximize positive contributions and minimize adverse impacts of their activities on the economy, society, and the environment.
Due Diligence	An ongoing process of assessing and managing risks focused on the company's impacts on the world around it — not only on financial risks to the company itself.
Stakeholder	Any person whose rights or interests are affected by the company's operations — employees, local communities, consumers, and sub-suppliers.
OECD Guidelines	An international set of recommendations by OECD member governments for the conduct of multinational enterprises. Not legally binding, but increasingly the basis for EU legislation.
NCP (National Contact Point)	A standing working group at the Ministry of Industry and Trade that promotes the OECD Guidelines and provides extrajudicial mediation in cases of alleged violations.

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3. Overview of OECD Guidelines Chapters

The OECD Guidelines contain a total of 11 chapters. In addition to general principles and recommendations for responsible business conduct, they also address specific areas of corporate responsibility and due diligence.

I CONCEPTS AND PRINCIPLES

The OECD Guidelines define the core principles of responsible business conduct (RBC) and expectations for companies. They emphasize that enterprises should comply with applicable laws, prevent adverse impacts from their activities, and act transparently and responsibly.

✦ Example: A Czech manufacturing firm adopts an internal RBC code of conduct establishing rules for ethics, transparency, and responsible relationships with suppliers.

II GENERAL POLICIES

Companies should embed responsible practices into day-to-day management, assess risks, and conduct due diligence in relation to people, the environment, and business partners.

✦ Example: A Czech export company regularly assesses risks in its supply chain and implements measures to prevent labour and environmental issues among its suppliers.

III DISCLOSURE

Regular and reliable disclosure of financial results and non-financial information — identified risks, ESG policies, and measures taken to address them.

✦ Example: An energy company publishes an annual ESG report structured according to ESRS standards, verified by an independent external auditor.

IV HUMAN RIGHTS

Companies must prevent human rights violations, avoid causing adverse impacts through their own activities, and actively address situations where violations occur in the supply chain.

✦ Example: A Czech exporter establishes supplier selection and evaluation criteria covering business ethics, transparency, and environmental standards.

V EMPLOYMENT AND INDUSTRIAL RELATIONS

Fair and dignified working conditions in line with ILO standards — the right to establish trade unions, collective bargaining, occupational health and safety (OHS), and prohibition of pay discrimination.

✦ Example: A manufacturing plant in the Czech Republic cooperates transparently with a trade union, regularly consults on restructuring plans, and guarantees equal pay conditions for both agency and permanent employees.

VI ENVIRONMENT

Environmental management systems (e.g., ISO 14001), science-based climate targets (Scope 1–3 under the Paris Agreement), biodiversity protection, and support for a circular economy.

✦ Example: A Czech chemical company closes its water cooling loops and implements an audited plan to transition to low-carbon operations.

VII COMBATING BRIBERY AND OTHER FORMS OF CORRUPTION

Prohibition on offering or accepting bribes. Robust internal control mechanisms, ethics programmes, and training for employees working with public officials or high-risk business partners.

✦ Example: A construction holding company introduces anti-corruption clauses into contracts and a gift approval system — all procurement staff complete an annual compliance test.

VIII CONSUMER INTERESTS

Fair commercial and marketing practices, product safety, clear information, and protection of consumers' personal data.

✦ Example: A baby food manufacturer regularly checks the origin of its raw materials and publishes verifiable information on quality and composition.

IX SCIENCE, TECHNOLOGY, AND INNOVATION

Development of local innovation capacity, technology transfer on fair terms, and cybersecurity. The 2023 Revision newly includes artificial intelligence risks.

✦ Example: A software company developing recruitment algorithms regularly audits its code to prevent discrimination of applicants based on gender or age.

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X COMPETITION

Compliance with competition rules — prohibition of cartel agreements, abuse of dominant market position, and bid rigging.

✦ ***Example: A Czech subsidiary of a multinational group sets intra-group transfer prices on an arm's length basis and properly remits taxes on income generated in the Czech Republic.***

XI TAXATION

Paying taxes where economic value is actually created — without aggressive tax planning. Full transparency with tax authorities.

✦ ***Example: A manufacturing group rejects a tax adviser's proposal to shift profits to a low-tax jurisdiction and opts for transparent country-by-country reporting.***

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4. Due Diligence in Practice

Due diligence is the means by which a company translates the recommendations of the OECD Guidelines into day-to-day practice. It is not a one-off audit or a paper exercise — it is an ongoing, forward-looking process.

What Does Due Diligence Address?

The key distinction from traditional risk management: due diligence does not examine what risks threaten **the company itself**, but what risks **the company poses to the world around it** — to people, communities, and the environment.

How to Prioritize? — Three Severity Criteria

Scale	Scope	⚠ Irremediability
How serious is the violation? (Permanent health damage vs. administrative error)	How many people or how large an area of the environment is affected?	Can the situation be reversed? Death or loss of biodiversity, for example, are irreversible.

Important
A company with limited resources does not need to address everything at once. The OECD Guidelines explicitly permit prioritization by severity — the most significant risks should be addressed first.

The Six-Step Due Diligence Process

The six-step due diligence process is the foundation for the practical implementation of RBC. The steps are interconnected and run continuously as a repeating cycle.

1

Embed RBC into Policies and Management Systems
Adopt an RBC code endorsed by company leadership. Reflect it in internal directives, employment contracts, and supplier contracts.

✦ **Example: A company publishes a code of ethics, signed by the CEO, and incorporates it into supplier contracts and internal policies.**

2

Identify and Assess Risks in Operations and Supply Chains
Regularly map your own activities and the risks of the countries you source from. The aim is to identify risks before they cause actual harm.

✦ **Example: The procurement team creates a list of the 20 most important suppliers with a risk assessment based on country of origin and commodity type.**

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3

Cease, Prevent, or Mitigate Adverse Impacts

If the company identifies a problem: if it is causing it, it must stop. If a supplier is causing it, use leverage to drive remediation — do not abruptly terminate the relationship.

✦ **Example: The company finds that a sub-supplier is not paying overtime. Instead of immediate contract termination, it sets a deadline and requests a remediation plan within 90 days.**

Note: The OECD recommends not abruptly ending a relationship if remediation is possible. An abrupt exit may worsen the situation at the supplier — for example by dismissing vulnerable workers.

4

Track the Effectiveness of Measures (Monitoring)

Continuously verify that preventive and corrective measures are genuinely working — through internal and external audits, KPIs, and feedback from affected workers.

✦ **Example: A smaller company regularly reviews the most significant risks at its key suppliers and adjusts its measures based on the feedback received.**

5

Communicate — Inform Stakeholders of Outcomes

Transparently report on identified risks and actions taken to address them. A sustainability report, annual report, or website — all data must be verifiable.

✦ **Example: The company publishes an annual Due Diligence Report, available on its website for customers and investors.**

6

Provide for or Contribute to Remediation

If the company caused or contributed to an adverse impact, it is obliged to actively ensure remediation — compensation, apologies, or restoration of the environment to its original state.

✦ **Example: A chemical plant, following an accident, establishes a fund for the revitalization of the river ecosystem and installs online monitoring of its discharge outlets.**

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⚠ Most Common Implementation Mistakes:

- **Tick-box approach:** signing supplier declarations without any real on-site verification.
- **Shifting responsibility:** contractually transferring all costs to small suppliers without providing any support.
- **Ignoring indirect suppliers:** mapping risks only at Tier 1, even though the most serious violations typically occur deeper in the chain (at the raw material extraction stage).

What Does Supplier Tier Mean?
Tier 1 = direct supplier to the company
Tier 2 = supplier to the supplier
Tier XY = the same principle applies to each subsequent level

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5. Engaging Stakeholders

Due diligence only works if a company listens to those affected by its activities. A stakeholder is anyone whose rights or interests the company can affect — employees, communities, suppliers, trade unions, and customers.

What Does Genuine Dialogue Mean?

Timeliness	Begins during the planning phase, not after a problem has arisen.
Two-way	The company not only informs, but genuinely listens and responds to concerns.
Accessibility	Adapted to the needs of vulnerable groups: translations, anonymity, safe environment.
Effectiveness	Legitimate concerns are incorporated into actual company decisions.

Who Are the Stakeholders and How to Engage With Them?

Stakeholder	Recommended Approach
Own employees	Anonymous suggestion boxes, regular satisfaction surveys, guaranteed right to raise concerns without retaliation.
Trade union organizations	Recognition of their role, timely sharing of economic data, constructive collective bargaining.
Local communities	Public hearings before investment decisions, community ombudsman for noise and dust complaints.
Suppliers and sub-suppliers	Educational workshops, methodological toolkits, fair and predictable payment terms.

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6. Reporting Systems and Grievance Mechanisms

Even the best due diligence system can sometimes fail. A company must therefore have a functional channel for reporting concerns — a safe route through which employees or external workers can raise issues.

What Must a Good Reporting System Provide?

▶ **Confidentiality**	The reporter is protected. The system must not be subject to management pressure or allow identification of an anonymous reporter.
▶ **Accessibility**	The system must be known to all potential users — including employees of suppliers and external partners.
▶ **Predictability**	Clear timeline: when the company will assess the complaint and when it will communicate the outcome.
▶ **Fairness**	The complainant has access to the information needed to conduct the proceedings without being at a disadvantage.
▶ **Transparency**	The company regularly publishes anonymized statistics on complaints received and outcomes.

✦ Example of a Functional Reporting System:

• Anonymous online form or telephone hotline, available 24/7.

• Acknowledgement of receipt within 5 business days, outcome within 60 days.

• An independent person (ombudsman or legal counsel) verifies that the reporter has not been penalized.

• Annual anonymized report: number of complaints, categories, outcomes.

i Important
The Whistleblower Protection Act sets the statutory minimum. RBC goes beyond the law — the system must be accessible to external partners and cover the full range of topics in the OECD Guidelines.

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7. Practical Roadmap: 12-Month Implementation Plan

Implementing a due diligence system does not have to happen all at once. Below is a recommended roadmap for 12 months — divided into four quarters.

Phase	Period	Actions	Responsible Party
Q1	Month 1–3	• Board-level approval of RBC commitment • Appointment of RBC/ESG coordinator • Review of internal codes against OECD Guidelines	***Board, CEO, Compliance, Legal***
Q2	Month 4–6	• Supply chain mapping • Identification of key risks (country profiles, commodities) • Development of risk matrix	***Procurement, Risk Management, Logistics***
Q3	Month 7–9	• RBC clauses in new supplier contracts • Launch of reporting channel • Training of key employees	***Procurement, Legal, HR, IT***
Q4	Month 10–12	• First internal audit of due diligence effectiveness • Collection of supplier data • Preparation and publication of Due Diligence Report	***Internal Audit, ESG Manager, PR and Communications***

Essential Checklist — Does Your Company Have These Tools?

- ☐ RBC code or code of ethics, approved by leadership
- ☐ Designated coordinator / ESG manager
- ☐ Risk map of the supply chain
- ☐ Functional reporting channel accessible to external workers
- ☐ RBC clauses in supplier contracts
- ☐ Annual due diligence report published on the website

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If you are a small or medium-sized business, you can use this simplified option:

Phase	Period	Actions	Responsible Party
Q1	Month 1–3	• Management's Commitment to RBC • Amending internal rules in accordance with the OECD Guidelines • Designating a responsible person	***Company Management, HR***
Q2	Month 4–6	• Supplier mapping • Identification of key risks • Simple risk matrix	***Procurement, Logistics***
Q3	Month 7–9	• Incorporating RBC provisions into contracts • Establishment of a reporting channel • Training for key employees	***Procurement, HR, IT***
Q4	Month 10–12	• Collection and analysis of data from suppliers • Evaluation of measures • Inclusion of key findings in the annual report	***Management, Finance***

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Essential Checklist — Does Your Company Have These Tools?

- ☐ Code of ethics or internal RBC rules
- ☐ Person responsible for RBC/compliance
- ☐ Overview of risks in the supply chain
- ☐ Reporting mechanism
- ☐ Annual evaluation of measures
- ☐ Basic reporting in the annual report

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Implementation Specifics in Key Sectors

Different industries face different challenges. Below are key sectors with typical RBC implementation priorities.

Automotive Industry and Engineering
• Deep supply chains for metallurgical materials, plastics, and electronics
• Key issue: environmental compliance of sub-suppliers
• Monitoring risks of exploitation of agency workers in the Czech Republic and abroad

Energy and Heavy Industry
• Dominant challenge: decarbonization in line with the Paris Agreement
• Due diligence focused on energy mix transformation
• Biodiversity protection and just transition for workers

Public Procurement and Construction
• Transparency of sub-suppliers and legal employment practices
• Prevention of illegal migrant labour and strict OHS on construction sites
• Elimination of corruption risks in contract award processes

Risk Prioritization Matrix

When identifying risks, use this matrix to set priorities:

	Low Severity	Medium Severity	High Severity
Irreversible impact	Medium priority	**High priority**	**⚠ CRITICAL PRIORITY**
Reversible impact	Low priority	Medium priority	**High priority**

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8. OECD Sector-Specific Due Diligence Guidance

The OECD has published specialized guidance for sectors with the highest risk profiles. Each guidance document offers concrete instructions tailored to that specific sector.

👕 Garment and Footwear Industry

- Forced and child labour in textile factories
- Non-compliance with minimum wages and workplace safety (fire risks)
- Environmental pollution from toxic chemicals used in textile dyeing

⛏️ Minerals from Conflict-Affected Areas

- Trade in conflict minerals — tin, tantalum, tungsten, and gold (3TG)
- Mining revenues financing armed conflicts and human rights violations
- Mandatory chain of custody traceability system from smelters back to mines

🌾 Agriculture

- Land seizure and deforestation in the production of high-risk commodities (palm oil, cocoa)
- Violations of the labour rights of seasonal workers
- Impacts of intensive agriculture on biodiversity and water resources

🏦 Financial Sector

- Banks and investors may not cause harm directly, but are linked to it through capital
- Obligation to integrate RBC screening into credit processes and investment portfolios
- Key question: how to assess the RBC risks of financed projects and companies

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9. The Czech National Contact Point (NCP)

The Czech Republic established its NCP in 2013 based on Government Resolution No. 779. The NCP operates as a standing working group at the Ministry of Industry and Trade (MIT) and is part of the global network of NCPs established by governments adhering to the OECD Guidelines.

NCP Composition

The NCP has a balanced quadripartite structure: it represents government (Ministry of Industry and Trade, Czech National Bank, Ministry of Foreign Affairs, Ministry of Labour and Social Affairs, Ministry of Environment, Ministry of Finance, Ministry of Justice), employers (Confederation of Industry of the Czech Republic), employees (Czech-Moravian Confederation of Trade Unions), and the non-governmental non-profit sector (Frank Bold).

Scope of NCP Activity — What the NCP Is and Is Not

✓ THE NCP IS	✗ THE NCP IS NOT
Extrajudicial mediation platform	A court or administrative authority
Space for voluntary, structured dialogue between parties	A body with authority to impose fines or sanctions
Provider of neutral "good offices"	A substitute for criminal or civil proceedings
Promoter of the OECD Guidelines in the Czech Republic	An authority that authoritatively determines fault

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10. How to File a Complaint and NCP Procedure Phases

If a company, trade union, NGO, or individual believes that an enterprise has violated the OECD Guidelines, a complaint (Specific Instance) may be submitted to the NCP Secretariat:

nkm@mpo.gov.cz | www.mpo.cz/nkm

NCP Procedure Phases

1	**Receipt and Formal Registration of the Complaint** The Secretariat registers the complaint. If it has formal deficiencies, the complainant is asked to rectify or supplement it.	*In the event of an incomplete submission, the NCP may request corrections or supplements. If no supplement is provided, the NCP is not obliged to proceed further.*
2	**International Coordination** If the case has a cross-border dimension (e.g., a Czech subsidiary of a foreign parent company), the Secretariat coordinates with partner NCPs in other countries.	*Within 2 months of receipt*
3	**Initial Assessment of the Complaint** The NCP assesses on the merits: Is the complaint sufficiently substantiated? Was it submitted in good faith? Does it fall within the scope of the Guidelines? The outcome is a decision on acceptance or rejection.	*Within 3 months of receipt*
4	**Offer of Good Offices and Mediation** The NCP facilitates dialogue between the parties and may offer mediation or other forms of conciliation. The aim is to reach a consensual resolution.	*Reasonable timeframe depending on the complexity of the case*
5	**Final Statement** The NCP prepares a Final Statement. If an agreement was reached, it is recorded. If not, the NCP summarizes the positions of the parties and may issue specific recommendations on remediation.	*Within 3 months of conclusion of the procedure*

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6	**Follow-up Monitoring** The NCP Secretariat contacts the parties (typically after 12 months) to verify whether the company has implemented the recommendations.	***Typically 12 months after issuance of the Final Statement***

Checklist: What Must the Complaint Contain?

- ☐ Clear identification of the complainant (name, legal form, contact details)
- ☐ Precise identification of the enterprise against which the complaint is directed
- ☐ Identification of the chapters and articles of the OECD Guidelines alleged to have been violated
- ☐ A factual description of the enterprise's conduct and a chronology of events
- ☐ Relevant and verifiable evidence (documentation, testimony, records)
- ☐ What resolution the complainant is seeking
- ☐ Whether an attempt at direct resolution with the enterprise has already been made

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11. Case Studies — Resolving Complaints Before the NCP

These model cases are inspired by the real practice of the international NCP network and illustrate how mediation works in practice.

[A] Case A: Working Time Violations at a Logistics Centre
Guidelines Chapter: V — Employment and Industrial Relations

Nature of the Dispute:
A regional trade union filed a complaint against a multinational logistics operator for systematic non-payment of overtime, a covert penalty system, and obstruction of the formation of a trade union.

Outcome:
Following receipt of the complaint and mediation led by an external expert, the operator introduced transparent digital records of working hours, paid documented overtime arrears, and issued an internal directive guaranteeing neutrality towards trade union activities.

√ **Key Takeaway:** Companies can prevent similar situations through transparent time records and open cooperation with trade union organizations.

[B] Case B: Industrial Pollution and Local Community Complaints
Guidelines Chapter: VI — Environment

Nature of the Dispute:
An environmental NGO filed a complaint against a chemical plant for repeated discharges of wastewater above permitted limits into a river, threatening the drinking water supply of a neighbouring municipality.

Outcome:
The NCP facilitated a dialogue involving the company, local residents, and environmental inspectorate experts. The company committed to upgrading its wastewater treatment plant with continuous online monitoring and established a fund for the revitalization of the river ecosystem.

√ **Key Takeaway:** Voluntary dialogue through the NCP can lead to outcomes exceeding legal obligations — and preserve the company's good reputation.

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12. Frequently Asked Questions and Recommended Resources

? Are the OECD Guidelines legally binding for companies in the Czech Republic?

The Guidelines themselves are a government recommendation (soft law). However, their principles are increasingly being incorporated into European legislation — for example in the CSDDD. Those who implement them today will be prepared for binding law tomorrow.

? Can the NCP impose a fine on a company?

No. The NCP has no authority to impose sanctions or fines. Its primary goal is to facilitate dialogue and find a solution between the parties.

? What happens if the company refuses to cooperate with the NCP?

Participation in the NCP process is voluntary. If one of the parties does not take up the offer of good offices or mediation, the NCP may record this fact, together with a summary of the case, in the public Final Statement.

Recommended Resources

Document / Resource	Where to Find It
OECD Guidelines for Multinational Enterprises (2023)	mpo.gov.cz → National Contact Point section → Guidelines and Sector Guidance
OECD Due Diligence Guidance (2018)	mpo.gov.cz → National Contact Point section → Guidelines and Sector Guidance
OECD Sector-Specific Guidance Documents	mnre.oecd.org / oecd.org/investment/mne
Website of the Czech NCP	mpo.gov.cz/nkm / nkm@mpo.gov.cz

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