OBSTACLE COURSE
How the UK’s National Contact Point handles human rights complaints under the OECD Guidelines for Multinational Enterprises
EXECUTIVE SUMMARY
Amnesty International
‘We also commit to strengthening mechanisms for providing access to remedies including the National Contact Points (NCPs) for the OECD Guidelines for Multinational Enterprises. In order to do so, the G7 will encourage the OECD to promote peer reviews and peer learning on the functioning and performance of NCPs. We will ensure that our own NCPs are effective and lead by example.’

G7 Leaders’ Declaration. Germany, June 2015

MAIN REPORT INFORMATION

Obstacle course:
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National Contact Points (NCPs) have become prominent as a non-judicial mechanism for addressing the conduct of multinational enterprises. They are part of the implementation process for the OECD Guidelines for Multinational Enterprises (the Guidelines), which provide principles of good business practice consistent with applicable laws and internationally recognised standards in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition and taxation.\footnote{OECD, 2011, OECD Guidelines for Multinational Enterprises.}

The 46 governments which have adopted the Guidelines include all OECD members and also a number of other states which have agreed to adhere to this instrument. They are all required to set up NCPs to further the effectiveness of the Guidelines by undertaking promotional activities, handling enquiries, and contributing to the resolution of complaints arising from alleged breaches.

Since their initial adoption in 1976, the Guidelines have undergone various revisions, including a significant revision in 2011 to give a greater emphasis to human rights, drawing on the UN Guiding Principles on Business and Human Rights. The Guidelines currently include a specific chapter on human rights which sets out the main elements of what is required of businesses if they are to respect human rights.

NCPs are required to observe the OECD’s implementation procedures of the Guidelines, known as Procedural Guidance, which sets out the expectation that NCPs operate in accordance with core criteria of visibility, accessibility, transparency and accountability.

The prominence of the Guidelines and of NCPs was enhanced in June 2015 when the G7 leaders’ declaration called for the strengthening of NCPs in the context of providing access to remedy:

\emph{‘We also commit to strengthening mechanisms for providing access to remedies including the National Contact Points (NCPs) for the OECD Guidelines for Multinational Enterprises. In order to do so, the G7 will encourage the OECD to promote peer reviews and peer learning on the functioning and performance of NCPs. We will ensure that our own NCPs are effective and lead by example.’\footnote{G7 Leaders’ Declaration arising from annual summit in Germany in June 2015.}}

The UK NCP, based in the Department for Business, Innovation and Skills (BIS), enjoys a reputation as being one of the best performing. This is largely the result of structural and procedural reforms introduced in 2008 following criticism of the NCP’s handling of allegations of misconduct by British companies operating in the war-torn Democratic Republic of Congo.

\footnotesize{\textsuperscript{1}} OECD, 2011, OECD Guidelines for Multinational Enterprises.

\footnotesize{\textsuperscript{2}} G7 Leaders’ Declaration arising from annual summit in Germany in June 2015.
This study considers the trends in the 25 complaints alleging breaches of the human rights principles of the Guidelines that have been submitted to the UK NCP since the 2011 revision. It categorises the business sectors associated with the complaints and details the nature of the allegations against the companies concerned.

The report examines how complaints have been dealt with by the UK NCP across three stages—initial assessment, mediation and determination. It assesses the extent to which the NCP complies with the OECD Guidelines’ implementation procedures and the extent to which the NCP’s statements and decisions are aligned with the Human Rights chapter of the Guidelines. Recommendations are made for improving the effectiveness of the UK NCP with regard to these findings.

The main findings and conclusions are as follows:

**Lack of predictability, accessibility and compatibility with the Guidelines**

The rejection or referral to other NCPs of two out of three cases at the initial assessment stage and the frequent delays in the overall complaint procedure reflect a pattern of obstacles. Even in cases that pass the initial assessment, the UK NCP tends to reject part of the allegations raised in a complaint while accepting others. It appears that the NCP rejects parts of complaints alleging actual negative human rights impacts while accepting for further examination parts of complaints related to the general policies and processes of companies with regard to respect for human rights.

The rationale for rejecting the majority of cases submitted and for refusing to consider key aspects of complaints is unclear and appears to reflect a misinterpretation of the Guidelines. This raises questions about the way the UK NCP’s handling of cases fulfils the criteria of accessibility, predictability and compatibility with the Guidelines as set out in the Procedural Guidance.

**Ignoring objectives of complainants**

It is paradoxical that while the UK emphasises the role of its NCP as a mechanism for accessing non-judicial remedy, the modus operandi of the NCP appears to ignore the objectives of complainants who alleges human rights abuses resulting from the activities of UK companies.

Complaints are filed on behalf of both identifiable and non-specific victims with the expectation that the NCP takes into account the needs of victims throughout the complaint process. There is limited evidence of this happening, particularly with regard to the complainants’ objective of positively changing the conduct and operations of companies to improve conditions on the ground and also preventing ongoing or future abuses within a realistic and agreed timeframe.

Complainants expect the NCP to advise and make general statements on the applicability and implications of the Guidelines for specific business sectors, but this doesn’t happen. Nor does the UK NCP encourage companies to implement and disclose their human rights due diligence in the specific contexts where affected communities are at risk. Instead, the NCP appears to settle for a general level of due diligence on the part of companies, which falls short of what is needed to avoid harm in some of the cases submitted.

Some harms can best be avoided by a cessation of operations or termination of the company’s contract to pursue an activity, but the NCP appears reluctant to make such a determination despite the preventive aspects of the Human Rights chapter of the Guidelines.

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The NCP also appears unable to respond to precarious situations faced by communities, such as when health or access to safe drinking water is at risk. This failure undermines the effectiveness of the complaint mechanism as a ‘problem-solving approach’ to improving conditions on the ground. The NCP lacks procedures to allow complaints to be fast-tracked in certain cases, particularly to avoid imminent harm.

**Inappropriately high evidential thresholds**

The large proportion of cases that are rejected at the initial assessment stage reflects the high evidential threshold that the UK NCP imposes on complainants that goes beyond the requirements of the Guidelines. In nine of the rejected cases the NCP has cited the reason for rejecting the complaint as being that the link between the activities of the company and the issue raised is not substantiated. According to the OECD’s Procedural Guidance, this is a factor that the NCP should take into account, but only to ‘determine whether the issue is bona fide and relevant to the implementation of the Guidelines.’ By elevating such factors into absolute requirements, the UK NCP is adopting an excessively narrow interpretation of the Procedural Guidance on initial assessment. The NCP also risks making arbitrary judgements at the initial assessment stage without proper examination of the evidence, leading to dismissal of complaints on dubious grounds, as evidenced in some of the case studies.

The NCP has taken a particularly tough line on adequacy of sources and sufficiency of evidence in those cases involving telecommunications companies, which relied on sources that had either been leaked or destroyed, or which were available to the general public. In the *Reprieve v BT* complaint, the NCP took the view that Reprieve’s failure to uncover new evidence that was not already in the public domain undermined its interest in the case. The NCP also decided that a source document that is not available to the company, and which the company is not party to, should be inadmissible as a means of substantiating the company’s link to the complaint.

Such subjective and counter-intuitive interpretations raise the bar beyond what is set out in the Guidelines and beyond what is reasonable.

**Inconsistency and invention**

The UK NCP makes it particularly difficult for complainants to substantiate that companies have ‘caused or contributed’ to adverse human rights impacts. In the case of *Crude Accountability et al v KPO Consortium*, relating to the environmental and social impacts of an oil and gas facility on a village in Kazakhstan, the NCP decided that the alleged impacts were not directly related to the company’s operations but to the state, because the obligations to resettle under Kazakh law fell to the government. This misses the point that the human rights impacts were caused by the consortium’s activities. The fact that the state was obliged to resettle the households does not change the nature of the impact or of the company’s responsibilities under the Guidelines. It is an explicit requirement of the Human Rights chapter that companies ‘within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.’

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5 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from Reprieve against BT – Services provided to US Defence Agency, January 2015, para 19.

6 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from Crude Accountability and others against companies in the KPO Consortium in Kazakhstan, November 2013, paras 17-23.
In *Lawyers for Palestinian Human Rights v G4S*, the NCP rejected one of the allegations because it found that the company’s security equipment and services did not make a ‘substantial contribution’ to the violations that were being committed in certain Israeli government facilities and operations.\(^7\) This test formulated by the UK NCP is not reflected in the Guidelines. The Commentary to the Human Rights chapter states that ‘where an enterprise contributes or may contribute to such an impact [adverse human rights impact] it should take the necessary steps to cease or prevent its contribution…’\(^8\) This implies a lower threshold of culpability to the ‘substantial contribution’ test adopted by the NCP.

The UK NCP has been inconsistent in how it requires complainants to substantiate that companies are ‘directly linked by a business relationship’ to adverse human rights impacts. In the case of *Privacy International v Gamma*, the UK NCP accepted the case on the grounds that there may have been a link between the company’s ‘malware’ products and its alleged human rights impacts on activists protesting against the Bahraini government.\(^9\) This case was accepted despite the impossibility of proving conclusively that the software products were a factor in the human rights violations committed by government agents. It was sufficient for the complainant to show that the company and the government of Bahrain had a ‘business relationship’ that may have been linked to the violations that occurred.

A different threshold was applied in the *Reprieve v BT* complaint, where it was alleged that BT’s fibre optic cables were providing communications between two US military bases, one in the UK and one in Djibouti, facilitating the launch of drone strikes against targets in Yemen that had adverse human rights impacts. In this case, the UK NCP did not accept the complaint for examination on the grounds that the human rights impacts were not linked by a business relationship, in so far as the complainants could not prove that the fibre optic cables operated by BT were necessary for the drone operations conducted by the US.

A similarly cautious approach was taken in the case of *SEW and Stroitel v 3 Banks*, where it was alleged that three banks had a business relationship with a Russian company operating an oil and gas production complex in Russia that had adverse human rights impacts on local property owners. The NCP rejected the complaint against one of the banks (Bank A) on the grounds that the loan by a syndicate of 20 banks, of which Bank A was one, was insufficient to establish a direct link with the Russian company’s operations.\(^10\) This interpretation differs from other interpretative guidance such as that provided by the OECD Global Forum on Responsible Business Conduct\(^11\) and the Office of the UN High Commissioner on Human Rights. The latter has defined business relationships to ‘include indirect business relationships in a [business enterprise’s] value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures.’\(^12\) On this basis, any bank that is party to a syndicated loan to a business that causes or contributes to human rights violations should be viewed as linked to those violations by a business relationship.

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7 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from Lawyers for Palestinian Human Rights v G4S, May 2014, para 2.
9 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from Privacy International v Gamma, June 2013, paras 21 and 25.
10 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from SEW and Stroitel v Bank A, December 2012, paras 1-2; from SEW and Stroitel v Bank B, December 2012, para 7; and from SEW and Stroitel v Bank C, January 2013, para 31.
**Downplaying future impacts**

The UK NCP has been reluctant to address future threats to human rights arising from current activities. In the IAP and WDM v GCM case, the NCP restricted the scope of its examination of impacts to a narrow timeframe between the revision of the Guidelines in September 2011 and the receipt of the complaint in December 2012.13

Such a narrow timeframe is incompatible with the serious and far-reaching human rights issues at stake in the event that an open-pit coal mining project goes forward in a highly populated and agricultural region of Bangladesh. The complainants, citing evidence from independent human rights experts, warned of the serious human rights violations that would occur, including damage to ecosystems and impacts on the rights to water, food, livelihood and housing.

The NCP’s refusal to examine the future impacts of the proposed mine was based on the view that the complainants had failed to establish that the impacts could not be avoided or mitigated,14 despite the intervention of several UN Special Rapporteurs who called on the government of Bangladesh not to allow the project to go ahead because of the massive disruption it was expected to cause.

The failure to reflect the views of UN human rights experts seems incongruous and implies an unwillingness or inability on the part of the UK NCP to give weight to authoritative human rights sources.

The reluctance to address future impacts undermines the preventive aspect of the Guidelines and the specific requirements of the Human Rights chapter that companies ‘avoid causing or contributing to adverse human rights impacts’ and that they ‘carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risk of adverse human rights impacts’.15

The UK NCP has re-interpreted this definition in a way that downplays the human rights context of the issues raised in the complaint. A more forward-looking and contextual approach is needed that reflects the realities of a company’s proposed operations for those actually affected or at risk of being affected in future.

**The Steering Board loses its grip**

The UK has an NCP structure that is unique among its peers and which has helped to create a degree of independence. While the NCP is based in BIS, it has an inter-departmental Steering Board with four external members. The Steering Board is mandated to provide advice, oversee the effectiveness of the NCP and review decisions taken by the NCP to ensure that the correct procedures are followed.

Reviews offer an invaluable opportunity for the Steering Board to clarify certain procedural issues. But there seems to be an incongruity between the Board’s increasingly stringent and legalistic views on the evidence required to substantiate a complaint at the initial assessment stage (set out in the UK NCP’s revised procedures16) and the OECD’s interpretation of the Procedural Guidance.17

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13 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from IAP and WDM v GCM, June 2013.
14 Ibid, para 22.
15 OECD, 2011, OECD Guidelines for Multinational Enterprises, Chapter IV, clauses 2 and 5.
16 Department for Business, Innovation and Skills, Complaints brought under the OECD Guidelines for Multinational Enterprises to the UK National Contact Point: Review Procedures, January 2011.
This study provides evidence of the UK NCP’s failure to implement some of the recommendations of the Steering Board, and of the Steering Board’s failure to direct the NCP to correct deficiencies in its procedures, including misinterpretation of the Guidelines. The integrity of the NCP process depends on the Steering Board’s willingness and ability to challenge the NCP’s recommendations where appropriate and to consider fully the concerns of complainants.

The Steering Board appears to be failing in its role of providing an effective oversight mechanism. The main consequence of this is a lack of pressure on the NCP to improve its functioning and a lack of confidence in the review procedure on the part of complainants.

Overall, the UK NCP team in combination with the Steering Board is losing its previously displayed leadership over implementation of the OECD Guidelines, and also its grasp of fundamental issues.

Partiality
While the NCP exists to promote responsible business conduct on the basis of self-regulatory and voluntary standards, this is not the main purpose of the complaint mechanism. Its primary function is to enable dialogue and negotiation between parties to resolve issues and improve business conduct on the basis of the Guidelines.

In its assessment and examination of cases, it is understood that the NCP relies on documents and reports provided by both the complainants and the company as evidence and counter-evidence. However, in contrast to the high level of specificity required from complainants, it appears that the expectations of the NCP towards companies to provide evidence of responsible business practice are not as stringent. This concern has arisen at the initial assessment stage and also during the examination and mediation stages.

The problem of partiality in obtaining evidence may be linked in some cases to the refusal of the company to disclose documents it declares confidential, which the NCP does not have the power to challenge. This limits the type of evidence available to the NCP to assess the company’s conduct.

In RAID and ACIDH v ENRC, the NCP did not require that the company produce the relevant documents showing that it complied with the Democratic Republic of Congo’s environmental regulations for mining companies. In IAP and WDM v GCM, despite the evidence demonstrating the inevitable harms which would ensue should the mining project go ahead, the NCP restricted the scope of examination to whether the company met the international standards to which it was committed and whether it included measures to foster trust among local communities.

Even when companies provide information, there is no certainty that this will be relevant to the most salient human rights issues raised in the complaint. The NCP’s reliance on company information, some of which may not be publicly available and therefore not subject to wider scrutiny, is problematic. Reports tend to emphasise what a company does well that can contribute to human rights and sustainable development, rather than actual adverse impacts. In this regard, company material may provide a picture that is partial and unreliable.

18 Private communication.
19 Initial Assessment by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, Complaint from IAP and WDM v GCM, June 2013, paras 24-26.
The evidence from this study is that documents provided by companies do not appear to be subject to the same level of scrutiny, reflecting an apparent imbalance between what is required of complainants to substantiate each of their allegations and what is required of companies to rebut those allegations. Too much weight is given by the NCP to general reporting information from companies. This creates a situation whereby the NCP is inclined to accept uncritically a company’s self-assessment reports without probing much further how they have carried out due diligence and human rights impact assessments.

**Under-resourced**

The focus of this report is on the complaints handling functions of the UK NCP with regard to the substance and procedures of the OECD Guidelines. This study does not address the extent to which the NCP is adequately resourced to fulfil its remit or the potential conflicts of interest arising from locating a complaints mechanism against UK companies in a government department whose main goal is to promote UK business interests.

However, resourcing is a key factor in so far as if the UK government chooses not to allocate sufficient resources to its NCP to handle the large volume of complaints it receives in a way that is fair, effective and reflects the applicable rules, then this is a clear failing on the UK’s part. Amnesty International believes that the UK has a responsibility, if not an obligation, to ensure its NCP’s complaint handling mechanism is fit for purpose and reflects international human rights standards. In this context, the UK NCP as a state-based non-judicial mechanism cannot cite lack of capacity as a justification for lack of due process and poor decision-making.

The failings referred to in this report are not intended to reflect on the performance, diligence or capability of any individual members of the NCP team, who by all accounts are doing a difficult job to the best of their ability under immense pressure.

The experience of the complainants featured in this study provides clear evidence that the UK NCP is struggling to cope with the volume of complaints received and to deal with the complex procedural and conceptual issues underpinning them. The high rate of rejection of complaints at the initial assessment stage may be attributable to lack of capacity and relevant expertise, which undermine the NCP’s ability to fulfil its role.
RECOMMENDATIONS

Structural

The UK NCP

- The NCP should be reconstituted to incorporate a Panel of Experts composed of a roster of suitably qualified independent specialists with human rights and environmental experience, drawn from academics, lawyers, mediators, judges and others, who would undertake initial assessment, investigation and determination of complaints submitted to the NCP.
- The appointments process for this proposed Panel of Experts should be overseen by the 'independent' Steering Board rather than by BIS.
- The NCP's role in complaints handling would be that of a secretariat.

The Steering Board

- The Steering Board should be reconstituted to enable it to exercise effective oversight of the NCP, and to ensure its independence, objectivity and impartiality from vested interests.
- The Independent Steering Board's terms of reference should be revised to reflect its independence and impartiality, to ensure clarity of roles and responsibilities, and to embody explicit rules of engagement for interacting with the NCP, with the proposed Panel of Experts, and with all parties to the complaint. Members of the Independent Steering Board should be external, appointed from outside government departments.
- The Independent Steering Board should be expanded to eight external members to ensure adequate capacity to deal with the volume of reviews that take place, and to provide the appropriate level of critical scrutiny.

Government departments

- Government departments should reinforce adherence to the OECD Guidelines as part of their objectives in supporting and interacting with businesses, and in promoting UK investment abroad.

The OECD

- The OECD Secretariat should enhance its capacity to bring about improved NCP performance with regard to the issues raised in this report and the obstacles faced by complainants.

Procedural

Appointment of UK NCP

- The NCP (including the proposed Panel of Experts) should be appointed with regard to the expertise necessary to understand complex issues in the field of business and human rights, including environmental impacts, and to interpret them in light of the OECD Guidelines for Multinational Enterprises.
- The appointment process for the NCP should be transparent, competence driven and overseen by the Independent Steering Board.
The UK NCP's capacity

- The staffing and financial resources made available to the NCP should reflect the capacity that is necessary to handle the volume of complaints received through all stages of the procedure, including assessment, mediation, determination and follow-up.

The Review procedure

- The Review procedure requires fundamental reform. Requests for reviewing NCP decisions should be handled directly by the Independent Steering Board and removed from the influence of the NCP. Grounds for review should encompass substantive errors in the application of the Guidelines to the case in question.

Substantive

- Complaints should be assessed and examined on merit with regard to the objectives and substance of the OECD Guidelines and evolving concepts in the field of business and human rights to ensure consistency and predictability.
- The NCP's definition of what constitutes a successful outcome to a complaint should be framed in a way that encompasses, as appropriate, changes in the conduct of the company and improved impacts for those affected on the ground.
- The current practice of imposing unreasonably high and sometimes unobtainable evidential thresholds at the initial assessment stage, that go beyond what is required to establish a complaint as 'bona fide and relevant to the implementation of the Guidelines', should be ended.
- Where the alleged conduct of a company is likely to have future harmful impacts on affected communities, these impacts should be considered as part of the process of determining whether there has been a breach, in light of the preventive aspects of the Guidelines.
- Where there is evidence of a company that is the subject of a complaint having 'caused or contributed' to human rights abuses, with regard to how such terms are defined in human rights norms or by expert opinion, the NCP should make a determination of a breach of the relevant provision of the Guidelines.
- Clear and transparent rules reflecting the above recommendations should be established.

Consequences

- A company found to be in breach of the Guidelines should face consequences in keeping with the gravity of the breach. Such consequences might include denying access to public support and services, such as export credits. In cases of serious abuse, the UK government should ensure that civil, administrative and criminal liability mechanisms can be pursued respectively by complainants, regulatory bodies and the criminal justice system as appropriate.
OBSTACLE COURSE
How the UK’s National Contact Point handles human rights complaints under the OECD Guidelines for Multinational Enterprises

Are British businesses being properly held to account for human rights abuses connected to their operations around the world? This Amnesty International report shows that they are not – in spite of the existence of an important complaints mechanism set up to implement international guidelines to which the UK is committed.

Each of the 46 governments adhering to the OECD’s Guidelines for Multinational Enterprises has a National Contact Point (NCP) to handle complaints; the UK NCP is housed in the Department for Business, Innovation and Skills (BIS). The Guidelines set principles of good business practice and internationally recognised standards.

In 2011 the OECD Guidelines were revised to put greater emphasis on human rights. This report analyses the 25 human rights complaints submitted to the UK’s NCP since 2011 – and finds that complainants face an obstacle course in having their cases examined. Fifteen were rejected outright at initial assessment stage, despite appearing to be bona fide and plausible, for reasons that are unclear and inconsistent with the requirements of the OECD Guidelines.

The UK NCP has established an unrealistic threshold of evidence for complainants to meet, especially for a non-judicial process with no power to award compensation or enforce change in business conduct. The NCP clearly lacks the expertise to address the human rights context of complaints – and it relies too heavily on general policies and information supplied by a company in its defence, even if these have little bearing on the issues raised in the complaint and on the plight of the affected individuals.

The report argues for a restructuring of the UK NCP to include a panel of human rights and environmental experts to undertake initial assessment, investigation and determination of complaints in keeping with the human rights standards and procedures set out in the OECD Guidelines. It also recommends establishing an Independent Steering Board to oversee the NCP’s effectiveness and to review its decisions.

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