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CSR-SOCIAL RESPONSIBILITY IN INTERNATIONAL DIALOGUE

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GLOBAL DEVELOPMENTS FOR A RESPONSIBLE ECONOMY

PANEL DISCUSSION – COOPERATION OF INTERNATIONAL STANDARDS AND INSTRUMENTS

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Global Developments for a responsible economy:

- In the midst of this global financial and economic crisis, there is a renewed focus on the responsibility of enterprises. In terms of their business operations and the impact on these on society, local communities, the environment, employees etc. Voices are raised against irresponsible behaviour, lack of transparency and insufficient regulation.
- We agree that adequate transparency and improved standards are crucial to restore confidence and stability in the financial sector. However, this should not be confused with introducing CSR regulation as a preventive measure to generate more responsible companies.
- Nor should the business community at large be held responsible for the current crisis. In fact, companies have taken steps to ensure that, despite tough economic conditions, they are able to retain as many workers as possible, for example through short time working arrangements.
- We are told that society is losing trust in business. Whereas we must emphasise the positive role of business in society, in providing jobs and growth, and responding to the challenges, needs and desires of society and consumers in the services and products they provide.
- There is a growing understanding and belief in companies that CSR transparency and stakeholder engagement have or could have a positive return. Companies today consider transparency a fundamental element in their business strategy. It allows them to communicate their unique corporate conduct and performance and to engage in dialogue with those affected by the company's decisions, both internally and externally. It is a good way to identify costs, risks and possible solutions. It helps in terms of their position on the market, image, and coherence with company ethics.



- This is why during recent years more and more companies across Europe have become increasingly transparent about their business operations and their supply chains, deciding to voluntarily disclosure information on the impact of their business activities from an environmental and social point of view.
- But each individual company provides transparency in its own unique way. This is because the type and shape of communication and stakeholder dialogue depends on the size of the company, the ownership structure as well as on the sector and the markets in which it operates – and thereby which audiences it needs to reach. The need to make particular communication efforts also differs.
- Transparency and CSR is a relatively young discipline but, with rising consumer demands and growing awareness from civil society, it is a discipline that will evolve further.

General remarks on CSR:

- CSR is driven by business. Many companies are progressively integrating CSR into their company strategies, not because they are forced to do so, but because they believe in the benefits of doing so.
- This is because there is a growing awareness amongst companies that CSR can have a positive impact on their business performance. It can help manage risks and be a business opportunity by giving a competitive edge on the market.
- The priority for future development of CSR should be on how it can help to improve business performance.
- Policy, frameworks and guidelines should not interfere with companies seeking flexibility to develop an approach to CSR according to their individual circumstances.

General remarks on international frameworks:

- Many companies already follow existing international frameworks, standards and guidelines in this area.
- It should be for companies to decide which framework or frameworks are more appropriate, taking into account that they have different purposes.
- This allows companies to pick the right framework(s) depending on their size, sector, specific company culture, and their approach to acting in a humane and ethical manner.
- It is important to distinguish between the different frameworks, some of which provide guidance on specific topics (e.g. UN Global Compact and OECD Guidelines), whereas others provide a reporting framework (e.g. GRI).
- It is also important to distinguish in terms of the status of the organization which is responsible for the framework, whether it be public or private, and whether the framework is directed at governments or enterprises themselves.
- International instruments have to be interpreted in the right way. This means not interpreting instruments as directed at enterprises, where this is not the case.



- The EU should give precedence to the international level initiatives rather than trying to establish an overlapping European framework.
- The EU cannot oblige companies to adhere to voluntary international instruments. Nor should it promote or encourage adherence to certain frameworks.

OECD Guidelines for Multinational enterprises:

- The guidelines have recently been updated. This has been an extremely difficult process. The business community aimed to ensure that the guidelines are not overburdened with bureaucratic requirements. This would only endanger the adherence of more non-OECD countries to the Guidelines, ultimately jeopardizing their potential.
- Ensuring the correct interpretation of the revised guidelines is important. For example - some would argue that individual company supply chains are now fully covered by the OECD guidelines. However, the guidelines only cover them to a certain extent.
- The guidelines oblige companies that adhere to them to “seek to prevent or mitigate adverse impacts which are directly linked to their operations, products or services through a business relationship”. However, they clearly state that this is not intended to shift responsibility from the entity causing an adverse impact to the enterprise with which it has a business relationship.

B20 Summit, Cannes, November 2-3:

- The final report of the B20 highlights that CSR is key for growth and development. Business leaders reaffirmed as a principle that companies should be responsible for the economic, social and environment impact of their business decisions.
- They committed to support broad-based CSR initiatives, such as the UN Global Compact and the OECD guidelines for multinational enterprises, and to encourage the full adoption of CSR principles on a global basis.
- They also agreed to promote the ILO Tripartite Declaration for Multinational Companies, to contribute to the respect of fundamental principles and rights at work and to widen the solutions for improved working conditions and productivity.

Human Rights:

- Multinational enterprises provide part of the solution to safeguarding human rights, making a particularly positive contribution in countries where governance is weak, by increasing prosperity and social standards, and improving education.
- Many companies have already committed to taking action, by adhering to international initiatives. Companies also take measures on a voluntary basis, for example developing codes of conduct for procurement of goods or combating child labour.



- Since companies operate in a much more global context now, in business activities in emerging and developing countries they are more likely to come up against difficult and complex situations in which fundamental human rights legislation is not implemented and enforced.
- In line with the UN Framework on business and human rights, distinction should be made between the state duty to protect and the corporate responsibility to respect. Companies have neither the political nor societal mandate, nor the capacity and resources to substitute the actions of governments where human rights legislation is not adequately implemented or enforced. They do, however clearly have a responsibility to respect human rights in their business activities and many already do so in the framework of their CSR strategies.

Trade:

- CSR can be addressed as part of the established dialogue with partner countries and regions with which the EU is conducting trade negotiations, however only in a general way and fully preserving its voluntary nature.
- Regarding any future proposals in the field of trade and development, we would oppose the introduction of legally binding CSR clauses in Free Trade Agreements. This could be counterproductive by creating risks for EU companies wishing to invest.
- Regions where there is weak enforcement of laws or standards on human rights and anti-corruption, or deficient administrations, political instability, are not attractive for business.
- They present an investment risk, do not provide enough certainty for business planning and therefore can impede business activity.
- It is for those countries to apply sound conditions for conducting business, to encourage investment.

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