

Speech of Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility and member of the Friends of the OECD Guidelines, to close the OECD Annual Forum on Responsible Business Conduct, Paris, 27 June 2014.

Once again it's been a privilege to take part in this Forum, which has underlined the role played by the OECD Guidelines, by the Working Party and by the Forum itself as a driving force for business responsibility in the world.

We've had some colourful contributions, some as follows:

Debbie Stothard from the Federation Internationale Droits de l'Homme called Burma-Myanmar "the sexy place for investors," before delivering a more serious message about conflict prevention.

Richard Morgan from Anglo-American talked about their key stakeholder engagement in Peru, being with a body called the "Illegal Water Users Association."

And Philip Jennings and the UNI global union called the seven Governments who appealed for extra financial contributions from global clothing brands as "the Magnificent Seven!" When I look at this audience, actually I think we're watching "The Good, the Bad and the Ugly!"

Other very interesting quotations from the two days:

- Angel Gurría, Secretary-General of the OECD talked about "decoding of the trade genome"
- another participant told us that business decisions are still "moral choices."
- Peter Bakker from the World Council for Sustainable Development put the case for "redefining what we mean by value."
- the World Wildlife Fund asked us to talk not just about 'shared value' but also 'shared risk.'
- one business representative told us being responsible means "having to say you're sorry."
- the Chair of the Norwegian National Contact Point made an appeal for NCPs to recognise the imbalance in power and resources between the parties in the specific instances.
- we've heard several contributors directly reference the existence and need to combat modern day 'slavery.'
- and the ILO representative I think rightly called this a phase of 'transition.'
- Ravi Ratnayake from ESCAP told us "CSR brings benefits in the next life!"

....that's certainly a transition!

Now this is an annual forum.

For the credibility of the process, for ourselves as well as for others, we have to be able to demonstrate progress.

At the Forum this year, we've seen detailed discussion on the four specific sectors - textiles, extractives, agricultural and financial services. This represents not simply some of the key challenges but also I believe the determination to pursue implementation at a sectoral level, which is absolutely necessary if it is to be successful.

It is clear from this week's decision too that Governments don't just intend actions on conflict minerals, they want actions on minerals full stop.

Our discussions have shown that the concept of 'due diligence' has become pivotal. This appears to me to represent a genuine commitment for business responsibility to be proactive not just reactive.

It is also clear from the Working Party decision earlier this month, that the interpretation of "business relationship" in the Guidelines is one which promotes responsible supply chain management and not one which simply seeks to limit liability.

And if a politician had committed business to water neutrality and to zero net deforestation by 2020, externally assured, he or she might have been called unrealistic or unconvincing. For Muhtar Kent to say it to this Forum as CEO of the Coca-Cola Corporation worldwide, demonstrates that it is both realistic and this will help set the terms of the debate.

This week we've seen the first ever global Ministerial Meeting on responsible business parallel to this forum. Twenty Ministers. And a very interesting discussion about the inter-relationship between 'hard law' and 'soft law' solutions.

In that context, I'll quote the French representative who told this forum "you can't have responsibility without liability." And the trade unionist who said 'not legally binding does not mean voluntary.'

This year we have seen more landmark cases under the Guidelines, including the DHL case in Germany and the Soco case from the United Kingdom.

And although there was mixed comment during this Forum about the CSR strategy being followed by India, from my own contacts, I'm aware the reporting requirements in their Companies Act represents a major step forward. You may not be aware that their recent clarification specifically exempted one-off philanthropic donations counting as CSR in India.

This year both Costa Rica and Jordan have adhered to the Guidelines.

I also want to agree with and congratulate Roel Nieuwenkamp who told us about the progress he and the OECD has made with China, winning over big Chinese companies. For the OECD, China is perhaps the biggest challenge. And I'd like to record my and all of our appreciation to you Roel for the work that you do - not just chairing this Forum, but throughout the year.

May I also express our warm appreciation to the excellent Marie-France Houde and her team. This is her last forum and I know Roel and everyone will want to express our appreciation for her organisation of these events.

Now if the theme of last year's Forum was "before and after" Rana Plaza, it is arguably even more important that this year we have devoted attention to whether the words of last year have been turned in to action?

There is always a danger of concentrating only on what's fashionable - and a grim irony when the subject is the fashion industry itself.

But I agree with Dutch Minister Ploumen that "there is cause for hope."

We heard from the Bangladesh State Minister that 2,200 factories had been inspected and the minimum wage raised by 77 per cent.

I want to add my own welcome to the statement from the Governments of the Netherlands, France, Denmark, Germany, United Kingdom, Italy and Spain calling on brands for full compensation.

The OECD is the right place to have such a frank dialogue between governments and business about our mutual responsibilities.

I do congratulate the French NCP for bringing forward a specific blueprint for their textile and clothing companies to follow.

And the Round Table on responsible supply chains planned for the whole OECD here in Paris in September, can represent an important opportunity to spread the response more widely.

I still express my hope that the lasting legacy of Rana Plaza will not simply be justice for its victims, but changed working practices that will prevent such disasters not just in Bangladesh, but across the world.

Now I began by talking about progress within the OECD. At the end of this Forum, let me also help put in to context what is being achieved here with other global developments towards responsible business.

On transparency, as some of you heard earlier, the proposal I am personally associated with, for European businesses to include their social, environmental and human rights impact in their company annual reports, has now been agreed in the European Union. At a global level, the reporting framework for the International Integrated Reporting Council following a worldwide consultation has now been published, as has the latest generation G4 Guidelines of the Global Reporting Initiative.

It is really important to stress that these are not alternatives to the OECD Guidelines, but methodologies for transparent reporting of business responsibility, which can significantly advance what we are trying to do here, not act as a substitute for it.

Second, on the response to the global economic crisis, the key emphasis led by the UN Principles for Responsible Investment and others is how we move capital markets from short-term to long-term thinking? This was also reflected by the extraordinary representation at the recent conference convened by the City of London on inclusive capitalism. There are many in the industry worldwide who have taken up this challenge, and I believe it can be a decisive force alongside transparency in making a major step forward in business responsibility. I hope the current review of the OECD Corporate Governance Guidelines will both inform and be informed by these developments. I was also encouraged by some of the discussion in the last session on the financial sector in this respect.

And, third, standards formulation. We all know that the update of the OECD Guidelines was part of a movement on business responsibility standards that included the UN Guiding Principles on Business and Human Rights and the further development of the UN Global Compact. We heard yesterday how in Geneva there has now been an agreement to embark on a process leading to a new binding international treaty on business and human rights.

This is not uncontroversial but Alexandra Guaqueta, chair of the Working Group, told us yesterday "there is an emerging consensus on the next steps."

For this audience in the OECD, I think the vote in Geneva is partly a product of what Alexandra called 'impatience' about the pace of implementation internationally. My message is that it is even more important to both engage constructively in the international dialogue, but at the same time make sure energy is not lost or diverted from implementation of what is already agreed.

I think the study already published and subject to consultation by the Office of the High Commissioner of Human Rights on 'access to remedy,' may provide an important short-term opportunity to make progress on the sensitive question of legal accountability.

But progress here by the NCPs can certainly make these discussions easier not harder.

For myself, I still see the most important next step for global standards formulation as being the post-2015 Development Agenda and agreement of new proposed UN Sustainable Development Goals. These will bring together the twin challenges of sustainability and economic development which are at the heart of what responsible business must be about.

I want to encourage the business organisations here as well as other stakeholders, to fully engage in and commit to those discussions. This will be a generational moment when the framework will be set on how poverty, inequality and under-development will be tackled worldwide. It is crucial that business is part of the dialogue, because it is crucial that business plays its part in delivering the outcome.

Finally, I am always sensitive that we can, in discussing these initiatives, end up in a mechanistic debate which risks losing sight of why responsibility is needed and what difference ultimately we can make?

It is this concern that underpinned the 'proactive agenda' agreed at the time of the Guidelines update in 2011, and the relevance of the Guidelines is much more determined by how they can help embrace new and emerging challenges, than in how widely each paragraph and sub-point is textually understood?

In wider society there are different debates going on.

As three billion of the world's now seven billion watch the current football World Cup, it is football fans not journalists or NGOs who are widely concerned whether transnational organisations can be truly free from corruption and whether adequate mechanisms exist at the international level to try to ensure this?

And in Qatar I've personally visited the labour camps, seen and heard what has been tantamount to 'forced labour' under the country's system of employer sponsorship, as the TUAC paper has shown. This clearly implicates business including the international businesses present in the violation of human rights. I welcome the recent decision to reform the system and look forward to its full implementation. But to this Forum, on such a high profile example, I do question what lasting impression public opinion will have about business responsibility which has allowed this system to persist, let alone amongst those workers who were directly affected?

People in my country and many others are also talking about companies paying their taxes. The problem of 'transfer pricing' used to be one where multinationals stood accused of failing to fairly pay their way in developing countries. Today it is in Britain, America and other OECD countries where multinationals stand accused of failing to pay their fair share towards national budgets - taxes. Either way we are still talking about the concept in colloquial terms of 'Tax Justice.'

In part, despite the controversy, one response has been for country-by-country reporting to be brought in for extractive companies based on my own continent, as was explained this morning. I expect this to be a major debate not just for extractives but for all multinational business and for all payments in the years ahead.

Then I agree with what BIAAC has said to this Forum about the importance of an open investment environment and the threats against it. In Europe, the debate on new Free Trade Agreements - crucially including the proposed Transatlantic Trade and Investment Partnership - is mired in rising controversy about the existence of separate Investor State Dispute Settlement mechanisms.

I invite business and all stakeholders to reflect that unless open and transparent mechanisms can be seen to operate which allow businesses to be held to account on an equal basis with how they are able to enforce their own rights, then there is a real danger of a public backlash which will undermine support for free trade and deeply damage global business interests.

I think the OECD Guidelines can and must become even more important in this respect. And I very much welcome this week's Ministerial Communiqué referring to the need for "a more responsible trade regime" together with the report submitted to their meeting about integrating corporate sustainability and responsibility within investment treaties.

And similarly, just after European Elections where one-in-four voters in France, Denmark and the United Kingdom supported hard right anti-immigration parties, now representing some 150 Members of the European Parliament EU-wide, I express my deep concern about the relative silence of business in defence of the free movement of labour. I am sorry to say there is a real risk of a return to post-war controls which would be deeply inimical to companies being able to recruit and transfer their staff to meet the demands of today's global markets.

On this issue, most Governments are doing our best to balance fairness with inflamed public debate, and it is business - if it is to be responsible - that must begin to speak out much more than it has.

So progress has been made. New challenges are emerging, requiring new responses. But I am sure you will agree with me that our collective efforts at this Forum and in support of the Guidelines are absolutely vital for our ability to achieve both.

Thank-you for listening to me and thank-you to everyone for your participation and your commitment.

ENDS.