



Draft Annotated Agenda

ROUNDTABLE ON CORPORATE RESPONSIBILITY
Encouraging the positive contribution of business to the environment through
the OECD Guidelines for Multinational Enterprises

16 June 2004, 10h00-18h00
New Building, Room 1, OECD Headquarters
2 rue André-Pascal, 75016 Paris

Summary of agenda

Co-chairs: *Sofia Calltorp*, Swedish National Contact Point and *Phil Callaghan*, Head of the UK's Sustainable Trade and Investment Team, Department for Environment, Food and Rural Affairs.

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|--------------------------|------------------------|---|
| 10.00 a.m.-
1.00 p.m. | Session I. | Current business practices toward the environment – Recent developments |
| 1.00-2.30 p.m. | Lunch
break | |
| 2.30-4.30 p.m. | Session II. | Dealing with environmental risk |
| 4.30-6.00 p.m. | Session III. | Corporate contributions to environmental policy |

ANNOTATED AGENDA

Session I (10.00 a.m. -1.00 p.m.)

Current business practices toward the environment – Recent developments

Welcome and introductory remarks: OECD Deputy Secretary-General Kiyotaka Akasaka.

The OECD Guidelines for Multinational Enterprises can provide general guidance to enterprises seeking to enhance their environmental policies and practices. As demonstrated by the Background Report prepared for the Roundtable, existing corporate environmental tools are generally supportive of, and complementary to, the provisions in the Guidelines' Environment Chapter.

For decades multinational enterprises have undertaken efforts to improve compliance with laws and regulations – and in many cases exceed them – as well as to accommodate societal expectations in terms of enhancing environmental performance and preventing accidents. They have mostly found that doing so makes good business sense, not only in terms of improving their corporate image but also to enhance their internal management systems and, in consequence, their efficiency. There is ample evidence that environmentally (as well as socially) responsible companies are more profitable than others.

A large number of tools have emerged to assist companies in this respect. Unlike some other Chapters, the Commentary to the Environment Chapter of the OECD Guidelines for Multinational Enterprises do not make references to particular such tools. Some of these tools have been developed within the firms themselves (e.g. environmental management systems); others have developed externally to the firm (e.g. accounting and auditing tools; reporting standards; sectoral or industry performance standards).

Introductory speakers:

Claudia Wöhler, Federation of German Industries

Cecilia Brighi, Confederation of Italian Trade Unions

Cornelis van der Lugt, United Nations Environment Programme.

Questions:

- *What are Roundtable participants' views on recent trends in corporate environmental policies and practices in the areas covered by the Guidelines? In particular, are commonly accepted approaches to environment policy statements, management systems, reporting and verification emerging? Looking ahead, what could be the main trends in the coming years?*
- *How can an enterprise enhance the usefulness of its environmental strategy? In particular, how can environmental management objectives best be integrated with other management instruments and with corporate governance more generally? What is the appropriate role for off-the-shelf solutions and tools-based approaches as opposed to tailored systems?*
- *What considerations influence enterprises' choice of communication strategy? How much information will an enterprise normally want to volunteer about its environmental strategies and performance? Through what channels may such information be disseminated?*

Common to corporate environmental tools is that they propose ways in which managers can develop and implement an enterprise's environmental policies and objectives. They often do not provide guidance concerning the levels of aspiration that these policies and objective should reflect.

Questions:

- *In defining their environment priorities, how do enterprises determine the degree of environmental performance to which they aspire? What are the respective roles of*

regulators, competitors' performance, civil society and customers' expectations? How can a company know if it is "doing enough"?

- *What is the appropriate role of the Guidelines in encouraging the positive contribution of business to the environment? How in particular do the Guidelines interact with other voluntary instruments that bear on the environment?*

National Contact Points have little experience with handling Specific Instances mainly concerning environmental issues, and a couple of recent cases are still under consideration and not in the public domain. Nevertheless, against the background of the morning's discussions, NCPs may wish to discuss how prospective environmental cases might be addressed. For instance, how might an enterprise's use (or non-use) of the tools and practices identified in the Background Report and discussed at the Roundtable be brought up in the context of a Specific Instance?

- *Intervention by the Chilean NCP on the basis of their recent specific instance involving environmental issues.*

Session II (2.30-4.30 p.m.)

Dealing with environmental risk

During the 1990s, public and private systems environmental risk management were adopted at a relatively fast pace. These developments were in part the result of earlier high-profile accidents (e.g. in the chemical and oil industries). On the one hand, new laws were approved. On the other, market driven international standards and codes of conduct also addressed this issue. It is important to separate between known environmental dangers against which safeguards can be taken as part of enterprises' normal environmental management practices, and risks which can only be prevented by foresight and caution.

The first category of risk is broadly covered by the recommendations about emergency management in Chapter V, Point 5 of the Guidelines. Emergency management commonly evolves around three priority areas, namely *prevention* (minimising the likelihood of an accident), *preparedness* (*contingency planning*) and *response* (limiting adverse consequences in the event of an accident).

Introductory speakers:

Stephen Porter, Centre for International Environmental Law

Norine Kennedy, US Council for International Business

Bjørn Erikson, Norwegian Labour Movement

Questions:

- *Dealing properly with emergencies makes business sense, inter alia to reduce liability. What guidance in this respect have enterprises taken, in addition to national legislation, from voluntary standards such as the ICC Business Charter on Sustainable Development, the CERES Principles and the OECD Guidelines?*
- *How can the corporate response to environmental risks be enhanced by involving stakeholders? For example, what lessons can be learned from the experiences with involving employees and local communities in consultations about emergency prevention?*

Special challenges arise when scientific uncertainty is an important factor. These are a key responsibility of the relevant authorities, but the latter have increasingly sought the involvement of the private sector. (An obligation for enterprises to minimise risks of damaging human health and the environment is mandated by many OECD countries' legal and regulatory systems.) Chapter V, Point 4 of the Guidelines recommends that enterprises themselves apply "precaution" – that is, not using the lack of full scientific certainty as a reason for postponing measures – where there are "threats of serious damage to the environment".

Questions:

- *How does the corporate sector incorporate precaution into its everyday operations? In particular, what are the approaches for dealing with scientific uncertainty in product development and the launch of new technologies?*
- *Are there important national, or regional, differences in perceptions of acceptable environmental risk and the sharing of responsibility between businesses and regulatory authorities in this respect? How is corporate precaution affected by the legal environment in which enterprises operate?*
- *What might be the main considerations if an NCP were asked to consider whether a company has applied "sufficient" precaution? How should precaution be balanced against other legitimate concerns?*

Session III (4.30-6.00 p.m.)

Corporate contributions to environmental policy

The Guidelines recommend that enterprises engage in stakeholder communication and consultation (Chapter V, Point 2). The issue of stakeholder consultation has wider political implications. Partnerships between different stakeholders have become an integral part of the policy-making process in many countries. The involvement of all stakeholders in policy discussions helps ensure that all relevant views are heard and can reduce the risk that some problems go unanticipated. Hence, the development of environmentally meaningful and economically efficient public policy hinges upon the successful engagement of a wide segment of the population. Chapter V, Point 8 of the Guidelines calls upon enterprises to contribute to this process, "for example, by means of partnerships and initiatives that will enhance environmental awareness and protection".

Introductory speakers:

Halina Ward, International Institute for Environment and Development

Guy Ethier, Umicore, Belgium.

Mokhethi Moshoeshe, African Institute of Corporate Citizenship, South Africa

Questions:

- *What are the optimal strategies for enterprises' engagement in dialogue on environmental policy making, from the corporate and the public perspective? What is the risk of corporate approaches falling foul of other Guidelines recommendations such as safeguarding competition and abstaining from improper involvement in political activities?*

- *What experiences have companies made with different strategies for stakeholder involvement? More broadly, how can the implementation of the Guidelines contribute to more meaningful environmental policies and better stakeholder engagement?*
- *In the context of environmental policymaking and stakeholder involvement, do particular challenges arise when companies operate in developing countries and weak-governance zones? Do enterprises wish, or seek, the guidance of their home country authorities and NCPs in such cases? Is there a need for NCPs and adhering countries more generally to broaden their co-operation with non-adhering countries?*