



**PRESENTATION TEXT OECD Roundtable for Corporate Responsibility
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**Governments, stakeholders and how to stimulate companies in creating
and protecting sustainable societies.**

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(spoken word counts)

I want to focus my remarks on three things. First I want to ensure that all participants to this roundtable have a sense of urgency regarding the need for Corporate Responsibility. Second I want to discuss with you how I envision where governments can play a role in speeding up the process of achieving corporate sustainable development. Lastly, I can discuss what I believe is the value of the OECD Guidelines especially when developed further in combination with an instrument like the Global Reporting Initiative.

Urgency.

One of the questions asked in the invitation was to describe my experience as an NGO representative with global codes. I will have to put that experience in the perspective of my heartfelt belief that speed is of the essence if we want our world to become sustainable, and continue giving us the welfare we desire. The explosion of the number of corporate codes signals an awareness that something needs to be done. Yet the gap between the words and the actions is still large. The "bad guys", a term frequented even by some business representatives, are still holding back the rest.

The explanation is still that for business getting used to giving priority to sustainability is a process of, sometimes slow, continuous improvement. It's a learning process. Some learn very fast, some learn ... not at all.

However, we need to have to introduce the sense of urgency here. Since the 70s the trends in environmental sustainability and the trends in improvement in the living standards of the bulk of the worlds population have steadily deteriorated. The OECD environmental outlook published this year and the OECD Sustainable Development Policy Report adopted by the 2001 Ministerial all agree that urgent action is needed.

Continuous improvement should then have the word fast inserted.

Government.

Government has taken on a specific responsibility to ensure that society develops sustainably. The OECD ministerial of last may, confirmed this commitment, and also acknowledged the fact that indeed the tasks at hand need to be dealt with urgently.

To achieve sustainability, information and dialogue from all actors in society is needed. By increasing the complexity of the information used in decision making, by adding the different perspectives of the stakeholder groups through for example Multi-stakeholder dialogues, societies can be protected from decisions based on prejudiced, one-sided, and untested theory.

Now this could be done on the company level, but we believe that the setting of norms and standards will need to be done at the legitimate governmental level. We can use the "knowledge networks" that have emerged from the interactions on this issue between business, trade unions and NGOs to find out what the discussion is about, but in the end, especially in systems of democratic governance it is the government that is to take on the responsibility of ensuring society wide implementation and it is government that in the face of uncertainty or ambiguity or disagreement is to cut to the chase and make a decision. Here we are not looking for a consensus process, but at least all sides of the complex issues that are at hand must be heard and understood. Consensus may emerge from that, but is not a prerequisite of good governance.

Information, so vital to this dialogue is limited. Corporate environmental and social reporting, and certainly verified reporting is scarce. As this information, provided by the actors in society with the greatest impact, is so crucial to sustainable development policy making, it should be clear that there should be a legal requirement to provide this information. We could wait for the thinking to continuously improve, but speed is of the essence here and the resistance that still exists needs to be broken.

Finally on this point, governments need to display a certain amount of policy coherence, especially related to linking the codes they sign up to and their own financial incentive instruments. I will explain further later on.

The Global instruments

We were specifically asked to describe our experience with global instruments. There are already a few global instruments in place. All of them are non-binding and none of them claim to be complete or completely able to fulfil the task at hand. I want to discuss in further detail the value of the OECD Guidelines for Multinational Enterprises and the Global Reporting Initiative.

First I should discuss the Global Compact, of which we heard more this morning. The Compact consists out of 9 applaudable principles. Yet its insistence on limiting monitoring and verification on scrutinised best practice cases is not what sustainable development really needs. There are already plenty of scrutinised best practice cases out there, that should already lead as shining examples. Yet all this best-practice material has not lead us to conclude that we are actually moving fast enough in the right direction. I am no longer interested in reading more best-practice cases. I need to know what is going wrong, and why... I actually believe that this "all is well" approach could cause a slow-down of the so necessary fast continuous improvement I mentioned in the beginning the planet needs so

much. Again, the compact is a worthwhile effort, but is not what my experience tells me Corporate Responsibility and Accountability really needs.

The OECD Guidelines will have a good chance of bringing us the needed fast improvements. Some of the language fell victim to the usual negotiated text ambiguity, but the spirit of many needed standards and principles has survived. What is interesting about these guidelines is that they will enable the scrutinisation of so-called "bad practice". The fact that citizens around the world can raise their concerns with the home governments of internationally operating companies under the Guidelines is exactly what is needed. What is also needed is the systemised non-threatening dialogue that is offered by the implementation mechanism of the OECD Guidelines. The value of the different perspectives that are brought in while dealing with difficult issues like supply chain responsibility, implementation on the corporate level of the precautionary principle, human rights, whistleblower protection, and some of the other difficult points in the guidelines will perhaps start creating the common understanding needed to build good policy on. The resulting policy package may remain still unprescriptive but the detail and the fact it is based on real-life experience that warrants change may ensure fast improvement and thus the type of creative forces sustainable development needs.

What the OECD Guidelines are still weak on is monitoring and verification. I do believe that NGOs and trade unions have an important role to play in the implementation and verification of codes. They are the natural whistleblowers. They are the ones best placed to bring to the surface those practices that are most painful. Yet more continuous, more systematic information gathering is needed in the environmental and social sphere.

This brings me to support the Global Reporting Initiative presented this morning. This multistakeholder initiative to develop environmental and social reporting standards is crucial. Again, policy must be based on information. The GRI, once broadly used by industry, will be a great help in ensuring that the information is comparative and useful.

Yet, when these standardised reporting rules exist, and are developed further. There remains the need for this information to be credible. Independent verification, not by consumers, trade unions or NGOs but by recognised and experienced verifiers is the last element that is vital. This will cost money, lots. Yet it is common place when financial reporting is done. I would argue that the importance of knowing if money is spent correctly, pales in face of the importance of knowing if the environment is not harmed or if social rights are observed. The current cost argument, implies again to me the lack of sense of urgency.

Finally, my main concern remains that all these codes remain mainly words. I find it shocking that a government can sign on to the OECD Guidelines for Multinational Enterprises and spend public money on corporate behaviour that is directly contradictory. Governments should, since it is their right to decide what criteria their subsidy or export credit regimes are based on, put the criteria of these financial instruments in line with the expectations of the OECD Guidelines for Multinational Enterprises. To me, and to the Dutch Parliament and Government that is a logical next step, and in the face of the discussion raging on about government credibility and coherence in policy making a vital one.

In conclusion,

In conclusion. International codes of corporate conduct with government involvement, under a coherent policy framework, combined with monitoring and verification, will help us to further develop the policies needed to ensure a fast transition to sustainable development. The recognition by global institutions that they have an important role to play in establishing the standards for all these processes is important. Our planet cannot however wait much longer. The learning curve needs to be pushed up, and there codes with a clear implementation regime that will lead to compliance and codes that ensure monitoring and information generation is what our attention should be focussed on. When for example the OECD Guidelines in combination with a system like proposed by the GRI is further built on, I believe we will then be moving fast enough in the right direction.