

THE OSLO CONFERENCE ON CORPORATE SOCIAL RESPONSIBILITY

OSLO, NORWAY, 13–14 November 2012

Final statement

The Oslo Conference on Corporate Social Responsibility (CSR) gathered approximately 500 representatives from governments, business, academia, trade unions and non-governmental organisations (NGOs). The participants came from more than 50 countries and all parts of the world. The conference was a follow-up to the 2007 Oslo Conference on Partnerships for Sustainable Development.

Norwegian Minister of Foreign Affairs Espen Barth Eide would like to thank all conference participants for sharing their knowledge, experiences, views and recommendations. He would also like to thank the institutions and partners that supported the conference.

Besides *taking stock of CSR achievements*, the conference focused on three themes:

- *The dissemination and implementation of the international CSR frameworks¹*
- *The growing impact of human rights in the field of CSR, and*
- *Future CSR challenges and opportunities.*

Key findings

Taking stock of CSR achievements: It is evident that CSR has made a difference to how business is conducted, but there is still a long way to go. Too many people still see their lives being negatively affected because of corporate misconduct. Progress made in the field of CSR has been incremental, making it difficult to see positive developments from one year to the next. However, over the last decade substantial headway has been made. Attitudes have changed fundamentally. What was considered acceptable ten years ago will in many cases be considered unacceptable or may even be illegal today.

There is a growing awareness of CSR in the business community. An increasing number of companies have ethical guidelines in place, and CSR provisions are being integrated into their operations and business strategies. There is an abundance of CSR-related tools such as guidelines and checklists, and there is no excuse for not using them. In many areas we are seeing a shift from confrontation to cooperation, paving the way for the implementation of practical CSR-related tools.

¹ In this context the UN “Protect, Respect and Remedy” framework and “Guiding Principles”, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ISO 26 000 and the Global Reporting Initiative are considered the most important.

The business community has come a long way in accepting its responsibility to respect human rights. This was evident during the process to develop the UN Guiding Principles on Business and Human Rights. We are also seeing many industry-driven CSR initiatives such as sector standards and norms, best practices and other voluntary schemes.

Dissemination and implementation of the international CSR frameworks are considered the most important tasks at hand with a view to advancing the CSR agenda.

The UN Guiding Principles on Business and Human Rights represent a watershed that opens the way to more coherent approaches to CSR. The duties of states to protect human rights and the responsibilities of businesses to respect them are described in the same document. When things go wrong and corporate misconduct occurs, judicial or non-judicial grievance mechanisms are to provide justice and remedy for affected individuals or groups. The OECD National Contact Points play an important role in this regard.

The due diligence process outlined in the Guiding Principles provides businesses with a tool for exercising CSR on a practical level. If applied everywhere, this will create a level playing field for businesses. The OECD Guidelines for Multinational Enterprises, updated in 2011, extend the scope of due diligence to most aspects of CSR. This makes it possible for the business community to address diverse CSR issues using the same methodology.

The more due diligence is used, the more it will be mainstreamed and eventually become part of international customary law. Mandatory forms of due diligence are emerging, and they may have a major impact, for instance on procurement and sectors such as mining and finance.

Six parallel sessions were held during the conference to identify corporate best practice. They covered various aspects of CSR, including:

- supply chains
- business and human rights
- CSR strategies in the media society
- socially responsible investments
- corruption and bribery and
- CSR, climate change and the environment

Key findings, along with advice and guidance for the business community can be found in the annex to this document.

The growing impact of human rights on CSR is a significant development. This has in particular become evident for companies operating in countries in a post-conflict phase or suffering from weak governance. Even though there are major challenges to be faced in such countries, the engagement of foreign businesses should be encouraged. They can generate economic activity and growth that are vital for achieving development and peace. They can also have a positive impact by setting higher standards for corporate conduct. Here – as in all their foreign operations – companies are expected to live up to the same standards abroad as they do at home.

A political climate conducive to CSR is crucial. CSR tends to thrive in open, liberal democracies rather than in countries at the other end of the political spectrum. Myanmar is a case in point. Myanmar is heading in the right direction, but support for reforms and peaceful

conflict resolution is needed. Economic growth is a key factor that can have a much bigger impact than aid, but growth is not enough in itself. There needs to be inclusive growth, which bridges the gap between the few rich and the many poor, and this growth needs to be combined with democracy, respect for human rights and good corporate practices. High CSR standards should apply from the outset for companies engaging in countries like Myanmar. Imposing such standards later on, once there is a higher level of wealth in the country, may be far more difficult.

Future CSR challenges and opportunities: Consolidation and harmonisation of the various international CSR frameworks will create synergies between the standards and principles of the UN, the OECD and the ILO. Governments, businesses and stakeholders are called upon to take the lead and push in this direction. Besides promoting CSR, this will ensure a more level playing field for the business community.

The view that exercising CSR is an entirely voluntary matter will increasingly be challenged. Some areas – such as support for development – will remain voluntary, while others, such as respect for human rights will become baseline expectations of all companies. Some areas of CSR will remain voluntary, some will be regulated and some will be incentivised. Striking a good balance here will be a challenge for all governments when they draw up a CSR policy.

In the face of increased consumerism, resource constraints, changing demography and climate change, business as usual will not do. New ways of doing business will be required in which businesses, governments, trade unions and civil society work together within a framework of sustainable development, good governance and accountability. Growing social and environmental challenges will increasingly become drivers of innovation for the business community.

The extrapolation of existing trends can give some indications as to what the future may bring:

- Good governance will remain a critical factor for advancing CSR. Key functions for governments are to act as legislators, regulators and protectors of basic rights – and to convey high CSR expectations to businesses. Setting high CSR standards in the public sector is another important task.
- Shareholders, employees, customers and the general public will expect more with regard to CSR and corporate conduct. The cost of misconduct in the form of damaged reputation or reduced earnings will grow.
- CSR will increasingly become a competitive factor for businesses.
- The role of civil society actors and the media as CSR watchdogs will expand.
- Decent work will gain importance as a key CSR issue as the consequences of globalisation are more acutely felt.

Most of these trends are expected to keep on growing in strength, irrespective of current and future business cycles. Exercising CSR will not be a “luxury” activity in which only thriving businesses engage.

The trends outlined above are also expected to unfold in fast growing economies. This will lead to increased awareness of responsible business conduct and will reinforce the international CSR frameworks as a truly global standard.

Annex:

Identifying best practice

Summary of the main points from the parallel sessions

Supply chains & decent work:

- Long-term supplier relationships based on dialogue and cooperation are a necessary condition for sustainable change
- Ownership by all core business departments is essential for effective supply chain management
- You as a company cannot solve all problems – you need to identify and engage in dialogue with stakeholders, both in producing countries and in your home country
- Having a critical mass of producers and buyers working together with other key stakeholders has a positive effect
- Local trade unions may be good partners for ensuring that workers' rights and working conditions are in line with the standards of the ILO core conventions
- Codes of conduct are necessary but not sufficient on their own: it is crucial to involve workers as key stakeholders in order to improve working conditions
- Companies should make use of Collective Bargaining Agreements (CBAs) and Global Framework Agreements (GFAs). Where CBAs and GFAs exist, conditions improve. Also valuable as tools for conflict prevention and resolution.

CSR strategies in a media society:

- In the context of finite budgets, there may be a conflict between the presentation of a company's CSR policy and the action taken. It can be difficult to strike the right balance.
- The media society challenges companies to demonstrate CSR. Critical journalism and civil society actors hold companies accountable. Companies should be transparent in their response.
- PR or media presentations that do not have a basis in reality are not sustainable.
- Strong implementation of CSR standards combined with insufficient communication of results/ambitions is not always advisable
- The company's CSR ambitions as presented in the media should be high enough to inspire the organisation to go the extra mile

- It is advisable to publish measurements that show the process of implementation and results achieved
- Firms that operate “outside the radar” and thereby stay out of the public eye are a cause for concern.

Business and human rights:

- There is a need for more information, especially for SMEs, on the UN *Guiding Principles*
- Cooperation with other companies within the same sector is important for mitigating risks
- Making human rights risk assessments must be a minimum requirement
- Due diligence is difficult in cases where the government is part of the problem
- Government-to-government contacts and capacity-building may help
- Report honestly, also on mistakes made – there should be tolerance for mistakes
- Financial parallel: do not avoid reporting even if figures are bad
- Learning from mistakes is as important as learning from best practices
- Companies tend to make progress only after making major mistakes, and are slow to learn from others’ mistakes
- The UN *Guiding Principles* provide a framework for all key processes

Social responsible investments

- Ethics should be integrated into the investment decision process
- Use a “balanced scorecard” approach: a shortlist of critical CSR indicators for each area, which are considered central for the company and its operating practices
- Companies need to communicate more clearly on their CSR goals so that investors can better take them into account. The goals should be to the point and brief (avoid a 200-page “smokescreen”)
- There is too much focus on short-term results – sustainability is a question of long-term value creation.
- It is important that evaluation models can be adjusted to take into account long-term risk, e.g. access to natural resources.

CSR, climate change and the environment – scrutinising the climate impacts of the Government Pension Fund Global’s investments

NGO views:

- Calls for improvements to the Ethical Guidelines of the Norwegian Government Pension Fund Global
- Calls to increase the size of Norway's Environmental Investment Programme, which now accounts for 0.6% of investments by the Pension Fund
- The threshold for exclusion of companies should be lowered
- More investments are needed in green economy
- Avoid compartmentalisation in government thinking: this poses a challenge to the traditional distinction between financial and political instruments

Government views:

- The role of the Fund as a *financial* investor restricts its room for manoeuvre in other areas
- Climate change is one of the focus areas for management of the Fund
- The issue of tropical deforestation is included in the revised document outlining expectations of companies
- Exclusion of companies is an important tool. Still, exclusion takes away the possibility of influencing them.
- Council on Ethics: illegal logging is now an area of priority

Corruption and bribery

- Anti-corruption must be integrated into the business culture of the company, business reviews, key performance indicators (KPIs), etc.
- Fighting supply chain corruption is good for business
- There is often a need to go beyond contract clauses and work with suppliers on the issue of corruption
- It is important to promote a culture of reporting bad news
- Whistleblowing and channels for reporting concerns at the local level are key to preventing corruption
- Transparency International Norway: new guidelines on corruption in supply chains are being developed
- It is important to challenge SMEs, not underestimate them – faster implementation may be easier for smaller enterprises.