



Summary Report

2013 Interagency Roundtable on CSR

Promoting Responsible Investment

Thursday, 14 November 2013 | ILO Headquarters, Room VII | Geneva

1. Introduction

The Interagency Roundtable on Corporate Social Responsibility (CSR) is a joint initiative co-organized by UNCTAD, ILO and OECD. Initiated in 2011, the Roundtable seeks to bring together CSR experts from international organizations and their development partners to explore current topics in CSR, share experiences and identify opportunities for collaboration. Participants are members of United Nations agencies and other relevant international organizations, along with national development agencies, governments' representatives and invited subject matter experts.

On November 14, 2013, ILO hosted the third annual Interagency Roundtable on CSR. Moderated by Mr. Are-Jostein Norheim, the Norwegian CSR Ambassador, the ad hoc meeting was attended by

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eleven international organisations, five representatives from national governments, two representatives from development agencies, one civil society participant, four governmental financial institutions representatives, one commercial investor, one financial research institution and representatives from industry and labour. The participants analysed current approaches and practices of CSR with regard to investment.

Special emphasis was put on the role that intergovernmental agencies and governments could play to support companies and their business partners in designing and implementing CSR practices.

The meeting took the form of an open discussion where all the participants had the opportunity to share their experiences, analysis and proposals on the topics discussed. The meeting started with participants briefly introducing themselves and their current work. The ad hoc meeting was divided into two sessions: the first addressing responsible investment in capital markets, and the second addressing issues of CSR in the area of foreign direct investment.

2 Overview of Key Discussions by Session

Session I: Capital Markets and Portfolio Investment

During the first session, participants highlighted their work with capital market participants (e.g. stock exchanges, regulators and institutional investors) aimed at promoting improved CSR practices among listed companies.

Some experts pointed out how their organizations typically take a consultative rather than prescriptive approach when guiding institutions, e.g. stock exchanges and pension funds, to invest responsibly. Investor efforts in the area of responsible investment remain largely voluntary, depending more on reputation to motivate investors and, by extension, companies. Regulatory initiatives, in particular mandatory reporting initiatives emerging in both developed and developing countries, were also discussed as part of government actions in this area. Participants discussed tools and guidelines concerning a range of issues, including decent work, freedom of association, human rights and the environment. Investor engagement with companies typically took place both before an investment is made (part of the asset allocation process) as well as after (part of the corporate governance engagement process). One investor highlighted the challenges posed by fiduciary duty regulations

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that restrict the ability of investors to use environmental or social information in making investment decisions.

There was some debate about whether CSR is voluntary, and what that means in the context of responsible investment. It was noted that as defined by a number of authoritative documents (e.g. ISO 26000) CSR is a broad area covering a number of company practices, including both legal compliance issues and voluntary activities, and that in many countries social and environmental protections are the subject of laws and regulations. There was a general recognition that voluntary CSR initiatives, while useful for certain areas of activity, are not a substitute for a company's responsibility to comply with laws. Nor do voluntary initiatives remove the obligations of states to protect workers, communities and the environment. Within this topic, discussants considered the implications of the UN Guiding Principles on Business and Human Rights for the finance sector.

Participants also discussed the issue of 'materiality' with regard to companies' reporting obligations. There was a discussion of what this term means in the context of CSR and responsible investment, noting that, correctly or incorrectly, the term is often used interchangeably with terms like 'important' or 'relevant'. Discussants considered the implications of how the term is defined on the way different stakeholders may determine priorities. There was a general recognition that social priorities are defined by the interests of society and any incongruity between the interests of society and other interests (e.g. financial interests) could be counterproductive for promoting sustainable development.

Session II: Direct Investments

One expert contrasted past and present approaches to negotiating investment treaties. In the past, investment treaties (both in the form of Bilateral Investment Treaties and Free Trade Agreements with investment chapters) were negotiated without feasibility studies; they were conducted behind closed doors and hence did not take into consideration the political and socio-economic environment. Their main goal was to attract foreign investment and protect it. In recent years, however, many countries have started to make reference to their overall sustainable development agenda in their investment treaties.

Overall, governments are playing a stronger role in the field of economic policy, including investment policy. The four main features of investment agreements are: to integrate international investment

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policies into national development strategies; strengthen the development dimension (e.g. by the inclusion of references to health, labour and environmental standards, not lowering standards clauses); preserve the right to regulate; and balance States' and investors' rights and obligations through the inclusion of Corporate Social Responsibility. However, tensions still remain between the goals of attracting FDI and ensuring social and environmental safeguards.

Other experts noted that while progress has been made, the effective inclusion of social and environmental provisions in investment treaties is still a long way off. It was necessary to further build consensus on what is expected of business in the context of sustainable development and how to ensure these expectations are consistently incorporated in investment policy and other government policies. Participants considered which global standards and frameworks should be used when guiding responsible investment from public and private financial investors, with many participants noting the usefulness of the UN Guiding Principles, the ILO MNE Declaration and the OECD Guidelines for MNEs.

3. Key Outcomes of the Meeting

1. There was general support and interest among the participants to continue to share knowledge in the field of CSR through the annual Roundtable format.
2. Participants agreed that more work needs to be done to overcome obstacles to investing responsibly: promoting greater transparency; providing better guidance to investors; promoting policy coherence between human rights provisions and financial regulation; and encouraging broader integration of environmental and social issues in investment, particularly in developing countries.
3. Participants expressed a strong interest in collaborating further.

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Participants List

Moderator

Are-Jostein Norheim, Norwegian Ministry of Foreign Affairs, Ambassador for CSR

International and Governmental Organizations and Public Financial Institutions

| Organisation/government | Name | Position |
|---|-----------------------------|---|
| Chile, Permanent Mission to UN | Jose Luis Balmaceda | Ambassador |
| Danish Business Authority | Victor Kjaer | Deputy Director General |
| Dutch Mission to UN in Geneva | Kim Moolenaar | Policy Officer CSR |
| European Union Mission to UN in Geneva | Marco Ferri | First Counsellor – Labour and Social Affairs |
| GIZ | Yoriko Rach-Bachmann | Manager, Private Sector Cooperation |
| IFC | Oliver Griffith | Head of Communications and Public Affairs, Western Europe |
| ILO | Anna Biondi | Deputy Director, ACTRAV |
| ILO | Githa Roelans | Head, Multinational Enterprises and Enterprise Engagement Unit |
| ILO | Emily Sims | Senior Specialist |
| ILO | Helmut Schwarzer | ILO project on Brazilian Workers' Welfare Fund |
| IOE | Renate Hornung-Draus | IOE Vice-President for Europe |
| BIAC | Paul Noll | European and International Affairs |
| IOE | Matthias Thorns | Senior Advisor |
| Italy | Maria Benedetta Francesconi | Ministry of Economic Development -Head of Industrial Policy for Made in Italy sectors |
| ITC | Joseph Wozniak | Program Manager, Trade for Sustainable Development |
| ITUC/TUAC | Dwight Justice | Policy Advisor |
| OECD | Marie-France Houde | Senior Economist |
| Norwegian Pension Fund Global - Council on Ethics | Pia Goyer | Director, Council on Ethics |
| Org. Intl. Francophonie | Christian Brodhag | Director of Research – Sustainable Development |
| South African Government Employees Pension Fund | Belaina Negash | Research Analyst (ESG) |
| SECO - State Secretariat for Economic Affairs | Anne de Chambrier | Programme Manager |
| Spain | Pablo Garcia - Valdecasas | Ministry of Empl. & Soc. Sec. Head of CSR Area |
| Swedish Credit Export Agency | Karl-Oskar Olming | Investment Social Policy Analyst |

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|------------|----------------------|---|
| UNCTAD | Hamed El-Kady | International Investment Policy Officer |
| UNCTAD | Anthony Miller | CSR Focal Point, Investment and Enterprise Division |
| UNEP | Elisa Tonda | Head, Business and Industry Unit |
| UNICEF | Subajini Jayasekaran | CSR Manager |
| UNOHCHR | Lene Wendland | Advisor on Business & Human Rights |
| UNRISD | Peter Utting | Deputy Director |
| World Bank | Selina Jackson | Special Representative to the UN and WTO |

Other Participants:

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| CUTS International | Rijit Sengupta | Regional Director (Africa) |
| Deutsche Bank | Michael Schneider | Director, Environmental & Social Capital group |
| EIRIS | Carlota Garcia-Manas | Head of Research |
| Independent | Mark Anner | Professor – PENN State |
| Independent | Andrea Saldarriga | Expert on CSR and IIAs |
| Independent | Elizabeth Umlas | Researcher |

In addition to these participants there were several observers from a range of international organisations.