

# CORPORATE ACCOUNTABILITY

OXFAM NOVIB STRATEGY PAPER ON CORPORATE ACCOUNTABILITY  
December 2014



**OXFAM**  
Novib

# CONTENTS

<b>ABBREVIATIONS</b>	<b>3</b>
<b>SUMMARY</b>	<b>4</b>
<b>1 INTRODUCTION</b>	<b>5</b>
<b>2 CORPORATE ACCOUNTABILITY - BACKGROUND</b>	<b>6</b>
<b>3 CORPORATE ACCOUNTABILITY AND OXFAM NOVIB</b>	<b>8</b>
<b>4 THEORY OF CHANGE</b>	<b>10</b>
<b>5 WHAT WILL WE DO IN PRACTICE?</b>	<b>12</b>
<b>6 PRACTISE WHAT YOU PREACH</b>	<b>16</b>
<b>7 WORKING ON CORPORATE ACCOUNTABILITY: WHAT'S IN IT FOR OXFAM NOVIB?</b>	<b>17</b>
<b>8 CHALLENGES OF A COMPREHENSIVE CORPORATE ACCOUNTABILITY STRATEGY</b>	<b>18</b>
<b>9 WHAT ARE OTHERS DOING? WHAT ARE EXISTING LOOK-A-LIKES?</b>	<b>19</b>
<b>10 CONCLUSION</b>	<b>20</b>
<b>ANNEX 1 OVERVIEW OF MOST IMPORTANT FRAMEWORKS INTERNATIONALLY</b>	<b>21</b>
<b>REFERENCES/KEY (OXFAM) DOCUMENTS</b>	<b>24</b>
<b>COLOPHON</b>	<b>26</b>

## **BOXES, FIGURES AND TABLES**

<b>BOX 1 ACCOUNTABILITY A DEFINITION</b>	<b>5</b>
<b>BOX 2 TO REGULATE OR NOT?</b>	<b>7</b>
<b>BOX 3 SOCIAL JUSTICE AGENDA WITH CORPORATIONS</b>	<b>8</b>
<b>BOX 4 OXFAM AND OXFAM NOVIB'S TRACK RECORD</b>	<b>9</b>
<b>BOX 5 WITH POWER COMES RESPONSIBILITY: FRONTRUNNERS, SWINGERS AND LAGGARDS</b>	<b>10</b>
<b>FIGURE 1 INTERVENTION STAGE ACTIVITIES OF OXFAM NOVIB AND ITS NETWORK</b>	<b>5</b>
<b>FIGURE 2 LOCAL AND GLOBAL</b>	<b>9</b>
<b>FIGURE 3 THEORY OF CHANGE</b>	<b>11</b>
<b>TABLE 1 THE THREE PILLARS OF THE UN GUIDING PRINCIPLES ON HUMAN RIGHTS AND BUSINESS</b>	<b>6</b>
<b>TABLE 2 SPECIFIC ACTIVITIES AND PROJECTS TO BE DEVELOPED FOR EXTERNAL FUNDING</b>	<b>13</b>

# ABBREVIATIONS

ASEAN	Association of South East Asian Nations
AU	African Union
BtB	Behind the Brands
B4D	Business for Development (department of Oxfam Novib)
BRICSA	Brasil, Russia, India, China, South Africa
MINT	Mexico, Indonesia, Nigeria, Turkey
DGIS	Directorate General for International Cooperation (of the Ministry of Foreign Affairs, the Netherlands)
EU	European Union
CA	Corporate Accountability
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
ICCO	Interchurch Organization for Development Cooperation
IDH	Sustainable Trade Initiative
INGO	International Nongovernmental Organisation
ISO 26000	International Organization for Standardization
KPM	Knowledge and Programme Management (department within Oxfam Novib)
MSI	Multi-stakeholder Initiative
NAP	National Action Plan
NCP	National Contact Point
NGO	Nongovernmental Organisation
NORAD	Norwegian Agency for Development Cooperation
OECD	Organisation for Economic Cooperation and Development
ONII	Oxfam Novib Impact Investment
OSP	Oxfam Strategic Plan
PwC	Price Waterhouse Coopers
RAI	Responsible Agriculture Initiative
RBA	Rights-based Approach
RSP0	Round Table for Sustainable Palm Oil
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium-sized Enterprises
SOMO	Centre for Research on Multinational Corporations
TCC	Tropical Commodity Coalition
UN	United Nations
UNGC	United Nations Global Compact
UNGPs	United Nations Guiding Principles (for Business and Human Rights)
VBDO	Dutch Association of Investors for Sustainable Development

# SUMMARY

Corporate accountability for Oxfam Novib is about *responsibility and responsiveness, meaningful stakeholder processes*, including access to grievance and compliance mechanisms, and *transparency*.

The basis of our work on corporate accountability is that the activities of multinational companies<sup>1</sup> can promote economic development and generate wealth and prosperity in a sustainable manner, thereby enhancing the realisation of a broad range of economic and social rights. On the other hand, there is no doubt that they can – and do – perpetrate human rights abuses, and create unsustainable situations that affect workers and communities in many of the host countries in which they operate around the world.

Oxfam Novib sees corporate accountability as more than just a question of abiding by international human rights norms, standards, rules and regulations; and wishes to expand it to the responsibility and responsiveness of corporations in development, poverty alleviation and social justice. Oxfam Novib's ambition is to be creative in this field and to work with civil society, as well as the private sector, to fill the *implementation gap* – the gap between policies and practice.

Fundamental to Oxfam Novib's theory of change of its work on corporate accountability is that, in whatever context, what needs to change is *business-society interaction* to overcome poverty and create development and social justice.

Oxfam Novib will develop mainstream as well as specific programmes in the main sectors we have chosen to work in: food/agri-business, and finance. We will develop activities and programmes that go deeper and wider than our current private sector work; and work with companies and civil to know, understand and show private sector actor's effects on society, human rights and poverty.

<sup>1</sup>The terms multinational companies, multinational enterprises and transnational companies are used interchangeably. The terms in this paper refer to those companies that have considerable operations, influence and/or sourcing in numerous countries and specifically in the Global South

# 1 INTRODUCTION

In March 2001 Oxfam Novib's directors approved the first policy paper guiding the organisation's vision, position and strategy on the private sector.<sup>2</sup> This paper outlined Oxfam Novib's policy on corporate social responsibility (CSR) within the rights-based approach (RBA) to development, and argued that Oxfam Novib's focus on promoting CSR 'does not lie primarily in raising awareness among companies of international conventions and declarations, but more importantly in developing intervention strategies, which can facilitate the adoption of CSR practices across diverse range of companies.'<sup>3</sup>

Since that time Oxfam Novib as well as Oxfam have developed and experimented with many strategies in relation to the private sector.<sup>4</sup> The main lessons learned in this period have been: the value of a sectoral approach; the limitations of certification; the value of *race-to-the-top* mechanisms<sup>5</sup>; the value of critical dialogue and high-quality research; the value of a *praise and fame*<sup>6</sup> approach in campaigning; the importance of multi-stakeholder initiatives (MSIs) and voluntary standards; and the need for different strategies in different phases (see Figure 1) and different contexts. A great deal has changed since Oxfam Novib's first policy paper, not only within Oxfam and Oxfam Novib, but also - and especially - in the outside world when it comes to corporations, human rights, social responsibility and sustainability.

## BOX 1 - ACCOUNTABILITY

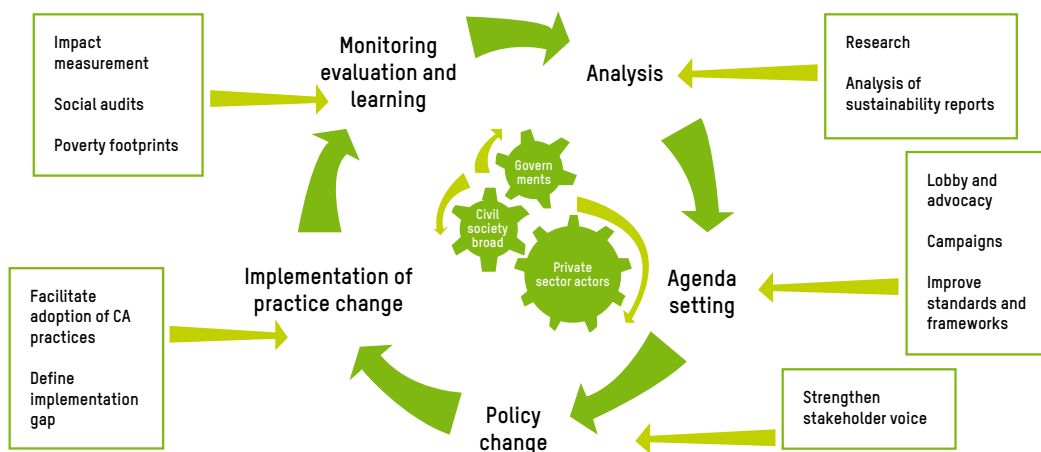
definition adapted from:

[www.businessdictionary.com/definition/accountability](http://www.businessdictionary.com/definition/accountability)

Accountability is an obligation to account for activities and accept responsibility for them, and to disclose the results of these activities in a transparent manner to all (potentially) affected stakeholders. These include all those who claim, fear, or wish to be affected by a company's actions, in the present, the past or the future.

The private sector engagement activities of the past ten years have made us realise that corporate accountability is crucial to most of our private sector work, and that the time has come to create more synergy and consistency in this work, as well as to extend and expand our activities more in the countries in which we operate: we must work deeper and wider. This paper aims to guide Oxfam Novib's work on its social justice agenda and in relation to the private sector, with a specific focus on corporate accountability. In doing so, we aim to ensure a coherent and strong profile on corporate accountability within Oxfam and in our dealings with towards external stakeholders and potential funders, and to have a greater impact in our mission of achieving a just world without poverty.

**FIGURE 1 - INTERVENTION STAGE ACTIVITIES OF OXFAM NOVIB AND ITS NETWORK**



<sup>2</sup>Oxfam, 1999; Oxfam, 2002; Oxfam, 2003 - these documents have laid the basis for most of Oxfam's work on the private sector

<sup>3</sup>Oxfam Novib (2003) Promoting a Rights-based Approach for Corporate Social Responsibility

<sup>4</sup>The term private sector is used to include all that is related to companies, large and small, as well as the enabling environment of rules, regulations, standards and norms related to business, trade and investments. The corporate accountability strategy of this paper predominantly focuses on large multinational corporations and the enabling environment thereof

<sup>5</sup>*Race to the top* mechanisms in this text refer to the eagerness of people (companies) to do better than the competitor. Indexes and public lists ranking people or companies often work on this basis. It is a reaction to the well known *race to the bottom* mechanism in which governments deregulate the business environment or taxes in order to attract or retain economic activity in their jurisdictions, resulting in lower wages, worse working conditions and fewer environmental protections.

<sup>6</sup>*Praise and fame*: aimed to encourage some kind of activities as opposed to name and shame: aimed to discourage certain activities.

## 2 CORPORATE ACCOUNTABILITY - BACKGROUND

Globalisation, ever increasing international trade and global interdependencies, as well as market liberalisation, have made the power of multinational corporations more noticeable and exposed the limit of national governments' power.

At the same time citizens worldwide, mainly driven by environmental and human rights issues, are calling for greater accountability and transparency in the corporate sector. This has led to a number of important global guidelines and initiatives in the past five to ten years<sup>7</sup>, such as the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises<sup>8</sup>, the Principles for Responsible Investment in Agriculture and Food Systems (RAI) approved by the UN committee on World Food Security in October 2014, the United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI) and ISO 26000, to name but a few; as well as certification schemes, MSIs, and numerous voluntary

industry and product standards and initiatives, with the UN Guiding Principles on Business and Human Rights (also known as the *Ruggie principles*, by the name of the designer: professor Ruggie at that time the UN special rapporteur on business and human rights and his team) being the most recent (2011) globally accepted framework. It was the first time in history that there had been a universal agreement on the impact of business on human rights that was not legally binding, but were not voluntary either (see Table 1). The UNGPs apply to all states and to all business enterprises, transnational or otherwise, regardless of their size, sector, location, ownership or structure (UNGP 14). It sets the risks right holders might face in relation to corporate practice central, as opposed to the risks for businesses. This framework was unanimously adopted and all states are strongly recommended to facilitate wide stakeholder processes to develop national action plans on how to implement the UNGPs in their national context.

**TABLE 1 - THE THREE PILLARS OF THE UN GUIDING PRINCIPLES ON HUMAN RIGHTS AND BUSINESS**

<b>GOVERNMENT: DUTY TO PROTECT</b>	<b>COMPANIES: RESPONSIBILITY TO RESPECT</b>	<b>RIGHTS HOLDERS: ACCESS TO REMEDY</b>
The State's duty to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, investigation, enforcement and adjudication.	The corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and to address adverse impacts of activities in which they are involved.	The need for greater access for victims to effective remedy, both judicial and non-judicial.

Civil society organisations (CSOs) are seen as an important stakeholder within all these initiatives, and beyond, to provide a critical voice and analysis, and to monitor compliance. CSR (especially in Europe) has developed from doing good (charity) through brand management; to the integration of economic, social and governance criteria into business practice; to *knowing and showing* impact and *shared value*. There is a greater awareness that businesses can have an adverse effect on human rights and poverty, and the willingness to know what this effect is and show how to do something about it is slowly growing in some countries, but still needs a lot of attention and awareness raising in many others.

Oxfam Novib has played a crucial role in many of the initiatives, frameworks and standards mentioned above, through lobbying for them to be put in place (e.g. Aquaculture Stewardship Council; GRI); thinking through the details of the criteria (various certification schemes); setting down criteria from the beginning (e.g. Round Table for Sustainable Palm Oil (RSP0)); and facilitating broad (Southern) civil society input (e.g. ISO 26000; Round Table on Sustainable Cocoa Economy).

<sup>7</sup>see Annex 1 for a brief overview of the most important standards and guidelines

<sup>8</sup>OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>

In relation to some internationally traded tropical commodities, major steps have been made in standards-setting through MSIs and in programmes with certification schemes. However, CSR standards and practices in developing countries as well as in the emerging BRICSA/MINT markets<sup>9</sup> are clearly lagging behind, and sustainably produced commodities are still the vast minority. Most importantly, there is little evidence of CSR having an impact on producers, communities and workers' standards of living, on a large scale. Despite all the developments in corporate accountability and transparency described above, poverty is still rampant; many countries are involved in a race to the bottom to attract foreign investment (e.g. through tax holidays); and inequality and injustice is arguably growing<sup>10</sup> (especially in middle-income countries, where the majority of the poorest people currently live). The question of whether or not private sector activities lead to economic growth with social justice and equity remains hotly debated, as does the issue of rules and regulations versus voluntary initiatives and standards (see Box 2).

Integrating corporate accountability into the core business values of large companies requires that companies and other stakeholders become aware of these rights and obligations, and of the necessity to operate within the context of these rights. The UNGPs has generated quite some activities and debate at global level (e.g. the [UN Forum on business and human rights](#) in December 2014 in Geneva had a record of over 2000 participants) and general awareness is growing. However, in many of the countries we operate in this awareness is still at a nascent stage, both among civil society actors and companies as well as governments. At the same time, many companies do not know whether and how their policies are implemented, and how their use has an effect on development. Many civil society actors are not aware of the rules and regulations that control large companies and mainly see the negative effects of their operations, while quite a few governments primarily wish to attract as many investors as possible.

## BOX 2 - TO REGULATE OR NOT TO REGULATE?

The debate around corporate accountability and CSR in general is polarised over whether voluntary or regulatory approaches are the most effective way to promote corporate social responsible practices. Companies generally stress the voluntary nature of CSR, arguing that global regulation will stifle innovation. On the other hand, they desire a level playing field. Trade unions and civil society generally find voluntary initiatives insufficient to protect workers' and citizens' rights. Oxfam advocates the use of both approaches, as they can complement and reinforce each other, make room for higher standards, and set the scene for new issues to be addressed. It aims to ensure that international processes, rules and regulations enable accountability at the national level.

<sup>9</sup>Brazil, Russia, India, China and South Africa; Mexico, Indonesia, Nigeria and Turkey

<sup>10</sup>See among others: Piketty, T. 2014 *Capital in the 21st Century* and [Oxfam](#), Oct 2014: Even it up; time to end extreme inequality

# 3 CORPORATE ACCOUNTABILITY AND OXFAM NOVIB

The human rights abuses and the poverty impact of businesses, is what we would like to see changed: from *do no harm* to *do good* and *show it*. Oxfam Novib wishes to profile itself as creative and systematic in this field by combining various approaches and strategies to reach its mission of a just world without poverty and promote a social justice agenda (see for example Box 3).

Accountability is at the core of the RBA:

*In a human rights-based approach, human rights determine the relationship between individuals and groups with valid claims (rights-holders) and State and non-State actors with obligations (duty-bearers). Oxfam Novib identifies rights-holders (and their entitlements) and corresponding duty-bearers (and their obligations) and works towards strengthening the capacities of rights-holders to make their claims, and of duty-bearers to meet their obligations.<sup>11</sup>*

Therefore, for Oxfam Novib *corporate accountability is about responsibility and responsiveness, meaningful stakeholder processes, including access to grievance and compliance mechanisms, and transparency.*

Transnational corporations are increasingly obliged to know, understand and show their effects on society in order to meet their legal and societal obligations. The UNGPs state that all businesses have to identify, prevent and mitigate their potential and actual adverse impact on human rights. Sustainability reporting has become common practice among many large multinationals. Nevertheless, many corporations are still in denial about their impact, and sustainability reports are rarely used to improve accountability and meaningful dialogue.

Civil society plays an important role in putting social injustice, human rights and poverty issues on the agenda. Private sector actors also regard civil society as an important stakeholder in meeting the obligations they have towards society and working together towards solutions. At the same time civil society actors are not always able, or willing, to take on that role. Oxfam Novib does see it as its role to engage with private sector actors, and wishes to fulfil that role even better together with others, building on, as well as creating, new countervailing influences. This strategy paper is a first attempt to guide that work in a coherent manner.

<sup>11</sup>Oxfam, 2011

<sup>12</sup>Key donors such as DGIS, SIDA, NORAD and the EU have special funds for corporate watchdog-type work

## BOX 3 - OXFAM'S BEHIND THE BRANDS

Provides scores on:

- smallholder farmers
- climate change
- gender
- land
- workers
- transparency
- water

It is a crucial and opportune moment for Oxfam Novib to go deeper and wider in this area of corporate accountability, and to use its experience and insights of agenda setting and policy development in different contexts; and at the same time develop programmes and experience in monitoring the outputs and effects of corporate policies on affected stakeholders and communities, and generate initiatives to improve performance and create new agendas.

Oxfam and its partners have huge potential to develop private sector watchdog and engagement programmes; to offer community-based social and human rights impact assessments and audits; and to provide thought leadership on meaningful interaction among the private sector and civil society, consumers, workers and producers. The expectations of stakeholders, the larger and wider network of Oxfam staff worldwide, as well as current funding opportunities, add to this opportunity.<sup>12</sup>



Oxfam's Strategic Plan (OSP) 2013-2019 is clear on its focus on accountability:

#### BOX 4 - OXFAM AND OXFAM NOVIB'S TRACK RECORD

Oxfam and Oxfam Novib's activities in relation to the private sector have been substantial and are recognised the world over. Most notable examples here in relation to corporate accountability are: the work of the Publish What You Pay campaign; Oxfam's Poverty Footprint studies with companies; Oxfam's role in global roundtables and multi-stakeholder processes; the Fair bank Guide (also going international) and the Behind the Brands campaign; as well as Oxfam Novib's continuous lobbying for fair trade and investment agreements, and policy frameworks that ensure equity and development; and various local watchdog activities in numerous countries. All focus on transparency and access to (public) quality information, responsibility and responsiveness and stakeholder involvement as key to accountability, with a multitude of diverse interventions. Key topics are at all times: decent employment conditions, including living wage; tax regimes; pricing mechanisms; knowledge systems and knowledge transfer; fair compensation mechanisms; inclusion of smallholder farmers and producers.

*Expected impact by 2019: More women, young people and other poor and marginalized people will exercise civil and political rights to influence decision-making by engaging with governments and by holding governments and businesses accountable to respect their rights ... Oxfam needs engagement of the private sector, tougher challenges and deeper collaboration to achieve corporate accountability, with transparency and serious consequences for corporate misconduct and effective partnerships for innovative change.<sup>13</sup>*

Oxfam's RBA and social justice agenda addressing inequality and power is broader than many human rights and environmental organisations operating in the same field. Oxfam's presence in a large number of the world's countries - both the most powerful nations as well as the most fragile nations - puts Oxfam in a unique position to play an important role in this field. The possibilities and capacity of Oxfam's campaign machine, which can mobilise consumers and citizens worldwide and influence the agenda of companies and governmental bodies, adds to our comparative advantage over civil society organisations working in the same domain.

A lot of work on accountability focuses on governments and public sector bodies, such as the European Union (EU), African Union (AU), World Bank, etc. Many country offices have seen the limitations of this and the need to also address accountability in large companies as they are closely entwined. Over the past 10 years a variety of strategies and programmes on the private sector have provided Oxfam and Oxfam Novib with valuable insight and experience. The emphasis on corporate accountability is a logical consequence of existing private sector work.

We will work *local* and *global* on various pressure points, as indicated in Figure 2 below, working at both ends of civil society influence spheres on the corporate sector: on the side of the consumers, international frameworks, standards and reporting on the one hand; and on the side of communities, right holders and stakeholders on the other (see Chapter 5 for specific activities), while aiming to know and show the relationship between these sides.

FIGURE 2 - LOCAL AND GLOBAL



<sup>13</sup>Oxfam, 2013b, pp9-10

## 4 THEORY OF CHANGE

Oxfam operates in a hugely diverse range of country contexts: from closed states to robust democracies; from fragile states to powerful middle-income countries; from places where women have mobility and political representation to places where they are excluded from public life; from conflict and post-conflict settings to highly industrialised nations; from countries with nascent and threatened civil societies to those with sophisticated and inclusive civil societies.

The spaces in which civil society can engage and have a voice vary hugely. Events are very context specific. These include: conferences; shareholder/stakeholder meetings and dialogues; hearings; engagement with standards-setting bodies; MSIs; meetings with parliamentarians, civil servants and private sector actors; as well as tools such as grievance mechanisms, public advocacy, law-based mechanisms, media, investigative journalism, popular mobilisation, etc. In all country contexts we will seek to strengthen civil society as well as the space for civil society and link this work to the global agenda and vice versa.

Information is key and sustainability reporting has become common practice among the world's largest companies over the past five to ten years, due to initiatives such as the GRI and also regulations.<sup>14</sup> Yet this information is not commonly utilised and the vast majority of companies do not provide detailed information. Furthermore, stakeholders and especially poor and marginalised people often lack a voice in (political) decision making, and they tend to be limited in their capacity to hold duty-holders accountable, leaving undesirable situations unchanged.

Fundamental to our theory of change, in whatever context, is that what needs to change is **business-society interaction** to overcome poverty and create development.

### BOX 5 – WITH POWER COMES RESPONSIBILITY: FRONTRUNNERS, SWINGERS AND LAGGARDS

Power analysis of a sector can show:

- Frontrunners: the champions or leaders
- Swingers: the large middle group that can move up or down
- Laggards: those who do not wish to change and/or block changes

We intend to work with the frontrunners and move the swingers to higher standards, while putting pressure on the laggards.

The following assumptions underlie our overall theory of change for our work on corporate accountability:

- companies play a crucial role in establishing a sustainable society with respect for human rights and reduced poverty
- *With power comes responsibility.* We assume large multinational corporations have the potential to trigger changes in society. They have a lot to gain as well as a lot to lose. The second pillar of the UNGPs (see Table 1): the responsibility to respect human rights is crucial here.
- Stakeholders will hold companies, including standards-setting bodies and MSIs, to account if they have access to information.

The theory of change shows a need for a broad spectrum of relationships, strategies and tools, which is especially acute in many of the countries in which we operate, given the dominance of informal power structures.

<sup>14</sup> A directive of the European parliament and of the council (July 2014) regards disclosure of non-financial and diversity information by certain large undertakings and groups as from 2017. The new measures are aimed at strengthening the company's transparency and accountability, while limiting any undue administrative burden, and ensuring a level playing field across the EU. It is estimated that this affects around 6000 companies in Europe.

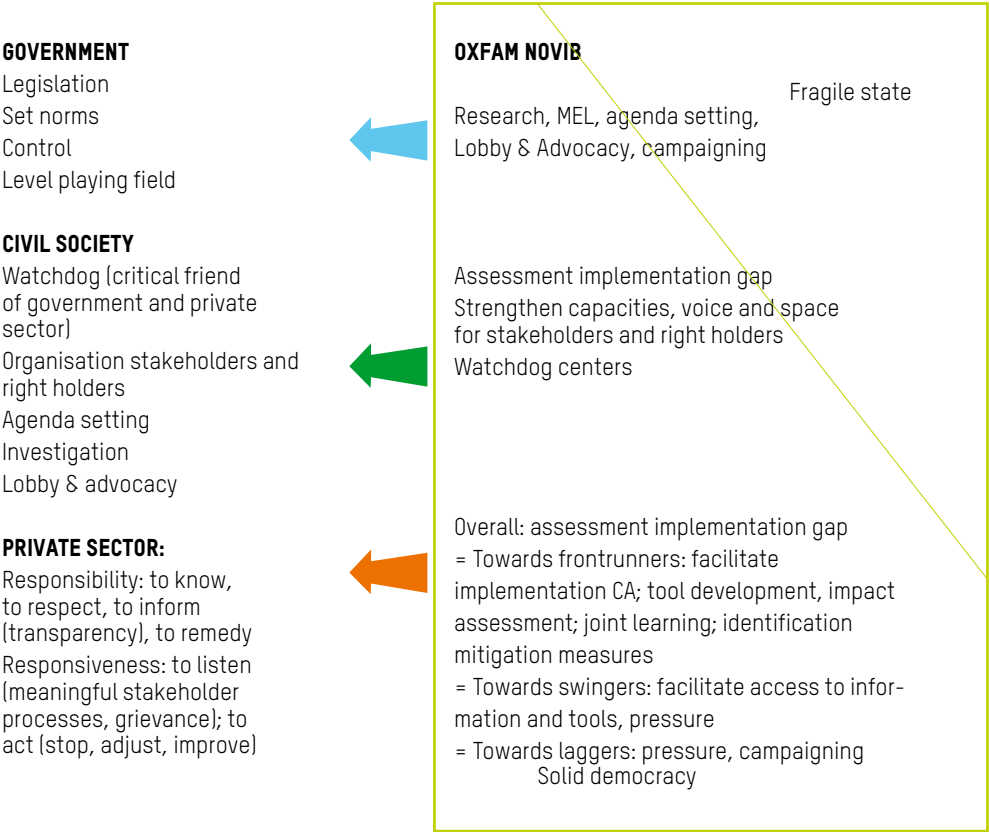
For sustainable and equitable development and a just world without poverty, companies must perform in a sustainable way and interact with stakeholders, as well as rights holders, (potentially) affected by their operations.

Different and complementary roles:

- Government: legislation, norms, control, level playing field, implementation of internationally agreed frameworks (e.g. UNGPs)
- Civil society: watchdog (critical friend of the government and private sector), organisation and empowerment of stakeholders and rights holders, agenda setting, lobbying and advocacy, investigation, research, campaigns
- Private sector: with power comes: responsibility - to know, to respect, to inform (transparency), to remedy - and responsiveness - to listen (meaningful stakeholder processes, grievance) and to act (stop, adjust, improve)

Oxfam Novib will facilitate this interaction, strengthen actors in their roles, involve relevant allies, develop adequate tools, facilitate pilots, measure and show impacts, and set new agenda issues. Context diversity demands various and different combinations of strategies, but there is always a business society interaction with an adjusted Oxfam Novib focus on civil society and/or on private sector actors (from campaigning to strategic cooperation).

**FIGURE 3 - THEORY OF CHANGE**



# 5 WHAT WILL WE DO IN PRACTICE?

The above analysis calls for a mainstream approach: using corporate accountability and its crucial elements of **responsibility and responsiveness, transparency and meaningful stakeholder processes**, with grievance and compliance mechanisms as entry points for all Oxfam Novib's private sector work with large enterprises, and especially in the sectors Oxfam Novib has chosen to focus on: food/agri-business, and finance.

At the same time it calls for a concerted effort in the development of a number of programmes that focus specifically on corporate accountability. It calls for work on: a) the input or policy side of global and (inter)national rules, regulations and policies; as well as b) the output or practice side of implementation and monitoring thereof ('know and show'), reporting, thought leadership, stakeholder involvement and raising awareness of the role of private sector in development, among civil society as well as private sector actors.

This means we will go deeper and wider with our work and:

- Facilitate the adoption of corporate accountability practices across a diverse range of companies as well as civil society actors, and set up new ways of interaction between civil society organisations (CSOs) and the private sector.
- Facilitate the assessment of the implementation gap - the gap between (corporate) policies and practice - and focus on compliance and social auditing, showing the impact of corporate accountability, or the lack thereof, on the lives of people living in poverty as a step in a continuous process - making the five phases model (see Figure 1: Intervention stage activities of Oxfam Novib and its network) a virtuous cycle. Companies to be selected within the food and agri-business or financial sectors
- Empower stakeholders to be meaningful participants in corporate stakeholder processes; facilitate these processes
- Help show what the contribution of large companies towards Oxfam's social justice agenda actually is
- Facilitate and strengthen the voices of those to whom corporations should be accountable and the communities in which they operate, as well as their clients and consumers

- Continue to work on lobbying, advocacy and campaigning for better standards and rules and regulations for trade and investment, putting pertinent issues like land grab, living wage, tax regimes, etc. on various agendas and using innovative ways to do so
- Use race-to-the-top mechanisms supported by research, benchmarks and indices
- Continue to set the agenda on issues related to our social justice and poverty alleviation mission.
- Build alliances within Oxfam and other nongovernmental organisations (NGOs) on the corporate accountability agenda and establish joint programmes

After two years we will have:

- Achieved a clear positioning of Oxfam Novib as an important player in corporate accountability - globally as well as in a number of selected countries.
- Developed enough experience, evidence and insights to have a coherent view and strategy Oxfam can refer to in its dealings with companies and other organisations.
- Influenced the global agenda in this field towards recognising the need for greater social justice
- One or two corporate accountability and watchdog programmes, including monitoring of private sector practices and their impact on local communities, and an active civil society able to engage in stakeholder processes and dialogues with companies.
- Developed a strong input for the Dutch partnership funding opportunities of 2015 onwards on corporate accountability (*bepletten en beïnvloeden; dialogue and dissent*)
- Enough experience to be able to decide whether to exit, hand over or scale up the work on corporate accountability
- Build strategic alliances with key players, and develop a profile as an actor alongside the UN, governments and private sector actors
- Documented key learnings and evaluated the theory of change

**TABLE 2 - SPECIFIC ACTIVITIES AND PROJECTS TO BE DEVELOPED FOR EXTERNAL FUNDING<sup>15</sup>**

	RESPONSIBILITY AND RESPONSIVENESS: SHOW COMPLIANCE	MEANINGFUL STAKEHOLDER PROCESSES	TRANSPARENCY: REPORTING AND ACCESS TO INFORMATION
<b>At the global level, with important local linkages</b>			
1) Informed dialogue between business and civil society around the UNGPs. Pilot project started Sept. 2014 with Ministry of Foreign Affairs of the Netherlands Human Rights Fund; to be expanded		With the UN Global compact, the Ruggie team (SHIFT) and Oxfam America, facilitate learning and meaningful dialogue between corporations and civil society around the UNGPs in selected countries (Indonesia, Turkey, South Africa and Mexico)	
2) With the Dutch Association of Investors for Sustainable Development (VBDQ), explore possibilities to expand shareholder activism and engagement model to one or two upcoming economies. Feasibility study started Sept. 2014 till mid-2015; project for fundraising after that		Shareholders will be taking responsibility to ask relevant questions of corporations	Set up a process of transparency through shareholder meetings and dialogues on sustainability reports with selected companies in a few selected countries with emerging economies
3) With GRI, explore possibilities on how to efficiently generate and use data from reports by CSOs ; develop training for CSO users		Dialogue of civil society with GRI reporters towards private sector actors in key emerging economies	Explore the possibilities of a worldwide feedback mechanism on multinational sustainability reporting
4) Poverty Footprint. Housed under the UNGC. Oxfam Novib in advisory committee to ensure poverty focus.	Impact of multinationals on poverty, especially on learning and understanding.		The value of doing research together is the access to company information
Explore the possibility of a 10 years after poverty footprint with Unilever			
5) Private sector in conflict affected areas programme to be developed with the Centre for Research on Multinational Corporations (SOMO)		With SOMO, develop a programme on civil society and private sector investment in fragile states	Research into what it means to do business in a conflict area
a) Behind the Brands (BtB) campaign. Aim is in 2020 be able to show what the effects have been of the commitments of the ten BtB affected companies	Focus on policies of global top 10 food and beverage companies and follow the companies promises and monitor implementation of the companies	Agenda setting; and engagement on responsibility	Helps to make information publicly available for others to use



<sup>15</sup> A directive of the European parliament and of the council (July 2014) regards disclosure of non-financial and diversity information by certain large undertakings and groups as from 2017. The new measures are aimed at strengthening the company's transparency and accountability, while limiting any undue administrative burden, and ensuring a level playing field across the EU. It is estimated that this affects around 6000 companies in Europe

	RESPONSIBILITY AND RESPONSIVENESS: SHOW COMPLIANCE	MEANINGFUL STAKEHOLDER PROCESSES	TRANSPARENCY: REPORTING AND ACCESS TO INFORMATION
<b>At the global level, with important local linkages</b>			
b) Global cocoa programme with <u>Voice</u> network	<p>Focus on the promises of the BtB cocoa companies</p> <p>Follow-up of Tropical Commodity Coalition, specifically on cacao</p> <p>“Cocadola” partnership programme in Nigeria</p>	<p>Facilitate involvement of farmer organisations and labour unions in key global events (e.g. International Cocoa Conference)</p> <p>Civil society network: monitoring developments in cacao and critical voice</p> <p>Links with international networks and watchdogs</p>	<p>Transparency through <u>Barometers</u></p>
c) Aquaculture	<p>Focus on criteria and framework</p>	<p>Ensure effective involvement of stakeholders and rights holders</p>	<p>Focus on social auditing</p>
d) Feed dialogues	<p>Focus on criteria and framework</p>	<p>Ensure effective involvement of stakeholders and rights holders</p>	
e) Fair finance	<p>Engagement over responsibility and responsiveness</p>	<p>Ensure dialogue between civil society and financial sector, based on regular assessments of policy and practice of financial institutions. Awareness raising among clients; increase of influence on financial products. Involvement of clients in agenda setting</p>	<p>Helps to make information publicly available. Roll out internationally: Indonesia, Brasil</p>
<b>At local level, with important global linkages (in countries that have put private sector work as key in their strategic plan)</b>			
6) Senegal, Nigeria, Uganda, Egypt, Zimbabwe and pan-Africa	<p>Power mapping of crucial local companies. Engage with in work on their responsibility and responsiveness. Work towards meaningful national action plans (NAPS) around the UNGPs</p> <p>Partner with the African Coalition for Corporate Accountability (ACCA)</p>	<p>Support and develop mechanisms for civil society to enter into dialogues with frontrunner companies</p>	<p>Focus on the AU with Oxfam office in Addis Ababa, Ethiopia</p> <p>Explore the use of the <u>Community human rights impact assessment tool</u> as developed by Rights and Democracy and Oxfam America</p>



	RESPONSIBILITY AND RESPONSIVENESS: SHOW COMPLIANCE	MEANINGFUL STAKEHOLDER PROCESSES	TRANSPARENCY: REPORTING AND ACCESS TO INFORMATION
At local level, with important global linkages (in countries that have put private sector work as key in their strategic plan)			
7) Laos, Myanmar, Cambodia, Indonesia	<p>With <a href="#">CSR Asia</a> and Oxfams in the region set agendas; provide thought leadership and research</p> <p>Work towards meaningful NAPS around the UNGPs</p>	Support and develop mechanisms for civil society to enter into dialogues with front runner companies	
f) RSP0	Focus on norms and standards as well as compliance and implementation	Grievance mechanisms Prevention of grievances	
g) Publish What You Pay			Focus on governments can learn from strategies and tactics and further research on role of corporate and government policies and practices towards corporate practices
h) <a href="#">Tax Justice Network</a>			Focus on governments can learn from strategies and tactics and further research on role of corporates, financial institutions and government policies and practices towards corporate practices
i) Investigative journalism; access to information; citizens' voices	Possibilities to use these networks, technologies and platforms for corporate accountability, too		Technology to hear citizens' voices. Right to be Heard knowledge hub

## 6 PRACTISE WHAT YOU PREACH

With power comes responsibility: this also applies to Oxfam as a powerful civil society actor. The key issues under corporate accountability as propagated by Oxfam Novib - *responsibility and responsiveness; useful stakeholder processes; transparency and access to information* - also apply to our own operations as well as investments (Oxfam Novib Impact Investments (ONII)).

The members of the Oxfam Confederation (which includes Oxfam Novib) are members of the INGO Accountability Charter, which commits international NGOs to a high standard of transparency, accountability and effectiveness. The Charter defines standards in areas such as governance, programme effectiveness and fundraising, and members commit to report annually using the [GRI NGO Sector Supplement](#), a reporting tool developed to meet the needs of NGOs.

Since January 2014 the Charter has been a member of [the International Aid Transparency Initiative \(IATI\)](#), an initiative to increase the effectiveness of international development through greater transparency of data. Oxfam Novib reports according to the IATI standard<sup>16</sup>, and complied with the Charter's reporting requirements for the first time in the 2014 report.

We have policies regarding the corporate responsibility of our suppliers, including our bank and our pension provider. Different strategies are used for stakeholder groups to ensure transparency and access to information - for example, '[Praat mee](#)' (discuss with us) for the Dutch general public, a partner satisfaction survey for our partners, and various Facebook and web-based fora. Different stakeholders ask for different processes, and for these to be meaningful to our work, our mission and target groups, it requires further effort on our part to incorporate them.

To ensure we practise what we preach within our own investments (ONII) we are in the process of developing innovative impact measurement tools, among others based on work of the [World Citizens Panel](#). The approaches of many of the global frameworks and standards cannot just be transferred to small and medium-sized enterprises (SMEs), because they lack resources and direct contact with consumers in industrial countries to enable them to reap the benefits associated with enhanced reputation (although consumer awareness is growing in many less developed countries too).

They often cannot influence governments or standards in their industry. However, they understand local culture and politics better, and have more direct links with communities around them, potentially providing corrective mechanisms in case of negative impacts. There is a threat that international standards and calls for corporate accountability will undermine SMEs. The challenges are to reduce the barriers and dangers, while strengthening the opportunities to enable corporate accountability to have a positive impact on SMEs.

<sup>16</sup>[www.oxfamnovib.nl/Open-data-Oxfam-Novib.html](http://www.oxfamnovib.nl/Open-data-Oxfam-Novib.html)



## 7 WORKING ON CORPORATE ACCOUNTABILITY: WHAT'S IN IT FOR OXFAM NOVIB?

Working on corporate accountability is a way to achieve our mission: *a just world without poverty*. This is based on Oxfam's overall theory of change that *with power comes responsibility*; large companies have a lot of power and small steps with large multinational companies can have a big impact that will affect many people involved in their value chain.

In addition it will give Oxfam an opportunity to gain insights and evidence to further develop our theory of change and therefore our ways of working; it will foster our reputation as a worldwide organisation that has expertise in poverty and development and therefore support our corporate image and potentially attract donors. It fits our profile as a social justice organisation and our role and image on the 'People' side of the People-Planet-Profit triple bottom line often used in CSR deliberations.

It gives us a chance to use and test innovative approaches; develop new programmes, partnerships and techniques, and attract (unusual) funding opportunities or create income streams. For example, participatory or community-based social and human rights auditing and impact assessments, as well as shareholder activism and sustainability reporting processes, have the potential to bring civil society watchdogs and private sector actors together and create and develop superior solutions and innovative tools. This could also apply to policy or poverty footprint (implementation gap) studies, as well as to engagement through shareholder meetings, multi-stakeholder processes, and company (sustainability) platforms such as the [UN Global Compact](#), the [Sustainable Agriculture Initiative \(SAI\)](#) platform and others.

## 8 CHALLENGES OF A COMPREHENSIVE CORPORATE ACCOUNTABILITY STRATEGY

The multiple approaches Oxfam Novib uses lobbying, campaigns, dialogue, fundraising, partnerships when engaging with companies is often not well understood. To be able to communicate this better is a challenge in itself. Further evidence building and insight into the value of these diverse and simultaneous interventions and the roles they play in systemic change will be needed.

The added value of an active and critical civil society including Oxfam itself working on corporate accountability will not automatically be clear to companies, and needs to be constantly reiterated and demonstrated. To monitor the policies and activities of corporations on the ground and work on the implementation gap is not easy as information is generally scarce, non-transparent and often regarded as commercially sensitive.

The possibilities for constructive engagement between affected communities and CSOs and private sector actors are limited in many regions in which we work and new to many CSOs in the Global South. Creating a level playing field and getting some of the more basic corporate accountability principles to work is a huge challenge in many countries

Within Oxfam Novib it will be a challenge to ensure a clear division of labour and roles between the various departments. Within Oxfam there are many different ideas about which interventions are best when it comes to corporate accountability, ranging from campaigning to active partnerships and everything in between. With further independence of all the different Oxfams, it will be a challenge to ensure that the knowledge, experience and networks in Europe and the US that deal with the issue of corporate accountability are used in the best ways possible to support those in Asia and Africa and vice versa.

## 9 WHAT ARE OTHERS DOING? WHAT ARE EXISTING LOOK-A-LIKES?

There are many actors in this field: human rights and environmental organisations, watchdogs, social auditors, UN agencies, accounting firms and more. The UNGPs and their mandatory due diligence have created numerous agencies operating in this field, including the 'Big Four' accounting firms: KPMG; PwC, Deloitte, and Ernst & Young.

Many organisations operate at the global level (numerous business and human rights organisations; CSR networks), including Amnesty International, Greenpeace, Friends of the Earth and Dutch development NGO: ICCO. Most of these actors are active on the *input* side: making sure rules and regulations, reporting systems and policies are in place, and that standards are inclusive; and monitoring these instruments and policy frames or campaigning when businesses violate human rights.

In the Netherlands BBO (a Dutch consultancy firm that Oxfam Novib commissioned to do a mapping of CSR related activities in the Netherlands) observed that of all the organisations working on issues relating to the private sector, including trade and development, Oxfam Novib is somehow involved in all of these initiatives (e.g. MVO Platform; SOMO; OECD Watch; IDH; VBDO; Sustainable Match; Tax Justice Network; FairFood, etc.). A similar picture emerges in Southeast Asia: Oxfam is connected to some of the most important networks and institutions that are working on business and human rights or CSR and corporate accountability (e.g. CSR Asia; ASEAN CSR Network).

Others work more particularly on the side of remedy of corporate human rights abuse victims and seeking access to remedy. For instance, most of the 70 organisations that are members of the African Coalition for Corporate Accountability (ACCA) assist communities in accessing grievance and remedy mechanisms. Other organisations operate more or less as consultants for example, CSR Asia, the African Institute of Corporate Citizenship, the African Centre for Corporate Responsibility, and the Myanmar Centre for Responsible Business, among others.

# 10 CONCLUSION

Businesses increasingly operate without borders and more and more CSOs, too. Oxfam Novib's unique position, experience and belief in the need for critical dialogue with companies addressing their responsibilities, as well as its world-wide network, knowledge and RBA puts us in a unique position to step into a gap left by many operating in the fields of accountability, business and human rights the gap of *prevention* and linking the human rights and business agenda to poverty and sustainable development.

This strategy will result in a coherent set of interventions that expands the network of CSOs working on private sector engagement, especially in Africa and Asia (local and regional watchdogs and engagement processes); produces studies showing compliance (e.g. of number of the promises made in the Oxfam Behind the Brands campaign); and strengthens our position as a valuable partner in highlighting the role of the private sector in development, poverty reduction and social justice.

The niche we will be seizing around the *filling implementation gap* in relation to social justice, while still working on the input side of just and equitable rules, policies, and regulations and reporting, will be a huge challenge and will require a concerted effort. We aim to change the business society relationship in many countries, including fragile states, and to become a respected watchdog or *critical friend* in all the aspects of corporate accountability by 2020.

# ANNEX 1

## OVERVIEW OF MOST IMPORTANT FRAMEWORKS INTERNATIONALLY<sup>17</sup>

**United Nations Guiding Principles on Business** (UNGPs) or the **Ruggie framework** or the Respect, Protect and Remedy framework (see: [www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework](http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework))

UN Special Representative John Ruggie proposed a framework on business and human rights to the UN Human Rights Council in June 2008, which rested on three pillars:

- The State's duty to protect against human rights abuses by third parties, including business
- The corporate responsibility to respect human rights
- Greater access by victims to effective remedy, both judicial and non-judicial

The UN Human Rights Council unanimously approved the Framework in 2008. The framework has not developed new international policies; it has put existing UN norms and standards into a framework that show the responsibilities of governments and corporations in relation to business and human rights.

Oxfam has been an active stakeholder in the process of developing these guidelines and has a working relationship with SHIFT,<sup>18</sup> the team that puts the principles into practice

**OECD GUIDELINES** (see: [www.oecd.org/corporate/mne](http://www.oecd.org/corporate/mne))

The OECD Guidelines for Multinational Enterprises (the Guidelines) are the principal inter-governmentally agreed voluntary instrument on corporate responsibility. All 34 OECD countries and 8 non-member countries<sup>19</sup> adhering to the Guidelines 'encourage [transnational corporations] operating on their territories to observe the Guidelines wherever they operate, while taking into account the particular circumstances of each host country.'<sup>20</sup> In May 2011 the adhering countries completed an update to the Guidelines. The update includes a new chapter on human rights, which draws on the UNGPs. The new chapter also addresses transnational corporations' responsibility for supply chains.

Of all the voluntary instruments on corporate responsibility, the Guidelines' unique added value is their function as a grievance mechanism. The Guidelines establish national contact points (NCPs), which take a variety of organisational forms. NCPs must respond to enquiries from businesses, worker organisations, NGOs, the public, and the governments of non-adhering countries.

From 2001 to 2010 NGOs filed only 96 cases with NCPs, while unions filed 117.

The vast majority of these cases concerned alleged breaches of the Guidelines in non-adhering developing countries.<sup>21</sup>

However good they may be, NGO coalition OECD Watch concludes that '*civil society organisations cannot rely on [the Guidelines] for guaranteeing responsible business conduct and effective remedies.*'<sup>22</sup>

<sup>17</sup>Oxfam has contact with all these institutions and is seen as an important stakeholder. Oxfam has been an important stakeholder, as well as advocate, in the development of some of these

<sup>18</sup> [www.shiftproject.org](http://www.shiftproject.org)

<sup>19</sup> Argentina, Brazil, Egypt, Latvia, Lithuania, Morocco, Peru, and Romania

<sup>20</sup>OECD, 2011a

<sup>21</sup>OECD Watch 10 Years On: Assessing the contribution of the OECD Guidelines for Multinational Enterprises to responsible business conduct, June 2010 Authors: Joris Oldenziel (SOMO), Joseph Wilde-Ramsing (SOMO) & Patricia Feeney (RAID)

<sup>22</sup>OECD Watch, 2011b

Oxfam has been a key stakeholder in the development of the Guidelines. The various Oxfams including Oxfam Novib are members of OECD Watch, and Oxfam Novib is a donor to this network. Oxfam Novib has also been active in the Chemical Pharmacie Holland case (Coltan, Congo) and in the Nidera (Argentina) case, with a number of positive side effects such as Nidera now reporting according to GRI guidelines and active dialogue and engagement between the parties involved.

#### **UN GLOBAL COMPACT** (see: [www.unglobalcompact.org](http://www.unglobalcompact.org))

In contrast to the government-driven Guidelines, the UNGC was developed by international experts and invites businesses to participate directly. It includes 10 principles that enjoy universal consensus. These are derived from the Universal Declaration of Human Rights,<sup>23</sup> the International Labour Organization's Declaration on Fundamental Principles and Rights at Work,<sup>24</sup> the Rio Declaration on Environment and Development,<sup>25</sup> and the UN Convention Against Corruption<sup>26</sup>.

The Global Compact promotes corporate social responsibility through shared learning. The Global Compact, although a UN initiative, has no government backing and as such is a purely voluntary instrument.

- Principle 1: businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: make sure that they are not complicit in human rights abuses
- Principle 3: uphold freedom of association and effective recognition of the right to collective bargaining
- Principle 4: eliminate all forms of forced and compulsory labour
- Principle 5: bring about the effective abolition of child labour
- Principle 6: eliminate discrimination in respect of employment and occupation
- Principle 7: support a precautionary approach to environmental challenges
- Principle 8: undertake initiatives to promote greater environmental responsibility
- Principle 9: encourage the development and diffusion of environmentally friendly technologies
- Principle 10: work against corruption in all its forms, including extortion and bribery

The more than 5,000 businesses that participate in the UNGC are expected to incorporate these principles into board decision-making processes and include a description of how the principles are implemented in their annual reports. If they do not, they will be listed as 'non-communicating' and will eventually be delisted from the Global Compact.<sup>27</sup> Since its introduction in 2005 nearly 1,800 companies have been delisted for repeated failure to disclose their practices.<sup>28</sup>

The UNGC was not designed, nor does it have the mandate or resources, to measure participants' performance. It is not and does not aspire to become a compliance-based initiative.

The Oxfam Poverty Footprint study methodology is incorporated within the UNGC, and the various Oxfams have relations with UNGC chapters - e.g. Oxfam Novib has a working relationship with the UNGC Netherlands chapter to engage a number of other local chapters in a dialogue with civil society in Indonesia, Turkey, Mexico and South Africa. In some countries the UNGC provides a good platform to discuss sustainability issues. The UNGC principles are rather broad and process oriented.

#### **GLOBAL REPORTING INITIATIVE** (see [www.globalreporting.org/Pages/default.aspx](http://www.globalreporting.org/Pages/default.aspx))

The Global Reporting Initiative (GRI) is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. GRI's Sustainability Reporting Framework is a reporting system that enables all companies and organisations to measure, understand and communicate this information. GRI's mission is to make sustainability reporting standard practice; one that helps to promote and manage change towards a sustainable global economy. The Framework includes Reporting Guidelines, Sector Guidance and other resources. Thousands of organisations, of all sizes and in all sectors, use the GRI Framework to understand and communicate their sustainability performance.

<sup>23</sup>[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)

<sup>24</sup>[www.ilo.org/public/english/standards/decl/declaration/text](http://www.ilo.org/public/english/standards/decl/declaration/text)

<sup>25</sup>[www.un.org/esa/sustdev/agenda21.htm](http://www.un.org/esa/sustdev/agenda21.htm)

<sup>26</sup>[www.unodc.org/unodc/en/treaties/CAC/index.html](http://www.unodc.org/unodc/en/treaties/CAC/index.html)

<sup>27</sup>Global Compact Integrity Measures, s. 3, 'Failure to Communicate Progress', [www.unglobalcompact.org/AboutTheGC/IntegrityMeasures/index.html](http://www.unglobalcompact.org/AboutTheGC/IntegrityMeasures/index.html). See also Global Compact Policy for the 'Communication on Progress', [www.unglobalcompact.org/docs/communication\\_on\\_progress/COP\\_Policy.pdf](http://www.unglobalcompact.org/docs/communication_on_progress/COP_Policy.pdf)

<sup>28</sup>United Nations, 2010

The GRI Secretariat is located in Amsterdam and there are GRI focal points in Australia, Brazil, China, India, South Africa, and the US. GRI was founded in Boston, Massachusetts in 1997. Its roots lie in US non-profit organisations the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute.

GRI's services for its users expanded to include coaching and training, software certification, 'beginners' reporting guidance for SMEs, and certifying completed reports. In 2011 GRI published the G3.1 Guidelines – an update and completion of G3 guidelines, with expanded guidance on reporting gender, community and human rights-related performance. GRI's outreach was further strengthened by its biannual Amsterdam Conference on Sustainability and Transparency, beginning in 2006; the fourth conference in May 2013 attracted more than 1,500 delegates from 69 countries. In May 2013 GRI released the fourth generation of its Guidelines – G4.

Oxfam has been instrumental in the establishment of the GRI and the Stakeholder Council.

**ISO 26000** (see: [www.iso.org/iso/home/standards/iso26000.htm](http://www.iso.org/iso/home/standards/iso26000.htm))

ISO 26000 provides guidance rather than requirements. An organisation or company cannot be, be certified to ISO 26000 unlike other well-known ISO standards. Instead, it helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions, and shares best practices relating to social responsibility globally. It is aimed at all types of organisations regardless of their activity, size or location.

The standard was launched in 2010 following five years of negotiations between many different stakeholders across the world. Representatives from governments, NGOs (including Oxfam), industry, consumer groups and labour organisations around the world were involved in its development.

ISO 26000 offers guidance to organisations for the implementation of a 'social responsibility' policy. ISO 26000 was adopted with national standards bodies from 72 countries voting in favour of the standard. Five countries – including the US and India – voted against the standard. Governments were represented as a stakeholder group in the development of ISO 26000, but the standard is not formally endorsed by governments. However, some governments, such as those in Argentina, China and Indonesia, have given their explicit backing to ISO 26000.

Many standards-setting bodies and sector initiatives include sustainability and other criteria, often focused on consumer markets. Among these are UTZ, Rainforest Alliance, the Max Havelaar Foundation, and Fair Trade.

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