



**CORPORATE
SOCIAL RESPONSIBILITY**

Université de Genève - Formation Continue –Corporate Social Responsibility
CAS Course January-June 2010

Could a rights-based approach be integrated into CSR for it to be more effective in international development?

Thesis for the Certificate of Advanced Studies in Corporate Social Responsibility

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June 2010

“The key challenge facing companies which are embracing the new discipline of CSR is in its content.(.). It is about the role that global companies can and should play in addressing some of the deep inequalities between rich and poor countries – inequalities which create and perpetuate poverty. It is about challenging companies to rethink their attitudes towards markets in developing countries in order to evaluate and improve the impact their business has on human development. It requires companies to review seriously how they can undertake their core business in a way that ensures the benefits are shared more evenly between rich and poor countries.”

Oxfam, VSO & Save the Children, 2002. *Beyond Philanthropy: the pharmaceutical industry, corporate social responsibility and the developing world*, London : Oxfam, VSO & Save the Children.

Abstract

It is increasingly assumed that Multinational Enterprises (MNEs) have a role to play in development¹, be it through business as usual or through specific Corporate Social Responsibility (CSR) programs. This evolution in MNEs' attitude towards development does not go without questions. What are these enterprises seeking to achieve through CSR? Does it really have an impact on development? Should MNEs even be involved in development? Whatever stand people take, development is affected by MNEs' activities.

In the past years, development practitioners have adopted a "right-based approach"² (RBA) to development in their programs, on the assumption that human rights abuses and inequalities are the root cause of poverty and "underdevelopment".

What does that mean for MNEs? Could they also use a rights-based approach in their CSR frameworks in order for their CSR program to be more effective? This question is addressed by first clarifying the concept of CSR, looking into the links between CSR and development, and then more precisely into whether CSR can be considered as a development tool³. Once that has been established, this essay studies the issues CSR faces as a development tool. The second part of this paper focuses on what a rights-based approach is and how it relates to development, before attempting to combine both frameworks by looking at how a right-based approach could be integrated into strategic CSR.

The last part of this essay will draw on the added-value as well as the challenges of so doing.

It should be noted that this paper will mostly focus on MNEs operating in developing countries and will not look into the question of the responsibilities of MNEs with regard to human rights. Indeed, the rights-based approach is used here as an operational tool, such as it is in development programs and projects.

¹ Development or international development will be used to describe the same concept in this paper

² The definition of a rights-based approach is given on p.13

³ Newell P.& Frynas J.G. (2007) makes the interesting distinction between CSR as a business tool and CSR as a development tool

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Introduction

The issue of how MNEs increasingly have an effect in shaping our world through globalisation is fascinating, especially when focusing on the developing world. Amongst the literature on this issue, figures a case study of Unilever in Indonesia: *Exploring the links between International Business and poverty Reduction* (Clay 2005). In the foreword to the study, it is mentioned that “*In the future a stronger Rights-based approach....would enhance our findings (about the impact of investment by a multinational company upon people living in poverty) greatly*”.

This triggered the question as to whether a rights-based approach such as that used in international development could be applied or integrated into a CSR framework.

Before studying the matter precisely, we will be focusing on CSR, its role in development, whether CSR could be a development tool and what issues this entails.

In a second stage we will focus on the so called rights-based approach, defining it, looking into how it relates to development. We will then attempt to bring both frameworks together and look into what added-value or challenges it entails.

Studying this issue thus also involves looking into the broader picture of human rights, business and development and how they are articulated in our globalised world.

1. CSR and International Development

1.1 What is CSR ?

The definitions and the scope of activities and policies of CSR are numerous and varied, ranging from philanthropic activities to promoting human rights. For the purpose of clarity this paper we will focus on the following definition:

“Corporate Social Responsibility is concerned with treating the key stakeholders of a company or institution ethically or in a responsible manner. ‘Ethically or responsible’ means treating key stakeholders in a manner deemed acceptable according to international norms. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation.”⁴

1.2 CSR and International Development

The relationship between business and international development is not new, some (Eson & Webb 1991, cited in Pedersen & Huniche 2006) trace it back to the Mesopotamian times, 4000 years ago when some philanthropic activities were carried out by business. CSR was still at that time very far from our current definition but this demonstrates that business could not even in those days turn a blind eye on the context in which it operated.

This brings us to the question as to why business would carry out such activities or be involved with local communities.

Coming back to the 20th century, if we take a step back, we need to look at the reasons that pushed MNEs to operate in the developing world in the first place, namely: access to natural resources and cost advantages in terms of labour. These motivations are thus quite distinct from the issues CSR policies and activities address today.

Some will argue that by doing business as usual, these MNEs were and still are contributing to development in host countries in the form of investment, job creation, skill transfer, infrastructure development through tax payment etc. This maybe true, however, we must then equally accept that MNEs have their part of responsibility in undermining the development of certain nations through corruption, bribery, labour

⁴ Cf. Hopkins 2003, Updated by the author, January 2010

exploitation, lack of health and safety considerations, lack of investment in local infrastructures, crowding out of small and medium enterprise, population displacement, environmental disasters and so on. In other words they would also be responsible for a race to the bottom, by putting into competition developing countries that would offer them the best deals to operate in. This has led to serious human rights abuses as well as development disasters such as the Bhopal catastrophe of 1984 which caused thousands of deaths and still has important environmental and health impacts on the local communities today; the scandal relating to Shell and the Ogoni tribe, as well as that of Nestlé and the Baby Milk Formula.

These are some of the events that have created civil society outcry, legal actions and triggered certain of these companies to think about their responsibilities when operating in developing countries.

That with other factors, signalled the beginning of an era where MNEs would no longer be able to separate their operations from the context in which these take place nor would they go unnoticed if such disastrous events came to happen again: this was the beginning of a reflection on CSR.

It is interesting to notice that the interaction between business and international development started with somewhat damaging behaviour on the part of MNEs being put in the spotlight, and is evolving now towards more positive or even proactive positions and activities through their CSR programs. Indeed, CSR may well have started as a risk prevention or PR tool but is now used as a way to positively interact in the contexts in which business operate. This is though not to say, that none of the events described above may not happen again.

In order to have a more concrete view of CSR and development today, it was decided to undertake a brief analysis⁵ of the sustainability reports of the top 20 corporations listed by Forbes Global 2000 and by Fortune 500 Global websites. This shows us that 17 out of 20 of these corporations are involved in development activities, half of these 14 actually refer to the UN Millennium Development Goals (MDGs). Obviously the ways these enterprises carry out their development projects varies from pure philanthropy to fully fledged development projects, or as referred to by Hopkins (2007 p.xii) from type I

⁵ See Annex 1, this analysis was made by looking at the latest sustainability reports of the top 20 companies listed by Fortune 500 Global and Forbes Global 2000

(philanthropy) to type III (development promotion without impact on the company's bottom-line).

The way enterprises carry out their CSR activities in developing countries also depends on the industry each corporation is engaged in. Indeed it seems like MNEs from the extractive industry are more pro-active and experienced with development questions than those attached to the financial sector. The amounts spent on such activities are quite varied too. Some MNEs spend over USD 100 million a year⁶, whereas others don't even disclose the amount spent.

However, although the ways and means vary, there is a clear indication that MNEs are confronting the challenges of operating in developing countries. This doesn't go without certain criticisms though that will be addressed at the end of this chapter.

1.3 CSR as a development tool?

These examples of how MNEs are involved with international development as well as references to MDGs leads us to another interrogation. Could CSR be then considered a development tool and not only a business tool⁷?

Answering this question entails looking into the definition of CSR from a developmental perspective and not from the "company view", as well as further looking into what development actors have to say on that matter and what is done with regard to CSR in the current context of international development.

Before doing so, it would be useful to actually define what development is. Considering the lack of clear and universal definition of international development, reference will be made to the one enshrined in the 1986 Declaration on the right to development adopted by the UN General Assembly⁸ :

"Recognizing that development is a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting there from..."

⁶ See Annex 1, the amounts spent are mentioned when available.

⁷ Newell P.& Frynas J.G. (2007) makes the interesting distinction between CSR as a business tool and CSR as a development tool

⁸ Source: *Declaration on the Right to Development* Adopted by General Assembly resolution 41/128 of 4 December 1986. Available at: <http://www2.ohchr.org/english/law/pdf/rtd.pdf> [Accessed 13 May 2010]. It is interesting to notice that this declaration was adopted a few months before that of the Brundtland report bringing up the issue of sustainable development

If we go back to our definition of CSR and compare it with the above, there are 3 references that lead us to believe that CSR could be a development tool:

- The notion of stakeholder, “*within the firm and outside*” is reflected in the idea of the participation of all individuals
- The “*creation of higher and higher standards of living*” is reflected in the “constant improvement of well being”
- The “*preservation of the profitability of the corporation*” is more or less present in the notion of the distribution of benefits

From the this comparison, it can be said that in fact, our definition of CSR is maybe even more progressive from a development perspective than that of the 1986 Declaration on the right to development, since it integrates a reference to international norms.

It is now worth finding out how active actors in the field of international development consider CSR.

Amongst public development agencies there is the sense that they can capitalise on CSR initiatives from the private sector to promote the involvement of business in their activities and ultimately in development. They have integrated it into their policies and activities. This is done in various ways ⁹:

- Associating business to the donor agency activities through public-private partnerships (PPPs)
- Encouraging business to focus on the poor as consumers, which would equate to Prahalad’s Bottom of the pyramid model
- Creating networks between themselves, local businesses and home-based business for transfer of skill, or knowledge
- Launching CSR initiatives such as the EITI initiative
- Advising MNEs about CSR in developing countries
- Looking how target/partner countries can improve their Terms of Trade

⁹ Source: Adam Smith International, 2009. *Support to “Business for Development” (B4D), a review of new approaches and donor agency experiences draft report*, (Cmnd. for SIDA) s.l. Available at: <http://www.sida.se/Global/Partners/Procurements/Adam%20Smith,%20B4D,%20May%202009.pdf> [Accessed 13 May 2010]

As mentioned in the Adam Smith International report on Business for Development (2009, p.1): *“As part of their policies towards the private sector, donor agencies are increasingly targeting business investments which have a positive impact on poverty reduction by exploiting companies’ core business models. Most agencies seek to incorporate CSR objectives very explicitly into their B4D approaches..”*

Within the United Nations framework too, there has been increasing openness as to how business could contribute to development under the mandate of Kofi Annan. The sharp increase in PPPs, or the creation of the UN Global Compact initiative or that of the Principles for Responsible Investments are products of a change of mindset, that also capitalises on the CSR commitments of businesses in order to advance development goals, as well as encourage business to adopt CSR programs. The openness to CSR from the various inter-governmental agencies, such as the World Bank or the UNDP are other signs of the support for CSR and its potential contributions to development.

NGOs and civil society groups active in the field of development are more sceptical when it comes to CSR. Many would like to see CSR not as a voluntary initiative on the part of business but more as a normative framework that would legally bind MNEs to their environmental and social responsibilities, especially when it comes to operating in developing countries. Some also consider that CSR does not address the core issues of business operating in developing countries, and is a mere Public Relations exercise.

On the other hand, many NGOs are also partners and beneficiaries of CSR programs, which puts them in an ambiguous position with regard to CSR. Maybe this is to some extent also motivated by financial reasons. Indeed, these organisations may have the legitimacy when it comes to development cooperation, but MNEs have the financial resources to carry it out. With this in mind, cooperation between these two different types of actors can only make sense.

The above examples tend to support the theory, that indeed CSR does play a role and has to play a role in development. Questions remain though as to how CSR in development is conducted, whom it is really aimed at and what it really addresses.

1.4 The issues with CSR and development

Recent literature about business and development is quite critical about the role of CSR in development. These critiques relate mainly to how CSR has been conducted in the past years and are not connected to how CSR is envisaged in our definition on p.6.

The first concern regarding CSR and development pertains to **what** it actually addresses. Indeed, some authors (Newell P. & Frynas J.G. 2007 pp.675-676) argue that when MNEs implement certain projects in developing countries, they in fact lack a global development vision or a comprehensive plan. Indeed, it seems they decide to “pick and choose” certain beneficiaries or issues to focus on. This may be explained by the fact that certain MNEs want their development activities to be made visible, using CSR in this case, more as a PR tool (Frynas 2007, pp.585-586). This could also have to do with a lack of expertise in development work too. Some authors also advocate that CSR doesn't always address the right development issues because MNEs do not properly define their material issues (Blowfield 2007, p.690). This may be linked with problems in the whole stakeholder engagement process. Lastly, some (Jenkins 2005 pp 539-540) suggest that if there is vagueness in what CSR seeks to address in development, then it may be due to the lack of objectives MNEs set themselves to achieve when elaborating CSR programs and activities in relation to development.

Another set of issues pertains to **how** CSR is conducted when it comes to development. Some criticise the lack of genuine information on the impact of CSR in development (Adam Smith International report on Business for Development (2009, p.2)). This leads on to the question as to how CSR is measured when it comes to development (Blowfield M. 2007 p.684). Another issue when it comes to CSR process is that of the stakeholder engagement, particularly stakeholder consultation. Indeed, it is argued by some (Jenkins 2005 p.540) that the voices of the poorest are not heard and that stakeholder consultation is not undertaken how it should be. This could again be explained by a lack of expertise of CSR practitioners when it comes to development, or maybe to questions relating to accountability. When MNEs engage in CSR in development, to whom are they accountable? Is it an internal upwards accountability within the firm, or are we talking about downwards accountability to local communities and/or workers? Another question that comes up when discussing how CSR is conducted in the context development, relates to the idea of sustainability (Frynas 2007 p.585). As a matter of fact, how sustainable are CSR projects conducted by MNEs in developing countries, are they even meant to be sustainable?

The last set of critiques pertains to “**whom**” CSR activities in developing countries are directed at? Some (Newell P. & Frynas J.G 2007 p.678) do argue that “the world of CSR would look very different if priorities of the poor groups were put first”. This would imply that CSR projects in developing countries are not really intended to “develop” or empower the local communities in which they are implemented. This brings us back to the question as to what is the motivation behind MNEs wanting to be active in the field of development.

All these critiques pertaining to CSR in development are reasons to look into ways of making CSR more effective in this context. Some authors have suggested that integrating a rights-based approach into CSR would be an asset. Indeed, N. Black (2006 cited in Pedersen et al. 2006, p.81) suggests that “*the rights-based approach is a central tool in development practise, and to live up to their billing as corporate citizens, companies would do well to be clear about their responsibilities and stance in dealing with the traditionally poor, to avoid charges of exploitation and complicity*”. K. Keinert (2008 p.76) mentions that “.there is no such thing as an explicit theory called the “human rights-based approach of CSR”, but it rather constitutes a potential field of commitment parallel to national or local political and economic “daily affairs” corporations engage in, providing them with further opportunities to engage in the empowerment of the world’s most deprived through bettering their human rights situation – a field that may well grow in importance and general awareness in the near future, as this is where the world’s most pressing problems originate”.

This leads us to our next reflection about the possible ways to improve CSR as a development tool by integrating a rights-based approach to it. One way of looking at it would actually be to go back to our definition of CSR to first test whether both frameworks are compatible.

Before that it is necessary to define what a rights-based approach is and how it relates to international development.

2. Rights-based Approach and Development

2.1 What is a rights-based approach?

“A human rights-based approach is a conceptual framework for the process of human development that is normatively based on international human rights standards and operationally directed to promoting and protecting human rights. It seeks to analyse inequalities which lie at the heart of development problems and redress discriminatory practices and unjust distributions of power that impede development progress.”¹⁰

Central to this definition of a rights-based approach¹¹ are the following notions:

- A rights-based approach is a conceptual framework
- A rights-based approach is based on international standards, which makes it an objective concept
- A rights-based approach is instrumental in the sense that it relies on processes at the heart of which lie the following principles:
 - Universality and inalienability
 - Indivisibility
 - Interdependence and interrelatedness
 - Non-discrimination and equality
 - Participation and inclusion
 - Accountability and the rule of law¹²

There are two other important aspects of a rights-based approach. Firstly, such an approach will seek to address the root causes for the non-realisation of certain rights by identifying right holder and their entitlements as well as duty-bearers and their obligations.

Secondly it seeks to analyse the power relations between a duty-bearer and a right-holder, and searches how to redress the balance between both actors by empowering

¹⁰ UN OHCHR, 2006. *Frequently asked questions on a human rights-based approach to development cooperation*, New York and Geneva, UN OHCHR, p.15 Available at: <http://www.un.org/depts/dhl/humanrights/toc/toc9.pdf> [Accessed 24 May 2010]

¹¹ There is a distinction between human-rights based and rights based approach, the latter referring to a clear and defined normative frameworks the former to a more conceptual idea of rights. For the purpose of this paper, we will however, use both terms invariably, with the reference to the definition here above

¹² Idem p.36

the right-holder to hold the duty-bearer to account for the realisation of his or her rights, as well as capacitating the duty-bearer for realising these rights.

Human rights referred to here relate mainly to the International Bill of Human Rights which is constituted by the Universal Declaration of Human Rights, the 1966 International Covenant on Civil and Political Rights, the 1966 Covenant on Economic, Social and Political Rights; the core international human rights treaties, as well as more specific conventions such as those of the International Labour Organisation¹³.

2.2 A Rights-based Approach to Development

It is not necessarily obvious at first sight how to relate human rights questions, and subsequently a rights-based approach, to the broader issue of development. One way of viewing it is through what was proposed in the UNDP Human Development Report of 2000:

“Human development and human rights are close enough in motivation and concern to be compatible and congruous, and they are different enough in strategy and design to supplement each other fruitfully. A more integrated approach can thus bring significant rewards, and facilitate in practical ways the shared attempts to advance the dignity, well-being and freedom of individuals in general.”¹⁴

The concept underlined here is that development aims to improve human well being, which depends on human dignity that can be defined by the realisation of human rights. Thus “non-development” or poverty stems from disempowerment and exclusion which also implies that human rights violations are not only a consequence but also a cause of poverty.¹⁵

The Millennium Development Goals are a good illustration of this concept. Both frameworks, that of human rights and that of development are interconnected and the

¹³ More detailed information: <http://www2.ohchr.org/english/law/>, [accessed 18 June 2010]

¹⁴ UNDP, 2000. *Human Development report*, New York: UNDP p. 38 Available at: <http://hdr.undp.org/en/reports/global/hdr2000/> [Accessed 11 May 2010]

¹⁵ UN OHCHR, 2006. *Frequently asked questions on a human rights-based approach to development cooperation*, New York and Geneva, UN OHCHR, p.9 Available at: <http://www.un.org/depts/dhl/humanrights/toc/toc9.pdf> [Accessed 24 May 2010]

realisation of the MDGs cannot go without realising human rights and vice versa since “a decent standard of living, adequate nutrition, health care, education and decent work and protection against calamities are not just development goals – they are also human rights”.¹⁶

At this point, it is interesting to look back at the history of the interconnection between these two frameworks, since one will notice that their evolution is closely linked to the emergence of the notion of “sustainability” and further along the line, to CSR.

As mentioned in the IDS report of 2004¹⁷, before decolonisation, there was a clear separation between the human rights field, which was the concern of lawyers and activists and, that of development which was more targeted by economists and focused on growth. The gradual connection of these frameworks over the past 60 years stem from a growing sense that development should in fact pave the way for human development. Human development is closely linked to human dignity and thus basic human rights. A few milestones in this evolution were the adoption of the 1966 adoption of the Covenant on Economic, Social and Cultural Rights, the entry of developing countries in the UN system in the 70s, the 1986 UN Declaration on the right to development as well as the 1993 World Conference on Human Rights.

Interestingly enough, at more or less at the same time that the Declaration on the right to development was adopted, the so-called “Brundtland report”¹⁸ was adopted too, which mentions in its Part I, § 4:

“The satisfaction of human needs and aspirations is the major objective of human development. The essential needs of vast numbers of people in developing countries for

¹⁶ UNDP, 2000. *Human Development report*, New York: UNDP p. 8 Available at: <http://hdr.undp.org/en/reports/global/hdr2000/> [Accessed 11 May 2010]

¹⁷ Institute of development Studies, 2004. *What is the “rights-based approach” all about ? Perspectives from international development agencies*, Working Paper 234, Brighton: s.n. PP 6-9. Available at: www.ids.ac.uk/download.cfm?file=wp234.pdf [Accessed 13 May 2010]

¹⁸ Brundtland Commission, 1987. *Our common future: Report of the World Commission on Environment and Development*. Available at <http://www.un-documents.net/ocf-02.htm#/> [Accessed at 10 April 2010]

food, clothing, shelter, jobs – are not being met, and beyond their basic needs, these people have legitimate aspirations for an improved quality of life. A world in which poverty and inequity are endemic will always be prone to ecological and other crises. Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life”

The link is made here between development, human dignity and sustainability. However, this excerpt of the Brundtland report still focuses on meeting people’s needs. It will only be in the 1990s that gradually the emphasis in development policies will be put on ensuring peoples’ rights, as way of meeting these needs, rather than directly fulfilling people’s needs without looking into the root causes of why these needs are not met in the first place; nor at the power relationship between right-holders and duty-bearers.

The World Summit for Social Development of Copenhagen in 1995 saw the beginning of the integration of development, humanitarian and human rights NGOs, with participants campaigning for a rights-based approach, relates the IDS report of 2004.¹⁹

Parallel to these changes in how international development was perceived and dealt with on an international level, was the emergence of social movements tackling globalisation in general but in some cases, “corporate power” more specifically. As described by Bendell (2004) *“What was particularly unique at the start of the twenty-first century was that conditions existed for novel coalitions to be formed across sectors and political persuasions, arising from a common conviction that the power of corporations had to be challenged if we were to promote world development. This is the story of how those coalitions were coming together and the challenges they faced. It describes the birth of a corporate accountability movement in Europe and North America—regions that were home to most of the large corporations that had a significant effect on the global South, as well as the source of ideas and funding for much “development” work.*²⁰ “

¹⁹ Institute of development Studies, 2004. *What is the “rights-based approach” all about ?Perspectives from international development agencies*, Working Paper 234, Brighton: s.n. P. 10 Available at: www.ids.ac.uk/download.cfm?file=wp234.pdf [Accessed 13 May 2010]

²⁰ Bendell, 2004. *Barricades and boardrooms: A contemporary History of the Corporate Accountability Movement*, Geneva: UNRISD, p.1

We have now a clearer picture of the concepts of CSR and of a rights-based approach, as well as how they relate to development, and to each other. What the next chapter seeks to address is whether a rights-based approach could be integrated into our concept of CSR, and what would be the opportunities and challenges for adopting such an approach, still in the context of international development.

3. A rights-based approach to CSR?

3.1 Integrating a rights based-approach to CSR

What is more challenging in our approach is looking into the concrete integration of RBA in the CSR framework. Indeed, some will argue that an enterprise is not a development agency and as such should not seek to address the whole human rights and development situation of a country through its CSR strategy. Others may say that this is the role of the State and enterprises should be careful if they seek to address the human rights situation of the country in which they operate. These are valid comments; however, we should not forget that in certain cases, when we refer to a duty-bearer we in fact refer directly to an enterprise, especially when it comes to labour rights. This would tend to prove that actually a rights-based approach does have a role to play in CSR. Another angle to look at the integration of RBA in CSR would be to acknowledge the indirect role enterprises already play in empowering certain right-holders to claim their rights. This is particularly the case for instance when MNEs lobby for greater access to drugs in the fight against HIV/AIDS. The latter shows that RBA and CSR are somehow integrated, even if unintentionally.

What should be looked at now is whether a RBA angle can purposefully be incorporated to a CSR program.

This will be done by seeking where a RBA could fit in the 15 Points Programme for Strategic CSR²¹:

1. Identify business goals and decide upon the purpose of a social responsibility program.

²¹ The 15 Points Programs was presented by M. Hopkins in the CAS course on CSR on 16 January 2010

It would be important here that the enterprise following these 15 points decides whether it really wants to focus on development issues by tackling human rights and how it relates to its operations. Not all enterprises will focus on the same development issues, depending on their core business. A pharmaceutical company will rather be involved with the right to health, a mining company with that of the right to adequate housing, a logistics or telecommunication company with the right to communication and a food and beverage company could focus on the right to food.

In a second stage, a rights based approach would propose to look into the root causes of an issue. i.e. why is the right to food not realised. This is a very interesting exercise since in later stages it will provide the enterprise with many options as to how to address some quite different issues ranging from environmental problems to education, depending on the various stakeholders.

The problem analysis for the right to food would look like that proposed in addendum 2²².

Ideally, it would be interesting to transform the problem tree, into an objective tree that makes it easier to plan certain projects or activities. The objective tree for our example on the right to food would look like the one in addendum 3.

2. Define value statement and mission of a company, and refine internally with management and employees. How does this long-term vision match up with business goals?

If step 1 has been adequately addressed then there should not be any issues on how the long-term strategy fits the business goal, on the contrary. It is important at this stage to ensure that no policy or activity from the enterprise could prejudice or contradict the CSR program theme, since this would seriously question the credibility of the whole CSR program. Indeed, if a food and beverage company decides to focus on the right to food, it would not be consistent that, for instance, it lobbies within the WTO or other such fora for lowering import taxes in developing countries. Indeed, that would wrongfully affect the right to food of local population by disrupting local farming.

3. What are competitors doing on CSR? (benchmarking)

²² The content of Addenda 2 and 3 come from a brainstorming session with colleagues at the LWF in 2007.

It would be interesting to see if competitors are adopting the same approach. Even if they are, it should not be such an issue since there are various way in how to tackle the realisation of a right: lobbying, advocacy, awareness raising amongst local communities, joining campaigns, tailoring certain products to local populations, joint work with NGOs or development agencies.

There are also many and very different issues that can be tackled under the realisation of a right. For instance the right to food tackles issues from that of deforestation, low food productivity to that of malnutrition and land conflict.

4. Decide on overall budget

This needs to be done whether a rights-based approach is integrated or not. A CSR program integrating RBA should not be more costly, in the sense that it will better channel the resources to a particular issue (e.g. right to education, right to health..)

5. Identify the key stakeholders

A rights-based approach is important here in the sense that, when identifying the stakeholders, it would be good to establish who is a right-holders and who a duty bearer with regard to the CSR theme (in this case the Right to food) in order to better plan the strategy and activities to be carried out with regard to each stakeholder.

6. Research: what are the latest business standards? Check out SA8000, AA1000, GRI, ILO conventions, WTO discussions, Vaux Principles, UN Global Compact and so on. What are the key issues for the business and why?

Another point to add to the list here would be to integrate a brief overview of the human development and human rights situation of the country/ies in which the business will operate. This is important in the sense that it dilutes the process from being enterprise centered to a more open, bottom-up approach to CSR in development; which was in fact part of the criticisms noted above.

The UNDP (2006) has developed a useful and interesting tool in this regard. The report offers information for data sources relating to Human Rights and where to look for them, on a country level.

7. Identify CSR strategy for each stakeholder

If a rights-based approach were to be integrated in this framework, the stakeholder dialogue would precede this stage, in order to allow for a more bottom-up CSR practice, as mentioned above.

The strategy, should be informed by the previous stages, i.e. what specific issue the enterprise wishes to address in its CSR program, identifying the stakeholders relation as well as the business standards and the country/ies development and human rights situation in order to bring together an issue/objective with a stakeholder and see what the enterprise's strategy and activities can be in this regard.

In the case of a food and beverage company, seeking to address the right to food, the following scheme could be elaborated:

Table 1: CSR strategy for stakeholders incorporating a RBA

| Stakeholder | Duty bearer /right holder | What to do | How to do it |
|--------------------------|----------------------------------|--|---|
| Employees | Right-Holder | Offer education on nutrition / health/ environment | Insert extra-module in induction program/training |
| Suppliers | NA | Offer education on nutrition / health/ environment | Each time contract is renewed provide a training session for employees |
| Customers | Right-Holders | 1. Offer education on nutrition 2. Sensitise customers in industrialised countries on right to food or encourage them to contribute | 1. Special product packaging for developing country consumers with information on nutrition 2. Offer customers in industrialised countries possibility to subsidise "seed banks" in developing countries when purchasing a product |
| Local communities | Right-Holders | 1. Provide subsidised farming inputs or seed banks 2. Education on health and nutrition in local schools | 1. This could be paid by consumers in industrialised countries (as above) 2. Undertaken by volunteering by the enterprise's staff |
| Trade union | NA | Ensure women's rights and issues are taken into account (since most vulnerable in terms of right to food, land rights) | Social dialogue |

| | | | |
|-------------------------------|-------------|--|--|
| Shareholders | NA | Demonstrate serious CSR program | Regular update/reports on what enterprise is doing on that issue |
| Media | NA | Use media to bring attention to issue of right to food/ malnutrition | Regular update/reports on what enterprise is doing on that issue |
| Competitors | NA | Tackle activities /projects not undertaken by competitors | Monitor competitor's CSR program |
| Government | Duty Bearer | Dialogue on environmental issues, land conservation, sustainable farming, use of taxation for this purpose | Advocacy, lobbying |
| IOs/NGOs/civil society | NA | Work with IOs, NGOs for Local community empowerment with regard to better use of resources | Partnership |

8. Revise budget accordingly

This should be done in all cases.

9. Carry out stakeholder dialogue

As mentioned, it should have taken place before trying to develop a strategy for each stakeholder. However, it is important that these dialogues take place on an ongoing basis since they are important tools for monitoring the whole process, as well as a proof of accountability for the beneficiaries. The value principles of a rights based approach should be applied in order to allow for genuine dialogue, rather than uniquely a top-down and not so transparent one which may create issues in the operations of the company on the ground at a later stage. The value principles to take into account are the following: participation, inclusiveness, transparency, accountability and non-discrimination.

10. Identify the key indicators to measure progress and impact as a socially responsible enterprise

Be it rights-based approach focused or not, any CSR program should seek to measure its progress and impact, which is not an easy task.

Measures and indicators are often internal to the company, with a rights-based approach they would also seek to address the changes witnessed on the level of the program beneficiaries.

Indeed, still following the previous example, a good way to actually assess the development impact of the CSR program would be to measure the changes in principles (such as changes in legislation) or in practices (decrease in child mortality of host communities) pertaining to the realisation of a right. It is not to say here that it is up to an enterprise to contribute to all these changes, however, part of these changes can be attributed to an enterprise's CSR program and the enterprise could demonstrate that.

11. Identify costs and benefits of the proposal

This should be done in all cases.

12. Implement the activity or programme ensuring that it relates well to other proposals in the pipeline

A rights-based approach can be an added value here, since it has a holistic approach but at the same time channels resource towards the accomplishment of a certain right, which means that it is easier to identify proposals that are not interconnected with the programme.

13. Research and develop a series of advertisements, use social media to show what is being done in the area of CSR and market the program accordingly. Ensure that all can be backed up with internal consistent practices since this is a dangerous pitfall if that is not the case

This is an important step since using a rights-based approach will mean not necessarily focusing on the most visible issues. So it would be useful if these are brought into light more globally.

When it comes to the right to food, one could use international media to draw the attention to deforestation and the problems linked with hunger or use the local media, such as the radio to inform the communities about nutritious facts.

14. Evaluate the social responsibility proposals against cost/benefits

This should be done in all cases.

15. Develop long term exit strategy.

This point should in fact go unnoticed if the program has been rightly conceived. Keeping a rights-based approach in mind, this stage is in itself the proof that the CSR program has been successful and is sustainable. Indeed, it should be able to continue, even though the company may have been relocated.

The purpose of this research was to find out whether a rights-based approach could make CSR more effective in international development. In chapter 1, we saw what the issues were with CSR in international development. We then looked at whether a rights-based approach could be integrated to CSR, lets' now look at what its added-values are, if any, and whether it tackles the issues presented on pages 11-13. The challenges for doing so will also be discussed.

3.2 The added-value and challenges of integrating a rights-based approach into CSR

Regarding the issue of the lack of development vision of certain CSR programs, it can be said that a rights-based approach to CSR is an asset in the sense that it cuts across the whole CSR strategy and enables to mainstream development projects around one goal such as the realisation of the right to education, the right to food or the right to health. It also helps set clear objectives.

As for concerns relating to the definition of the material issues a CSR program wishes to address, it can only be enhanced through a rights-based approach that seeks proper stakeholder consultation within a certain framework or vision. Moreover, getting the material issues to be more genuine is a way to ensure that the correct issues are addressed when it comes to development.

On the issue of stakeholder engagement, it is certain that integrating a right-based approach enhances the stakeholder management process by ensuring that stakeholders that would not necessarily be heard, actually do become involved, through participatory, inclusive, accountable transparent and non-discriminatory processes.

A rights-based approach would also ensure that accountability of actors within the CSR process is not only understood as upwards and internal to the company, but that there is also downwards accountability towards the program beneficiaries as well as towards all engaged stakeholders.

Furthermore, a rights-based approach ensures that the targets of CSR programs are actually its beneficiaries, through the various processes it encompasses; and that these programs are not carried out for mere visibility or a PR exercise, nor that they are too enterprise-centered. This assumption is further strengthened by the fact that a proper rights-based approach CSR program would not necessarily tackle the most visible development issues and could thus not be criticised for being a sham.

Finally, a rights-based approach ensures the sustainability of a CSR program since it seeks to analyse the root causes of an issue rather than trying to address it more visibly and immediately. This comes back to the idea that it is more sustainable to teach someone how to catch a fish rather than catching it for him or her. The empowerment of right-holders which lies at the core of rights-based approach is also a guarantee for sustainability since even if the enterprise leaves its country of operations, the project could be self-sustained.

Last but not least, such a process also has the positive side-effect to prevent companies from infringing Human Rights since it enables them to have a thorough understanding of the human rights context in which they operate.

A rights-based approach to CSR is not the answer to all the challenges enterprises face when operating in developing countries though, and can lead to further questions.

Firstly, a rights-based approach doesn't necessarily address the issue of the environment per se, since it focuses on human beings. In our example, environmental issues and the right to food are clearly linked, but it is not always the case. One would thus have to find a way to incorporate environmental issues in such a framework.

Secondly, the human rights principle of "indivisibility" implies that one should not prioritize one right over the other. This is clearly impossible when trying to elaborate a CSR program with a rights-based approach since enterprises' resources are limited, and not all issues can be tackled. This means that issues need to be prioritised. One way for doing so would be to choose a CSR program in line with the enterprises' core business.

The issue of impact and measurement of CSR programs in developing countries will not necessarily be resolved by incorporating a rights-based approach. One could measure changes in principles and practices with regard to stakeholders following the implementation of CSR activities, but it would still remain challenging to actually

measure to what point these changes can be attributed to the CSR program and not to other factors such as government or NGO action. Demonstrating impact remains a clear challenge.

One question to address is the issue of the expertise enterprises have in order to implement a RBA to CSR. Working on human rights is quite specific and requires basic human rights law and system knowledge, just as working on development issues. Maybe the gaps can be bridged by working in partnership with institutions and organisations that have such knowledge or by aligning CSR activities with national programs of poverty-reduction.

The role of the State in all this process also needs to be addressed. As the prima facie duty bearer, it is the State that is responsible to respect, protect and fulfil the rights of its people. If enterprises start acting within the premises of a State's field of action then it will not further encourage the State to take its role seriously, and could in fact have serious backlash for development. Trying to empower local communities through a rights-based approach may also be detrimental to the relation between an enterprise and its host government, annihilating all the positive impact a CSR program could have or the CSR program itself.

Finally, one should question what the role of an enterprise is when it comes to development but also to human rights, or rather what is the limit to that role?²³

When it comes to certain rights, it is clear in the sense that companies have a due diligence with regard to human rights and should not infringe on them (Ruggie 2010). A rights-based approach to CSR will not only allow for that but will also grant the company the possibility of being more proactive on this front and combine its Human Rights strategy with that of development in its CSR. Indeed, it somehow doesn't come as a surprise to notice that it is in developing countries that one observes the most infringements on human rights on behalf of MNEs, as mentioned by J. Ruggie (2006 p.10).

On the issue of the limit of enterprises' role in development, it would be judicious to go back to the definition of CSR, which states that "...*The wider aim of social responsibility is to create higher and higher standards of living..*". The role of enterprises' CSR programs in development is thus clarified. That role is not unlimited though since it is constrained by "...*the profitability of the corporation*" that needs to be preserved.

²³ See Hopkins 2007, p.13

Without profitability, a company cannot contribute to Human Rights and development, even if it has the best of a rights-based approach CSR strategy.

This whole question of each actor's role in development does become blurry through the concept of CSR, and even more so when integrating a RBA framework to it. Maybe this is how the future of development work will look, and for the better. It is interesting to put that issue into perspective with what S. Zadek (Zadek 2007) projects: *"...our traditional view of business as legalised poacher responsible to financial capital, and of the state as paternalistic gamekeeper accountable to the people, not only fails to describe what is, but is way off the mark in mapping what is likely to be in the future"*²⁴.

²⁴ Cf Zadek S. 2007. *The Civil Corporation*, Second edition, UK and USA: Earthscan. Introduction p.1

Conclusion

This paper sought to address whether a right-based approach could be a way to increase the positive contribution of CSR to development. The arguments presented tend to support that assumption as well as some of the literature on CSR and development.

However, this paper only looked at whether a rights-based approach could be integrated into a CSR strategy and what value it would bring to CSR in development.

This falls short of any concrete example or case study though and it would be interesting to pursue this in the future.

Another comment pertains to the fact that this paper was written from a development perspective rather than from a business perspective. It would thus be interesting to gather feedback from business on such an approach and see whether it is realistic, or not.

This also begs the question as to whether a rights-based approach isn't another new development trend that may be soon replaced by yet another theory.

Another question this paper leaves open is whether it is actually worth integrating development concepts and frameworks into CSR since the results of international development of the past 60 years have not lived up to expectation.

Maybe this is partly due to the fact that development and economic growth or business, were following separate paths. CSR is thus key in addressing this challenge, adding a rights dimension to it would only enhance its value and legitimise it as a development tool.

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Addendum N°1

Top 20 Companies

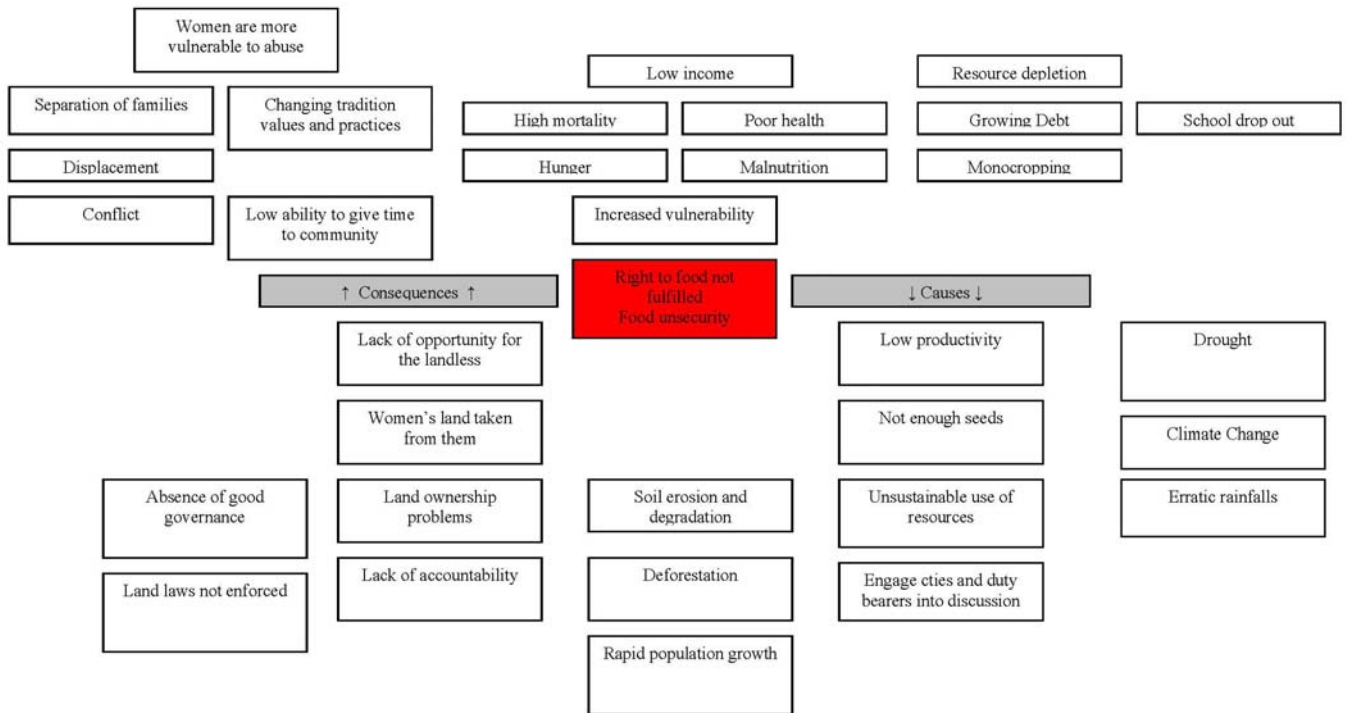
Brief analysis of whether they address development and human rights

E.Bares 17.06.2010

| Company | Development issues | Human Rights (HR) | MDGs |
|------------------|--|---|-----------------|
| Royal DutchShell | 132 mio \$ on community devpt projects | Respect of HR, implementation of Ruggie framework, HRIA | yes, very clear |
| Exxon Mobile | Yes | respect of HR, training, consultation with J.Ruggie | referred too |
| Val Mart Stores | mostly philanthropy | No mention | yes |
| BP | 106.8 mio \$ | respect for HR | not mentioned |
| Chevron | 144 mio \$ | yes, HR policy | not mentioned |
| Total | yes but vague | yes | not mentioned |
| GE | vague | yes, principles on HR | not mentioned |
| Conoco Philips | vague | yes, respect of HR | not mentioned |
| Sinopec | no mention/philanthropy | yes, respect of HR | not mentioned |
| ENI | yes | yes, respect of HR | not mentioned |
| Allianz | yes, philanthropy | No mention | not mentioned |
| HSBC | yes, philanthropy | No mention | not mentioned |
| Gazprom | yes, philanthropy | No mention | not mentioned |
| E.ON | yes, 40,5 mio € | yes, HR policy | yes |
| AT&T | no, philanthropy | No mention | not mentioned |
| Siemens | yes | yes | yes |
| HP | yes | yes, HR policy and support for J.Ruggie Framework | not mentioned |
| Petrobras | yes | yes | yes |
| Banco Santander | yes | yes | yes |
| Bank of America | no | No mention | not mentioned |
| | 17 out of 20 | 14 out of 20 | 7 out of 20 |
| EB 17.06.2010 | | | |

Addendum N°2

Problem Tree: The right to food is not fulfilled



Addendum N°3

Objective Tree: The right to food is fulfilled

