

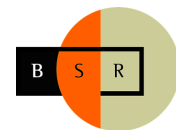
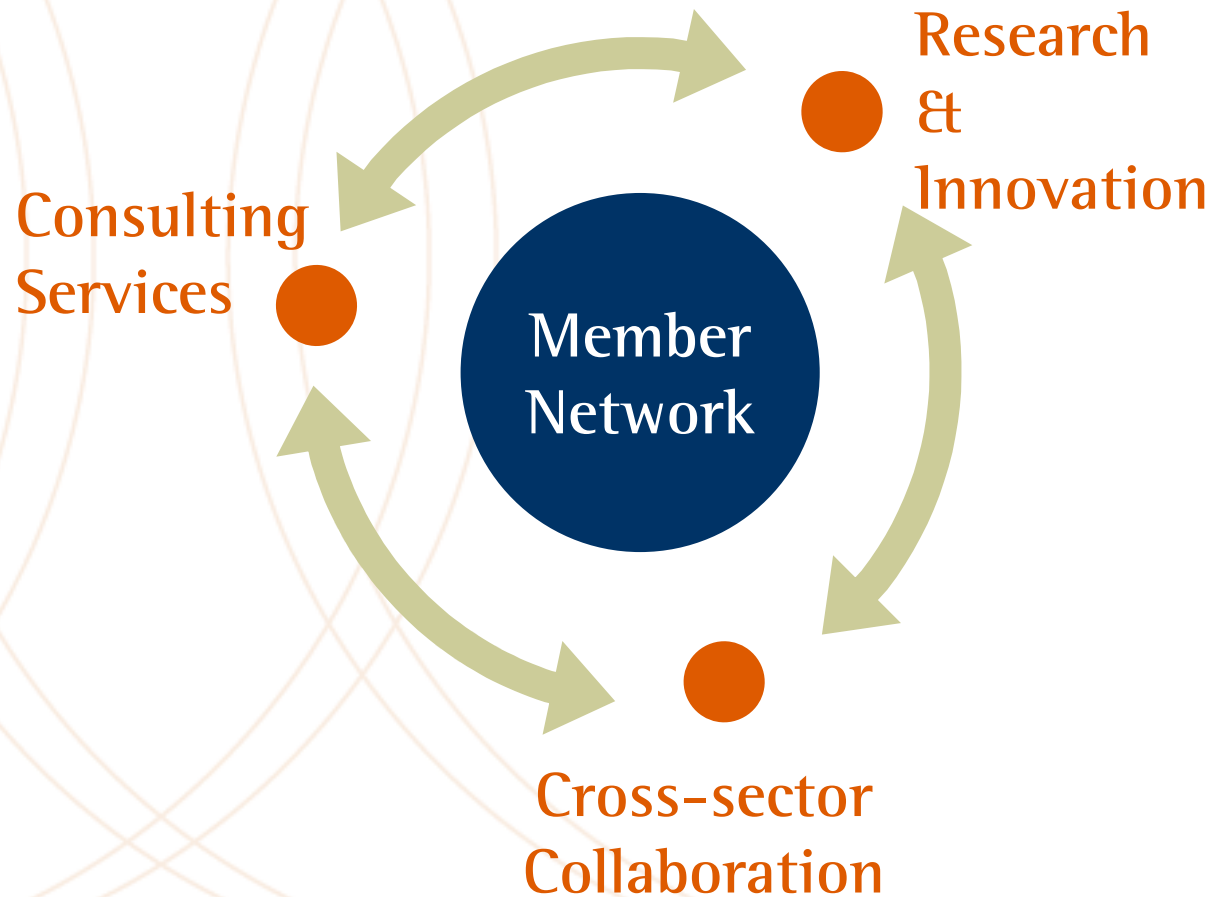
Business for Social Responsibility

Operating in Fragile States: Non-Extractives Companies

Social Investment Forum April 16, 2009

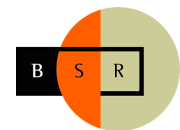
Business for Social Responsibility

The power of BSR's global member network is reinforced by consulting services, research and innovation, and cross-sector collaboration.



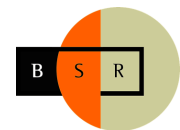
Key Points

- All industries are impacted
- Areas of conflict and relevance for companies will likely increase
- Companies need to proactively manage the risks AND should help address the root causes
- Ruggie framework provides a good guide to manage risk in fragile states
- Strong policies, partnerships, and transparency are important success factors



Dispelling the Myth: Examples

- **Food/Ag:** operating in or sourcing commodities from fragile states/conflict zones (cocoa, coffee, palm oil)
- **Apparel/Footwear:** sourcing from fragile states
- **Shipping:** piracy a threat to worker safety, operations
- **Heavy Industry:** products used in conflict
- **ICT:** sourcing minerals from and products used in conflict
- **Infrastructure:** contracting with governments
- **Media:** embedded reporting, access and censorship issues
- **Restaurants:** operations in occupied territories, public support for parties involved
- **Financial Services:** financing companies/governments in conflict zones



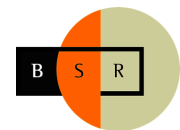


Current Trends Point to Increased Conflict in the Future

Climate Change: increase in water stress, food scarcity, the prevalence and intensity of diseases, and the loss of homelands and jobs

Water Scarcity: competition for water sources will intensify, increasing the likelihood of conflict

Global Recession: massive job losses among migrant workers threaten political and social stability in many developing countries





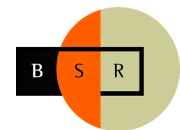
Responsible Business in Fragile States

CR frameworks and strategy should be the same everywhere a company operates

But weak governance and conflict in fragile states represent heightened risk require extra care in implementation



Heightened Risk = Heightened Care (OECD, 2006)

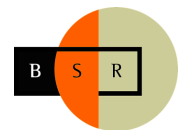




Responsible Business in Fragile States

Two Key Elements:

1. Proactively Manage Risks
2. Help Addressing Root Causes

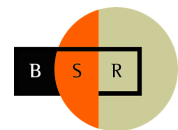




Managing Risk

Ruggie Framework for Human Rights and Business provides a guide:

- Baseline Responsibility: “Do No Harm”
- Requires Proactive Measures: “Due Diligence”
 - Human Rights Policy
 - Impact Assessments
 - Integration
 - Performance Tracking/Reporting

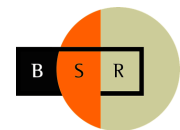




Addressing the Root Causes

Business can't solve the problem but can positively impact many of the root causes of fragile states:

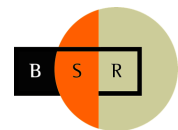
- Weak Governance Structures
- Weak Rule of Law
- Economic Disparities
- Lack of Jobs
- Corruption

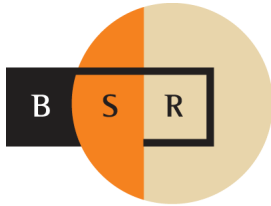




Success Factors for Companies

- **Strong Corporate Values:** Human rights are a good globally accepted framework
- **Act Early:** Predict and Prevent is better than React and Remediate
- **Transparency:** Essential to build trust
- **Build Partnerships:** Essential to solve common dilemmas





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Thank You!

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