



National
Contactpoint
Belgium

*Belgian
National Contact Point
for the OECD Guidelines for Multinational Enterprises.*

Proceedings of the seminar
« Human Rights : a particular challenge for Enterprises »”
held on 4 February 2014.

Part 1: Executive summary

Keynote speaker Ms Lene Wendland

*United-Nations Office of the High Commissioner for Human Rights
Adviser on Business and Human Rights*

Ms Wendland briefly sketches the background context and explains the evolution at United-Nations level during the last 10 years regarding Human Rights. She details how, through different processes, the UN secretary general gave a mandate in 2005 to Harvard Professor John Ruggie to identify and clarify the needs and challenges related to Human Rights and business. Six years later, in 2011, the United Nations Human Rights Council unanimously endorsed the United Nations Guiding Principles for operationalizing the Protect, Respect and Remedy framework that resulted from the works.

Mr Winand Quadvlieg

*Business and Industry Advisory Committee (BIAC) to the OECD
Chairman of the BIAC Committee on International Investment and Multinational Enterprises*

Mr Quadvlieg underlines that, as per the OECD Guidelines, business should avoid adverse impact on all 10 chapters of the guidelines, and how the concept of due diligence introduced in the OECD Guidelines can help reaching this objective. More specific initiatives are developed by the OECD or the European Union regarding minerals coming from conflict areas, or oil and gas, or the financial and agricultural sector. He reminds also that the European Union has asked the member states to develop a national action plan on implementation of the UN Guiding Principles. Regarding the role of National Contact Points, a survey made by BIAC among its members gave a nuanced answer about its functioning.

Ms Kirstine Drew

*Trade Union Advisory Committee (TUAC)
Senior Policy Advisor*

Ms Drew starts by reminding the Rana Plaza garment factory disaster in 2013 in Bangladesh, and how one of the responses to this tragedy is the set-up of the *Accord on Fire and Building Safety*.

She outlines that in Cambodia or in Qatar, workers are struggling for their working conditions, and that international companies are putting their reputation at risk due to appalling living and working conditions of migrant workers. Trade unions agree on the value of National Contact Points for future-oriented solutions to specific instances, but they disagree where companies do not come to the table to engage in dialogue and to seek future-oriented solutions.

Ms Virginia Sandjojo

OECD Watch

Coordinator

Ms Sandjojo outlines that OECD Watch keeps track of cases filed by NGOs at National Contact Points, and that the latter are also responsible for the implementation of the Guidelines in specific instances. She mentions that, based on filed cases, there is a demand from stakeholders to have more Human Rights and due diligence policies in companies. In land issues and indigenous people rights, the OECD Guidelines are not as far reaching as other international standards. She indicates that in some cases, the non-judicial grievance mechanism of the national Contact Points might be a way to get access to remedy, when a legal system is not adequately functioning.

Testimonials

Colruyt Group

Mr Daniel Bral

Senior Audit Manager

Mr Bral explains how the Colruyt Group gradually put in place policies regarding ethical awareness and human resource management in import of non-food products, mainly from mainland China. It performed audits, joined other initiatives in order to spot suppliers and identify problems or non-respect of the codes of conduct. Main difficulties facing the company are the lack of collaboration from the producers or identifying the different players in the supply chain. Building a mutual relation of confidence and trust is central at Colruyt.

JBC

Mr Dominiek Willemse

Chief Operating Officer

Mr Willemse outlines that there is a Code of Conduct at JBC since 15 years, and that it has evolved naturally. It is now an absolute obligation for working for JBC. Its monitoring is mostly done by an external third party organisation, and the audits are followed-up. JBC aims at building long-term relationships with its suppliers, and everyone in the company is aware of the Code of Conduct and of the policy towards the suppliers. Mr Willemse indicates that JBC was the first Belgian company who signed the *Accord on Fire and Building Safety in Bangladesh* in 2013, and points out some practical difficulties related to its implementation.

Besix Group

Mr Frédéric de Schrevel

General Counsel

Mr de Schrevel explains how Besix responds to the various Corporate social responsibilities' challenges it meets, particularly overseas. In order to face them, Besix has developed actions along four priorities: people, environment, engineering and business behaviour. Some actions have also been taken to improve well-being at work for foreign workers. Corporate social responsibility reports are regularly issued, and dedicated groups and networks are set-up.

Solvay

Ms Katinka Tattersall

Head of Ethics & Compliance

Ms Tattersall details the initiatives taken at Solvay regarding Corporate Social Responsibility and Human Rights, such as code of conducts, commitments towards stakeholders, agreement with trade unions, or joining sectoral initiatives.

Part 2: Proceedings

Keynote speaker Ms Lene Wendland

United-Nations Office of the High Commissioner for Human Rights

Adviser on Business and Human Rights

On the United-Nations Guiding Principles on Business and Human Rights.

First of all, it is important to stress the role of the OECD National Contact Points not only for the issues that arise relating to implementation of the Guidelines in specific instances, but also for their important outreach role towards the OECD Guidelines for Multinational Enterprises.

I will briefly sketch the background context and explain what happened at United-Nations level during the last 10 years regarding Human Rights.

In the period 1980/1990 there was a shift in the international community. Previously, the governments' sole obligations were towards their own population. But globalization and outsourcing modified the roles, and it appeared that governments did not play their role anymore. It appeared also that business and international commercial relations had an impact on Human Rights, whether positive or negative. Scandals involving big brands and companies in child labour and Human Rights misconducts drew the attention of the public. An opinion emerged that companies should behave differently. Civil society, through campaigns, was asking for standard settings and conducts. Treaties apply to governments or between governments and clarify responsibilities, but treaties generally do not include business. In such a context, uncertainties were growing.

In response to the above described situation, there was an emergence of initiatives on broad, industry-wide standard-setting. But the shortcomings were that it was voluntary, limited in scope, lacking effective oversight, and that there was no broad agreement on what standards apply to business.

The UN strove to give a response at its level, and in 2000 the then UN Secretary General called the companies to adhere by a voluntary approach to the UN Global Compact platform and to sign its principles. UNGC now consists of 10 principles on: Human Rights (2 principles), Labour, Environment and Anti-Corruption.

On the other part in Geneva, an intergovernmental expert commission was drafting a legally binding proposal on Human Rights obligations for companies: "Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises With Regard to Human Rights". It included topics such as supply chain, labour conditions, etc. The process was not going very well, as business was against it for various reasons, and civil society was supporting it. The Norms were highly divisive and eventually rejected in 2004.

In 2005 the UN Commission on Human Rights requested the UN Secretary-General to appoint a Special Representative to clarify the roles and responsibilities of states, companies and other social actors in the business and human rights sphere.

Then UN Secretary-General Kofi Annan appointed Harvard Professor John Ruggie to the post of Special Representative. His mandate was to: identify and clarify the needs and challenges related to Human Rights and business. The main points were about standards, governments' role, determining whether Human Rights is a private or public matter or both, etc.

Six years were necessary to develop a first framework and at the end to produce the United-Nations Guiding Principles. The process was based upon principled pragmatism: "to reduce corporate-related human rights harm to the maximum extent possible in the shortest possible period of time" and was also evidence-based, with extensive research, 47 multistakeholder consultations (companies, civil society, NGOs, worker unions, states, ...).

Finally in 2011, the United Nations Human Rights Council unanimously endorsed the Guiding Principles for operationalizing the Protect, Respect and Remedy framework in Resolution 17/4. It is a global normative framework with a strong political foundation. It brings clarity on respective roles and responsibilities of states and business. For the first time a consensus emerged across all stakeholder groups: states, business and civil society.

The United-Nations Guiding Principles are based on the three "Pillars":

- Protect - State duty to protect through policies, regulation, adjudication;
- Respect - Corporate responsibility to respect: act with due diligence to avoid infringement, address adverse impacts;
- Remedy - Access to remedy: provide effective access for victims, judicial and non-judicial mechanisms.

The Key features of the Guiding Principles are:

- they apply to all states, all companies, for all internationally recognized human rights;
- they carry no new legal obligations, but elaborate on implications of existing obligations and practices for States and business;
- they are distinct, but complementary to the responsibility between states and companies;
- they consist of a "smart mix" of regulatory and voluntary approaches;
- Human Rights cannot be offset: doing good in one aspect cannot compensate human rights harms elsewhere;
- they are a common platform for progress.

Mr Winand Quadvlieg

Business and Industry Advisory Committee (BIAC) to the OECD

Chairman of the BIAC Committee on International Investment and Multinational Enterprises

On the OECD Guidelines and the National Contact Points

When the OECD was founded, business stakeholders received a formal statute, and BIAC is a formal advisory group from business at OECD.

The United-Nations Guiding Principles and the latest version of the OECD Guidelines for Multinational Enterprises were both agreed upon in 2011. These two instruments are the basis of Human Rights for Business. The main difference is that United-Nations Guiding Principles are focused on Human Rights, and that the OECD Guidelines are much wider, containing 10 chapters on human rights, business conduct, anti-corruption, environment, social policies, etc.

The OECD Guidelines are in principle headed towards multinationals, but there is no definition of what a multinational is...Multinational companies are not only the big companies, but can include small and medium size ones. So the target group of companies is quite big.

As per the OECD Guidelines, business should avoid adverse impact on all 10 chapters of the guidelines. Business should not look only to risk for the business itself but it should take into account, up to a certain degree, what can be the adverse impact for partners, society, stakeholders. This can be considered as a total change of point of view. To implement this demand of avoiding the various adverse impacts, the concept of due diligence was introduced. It means that companies should think about how they can avoid adverse impacts: identify the "could be" risks, try to prevent them, try to mitigate them and to account to the society what has been done in that field. The most challenging aspects of both United-Nations Guiding Principles and OECD Guidelines instruments is how far business is responsible for what is happening in the world, how far is business responsible of the adverse impacts that can happen in its supply chain.

The OECD Guidelines are very clear on the level of principles: there is no responsibility of business without some form of involvement. Responsibility is in link with the involvement degree.

There are 4 levels of responsibility in the OECD Guidelines:

- 1- if you cause, as a company, an adverse impact, you should stop causing it, and try to remedy the problem.
- 2- if you contribute, as a company, to an adverse impact, you have a causal role. But you are not the only company involved: you should stop your own contribution and should see how far you can also stop the contribution of others.
- 3- if business partners infringe on Human Rights in direct relation to the operations, products or the services of a stakeholder, you should, as a company, seek to avert this adverse impact. This is one of the most opaque provision in the OECD Guidelines: how to put it in practice....
- 4- a company should encourage its suppliers and contractors to implement the provisions of the OECD Guidelines and avoid adverse impacts.

There is no general unqualified responsibility in the OECD Guidelines meaning that a company is responsible for whatever happens in its supply chain. This does not mean that a company is free. It has a responsibility in trying to avoid adverse impacts, and this responsibility has increasing degrees. The OECD Guidelines are not a manual on how to implement this responsibility. It depends on each situation, and it has to be worked out. A number of initiatives have been taken to

implement the United-Nations Guiding Principles and OECD Guidelines, but it is still not so easy to do. Some explanations are given on the BIAC website in a brochure on the OECD Guidelines principles and processes and what is or is not expected from companies.

The OECD has developed some other initiatives, such as specific guidelines for companies involved in processing or using minerals coming from conflict areas, how to apply the OECD Guidelines in the financial sector and agricultural sector. The European Union has prepared documents on how to apply the OECD Guidelines and United-Nations Guiding Principles in the sectors of oil and gas, ICT and temporary work agencies.

In the framework of its Action Plan on Human Rights and Democracy, the EU has asked the member states to develop a national action plan on implementation of the UN Guiding Principles. Belgium is presently busy with it. Initiatives are developing but a lot more needs to be done.

When creating the National Contact Points (NCP) in the OECD Guidelines, the idea in first place was to spread information about the Guidelines, and also to offer “good services” if there were disagreement on the OECD Guidelines implementation in certain cases. There is no precise description in the Guidelines on what NCPs should do, and NCPs are different in each country.

BIAC made a survey among its members about what companies think about NCPs and their experiences and procedures with NCPs. The most important answer was that business said very clearly that there is an added value in NCPs bringing about stakeholder dialogue and trying to find solutions. On the other hand, business had critics on the functioning of certain NCPs in certain cases. What also came out is that very much depends on how the NCP is presented: is it a kind of semi-public prosecutor ? Or a semi-judge that tries to bring companies on a better path ? If it is the case, then it creates certain reserve towards the NCPs among businesses. For BIAC, it is clear from the OECD Guidelines that NCPs are not semi-judicial instances, but facilitators for business and for stakeholders, and they are there to bring into dialogue in a future-oriented solution for businesses.

If the OECD and its member states and stakeholders would better present the NCPs, then it would be much easier for business to collaborate with the NCPs. If NCPs were perceived as working for business and not against it, there would be more room for finding solutions. There is no ready-made manual to be implemented, it is a process, an on-going dialogue, learning process, mentality change which creates the right conditions of trust in the process, in order to bring best results.

Ms Kirstine Drew

Trade Union Advisory Committee (TUAC)

Senior Policy Advisor

On working conditions, OECD Guidelines and National Contact Points.

Ms Drew reminds the Rana Plaza disaster in 2013 in Bangladesh which caused the death of 1 100 workers and injured 2 500 more, and the appalling working conditions in Bangladesh in the garment sector and the responsibility of multinational companies. The responsibilities of companies is qualified in the supply chains management: if a company causes, contributes to or has links with an adverse impact in its supply chain, then there is a responsibility to act.

The responsibilities faced by multinationals in Bangladesh have now been answered to some extent by the signature on 23 may 2014, 1 month after the disaster, of the *Accord on Fire and Building Safety*. It was signed by more than 40 garment companies, 2 global trade unions, 4 Bangladeshi trade unions and 4 NGOs as witnesses. Today, over 100 companies have signed it. It is a framework for a comprehensive program of independent and transparent inspections, health and safety training, worker impairment, financially supported remediation of health and safety risks, and precautions for suppliers that refuse to comply. It was endorsed by the United-Nations Secretary General, the ILO and OECD, among others. From trade unions point of view and NGOs, it is a precedent setting and a break with CSR. It is not a voluntary initiative led by business, but a legally binding agreement between representatives of workers and companies. At the annual OECD Guidelines event, Ms Nicole Bricq, French Minister for Foreign Trade, said that business should ensure that there is “a before and an after” Rana Plaza in global economy.

Regarding the same sector in other countries, garment workers in Cambodia have been detained and killed because of their peaceful demonstrations for protesting their living and working conditions. Global unions and major brands wrote a letter to the Cambodian government. The precedent of the Bangladeshi Accord might bring trade unions, government and companies together to find a common solution.

On another hand, in a different sector and in a different region, the controversial Qatar 2022 World Cup highlighted appalling living and working conditions of migrant workers. A mission of the UN special rapporteur on Human Rights of migrant workers of November 2013 made recommendations. It was followed by a trade union mission, and our delegates reported workers living and working in appalling conditions, with labour camps and detention centres. Sharan Burrow, General Secretary of the International Trade Union Confederation (ITUC), said that international companies should be aware of reputational risk on doing business in Qatar with respect to workers' rights.

United-Nations Guiding Principles were endorsed by the international trade union movement, and trade unions were also active in the updating of the OECD Guidelines in 2011. The 2nd pillar of United-Nations Guiding Principles, Corporate Responsibility to Respect is embedded in the OECD Guidelines. There is no escape from the OECD Guidelines, and people have to read them.

On page 31 of the OECD Guidelines, 6 recommendations are set. These are the expectations of the 46 governments who have signed the Guidelines on how business should behave in relation to Human Rights.

Enterprises should:

1. Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved;
2. Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur;
3. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts;
4. Have a policy commitment to respect human rights;
5. Carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts;
6. Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

From a trade union point of view, there are a number of features in the OECD Guidelines and United-Nations Guiding Principles which are worth being highlighted:

- 1- companies are responsible for their impacts, wherever those impacts occur, including in the supply chain;
- 2- labour rights are human rights, and companies should make a reference to the ILO declaration on rights at work.

Trade unions have filed 155 cases at various NCPs over the past 10 years. Two third of them involved violations of the right to form or join a trade union and the right to collective bargaining.

Trade unions agree that the value of NCPs is potential for future-oriented solutions to problems, and support the NCPs to get that message out to business. But they disagree where companies do not come to the table to engage in dialogue and to seek those future-oriented solutions. The NCPs have to get tough and do their investigations and make a decision. That should provide the incentive to have the dialogue.

Ms Virginia Sandjojo
OECD Watch
Coordinator

On issues that arise relating to implementation of the Guidelines in specific instances.

OECD Watch is an international network of civil society organisations promoting corporate accountability. It also keeps track of cases filed by NGOs at National Contact Points (NCP).

NCPs have within their mandate the task of information and promotion of the OECD Guidelines, but they are also responsible for the implementation of the Guidelines in specific instances. Individuals, trade unions, NGOs and companies can file complaints for alleged breaches in the Guidelines, and NCPs have a mandate to offer their good offices to try to resolve these concerns.

The current version of the OECD Guidelines contains a special chapter on Human Rights. This is a key priority for NGOs. It gives important guidance to companies and opportunities for victims of Human Rights abuses to get access to remedy.

I would like to share with you a couple of examples on what NGOs have been asking for in complaint when referencing the Human Rights chapter of the OECD Guidelines. These examples show the need to have an Human Rights policy in companies.

The complaint case by Dutch and Argentine NGOs against a seed company for labour rights violation: there is a demand to remedy the labour rights and work conditions of workers but there is also a request for a Human Rights policy from the company, because there was none at the time. How will the company remedy or mitigate the negative Human Rights impact ? Will the company make its Human Rights policy public or publicly accessible ? Due diligence is key aspect in such policy.

NGOs are also concerned by Human Rights in land issues and indigenous people rights in mining and extractive industries. In this area, the OECD Guidelines are not as far reaching as other international standards with regards to other stakeholders consent, because the latter goes further than stakeholders consultation. The OECD Guidelines should not withhold companies from making their stakeholders engagement as meaningful as possible, in order to prevent Human Rights violations and make sure of doing good business in the context where they operate. We have seen multiple complaints filed against companies for neglecting stakeholders forced eviction, or removing people from their lands. It is a difficult issue. For example, the case of the indigenous people organization "Survival International" against the UK company Vedanta Resources, for building a bauxite mine on holy ground. The NGO filed a case at the UK NCP which issued a very strong statement stating that the company has breached the OECD Guidelines.

I would like to highlight two other aspects of OECD Guidelines which are priorities for NGOs:

- supply chain responsibility, which has been made much more explicit in the current version of the OECD Guidelines: a company is responsible for its own activities plus those from its business partners when they apply to its operations.

- being a retailer or a financial institution, the OECD Guidelines apply to you if your business relationships have done actions that can fall under the OECD Guidelines clauses. It can be expected from companies to take a certain level of responsibilities if their business relationships are also involved in Human Rights impact. This was confirmed in a recent case filed by Dutch, Norwegian, and Indian groups against the South Korean steel company Posco. Posco intended to open a mine on the grounds of a local Indian community. The case pointed out a lack of due diligence for 2 financers of Posco, Dutch and Norwegian pension funds because they should not be financing such controversial operations.

I would like to mention the business obligations to follow the UN “Protect, Respect, Remedy” framework. It is a signal for companies to take their Human Rights responsibilities seriously if they fulfil specific quality criteria including those as outlined in United-Nations Guiding Principles and the possibility to appeal. If there are serious Human Rights abuses, including torture or killings, it should be dealt with in courts, within the legal system. Unfortunately in a number of countries, this legal system is not adequately functioning in order to address those concerns. Therefore, a non-judicial grievance mechanism may be a possibility for a victim to get access to remedy. NGOs do file complaints, but dealing with Human Rights, they prefer prevention over remedy.

Testimonials

Colruyt Group

Mr Daniel Bral

Senior Audit Manager

The Colruyt group is a group of companies, with 22.378 employees.

The group is known for its 232 supermarket stores in Belgium, 2 in Luxembourg, 67 in France, in addition to a variety of other stores, and among them 45 Dreamland stores (toy specialist, stationery, seasonal product ranges).

Since a few years, ethical awareness in import of non-food has grown in the company, and the focus has been brought on Human Rights management in imported non-food products. 95% of them are bought directly and mostly in mainland China.

10 to 20 years ago, the Colruyt Group was still a small company and did not do much in direct import from China. But at the end of the 90's, and in the beginning of 2000's, there was a growing import of toys from China. Due to many revealed scandals, the company was wondering under which circumstances the products it bought were made.

In order to answer this question, things have been done gradually:

1- identify the supply chain in order to monitor it;

2- set requirements for the supply chain: a code of conduct was established in 2002, based on the International Labour Organization (ILO) conventions;

3- identify the risks in the supply chain: the company started by visiting the factories by itself, but a language problem appeared soon. Colruyt then decided to conduct audits in mainland China with specialized audit companies. During the audits, workers dormitories are also checked, and not only the workplaces.

The audits showed that in most cases, the code of conduct was not respected, in large or minor part. Corrective action plans were discussed with manufacturers, and new audits were performed.

The auditing process is only a tool, it is not the objective. The idea behind the audits is to have an idea, as a customer, of what the situation is, and to raise awareness at the management level that something is going wrong at the factory. If the factory wants to have a long term collaboration with the Colruyt Group, it has to take into account the code of conduct and participate in the corrective action plan. It is a step by step process.

The situation and our experience evolved.

Our company was rather inexperienced in the beginning, in 2002. After 4 years we decided to expand the monitoring to other "hardlines" imported non-food products such as stationery, garden furniture, kitchen material, seasonal products, etc., that is to say no textiles or garments, which are known as "softlines".

By the end of 2008, all our active non-food producers and manufacturers were monitored and audited at least once. We also realized that even if we are a rather big company in Belgium, we are

considered as a small company outside our country, and particularly in mainland China, where we might represent 0,001% of the production capacity of a factory...

This is why we decided in 2007 to join other initiatives such as ICTI (International Counsel of Toy Industries) which has set up a monitoring concept for toy factories. We reached an agreement by which we could accept the ICTI seal of compliance if we can have access to the database of audit reports to make sure that they were genuine. In 2008, we joined the "Initiative clause sociale - ICS" which is made up from the biggest French retailers, such as Carrefour, Auchan, Système U, Casino, etc. The idea is to work together in order to spot common suppliers and identify problems or non-respect of the code of conduct.

Since 2008/2009 for non-food products, Colruyt takes part in the "Initiative clause sociale – ICS ¹" questionnaire. This questionnaire checks the conformity to local legislation and ILO conventions for various topics such as child labour, forced labour, discrimination and disciplinary practices, freedom of association, working hours and overtime work, salary and social benefits, safety and health and hygiene at workplace (and in sleeping quarters if applicable). The strongest legislation between ILO conventions or local law prevails: if ILO conventions are stronger than local law, conformity will be checked to ILO, if local law is stronger, conformity will be checked to local law. For example, if ILO conventions indicates the minimum age for admission to employment and work to be 14/15 years, and if Chinese law indicates it is 16 years, then conformity will be checked to the minimum age of 16 years. ILO rears so Chinese law is stronger so we will use 16 years to check. Child labour, as it was seen in the past years, is totally unacceptable. Other attitudes such as local minimum wage, unpaid overtime work, etc. are still observed.

It is a hard road we have to go along, and it often encounters lack of collaboration from the producers by forbidding factory audit. What is the alternative then ? In my opinion, stopping collaboration is not advisable: it leaves the situation as it is, and it is no help for the workers. Another difficulty is to identify the supply chain and see with whom you are dealing: is it an agent, or a supplier, or a manufacturer ? Do they use subcontractors ? As a retailer, how can you monitor this ?

The major non-compliance is in the compensation of working hours. The question is not so much about the minimum wage, but is the minimum wage enough for a decent living ?

Another issue is about the working time: Chinese labour law and ILO put a maximum of 60 hours a week. Few factories respect this obligation, and there is quite a difference between a factory where the working hours reach 66 hours a week, and another one where it reaches 96 or 102 hours a week. This also has to be taken in consideration.

The higher the buying power is, the more power there is to change things. This means that if you want to change things, something about commercial relations should also change. Most important, you should ensure the factory you work with, that you will work with it on a long term collaboration basis. It is no use to change from factory every 6 months because there is another one that is 5 cents cheaper. If the latter is cheaper, there might be a reason for that.

At Colruyt Group, we try to build a mutual relation of confidence and trust. It is not our intention to "punish" a manufacturer, but to raise awareness, and make things change. That is a different approach. Unfortunately, in some case we are faced with the unwillingness of some suppliers or

¹ ICS was created in 1998 by three retailers under the aegis of the French Federation of Retail and Distribution Companies (FCD). Today the initiative has 20 active member retailers.

manufacturers, and in that case we have no choice but to stop our collaboration, but this is considered as a failure. The aim is not to stop a collaboration, but to set up a process for improvement.

JBC

Mr Dominiek Willemse

Chief Operating Officer

JBC is one of the most important fashion retailers in Belgium and Luxembourg. It is established in Belgium (Houthalen), and totals 180 shops: 133 under JBC brand, 4 under Esprit brand, and 43 under Mayerline brand. It employs 1.600 people.

In Belgium, in 2012, it had a market share of 4,7 %. Main competitors in Belgium are C&A (9,8%), H&M (7,2%), Esprit (2,4%), Zara (2,0%). 34% of the Belgian families are a client of JBC.

One very important issue when talking about ethics, is that buying power creates an impact on the suppliers.

JBC has a Code of Conduct since 15 years, and it has naturally evolved and covered different topics, such as: animal welfare, chemicals, child labour, living wages,...

Regarding Human Rights, at the start the focus was more on child labour, and now, it is more focused on living wages, and in between there was a big evolution. Nothing is fixed, the principles evolve, and tomorrow they will be different. This is why our Code of conduct has evolved, and it is now an absolute obligation for working for JBC. The suppliers that do not sign it cannot work for JBC. No exceptions, no exclusions. Child labour topic is unacceptable, and not negotiable. If it appears during an audit, it calls for a more severe action than any other issue. Working time in China is a general issue, and has to be worked with on the long term.

The monitoring is done by an external third party organisation: Wethica. The topics that are audited at the manufacturers are: human rights, labour rights, child labour, forced labour (and delayed salary payment), working time, wages and compensation, working condition (including health and safety).

Wethica is an independent audit organisation, that audits 80% of the suppliers on a period of 3 years. In some areas considered as riskier (as for instance Asia, China, Bangladesh, India,...), it audits 100% of the suppliers, on a period of 3 years.

JBC also has quality controllers who monitor the production at the factories. JBC endeavours to monitor the exact places where the production is made. JBC does not allow subcontracting without prior notification. The quality controllers have received a training from Wethica in social compliance, and they speak the local languages. They are not experts, but have a good eye. Our buyers, and one of our owners also visit the factories. As a general remark, it is sometimes difficult to evaluate and understand the local conditions and circumstances.

Sometimes JBC receives remarks saying that it has its own audit company: Wethica. Let me say that Wethica is totally independent from JBC, and of course JBC pays to Wethica the audits it orders. JBC has many questions regarding the fact of being part of multi-stakeholders organisations, but it is considering now the fact of joining some of them.

The audits made for JBC, and its suppliers lists are not made public because the fashion market is highly competitive. But JBC remains open to the Clean Clothes Campaign which has access to the reports.

JBC is putting in place a complaint procedure, and JBC is working for the time being on the living wages issue, and JBC is documenting on salaries in the different supplying companies. It is a very

difficult issue: what is a living wage and how to calculate it and apply it ? Furthermore, the impact on the suppliers is in line with the purchasing power: if a client represents only a small percentage of a supplier's production, and asks him to double the wages, the supplier might well refuse to deal with that client.

One of the strengths of JBC, is that it has been working with 80% of its suppliers for more than 5 years. Thus, it has built very good relationships with its suppliers. JBC invests in the long term, because quality is a very important issue. JBC does not go for price, that is to say that a very small difference in price has less impact for JBC than it has for bigger retailers. JBC is also less present in the very high risk countries, and works with only 4 factories in Bangladesh, representing less than 10% of its production.

One very important point is that everyone in the company is aware of the Code of Conduct and of the policy towards the suppliers. JBC has regular employee meetings and motivation week-ends around this theme, and it lives in our company.

The audits are also followed-up: the issues are addressed, and corrective action plans are set-up, including programs, deadlines, and timing to improve.

Regarding the *Accord on Fire and Building Safety in Bangladesh*, JBC is the first Belgian company who signed it in 2013. Today, there are 6 Belgian companies who have signed it.

It is a legal binding agreement, but at the time JBC signed it, it was still very unclear. There are now a lot of very complicated processes going on, between the various parties working together in order to clarify the agreement and the way to implement it. For example, in the Accord, the retailer agreed and signed that he will not withdraw his production from Bangladesh during the term of the agreement. But Labour Unions say that the retailer cannot withdraw its production from the factory... And this is difficult, because fashion changes very rapidly, and as a fashion retailer you have to adapt very quickly, and be flexible. For JBC, this is not really a problem, because it deals with only 4 factories, but for many other retailers, it is a real difficulty.

All in all I agree that it is a major progress, a major step, and it is a collaboration across a whole sector, and also between retailers on this issue. It is a very important step, and it should be a landmark. I hope we can progress on this, and work together to achieve some results.

This is the major reason why JBC signed the Accord.

What are the next challenges ?

- Living wages is a very delicate issue and has to be clarified.
- International collaboration is a good step, but sometimes difficult.
- Evolution is preferable over revolution, if possible.
- If we remember, Bangladesh was one of the poorest countries in the world, and at a certain moment, the European union dropped the 12% import taxes on textile. By doing so, the European governments pushed all the retailers to buy from Bangladesh because it had the lower production prices. So there was a huge demand on Bangladesh, and the local situation degraded, because buildings had to be built rapidly. So the trigger, is not always where we think it is. A huge demand was created, and the country could not control it. Now we have to monitor that situation.

Based on this issue, import taxes are also a possibility for governments to take their responsibilities in these countries.

Besix Group

Mr Frédéric de Schrevel

General Counsel

Besix Group origin dates back to 1909. It is the largest privately owned and Belgian controlled contracting group.

The Group is multi service, and active in all fields of construction, and has 2 core businesses: buildings and civil works. It has projects in 17 countries and employs about 17.000 people on payrolls in the different countries.

The order book at the end of 2013 reached 2,500 mio EUR.

Participating in big projects in “risky countries” means important challenges for Besix Group, and Besix Group has built a CSR vision to meet these challenges.

Where does Besix Group stand now ?

On a top 5 scale, based on Business& Society scale, BESIX Group tends to level 3, depending on its different actions:

Governance, Human Resource, Quality Health Safety Environment and Procurement: level 3

Corporate social responsibility Global process: level 2

In 2011, Sustenuto (consultant in sustainable development) made a study for BESIX Group. Based on benchmarking and in-house interviews, the consultancy guided the Group in CSR challenges it had to face. It also helped to settle the vision and the priorities.

If in the West, Besix Group participates in the continued growth of our society, we want to help in new countries, in which we operate, in the development of a more comfortable life. And this in a respectful way for the environment in which they live and evolve.

At Besix Group, we have 4 priorities, and we develop specific actions for supporting them:

- People: well-being ; safety; career development; social involvement
- Environment: minimize our impact; CO2 control; waste management ; certifications (LEED, REEAM, ...)
- Engineering: sustainable building solutions
- Business behaviour: sustainable purchasing, code of conduct

Based on these priorities, we have developed a common baseline: ‘It all starts with respect’, and we launched this campaign first of all for our staff members within the Group: we respect each other as colleagues, and we are also respectful of our clients, suppliers, environment, governance, safety, ...

From this year on we will go further with an external campaign about respecting clients and suppliers (by mean of a Procurement Code of Conduct)

We consider our staff members as the cornerstone of our expertise. There is much diversity and different nationalities among our staff members. Gender is less represented due to our particular sector, but women are still active, even in our core business, and enjoy positions such as project managers on site.

Safety is more than a priority: it is essential, it is a value, and we set up life saving rules. Well-being at work is another of our objectives, and it is worth noting that today we employ the 2nd generation (children) of our workers today. We organise various trainings, seniority & expertise grades, years of service celebrations and publish a newsletter in English and Hindi.

We faced strikes in 2006 and 2013 in the United Arab Emirates, and we applied the appropriate solutions to answer our workmen's requests. We went even further than applying local rules: we raised salaries, covered more medical expenses, proposed local products in shops within the base camp if the base camp is far from a city, bus shuttle is available every night to town centre, kitchen are available for those who prefer to cook themselves instead of using the refectory, fitness centres are available, etc.

What has been achieved since 2009, in the CSR field:

From 2009 to 2011 a CSR work group has been working within Besix Group, and submitted its conclusions in 2011 ; the first CSR report of the Group carried out by more than 60 contributors from all BESIX entities has been submitted in September 2012. Also in 2012 a Besix sustainable construction department was launched, a satisfaction and engagement survey was made and a CSR section appeared in the Besix Group magazine which is published 4 times a year. In 2013, a first procurement policy has been issued, and a Group CSR Network was set up. It also saw the launch of the "Respect campaign".

Solvay

Ms Katinka Tattersall

Head of Ethics & Compliance

Some important initiatives were taken at Solvay regarding CSR and human rights:

- The Solvay Code of Conduct,
 - The Solvay Way
 - Worldwide social and environmental responsibility agreement with IndustriAll Global Union
 - Together for Sustainability
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- Solvay's Code of Conduct is a handbook for employees setting out the mutual expectations between the employees and the company. The Code of Conduct states that Solvay is committed to respecting and supporting Human Rights with regard to its employees, the communities in which it operates and its business partners. The scope of the Code of Conduct is worldwide. Employees are expected to understand the human rights issues that may be at stake in their workplace and should prevent violation. Any indication that Human Rights are not properly protected will be taken seriously.
Through its « Speak Up » campaign, Solvay encourages its employees to speak up when faced with difficult situations or potential violations. Employees can Speak Up either through internal organizations or through an externally operated « Ethics Helpline ».
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- The “Solvay Way” is made out of 23 Commitments towards our stakeholders. Per category, we have developed specific actions:
For the customers,
Integrating our CSR commitments into our customer relationships, controlling product-related risks, CSR-integrating innovation, analyzing and developing our markets, while integrating CSR

For the employees
Ensuring employees' health and safety, respecting employees' fundamental human rights and guaranteeing their social rights, ensuring quality social dialogue, developing employability, motivating employees

For the planet
Promoting environmental management, conserving natural resources, limiting environmental impact, preserving biodiversity, exercising responsible influence

For the investors
Creating value responsibly, ensuring risk management, ensuring dissemination of and compliance with good management and governance practices, communicating in an ethical and transparent manner

For the suppliers
Defining prerequisites and integrating them into the supplier selection process, evaluating buyers' CSR performance, managing and assessing suppliers' CSR performance , optimizing relationships.

For the communities

Ensuring the integration of entities within their territories, controlling industrial risks related to entities' presence in their territories, controlling supply chain risks and preventing accidents.

- Worldwide Social and Environmental responsibility agreement with IndustriALL.
The agreement between Solvay and IndustriALL creates a structure for information and dialogue and affirms the joint commitment to good industrial and labour practices;
Solvay asserts its compliance with the ILO Conventions on Human Rights;
Creation of a Global Safety Panel with participation from Solvay Management, IndustriALL and employee representatives to monitor safety situation within the Group. The Panel will also organize site visits to check the safety and working conditions.
IndustriALL is a global union representing 50 million workers in 140 countries in the mining, energy and manufacturing sectors.
- “Together for Sustainability” is an initiative within the Chemical sector which aims at building industry standard for sustainable supply chains. The participants to this initiative have developed a shared platform for supplier sustainability assessment and audit data. However, the participants to this initiative keep the responsibility of their own operations.