



International Center for Corporate Accountability, Inc.

Ensuring Integrity, Accountability & Transparency in Business Worldwide

INTERNATIONAL CONFERENCE

**VOLUNTARY CODES OF CONDUCT FOR
MULTINATIONAL CORPORATIONS:**

PROMISES AND CHALLENGES

New York, May 12 - 15, 2004

Zicklin School of Business, Baruch College, The City University of New York

One Bernard Baruch Way,
New York, NY 10010

International Conference - Voluntary Codes of Conduct for Multinational Corporations: Promises and Challenges

Contextual Framework

A unique feature of the current wave of globalization has been the role of the private sector, and notably large multinational corporations (MNCs), in providing capital and technology to the developing countries to make products, harvest forests, and extract oil and minerals destined for the markets of industrially advanced countries. This process ensures efficiencies both at the production and distribution ends of the supply chain. The result is greater wealth creation and maximum social welfare.

The process, however, has not been without problems. Private investments are concentrated in those regions that are economically attractive to the MNCs. This has left out large parts of the world that are also in desperate need of economic development but are unable to attract foreign investments. An added problem has been a vacuum in the international policy and regulatory regimes that address the problems of resource allocation according to the needs and relative bargaining leverage of all significant stakeholders.

Vital Role of Voluntary Codes of Conduct or Guiding Principles

Current regulatory frameworks at the national and international level to date have not generated solutions that have general acceptance among important economic and socio-political institutions leading to heightened levels of social conflict. Even where appropriate laws exist, most developing countries fail to enforce them because of internal political and resource constraints, and also from international pressures in order to compete for foreign investments, technology, and exports. Consequently, the need for efforts, like the voluntary codes of conduct, has never been so great in view of the widening gap – both real and perceived – between corporate performance and societal expectations.

Corporations and industry groups, international and multinational lending organizations, UN-based institutions, and nation states have all recognized the changing parameters of this new world. Another significant development has been the rise of Civil Society institutions, i.e., Non-Governmental Organizations.

Creation of voluntary codes of conduct or guiding principles has been advocated by a variety of groups: business, civil society, and other international and multinational organizations. These codes and guiding principles range widely as to the scope of the issues covered and the degree of specificity in their implementation. They are intended to demonstrate the sponsor's desire and commitment to a type of behavior that meets societal expectations and to engender greater public trust in the organization's pronouncements and activities. They also serve to expand the scope of corporate governance beyond the board of directors to include other stakeholders who are impacted – both positively and negatively – through the second-order effects of a corporation's normal business activities.

A voluntary code of conduct is an articulation of a corporation's CSR commitments in terms of programs and activities, measures of their implementation, and where possible, an evaluation of their social impact with a report to the community. A corporation's CSR activities, as manifested in the company's voluntary code of conduct, create the foundation on which to build corporate reputation and public trust.

Focus of the Conference

The primary focus of the conference will be to accelerate the rate of progress on the creation and implementation of voluntary codes in a manner that

- (a) provides business institutions with a flexible approach that is both economically feasible and operationally viable
- (b) narrows the gap between corporate performance and societal expectations: and
- (c) takes cognizance of the legitimate needs and concerns of importance to stakeholders

In addressing these issues the conference will emphasize the real world practical aspects of code formulation and implementation with a view to expand the scope of their implementation in creative ways so as to maximize their benefits for all relevant stakeholders.

The conference program will be divided into four inter-connected tracks:

1. Rationale for codes of conduct

An evaluation of theoretical underpinnings – legal, economic, socio-political, and ethical – for assessing the legitimacy, scope and content of various types of codes of conduct.

2. Limitations of Codes

An assessment of what can be realistically expected from a voluntary approach to creating standards of performance given the institutional constraints, e.g., corporate culture decision-making process, and, resource constraints; NGO mission and goals; competitive pressures in the market place; problems of free rider and adverse selection in implementing group-based, e.g., industry codes; and, philosophical issues pertaining to locus of control concerning societal values and resource allocation.

3. Making Codes Effective

This issue is by far the most critical for the future of voluntary codes. To be effective, these codes must command a large measure of public trust in corporate statements and actions with regard to fairness and substantive compliance. This would call for creation of objective, quantifiable standards for measuring corporate performance, independent external monitoring for compliance verification, and transparency in communicating findings to the public.

4. Evolving Legal Doctrines and Court Challenges to MNC conduct Abroad

In addition to thorough coverage of the normative and cultural issue raised by international corporate codes of conduct, this conference will break new ground by considering the impact of corporate codes on regulatory practice, substantive law, and legal systems.

Specifically, panels/sessions will focus on the use of Alien Tort Claims Act (ATCA) and the Torture Victims Protection Act (TVPA) to establish corporate responsibility for human rights violations, linking corporate export trade privileges to compliance with fundamental rights; and, creating baseline legal standards to enforce corporate compliance with codes of conduct. Other panels/sessions will focus on the effect of codes on corporate governance practices (e.g., the role of the board as an overseer of the compliance function), federal environmental regulation (e.g., the power of leniency and amnesty programs as regulatory incentives), conceptions of corporate constitutional rights (e.g., the boundaries of corporate free speech rights), the evolution of sentencing guidelines for organizations (e.g., the new amendments to the Guidelines), and the scope of corporate criminal liability for the actions or inactions of supply chain partners.

These sessions will provide information and develop insights that are a **MUST** for international corporate executives, corporate compliance officers, policy makers and government administrators, and NGOs. They provide a glimpse of the future to come and will help you prepare for this future in a constructive and proactive manner.

Venue of the Conference

New York City, Zicklin School of Business, Baruch College, The City University of New York. The location of the conference is the new vertical campus of Baruch College located at One Bernard Baruch Way (between Lexington Avenue and 3rd Avenue), New York, NY. It has ultra modern facilities for holding large groups in plenary sessions, and tiered classrooms for discussion sessions.

Conference Dates

May 12 - 15, 2004. The conference will start on Wednesday evening with a formal welcome dinner. The main activities will take place on May 13 - 14 (Thursday and Friday) and will conclude in the morning of Saturday, May 15. The inclusion of weekend will make it possible for the participants to obtain low fares, which require a Saturday night stay. It will also allow our overseas guests to have a weekend of sightseeing in New York City.

Product of the Conference

1. The conference, and the events leading to it, will provide tremendous opportunities for corporations and industry groups, NGOs, international and multilateral lending and aid agencies, and governmental bodies, to interact with each other to formulate ideas, establish networks, and establish the foundation for future cooperation.

2. The findings of the conference, summary reports of various panel discussions, and papers presented at the conference, will be made available to opinion leaders, interested parties, and public-at-large through various news media and specialized channels of communications.

3. Currently seven top tier journals in the area of corporate citizenship, business ethics, corporate governance, and, international trade and investments, have agreed to publish special issues of their journals based on selected papers presented at the conference. These are: **Business Ethics Quarterly, Journal of Business Ethics, Journal of Macromarketing, Business and Society Review, Ethics & International Affairs, Corporate Governance: The International Journal of Business in Society (UK), and Transnational Corporations**, sponsored by United Nations Conference on Trade and Development (UNCTAD), Geneva. In addition, a number of selected papers presented at the conference may be published in the **Business & Professional Ethics** journal.

4. All conference proceedings will be available worldwide through web-based broadcasts via the facilities of the World Bank Institute in Washington, D.C.