

Founding Statement of the CorA Network German Network for Corporate Accountability

Human rights organisations, trade unions, development organisations and church organisations, consumers' associations and environment associations as well as other civil society organisations centred on socio-political issues work together in the CorA Network. We collaborate within various fields to promote corporate accountability directed towards the public good, and use a variety of instruments and approaches to achieve this goal.

Transnational corporations increase their often already powerful influence on social and environmental development, working conditions, consumption and production patterns and policy on a global scale. There is a lack of public awareness about the global impacts of corporate transactions and the necessary political frameworks to regulate them. We want transnational corporations, their subsidiaries and their suppliers to observe fundamental human rights and to adhere to internationally agreed upon social and environmental standards in their daily and global activities. In order to achieve this target, we intend

- to enhance the public debate on the economic and political activities of transnational corporations, and
- to advocate corporate accountability. By this, we mean binding instruments that compel these companies to respect human rights as well as internationally agreed upon social and environmental norms and standards.

There is still a big gap between established international standards and the reality of their implementation on the ground. Millions of people suffer from hunger, poverty, exploitation, violence, and child labour as well as health and environmental damages. In many cases, it is also companies who bear the responsibility for this. The corporate philosophy of voluntary and private initiatives of "Corporate Social Responsibility" (CSR) cannot alone bridge the gap between human rights, social and ecological problems on the one hand, and the normative values of our civilisation on the other. Transnational corporations must actively contribute to the adherence of stated norms within their sphere of influence, and transparently and comprehensibly report their actions to the public. CSR initiatives do not constitute an alternative to necessary regulations.

We are convinced that the path to binding and effective corporate regulations worldwide is not only ethically due, but also economically indispensable for the common good. Binding responsibility can be achieved by a combination of instruments, particularly through financial policy instruments, limiting values, incentive- and sanctions systems, as well as guidelines for regulatory policy. In the long term responsibility can be attained by varied structures that pioneer an economic model that is socially and ecologically compatible, and above all based on human rights.

In democratic states, public decision-making processes result in legally binding regulations that determine the content and range of companies' social responsibility. For a regulatory frame that is effective globally, we need a strong international community of democratic states that are capable of acting on this issue. Companies must not be allowed to contribute to a weakening of state sovereignty by, for example, bribing politicians or civil servants.

The effectiveness of binding regulations for transnational corporations can be enhanced if as many states as possible cooperate to achieve these goals, such as, for example, in the EU, the OECD and in the United Nations. At the same time, we demand the formation of regulatory policies at the local, federal and national level that address the issue of corporate accountability as well.

We therefore demand that the German Parliament, the German government as well as the European Parliament, the European Council and the European Commission take concrete steps toward adopting a binding framework for corporate responsibility. We pursue this goal in co-operation with like-minded national and international networks of civil society organisations from other countries.

Our demands are linked to longstanding trade union and civil society initiatives that have already been reflected on in the work of the German Parliament's Study Commission on the "Globalization of the World Economy" and the World Commission of the International Labour Organisation (ILO) on the Social Dimension of Globalisation. The German government has also declared its commitment to promote and implement binding intergovernmental agreements on corporate activity under the heading "Corporate Accountability" at the World Summit on Sustainable Development in Johannesburg in 2002.

Our most important demands on policy are:

1. Accountability and reporting duties for companies

Companies should disclose transparent, free and comparable information that demonstrates how they respect human rights as well as social and environmental standards along the value chain in their operations. Companies should outline, at their locations, how they take into account the concerns of employees, consumers and other affected people as well as how they combat corruption, which taxes they pay, and what consequences their investment plans have on the general public. Companies should present transparent energy and environment balances. They should make their sponsoring, their lobbying and their payments to governments and politicians transparent. The examination of the companies' reports should be carried out by independent offices.

2. Social requirements for the award of public contracts

Public contracts should only be awarded to companies if it can be verified that they and their suppliers have respected human rights as well as social and ecological standards, and only if they have completely fulfilled their reporting duties. Providers of public contracts as well as their suppliers should operate according to the tariff agreements. Each step in the award of public contracts and procurement should be taken transparently.

3. Establishment of corporate duties in international economic partnership agreements and in the promotion of trade and industry

The diverse foreign trade agreements of Germany and the EU must include demands on companies with regard to respecting human rights and socio-ecological norms and standards, instead of unconditionally granting them market access and investment protection. Companies should only receive government guarantees, benefits, investment protection and other public funds if they verifiably observe human rights as well as social and environmental standards.

4. Fair company taxation for the benefit of the society

Governments must call on companies to finance the commonwealth according to their economic and environmental performances. In order to achieve this, governments, through strengthened international co-operation, must effectively regulate financial markets, harmonise their tax regulations, prevent tax evasion, limit tax avoidance, close tax havens and vigorously deal with tax fraud.

5. **Effective sanctions and liability regulations for companies**

Companies that violate human rights as well as social and environmental standards, infringe on accountability and reporting duties or hinder monitoring efforts must have sanctions imposed onto them. Companies, their board of directors and their managers should be held liable for infringements of duty - including abroad - and should be obliged to pay damages to victims. States must create efficient structures in order to be able to control companies across national borders and to impose sanctions.

6. **Strengthening of product responsibility and promotion of sustainable consumption and production patterns**

Companies must be held accountable for the conditions under which they manufacture a product as well as for its quality with the help of effective regulations. Additionally, we demand a social debate about socially and environmentally compatible consumption patterns. Governments must restrain the production and distribution of socially and environmentally harmful products - including at the international level - and develop clear guidelines for the consumption of resources. The promotion of research into and marketing of socially and environmentally compatible products must in contrast be strengthened.

The signatories:

Attac
BanaFair
Bund für Umwelt und Naturschutz Deutschland (BUND)
Christliche Initiative Romero (CIR)
Coordination gegen BAYER-Gefahren
Dachverband der Kritischen Aktionärinnen und Aktionäre
Earthlink
Evangelischer Entwicklungsdienst (EED)
FIAN - Deutschland
Forschung & Kommunikation für Konsum, Umwelt und Soziales (FoKus)
Germanwatch
Global Policy Forum Europe (GPF)
Greenpeace Deutschland
INKOTA-netzwerk
Kampagne für ‚saubere‘ Kleidung
Lobbycontrol
Nord-Süd-Forum München
Oxfam Deutschland
Pestizid Aktions-Netzwerk (PAN)
Solidaritätsfonds Demokratische Medien
Stiftung Soziale Gesellschaft - Nachhaltige Entwicklung
Südwind
terre des hommes Deutschland
Transparency International Deutschland
urgewald
Verbraucher Initiative
Verbraucherzentrale Bundeszentrale (vzbv)
Vereinte Dienstleistungsgesellschaft ver.di
Weltwirtschaft, Ökologie & Entwicklung (WEED)

Berlin, 25 September 2006