



**Patton Boggs LLP** is a Washington-based international law firm. Our clients include multinational enterprises from around the world, sovereign governments, business and trade associations, coalitions of special interests, and individuals. Our 500 legal professionals concentrate in over thirty areas of legal practice. They represent over 3,000 active clients in our offices in Washington, D. C., Denver, Dallas, Anchorage, New Jersey, New York, and the high tech valley in Virginia. Lawyers in our office in Doha, Qatar, where we are the only United States law firm licensed to practice, represent our clients in that country and serve as our reference point for the firm's substantial practice in the Gulf Cooperation Council countries of the Persian Gulf.

For many years, Patton Boggs has been widely recognized as the leading public policy law firm in the United States. Patton Boggs was founded in Washington DC in 1962 as an international law firm. Historically, much of the firm's practice focused on international business and public policy matters: Patton Boggs was the first major law firm to recognize the importance of integrating public policy expertise with a traditional legal practice to provide the most comprehensive representation possible. Our broad-based approach recognizes the technical intricacies of industries represented before government or regulatory agencies, both national and international, as well as the critical legal and political questions being addressed. Because the firm comprises breadth and depth in equal measure, complex cases requiring multi-dimensional solutions are approached from many angles but managed economically.

Our firm is organized into four practice departments: business, litigation, public policy, and intellectual property. Our international practice groups function across all of these departments.

### **What is "Corporate Social Responsibility"?**

Corporate Social Responsibility, or CSR, is a term that describes the obligations of business enterprises to adhere to a common set of rules on ethical, social, and environmental issues. CSR recognizes that business enterprises should owe duties to their stakeholders -- those affected by their operations such as the communities in which they operate -- and be accountable to them. These duties have legal implications. Most of them are voluntary and spring from such "soft law" instruments as the UN Declaration of Human Rights, but some of them are legal requirements of national laws, such as the United States Sarbanes-Oxley Act.

### **What are its origins?**

Since the end of the Second World War, international trends have tended toward governments and multinational business enterprises, or MNEs, affirming corporate social responsibility through voluntary and binding agreements. The Nuremberg trials served as a starting point for corporate social responsibility by holding German industrialists and, implicitly, their corporations, liable for abetting Nazi war crimes. Since then, various international agreements have created generally applicable standards on a broad range of issues. Here are some examples. The International Labor Organization has created many conventions with impacts on MNEs' behavior toward employees. The 1992 Rio Declaration on Environment and Development encourages corporations to participate in sustainable



development. The 1997 OECD Convention on Combating Bribery of Foreign Officials in International Business mandates criminal sanctions against MNEs that participate in bribery.

### **Why should a MNE adopt CSR?**

The initiative is impelled by a number of circumstances. Prominent among these is the market place. Consumers' demand for ethical corporate behavior, from boycotts of sweatshop apparel manufacturers to rejection of wood products cut in rainforests, have caused many MNEs to adopt CSR as a good business practice. Most international financial institutions follow the market place by demanding socially responsible and sustainable practices by their borrowers. And many MNEs with operations in the United States adopt CSR practices to mitigate the possibility of U.S. litigation.

### **What are the sources of CSR?**

Even though CSR is a fairly recent initiative, some two decades old, many of the international norms on which it rests have been recognized by the international community for many decades. Here is a brief description of some of the most significant international instruments that bedrock CSR:

UN Declaration of Human Rights (1948) This famous Declaration affirms the general principles of "life, liberty and security of person." It prohibits slavery, torture, and cruel, inhuman or degrading treatment. The Declaration also posits the rights to free choice of employment, equal pay for equal work, collective bargaining, and reasonable working hours.

OECD Guidelines for Multinational Enterprises (1976, updated in 2000) The Guidelines offer a framework on a broad range of issues related to corporate governance. They encourage multinational corporations to promote sustainable development, local capacity building, and human capital formation; formulate their activities according to their host countries' international obligations and commitments; and apply self-regulatory practices, including encouraging employees to uphold these standards. The Guidelines ask that MNEs disclose relevant information; respect trade unions; prohibit child and other slave labor; combat bribery; transfer technology; abide by antitrust principles; and pay taxes.

ILO Tripartite Declaration of Principles (1977) This Declaration establishes parallel duties for host states and MNEs. Host countries and MNEs should promote free choice in employment, eliminate discrimination in employment, and recognize the right to form unions. Governments should provide some form of income protection, offer vocational training, ensure that MNEs provide adequate safety and health standards by signing various Conventions on worker safety and health, and give unions information about industries where local law permits. MNEs should also form contracts with national enterprises to process local materials, respect affirmative action programs, offer job security, and provide unions with adequate facilities.

Rio Declaration on Environment and Development (1992) While states retain the sovereign right to use their natural resources, states should work together to support sustainable development and ensure that their activities do not affect other countries negatively. The Declaration recognizes the need to eradicate poverty, respect indigenous peoples, and give special priority to the concerns of developing



countries. It encourages exchanging technological information and upholding the principle that the polluter pays.

OECD Convention on Combating Bribery of Foreign Officials in International Business (1997)

Member countries are required to create coordinated national laws to criminalize bribery. Members should cooperate, including passing adequate accounting laws, monitoring companies, and extraditing offenders when necessary. Countries should also use appropriate economic sanctions.

ILO Declaration on Fundamental Principles and Rights at Work (1998)

All ILO members must respect freedom of association and collective bargaining, eliminate child labor and other forms of forced labor, and avoid discrimination in employment.

UN Global Compact (2000)

The Compact establishes principles for MNEs in the areas of human rights, labor standards, the environment, and anti-corruption. MNEs should respect internationally established human rights in their sphere of influence and ensure that they are not complicit in human rights abuses. They should promote collective bargaining rights, eliminate employment discrimination, and forbid slavery and child labor. They should also establish proactive practices to sustain the environment, including sharing information and technology, and promote anticorruption initiatives, including resisting extortion and bribery.

UN Draft Norms on the Responsibilities of Transnational Corporations and Other Business

Enterprises with Regard to Human Rights (2003) The draft Norms bring in all the aspects of corporate social responsibility. They require that businesses refuse to benefit from crimes against humanity and generally uphold international and local human rights law. MNEs should promote equal opportunity, adequate pay, collective bargaining, and safe and healthy work environments. They should refuse to use forced or child labor. MNEs should abide by anticorruption initiatives and fair business practices laws. They should ensure safe products and work toward sustainable development. They should affirm these principles through internal rules and in their contracts, and they should submit to monitoring by the United Nations and other applicable bodies. MNEs should pay reparations to any damaged parties under these principles.

UN Convention Against Corruption (2005)

The Convention mandates that states adopt a number of preventative policies, including establishing anticorruption bodies, increasing transparency in campaign financing, and incorporating non-governmental and community-based organizations as watchdogs. It requires countries to establish civil and criminal penalties for bribery, embezzlement of public funds, trading in influence, and concealment or laundering of the proceeds from corruption. Countries agree to cooperate, including transferring evidence, extraditing offenders, and enabling asset-recovery in embezzlement cases.