



## **Why CSR is Failing Children**

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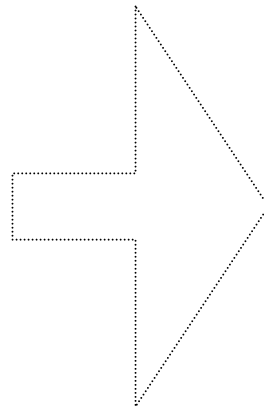
## What do you mean “CSR is failing children”?

- Save the Children has a long history of working in partnership with companies to improve outcomes for children.
- Bottom line: Businesses have a major role to play in making the world a better place for children.
  - For example by
    - creating economic opportunities,
    - implementing responsible operational practices,
    - influencing policy debates in a positive direction,
    - funding specific initiatives that benefit children.



## From the UK Government's current definition of CSR

“...we see CSR as the **voluntary actions** that business can take, over and above compliance with minimum legal requirements, to address....the interests of wider society”



## To a broader definition of CSR:

CSR is the responsibility to **operate ethically**, and in **accordance with legal obligations**, and to strive to **minimise any adverse effects** of its operation and activities on the environment, society and human health



## Why CSR is failing children: Case Studies

- The International Marketing Code for Breastmilk Substitutes
- The Extractive Industries Transparency Initiative (EITI)
- The Ethical Trading Initiative



# The International Marketing Code for Breastmilk Substitutes

- **What is the issue?**
  - Breastfeeding save lives
  - Aggressive marketing of breastmilk substitutes by companies in the infant feeding industry plays a role in reducing breastfeeding rates.
- **The voluntary response**
  - 25 years ago the World Health Assembly adopted the International Marketing Code for Breastmilk Substitutes
  - Companies prohibited from promoting products such as infant formula, and bottles, and must not undermine breastfeeding in their marketing materials.



# The International Marketing Code for Breastmilk Substitutes

- **The Code in practice**
  - 25 years on, the aspirations of the code remain elusive in many countries.
  - 1.4 million children are dying every year because they haven't been adequately breastfed
  - Well documented violations of the Code come from nearly all companies in the baby milk manufacturing industry
- **What next?**
  - What regulatory response might better entrench the principles of the Code?



# The Extractive Industries Transparency Initiative (EITI)

- **What is the issue?**
  - Oil, gas and mining industries generate enormous revenues for a number of developing countries
  - Natural resources *can* lead to economic success (e.g. Botswana, Norway)
  - But, more often, have fuelled conflict and corruption
- **The voluntary response**
  - EITI established in 2002 to improve transparency of payments between extractive companies and governments
  - Citizens of resource rich countries can hold their governments to account for how the money is spent



# The Extractive Industries Transparency Initiative (EITI)

- **The Initiative in practice**
  - By some measures, has had great success: 23 resource-rich countries, 24 companies (including all of the biggest oil, gas and mining companies)
  - Good as far as it goes – but it doesn't go far enough
- **What next?**
  - Mandatory measures to bolster the principle of EITI
    - **Accounting standards and listings regulation that require companies in the extractive industries to publish their payments to governments**





## Conclusions

- Voluntary CSR initiatives – while good as far as they go, they don't go far enough
  - Promote dialogue
  - Develop best practice
- Must be accompanied by a public policy strategy that ensures minimum rules and standards are sought in the medium to long term
- Need for informed discussion: “in light of a particular problem, what is the best regulatory response?”



“The most effective strategy for reconciling private business goals and public social purposes remains what it has always been, namely effective government regulation...CSR should not be regarded as a long-term substitute for the rule of law.”

- David Vogel, “The limits of the market for virtue”