

**Welcome Address**  
**Second Conference on Responsible Business Conduct and the OECD**  
**Guidelines for Multinational Enterprises**  
**Ágnes Hornung, State Secretary for Fiscal Affairs**

Mr. Brennauer, Mr. Paugham, Ms. Wachenfeld, our distinguished guests, ladies and gentlemen,

It is my great honour to welcome the Second Budapest Conference on Responsible Business Conduct and the OECD Guidelines for Multinational Enterprises. The Hungarian government highly appreciates the invaluable work of the OECD, its efforts to **advance a stronger, cleaner and fairer world** by assisting governments and international organizations. We are proud of being a member of the organisation since 20 years and we try to make contributions to achieving the promising common goals.

The today's conference focuses on responsible business conduct, a field where OECD is a real frontrunner. The OECD Guidelines for Multinational Enterprises is **the first multilaterally agreed, government-backed comprehensive code of responsible business conduct** which aims to **promote worldwide positive contributions by enterprises to economic, environmental and social progress and minimise the difficulties to which their operations may give rise.**

First of all we have to emphasise that the document is already dating back to 40 years, but it is **regularly updated** and has undergone a considerable improvement. Adhering governments committed themselves to actively promote the Guidelines and to **establish National Contact Points for furthering their effectiveness.** The document is also **supported by important business, worker and non-governmental organisations.** Some of them are represented here today and we can welcome them among our distinguished lecturers.

Furthermore, the Guidelines are comprehensive, covering all major areas of responsible business conduct and using a **due diligence approach.** When we talk about due diligence in responsible business conduct, we mean something like: "It is possible to outsource the company's activities but it is not possible to outsource its responsibilities" as Roel Niewenkamp, the chair of the OECD Working Party for Responsible Business Conduct said.

Why is it so important that companies behave responsibly?

We know that global warming and climate change jeopardise the global ecosystem and the basic living conditions of some of the poorest countries. Extreme inequality is not only unjust but also threatens the everyday way of life in developed countries. From the point of view of the society, responsible business conduct is good because responsible companies make

development **inclusive and sustainable**, respect **human and workers' rights** and preserve the **environment**. The list can be continued, but let's see it from another point of view. For the economy it is beneficial for **fair competition** and creation of **level playing field**, it helps attracting **investments**, stimulating **innovation**, just to mention the most important aspects. All these result in a **higher economic growth**.

We must keep in mind also that responsible behaviour **pays off for fair and honest companies** as well. As Milton Friedman, the famous economist and Nobel-laureate wrote already in 1970 "The social responsibility of business is to increase its profits." RBC is an excellent tool to **prevent risks, conflicts with workers** and **local inhabitants, financial and reputational damages**. It helps companies **building trust** among consumers, employees and citizens and also in **accessing to capital**. In the end all these will increase profits.

As State Secretary for financial affairs, I have to admit that financial institutions are increasingly taking into account responsibility issues. A study found that corporate social responsibility practices have the potential to reduce the cost of debt for companies by 40% or more. The **Equator Principles** created by the International Finance Corporation in 2003 require signatory financial institutions to guarantee that the projects to which they offer financing are undertaken sustainably. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. A total of 85 financial institutions from 35 countries have signed up to the Principles. The 85 financial institutions cover over 70 percent of international Project Finance debt in emerging markets.

The Ministry for National Economy fully recognizes the importance of responsible business conduct and of the OECD Guidelines what is echoed also in the today's conference. In the past 2.5 years we have made lot of **efforts to strengthen our National Contact Point**, its awareness raising activities, its cooperation with national and international stakeholders and concerned government experts. Furthermore, we have been working on its legislative background. We are aware that all these efforts have to be continued and strengthened, but we also believe that the progress is visible.

In our last year's conference we had an exchange of information on the Guidelines, the National Contact Points and some other well-accepted RBC standards. Following the conference we carried out a survey, according to which **88% of the responding participants considered the standards and principles of the Guidelines extremely important**. Furthermore, 96% answered that the conference fulfilled or exceeded their preliminary expectations. When we decided to organise the second conference this year, we considered these positive reflections as a gentle push to go on.

If we look at the program of the today's conference, we see continuity but also variety as compared to that of last year. National Contact Points of different countries will present their good practices, the CEO of the German-Hungarian Chamber of Industry and Commerce, representatives of the OECD Responsible Business Conduct Unit and the director of the

Institute for Human Rights and Business are with us again. On the other hand the today's conference would like to deal with policy coherence to some extent and to put the Guidelines in a broader context. Also representatives of the stakeholder groups assisting OECD will be here to present their perspective of the Guidelines and its implementation.

Ladies and Gentlemen, I apologise that I cannot be with you today at this conference all day, but my colleague deputy state secretary Mr. Balogh will guide you through on this interesting day. I wish you all a very interesting and successful conference! Thank you very much.