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**The ORSE newsletter**

7 impasse Léger  
75017 Paris  
Phone : +33 1 56 79 35 00  
Fax : +33 1 56 79 35 03

[www.orse.org](http://www.orse.org)

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**IN BRIEF**

→ First findings of the Paritarian Advertising Council on eco-responsible advertisements

The Paritarian Advertising Council has issued its first findings. It requested the French professional body for the regulation of advertising (ARPP) to draft a new recommendation strengthening the principles relating to the use of ecological arguments in advertisements.

The recommendation will have to integrate 8 elements, including a clarification of the use of labels and better verification of environmental messages, especially terms such as "sustainable" and "ecological"...

**FIGURE OF THE MONTH****1,000**

businesses excluded from the UN Global Compact for not having been able to show their transformation to "corporate citizenship"...

**EDITORIAL****Banks: the conditions for a return to confidence**

After the terrible earthquake of the sub-primes crisis and the recurrent aftershocks over nearly two years, confidence in banks has been seriously shaken amongst investors, businesses, depositors, political leaders and the public, everywhere in the world.

Yet the world economy will not find the path to sustainable growth again unless all these players have confidence in the financial industry and its capacity effectively to play its vital role as the bloodline of social and economic life.

What are the conditions for attaining this aim? I will list five:

1. As the IMF underscores with insistence, Banks must continue, and fully implement the cleansing of their books as rapidly as possible, as toxic assets and bad debts still weigh them down too heavily. The method used (establishment of "bad banks", temporary nationalization or state guarantees) is less important than the end result: convincing the markets (investors, lenders, financial analysts) that the systemic risk of failure of a major player or group of players is really gone. That is not yet the case today, and uncertainty always feeds hesitation and fear for the future.
2. Banks must provide proof that they have identified the causes of past failings and are determined to remedy them. Whether it be through internal control mechanisms and risk management, modes of remunerating business leaders and market operators, the use of the securitisation, mastering leveraging effects, or putting an end to black or grey finance, we expect the directors of major banks to clarify the new economic models their banks will adopt in the post-crisis world.

There is no chance of re-establishing confidence if, as some persist in saying, "everything can start again as before", with the same asset portfolio, the same risk-taking, the same ROE objectives, the same excessive remuneration.



Daniel Lebègue Président de l'ORSE

3. The global regulation and supervision systems for financial markets and players must be reconstructed. The London G20 meeting provided a good definition of the needed reforms. It is now necessary to implement them fully and rapidly.
4. There is also an expectation that financial players should make a strong, solemn declaration of the values and principles of action to be respected by all those who work in the money trade: integrity, wisdom, accountability, pre-eminence of the collective interest over individual interests, knowledge of and respect for the client. Couldn't we draft a "Hippocratic oath" for finance professionals that all would have to read out upon taking office, as do certain leaders already, such as the director general of the Caisse des Dépôts?
5. Finally, renewed confidence requires that Banks demonstrate their societal commitment in areas that our fellow citizens now see as important: youth employment and training, combating discrimination, financing micro-entrepreneurs, new energy sources and the combating global warming. It is one of the priority missions of ORSE and its finance committee, to help our financier partners identify and develop best practices in this area.

Daniel Lebègue, President of ORSE

## Dare to do sustainable marketing

Marc Vandercammen heads the CRIOC (a research and information centre for consumer organizations), set up in Brussels in 1975, to group the resources of Belgian consumer organizations. The CRIOC conducts research and publishes studies on consumption and is thus at the heart of social mutations.

From this observation post, Marc Vandercammen has just written a book with Christophe Sempels, a professor and researcher at the ESC school in Lille, "Dare to do sustainable marketing: reconciling marketing and sustainable development"...



Marc Vandercammen, CRIOC

→ "Development Week", held recently in France, was devoted to sustainable consumption. Yet, as your book points out, on the one hand, there are

impressive scores for consumers convinced of the need for sustainable development and, on the other hand, very low sales of bio and free trade products, etc.

How do you analyse this gap between speech and action?

It appears to us that it will not be possible to reduce this gap unless sustainable development is brought into wave-length with individual benefits to the consumer. We have identified two types of benefit. Firstly, monetary savings... especially in times of crisis.

The CRIOC has launched a website called : [www.gagnez1000euros.be](http://www.gagnez1000euros.be) ("win 1000 euro"), which provides fun advice on how to save at least 1,000 euro a year by consuming "sustainably". It has had a lot of success. The second decisive factor for consumers appears to be health: seasonal fruit and vegetables, without pesticides, bio...

→ There is an often decried paradox concerning the two benefits you have just stated: the price of sustainable products. According to a recent study available on the ConsoGlobe

website, a basket of bio products purchased on a hypermarket website may be 35% more expensive than its house brand...

Adopting sustainable consumption requires re-thinking one's entire lifestyle and means of consumption globally. First, it is important to reason from global costs: for example, a low-consumption light bulb has a life span of 60 months, yet the added cost is recuperated in 10 months, so one saves over 50 months!

But did you know that, on average, a quarter of all food products are thrown away before being eaten (exceeded date limit for consumption, in general)?

When one eats "bio", it is also another relationship with the purchase, not only linked to price, but also to responsibility: avoiding waste, including leftovers in the next day's dish... The current limit to the system is mobility: when oil prices shot up, we observed a 30% reduction in car travel in Brussels and its region.

Since prices decreased in August 2008, the "bad" habits have returned...

→ Another major problem is that consumers lack reliable information, are lost in the explosion of labels and are wary of greenwashing...

How can confidence be re-established?

Another major problem is that consumers lack reliable information, are lost in the explosion of labels and are wary of greenwashing...

How can confidence be re-established?

### FEATURE

#### "Dare to do sustainable marketing"

The book starts with a market analysis: is it ready for responsible consumption?

Then it argues for decoupling growth and resource consumption through dematerialisation.

It goes on to envisage the growth opportunities through innovation and, finally, pleads for the stimulation of businesses through tendering.

## → Sustainable development related attitudes of and action by big business

This study was conducted by the La Poste Groups in the framework of FEDERE 2009, with a sample of 200 major French business leaders, from 17 February to 4 March 2009.

Among the principal findings: 69% of big businesses consider that the crisis is going to lead businesses to strengthen their

sustainable development action, whereas the public at large estimates, in inverse proportions (66%), that the crisis will lead businesses to reduce such action; sustainable development action is aimed primarily at people in direct contact with the business. Clients are thus the most important target of such action (87%), followed

by suppliers and subcontractors (76%); legislation appears to be the primary source of pressure on big businesses relating to sustainable development; finally, the Grenelle environment summit has significantly influenced the action plans of big businesses.

## Water in a changing world

During the World Water Forum held in Istanbul from 16 to 22 March 2009, The United Nations presented their third World water development report, entitled "Water in a changing World".

The report observes that demand for water has never been as strong due to population growth, the evolution of food consumption habits and increasing energy needs...

- The primary issue observed by the report's authors: access to basic water-related services (safe drinking water, sanitation and food production) remains inadequate in much of the developing world. An estimated 5 billion people (67% of the world population) may still be without improved sanitation in 2030. Similarly, demand for water has never been so strong. Fresh water levies have indeed tripled in the last 50 years and irrigated zones have doubled during the same period.

This fundamental phenomenon is notably linked to population growth (6.6 billion today), on the increase by nearly 80 million people per year. That translates into supplementary demand for 64 billion cubic meters of water per year. Yet, 90% of these three billion supplementary people in 2050 will live in developing countries, many of them in regions where the current population already has restricted access to water. With the effects of global warming, in ?

2030, 47% of the world population will be living in areas of high water stress and 24 to 700 million people are expected to be displaced because of a scarcity of water.

- Second observation: Agriculture is by far the greatest consumer of water, accounting for 70% of all water consumption (compared to 20% for industry and 10% for domestic use). Unless agricultural water use is optimized, water demand for agriculture worldwide would increase by 70 to 90% by 2050, even though a number of countries are already reaching the limits of their water resources.
- Third observation: Investing in water can pay off in several ways. Each dollar invested in improved access to safe water and sanitation will produce an estimated return of US\$3 to US\$34. On the other hand, on the African continent, the overall economic loss due to lack of access to safe water and basic

sanitation is estimated to be about US\$28.4 billion a year, or around 5% of GDP.

- Fourth observation: Corruption in the water sector may account for a rise of almost US\$50 billion in the cost of achieving the Millennium Development Goals on water and sanitation. Some studies suggest that, as much as 30% of the budget devoted to water may be diverted in some countries, whereas these practices are rarely attacked.

Results of the 5th World Water Forum: a political declaration judged "insipid" and "inappropriate to the emergency" by many participants.

For a week, in Istanbul, more than 25,000 people discussed ways of protecting and preserving this essential resource.

The final ministerial declaration formulates a series of recommendations, ranging from the need to modify water consumption mechanisms, especially in agriculture, to the collection and processing of sewage, beyond the indispensable access to toilets, but its main conclusion – access to drinking water and sanitation is not a fundamental human right but only a "need" disappointed many...

*«With increasing shortages, good governance is more than ever essential for water management. Combating poverty also depends on our ability to invest in this resource».*  
Koïchiro Matsuura, director general of the UNESCO

there is no political mobilization against the primary cause of death throughout the World", she regretted.

In view of the French candidacy to host the next Forum in Marseille in 2012, Jean-François Le Grand, President of the French Water Group and Senator for the Manche region, recalled that "the future of water depends, not only on techniques, financing and partnerships, but also on specific political commitments. The lesson from Istanbul will have to be retained."

"I am disappointed, because I think that it is a very important right", was the reaction of the French Secretary of State for Ecology, Chantal Jouanno. "It is shocking to see that

→ French companies and tax heavens

According to an investigation by of the Alternatives Economiques magazine (No. 279, April 2009), all French CAC 40 companies are using tax havens, with almost 1,500 bodies, spread over nearly thirty countries, from Bermuda to Switzerland (complete table: [www.alternatives-economic.fr/doc42326](http://www.alternatives-economic.fr/doc42326).)

Banking establishments are particularly well "represented" since BNP Paribas arrives at the top of all French CAC40 companies with 189 entities in tax havens, followed by Crédit Agricole (115), Banque Populaire (90), Société Générale (57), Dexia (15) and the Banque Postale (1).

But these 467 French banking entities are nothing compared to the 2,524 entities based in tax havens (not including the United Kingdom and The Netherlands) belonging to the 20 British banks listed by the Government Accountability Office (the US equivalent of the French Cour des Comptes), and by the British Trade Union Congress, quoted in the magazine article: for example, HSBC (529 entities), Citigroup (427) and Barclays (315), are far ahead of BNP Paribas, which only appears in 8th place in this classification (with 93 entities), while remaining the 1st French bank.

Finally, the absolute champion of offshore implantation remains the Dutch bank ING, with 2,600 entities!

## Call for social, environmental and fiscal responsibility of multinationals



With the European elections approaching on 7 June, two French NGOs, CCFD- Terre Solidaire and Oxfam France-Agir ici have expressed disapproval for the European Union's role in corporate regulation.

Objective: make companies truly responsible for their social, environmental and fiscal impact in poor countries.

In support of this claim, they launched a public opinion campaign: International hold-up – a call for Europe to regulate its multinationals, on 26 March 2009.

The campaign requests France (through a petition to Nicolas Sarkozy) and the candidates for European Parliament to put forward regulation and transparency proposals placing European companies on an equal footing with respect to CSR + T (corporate social,

environmental and tax responsibility).

The "T" is essential for these two NGOs, because tax fraud by international companies is estimated to cost more than 125 billion euro per year to developing countries, i.e. 3 times more than the Official Assistance they receive from rich countries.

Each year, this money finds shelter in tax havens, to the detriment of poor countries. One of the most widespread ways of avoiding tax consists in manipulating the "transfer price" between subsidiaries within the same group, to displace profits to countries with weak tax systems. Since Europe has "a decisive role to play, with half of the top 100 multinationals being European", the two NGOs want a commitment from the

European Union to adopt strict regulations through 5 measures:

- Combat the impunity of parent companies for the ecological and human impact of their subsidiaries by widening their responsibility to the activities of such subsidiaries.
- Prevent social and environmental risks by asking businesses to exercise their duty of diligence over subcontractors and suppliers.
- Require businesses to publish a report on the impact of their activities in social, environmental and human rights terms.
- Revise international accounting rules to require multinationals to account for their activities, profits and taxes paid in each country where they operate.

Put an end to the opaque structures of tax havens, by eliminating screen companies from European territory, including overseas territories, through the creation of a European register identifying the owners and effective beneficiaries of every legal entity created.

Finally, it may be noted that these proposals rejoin those of the ECCJ (European Coalition for Corporate Justice) grouping European associations and unions on CSR issues.

This NGO made a series of 3 proposals, in May 2008, to improve the legal framework of corporate responsibility at the European level, which also take up the combat against the impunity of parent companies, the duty of diligence over subcontractors and suppliers and reporting obligations.



### OUR MEMBERS

The Leem association (medicine companies) groups 270 pharmaceutical companies in France, representing 99% of the sector in turnover and employing more than 100,000 people.

The role of the Leem consists in elaborating and enforcing the ethics of the profession, facilitating exchanges between its members and defending their collective interests.

The Leem promotes collective action for progress, quality and valorization of the sector as regards therapeutic progress, best uses of medicine and societal responsibility.

For nearly three years, medicine companies have worked collectively to integrate CSR issues. The signature, in March 2009, of a "medicine sector progress agreement" within the Grenelle environment forum framework, for the 2009-2011 period with the French Ministry for ecology (MEEDDAT) and the Ministry of the Health and Sports, has given concrete form to this action.

Through this agreement, pharmaceutical companies commit to reducing greenhouse gas emissions and improve sector energy efficiency; associate employees in environmental efforts; continue a sustainable relationship with stakeholders; promote responsible communication and strengthen the public / private partnership on sustainable development and health issues. Progress within the sector will be measured on the basis of indicators, released annually in the presence of the public authorities and published in Leem's CSR report (for the 2008 CSR Report see: [www.leem.org](http://www.leem.org)).

### ORSE

### EVENTS

#### DIARY

→ Salon for the Environment and Sustainable Trade (SEMD), 17, 18 and 19 June 2009 at the Musée de l'Homme  
Info: [www.semd.fr](http://www.semd.fr)

→ Global Ethics Forum at the UN Palace in Geneva: 2-3 July 2009  
Info: [www.globalethicsforum.org](http://www.globalethicsforum.org)

→ World forum for sustainable economy in Lille, from 19 to 21 November 2009, on the theme of responsible money  
Info: [www.worldforum-lille.org](http://www.worldforum-lille.org)

