



SECOND ITEM ON THE AGENDA

Development in other organizations

Contents

	<i>Page</i>
I. MERCOSUR.....	1
II. Organization for Economic Cooperation and Development (OECD)	4
III. United Nations Industrial Development Organization (UNIDO)	4
IV. World Health Organization	5
V. Other organizations	5
Appendix: The OECD Guidelines for Multinational Enterprises.....	7

1. This paper, submitted in accordance with a request made by the Subcommittee on Multinational Enterprises,¹ addresses developments in, and the activities of, certain international and regional intergovernmental organizations which have codes, guidelines or some form of instrument or mandate relating directly or indirectly to multinational enterprises and their activities. It updates the information submitted to the Subcommittee at the Governing Body's 277th Session (March 2000).²
2. As requested by the Subcommittee, the Office made further appeals to the organizations that had not responded to its previous request to submit information on relevant activities. Replies were received from the following organizations. The Office gratefully acknowledges the cooperation of those organizations that responded. It should be clearly understood that the texts in each section are those supplied by the organization concerned, and not a summary by the Office.

I. MERCOSUR

3. No activities in this specific sphere are taking place at this stage of the regional integration process. However, with the signing of the Ouro Preto Protocol (1994), the institutional structure of MERCOSUR has acquired several negotiation bodies which focus on the social dimension of integration, including Labour Sub-Group 10 (LSG 10) "Labour Affairs, Employment and Social Security", the Economic and Social Advisory Forum, meetings of Ministers of Labour, Health, Education and Culture and the Technical Committee for Consumer Protection, all of which may submit to the governing bodies of MERCOSUR concrete proposals intended to improve the living and working conditions of the populations of States Parties to the Asunción Treaty.
4. It would be appropriate at this point to dwell for a moment on LSG 10, the technical support body for the Common Market Group (CMG), which is tasked with analysing employment- and social security-related issues and forwarding to the Common Market Group, the executive body of MERCOSUR, recommendations intended to further the regional integration process. At this stage of consolidation of the Customs Union, States Parties view social policy primarily as a means to gain an insight into prevailing circumstances on the domestic, trade and cooperation fronts.
5. LSG 10 is unique in that it is MERCOSUR's sole tripartite forum, composed of the representatives of governments and of the principal employer and worker bodies. The Sub-Group works in cooperation with a series of international institutions, notably the International Labour Organization (ILO), the International Organization for Migration (IOM), the Ibero-American Social Security Organization (IASSO); these organizations also participate as observers in LSG 10 meetings. SGT 10 operates as a broad forum for negotiation between governments, employers and workers. The principle of social dialogue

¹ See GB.277/12, paras. 29-35.

² GB.277/MNE/2. Earlier papers were submitted in November 1982, 1983, 1984, 1985, 1986, 1987, 1989, 1990, 1991, 1992, 1993, 1994, 1997 and 1999 (GB.221/MNE/3/3, GB.224/MNE/3/3, GB.228/MNE/3/1, GB.231/MNE/3/3, GB.234/MNE/3/6, GB.238/MNE/5/5, GB.244/MNE/3/5, GB.248/MNE/3/4, GB.251/MNE/3/2, GB.254/MNE/3/5, GB.258/MNE/3/4, GB.261/MNE/3/5, GB.268/MNE/2 and GB.274/MNE/2. Attention is also drawn to the information contained in the paper entitled "ILO activities on multinational enterprises: Coordination with other organizations" (GB.234/MNE/4/3), submitted to the Governing Body in November 1986.

is reflected in an endeavour to achieve consensus, which is apparent also in the formulation and implementation of its negotiating strategy, thereby rendering the solutions and proposals it forwards to the CMG more consistent and effective.

6. LSG 10's negotiating strategy incorporates a broad range of employment and social security concerns. Three thematic commissions are responsible for its implementation: (i) Labour Relations; (ii) Employment, Migration, Qualifications, Vocational Training; and (iii) Health, Labour Security and Inspection, Social Security, in addition to ad hoc groups and committees.
7. Brief mention may be made of the following SGT 10 mandates and activities:
 - (1) comparative analysis of labour legislation institutes, with a view to future harmonization;
 - (2) organization of the "MERCOSUR Labour Market Observatory" which continuously monitors the regional labour market and provides input for public and private decision-making entities in this sphere;
 - (3) study of job-driven social mobility in MERCOSUR and formulation of common cross-border migration regulations;
 - (4) organization of an information system on vocational training and occupational skills certification;
 - (5) exchange and cooperation between inspection systems with a view to enhancing the effectiveness of inspections and guaranteeing compliance with respective national labour legislation;
 - (6) study of employment protection and security standards;
 - (7) organization of a data bank on chemical substances and agents that are potentially harmful or dangerous to the health of workers or to the environment;
 - (8) standardization of the system of labelling, marking or specifying products, machinery or equipment;
 - (9) studies on the evolution of social security systems in the region.
8. Reference may be made to the following LSG 10 achievements:
 - (1) The "MERCOSUR Socio-Employment Declaration", signed by States Parties' Heads of State on 10/12/98 which sets forth the fundamental labour rights and principles that have been incorporated by the countries of the region into respective domestic legislation or which are embodied in the international instruments to which they have acceded, in particular ILO Conventions. The document covers: (a) individual rights (work equality, eradication of forced labour, eradication of child labour, protection of migrant and cross-border workers; (b) collective rights (freedoms relating to forming or joining trade unions, associations, strikes, collective bargaining, social dialogue); and (c) other rights (job creation, unemployment protection, vocational training, job protection, occupational health and security, social security). In the interests of ensuring compliance, the Declaration provides for an implementation and monitoring mechanism in the form of the "MERCOSUR Socio-Employment Commission". This is a tripartite body of a promotional, non-sanctioning nature which provides support services to the CMG and which, through its regional and national entities, promotes compliance with the rights and commitments embodied in the instrument, settles

doubts in regard to implementation and studies proposed amendments. The Commission was established by the CMG pursuant to Resolution 15/99 and is currently drafting its internal rules of procedure and methodology for producing annual reports on implementation of the substantive concerns of the Declaration.

- (2) The “Multilateral Social Security Agreement”, intended to ensure that all workers of MERCOSUR countries and their dependants, when outside their country of origin, enjoy the same social security entitlements as national workers. The draft agreement is currently awaiting ratification by national parliaments, with the exception of Uruguay which ratified the instrument in late 1999.
 - (3) The “National Nomenclatures”, permanently updated listings of national labour legislation which serve as a basis for comparative labour law institutes’ studies
 - (4) The abovementioned “Labour Market Observatory” which is currently being set up and which produces, gathers, compiles and disseminates labour market information, studies and analyses. The Observatory already has an experimental Internet site (www.Observatorio.net). In addition to expanding and permanently up-dating its database, the Observatory is establishing a network of partners consisting of institutions with similar functions and interests and is drafting the first reports on the current situation of the national labour markets of the region.
 - (5) The “joint operational labour inspection plans” are activities carried out at regular intervals with a view to enhancing the effectiveness of inspection systems and boosting compliance with workers’ rights. These exercises bring together representatives of governments (inspection agents), employers and workers in order to: (a) exchange ideas and discuss legal, institutional and procedural aspects of labour inspection systems in MERCOSUR countries and (b) carry out labour inspection *in loco*, constituting a hands-on exercise for national inspectors and serving as a demonstration for the remaining participants. LSG 10 has mounted two joint operations with a practical focus respectively on the civil construction sector and the food production chain, including regional activities.
 - (6) Comparative studies of immigration legislation of MERCOSUR member States, with World Bank funding.
 - (7) Comparative research on labour costs in the ten major economic activities of the four countries of the region, likewise funded by the World Bank.
9. It is apparent therefore that, although the activities of MERCOSUR States Parties intended to enhance the socio-employment aspects of the integration process do not focus directly on multinational enterprises, they are however closely associated with the principles embodied in the Declaration in the areas of employment, vocational training, working and living conditions and labour relations that governments, employers and workers are urged to implement.
10. Lastly, an important event to be noted in the collective bargaining sphere in the region is the signature on 16 April 1999 of MERCOSUR’s first collective agreement between Volkswagen of Brazil and Argentina, and the Sindicato dos Metalúrgicos do ABC (Brazil); the Sindicato dos Trabalhadores nas Indústrias e Oficinas Metalúrgicas, Mécânicos e de Material Elétrico, Siderúrgicas e Automobilísticas e de Autopeças de Taubaté, Tremembé e Distritos (Brazil); and the Sindicato de Mécânicos e Afines de Transporte Automotor (Argentina), which lays down the basic principles governing the relationship between capital and the conditions relating to future agreements between parties within MERCOSUR.

II. Organization for Economic Cooperation and Development (OECD)³

11. The recently concluded revision of the OECD Guidelines for Multinational Enterprises . . . was a highlight of the June Ministerial Meeting of the OECD. The revision was the first since 1991. Existing chapters on the environment, labour relations and general business policies have been substantially revised. The revisions have added references to protection of human rights and to relations with suppliers and other business partners. New chapters on combating bribery and protecting consumers have been added. Revisions to the implementation procedures were a key element of the review. Guidance is now supplied to national contact points in each adhering country on how they are expected to fulfil their responsibilities. The revisions also clarify the role of the OECD's Committee on International Investment and Multinational Enterprises (CIME), the OECD body responsible for overseeing the functioning of the Guidelines.
12. In addition to the 29 OECD countries and Argentina, Brazil, Chile and the Slovak Republic, business and labour interests, represented through the Business and Industry Advisory Committee (BIAC), and the Trade Union Advisory Committee (TUAC-OECD), were also consulted closely on the review. Non-governmental organizations, other non-member governments, as well as international organizations including the ILO, also provided essential inputs to the process.
13. The Guidelines remain an integral part of the 2000 OECD Declaration on International Investment and Multinational Enterprises, the other constituent elements of which are the National Treatment Instrument, as well as documents on international investment incentives and disincentives and on minimizing conflicting requirements on MNEs by governments of different countries. . . . Further information may also be found on the Guidelines website at: <http://www.oecd.org/daf/investment/guidelines/index.htm>.
14. Finally, [the OECD] would like to thank ... the ILO for [its] important contributions to the success of the revised Guidelines. [T]he ILO was a participant at the meetings on the Guidelines Review from the outset; not only was its contribution important to the success of the Review, but we look forward to continued cooperation to ensure the success of the revitalized Guidelines in the future.

III. United Nations Industrial Development Organization (UNIDO)

15. Through its global technical assistance activities UNIDO helps developing and transition economies to draw on the organizational and technical skills carried through FDI operations to foster sustainable industrial development. It does so by helping to mobilize domestic resources and develop local value chains around highly competitive and often export-oriented wholly – or partially – owned manufacturing subsidiaries. This way, domestic manufacturing firms, particularly SMEs, are exposed to world market standards and their adjustment to meet such standards is addressed in a proactive way. In particular, the UNIDO Partnership Programme is an innovative approach to designing and delivering technical cooperation to SMEs, largely those serving foreign subsidiaries, through multidisciplinary teams composed of representatives of international and national private

³ *Office note:* Appended to this document are the *OECD Guidelines for Multinational Enterprises*, referred to in the OECD's submission. For further discussion of the Guidelines, see GB.279/WP/SDG/1.

industry, civil society, academia, government and UNIDO itself. In the case of the automobile part suppliers sector in India, the programme has recorded the following achievements during its first phase in 1999: (i) change in awareness towards quality and current working methods; (ii) cultural change and awareness creation measured through transformation indicators; (iii) quantitative improvements in areas such as inventory management and production lead time, measured through an impact assessment matrix; (iv) improvements in product quality; (v) identification of new export contacts and joint venture opportunities; and (vi) inter-firm networking and cooperation.

IV. World Health Organization

- 16.** The World Health Assembly adopted the International Code of Marketing of Breast-milk Substitutes in 1981. The aim of the code is to contribute to the provision of safe and adequate nutrition for infants, by protecting and promoting breastfeeding, and by ensuring the proper use of breast-milk substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution. Article 11.7 of the code provides for reporting, in even years, on the status of its implementation.
- 17.** The Director-General of the WHO presented the 11th in a series of biennial reports on infant and young child nutrition, including steps taken to give effect to the international code, to the 105th Session of the WHO Executive Board and to the Fifty-third World Health Assembly (document A53/7) in January and May 2000 respectively. By December 1999 a total of 160 member States (84 per cent) had reported to the WHO on action taken to give effect to the code's principles and aim (83 per cent of member States in Africa, 97 per cent in the Americas, 80 per cent in South-East Asia, 63 per cent in Europe, 95 per cent in the Eastern Mediterranean, and 96 per cent in the Western Pacific). National action includes adopting or strengthening legislation, guidelines for health workers or distributors, agreements with manufacturers, and monitoring and reporting mechanisms.
- 18.** In 1999 Benin, Cambodia, Croatia, France, Georgia, Guinea, Malaysia and Panama provided information on a range of new action. The WHO responded during the same year to requests for technical support from a number of countries, including Australia, New Zealand and Pakistan, and organized training workshops in Thailand and in the African region (for 12 French-speaking countries).
- 19.** The next report by the Director-General on the status of implementation of the international code will be presented in 2002 to the 109th Session of the Executive Board and to the Fifty-fifth World Health Assembly.

V. Other organizations

- 20.** The Andean Community stated that it had nothing new to report. At the time of writing, no information had yet been received from the Council of Europe, the UN Economic Commission for Africa, the UN Economic Commission for Latin America and the Caribbean, or the UN Economic and Social Commission for Asia and the Pacific.
- 21.** In other developments, the Office notes that, at its second meeting, on 1 August 2000, the UN Sub-Commission on the Promotion and Protection of Human Rights decided, without a vote, to establish a sessional working group to examine the working methods and

activities of transnational corporations⁴ and continue its work on developing a code of conduct for companies based on human rights standards.⁵ In addition, developments relating to the UN Global Compact are reported in GB.279/WP/SDG/1.

22. Further developments after preparation of this document will be reflected in an addendum including the official statement by UNCTAD on release of its *World Investment Report 2000*.

Geneva, 6 October 2000.

⁴ Draft report of the Sub-Commission on the Promotion and Protection of Human Rights, UN doc. E/CN.4/Sub.2/2000/L.11 (14 August 2000).

⁵ UN doc. E/CN.4/Sub.2/1999/9.

Appendix

The OECD Guidelines for Multinational Enterprises ¹

The following Guidelines for Multinational Enterprises were adopted by the governments of the 29 Member countries of the OECD and Argentina, Brazil, Chile and the Slovak Republic at the OECD Ministerial Meeting on 27 June 2000.

Preface

The OECD Guidelines for Multinational Enterprises (the Guidelines) are recommendations addressed by governments to multinational enterprises. They provide voluntary principles and standards for responsible business conduct consistent with applicable laws. The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises. The Guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises the other elements of which relate to national treatment, conflicting requirements on enterprises, and international investment incentives and disincentives.

International business has experienced far-reaching structural change and the Guidelines themselves have evolved to reflect these changes. With the rise of service and knowledge-intensive industries, service and technology enterprises have entered the international marketplace. Large enterprises still account for a major share of international investment, and there is a trend toward large-scale international mergers. At the same time, foreign investment by small- and medium-sized enterprises has also increased and these enterprises now play a significant role on the international scene. Multinational enterprises, like their domestic counterparts, have evolved to encompass a broader range of business arrangements and organisational forms. Strategic alliances and closer relations with suppliers and contractors tend to blur the boundaries of the enterprise.

The rapid evolution in the structure of multinational enterprises is also reflected in their operations in the developing world, where foreign direct investment has grown rapidly. In developing countries, multinational enterprises have diversified beyond primary production and extractive industries into manufacturing, assembly, domestic market development and services.

The activities of multinational enterprises, through international trade and investment, have strengthened and deepened the ties that join OECD economies to each other and to the rest of the world. These activities bring substantial benefits to home and host countries. These benefits accrue when multinational enterprises supply the products and services that consumers want to buy at competitive prices and when they provide fair returns to suppliers of capital. Their trade and investment activities contribute to the efficient use of capital, technology and human and natural resources. They facilitate the transfer of technology among the regions of the world and the development of technologies that reflect local conditions. Through both formal training and on-the-job learning enterprises also promote the development of human capital in host countries.

The nature, scope and speed of economic changes have presented new strategic challenges for enterprises and their stakeholders. Multinational enterprises have the opportunity to implement best practice policies for sustainable development that seek to ensure coherence between social, economic and environmental objectives. The ability of multinational enterprises to promote sustainable development is greatly enhanced when trade and investment are conducted in a context of open, competitive and appropriately regulated markets.

¹ <http://www.oecd.org//daf/investment/guidelines/mnetext.htm>.

Many multinational enterprises have demonstrated that respect for high standards of business conduct can enhance growth. Today's competitive forces are intense and multinational enterprises face a variety of legal, social and regulatory settings. In this context, some enterprises may be tempted to neglect appropriate standards and principles of conduct in an attempt to gain undue competitive advantage.

Such practices by the few may call into question the reputation of the many and may give rise to public concerns.

Many enterprises have responded to these public concerns by developing internal programmes, guidance and management systems that underpin their commitment to good corporate citizenship, good practices and good business and employee conduct. Some of them have called upon consulting, auditing and certification services, contributing to the accumulation of expertise in these areas. These efforts have also promoted social dialogue on what constitutes good business conduct. The Guidelines clarify the shared expectations for business conduct of the governments adhering to them and provide a point of reference for enterprises. Thus, the Guidelines both complement and reinforce private efforts to define and implement responsible business conduct.

Governments are co-operating with each other and with other actors to strengthen the international legal and policy framework in which business is conducted. The post-war period has seen the development of this framework, starting with the adoption in 1948 of the Universal Declaration of Human Rights. Recent instruments include the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and Agenda 21 and the Copenhagen Declaration for Social Development.

The OECD has also been contributing to the international policy framework. Recent developments include the adoption of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and of the OECD Principles of Corporate Governance, the OECD Guidelines for Consumer Protection in the Context of Electronic Commerce, and ongoing work on the OECD Guidelines on Transfer Pricing for Multinational Enterprises and Tax Administrations.

The common aim of the governments adhering to the Guidelines is to encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise. In working towards this goal, governments find themselves in partnership with the many businesses, trade unions and other non-governmental organisations that are working in their own ways toward the same end. Governments can help by providing effective domestic policy frameworks that include stable macroeconomic policy, non-discriminatory treatment of firms, appropriate regulation and prudential supervision, an impartial system of courts and law enforcement and efficient and honest public administration. Governments can also help by maintaining and promoting appropriate standards and policies in support of sustainable development and by engaging in ongoing reforms to ensure that public sector activity is efficient and effective. Governments adhering to the Guidelines are committed to continual improvement of both domestic and international policies with a view to improving the welfare and living standards of all people.

I. Concepts and Principles

The Guidelines are recommendations jointly addressed by governments to multinational enterprises. They provide principles and standards of good practice consistent with applicable laws. Observance of the Guidelines by enterprises is voluntary and not legally enforceable.

Since the operations of multinational enterprises extend throughout the world, international co-operation in this field should extend to all countries. Governments adhering to the Guidelines encourage the enterprises operating on their territories to observe the Guidelines wherever they operate, while taking into account the particular circumstances of each host country.

A precise definition of multinational enterprises is not required for the purposes of the Guidelines. These usually comprise companies or other entities established in more than one country and so linked that they may co-ordinate their operations in various ways. While one or more

of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private, state or mixed. The Guidelines are addressed to all the entities within the multinational enterprise (parent companies and/or local entities). According to the actual distribution of responsibilities among them, the different entities are expected to co-operate and to assist one another to facilitate observance of the Guidelines.

The Guidelines are not aimed at introducing differences of treatment between multinational and domestic enterprises; they reflect good practice for all. Accordingly, multinational and domestic enterprises are subject to the same expectations in respect of their conduct wherever the Guidelines are relevant to both.

Governments wish to encourage the widest possible observance of the Guidelines. While it is acknowledged that small- and medium-sized enterprises may not have the same capacities as larger enterprises, governments adhering to the Guidelines nevertheless encourage them to observe the Guidelines recommendations to the fullest extent possible.

Governments adhering to the Guidelines should not use them for protectionist purposes nor use them in a way that calls into question the comparative advantage of any country where multinational enterprises invest.

Governments have the right to prescribe the conditions under which multinational enterprises operate within their jurisdictions, subject to international law. The entities of a multinational enterprise located in various countries are subject to the laws applicable in these countries. When multinational enterprises are subject to conflicting requirements by adhering countries, the governments concerned will co-operate in good faith with a view to resolving problems that may arise.

Governments adhering to the Guidelines set them forth with the understanding that they will fulfil their responsibilities to treat enterprises equitably and in accordance with international law and with their contractual obligations.

The use of appropriate international dispute settlement mechanisms, including arbitration, is encouraged as a means of facilitating the resolution of legal problems arising between enterprises and host country governments.

Governments adhering to the Guidelines will promote them and encourage their use. They will establish National Contact Points that promote the Guidelines and act as a forum for discussion of all matters relating to the Guidelines. The adhering Governments will also participate in appropriate review and consultation procedures to address issues concerning interpretation of the Guidelines in a changing world.

II. General Policies

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, enterprises should:

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.
2. Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments.
3. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise's activities in domestic and foreign markets, consistent with the need for sound commercial practice.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.

5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues.

6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices.

7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.

8. Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.

9. Refrain from discriminatory or disciplinary action against employees who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies.

10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.

11. Abstain from any improper involvement in local political activities.

III. Disclosure

Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance. This information should be disclosed for the enterprise as a whole and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

Enterprises should apply high quality standards for disclosure, accounting, and audit. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental and social reporting where they exist. The standards or policies under which both financial and non-financial information are compiled and published should be reported.

Enterprises should disclose basic information showing their name, location, and structure, the name, address and telephone number of the parent enterprise and its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.

Enterprises should also disclose material information on:

- a. The financial and operating results of the company;
- b. Company objectives;
- c. Major share ownership and voting rights;
- d. Members of the board and key executives, and their remuneration;
- e. Material foreseeable risk factors;
- f. Material issues regarding employees and other stakeholders;
- g. Governance structures and policies.

Enterprises are encouraged to communicate additional information that could include:

- a. Value statements or statements of business conduct intended for public disclosure including information on the social, ethical and environmental policies of the enterprise and other codes

of conduct to which the company subscribes. In addition, the date of adoption, the countries and entities to which such statements apply and its performance in relation to these statements may be communicated;

- b. Information on systems for managing risks and complying with laws, and on statements or codes of business conduct;
- c. Information on relationships with employees and other stakeholders.

IV. *Employment and Industrial Relations*

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

1.
 - a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions;
 - b) Contribute to the effective abolition of child labour;
 - c) Contribute to the elimination of all forms of forced or compulsory labour;
 - d) Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.
2.
 - a) Provide facilities to employee representatives as may be necessary to assist in the development of effective collective agreements;
 - b) Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment;
 - c) Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.
3. Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.
4.
 - a) Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country;
 - b) Take adequate steps to ensure occupational health and safety in their operations.
5. In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.
6. In considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of their employees, and, where appropriate, to the relevant governmental authorities, and co-operate with the employee representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.

7. In the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organise.

8. Enable authorised representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.

V. Environment

Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:

1. Establish and maintain a system of environmental management appropriate to the enterprise, including:

collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities;

establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives; and regular monitoring and verification of progress toward environmental, health, and

safety objectives or targets.

2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:

provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance;

and engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.

3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.

4. Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage.

5. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.

6. Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:

- a. Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;
- b. Development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely;
- c. Promoting higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise; and
- d. Research on ways of improving the environmental performance of the enterprise over the longer term.

7. Provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.

8. Contribute to the development of environmentally meaningful and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.

VI. Combating Bribery

Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage. In particular, enterprises should:

1. Not offer, nor give in to demands, to pay public officials or the employees of business partners any portion of a contract payment. They should not use subcontracts, purchase orders or consulting agreements as means of channelling payments to public officials, to employees of business partners or to their relatives or business associates.

2. Ensure that remuneration of agents is appropriate and for legitimate services only. Where relevant, a list of agents employed in connection with transactions with public bodies and state-owned enterprises should be kept and made available to competent authorities.

3. Enhance the transparency of their activities in the fight against bribery and extortion. Measures could include making public commitments against bribery and extortion and disclosing the management systems the company has adopted in order to honour these commitments. The enterprise should also foster openness and dialogue with the public so as to promote its awareness of and co-operation with the fight against bribery and extortion.

4. Promote employee awareness of and compliance with company policies against bribery and extortion through appropriate dissemination of these policies and through training programmes and disciplinary procedures.

5. Adopt management control systems that discourage bribery and corrupt practices, and adopt financial and tax accounting and auditing practices that prevent the establishment of “off the books” or secret accounts or the creation of documents which do not properly and fairly record the transactions to which they relate.

6. Not make illegal contributions to candidates for public office or to political parties or to other political organisations. Contributions should fully comply with public disclosure requirements and should be reported to senior management.

VII. Consumer Interests

When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. In particular, they should:

1. Ensure that the goods or services they provide meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information labels;
2. As appropriate to the goods or services, provide accurate and clear information regarding their content, safe use, maintenance, storage, and disposal sufficient to enable consumers to make informed decisions;
3. Provide transparent and effective procedures that address consumer complaints and contribute to fair and timely resolution of consumer disputes without undue cost or burden;
4. Not make representations or omissions, nor engage in any other practices, that are deceptive, misleading, fraudulent, or unfair;
5. Respect consumer privacy and provide protection for personal data;
6. Co-operate fully and in a transparent manner with public authorities in the prevention or removal of serious threats to public health and safety deriving from the consumption or use of their products.

VIII. Science and Technology

Enterprises should:

1. Endeavour to ensure that their activities are compatible with the science and technology (S&T) policies and plans of the countries in which they operate and as appropriate contribute to the development of local and national innovative capacity.
2. Adopt, where practicable in the course of their business activities, practices that permit the transfer and rapid diffusion of technologies and know-how, with due regard to the protection of intellectual property rights.
3. When appropriate, perform science and technology development work in host countries to address local market needs, as well as employ host country personnel in an S&T capacity and encourage their training, taking into account commercial needs.
4. When granting licenses for the use of intellectual property rights or when otherwise transferring technology, do so on reasonable terms and conditions and in a manner that contributes to the long term development prospects of the host country.
5. Where relevant to commercial objectives, develop ties with local universities, public research institutions, and participate in co-operative research projects with local industry or industry associations.

IX. Competition

Enterprises should, within the framework of applicable laws and regulations, conduct their activities in a competitive manner. In particular, enterprises should:

1. Refrain from entering into or carrying out anti-competitive agreements among competitors:
 - a) To fix prices;

- b) To make rigged bids (collusive tenders);
- c) To establish output restrictions or quotas; or
- d) To share or divide markets by allocating customers, suppliers, territories or lines of commerce.

2. Conduct all of their activities in a manner consistent with all applicable competition laws, taking into account the applicability of the competition laws of jurisdictions whose economies would be likely to be harmed by anti-competitive activity on their part.

3. Co-operate with the competition authorities of such jurisdictions by, among other things and subject to applicable law and appropriate safeguards, providing as prompt and complete responses as practicable to requests for information.

4. Promote employee awareness of the importance of compliance with all applicable competition laws and policies.

X. Taxation

It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations. This would include such measures as providing to the relevant authorities the information necessary for the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle.