

**FOR INFORMATION**

THIRD ITEM ON THE AGENDA

Overview of recent and upcoming corporate social responsibility events

1. This paper,¹ postponed at the request of the Subcommittee, summarizes new information on the activities of the ILO in the area of corporate social responsibility (CSR). It focuses on emerging trends, rather than providing an exhaustive list of activities, and is based on contributions received from units at headquarters and the field. The paper also outlines CSR-related activities of other key international organizations, indicating any Office participation. It includes a brief summary of the recent report of the Special Representative of the United Nations Secretary-General on the issue of human rights and transnational corporations and other business enterprises. Finally it provides a basis for discussion of the ILO strategy concerning CSR.

CSR-related activities within the ILO

2. Engagement in CSR-related activities is most substantial in countries where the ILO has large-scale technical cooperation programmes, especially those that have extensive interaction with the private sector, including multinational enterprises and their suppliers. Examples include the Better Work Programme, the Better Factories Cambodia project, a project on CSR in the Chinese textile industry, business platforms for addressing HIV/AIDS in the workplace in countries such as Viet Nam, and several programmes for the elimination of child labour. These projects generally focus on developing and piloting resource materials including tools and training packages. The ILO also receives requests for technical support from companies not linked to technical cooperation programmes. The resource materials being developed will be useful as the ILO responds to such requests.
3. The ILO has entered into several public-private partnerships with multinational enterprises interested in working with the ILO as part of their CSR programmes. One example was a project with the Government of Germany and Volkswagen on occupational safety and health inspection in countries from which Volkswagen sources. Another concerns youth employment promotion in Latin America, in cooperation with the Government of Spain and a number of Spanish multinational enterprises.

¹ GB.303/13(Rev.), para. 25.

4. The ILO is increasingly invited to participate in national and regional CSR conferences and seminars. This reflects the growing importance of labour issues in CSR. Many invitations come from governments, such as the Swedish Embassy hosting a forum for Nordic buyers in Bangladesh. Requests from trade unions to learn more about the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the MNE Declaration) have also increased.
5. Other promotional and training activities were undertaken in collaboration with, or at the behest of, the UN Global Compact, where ILO specialists served as resource persons. Countries covered included Argentina, Guatemala, Honduras, Japan, Mexico, Sri Lanka and Turkey and, regionally, the Arab States. One activity included participation in a UNIDO-led forum on “Enterprise Social Responsibility” for small and medium-sized enterprises in India.
6. Within the “One UN” framework the ILO is actively promoting CSR issues as co-convenor of the thematic coordination group on Trade, Employment and Enterprise Development.
7. Existing training materials increasingly include a CSR dimension (e.g. Know about Business and Start and Improve Your Business), raising awareness of CSR, particularly among small and medium-sized enterprises.
8. The ILO continues to respond to requests for expert advice from multi-stakeholder CSR initiatives. Some requests come from international agencies such as the World Bank (for participation in the Multi-Fiber Arrangement Forum) or agencies of national governments (e.g. USAID, which sponsored a round table for the Bangladesh Shrimp and Fish Foundation). The ILO also received requests to provide technical information relevant to company codes of conduct concerning labour principles. At the country level, the ILO is mainly involved in CSR activities linked to particular technical cooperation programmes.
9. Occupational safety and health is one of the areas where the ILO is increasingly engaged at the enterprise level (e.g. in the Russian Federation, Thailand, Bangladesh and the Caribbean). Some of these activities involve interaction with multinational enterprises.
10. Another emerging trend, especially in Asia, stems from the promotion of “green jobs”. Companies are seeking advice on areas such as how companies can promote better workplace relations while at the same time reducing CO² emissions and pollution. The ILO has also been approached by the Sustainable Building and Construction Initiative of the United Nations Environment Programme (UNEP) to discuss possible inclusion of labour-related aspects as one of the indicators.
11. In the area of research, the ILO, through the Bureau for Workers’ Activities will dedicate the first two issues of the new *International Journal of Labour Research* to global production systems as well as collective bargaining and corporate strategies.

CSR-related activities within other organizations

United Nations Conference on Trade and Development (UNCTAD)

12. UNCTAD has produced the report, *Practical implementation of international financial reporting standards: Lessons learned*, which contains a collection of case studies

concerning implementation of the UNCTAD International Standards on Accounting and Reporting.

United Nations

13. The Global Compact is establishing local networks in Albania, Jamaica and Uganda. In cooperation with the ILO, it will organize an event to mark International Women's Day to promote awareness of workplace-related issues. The ILO also will lead the organization of a special seminar on the occasion of the Global Compact Annual Local Networks Forum in Istanbul, Turkey, in June 2009, to promote the effective implementation of the labour principles and the new publication, *The Labour Principles of the United Nations Global Compact: A Guide for Business*.²

International Organization for Standardization (ISO)

14. An update on the ISO 26000 process can be found in GB.304/MNE/1.

European Commission

15. In February 2009, the European Commission's Directorate-General for Enterprise and Industry hosted the "European Multi-stakeholder Forum on Corporate Social Responsibility" to review progress on CSR, in Europe and globally, and to discuss possibilities for future joint initiatives. The ILO presented the Better Work Programme at the Forum.
16. In November 2008, the European Commission announced co-financing for initiatives to support CSR in three industrial sectors: chemicals, textiles and construction. All the initiatives are multi-stakeholder, involving actors such as industry associations, trade unions, NGOs and public authorities. Small and medium-sized enterprises are the main target group. The aim is to draw conclusions about whether and how CSR can be a driver for the competitiveness of different industrial sectors.
17. Also in November 2008, the European Commission released the *European Competitiveness Report 2008* which examines the links between CSR and competitiveness.³

International Finance Corporation (IFC)

18. In October 2008, the IFC released the *Sustainability Business Innovator: Annual Report 2008*. The report was prepared by the IFC Sustainability Business Innovator, a platform for donor governments, development institutions, the IFC and the private sector to jointly test and demonstrate the business case for environmental protection and social development. The report provides numerous examples of how to change the way business operates so that it benefits all stakeholders.⁴

² www.ilo.org/public/english/employment/multi/download/ungcguide.pdf.

³ <http://ec.europa.eu/enterprise/csr/competitiveness.htm>.

⁴ www.ifc.org/ifcext/sustainability.nsf/Content/Publications.

Organisation for Economic Co-operation and Development (OECD)

19. An update on the follow-up to the joint OECD–ILO high-level conference on “Employment and Industrial Relations: Promoting Responsible Business Conduct in a Globalizing Economy” can be found in GB.304/MNE/1.

Global trend on the debate on CSR

20. The report of the Special Representative of the United Nations Secretary-General on the issue of human rights and transnational corporations and other business enterprises entitled *Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development. Protect, respect and remedy, a framework for business and human rights*⁵ has had a major impact in the global CSR debate.
21. The report presents a conceptual and policy framework to anchor the business and human rights debate, and seeks to help guide all relevant actors. The framework comprises three core principles: the duty of the State to protect against human rights abuses by third parties, including business; the corporate responsibility to respect human rights; and the need for more effective access to remedies. The three principles form a complementary whole in that each supports the others in achieving sustainable progress.
22. The appendix to this paper provides a table that summarizes the key findings of the report and the potential implications for ILO in promoting the MNE Declaration as well as the broader range of services it has to offer to protect workers’ rights and promote sustainable enterprises.

Towards a more coherent approach to CSR

23. In March 2008 the Governing Body discussed the strategic priorities for the Office work in this area for 2008–09.⁶ These priorities aim to increase awareness and effective use of the MNE Declaration as the point of reference for the ILO’s work on CSR. To ensure better coordination and greater coherence of its activities the ILO:
 - continues to improve information sharing through the network of CSR focal points;
 - is developing, in collaboration with the International Training Centre of the ILO in Turin (the Turin Centre), training materials to enhance the capacity of constituents and ILO staff to promote the MNE Declaration;
 - will develop a dialogue platform, through the helpdesk of the Multinational Enterprises Programme, to provide technical support to staff concerning the application of the principles of the MNE Declaration and international labour standards at enterprise level. The expert team, which includes representatives from a number of technical units and the Bureaux for Employers’ and Workers’ Activities, supports the helpdesk and helps prepare responses to queries received. It serves as a mechanism for dialogue to develop a common approach across the Office;

⁵ <http://daccessdds.un.org/doc/UNDOC/GEN/G08/128/61/PDF/G0812861.pdf?OpenElement>.

⁶ GB.301/12(Rev.), paras 16–22.

- will use the publication, *The Labour Principles of the United Nations Global Compact: A Guide for Business*, as a practical tool for capacity building of constituents and ILO staff; and
- will ensure that ILO support to CSR-related activities is consistent with universally recognized human and labour rights obligations relating to companies or governments and that any follow-up mechanisms are credible and do not interfere with the existing mechanisms at the ILO.

Geneva, 10 February 2009.

Submitted for information.

Appendix

Key points from the report, <i>Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development: protect, respect and remedy, a framework for business and human rights, that are relevant to the work of the ILO</i>	Implications for ILO work on CSR
The focus should be on ways to reduce or compensate for the governance gaps created by globalization.	The ILO should continue to prioritize assistance to governments to strengthen both legislation and public labour inspection.
The business and human rights debate currently lacks an authoritative focal point.	The ILO is the authoritative focal point for labour issues, but its key instrument, the MNE Declaration, needs to be used more widely. The ILO should continue activities to promote the MNE Declaration, including through collaboration with other key international and regional intergovernmental organizations such as the OECD.
Companies have unique responsibilities. If those responsibilities are entangled with state obligations, it makes it difficult if not impossible to tell who is responsible for what in practice.	The MNE Declaration is unique in defining the different roles of the government, multinational and local enterprises, and employers' and workers' organizations. This aspect should be emphasized more in promotional activities.
The State's duty to protect has legal dimensions – regulation and adjudication of corporate activities.	The Office should continue to promote ratification of the international labour standards.
The State's duty to protect includes policy coherence. Effective guidance and support at the international level would help States achieve greater policy coherence; and States should be encouraged to share information about challenges and best practices.	The MNE Declaration encourages policy coherence between the objective of protecting workers' rights and other policies concerning, inter alia, employment promotion and attracting foreign direct investment. The Office should highlight this feature of the MNE Declaration. It should also consider collecting best practices and facilitating the exchange of information and experiences.
Where States lack the technical or financial resources to effectively regulate companies and monitor their compliance, assistance from other States with the relevant knowledge and experience offers an important means to strengthen the enforcement of human rights standards.	The Office should encourage and facilitate exchange of technical expertise between countries on effective regulation and monitoring of compliance.
Governments are uniquely placed to foster corporate cultures in which respecting rights is an integral part of doing business.	The ILO should support government efforts to help develop a culture of respect for workers' rights.
States coping with conflict face particular challenges.	The ILO should consider ways to strengthen its assistance to conflict-affected countries.
Corporations are specialized economic organs, not democratic public interest institutions. As such, their responsibilities cannot and should not simply mirror the duties of States.	The MNE Declaration is the only international instrument that clearly differentiates the roles of governments and enterprises. The Office should more strongly emphasize this aspect.
For the substantive content of the due diligence process, companies should look to the ILO core Conventions.	The Office should highlight this aspect of the report in its reports and promotional materials.