

**FOR DEBATE AND GUIDANCE**

SECOND ITEM ON THE AGENDA

**InFocus Initiative on Corporate
Social Responsibility (CSR)****(a) Strategic orientations**

1. Corporate Social Responsibility (CSR) is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.
2. There is considerable debate on CSR and on the role of enterprises in society. Some are concerned that the expectations of enterprise CSR initiatives extend well beyond what might be considered as the legitimate role of an enterprise in society: CSR cannot substitute for the role of government. While others might agree with the primacy given to the law and its implementation, they note that CSR should not be confused with what society considers as the social responsibilities of enterprises: CSR is a voluntary concept involving responsibilities unilaterally identified by enterprise management. There is also criticism that in some instances CSR commitments represent little more than declaratory statements of intent. There are concerns over the number and quality of audits being conducted by buyers. Some argue that this is introducing a multiplicity of demands and unnecessary costs in supply chains with little return to suppliers in terms of market expansion, or to workers in terms of an improvement in working conditions.
3. The point of reference for the ILO's work on CSR is the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The MNE Declaration is the only universal instrument addressed, among others, at enterprises which has been agreed to by governments, employers' and workers' organizations.¹

¹ "The principles in the MNE Declaration are intended to guide governments, employers' and workers' organizations and multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress." (para. 5).

Strategic orientations

4. The InFocus Initiatives have been designed to generate new and valuable products for constituents.² The InFocus Initiative on CSR will seek to advance the ILO's leadership in this area by promoting the principles laid down in the MNE Declaration as the foundation for good CSR policy and practice. It will build on and complement the ILO's role in respect of governments of member States, setting, implementing and supervising labour standards, promoting social dialogue and assisting countries to implement good policies in this regard.
5. The InFocus Initiative will support the constituents and seek to inform the diverse ways in which enterprises can give effect to the MNE Declaration through CSR by:
 - developing knowledge on the different aspects of CSR. Working papers and other publications will focus on: trends in the different sectors; case studies of good practice; an analysis of the relationship between public regulation and inspection and the growing phenomenon of private inspection and social auditing; and voluntary reporting practices. These will serve as inputs to tripartite discussions on the role of the ILO in these different areas and support future ILO activities;
 - facilitating dialogue in the ILO to clarify issues and share views on what constitutes good CSR practice through:
 - *InFocus forums* on key thematic issues;
 - an international forum on the occasion of the 30th anniversary of the MNE Declaration; and
 - other relevant tripartite meetings;
 - developing and providing training, in collaboration particularly with the International Training Centre of the ILO, to support the constituents and other actors to give effect to the MNE Declaration;
 - developing models of good practice on how enterprises, including within their supply chain architecture, are giving effect to the MNE Declaration in a particular country context through their CSR activities. This would be done through technical cooperation, both in pilot projects and by integrating a CSR dimension into other projects, such as the sectoral action programmes;³
 - collecting and disseminating information by upgrading business and social initiatives (BASI) to be more user friendly, publishing working papers, case studies and publications, and supporting the activities of the ILO constituents;
 - building dialogue with international intergovernmental organizations and engaging with other international initiatives related to CSR, including but not limited to the International Organization for Standardization (ISO) and the Global Compact.

² See Programme and Budget for 2006-07.

³ In particular those in the textiles, clothing, and footwear sector and the telecommunications services sector.

6. Proposed approaches for operationalizing the InFocus Initiative on CSR are contained in the appendix and included in the strategic priorities that have been identified for 2006-07.⁴
7. The Subcommittee may wish to express its views on the strategic orientations that have been proposed for the InFocus Initiative and provide guidance to the Office for its implementation.

Geneva, 10 February 2006.

Submitted for debate and guidance.

⁴ GB.295/MNE/4/1.

Appendix

Operationalizing the InFocus Initiative on Corporate Social Responsibility

During the 2006-07 Biennium, the Office will seek to operationalize the strategic orientations identified for the InFocus Initiative on Corporate Social Responsibility through:

Knowledge development

The Office will undertake a programme of work aimed at developing the ILO's knowledge base on the different aspects of CSR, supporting dialogue among the ILO's constituents, and informing the Office's efforts to promote the MNE Declaration as the foundation for good CSR policy and practice. This will include:

- (i) Research on the different CSR initiatives emerging in the various sectors (e.g. agribusiness, electronics, etc.).
- (ii) Collecting good practice on how MNEs, including within their supply chain architecture, are giving effect to the different aspects of the MNE Declaration through CSR. This should include, among others, good practices from SMEs and take into account the perspectives and examples of developing countries.
- (iii) Analysis of the relationship between voluntary private initiatives and public regulation. Given that it is primarily the role of the government to implement ratified international labour standards and enforce the law, what is the relationship between public regulation and inspection and the growing phenomenon of private assessment and social auditing?
- (iv) Review of how labour issues are reflected in voluntary reporting practices and in the reporting guidelines that are emerging.

Tripartite and expert meetings

The Office will organize tripartite and expert meetings to facilitate dialogue within the ILO, clarify issues and share views on what constitutes good CSR practice. In particular:

- (i) InFocus forums on key thematic issues aimed at considering the potential role and contribution of the ILO in these areas and devising concrete strategies to promote better use of the MNE Declaration.¹ Possible issues for consideration may be:
 - the relationship between public regulation and private systems of inspection, social auditing and certification;
 - voluntary reporting practices;

¹ The InFocus Forums will involve members of the MNE Subcommittee and be organized to run alongside the meetings of the Subcommittee.

- (ii) international forum on the occasion of the 30th anniversary of the MNE Declaration;²
- (iii) other ILO tripartite meetings:
 - tripartite meeting on the production of electronic components for the IT industries: changing labour force requirements in a global economy;
 - tripartite meeting on the impact of global food chains on employment.

Promotional activities and technical advisory services

The Office will seek to advance the ILO's leadership in this area by promoting the principles laid down in the MNE Declaration as the foundation for good CSR policy and practice through:

- (i) training on how to give practical effect to the principles in the MNE Declaration, drawing on the collection of good practice case studies;³
- (ii) technical advisory services including technical cooperation projects;
- (iii) upgrading BASI into a more user-friendly format;
- (iv) building on dialogue with other intergovernmental organizations and engaging with other international initiatives related to CSR.

Coordination and resource implications

The InFocus Initiative on CSR will be coordinated by the Multinational Enterprises Programme and involve an Office-wide effort including cooperation between a range of units at headquarters and in the field.⁴ It will be carried out in cooperation with ILO constituents.

The ability of the Office to undertake the full programme of activities outlined will depend on the extent to which the Office, together with the constituents, are able to raise extra-budgetary resources.

² See GB.295/MNE/1/5.

³ In collaboration with the ILO's International Training Centre.

⁴ It will work closely with the InFocus Initiatives on export processing zones and the informal economy to identify good practice on how enterprises are giving effect to the different aspects of the MNE Declaration through CSR.