

Meeting Report: “Workshop on Promoting Decent Work in Global Supply Chains”¹

Beijing, China, 22 November 2016

I) Opening session

Encouraged by the “Going Global” policy and the Belt and Road Initiative (BRI), the Chinese government and investors have been expanding international cooperation in Global Supply Chains (GSCs). While China becomes an emerging “governor” of GSCs, the demands for improving corporate social responsibility (CSR) and promoting decent work in business operations are rising. Chinese investors are increasingly requested to fulfil their CSR to guarantee sustainable development of local community, including respecting workers’ rights. China has brought the United Nation’s (UN) Sustainable Development Goals (SDGs) into its national development strategy, and is willing to support other developing countries to achieve the 2030 Agenda. Responsible investment overseas is an indispensable in such a process.

In 2015, China and the United Kingdom signed the *Memorandum of Understanding (MOU) on Strengthening Partnership in Development Cooperation and Effectively Implementing Goals of Sustainable Development*. As the first cooperation project since the signing of the MOU, the Sustainability in Chinese Outward Mining Investment Project-Sustainable Mining Action Plan (SCOMI-SMAP) was jointly launched by the China Chamber of Commerce of Minerals, Metals and Chemicals Importers and Exporters (CCCMC), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and the United Kingdom Department for International Development (DFID) at the event.

II) Session 1: Sustainable governance – challenges, policies and practices

Session 1 discussed sustainable governance challenges in global supply chains in general and policies and practices developed by the Chinese government and social partners.

For achieving decent work in GSCs, effective policies in line with the international labour standards (ILS) are vital. One-fourth of the employment in emerging and developing countries are generated by GSCs, and most of them are in small and medium sized enterprises (SMEs) where the awareness of CSR remains low and substandard labour practices are prevalent. In the *Conclusions concerning Decent Work in Global Supply Chains* adopted by the International Labour Conference in June 2016, ILO calls on governments, business and social partners to take their complementary but different responsibilities in promoting decent work in GSCs. It also develops a list of ILO actions, such as enhancing social dialogues, strengthening labour administration, promoting ILS, among others. The fundamental ILS include principles against forced labour and child labour, and principles of non-discrimination and freedom of association. For GSCs, it requires going beyond legal compliance and contributing to the active realization of fundamental standards. Broadly speaking, the obligation to meet the environmental standards is also an inherent part of CSR. However, many investors do not have sufficient understanding of the environmental impact derived from their exploitation.

Since CSR risk has become a major challenge faced by Chinese outbound investment, China attaches great importance to the responsible management of Chinese enterprises abroad. The Ministry of Commerce, as the authority responsible for outbound investment, has developed a policy framework to guide the responsible investment of Chinese enterprises overseas. The framework comprises three policy systems respectively for export of capital, export of services (contractors) and export of labour, including both environmental and social aspects. *The Guide on Social Responsibility for Chinese International Contractors* clearly contains provisions for supply chain management. For export of labour services, the basic law is the *Regulation on the Administration of Labour Export Cooperation*. Another two regulations closely related to the decent work are the *Measures for the Administration of Risk Disposal Guarantee Funds for Labour Export Cooperation* and the *Measures for the Handling of Complaints and Reports for Labour Disputes Overseas*. In terms of occupational safety and health (OSH) in GSCs, the State Administration of Work Safety has jointly with other ministries and departments issued a series of policies. Since 2007, China Enterprise Confederation (CEC) has been playing an active role in promoting CSR for Chinese investors in East Africa (Uganda, Kenya, Ethiopia and Tanzania), in collaboration with

¹ This meeting report was prepared by Cuntao Xia under the supervision of Jie Zhou.



Confederation of Norwegian Enterprise. Activities included organizing seminars, conducting training with a focus on ILS (in particular how to engage trade unions) and how to respect and benefit the local societies, encouraging Chinese companies to join local employers' organizations, etc.. They published a *Guide on Investment in East Africa and Building Harmonious Labour Relations* this year.

III) Session 2: Action and practice of supply chains stakeholders

Session 2 focuses on the actions on the ground taken by different supply chain stakeholders in the mining sector.

The Belt and Road Initiative covers 65 countries with 63 per cent of the world's population. This emerging network gathers the most active areas in terms of economic development and mineral sources but also covers many countries where businesses face higher exposure to social risks.

In general, fundamental principles and rights at work (FPRW) are not fully respected and decent work deficits are prevalent in GSCs. The ILO experience in the mining sector in Peru and Zambia well demonstrated that engaging stakeholders in dialogue and adopting an integrated approach contribute to effectively promoting FPRW in supply chains. ILO also established the "Child Labour Platform" to support business responsibility of due diligence. It is a cross-sectoral platform, aiming to foster exchange among companies, governments, workers organizations and civil society to collectively identify obstacles and ways to overcome them.

Responsible mining has also aroused more concern in the private sector. Solidaridad and Unilever jointly developed *Code for Responsible Extraction* in response to social and environmental challenges in the extraction of industrial salt, including protection of labour rights. RCS Global runs an audit programme for downstream mining companies driven by the growing demands for "responsible" raw materials by brand companies. Realizing how lack of due diligence in supply chains can lead to business disaster, Huayou Cobalt takes up the opportunity to improve its due diligence system following the CCCMC guidelines.

To facilitate joint actions in the cobalt supply chains, CCCMC launched a Responsible Cobalt Initiative, supported by the Organisation for Economic Co-operation and Development (OECD). It gathers some major electronic and mining companies and calls for more active responses and shared responsibilities to address social and environmental risks in the cobalt supply chains. Identifying and addressing root cause are crucial for the effectiveness of interventions. Both business and government need to fulfil their responsibilities accordingly, as clarified by the UN Guiding Principles on Business and Human Rights and ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

IV) Session 3: ILO approaches to address decent work challenges in global supply chains

Session 3 introduces two ILO practical approaches to address decent work challenges in global supply chains, i.e. SCORE and Better Work.

The ILO SCORE programme aims to enhance working conditions and productivity of SMEs based on improved workplace cooperation. It works with multinational enterprises and supplier factories to build responsible and sustainable supply chains through a five-module training and on-site consulting as well as strengthens government's role to create an enabling environment. The ILO-IFC Better Work programme aims to improve working conditions and competitiveness of enterprises. As a programme beyond auditing and compliance, it offers capacity building training and advice following a five-step service model. It engages both downstream and upstream supply chain to help enterprises understand that improving working conditions is an investment rather than a cost.

V) Closing session – the way forward

Globalization will continue to transform the world of work, providing job opportunities but also challenges in meeting decent work expectations among workers, consumers and brands alike. The responsibility of the private sector is set to grow commensurately with the expansion and deepening of GSCs. Governments must create a conducive environment for meeting these responsibilities. The ILO will continue to foster platforms for interaction between government agencies and the private sector around decent work issues, particularly fundamental principles and rights at work.

VI) Event page

http://www.ilo.org/beijing/what-we-do/events-and-meetings/WCMS_535255/lang--en/index.htm

Annex : Agenda

Time	Session
08:30-09:00	Registration
Opening session Moderated by Mr. Liu Zhonghui, Vice Chairman, CCCMC	
09:00-9:30	Opening remarks Ms. Liang Hong, Division Director, Department of International Trade and Economic Affairs, Ministry of Commerce (MofCom) Mr. Jim Carpy, Head of Office, DFID Mr. Oliver Auge, Country Director/ General Representative of GIZ China Mr. Tim De Meyer, Director of ILO Office for China and Mongolia Mr. Chen Feng, Chairman of China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)
Launching Ceremony of Sustainability in Chinese Outward Mining Investment Project – Sustainable Mining Action Plan (SCOMI-SMAP) Moderated by Mr. Liu Zhonghui, Vice Chairman, CCCMC	
09:30-09:50	Introduction of the SMAP project Mr. Sun Lihui, Director of Liaison Department of CCCMC Mr. Philipp Kruschel, Executive Director of Emerging Market Multinationals Network for Sustainability of GIZ China
09:50-10:00	Launching Ceremony Ms. Liang Hong of MofCom Mr. Jim Carpy of DFID China Mr. Oliver Auge of GIZ China Mr. Chen Feng of CCCMC
Workshop on Promoting Decent Work in Global Supply Chains	
Session 1: Sustainable governance – challenges, policies and practices Moderated by Mr. Tim De Meyer, Director, ILO Office for China and Mongolia	
10:00-10:15	Policy framework and practices of stimulating positive decent work and sustainable development impacts of Chinese enterprises overseas Department of Outward Investment and Economic Cooperation, MofCom
10:15-10:30	The ILC 2016 general discussion on decent work in global supply chains Mr. David Seligson, Head of Manufacturing, Mining and Energy Unit, Sectoral Policies Department, ILO Geneva
10:30-10:45	Tea break
10:45-11:00	ILO fundamental labour standards and global supply chains Mr. Tim De Meyer, Director, ILO Office for China and Mongolia
11:00-11:15	OSH management in global supply chains Mr. Liu Weidong, Director, Occupational Health Department, State Administration of Work Safety

11:15-11:30	Promoting CSR in Uganda, Kenya, Ethiopia and Tanzania Ms. Liu Hansong, Chief Officer for International Labour Affairs, Deputy Director of International Department, China Enterprise Confederation
11:30-11:45	The environmental dimension on rights and responsibilities Mr. John Hobbs, Director, Extractives Sector, World Wildlife Fund (WWF) International
11:45-12:00	Q&A
12:00-13:30	Lunch
Session 2: Action and Practice of Supply Chains Stakeholders Moderated by Mr. Sun Lihui, Director, Development Department, CCCMC	
13:30-13:45	Opportunities and Challenges of Mining Cooperation and Geological exploration in Mr. Liu Dawen, Director, Technology and Foreign Affairs Department, China Geological Survey
13:45-14:00	Fundamental Principles and Rights at Work in supply chains: from principles to practice Mr. Benjamin Smith, Senior Specialist, Child Labour FUNDAMENTALS Branch, ILO Geneva
14:00-14:15	Responsible Extraction-An Initiative by Solidaridad Mrs. Zhao Lin, Senior Programme Manager, Solidaridad China
14:15-14:30	The Responsible Cobalt Supply Chain Management of Huayou Mr. Chen Hongliang, President, Huayou Cobolt
14:30-14:45	RCS Downstream Audit Program Introduction Ms. Finny Tang, Asia Director, RCS Global
14:45-15:00	Tea break
15:00-16:00	Panel discussion : Joint Action of Supply Chains—Responsible Cobalt Initiative Moderator: Dr. Liang Xiaohui, Chief Researcher, Office for Social Responsibility, China National Textile and Apparel Council Panelists: 1. Mr. Sun Lihui, Director, Development Department, CCCMC 2. Dr. Li Li, Deputy Researcher, University of International Business and Economics 3. Mr. Benjamin Smith, Senior Specialist, Child Labour FUNDAMENTALS Branch, ILO Geneva 4. Mr. Chen Hongliang, President, Huayou Cobolt
Session 3: ILO approaches to address decent work challenges in global supply chains Moderated by Mr. Tim De Meyer, Director, ILO Office for China and Mongolia	
16:00-16:15	SCORE - improve productivity and job quality in SMEs Mr. Zhang Xubiao, SCORE Manager, ILO Office for China and Mongolia
16:15-16:30	Better Work – improve labour standards and competitiveness in global supply chains Mr. Jonas Astrup, OIC / Asia-Pacific Team Lead, Better Work, ILO Bangkok
16:30-16:45	Q&A
Closing session – the way forward	
16:45-17:00	Closing remarks Mr. Tim De Meyer, Director, ILO Office for China and Mongolia