



FOR INFORMATION

SECOND ITEM ON THE AGENDA

Updates on corporate social responsibility (CSR)-related activities

(b) Within other organizations

1. This paper, requested by the Officers of the Subcommittee, summarizes the major CSR-related activities of key international organizations which have taken place since January 2006.¹

United Nations Commission on Human Rights (UNCHR)

2. The Special Representative on Human Rights and Transnational Corporations and other Business Enterprises presented his interim report during the 62nd Session of the United Nations Commission on Human Rights in February 2006. The report mentions that the Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises constitute important normative statements. It also provides the results of a survey of multinational enterprises undertaken by the Special Representative, in which 75 per cent of respondents stated that their company referred to ILO Declarations and Conventions in their human rights policies; in comparison, 57 per cent mentioned the Global Compact, 62 per cent mentioned the Universal Declaration of Human Rights and 40 per cent cited as a source for guidance the OECD Guidelines for Multinational Enterprises.

United Nations Conference on Trade and Development (UNCTAD)

3. The United Nations Conference on Trade and Development continued its work on International Standards on Accounting and Reporting (ISAR). It will hold a discussion in October 2006 on the comparability and relevance of existing indicators of corporate responsibility, in which the ILO will participate. The ILO also provided technical inputs into the UNCTAD *World Investment Report 2006*, which refers to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

¹ For updates since Nov. 2005, see GB.295/MNE/3/2.

Global Compact

4. In April 2006, the United Nations Secretary-General launched the “Principles for Responsible Investment”. The Principles were developed by the UN Environment Programme Finance Initiative and the United Nations Global Compact. Information from the Global Compact Office (GCO) indicates that pension funds and institutions representing around US\$5 trillion in assets have endorsed the Principles for Responsible Investment.
5. The GCO released the third edition of its Resource Package, which includes modules and case studies for each of the principles. A revised CD-ROM on the ten Principles of the Global Compact was also launched in June. Entitled “Your Guide to the Global Compact – A Resource Package”, the tool has benefited from inputs from the ILO in coordination with the IOE and ICFTU.
6. The 20-member Board of the Global Compact, which includes representatives from the ICFTU and IOE, met in New York on 28 June 2006 for an overall review of the state of Global Compact matters and discussions over membership and terms of reference for the Board.
7. The GCO has asked the ILO to facilitate the organization of the 2006 Policy Dialogue on “Combating Discrimination and Promoting Equality for Decent Work” (London, 5-7 October 2006). The IOE and ICFTU have worked with the ILO to nominate keynote speakers and some of the panellists.
8. The Annual Local Networks Forum will take place in Barcelona on 26-27 September, followed by a two-day special session on communication on progress. The Global Compact Board has expressed consensus that local networks should strive to include all key stakeholders, as reflected in the composition of the Board itself.

Organisation for Economic Co-operation and Development (OECD)

9. In 19 June 2006 in Paris, the OECD held a roundtable on “Developing a proactive approach to the OECD Guidelines for Multinational Enterprises” in which the ILO participated. The roundtable focused on two issues: (a) partnership for promoting the Guidelines and encouraging the adoption of responsible business practice; and (b) using dialogue under the Guidelines to create “win-win” situations for companies and host societies.
10. In May 2006, the OECD Council adopted the Policy Framework for Investment. The objective of the Framework is to mobilize private investment that supports economic growth and sustainable development. The Framework proposes a set of questions for governments to consider in ten policy fields identified in the 2002 UN Monterrey Consensus on Financing for Development as critically important for improving the quality of a country’s environment for investment. Chapter 7, which addresses policies for promoting responsible business conduct, asks whether the government participates in intergovernmental cooperation in order to promote international concepts and principles for responsible business conduct, such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policies and the United Nations Global Compact.

International Organization for Standardization (ISO)

11. In May 2006, the ISO Working Group on CSR met in Lisbon to discuss the first working draft. The task groups subsequently created small teams to develop further draft text, which will be compiled and sent out for comment by the entire Working Group, and discussed at the next Working Group meeting in Sydney, Australia, in January/February 2007.
12. On the suggestion of the Workers' group, the ILO (including representatives of the IOE and ICFTU) and the ISO Central Secretariat will meet periodically to discuss the implementation of the ILO-ISO Memorandum of Understanding. The first meeting will take place during the November 2006 Governing Body.

European Commission

13. The European Commission organized a conference on "CSR in Enlarged Europe" in Brussels in February 2006. The Conference examined the situation and developments of CSR in the new Member States.
14. On 22 March 2006, the European Commission addressed a communication "Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on CSR" to the European Parliament, the Council and the European Economic and Social Committee. In this communication the Commission expressed its engagement to promote CSR globally by promoting the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines concerning Multinational Enterprises and the Global Compact. The European Commission also affirmed that it will strengthen its cooperation with the ILO to promote decent work, including through a project on trade and decent work indicators in developing countries.
15. The European Commission also has launched a web site called CSR Vaderegio (www.csr-vaderegio.net) to promote CSR with local communities. CSR Vaderegio is a platform for public policies for promotion of CSR at regional level. This European platform reflects the need for sharing as widely as possible the experience and good practices of CSR policies promoted by regional and local authorities. It also launched the European Alliance for CSR for European enterprises to further promote and encourage CSR.

International Finance Corporation (IFC) and other development banks ²

16. On 21 February 2006 the Governing Board of the World Bank group adopted performance standards (PS) and guidance notes on environmental and social standards, which include a commitment by the International Finance Corporation ³ to make loans for private sector development subject to respect for ILO core labour standards, as well as standards on safety and health and retrenchment. These PS refer to these standards, and establish

² While the activities of the development banks are conditional lending and not voluntary in nature, the Subcommittee should be aware of them as they are a significant development in the application of labour standards to enterprises and relate to the application of the MNE Declaration more broadly.

³ The International Finance Corporation is the private sector arm of the World Bank group, and these standards are applicable to loans made to private sector companies for development purposes.

commitments to observe local labour law, with a reference to the international standards as the baseline. The PS were established through consultation with a wide range of actors, including the ILO. The Guidelines to the PS have also been issued and provide further guidance on how they are to be understood. These standards came into force on 30 April 2006. Through the revised Equator Principles (revised in July 2006) the IFC PS also apply to project finance lending of the 40 banks which have signed up to the Equator Principles.

17. Officials from IFC, the European Bank for Reconstruction and Development, the Dutch Development Bank (FMO) and the German Development Bank (DEG) came to headquarters in May to learn more about what tools the ILO has to help them implement international labour standards in their lending practices. The ILO in turn was invited to participate in the annual meeting of social experts in development banks, and to act as a resource concerning issues in implementing international labour standards in enterprises and supply chains.

Danish Institute for Human Rights

18. The Danish Institute for Human Rights has developed a tool called the Human Rights Compliance Assessment (HRCA). It is a diagnostic self-assessment tool designed to detect human rights risks, including issues covered by international labour standards, in business operations. The tool uses practical questions and indicators to gauge a company's human rights performance, and can be used for assessment, monitoring, and reporting purposes. The computer program produces a checklist and results sheet which summarize the company's performance, and can be used to assign follow-up tasks and track progress from year to year. The tool cites both the MNE Declaration and the Declaration on Fundamental Principles and Rights at Work. They are now developing specialized tools, such as a country commitment index, a list of suggested promotional activities, human rights basic descriptions, code of conduct guidelines, suggested human rights resources, and a tool for evaluating caste-based discrimination, which was developed with input from the Subregional Office in Delhi. The questions contain a separate list of indicators, with references to the relevant sources of international law. The Danish Institute has partnered with the Global Compact to promote the tool more widely. For more information, see <https://hrca.humanrightsbusiness.org/>.

Geneva, 26 September 2006.

Submitted for information.