

**FOR INFORMATION**

THIRD ITEM ON THE AGENDA

Updates regarding CSR-related activities**(a) Office activities**

1. This paper, requested by the Subcommittee on Multinational Enterprises,¹ summarizes CSR-related activities of the ILO and other international organizations. It updates the information provided to the Subcommittee in March 2004.²
2. As follow-up to the presentations at the November 2005 session made by Mr. Tapiola, Executive Director of the Standards and Fundamental Principles and Rights at Work Sector, Mr. Diop, Executive Director of the Social Protection Sector, and Ms. Paxton, Executive Director of the Social Dialogue Sector, each sector provided further information on activities which may be of interest to the Subcommittee.

International Labour Standards and Fundamental Principles and Rights at Work Sector

3. The Standards and Fundamental Principles and Rights at Work Sector services both the supervisory and complaints machinery relating to international labour standards and the follow-up to the 1998 Declaration. Companies, as employers, have a part to play in all of these processes, which are essentially tripartite, and the sector has focused on providing enabling information and assistance to employers' organizations. National employers' organizations routinely receive copies of governments' Article 22 reports on ratified Conventions and of their article 19 reports for the annual general surveys. The Office ensures in turn that those organizations receive copies of the supervisory comments, so that employers are informed of any problems arising in the application of ratified Conventions and may, like unions, exercise their right to make observations providing supplementary information and views (which the supervisory bodies find give valuable insights and therefore pursue with governments). The organizations similarly receive copies of governments' annual reports under the 1998 Declaration Follow-Up and of the Expert-Advisers' reports and may express their own positions on fundamental principles and

¹ GB.294/10, para. 57(e).

² GB.289/MNE/2.

rights. On these bases, the Office provides informal services to employers, through their national organizations, on both the substance of the obligations under the ILO Constitution and ratified Conventions, and on the opportunities for companies, as employers, to make use of the ILO machinery.

4. Since international labour standards and the fundamental principles and rights are an important component and strategy in the ILO's Decent Work Agenda, the sector itself, together with field specialists, has a key promotional role in helping companies understand the nature of standards, principles and rights, in order to assure the quality of the many voluntary initiatives which are taken. The sector supports ACT/EMP's developments of user-friendly guidance on standards for enterprises. The Declaration Follow-Up's annual plans of action include activities with enterprises. The International Programme on the Elimination of Child Labour (IPEC) helps enterprises and sectoral employers' organizations deal with certification programmes. Other initiatives concern the football project in Pakistan, a tripartite agreement to eliminate child labour in the mining sector, and projects in the tobacco and cocoa sectors. In its function of disseminating information and advice on standards and rights, the sector provides advice where possible also to multi-stakeholder initiatives in which other international organizations and employers and unions are involved, in order to promote accuracy and understanding in the use made of international labour standards and the fundamental principles and rights.

Employment Sector

5. The work of the Employment Sector in the area of CSR recognizes that such activity is voluntary and goes beyond compliance with the law. Activities focus on research, promotion of good practice, and training. The project on Socially Sensitive Enterprise Restructuring raises awareness of good practices in the area of retrenchment through tripartite training and action research, including the recent ILO publication *Restructuring for corporate success: A socially sensitive approach*. The technical cooperation project on "Sustainable Development through the Global Compact" has developed an integrated training manual on CSR in collaboration with the International Training Centre of the ILO, Turin, and will begin training early in 2006. Promoting the upgrading of value chains through decent work also continues to be a priority in technical cooperation.
6. The Employment Sector represents the ILO in CSR meetings and conferences such as the International Financial Corporation (IFC) workshop on "Alternatives to Public Sector Inspections: Public-Private Partnership and CSR". Collaboration with other international organizations also has continued, in particular with the UN Global Compact, OECD, the European Commission, the World Bank, ISO and UNCTAD/ISAR.
7. Four new working papers related to areas addressed in the MNE Declaration were published: "Public policy, reporting and disclosure of employment and labour information by multinational enterprises (MNEs)" (WP No. 99); "Do foreign firms pay more? Evidence from the Indonesian manufacturing sector 1990-99" (WP No. 98); "Economic and social effects of export processing zones in Costa Rica" (WP No. 97); and "Foreign direct investment spillovers, absorptive capacities and human capital development: Evidence from Argentina" (WP No. 96). The Employment Sector also maintains the Business and Social Initiatives (BASIS) database, which receives an average of 900 visits per month.

Social Protection Sector

8. Corporate social responsibility-related activities complement those aimed at strengthening the capacity of national authorities in developing appropriate regulatory policies and measures.
9. Promoting examples of good practice is an important area of CSR-related work. Innovative working time arrangements and measures to reconcile work and family responsibilities (“family-friendly” practices) continue to be part of research and promotional work on working conditions. Activities will build on work done on “Workplace action on HIV/AIDS: Identifying and sharing best practice”.³
10. Promoting the ILO Guidelines on Occupational Safety and Health Management Systems (ILO-OSH, 2001) remains a priority. The Guidelines provide a step-by-step approach to hazard identification, risk assessment, prevention and control measures, action, management review and performance monitoring. Enterprises (e.g. 4,000 enterprises in China) tailor them to their specific situations.
11. Going beyond minimum requirements on occupational safety and health and promoting the general well-being and welfare of workers, the SOLVE (Addressing Psychosocial Problems at Work) educational programme provides tools to incorporate psychosocial issues in workplace programmes. It was, for example, used by Air Canada where after ILO training seminars for top management and senior union representatives, course directors at regional bases were trained and are now in the process of implementing the programme for the entire workforce.
12. The ILO’s WISE (Work Improvement in Small Enterprises) methodology continues to be a major training tool to encourage practical, action-oriented improvements in small- and medium-sized enterprises (SMEs). In the project in Haiti, which ended in 2003, and more recently in Cambodia, it was used as the basis for improvements in the garment sector. In Mongolia, the employers’ organization is spearheading efforts to improve working conditions and productivity in SMEs. This tool is currently being extended to cover other major working conditions such as wage fixing and working time.
13. CSR-related activities underpin several technical cooperation projects. As part of its strategy in 23 countries, the ILO/USDOL project SHARE (Strategic HIV/AIDS Responses by Enterprises) has, for example, obtained the engagement of 64 enterprises in six states of India, of which 17 have fully developed a policy based on the ILO code of practice.⁴ Advocacy with big corporations – Gujarat Ambuja Cement Ltd., Transport Corporation of India Ltd., Reserve Bank of India (RBI), PepsiCo, Ballarpur Industries Ltd. (BILT), for example – seeks to upscale the ILO intervention.⁵ In collaboration with Volkswagen AG, the ILO is implementing a project to improve occupational safety and health in VW suppliers in Brazil, Mexico and South Africa.

³ Background paper for the Tripartite Interregional Meeting on Best Practices on HIV/AIDS Workplace Policies and Programmes (Geneva, 15-17 December 2003).

⁴ One of the indicators in the Programme and Budget for 2006-07 is on HIV/AIDS policies and programmes implemented in the workplace.

⁵ On 12 Dec. 2005, a statement of commitment was signed and endorsed by all seven major employers’ organizations in India to engage business to address HIV/AIDS in the workplace as a benefit to business and to society at large.

Social Dialogue Sector

14. The work of the Social Dialogue Sector recognizes that CSR is voluntary and not a substitute for international labour standards or the Government's responsibility to enforce law. This work primarily involves research and information sharing, clarification of views, dialogue with various participants in the debate, technical advice and cooperation as well as core work in strengthening institutions related to law enforcement, respect for fundamental workers' rights, dispute resolution and industrial relations.
15. ACT/EMP held conferences with constituents on corporate social responsibility in October 2005 and in the December 2003 Asia-Pacific High-Level Employers' Conference. It also carries out activities to promote the Global Compact among employers' organizations in selected countries in Asia and the Pacific, Arab States, Africa and Latin America and the Caribbean.
16. ACTRAV has provided a supporting role to trade unions, who view CSR as both critical and evolving and favour social dialogue and agreement between social partners. It supported studies on global production chains and rating agencies that will contribute to a discussion by the international trade union movement in 2006; raises the concerns of workers on issues of CSR; and gathers information about positions and initiatives taken by governments as well as policies of major companies.
17. A key contribution of DIALOGUE relates to its core work aimed at strengthening institutions of labour administration and labour inspection, dispute resolution and industrial relations to build vibrant collective bargaining processes. Project work has stressed the integration of social values into the core business operations of companies and their engagement with stakeholders. For example, Better Factories – Cambodia aims to improve working conditions and productivity in Cambodian garment factories, using workplace cooperation between management and unions and a system of monitoring and reporting. The Factory Improvement Programme in Sri Lanka assisted the labour ministry in reorganizing and setting up a compliance unit to promote CSR in the garment sector.
18. Integration, with the technical assistance of the Social Protection and Employment Sectors, has developed a training package, "Productivity and Competitiveness Upgrading through Improved Labour Management and Workplace Practices", which is being used in a Decent Work Country Programme project in Morocco in the textiles sector. The project focuses on increasing productivity and competitiveness through social upgrading at the enterprise level and providing support to the sectoral trade unions and employers' organizations with a view to promoting consensus on how to restructure the industry.
19. The Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment (Geneva, October 2005) had a strong CSR component, with considerable discussion about the global supply chain and the various roles and responsibilities for workers, manufacturers, buyers and governments.
20. The Social Dialogue Sector is also implementing the InFocus Initiative on Export Processing Zones in collaboration with other sectors, recognizing the complementary work with the InFocus Initiative on CSR, in particular concerning global production chains.

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Submitted for information.