

**FOR INFORMATION**

THIRD ITEM ON THE AGENDA

Updates regarding CSR-related activities**(b) Activities conducted outside the Office**

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

United Nations Commission on Human Rights

2. The United Nations Sub-Commission on the Promotion and Protection of Human Rights published a report in February 2005 on the human rights responsibilities of transnational corporations.³ This report references both the MNE Declaration and the ILO Declaration on Fundamental Principles and Rights at Work. The Commission requested that the UN Secretary-General appoint a Special Representative on human rights and transnational corporations and other business enterprises. The Special Representative has undertaken consultations with the ILO and representative organizations, including the IOE and ICFTU. In November 2005, the High Commissioner for Human Rights convened a consultation on “Human rights and the extractive industry” with senior executives of corporations and experts in the sector. Finally, the Sub-Commission’s working group on the activities and working methods of transnational corporations held its seventh session in August 2005.

United Nations Conference on Trade and Development (UNCTAD)

3. UNCTAD’s Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) has developed draft indicators for CSR reporting. The *Guidance on Corporate Responsibility Indicators in Annual Reports*, which lists

¹ GB.294/10, para. 57(e).

² GB.289/MNE/2.

³ E/CN.4/2005/91.

17 indicators dealing with human rights, health and safety, community support, labour practices and other issues, was discussed in the ISAR Working Group in November 2005. The Commission on Investment, Technology and Related Financial Issues convened, in November 2005, an Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries.

United Nations Global Compact

4. In September 2005, the UN Global Compact announced a new governance structure comprised of six bodies: a triennial leaders summit, an international board, the inter-agency team, local networks, an annual local networks forum and the Global Compact Office. In October 2005, the Office released a new policy document on local network governance. This policy document states that local networks should make a “special effort” to involve the affiliates of the IOE and ICFTU. The Global Compact Office has also launched a “Practical guide to communication on progress”, a new tool designed to provide advice and practical tips for companies in the preparation of their communication on progress. July 2005 was the first deadline set for submissions of communication on progress for companies that have participated in the Global Compact for two years.
5. The Global Compact held a summit in China in November/December 2005, which resulted in the 15-point Shanghai Declaration, which includes statements on the role of business in society, actions for responsible business and the role of governments. The ILO participated in this global summit on a panel on diversity and non-discrimination.
6. At the request of the IOE, in December 2005 the head of the Global Compact Office, Georg Kell, met with the IOE, ICFTU, ACTRAV and ACT/EMP, and the Office to discuss the new governance structure.

Organisation for Economic Co-operation and Development

7. The OECD’s annual roundtable on CSR focused in 2005 on developing countries and included three sessions on the following topics: the relevance of the Guidelines for companies; the observance of the Guidelines in non-adhering countries; and the prospects for maximizing the positive impacts of the Guidelines in development. The roundtable also considered two reports, including one on the “Multilateral influences on the OECD Guidelines for Multinational Enterprises”, which includes references to ILO Conventions, Recommendations and the MNE Declaration.⁴
8. The OECD Investment Committee has initiated work on a policy framework for Investment with the aim of developing a “non-prescriptive checklist of issues for consideration by any interested governments engaged in domestic reform, regional cooperation or international policy dialogue aimed at creating an environment that is attractive to domestic and foreign investors and that enhances the benefits of investment to society”. This policy framework has been developed by a task force composed of OECD member and non-member governments, civil society and representatives from other international organizations, including the ILO.

⁴ http://www.oecd.org/document/58/0,2340,en_2649_33765_34855674_1_1_1_1,00.html .

European Commission

9. The European Multi-Stakeholder Forum on CSR presented its conclusions and recommendations to the European Commission in June 2004. The Forum was composed of representatives from European employers' groups, workers' organizations, business networks, governments and civil society, with the ILO, OECD, Global Compact and other organizations having observer status. The recommendations made by the Forum cover three areas and include: raising awareness and improving knowledge about CSR; developing the capacities and competencies to help mainstream CSR; and ensuring an enabling environment for CSR. The European Commission has also recently launched a campaign on CSR for SMEs, providing a toolkit for the responsible entrepreneur, and supported joint research with the ILO on social auditing in Bulgaria, Romania and Turkey.

International Organization for Standardization

10. The International Organization for Standardization (ISO) has undertaken to develop an international guidance document on social responsibility called ISO 26000. This standard aims to develop an instrument that will foster greater awareness and wider observance of principles in the area of social responsibility. It is expected to be available in early 2008 and will be designed as a set of guiding principles only, and will not involve third party certification. The ISO signed a Memorandum of Understanding with the ILO, in which it recognizes the ILO as the competent body to establish and supervise international labour standards, and recognizes the MNE Declaration as an international instrument related to CSR.
11. In September 2005, the ISO working group met in Bangkok and produced guidance documents on the following issues: selection criteria for task group leadership; operational procedure for selection of chair advisory group alternates and replacements; definition of stakeholder categories; and the design specification for ISO 26000. The task group leaders were chosen in November 2005, based on nominations received. Drafting will begin in early 2006, based on the guidance set out in the design specification. The working group will meet again in Lisbon in June 2006.

World Bank Group and the International Finance Corporation (IFC)

12. The Corporate Social Responsibility Practice of the World Bank Group advises developing country governments on public policy roles and instruments they can use to encourage CSR. It provides country-specific diagnostics to help governments work more effectively with businesses. Current country-level projects include Angola, Cambodia, Philippines, El Salvador, Russian Federation and Viet Nam, covering a wide range of CSR topics including transparency, good governance, skills development, employment generation and labour standards. The World Bank Group also recently held a workshop on "Alternatives to Public Sector Inspections: Public-Private Partnerships and CSR" with the IFC, addressing social auditing and workplace monitoring initiatives. There was a broad recognition for governments to have a strong regulatory role in any public-private partnership approach to inspection. Furthermore, on labour issues, there was a recognition that it was essential to have the involvement of not only governments, but also employers and workers.

13. The IFC, alongside over 30 leading financial institutions, has developed the Equator Principles,⁵ a set of voluntary industry-based guidelines for managing environmental and social issues in project financing. These principles, adopted in June 2003, are based on the standards of the IFC and World Bank, and set out a framework for social and environmental risk assessment. Projects are screened using criteria on occupational safety and health, child and forced labour, and sector-based guidelines, with lending institutions conducting assessments on social and environmental performance during the life of each project. In September 2005, the IFC also published a set of draft policy and performance standards on social and environmental sustainability. These standards cover labour and working conditions and are designed to help the IFC and its clients manage and improve their social and environmental performance.

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Submitted for information.

⁵ <http://www.equator-principles.com> .