

“WILL2006 Labour and Environment Assembly” Enterprise Social Responsibility¹ & Accountability Working Group Report

Structure of the discussion: As there is considerable controversy over the meaning of ‘ESR’ itself, the Working Group discussed the concept before focusing on recommendations, distinguishing those directed at other parties and organisations from those that call for action by trade unionists and their organisations.

Key elements in our definition: There are various definitions of ESR (or CSR); some exclude workers and trade unions completely. The concept is connected to globalization, and often supports neo-liberal models of management. A trade union definition must clearly support the interests of workers and communities, in which case the following elements are seen as key:

- *the principle of ‘compliance plus voluntarism’* – voluntary approaches can only supplement mandatory aspects; i.e., effective legislation and enforcement
- *integration* – all three pillars of sustainability must be included, with a focus on patterns of production and consumption (e.g., flooding of developing countries with substandard consumer goods). It applies horizontally and vertically, dictating that organisations, line function departments, and instruments complement each other
- *consistency, transparency, accountability* - for example, multinationals cannot apply different standards in developed and developing countries. They must account for social and environmental effects throughout the life-cycle of products, bridging environment and labour rights.
- *multistakeholder engagement* – ESR cannot be enacted as a unilateral act by a company. It must include workers and trade unions, but also include meaningful participation and dialogue with NGO’s, consumer associations, etc. as well.
- *the business case* – ESR is not charity, but an integral component of sound decision-making and business practice, and the benefits it can yield to both company and openness employees must be recognised. It links to such goals as job creation for young people and other actions of benefit to the community to a company’s core business.
- *democratic governance* – ESR is about, engaging workers in planning, documentation, and strategy execution on an ongoing basis

Our recommendations recognise that ESR contains both opportunities and risks. With this in mind, our Working Group asks this Assembly to call for:

1) **A greater commitment to education and training** – As CSR is a relatively new concept, we cannot assume that trade union leaders, members or managers understand it or know about its institutions, agreements and instruments. We therefore call on trade unions and central labour organisations to provide education and training in all aspects of ESR, in partnership with UNEP, the ILO, WHO, UNESCO, UNIDO and other agencies. Materials and other

¹ The group preferred the term ‘social responsibility’ (SR) because it applies standards to all players; e.g., government and public sector organizations, trade unions, etc.

resources must be comprehensible, and where possible, education and training should jointly involve workers, trade unions and managers.

2) Greater efforts to strengthen mandatory provisions for a level, appropriate playing field – As effective ESR requires robust state action and control, we call on governments to provide the legislation and enforcement necessary to ensure that standards are observed by all enterprises. This means that the capacity of the state to protect worker, citizens and the natural environment must be increased in many countries, and that the line between enforceable and non-enforceable laws and instruments be clearly drawn.

3) Action that differentiates bipartite and tripartite approaches from multistakeholder engagement – meaningful action for ESR requires the participation of workers and other affected parties. It is key to preventing corruption and reliable reporting. NGO's and other actors must be invited into the ESR process wherever possible; however, NGO's and multistakeholder consultation cannot be allowed to substitute for collective bargaining, good industrial relations, joint industry committees, or agreements that involve trade unions, employers and government. The unique capacity of trade unions to represent workers must be recognised.

4) Finally, we call on all parties to 'practice what they preach' – Our group preferred the term 'SR' (or 'social responsibility'), because it implies that responsibility rests not only with companies, but also with governments, public sector organisations, trade unions and all other players. In accordance with this understanding:

We call on companies, whether large, small or medium-sized, to commit to implementation, accountability and reporting processes that are reliable, consistent and transparent. Sustainability reports must be more than PR exercises, but must be based on participatory monitoring and reporting that employs Global Reporting Initiative (GRI) guidelines.

We call on governments to ratify international instruments and to follow through with appropriate laws and enforcement practices, to directly promote tripartite and multistakeholder initiatives, and to require that social and environmental clauses be part of all public works and tendering processes. Governments that sign onto the *OECD Guidelines for Multinational Enterprises* must provide for strengthened 'national contact points' and national networks for dialogue and implementation, as well as social observatories to monitor company behaviour.

We call on trade unions to take every opportunity to promote ESR; otherwise they fail in their responsibility to their members, societies and the environment. They must watch for violations of standards, and be prepared to make complaints to the ILO where serious violations of ILO instruments occur (as well to UNEP and other agencies and instruments as appropriate). Trade unions are called on to play a more active role to ensure socially-responsible investment (e.g., pension funds, where they have the power to do so). We must do more to organise, monitor and publicize ESR cases (both positive and negative) and to provide active support to workers in countries where trade unions are too weak or oppressed to respond effectively to violations of ESR standards, or to basic principles such as those contained in the Global Compact.

Respectfully submitted.

Nairobi, 16 January 2006