



# The Labour Principles of the Global Compact

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# Presentation

- Role of business***
  - ILO and business***
  - Labour Principles of the Global Compact***
  - MNE Declaration***
  - OECD Guidelines***
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# The challenge: role of business

- *source of economic growth and employment creation*
- *globalization, liberalization of trade*
- *Impact of business: positive – negative?*
  - *corporate social responsibility / responsible business practices*
  - *role of state vs role of private sector*
- *broader development agenda: what is the role of business in achieving MDGs*



# ILO and business

- *Created in 1919 --> social justice*
- *mandate: improving conditions of labour, poverty reduction and employment generation → decent work*
- *tripartite structure: governments, employers and workers*
  - *social dialogue at global level → international labour standards*
  - *employers' and workers organizations representing business*
- ~~*enterprises and international labour standards?*~~



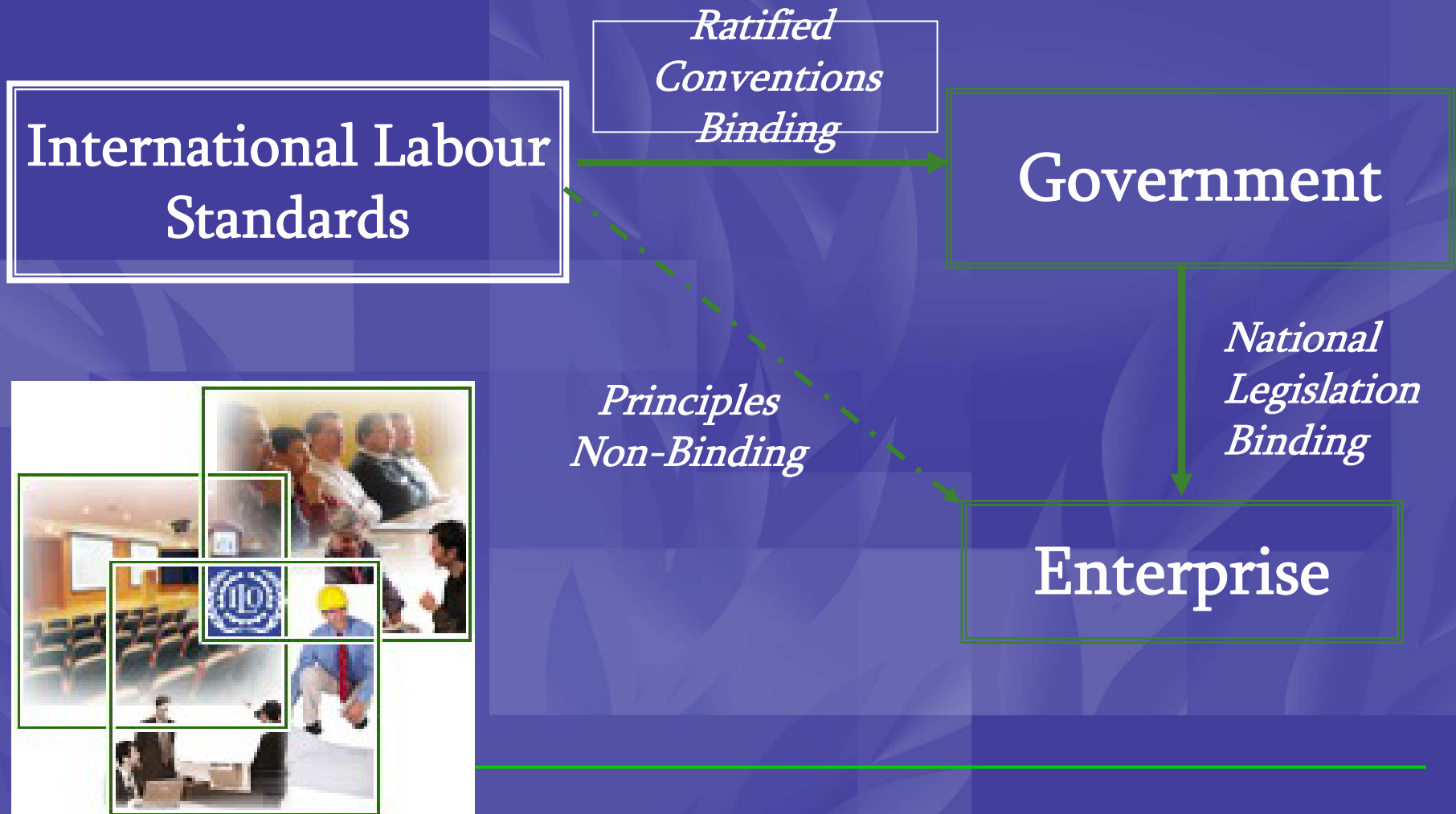
# ILO Constitution

- « Whereas universal and lasting peace can be established only if it is based on social justice;
- And whereas conditions of labour exist involving such injustice, hardship and privation to large numbers of people to produce unrest so great that the peace and harmony of the world are imperilled;...
- *Wheras also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions of their own country... »*





# International Labor Standards and Enterprises





# Collaboration with other organizations

- **UN Global Compact:**

- Four labour Principles = four core labour standards of 1998 Declaration with ILO as partner UN organization on Labour Principles

- **OECD Guidelines:**

- Adhered to by 31 OECD and 11 non-OECD member States.
- Common standards in particular on employment and industrial relations and reference to ILO as “competent body on international labour standards”.
- Collaboration on instrument updates and revision
- Joint events and activities promoting OECD Guidelines for Multinational Enterprises and MNE Declaration principles.

- **Codes & Standards:**

- technical inputs on labour dimension to ISO 26000, GRI and other codes and initiatives (multi-stakeholder, industry-wide,...)



# 10 Global Compact Principles:

|    |   |
|----|---|
| 1  | support and respect the protection of internationally proclaimed human rights                         |
| 2  | ensure that their own operations are not complicit in human rights abuses                             |
| 3  | uphold the freedom of association and the effective recognition of the right to collective bargaining |
| 4  | uphold the elimination of forced or compulsory labour   |
| 5  | uphold the effective abolition of child labour  |
| 6  | uphold the elimination of discrimination in respect of employment and occupation                      |
| 7  | support a precautionary approach to environmental challenges  |
| 8  | undertake initiatives to promote greater environmental responsibility                                 |
| 9  | encourage the development and diffusion of environmentally friendly technologies                      |
| 10 | work against all forms of corruption, including extortion and bribery                                 |





# Fundamental principles and rights at work

- Respect freedom of association and the right to bargain collectively
- End forced labour
- End child labour
- Fight discrimination



# Purpose of MNE Declaration



To encourage the contribution which multinational enterprises can make to economic and social progress



# Primary focus



- MNEs managing global production systems
- States
- Also relevant for national enterprises



# Unique features



Only universal,  
inter-governmental  
instrument

Adopted by  
consensus  
of representative of  
government, workers and employers



# Unique features, cont.



- In-depth guidance on labour issues
- Stresses the central role of the state in protecting workers' rights—private initiatives are a complement, not a substitute





# Areas covered

- General policies
- Employment
- Skills development
- Conditions of work and life
- Industrial relations





# *General policies*



Promote dialogue between multinational enterprises, local business, trade unions and governments to encourage:

- Compliance with national laws
- Respect for international standards
- Support development priorities



# *Employment*



- **Contribute to employment, directly and through linkages**
- **Equality of opportunity and treatment**
- **Employment security in set-up and changes of MNE operations**



# *Skills training*



- Governments should develop effective national policies for vocational training and guidance
- Enterprises should contribute to skills development for employability



# *Conditions of work and life*



- wages, benefits and conditions of work in MNEs as favourable as those of comparable employers, or best possible conditions
- basic amenities of a good standard for workers
- ensure highest standards of safety and health at work





# *Industrial relations*



- standards of industrial relations in MNEs as favourable as those of comparable employers
- respect freedom of association and the right to organize
- recognize and facilitate collective bargaining
- systems for consultations
- processes to examine individual and joint grievances and voluntary conciliation machinery to prevent and settle disputes





# OECD Guidelines : 10 Chapters

1. **Concepts and Principles** – Government to Business
  2. **General Policies** – corporate citizenship
  3. **Disclosure** – timely, regular, reliable and relevant
  4. **Employment and Industrial Relations** – ILO core Labour Standards
  5. **Environment** – includes health and safety disclosure
  6. **Combating Bribery**
  7. **Consumer Interests** – safety, quality, disclosure, privacy
  8. **Science and Technology** – promote tech and knowledge transfer
  9. **Competition**
  10. **Taxation** – local compliance and timely payment
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# Areas of Convergence: MNE Declaration, OECD Guidelines, Global Compact

- MNE Declaration and OECD Guidelines provide detailed recommendations on desirable behaviour of companies; GC invites companies to participate directly and act on the 10 Principles
- OECD is voluntary for Enterprises, binding for adhering governments
- MNE Declaration is only global instrument voluntary adopted by governments, employers, and workers
- All three:
  - ❑ Based on Universal principles
  - ❑ Include the four Fundamental Principles of Rights at Work
  - ❑ Encourage enterprises to establish dialogue
  - ❑ Encourage enterprises to contribute to sustainable development and a fair globalization

# ILO support to companies



- Free
- Confidential
- Replies are prepared by a multi-disciplinary team
- Phone and in-person consultations also possible

[assistance@ilo.org](mailto:assistance@ilo.org)

Phone: 41-22-799-6264



# Conclusions



- MNE Declaration is the ILO vehicle for engaging with business, on CSR and voluntary initiatives
- Governments have an important role to play in creating the enabling environment to maximize the positive contributions of MNE to socio-economic development
- ILO is contributing to other multi-stakeholder initiatives on CSR as the reference for the labour dimension
- ILO recently set-up direct entry point for enterprises « ILO Helpdesk » providing guidance and expert advice on ILO instruments



# Promoting Global Compact labour principles

- New book on putting the labour principles into practice.
- Training seminars also available at international and national levels.
- Text available at: [www.ilo.org/multi](http://www.ilo.org/multi)

