

Corporate social responsibility and accountability - WG Recommendations

Tuesday 17th January

Kango Koong-Ho from the Federation of Korean Trade Unions (FKTU) introduced the report from the Working Group on ESR and Accountability. He explained that there had been considerable controversy over ESR and accountability, that the Working Group process had first discussed the concept itself, and that thereafter it focused on recommendations, distinguishing those directed at other parties and organizations from those calling for action by trade unionists and their unions.

The rapporteur mentioned that various definitions of ESR (or CSR) and sustainability reporting exist. Some, but not all, do not take account of workers and Trade Unions. He said that the concept of ESR was linked to globalisation, and often supporting neo-liberal models of management associated with companies such as Wal-Mart, as well as the models being shaped in China. He said that Trade Unions definitions should clearly support the interests of workers and communities.

With this in mind, the Working Group determined the following *elements of importance*:

- Compliance plus voluntarism – voluntary approaches should always supplement mandatory action, i.e., strong legislation and enforcement, and not be a substitute for it.
- Integration – the three pillars of sustainability should be integrated with emphasis on patterns of production and consumption (i. e. flooding of developing countries with substandard consumer goods). It should also include goals such as job creation for young people, and actions to benefit the community not directly connected to a company's core business.
- Consistency, transparency, accountability - multinational corporations should refrain from applying different standards to their operations in developed and developing countries. They should take into account social and environmental effects throughout the life cycle of their products, and bridge environment and labour rights.
- Participation and dialogue - ESR is bound to fail if it is construed as a unilateral act by a company. To be successful, it should include workers and Trade Unions, and also include multistakeholder engagement (NGOs, consumer associations, etc).
- Democratic governance – ESR should not be seen as philanthropy. It is an integral component of sound decision-making and business practice, which can yield benefits to companies, and entails both opportunities and risks.

The Working Group recommended that this *Assembly calls for*:

- A greater commitment to education and training. CSR is a relatively new concept. There is a lack of understanding and awareness among Trade Union leaders and members about its institutions, agreements and instruments. The Working Group therefore asked the Assembly to call on Trade Unions and central labour organizations to increase efforts to educate and train leaders and members in all aspects of ESR, in cooperation with UNEP, the ILO, UNESCO and other agencies. Educational materials and other resources should be comprehensible, and where possible, education and training should involve workers and employers jointly.
- Greater effort to strengthen mandatory provisions for CSR. As effective ESR requires robust state action and control, the Working Group asked the Assembly to call on governments to provide the legislation and enforcement necessary to ensure that standards are observed by all enterprises. This requires that the capacity of the state to protect workers, citizens and the natural environment should be increased in many countries, and that the line between binding and non-binding instruments be clearly drawn.
- Action for ESR that differentiates bipartite and tripartite approaches from multistakeholder engagement. Meaningful action for ESR requires the participation of workers and other affected parties. Participation is the key to preventing corruption and for the reliability of reporting. NGOs and other actors should be invited into the ESR process wherever possible.

However NGOs and multistakeholder consultation should not be considered as a substitute for collective bargaining, good industrial relations, joint industry committees, and agreements involving Trade Unions, employers and governments. The unique capacity of Trade Unions to represent workers should be acknowledged.

- A call to all parties to “practice what they preach”. The group suggested the adoption of the concept of “social responsibility” (SR), implying that responsibility rests not only with companies, but also with governments, public sector organizations, Trade Unions and all other players.

In accordance with this understanding, the Working Group also believed that *the Assembly should:*

- Call on companies, whether large, small or medium-sized, to commit to accountability and reporting processes that are reliable, consistent and transparent. The Working Group said that sustainability reports should be more than a PR exercise. They should be based on participatory monitoring and reporting that employs the Guidelines of the Global Reporting Initiative (GRI).

- Call on governments when they ratify relevant international instruments, 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.

- Agree that Governments signatory to the OECD Guidelines for Multinational Enterprises should provide for effective ‘contact points’ and national networks for implementation.

- Call on Trade Unions to take every opportunity to promote Social Responsibility in accordance with their responsibility to their members, their societies and the environment. Trade Unions should be vigilant of violations of standards, and be prepared to complain to the ILO where serious violations of ILO Conventions are concerned (as well as to other relevant agencies and instruments). Trade Unions should play a more active role to ensure socially responsible investment (i. e. pension funds, where they have the power to do so, almost exclusively in the public sector). With this in mind, Trade Unions should do more to organize, monitor and publicize ESR cases (both positive and negative) and to actively support workers in countries where Trade Unions are too weak or suppressed to effectively respond to violations of ESR standards.