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International Organisation of Employers

Editorial

ENTERPRISES AND THEIR ROLE IN SOCIETY

In recent years enterprises have come under considerable pressure from a variety of actors across a number of areas, from supply chain management to corporate governance issues. The reaction of some of these has naturally been to try and keep their heads down and avoid the ire of an increasingly demanding NGO lobby. Others have become more strategic in their reactions, particularly in terms of their 'CSR' responses. For instance, some industry-specific companies have tried to focus on, for example, social and labour issues, often willing to go 'above and beyond' the demands of activist groups so that they do not become the target of activist groups in other areas - for example, environmental issues. Some in the business community have argued that such approaches could make business vulnerable. For instance, precedents can be established that, if they were to become the 'norm', could prove very difficult and expensive to implement, particularly for smaller companies.

The reality is that business now faces testing questions across a whole range of issues and this is going to remain a permanent feature. Currently there is a major focus on human rights and the responsibilities of business. Consequently, the United Nations Commission on Human Rights (UNCHR) has steadily become a more important institution for business engagement. The outcome from its most recent session in April that the Commission would request the UN Secretary General to appoint a Special Representative to examine, amongst others, the role of Business and Human Rights and also CSR standards, underlines this trend (see article later in this IOE.net).

The IOE in close collaboration with other business organizations has been successful in alerting governments to the dangers of a normative approach in

INDEX

International Labour Organization 2
IOE and Member Activities 4
UN and other International Agencies 6
Other News 8
Publications 10
Forthcoming Meetings 10

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this area. However, while the immediate threat of the "Draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights" is for the time being passed, clearly it is still on the agenda. For example, Amnesty International, a key supporter of the 'Norms', believes *"this most recent resolution is an important development in the efforts of the UN to advance the work initiated by the Commission in 2004 to strengthen standards on the responsibilities of companies and on possible means for implementation"*. It is clear that business needs to continue its very active engagement with the Commission. However, perhaps just as important, business itself needs to identify what is *'the divining line'* between business and its role in society. Where do responsibilities start and end?

These are complicated and difficult questions, requiring complex answers. National, regional, economic, political, social and cultural circumstances differ – often markedly. Business engagement and the way a company operates likewise differ.

A Special Session of the IOE General Council on 4 June will focus on this issue of business and its responsibilities. More importantly, this event will signal an intensification of work by the IOE in this area and start a process whereby business *itself*, rather than other actors, tries to identify where the elusive *'divining line'* is.

Antonio Peñalosa
Secretary-General

→ *Editorial*

International Labour Organization

ILO/WHO adopt joint guidelines on health services and HIV/AIDS

Experts from the ILO and the World Health Organization (WHO) met in Geneva last month to draw up joint Guidelines to protect the safety and health of workers involved in the global fight against HIV/AIDS. The purpose of the new Guidelines, which supplement the *ILO Code of Practice on HIV/AIDS and the World of Work* is to promote sound management of HIV/AIDS in health services, both in the public and private sectors.

The key principles of the joint Guidelines include **prevention and containment of transmission risks,** identifying the measures to be taken for hazard identification, risk assessment and risk control as well as for the provision of post-exposure management; **social dialogue** for the introduction of HIV/AIDS policies and programmes that build a safer and healthier working environment; and **information, education and training** to sensitize the healthcare workplace to issues related to HIV/AIDS.

While the Guidelines stress that mandatory HIV screening for the purpose of exclusion from employment should not be required, they do recommend that in certain circumstances – for example, when health care workers are allocated to areas of high risk to themselves, such as multi drug-resistant TB wards - regular HIV counselling and testing should be offered to such workers. The joint Guidelines, which the five employer experts warmly endorse, will be submitted to the ILO Governing Body in June for approval. IOE Contacts: Frederick Muia and Barbara Perkins.	→ *ILO/WHO adopt joint guidelines on health services and HIV/AIDS*
Preparations for what will no doubt be a very difficult debate on Employment Relationships at the 2006 International Labour Conference (ILC) are already well underway. At the end of the general discussion at the ILC in 2003 on the *'Scope of the employment relationship'* the employers agreed to consider a Recommendation on 'disguised employment'. As part of this preparatory process, the Office has sent out to Governments (which are expected to consult and include the views of the social partners in their response) a Report and survey to be completed and returned by 1 July of this year. Members are urged, if they have not yet completed the questionnaire, to do so before their national deadline. Unfortunately, this Report and the survey have re-introduced a number of the very problematic elements from the 2003 Discussion. The IOE has prepared a guidance note for employers in filling out this extremely important survey (*Circular G-2005/07*) which is available on the Members Only section of the IOE website www.ioe-emp.org	**The International Labour Conference 2006: Employment relationships**
Employers over the last couple of years have been somewhat disappointed at the ILO's approach to youth employment, which at times has seemed somewhat sporadic. This appears now to be changing. At the last Governing Body further funds were allocated to youth employment technical activities. The interagency Youth Employment Network (YEN) (which is housed at the ILO) likewise is beginning to show sprouts of its potential and the ILO is now more prominently driving this process. There will be another meeting of the YEN High Level Panel later this month in Beijing. This meeting will principally review the global analysis and evaluation report of National Action Plans (NAPs) on youth employment. In this respect any information from members on their experiences in developing NAPs – or equally important their lack of involvement – would be appreciated by the Secretariat. IOE Contact Gary Rynhart.	**Youth Employment Network (YEN)**
POVERTY REDUCTION STRATEGY PAPERS (PRSPS) The ILO is playing a more prominent role in the PRSPs and, while its focus has been in bringing the 'social element' into the process, the key role it can play is in providing support to and strengthening the advocacy capacity of constituents. A review of this ILO role will come before the next meeting of the Governing Body Committee on Employment and Social Policy (ESP) in November. The IOE is currently finalizing a draft Guide for employers' organizations considering engaging in the PRSP process, expected to be completed in June, the Guide is principally 'process-orientated' but will also include illustrative examples and experiences from employers' organizations. Any feedback from member federations would be very welcome.	**Employment issues in the ILO**

GLOBAL EMPLOYMENT AGENDA (GEA) Indications from the last meeting of the ESP Committee seem to be that at last and after much angst the Committee is getting down to reviewing the practicalities of the Global Employment Agenda (GEA). Two tripartite delegations (Ghana and Argentina) gave presentations on how the GEA was being rolled out in their countries. This process of reviewing 'live' examples is now expected to continue. ***MICROFINANCE*** The ILO has formed a small Tripartite Working Group (IOE-ICFTU Secretariats and government regional coordinators) to develop a draft policy statement on microfinance to be presented to the next meeting of the ESP Committee in November. The Working Group will use as the basis for its work the paper on Microfinance (GB.292/ESP/4) that was discussed at the March 2005 ESP meeting. http://www.ilo.org/public/english/standards/relm/gb/docs/gb292/pdf/esp-4.pdf We would greatly appreciate it if members could share any comments they have on this document and/or more generally information the Secretariat of their work in this area. IOE Contact: Gary Rynhart	*Employment issues in the ILO*
IOE and Member Activities	
At the end of April, 32 representatives from 11 employers' organizations from the Asian region met in Phuket (Thailand) for a three day ACT/EMP workshop on *"The role and function of employers' organizations"*. An IOE representative participated as a resource person. This workshop was highly important for the region as the programme took participants through all of the fundamentals necessary for the functioning of an effective and representative employers' organization, from governance structures to the recruitment and retention of members. Singapore, Malaysia and the Philippines also shared their experiences in developing services to members, such as training and information products and in developing organization staff. These local examples underlined the worth of the IOE network in allowing members to exchange views and assistance amongst themselves. The self assessment each federation completed at the conclusion of the workshop will be used by ACT/EMP and the IOE to identify areas where further targeted assistance can be given to the organizations over the coming biennia. ACT/EMP is currently putting together a Toolkit for employers organizations that will address some of these core issues. IOE Contact: Brent Wilton.	**Asian Workshop for Employers' Organizations**
The IOE has recently been working with its German member federation, the BDA, on assisting its affiliates with issues relating to CSR and international industrial relations. From working with the BDA directly, with its companies and speaking to BDA regional constituents, the IOE has been able to bring the international perspective to these matters thereby directly assisting the BDA and its members who are looking to address issues within an international context. IOE Contact: Brent Wilton.	**CSR work with members**

A Toolkit designed specifically for employers' organizations wishing to develop their existing SME membership, or for employers' organizations that currently do not target SMEs for membership and may be considering doing so, will be formally launched on Thursday 2 June in the *Palais des Nations*. This Toolkit has been prepared in such a way as to be an overarching strategic guide to SME development for employers' organizations. It highlights case studies and examples of how, why and where other employers' organizations have developed SME membership and the experiences. The Toolkit is designed to be a holistic approach to SME development for employers' organizations from concept to implementation and is structured under three broad inter-linked headings identified as core employers' organizations: Representation (increasing SME membership of the employers' organization); Advocacy (developing the employers' organization's capacity to 'advocate' for the right policy environment for SMEs to thrive); and Services (specifically identifying services for SMEs). IOE Contact: Gary Rynhart.	**IOE-ILO SME Development Toolkit for employers' organizations**
The Organization of American States (OAS), together with the Mexican Government, has convened IOE member federations (through the Business Technical Advisory Committee on Labor Matters - CEATAL) to participate in the Technical Preparatory Meeting of the Inter-American Conference of Ministers of Labour (ICML) in Mexico City (13-14 July). This meeting is very important as it will discuss the draft "Declaration" that will be submitted to the ICML later this year, providing the IOE with a unique opportunity to influence the content of such document. IOE Contact: Andrés Yurén.	**Technical Preparatory Meeting - OAS**
Federations from throughout Latin America participated in an ILO Seminar on *"Productivity and Working Conditions"* which took place in Buenos Aires, Argentina (22-28 April). A number of regional surveys on productivity were presented at the meeting that served as a basis for discussion. The conclusions of the Seminar will no doubt have an impact on the broader debate taking place within the Americas Summit Process, concerning the placement of productive employment creation at the core of developmental policies on the continent. IOE Contact: Andrés Yurén.	**Improving Productivity and Working Conditions**
The next phase of the IOE project supporting employers' organizations in South East Europe has gotten underway: • The IOE and the Romanian employers (ACPR), with the participation of the Michel Barde, IOE European Vice-President and Jean-Claude Javillier, former Director of ILO NORMES, held a special session in Bucharest in early May to discuss the national labour code. • A joint project with the European Trade Union Confederation (ETUC) on occupational safety and health (OSH) is being established. One part of this project will be carried out jointly through national and regional initiatives, while the second part will involve the WHO and the ILO. This project on OSH will be partially funded via the European Commission (TAIEX funds). • With the support of the ILO, a programme on entrepreneurship and SMEs is envisaged for later in the year with the Montenegrin employers.	**Update on the Stability Pact for the reconstruction of South East Europe**

• A number of national employers' organizations have been actively participating in their Country Report Employment Policy (CREP) under the auspices of the Council of Europe and the ILO. In this connection, several federations recently participated at a meeting on employability in Greece. • The IOE will participate at a high-level Ministerial meeting in Brussels on anti-corruption/investment climate in South East Europe on 11 May. • Finally, the IOE would like to congratulate the Bulgarian Industrial Association, which celebrated its 25th Anniversary on 26-27 April in the presence of the IOE and other employer friends. IOE Contact: Eric Oechslin.	→ *Update on the Stability Pact for the reconstruction of South East Europe*
IOE President François Perigot has called on enterprises to redouble their efforts in the fight against HIV/AIDS in the workplace. Co-chairing a seminar in Paris (*21 April*) organized jointly by the French Employers' Federation (MEDEF) and UNICEF, François Perigot highlighted the important role being played by IOE member federations in countries faced with the pandemic. Companies, he added, needed to support international efforts in the fight against the pandemic not only because of its economic and social consequences but also as part of their social responsibility. He called on them to take advantage of the work done by the IOE in order to scale up their efforts in this area. François Perigot commended French companies with operations in countries confronted by the HIV/AIDS crisis for coming together to form SIDA-Entreprises, an association that is coordinating their efforts. He appealed to them to work in collaboration with the IOE. IOE Contact: Frederick Muia.	**MEDEF Seminar on HIV/AIDS**
UN and Other International Agencies	
At its recent session in Geneva, the UN Commission on Human Rights adopted a resolution on human rights and transnational corporations and other business enterprises which requested the UN Secretary General to appoint a Special Representative to undertake a two-year work programme . The Special Representative has yet to be appointed but will be requested to report initially in 2006 and prepare a final report with views and recommendations for the consideration of the Commission in 2007, adhering to the following mandate: (i) To identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to human rights. (ii) To elaborate on the role of States in effectively regulating and adjudicating the role of transnational corporations and other business enterprises with regard to human rights, including through international cooperation. (iii) To research and clarify the implications for transnational corporations and other business enterprises of concepts such as "complicity" and "sphere of influence".	**Human Rights and Transnational Corporations and other business enterprises**

(iv) To develop materials and methodologies for undertaking human rights impact assessments of activities of transnational corporations and other business enterprises. (v) To compile a compendium of best practices of States and transnational corporations and other business enterprises. The outcome of this discussion will mean that the IOE and member federations will need to continue to follow the development of this work programme and to work with the Special Representative, governments and other interested parties so as to ensure that the views of business continue to be reflected in the debate. The IOE will be seeking to meet with the Special Representative as soon as possible following his/her appointment to clarify the approach the Representative will be taking to the points included within the scope of work. IOE Contact Brent Wilton	→ *Human Rights and Transnational Corporations and other business enterprises*
The IOE has been slowly cultivating a partnership with the World Bank (International Finance Corporation, IFC) over the last twelve months. In March members of the Secretariat, accompanied by ACT/EMP, paid a technical visit to IFC headquarters and on the back of these very positive meetings the partnership is now really beginning to develop. A number of steps are planned. First, the IOE has included IFC tools in the ILO-IOE SME development Toolkit for employers' organizations (see earlier article). Second, it is anticipated that IFC will be a partner in the implementation of the Toolkit at field level. Third, IFC is expected to participate in a number of other forthcoming IOE events in Latin America and Africa over the coming months. IOE Contact: Gary Rynhart.	**World Bank (International Finance Corporation - IFC)**
The Memorandum of Understanding (MOU) signed between the IOE and UNDP is now almost up for renewal. While employers' organizations have been partnering with UNDP at national level independently for many years, this agreement has served as a useful mechanism in ironing out problems that have arisen. Relationships of course will differ throughout the world and in some countries collaboration is well established and works well, in others it may not. For example, in Mauritania the IOE and UNDP are leading the way on a private sector development initiative. At the end of June, the IOE together with UNDP will host a two-day brainstorming meeting on private sector development (20-21 June) in Nouakchott. A number of international agencies, donors and international employers - leading figures from the French and Spanish employers' organizations - will participate. IOE Contact Frederick Muia.	**UNDP and IOE**
In September at the UN General Assembly (GA) there will be a five-year review of the Millennium Development Goals. The IOE has been working with UNDP (which is charged with coordinating the process) on the role of business in achieving the MDGs. However, it appears that the original plans for a major business contribution to the GA+5 events have been scaled back. Business's input is now being channelled through what is called a M+5 Task Force, which meets in New York under the auspices of the General Assembly President. The IOE is working with ICC in this respect.	**Millennium Development Goals (MDGs)**

The IOE will draft a policy statement on *'Business and the MDGs'* (available for consultation with members shortly). It is our intention to compile a comprehensive report in June/July which would include a number of examples of the role of federations in achieving these Goals (some broad examples and some in more depth). A number of federations have already contacted the IOE in this connection and we would encourage others to do so. IOE Contact: Gary Rynhart	→ *Millenium Development Goals(MDGs)*
Other News	
The Chairman of the Russian Employers' Organization, (CCEUR) Oleg Eremeev, and CCEUR Director of International Social and Labour Policy, Alexander Polouektov, represented the IOE as part of the business delegation which met with G8 Labour Ministers in early March in London. The special consultation focused on the implications of demographic change. For the statements/conclusions of the meeting contact Gary Rynhart	**G8 Labour Ministers**
Eurocommerce (www.eurocommerce.be), which represents the retail, wholesale and international trade sector in Europe, has decided to strengthen its relationship with the IOE on ILO issues. During a visit to the IOE in April, the Secretary General of Eurocommerce, Xavier Durieu, underlined in particular that Eurocommerce would see great value in collaborating on CSR related activities, as a number of European companies are under consumer pressure to undergo social standard audits. The more than 100 members of Eurocommerce include commerce federations in 28 European countries, European and national associations representing branches of commerce and individual companies. ***IH&RA TO HELP TSUNAMI VICTIMS*** A continual challenge faced by the labour-intensive hotel and restaurant industry is finding skilled and semi-skilled workers. This issue is particularly severe in the developed countries where shortages have reached extraordinary proportions. Conversely, in developing countries a key issue for the hospitality trade is that, while there can be an abundance of available labour, often local young workers have never travelled far from their villages or communities and consequently have never been exposed to other cultures or hospitality styles. During a visit to the ILO and IOE in late April, David McMillan, recently-appointed CEO of the International Hotel and Restaurant Association (IH&RA), indicated his Association's determination to help, as a first step, some 25,000 hotel and restaurant workers from areas affected by the Tsunami through a Pilot-Project in the framework of its *Global Worker Exchange Program.* The objective of the Pilot-Project is to facilitate (mostly temporary) placement of these workers in developed countries. Its main components are a needs analysis and prioritization; technical training; transportation subsidies; and visa coordination. Interested federations from these regions should contact Jean Dejardin who will put them in touch with IH&RA: Jean Dejardin.	**Sectoral Activities**

Two French multinationals - the public energy group EDF and the chemicals multinational Rhodia - in quick succession are the latest companies to sign International Framework Agreements (IFAs). The Agreements are similar in style and content and do not stray too far from what has been agreed in other IFAs. Issues such as respect for ILO core Conventions, anti-discrimination measures, health and safety, social dialogue and training and mobility are some of the areas covered by the Agreements. Both Agreements reference suppliers. Most interesting are perhaps the reactions of the local French trade unions FCE-CFDT that helped broker the Agreements. FCE-CFDT Secretary-General stated that the Agreements *"are creating a dynamic of social dialogue at international level"* and that they *"..are creating an impetus for negotiation at a global level"*. IOE Contact: Sandy Gros-Louis.	**Two new International Framework Agreements**
• Coinciding with the release of its second Corporate Responsibility Report, Nike has become the first major company in the global footwear and apparel industries to disclose publicly its contract supplier base: www.nikeresponsibility.com. • The UK Government is establishing an international CSR advisory group in connection with the launch in March of its international framework on CSR: www.csr.gov.uk • 90 companies – 40 of them FTSE100 - have now agreed to post social and environmental performance data on the Corporate Responsibility Exchange (an online database set up by the London Stock exchange) www.londonstockexchange.com • An Australian SAM Sustainability Index (AuSSI) that tracks the performance of Australian companies that lead their industry in terms of corporate sustainability was set up in February. Based on a thorough assessment of economic, environmental and social criteria, the ***AuSSI*** comprises the top sustainability-driven companies from each of 21 industry clusters covering the entire Australian economy. The Brazilian stock exchange will this summer establish a sustainability index of 'long term sustainable and socially responsible' companies (there are approximately half a dozen such indexes globally). www.aussi.net.au and nogueira@bovespa.com.br • Diamond Company De Beers is now including specific ethical provisions in contacts with companies that supply it with stones www.debeersgroup.com • The toy industry's 'ethical manufacturing programme' which started in 2002 is now well advanced in certifying (now over 250) factories in China (where 75% of the world's toys are made). This has been done under the umbrella of the International Council of Toy Industries (ICTI), a confederation of 18 national trade associations accounting for 95% of global toys sales www.toy-icti.org	**Corporate Social Responsibility Round Up**

- Last month, the Office of the Global Compact (GC) informed those companies that are signatories to the Compact that they must not use the GC logo in advertising or on corporate stationery. www.globalcompact.org

- 15 companies are facing shareholder resolutions in the US urging them to adopt human rights policies on workplace conditions in their supply chains. The resolutions, filed by the New York Comptroller on behalf of the city's five pension funds, ask the companies to implement a code of conduct based on core ILO Conventions www.comptroller.nyc.gov

→ *Corporate Social Responsibility Round Up*

Publications

- The first ***Global Entrepreneurship Monitor*** (GEM) Report on women and entrepreneurship, a cross national assessment on women's entrepreneurial activity, is now available on line www.gemconsortium.org

- For information on a recent ACT/EMP publication on ***Collective Bargaining*** by employers' organizations contact Jean-Marie Standaert at standaert@iloceet.hu.

- A chapter of the recent publication *European Economy 2005* by the European Economic Advisory Group at CESifo is devoted to ***Outsourcing***: http://www.cesifo-group.de/pls/guestci/download/EEAG%20Report%202005/eeag_report_chap2_2005.pdf

Forthcoming Meetings with IOE involvement

20-21 May	→	Meeting of the High Level Panel of the Youth Employment Network *(Beijing)*
24-25 May	→	UNDP meeting on the role of business and the Millennium Development Goals *(London)*
25 May	→	Employers Activities Training Committee *(Turin)*
26 May	→	Social and employment dimensions in an open trading regime *(Turin)*
30 May	→	IOE General Council *(Geneva)*
30 May	→	IOE Management Board *(Geneva)*
31 May-16 June	→	International Labour Conference *(Geneva)*

The following IOE events will take place turning the International Labour Conference:

30 May	→	IOE Information Session for new participants
31 May	→	Information and Consultation Session on the Child Labour Kit for Employers
2 June	→	Launch of the *"IOE-ILO SME Development Toolkit for Employers' Organizations"*
3 June	→	Enterprise Advisory Group (EAG)

3 June	→	IOE Reception
4 June	→	Special Session of the IOE General Council 'How companies and business organizations see the role of business within society'.
6 June	→	IOE CSR Working Group
6 June	→	Meeting of Latin America employers' organizations "Youth Entrepreneurship networks"
8 June	→	Presentation on Chinese Enterprises: Reform and Development, by Chen Langtong, Director-General, Chinese Enterprise Confederation (CEC)
6 June	→	ILO Governing Body Elections *(Geneva)*
17 June	→	ILO Governing Body *(Geneva)*
20-21 June	→	IOE/UNDP meeting on private sector development in Mauritania *(Nouakchott)*
28-30 June	→	ACP-EU meeting for economic and social interest groups *(Brussels)*
13-14 July	→	Technical Preparatory Meeting of the Inter-American Conference of Ministers