

**Remarks of Ursula Wynhoven, Head, Policy & Legal, UN Global Compact Office
for the meeting on 15 September 2009, Seoul**

It is an honour to participate in this ground-breaking event. I would like to begin by congratulating the hosts for taking the initiative to hold the meeting. The fact that labour and employers that are signatories of the UN Global Compact in Korea have come together for the purposes of this event is significant. The spirit that underpins this collaboration is an inspiration and suggests that while the co-hosts may come from different perspectives, they recognize that they have overlapping interests in furthering the decent work agenda. I hope that other Global Compact Networks around the world will be inspired to follow in your footsteps.

In my remarks, I plan to focus on two main areas. The first area involves recalling some of the key assumptions on which the Global Compact is based and their relevance for how to achieve and promote decent work. The second area involves highlighting some important new resources to help business to implement the labour principles and, in doing so, I will point to a number of examples and highlight some practical things that business can do. I have been asked to speak for 40 minutes and, in keeping with the Global Compact's emphasis on practical solution finding, will spend most of this time on this second area.

Moving then to the first area. The UN Global Compact rests on a number of assumptions. One of these is the value of multi-stakeholder dialogue in looking for practical responses to the dilemmas that business may face in implementing corporate responsibility. An inclusive approach involving many different types of societal actors is something that we place a premium on both globally and locally. Local Networks around the world are encouraged to replicate this multi-stakeholder model by looking for effective ways to engage civil society and trade unions in their activities.

Today's meeting is a terrific example of such multi-stakeholder interaction. Stakeholder dialogue is also very important at the company level. Leading companies that have most successfully integrated corporate responsibility into their business have embraced

dialogue with their stakeholders, including employee representatives, as a core component of their corporate citizenship strategy. Meaningful dialogue helps workers and employers to improve their own understanding of each other's perspective and makes more apparent possible areas of common interest. Dialogue can also help to anticipate potential problems and address them before they become divisive and difficult to solve. Not only can dialogue assist in risk identification and management, it can also be an important source of new ideas and innovation. Enhancing transparency and stakeholder dialogue can be challenging, but almost always is rewarding. For example, I recall a company representative sharing how his company decided to introduce regular town hall style meetings to brief workers on broader issues involving the company and to provide workers with an opportunity to raise their concerns. At first, the company was very nervous about what the workers might say. However, they were very pleasantly surprised that, as well as criticism, the meetings brought forth some good ideas and that the resulting improved communication between management and workers helped to boost morale and productivity and proactively address issues before they became problems.

Another assumption of the UN Global Compact is the importance of complying with national law in the countries where a company operates, even when enforcement of the law is inconsistent. Similarly, in situations where national law is less demanding than international standards, it is good practice to strive to meet the international standards. In the case of labour and decent work, the international standards are found in ILO Conventions and Declarations. Sometimes, national law will directly conflict with international standards. In such instances, the Global Compact does not, of course, expect companies to violate the law. However, there may be ways in which companies can live up to the spirit of the international standard without violating national law. For example, in some countries where trade unions are illegal, some companies find other ways to engage in dialogue with their workers.

I think it is also important to recall that the UN Global Compact is a tool rather than an end in itself. Thus, business and other actors will tend to derive from the initiative as much benefit as the effort they are willing to put into it. Learning, dialogue and

partnerships – the Global Compact’s three main methodologies – require work. Among other things, this means a willingness to share dilemmas, challenges and experiences, to engage in dialogue, including sometimes with critics, and a preparedness to seek out relevant partnerships. The good news is that for those that put the effort in, there are lots of opportunities. Another key aspect of the UN Global Compact is that it offers a safe and neutral environment for business and other societal actors to come together to discuss how to advance the principles and overcome the dilemmas that businesses encounter in implementing the principles. Many companies and other societal actors around the world are thus finding that their Global Compact Local Network, under the banner of the UN, provides a useful forum in which to tackle difficult issues, including labour dilemmas. This is true not only in companies’ home countries, but also in other countries where they have major operations. A new trend that we are very keen to encourage is that multinational participants are starting to encourage their major country operations in emerging markets and developing countries to engage in the Local Networks in these countries. Doing so, one company representative shared with me recently, can help to align such operations more closely with the company’s own corporate responsibility policies, by helping the country operations to understand the issues better and the value of taking corporate responsibility seriously.

Yet another important element of the Global Compact is the idea that the principles also make good business sense. We often encounter resistance to some of the labour principles because the implementation of higher labour standards and better workplace relations are feared by many business leaders as cost drivers, despite much evidence to the contrary especially over the medium and longer term. This demonstrates that the business case for higher standards, including collective bargaining and freedom of association, is often not sufficiently understood.

Simply put, a motivated and productive workforce is one of the most valuable assets that any business has. Promoting decent work in one’s own operations and beyond is good for business not only because satisfied workers identify more strongly with their employer, are more loyal and productive, but also because it helps enhance the

company's reputation with business partners and governments and to maintain the organization's license to operate. It also helps to attract the best and brightest employees.

Indeed, research has also shown that smooth industrial relations are good for business – a multitude of studies and practical examples point to the linkages between better workplace relations and productivity, product quality and employee retention rates, ultimately contributing to significant long-term cost-savings, reputational gains and improved market access. For example, one tool that some multinational companies have found helpful is to enter into an international framework agreement. On the Global Compact website, we list dozens of companies from around the world that have chosen to take this step. Sustainable Investment Research conducted by European Securities Network LLP in 2007 concluded that international framework agreements signed between employers and unions and other employee representatives signal stronger performance in the stock market in the medium to long term. The signature of such an agreement, they said, demonstrates the company's capacity to negotiate agreements during difficult periods, and thus to adapt better than their rivals to the social consequences of the economic cycle.

Promoting decent work also makes good business sense in the longer term. Practices such as forced or child labour not only violate human rights, they also deprive societies of the opportunity to develop skills and human resources, and to educate children as well as adults for the labour markets of tomorrow. By retarding the proper development of human resources, forced and child labour not only lowers the level of productivity in the short and medium run, but also generates less secure investment environments and slower economic growth in the long run.

In summary, key assumptions of the Global Compact that can help achieve and promote decent work are the value of multi-stakeholder dialogue and inclusive approaches; safe constructive environments in which to explore solutions to dilemmas; a willingness to participate; learn and share; transparency; compliance with national law even when

enforcement is weak and striving to meet international standards; and the business case for the principles.

I will now turn to the second area of my presentation, namely resources and practical things that business can do. Decent work is an essential component of sustainable development and corporate responsibility. As such, it is central to the UN Global Compact. As many of you know, the Global Compact has four labour principles covering the topics of freedom of association and collective bargaining, the abolition of child labour and forced labour and non discrimination in employment. Labour rights are also human rights, thus the labour principles are also reinforced by the Global Compact's two human rights principles, which, among other things, ask business to respect and support the protection of internationally proclaimed human rights. The labour principles mirror word for word the ILO's Declaration on the Fundamental Principles and Rights at Work.

The ILO and the UN Global Compact are distinct, but complementary. The ILO is the guardian of international labour standards and are the experts on their interpretation. The Global Compact's contribution to the areas covered by the labour principles is its emphasis on multi-stakeholder dialogue and practical solution finding. We also help to raise awareness of the principles and of the resources that exist to help business with implementation. It is important to understand that the Global Compact cannot be a substitute for the responsibility of governments to enact, implement, and most crucially, enforce effective regulation. We offer a complementary, voluntary platform for learning and dialogue around critical challenges, not a regulatory instrument.

While the labour principles may be the most precisely worded of all Global Compact principles, experience shows that they are not necessarily the easiest to implement. The ILO and its constituents have done a lot of work over many years to elaborate the principles and develop practical guidance for business on how to implement them. The guidance and the principles are summarized in the Guide to the Global Compact Labour Principles. This document is special for a number of reasons. Like all Global Compact

guidance, it is voluntary and endeavours to lay out what is good or best practice around the world. A key feature of this document though is that its text was developed and approved by both the International Trade Union Confederation and the International Organization of Employers. It is thus bi-partisan and has the support of workers and employers. In elaborating the principles and offering practical suggestions of what business can do to help support and promote the labour principles, it is robust and authoritative. Thus, a company that aligns its practices with the Guide's suggested good practices can be fully confident that it is acting in accordance with international labour standards. I highly recommend this publication to you to help guide your own efforts to implement the labour principles.

I also want to bring to your attention a few other resources. Chief among them are the ILO's guidance on combating child labour and forced labour. These two guides offer practical hands on guidance for businesses of all sizes and levels of resources all over the world in tackling these challenging problems.

Finally, I would like to share with you that the ILO has established a Help Desk to provide free and confidential advice to employers and workers on the interpretation of international labour standards. It can be contacted at assistance@ilo.org. Written answers are provided within two weeks and are developed by the ILO.

All of the resources that I mentioned can be downloaded free of charge from the ILO or Global Compact website and are available in hardcopy from either the ILO or Global Compact Office.

So what can companies do in practical terms to implement the labour principles? I set out here some ideas. A fuller list can be found in the Guide to the Labour Principles.

The first labour principle of the Global Compact reads: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

So what can employers do in this area? They can:

- respect the right of all workers to form and join a trade union of their choice without fear of intimidation or reprisal in accordance with national law
- put in place non-discriminatory policies and procedures with respect to trade union organization, union membership and activity in such areas as applications for employment and decisions on advancement, dismissal or transfer
- provide worker representatives with appropriate facilities to assist in the development of effective collective agreement
- recognize representative organizations for the purpose of collective bargaining
- provide trade union representatives with access to real decision makers for and information needed for meaningful collective bargaining.

One example of a corporate action to implement principle 3 is the Spanish company Inditex, which signed an International Framework Agreement with the International Textile, Garment and Leather Workers Federation (IT-GLWF). The purpose of this agreement was to integrate international core labour standards throughout the company's supply chain. Inditex's Code of Conduct for Manufacturers furthers the agreement by outlining labour rights, such as freedom from forced labour and the right to a living wage. Inditex and IT-GLWF plan to design programmes to promote compliance and are committed to jointly investigating alleged violations.

The second labour principle asks that businesses uphold the elimination of all forms of forced and compulsory labour. I would like to pause here for a few moments to elaborate on the definition of "forced labour" as it has a broader meaning than many people realize. Forced or compulsory labour is any work or service that is exacted from any person under the menace of any penalty, and for which that person has not offered himself or herself voluntarily. It is important to know that the fact that the worker is paid does not prevent the work from being forced. Workers must be free to leave their employment in

accordance with the law and established rules. Forced labour may include use by private companies of prison labour if it is involuntary and not under the supervision of public authorities. It can also include exploitative labour practices such as forced overtime. The lodging of deposits (such as financial or personal documents) for employment, restrictions on freedom of movement, withholding and non-payment of wages, the deprivation of food, shelter or other necessities or threats to denounce workers to the authorities are some examples of other factors which render labour forced.

On forced labour, employers can:

- ensure that all company officials have a full understanding of what forced labour is, how to identify forced labour in practice and what to do if it is encountered
- be aware of regions, industries or economic activities where forced labour is more prevalent
- ensure that employment contracts are provided to all employees stating the terms and conditions of service, the voluntary nature of the employment, the freedom to leave (including the appropriate procedures) and any penalties that may be associated with a departure or cessation of work
- eliminate any requirement that workers lodge financial deposits with the company
- carefully monitor supply chains and subcontracting arrangements.

One example of what a company has done to contribute to the eradication of forced labour is Manpower Inc., which was the first company to sign the Athens Ethical Principles which declare a “zero tolerance” policy for working with any entity which benefits from human trafficking. This policy extends to clients, vendors and business partners. Manpower has also encouraged other companies to support the Principles – which has led to more than 12,000 organizations signing up directly or through the commitment of their industry federations.

The third Global Compact labour principle asks companies to uphold the effective abolition of child labour. In this respect, employers can:

- develop an awareness and understanding of the causes and consequences of child labour
- comply with minimum age provisions of national labour law and regulations and take account of international standards
- when children below the legal working age are found in the workplace, take measures to remove them from work and, to the extent possible, help the child removed from the workplace and his/her family to access adequate services and viable alternatives
- exercise influence on subcontractors, suppliers and other business affiliates to combat child labour

The Swedish company IKEA may serve as an example of what companies can do to counteract child labour. IKEA has a child labour code of conduct called “The IKEA Way on Preventing Child Labour” and it conveys its position that child labour is not acceptable to its suppliers and their sub-contractors. If child labour is found, the supplier must undertake corrective action in the best interests of the child. IKEA’s follow-up protocol includes visiting the child in school and unannounced visits to the supplier. As a last resort, the company will terminate the business relationship if further breaches occur.

Finally, the fourth Global Compact labour principle asks businesses to uphold the elimination of discrimination in respect of employment and occupation.

On non discrimination, employers can:

- institute company policies and procedures which make relevant qualifications, skills and experience the basis for the recruitment, placement, training and advancement of staff at all levels

- assign responsibility for equal employment issues at a high level, issue clear company-wide policies and procedures to guide equal employment practices
- train staff on non discrimination policies and practices
- work on a case by case basis to evaluate whether a distinction is an inherent requirement of a job, and avoid systematic applications of job requirements in a way that would systematically disadvantage certain groups.
- develop grievance procedures to address complaints, handle appeals and provide recourse for employees
- Be aware of formal structures and informal cultural issues that can prevent employees from raising concerns and grievances.

I will offer a couple of examples of how companies are promoting equality within their operations:

In the area of gender discrimination, the Chinese Baosteel Group has taken steps to respect and support women's rights and promote gender equality through the establishment of official and unofficial women's unions. The goal of these unions is to improve the work environment and career opportunities for women. A section on "Special Protection of Women Staff" has also been added to employee contracts.

Another example is presented by MAS Holdings, headquartered in Sri Lanka, which has a specific programme called "Women Go Beyond" to empower their female employees. MAS has Go Beyond teams in each of its apparel manufacturing plants. The program concentrates on promoting knowledge, awareness, leadership, information technology, English language and other skills for women in order to encourage female employees to strive for higher positions. The program also helps support women's careers through the provision of crèche facilities and a range of other learning programs. MAS believes that the Women Go Beyond Program has contributed greatly to its international reputation of being a socially responsible company and finds that the empowerment of its female workforce has had a very beneficial impact on motivation and productivity inside the company.

Before leaving the topic of non discrimination, I would also like to say a few words about a new initiative between the UN Global Compact and UNIFEM – the United Nations Development Fund for Women. It involves a new resource for business that is very much related to the topic of decent work. The resource is called the Women’s Empowerment Principles – Equality Means Business. Following a four month consultation, we are in the process of finalizing the principles that will offer a comprehensive and coherent picture of the actions that business can take to realize the business benefits that empowering women in the workplace, marketplace and community can bring. More information about this initiative will be forthcoming in the next couple of months.

In summary, there are a range of concrete and practical things that business can do to implement the labour principles. The actions I outlined are just some of the ideas that are contained in the Labour Guide.

In conclusion, I would like to thank you again for inviting the Global Compact Office to participate today. I look forward to meeting as many of you as possible and to learning from you. We are keen to explore with you what we in the Global Compact Office can do to better support your efforts to advance the UN Global Compact in Korea and among Korean companies in their operations abroad as well as at home, including in relation to the labour principles.