



**HIGH-LEVEL OECD-ILO CONFERENCE ON  
CORPORATE SOCIAL RESPONSIBILITY**

**Employment and Industrial Relations: Promoting  
Responsible Business Conduct in a Globalising Economy**

**Key findings**

**23-24 June 2008**

*This document reproduces the summary of the discussion at the OECD-ILO high-level conference which was held on 23-24 June 2008. It will form part of the forthcoming publication "Annual Report on the OECD Guidelines for Multinational Enterprises 2008, Volume II on Employment and Industrial Relations".*

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*Mr. Gilles DE ROBIEN*, Ambassador for Social Cohesion, France

*Professor John G. RUGGIE*, Special Representative of the UN Secretary-General on Business and Human Rights

*Mr. Vladimír ŠPIDLA*, EU Commissioner for Employment, Social Affairs and Equal Opportunities

*Mr. Carlos A. TOMADA*, Minister of Labour, Employment and Social Security, Argentina

*Ms. Elisabeth WALAAS*, State Secretary, Ministry of Foreign Affairs, Norway

*Mr. Karl-Josef WASSERHÖVEL*, State Secretary for Labour and Social Affairs, Germany

And the following invited speakers and respondents from government, business, labour, international, organisations and non-governmental organisations:

*Ms. Sharan BURROW*, President, Australian Council of Trade Unions and Vice-Chairperson of the ILO MNE Subcommittee

*Mr Gary CAMPKIN*, Head, International Group, Confederation of British Industry (CBI)

*Ms. Carla COLETTI*, Director of International Relations, International Metalworkers' Federation

*Ms. Karen CURTIS*, Deputy Director, ILO International Labour Standards Department

*Mr. John EVANS*, Secretary General, Trade Union Advisory Committee to the OECD (TUAC)

*Mr. Michael HENRIQUES*, Director, ILO Job Creation and Enterprise Development Department

*Mr. Stephen HINE*, Head of International Relations, Ethical Investment Research Institute (EIRIS)

*Mr. Richard HOWITT*, MEP, European Parliament Rapporteur on Corporate Social Responsibility

*Mr. Miroslaw IZIENICKI*, President & CEO, Fifth Capital Group, London

*Mr. Emmanuel JULIEN*, Deputy Director, Directorate for Social Affairs, Mouvement des Entreprises de France (MEDEF)

*Mr. S. KRISHNAN*, Additional Secretary, Ministry of Labour and Employment, India

*Mr David LAMOTTE*, Programme Manager, ILO Job Creation and Enterprise Development Department and a.i. Programme Manager, ILO Multinational Enterprises Programme

*Ms. Serena LILLYWHITE*, Manager, Ethical Business, Brotherhood of St Laurence

*Mr. Vernon MACKAY*, Chair of the OECD Investment Committee Working Party and Canadian National Contact Point

*Mr. John MARTIN*, Director, OECD Directorate for Employment, Labour and Social Affairs

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*Mr. Lothar MEINZER*, Director, Sustainability Centre, BASF

*Ms. Nidya NEER*, Co-ordinator for CSR and Decent Work, Ministry of Labour, Employment and Social Security, Argentina

*Ms. Jane NELSON*, Senior Fellow and Director, Corporate Social Responsibility Initiative, Harvard University

*Ms. Veronica NILSSON*, Senior Policy Advisor, Trade Union Advisory Committee (TUAC)

*Ms. Nicole NOTAT*, President, Vigeo

*Mr. Joris OLDENZIEL*, Senior Researcher, Centre for Research on Multinational Corporations (SOMO), the Netherlands

*Mr. Bülent PIRLER*, Secretary-General, Turkish Confederation of Employer Associations (TISK)

*Mr. Pierre PORET*, Head of OECD Investment Division

*Mr. Stephen PURSEY*, Director, Policy Integration and Statistics Department and Senior Advisor to the Director General, ILO

*Mr. Govindasamy RAJASEKARAN*, General Secretary, Malaysian Trade Union Congress

*Mr. Manfred SCHEKULIN*, Chair of the Investment Committee

*Mr. Nick SMYTHE*, Senior Manager and Head of Industrial Relations, Gold Fields Limited, South Africa

*Mr. James VIRAY*, Director, Office of International Labor and Corporate Social Responsibility, U.S. Department of State

*Mr. Brent WILTON*, Deputy Secretary-General, International Organisation of Employers (IOE)

## SUMMARY OF THE DISCUSSION

The OECD Guidelines for Multinational Enterprises aim to ensure that the operations of multinational enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises. In order to achieve these goals, the 41 governments adhering to the Guidelines have committed themselves to participating in the Guidelines' unique implementation procedures.

Each year, the OECD holds a Roundtable on Corporate Responsibility to correspond with the annual meeting of the National Contact Points (NCP). Designed to discuss emerging issues and relevant policy developments in corporate responsibility, the meetings also aim to assist NCPs in their work promoting and implementing the OECD Guidelines for Multinational Enterprises in their respective adhering countries.

In response to the 2007 OECD Ministerial Meeting and the G8's focus on the social dimension of globalisation at the Heiligendamm Summit on 6-8 June 2007, this year's event was jointly organised with the ILO and devoted to the subject of "Employment and Industrial Relations: Promoting Responsible Business Conduct in a Globalising Economy." Representatives of governments, business, labour, and other stakeholders convened to:

- identify the responsible business practices that can lead to better employment conditions and industrial relations;
- engage OECD and non-OECD member governments in discussion of the different public policies for promoting responsible business conduct with regard to employment and industrial relations; and
- enhance co-operation between the OECD and the ILO in increasing awareness and performance of the OECD Guidelines and the ILO MNE Declaration.

The Conference was attended by 275 participants representing approximately 45 countries. Argentina, France, Germany, Norway, India and the EU were represented at Ministerial or an otherwise high level. High-ranking representatives from employers' and workers' organizations were also key participants. The discussion was divided into five sessions that explored issues relevant to the conference's focus. Each session consisted of presentations and a panel of respondents drawn from government, multilateral organisations, business, labour and civil society. The following summary is organized according to each session's main theme. The event was held under the Chatham House Rule<sup>1</sup> and this summary conforms to that rule.

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<sup>1</sup> Chatham House defines the Chatham House Rule as follows: *When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.* For more information please see [www.riskythinking.com/glossary/chatham\\_house\\_rule.php](http://www.riskythinking.com/glossary/chatham_house_rule.php).

## 1. Corporate social responsibility and the social dimension of globalisation

The Conference benefitted from keynote presentations by the OECD Secretary-General, the representative of the ILO Director General, and ministerial or otherwise high-level representation from Argentina, France, Germany, Norway, India and the European Union. The Special Representative of the UN Secretary-General on Business and Human Rights also delivered a defining intervention. The following messages were conveyed.

**Corporate social responsibility (CSR) with regard to employment and industrial relations ranks high on the global agenda.** In June 2007, the G8 leaders committed themselves to strengthening the principles of CSR and actively promoting internationally agreed CSR and labour standards codified in such instruments as the OECD Guidelines and the ILO Tripartite Declaration for Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration). They explicitly asked the OECD to act as a platform for engaging with emerging economies on CSR issues. This reflects the high level of importance ascribed to CSR. Efforts to promote and support CSR gathered momentum and gained traction throughout 2007, and building upon them is a top priority. In June 2008, the ILO adopted a landmark “Declaration on Social Justice for a Fair Globalization,” which aims to act as a “compass” for navigating globalisation’s reshaping of work arrangements. In fall 2008, during its European Union Council Presidency, the French government will hold a CSR conference, while the Norwegian government is planning a high-level conference on Decent Work. G8 outreach to emerging markets on CSR will continue to be actively pursued.

**CSR is not merely a buzzword** – even if it is used to describe a range of different objectives and initiatives that have evolved in the last decade. At its core, CSR is about business contributing to the social progress that globalisation and development should deliver. CSR has often been referred to as voluntary initiatives that extend beyond mere compliance with local legal requirements and internationally agreed upon standards to include responding and meeting societal expectations on business’ contribution to economic and social development. At the same time, there is broad recognition that the primary responsibility of business is to fully respect and observe laws and internationally recognized standards even when these are poorly enforced by governments. CSR slots into an internationally agreed framework in which states bear the duty to protect human rights and corporations have the responsibility to respect these rights. This entails identifying, acknowledging and assuming these different, yet complementary responsibilities.

**A business vision focused solely on financial performance is now widely acknowledged as too narrow.** The private sector can no longer seek to create long-term value without accounting for the social, economic and environmental impact of its activities, for it is the management of these impacts that will enable it to reduce costs and minimize risks. In MNEs, good employment and industrial relations need to be re-emphasized, recognizing that the influence and power of this business dimension extends beyond the direct labour force to the entire value chain, local economy and quality of life for broad segments of a country’s population. Decent work must be a global reality in order to build cohesive societies and demonstrate good governance.

**Governments should lead by example.** Government and business must work together to calibrate the principles of responsible business conduct “that will take us beyond the old confrontations between state and market.” One ministerial representative noted the need to align the contents of private initiatives to the conditions in which each nation is developing, while upholding international norms. Until recently, discussion and setting of responsible business conduct standards fell largely within the purview of the developed countries. Public-private engagement in emerging economies on structuring a competitive market economy and providing adequate social protection is essential to advancing responsible business conduct worldwide. According to one high-level government representative, public authorities have three

important functions in facilitating private initiatives. First, the public authorities must embrace transparency. Then, the utility of “example-setting” must be internalized and realized. Lastly, a constant process of dialogue with corporations and social partners accompanied by appropriate legislation will be most effective in improving global governance and encouraging good business practice. Another high-level speaker noted the vital role consumers play in driving demand for private initiatives and the need for government to facilitate their participation. There is also the need for outreach to small- and medium-sized enterprises in order to bind them into accepted principles and standards of responsible business conduct.

**The OECD Guidelines and ILO MNE Declaration can reorient business activities.** Participants noted the synergies between the OECD and ILO’s instruments for promoting responsible business conduct. While the two tools have undergone comprehensive and far-reaching revisions, it is necessary to make them more effective. Translating the shared principles contained within the two instruments into the daily workings of government and MNEs is the challenge ahead – and progress is contingent on taking stock of current corporate and public sector practices. This is not just a question of ethics, it is also central to economic development.

## **2. Taking Stock of Multinational Enterprises’ Practices: Opportunities and Challenges**

**Foreign direct investment (FDI) by MNEs can drive improvements in employment and living standards for workers.** A recent OECD study examined FDI by MNEs to ascertain its impact on employment and industrial relations. FDI has become the most important source of external finance for many developing countries. The global stock of FDI has increased from less than 5% of world GDP in 1980 to more than 25% in 2006. While the bulk of FDI continues to take place between OECD countries, the non-OECD share has grown rapidly: inward FDI to non-OECD countries increased from 22% in 1990 to 32% in 2005, while outward FDI increased from 10% to 17% over the same period. With regard to employment and industrial relations, FDI can benefit host countries through higher-quality job creation. Yet, concerns persist about labour practices in the foreign operations of MNEs. The OECD analysis not only analyzed the wages and working conditions offered by OECD-based MNEs to their workforces in host - both OECD and non-OECD - countries, but also considered possible spill-over effects to local firms.

**Recent data indicates that MNEs tend to provide higher pay, especially in developing countries:** foreign takeovers by an OECD-based multinational tend to raise average wages by 10 to 20 % in Brazil and Indonesia and between 3 and 10 % in Germany, Portugal and the UK. Moreover, the positive wage effect is not confined only to an MNE’s direct employees. Domestic firms that engage with foreign firms in the supply chain or that hire managers with prior experience in foreign firms tend to be larger, more productive and pay higher wages than comparable local firms that do not engage with MNEs. They are also more likely to provide training courses to their employees, but there is no apparent difference in terms of union membership between such firms engaging with MNEs and other domestic firms. A high level participant from an emerging market economy pointed out, however, that if evidence about the positive practices and more favourable wages of MNEs may have been stronger some fifteen to twenty years ago, it also appears that the competitive pressure of recent years appear has induced an increasing number of these enterprises to follow the not so attractive practices of domestic firms. In order to reduce cost, a larger number of MNE’s outsource even core activities and fail to take into account the poor working conditions and bad practices of their contractors.

**Responsible corporate management of employment and industrial relations varies across issues, regions and sector.** An essential component in assessing MNEs’ impact on employment and industrial relations is to examine the relevant corporate responsibility policies, systems and reporting procedures in place within the corporations. Tracking companies non-financial performance is of increasing importance to investors, who view companies that perform well on a broadened range of indicators encompassing environmental, social and governance issues as lower risk and more competitive. In a study commissioned

by the OECD to EIRIS, companies' management of a range of labour issues – such as equal opportunity, health and safety, job security and training, freedom of association, child and forced labour – were examined to determine which standards and systems tended to emerge as those most widely adopted across regions and sectors. The study found that companies from OECD member countries in Europe were most advanced in their management and development of labour practices, followed by companies from the OECD countries of North America and Asia-Pacific. Regional variations can be attributed to several factors with pressure from civil society stakeholders and the responsible investment community potentially playing a large role. Yet, as managers of responsible investment funds increasingly call for corporate codes of conduct to directly reference the ILO core labour standards, the performance of companies in certain regions could improve over time as they come under more pressure to meet such expectations.

The study revealed that equal opportunity is a high-profile issue with 80% of companies possessing developed policies and systems. Health and safety systems were also highly developed across all regions, with the exception of non-OECD/emerging economies. These findings underscore the positive role of strong governmental involvement in increasing MNEs positive performance. Well-developed legal and regulatory requirements around health and safety, and equal opportunity issues can explain the high level of interest and commitment shown by employers to these issues.

Difficulties remain in ensuring that FDI contributes positively to employment and industrial relations, and that companies engage in responsible business conduct. Participants emphasized the need to remember the intense competition among countries for FDI, the skewed distribution of FDI, and the changing nature of its flows to and from non-OECD economies. There was a call for a concerted effort to combat the mistaken belief on behalf of some countries that lax labour standards translate into increased economic competitiveness. In countries with weak legislation or enforcement, CSR is regarded as an important complement to national law and international norms, and some participants noted its ability to pioneer good practices. Yet studies show that freedom of association and collective bargaining are referred to in only a small percentage of voluntary corporate codes of conduct. Unilateral private initiatives can be perceived to lack legitimacy and credibility, and to counteract this perception, some participants stressed inclusion of social partners in setting CSR standards.

**The changing nature of work arrangements and increasingly complex supply chains present continued challenges.** Several representatives stressed the importance of looking beyond MNEs when assessing the impact of investment on employment and working conditions. Increases in outsourcing, subcontracting and temporary work arrangements obfuscate the division of responsibility and capacity for oversight. Long, complex supply chains also complicate the ability to control for labour rights infringement. This suggests there may be an even greater need to protect workers rights throughout the supply chain. The EIRIS study found low levels of reporting on supply chain labour issues across all regions and sectors examined. A representative from the private sector stated that it “is an illusion” to expect a company to transfer 1-to-1 its own performance standards for labour standards to its supply chain. This is difficult for the representative's company, which counts approximately 50,000 suppliers worldwide. A trade union representative confirmed that the greatest challenge in observing the OECD Guidelines is in the context of supply chain. Effective monitoring systems involving stakeholder consultation are called for to assist in responsible business chain management. NGO representatives also drew attention to the impact of global labour mobility and the need to uphold responsible business practices with vulnerable workers engaged in precarious and informal employment, such as temporary and seasonal workers in the horticultural sector.

**There are a range of current practices and tools that enable MNEs to improve employment and industrial relations.** The experience of one OECD-based MNE operating in an emerging economy was detailed to provide a case study on how companies address employment and industrial relations issues. In this instance, the MNE has adopted internal assessment and monitoring processes, and mechanisms such as

whistle-blowing hotlines. The company also established global labour relations structures that enable it to hold regular “network meetings” in its various regions of operations between corporate management, works councils and trade unions. With regard to supply chain governance – especially in a country where labour legislation is weakly enforced – the company has adopted a “snowball” approach, whereby it provides three immediate business partners with tailor-made CSR concepts and policies, and these partners provide such knowledge to three more suppliers, and so on. The Better Factories Cambodia and the South African WIETA projects were identified as significant multi-stakeholder initiatives.

The investment community and other stakeholders want to explore avenues for ensuring that corporate initiatives are not only implemented on the ground, but also that companies have mechanisms and procedures in place to check their application and efficacy. Peer review instruments – involving both trade unions and management – is one way to provide for more accountability and transparency in monitoring of the supply chain. Global framework agreements between MNEs and unions were also mentioned as an instrumental tool in advancing positive employment and industrial relations.

### **3. Role of Public Policies in Promoting Responsible Corporate Management of Employment and Industrial Relations**

**Governments are responsible for creating an environment conducive to responsible business conduct.** The primary duty to protect labour and other rights rests with states. With respect to fundamental principles and rights at work, all ILO member states, by virtue of their membership, have the obligation to respect, promote and to realise them. In addition to law enforcement, governments are responsible for fostering an enabling environment and a corporate culture in which respecting rights is a basic element of doing business. Business is responsible for respecting internationally recognized labour rights even in instances where states are unable or unwilling to enforce the proper governance framework. At the moment, several participants view governments as “over-relying” on private initiatives to take care of issues that fall under their jurisdiction, thereby inhibiting the ability of business to focus on its core activities. Central to resolving this conflict is a clear delineation of responsibilities between the public and private sector.

**States can fulfil their duty through a range of approaches and policy domains.** The first step for government is to demarcate its responsibilities from those of business. For enterprises to engage in responsible business conduct, the distinction between the government’s role and its own must be made clear. Participants acknowledged that while on the surface such a step seems simple or self-evident; in practice it challenges the social fabric of interaction between society, government and the private sector. Therefore, governments must also facilitate communication on expected responsible business conduct, including through greater coherence between the different policy domains that affect business. This will move issues related to labour and other human rights from a specialist function to the fore. Incorporating communications of the OECD and ILO standards into the activities and mandates of trade and finance officials, for example, also advances corporate responsibility without requiring new initiatives. However, the key channel for communicating societal expectations to companies and creating an enabling environment for investors is through implementation of national policies and legal frameworks – both of which need to be made more effective.

One framework for effective public policies to promote responsible corporate management of employment and industrial relations identifies four main areas of government intervention: mandating, facilitating, partnering and endorsing. A government can mandate responsible business conduct through laws, regulations and penalties, and the establishment of disclosure, procurement, and public financing requirements. The high performance of OECD-based companies on equal opportunity and health and safety policies, as reported in the EIRIS study, can potentially be attributed to the high level of governmental regulation in these areas. To facilitate the development of good corporate practices, the state



can provide fiscal and other incentives in the form of research, training and awareness-raising grants. Governments can also explore non-binding codes, certification and trading schemes as options for further encouragement of private initiatives. Providing a safe space for stakeholders to convene for consultations is another important role governments can assume. Business and government can partner on the joint implementation of accountability and governance mechanisms, and also jointly mobilize financial and other resources to address challenges. For example, business, government and independent foundations can work together on developing creative financing mechanisms for training along the supply chain and to monitor vulnerable groups in the labour market. Governments have “political capital” to dispense through endorsing certain private initiatives with awards or recognition. Although endorsing is the softest area of government intervention, the public platform government can provide should not be underestimated.

**The international level can be instrumental in providing guidance.** Some participants mentioned that when political will at the national level is lacking or governments are constrained in their sphere of influence, the OECD and ILO instruments relevant to corporate social responsibility are indispensable for engaging multinationals. Internationally agreed upon norms serve to enhance transparency and are benchmarks for defining responsibilities and roles in improving employment and industrial practices. Moreover, the OECD’s Policy Framework for Investment enumerates core considerations for governments wishing to mobilize private investment for sustainable growth and development, while the Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones provides guidance to corporations when encountering risks or ethical dilemmas in countries with poor governance arrangements. At the same time, a government representative from an emerging economy emphasized his country’s view that CSR and the enabling policy framework must be country-specific and evolve within the respective local context. For example, with 94% of India’s total labour force of 470 million estimated to work in the informal or unorganized sector, CSR initiatives reach only a very small sector of the economy. Ensuring proper employment and industrial relations practices thus rests squarely within the realm of the public sector.

#### **4. The supporting role of the OECD Guidelines and the ILO MNE Declaration: Learning from experience**

The OECD Guidelines and the ILO MNE Declaration are the foremost authoritative instruments relevant to corporate social responsibility in existence today. Their authority derives from their development and formal endorsement by governments and other key stakeholders, firm anchorage in widely accepted international norms, and a high level of business and worker organization engagement. Both instruments help stakeholders distinguish between the responsibility of enterprises and that of the state.

The *ILO MNE Declaration* provides guidance to enterprises and governments on how the principles deriving from international labour standards can be applied by companies in order to maximize their contribution to social and economic progress in all countries of operation. The declaration emphasizes the value of dialogue and partnerships in achieving such goals and contains a set of recommendations concerning five areas: general policies, employment, training, conditions of work and life, and industrial relations. Negotiated between governments, and workers’ and employers’ organisations, it represents the first international tripartite consensus on the desirable behaviour of multinational enterprises with regard to labour and social policy issues. It also speaks directly to governments about their role in promoting employment creation and respecting workers’ rights.

The *OECD Guidelines*, on the other hand, are recommendations addressed to multinational enterprises operating abroad and cover all major areas of business ethics including, in addition to human rights and employment and industrial relations, environment, anti-corruption, competition policy, taxation and consumer interests. The *Guidelines* are supported by a unique implementation mechanism of National

Contact Points (NCP), government agencies responsible for actively promoting the Guidelines and offering, through their “specific instances” facility, their good offices to help parties resolve disputes.

With globalization only accelerating, greater use of the OECD Guidelines and ILO MNE Declaration was viewed as key to improving employment conditions worldwide and creating a level playing field for multinational corporations. Explicit reference to these instruments imbues the various standards and principles embodied in CSR initiatives with greater visibility and clarity.

While their visibility has increased, the two instruments are still not sufficiently well-known and are underutilized by the business community and in emerging economies. The ILO international labour standards in the form of conventions and recommendations are well-known. Yet, as pointed out by a panellist representing the business community, awareness and use of the ILO MNE Declaration could be further enhanced. NGOs also report a lack of familiarity with the ILO MNE Declaration and insufficient impact, particularly in southern countries. Although the OECD Guidelines may benefit from wider recognition and are referenced by forty-one percent of Fortune Global 500 companies, several participants commented that their exploitation still falls short of their potential, particularly with regard to small and medium-sized enterprises. Targeted and personal outreach to corporate executives and the provision of more user-friendly formats could enhance awareness and use of the instruments within the private sector. Governments should also make greater use of government procurement, export credit insurance, participation in development banks, investment agreements and other support programs to encourage business use of the OECD Guidelines and ILO MNE Declaration. According to participants, the most serious challenge moving forward lies in inducing emerging economies to respond to the expectations contained within the OECD and ILO instruments. It was suggested that the “OECD” label of the Guidelines could be one factor. Promotional efforts should therefore give priority to ways of associating these countries to the instruments, with particular attention to weak governance zones where most human rights and labour abuses occur. Due to its economic impact and significance, the financial sector was singled out as another area for future intensified co-operation.

**The NCP mechanism needs further improvements.** While participants welcomed some recent developments, several speakers felt NCPs could do more to further enhance the effectiveness of the OECD Guidelines. NCP governance structures need to be accountable and sufficiently independent from other government functions in order for NCPs to play a credible role in resolving disputes. Further guidance is needed on the use of the specific instances facility, notably in relation to domestic law and forum shopping, and its application in non-adhering countries, and to increasingly more complex MNE structures and supply chains. The procedural steps for considering specific instances could also be more clearly defined and simplified in some instances. Several participant NCPs stressed the fact that NCPs need to learn more from each other and engage in peer reviews of their performance. All participants welcomed the fact that NCPs had selected performance as the main focus for improvements.

## **5. Working together**

Collaboration is essential to maximizing practical results and achieving coherence, and is contingent upon each actor fully understanding its role and responsibilities. This is clearly laid out in the conceptual and policy framework of “Protect, Respect and Remedy” for business and human rights as developed by the Special Representative of the UN-Secretary General on Business and Human Rights, and unanimously adopted by the Human Rights Council in June 2008. The duty to protect human and labour rights rests with states; corporations have a responsibility to respect these rights, which essentially means to do no harm. The last component of this framework is the need for access to effective remedies for aggrieved parties. CSR should not be relied upon as a substitute for effective labour standards and laws. International labour standards that have been widely subscribed to and are binding already exist, and should be effectively implemented by governments. The CSR challenge is no less than a governance challenge.

Potential synergies between the ILO MNE Declaration and the OECD Guidelines should be explored and developed, without compromising the organisations' distinct identities. This co-operation should exploit the comparative advantages of the two organizations, while recognizing the complementarities and respecting the differences in mandates, instruments and governance structures.

**Drawing on comparative strengths:** The ILO core labour standards are built into the OECD Guidelines. The OECD Guidelines have a unique mechanism for dealing with complaints. The ILO MNE Declaration applies to all ILO member states in both developed and developing economies, and has a large network of offices and programs in developing countries. Several participants suggested that the two organisations build upon these respective strengths. In particular, it was suggested that they examine how NCPs could draw on ILO provisions and expertise, and vice-versa. There was interest in exploring how to exploit the unique features of the NCP specific instance facility in this context. One NGO suggested that any future review of the OECD Guidelines could, for example, amend the Procedural Guidance to allow access to the NCP complaint procedure for violations of both instruments. Moreover, the ILO's strong regional presence in developing countries could be utilized for actively promoting use of the OECD Declaration and ILO MNE Declaration in these economies and training stakeholders on their application, including in weak governance zones. New and creative mechanisms are required to assist in the implementation of the ILO MNE Declaration. The same NGO also considered that the helpdesk currently being envisaged by the ILO for advising companies on how to operationalize the principles of the ILO MNE Declaration could also serve as a vehicle for promoting the labour standards found in both instruments. One representative of the International Organisation of Employers noted however that the OECD Guidelines have a unique implementation mechanism and that the ILO helpdesk is not intended to be a mechanism for the ILO to receive complaints from and/or for MNEs. Participants also called for, in their view, a long overdue update of the 1963 Memorandum of Understanding governing the institutional arrangements between the ILO and OECD.

**Next steps:** Drawing on some of the main issues raised during the conference, while recognising complementarities but also differences in their mandates and governance structures, the OECD and the ILO were invited by the co-Chairs of the closing session to submit concrete proposals for joint co-operation to their respective constituencies in fall 2008. OECD and ILO indicated that some promising avenues could include promoting the use of the OECD and ILO instruments at the global and regional level, ensuring policy coherence in advice given to stakeholders, conducting joint research and analytical work, and strengthening contributions to capacity-building. Dialogue with developing countries was recognised as critical to fully position corporate responsibility in a global context.