How global enterprises are responding to the global call for the extension of social protection

ILO-Global Compact Webinar series
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Webinar outline

- The global need for social protection
- Social protection: a human right and a decent work issue addressed by ILO instruments
- The global call for the extension of social protection and the contribution of social protection to the MDGs
- The ILO strategy for the extension of social security
- Exploratory study on social protection and MNEs
- Resources
The global need for social protection

About **80 per cent of world population** does not have adequate social security coverage – 4 out of every 5 persons (ILO).

What about your workers?

What happens in the case of...

- Sickness
- Disability
- Maternity
- Old age
- Etc.
The global need for social protection

Currently, many countries do not have a comprehensive statutory social security system

How does this impact the business of multinational enterprises?

→ A workforce vulnerable to life contingencies.
→ Discrepancies in the protection afforded to workers within the same company from country-to-country.
Social protection – a human right

- Universal Declaration of Human Rights
  - Article 22
    
    Everyone, as a member of society, has the **right to social security** and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

  - Article 25
    
    Everyone has the **right to a standard of living** adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

- Other international documents related to human rights, such as the International Covenant on Economic, Social and Cultural Rights (Article 9), refer to social protection.

- On this basis, the ILO has developed a number of in-depth instruments to realize this human right in the world of work.
Social protection – a decent work issue addressed through ILO instruments

- **ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)**
  - Flagship Convention, which defines the 9 branches of Social Security.
  - Sets specific minimum standards for each branch.

- **ILO Social Protection Floors Recommendation, 2012 (No. 202)**
  - Provides guidance to establish comprehensive social security systems and extend social security.
  - Stipulates that effective access to health care and basic income security throughout the life cycle should be ensured.

- **ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), 1977 and 2006**
  - The MNE Declaration targets both businesses and governments.
  - The section “Conditions of Work and Life”, sub-section “wages, benefits and conditions of work” refers to social security in the form of “benefits” for workers.
  - The OECD Guidelines for Multinational enterprises include that part of the ILO MNE Declaration.
The global call for the extension of social protection

- April’09: Launch of the joint-Un Social protection Floor Initiative
- June’09: ILC 2009 • Global Jobs Pact
- Feb’10: UN ECOSOC resolution on promoting social integration
- Sept’10: UN General Assembly resolution on the MDG Summit
- Nov’11: Full support from the G20
- Dec’11: Launch of the Bachelet Report (SPF Advisory group)
- June’12: Adoption of ILO Recommendation no. 202 by the ILC
- June’12: RIO+ 20 summit
- Jul’12: Social protection international cooperation mechanism (led jointly by the ILO and the World Bank)
- Dec’12: UN General Assembly resolution on universal health coverage
## Social Protection – a tool for the MDGs and beyond

<table>
<thead>
<tr>
<th>MDG 1: Eradicate extreme poverty and hunger</th>
<th>Explicit linkages and ways in which social protection accelerates MDGs</th>
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<tr>
<td>• Reducing poverty and inequality.</td>
<td>• Improving educational attainment, higher school enrolment</td>
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<td>rates, fewer school drop-outs by removing demand-side</td>
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<td>barriers to education. Reduces the intensity of child labour.</td>
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<td>• Supporting the full utilization of productive entrepreneurial</td>
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<td>capacity and increasing labour market participation.</td>
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<td>• Improving food consumption and nutritional level of</td>
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<td>beneficiaries’ households, including children.</td>
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<td>• Addressing barriers to gender equality and empowerment of</td>
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<td>women.</td>
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<td>• Encouraging increased participation of women in the economy</td>
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<td>and greater labour market participation.</td>
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<td>• Enhancing through social transfers women’s position in the</td>
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<td>household and intra-household resource allocation and</td>
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<td>reducing their domestic burden.</td>
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<td>• Removing financial barriers that prevent people from</td>
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<td>accessing health services and prevents deeper impoverishment</td>
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<td>caused by medical expenses.</td>
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<td>• Improving access to quality preventive and curative care for</td>
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<td>child and maternal health.</td>
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<td>• Reducing risk factors for diseases among disadvantaged</td>
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<td>populations.</td>
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<td>• Social transfers can directly mitigate the impacts of illness,</td>
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<td>specifically AIDS, and have helped mothers and children</td>
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<td>affected by HIV and AIDS.</td>
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<td>• Such cash transfers might prevent new infections, as they</td>
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<td>reduce the need for female and child household heads to</td>
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<td>resort to transactional sex to survive.</td>
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<td>• Social pensions enable grandparents in ‘missing-middle</td>
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<td>generation’ families to care more adequately for orphaned and</td>
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<td>vulnerable children under their guardianship.</td>
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<td>• There is evidence that social pensions also contribute to</td>
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<td>preventive health care for children.</td>
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<td>• Improving access to safe water sources and basic sanitation</td>
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<td>facilities.</td>
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<th>MDG 2: Achieve universal primary education</th>
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<th>MDG 3: Promote gender equality and empower women (see point 8)</th>
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<th>MDG 4: Reduce child mortality</th>
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<th>MDG 5: Improve maternal health</th>
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<th>MDG 6: Combat HIV/AIDS, malaria and other diseases</th>
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<th>MDG 7: improved access to safe water, sanitation</th>
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14/05/2013
ILO strategy for the extension of social security

- How does business contribute? How can it go further?

**Vertical dimension:**
Progressively ensuring higher levels of protection, guided by Convention No. 102 and more advanced standards

**Horizontal dimension:**
Guaranteeing access to essential health care and minimum income security for all, guided by Recommendation No. 202
Mandatory

- **Comply** with mandatory obligations in terms of:
  - Social insurance contributions that allow the national social security system to work.
  - General taxes, from which a part is directed to social assistance.
  - Participate, through their representative organizations, to national dialogues on social protection extension.

Voluntary

- Possible ways to go further and contribute to socio-economic development include taking into account social protection in company policies (CSR, HR, ...). This can be done for example through:

  - Direct contributions:
    - Respect all legal obligations concerning workers’ social protection and, when considered insufficient, supplement with additional programmes. The discussion on extension of social security can be included in social dialogue.
    - Monitor efficiently the social protection of workers and communicate in a transparent way in corporate reporting on both mandatory and voluntary aspects, including within social dialogue frameworks.
    - Offer own corporate facilities (healthcare facilities for instance), as part of a broader accessibility strategy, and ensure that these facilities are aligned with national systems whenever possible.

  - Indirect contributions:
    - Business and CSR practices could include incentives for suppliers to comply with national social security obligations within their responsible management of the supply chain. This would have the potential to contribute to the formalization of employment.
    - Potential domino effect (e.g., driving competitors to align their social protection offer).
Exploratory study on social protection and MNEs

Screening of more than 100 companies’ CSR and annual reports as well as analysis of 100 IFAs

Selection of 15 MNEs to be surveyed on their practices regarding workers’ social protection

- Identification of 2 types of strategies
- Identification of companies’ motivations / business case for engagement in social protection issues
- Identification of relevant tools and practices
- Identification of challenges

Survey realized in collaboration with the French observatory on CSR.
Exploratory study on social protection and MNEs - screening

Only 24% of S&P 100 companies reported on social protection in their CSR reports, annual reports and reference documents in 2010-2011.

Six International Framework Agreements (IFAs – instruments negotiated between multinational compan and a global union federation) include social protection provisions for all employees.

Those six IFAs all pertain to companies which historically have their headquarters located in France. As such, we conducted the same screening on CAC 40 companies, and found that 35% of companies reported on social protection in their CSR reports, annual reports and reference documents in 2010-2011.

It was decided to conduct a more in-depth study among 15 MNEs with headquarters in France. The survey was administred in collaboration with the French Observatory on CSR.
Exploratory study on social protection and MNEs – results of the interviews with 15 MNEs

Identification of 2 types of strategies

- « A priori » strategy
  - Decision to extend social protection to all employees at least at a minimum level taken by top management before any stocktaking.
  - Standards of protection set at the global level.
  - Centralized method of stocktaking and monitoring processes.
  => Danone

- Progressive harmonization strategy
  - Process more than commitment to harmonize employees’ social protection.
  - Decentralized method, progressive implementation depending on opportunities and local conditions.
  => Lafarge
Exploratory study on social protection and MNEs – results of the interviews with 15 MNEs

Identification of companies’ motivations

- A compliance issue
- A non-discrimination issue
- An investment in Human Capital, with potentially important returns:
  - Retention of staff / reduction of staff turnover
  - Increase in productivity (linked with increased health status)
  - Creation of a competitive advantage / HR talent retention and attraction strategy
Exploratory study on social protection and MNEs – results of the interviews with 15 MNEs

Examples include:
• Embedding the strategy in social dialogue.
  → Danone and its IFA.
• Setting standards of protection flexibly so that they can build on each country’s national system.
• Monitoring implementation and impact.
• Paying special care to exclusions within collective insurance contracts.
• Etc. (see the publication 😊)

Firm infrastructure
- (financing, planning, investor relations, …)

Human resource management
- (recruiting, training, compensation system, …)

Technology development
- (product design, testing, process design, material research, market research, …)

Procurement
- (components, machinery, advertising, services, …)

Support activities
- Inbound logistics (receiving, material, storage, data, collection, service, customer access, …)
- Operations (assembly, component, fabrication, branch operations, …)
- Outbound logistics (order processing, warehousing, report preparation, …)
- Marketing and sales (sales force, promotion, advertising, proposal writing, website, …)
- After-sales service (installation, customer support, complaints, resolution, repair, …)

Social protection embedded in health and safety at work
Social protection for all workers and their families
Participation in the extension of social protection to the local community through healthcare facilities for example
Compliance with mandatory social security within the supply chain
Exploratory study on social protection and MNEs – results of the interviews with 15 MNEs

Identification of challenges

- No toolkit or methodology for elaborating and implementing a global strategy on workers’ social protection at the company level.

- No standardized reporting methods or guidelines as regards social protection actions by companies (no key indicators etc.), and no integration of such actions within rating agencies’ screenings.

- No systematic, aggregated measure of economic and social impact of social protection actions at the company level.
Resources (1/2)

- ILO Helpdesk for business: [www.ilo.org/business](http://www.ilo.org/business)
- ILO Platform for the extension of social security: [www.socialsecurityextension.org](http://www.socialsecurityextension.org)
- ILO statistical resources and key indicators on social protection: [http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=10](http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=10)

- ILO bureau for workers’ activities: [www.ilo.org/actrav](http://www.ilo.org/actrav)
- ILO Bureau for employers’ activities: [www.ilo.org/actemp](http://www.ilo.org/actemp)
Resources (2/2)

- ILO instruments related to this presentation
  - 1952   Social Security (Minimum Standards) Convention (No. 102)
  - 1962   Equality of Treatment (Social Security) Convention (No. 118)
  - 1964   Employment Injury Benefits Convention (No. 121)
  - 1967   Invalidity, Old-Age and Survivors’ Benefits Convention (No. 128)
  - 1969   Medical Care and Sickness Benefits Convention (No. 130)
  - 1982   Maintenance of Social Security Rights Convention (No. 157)
  - 1988   Employment Promotion and Protection against Unemployment Convention (No. 168)
  - 2000   Maternity Protection Convention (No. 183)
  - 1944   Income Security Recommendation (No. 67)
  - Medical Care Recommendation (No. 69)
  - 2012   Social Protection Floors Recommendation (No. 202)
“The world does not lack the resources to eradicate poverty, it lacks the right priorities.”

Juan Somavia, former Director General of the ILO

Thank you for your attention

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Danone healthcare ambition for All Danoners

Webinar, 14/05/2013
Pascal Desbourdes
Why Dan’Cares?

We want to breakthrough the way we share value creation with all Danoners, starting with what is fundamental.

- Long Term Benefits
- Profit sharing
- Health Benefits

Dual Project:
1. Creating Value
2. Sharing Value = Sustainability

Optional → Long term
Why Dan’Cares?

Danone Mission
« Bring health through food to the largest number of people »

Health and people are at the heart of our mission: an Health benefits ambition is 100% consistent

Danone wants to provide an access to health care for each Danoner

Dan’Cares Ambition
« Ensure ALL DANONERS are provided with high quality coverage for CORE RISKS while taking into account LOCAL market practices »
Why Dan’Cares?

- Danone cares about all the Danoners
- Danone wants to create a differentiation that will reinforce Danoners’ credibility as Health ambassadors
- Dan’Cares’ impacts are social and economic

**Improve** Engagement

**Improve** Motivation

**Reduce** turnover

**Reduce** absenteeism

**Accelerate** Cross CBU mobility

**Boost** Employer Branding and Attractiveness
What is Dan’Cares Ambition?

3 CORE RISKS
- Hospitalization & Surgery
- Maternity (pregnancy, childbirth,..)
- Outpatient (doctor’s visit, drugs, tests,..)

3 CRITERIA
- Quality
- Access (distance and time)
- Out of pocket (remaining to pay for the Danoner)

For ALL Danoners
What has already been done?

Among the 101,900 Danoners:

- In line with ambition before Dan’Cares project: 27,500
- To be covered: 25,700
- Will be covered in 2013: 21,000
- Covered with Dan’Cares by YE 2012: 27,700

13 countries