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## **Labour/Management Programme**

### **THE OECD ENVIRONMENTAL STRATEGY**

**Report on a meeting of trade union and business experts held under the OECD Labour/Management Programme  
(Paris, 1 March 2006)**

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## **THE OECD ENVIRONMENTAL STRATEGY**

Report on a meeting of trade union and business experts  
held under the OECD Labour/Management Programme

(Paris, 1 March 2006)

Formal relations between the OECD and representatives of trade unions and of business and industry in member countries are conducted through two organisations officially recognised by the OECD Council. These are the Trade Union Advisory Committee to the OECD (TUAC) and the Business and Industry Advisory Committee to the OECD (BIAC). In addition to various forms of policy discussion throughout the year, arrangements provide for meetings at the technical level, which do not engage the responsibility of the organisations. Such meetings are held either in the form of *ad hoc* discussions with the Secretariat, or under the Labour/Management Programme.

After meetings held under the Labour/Management Programme, a rapporteur draws up a report of the discussion for distribution to the social partners and to the relevant OECD Committees.

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## **FOREWORD**

Under the OECD Labour/Management Programme, a meeting of trade union experts and business on “The OECD Environmental Strategy” was held in Paris on 1 March 2006. The meeting was prepared in collaboration with the Trade Union Advisory Committee to the OECD (TUAC) and the Business and Industry Advisory Committee to the OECD (BIAC).

Below, you will find the Agenda of this meeting, along with the overall report of the discussions of the meeting of experts, which was prepared by Ms. Sue Kendall-Bilicki, designated as General Rapporteur for this activity.

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## **AGENDA**

### **Putting the OECD Environmental Strategy into practice - Key business/trade union messages**

- Opening remarks
- Country implementation of the Environmental Strategy  
Industrial relations and sustainable development

### **The practical contribution of business and employee initiatives at the workplace and beyond**

- TCO's 'Workplace Checker' for effective workplace assessments
- Energy efficiency starts at home - How RWE contributes to the OECD Environmental Strategy
- Joint Workplace Committees in Collective Agreements: Hinton, Canada Pulp and Power Mill

### **The contribution of voluntary approaches in environmental policy**

- Global union framework agreements
- ICMM, Good practice guidance for biodiversity
- Government frameworks: the Spanish Climate Change Agreement  
International Aluminium Institute: The aluminium industry's sustainability programme

### **Lessons for OECD countries in implementing the OECD Environmental Strategy**

## **THE OECD ENVIRONMENTAL STRATEGY**

### **FINAL REPORT**

Meeting of trade union and employer experts  
held under the OECD Labour/Management Programme  
(Paris, 1 March 2006)

By  
Sue Kendall-Bilicki  
Principal Administrator,  
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### **BACKGROUND AND INTRODUCTION**

A review in 2004 of progress in implementing the *OECD Environmental Strategy for the First Decade of the 21<sup>st</sup> Century* found that OECD environment ministers would increasingly need to work with partners from business and civil society, as well as with their colleagues in other ministries and other countries, to ensure that appropriate environmental policies can be developed and implemented.

It was felt that since this is a topical issue for both employers and employees, an occasion should be found to discuss the role business and labour could play in this area. TUAC and BIAC therefore proposed to the OECD a joint seminar on the OECD Environmental Strategy under the Labour/Management Programme.

The half-day meeting was organised around two main themes: “The practical contribution of business and employee initiatives at the workplace and beyond” in implementing the OECD Environmental Strategy and “The contribution of voluntary approaches in environmental policy”.

The meeting looked at how OECD member countries are working to implement the OECD Environmental Strategy and how business and labour could increase their involvement in this effort. Participants focused on case studies of different kinds of ongoing initiatives in this area, and discussed ways these could be expanded or duplicated in other countries or other settings.

Participants noted the wide variety of initiatives under way which are concerned with environmental issues, some involving business and labour, others more business-oriented, some created by unions and some involving government with business and labour. The whole question of implementation and how to achieve it, notably the role of voluntary agreements, had clearly evolved considerably since the last such meetings on climate change in 2000 and 2001, and there was rich experience to draw on. There was much to be learned from this variety of experience and participants saw possibilities for further co-operation between the parties in the future.

## THE OECD ENVIRONMENTAL STRATEGY

### **PUTTING THE OECD ENVIRONMENTAL STRATEGY INTO PRACTICE: KEY BUSINESS/TRADE UNION MESSAGES**

Participants stressed the importance of implementing the OECD Environmental Strategy and of the need for business, labour, civil society and government to work together in this effort if it was to be successful. They welcomed this meeting as a chance to reiterate their willingness to work together, and as an opportunity to find common ground on practical ways to do so.

This is the third environment-related meeting under the Labour/Management Programme in five years, which is testimony to the importance of the issue to all involved. The first two focused on climate change and employment; the aim of this meeting was to be more action-oriented and to look in more detail at practical ways to address the challenge of implementing the OECD Environmental Strategy.

Climate change, energy and biodiversity are all key aspects of the Strategy which would be looked at during the meeting. Participants wanted to look at practical solutions on a case by case basis. Business underlined the importance of voluntary approaches and noted that the key element is that whatever solutions are found, they should be effective. In many countries, companies, business organizations and government already have climate change programmes in place; the question is how such initiatives can be made to work.

The OECD Secretariat stressed the need for stakeholder involvement at all levels. It noted that the OECD's Environmental Policy Committee (EPOC) is one of the organisation's most open committees in terms of engagement with stakeholders. It was the first to ask stakeholders to take part in a ministerial meeting (in 2004). Dialogue with stakeholders on their role is also the order of the day at major international meetings on environment and sustainable development. The Secretariat stressed the important role that initiatives at more local levels – in particular with business partners and workers – play in implementing the OECD Environmental Strategy, including in the workplace.

### **The OECD Environmental Strategy**

The OECD Environmental Strategy was adopted by Environment Ministers and endorsed by the OECD Council at Ministerial level in 2001. Actions and further work were agreed in areas such as climate change, freshwater resources, biodiversity, decoupling environmental pressures from economic growth, improving information for decision-making, environmental affairs and global interdependence. Member countries identified key challenges under these objectives, along with 71 national actions to address them.

But a Review in 2004 identified a number of pressing challenges that remain, especially the importance of reducing greenhouse gas emissions, conserving biodiversity, managing urban transport, reforming environmentally harmful subsidies and strengthening sectoral environmental policy. Ministers recognised that efforts were insufficient in these areas and that action was needed by government and industry as well as private citizens. BIAC and TUAC were involved in the development of the OECD Environmental Strategy and will be vital for its successful implementation.

There is also the question of the environmental impact of development in fast-growing major economies such as China and India. In recent months and years, the interest of the international community

has focussed on growth and development more than environmental elements. It is therefore very significant that the OECD is now engaged in the first ever environmental performance review of China, which will be published in 2007.

The OECD is also holding a joint meeting of environment and development ministers in April, for the first time since 1991, to discuss the need to ensure that environment and development policies are mutually reinforcing. More than 20 ministers will take part and there will be stakeholder dialogue with BIAC and TUAC and others.

Countries are supposed to agree a plan of action at the April meeting and the OECD will support monitoring of its implementation through data, indicators, performance reviews and reporting back to ministers by 2009. The OECD also continues to provide policy analysis and recommendations for effective and least-cost environmental policies.

### **Country implementation of the Environmental Strategy**

Under the OECD Environmental Strategy, countries agreed on 71 national actions to achieve by 2010 in pursuit of the Strategy's five objectives: management of natural resources; decoupling economic growth and environmental deterioration; improving information; addressing the social/environmental interface; and managing global interdependence. But the Review in 2004 found that while some progress had been made, countries were not on track for the 71 national actions and were lagging behind in areas such as climate change.

There had been some progress on the local level, but not on the global level. Only one third of OECD countries had stabilised or reduced greenhouse gas emissions from 1990 levels, and even these successes were as a result of structural change, not climate change efforts. Biodiversity loss was identified as another problem area.

Environment ministers concluded that they needed to work with other ministries, countries and stakeholders to achieve success. They asked for new work from the OECD on the costs of policy inaction, and on effective and efficient partnerships between government, business, labour and civil society. A workshop on this issue will be held in September 2006.

EPOC was to meet the day after this LMP meeting and BIAC and TUAC had been invited to take part in the lunch discussions. Government policies are important, the Secretariat said, but it is business and workers who will have to deliver on items such as cleaner technology.

BIAC and TUAC said the review of progress on the Environmental Strategy so far painted a rather gloomy picture, but stressed the need to go forward and find ways to improve matters in an efficient and effective way.

### **Industrial relations and sustainable development**

A BIAC representative presented the results of a three-year dialogue in France between an association of environment-conscious businesses (Entreprises pour l'environnement, EpE) and unions. The results were specific to this EpE programme. The aim was to develop solutions to key environmental problems through their own efforts and discussions with stakeholders. The dialogue was launched after the adoption of the Environmental Strategy in 2001, under Chatham House rules, *i.e.* participants would speak for themselves, not on behalf of their organisation.

Entreprises pour l'environnement considers that there are two main reasons why it is interesting for trade unions and business to develop relations in sustainable development: first, trade unions are a

stakeholder in the company, and should be considered as such, but they are also a special kind of stakeholder because they are linked to the personnel of the company who have their own views on sustainable development from the outside. Thus unions are at the junction of the company and the business and institutional environment.

Such dialogue was relatively straightforward from an organisational point of view, because companies and unions already have systems in place for holding discussions and trade unions' structures are symmetrical with company structures. EpE members participating in the dialogue felt that trade unions must not be left behind other stakeholders in dealing with sustainable development issues, and it was felt that by discussing this with the companies, even if they held different opinions, it might help both sides to better understand sustainable management issues.

The next question was how trade unions and companies can develop a relationship on sustainable development? The EpE dialogue proposed two options: a pragmatic, voluntary way which is a bit haphazard but can sometimes work, or a more systemic, systematic way of organising dialogue. According to EpE, the advantage of a more formal system is that it can be used to extend the dialogue along the supply chain to subcontractors, suppliers and customers. The stakeholders involved can also act through joint pressures on other stakeholders, through partnerships and international framework agreements.

Perhaps the most important lesson from this dialogue, the BIAC representative said, is that there is no one size fits all solution, and no ideal starting point, it is just in the interest of companies and unions to get together and try it. Participants agreed that learning by doing is an important lesson for all parties.

## **THE PRACTICAL CONTRIBUTION OF BUSINESS AND EMPLOYEE INITIATIVES AT THE WORKPLACE AND BEYOND**

### **'Workplace Checker' for effective workplace assessments**

TUAC presented an example of workplace initiatives developed by TCO, the Swedish confederation of professional employees. He focussed on two examples – the TCO Workplace Checker, and the TCO label for computer and office equipment.

The TCO Workplace Checker is a tool for companies to determine how they are perceived by their employees. It consists of an online questionnaire to be filled in by employees, and the results are then analysed. The checklists are mainly focussed on issues related to the working environment such as equality, travel, workplace design and organisation, or teamwork, but more can be added if people want them. To be useful, the survey must be filled in by all employees in a company, but it is quick and easy – the online questionnaires can be downloaded and filled in in 10 minutes or so – and the results are anonymous. The results show the company how well it is doing in various aspects of the topic. It is in use in Sweden and Norway and several other countries have expressed an interest in using it.

The TCO checker is focused on the working environment, but has also been used for transport, energy use, procurement and waste management, and work-environment issues could be added.

Under Swedish law, business and employees must co-operate for a sustainable environment. The Workplace Checker can offer a continuous assessment so companies can see when they have a problem and whether solutions are being found. Also analysis of results and follow-up can be done together by company and employees.

Experience with the TCO Checker shows that for such initiatives to be successful, it is important to involve the user at the workplace, to adopt a continuous dialogue and systematic approach, and to ensure the assessment is well-prepared, as well as involving co-workers in the analysis of the results.

The other initiative from TCO Development is the TCO label for IT equipment, now seen on around 50% of computer displays around the world. This has been in existence since the widespread introduction of computers in the workplace in the 1980s, which raised questions about repetitive strain injuries, vision problems, concern over exposure to electro-magnetic fields etc. These were difficult questions to answer at the start as there was no track record or evidence. But TCO developed a simple tool to determine specifications for equipment and specific questions for manufacturers, working in co-operation with companies, and finally developed the TCO label in 1992 to indicate the equipment that complied with the TCO requirements. There is an inbuilt system for new labels and updates. The label covers computers, printers, notebook computers, computer office furniture, mobile phones and deals with issues regarding ergonomics, ecology, energy use and emissions.

The experience of this voluntary labelling programme has a number of lessons for similar initiatives:

- such labels should be a complement to, not a replacement for, legislation and standards;
- users and workers must always be involved in developing them;

- other stakeholders should also be involved;
- they should be developed with transparency and openness;
- “Market driven” labelling can be more efficient than official programmes for achieving change.

One important aspect is that this initiative came from trade unions, which shows that they can be involved in initiating such programmes and carrying them through successfully.

### **Energy efficiency starts at home**

A BIAC representative presented the work of German company RWE as it links to the energy aspect of the OECD Environmental Strategy. This is a key sector in the Strategy, and energy efficiency is essential to save scarce resources and reduce CO<sub>2</sub> emissions and the emissions of other air-borne pollutants. In order to improve energy efficiency RWE and its subsidiaries have implemented several programmes.

RWE continuously informs customers and employees how to save energy, since many energy savings in private households can be achieved by a simple change of habits. The company transmits its message through a customer magazine, a monthly energy-saving tip on the Internet, through its customer service centre and in direct information to individual customers.

It also offers a schools programme to inform pupils and teachers about energy issues, particularly energy efficiency and how everyone can contribute to saving energy, with pupil-orientated information sessions, visits to power plants, information material and training for teachers, support for energy projects etc.

Several RWE subsidiaries have also introduced a special heat pump programme, offering information, advice and financial support for customers who want to heat their homes with a heat pump, which circulates heated water taken from underground. The advantage of such pumps is that they are highly energy efficient and environmentally friendly, enabling customers to save scarce resources, reduce CO<sub>2</sub> emissions, reduce dependence on foreign energy imports and save money on energy costs.

BIAC also noted that initiatives such as the TCO workplace checker are not limited to the Nordic countries. RWE has a programme which asks 50 questions annually on environmental issues and how the company is perceived from the outside. Participants welcomed this example as a practical and proactive contribution that a company can make.

### **Joint Workplace Committees in Collective Agreements**

The next case study showed that a voluntary agreement can also operate as a collective agreement in the workplace, not only for health and safety issues but also for environmental ones, as the experience of the Hinton pulp and paper mill in Canada shows.

The Hinton mill created an environment committee in 1995, made up of seven representatives each from the company and the union, to meet monthly. It looked at air and water quality, as well as the quality of other things coming out of the factory. If there is an infraction and discussion does not resolve it, the union has the right to call the government direct without reprisals – in fact there are special telephones to enable staff to do so. The whole system is organised in a spirit of confidence and co-operation. The company also has a recycling committee which includes government representatives.

But if such schemes are to be effective, workers need to be educated to understand environmental issues and unions have to train them for this. Companies have to recognise the need for policies and dialogue in this area. The only way for such initiatives to work is co-operation on the ground.

### **Lessons to be drawn**

The examples so far showed a variety of ways of working together -- dialogue between unions and employers, an initiative by unions that involves working with companies, an initiative by a company to its customers, and a voluntary agreement operating as a collective agreement.

Participants said that there were a number of lessons to be drawn from these varying examples of workplace initiatives of ways in which business partners and workers can act together to help implement the OECD Environmental Strategy.

One TUAC representative noted that even if the TCO labelling system is voluntary, it is based on legislation, and without legislation it would not have happened – so the message seemed to be that voluntary agreements are good, but need to have a legal basis behind them if they are to work.

Participants welcomed companies' focus on energy efficiency. Good practice in this area should be shared. One noted that the focus on energy efficiency could perhaps have come sooner. In the 1970s, unions at Lucas Aerospace suggested heat pumps among possible new products to save the company in the face of cancelled orders, but the company rejected the idea as not being a good seller. But if heat pumps had been introduced everywhere in the 1970s the world would have saved millions of tonnes of greenhouse gases.

One TUAC participant said that while agreements could be reached at enterprise level, it was more difficult to reach an agreement involving a whole union; and at national level it is difficult to have agreements between confederations.

Some participants wondered whether these examples could lead to a “best model” emerging, but others felt that the lesson from such diverse experiences, all of them successful, was that there was no single “best way”. The examples given varied from business-union dialogue to a voluntary system backed by legislation to a collective agreement, and covered areas as varied as computer ergonomics, the workplace environment and energy efficiency – who was to say which was better? What was important was to do more to share information about the good examples and make others more aware of them.

Delegates welcomed the dialogue and the examples as they were practical and results-oriented, and the whole point of implementing the OECD Environmental Strategy is to see results. But there were questions about measuring the results of such diverse initiatives. How, for example, does RWE know whether its energy efficiency and education programmes are making a difference? BIAC replied that this is a new initiative but RWE will track energy use and CO2 emissions. There were also questions about how to assess the economic impact of initiatives such as the TCO labels, although participants said they were a comprehensive example of co-operation and a smart mix of different approaches.

One delegate welcomed the news that RWE is producing energy efficient equipment and said companies should have incentives to save energy and promote good solutions. One BIAC participant said however that incentives should not be limited to a single option but should be broad-based -- if governments want to promote energy diversity, for example, they should not subsidise just one kind of approach or one type of alternative energy.

A TUAC participant said that it was important not just to involve workers in initiatives to implement policy, but also to involve them in drawing up the policies that were to be implemented. The Hinton

example of collective negotiation could be the way forward, using a negotiated framework. He cited the example of a French framework agreement at the electricity provider EDF, which was negotiated by national unions in the countries where EDF operates and signed by international trade union organisations. There are 51 commitments in the agreement, including environmental ones. Perhaps there is a place for international norms for companies on these questions.

The Secretariat said that an ongoing OECD project on the impact of environmental policies on corporate behaviour partly responds to the question of how to measure companies' efforts on environmental issues. It covers all types of action, including voluntary approaches.

The Secretariat also said that the OECD should evaluate the effectiveness and costs of all types of policy measures, not just decide that one type is best. The OECD can recommend to countries what they need to achieve, but cannot prescribe exactly how to achieve it.

One delegate said that unions and business could and should be carriers of good practice on climate change around the globe. They are developing practice in parallel with legislation in some countries. He stressed the competence of business and unions and said governments are relying on them to make the innovations and find technical solutions that cannot be applied all around the globe.

## **THE CONTRIBUTION OF VOLUNTARY APPROACHES IN ENVIRONMENTAL POLICY**

Participants hoped that this meeting would give helpful advice on voluntary initiatives. Several case studies were presented to illustrate voluntary approaches which have shown results.

### **Global union framework agreements**

TUAC said that global framework agreements are a good idea, but they must be sustainable. It is a very bad idea to commit to something and then find one side or the other cannot follow through. There is also the question of who should be the parties to a global agreement. Employers are one possibility, as with the French EDF example cited earlier, but trade unions are also open to agreements with global employers' federations.

The principle behind global agreements is to use the highest standards wherever companies operate, with decisions being taken at the lowest level possible. These agreements are not purely environmental agreements, but they are broadly sustainability agreements and thus involve environmental elements. Participants generally support a precautionary approach of environmental responsibility, including environment-friendly technologies. Once an agreement has been struck with a company, for example, it can tell suppliers that it will not deal with them unless they meet its sustainable development standards. Suppliers are unlikely to volunteer to do so without being asked for fear it will make them less competitive.

The first global agreement was with Statoil in Norway in 1998. The first one was very hard to reach because nobody wanted to be the first to have such an agreement, and the next two or three were not easy, but they have gradually spread. There are now 12 such agreements in existence and they are getting easier to achieve.

If global companies are willing to undertake such agreements, it boosts the credibility of the agreements and of the companies. Such agreements would also include non-OECD countries, often developing countries, so they can have an effect beyond the OECD, often in countries with little or incomplete legislation for protecting the environment in general or the working environment.

Negotiating a global agreement begins with a face to face meeting at CEO/union general secretary level. Then the union drafts an agreement and submits it to the company for comments and changes. Once a joint text is agreed it is signed with publicity such as a press conference.

In theory such agreements are reviewed after one year, but as the number of agreements rises this becomes impractical and in any case a year is not long enough to see if the agreement is working or not. The agreement includes the principle of the right to withdraw with a notice period.

The benefits for the company include credibility. Many companies signing global agreements also sign the UN Global Compact, but while the Compact has been criticised for having no teeth, companies that sign global agreements as well are committed to concrete measures to implement the Compact.

Global agreements also bring improved transparency and improved industrial relations – problems go straight to the top and get solved. Global agreements are becoming more popular, and global companies are now coming forward to ask for them without pressure from below. But both parties have to get something out of it for it to work.

It provides a formal framework for information sharing and dialogue. They are also an opportunity to monitor what is happening and provide a useful watchdog for both workers and unions as well as for the company. Industry associations can sign such agreements, as well as individual companies.

Global agreements are not the whole answer, but they do provide a useful tool. Among other things, they do help resolve the problem of great ideas never getting beyond local level, as they provide a mechanism for them to go up the chain and be acted on.

### **ICMM: Good practice guidance for biodiversity**

BIAC, presenting the International Council on Mining and Metals' good practice guidance for biodiversity said the ICMM has lots of members active in developing countries. The industry's vision is a viable mining, minerals and metals industry that is widely recognised as essential for modern living and a key contributor to sustainable development. Its aims are to offer leadership in sustainable development, a platform for sharing experience and best practice, engagement and representation. Its goals are to ensure continued access to land, capital and markets and to build trust and respect.

The ICMM's Sustainable Development Framework is built around 10 Principles adopted in May 2003, and covering: corporate governance; human rights; risk management; health and safety; environmental performance; biodiversity protection; materials stewardship; social, economic and institutional development; and engagement and verified reporting arrangements.

These principles are supported by reporting on sustainable development in partnership with the Global Reporting Initiative and sharing good practice. ICMM is also developing a system of independent third party verification. The ICMM is also involved in dialogue with the World Conservation Union (IUCN) to improve performance of the mining industry in biodiversity conservation and raise awareness and understanding between the conservation community and industry, so both can contribute to improved outcomes for conservation and development. The dialogue's objectives over three to five years are to explore more strategic and participatory approaches to planning and management at the land/seascape level as a tool for achieving balanced development and conservation outcomes; to strengthen the IUCN Protected Area Management Categories System; and to explore options for addressing the related issues of legacy sites, prior informed consent and empowerment of indigenous peoples and local communities.

The ICMM's biodiversity work programme includes a World Heritage commitment in 2003, successful participation in the World Parks Congress (WPC), promoting discussion and debate among all stakeholders, and a round table on mining and indigenous peoples.

The ICMM's good practice guidance document for biodiversity is written for technical and environmental managers at mines and captures what is currently understood to be good practice in this area. It provides guidance for ICMM members and others who wish to use it and is not mandatory. But it will be tested by members in consultation with interested parties and revised if necessary and national associations are encouraged to use it to develop detailed, specific guidance. The document is aligned with several components of the OECD Environmental Strategy: integrate biodiversity into planning and policies; support conservation and enhancement of biodiversity resources; prevent introduction of invasive species; promote awareness; collect and disseminate information; and assist developing countries in reducing threats.

### **Government frameworks: the Spanish Climate Change Agreement**

TUAC presented a Spanish three-way agreement between government, business and unions on implementing Spain's national action plan for implementing its commitments under the Kyoto Protocol.

This three-way system has been in use in Spain for many years and in many areas, including health and safety. Climate change is part of a larger social dialogue agreement for 2004 covering competitiveness, stable employment and social cohesion. In it, all three parties declared their intent to jointly undertake the implementation of the commitments and the consequences that the Kyoto Protocol could have on production and employment. A key point is that the agreement looks at the effect of implementing, not whether to implement. This transformation is going to happen anyway. Companies can evolve to deal with it without social cohesion agreements but they need to look at the risks and opportunities.

Take glass – companies must reduce emissions in glass production, but at the same time they could produce more recyclable glass and find new markets such as solar panels. This agreement was a three-way voluntary agreement, and in February a law was passed enshrining this agreement thus making it binding on all parties. Now they are working on the issue of climate change and work-home transport, because transport causes emissions as well as accidents etc. Adaptation is the order of the day. Climate change is happening and will affect economies whatever we do, so we need to adapt and find solutions.

A BIAC participant said this was an interesting example of co-operation and dialogue.

A BIAC participant asked who had launched the dialogue and initiative, and who analyses the impact on labour and competitiveness.

The response was that all three parties wanted this dialogue. Trade unions always wanted to be on the agenda because otherwise they had no say; government wanted consensus on the national allocation plan, and everyone wanted dialogue, so the government said let's all get round the table and then they raised the idea of this agreement. The problem is in countries with no culture of social dialogue. As for who will do the analytical studies on impact, all parties are proposing ideas at the moment. But you need more technical and more professional examination by independent entities, especially on controversial aspects. For the moment, some sectoral business organisations have done studies, and trade unions are now finalising studies sector by sector on production of, for example, pollution, greenhouse gases, economic development and are comparing all parameters to see if some things are changing. We will know more next year.

One TUAC participant asked why NGOs were not involved in this three-way dialogue. And how long can such an agreement last given the different weight of the various parties involved?

The response was that the purpose is to study above all the effect of complying with the Kyoto agreement on competitiveness and employment, which explains why there were no NGOs.

### **The aluminium industry's sustainability programme**

BIAC presented the International Aluminium Institute's (IAI) sustainability agreement, which is a global voluntary agreement covering all regions of the world except Antarctica. He noted that aluminium contributes 1% of the global total of man-made greenhouse gas emissions, but only 0.4% is the result of direct emissions from the aluminium plants themselves; the other 0.6% is in the form of indirect emissions from electricity generation. Half of world aluminium production takes place outside the OECD, with China being the largest producer and the largest areas of growth being Africa, South America and the Gulf.

The 27 CEOs in the IAI represent 70% of world aluminium production. The sustainability framework was set up three years ago. It consists of 12 voluntary objectives, the first five of which have a numerical target related to climate change and all 12 have numerical targets for health and safety. The 12 objectives are: An 80% reduction in PFC greenhouse gas emissions per tonne of aluminium produced by 2010; a 10% reduction in smelting energy usage by IAI Member Companies per tonne of aluminium produced by 2010; double recycled metal supply by 2020; monitor aluminium use in road, rail and sea transport to track its contribution to reducing GHGs; reduce GHG emissions from the production of alumina; reduce by at least

33% fluoride emissions by IAI Member Companies per tonne of aluminium produced by 2010; halve the accident rate in aluminium production by 2010; implement management systems for environment and for health and safety in 95% of IAI Member companies' plants by 2010; Implement an Employee Exposure Assessment and Medical Surveillance Programme in 95% of IAI Member companies' plants by 2010; reduce fresh water consumption per tonne of aluminium and per tonne of alumina produced and report annually on progress; Member Companies will seek to continue to increase the proportion of bauxite mining land rehabilitated annually; the IAI will report annually on the proportion of area rehabilitated to area mined. All the objectives and indicators are backed by guidelines on reporting and fulfilling.

The IAI is focussing on the areas where there is the biggest scope for reduction in climate change effects: energy use, reducing emissions from refining and smelting, increasing recycling, lightweighting transport – a four-pronged approach. There has been progress to date thanks to new technologies. But success depends on what happens on the shop floor, not just management. Plants around the world have competition: many not in OECD countries take great satisfaction in being at the top of benchmarking tables for GHG record, which show a fivefold difference between the best and the worst performers. Some three-quarters of all the aluminium ever produced is still out there and could come back to be recycled, which uses only 5% of the energy needed for new production. Some 17% of production was recycled in 1962; this has risen to 33% and is due to reach 40% by 2020. Using aluminium in cars will make them lighter, thus requiring less power to propel them and reducing CO2 emissions. Replacing key metals with aluminium could offset production emissions by 2015. This programme is essential given that in many countries where IAI members operate there are no requirements as of now.

## **WHERE TO GO FROM HERE**

Participants agreed that they had been given an insight into a broad range of different approaches; several mentioned the importance of voluntary approaches in addressing environmental challenges. The meeting drew on many examples to show the importance of the workplace as a medium of joint actions on the environment and sustainable development.

The question now was how business and labour could co-operate with governments and the OECD to implement the OECD Environmental Strategy and whether any of the approaches put forward during the meeting looked interesting.

The Secretariat said it was fascinating to learn about all the initiatives, and the examples of voluntary approaches. It noted that the OECD Sustainable Development Round Table has looked at sectoral approaches to climate change and found that the aluminium and cement sectors were the most advanced in sectoral approaches compared with electricity and the auto industry for example. The aluminium presentation today showed tremendous strides in addressing climate change.

The Secretariat was interested to see evidence indicating that voluntary approaches in some sectors and industries have worked, but noted that there are many kinds of voluntary approaches and that their effectiveness in terms of economic effects is difficult to assess. Some voluntary approaches examined by the OECD in the past were not considered very effective in terms of their environmental impact. Some had as a target what amounted to a “business as usual” outcome, detailed information was often not shared, and there was no clear compliance mechanism. So the OECD had suggested that a mix of policy instruments – including regulations, taxes, charges, emissions trading and voluntary agreements – would be needed to address many key environmental challenges in an economically efficient and effective manner.

Nonetheless, the Secretariat was happy to hear the case studies presented and would very much like to learn more about these successful cases, and why they were effective or successful. It would be very useful to get case studies on voluntary approaches and share information and good practices.

One Secretariat participant said that voluntary agreements have clearly matured. In the past many of them were between governments and only one partner, which could limit their effectiveness. But voluntary agreements where various partners, such as business and unions, are involved or which set quantitative targets, as is the case of the aluminium agreement, include a clear mechanism for follow-up. In the chemicals sector, voluntary agreements are common, and they are followed up by quality control.

Several participants agreed that voluntary agreements have to go hand in hand with reporting of results. You need to track progress and benchmark. They also agreed that there is no necessity for voluntary agreements to be enshrined in law to be effective, but nor should it be excluded.

A BIAC participant said that in the case of the EpE initiative, they recognised the need to check and monitor agreements, and most of the companies involved also come under the EU directive on mitigating climate change. The Association was useful to train companies on how to measure progress and the challenges they face, and training is very important. Public authorities also sit on the technical committee where voluntary agreements are discussed, so training is good for them too.

Companies will not strangle themselves with voluntary agreements, but will try to achieve the best possible result, BIAC said, and it is not in anyone's interest for governments to strangle them with cap and trade. But no companies or governments will have an incentive to make an effort if major countries such as China and the US are outside the system. In this situation multinational companies having voluntary agreements could perhaps help compensate for these exclusions – so you could have a mixture of voluntary agreements and cap and trade.

TUAC said voluntary agreements in this area are different from others because to be effective they have to be implemented at workplace level with involvement by unions and employers. But how should stakeholders go about seeking voluntary agreements to implement the OECD Environmental Strategy? One TUAC participant suggested that standards for such agreements should be looked at by the OECD.

TUAC said we have come a long way since the first meeting on voluntary agreements, when they were essentially criticised by the OECD. A different view has emerged today, and it would be helpful if the OECD could make suggestions on what works and what does not, and suggest criteria for successful voluntary agreements.

Today's discussion covered a huge range of agreements and participants agreed that the situation has moved on from the old idea of voluntary agreements and regulation being in formal opposition, and that the situation is rather one of a wide range of options. TUAC noted that many voluntary agreements are in place because people decided to act in the face of possible future regulation, so it is not an either/or situation, but a question of where each is most suitable.

## ANNEX I – LIST OF PARTICIPANTS

## BIAC DELEGATES

Mr. Richard ARMAND	Entreprises pour l'Environnement	France
Ms. Catherine TISSOT-COLLE	<i>Chairman of the BIAC Environment Committee</i> Vice President Environment & Industrial Risks - ERAMET	France
Mr. Matthias DÜRR	<i>Vice Chairman of the BIAC Environment Committee</i> Director RWE AG - Büro Brüssel	Germany
Ms. Marta SZPINDOR	RWE AG – Büro Brüssel	Germany
Mr. Andrew PARSONS	Programme Director Environment, Safety & Health International Council on Mining and Metals - ICMM	United Kingdom

## TUAC DELEGATES

Mr. Reg GREEN	Health, Safety & Environment Office International Federation of Chemical, Energy, Mine & General Workers' Unions – ICEM	Belgium
Mr. Noel LAPIERRE	Canadian Energy & Paper Workers Union	Canada
Mr. Joël DECAILLON	Confederal Secretary European Trade Union Confederation – ETUC	European Union
Mr. Pierre BOBE	Vie en société - Confédération Française Démocratique du Travail – CFDT	France
Mr. Jean-Pierre BOMPARD	Chargé de mission Confédération Française Démocratique du Travail – CFDT	France
Mr. Donat DECISIER	Confédération Générale du Travail – CGT	France

Mr. Alfredo BELLI	In charge of Energy Policies Union Italienne du Travail – UIL	Italy
Ms. Midori SASAKI	Section Chief Social Policy Division Japanese Trade Union Confederation JTUC-RENGO	Japan
Mr. Joaquim NIETO	Secretary of Environmental & Occupational Health & Safety Confederacion Sindical de Comisiones Obreras – CC.OO	Spain
Mr. Jan RUDLING	The Swedish Confederation of Professional Employees – TCO	Sweden
Mr. David FEICKERT	Trade Union Congress	United Kingdom
Mr. Robert LOVELACE	Senior Adviser UNAIDS	United States

<b>OECD DELEGATES</b>
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Mr. Kevin KEEFFE	Assistant Secretary, Communications and International Branch – Department of Environment and Heritage	Australia
Mr. François ANDRE	S.P.F. Santé Publique, Sécurité de la Chaîne Alimentaire	Belgium
Ms. Martina MOTLOVA	Delegation to the OECD	Czech Republic
Ms. Véronique DELI MEADOWS	Delegation to the OECD	Mexico
Mr. Mats OLSSON	<i>Chairman of the Environment Policy Committee</i> Swedish Environmental Protection Agency	Sweden
Ms. Martine ROHN-BROSSARD	Office Fédéral de l'Environnement	Switzerland
Ms. Barçin AGCA	Delegation to the OECD	Turkey

**OBSERVERS**

Mr. Cornis VAN DER LUGT	CERS PROGRAMME OFFICER UNEP (DTIE)	France
Mr. Ivan IVANOV	WHO/Department of Public Health and Environment	Switzerland

**BIAC SECRETARIAT**

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Ms. Sibel DESTERECCI	Intern
Ms. Hélène MONIDOL	Intern

**TUAC SECRETARIAT**

Mr. Lucien ROYER	Senior Policy Adviser	
Ms. Anabella ROSEMBERG	Intern	

<b>OECD SECRETARIAT</b>
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Environment Directorate	Mr. Lorents LORENTSEN Director  Mr. Robert VISSER Deputy Director  Ms. Helen MOUNTFORD Counsellor  Ms. Amy PLANTIN Head of Branch, Executive Secretary of EPOC  Mr. Nick JOHNSTONE Administrator
Public Affairs and Communications Directorate, Public Affairs Division	Ms. Sue KENDALL-BILICKI Principal Administrator  Ms. Megan DISSLY Administrator  Ms. Christine CLEMENT BIAC/TUAC Relations  Ms. Axelle BARREY Assistant