



International  
Labour  
Organization

## THE GLOBAL COMPACT AND SAFETY AND HEALTH

### Improving Occupational Safety and Health in the Supply Chain

In the last two decades, the increased liberalization of international trade has led to significant changes in the world of work. The private sector has progressively played a more important role in areas that were previously considered the domain of public authorities and civil society. Two main approaches have been adopted: self-regulation practices and public-private partnerships. While the contribution of these trade mechanisms to global economic growth and job opportunities is evident, their impact on the improvement of working conditions and occupational safety and health (OSH) in global supply chains (GSCs) in developing countries has not been adequately addressed,

resulting in a compliance gap in GSCs on OSH. Public-private partnerships can be useful in promoting workers' rights and their safety and health, if the framework for this collaboration is well defined and transparent – and if it complements the role of national legislation, labour administration and the social partners.

A balanced and effective combination of compliance with relevant legislation, a strong system of labour inspection, socially responsible enterprises and sound labour relations can all contribute to promoting sustainable development, adequate working conditions and OSH and positive working environments.

#### FACTS AND FIGURES

##### Partners:

Volkswagen (VW) and the German Agency for Technical Cooperation (GTZ)

##### Beneficiary countries:

Brazil, Mexico and South Africa

##### Timeframe:

2004 – 2008

##### Budget:

EUR 1,000,000  
GTZ: EUR 500,000  
VW: EUR 300,000  
in kind  
ILO: EUR 200,000  
in kind

#### THE RESPONSE

The public-private partnership between the International Labour Organization (ILO), Volkswagen (VW) and the German Agency for Technical Cooperation (GTZ) covered Brazil, Mexico and South Africa, with the overall aim of establishing and implementing national OSH action programmes in the VW supply chain.

The division of labour among the three partners was as follows:

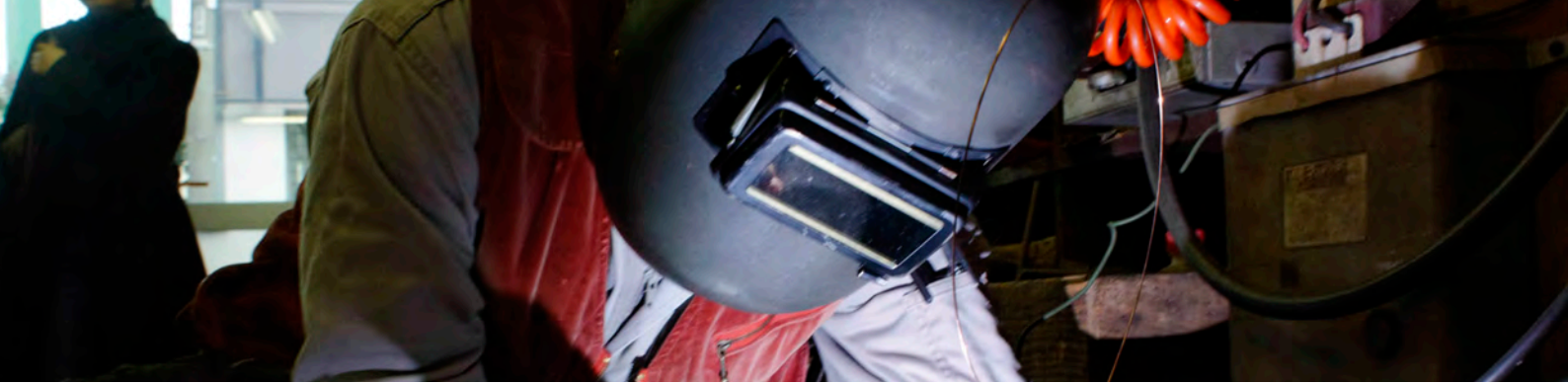
- The ILO was responsible for developing training and support programmes for labour inspectors and for implementing national policies;
- VW implemented a “process optimization system” for its suppliers, incorporating international labour standards;
- GTZ participated in monitoring the progress and results of the project and contributed expertise.

The project developed an OSH action programme, both to inform national policy and to ensure that national policies were incorporated at the workplace. It also built capacity

among suppliers and regulators to uphold a high standard of safety and health.

The project was a multi-stakeholder initiative, which fielded experts from business, government and the ILO – who provided a variety of expertise and technical support on how to develop a sustainable and effective OSH framework for suppliers. For example, the project worked with labour ministries and labour inspectorates and included joint visits to workplaces and training, involving ILO and VW representatives and labour inspectors, during which guidance was provided to inspectors on good safety and health practices. Project experts also helped government representatives develop national policies for OSH in small and medium-sized enterprises (SMEs), in full recognition of the challenges faced by these companies – such as lack of resources, technical support and other vulnerabilities.

Project teams visited workplaces and collected information from supplier factories. Workers and employers were interviewed and general safety and health practices were examined. Subsequently, expert team meetings were convened to discuss ways to better



*“The suppliers themselves are very much aware that investments in safety at work are worthwhile for their own sake. The plants have to realize that safety at work complements productivity.”*

Elke Sebold,  
Volkswagen Manager



#### **Partnerships and Field Support Department (PARDEV)**

International Labour Organization  
4, Route des Morillons  
CH-1211 Geneva 22  
Switzerland

Tel. +41 22 799 7309  
Fax +41 22 799 6668  
E-mail: [ppp@ilo.org](mailto:ppp@ilo.org)  
[www.ilo.org/ppp](http://www.ilo.org/ppp)

implement a safety culture in the workplace. The final step was to collect all the information from the outcomes of these discussions, and to assist in the design of a “preventative

## **RESULTS**

South Africa was the first country to receive Process Optimizing Consultations (POCs), and eight Volkswagen suppliers, with 28 to 900 employees each, were selected to take part in the project.

Twelve suppliers from Mexico, who had from 75 to 1,550 workers, were selected to participate in the project. Seven suppliers from Brazil, with a workforce ranging from 110 to 300 employees, also participated in the project.

At the enterprise level, supply chain workers benefited from improved working conditions, a more preventative OSH culture, and better productivity as a result. Trust and cooperation between SMEs and inspectors were also enhanced. The PPP model thus contributed to a better understanding of private and public operational activities.

This multi-stakeholder approach also resulted in the creation of Process Optimizing Teams (POTs), who jointly elaborated a process of consultations for the suppliers. This proved successful, as the stakeholders could exchange experience and gain a broader picture of

service system”. This system is expected to act as a set of international OSH guidelines for supply chain management.

possibilities for the successful implementation of OSH standards.

The new inspection approach, which focused on an improvement process rather than on compliance control, was also seen as successful by both the public and private sectors: it resulted in positive changes at the supplier level with regard to the implementation of OSH standards as well as cooperation with labour inspectorates.

Training materials and guidance on good practices and audit techniques were produced for both labour inspectors and suppliers, helping to ensure the improvements persisted after the end of the project.

Multi-stakeholder dialogue succeeded not only in improving workers’ safety and health conditions in the participating supplier factories, but also in taking good practices and using them to formulate national policy and guidelines for the implementation of international standards. This proved an effective approach, as safety and health matters can be complex and require cooperation between institutions with diverse expertise to be addressed properly.

## **BENEFITS OF PARTNERING**

The overall goals of improving both quality and productivity in the supply chain while ensuring timely delivery – by taking measures to prevent occupational accidents and work-related diseases – were attained. Volkswagen created an online system containing examples of good practices for all suppliers who have similar problems and solutions.

Suppliers reaped many benefits from their participation; they received free consultations to optimize processes – which led to a better quality of life, higher economic productivity, and improved safety and health at the workplace. Employees now enjoy a safer and healthier work environment. In the long term, the occupational safety risks have been reduced, leading to fewer accidents, fewer lost working hours, reduced costs, higher motivation in the workplace – and, last but not least, to increased competitiveness for the suppliers.