

IFBWW¹ Strategy on Multinational Corporations (MNC)

<http://www.bwint.org/>

A co-ordinated approach to Framework Agreements and Company Codes of Conduct, Corporate Campaigns and European Works Councils

The primary objective of the IFBWW is to promote and protect worker's rights in the construction, building, wood, forestry and allied trades.

In order to help achieve this objective the IFBWW has adopted a proactive industrial relations policy to promote socially responsible business at global level.

Despite worldwide interest in trade and investment and purported concern for human rights and social development, there is no universal and comprehensive framework for business activity, which includes minimum social and labour standards.

The IFBWW believe that the only acceptable minimum standard for socially responsible business must be the full respect of trade union rights and the effective implementation of the core Conventions of the International Labour Organisation².

The IFBWW recognise the significant influence of employers in shaping labour policy and practices; this influence has increased dramatically as a result of globalisation. The IFBWW also recognises the importance of fair and effective national and international legislation to protect trade union and other human rights.

The IFBWW places a high priority on developing constructive social dialogue and the basis for sound industrial relations and the sustainable development of our industries.

The IFBWW therefore considers it vital that its industrial policy must seek to engage enterprise at international level in the promotion of workers rights as a compliment to ongoing dialogue with intergovernmental and governmental agencies.

¹ At its World Congress in Buenos Aires, on 9 December 2005, the International Federation of Building and Wood Workers (IFBWW) and the World Federation of Building and Wood Workers (WFBW) created a new global union federation, the Building and Wood Workers' International (BWI). The Building and Wood Workers' International is the leading Global Union Federation for the protection of workers in the building, building materials, wood, forestry and allied industries. It brings together some 12 million members of 350 trade unions in 125 countries. The BWI's mission is to promote the development of trade unions in the building and wood industries throughout the world and to promote and enforce workers' rights in a context of sustainable development. Further information: www.bwint.org.

² C.87 Freedom of Association and Protection of the Right to Organise 1948, C.98 Right to Organise and Collective Bargaining 1949, C.29 Forced Labour 1930, C105 Abolition of Forced Labour 1957, C.100 Equal Remuneration 1951, C.111 Discrimination (Employment and Occupation) 1958, C.138 Minimum Age 1973, C182 Elimination of the Worst Forms of Child Labour 1999.

In order for this policy to be effective it is necessary to define a clear and multifaceted strategy which fully utilises existing international, regional and sub regional structures of the IFBWW and capitalises on the knowledge and bargaining strength of affiliates. IFBWW strategy must also reflect and incorporate other existing international and regional trade union structures to the maximum extent possible. It is also essential that full acknowledgement is made of the differing nature of MNC and in particular the fact that some are more open to trade union organisation than others.

Particular consideration must be given to the following initiatives:

Framework agreements and corporate codes of conduct
European works councils
Global company councils
Corporate campaigns
International instruments and guidelines
Dialogue with Employer's organisations
Industrial relations and workers capital

1. Framework Agreements and Corporate Codes of Conduct:

1.1. Framework Agreements between IFBWW and MNC

The IFBWW has developed a policy to develop framework agreements with enterprises under which the IFBWW and the enterprise concerned work together to ensure the full recognition of trade union rights and effective implementation of all core Conventions of the ILO.

In order to pursue this policy and to promote understanding of the concept, the IFBWW has developed a model framework agreement, which has been adopted by the Executive Committee. The aim of such agreements is to establish a continual working relationship and dialogue between IFBWW and the company concerned, in order to resolve any issues related to non compliance with the terms of the agreement and to achieve socially responsible business practices at international level.

It is clear that this strategy places considerable reliance on the goodwill and political commitment of the MNC. In the longer term it is hoped that the successful development and implementation of framework agreements will establish 'best practice' examples which can be used by the international trade union movement as a whole to persuade other MNC to follow suit.

It must be emphasised that framework agreements are not intended to substitute for national law or collective bargaining; they are intended to create a framework within which all workers are guaranteed established international minimum standards for work. Within these minimum standards are the right to organise and bargain collectively;

workers can always use these rights to improve upon international minimum standards or the basic provisions of national law and practice.

Strategy:

- The IFBWW has already developed framework agreements with IKEA, Faber Castell, Hochtief, Ballast Nedam and Skanska.
- The IFBWW will seek to reach further agreements of this nature with other MNC operating in our sectors. Identification of possible MNC is achieved through consultation with affiliates and is based on existing knowledge of MNC in our sectors. The IFBWW should consider drawing up a short list of potential MNC.
- The IFBWW should develop clear and persuasive arguments to convince the MNC of the advantage of developing closer links with trade unions; these arguments will need to be tailored to each MNC.
- Dialogue and agreements should be developed by the IFBWW in close co-operation with affiliates, particularly in the home country of the relevant MNC.
- Many MNC are multi-sectoral and it is necessary to ensure that other appropriate ITS are kept informed of relevant aspects of the negotiation, implementation and any subsequent development of framework agreements. This will serve to build strength and unity within the international trade union movement and develop alliances to help ensure the fullest possible implementation of the agreements. This will involve the formulation of a detailed strategy and methodology between the ITS and ICFTU.
- Once framework agreements have been reached they must be given meaning and life by appropriate information and education campaigns that will ensure that the workers affected by the agreement are aware of its existence and the meaning of its content. Consideration might be given to a global conference to launch each framework agreement, to be attended by workers representatives from all countries of operation of the MNC.
- Affiliates must be encouraged to use framework agreements as a tool for organising and to build worker strength to improve working conditions beyond the minimum levels provided for in the framework agreements.

1.2. Corporate Codes of Conduct

The IFBWW has noted with concern that increasing numbers of multinationals are unilaterally adopting codes of conduct, which purport to deal with labour practices.

In the majority of cases these codes do not contain specific reference to international labour standards and do not provide for acceptable minimum levels of protection for workers.

These codes are formulated, implemented and monitored without the involvement of trade unions: they are often used as strategies to bypass the 'need' for trade union organisation.

The IFBWW does not promote the unilateral development and adoption of voluntary codes of conduct by multinational enterprises that relate to labour practices. It is not advisable however, to simply ignore these codes: many companies use corporate codes of conduct to gain credibility with consumers and base significant publicity campaigns around them.

Strategy:

- The IFBWW will seek to identify MNC in our sectors with unilaterally adopted codes of conduct and analyse the content of the code and inform affiliates accordingly.
- In circumstances where the content of the Corporate Code is reasonably in line with IFBWW policy the IFBWW will seek to engage the MNC in dialogue with a view to developing a framework agreement.
- In circumstances where the content of the Corporate Code is contrary to IFBWW policy the IFBWW will consider appropriate campaign action to denounce the code or to pressure the MNC to improve basic working conditions and workers rights.

2. European Works Councils

European Works Councils (EWC) are established under a European Council Directive 94/45/EC with the intention that employees in all participating member states are properly informed and consulted when decisions which affect them are taken in a Member State other than that in which they are employed.

The Directive applies to all community-scale undertakings and community-scale groups of undertakings³ operational within the participating states.

³ European Council Directive 94/45/EC

[Article 2 - Definitions](#)

1. 1. For the purposes of this Directive:

- a) "Community-scale undertaking" means any undertaking with at least 1000 employees within the Member States at least 150 employees in each of at least two Member States;
- b) "group of undertakings" means a controlling undertaking and its controlled undertakings;
- c) "Community-scale group of undertakings" means a group of undertakings with the following characteristics:
 - at least 1000 employees within the Member States,

The Directive requires participating states to ensure that all parties abide by the directive even if the central management is not located in that participating state. The Directive therefore applies to companies regardless of whether the central management is inside or outside the territory of participating states: this gives EWC a frame of reference that extends beyond the direct jurisdiction of the European Council.

Strategy:

- EWC are institutional forum for information and consultation between employers and employees and the IFBWW acknowledges that they have a very significant role to play in fostering sound industrial relations both within and across national borders.
- It should be stressed that EWC are established under an EC Directive with a particular defined purpose which does not preclude or limit any aspect of trade union organisation or bargaining. If used properly by the MNC and workers the EWC should facilitate the smooth running of the industrial relations process.
- The IFBWW further acknowledges that the appropriate trade union federation to monitor the role of and develop relations with EWC in our sectors is the European Federation of Building and Wood Workers (EBWW).
- The IFBWW will seek to establish and develop a dialogue with the EFBWW to follow the work of EWC. The IFBWW will provide EWC with appropriate information concerning the development of any negotiation or agreements with MNC.

3. Global Company Councils

The IFBWW note that there is an emerging discussion on the development and the possible role of global company councils (GCC) despite the absence of any international legislative or judicial authority equivalent to the European Council in the context of the EU.

There are two contexts in which a GCC might be formed: either by the company's creation of a separate global level information and consultation structure, or by the extension of a pre-existing EWC.

Often, as the EWC become better established and develop operational credibility there is a tendency for the EWC to seek to extend its scope of influence to benefit workers in other operational territories of the company. Several EWC have attempted to develop

-
- at least two group undertakings in different Member States, and
 - at least one group undertaking with at least 150 employees in one Member State and at least one other group undertaking with at least 150 employees in another Member State;

international 'codes' or 'social charters' establishing international minimum standards for work.

Strategy:

- The IFBWW believe that this is an area that should be approached by the international with extreme caution. The concept of GCC is not defined in any international instrument equivalent to EC Directive 94/45/EC: a GCC does not have any clear mandate either in the form of legislation or a formal undertaking between the MNC and trade union structures.
- The IFBWW is concerned that there is an increased risk that the MNC may use a GCC to try to avoid the exercise of trade union rights rather than a GCC being a compliment to them.
- The IFBWW considers that global framework agreements provided a more effective basis for the protection of workers rights because they guarantee trade union involvement and dialogue with MNC.
- Where GCC do exist in our sectors, the IFBWW is the appropriate trade union federation to monitor the role of, and develop relations with the GCC.
- The IFBWW must lobby to ensure that any GCC must be formed and operate in a manner consistent with the fundamental principles of the trade union movement; GWC must not be permitted to exclude or limit the freedom of association of workers or their access to collective bargaining.
- This is of critical importance at international level where GCC would be established without a legislative framework such as that provided to EWC by the EU directive, but using the principle of EWC that they must be established and funded by the central management.

4. Corporate Campaigns

Regrettably, not all MNC operating in IFBWW sectors respect basic workers rights and nor are they open to the possible negotiation and successful implementation of a framework agreement with the IFBWW.

Nor do all companies that have a good industrial relations policy in their home country maintain the same high standards when operating in developing countries. Similarly companies may implement good practices within the head-company but have subsidiaries, suppliers or sub contractors that do not observe minimum labour standards.

The extent to which trade union rights are denied in the building, construction, wood, forestry and allied trades is reflected in IFBWW solidarity work: the majority of solidarity requests are received from affiliates fighting to achieve basic trade union recognition.

In many cases the IFBWW is able to intervene to support the union to gain recognition and to help resolve industrial disputes. In other cases however it is becoming increasingly difficult for trade unions to fight the anti union policies of MNC. The IFBWW has noted with concern that several companies, which have previously respected union rights and entered into collective agreements, have now refused to renew such agreements and seek to promote the use of individual contracts.

The IFBWW and its affiliates cannot tolerate this pattern of behaviour and the IFBWW will adopt a proactive policy to identify and campaign against companies implementing such 'anti worker' policies and practices.

Strategy:

- The IFBWW will identify MNC operating in IFBWW sectors using poor labour practices and study their structures and geographic coverage and the nature and range of their operations.
- Using this information the IFBWW will develop clear strategies to approach individual MNC and engage in a discussion of labour standards and work practices. Strategies should be developed by IFBWW together with affiliates from the home and host countries of the relevant MNC.
- Where necessary, precisely targeted campaigns will be launched to bring public awareness to the plight of workers affected and to pressure the company to adopt improved practices and to observe basic core labour standards of the ILO.
- The IFBWW will also support affiliates in specific industrial disputes providing political and practical support. IFBWW will assist affiliates in making complaints to the ILO whenever appropriate.
- The IFBWW will seek to identify and develop networks of legal practitioners willing to offer support to trade unions. The terms and procedures for their support should be agreed on and conveyed to IFBWW affiliates.

To facilitate this strategy and process at the local level the IFBWW will develop a set of training materials to assist affiliates in:

- Compiling information on MNC from trade union members,
- Presenting information in the most effective manner possible to support legal and industrial action, and
- Involving them in campaigns related to their employer.

5. International Instruments and Guidelines

The protection of workers rights in the frame of international business is not new a new concept. In the 1970's concern over the growing power of multinational companies led to the adoption the ILO 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy' and the OECD⁴ Guidelines for Multinational Enterprises. The OECD Guidelines have recently been revised and the new text was endorsed by the OECD Council of Ministers on 27th June 2000.

Trade unions were able to participate in the formulation of these documents: through the workers group of the ILO in the case of the Tripartite Declaration and through the Trade Union Advisory Council (TUAC) to the OECD.

Although the ILO and OECD instruments were negotiated by governments, employers and workers, their application by companies is voluntary: they are not binding; they impose no legal obligation on companies.

5.1. ILO 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy'

The rejuvenation of the tripartite declaration has recently been the subject of discussion within the ILO. It has been suggested that the declaration should be amended to include specific references to the ILO Declaration on Fundamental Principles and Rights at Work which was adopted at the 1998 International Labour Conference and ILO Convention 182 on the Elimination of the Worst Forms of Child Labour, 1999. These references would strengthen the tripartite declaration as a tool for the promotion of core labour standards but would not serve to create an obligation on MNC to observe the terms of the declaration itself.

Consideration must be given to the development of strategies to involve MNC in a more direct discussion of labour standards with the ILO. The current working structures and methodology employed by the ILO allows MNC to remain 'one step removed' from the discussion of core labour standards and from any meaningful implementation of the decent work paradigm.

5.2. OECD Guidelines for Multinational Enterprises

The Organisation for Economic Co-operation and Development (OECD) is an organisation for co-operation between the industrialised countries through which governments, trade unions and business and industry work together for openness, growth and social responsibility. This is an important forum, as the major part of foreign direct investments around the world come from the countries belonging to the OECD (85 per cent in 1997). Governments from 33 countries, following close consultations with trade

⁴ Organisation for Economic Co-operation and Development

union organisations and business and industrial organisations in 33 countries have now jointly modernised the OECD' guidelines for multinational companies.

These guidelines are part of a declaration on international investments and MNC that calls for stable and open rules and regulations from the governments and responsible behaviour from the companies.

The guidelines are non-binding and aim to ensure ethical behaviour in a wide range of areas. The new guidelines have been strengthened in terms of implementation, but also with regard to environmental issues, corruption, child labour and human rights. Despite this, the Guidelines do not meet the full expectations of the trade union movement - we would have favoured a much stronger text with better enforcement procedures.

The governments of the OECD countries have undertaken to promote the application of the guidelines by strengthening the role of national contact points (NCP). The contact point consists of representatives of government ministries and departments, and in some cases, the trade unions, business and industry.

Strategy:

- The international trade union movement must develop a strategic approach to the implementation of the Guidelines. The IFBWW believe that the Guidelines can be used to stimulate dialogue with MNC, which could in turn lead to the development of Framework Agreements.
- The Guidelines also provide a structure for submitting cases to NCP: this should be widely publicised and support given to trade unions wishing to make complaints.
- There is a need to develop a co-ordinated approach between TUAC, ICFTU, ETUC and the ITS: IFBWW must seek to play an active role in this process.
- Consideration must be given to involving trade unions from non-OECD countries and to possible joint campaigns with other non-labour NGOs on guidelines issues.

6. Dialogue with Employer's Organisations

The IFBWW recognise the significant influence of employers in shaping labour policy and practices and the consequent importance of engaging with them in as many forums as possible.

Framework agreements, European Works Councils, Global Company Councils and Corporate campaigns are all strategies under which the IFBWW seeks to engage with or address one MNC at a time. These strategies should be complimented by a broader initiative to discuss with MNC collectively through their international confederation.

Dialogue between workers and employers at the international industrial level must seek to establish a more constructive general environment for the promotion of socially responsible business and the implementation of core labour standards.

Strategy:

- The IFBWW will seek to develop a dialogue with the Confederation of International Contractors Associations (CICA) which is the employer's counterpart to the IFBWW.
- This should include tripartite discussion of procurement issues with the World Bank, IFBWW and CICA.

7. Industrial relations and workers capital

The IFBWW notes that huge sums of workers' money around the world are invested in pension schemes and real funds. Workers' money is often being invested in enterprises providing low labour standards. Trade unions have some influence in certain funds and should use that in order to improve working conditions and industrial relations in MNCs. In addition trade unions should establish communications with Committees responsible for union pension investments to press for ethical lending policies and socially responsible practices

There is a need for international co-operation over specific issues involving workers' capital including broad areas such as social security and retirement provision as well as on the effects on working people of global financial markets.

Strategy:

The IFBWW in co-operation with the ICFTU-ITS-TUAC Committee for International Co-operation on Workers' Capital will seek

- to develop and put in place effective means to ensure the continued gathering and exchange of information related to funds, including governance structures, investment policies, fund managers and other useful information;
- To further work on the development of principles, guidelines or recommendations concerning the investment of workers' capital;
- To develop an international network of trade unionists actively engaged in the area of pensions and investments in order to facilitate international trade union co-operation.