



International  
Labour  
Office

# International Framework Agreements in the food retail, garment and chemicals sectors



## Lessons learned from three case studies



Ministry of Social Affairs and  
Employment



# **International Framework Agreements in the food retail, garment and chemicals sectors**

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three case studies**

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the Government of the Netherlands

Sectoral Policies Department (SECTOR)  
INTERNATIONAL LABOUR OFFICE – GENEVA

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## Foreword

The International Labour Organization (ILO) is the United Nations specialized agency devoted to advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The ILO Sectoral Policies Department (SECTOR) promotes decent work by supporting the Organization's tripartite constituents – governments, employers and workers – in seizing opportunities and addressing challenges in 22 different economic and social sectors at the global, regional and national levels.

Fundamental principles and rights at work, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation, are often referred to in international framework agreements between global union federations and multinational enterprises. These leverage the sound and constructive labour relations that exist between these parties to promote respect for these principles and rights in all countries where these multinational enterprises may be operating. By entering these agreements, the parties recognize each other as legitimate industrial relations partners at the global level, and cooperate in the implementation and monitoring of these principles at the country level. The three case studies in this working paper show that, by encouraging respect for these principles and the resolution of disputes by national industrial relations actors on these issues, they reinforce and support the capacity of national industrial relations systems and governance systems.

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## Abbreviations and acronyms

<b>ACT</b>	Action, Collaboration, Transformation
<b>EFA</b>	European framework agreement
<b>EU</b>	European Union
<b>EWC</b>	European Works Council
<b>GDP</b>	gross domestic product
<b>IFA</b>	international framework agreement
<b>ILO</b>	International Labour Organization/International Labour Office
<b>IOE</b>	International Organisation of Employers
<b>MNE</b>	multinational enterprise
<b>NMC</b>	National Monitoring Committee
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SME</b>	small- and medium-sized enterprise
<b>UN</b>	United Nations





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**Introduction**

**Chapter 1**

# Chapter 1

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# 1. Introduction

## 1.1 A century of cross-border social dialogue

Cross-border social dialogue is not a new phenomenon. Some 100 years ago, the founders of the International Labour Organization (ILO), representing trade unions, enterprises and governments, met in networks and meetings, in which they exchanged knowledge, experience, and ideas on social and economic policy. While these women and men came from different governments and sectors of the economy, and were driven by different ideals and motives, they agreed on the need for an international organization to promote social justice and peace.

The creation of the ILO in 1919, as part of the Treaty of Versailles that ended World War I, institutionalized cross-border social dialogue. The powerful concept of cross-border social dialogue – of bringing governments, employers and workers together to find lasting solutions – became an integral part of global governance and has been a key feature of the multilateral system ever since.

While cross-border social dialogue continues to take place in the executive bodies of the ILO and in its recurrent programme of sectoral meetings, it has evolved over the past century in response to defining moments and drivers such as the end of World War II, decolonization and globalization. The World Commission on the Social Dimension of Globalization – which was established by the ILO in 2002 to address the unprecedented changes that globalization has brought to the lives of working women and men – noted how a great deal of experimentation with cross-border social dialogue was taking place at the beginning of the 21<sup>st</sup> Century and that some interesting voluntary approaches were emerging:

“ Given the growth of global production systems, new institutions of social dialogue between workers and employers seem likely to develop around them and may well play an increasingly important role in the global economy. ”

*(2004, p. 124)*

The Commission was referring not only to the relatively new phenomenon of international framework agreements (IFA) between global union federations and multinational enterprises, but also to regional and global works councils and to the “pioneering international collective agreement between the International Transport Workers Federation and the International Maritime Employers’ Committee [that] covers wages, minimum standards and other terms and conditions of work”. The Commission concluded that these voluntary forms of cross-border social dialogue warranted further research by the ILO to determine their potential to promote productive relations between workers and managers. It called upon the ILO to closely monitor all such developments and provide the parties concerned with advice and assistance when required. (*ibid*, pp. 124-125)

## 1.2 Purpose

In June 2013, when the International Labour Conference convened in Geneva, Switzerland, for its recurrent discussion on social dialogue, it identified cross-border social dialogue as a topic to be discussed further and more in depth by a tripartite

meeting of experts (ILO, 2013a, p. 4). Then, in 2016, following a general discussion on decent work in global supply chains, the International Labour Conference called upon the ILO to promote effective national and cross-border social dialogue and to undertake research on the effectiveness and impact of cross-border social dialogue (ILO, 2016a, p. 6). It was subsequently agreed that a meeting of experts on cross-border social dialogue should be held in 2018 (ILO, 2017a).

With a focus on three recent IFAs in three economic sectors, the present working paper is a contribution to the growing body of knowledge on international framework agreements. It complements existing and ongoing research on national and cross-border social dialogue and international framework agreements by other international and regional organizations and by the ILO itself, including but not limited to research conducted for the report for the recurrent discussion on social dialogue at the International Labour Conference in 2018 and the report for the Meeting of Experts on cross-border social dialogue that is scheduled to take place in the second half of 2018. This working paper thus forms part of the ILO programme of action (2017-21) and the companion roadmap that the Governing Body agreed on in March 2017 in follow-up to the International Labour Conference's Conclusions on decent work in global supply chains.

### 1.3 Scope

To complement the forthcoming ILO reports on social dialogue and cross-border social dialogue mentioned above, the present working paper contains three case studies of three IFAs. IFAs – while still in a formative stage – are increasingly used by a number of mostly European multinational enterprises and global union federations to facilitate voluntary cross-border social dialogue.

This study does not comprise European framework agreements (EFAs). While these outnumber IFAs, they cover operations between multinational enterprises and union federations in Europe only, contain more concrete and focused arrangements, and cover a broader range of sectors and topics than IFAs. These topics include, but are not limited to, restructuring, social dialogue, health and safety, human resources management and data protection. Fundamental rights only play a minor role in EFAs, whereas they are the predominant matter in IFAs (Eurofound, 2013a).

The three case studies selected for this working paper concern three IFAs in the food retail, garment and chemicals sectors. These are sectors of considerable economic importance, which employ hundreds of millions of workers, and in which multinational enterprises and representatives of trade unions have a rich and varied history of engaging in voluntary forms of cross-border social dialogue.

Each of the 12 IFAs that have been developed by multinational enterprises and global union federations in the three selected sectors merit a case study. Due to the limited resources and time available, and following consultations with experts on IFAs, it was decided to select the following three:

1. The IFA between Carrefour S.A. and UNI Global Union renewed in 2015 (first signed in 2000);
2. The IFA between H & M Hennes & Mauritz AB, IndustriALL Global Union and IF Metall signed in 2015; and
3. The IFA between Solvay S.A. and IndustriALL Global Union renewed in 2017 (first signed in 2013).

These IFAs are global in nature, have evolved over time, have recently been renewed and represent some of the most comprehensive agreements among the IFAs in their sectors.

Moreover, the combined experience and expertise of the individual women and men that have played a key role in developing the three above-mentioned IFAs represent an invaluable source of information. Those listed in the foreword of this working paper were ready and willing to share with the ILO their insights and lessons learned, without which it would have been impossible to complete the three case studies.

## 1.4 Limitations

It must at the same time be acknowledged that the working paper and the individual case studies are far from exhaustive. Thus, outcomes and lessons learned cannot be generalised to all IFAs, let alone to other forms of voluntary cross-border social dialogue or initiatives led by multinational enterprises, which build on and affirm principles and values similar to those promoted through IFAs.

Furthermore, due to the fact that the majority of IFAs, including the ones selected for this paper, are with multinational enterprises based in the European Union, this study is not immune from a regional bias.

## 1.5 Methodology

The study draws upon a desk review of existing literature on cross-border social dialogue and IFAs as well as 13 semi-structured interviews with 15 key informants in the multinational enterprises, global union federations, and sectoral trade unions concerned. The questions used in the semi-structured interviews are listed in Annex 2.

The desk review covered a wide range of the most recent reports and studies on cross-border social dialogue, EFAs and IFAs. The impressive body of research of Mr Felix Hadwiger (2018) at the University of Hamburg provided the basis for the overview of IFAs in chapter 2. The desk review also revealed that while IFAs have increasingly been the subject of academic research, such research has predominantly focused on their potential impact, including content and legal relevance, motives, and how they compare with codes of conduct, whereas empirical studies of how they are implemented in practice have been scarce (Niforou, 2012, pp. 352-353).

The 15 key informants were selected using snowball sampling and following the advice and guidance of ILO experts in the Bureau for Employers' Activities and the Bureau for Workers' Activities. A deliberate attempt was made to interview key informants in head offices as well as in countries where the multinational enterprises are operational. With the support of the global union federations and the three multinational enterprises it was possible to interview managers and trade unionists in Bangladesh, Cambodia, France, Germany, Turkey, Sweden, Switzerland and the United States.

The snowball sampling method has important limitations: it is non-random and will not allow for determining the sampling error or making inferences about populations based on the obtained sample. As such, snowball samples should not be considered to be representative of the population being studied. A particular weakness of this study was the lack of interviews with owners or managers of firms that supply goods or services to the multinational enterprises. Their views would have provided an important

but often missing perspective on the relevance and effectiveness of cross-border social dialogue in general and of IFAs in particular. Due to limited resources and time constraints, it was also not possible to interview government officials, representatives of employers' associations, academics, and representatives of non-governmental organizations or other stakeholders in the three selected sectors.

First and final drafts of the various chapters of this working paper were shared with those interviewed to validate the information contained in them.

## **1.6 Structure of the paper**

Chapter 2 provides an overview of cross-border social dialogue processes, institutions and platforms with a focus on the development and growth of IFAs and the role of the ILO in this regard. Chapters 3 to 5 each contain a case study of the three above-mentioned IFAs. Each of these chapters provides a snapshot of the economic sector concerned, key information about the multinational enterprise and the global union federation, a description of other IFAs in the sector, an analysis of the scope, application, implementation and monitoring arrangements, and the effectiveness and impact of the IFA in question as perceived by its signatories. Chapter 6 summarizes key findings and conclusions.



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**Cross-border social dialogue  
and international framework  
agreements: An overview**

# **Chapter 2**

# Chapter 2

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## 2. Cross-border social dialogue and international framework agreements: An overview

The ILO defines social dialogue broadly, as

“ ...the involvement of workers, employers and governments in decision-making on employment and workplace issues. It includes all types of negotiation, consultation and exchange of information [...] on common interests in economic, labour and social policy. [...] Social dialogue can be bipartite, between workers and employers [...] or tripartite, including government. ”

*(ILO, 2013c, p. 5)*

Cross-border social dialogue can be understood as social dialogue between or among representatives of governments, employers and workers across national borders. However, the terminology is not definitive: terms such as global social dialogue, transnational collective agreements or transnational social dialogue are often used interchangeably, although they may refer to different aspects of cross-border social dialogue.

### 2.1 Overview of cross-border social dialogue processes, institutions and platforms

The organization of production along increasingly complex global supply chains and the dynamic nature of regional economic integration have created new spaces for cross-border social dialogue (ILO, 2013a). Cross-border social dialogue can take place at the global, regional, sub-regional (e.g. Regional Economic Communities) and bilateral level between Governments, as well as between workers and employers' organizations. The dialogue can focus on opportunities and challenges in an economic sector, industry or enterprise. With traditional national social dialogue as a starting point, the table below provides examples of the many different modalities of cross-border social dialogue that exist today (Table 2.1).

**Table 2.1** Examples of cross-border social dialogue at national, regional and global levels

	National	Regional (or sub-regional)	Global
Enterprise	Traditional social dialogue (e.g. between an enterprise and its workers in a specific country)	European Framework Agreements between a multinational enterprise in Europe and a European union federation or a European Works Council (e.g. between the Allianz Group and Allianz European Works Council)	International Framework Agreements between a multinational enterprise and a global union federation (e.g. between H&M and IndustriALL)
Sector / industry	Dialogue and agreement between tripartite constituents or social partners in sending and receiving countries on labour migration with the involvement of social partners in a specific sector or thematic area (e.g. migration of health professionals from the Philippines to Norway, the Accord on Fire and Building Safety in Bangladesh)	Regional (or sub-regional) ILO meetings of governments, employers and workers (e.g. on safety and health in oil and gas production in sub-Saharan Africa)  Sectoral social dialogue committees between European employers' and workers' organizations	ILO sectoral meetings and sectoral meetings of experts of governments, employers and workers (e.g. on safety and health in road transport)
Inter-sectoral	Dialogue between governments, employers and workers in the context of trade agreements (e.g. the North American Free Trade Agreement)	Social dialogue committee meetings of European employers' and workers' organizations	ILO meetings of governments, employers and workers (e.g. the International Labour Conference)

It should be noted that many trade agreements, for example the North American Free Trade Agreement (NAFTA), include labour-related clauses and allow for consultations with national employers' and workers' organizations in Canada, Mexico and the US on the implementation of the agreements' labour provisions (ILO, 2013c, pp. 59-60; ILO, 2016b). Regional frameworks for social dialogue have also been established as part of regional integration processes, for example by the Andean Community of Nations (CAN), the Southern Common Market (MERCOSUR) and the Economic Community of

West African States (ECOWAS) (ILO, 2013c; Pyke, 2017, p. 13). Cross-border social dialogue has also been used bilaterally between member States and social partners (workers and employers' organizations) of the ILO to ensure a better governance of labour migration. For example, between 2013 and 2017, four global, 55 regional or sub-regional, as well as 7 interregional tripartite meetings on labour migration involving social dialogue were organized by the ILO.

### 2.1.1 Social dialogue institutions

Cross-border social dialogue is often facilitated by intergovernmental organizations. These include but are not limited to the ILO, Organisation for Economic Co-operation and Development (OECD), the Organization of American States (OAS) and the European Union (EU). Some cross-border social dialogue institutions, processes and mechanisms set standards – as is the case with the ILO – while others constitute policy advocacy partnerships or platforms, as is the case with the OECD Global Forum and the Annual Forum on Business and Human Rights. Some of the most important cross-border social dialogue institutions include but are not limited to:

**The ILO:** The ILO was founded in 1919 to bring together governments, employers and workers to set labour standards, develop policies and devise programmes to promote peace and advance social justice. Social dialogue takes place at the statutory meetings of the ILO – those of the International Labour Conference and the Governing Body – and at its meetings on specific regions, topics and sectors. Since the ILO was created it has regularly organized meetings of governments, employers and workers in specific thematic areas (e.g. the Tripartite Technical Meeting on Labour Migration, Geneva, November 2013), and specifically in economic and social sectors to build consensus on sector-specific policies and approaches designed to advance decent work. Cross-border social dialogue is also an important component of many ILO programmes and development cooperation projects, including the Better Work programme (Better Work, 2017).

With regard to voluntary forms of cross-border social dialogue involving multinational enterprises, the recently revised Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration) provides direct guidance to enterprises on social policy and inclusive, responsible, and sustainable workplace practices. This guidance is founded on principles contained in international labour standards. It is addressed to multinational enterprises, governments and employers' and workers' organizations, and covers areas such as employment, training, conditions of work and life, and industrial relations. These principles and international labour standards have directly influenced and guided the policies of other international and regional organizations, and many multi-stakeholder initiatives, as well as the codes of conduct of enterprises of all sizes and structures. Social dialogue is the key means to achieve the objectives of the ILO MNE Declaration, and it lies at the heart of the operational tools in the Annex of the Declaration to stimulate the uptake of its principles by tripartite constituents and enterprises. Operational tools include ILO regional meetings, which provide platforms for tripartite dialogue on the promotion and application of the ILO MNE Declaration at the regional and national level; tripartite appointed national focal points, which may organize tripartite-plus dialogue platforms to discuss opportunities and identify challenges presented by the operations of multinational enterprises; and the facilitation of company-union dialogue by the ILO to support the application of the principles of the ILO MNE Declaration in company operations (ILO, 2017b).

**The OECD:** The OECD provides a forum in which its 35 Member countries work together to share experiences and seek solutions to common problems. The OECD engages in permanent policy dialogue and consultations with employers through the Business and Industry Advisory Committee (BIAC) and with workers through the Trade Union Advisory Committee (TUAC) (OECD, 2017a). Furthermore, it promotes responsible business conduct and cross-border social dialogue in accordance with its Guidelines for Multinational Enterprises (OECD MNE Guidelines). It has complemented these guidelines with guidance on responsible business conduct and due diligence in specific sectors: minerals, garment and footwear, extractives and agriculture (OECD, 2017b). Responsible business conduct is discussed at yearly fora that bring together stakeholders from business, trade unions, civil society and academia (OECD, 2017c). The National Contact Points (NCP) established in the countries adhering to the OECD MNE Guidelines may also facilitate cross-border social dialogue, as some NCPs have tripartite composition. NCPs meet bi-annually at the OECD to share experiences and discuss ways in which the NCP mechanism can be strengthened. NCPs also consult with each other in handling cases and to agree on which NCP will take the lead in assisting parties where cases involve impacts in several jurisdictions (OECD, 2017d).

**The OAS:** Cross-border social dialogue takes place at the Inter-American Conference of the Ministries of Labor (IACML), which is one of the oldest sectoral conferences of the Organization of American States (OAS). The Trade Union Technical Advisory Council (COSATE) and the Business Technical Advisory Committee on Labor Matters (CEATAL) are permanent consultative bodies of the IACML, whose goals are to promote the participation of trade unions and employers organizations, respectively, in the process of the Conference. Furthermore, the Inter-American Network for Labour Administration (RIAL) plays an important part in fostering cross-border social dialogue, in that it coordinates economic, financial, social and labour policies, and focusses on the promotion of social dialogue and collective bargaining and respect for fundamental principles and rights at work.

**The EU:** Social dialogue became a part of the Treaty Establishing the European Economic Community (Treaty of Rome) when the Single European Act – the first major revision of the Treaty of Rome – was signed in 1986 (Eichhorst et al., 2011, p. 22). Social dialogue is furthermore part of the 2007 Treaty on the Functioning of the European Union, which recognises and promotes the role of the social partners and facilitates dialogue between them (article 152). While article 155 specifically provides for the social partners to conclude EU-level collective agreements, scholars have questioned whether such agreements are comparable to national level collective agreements (Fornasier, 2015). As importantly, article 154 stipulates that the European Commission must consult management and labour on matters pertaining to social policy: if the social partners prefer to deal with the matter through bipartite action, this has priority over the Commission's activity. Jaspers (2012) argues that this provision gives the European social partners the authority to regulate their own activities, when they are in agreement, and that this gives them a kind of legislative power in the European Union.

European social dialogue takes place at cross-industry, sectoral and company levels (Eichhorst et al., 2011, p. 22). Cross-industry social dialogue has resulted in five EFAs (ibid, p. 25). At the sectoral level, social dialogue has been conducted in social dialogue committees since 1998 (ibid, p. 26), and there are currently 43 such sectoral committees (European Commission, n.d.-a). At the company level, social dialogue takes place in

European Works Councils (EWC). The Directive 2009/38/EC of the European Parliament and the Council requires companies with more than 1,000 employees in EU member States and at least 150 employees in each of at least two member States to establish an EWC (EUR-Lex, n.d.). This has resulted in the establishment of 1,124 EWC bodies with 1,080 multinational enterprises (EWC Database, n.d.). Although the Directive does not stipulate that EWCs should be involved in transnational collective bargaining, a number of EWCs are currently signatories of several transnational company agreements (Schömann, 2012, pp. 267-268; Dehnen and Pries, 2014, pp. 335-350). This is the main reason why it has been argued that EWCs are driving the development of EFAs, IFAs and associated forms of cross-border social dialogue (Eichhorst et al., 2011, p. 12; Dehnen and Pries, 2014, pp. 335-350).

## 2.2 International framework agreements

### 2.2.1 Early efforts to enhance the positive outcomes of multinational enterprises

The era of globalization has witnessed the growth and proliferation of multinational enterprises. Since the 1990s, stocks of foreign direct investment have grown from under 10 per cent to 30 per cent of gross domestic product (GDP) in 2010 worldwide, while 80 per cent of trade is now taking place in value chains linked to multinational enterprises (UNCTAD, 2013). At the same time, there has been considerable industrial concentration (ILO, 2013b).

The United Nations began discussing guidance to enhance the positive social and labour effects of the operations and governance of multinational enterprises in the early 1970s, but these deliberations did not lead to an intergovernmental agreement on a UN Code of Conduct for multinational enterprises (Martens, 2014, p. 6). However, the OECD MNE Guidelines and the ILO MNE Declaration, adopted in 1976 and 1977, respectively, can be seen as outcomes of the initial discussions at the United Nations. The MNE Declaration, as it is the case for all ILO instruments, is the outcome of cross-border social dialogue, since it was negotiated and adopted by governments, employers and workers from ILO member States.

These early efforts at the United Nations were given new momentum in 2000 with the establishment of the UN Global Compact with a mandate to promote responsible business practices and UN values among the global business community (UN Global Compact, n.d.). In 2005, Professor John Ruggie was appointed Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises with the mandate to develop a framework to guide business respect for human rights. As a result of his work, the “Protect, Respect, Remedy” Framework and the “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”, which apply equally to all enterprises, regardless of size, ownership or location were endorsed by the Human Rights Council in 2008 and 2011 respectively. The OECD MNE Guidelines were revised in 2011 to add a new chapter in Human Rights and incorporate “due diligence” for enterprises as a way to manage risk associated with their potential negative impacts, and the ILO MNE Declaration, which had been amended in 2000 and 2006, was substantially revised in 2017.

Other responses to the limited capacity of states to enhance the positive social and labour effects of the operations of enterprises followed, including but not limited to: corporate codes of conduct, supplier codes, public-private initiatives, and multi-stakeholder initiatives, and – as from the late 1980s – IFAs (Papadakis, 2011, p. 1; Hadwiger, 2018, p. 38). However, the ILO constituents have stated that an effective labour inspection system is central to ensuring compliance and contributing to a level playing field, and that private compliance initiatives cannot substitute labour inspection, but they can nevertheless complement countries' efforts in increasing compliance.

### **2.2.2 IFAs become part of the toolbox of global industrial relations**

IFAs, or Global Framework Agreements as they are increasingly referred to, are voluntary agreements that are negotiated directly between multinational enterprises and Global Union Federations (Schömann et al., 2008). Comprising general principles, some elements of collective bargaining, dispute prevention and resolution, IFAs can be considered mechanisms to improve global industrial relations (Papadakis, 2011, pp. 2-3). However, global industrial relations are still in a formative stage, as evidenced by the great variety of single-issue campaigns, labour disputes in supply chains, multi-stakeholder initiatives and transnational company agreements (Helfen and Fichter, 2013, p. 555).

While IFAs have become part of the toolbox of global industrial relations and cross-border social dialogue, they differ significantly from social dialogue at the country level in many respects. For instance, the instrument in its current form is not enforceable in the way most national collective bargaining agreements are. It should also be noted that, while some IFAs include national trade unions in addition to the multinational enterprise and the global union federation in question, IFAs do not directly involve national employers' associations. Because of these limitations, IFAs do not replace social dialogue or collective bargaining at the country level. Rather, IFAs have been developed to build capacity and reinforce social dialogue among managers and workers in business enterprises.

### **2.2.3 Growth and development of IFAs**

IFAs have their origin in European industrial relations. They were conceived and are promoted by trade unions as a tool for organizing, and also to some extent for collective bargaining, and to promote fundamental principles and rights at work. The growth of IFAs can hence be viewed as part of the efforts of trade unions to create global networks to match those of large multinational enterprises. The motivations of multinational enterprises to enter into IFAs are listed in Table 2.2 below, and these include that IFAs provide a coherent framework for social dialogue and constructive labour relations. The first IFA was signed in 1988 between the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) and the French company Danone (Papadakis, 2011, p. 3). According to Hadwiger (2018, p. 43), the number of IFAs had increased to 115 in 2016.

IFAs usually apply to all operations of the multinational enterprise and its subsidiaries, and most of the IFAs signed after 2009 also contain provisions to the suppliers of the multinational enterprise (ibid, pp. 42, 46). IFAs are private contracts between the signatories. They are usually not considered to be legally binding. However, their legal status is yet to be tested, and this can give rise to uncertainties (ITC ILO, 2010, p. 19; Eichhorst et al., 2011, pp. 72-75; Hadwiger, 2018, p. 87).

IFAs are in general negotiated on the initiative of trade unions (Schömann et al., 2008). This is usually preceded by trust built at the national level between the signatory parties (Schömann, 2011, p. 29; Rosado Marzán, 2014, p. 748). With the signing of an IFA, the multinational enterprise recognizes that the global union federation will organize and act as a voice for most of the workers in the multinational enterprise and usually also in its subsidiaries. As such, IFAs promote social partnerships across national borders (Papadakis, 2011, p. 3).

However, it should be noted that representation of the signatories can be complicated. Subsidiaries of the multinational enterprise are distinct legal entities, and ties to suppliers and subcontractors, which are also independent companies with their own ownership, governance and social dialogue systems, are governed only by business contracts. On the trade union side, some operations of the multinational enterprise may be unionized by trade unions that are not affiliated to the global union federation in question, while others may not be organized at all (Niforou, 2014, pp. 370-371). Moreover, global union federations do not have authority over their affiliated unions (Helfen and Fichter, 2013, p. 560). Both of these factors can complicate the implementation of IFAs.

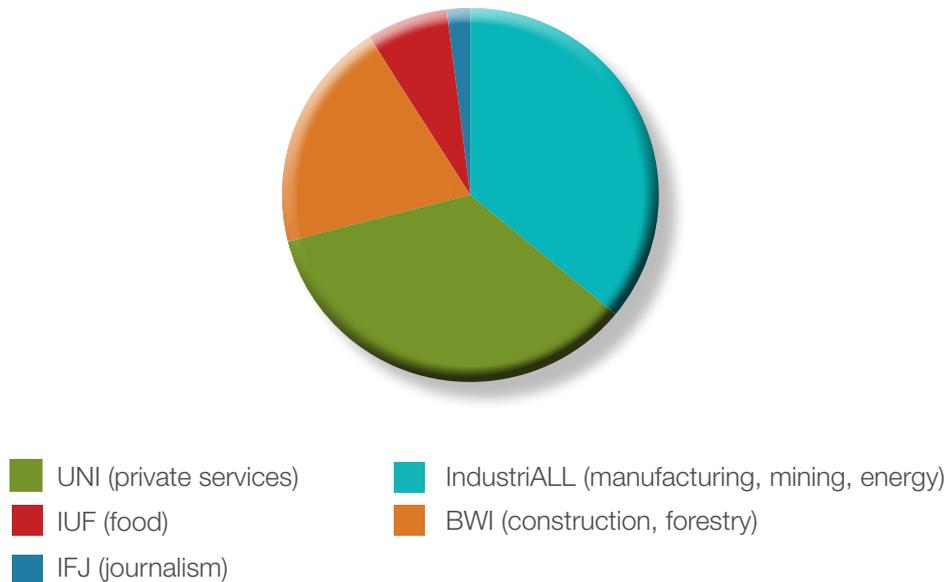
IFAs are still largely a European phenomenon: of the 115 IFAs that Hadwiger includes in his analysis, 94, or 82 per cent, are with multinational enterprises that have their headquarters in Europe. Of these, 63, or 55 per cent, were signed with companies headquartered in Germany (26), France (15), Spain (12) and Sweden (10). At the same time, Hadwiger notes that the multinational enterprises that have entered into IFAs with global union federations are headquartered in 24 different countries, including 10 countries outside Europe, and that recently there has been growth in IFAs signed with multinational enterprises that are based in other regions. Hadwiger also notes that eighty-five per cent of the IFAs are with large companies employing over 10,000 workers with subsidiaries and operations across all regions (Hadwiger, 2018, pp. 47-49). This point was also brought out in a 2010 study on the perceptions, expectations and issues that African trade unions have with IFAs, their relevance to Africa and usefulness in the African context. The study showed that there were 55 multinational enterprises with IFAs out of 74 at that time, which had operations in one or more African countries (Labour Research Service, 2010).

IFAs are concentrated in metal, construction, chemicals, food and service sectors (Schömann et al., 2008; Hadwiger, 2018, pp. 265-271). The maritime sector represents an interesting case in that no IFA has been signed, which is because the entire sector is covered by a collective agreement negotiated between the International Transport Workers' Federation (ITF) and the International Maritime Employers' Committee.

The global union federation that has entered into most IFAs is IndustriALL, with 50 or 43 per cent of all IFAs. Other global union federations that have signed IFAs are UNI Global Union, Building and Wood Workers' International (BWI), the International Federation of Journalists (IFJ), Public Services International (PSI) and IUF (Hadwiger, 2018, pp. 44-51). The exact number of IFAs is, however, subject to interpretation, and the websites of the global union federations give differing numbers.<sup>1</sup>

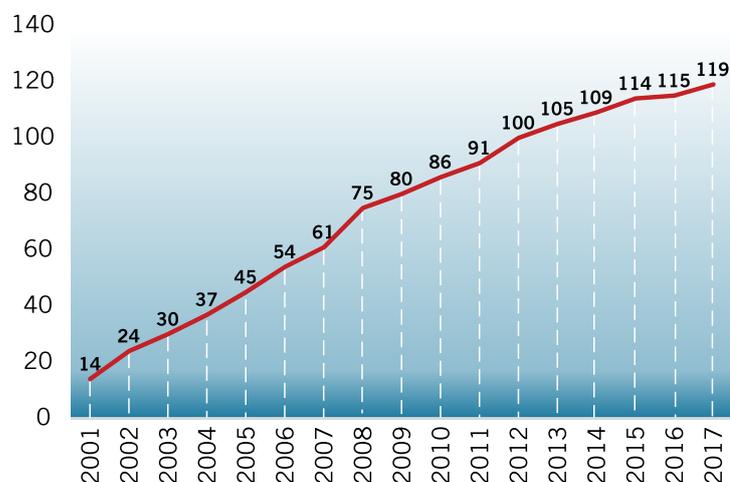
<sup>1</sup> <http://connect.bwint.org/default.asp?Issue=Multinationals&Language=EN>; <http://www.uniglobalunion.org/about-us/global-agreements>; <http://admin.industrial-union.org/issues/confronting-global-capital/global-framework-agreements>; <http://www.iufdocuments.org/ifa/> [all accessed 21 August 2017].

**Figure 2.1 IFA's by Global Union Federation** (Hadwiger, 2018, p. 44)



IFAs build on existing social dialogue mechanisms, and it is increasingly the case that specific cross-border social dialogue structures are established to implement them (Schömann, 2011, pp. 31-32; Davies et al., 2011, pp. 206-210). Of the 59 IFAs concluded between January 2009 and October 2016, 85 per cent establish a standing forum for dialogue between the enterprise and the global union federation (Hadwiger, 2018, p. 83). As a rule, IFAs recognize, emphasize and explicitly refer to the fundamental principles and rights at work which are the subject of the fundamental Conventions of the ILO (ibid, p. 80). However, IFAs are heterogeneous, and their content has evolved over the years (ibid, pp. 71, 263). This point is reflected in the three case studies described in chapters 3 to 5 below, as well as in the comparison table in the concluding chapter of this working paper.

**Figure 2.2 Growth of IFAs** (from Hadwiger, 2018, with new IFAs in 2017 added\*)



\* Not including IFAs renewed or extended during this period

The average number of new IFAs in the first decade of the century were eight agreements per year, compared with 5 per year in the first six years of the second decade (2010-16).

This has been attributed to a number of factors:

- ❑ IFAs have become more comprehensive and as a result can take longer to negotiate;
- ❑ The global union federations can be said to have “raised the bar” and made deliberate attempts to improve the obligations contained in IFAs and harmonize these agreements, as witnessed by the new guidelines for the conclusion and renegotiation of IFAs that IndustriALL Global Union and the Building and Wood Workers have developed, and by the minimum requirements that the UNI Global Union (UNI) expect new IFAs to fulfil;
- ❑ The global union federations have also devoted considerable attention to renewing and upgrading existing IFAs, which in some instances has meant that less resources have been available to negotiate and enter into new agreements with new multinational enterprises;
- ❑ The global union federations that are actively negotiating and signing IFAs cover only a select group of sectors (as indicated in Figure 2.1), and the culture of IFAs has not yet spread to many other industries. The growth rate of IFAs therefore cannot be constant in a context where the sectors themselves are not increasing;
- ❑ Many multinational enterprises have existing company policies, social dialogue systems and supplier codes of conduct, and have already committed to international initiatives or joined multi-stakeholder initiatives, and hence do not see the value-added of an IFA; and
- ❑ The endorsement by the United Nations Human Rights Council in 2011 of the United Nations Guiding Principles on Business and Human Rights have prompted many enterprises to review and reconsider their corporate social responsibility or corporate sustainability strategies to ensure they are aligned with the new United Nations ‘Protect, Respect and Remedy’ framework.

In this regard, it should be noted that the more recent IFAs increasingly refer to other international standards and principles in addition to ILO instruments, such as the UN Guiding Principles on Business and Human Rights, the OECD MNE Guidelines and the Universal Declaration of Human Rights. Compared to the first IFAs, they furthermore detail procedures for implementation, monitoring and dispute resolution. They also increasingly refer to global supply chains, and contain provisions that state that subcontractors and suppliers must comply with the IFA. With this “second generation of IFAs”, the quality of agreements has perhaps become more important than their quantity (Hadwiger, 2018, pp. 67-71, 78, 253; Hadwiger interview, 2017; Rüb and Platzer, 2014, p. 10).

In comparison, the reasons for entering into IFAs have not changed significantly since the first agreement was signed in 1988. The rationale of multinational enterprises and global union federations for entering into IFAs is summarized in Table 2.2, along with some of the concerns that both unions and employers have raised.

**Table 2.2 Main reasons for or against entering into an IFA<sup>2</sup>**

	Multinational enterprises	Global union federations	Both parties
+	<ul style="list-style-type: none"> <li>■ provides a coherent framework for social dialogue and constructive labour relations</li> <li>■ helps in delivering industrial peace</li> <li>■ promotes dialogue and partnership with the different trade unions within the enterprise and helps harmonize relations with them</li> <li>■ helps establish communication channels with workers about issues and opportunities in addition to those identified by social auditors and management itself</li> <li>■ plays a role in preventing and solving crises</li> <li>■ helps managing risks relating to social and labour issues</li> <li>■ improves the reputation of the enterprise</li> <li>■ develops the image of an enterprise as one global entity</li> <li>■ helps boost a company's credibility vis-à-vis shareholders and other investors</li> <li>■ helps an enterprise gain access to public procurement markets</li> </ul>	<ul style="list-style-type: none"> <li>■ formally recognizes social dialogue at a global or regional level</li> <li>■ provides a framework for protecting trade union rights</li> <li>■ helps to spread good social dialogue practices within the company from the home country to other countries, where the multinational enterprise is operating</li> <li>■ provides communication channels with workers at all levels and improves communication between them and the management</li> <li>■ creates a space at the local level for organizing and strengthening unions in the subsidiaries and suppliers of the company</li> <li>■ gives greater legitimacy to global union federations as credible and constructive partners</li> <li>■ makes it easier for affiliates and union members to understand the added value of global union federations</li> </ul>	<ul style="list-style-type: none"> <li>■ raises the competitiveness of the enterprise</li> <li>■ improves social dialogue to solve potential conflicts as early as possible</li> <li>■ reduces social dumping</li> <li>■ provides a transparent and collaborative approach to responsible business conduct and due diligence, in comparison to traditional management-driven codes of conduct and other CSR instruments</li> </ul>

- 2 Based on: Helfen, M.; Fichter, M.: Building Transnational Union Networks across Global Production Networks: Conceptualising a New Arena of Labour-Management Relations, p. 557, in *British Journal of Industrial Relations*, 51:3, September 2013, pp. 553-576; Helfen, M.; Fichter, M.: "Going Local with Global Policies: Implementing International Framework Agreements in Brazil and the United States", p. 92, in Papadakis, K. (ed.): "Shaping Global Industrial Relations: The Impact of International Framework Agreements", International Labour Organization (ILO), Palgrave Macmillan, 2011, pp.85-115; IOE. 2013: "Fact Sheet for Business: International Framework Agreements (IFAs)" at [http://www.ioe-emp.org/no\\_cache/policy-areas/international-industrial-relations/international-industrial-relations-news-details/article/what-business-should-know-about-international-framework-agreements/](http://www.ioe-emp.org/no_cache/policy-areas/international-industrial-relations/international-industrial-relations-news-details/article/what-business-should-know-about-international-framework-agreements/) (accessed 26 August 2017); International Training Centre ILO. 2010. "Key Issues for Management to Consider with Regard to Transnational Company Agreements (TCAs). Lessons Learned from a Series of Workshops with and for Management Representatives." Turin., p. 10; Papadakis, K.: "Adopting International Framework Agreements in the Russian Federation, South Africa and Japan: Management Motivations, p. 77, in Papadakis, K. (ed.): "Shaping Global Industrial Relations: The Impact of International Framework Agreements", International Labour Organization (ILO), Palgrave Macmillan, 2011, pp. 61-81; Papadakis, K. (ed.): "Shaping Global Industrial Relations: The Impact of International Framework Agreements", International Labour Organization (ILO), Palgrave Macmillan, 2011, p. 3; Schömann, I.; Sobczak, A., Voss, E. and Wilke, P. (2008) "International Framework Agreements: New paths to workers' participation in multinational governance?" *Transfer* 14(1): 111-126.

Multinational enterprises	Global union federations	Both parties
<ul style="list-style-type: none"> <li>- <ul style="list-style-type: none"> <li>▪ value added of IFAs compared to existing policies, procedures, commitments or initiatives not clear</li> <li>▪ concerns about creating new commitments in conflict with or that detract from efforts to implement existing commitments</li> <li>▪ concerns about potential conflict with national collective bargaining and national laws on union recognition</li> <li>▪ some enterprises prefer to handle issues in a decentralized manner at the country level and are concerned that an IFA would limit that flexibility</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ so far, it is not clear whether IFAs have significantly increased trade union membership or increased union power</li> </ul>	

In this regard, some employers have raised the concern that IFAs can be seen as creating new levels of regulation in conflict with agreements reached through national collective bargaining or with national laws on union recognition, for example (ITCILO, 2010, p. 11). Provisions of an IFA may also go beyond or even contradict existing codes of conduct of the suppliers of a multinational enterprise. These are issues that would warrant further research. They were not brought out in the desk review that was carried out for this study, but this could be linked to the fact that it is only a limited number of studies on IFAs that have focused on implementation arrangements in practice.

## 2.2.4 The ILO and IFAs

Some IFAs explicitly refer to the ILO, particularly in relation to neutral advice for resolving any issues that may arise during the implementation of the agreements. The IFA between H&M and IndustriALL goes further and stipulates that the agreement should be registered with the ILO (Hadwiger, 2018, p. 240). Furthermore, in some instances, the ILO has witnessed the signing of IFAs at its Headquarters in Geneva, Switzerland, at the request of the parties (IndustriALL, 2017a).

When IFAs were discussed by the Committee on decent work in global supply chains at the International Labour Conference in June 2016, the consensus that emerged was partly captured in paragraph 23 of the Conclusions. As part of a programme of action, which has since been adopted by the Governing Body, the ILO should: “Promote effective national and cross-border social dialogue, thereby respecting the autonomy of the social partners. When social partners decide to negotiate international framework agreements, the ILO could support and facilitate the process, on joint request, and assist in the follow-up process, including monitoring, mediation and dispute settlement where appropriate. Furthermore, the ILO should undertake research on the effectiveness and impact of cross-border social dialogue (ILO, 2016a, p. 6).”

However, the potential and scope for the ILO's involvement in IFAs is a complex matter: first of all, the parties to IFAs – i.e. multinational enterprises and global union federations – are not directly members of the ILO. Secondly, the International Organization of Employers (IOE), which serves as the secretariat of the employers' group in the ILO's Governing Body, considers that IFAs are for the companies concerned to agree upon, and the IOE does not take a formal position for or against IFAs (IOE, 2013). Thirdly, the representative of the workers' group at the 328<sup>th</sup> Session of the ILO Governing Body (November 2016), while acknowledging the importance of cross-border labour relations, including IFAs between social partners, nevertheless did not "see a role for the ILO in developing international framework agreements". According to the workers' group, the ILO should rather collect data and undertake analyses on IFAs (ILO, 2016c, p. 14).

The following three chapters examine the development, main features, effectiveness and impact of three different IFAs – between Carrefour and UNI; H&M, IndustriALL & IF Metall; and Solvay and IndustriALL – in the context of cross-border social dialogue.



Photo: iStockphoto

**The food  
retail sector**

**Chapter3**

# Chapter 3

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## 3. The food retail sector

### 3.1 A snapshot of the food retail sector

As the necessary link between producers of goods and their consumers, retail commerce is one of the most ubiquitous economic activities, and highly heterogeneous. It encompasses a variety of forms (e.g. electronic commerce, multi-channel approaches and open markets), shop sizes and formats (e.g. from small groceries to hypermarkets) and legal structures (e.g. independently owned stores, franchises, integrated groups). The sector also has close links with a multitude of upstream and downstream markets, as global retail supply chains play a vital role in bringing the products demanded by customers to retailers' shelves (ILO, 2015a, p. 3).

Retail commerce is a major contributor to national economies and employment. For example, in the US in 2014, the sector employed 15.36 million people (US Department of Labor, 2015<sup>3</sup>), approximately 47.8 per cent of which were women (US Department of Labor, 2016) or nearly ten per cent of the civilian labour force of 155.92 million (Statista, 2017) and accounted for 16 per cent of GDP in 2012 (National Retail Federation, PwC, 2014). For Germany, the corresponding figures are 3.43 million people, 66.2 per cent of which women, (Ver.di and WABE-Institut, 2015), eight per cent of the average workforce of 42.7 million in 2014 (Statistisches Bundesamt, 2015), and 15.4 per cent of GDP in 2016 (EHI Retail Institute, n.d.).

Although there is considerable diversity in the commerce sector across the world, in food retail there has been a clear trend in recent years towards greater consolidation into larger companies. The globalized industry includes a number of major multinational corporations that have important market positions within their supply chains (Bibby, 2016, pp. 12-14). These buyers, often large supermarket chains located in developed and emerging countries, can determine the required volume and quality of food that is being traded. The global food retail sector is thus usually characterized as being buyer-driven rather than producer-driven (ILO, 2016d, p. 2).

Large food retailers have leveraged their power to maintain efficient production and distribution of high quality food, drive down prices, and meet changing consumer needs. While supply chains can positively impact performance and productivity through enterprise and employment creation, producers who are in a weak market position relative to the global buyers can be impacted by sourcing decisions or changing production requirements (Barrientos, 2001, p. 91).

In food supply chains, the poorest working conditions tend to be found at the level of primary food production. In agriculture, the basis of food supply, there is for example a growing trend towards the use of casual or temporary workers or (temporary) migrant workers, who may face greater decent work deficits and may lack the leverage and organization needed to engage in social dialogue to affect working conditions (ILO, 2015b, p. 3).

A number of leading supermarket chains have declared their intent to promote decent working conditions throughout their operations, as well as among their suppliers, subcontractors and franchisees.

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<sup>3</sup> Note: number of workers excludes wholesale trade employment.

### 3.1.1 IFAs in the food retail sector

Six companies in the food retail sector have signed IFAs with UNI Global Union. These companies include Carrefour SA (IFA signed in 2001, renewed in 2015), Takashimaya Co., Ltd. (2008), Shoprite International Ltd. (2010), Metro Group (2013), Aeon Co., Ltd. (2014) and Auchan Retail (2017). UNI Global Union is the global union federation for services, representing 20 million workers from over 150 countries worldwide.

While half of the IFAs referred to are signed by companies headquartered in Europe, the Japanese retailer group Aeon is the largest in Asia, operating in China and nine countries of the Association of Southeast Asian Nations, ASEAN (Aeon, 2017). Shoprite, headquartered in South Africa, is the largest supermarket retailer in Africa and operates in 15 countries across the continent (Shoprite Holdings Ltd., 2017). None of the six retailers focus on food retail exclusively; hypermarkets, supercentres and superstores are the dominant operational formats.

A comparison between these IFAs in the food retail industry reveals that all six refer to the fundamental principles and rights at work, often including references to the relevant ILO Conventions. Several IFAs also include clauses on working time and occupational safety and health. As discussed in chapter 2, IFAs generally apply to the subsidiaries of the multinational enterprises, although this is not always clearly specified (Hadwiger, 2015a, pp. 28-31). Four out of the six IFAs in the sector refer to suppliers and subcontractors. This is in line with the provision in the ILO MNE Declaration that “MNEs should use their leverage to encourage their business partners to provide effective means of enabling remediation for abuses of internationally recognized human rights” (ILO, 2017b). Box 3.1 below provides examples of such provisions.

#### Box 3.1 Excerpts from IFAs in the food retail sector concerning the scope of the agreements

*“... Takashimaya Co., Ltd. will make efforts to tell the companies that would like to enter into contracts with or provide services to Takashimaya Co., Ltd. the need to adhere to these principles.” Takashimaya - UNI (2008).*

*“Shoprite Checkers will strive, in its dealings with suppliers, to engage with those that share its commitment to the principles of good governance.” Shoprite – UNI (2010).*

*“... any serious failure on their (suppliers’) part to respect the law concerning: the health and safety of employees and fundamental human rights shall lead to the termination of all business relations, subject to any contractual obligations.” Auchan Retail – UNI (2017).*

While the first two examples in Box 3.1 reflect the ambitions of the respective multinational enterprises for their suppliers and/or service providers to adhere to certain principles, the IFAs do not provide further explanation on how implementation is envisaged. In addition, “principles of good governance” as referred to in the IFA between Shoprite and UNI, is an example of terminology that leaves wide room for interpretation, as the principles of good governance have not earlier been defined in the IFA.

In contrast, two out of the six IFAs in the food retail sector contain a firmer and clearer commitment towards promoting decent work in the supply chains of the multinational enterprises in question:

- the first is the IFA between UNI and the French international retail group Auchan, which was signed on 17 March 2017 (Box 3.1). The IFA contains a specific section on relations with suppliers and sub-contractors and includes a clause on potential termination of the contractual relationship. A serious violation of the standards set out in the IFA is seen, in the last instance, as a reason to terminate a business relationship; and
- the second is the IFA between UNI and Carrefour, which is further discussed below.

## 3.2 The IFA between UNI and Carrefour

Carrefour is a French multinational food retail chain that at the time of writing operates 11,935 stores and e-commerce sites in more than 30 countries. The company employs 384,000 people worldwide, including 12,200 people with disabilities. Women – who make up 57.5 per cent of the workforce – account for 39.2 per cent of management (Carrefour, 2017c). As of 2016, Carrefour generated sales of 103.7 billion Euros, 53 per cent of which result from sales outside of France. It focuses its activities on three major markets: Europe, Latin America and Asia (Carrefour, n.d.; Carrefour, 2017a). According to the annual *Global Powers of Retailing 2017* report by Deloitte (2017), drawing upon revenue data from the fiscal year 2015, Carrefour is the 7<sup>th</sup> largest retailer in the world.

Over the last two decades, Carrefour has evolved as an active contributor to sustainable food retail operations. It is striving to continuously enhance its impact on local and global supply chains. For example, over 70 per cent of food products sold in its stores originate from small- and medium-sized enterprises (SME) and national suppliers (Carrefour, 2017a).

In 2001, Carrefour and UNI concluded the first IFA in the retail sector. The one-page document captured the joint intention to monitor the respect of the principles of key ILO Conventions towards industrial peace and social consensus, i.e. the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Workers’ Representatives Convention, 1971 (No. 135). It outlined the company’s inherent respect for the fundamental principles and rights at work as well as the condemnation of child labour, slavery, and forced labour – explicitly stating that the company will include these principles in its requirements for suppliers in the clause’s applicability (Carrefour and UNI, 2001).

In 2015, Carrefour and UNI renewed and significantly updated their commitment to collaboration by signing an 18-page *International Agreement for the Promotion of Social Dialogue and Diversity and Respect for Basic Employee Rights*. The IFA was concluded for a period of three years from 1 October 2015 (Carrefour and UNI, 2015). Most notably, the provisions of the renegotiated IFA on what the company is expected to do with its business partners were extended from suppliers to also include sub-contractors and franchisees. Moreover, the IFA now comprises several new and important aspects, including but not limited to:

- a dispute settlement mechanism was agreed upon;
- a chapter on anti-discrimination and promotion of diversity was included; and
- Carrefour's commitment to gender equality was set out in a joint statement attached to the IFA, which describes how the company aims to foster equal opportunity in recruitment and career development as well as better working conditions for women.

The main motive for renewing the IFA was that a new generation of much more substantial IFAs had emerged in the meantime<sup>4</sup>. The initial agreement between UNI and Carrefour had become outdated, while the working relationship between the parties had developed into something more mature than was possible to reflect in a single-page document.

From the perspective of UNI, the IFA's main added value is to help Carrefour workers around the globe organize in trade unions and to be able to collectively promote their rights at work. For Carrefour, it is considered an opportunity to put into place a harmonized operational framework, thereby facilitating the implementation of fundamental rights, such as freedom of association, in its supply chain, while at the same time representing an acknowledgment of its own social responsibilities. Both signatories agree that the goal is to avoid obstacles to organizing or when operating on the ground, to mitigate risks in relation to compliance with different global labour standards and adaption to social and environmental challenges, such as those faced when entering emerging markets.

### 3.2.1 Scope of application

The agreement applies to all "Carrefour entities", referring "to those companies that have been incorporated into Carrefour Group and which Carrefour controls and manages" (Carrefour and UNI, 2015, p. 3). In addition, Carrefour requires "its main suppliers and sub-contractors to uphold the human rights and the basic rights as set out by the International Labour Organization". This provision also applies to new international franchisees outside the European Union.

The IFA reinforces the application of two pre-existing company policy frameworks regarding suppliers and franchisees: own-brand product suppliers are obligated to sign and comply with the *Carrefour Supplier Charter*; new franchise operators outside the European Union are required to sign the *Carrefour Commitment Charter for the Protection of Human Rights*. With regard to service providers, the IFA states that "CARREFOUR shall select them based on their [...] reliability and reputation, in particular as regards compliance with the labour law and obligations" (Carrefour and UNI, 2015, pp. 10-11).

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4 Cf. chapter 2.2.1.

### 3.2.2 Monitoring and implementation

“Permanent and constructive social dialogue” is defined as the key driver of all endeavours towards the agreement’s success.

Based on this, three recurring fora have been established to monitor the IFA:

1. A large UNI Carrefour Global Alliance meeting is held regularly, usually once a year “to facilitate regular information sharing and create the conditions for discussions on the topics [...] discussed in the agreement” (Carrefour and UNI, 2015, p. 4). The meeting is attended by union representatives from around the world and is therefore particularly valuable in terms of receiving reliable information about operations on the ground.
2. Carrefour and UNI agreed to hold an annual meeting specifically to track and review compliance with the Carrefour Charters (ibid, p. 11).
3. Representatives from both parties are meeting twice a year for smaller implementation meetings “in order to assess the degree of implementation and manage any issue encountered in enforcing the present Agreement” (ibid, p. 12).

As a first step of implementing the renewed agreement, Carrefour has started to train and educate its national managers and franchisees about the provisions and significance of the IFA (Interview 1a) since they were not involved in the negotiations. The focus here is to empower the different partners throughout the supply chains towards local ownership of the responsibility towards the IFA<sup>5</sup>. Carrefour wants to empower, train, inform and sensitize their suppliers so that they can engage in the same conscientiousness vis-à-vis their own suppliers (Interview 2a). The national unions and UNI in turn monitor these developments through their worker members. Both parties acknowledge that the implementation, which inherently encompasses a change of culture, will not be achieved immediately, but rather by continuous measures.

While the main suppliers, subcontractors and franchisees are expected to uphold the fundamental principles and rights at work, the challenge is significant. Carrefour has thousands of suppliers and subcontractors, which constantly change due to inter alia seasonal fluctuations in food supply and demand, and there is no effective monitoring mechanism that covers the whole supply chain. The establishment of an effective mechanism for the enforcement and monitoring of labour principles would require supply chain transparency and additional resources. In this regard, it should be recognized that an effective labour inspection system is central to ensuring compliance and contributing to a level playing field, and that private compliance initiatives cannot substitute labour inspection, but they can, however, complement countries’ efforts in increasing compliance. For the time being, joint activities on the ground prioritize continuous social dialogue and mutual trust building in order to move forward in an inclusive way that involves all relevant stakeholders (Interview 1a).

Carrefour sees UNI’s role in this process as threefold: First, UNI is responsible for dealing with and filing claims from the workers’ side, which arise from the content of the agreement. Second, it encourages other companies to sign IFAs and to acknowledge the importance of fostering good industrial relations. Third, as a mature and serious counterpart to Carrefour, it provides an early alert and controlling function in close partnership with Carrefour in order to prevent risks (Interview 2a).

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5 This is similar to the IFA between H&M and IndustriALL, see chapter 4.2.2.

### 3.2.3 Results achieved so far

The IFA between UNI and Carrefour has complemented the company's corporate social responsibility framework and thereby contributed to promotion of decent work in various countries. One of the most prominent examples with regard to organizing workers was the development of local industrial relations in Colombia, where the IFA has had a lasting impact, although Carrefour sold its operations in 2012 and the environment for trade unions in general had been a challenging one (cf. Box 3.2).

#### Box 3.2 IFA implementation in Colombia

##### **Carrefour: A strong link between the IFA and the development of local labour relations**

"[...] In 2011, workers at Carrefour Colombia formed a new trade union ['La Union'], demanding their rights guaranteed in the global framework agreement. An organizing campaign, which was supported by UNI Global Union and other partner organizations, was developed and carried out by local Carrefour workers. In September 2015, the newly established union counted 7,000 members, which represent 60 percent of the total workforce. Moreover, in about 80 percent of the group's supermarkets workers' representatives were elected. This strong membership base enabled the new union to negotiate two collective bargaining agreements, which included rules on daily remuneration, wage scales, overtime, maternity leave, fair disciplinary measures, trade union leaves and a social dialogue agenda. Before, Colombia used to be the only country where Carrefour had subsidiaries but where no trade union or workers' representatives were present in the group's supermarkets. To establish a new trade union the ILO Convention 135 (Workers' Representatives Convention, 1971), which is not ratified by Colombia, but guaranteed in the global framework agreement with Carrefour, proved most helpful to support workers in Colombia to exert their rights to freedom of association and collective bargaining. In the end of 2012, Carrefour's subsidiaries in Colombia were sold to the Chilean retailer Cencosud. The newly established trade union structures at Carrefour Colombia prevented dismissals and the new owner, Cencosud, decided to comply with the social dialogue structures that had been agreed on with Carrefour. In comparison to other case studies, which analyze the implementation of global framework agreements at subsidiaries and suppliers, the invocation of Carrefour's global framework agreement in Colombia represents a particularly successful example in terms of increasing trade union membership and enabling local unions to negotiate own collective bargaining agreements."

Source: Voss, E.; Hadwiger, F. 2015. *Achieving Decent Work in Global Supply Chains: Lessons learned from Global Framework Agreements*, Draft Policy Paper prepared for ACTRAV, p. 15.

On 29 June 2016, Carrefour acquired 89 stores of the Austrian retail company Billa in Romania (Carrefour, 2017b). The workers of the former non-unionized competitor Billa have been organized by UNI throughout 2017, and according to UNI the process was unproblematic, due to substantial groundwork carried out in the country beforehand as a direct result of the IFA (Interview 1a).

In early 2017, the IFA contributed to a dispute resolution between Carrefour's local management and the Argentinian trade union FAECYS. Against the background of a national strike, including the vast majority of retail competitors such as Walmart, FAECYS criticised the company's local management for presumably offering travel arrangements for workers who wanted to come to work. In accordance with the IFA provisions on settlement of disputes, the complaint was first filed with the local

management, then referred to UNI Global Union, which then turned to Carrefour's Social Relations Department, that solved the problem in consultation with its local management (Interview 1a).

Last but not least, since its initiation in 2001, the IFA has served as the basis of institutionalizing a productive and mutually beneficial working relationship between Carrefour and UNI. It enjoys sustainable support from both parties, which is mirrored by the factor that changes in key personnel at either party has not adversely afflicted the continued implementation or further development of the IFA.

Looking forward, both Carrefour and UNI agree that the IFA's contribution to decent working conditions in the supply chains could be improved by strengthening its application to second- and third-tier suppliers. According to UNI, this would require additional measures. First, the global union federation's resources for monitoring and implementing the IFA would have to be enhanced, including through financial contributions from the industry itself. Second, an independent arbitration mechanism would have to be installed, accompanying a respective amendment to the IFA (Interview 1a). Furthermore, occupational safety and health measures could be expanded (Interview 2a).

### 3.3 Other forms of cross-border social dialogue in the sector

Carrefour and UNI have a rich history of jointly engaging in various levels of social dialogue, including sharing data and information. Most notably, in addition to the IFA, both parties are involved in the Accord on Fire and Building Safety in Bangladesh.<sup>6</sup>

Carrefour established its European Works Council CICE (European Committee for Information and Consultation) in 1996 when the first European Works Council Directive entered into force. The CICE is composed of trade union representatives from six European countries and is regularly attended by UNI (UNI, 2016).

A sectoral social dialogue committee within the EU covers retail and wholesale trade. The members of the committee comprise UNI Europa Commerce and EuroCommerce (European Commission, n.d.-b).

Examples of ILO global sectoral meetings in the food retail industry include the tripartite Global Dialogue Forum on Employment Relationships in Retail Commerce: Their impact on Decent Work and Competitiveness (2015) and the Global Dialogue Forum on the Needs of Older Workers in relation to Changing Work Processes and the Working Environment in Retail Commerce (2011). The International Training Centre of the ILO has also been active in regional social dialogue activities, such as implementing the training programme Promoting capacity building and improving social dialogue in the commerce sector for the organisations in new [EU] Member States and candidate countries (2013-2014) in partnership with the European Union, UNI and EuroCommerce.

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6 Cf. chapter 4.3.

### 3.4 Conclusion

At the signing ceremony of the renewed IFA in 2015, ILO Director-General Guy Ryder concluded:

“ This agreement demonstrates the practical steps Carrefour is taking to apply labour standards and to raise the bar in terms of diversity. It is based squarely on the fundamental rights conventions of the ILO, as well as the Ruggie UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. Workers’ rights must be respected, and with this agreement Carrefour and UNI Global Union are establishing a basis for promoting responsible business throughout the company’s supply chain. ”

(UNI, 2015)

The renewed IFA in 2015 is regarded as a major step forward by both Carrefour and UNI. For Carrefour, the integration of franchise provisions is of paramount importance for the reputation of the multinational enterprise, as customers do not normally differentiate between directly owned and franchised stores. With regard to the IFA’s application to second- and third-tier suppliers, Carrefour and UNI agree that the IFA’s contribution to decent working conditions in global supply chains could be further improved. This would require additional resources for monitoring and implementation, as well as strengthened dispute resolution mechanisms, for example through the instalment of an independent arbitration body.

Overall, Carrefour is engaged in a number of different CSR initiatives, which is reflected in its programmes on tackling waste, preserving biodiversity, supporting its suppliers and supporting its employees. In addition, the company has demonstrated its willingness to cooperate with its competitors to advance decent work, as is the case in its involvement in the Bangladesh Accord or industry-wide fora such as the Social Sustainability Committee of the Consumer Goods Forum. The new “*loi sur le devoir de vigilance des sociétés mères et des entreprises donneuses*” has caused Carrefour and other leading companies in France to strengthen the mapping of risks in their supply chains, to review on a regular basis the situation in their subsidiaries, subcontractors and suppliers, to take appropriate actions to mitigate risks and prevent serious harm, and to monitor and evaluate the measures implemented.

According to UNI, Carrefour’s commitment towards the implementation of the IFA can be observed throughout all corporate levels of Carrefour, which at this point in time is somewhat unique in the food retail sector (Interview 1a). UNI, on the other hand, is valued by Carrefour as a confidential and reliable interlocutor (Interview 2a). Negotiations of a new IFA between Carrefour and UNI will start soon as the current agreement will expire in October 2018 (Interview 2a). Carrefour expects that IFAs will likely remain the central cross-border social dialogue instrument for the foreseeable future (Interview 2a).

UNI’s vision of future cross-border social dialogue is one where individual dialogue platforms with multinational enterprises are consolidated into a “hypermarket alliance”, bringing together all trade unions of the largest hypermarkets such as Auchan, Carrefour, Metro and others. In this way, fast-changing trends in the food retail industry could be met with a more immediate and comprehensive response. The respective multinational enterprises are currently in the process of discussing this new approach with UNI (Interview 1a).



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**The garment  
sector**

# **Chapter 4**

# Chapter 4

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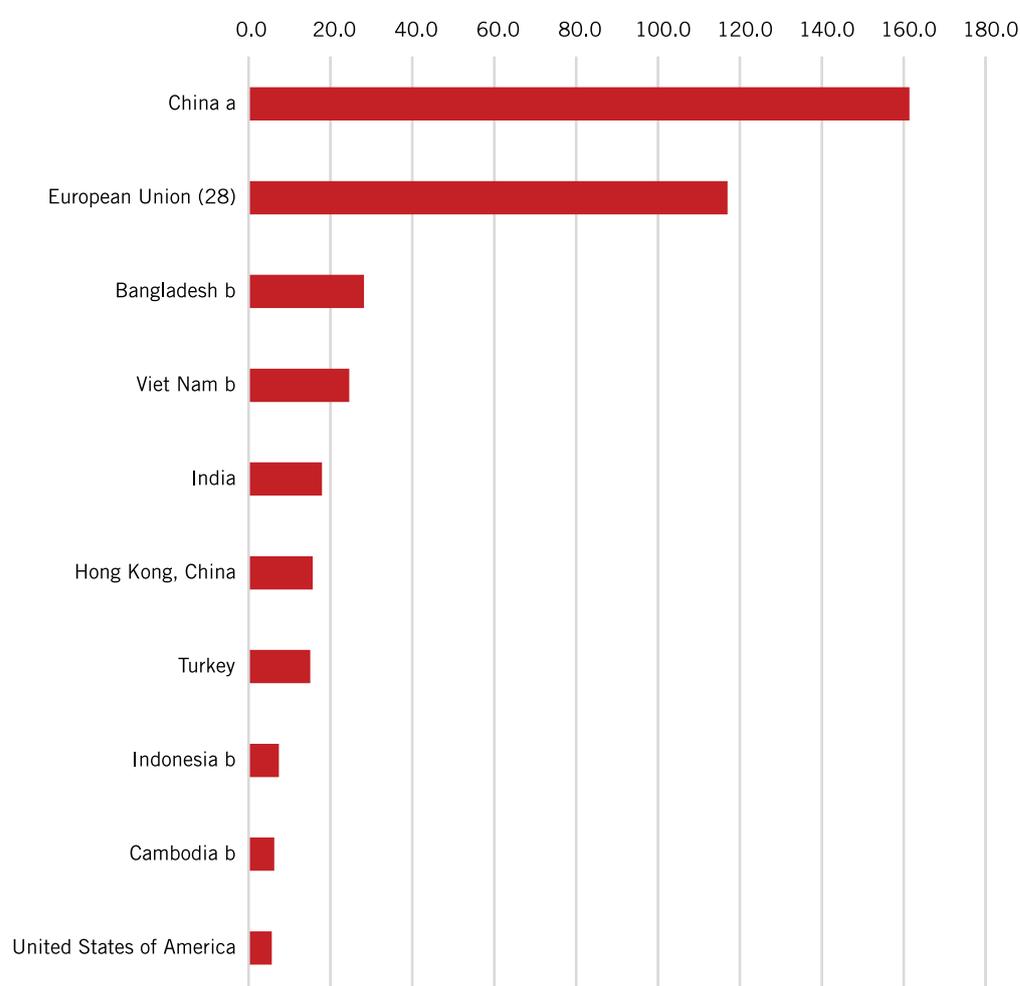
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## 4. The garment sector

### 4.1 A snapshot of the garment sector

Garments and textiles represent about 5 per cent of total manufactured goods exported in the world (WTO, 2017). The countries or regions producing and exporting the most garments are China (36 per cent), followed by the European Union (26 per cent), Bangladesh (6.4 per cent), Viet Nam (5.5 per cent) and India (4 per cent). Garments amounted to more than 86 per cent of all exports for Bangladesh in 2016 (ITC Trade Map).

**Figure 4.1** Top 10 exporters of clothing, 2016 (US\$ billion and annual percentage change, %)



<sup>a</sup> Includes significant shipments through processing zones

<sup>b</sup> Includes WTO Secretariat estimates.

Source: WTO Secretariat (WTO, 2017).

Current production in garment industries is complex to manage, because there are multiple actors of various sizes, in geographically dispersed locations, and production includes numerous steps and activities that must be performed in sequence within a limited time frame (Fernandez-Stark, Frederick and Gereffi, 2011). As competition is high at all levels, brands, buyers and factories tend to seek ways to increase productivity, decrease costs and maintain or improve profit margins through greater flexibility in design, quality, delivery and speed to market. The trend of the sector towards faster and more flexible production and lower prices has accelerated since the end of the Multi-Fibre Arrangement in 2005 (ILO, 2014a, p. 1).

Garments are produced in relatively fragmented supply chains covering developed and developing countries, which are split in high- and low-end production (ILO, 2014a, p. 5). Buyers usually subcontract to small and medium-sized garment factories, the majority of which are located in developing countries, contribute to economic growth, job creation, and poverty reduction (ILO, 2015c). The garment industry is labour-intensive and provides employment opportunities for millions of workers, in particular for women and youth, to enter the formal labour market. Several researchers and international organizations have reported decent work deficits in the garment sector, especially in developing countries further upstream.<sup>7</sup> In such countries, the industry faces poor working conditions, such as long hours and inadequate occupational safety and health standards as well as abusive practices, such as the verbal and sexual harassment of workers (ILO, 2014b, p. 1; Better Work, 2016).

#### **Box 4.1** **Women in the garment sector**

The garment sector is largely comprised of women. On average, nearly 80 per cent of garment workers in developing countries are women (Better Work, 2016, p. 16).

In these countries, working conditions and some industry practices can be particularly challenging for female workers, as most of them are young, have a low level of education, are less experienced and migrate from rural areas (Better Work, 2013; Fontana and Silberman, 2013).

Poor or non-existent maternity protection and various forms of violence against women are still present in the garment industry (Better Work, 2016, p. 22).

Many of the top 20 producers in the world, such as Bangladesh, Viet Nam, India, Pakistan, Cambodia and Sri Lanka, have the lowest minimum wages in the industry, although wages in China have risen steadily in recent years (ILO, 2014a, p. 15).

Major issues also persist in relation to excessive working hours and the provision of adequate rest and recuperation periods, including weekly rest and paid annual leave. To deal with fluctuations in demand, shorter lead times, falling prices and increased competition, many suppliers try to minimize costs by keeping a smaller group of higher skilled workers as regular employees (Barrientos, Gereffi and Rossi, 2011). In peak periods, they work excessive overtime with the help of temporary contract workers and subcontracted workers (Anner, Bair and Blasi, 2013).

<sup>7</sup> In July 2017, the ILO organized the 5th Conference of the Regulating for Decent Work Network, where the global research community prominently discussed various aspects of decent work in the garment sector.

The tragedy of the Rana Plaza building collapse that cost 1,134 women and men their lives brought worldwide attention to the urgent need to address workplace safety and to improve working conditions and occupational safety and health in the sector.

In the past few decades, social dialogue has played a key role in transforming the industry profoundly by addressing accelerating globalization, shifting employment patterns, increased insecurity and ongoing financial pressures (ILO, 2014a, p. 28). Multinational enterprises have expanded the scope of voluntary initiatives to monitor compliance with supplier code of conduct requirements and established laws. Multi-stakeholder initiatives have become more and more common in recent years. These involve multinational enterprises, consumer groups, workers' organizations, campaign groups, academia and other actors, and in some cases multilateral organizations, including but not limited to the European Union, the International Finance Corporation, the ILO, the International Trade Centre, the Organisation for Economic Co-operation and Development (OECD), and the United Nations Industrial Development Organization (ILO, 2014a, p. 27).

The increasing number of labour disputes in several garment-producing countries reflect the need for an effective labour inspection system, which is central to ensuring compliance and contributing to a level playing field. Private compliance initiatives cannot substitute labour inspection; they can, however, complement governments' efforts in increasing governance and compliance. More mature industrial relations and social dialogue between the social partners is also needed (ILO, 2014a, p. 28). In this regard, many multinational enterprises have proactively explored more effective forms of cooperation, moving from codes of conduct and auditing of compliance to more aspiratory and development-oriented approaches, with a focus on building the capacity of suppliers and improving labour conditions in the medium to long term (ILO, 2014a, p. 27).

Labour unrest in the garment industry in several countries is usually associated with issues of freedom of association, collective bargaining and working conditions, the latter including but not limited to wages, benefits and hours of work (ILO, 2014a, pp. 29-30). Collective bargaining in the garment industry varies greatly between regions and countries, which reflects the fact that it is up to the relevant constituents and to the national legislation in each country to determine for themselves at what level they prefer to bargain.<sup>8</sup> While it is relatively well established in Europe, where trade unions and employers participate actively in the process (Eurofound, 2013b), collective bargaining in other regions presents a different picture. For instance, where it exists, decentralized or enterprise-level collective bargaining is the most common approach in East Asia (ILO, 2014a, p. 30; Yoon, 2009).

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<sup>8</sup> For more country-specific information, please see the issues paper prepared for the ILO Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries, 2014.

### 4.1.1 IFAs in the garment sector

To this day, a total number of five IFAs have been signed between major garment brands and IndustriALL Global Union, and in two cases with sectorial trade unions in the home country of the multinational enterprise. These brands and retailers include H&M (IFA signed with UNI in 2004<sup>9</sup>, IFA signed with IndustriALL and IF Metall in 2015, and permanent arrangement signed in 2016), Inditex (IFA signed with IndustriALL in 2007, IFA signed with UNI in 2009, IFA with IndustriALL renewed in 2014, and expanded in 2016), Mizuno (2011), Tchibo (2016), and ASOS (2017).

Four out of five of these IFAs were signed by brands and retailers based in Europe. The Japanese sportswear group, Mizuno, signed the only non-European agreement together with ITGLWF (now IndustriALL), UI ZENSEN (now UA ZENSEN), and Mizuno's workers' union (2011). These five brands and retailers do not focus exclusively on the production and sale of garments but offer a range of products, including footwear, accessories, gifts, beauty products, home textiles, and other goods.

A comparison of the five IFAs in the sector shows that all of them refer to the fundamental ILO Conventions. The majority of the agreements go beyond ILO Fundamental Principles and Rights at Work and include references to ILO Conventions and Recommendations with regard to minimum wages, working hours, disabilities, occupational safety and health, and benefits such as maternity leave.

The IFAs signed by ASOS, H&M, Inditex, and Tchibo include provisions that commit the multinational enterprise in question to work on these issues with its suppliers and subcontractors. In this regard, the four IFAs stipulate that the multinational enterprises should be informed in a timely manner in case any of the provisions of the IFAs are breached by any of the suppliers or subcontractors, with a view to developing a corresponding remediation action plan. No information is provided on the possible termination of business transactions with suppliers and subcontractors in case of violation.

In order to implement the provisions set out in the IFAs, all five multinational enterprises have identified cooperation and collaboration in various forms as crucial for the development of "(...) an enabling environment for freedom of association and collective bargaining" (ASOS and IndustriALL, 2017). In the respective agreements, the cooperation between the multinational enterprise and the global union federation mainly refers to the development and implementation of joint training programmes, policies and programmes on labour issues, and annual meetings to review the application of the agreement at factory and national levels.

## 4.2 The IFA between H&M, IndustriALL and IF Metall

In November 2015, H&M signed an IFA with IndustriALL and IF Metall, which includes provisions on what the company should do to work with its suppliers. As it had been confronted with an increasing number of work-related issues in its supply chain, in particular in some countries in Asia, the H&M Group decided to transform its business strategy and expand its corporate social responsibility to include measures in relation to the workforce in its supplier factories that are not in an exclusive business relationship with H&M (Interview 3a).

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<sup>9</sup> The IFA signed in 2004 with UNI Global Union covers retail and administrative employees within H&M workplaces (H&M and UNI, 2004).

H&M Group is a multinational design and fashion company, founded in Sweden in 1947, and has eight independent brands: H&M, H&M Home, COS, Monki, Weekday, & Other Stories, Cheap Monday, and ARKET (H&M, 2017a). The H&M Group operates approximately 4,400 stores in 64 markets worldwide, with e-commerce in 35 markets, and employs 161,000 people worldwide (H&M, 2016a, pp. 4-5). In 2016, its total sales amounted to SEK 223 billion (USD 33.5 billion), with a profit of SEK 18.6 billion (USD 2.1 billion) (H&M, 2017a). H&M's highest sales are in Europe, followed by North America and Asia (H&M, 2016b). It does not have its own production facilities, but purchases their garments and other products from suppliers and subcontractors (H&M, 2017b). According to H&M's Sustainability Report 2016, about 1.6 million garment workers are employed by suppliers to H&M. Women account for 65 per cent of the workforce at H&M's suppliers' factories (H&M, 2016a). Workers are employed in 1,826 first-tier factories in 36 countries (H&M, 2016a, p. 4). Almost 75 per cent of H&M's suppliers are located in Southeast Asian countries, while others are distributed throughout Europe, the Middle East and Africa (H&M, 2016a, p. 4).<sup>10</sup>

IndustriALL is the largest sectorial trade union organization representing workers in several industrial sectors, including the textiles, clothing, leather and footwear sector. The global union federation was founded in 2012 and represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors. Industrifacket Metall (IF Metall) is a Swedish trade union that was formed in 2006 through a merger between the Swedish industrial workers union and the Metall workers union. It organizes around 325,000 blue collar workers in metal, chemical, mining, mechanical engineering, textile and garments and several other industry sectors.

The IFA between H&M, IndustriALL and IF Metall was concluded on 3 November 2015, valid for a period of one year. It was sent to the ILO, where the parties have agreed to register the agreement (H&M, IndustriALL, IF Metall, 2015, para. 26). In September 2016, the parties came together again to transform the IFA into a permanent agreement without a fixed end-date. The IFA is based on the parties' shared conviction "(...) that well-structured industrial relations are an essential component of stable and sustainable social relations in production", which enable the productivity of businesses and create "(...) decent work with respect and dignity" (H&M, IndustriALL, IF Metall, 2015, p. 1). H&M is committed to using "(...) all its possible leverage to ensure (...) respect (for) human and trade union rights in the workplace" (H&M, IndustriALL, IF Metall, 2015, p. 1), while IndustriALL and IF Metall's stated goal is to increase trade union capacities, encourage collective bargaining agreements, and to ultimately foster well-functioning industrial relations (H&M, IndustriALL, IF Metall, 2015, p. 1).

#### 4.2.1 Scope of application

The agreement includes provisions addressing "(...) all production units where H&M's direct suppliers and their subcontractors produce merchandise/ready made goods sold throughout H&M group's retail operations, and trade unions/worker representatives present at these production units" (H&M, IndustriALL, IF Metall, 2015, p. 1). The agreement also states that "Non-affiliated unions may participate in the implementation of this GFA [IFA] by mutual agreement with IndustriALL" (H&M, IndustriALL, IF Metall, 2015, p. 1). The agreement includes provisions addressing all workers at H&M suppliers' factories even if they produce garments for other brands

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<sup>10</sup> H&M publishes a list of first-tier suppliers and a limited list of second-tier suppliers, which are involved in 50 per cent of their production, including fabric and yarn mills (H&M, 2017c).

(Interview 1b). Consequently, the IFA contains provisions that could impact more than the 1.6 million workers within H&M's supply chains.

According to the IFA, H&M's suppliers and subcontractors are expected to respect the principles of international labour standards, and includes a list of 31 ILO Conventions and Recommendations covering fundamental principles and rights at work, working conditions (wages and benefits; working hours and part-time work; occupational safety and health) and employment policy. The agreement also refers to the respect for other international principles and frameworks, such as the Universal Declaration of Human Rights, the UN Conventions on the Right of Child, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO MNE Declaration and the OECD MNE Guidelines.

#### 4.2.2 Monitoring and implementation

The Swedish design and fashion company together with the global and local trade unions concur that cooperation and supervision are the maxims of action for the effective implementation of the agreement. Accordingly, a comprehensive structure has been developed to ensure the monitoring and implementation of the IFA at global, national and factory level.

- ❑ The IFA states that management and workers' representatives should cooperate and negotiate at the workplace (H&M, IndustriALL, IF Metall, 2015, para. 9). However, it does not provide further detail or information about implementation at factory level.
- ❑ At the country level, the National Monitoring Committee (NMC) is the mechanism for implementing the IFA by setting up long term and short term goals and strategies to build trust and by providing and facilitating peaceful conflict resolution between the relevant social partners (employers' and workers' representatives). The NMC consists of representatives of H&M, IndustriALL representatives and national IndustriALL-affiliated trade unions representatives (Interviews 1b and 4a). The members of the NMC work directly with trade unions and workers' representatives at H&M's suppliers and their subcontractors. Non-affiliated unions can participate in the IFA by mutual agreement with IndustriALL. At this stage, employers' associations are not involved in the NMC. The committee is intended to provide members with the opportunity to meet regularly to discuss issues and conflicts arising, and to work together at the local and workplace level. The NMC's are requested to report annually to the Joint Industrial Relations Development Committee (JIRDC) (H&M, IndustriALL, IF Metall, 2015, para. 5; Interview 1b).
- ❑ At the global level, the JIRDC has been established. This committee consists of representatives from each signatory party, including the CEO of H&M, the General Secretary of IndustriALL and the President of IF Metall. The JIRDC meets annually and is responsible for overseeing the implementation of the IFA at a global level, exploring opportunities for joint cooperation initiatives to promote industrial relations, and, where appropriate, provide advice to the NMCs at the national level (H&M, IndustriALL, IF Metall, 2015, para. 6-8).

As set out in the IFA, this comprehensive structure is intended to facilitate the settlement of disputes involving H&M or any of its suppliers and subcontractors (H&M, IndustriALL, IF Metall, 2015, para. 9-14). It reflects the aim of H&M, IndustriALL and IF Metall to strengthen the capacity and ownership of employers and workers at the national and the local level to resolve disputes and implement the provisions of the IFA (Interviews 2b, 3a and 4a). For H&M, the NMC is not a grievance mechanism for

workers, but a platform to support workers in the development of mature industrial relations and the resolution of disputes with the management at the workplace level (Interview 3a). In severe cases, where no solution can be found, the NMC can request support and guidance from the JIRDC's (H&M, IndustriALL, IF Metall, 2015, para. 9-14).

To ensure effective implementation, all parties recognize the need to raise awareness and strengthen the capacity of national and local stakeholders to negotiate and resolve disputes. H&M performs its role in assessing the capacities of its suppliers and subcontractors and, where appropriate, providing training on the responsibilities of employers, including but not limited to training on workers' rights and obligations, industrial relations, collective bargaining and peaceful conflict resolution. IndustriALL and IF Metall are responsible for evaluating the capacities of their member organizations and, if necessary, building or strengthening the capacity of workers' representatives at H&M's suppliers and subcontractors in several fields (H&M, IndustriALL, IF Metall, 2015, para. 22-25; Interview 1b).<sup>11</sup>

To date, NMCs have been set up in five countries: Bangladesh, Cambodia, Indonesia, Myanmar and Turkey – most of which are H&M's key sourcing countries (H&M, 2016a; Interview 3a). During the first in-depth training, H&M, IndustriALL, and IF Metall informed the NMC members about the concept of social dialogue to establish stable and sustainable industrial relations, peaceful conflict resolution and collective bargaining agreements. Subsequently, the parties assisted the NMCs in determining short-term and long-term goals for the implementation of the IFA at H&M's suppliers and subcontractors.<sup>12</sup> These short-term goals included, for instance, raising awareness about the IFA among the employers' association in Bangladesh, mutual trust-building between trade unions and employers in Turkey, and enhancing the awareness of trade unions in Myanmar about national labour legislation (Interview 1b). With regard to the strengthening of the awareness of management and suppliers about freedom of association and the role of worker's representatives, seminars were provided for instance to representatives of H&M, Inditex, Tchibo and 81 suppliers that they commonly source garments from to efficiently use resources and strengthen the cooperation in Turkey (Interview 1b).

At this stage of implementation, the signatories acknowledged that it will take more time to achieve a change in mind-set and build industrial relations (Interview 1b). Thus, H&M, IndustriALL, and IF Metall have decided to increase their efforts to raise awareness and build trust among the stakeholders at the first place (Interviews 1b, 2b and 3a). Similar to the case study concerning Carrefour and UNI in Chapter 3, the objective is to create an enabling environment with joint activities on the ground and an ongoing social dialogue to build mutual trust to advance decent work with all relevant stakeholders in the sector (Interviews 2b, 3a, 5 and 6).

In this regard, the IFA is considered a living and breathing document, which evolves over time and needs to be adjusted in accordance with the context (Interview 1b), and is therefore subject to technical and structural changes.

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11 For further information, please see Annex 1 on the content of H&M's IFA with IndustriALL and IF Metall.

12 The five NMCs met on 1-2 October 2017 in Bangkok, Thailand, where the Committees presented their 2017 annual country report to the JIRDC and exchange knowledge and experience (IndustriALL, 2017b).

### 4.2.3 Results achieved so far

The results that the IFA between H&M, IndustriALL and IF Metall has contributed to so far include conflict resolution and collective bargaining in different countries, as described below. According to those interviewed for this working paper, most of the urgent issues that are brought up and addressed as part of the IFA are related to freedom of association and collective bargaining, as well as to working conditions, such as wages, working hours, occupational safety and health and social security (maternity protection and other benefits).

One of the most prominent examples of how the IFA has helped settle disputes is from Bangladesh (Box 4.2). The case reflects how the implementation modalities set out in the IFA facilitated the collaboration and close dialogue with local trade union representatives as well as with other brands to settle the dispute in question.

#### **Box 4.2** **The IFA's impact in Bangladesh**

##### **H&M and the Ashulia strikes in Bangladesh**

In December 2016, labour unrests and protests occurred in Ashulia, a suburb of Dhaka, after the workers in garment factories demanded an increase in wages. More than 1,600 workers were illegally dismissed, of whom more than 800 worked in H&M's supplier factories (Interview 5). Out of the eight factories involved in the dispute, six were producing garments for H&M and their suppliers filed cases against the workers and trade union leaders.

Along with 20 other brands, H&M sent a joint letter to the Prime Minister of Bangladesh, calling to protect the rights of workers and take measures to improve industrial relations.

In January 2017, during the ongoing protests, the IFA's provision to promote collective bargaining supported the Somnilito Garments Sramik Federation (SGSF) – an affiliate of IndustriALL – in the negotiation of two collective agreements with ready-made garment manufacturers and H&M's suppliers in Ashulia.<sup>13</sup>

In February 2017, the Tripartite Consultation Committee was formed including the Ministry of Labour, the BGMEA and representatives of IndustriALL Bangladesh Council. The Committee reached an agreement on the release of the arrested trade unionists and garment workers, as well as a plan of action to settle the crisis. The NMC was responsible for the implementation of the agreement. It convened a meeting with workers' representatives from factories making garments for H&M (Interview 5). Together with H&M, the NMC called on the management of the six suppliers to reinstate all dismissed workers, withdraw the legal cases and set up a long-term action plan, including training on industrial relations, freedom of association and other related rights. H&M considered that the transactions with the respective suppliers would be terminated if the requirements were not met within a short period of time (Interview 3a).

As a result, of the 1,074 workers that had been made redundant in the six factories, 984 (92 per cent) received termination benefits, while two workers were reinstated and a further 11 workers applied for a re-deployment. The other 76 workers have been given the right to collect their severance payment from the factories. The Tripartite Consultation Committee is still engaged in discussions to resolve two more cases of factories involved in the strikes and negotiations on higher wages in the industry (Interviews 1b and 5).

<sup>13</sup> The joint letter to the Government of Bangladesh can be accessed online at <http://www.fta-intl.org/sites/default/files/Letter%20to%20Prime%20Minister.pdf>.

In Myanmar, a lack of communication between workers and factory management resulted in a case where a local union alleged that a supplier factory in Yangon had breached the IFA's provisions and H&M's supplier code of conduct concerning freedom of association and collective bargaining. The local union asked the NMC for assistance, whereupon H&M's sustainability offices in Yangon and Sweden tried to engage the parties in a dialogue. The dialogue and cooperation that followed between H&M, IndustriALL and the local trade union led to the signature of a collective bargaining agreement with the supplier factory in which trade union rights were recognized (Interview 3a; McGregor, 2016; IndustriALL, 2016).

In November 2015, in Pakistan, 88 workers were dismissed when they were negotiating collectively on issues such as a lack of social security, insurance, salaries below the minimum wage, and late payments. Since H&M, IndustriALL, and IF Metall had recently signed the IFA, the local trade union asked the parties for their support. At that time, there was no operational NMC in Pakistan, so the local union reached out to the parties of the IFA directly. Through joint negotiations with IndustriALL's affiliate in Pakistan and management in the supplier factory, the workers were reinstated and received the payment of their salaries (IndustriALL, 2016).

In two other instances, in factories where the H&M had not placed a large amount of orders, the NMC did not have enough leverage to resolve the disputes regarding the dismissal of union members. In the case of Cambodia, the conflict was solved through collaboration with another buyer company (Interviews 2b and 3a).

### **4.3 Other cross-border social dialogue mechanisms in the sector**

The EU established a sectorial social dialogue committee that covers the manufacture and production of textiles and clothing in 1999. The members of the committee include IndustriALL European Trade Union and the European Apparel and Textile Confederation (European Commission, n.d.-c). H&M already established a European Works Council (EWC) in 1997, which covers H&M employees in retail commerce (EWC Database), and which can be said to be a predecessor to the above-mentioned IFA that it signed with UNI in 2004.

H&M was the first major brand to sign the Accord on Fire and Building Safety in Bangladesh, commonly known as "the Accord", on 13 May 2013. It is a legally-binding agreement between global brands, retailers, and trade unions that aims at implementing reasonable health and safety measures to ensure a safe and sustainable ready-made garment industry in Bangladesh. So far, more than 200 international companies have signed the Accord, covering over two million workers and 1,700 factories. H&M sits on the Accord's steering committee and is working closely with other companies, IndustriALL, UNI Global Union, Bangladeshi trade unions and enterprises, trade unions, employer organizations, and the government of Bangladesh (ILO, 2014a, p. 33). The Accord has been extended and will continue in 2018 (Oldenziel, 2017).

H&M and IndustriALL are also members of Action, Collaboration, Transformation (ACT), an initiative led by international brands, retailers and trade unions to address the issue of living wages in garment supply chains (IndustriALL, 2015). ACT aims to improve wages in the garment industry by establishing industry-wide collective bargaining and by fostering responsible purchasing practices. The aim of this initiative is to establish fair labour conditions and living wages for the whole garment industry (Holdcroft, 2015).

At the ILO, governments, employers and workers have met to discuss issues in the textile and garment industry since 1937. In 2005, a Tripartite Meeting on Promoting Fair Globalization in Textiles and Clothing in a Post-Multi Fibre Agreement Environment was organized, and, more recently, a Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries was held in 2014. The meeting adopted specific recommendations for future actions in the sector that were used by tripartite constituents to inform their respective actions with respect to wages, working hours, skills, and other related areas. They also served as a reference for the implementation of several ILO projects aimed at improving working conditions in the sector.

The ILO-IFC Better Work Programme is active in 1,450 factories employing more than 1.9 million workers in eight countries. Its advisory committee includes representatives from donor governments, IndustriALL, the United States Council for International Business, the International Organisation of Employers and the International Trade Union Confederation, and can thus be said to constitute cross-border social dialogue. In addition, the ILO implements a number of programmes and projects that from time to time bring together representatives from governments, employers and workers' organizations in cross-border social dialogue.

## 4.4 Conclusion

In the garment sector, cross-border social dialogue varies greatly between regions and countries. H&M, IndustriALL, and IF Metall have committed themselves to developing well-structured industrial relations to promote freedom of association, foster social dialogue, negotiate collective bargaining agreements, and to solve conflicts in a peaceful manner.

Since the first agreements in the garment industry were signed ten years ago, the IFAs have become far more comprehensive in terms of coverage and implementation mechanisms. Since the renewal of the IFA in November 2015 and the entry into force of a permanent agreement in September 2016, NMCs have been established in five important garment exporting countries so far, where they focus on a selected set of short-term and long-term goals with regard to the promotion of decent work. The establishment of NMCs, and of the JIRDC, constitutes an inclusive approach that brings together and enhances the capacity of stakeholders by involving factories, firm-level worker representatives, national trade unions, and other relevant stakeholders in the garment sector. NMCs have proven to be particularly important vehicles for implementing IFAs, since they have been able to adapt their work to the local context, to respond immediately to emerging issues, and to engage and commit relevant stakeholders in the resolution of disputes.

The results achieved so far reflect how the IFA between H&M, IndustriALL, and IF Metall, together with other voluntary cross-border social dialogue initiatives, can

in some instances contribute to a better implementation of the commitment of the parties to strengthening industrial relations in the garment sector. The innovative implementation strategy seems to have the potential to foster more mature industrial relations, and social dialogue to address decent work deficits, particularly when coupled with proactive collaboration with all relevant partners on the ground and other global brands in the garment industry. From the outset, local NMCs have facilitated the identification of specific challenges at country level. In addition, the IFA has helped strengthen cooperation with Inditex and Tchibo, as well as with other global brands and buyers who have not yet signed IFAs, encouraging a closer coordination of their actions.

The IFA reviewed here thus provides a framework for cooperation, and creates an environment conducive to finding solutions and to solving conflicts in a mature manner at global, national and local levels. In order to achieve its full potential, what in the first place is considered crucial is to raise awareness, and to further strengthen the capacity of all key stakeholders to build respect and trust between suppliers, top management, and workers in the garment sector. Sustained efforts are needed to step up this capacity building, and to strengthen fragile working relationships, in order to develop a well-functioning and stable social dialogue. Increased collaboration between leading garment brands may further help to avoid duplication of efforts, foster joint actions, and increase their joint leverage with regard to improving compliance with national law, and respecting the principles of international labour standards in the sector.

NMCs have, however, hitherto focused mainly on strengthening fundamental principles of freedom of association and collective bargaining at country and workplace level, by engaging national stakeholders, and in coordination with other initiatives. So far, they have primarily developed a more proactive and broad agenda. It will be interesting to see how the work of the NMCs will evolve over time to expand to other areas of work (occupational safety and health, maternity protection, etc.) and to further strengthen monitoring of the enforcement of the IFA's labour conditions in companies in H&M's upstream supply chains. Fully reaching upstream suppliers, contractors and subcontractors may not only require an expansion of NMCs into other countries, but also strengthened labour inspection systems, which are central to ensuring compliance and thus contributing to a level playing field. As mentioned above, since private compliance initiatives cannot be a substitute for labour inspection, although they may complement countries' efforts to increase compliance.

Needless to say, the IFA is not intended to solve all problems in the garment industry, or to replace national regulatory frameworks and labour market institutions. It is one of many cross-border social dialogue instruments in the sector. Compared to IFAs in other sectors, the IFA between H&M, IndustriALL and IF Metall has been successful in establishing innovative implementation modalities at the national level. This may help pave the way for sound and effective industrial relations and contribute to a more integrated approach in the future.





Photo: iStockphoto

**The chemical  
industry**

# **Chapter 5**

# Chapter 5

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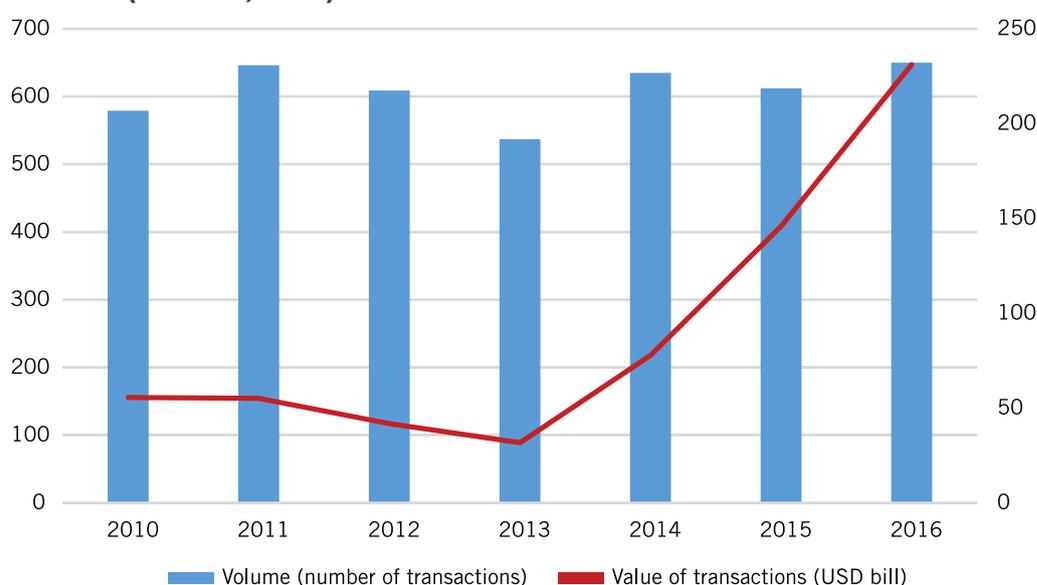
## 5. The chemical industry

### 5.1 A snapshot of the chemical industry

The chemical industry is one of the biggest manufacturing industries in the world and of strategic importance to the sustainable development of national economies. It underpins virtually all sectors of the economy and accounts for 14.1 per cent of total world exports (ITC Trade Map). According to the United Nations Industrial Development Organization (UNIDO), the number of employed in the manufacture of chemicals and chemical products (ISIC 24) in 54 countries<sup>14</sup> in 2015 was 6.3 million people (UNIDO, 2017a). The female to male employee rate in basic chemicals production (ISIC 241) was about 31.4 per cent in 2014 in seven countries<sup>15</sup> (UNIDO, 2017b).

The chemical industry has in recent years experienced a number of mergers and acquisitions. These include: Bayer Corporation's US\$66 billion acquisition of Monsanto; China National Chemical Company's (ChemChina) US\$43 billion acquisition of Syngenta AG; the US\$22 billion merger of equals between Agrium and Potash Corporation; and Mosaic Company's acquisition of Vale Fertilizantes for US\$2.5 billion. Private equity firms are more active than ever, as illustrated by the Carlyle Group's US\$3.2 billion acquisition of Atotech and Blackstone's acquisition of Solvay's acetate filter tow business. Between 2010 and 2016, the number of mergers and acquisitions remained flat, but the value of annual transaction increased five-fold to more than US\$200 billion in 2016 (Deloitte, 2016) (Figure 5.1).

**Figure 5.1 Global chemical merger and acquisition activity, 2010-2016 (Deloitte, 2016)**



14 Albania, Australia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Colombia, Croatia, Cyprus, Czechia, Denmark, Ecuador, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Jordan, Kenya, Latvia, Lithuania, Malaysia, Mauritius, Netherlands, New Zealand, Norway, Oman, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and United States of America.

15 Albania, Belarus, Botswana, Taiwan-China, Eritrea, Georgia and Kuwait.

The potential hazards that chemicals can cause at some stages of their production, use and transportation have led to a strong preventative safety and health culture and a growing environmental awareness, particularly driven by multinational enterprises and industry associations (Hadwiger, 2015b).

The majority of chemical products are supplied to the construction sector and other manufacturing sectors, including the automotive and electronics industries. Small- and medium-sized enterprises (SMEs) dominate the industry: for example, in France, Portugal and Slovakia more than 90 per cent of all chemical firms are SMEs (CEFIC, 2017). As noted by the International Labour Conference in June 2015, “[SMEs] are vital to achieving decent and productive work and prosperity. Globally, they account for two-thirds of all jobs and also create the majority of new jobs. They contribute to economic growth, along with other enterprises, spur innovation and economic diversification, and provide livelihoods” (ILO, 2015c).

At the same time, decent work deficits continue to exist in the highly globalized chemical sector, largely as a result of governance failures at all levels. This is particularly the case among SMEs with limited resources and market power, and in countries with weak institutional arrangements and capacity for effective social dialogue and for enforcing compliance with laws and regulations. Although working conditions, including occupational safety and health have generally improved in the chemical industry, there are risk gaps between large and small and micro companies, and especially between employees on the one hand, and contract and agency workers on the other.

Contract workers account for a large percentage of the workforce in some countries. For example, contract labour accounted for 48 per cent of the Brazilian chemical industry workforce in 2009. Many workers hired through employment agencies in the Chinese chemical industry do not receive the same benefits as permanent workers, even if they have been working on a contract basis for long periods (Zeng et al., 2012). Such contract workers tend to have less job security and fewer opportunities for training and career development.

### **5.1.1 IFAs and the chemical industry**

The agreement between Solvay and IndustriALL is currently the only IFA in the chemical sector. It is more comprehensive than the IFA that previously was in force in the chemical industry (e.g. between Evonik (formerly RAG) and IG BCE, a German mining, chemical and energy trade union, and International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM, now IndustriALL, signed in 2003), in that it includes a conflict resolution mechanism and contains provisions that address how the company will work with its suppliers, contractors and subcontractors.

## **5.2 The IFA between IndustriALL Global Union and Solvay**

Solvay is a multi-specialty chemical company that was founded in 1863 and has its headquarters in Brussels. Its products and solutions are used in a range of products, including aeroplanes, cars, medical devices, batteries, and in mineral and oil extraction. In 2016, the company had about 27,000 employees at 139 industrial sites worldwide. Roughly half of Solvay’s global workforce is in Europe (13,200 employees, 48 per cent of total workforce). The company employs 6,400 in North America; 2,350 in Latin

America; and 5,050 in the Asia and Pacific region and the rest of the world (Solvay, 2016). Women account for some 23 per cent of the workforce at Solvay.

Solvay is involved in several voluntary initiatives. It is a founding member of the "Together for Sustainability" (TfS) Initiative, which was launched with BASF, Bayer, Evonik Industries, Henkel and Lanxess in 2011. The purpose of the initiative is to develop and implement a global programme to assess and improve sustainability practices within chemical industry supply chains with respect to environment, labour and human rights, health and safety, and fair business practices (Together for Sustainability, 2016). Solvay is a signatory of Responsible Care initiative. This prominent initiative is designed to monitor chemical companies' processes regarding workplace safety, transportation, product stewardship and environmental protection and to communicate this information to various stakeholders (ILO, 2015d). Responsible Care also includes an extensive programme on Value Chain Outreach to improve communication among the chemical value chain on how to manage and use chemicals safely throughout their production, transport, use and disposal (ICCA, n.d.). An integral part of Solvay's approach to sustainability is the Solvay Way. The Solvay Way is the company's most important corporate social responsibility approach, aligned with ISO 26000 on social responsibility. It includes an annual assessment of the Solvay Group's entities' practices and progress against clearly defined objectives.

In 1999, Solvay entered into an EFA with the European Works Council (EWC). This agreement has over time been expanded to cover more and more topics, such as restructuring (first agreed in 1999), safety and health at work (first agreed in 2002) and social management in joint ventures (first agreed in 2003) (European Commission, 2012). The EFA was revised in 2008 and 2011 whereby provisions concerning the responsible behaviour by suppliers and subcontractors and a neutrality clause were added.

When Solvay acquired Rhodia in 2011, Rhodia already had an IFA, which it had signed in 2005 and renewed in 2008 and 2011 with ICEM (now IndustriALL). After the acquisition of Rhodia in 2011, Solvay began negotiating an IFA with IndustriALL.<sup>16</sup> The agreement was signed in 2013 and includes preferred provisions from the previous agreements that Solvay and Rhodia had entered into, and builds on experiences and good practices in relation to their implementation. (Hadwiger, 2015b; Blin, 2011). In 2017, the IFA was renewed for five years until 2022.

### 5.2.1 Scope of application

The current agreement was signed on 3 February 2017 and is effective until 2 February 2022. It has a global scope of application and, as mentioned above, it applies to companies over which the Solvay Group has direct leverage and Solvay expects that its contractors, subcontractors and suppliers will comply with the provisions of the Solvay Supplier Code of Conduct, which is included in every purchasing contract. In the event of a merger, acquisition or corporate restructuring of any kind leading to the creation of new entities controlled by Solvay, these new entities will automatically be deemed party to the global agreement.

Solvay currently has business relations with over 45,000 suppliers and subcontractors globally. In order to effectively implement the agreement, the company strategically focuses on 1,000 selected suppliers, accounting for about 90 per cent of overall

<sup>16</sup> IndustriALL was founded in 2012 by a merger of the ICEM, the International Metalworkers' Federation (IMF) and the International Textile, Garment and Leather Workers' Federation (ITGLWF).

supplies (Interview 2c). The IFA stipulates that: “Solvay expects its suppliers, contractors and sub-contractors to comply with the law and with statutory regulations, as well as basic human rights stipulated by international agreements and standards” (Solvay and IndustriALL, 2017). The IFA is shared with all suppliers, contractors and subcontractors with the contract, who are supported and encouraged to adhere to its principles. In order to ensure effective monitoring and implementation of the agreement, the agreement is translated into local languages for the use of staff, contractors and subcontractors. However, the representatives from Solvay acknowledged that not all employees or subcontractors are aware of the IFA and its provisions (Interview 4b).

Solvay’s supplier management system is based on mutual respect and good faith between Solvay and its suppliers. However, the IFA also states that “any serious violation of employee health and safety legislation, environmental protection or basic human rights that is not remedied despite previous warning shall lead to termination of relations with the company concerned in compliance with contractual obligations” (Solvay and IndustriALL, 2017).

The IFA includes references to the fundamental principles and rights at work and the fundamental ILO Conventions as well as to two other ILO Conventions: the Workers with Family Responsibilities Convention, 1981 (No. 156) and the Workers’ Representatives Convention, 1971 (No. 135). In addition, the agreement specifies that the parties to the agreement must be genuine, free and democratic trade unions. The provisions of these standards and relevant decisions or opinions of the ILO supervisory system and mechanism are accorded precedence over local and national laws in case the latter are less favourable.

The renewed IFA signed in 2017 includes a reference to the ILO MNE Declaration, the Universal Declaration of Human Rights, the OECD Guidelines for MNEs, and the UN Guiding Principles on Business and Human Rights and UN Sustainable Development Goals as well as the UN Global Compact which Solvay signed up since 2010.

The IFA places significant emphasis on the principles of ILO Conventions Nos. 87 and 98 on freedom of association and collective bargaining, respectively. Solvay has committed to remaining neutral on certain matters of employee free choice in order to respect its employees’ right to freedom of association. The agreement explicitly states: “Solvay respects the right of its employees for form or join any trade union of their choice. Solvay will remain strictly neutral concerning employee preference to join, remain with, transfer, or abandon their relationship with a trade union of their choice, as part of its culture of respect for free choice of its employees in accordance with ‘Solvay people [and management] model.’” Solvay sees these conventions as central to employee empowerment.

The company has voluntarily committed to take a neutral position with regard to trade union activities: “Solvay will refrain from any unfair communication with its employees to influence their decision on trade union representation and will ensure all communications with its employees are factual and non-hostile toward the trade union seeking organization.”

With respect to anti-union discrimination, the agreement states: “Solvay pledges not to practice any discrimination due to trade union activities either when hiring or when managing employees’ careers. Solvay prohibits any discrimination against employees or their representatives who claim rights stipulated in their agreement or act in accordance with its provisions.”

The IFA promotes stable and secure long-term employment within the Solvay Group. The agreement states: “Solvay favours the direct employment of people under open-ended work contracts.” The agreement further states: “In the event of a restructuring of its activities or any other managerial decision having a major collective impact on employees, Solvay, in compliance with legal requirements and local practices, pledges to inform employees and their representatives as soon as possible and to give priority to efforts likely to minimize the impact on employment and working conditions, with a priority given to other job opportunities inside the Group.” This procedure is in line with the conclusions of the 2011 ILO Tripartite Meeting on Promoting Social Dialogue on Restructuring and its Effects on Employment in the Chemical and Pharmaceutical Industries.

In turn, employees have the responsibility to keep their competencies up-to-date. The agreement stipulates: “Solvay believes that the autonomy and responsibility of each of its employees play a key role in the company’s performance. For that reason, the company encourages internal mobility, both geographic and for career advancement, to increase the employability of its personnel.” In order to foster individual employability, the company provides employees with the capacity to improve opportunities: (i) information about available jobs; (ii) training to prepare them for new occupations and new technologies; and (iii) knowledge and skill development.

As per the agreement, “Solvay undertakes to apply a fair wage policy comparable with good standards in the profession over the conditions of the country concerned.” It also states that Solvay should ensure “[...] that its employees are covered by welfare protection schemes that provide benefits in the event of illness, disability, maternity, paternity, death, or after their retirement”. Solvay is committed to implementing and expanding the “Solvay Cares” program, which extends a minimum level of company social benefits to all its employees worldwide.

### Box 5.1

#### The Solvay Cares program

##### **Solvay Cares: A universal minimum benefits package for all workers worldwide**

As part of the IFA between Solvay and IndustriALL, the agreement on the Solvay Cares program was signed on 22 February 2017 between the Solvay and Solvay Global Forum, the platform for internal social dialogue representing Solvay workers. This program introduces minimum level of company social benefits extending to all workers of the group. It provides four major benefits:

- Full income protection during parental leave with 14 weeks for the mother and one week for the co-parent and for adoption;
- A minimum coverage of 75 per cent of medical fees in case of hospitalization or severe illnesses, topping up public social security;
- Disability insurance in case of lasting incapacity, with two years of salary covered;
- Life insurance with coverage of up to two years of salary for the family or partner.

It will take an estimated two years to fully roll out the program, but maternity, co-parent and adoption leave is implemented as from 1 April 2017. (Solvay, 2017a; Interview 1c; Ben Taleb, n.d.).

With respect to risk management, the agreement emphasizes that the company will take preventative action with regard to known and identified risks, using a precautionary approach. However, in this regard the agreement is silent on ILO instruments concerning occupational safety and health.

### 5.2.2 Monitoring and implementation

The agreement is monitored by the parties concerned on an on-going basis, but the key mechanism to assess progress is the Global Panel. This panel is composed of three representatives from the Solvay Group, two representatives from IndustriALL's central body, and one representative per geographical region selected by IndustriALL. It meets once a year at a place which the parties choose. Solvay pays for the meeting of the Global Panel, including travel and accommodation expenses incurred by its members.

An annual review of the agreement is carried out on the basis of indicators reported on by Solvay as regards the commitments stipulated by the agreement. It includes indicators on health, safety and environment; workers employment status, training and social protection schemes as well as social dialogue. It also includes two indicators on relations with the suppliers, contractors and subcontractors: (i) review of compliance with Solvay standards and any corrective measures that may be required and (ii) review of complaints lodged by suppliers and the processing of these complaints by Solvay.

In addition, joint labour and management monitoring missions have been organized to visit Solvay sites in China (2007, 2011 and 2015); Brazil (2008 and 2013); India (2014); the Republic of Korea (2010 and 2016); and the United States (2009 and 2017). The agreement furthermore provides annual joint visits to monitor occupational safety and health. Such visits took place in Bulgaria (2014), France (2012), Germany (2009), the Russian Federation (2011), United Kingdom (2017) and the United States (2010 and 2015).

The IFA also provides for an establishment of the Solvay Global Forum. It was first set up by Solvay in 2015 as an informal organ to foster internal social dialogue, but has since become formalized in 2017, and plays a critical role in the implementation of the IFA. The purpose of the Solvay Global Forum is "[...] to contribute to implementation of [this agreement], to take initiatives to secure and extend social dialogue inside the group, to analyse main aspects of the Group's function and propose initiatives for improvement" (Solvay, 2017b, p. 4).

The IFA also includes a Memorandum of Understanding for the US, where about half of the Solvay's sites are unionized, and where multiple trade unions often exist in such sites. The Memorandum creates a task force to develop good industrial relations in the Solvay sites across the US. The task force includes representatives from trade unions, Solvay corporate and US management, IndustriALL, and the Solvay Global Forum. The Memorandum is effective until 31 December 2018 (Interview 4b; USW, 2017).

Solvay and IndustriALL agree that open and frank dialogue is the best way to resolve any problems arising in the course of implementation of the agreement. The rule of *Lex loci solutionis* ("law of the place of performance") is also adopted. The agreement states: "Solvay and [IndustriALL] agree that they will be mutually available on an ongoing basis to inform each other of any problems encountered and to determine the best solutions. [They] believe that problems are best resolved as close as possible to the local where they have arisen."

Any complaints under the agreement must be resolved by dialogue. The agreement states: “On the occasion, Solvay will present a review document on the basis of the agreed indicators and the results of the joint assessments conducted by IndustriALL and Solvay in the countries provided for under the terms of this agreement.”

Where a dispute settlement process is needed, the following procedure will be used:

1. If no satisfactory solution is found at the local level, the matter shall be dealt with directly by the national management and related trade unions, in liaison with Solvay and IndustriALL and its relevant national organizations.
2. The parties can bring the case to Solvay headquarters, notwithstanding the place where the agreement is executed and/or the intervention of a third party.
3. All of the problems encountered and solutions provided shall be presented at the annual meeting of the SGF.

While these monitoring and dispute resolution modalities represent an improvement over the previous versions of the IFA signed between Solvay and IndustriALL, the challenge of monitoring compliance with the provisions of the IFA among 45,000 suppliers and subcontractors remains significant. For this reason, Solvay has decided to focus on the largest 1,000 suppliers, with which it conducts about 90 per cent of its business (Interview 2c).

### **5.2.3 Results achieved so far**

According to those interviewed, the IFA reviewed here has helped Solvay and IndustriALL to achieve quite a number of positive results:

First, the agreement has improved social dialogue in the Solvay Group. According to the representative of IndustriALL Global Union (Interview 1c), the agreement facilitated an increase in the unionization rate to two-thirds of the workforce in China, partially effected through training programmes and activities for Chinese employees to improve their understanding about collective bargaining and collective agreements. This was achieved even though the IFA does not specifically mention any training for employees’ representatives or trade union personnel (Interview 4b).

Second, the IFA has contributed to substantially improving the relationship between the company and trade unions in the US. The agreement has contributed to new labour-management communication channels, and negotiation processes, across Solvay’s US sites, to improve working conditions and occupational safety and health (Interviews 3b, 4b).

Third, the agreement has helped to eliminate anti-union discrimination in the supply chain. According to the representative of Solvay (Interview 2c), the company had contracted a plant construction contractor in the Republic of Korea who was recruiting workers on the basis of their union affiliation. After receiving a complaint from a trade union in the Republic of Korea, Solvay and IndustriALL jointly investigated the incident. Subsequently, the anti-union discrimination was resolved through a successful collaboration between Solvay and IndustriALL, who worked together to educate the contractor in question.

In general, the IFA between Solvay and IndustriALL has proven particularly effective as a tool to improve communication. It has allowed Solvay to obtain better and more timely information about potential and real labour disputes, and it has helped previously isolated groups of workers within the international trade union movement to have a meaningful dialogue with their counterparts in other countries, as well as with the global and national senior management of the Solvay group.

### 5.3 Other forms of cross-border social dialogue in the chemicals industry

At the ILO, workers, employers and governments have frequently met to discuss issues in the chemical industry. Recent meetings include the Tripartite Meeting on Promoting Social Dialogue on Restructuring and its Effects on Employment in the Chemical and Pharmaceutical Industries (2011), the Global Dialogue Forum on Initiatives to Promote Decent and Productive Work in the Chemical Industry (2013) and the Regional Workshop (Latin America and the Caribbean) on Restructuring and its Effects on Employment in the Chemical and Pharmaceutical Industries (2015).

Solvay established EWCs at its European sites already in 1995. EWCs are bodies where the European employees of a company are represented. Through EWCs, workers are informed and consulted by management on the progress of the business and any significant decision at European level that could affect their employment or working conditions.

Since 1998, the European Commission has established sectoral social dialogue committees for 43 industries, including the chemical industry. A social dialogue committee in the chemical industry has existed since 2005. The social partners of the committee are the IndustriALL European Trade Union and the European Chemical Employers' Group. The current work programme of the committee includes, *inter alia*:

- ❑ the impact of new developments such as digitalisation and sector-specific policies concerning nanotechnology;
- ❑ sustainable employment and career development in the light of demographic change;
- ❑ training and lifelong learning, including identifying future skills needs and skills mismatches; and
- ❑ following up and contributing to industrial, energy and climate policies (European Commission, n.d.-d).

On 26 May 2011, the International Chemical Employers' Labour Relations Committee and the ICEM signed an agreement entitled: "Global Social Dialogue in the Chemical Industry" in order to exchange, on a regular basis, information concerning labour relations and any other emerging issues in the chemical industry. Since then, the parties have been meeting on a regular basis.

## 5.4 Conclusion

The example of the IFA between Solvay and IndustriALL demonstrates that a multinational enterprise and a global union federation can work collaboratively to address decent work challenges in the chemicals industry, which in recent years has been characterized by mergers and acquisitions, restructuring and the fragmentation of production. It further shows that, when the parties concerned are committed to implementing the IFA and are willing to share information, they can engage in a cross-border social dialogue that benefits the enterprise as well as its workers.

While it builds on the earlier EFAs, the interviews and other empirical evidence show that the IFA between Solvay and IndustriALL has proven equally relevant in China, the US and other countries. It has allowed previously disconnected workers within the international trade union movement to have a meaningful dialogue with their counterparts in other countries, including members of global and national senior management.

The success of the IFA between Solvay and IndustriALL is not only due to a high degree of mutual trust and respect between the parties concerned, but also to the valuable experiences and lessons learned by the parties during the past two decades. It is also in large part due to the personal commitment of the leadership of Solvay, IndustriALL, IndustriALL's affiliates and the EWC.

Nevertheless, much work remains to be done, particularly in relation to increasing awareness about the IFA among all of Solvay's employees, as well as among contractors and subcontractors. Additional efforts are also required to strengthen the capacity of trade union representatives at the site level. This important point was also brought out in a 2010 study on International Framework Agreements in Africa (Labour Research Service, 2010).





Conclusions

# Chapter 6

## 6. Conclusions

The World Commission on the Social Dimension of Globalization got it right: new institutions of social dialogue between workers and employers have developed around global production systems and have come to play an increasingly important role in the global economy.

Global and regional social dialogue institutions such as the ILO and OECD have responded to globalization and the proliferation of global supply chains by updating their declarations, guidelines and principles. The UN Guiding Principles on Business and Human Rights (2011), the revised ILO MNE Declaration (2017) and the OECD MNE Guidelines (2011) provide authoritative guidance on how enterprises can enhance their contributions to decent work, sustainable development and respect for human rights.

In this regard, it should be globally recognized that individual States have the duty to adopt, implement and enforce national laws and regulations, and to ensure that the fundamental principles and rights at work and ratified international labour standards protect and are applied to all workers. An effective labour inspection system is central to ensuring compliance, and contributing to a level playing field. Private compliance initiatives are no substitute for labour inspection, but they may nevertheless complement countries' efforts to increase compliance.

Among the many different forms of voluntary cross-border social dialogue that have emerged in the past decades, researchers (Papadakis, 2011; Hadwiger, 2018) tend to agree that IFAs have become important tools that are increasingly used by multinational enterprises and global union federations to seize opportunities and address challenges in various economic sectors. As it was noted in Chapter 2, IFAs have become more comprehensive over time. While these agreements emerged in Europe as an extension of EWCs, and while some 55 per cent of the multinational enterprises that have signed IFAs are headquartered in four European countries, IFAs are increasingly becoming a modality with a global reach, with implications for enterprises and workers in other regions and countries as well.

The three case studies analysed in this working paper reflect how IFAs have matured over time, but also how different these tools for voluntary cross-border social dialogue are in scope and nature. While the three IFAs all acknowledge and promote human rights and the fundamental ILO Conventions, Annex 1 below shows how they differ considerably in scope, focus areas, arrangements for implementation, and in terms of monitoring and dispute settlement.

All three case studies reflect that the IFAs have helped improve the relationship between management and workers in the enterprises concerned, and that they have helped prevent and manage labour disputes. Together with corporate social responsibility instruments, they provide a coherent framework for constructive labour relations, and they promote communication with workers and their representatives at many different levels. It has not been possible to determine the extent to which this has improved the reputation or enhanced the competitiveness of the three multinational enterprises in question, but, according to those interviewed for this study, the IFAs have helped to develop the image of these multinational enterprises as one global entity, and have helped to promote the protection of freedom of association and the right to organize among their subsidiaries and suppliers.

These more recent IFAs have indeed become more ambitious through the inclusion of references to suppliers, contractors and subcontractors upstream. The content of the IFAs has been communicated to suppliers, contractors and subcontractors, and in some instances attached to purchasing contracts. Some multinational enterprises and global union federations have started to monitor IFA implementation within and beyond their subsidiaries through joint visits, reporting mechanisms and, in a few instances, the establishment of dedicated committees. However, these practices currently remain the exception rather than the rule in the supply chains of the food retail, garment and chemical sectors. Due to a lack of supply chain transparency, and of resources for effective implementation and monitoring mechanisms, the impact of IFAs on working conditions further down the supply chain may therefore be limited or even non-existent in practice, particularly in places where workers are not effectively represented.

None of the IFA case studies should be seen as independent of other forms of cross-border social dialogue in the sectors concerned, which these agreements have been building on and contribute to in turn. In this regard, it is noteworthy that all the multinationals that have signed IFAs with global unions in the chemicals, food retail and garment sectors are active in a range of complementary sectoral initiatives and alliances, often involving global union federations as well.

Some of the key informants interviewed for this working paper were contemplating or questioning whether the next frontier of voluntary cross-border social dialogue could be taking the form of initiatives covering an entire sector – mentioning, for example, a “hypermarket alliance” or an expanded version of Action, Collaboration, Transformation (ACT). Others were of the opinion that existing IFAs had yet to live up to their full potential. While all of those interviewed acknowledged the potential of IFAs in advancing decent work, many highlighted a lack of capacity and resources to implement increasingly complex IFAs as a real and recurrent issue.

The overall perceptions of IFAs vary from overwhelmingly positive to deeply sceptical. Some argue that IFAs add little additional value; that IFAs simply bring together various existing voluntary corporate social responsibility or corporate sustainability initiatives by the company into one agreement, and that they merely formalize existing working arrangements between the multinational enterprise and global union federation in question. Others argue that IFAs represent a new modality of voluntary cross-border dialogue that will play an increasingly important role in the global economy in the future. It is hoped that additional research can explore how the effectiveness and impact of IFAs actually do compare with other forms of cross-border social dialogue.

International framework agreements have proved an important tool in promoting workers’ rights in the supply chains of multinational enterprises. While respecting the autonomy of social partners, and only at their request, the ILO can support and facilitate IFA development and follow-up mechanisms. Possibilities could be examined for the ILO to play a role in monitoring, mediating and arbitrating, in building the capacity for - and providing technical advice on - the implementation and follow-up of IFA provisions. Furthermore, the ILO may be counted upon to continue to undertake research on the effectiveness and impact of cross-border social dialogue of this kind.

As was mentioned in the introduction, this working paper is a small contribution to the growing body of knowledge on the relevance and effectiveness of cross-border social dialogue. As the ILO as well as other international and regional organizations continue to monitor the development of IFAs and other forms of cross-border social dialogue, it is hoped that future research can shed more light on the effectiveness and impact of these agreements. While the three case studies in this working paper can inspire other enterprises and future action to promote cross-border social dialogue in the chemicals, food retail and garment sectors, the ILO and its constituents must further strengthen its knowledge base, in order to provide all parties concerned with evidence-based advice and assistance when called upon to do so.

## Annex 1. Overview of the provisions of the three selected IFAs

	CARREFOUR	H&M	SOLVAY
Signed	30-Sep-15	Renewed on 04-Oct-2016	Renewed on 03-Feb-2017
Effective	01-Oct-15	04-Oct-16	03-Feb-17
Duration	3 years	Permanent Agreement	5 years
Content			
International frameworks and principles	<ul style="list-style-type: none"> <li>• UN Global Compact;</li> <li>• OECD MNE Guidelines;</li> <li>• UN Guiding Principles on Business and Human Rights;</li> <li>• The International Commitments for the Protection and Defence of Human Rights of the UN.</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact;</li> <li>• OECD MNE Guidelines;</li> <li>• UN Guiding Principles on Business and Human Rights;</li> <li>• Universal Declaration of Human Rights;</li> <li>• ILO MNE Declaration;</li> <li>• UN Convention on the Rights of the Child.</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact;</li> <li>• OECD MNE Guidelines;</li> <li>• UN Guiding Principles on Business and Human Rights;</li> <li>• Universal Declaration of Human Rights;</li> <li>• ILO MNE Declaration;</li> <li>• UN Sustainable Development Goals.</li> </ul>
ILO Conventions and Recommendations	<ul style="list-style-type: none"> <li>• The eighth fundamental Conventions (87, 98, 29, 105, 138, 182, 100, 111);</li> <li>• The Workers' Representatives Convention, 1971 (No. 135);</li> <li>• The Workers with Family Responsibilities Convention, 1981 (No. 156).</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom of association, collective bargaining and industrial relations: C87, C98, C135 &amp; R143, C154;</li> <li>• Forced Labour: C29 &amp; R35, C105;</li> <li>• Elimination of child labour and protection of children and young persons: C138 &amp; R146, C182 &amp; R190;</li> <li>• Equality of opportunity and treatment: C100 &amp; R90, C111 &amp; R111, C159 &amp; R168;</li> <li>• Employment policy and promotion: C122;</li> <li>• Wages: C131 &amp; R135;</li> <li>• Working time: C1, C14, C30, C106, C175;</li> <li>• Occupational safety and health: C155 &amp; R164 &amp; P155;</li> <li>• Maternity protection: C183.</li> </ul>	<ul style="list-style-type: none"> <li>• The eighth Fundamental Conventions (87, 98, 29, 105, 138, 182, 100, 111);</li> <li>• The Workers' Representatives Convention, 1971 (No. 135);</li> <li>• The Workers with Family Responsibilities Convention, 1981 (No. 156).</li> </ul>

	CARREFOUR	H&M	SOLVAY
Other focus areas	<ul style="list-style-type: none"> <li>• Diversity;</li> <li>• Occupational safety and health;</li> <li>• Other working conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity;</li> <li>• Recognized employment;</li> <li>• Living wages and benefits;</li> <li>• Working hours;</li> <li>• Occupational safety and health.</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety;</li> <li>• Mobility and employability (direct employment, open-ended work contracts, fair wage, internal mobility, training, knowledge and skills development, attention to senior employees);</li> <li>• Employee benefits (illness, disability, maternity, paternity, death, retirement, "Solvay Care" program);</li> <li>• Anti-discrimination on the basis of race, sex, skin colour, religion, political or union opinion, national extraction or social origin;</li> <li>• Risk management and environmental protection;</li> <li>• Social dialogue (employee participation, regular negotiations with staff representatives, freedom to form or join any trade union, etc.);</li> <li>• Civil dialogue (with communities, non-governmental organizations).</li> </ul>
<b>Scope of application</b>			
Supply chains	<p>The IFA applies to those entities which Carrefour either controls or manages. Furthermore, Carrefour asks its main suppliers and sub-contractors to uphold the human rights and the basic rights set out by the ILO. This also applies to Carrefour's new international franchisees outside the European Union. As regard its service providers, Carrefour shall select them based on (...) reliability and reputation, in particular as regards compliance with the labour law and obligations.</p>	<p>The IFA applies to H&amp;M's direct suppliers' own operations and their subcontractors producing merchandise/ready made goods sold throughout H&amp;M group's retail operations.</p>	<p>The IFA applies to companies over which Solvay Group exercises direct control. Solvay expects its suppliers, contractors, and sub-contractors to comply with the principles the IFA contains. Therefore, the content of the IFA is communicated to each supplier, contractor and sub-contractor.</p>
Contractual relationships	-	-	<p>Any serious violation of employee health and safety legislation, environmental protection or basic human rights that is not remedied despite previous warning shall lead to termination of relations with the company concerned in compliance with contractual obligations.</p>

	CARREFOUR	H&M	SOLVAY
Restructuring	-	-	In the event of merger, acquisition or corporate restructuring of any kind leading to the creation of new entities controlled by Solvay or in the event of similar changes affecting IndustriALL Global Union, these new entities shall automatically be deemed party to the IFA and subject to its provisions until such time as the IFA is renegotiated.
<b>Monitoring and implementation</b>			
Consultations/ meetings	<ul style="list-style-type: none"> <li>UNI Global Union undertakes to convene a Carrefour representative to UNI Carrefour Global Alliance's meetings in order to facilitate regular information sharing and create the conditions for discussion on the topics addressed in the IFA.</li> <li>Each year, a meeting between Carrefour and UNI Global Union will be held specifically to track and review performance on the promotion with partners (in the supply chain);</li> <li>In order to assess the degree of implementation and manage any issues encountered in enforcing the IFA, representatives from Carrefour and UNI shall meet twice per year.</li> </ul>	Regular consultations take place in the National Monitoring Committee (NMC), which consists of representatives of H&M and national trade unions representatives appointed by IndustriALL. The Industrial Relations Development Committee (JIDRC) includes the CEO of H&M, the General Secretary of IndustriALL, and the President of IF Metall, a global committee that meets annually.	Global Panel, which consists of representatives of Solvay and IndustriALL, meets once a year to monitor the correct application of the agreement.
Visits	-	Monitoring is performed by the NMCs that report to the JIDRC.	Two annual joint visits are organized for monitoring: <ul style="list-style-type: none"> <li>the implementation of the agreement;</li> <li>health and safety within the Group.</li> </ul>
Training	-	H&M provides training for employers and executives, while IndustriALL and IF Metall train all trade unions and worker representatives at H&M's direct suppliers and subcontractors.	Solvay strives to provide employees training to prepare them for new occupations and new technologies and knowledge and skills development.

	CARREFOUR	H&M	SOLVAY
Complaint mechanism	A specific section on dispute settlement describes the procedure for filing claims.	The NMC is not a complaining mechanism for workers, but a platform to help them develop mature relationships and resolve disputes with management at the workplace.	Solvay pledges to provide management with copies of this agreement and to inform employees of its existence and the commitments it entails.
Dispute settlement	When claims cannot be settled and it is confirmed that violations have occurred, Carrefour/UNI shall ensure that the situation is remedied and that other appropriate measures are taken, as called for by the situation.	<ul style="list-style-type: none"> <li>The matter is first dealt with at the factory level first included respective representatives;</li> <li>The NMC provides technical advice and guidance on conflict resolution at national level and at factory level;</li> <li>If case cannot be resolved, the JIRCD global members are consulted;</li> <li>In severe cases an independent mediator can be appointed.</li> </ul>	<ul style="list-style-type: none"> <li>The matter will be dealt with national management and related trade unions in liaison with the signatories of the IFA;</li> <li>If no solution found, signatories can bring the case to Solvay HQ;</li> <li>All the problems and solutions provided shall be presented at the annual meeting between signatories.</li> </ul>
Other joint activities	-	<ul style="list-style-type: none"> <li>The signatory parties promote the signing of collective agreements at the factory, company and industrial level;</li> <li>Participate in joint activities with other global brands and all other relevant stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Solvay Way is a reference framework that provides an annual assessment of the group's entities' practices and progress objectives with regard to customers, suppliers, employees, investors, communities and the environment. IndustriALL is involved in its annual review of the implementation;</li> <li>Solvay Global Forum is created to strengthen social dialogue within the group at a global level. The purpose i.a. to contribute to implementation of the IFA. IndustriALL prepares a presentation on the IFA application during the meeting.</li> </ul>
Renewal	Under negotiation (at the time of writing of this study)	After one year the agreement shall be deemed to be automatically extended for further periods of one year.	Parties agree to carry out a joint review before the end of the agreement in order to prepare for its possible renewal
Termination	-	Either party gives notice to the other party, at least three months in advance of the date of expiry or extension, that it does not wish renewal.	Either signatory may withdraw from agreement, provided it gives 6 months' notice

## Annex 2. Interview questions

### Background

Presentation of the rationale of the project and its main objectives, followed by a short discussion on:

- The initiating party and background of the IFA;
- The main motive for signing/updating/renewing the IFA;
- The role of the ILO and the Decent Work Agenda in relation to the IFA.

1. Would you like to add anything?

### Key questions

2. Can you describe how the IFA is implemented and monitored?

- Is the compliance of suppliers, sub-contractors and/or service providers with basic rights as set out in the IFA also assessed or monitored?
  - If yes, by whom, in what way, and how often?
  - Is there a list of suppliers/mapping of the global supply chain publicly available?
  - Are there any procedures and sanctions agreed for non-compliance?
  - Are there companies at the base of the global supply chain that fall outside the scope of the IFA (*de jure* and/or *de facto*)? If so, why are they not included?

3. What has been the impact of the IFA on labour relations (freedom of association and collective bargaining at the sectoral/enterprise level) and working conditions?

- Which areas of the IFA could be strengthened in order for it to remain/be a more efficient and effective means for the promotion of decent work in global supply chains?
- In your view, what will be the role of IFAs in promoting decent work in global supply chains in the future? How will they evolve?

4. Are you engaged in any other cross-border social dialogue platform or mechanism in the sector?

- To what extent do you find ILO instruments and tools (e.g. the MNE Declaration) useful for the implementation of cross-border mechanisms?

### Other information

5. Who else should/could we interview to learn more about the impact of cross-border social dialogue on the promotion of decent work in global supply chains?

- Would there be any other source of information relevant to the project?

6. Is there any other topic you would like to elaborate on that we did not ask?

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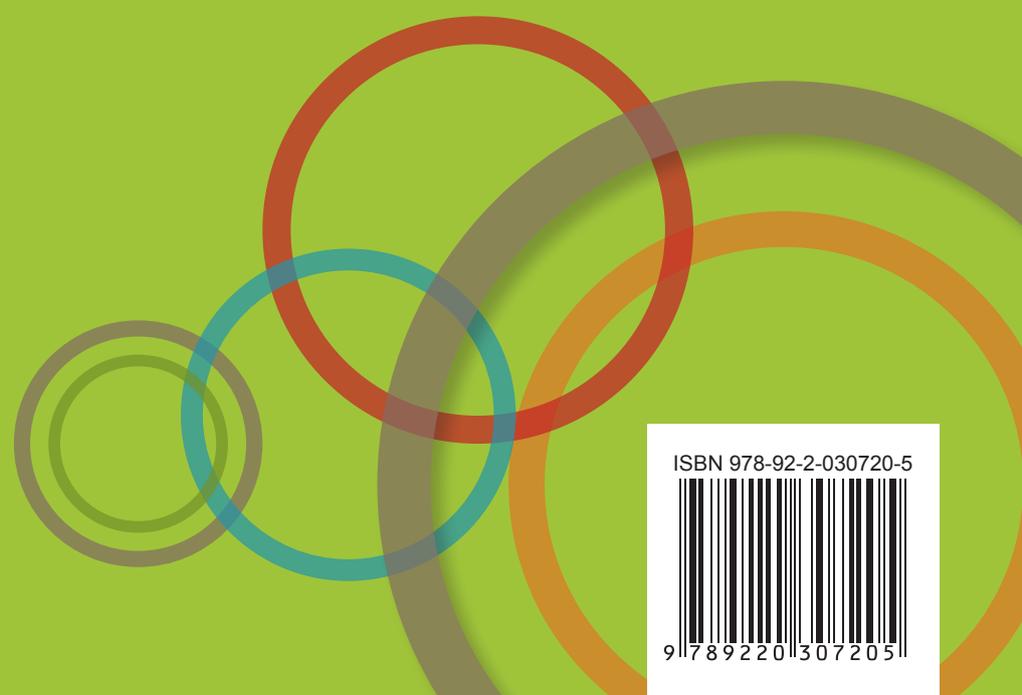
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