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**Sustainlabour**  
International Labour Foundation for  
Sustainable Development

**OCCUPATIONAL HEALTH AND SAFETY  
AND ENVIRONMENTAL CLAUSES  
IN INTERNATIONAL FRAMEWORK  
AGREEMENTS:  
A STUDY**

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## List of acronyms

BWI	Building and Wood Workers International (formerly International Federation of Building and Woodworkers and World Federation of Building & Wood Workers)
CSR	Corporate social responsibility
EADS NV	European Aeronautic Defence and Space Company
EC	European Commission
EDF	<i>Electricité de France</i>
EFFAT	European Federation of trade unions in the Food, Agriculture and Tourism sectors
EFJ	European Federation of Journalists
EMF	European Metalworkers' Federation
ENI	<i>Ente Nazionale Idrocarburi</i>
ETUC	European Trade Union Confederation
ETUI-REHS	European Trade Union Institute for Research, Education and Health and Safety
EU	European Union
EWC	European works council
FDI	Foreign direct investment
FLA	Fair Labor Association
GEA	<i>Group Aktiengesellschaft</i>
GUF	Global union federation
ICEM	International Federation of Chemical, Energy, Mine and General Workers' Unions
ICF	International Federation of Chemical and General Workers' Unions
IFA	International framework agreement
IFBWW	International Federation of Building and Woodworkers
IFJ	International Federation of Journalists
ILO	International Labour Organization
IMEC	International Maritime Employers' Committee
IMF	International Metalworkers' Federation
IOE	International Organisation of Employers
ITF	International Transport Workers' Federation
ITGLWF	International Textile, Garment and Leather Workers' Federation
ITS	International trade secretariat

ITUC	International Trade Union Confederation
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association
MLC	Maritime Labour Convention
MNC	Multinational corporation
MNE	Multinational enterprise
NGO	Nongovernmental organization
OTE	Hellenic Telecommunications Organization
OHS	Occupational Health and Safety
OHSE	Occupational Health and Safety and the Environment
PSI	Public Services International
RAG	<i>RagaMuffin Associated Group</i>
STABILO	<i>Schwanhäußer GmbH &amp; Co. KG</i>
TNC	Transnational corporation
UNI	Union Network International
WAZ	<i>Westdeutsche Allgemeine Zeitung Mediengruppe</i>

## Framework Agreements: a brief introduction

The International Framework Agreements (IFAs) or Global Framework Agreements are those negotiated between Multinational Companies (MNCs) and Global Union Federations (GUFs) with the purpose of ensuring international labour standards in all countries and locations where MNCs operate. These are proposals by unions in order to improve the social and labour performance of multinational companies as well as the social and work conditions in the context of globalization. The IFAs are therefore tools for social dialogue with a global reach.

In recent years much has been written on the potential and the implications of IFAs<sup>1</sup>. Their development has fostered extensive academic interest. There have been numerous studies devoted to the analysis of their contents and the various actors' expectations. The high level of interest reflects their potential. They could potentially fill an important gap in the ongoing process of globalization: multinationals operate globally whereas labour standards are predominantly national in scope.

Through the IFAs, the objective is to improve multinationals' labour and social behaviour throughout their geographically dispersed production centres. Initially, IFAs focused on securing commitments concerning fundamental principles and rights at work: freedom of association and collective bargaining, as well as the terms and conditions of employment.

This study, however, focuses on other aspects of the agreements: the clauses related to the environment and occupational health and safety (OHS). Both issues share a number of characteristics. Nevertheless, they are also quite distinct in certain regards, they are generally treated in an integrated manner by trade unions and for years have been merged into one important area of trade union action called "occupational health and safety and environment" (OHSE).

Historically, trade unions have addressed these issues together. The participation of workers in environmental policies in the workplace developed through committees and departments who were in charge of occupational health for different reasons. Firstly, these were spaces for innovative trade union action transcending traditional demands – wages and basic working

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<sup>1</sup> Papadakis, Konstantinos. (2008). Cross-border social dialogue and agreements: An emerging global industrial framework? *International Labour Organization (ILO)*, 267-288;  
Schömann, Isabelle, Sobczak, André, Voss, Eckhard, & Wilke, Peter. (2008, March). Codes of conduct and international framework agreements: New forms of governance at company level. *European Foundation for the Improvement of Living and Working Conditions (Eurofound)*;  
Hammer, Nikolaus. (Winter 2005). International Framework Agreements: global industrial relations between rights and bargaining, *Transfer* 4/05 11 (4) 511-530;  
Fichter, Michael and Sydow, Jörg. (2008). Organization and Regulation of Employment Relations in Transnational Production and Supply Networks. Ensuring Core Labour Standards through International Framework Agreements? *Freie Universität Berlin, Germany*

conditions. Secondly, from a workplace perspective, the environment can be perceived in two phases: the “internal environment” which consists in the workplace; and the “external” environment which relates to the context and means through which a company carries out its activities. The technical expertise that is available through trade union departments, committees and occupational health representatives, enables workers to find the appropriate information and integrate the difficulties associated with environmental issues. Lastly, there is an evident link between health, environment and the need to establish integrated systems to foster improvements in both domains.

In most of the agreements that have been studied, as well as in the initiatives that were developed for their implementation, these themes have been simultaneously and jointly addressed. Since IFA proposals are generally initiated by trade unions, the inclusion of OHS and environmental issues has followed union organisational realities. Although in this study both areas will be analysed and presented separately, actors have often addressed them together.

On the other hand, despite the tradition in trade union circles of linking environmental issues to occupational health, a progressive trend towards their differentiation can be seen. Several reasons have been given to explain this. Among them, we find that environmental policies occupy an increasingly significant place, for example climate change and the effect of its mitigation policies on production. Workers are increasingly prepared to take part in the elaboration and monitoring of environmental policies. Indeed, it is progressively more recognised that environmental policies are essential in order to ensure decent and sustainable jobs in the long run. Strategic decisions relating to production are increasingly being shaped by considerations for the environmental impact and the consequences of the environmental policies that are put into practice in order to mitigate it. For this reason, the environment could hold a growing place in social dialogue and employer-worker negotiations and workers could be willing to participate and have a more active role in initiatives and fora where environmental issues are being addressed, in or outside of the framework of industrial relations.

If the trade union culture is one of linking OHS and environment, the employers' tradition is quite different. The environmental policies and commitments of MNCs are normally developed by Environmental Departments that have little relation with the Human Resources Departments and Company representatives in charge of dealing with negotiations with workers. In other words, environment is placed outside of the reach of workers' engagement, and it is generally addressed through environmental management departments and through other voluntary initiatives, such as codes of conduct, that imply limited worker and trade union participation. To contextualize them in this broader framework, in addition to analyzing the International Framework Agreements, other policies have also been examined for the companies studied.

In the last decades, social agents (environmentalists, consumers, local communities, amongst others) have called for the introduction of environmental responsibility in business practices. On numerous occasions, workers have taken part in such demands, in others they have not, due to the perception of potential risks to their jobs. On the whole, currently there is a strong demand from trade unions for multinationals to be more socially and environmentally sustainable.

Discussions in this study are centred on IFAs and on global social dialogue for occupational health and safety, and environment. However, there are also other initiatives by MNCs that deal with OHS and particularly environment and that may involve workers to a greater or lesser extent. These initiatives are not the direct object of study here, but it should be noted that they may have synergies.

For the inclusion of any of these issues in the IFAs, some conditions have to be given. Firstly the issue, here OHS and/or environment, needs to be considered an object of discussion through social dialogue. Each party must to recognise, more or less explicitly, the legitimacy of the other to address the given issue and there must be joint agreement on the adequacy of the instrument to tackle the issue, in this case the IFA. It would otherwise be unlikely for these issues to be included in the IFA.

In that sense, occupational health and safety has undoubtedly become a theme of social dialogue although marginal examples in the companies studied exist where it is not yet recognized as such. The defence of workers' health has held a prominent position in the negotiation agenda by Trade Union organizations; and as a consequence multinationals have increasingly recognised its importance.

Environmental issues, on the other hand, do not benefit from the same level of recognition. Although there are some concrete examples in countries, companies and sectors of the recognition of the environmental rights for workers, the issue is yet far from considered as a general area for social dialogue. However, there is growing demand at the local, national and sectoral level, for greater worker involvement. The study will highlight the main barriers for its development and areas of advancement.



## Methodology and structure

This study includes an update of the framework agreements that have already been signed. It also offers insights into the general trends that surround IFAs, their scope and implementation. The study analyses the environmental and occupational health and safety clauses and mentions, the different approaches, their implementation as well as their weight in the industrial relation scheme and social dialogue debates, barriers, challenges and drivers.

The research was carried out in two phases:

- Analysis of 72 IFAs signed up to June 2009. The different texts, clauses and mentions relating to environmental issues and occupational health and safety were analysed with particular attention to content, scope, and implementation and monitoring provisions.
- Field research focused on 14 agreements. A study of ten agreements was conducted with interviews of management and worker representatives. In order to contextualize these agreements into the broader context, other MNC policies were also examined. Four additional agreements were selected as in-depth case studies with at least eight interviews conducted with both parties for each one. For the list and further details see table 1 page 9.

Analysis throughout the chapters combines the information from the agreement texts and the interviews conducted. When referring to specific text content of the agreements, material in the study appears in brackets [...], and when referring to material extracted from interviews, content appears as "...". In order to respect the confidentiality of the respondents, names have been omitted while the title of the actor interviewed appears (e.g. Union or Management representative).

The 14 companies were selected as representative based on the following criteria:

- Diversity of economic sectors, variety of Global Union Federations as signatories;
- Diversity of head office countries, including some outside the European Union;
- Diversity with respect to date of signature to allow for the evaluation of older agreements and their implementation, and for the identification of new trends in recently signed agreements;
- Varying degrees of attention given to OHS and environment issues. The majority of IFAs selected contained clauses on both issues; four have no provisions on environment and one IFA has no provisions for OHS or for environment.

# **Part 1: International Framework Agreements: developments and trends**

## **Rationale**

Globalisation has produced growing concerns about business's relationship with the rest of society. These concerns have produced a debate on business's broader social responsibilities. As a result of pressures from a variety of social agents, multinationals have increasingly been led to sign on to initiatives in a diverse set of areas (social, environmental and health) to go beyond sometimes deficient national legislation. In addition to responding to growing public demands these initiatives have enabled business to improve its overall corporate image.

A number of these initiatives have been termed "Corporate Social Responsibility" (CSR). CSR consists of voluntary and unilateral actions taken by enterprises in order to address specific issues that relate to a corporation's broader societal obligations. Their voluntary character distinguishes CSR initiatives from traditional legally binding obligations. CSR is different from "social responsibilities of business" which can be defined as a set of widely accepted expectations on how business should behave. Social responsibilities of business can be imposed through laws or take the form of negotiated and non-legally binding instruments.

International Framework Agreements (IFA) represent possible tools for the advancement of social responsibility of business. IFA are union-initiated proposals aimed at improving multinational corporations' (MNC) social and labour performances in the context of globalization. Their purpose is to ensure the equal implementation of international labour standards in all countries and locations where MNC operate.

Unions' promotion of IFA reflects a conscious attempt at redirecting the proliferating private codes of conduct away from discretionary forms of CSR and towards global social dialogue and industrial relations (ICFTU, 1997, Justice 2001).

IFA are intended at reversing the imbalance between multinationals' global operations and the nationally-determined labour and social regulations. IFA, like other initiatives, represent tools to progressively reduce these disparities.

As for the purpose of this study we will use the term IFAs, some people prefer to use Global Framework Agreements (GFA). They are tools negotiated between MNC and Global Union Federations (GUF whose purpose is to improve multinational corporations' social and labour performances in the context of globalization.

IFA represent union-initiated responses which imply a specific approach clearly differentiating them from CSR initiatives.

According to statements gathered in the interviews, companies are often motivated to sign such agreements for image-related reasons. IFA represent opportunities for MNC to improve their public image and reputation. But there are also cases in which corporations are truly committed to ensure minimum social standards for all their employees, regardless of their geographical location. For unionist have additional advantages: IFA represent useful tools to extend minimum labour standards and social rights, as well as to strengthen workers' organisations in certain countries and production centres where they are poorly represented.

*"The significance that the IFA had on our policy... mostly in the area of reputation". (Management representative)<sup>2</sup>.*

*"We would like to maintain our reputation as an attractive employer and also to let our employees of the group know that this is the companies' policy". (Management representative)*

*"The reason for signing such an agreement is to demonstrate our commitment to say that our business practices are exactly the same everywhere we carry out our manufacturing operations". (Management representative)*

*"The agreement was necessary in order to ensure labour standards for employees no matter where they work". (Union representative).*

*"(...) to use the text as a basis for local or national agreements in line with specific legislation. To provide some kind of guidelines". (Union representative).*

*"We see that companies behave differently in other countries than their own – for example people have no working contract, no unions, etc. There are double standards – different standards depending on the country in which they operate". (Union representative)*

*"We are not interested in signing IFA, we are more interested in getting recognition by our affiliates and recognition refers to companies that recognize working with national affiliates as their national counterparts". (Union representative)*

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<sup>2</sup> Note: Throughout this chapter interview quotations will be reflected in italicized text and as explained they will not identify the respondent.

However, IFAs are an emerging reality which still has a low visibility. For the companies studied visibility of CSR policies is much higher than IFA. For example, from the 14 companies studied, in 5 of them CSR occupies an important space on the website, whereas the IFA is not visible at all. Only in one the cases studied, Danske Bank, the level of visibility is comparable.

**Table 1 – Visibility of the IFA and CSR**

Company	Visibility on the website	
	IFAs	CSR
Chiquita	No visibility	Medium visibility
Danone	No visibility	High visibility
Danske Bank	Medium visibility	Medium-high visibility
EDF	No visibility	High visibility
Ikea	Low visibility	High visibility
Inditex	No visibility	Medium- high visibility
Lafarge	No visibility	High visibility
Nampak	No visibility	Medium visibility
Peugeot	Medium visibility	High visibility
Rodhia	High visibility	High visibility
Royal Bam Group	No visibility	Medium-high visibility
Statoil	Low visibility	High visibility
Umicore	No visibility	High visibility
WAZ	Low visibility	Low visibility

### **Framework agreements as a tool for transnational social dialogue**

Much has already been written about the particular characteristics of framework agreements in relation to other voluntary initiatives<sup>3</sup>. One of the most regularly cited characteristics of these

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<sup>3</sup> (International Framework Agreements as elements of a cross-obrder industrial relations framework, Papadakis ,2008, Codes of conduct and international framework agreements, Schomann, International Trade Union Cooperation, Fichther 2008)

agreements is negotiated character. This characteristic has been witnessed in other multi-stakeholder codes of conduct. What makes IFA truly innovative is that they are signed between MNC and Global Union Federations (who represent workers' interests by company or sector at the global level).

Nevertheless, the negotiated character of framework agreements represents an essential characteristic. Negotiation means mutual recognition by the different parties and a concerted decision to take matters further than simply information and consultation. Negotiation implies a higher level of participation.

*“Basically, if we consider SD to be based on two or three main pillars – one is the environmental issues, the other one being the economic and society issues – and the third one - social issues. The IFA are an interesting tool to make sure that the social aspect or the social side of SD is deriving from negotiated agreements rather than unilateral charters or unilateral policies. We don't believe in any of the texts or policies that come from CSR policies at company level. We believe that negotiated agreements are much more reliable and much more serious than CSR- marketing approach to promote investor relations”. (Union representative)*

Framework agreements can thus be seen as transnational tools for social dialogue. Social dialogue, be it national or international, refers to dialogue between social partners (consisting of management, which represents the company's interests, and trade unions, which represent the workforce). Social dialogue can take on a variety of forms, including collective bargaining. Most countries dispose of a legal framework for social dialogue at the national level. These frameworks vary considerably from one country to the next.

At the international level however, social dialogue becomes more complicated since corporations and industries have no legal obligation to recognise trade union organisations or engage in negotiations at the international level. There are nevertheless examples of limited international social dialogue. The ILO's tripartite structure is a good example. At the individual enterprise level there are also numerous examples of social dialogue, one of these tools being the International Framework Agreements.

The type of industrial relations that is promoted by framework agreements contrasts with the more confrontational “campaigns”. The IFA process implies that parties recognise and accept a predetermined set of rules of the game, fundamentally establishing policies for the strategies and tactics used by the parties to be based more on dialogue than force, although this does not mean that they do not sometimes lead to conflict.

*“As I said, it is more part of our day-to-day work. We have this ...how should I say... we try to dance with the unions instead of boxing”. (Management representative).*

*“And you can even destroy an agreement by converting it and by campaigning, because then the relationship of trust... which you need to build up... around the agreement is easily destroyed. And the credibility of people within that agreement is destroyed. So these are all aspects to take into account”. (Management representative)*

*“The agreement has had extremely positive impacts. Because, from a history of confrontations, we have really evolved into an era of dialogue and negotiation. That has been extremely important, because strikes in this industry are extremely damaging and disrupted our business. It has been important to find solutions on where there are extreme opposite views”:* (Management representative).

Agreements establish a framework of principles and are not intended to constitute detailed collective agreements. Their purpose is not to compete or to go against existing collective bargaining agreements at the national level. They are rather intended at fostering the creation of new spaces for workers to organise and bargain<sup>4</sup>.

In comparison to national industrial relations, IFA leave a high level of leeway when it comes to their content. The issues must be approached from the perspective of principles; it is much more difficult (and it is not their objective) to go into the particular definition of issues, as happens in the case of collective agreements. In any event there are major differences between the agreements studied. Though there is lack of concretion of IFAs compared to national collective agreements, there is much concretion for the same contents in the IFAs that when they are covered in the codes of conduct.

More generally, IFAs imply an approach that is more “formative” than “affirmative”. Affirmative is understood as informing about already existing and agreed practices, and it has mainly a communicative role that relates to the companies’ reputation. Whereas by formative actions, the agreements seek to improve a certain reality, to set objectives to move forward; in other words they have a more dynamic dimension. Although, a few IFAs could be defined as having an “affirmative or declarative” approach, the majority of them outline a series of objectives with a commitment to go beyond the simple affirmation of existing practices.

When those involved in the agreements are questioned on the negotiation process, TNC representatives generally emphasise the fact that the framework agreements confirm existing corporate policies in the area of social dialogue. Unions, on the other hand see them as opening

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<sup>4</sup> ICFTU: A Trade Union Guide to Globalisation, pp. 97, Second Edition, November 2004

up new channels and spaces of negotiation. However, this is not always the case and some companies also recognise areas for improvement of the dialogue with unions and state them in the agreements themselves.

*“So, from my point of view it made sense to commit ourselves to be a good employer, go by the rules; play ‘by the book’ and have a continuous dialogue with the unions”.* (Management representative).

*“What is important – I think- is not to stop dialogue. We have a lot of social dialogue with our employees – on global level we have something like 70% of our employees that are represented by unions or elected with representatives. Which means that it is not the most important, but it is one indicator on the fact that we have really, really a low number of conflict”.* (Management representative).

*“We were interested in developing social dialogue on sustainable developmental issues, and we were looking for stakeholders”.* (Management representative).

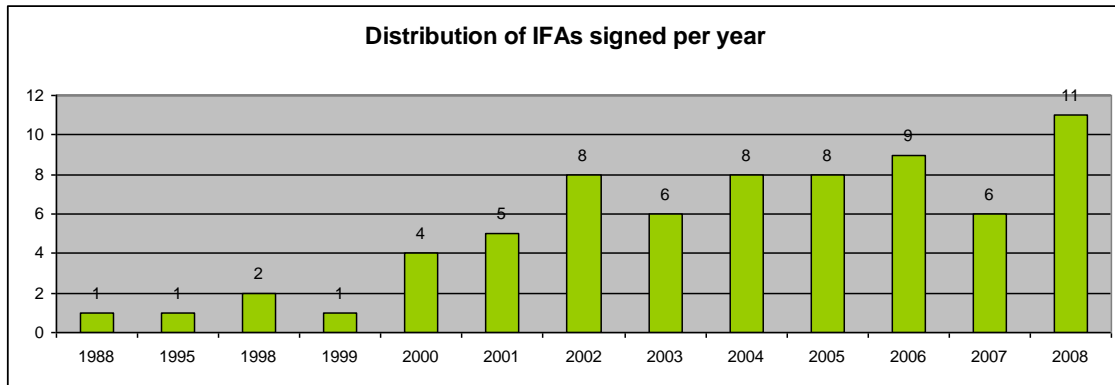
### **Agreement trends**

Framework agreements vary greatly: in terms of content, level of detail and complexity, clarification of monitoring methods, etc. In a many cases they do not have the same name and their denominations have evolved over time. Despite a number of differences, overall, preference goes to the names ‘International Framework Agreement’ and ‘Global Framework Agreement’

In the period stretching from 1988 to 2009, the Global Union Federations concluded a total of 72 International Framework Agreements with MNC. It is interesting to note that most of these agreements were signed after 2000. During the 12 year period that preceded 2000, there were no more than eight international framework agreements (IFA).

The process of drawing up and signing new international agreements therefore got off to a slow start (up to 2000). Since then there has been an average of five to ten new agreements every year.

**Figure 1-** Number of total IFAs per year for the 72 texts studied.



Since 2007, it seems that there has been a relative drop in the number of agreement negotiations (not their signing: these agreements could have been negotiated over the previous years). This decrease is perceptible when we look at the number of signed agreements in 2009: only 2 had been signed up to June 2009. Certain agreements could have not been finalized due to disagreements between management and unions. The international federations, learning from the experience developed over the past twenty years, currently wish to ameliorate the tool in order to develop new stronger agreements (in terms of implementation, evaluation and monitoring, and conflict resolution) which could be more difficult to accept by MNCs. Additionally, the economic crisis has also played a part in the important decrease in the total number of signed agreements in 2009. In the current period of recession, priorities will probably change for the different concerned parties (in particular for employers).

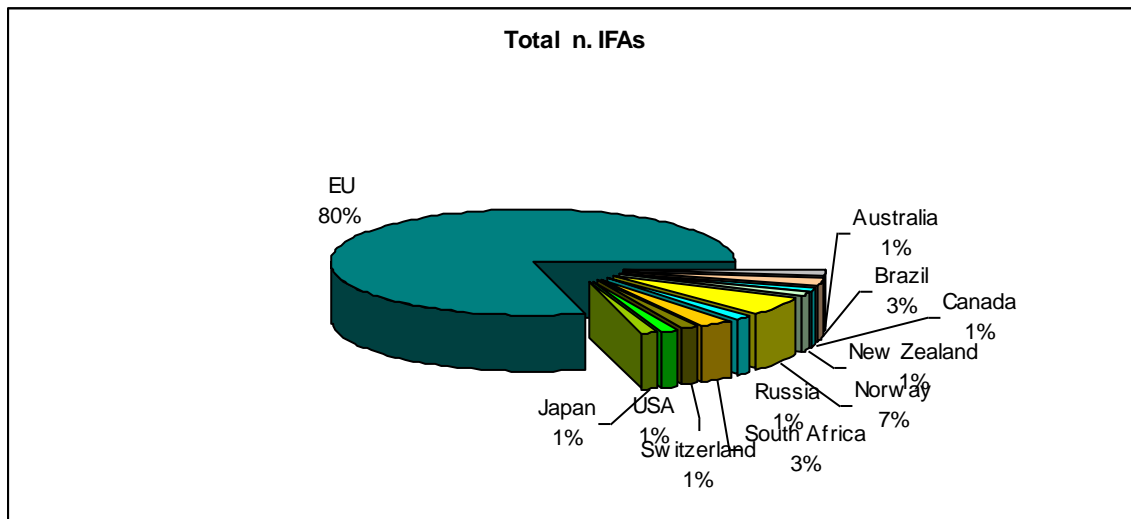
<sup>5</sup>A recent study<sup>6</sup> argues that at least three reasons explain why IFA will not turn into a widespread phenomenon: the number of companies that are willing to negotiate with workers' representatives is limited; the Global Unions' limited resources (human and financial) to follow up and monitor the agreements; and the need for all signatories to evaluate existing agreements' outcomes before signing new ones.

Several studies have looked into the geographical origins of the multinationals that have concluded IFA. 57 of the 72 agreements that were studied were with companies whose headquarters were in the European Union (EU). 4 were signed by Norwegian companies and one with a Swiss company. Among the ten remaining companies with International Framework Agreements, two have their headquarters in Brazil, one in Russia, two in South Africa. Australia, Japan, New Zealand, Canada and the US each have one company.

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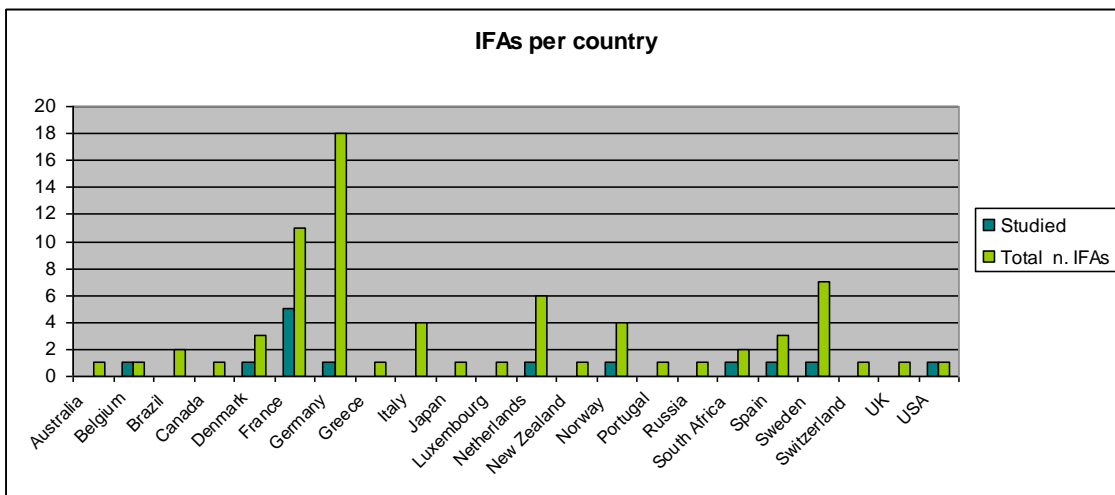
<sup>5</sup> Schömann, Isabelle, Sobczak, André, Voss, Eckhard, & Wilke, Peter. (2008, March). Codes of conduct and international framework agreements: New forms of governance at company level. *European Foundation for the Improvement of Living and Working Conditions (Eurofound)*,





Most of the concluded agreements are concentrated in four countries, namely Germany (18), France (11), The Netherlands (6) and Sweden (7)

**Figure 2** - shows the IFA depending on the MNC's country of origin (for the 72 agreements and 14 cases that were studied).



The European tradition of labour relations provides a favourable context for IFA. The presence and strength of unions in the company headquarters is fundamental in order for the tool to be promoted and accepted by employees. While local unions have a major role to play in the implementation process, as well as for the proposal and acceptance of IFA, strong union organisation at the headquarter level remains paramount.

As we have seen, there are cases of non-European multinationals which have developed these proposals. This recent phenomenon is particularly interesting. In 2006, a noteworthy total of eight such multinationals had signed framework agreements, representing an encouraging

trend, especially if we take into account that this group includes countries of strong corporate resistance to such agreements.

### **Concerned parties**

As we have previously noted, IFA are negotiated between corporations and GUFs. Even if both parties contribute to its elaboration, a framework agreement generally stems from union demands. In other words, GUFs and trade unions from the MNC headquarters are the ones that convince companies to engage in these types of initiatives. The agreement's implementation procedure and signatories could vary a great deal from one multinational to another, depending on who initiated the negotiation process. On the union side, there can be several different signatories, in all cases however, the Global Unions are main signatories. Those who most often appear as co-signatories are regional organisations (European Industrial Federations) or national or enterprise-based organisations: European Works Councils and World Works Councils.

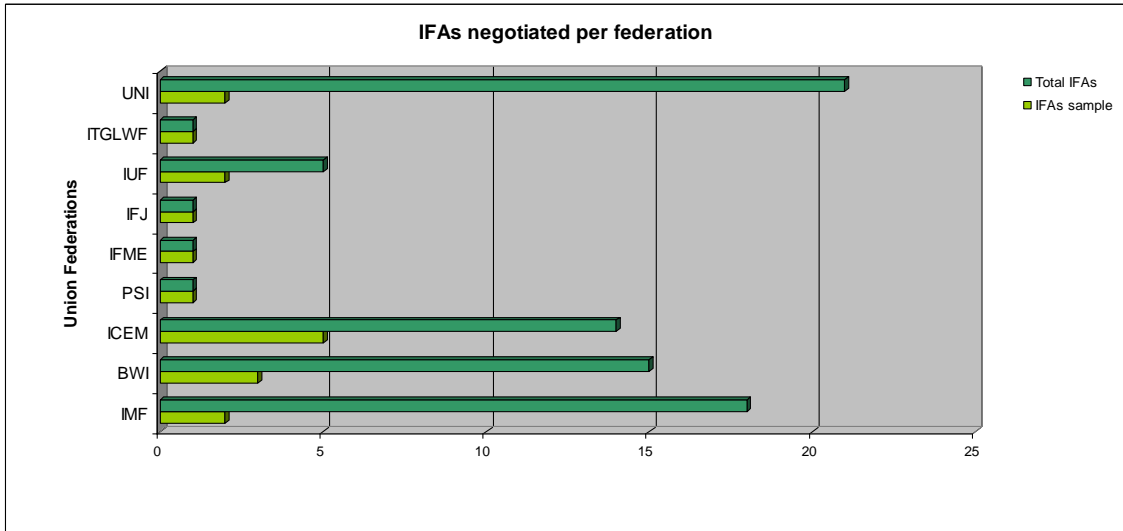
Of the ten existing Global Union Federations, eight<sup>7</sup> have signed or cosigned the 72 IFA that we have analyzed. The International Metalworkers' Federation (IMF) (18), Union Network International (UNI) (21), the Building and Woodworkers' International (BWI) (15) and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) (14) played a leading role in this respect. Close to 90% of the agreements were signed or co-signed by these four GUF. It should also be noted that four agreements were signed by more than one union.

**Figure 3<sup>8</sup>** . - IFA negotiated per Global Union

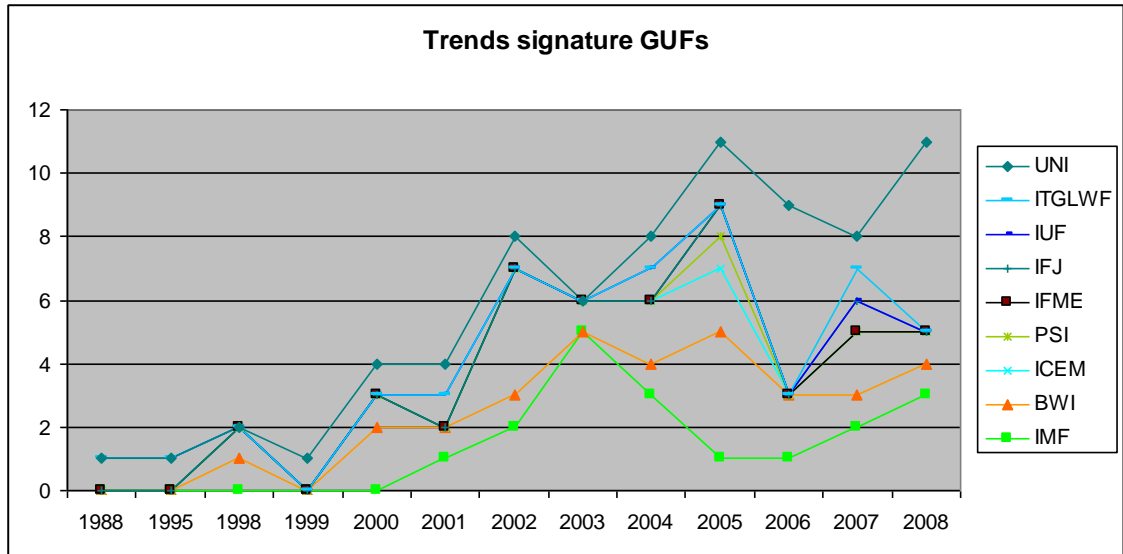
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<sup>7</sup> BWI Building and Woodworkers International. ICEM International Federation of Chemical, Energy, Mine & General Workers' Union, IFJ. International Federation of Journalists, IMF. International Metalworkers' Federation, ITGLWF. International Textile, Garment and Leather Workers Federation, IUW. International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations, PSI. Public Service International, UNI. Global Union for skills and services.

<sup>8</sup> Note: Out of the total 72 IFAs studied, 4 have been jointly negotiated with several federations. (Lafarge - BWI, ICEM; Brunel - IMF, ICEM; UMICORE - IMF, ICEM; EDF- ICEM, PSI, IFME) Three of these are included in the IFAs sample: Lafarge - BWI, ICEM; UMICORE - IMF, ICEM; EDF- ICEM, PSI, IFME)



**Figure 4.** – Trends of IFA signed by GUF



Two French companies, Peugeot and EDF, developed an innovative negotiation procedure for their respective IFA. Union representatives from all the countries in which they were present were invited to take part in the negotiations. Such an approach, by promoting local social dialogue, could encourage the effective implementation of the IFA at the local level, reflects the principle of subsidiarity and stimulates decentralized negotiations (more detailed information on both can be found in Annexes 1 and 2).

On the corporate side, the choice of signatory differs greatly from one IFA to the next. In principle, the preferred signatory is the Chief Executive Officer (CEO). This helps to avoid legal problems. In general, the corporate signatories include representatives from the following departments: General management; Subsidiary management; Human resource divisions;

Procurement divisions, Sales divisions; Sustainable development division; Legal division (ORSE, 2007).

### **Core contents of the agreements**

As we have already explained, the objective of IFA is to improve multinationals' labour and social behaviour throughout the different production centres. Initially, they were centred on the promotion of commitments regarding fundamental principles and rights at work, in particular, the freedom of association and collective bargaining, and the terms and conditions of employment.

According to Papadakis, IFA typically contain clauses that focus on two broad sets of standards:

- a) fundamental principles and rights at work (freedom of association, collective bargaining, non-discrimination, abolition of forced labour, elimination of child labour and minimum employment terms and conditions (working time, wages, occupational safety and health);
- b) other conditions of work: mobility and related issues (for instance, the transfer of pension entitlements), training, job security, subcontracting, occupational health and safety and restructuring. It would appear that while the former category responds to concerns by workers' representatives, the latter addresses multinationals' concerns.

As was highlighted in the introduction (and of particular relevance to our study), while most of the agreements focus on the afore-mentioned issues, an increasing number of them include provisions relating to other areas (as for example, aspects relating to sustainable development).

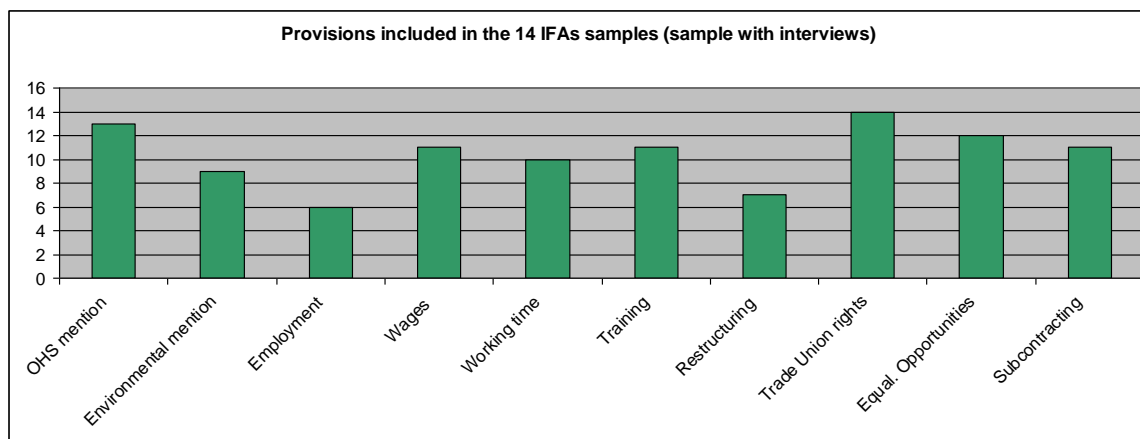
As part of their development, IFA are growing in scope (through the inclusion of a more diverse set of domains), coverage (through the inclusion of suppliers and subcontractors) and in terms of the enforcement mechanisms (including provisions for implementation).

The increase in the number of topics that are covered is a particularly sensitive area. As has already been argued, the choice and pertinence of the issues that are to be included are essential to the concept of industrial relations and social dialogue. The different players recognise the other parties' legitimacy on certain specific aspects, but not on others. The inclusion of a new issue should therefore not to be taken lightly. This is not related to the issue's importance or relevance. However, it suggests that IFA must cover issues that are considered of importance by both parties.

In certain rare cases, the issues that are included in the IFA do not reflect the parties' original intentions, but are included influenced by pre-existing voluntary corporate codes of conduct. As

we will see in greater detail in chapter 2, this has very often occurred in the environmental domain.

**Figure 5 – Issues covered in 14 selected IFA**



Perhaps the model which has been most prevalent is that which is based on the eight core ILO conventions, other conventions according to the activity sector, and additional issues. . For each of the corporations that have been studied, we have summarized the agreements' basic content in Annexes 1 and 2.

### **Implementation and monitoring**

This constitutes a crucial but complex aspect of study. Implementation varies greatly depending on the company and sector. Trade union federations' outtakes on the ideal type of implementation also vary considerably.

One of the major difficulties in implementation relates to the difficulties of ensuring that corporate commitments are translated into actual practices at the local and country level (this is particularly an issue with regards to trade union freedom of association).

The modalities of implementation vary considerably from one agreement to the next. For certain agreements, are unfortunately very basic: formal posting of an initial document of intentions at the central level, the translation of the document into local languages in each subsidiary, Fortunately, the most popular model of implementation consists in the organization of joint meetings at least once a year. Their purpose is to resolve conflicts or disputes and validate local action plans.

In a minority of cases, the implementation and monitoring methods are detailed in the framework agreement itself. This is one of the key issues currently emphasized in the

negotiation of the new framework agreements or the renegotiation of existing ones and which can pose the greatest stumbling blocks.

Definition and clarity are fundamental: the greater the amount of detail with regards to how the IFA will be implemented and evaluated, the lower the risk of subsequent misunderstandings between the parties.

*“There exists a need for more specific and stronger agreements in terms of the way joint action is going to be conducted, on how responsibilities are assigned”. (Union representative)*

*“We have no other specific objectives – I think the key issue that we need to address in the next meeting is to establish a monitoring mechanism that can tell us the impact of the agreement; if not, why not and if yes, where has it made any difference? Because then it tells us it has been a useful mechanism and we are not wasting anybody’s time”. (Management representative)*

*“We could be more specific on what we would like to see in the implementation plan, but also in line with the comments made by union representatives, we would like to advance in a qualitative approach to implementation plans”. (Management representative).*

There are differences of opinion as to where the responsibility lies when it comes to monitoring the agreement’s implementation. The responsibility for compliance with the agreed policies lies mainly with the company, as it is the only party with the capacity to take action and implement the decisions that are made. In the monitoring and control of the agreements, and even in their review or the possible definition of specific activities or objectives, union representatives’ level of responsibility varies considerably.

In a few cases, the responsibility for monitoring and control resides solely in the company’s hands (through the establishment of systems whereby problems are only reported to the board of directors) or through internal auditors.

In certain cases, the monitoring process is outsourced to external auditors, which, more often than not, directly report to monitoring committees within the company.

*The monitoring comes from both sides, both from the management and from the unions. And because unions are on the ground in each of the countries, it is much easier for them to observe the evolution and raise areas of concerns to the appropriate level. We*

*rely very heavily on the people within the unions to monitor and look what in on the ground. (Management representative).*

*Management is the only one who is responsible for the implementation. Trade unions have an oversight role. (Union representative).*

The most widespread monitoring system is based on the organisation of annual meetings of the joint committee in charge of monitoring (on rarer occasion, meetings may be held less regularly). In the case of Arcelor Mittal, the occupational health committee meets once a month. "The committee meets regularly, at least one a month and will evaluate accidents, near misses that have taken place since the previous meetings or discuss on follow up on decisions made previously".

Annual meetings represent the main channel through which to discuss unresolved issues relating to the agreement and its progress. However; as a result of the pressure put on by international union organisations, these meetings are increasingly being combined with joint visits by international management and union representatives.

*"We visit together the countries and we explain the content and the objectives of the agreement – we explain in what kind of context we have negotiated this kind of agreement. And we see how the CEO has implemented this agreement at a local level. When we visit some countries, like US, it is surprising to them to see a union and a company, who are presenting together. So it is quite interesting and it is important for both the union and the company together to have these kinds of relationships".* Management representative).

*"Monitoring has two parts: a meeting of the monitoring committee at least once a year and the joint visits (management and unions) to the production centres".* (Union representative).

*"We have a meeting once a year and we make a visit every year, the visit is with a delegation from the reference group, which includes seven people. We see how the agreement is being implemented and then make a report".* (Management representative).

It is recognized though that monitoring at concrete intervals by a headquarter level is not the best way to ensure results. In order to successfully fulfill the agreement's objectives, monitoring should be institutionalized at all levels. National unions are key to guaranteeing this success and local committees are a very useful tool in this regard. Nampak and EDF, for instance, are already doing this.

*“The local committees are the best tool to ensure an effective evaluation”. (Union representative).*

*“Beyond the annual meeting, the committee follow up meetings must be called between the local workers representatives and management”. (Union representative).*

*“In terms of the local agreement in the various countries, only between the annual meetings, unions would meet and do a survey amongst members, to see whether the provisions and principles of the global agreement are being adhered to. In terms of country arrangements, each and every plant or operation have monthly meetings...just to see ...amongst other aspects there is a point on the agenda around the implementation on the global agreement that we signed with the company. They then will report to the subsequent alliance on the areas where certain progress has been made. And we don't wait actually for the actual annual meeting before we raise the issues”. (Union representative).*

*“The monitoring of the agreement is a continuous process – we are in continuous communication with the affiliated unions – the monitoring committee has joint missions every year”. (Union representative).*

Unfortunately, local trade unions are not always involved in the monitoring process. This is problematic since the framework agreements' credibility and strength largely stems from the trade union's contribution to the monitoring activities. Social monitoring is often considered to be lacking, especially when it is carried out by external auditors and consultancy firms. Many interviewees emphasized this crucial aspect.

*“The one thing that the framework agreement really helped was to raise the potential for monitoring by local unions that is the greatest contribution for the framework agreement”. (Management representative).*

*“If (national) trade union don't care or don't know about the agreement or how to implement it, or don't bother using the agreement for their negotiations with the management, there is little hope that managers will implement the agreement”. (Union representative).*

*“Most valuable is the information we get from our affiliate together with the information from the verification of the independent boy”.(Union representative).*

*“What we are planning to do before the meeting next year, is to disseminate a questionnaire circulated to all the plants for operations among the unions. To evaluate*



*the improvements on the different plants since 2006. And that is what we have been planning for next year, 2010. The only monitoring we are relying on now, is the feedback from the local unions". (Union representative).*

The fact that in certain cases local trade unions were not involved in the negotiating process complicates their involvement in the monitoring phase. This lack of prior consultation represented a fault that is now being addressed in the new negotiation processes and review or renegotiation of existing agreements. The agreements of EDF and Peugeot, for instance, have been negotiated by all of the local organizations.

On other occasions, the lack of involvement by national actors did not depend on prior consultations or the chain of affiliation, but on national organizations' workload and available resources.

*"Basically our hope was that our trade unions would jump on this and use it to negotiate at the local level to make large steps forward. And that proved wrong. We should have realized that most of our affiliates have their own priorities and the principles we were talking about. And most of them were not relevant for at least some of our trade unions". (Union representative)*

*"We consider that it is up to unions and management to both know how they want to use it. National unions may not have the implementation of this on their main priority list – due to the million other things they work on". (Union representative).*

Hardly any IFA explicitly mention performance indicators as a means of evaluating the results obtained during the agreement's implementation process. Rodhia is a rare exception as EDF which offer guidelines and reference indicators.

## **Resources**

The quality of the implementation of the IFA depends on the company's culture, but the interviews conducted demonstrate that it also varies depending on the resources allocated to its implementation by the management, as well as the resources allocated for measuring the effective implementation of the commitments undertaken. This issue is even more important if we consider that, in order to be successful, IFA rely heavily on awareness-raising mechanisms and campaigns (rather than on legally binding and sanction-driven procedures).

Only a limited number of IFA have explicitly included financial resources to support implementation or monitoring processes. In our study, EDF is the only MNC to have done so: "EDF covers costs related to the functioning of the Committee and the Bureau, in addition to the organization of their meetings, within the limit of an annual budget of 220.000 Euros".

On the other hand, resources that are more often included in the agreement are the provision of time. In certain cases this refers to the time that the monitoring committee needs to meet and discuss the IFA. On rare occasions, this refers to the provision of time to employee representatives in order to organize meetings with other employees for informational purposes. Certain IFA cover the travel and expenses costs for monitoring committee and union meetings.

Some GUF and corporate managers are seeking joint solutions. IUF, for instance, has a full-time employee (paid by the company) whose mission is to monitor the Danone agreement. More often than not, international federations assign staff-members with the task of monitoring several agreements.

Several companies consider that the allocation of time and money to the development of the agreement is a shared responsibility (for the company and unions). Such MNC only cover their own expenses.

*“We had a slight issue regarding the expenses – also on a union side it is quite an expensive trip. Two months ago they approached us if we could carry their expenses as well but our answer was no. It is an effort for both parties and we make an effort on our side but we also expect this from the union side”. (Management representative).*

The financial crisis appears to have had an adverse effect in this regard. For some companies the crisis represents an additional reason not to allocate specific resources.

*“No resources were made available after the agreement – because you know... we want everybody to be involved and as we are present in several activities. There was no budget allocated to that. There are several strategies, programs and social situations and so on, to face the crisis we have cost reduction programs”. (Management representative).*

*“In these tough times of economic crisis, the monitoring visits could raise some questions”. (Management representative).*

## **Part 2: OHS and environment clauses in the framework agreements**

Why address environmental issues along with occupational health issues? Historically, trade unions have addressed these issues together. The participation of workers in environmental policies in the workplace developed through committees and departments who were in charge of occupational health. Firstly, these were spaces for innovative trade union action transcending traditional demands – wages and basic working conditions. Secondly, from a workplace perspective, the environment can be analysed from two different angles: the “internal environment” which consists in the workplace; and the “external” environment which relates to the context and means through which a company carries out its activities. The technical expertise that is available through trade union departments, committees and occupational health representatives, enables workers to find the appropriate information to integrate the difficulties that are associated with environmental issues. Lastly, there is an evident link between health, environment and the need to establish integrated systems to foster improvements in both domains.

The 72 International Framework Agreement signed by the Global Unions up to June 2009 have been analyzed in this study. Special consideration has been given to fourteen IFAs through personal interviews with parties from fourteen multinationals and labour counterparts. Four of these have been considered as case studies. Along this section, as previously, references to the texts of the IFAs appear italicized in brackets [...] and any references to the interviews appear italicized and in quotation marks “...”.

The analysis of the 72 texts has covered the following topics: content of sustainable development provisions; scope of application; dissemination and monitoring procedures specific to the issues whenever present, barriers for their inclusion, challenges, areas for improvement and outcomes.

It should be noted that when referring to environmental issues in the text, the direct impact on the natural environment has been considered. The texts were examined for the inclusion of the following topics: resource consumption, waste production, pollution and recycling. While analyzing occupational health and safety (OHS), direct implications on the employees’ physical and mental health were also considered. This entailed identification and assessment of health hazards in the workplace; the implication of work practices on health; analysis of occupational accidents and work-related illnesses;; provision of education and training; hygiene, ergonomics and preventive measures.

## **Their significance: mentions and clauses on Occupational Health and Environment**

For the purpose of the study as part of the analysis of the IFAs, a distinction can be made between a “*mention*” and a “*clause*” on OHS or the environment.

- **A mention** is considered a general reference to the concepts but with no specific or detailed provisions. This can be part of the preamble, or included as part of a statement, whereas
- **A clause** refers to a specific paragraph or section included in the text which contains further details.

It is important to be mindful of the fact that there is a difference between actions and policies that companies have in place focusing on these two issues- occupational health and environment, and their inclusion in the framework agreements.

Occupational health and safety and environmental issues can be addressed by the companies through a variety of initiatives. For example, as previously seen, other codes of conduct make a much more frequent reference for example to the environment than do the framework agreements, which are aimed at advancing or creating a level-playing field for working conditions for the workers of multinational companies, irrespective of the country where production takes place.

There are companies that have extensive initiatives and codes of conduct on sustainability and environment, but do not reflect these in their framework agreements. Lafarge is an example of such cases as a couple of references to environmental performance have been included in its IFA, but there is no specific clause to be translated into practice through implementation of the agreement. Lafarge, however, has a specific policy called Sustainability Ambitions 2012 and some programmes on partnership with environmental NGOs such as the WWF Conservation Partner. RoyalBam Group is another example which does not include any environmental clause in the IFA but has a code of conduct denominated “Business Principles in 2007” and various programmes such as the GreenUp Tool, Pilot-project for zero-waste houses or the Project Carbon Calculator.

In the similar way in some cases companies have put in place specific codes on occupational health, but do not deem such contents as important for the framework agreements. Danone serves as an example; while no mention to OHS is made in the IFA, Danone has a health policy called Danone’s Health Governance. According to the 2008 Sustainability Report of the Group, though this policy since 2004 the reduction by 50% has been made possible of the rate of frequency of accidents with stoppage of work.

There are several aspects which may result in the inclusion or the lack of mentions and clauses on OHS and Environment. Based on the research, three fundamental reasons can aid in understanding why these contents may or may not be included in the agreements:

- Perception of relevancy: in some cases issues are not considered of relevance for one of the parties. In general terms, they are not considered as a priority.
- Consideration of the IFA in relation to other multinationals' policies and codes of conduct. In certain cases, the IFA is considered to be “complementary to what exists” in the codes of conduct. As environment is usually present in voluntary agreements, this approach tends to exclude them from the IFA; this could happen with OHS too. In other cases, the opposite approach is followed; it is considered that the various initiatives must be “coherent”. In such cases, occupational health and safety, and particularly environmental issues, will be included in the IFA as a result of a transfer from codes of conduct, which tend to contain more in-depth environmental policies, hence leading to the mainstreaming of such content.

Behind this reason which seems rather formal, of either a “complementary” or a “coherence” approach, there is normally the consideration of whether or not the issue is a topic for social dialogue. Environmental and occupational health issues will primarily be reflected in the IFAs if trade union organizations wish to participate in the definition of such policies and demand their inclusion, and if the company in turn is willing to accept it, through the social dialogue framework. There will be issues that social agents could consider important to discuss but that should have a space outside of the social dialogue negotiations. For example Unions or companies may wish to address environment through multi-stakeholder bodies of the CSR initiative among others.

- Breadth and structure of the IFA: the general level of detail will determine the concreteness on these issues. Some IFAs are quite schematic and only address a limited set of issues (such as the recognition of freedom of association). Those IFAs whose contents are more elaborate generally will tend to include references to occupational health and safety and the environment.

Based on the aforementioned reasons for their inclusion or not, and in combination with the degree of implementation of the clauses when included, the 14 IFAs studied can be classified into four categories:

Cat 1: OHS and Environment are not seen as relevant: One or both parties do not consider these issues as relevant or important.

Cat 2: OHS and Environment are addressed in other frameworks: it is assumed that these are developed in other initiatives in which workers may or may not participate. They are not considered as an issue for worker-employer negotiations or at least an issue to be addressed in the IFAs.

Cat 3: OHS and Environment are mentioned but not elaborated: this is the case when there is a mention to a symbolic or theoretical commitment with no ownership by any of the parties for its implementation. This can be a consequence of certain difficulties for translating the commitments into practice or a consequence of the automatic inclusion of language present in codes of conduct that aims to give a coherent image of the company (above all for environment mentions).

Cat 4: OHS and Environment are developed or considered with potential for progress: under this category are agreements with active OHS and environment measures, although they could be improved. Also found are those which are in a preliminary phase but under conditions that lend to their full elaboration.

**Table 2** – Classification 14 IFAs studied:

Company	IFAs	
	OHS clauses	Environmental clauses
Chiquita	Category 4 <i>( incorporation of clauses – joint review committee, meets once a year )</i>	Category 2 <i>(environment is considered to be driven by other frameworks not IFAs )</i>
Danone	Category 2 <i>(considered to be already addressed in other frameworks)</i>	Category 2 <i>(there was no demand)</i>
Danske Bank	Category 3 <i>(considered to be a straightforward clause, though OHS is not a big concern)</i>	Category 1 <i>(neither managers nor unions considered to be an issue for an IFA )</i>
EDF	Category 4 <i>( incorporation of various clauses, joint committee and bureau, national visits )</i>	Category 4 <i>(incorporation of clauses)</i>
Ikea	Category 3	Category 2* <i>(*the format of this IFA is different to others and refers to external documents)</i>
Inditex (ITGLWF)	Category 3	Category 3

Inditex (UNI Global Union)	(just mentioned) Category 3	(just mentioned) Category 1
Lafarge	Category 4 <i>( incorporation of a clause, joint reference group )</i>	Category 3 <i>( mention but no clauses )</i>
Nampak	Category 4 <i>(incorporation of a clause, establishment of a health and safety committee, the agreement is considered to have played an important role on OHS)</i>	Category 2 <i>( mention but no clauses, it is said to be already dealt with in other frameworks as part of company policy)</i>
Peugeot	Category 4	Category 1*
Rodhia	Category 4	Category 4
Royal Bam Group	Category 4 <i>(incorporation of a clause, joint reference group, the agreement is considered to have played an important role on OHS)</i>	Category 2 <i>(It is considered to be addressed in other frameworks. There is mention but no clause )</i>
Statoil	Category 4 <i>(incorporation of a clause, the agreement is considered to have played an important role on OHS)</i>	Category 4 <i>(clauses on the precautionary approach, eco-friendly technologies and environmental responsibility are included)</i>
Umicore	Category 4 <i>(incorporation of clauses – joint committee)</i>	Category 4 <i>(incorporation of clauses– joint committee - link the agreement to the policies)</i>
WAZ	Category 1 <i>( mention but not clause)</i>	Category 1 <i>( not considered to apply to the sector and does not exist a demand)</i>

\* This Category is in process of being modified, as a result of latest negotiations. With the establishment of a World Committee it is expected that the environmental issue will be addressed through actions such as the launching of an independent consultation across all branches on environmental matters.

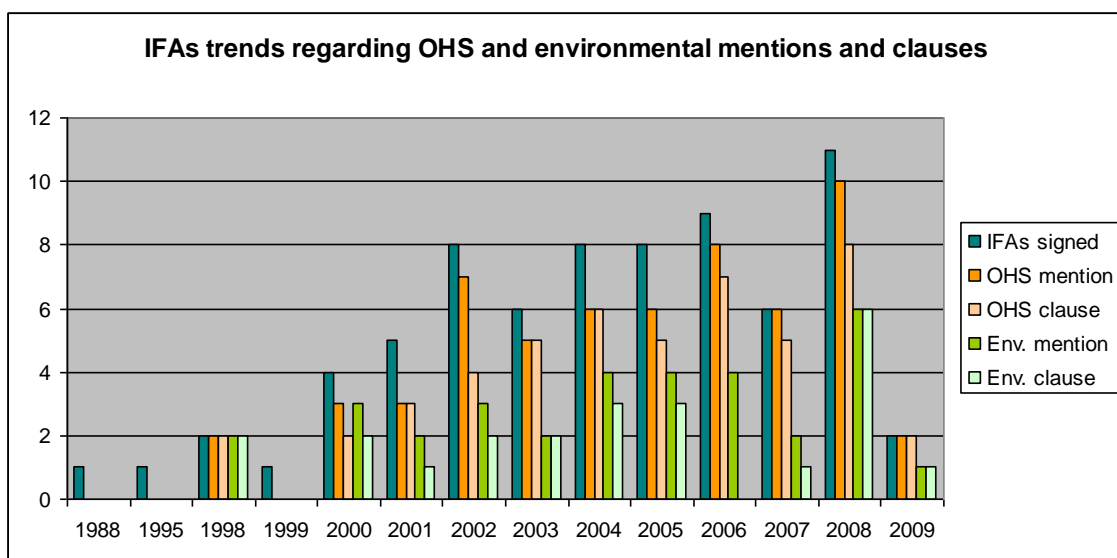
## Content and Trends: Mentions and clauses on Occupational health and Environment

This chapter provides a joint analysis of occupational health and environmental mentions and clauses. Out of the 72 International Framework Agreements signed, 58 contain clauses either on environmental policy and occupational health and safety, or both.

The inclusion of OHS clauses and mentions has been quite consistent. The percentages on average of references to OHS have been **85% mentions** out of which **74% are further elaborated into clauses**.

Out of 72 texts signed, 33 framework agreements mention the environment (48.4%) and 22 (30.5%) include environmental clauses. While literature on this issue tends to state that the environment is increasingly being included in the framework agreements, the findings of this survey indicate that there is an improvement in the quality of such references which is shifting from simple mentions to clauses of greater magnitude and to the elaboration on specific contents or procedures for its implementation. In the last two years all agreements signed that contain a mention of environmental protection have a specific clause devoted to actions

**Figure 1 - IFA trends regarding the inclusion of mentions and clauses on environment and OHS**

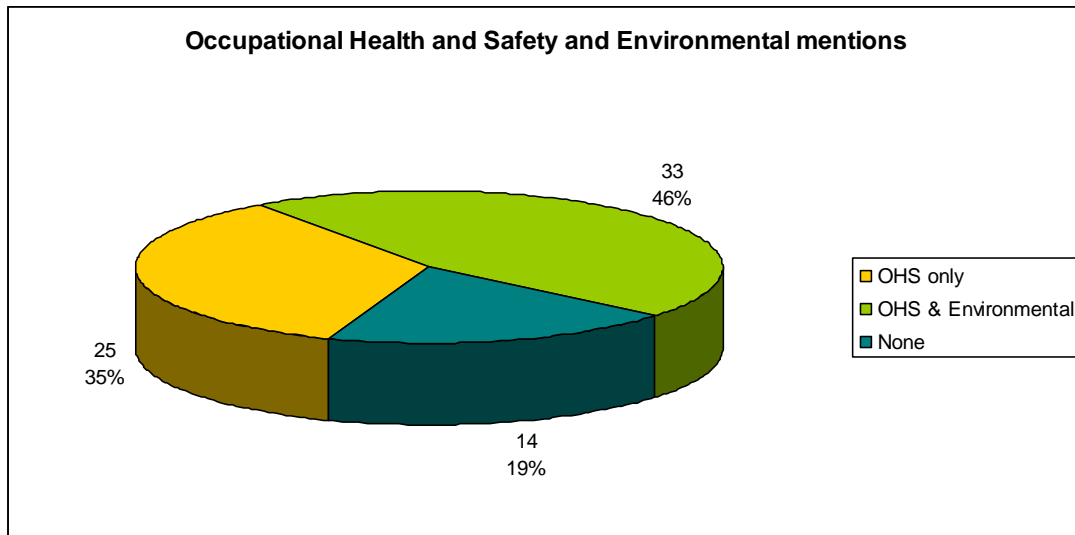


There are no IFAs that have been drawn up solely on environmental issues. When the environment is mentioned it is generally alongside occupational health and safety contents (further highlighting the close connection between both issues). None of the framework agreements so far contain references to the environment without content on occupational health and safety. (See figure 2).

Out of all the agreements studied only fourteen do not include any mention of OHS or Environment. 36 of the IFAs deal with occupational health and safety but neglect to add any mentions and clauses on environmental issues.

**Figure 2 - OHS and Environmental mentions**



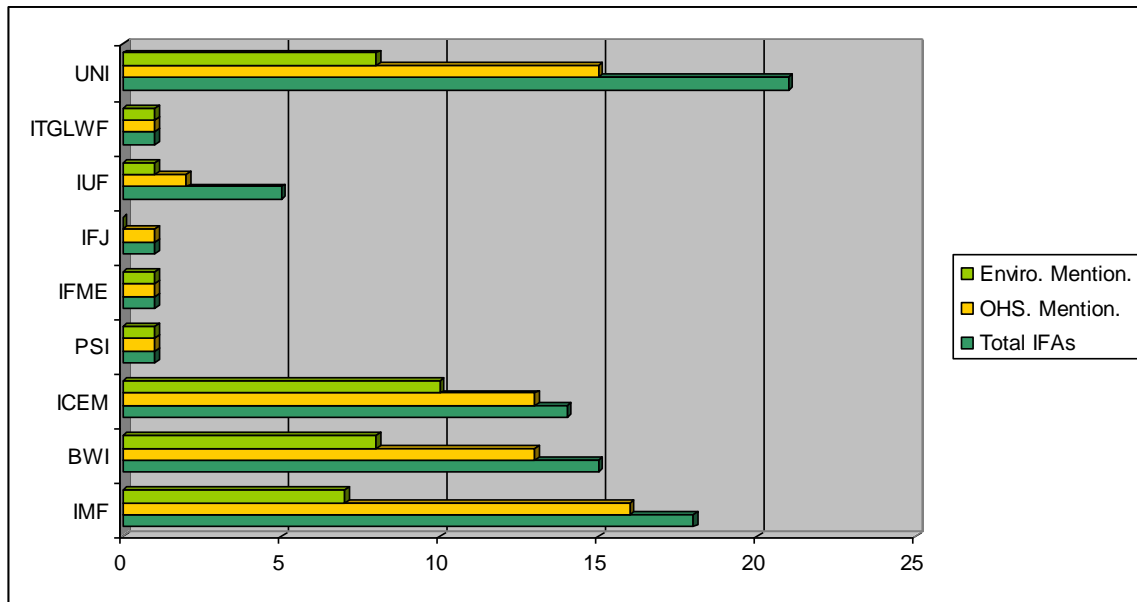


In the majority of the cases in the agreements there is a relation between contents on occupational health and safety and environment, and often these contents appear in the same thematic section. Furthermore in 6 companies references can be found to “occupational health and safety and environment (OHSE)” as a concept, which as previously explained is in line with the trade union organizational tradition of jointly addressing themes. This is generally observed in the texts of companies in the energy sector whose IFAs have been negotiated by ICEM: (Lukoil, Eni, Fraudentberg, Umicore, Statoil, Norske Skog). In the case of Lukoil and Fraudentberg it can be said that the clauses are entirely dedicated to OHSE. Later on an analysis of the possible advantages this may hold for social dialogue on environmental issues will be presented.

The importance of the issues varies greatly from one sector to the next. Despite the overall recognition of occupational health and safety as a central issue relating to all productive activities and jobs, its importance has been more evident for sectors where exposure to risk is higher or more visible: mining, chemical and building/construction. Likewise, the importance of environmental policies will vary greatly from one sector to the next. The need to bolster changes in the production methods will be determined mainly by driving forces such as the pressure to minimize the environmental impacts; the compliance with national legislation; and the need to comply with international agreements (on issues such as climate change). The sector is evidently an important variable.

Such differences can also be observed from the signing unions, also organized into sectors, as outlined in the diagram below showing the number of references to both issues according to the global federation which negotiates the agreement.

**Figure 3 – Presence of OHS and Environment clauses negotiated by GUF**



For this reason, it is not surprising that inclusion of OHS and environment contents vary considerably from one GUF to another. For Occupational Health and Safety, the International Metalworkers' Federation (IMF), the ICEM and the Building and Woodworkers' International (BWI) have the highest rates of these clauses amongst those that have signed more than one agreement (88.9%, 92.7% and 86.7% respectively). UNI incorporates OHS at a slightly lower level, only including clauses on workers' health 71.4% of the time. This could be explained by the less visible problems faced by the service sector when it comes to the health of workers.

In general, there are fewer IFAs covering environmental concerns but differences also exist across sectors: ICEM stands out with 71.4% of agreements with references to the environment; IMF and UNI have around 40% (38.9% and 38.1% respectively). Among the construction federation (BWI) agreements environmental references are made in 53.3% of the cases.

The differences in the inclusion of OHS and environment mentions were partly explained in the interviews carried out with the GUF leadership. While ICEM has considered it important to jointly integrate these issues since the 1980s, BWI has worked on them separately, addressing Occupational Health and Safety through the agreements and other spaces for social dialogue, but addressing environmental issues using other platforms, such as companies' environmental sustainability initiatives or the Global Reporting Initiative.

The IMF negotiated its first IFA in 2001. No environmental or OHS clause was included in this particular agreement. Yet all subsequent agreements hold a section on occupational health and safety. The IMF included its first environmental clause in an IFA in 2003. Since then, the IMF has been consistent in maintaining such level of inclusion.

Over the years, ICEM have followed a very proactive approach in terms of including both clauses. The majority of the negotiated thirteen agreements were signed after 2000, with a peak in 2002 (4 agreements signed). With one exception in 2003, ICEM included provisions on occupational health and safety in all agreements. Regarding environmental clauses, ICEM has been successful in negotiating ten out of fourteen. .

In recent years other GUFs are increasingly becoming involved in IFAs, for example the ITGLWF, the IFJ and the PSI. The PSI negotiated their first IFA in 2005; and the ITGLWF and IFJ signed their first agreement in 2007. All of them have incorporated occupational health and safety in their agreements. Environmental clauses were also introduced in the agreements signed by ITGLWF and PSI<sup>9</sup>.

## **Sustainable Development as a framework**

Before commencing a detailed analysis of occupational health & safety and environmental clauses, a brief reference should be made to the inclusion of mentions or clauses on sustainable development. Although from a general point of view, sustainable development encompasses all of the IFA contents and not only those studied here (agreement references to working and social conditions are part of the social dimension of sustainable development), the fact that it is included as part of the IFAs amplifies their framework, hence moving beyond basic labour rights toward an expanded framework for the recognition of social and environmental rights.

Companies of all types, in particular multinationals have increasingly been integrating the term sustainable development in their communication policies. The use of this concept (or its use as a global conceptual framework) is so excessively repeated in marketing strategies that it may begin to appear as an “empty” reference in companies’ public relations exercises and does not significantly contribute to concrete corporate social responsibilities.

The conceptual framework of sustainable development or sustainability is overly used. The discourses have been progressively internalised by enterprises, mainly through voluntary self-regulated initiatives, such as the codes of conduct, ,because this, among other reasons, allows companies to communicate their main responsibilities - economic, social and environmental, in an integrated manner in order to address the demands of workers, consumers, NGOs and other stakeholders.

From an analytical standpoint sustainable development is an irreplaceable concept outlining the “should be” scenario in a clear and simple manner, although it may also conceal or blur specific

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<sup>9</sup> This IFAS has been jointly signed by INEM, IFME and PSI

commitments with respect to each of its concrete “pillars” - the economic, social and environmental.

In contrast to other voluntary measures, IFAs have the potential and capacity to refocus debates on the codes toward the definition and inclusion of concrete issues such as OSH; with clearly identifiable actors (trade unions) and processes; and with references to specific international standards (i.e. ILO conventions).

In many of the framework agreements studied sustainable development is mentioned as a principle and often the three pillars that define it are described. This is the case when it comes to Valloruce, Inditex, Rhodia, UTU; Gea, Rheinmetall, Skanska, EDF, Lafarge, Royal Bam Impregilo and Arcelor Mittal. In the interviews that were carried out the importance of advancing on sustainable development was emphasized even further. Management tends to emphasize that this is a commitment that has been assumed (EDF; Nampak, Danone, Umicore) and trade union organizations tend to emphasize the need for it to be implemented on the ground.

As an example, Royal Bam makes a general statement referring to sustainable development as an objective for the company: *“Sustainable development in its three dimensions – economic, social and environmental – is in the interest of the company and the workers of the wood and construction industry”*

## **Chapter 2.1. – Environmental component in IFAs**

Focusing on environmental contents, out of 72 texts signed, 33 framework agreements mention the environment (48.4%) and 22 (30.5%) include environmental clauses. While literature on this issue tends to state that the environment is increasingly being included in the framework agreements, the findings of this survey indicate that there is an improvement in the quality of such references which is shifting from simple mentions to clauses<sup>10</sup> of greater magnitude and to the elaboration on specific contents or procedures for its implementation. In the last two years all agreements signed that contain a mention of environmental protection have a specific clause devoted to actions. Two of these, those of Lukoil and Fraundeberg, are joint occupational health and safety and environment clauses, treating the issues in a completely integrated manner.

The inclusion of references to the environment varies depending on the sector and associated challenges. In general those sectors that pollute the most are the ones that include the greatest

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<sup>10</sup> For an explanation between clauses and mentions, see Part 2: OHS and Environment clauses in the framework agreements

number of environment-related clauses. But other reasons need to be considered to understand existing differences. For instance, IFAs in the metal sector (with a substantial environmental impact) present fewer references to environmental protection when compared to those signed in the chemical sector. The explanation for these differences stems from the nature of the proposals that were put forward by the various trade union organizations, as IFAs are mainly the result of Trade Union requests. This means that proposals to include environmental issues are more present in ICEM's requests than in IMF's.

As stated before, the introduction of environment into the international frameworks has been very dependent on MNCs' CSR policies. In some cases the references outlined in codes of conduct were transmitted to the IFAs as a sort of progression. This means that environment was not included in order to be implemented through the IFAs, but instead as a means of maintaining coherence with other reputation policies of MNCs. This is the case for many of the IFAs that include only mentions to environment and not clauses.

On the other hand, contents on environment have traditionally been included as an extension of the responsibilities of the OHS departments moving from the internal to the external environment. There is a long tradition of work carried out through local and national committees on OHS and environment. It is normal for the framework agreements to reflect this line of trade union work in the different centres of production.

In recent years, new approaches have emerged favouring trade union participation in environment. Firstly it is becoming increasingly more clear that fundamental decisions about production, where and how it is carried out, are affected by the environmental impact of activities and ad-hoc environmental legislation. The progressive adoption of environmental legislation has an important weight in processes of restructuring. This "economic" importance of the environment has resulted in trade union organizations' growing interest in participating in environmental company policies, as they are an important part of their global strategy

Concern for the sustainability of jobs has also acquired an environmental dimension and trade unions are beginning to incorporate concepts such as green jobs, the greening of existing jobs and just transitions into their debates. These new concerns are being transformed into concrete demands, for example, for better training of workers in new clean technologies, or for greater participation in the environmental management of companies.

These new demands for participation are being channelled through different platforms. In some exceptional cases, those most advanced are achieving environmental rights for workers and the recognition of environmental or "green" representatives, this being a unique set of duties that may or may not be combined with occupational health and safety functions. On the other hand, there are demands for greater worker participation in "multi stakeholder" spaces of different

CSR company initiatives, such as in GRI reporting or the International Standardization Organization (ISO).

Environmental sustainability issues are predominately global. Strategic decisions regarding production will increasingly be influenced by environmental policies aimed at mitigating the impacts of production on natural resources, and consequently could be of growing interest for global social dialogue. The progressive adoption of international norms will contribute to increasing the importance of environment and will most likely lead to its more prominent presence in the IFA. In the struggle against the adverse effects of globalization, labour and environmental standards are the most pressing issues.

In this respect in the same way that local and national issues for social dialogue have an influence on international discussions, progress and achievements at the international level may seep into the national stage. Addressing environmental protection at workers global level through IFAs or other tools can facilitate, therefore, trade union action at national and company level.

## **Environment as a general commitment for signatories**

In 11 (33.33%) framework agreements environmental protection is a commitment for the company. This is not a surprise as agreement commitments have to be implemented by the company and most of their contents are drafted in that sense.

Of special interest are the 12 IFAs where the commitment on environmental protection is stated to be a joint one between employers and unions. Aker, Ability, Portugal Telecom, Takshimaya, Icomon, Euradius, Gea, OTE, Lafarge, Nampak, Rhodia and Telefonica stated a joint responsibility for environmental protection for signatories. This means that unions take a proactive approach, and want to actively participate in the improvement of environmental sustainability.

*[Common recognition of the necessity to deal with impact on global environment. Takashimaya Co. Ltd. Labour Union and UNI will support the approach toward preventing and ameliorating environmental problems such as decrease in natural resources, pollution, climate change and impact on ecosystems].*

Rhodia's IFA specifies the joint commitment to raise awareness in this area among its employees:

*[Employee awareness of relevant environmental standards and company policies plays an important role in Rhodia's approach at both the international and local levels. Rhodia*

*and ICEM will combine efforts to enhance employee awareness and expertise in the area of environmental protection].*

As a drafting modality, in the other set of six companies - Lukoil, Eni, Fraudenberg, Umicore, Statoil and Norske Skog - signatories also take on the joint commitment of working on occupational health and safety and environment issues.

Lukoil and ICEM will cooperate to ensure that their activities are carried out with the fullest possible regard for health, safety, and the environment.

Most of the agreements of the first set have been negotiated by UNI and the second set by ICEM, which explains the difference in wording, in the texts. Overall it can be said that in 18 IFAs (25%) the protection of the environment is listed as a joint commitment.

It is also interesting to distinguish between the ways in which commitments are framed in the IFAs. Three types of commitments can be identified: (i) some IFAs consider environmental protection as an ongoing policy which could be reinforced; (ii) some consider environmental protection as an objective for future practice, and (iii) and others base their action most often on unspecified international environmental standards as a means for establishing objectives.

The case of Bosch's IFA is an example of the first group - they stress their ongoing commitment and elaborate on environmental protection as a current successful policy of the company. Bosch's IFA emphasizes on the company's interest in environmental topics over the years and underlines that their current policy will continuously contribute to environmental initiatives and actions:

*[We can look back on a very long tradition of commitment to preserving and protecting the environment. In addition, we contribute to further improving the living conditions at our locations. Our basic principles of environmental protection reflect our duty toward the environment and are the basis of many initiatives which are implemented throughout the company].*

The second group consists of IFAs that instead of highlighting the companies' current responsibility in relation to the environment focus on the intention to improve or make progress on their policies; ten examples can be found of these. Nampak is one such case as it advocates for greater environmental responsibility on the part of the MNCs: *[Nampak and UNI are committed to continuously improving the environmental performance of Nampak operations]*

The third group, which is smaller, covers IFAs which refer to national or international rules, guidelines and/or legislation that are briefly described below. The inclusion of certain

international standards is interesting in terms of assigning the area of concrete objectives, but in the case of the environmental issue, references are made to general statements on the need for better practices rather than specific international norms. No mentions to concrete Multilateral Environmental Agreements are made, for instance. As is later seen, for occupational health and safety contents, this is a lack of concreteness that is not common for other IFAs contents.

Two IFAs - EADS and GEA specifically emphasize that they will make an effort to comply with national, European and international regulations. Impregilo refers to respect for international agreements.

*[Impregilo S.p.A. commits itself to respect international agreements on environmental impact...]*

The case of Eni is rather exceptional as it commits to respecting the conventions signed by Italy, its headquarter country. This demonstrates that sometimes the framework agreements follow the logic of extending compliance with the rights and obligations of production in headquarters to other countries.

*[Eni will pay the utmost attention to the environment and ecosystem affected by its business activities and draws inspiration from goals contained in international conventions signed by Italy on sustainable development]*

It is of importance to recognize the opportunities that these contents could present for the participation experts from non-profit organizations. EDF makes a commitment toward the involvement of non-profit organizations which may attend its assemblies, though this remains quite limited.

*[Article 22 [...] The Committee may invite NGO representatives to attend its assemblies, by common agreement among its members, and as justified by relevant items on the meeting agenda].*

GEA, Umicore Rheinmetall and EADS also pledge to cooperate with competent and appropriate local representatives and/or public institutions. GEA states that:

*[Local cooperation with the local authorities and/or the responsible state institutions in order to achieve and observe the respective international and European standards will be supported and striven for]*



## Environnement as a social dialogue issue

Although the clauses on environment are of a general nature, and in spite of their rather imprecise language, they provide workers with the opportunity to develop policies in the company which are not specified in the agreement. These “general ideas” may be a point of entry for the recognition of workers’ responsibilities and rights on environmental issues, if efforts are made to consolidate them. The interviews with the various actors show that this could be the case.

EDF, for example, elaborates on the environmental commitments as an important issue for dialogue.

Lukoil and Fraudenberg also agree on the recognition of Occupational Health and Safety and Environment as issues for social dialogue. This highlights the importance of linking the environment to occupational health and safety, which serves as an entry point for the recognition of the environment as part of social dialogue. In practice, the introduction of environmental issues into trade union action, and the possibility of seeing them in turn become a topic for negotiation, has been promoted in large part through action on occupational health. These agreements also specify a commitment to training workers on both issues.

The IFA signed by Arcelor Mittal specifies actions to assess the current situation and identify potential environmental hazards to which the company may contribute. The IFA also specifies who will be responsible for this assessment, what topics will be covered, and describes preventive systems and procedures to be put in place by the company:

*[A workplace committee should investigate the actual situation and discuss possibilities to minimize its negative environmental impact on the surrounding environment. The committee suggests policies and practices regarding the disposal of solid waste, effluent or aerial emissions. The Committee is encouraged to establish systems to deal with a potential uncontrolled emission (i.e. emergency procedures, early warning systems, community information, evacuation plans, etc.)].*

Despite the positive changes made toward the inclusion of environmental issues in framework agreements, there are still many barriers to their integration.

Firstly, although the companies’ representatives have often promoted the inclusion of these issues in order to be “consistent” in their communications in relation to corporate social responsibility, they do not believe that the workers have much to bring to the table. The recognition of environmental rights for workers is in reality virtually non-existent, although it is starting to emerge in some countries and sectors. As previously explained, agreement on the issues which are on the agenda and those which are not is a key aspect for social dialogue.

There is still a great deal of prejudice on the part of companies regarding the possibilities of workers and their organizations being active participants in the definition of policies, and their implementation. Some examples from the interviews are shown below:

*“I don’t think it could have any additional value. We are now doing more with CSR and other projects we have on sustainability development. I don’t think that people from the company could understand why we would negotiate these topics with unions. I don’t think that they would understand what unions are doing for this topic. I do not think it is a topic for unions. We can make a lot of presentations, we explain our policy. We present what we are doing on the environment, but it is not an issue where unions are expecting anything from the company”.* (Management representative)

*“I think it is not really a matter of high importance on the agenda of the trade unions. We see that the trade unions are focused mainly on people issues...and human rights issues. We would be very willing to discuss with them environmental issues, but we don’t see them as a real contributor to solutions in that area at this time, because of their different focus”.* (Management representative)

*“Environmental issues are so technical and need analytical review, as a company we call on external experts and have our own, but I do not think the unions have the same capacity to contribute”.* (Management representative)

In relation to workers’ lack of capacity for participation in the agenda, which is one of the most common reasons given for not recognizing them as contributors, training is key. This is reiterated in those agreements calling for more proactive policies to be undertaken, which will be covered below.

On other occasions, it is the trade union organisations themselves the ones who consider that their priorities lie in other areas and that action on environmental issues is secondary. This interpretation is influenced by the fact that traditional labour demands have failed to obtain an acceptable response which would enable the organisations to pay greater attention to other social or environmental matters.

*“It is not one of our top priorities – that is why it wasn’t a request. Traditionally the service sector is not as polluting as other sectors. We are not an industry – that is the reason why we don’t see this as a primary focus area. This is becoming ever more present but we haven’t had it on the top of our agenda”.* (Union representative)

*“Where social rights and trade unions are still weak, the local committees prioritize questions regarding the rights for organizing, the quality of social dialogue, the*

*questions related to their working conditions rather than societal or environmental questions". (Union representative)*

*"It is more an issue that everyone agrees on and we are becoming sustainable and doing good things for the environment. It is not an issue for conflict or negotiation". (Union representative).*

Unions are not pleased with the level of attention given to labour and environmental issues by MNCs and their unequal interest in signing voluntary initiatives to improve them. For the purpose of improving a company's reputation, voluntary initiatives regarding environment are preferred over IFAs. For this reason, some unionists consider the environment as being a "soft", less conflictive issue for MNCs. The fact is that MNCs tend to be influenced by and react to public pressures (mainly consumers and investors), and it seems that these groups put forward more of a demand for environmental sustainability than they do for the protection of trade union rights. Some interviews have shown this to be the case.

*"Reason to include environmental topics in the agreement: companies are much more willing to negotiate environmental issues, it is easier for them, but they are anti-trade union on a global basis; they prefer union free environments". (Union representative)*

## **Concrete approaches and policies. Clean technologies in the International Framework Agreements**

The following five IFAs - Aker, Veidekke, Lukoil, Statoil and Rhodia - refer to the precautionary principle in addressing environmental risk and five others - Arcelor Mittal, EDF, IKEA, Takashimaya and Umicore - refer to minimizing their environmental impact and environmental hazards through the application of different preventive methods. While some only draw attention to addressing their responsibility in relation to topics like environmental impact of leakages, spillages and emissions, others commit to put in place concrete systems that will trigger direct actions on environmental issues within the MNC.

For example, Rhodia addresses preventative standards:

*[Rhodia undertakes to develop precautionary measures characterized by a proactive, forward and intelligence-gathering approach to science and technology regarding the risks involved in the company's activities].*

An example of more general commitments comes from Takashimaya. The IFA signed by this MNC outlines their concerns for an "[...] approach toward preventing and ameliorating environmental problems such as decrease in natural resources, pollution, climate change and impact on ecosystems".

In addition Takashimaya recognizes the relationship between the prevention of occupational hazards and the necessity to look beyond the parameters of the company's plant, therefore taking into consideration not only the environmental impact, but also the immediate effects on the community:

*[All workplaces exist and function as a part of a community and many of the pollutants and hazards, originally identified as occupational hazards, have an effect far beyond the workplace. The rising number of major industrial accidents, and their local and global impact, provides dramatic evidence that what happens within the plant deeply affects the safety, health and welfare of the local population and general environment].*

Umicore's IFA makes clear the firm commitment of the management and underlines the importance of encouraging the responsible design, use, re-use, recycling and disposal of its products through top-down decision making processes.

The IFA signed by EDF commits to putting systems in place to communicate possible hazards in order to protect local communities. EDF pledges to undertake actions to reduce use of hazardous products and adapt protective measures within all plants of the company. Hence, EDF commits to the contribution of renewable energy development and integration of these renewables in production facilities. In addition policies will be set in place to promote energy efficiency and stimulate more environmentally responsible behavior within the company as well as among clients.

Two IFAs (SKF, EDF) mention compliance with the International Standardization Organization (ISO) 14001, which outlines preconditions for environmental management.

The environmental policies and consequently environmental IFAs contents will vary as a function of the company's activity. For example, IKEA's forestry-related environmental policies are of special relevance for their reputation in their sector of activity, whereas Arcelor, or, EDF, elaborate more on energy or climate change policies and Rhodia on hazardous substances.

Intentions to incorporate best practices as a means of improving companies' environmental performance are set out in several IFAs which explain what types of best practices and sustainable technologies should be developed or implemented.

Some MNCs elaborate on the priority they give to the development of technologies supportive of environmental development. For example, Rhodia states that they will “*encourage the development and diffusion of environmentally friendly technologies*” and Statoil similarly to “*stimulate the development and diffusion of environmentally friendly technologies*”.

Others such as Umicore and EDF, specify their commitments towards the effective use of natural resources and energy, the development and use of renewable energies, as well as recycling, responsible design and disposal of products.. EDF makes a commitment to: *“launch or participate in scientific programmes to identify substitutes in the medium term”* and aims to implement a *“precautionary policy concerning scientific and technological anticipation and intelligence”*.

## **Beyond the signatories – looking at the supply chain**

There are some references in the environmental clauses that go beyond the boundaries of the signatories. The reference to subcontractors is a considerably important aspect of the IFAs. Their progressive inclusion will be essential in order to successfully address the various problems that stem from globalization. In general terms IFAs tend to highlight the need for the supply chain to abide by the same standards as the MNC. Two companies – Impregilo and EDF - specifically refer to subcontractors when referring to environmental standards; and two other companies – Ikea and Inditex - have IFAs that are specifically addressed to subcontractors.

Inditex and IKEA demand that external manufacturers, suppliers and subcontracts adhere to the standards and requirements set out in the signed IFAs, which are in fact agreements devoted to the supply chain. In both IFAs they should comply with standards and requirements of the applicable local and international laws and regulations. IKEA provides an extensive list of requirements for suppliers. The requirements regarding preventive measures mainly focus on the reduction of waste and emissions, ground and water, the safe handling of chemicals and hazardous waste. Specifications are also made for recycling and sustainable logging.

## **How to monitor the environmental clauses of the agreement**

Despite some generality of the monitoring methods in the IFAs, there is an overall tendency to define them better in order to ensure the fulfillment of the objectives. For the implementation of the environmental clauses, the mechanisms of implementation and monitoring are even less developed than those for other commitments. . Normally the only cases in which they are well defined are those in which they are addressed along with OHS through the joint committees. There are only a few IFAs that have elaborated monitoring mechanisms and that could be interesting examples:

Statoil includes the IFA review in the annual meetings.

*[StatoilHydro and Industri Energi/ICEM will meet annually to review practice in the area of the agreed principles and follow-up this Agreement. The purpose shall be to discuss the issues covered by this agreement with a view to jointly agree on actions that will further develop good working practices].*

Rhodia includes a chapter (n.IV) on Performance Indicators:

*[Rhodia and ICEM will carry out an annual review of this agreement on the basis of company indicators regarding the commitments stipulated by the agreement...]*

The indicator categories included under “environmental impact and natural resources” are: water, air, energy consumption and waste management.

Transparency of information and publication of the results is addressed by EDF and Lukoil:

Lukoil’s IFA describes specifics on communication and the importance of dialogue. Lukoil commits to: *“periodically supply information and supports an open dialogue with all parties interested in Lukoil activities in industrial and environmental safety”*.

## **The environment in framework agreements: experimental work into reality**

Despite the fact that, as seen above, companies are reluctant to recognize the contribution that social dialogue could bring to environmental objectives, some companies’ policies are starting to become stronger. Rhodia, for example, is developing innovative initiatives for the integration of these issues.

Other companies consider this to be an intrinsic element and of fundamental importance in the agreement:

*“Our former CEO insisted on the title of sustainable development agreement. It is part of our vision and eclectic approach to environment and occupational health and safety”.* (Management representative).

*“We have three worldwide themes: safety, CO2 and waste”.* (Management representative).

*“It is very important for the company to be seen as an environmentally responsible company. As a result we are engaged above all in recycling activities of our entire primary packaging materials, metals, paper, plastics and glass. So it was to our mutual benefit to see that the unions are also concerned about the environment”.* (Management representative).

*“We have a group for “internal auditing” that is based in the head office. They visit all plants by rotation, and they audit occupational health and environmental impacts”.* (Management representative)

Likewise, for some union organizations, activities on environmental issues through information and consultation, but also through participation and negotiation, are gaining momentum it would seem that this issue will become permanent rather than decrease in coverage. The global responsibilities of the company - for the environment and for the workers - evolves in this sense, as does the perception that precisely the companies that act most responsibly with their workers are those which show most concern for respect for the environment, and vice versa. This is the context for contents on green jobs or greening the workplaces.

*“The environment has become more and more important, so it developed fast. Of course, we could have taken the very old attitude and said “don’t talk about the environment that is killing our jobs”. But we realized very soon that was not the attitude, we had already realized it in the 80’s. Because we want to have jobs that are secure also for the future. So that is part of our policy”. (Union representative).*

*“You must remember that we are talking about a trade union. We are not an environmental organization. But we consider the environment as very important. We support other groups who focus more on the environment and we have to advance to have sustainable jobs, green and sustainable jobs”. (Union representative)*

*“We are an organization for our members, so we are focusing on how to have a safe job, how to have a j sustainable job. That means that you have to work in a place where they take care for the environment. That is a general rule. If you look into the company, the company which has the best relation with its workers, organizes trade unions for doing negotiation in a meaningful way... these are also the best companies when it comes to taking care of the environment”. (Union representative)*

*“Narrowing the agreement to working conditions in terms of salary ... we do not want to have the traditional bargaining topics. This is a very Western approach. For us it is important to include sustainable development issues”. (Union representative)*

*“Our unions are part of an organization that takes their environmental responsibilities seriously. They are different from the unions in the banking sector, where the environment could not be as important for them. In our sector the impact on the environment is very important”. (Management representative)*

*“For the company, employees are the major stakeholders for any sustainable development drive of the company”. (Union representative)*

*“We consider sustainable development discussions very important. We believe that unions should be involved in the discussions – as representatives of employees who*

*produce services, products, means of companies of industries, and the contribution from our side is very important". (Union representative)*

*"Moreover, advancing our own reflections within the framework of the preliminary discussions to the opening of these negotiations made us pay attention to environmental requirements (development of clean technologies, environmental protection, and encouragement of good practices both internal and external with societies)". (Union representative).*

*"The nature in which the company evolves / moves within this branch, justifies the need for integrating the question of environmental protection. The employees as individuals have the same concerns that the rest of the population, with of course a specific view from their activity". (Union representative)*

In order to make progress in this direction much needs to be done on awareness-raising and training of workers. Environmental issues raise technical difficulties and are very different in comparison to traditional workers' issues; therefore they require a different kind of treatment. In order for the unions to be able to perform a function of control and monitoring of the commitments undertaken, a deliberate effort would have to be made to address education and training gaps.

*"I must say that on the environmental side, there is a reliance on outside experts, on the part of unions, as well as the health and safety committees. That area, we need to still do a lot of work on. To basically begin to train our representatives at the plant level – in terms of ensuring that what the company is telling us, is exactly what is happening". (Union representative)*

*"For us, regarding the environmentally aspects of this agreement, it is important to partner with progressive organizations and to improve workers' skills to see what they can do". (Union representative).*

As framework agreements are negotiated bilaterally between employers and workers' representatives, the participation of other actors is limited. This bilateral negotiation offers advantage of dealing with internal specific issues, so it follows a formative approach, as previously explained. However, this process could also lead to losing out on an opportunity to gain technical knowledge and support from other social actors. Only one text specifically refers to the possible implication of other social actors (such as NGOs) in the monitoring process. A few of the interviewees highlighted an interest for their greater implication. Success ultimately depends on the optimization of different agents' capacities, while seeking synergies and



complementary modes of action. The consolidation and development of alliances and forums could be beneficial to labour and environmental issues.

## **Chapter 2.2. – The way OHS is addressed in the different IFAs**

### **The inclusion of occupational health and safety issues in IFAs**

It should be emphasized that occupational health clauses account for some of the most detailed and specific contents of the framework agreements, and they outnumber references to wages and working hours (which are far more contentious). As one interviewee pointed out, occupational health is a 'truly global' issue since companies are equally responsible for all their workers' health, regardless of their geographical location. It is therefore not surprising to see that health and safety issues hold a prominent position in most IFAs.

Hammer<sup>11</sup> states that: *“The prominence of Health and safety issues in these agreements is further underlined by the inclusion of the ILO’s Occupational Safety and Health Convention, 1981 (No. 155) and the Safety and Health in Construction Convention, 1988 (No. 167) (Impregilo, ISS, OTE, Portugal Telecom, Royal BAM, Veidekke and VolkerWessels apply both, while Brunel, Euradius, IKEA, Inditex, Lafarge, Nampak, PSA Peugeot Citroën, Schwan-Stabilo, Staedtler and Telefónica refer only to Convention No. 155). In addition, a considerable number of MNCs commit to apply various industry-specific ILO codes and guidelines in this area. Equally, many IFAs state the importance of improving skills and training in preventing occupational hazards”*

58 of the 72 texts studied include references to occupational health and safety, and 49 contain specific clauses. Their presence and importance in the agreements is distinct from that of the environmental clauses. Occupational health and safety is a consolidated theme of social dialogue. 36.2%<sup>12</sup> of the IFAs specifically refer to workers' health as part of social dialogue. While some companies deal with occupational health-related issues with little or no worker participation, most of the agreements address the need for greater worker and trade union engagement. In most cases occupational health and safety is an area that is highly valued and that presents solid work structures at the local and national levels.

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<sup>11</sup> Hammer, Nikolaus. (Winter 2005). International Framework Agreements: global industrial relations between rights and bargaining, *Transfer* 4/05 11 (4) 511-530.

<sup>12</sup> Edf, Aker, Ability, Takashimaya, Icommon, Italmanceti, Arcelor, Rhodia, Brunel, France Telecom, Euradius, PSA, Portugal Telecom, Videkke, GEA, Lukoil, Norske Skog, OTE; Fraudenberg, Wilkkham, Italmanceti

According to Schömann et al.<sup>13</sup>, occupational health is also an issue largely reflected in company unilateral codes of conduct (in 88% of the 50 codes of conduct analyzed). Thus, it is an issue which has gained centrality in the social responsibility area of enterprises.

For trade unions, one of the core objectives of IFAs is to enhance worker organization. They represent interesting tools for organising workers in production centres where unions may be weak. Along the same lines, the defence of workers' health at the workplace also enables unions to attract new members. For employers, such themes are generally perceived as being less conflictive than others and are beneficial to the company's activities (i.e. reduction in workplace accidents). This could be one additional reason for the large presence of OHS clauses in the IFAs.

In spite of this general recognition, it has to be also highlighted that in 12.5% of the framework agreements signed, the reference to occupational health and safety is only a mention toward a general objective and in 2 cases - Bosch and Endesa - it is defined as a priority without further development.

When elaborating on concrete objectives, the ambition of OHS clauses is in some cases quite relevant, above all in comparison to any other contents. In this sense, it should be strongly emphasized that seven<sup>14</sup> of the agreements have based their objective on the total elimination of accidents – Zero Accidents. These agreements have been negotiated by IMF and BWI. In the case of Arcelor, also recognized is the principle that *“All injuries, including occupational illnesses are preventable”*

On the approaches, eight agreements<sup>15</sup> elaborate on the necessity for a prevention approach and three<sup>16</sup> introduce the precautionary principle. Furthermore 14 agreements elaborate the need to carry out better available practices. For example, Norske Skog commits to ensuring best practices by involving their employees: *[To achieve industry best practices the company will involve and work with the employees, their representatives and trade unions, to continually improve the company's health and safety performance]*.

## ILO Conventions

One of the main differences between addressing occupational health and safety versus the environment has to do with references made to comply with international norms. For other contents as well as for occupational health and safety clauses, IFAs clearly refer to ILO

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<sup>13</sup> Schömann, Isabelle, Sobczak, André, Voss, Eckhard, & Wilke, Peter. (2008, March). Codes of conduct and international framework agreements: New forms of governance at company level. *European Foundation for the Improvement of Living and Working Conditions (Eurofound)*

<sup>14</sup> Aker, Arcelor, Brunel, PSA, Veidekke, Lafarge, Impregilo

<sup>15</sup> Brunel, PSA, EADS, Portugal Telecom, Veidekke, Skanska, EDF, Aker

<sup>16</sup> Rhodia, Lukoil, EDF

Conventions. A possible explanation for this could be greater trade union awareness of them (as they are co-signers in the ILO tripartite structure), and the fact that their promotion traditionally constitutes an important part of trade union action in developed and developing countries.

**ILO Convention 155.** → 39.7%<sup>17</sup> of IFAs directly refer to the ILO Convention on Safety and Health (1983), which concerns occupational safety and health and the working environment. This Convention calls for the integration of a health and safety policy and sets out the actions to be taken by government, workers and industries to improve occupational health and safety and the general working environment.

Italcementi for example refers specifically to their compliance with the Convention when it comes to safety practices.

**ILO Convention 167** → Eight<sup>18</sup> IFAs refer to ILO Convention 167 (1988) whose objective is to promote health and safety in the construction industry

Italcementi, Royal Bam, Veidekke and Impregilo confirm adherence to the Convention, with Portugal Telecom elaborating in more detail the procedures to be applied:

*[The promotion of best practices in terms of safety and health at the workplace, supplying adequate personal protective equipment and clothing when necessary so as to prevent the risk of accidents or harm to the health of workers. These procedures must conform to the Conventions, Specifications and International Safe Conduct Standards (ILO Convention no 167)].*

**ILO Guidelines for Occupational Health & Safety Management Systems** → Ten IFAs<sup>19</sup> (17.2%) include references to the ILO Guidelines for Occupational Health and Safety Management Systems. These guidelines were put in place to assist organizations in the development of health and safety policies, and build effective and sustainable management strategies to benefit the workers, the organization, the community and the environment as a whole.

Veidekke, for example, expresses the following: *[The company will involve and work with the employees, their representatives and trade unions, to continually improve the company's health and safety performance in compliance with ILO Guidelines for Occupational Health Management Systems].*

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<sup>17</sup> Ability, Brunel, Danske Bank, Elanders, Euradius, Icomon, IKEA, Impregilo, Inditex, Italcementi, ISS, Lafarge, Nampak, OTE, Portugal Telecom, PSA Peugeot Citroën, Royal Bam, Stabilo, Staedtler, Telefonica, Veidekke, Volker Wessels

<sup>18</sup> Impregilo, Italcementi, ISS, OTE, Portugal Telecom, Royal Bam, Veidekke, Volker Wessels

<sup>19</sup> Lafarge, Impregilo, Italcementi, Royal Bam, Veidekke, Volker Wessels, Nampak, Aker, Elanders, Staedler

**ILO HIV/AIDS Code of Practice** → The Code of Practice is a framework for action in the workplace regarding HIV/AIDS and contains principles for policy development on these issues. It also provides guidelines for the implementation of HIV/AIDS-related programmes within organizations as well as in the community.

Nine<sup>20</sup> IFAs include a reference to the ILO HIV/AIDS Code of Practice. One such example is *Veidekke*:

*[Veidekke undertakes to raise awareness of the HIV/AIDS problem and of the prevention programme in compliance with the ILO HIV/AIDS code of practice and according to policy and practice already established in Veidekke].*

## **Workers' health as a fundamental part of social dialogue**

Occupational health and safety is a consolidated theme of social dialogue. 36.2%<sup>21</sup> of the IFAs specifically refer to workers' health as part of social dialogue. While some companies deal with occupational health-related issues with little or no worker participation, most of the agreements address the need for greater worker and trade union engagement. In most cases occupational health and safety is an area that is highly valued and that presents solid work structures at the local and national levels.

Euradius places a focus on collaboration between employees, their representatives and the company in order to evaluate the measures taken to ensure health and safety.

GEA's agreement specifically emphasizes the right to proposal on health issues by their employees: *[A particular right of proposal with respect to the employment and health protection of the national and international employees' representatives is expressly recognized].*

The implementation of this dialogue is carried out in the company through joint occupational health committees. In addition Wilkham, Italmanceti and Arcelor encourage the creation of such committees in all work centers in the texts of their agreements.

Italcementi for example encourages workers to elect health and safety representatives.

Arcelor's agreement on "Minimum requirements for Plant Level Joint H&S Committees" contains as one of its objectives the homogenization of these committees: *[To set a minimum requirement to all AM Plants on how to establish joint Management and Worker Health and*

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<sup>20</sup> Impregilo, Aker, Italmanceti, Rhodia, Volkerwessels, Veidekke, Lukoil, Lafarge, Royal Bam.

<sup>21</sup> Edf, Aker, Ability, Takashimaya, Icommon, Italmanceti, Arcelor, Rhodia, Brunel, France Telecom, Euradius, PSA, Portugal Telecom, Videkke, GEA, Lukoil, Norske Skog, OTE; Fraudentberg, Wilkham, Italmanceti

*Safety Committees at Plant Level]. It also contains a section on Workers' Rights and Responsibilities which states that [Workers have the right to bring concerns and complaints to the committee representatives without fear of reprisal, and to refuse work they believe is unduly hazardous until the hazard stops. Workers have the responsibility to follow all safety rules and regulations. Workers have the responsibility to report any unsafe act or situation to management or their H&S committee member without delay]*

Arcelor Mittal promotes the idea of real social dialogue between local management and the worker representatives where all employees are given the responsibility of observing established safety and health regulations and practices, take an active interest and participate in the safety and health programmes set out. Employees are encouraged and obliged to report unsafe conditions to their immediate supervisor and record accidents and near misses.

EDF specifies a timeline for the active implementation of social dialogue as an objective in work centres. All centers must have this enforced within one year of the signing of the agreement.

*[Where there is not already dialogue between labour and management on these issues of employee health and safety, a discussion must begin the year following the conclusion of the agreement between management and the employee representatives of the company in question, with a view to seeking the best-adapted form of organization for this ongoing dialogue].*

## **Concrete approaches and policies**

As with environmental policies, occupational health and safety policies, vary from activity to activity when it comes to concrete approaches. It is evident that risks will be different for the different sectors and policies will reflect this accordingly. Although not in all framework agreements it is important to note that sometimes these OHS clauses are much more elaborate than those related to other minimum standards.

For example it is interesting to refer to Rhodia's policy for products which are carcinogenic, mutagenic and toxic to reproduction (CMRs):

*[Rhodia is developing a special approach for products classified as "very high concern", including CMRs (carcinogenic, mutagenic and toxic to reproduction). Rhodia has implemented specific recommendations that encourage their replacement and strict controls over their use when replacement is not possible].*

Euradius also elaborates on safe chemical management in the workplace:

*[The employees and their representatives should receive suitable information and training concerning preservation of safety and health during the work. In this regard, special attention shall be given to working with substances that contain solvents].*

Another unique phrase can be found in the IFA signed by PSA Peugeot Citroën on implementing ergonomic policies: *[PSA Peugeot Citroën is committed to progressively improving workstation ergonomics and to finding each employee an alternative position appropriate to his/her abilities, without discrimination].*

For the banking sector there are other perceived risks. Danske Bank, for example, focuses on stress.

*[Danske Bank accepts its part of the responsibility for ensuring that its employees can maintain a healthy work-life balance and aims among other actions to implement the measures to mitigate long-term stress].*

Although the majority of the IFAs do not include a policy on psychological health and safety. EDF elaborates on this subject:

*[EDF Group companies undertake to establish a working context conducive to the physical and mental health and safety of all staff members].*

## **Training workers and their representatives in all production centers**

The promotion of specific education and training on occupational health and safety is included in twenty IFAs<sup>22</sup>. Leaving aside the recognition of workers' freedom of association, or the prohibition of the use of child labour, training on OHS is the concrete obligation measure that is most mentioned in all framework agreements. References to training appear in 64% of the cases in the IFAs<sup>23</sup>, and what is quite significant is that almost 30% of them contain a specific mention on training on OHS.

Italcementi, for example, commits to establishing a Workplace Health and Safety Committee and will encourage trade unions to appoint and train health and safety representatives. Italcementi will further ensure training for local workers and union representatives so that they may play a role in the monitoring of compliance with the IFA

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<sup>22</sup> Aker, Ability, Euradious, Takashimaya, Icommon, Italmanceti, Arcelor Mittal, Inditex, Volker wessels, Staedler, Elanders, Portugal Telecom, Veidekke, Lukoil, OTE, EDF, Nampak, Statoil, Impregilo.

<sup>23</sup> Schömann, Isabelle, Sobczak, André, Voss, Eckhard, & Wilke, Peter. (2008, March). Codes of conduct and international framework agreements: New forms of governance at company level. *European Foundation for the Improvement of Living and Working Conditions (Eurofound)*

It is noteworthy that in the five IFAs<sup>24</sup>, training is extended to all workers. Clauses on training on occupational health and safety would require further follow up and evaluation. In the case of Aker ASA, the needs for assessing the impacts of the training seem pertinent:

*[k. Skills training. All employees shall have the opportunity to participate in education and training programmes, which are conducted at the respective plant, including training to improve workers skills to use new technology and equipment. Workers representatives should be involved in designing education and training programmes].*

## **Beyond signatories**

As we previously seen, the agreements often make general references to the companies in the group, major subsidiaries, suppliers and subcontractors. The link between suppliers and subcontractors is incorporated in practically all international framework agreements<sup>25</sup>. However, only five agreements<sup>26</sup> have included a clause on how they will promote health and safety policy among these other workers.

EDF Group *[takes on responsibility for analyzing health and safety certification approaches that could be applicable to other companies].*

Some of the agreements<sup>27</sup> have set out a specific code of conduct for external manufacturers, suppliers, contractors and subcontractors on occupational health and safety. Inditex which IFA is completely devoted to the supply chain, states for example:

*[(...) External Manufactures, Suppliers and their Subcontractors shall take the required steps to prevent accidents and injuries to the health of their workers, by minimizing as much as possible, the risks inherent to work. External Manufactures, Suppliers and their Subcontractors shall provide their workers with regular training in the matter of health and safety at work. Inditex shall keep an appropriate record of the training courses done]*

As outlined later on, the implementation of some of these commitments is already taking place.

## **Monitoring of occupational health and safety commitments**

As previously mentioned, monitoring is one of the key areas where progress must be made. The establishment of committees at the local or national level is considered by many interviewees as the best tool to ensure implementation. When it comes to Occupational Health and Safety, some advantages exist. In most centres there are already joint committees on

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<sup>24</sup> Aker, Volkerwessel, Veidekke, Lafarge, Impregilo

<sup>25</sup> Observatory on Corporate Social Responsibility (ORSE - Observatoire sur la Responsabilité Sociétale des Entreprises –). (2006). Index of companies' negotiation practices of international framework agreements.

<sup>26</sup> EDF, IKEA, Inditex, Italcementi, and Rhodia

<sup>27</sup> EDF, IKEA, Inditex

OHS, and sometimes on OHS and environment. Most of the national legislations oblige their constitution. Their establishment, when such do not exist, the strengthening of existing committees, and their coordination, are the best ways to ensure policy implementation and follow-up.

Arcelor Mittal's specific Agreement on minimum requirements for Plant level Joint H&S Committees can be considered as a model:

***[Objective***

*To set a minimum requirement to all AM Plants on how to establish joint Management and Worker Health and Safety Committees at Plant level.*

*To facilitate the active involvement of workers as well as management in improving occupational safety and health at the workplace.*

*To promote the idea of real social dialogue between local management and the workers' representatives/trade unions on the prevention of safety risks and the protection of the workforce*

***Purpose of Health & Safety committees***

*The main purpose having a Health & Safety (H&S) committee in a plant is to increase workers involvement in improving their working environment, to engage the management to take action on critical issues and in this way reduce the number of accidents and incidents. H&S committees are widely recognised as being a valuable part of a company's safety organisation for securing active employee participation in accident prevention. The objective of an H&S committee should be:*

*-To bring management and workers together to review and take action on safety and health problems in the workplace*

*-To ensure that workers are aware of the agreed safety and health policy*

*-To train employees and to stimulate their interest in health and safety*

*-To establish a means of communication so that workers can bring to light potential safety and health hazards or make suggestions for appropriate measures. In brief, the plant joint H&S committee should contribute to mutual understanding and good teamwork between management and employees to improve health and safety.*

*-Develop and efficient prevention policy with the intention to avoid accidents.*



*-To pool health and safety knowledge and expertise available in the company and, in particular, trade unions and management.*

### **Tasks of an H&S committee**

*The Joint H&S Committee should, as a minimum:*

*-Follow up accident & incident reporting and ensure measures are taken to prevent recurrence*

*-Perform regular inspections of the work environment - at least once per month*

*-Identify the need for training of workers*

*-Ensure that the AM Standards on Health and Safety in the workplace are available to workers*

*-Be aware of trends in the wider company and industry.]*

Five IFAs<sup>28</sup> contain references to follow-up procedures. The combination of the follow-up carried out by the local committees and at the global meetings provides an excellent strategy to facilitate the achievement of the objectives.

## **Existing barriers in framework agreements to working on Occupational Health and Safety**

Among the companies interviewed there are only a few isolated cases where occupational health and safety are not recognized as issues for global social dialogue. There are also cases in which the company addresses the issue through codes of conduct, and does not recognise it as an issue for negotiation in the IFAs.

*“Health & Safety is a topic based on which we are desperately trying to get into negotiations with the company. But so far, we haven’t succeeded. We even sent a draft proposal for an agreement and it has never been enclosed. We have failed to get an agreement about health and safety with management”. (Union representative)*

Furthermore in exceptional cases this issue is perceived as one lacking priority for union organizations which prefer to focus the debate on other areas. These are examples of cases in sectors where occupational health-related problems are less visible or perceived due to the intrinsic characteristics of the activities carried out.

*“We do not negotiate about safety but we have a program to reduce work-related accidents. But we did not negotiate anything about safety (with the global unions). It is clear that we wanted to negotiate something about subcontractors and to apply it to our*

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<sup>28</sup> Rhodia, Imalceti, EDF, Statoil and Arcelor

*principal contractors. But it was not negotiating regarding health and safety. Because it is very difficult to imagine what we could introduce into such an agreement on H&S. Safety is a first obligation for each company, so we have a program and have improved a lot but it is more a company policy and we don't want to negotiate that". (Management representative)*

*"We subscribe to sustainability and environment, and health and safety. You can say that this is a potential concern or a potential area of discretion. However, in the two-and-a-half years that this agreement has been operational these issues have not been mentioned at all – at least not since I have been present. It is not an issue in our day-to-day viewings. We have two groups that in annual meetings from delegates on both sides, have not mentioned health and safety ... not a single word..." (Management representative)*

### **Advancements on OHS: a success story**

In most cases OHS is an area that is highly valued, that presents solid work structures at the local and national level, and since the implementation of the framework agreements has had global results. Interviewees tend to note big advances in this area and companies regularly recognize the fundamental role that union organisations have played in the process.

*"In terms of our members, on the OHS side, they have much better workplaces than before". (Union representative)*

*"For occupational health and safety policies we rely heavily on our unions and workers to identify potential hazards". (Management representative)*

*"Our belief is that if there is one issue that should be dealt with internationally that is common to all workers, it is the issue of H&S. Wherever workers are employed, they should have the right to protection of their life and against health and safety problems". (Union representative)*

*"The point was that H&S – this is the case today – health and safety is something very important for us, it is part of the Group strategy. Since 2004 / 2005 it is really the Group priority. The first priority". (Management representative)*

*"As the programmes carried out in relation to occupational health are quite numerous and diverse, this is undoubtedly an area for potential cooperation between centers in different countries that have advanced with such initiatives". (Management representative) (*

*“We worked with our affiliates in the Caspian Sea and they had to transform themselves into a trade union that was not to go around. For that purpose they were to meet with foreign companies and they had no experience with that. So we went for 2 – 3 year courses, where we started with the development of the organization and the freedom of association. The next phase was the OHS and environmental work – this was all organized in the company around the type of experiences they had”. (Union representative)*

*“Health and safety – it is working fine on the management system. They have a big program on HIV/AIDS – and they pay for the treatment of their workers. And this is actually something that we look into”. (Management representative)*

*“We have to give everybody the same safety training, and this is not only for outside of Europe. We have a much better safety score in England, than in Belgium, and much lower than in Germany. If we want to work with integrity we have to learn how to do it in China and Indonesia”. (Management representative)*

As previously described, since this is a central issue, the monitoring of the agreement's achievements is of great importance. In this respect monitoring implementation of OHS it is a well developed procedure, above all in comparison to environment.

*“We monitor regularly Occupational Health and Safety issues and report on the results at the board level on a regular basis. We have got trained health care professionals working full time in our factories”. (Management representative)*

*“We also check within the company if they have the health and safety management system set in place”. (Union management)*

From their signing to their implementation, the aim of many framework agreements is to foster the homogenization of occupational health policies of multinationals and their subcontractors. This is the area in which the greatest advantage of the agreements can be noted, in particular in companies which have already established occupational health policies in their centers of production.

*“We said that for the suppliers first of all we defined standards on health and safety for all subcontractors and are implementing these standards all over the world. It means that now we only accept to work with contractors that are implementing our standards on H&S. Then, for choosing our suppliers, a team is working on defining clauses for contractors; we are working with an international auditing team. They have started to audit subcontractors”. (Management representative)*

*“The subcontractors have to comply with our safety norms, they also have a cabin for safety instructions, and we would like to have a look at their safety numbers before we deal with them. If they under-perform, they get a letter for an interview and a second chance. If there is no change, we will not do business anymore”. (Management representative)*

*“With regard to health and safety the situation has really improved in the subcontracting companies in Laos where the regulations are less constraining”. (Union representative)*

## Concluding remarks

Framework agreements are proposals to improve social and labour performance of multinationals. The IFAs are tools for social dialogue with a global reach. In the unions view they are intended to help create a space for workers to organise and bargain. When those involved in the agreements are asked about the nature of negotiation or dialogue, multinational companies often emphasise the fact that framework agreements maintain existing policies for dialogue. Unions see them as agreements of interest as they serve multiple functions: firstly they help opening channels of negotiation in new areas; secondly they promote the deepening of discussions on existing issues. And thirdly, they serve as a tool that facilitates workers' organization.

The contents of the IFAs evidently reflect the issues that are considered part of social dialogue at the national level (at headquarters) as well as at the international level. While these vary substantially from one place to another, certain contents such as occupational health and safety now occupy a prominent position in the negotiations between workers and companies. There are other issues, such as environment, which have only commenced to be integrated into trade unions' demands. The initial goal of IFAs was to ensure the same rights for workers on working conditions within multinational corporations. The realisation of the potential of environmental clauses came only at a later stage and in a secondary place.

IFAs are predominantly signed by unions with multinationals whose headquarters are in the European Union, in order to ensure compliance with basic labour standards beyond European borders. 62 out of the 72 have been signed in the European region, 57 of those in European Union countries.

The two areas of this study, occupational health & safety and environment issues have steadily being introduced into the IFAs. It is interesting to note that there are no IFAs that have been drawn up solely on environmental issues. When the environment is mentioned, mentions of occupational health and safety contents also exist either appearing together or separately in the text (further highlighting the close connection between both issues). None of the framework agreements so far contain references to the environment without content on occupational health and safety.

Focusing on environmental contents, out of 72 texts signed, 33 framework agreements mention the environment (48.4%) and 22 (30.5%) include environmental clauses. While literature on this issue tends to state that the environment is increasingly being included in the framework agreements, the findings of this survey indicate that there is an improvement in the quality of

such references which is shifting from simple mentions to clauses of greater magnitude and to the elaboration on specific contents or procedures for its implementation. In the last two years all agreements signed that contain a mention of environmental protection have a specific clause devoted to actions.

OHS it is an area much more mature. Occupational health clauses account for some of the most detailed and specific contents of the framework agreements<sup>58</sup> of the 72 texts include references to occupational health and safety and 49 contain specific clauses. Their presence and importance in the agreements is distinct from that of the environmental clauses. Occupational health and safety is a consolidated theme of social dialogue. 36.2%<sup>29</sup> of the IFAs specifically refer to workers' health as part of social dialogue. As explained, for trade unions, one of the core objectives of IFAs is to enhance worker organization. They represent interesting tools for organising workers in production centres where unions may be weak. Along the same lines, the defence of workers' health at the workplace also enables unions to attract new members.

Nevertheless, the importance of both issues varies greatly from one sector to the next. Despite the overall recognition of occupational health and safety as a central issue relating to all productive activities and jobs, its importance has been more evident for sectors where exposure to risk is higher or more visible: mining, chemical and building/construction. Likewise, the importance of environmental policies will vary greatly from one sector to the next. The need to bolster changes in the production methods will be determined mainly by driving forces such as the pressure to minimize the environmental impacts; the compliance with national legislation; and the need to comply with international agreements (on issues such as climate change). The sector is evidently an important variable.

For this reason, it is not surprising that addressing OHS and environment varies considerably for GUFs. For Occupational Health and Safety, the International Metalworkers' Federation (IMF), the ICEM and the Building and Woodworkers' International (BWI) have the highest rates of these clauses amongst those that have signed more than one agreement (88.9%, 92.7% and 86.7% respectively). UNI incorporates OHS at a slightly lower level, only including clauses on workers' health 71.4% of the time. This could be explained by the less visible problems faced by the service sector when it comes to the health of workers.

In general, there is a lesser amount of IFAs covering environmental concerns but differences also exist across sectors: ICEM stands out with 71.4% of agreements with references to the environment; IMF and UNI have around 40% (38.9% and 38.1% respectively). Among the

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<sup>29</sup> Edf, Aker, Ability, Takashimaya, Icommon, Italmanceti, Arcelor, Rhodia, Brunel, France Telecom, Euradios, PSA, Portugal Telecom, Videkke, GEA, Lukoil, Norske Skog, OTE; Fraudenberg, Wilkham, Italmanceti

construction federation (BWI) agreements environmental references are made in 53.3% of the cases.

Based on the interviews, three fundamental reasons can aid in understanding why these contents may or may not be included in the agreement. Firstly the perception of their relevancy: in some cases issues are not considered of relevance for one or both of the parties. In second place, the consideration of the IFA in relation to other multinationals' policies: in certain cases, the IFA is considered to be "complementary to what exists", in other cases, the opposite approach is followed; and it is considered that the various initiatives must be "coherent. Behind this reason, there is normally the consideration of whether or not the issue is a topic for social dialogue. Environmental and occupational health issues will primarily be reflected in the IFAs if trade union organizations wish to participate in the definition of such policies and demand their inclusion, and if the company in turn is willing to accept it, through the social dialogue framework. Lastly, it can be just be a consequence of the breadth and structure of the IFA. Those IFAs whose contents are more elaborate generally will tend to include references to occupational health and safety and the environment.

The 14 IFAs studied have been classified into four categories, showing big differences between occupational health and safety and environment. For OHS, most MNCs, nine of them, have IFAs policies well developed, and seven have it mentioned as part of the IFAs commitments but have not been developed. Only in 3 IFAs it is seen as not important or that should be addressed in other frameworks.

Differently, for environment, just 4 MNCs companies have it developed inside the IFA (all of them from energy and chemical sector) and 2 companies have it mentioned but not developed. For the rest, in 5 IFAs it is recognized an important issue that had to be addressed through other frameworks. Only in 3 cases, it is seen as a not relevant issue. There are two clear groups of IFAs: those in which environment is being addressed and developed, and those in which is excluded because parties do not considered that should be address through international social dialogue.

This is easily explained. Trade unions are increasingly taking on the environmental topic and in turn workers are increasingly growing aware of the need to create sustainable and decent jobs for the future. Trade unions are subsequently demanding greater access to the process of elaboration and monitoring of environmental policies. In this respect the GUFs are increasingly developing policies and strategies related to environmental matters. When linking this participation to IFAs opinions differ, some unionists considered that they could be addressed through the IFAs, while some others prefer to act through other channels.

There are also other barriers to their integration. Firstly, while corporate representatives have on occasions promoted the inclusion of these issues in order to be “consistent” with their broader communication strategies in the field of corporate social responsibility, they do not believe in the ability for workers to meaningfully contribute to the debate. Some of the corporate representatives interviewed do not believe that workers are capable of contributing to the environmental management of companies. This indicates that although when present in the agreements, these issues will not easily become topics for negotiation between the parties. On the other hand, this also emphasizes the need for worker training and capacity building on these topics and for implementing more proactive measures.

In practice, the introduction of environmental issues into trade union action and the possibility of seeing them turn into a topic for negotiation have been promoted in large part through action on occupational health. Although currently both areas of action tend to be divided, OHS and environment committees are fundamental for the inclusion of these issues in their technical training as well as for exploring the possibilities of translating “external” environmental issues into actions within the companies.

In the case of occupational health and safety structures and committees at the local level are normally in place to deal with the issue or are projected to be created. Therefore, it is not surprising that progress is made faster on issues such as OHS as it can be benefited from these pre-existing structures for the effective implementation and follow-up. In turn these solid structures could also facilitate the implementation and follow - up of environmental issues, particularly when issues are presented together such as OSHE (occupational health and safety and the environment).

The IFAs generally imply an approach that is more “formative” than “affirmative”, meaning that they intend to achieve a series of objectives that go beyond the simple affirmation of pre-existing practices. Union participation facilitates such an approach raising worker awareness through training and information. The monitoring and implementation process relies on an “internal control” by workers who can verify and contrast the reliability of information provided by the company. This system of “double checking” is more difficult to obtain in the case of codes of conduct. This is essential in order to favour the development of occupational health and safety and environment issues in MNCs. The benefits of social dialogue as a means of improving workers' health are widely recognised. However, the benefits of worker participation on environmental issues are less evident for corporate managers.

IFAs have the potential to draw a focus on “accountability” rather than “responsibility” that would imply a greater assumption of responsibility and regard for consequences of policies, actions and their implementation, which would encompass the application of international standards



beyond respect for local laws, a specific definition of stakeholder actors and their respective roles, as well as joint control and monitoring measures of activities.

Occupational health and safety and environment issues are drafted and included in numerous IFAs as a joint responsibility. For occupational health and safety and environment, both employers and employees, as stated in the IFA share the commitments. It should be highlighted that in several agreements the worker representatives collectively commit - along with employers - to environmental protection. Such commitments by the trade union party that are found in the agreements of the service sector, and in certain cases, within the chemical sector, should also be reaffirmed through union proactive policies.

One of the major differences between both issues relates to the unequal reference to international norms and regulations. In the case of OHS, IFAs mention the relevant ILO Conventions. In the case of the environmental issue, references are made to general statements on the need for better practices rather than specific international norms. References to the international conventions related to chemical management (Rotterdam, Stockholm and Basel for instance), or to the UN Framework Convention on Climate Change, could help to ameliorate results.

On the whole, interviewees perceived the results of actions on OHS and environment as considerably better than in other fields. If in certain cases, in unions' views there were critiques towards the lack of progress of freedom of association or other basic rights, overall, trade unions and employers were satisfied with the progress that has been made in the domain of occupational health and the environment.

The positive perception in the case of environment could be explained mainly for two reasons, firstly because the Unions could be less demanding or strict in comparison to other issues; and secondly because of the effective progress perceived as a result of environmental initiatives by the company outside of the IFA framework. In the case of occupational health, advancements in this area are more measurable and comparable, and can be mainly attributed to the role played by the OHS committees. Many of the industries in the steel, energy, chemical and construction sectors are seeing the fruits of their work.

An issue for further analysis could be the role that IFAs could play as tools for translational dialogue for the promotion and management of the transition towards a low-carbon economy. Interviewees perceived this as an interesting approach for guiding this transition at company level, throughout all their production centres.

Taking into consideration that the IFAs are still at an incipient stage, a complete assessment of their full potential as tools that drive such a transition within companies is perhaps premature.

Their reach will be largely determined by the decision-making process resulting from social dialogue, and by their gradual shift from being mainly a mechanism for deliberation and information ,- as is currently the case - ,to a tool for the operationalization of negotiations.

## **Some proposals for future action**

- Clear objectives: definition and clarity are fundamental; the greater the amount of detail in terms of how the IFA is going to be established, implemented and evaluated, the lower the number of subsequent misunderstandings between the parties. Furthermore when the objectives to be achieved are as specific and precise as possible, the IFAs will be more effective tools for triggering require action. In the field of occupational health and safety, there are several interesting examples of objectives such as explicit references to the elimination of accidents (e.g. zero-accidents).
- Strengthening of the decision-making processes: the mechanisms for establishing the IFAs will ultimately determine the progress achieved by the IFAs. The capacity to advance the agenda differs when a negotiation mandate exists that allows for the agreement on targets and objectives versus mechanisms that are of a deliberative or informative nature. The nature of social dialogue will determine the IFAs´ capacity to achieve concrete results.
- References to international regulation. These tools are important in the context of globalization because they lay the foundations for the establishment of universal basic rights, applicable to all production centres. Labour and the environment are the two major vectors of dumping of multinationals where international regulations tend to fall short. Greater references to international environmental conventions are still necessary, as well as to ILO Conventions on occupational health and safety.
- References to specific indicators. Some agreements have highlighted significant progress in this domain. The selection of the right indicators is important in order to ensure that local workers participate in the implementation and supervision process. The elaboration of ad-hoc materials with information on indicators can form a good exercise in terms of awareness raising and capacity building of the workforce.
- Promotion of annual plans for implementation. Once the general objectives have been established in the IFA, social agents should develop annual plans in order to guide future actions and methods of supervision.

- Promotion and reinforcement of joint committees in occupational health and the environment at the global and local levels. Companies that are committed to making progress should set up a time-frame for the establishment of these OSHE committees in all production centres.
- Optimization of IFA by extending their scope to subcontractors in the area of occupational health and safety and the environment.
- Enhancement of IFA visibility at all levels by not only including the text of the agreement but also informing on the degree of implementation and the results achieved. Particular attention should be paid to concrete results relating to the implementation, level of development and joint actions of the OSHE committees.
- Analysis of each issue and examination of aspects that are covered or not by other initiatives (such as CSR). Evaluation of the concrete advantages and disadvantages of tackling the different issues present in the IFA. Comparison of the annual plans of both types of initiatives with the aim of identifying areas of synergy and contradiction.
- Promotion of alliances with other actors in order to reinforce technical knowledge on both issues, for example with universities, technical institutes and other social actors such as NGO, consumer organizations, etc.
- Progress on the definition of the specific resources allocated for the IFA. A possible indicator to assess corporate commitment to IFA could be the resources allocated for its implementation.
- Development of training programmes for workers and their representatives in the OSHE domain. In the same way as training on occupational health and safety is actively promoted, training on the environmental dimension should also be included. One of the constraints for greater union involvement relates to the lack of training. Proactive policies should be put in place, with the participation of subcontractors.
- Promotion of proactive trade union policies by trade union organizations that have committed themselves to occupational health and safety and environmental issues.

## Annex I - Ten company profiles based on the analysis of framework agreements and codes of conduct for OHS and environmental contents

### Chiquita

#### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
United States	Headquartered in Cincinnati, Ohio. Operates in more than 40 countries and sales in 60.	4.499,1	Fresh Fruit and Vegetable Production
Production, distribution and marketing of bananas and a selection of fruits, vegetable snacks and blends of green salads.			

Company views	
Mission	Values
The company's products and services are designed to win the hearts and smiles of the world's consumers by helping them enjoy healthy fresh foods.	Chiquita's core values are: Integrity, Respect, Opportunity and Responsibility.

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
IUF	26.000 – the largest employer of banana in Latin America (14.000)	Guatemala 70%, Honduras 91%, Costa Rica 10%, Panama 100% (Eurofund, Case study 2008)

#### INTERNATIONAL FRAMEWORK AGREEMENT

##### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring

29, 87, 98, 100, 105, 111, 135, 138, 182	X	X	X	X	√
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References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	X	√	X

### Provisions on Sustainable Development

Sustainable Development references
<ul style="list-style-type: none"> <li>There is no specific mention of the IFA to sustainable development.</li> </ul>

Environmental references
Current text in the IFA
<p><b>Part III</b></p> <p><i>Commitment to fair dealing and continuous improvement of the social and <u>environmental</u> health of the communities in which Company employees live and work.</i></p>

OHS references
Current text in the IFA
<p><b>Part I</b></p> <p><b>On minimum labour standards:</b></p> <p><i>6. Chiquita acknowledges its responsibility to provide <u>safe and healthy workplaces</u>, and Chiquita and the IUF/COLSIBA agree to collaborate in efforts to further improve the health and safety of the Company's banana operations.</i></p> <p><b>Part III</b></p> <p><b>Commitment to fair dealing and continuous improvement</b></p> <ul style="list-style-type: none"> <li><i>the social and environmental <u>health of the communities</u> in which Company employees live and work;</i></li> </ul>

### Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2001	Agreement	Latin America	Open	Yes (integrated)	Colsiba (Coordinator of Latin American banana trade unions)	

Brief description on implementation and monitoring
Structure and meetings
<ul style="list-style-type: none"> <li>The agreement pursues the involvement of both parties in implementation. The company has set</li> </ul>

up **joint review committees**. Chiquita and IUF/Colsiba will each appoint **up to four members** for the Joint Review Committees. There will be a contact person in each part to facilitate communication.

- There is a reviewing committee that meets at least **once a year** and has the function of examining the implementation of the agreement and monitoring problems.
- There is no designed **budget** to cover implementation and monitoring, the company is covering related costs with resources derived from existing budgets. Additional resources were made available in terms of travel and meetings, and the company also guarantees participation of staff to cover the follow up process.
- The review process has led to the agreement that a full Review Committee would be held and would include proposals for re-negotiation and strengthening the content of the regional agreement.

#### **Involvement and responsibility of local unions and management**

- The Review Committee oversee the application of the agreement and to discuss other areas of mutual concern. In case of a **major conflict**, either party may, in addition, include **a representative of the local union** and a representative of local management. However, up to the present moment, the involvement on the union side varied, depending to a great extent on whether the local unions were affiliated to IUF or not.
- The parties agree that all efforts should be made **to resolve local issues at local level**, and that the work of the Review Committee, as well as any intervention required between meetings of this Committee, will relate only to alleged serious and/or systematic violations of the rights outlined in this agreement.

#### **Additional observations: scope, stage of implementation and achievements**

##### **Employers**

- Chiquita's image and reputation, and its position in the Banana industry greatly improved following the agreement.
- Chiquita indicates that it would be ready to address environmental issues, but considers Unions are not real contributors to solutions in this area at this time, because of their different focus. The environmental agreements are still driven by other forces, but not dealt with by framework agreements.
- The agreement is considered to be really positive as it allowed to smooth out relations between management and employers.
- There has been some tendency and increase of Union affiliation, particularly in Colombia, that could be read as a measure of success.
- The Company considers it problematic when campaigns are undertaken simultaneously by the Unions to the outside world, and Unions are at the same time trying to resolve the issue in the context of the agreement.

##### **Trade Unions**

- One of the most significant successes has been the organising of close to 5,000 new union members in Colombia. It also has increased in Honduras.
- The geographical scope of the agreement is considered to be very limited, as it only focuses on the banana production in Latin America. North American and European operations fall out of the scope of the IFA.
- Little has advanced on the sustainable development agenda.
- Suppliers have not played a strong role in conversations, and the agreement presents a limited influence on suppliers.

Sustainability Reporting	Other CSR/sustainability indicators
Releases a corporate responsibility report	Rainforest Alliance, Ethical Trading Initiative Certifications: SA 8000
<ul style="list-style-type: none"> <li>▪ In 2000, after the adoption of a company <b>Code of Conduct</b>, the company joined the <b>ETI</b> and made the commitment to account its environmental and social performance in a CSR report.</li> <li>▪ Chiquita chose to apply a slightly modified version of the requirements of Social Accountability 8000 certification, (SA8000) a standard developed by <b>Social Accountability International (SAI)</b>, to certain areas of its operations.</li> <li>▪ In 2002, the company undertook the food-safety standards for fruits and vegetables of the <b>Euro-Retailer Produce Working Group</b>, known as EurepGAP. They follow version 2 of the EuropGAP Reference Standards, introduced in 2003, for the banana division. The development of these standards took place to reassure consumers throughout the world, following food safety scares such as BSE (mad cow disease), pesticide concerns and the introduction of genetically modified foods. At the end of 2005, 100% of Chiquita's total owned banana production had achieved this official recognition.</li> </ul>	

Other Sustainable Development Initiatives
<b>Sustainable Development Policy</b>
<ul style="list-style-type: none"> <li>▪ Corporate Responsibility policy has been integrated as part of the global business strategy. The company integrates OHS in its CSR policy.</li> </ul>
<b>Projects and programmes</b>
<ul style="list-style-type: none"> <li>▪ <b>Better Banana Project:</b> Since the mid-90's, Chiquita has taken some steps to repair a damaged public image and has improved its public performance through the development of a CSR policy. In 1995, Chiquita adopted a range of CSR initiatives starting with environmental certification through the Better Banana Project.</li> <li>▪ <b>Rainforest Alliance:</b> the company has joined this alliance which sets international standards for environmental protection and for workers' health and safety on their farms: "zero tolerance for deforestation, reduction of pesticide use, protection of wildlife, conservation of water and soils, environmental education and safety for workers". The company stated that 100% of the company-owned farms in Latin America have achieved certification from the Rainforest Alliance.</li> </ul>

Visibility : sustainable development policy and the IFA	
Sustainable Development policy <b>Medium visibility</b>	Chiquita's corporate home page has an entry dedicated to "corporate commitment" which includes the company's CSR policy. The information is limited and mixed; containing very general views on community projects, reporting standards, corporate ethical principles, etc.
IFA <b>No visibility</b>	Information related to the IFA was not find available on the website.

## ACHIEVEMENTS of the various initiatives on Sustainable Development

Achievements on environmental issues
<ul style="list-style-type: none"> <li>▪ 100% of the company-owned farms in Latin America have achieved certification from the Rainforest Alliance.</li> <li>▪ According to the 2006 CR report and Article 13 consultants, based on company information, the multinational has reached the following targets:</li> </ul>

- Reduction of agrochemical including up to 80 % lower use of herbicides
- Creation of a biological corridor involving the planting of 10,000 trees of more than 40 native species.
- Protection of nearly 1,000 acres critical natural lands
- Recycling of over 3 million kg of plastic annually
- Certification of 15% of the bananas exported from Latin America
- Certification of over 90% of Chiquita's banana volume to Europe and two thirds to North America

### Achievements on OHS

- Company also states in its CR:
  - 100% of company's owned banana farms in Latin America were certified to the Social accountability 8000 labour and human rights standard and to the EurepGAP food-safety standard.

## CHALLENGES AHEAD

### Critical topics

The banana industry still faces various environmental and social concerns. The firm has been involved in different political, environmental and labour scandals as the "Banana gate" in 1975 for the payments to paramilitary groups. In 2001 Chiquita went Bankrupt, since then Chiquita has worked to radically change its outlook and reputation.

Regarding environmental concerns, the following issues remain amongst its topmost challenges: deforestation related to the expansion of banana crops, further reduction in use of pesticides and water pollution,

<b>Climate Change and CO<sub>2</sub> emissions</b>	Challenge to reduce its eco-footprint with initiatives to be "carbon neutral" and contribute to combat climate change
<b>Anti-union strategy and subcontracting situations</b>	"Banana industry multinationals use independent, anti-union and non-union producers and repression of union efforts still continues. [...] its use of subcontracting and temporary labour in order to avoid the social and legal responsibilities of employing workers directly. (Eurofund, Case study 2008)
<b>Health conditions</b>	Continue improvement of labour conditions facing workers at its production facilities in Latin America, related to use of pesticides and occupational health and safety concerns.

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# Danone

## COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2008	Main activities
France	Present worldwide. Sales share: Europe: 63%; Asia: 12%; rest of world: 25%.	€ 15220	Dairy Products, water and Baby Food & Medical Nutrition
Group Danone is a food production company specializing mainly in dairy products, bottled water and baby and medical nutrition. The Paris-based company employed 88,184 people in 2006.			

Company views	
Mission	Values
Bringing health through food to as many people as possible.	Openness/ transparency, enthusiasm, humanism, and proximity

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
IUF	80,143	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
87, 98, 135	√	√	√	√	√

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
X	X	X	X

### Provisions on Sustainable Development

Sustainable Development references
<ul style="list-style-type: none"> <li>There are no provisions related to Sustainable Development in the IFA</li> </ul>

Environmental references
<ul style="list-style-type: none"> <li>Environmental provisions have not been included in the framework agreement signed.</li> </ul>

OHS references
<ul style="list-style-type: none"> <li>OHS provisions have not been included in the framework agreement signed.</li> </ul>

### Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
1988 eight additional agreements have been signed	Framework Agreement	Global	Open			Joint (IFA)

Additional observations: scope, stage of implementation and achievements
<b>Structure and meetings</b> <ul style="list-style-type: none"> <li>There are <b>four meetings</b> of the Steering Committee per year.</li> <li>Union and management agreed on <b>appointing a person</b> to check all the bi-lateral agreements, their effective implementation, potential deficiencies and subsequent suggestion of corrective measures.</li> <li>The agreement has been translated into various languages and each CEO is committed to share the content with the unions and assess how it can be implemented at the different sites. Danone holds <b>responsibility of informing</b> on the contents of the agreement to all plants and people</li> </ul>

- (management and workers).
- Countries **are being visited by both parties** (company and union). Parties explain together the content and the objectives of the agreement and monitor how the CEO has implemented the agreement at a local level. But they also hold separate meetings.
  - The GUF (IUF) has negotiated funding for monitoring and implementation and they have obtained to send a representative to Danone plants worldwide, where local affiliates are informed about the implementation of the agreement.

<b>Additional observations: scope, stage of implementation and achievements</b>	
<b>Employers</b>	
<ul style="list-style-type: none"> <li>▪ The motivation indicated was to have a general agreement that after could be used and implemented on a local level.</li> <li>▪ Employers argued not to include OHS clauses in the IFA, because they are already being addressed in other programmes. The Groups consider that OHS has other frameworks of negotiation.</li> <li>▪ Sustainable development was never considered a topic to be included under the IFA as it is considered it is being addressed under the Danone Way programme.</li> <li>▪ Company states there is trust on each side. Having unions and company visiting and presenting the IFA and progress implementation is an important example of the labour relations.</li> <li>▪ Danone is being used as role model for other companies. This is of political significance for other companies.</li> </ul>	
<b>Trade Unions</b>	
<ul style="list-style-type: none"> <li>▪ Unions consider there is still work to be done on implementation; as key players one of their roles is applying pressure on management to maximize proficient application of the various signed agreements.</li> <li>▪ OHS is an issue that Trade Unions expressed would like to see included in the agreement. Negotiations are being carried out in that sense.</li> <li>▪ The implementation has contributed to have two major non-union plants in Turkey unionised, one of which has been organized wall-to-wall (100% union). There remain two plants in Russia that still have no union.</li> </ul>	

**CORPORATE SOCIAL RESPONSIBILITY**

<b>Sustainability Reporting</b>	<b>Other CSR/sustainability indicators</b>
GRI level B+	Global Compact, European Corporate Responsibility Award.
<ul style="list-style-type: none"> <li>▪ The company started <b>reporting its sustainability performance</b> in 2001. The Sustainability Report is incorporated in the global corporate report. It includes a Social and Economic report, the technical Sustainability report, and a separate Reference Document which communicates governance and financial information. The report follows Global Reporting Initiative<sup>30</sup> reporting standards. The company's 2008 Sustainability Report achieved a B+ reporting level, although it</li> </ul>	

<sup>30</sup> The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. Reporting levels vary between A and C; in case of external verification, companies may add a + sign.

was not made public.

- In 2003, Danone Group joined the **UN Global Compact<sup>31</sup> Governance**.
- At the beginning of 2009, the Danone Group won the first **European Corporate Responsibility Award**, launched by the E-I Consulting Group<sup>32</sup> to promote the implementation of CSR in innovative ways.

## Other Sustainable Development Initiatives

### Sustainable Development Policy

- **Charter for the Environment:** in 1996, the company formulated this Charter which has been the reference document for its operations around the world.
- **Danone's Health Governance** is built on three key foundations -a rigorous scientific approach, obedience to the principles of self-regulation and constant consultation with stakeholders – it is defined in The Food, Nutrition and Health Charter, which guides OHS management in all Danone activities.

### Projects and programmes

- **Danone Way program:** a wide-ranging code of conduct launched in 2001 and implemented in 20 countries, which entails a new approach to assessing standards of social and environmental responsibility in subsidiaries at a local level, applying criteria in areas such as management quality, consumer concern and risk control. In 2007 the commitment was updated with the Danone Way Ahead.
- **Danone ecosystem fund:** a fund with an initial budget of 100 million euros to help develop socially and environmentally sound projects within the company..
- **Danone Nature Fund:** a fund in partnership with IUCN and Ramsar.
- **Social Innovation Lab:** a project to promote "co-creation" with partners from civil society. Danone views co-creation with NGOs as a competitive advantage.
- **Danone Communities fund:** a fund investing 90% in social responsible investments and 10% in social businesses. As for today it is doted with 70 million euros for projects. One of them is a project in Cambodia with NGO 1001 fountains, whose main objective is to make drinking water available in isolated villages.
- **Gota Verde program:** a program in Spain that helps farmers work together on environmental issues and provides assistance in the interpretation of the legislation on the matter.
- **Sustainable Agriculture Initiative (SAI):** a programme to ensure the promotion of integrated farming, acquiring and sharing know-how among participating companies, and the development of good practices for integrated farming, etc. To support the farmers in this initiative. Based on the programme launched in 1997 concerning the quality and safety of milk (DQSE). Experts defined 42 quality standards of which 7 relate directly to the environment. Danone audits the 15.000 stockbreeders who work directly with the Group every two years.
- **Nature Plan 2009-2011:** an initiative to address Climate Change. The plan aims to reduce the ecological footprint of all group activities: reducing the carbon footprint by 30% (in kg CO2/kg product) on industrial sites, in packaging, transportation, product and end-of-cycle packaging; reducing water consumption; assuring biodiversity preservation and achieving carbon neutrality for 5 major brands of Danone Group, including Evian, by late 2011.
- **On packaging:** Six years ago, Danone decided to reduce the total weight of the packaging of its

<sup>31</sup> The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

<sup>32</sup> The E-I Consulting Group is a joint venture of leading European consulting companies. The European award is designed to stimulate the awareness on the importance of CSR for business success and is also intended to promote the exchange of best practices and innovation within the CSR domain.

products by 10% by 2013. Each subsidiary company has been required to reduce the net packaging weight for the same weight of product. Danone extended its approach by investing in the search for other types of materials, more ecological and more easily degradable.

- **The blog, "Down to Earth":** dedicated to sustainable development themes. (<http://lespiedssurterre.danone.com/>)

#### Visibility: sustainable development policy and the IFA

Sustainable Development policy <b>High visibility</b>	On main menu of web page. Danone Group is working to make its social and environmental responsibility strategy clearer. The group offers information on this site, and also maintains an active blog and has introduced the Danone Communities Group on Facebook.  Its sustainability report is easily accessible via the Sustainable Development link on the main menu.
IFA <b>No visibility</b>	Information related to the IFA was not find available on the website.

### ACHIEVEMENTS of the various initiatives on Sustainable Development

#### Achievements on environmental issues

- **Water:** a major area of concern of social stakeholder regarding Danone policy, and probably will become one of the main challenges of the Company. At this regard, the Group signed the Groundwater Resources Protection Policy in 2003 and launched the Danone Water Footprint program through which more than 3,5 billion litres of water have been economized since it was signed. Danone aims at reducing 5% of water use by end 2009 compared to 2008 for all the Group's activities.
- **Waste:** From 1970, Danone Group set up different recovery programs, like '*Clean Vacances*' operation in France. In 2008 Danone UK developed the first "closed loop" plastics recycling initiative. The programme saved 5,000 tonnes of PET plastic from landfill in its first year alone and also cut CO2 production. The "closed loop" plan means that for every Evian and Volvic bottle sold in the UK, one bottle will be recycled and the plastic reused in new bottles. Other programmes are in place to reduce the amount of packaging and recover it once it is waste.

#### Achievements on OHS

- Danone's policy on safety has made possible the reduction in the frequency rate of accidents with stoppage of work by 50% since 2004. (2008 sustainability report)

### CHALLENGES AHEAD

#### Critical topics

<b>Water treatment</b>	This is one of the major concerns NGO's and civil society groups, as the company exploits this scarce resource and bottles it in plastic.  Danone, Coke, Nestlé, and Pepsi were the major targets of a 2005 Polaris Institute report "Inside the Bottle: An Exposé of the Bottled Water Industry". These corporations with liabilities, ranging from fraudulent advertising and ruthless water privatization to the distribution of unsafe water. (Polaris Institute, 01/01/2005, <a href="http://www.insidethebottle.org">www.insidethebottle.org</a> ).
<b>Packaging</b>	As a bottled water producer, this is one of Danone's main environmental challenges.

<b>Agriculture</b>	“Green farming” through sustainable models to help farmers farm greener.
<b>Climate change</b>	Overall reduction of carbon footprint
<b>Additional challenges</b>	<ul style="list-style-type: none"> <li>▪ Labelling of genetically-modified (GMO) ingredients in foods,</li> <li>▪ Organizing the relationship between Danone and NGOs.</li> <li>▪ “Green farming” through sustainable models to help farmers farm greener.</li> <li>▪ Program to reduce work-related accidents.</li> <li>▪ Duly integration and extension of H&amp;S and environment in the in IFA’s</li> </ul>

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## Danske Bank

### COMPANY PROFILE

<b>Brief Description of the activity</b>			
<b>Headquarters</b>	<b>Geographical scope</b>	<b>Sales 2008</b>	<b>Main activities</b>
Denmark	The Group has branch networks in Denmark, Sweden, Norway, Northern Ireland, Republic of Ireland, Finland, Lithuania, Latvia and Estonia. The group has incorporated branches in London, Hamburg and Warsaw.	DKK 1,036 million	Banking and Financial Services
Danske Bank International serves clients from more than 100 countries in the areas of private banking, international investment, wealth planning and asset management.			

Company views	
Mission	Values
To be <i>"the best local financial partner"</i> .	The Danske Bank Group is based on five core values - integrity, expertise, value creation, commitment and accessibility.

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
UNI	23.620	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions <i>(and Recommendations where specified)</i>	Employment	Wages	Working time	Training	Restructuring
100, 155	√	√	√	√	√

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
X	X	√	X

Reference to other Multilateral Agreements
<ul style="list-style-type: none"> <li>UN Global Compact (2000)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
<ul style="list-style-type: none"> <li>There is no mention of Sustainable Development in the IFA.</li> </ul>

Environmental references
<ul style="list-style-type: none"> <li>Environmental provisions have not been included in the framework agreement signed.</li> </ul>

OHS references
Current text in the IFA

**e. Health, safety and working conditions**

Danske Bank Group complies with all the principles of 'ILO Convention 155' regarding the occupational safety and health of employees.

As a large employer in retail banking, Danske Bank Group has a special responsibility to protect its employees from robbery and kidnapping risks. Hence, there is a constant effort to reduce the prevalence of such incidents by systematically registering and assessing risks and adopting the necessary preventive measures.

Danske Bank Group is also characterised by its extensive knowledge and performance oriented work culture, which equals high demands for the employees.

Consequently, Danske Bank Group accepts its part of the responsibility for ensuring that its employees can maintain a healthy work-life balance and aims among other actions to implement measures to mitigate long-term stress.

As part of these large focus areas, examples of Danske Bank Group's work with safety and health also include:

- Flexibility in work planning and the possibility to work part-time.
- Special dialogue with seniors (over 55 years) with focus on health and flexibility.
- A ban on smoking in all companies within the Group. Further, all employees have access to 'quit smoking'-programmes.
- Programmes that offer treatments to employees with alcohol addiction problems etc.

**Implementation and monitoring**

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2008	Framework Agreement	European	Open	Yes (encouraged)		

Brief description – on implementation and monitoring
<p><b>Structure and meetings</b></p> <ul style="list-style-type: none"> <li>▪ The effective implementation of the agreement is a <b>joint responsibility</b> of Danske bank management and UNI finance (Finanzforbundet).</li> <li>▪ The unions within Danske Bank have just set up a formalized structure to learn how they can make the IFA a dynamic tool and make plans for implementing it.</li> <li>▪ The Group will inform its suppliers and subcontractors of the existence of this agreement. In companies where Danske Bank Group has a significant presence without exercising direct control, the signatories undertake to promote the agreement and to encourage its implementation, while respecting the independence of those companies.</li> <li>▪ The <b>monitoring of the agreement</b> and regular <b>progress reports</b> are to be provided by the signatories in meetings between Danske Bank Group management and UNI-Global Union, such meetings are to be held with an agreed frequency, though the agreement does not specify what that is.</li> <li>▪ Reporting on the cooperation will be based on the regular reporting from Danske Bank Group, including employee surveys and CR reporting.</li> <li>▪ No <b>resources</b> have been allocated specifically for implementation, but both parties will guarantee adequate funding to assure efficient implementation of the agreement.</li> </ul>
<p><b>Involvement and responsibility of local unions and management</b></p> <ul style="list-style-type: none"> <li>▪ The agreement, still in the introductory phase, has to now be explained to local union</li> </ul>



representatives.

- The **steering group** – made up of representatives of all the national unions – has the responsibility of making the agreement known to all local units. Once the information is disseminated, the national central and local unions together with management will be responsible for implementing the agreement.

#### Additional observations: scope, stage of implementation and achievements

##### Employers

- The IFA is not considered to bring a particular added value to the policies of the company, as many of the contents are already part of the business procedures.
- Regarding sustainable development, neither management nor unions considered it.

##### Trade Unions

- Unions indicate sustainable development is considered neither a conflict nor a negotiation issue.
- Unions consider it important for Danske Bank engage in collective agreements at the international level to ensure labour standards for employees no matter where they work.
- According to unions, one of the difficulties which have arisen is related to checking dissemination and implementation of the agreements with the local union. The distribution of the information to national central unions is reported as effective, but assuring diffusion to local unions in all countries is being found to be complex.
- The insufficient direct contact between UNI finance and local unions has made dissemination complicated.

## CORPORATE SOCIAL RESPONSIBILITY

Sustainability Reporting	Other CSR/sustainability indicators
GRI level C self declared	Global Compact. Certifications: ISO 14001
<ul style="list-style-type: none"> <li>▪ The company has recently strengthened its corporate responsibility reporting, which now consists of three elements: (1) <b>Corporate Responsibility Report</b>; (2) <b>CR Fact Book</b>; (3) <b>Global Reporting Initiative</b> (GRI) Index level C</li> <li>▪ The Group endorsed the <b>Global Compact</b> initiative in 2007. The Group's Socially Responsible Investment (SRI) policy is to ensure that customer's funds are not placed in companies that violate internationally recognized norms. This policy applies to products with which the Group manages the investment of customer funds.</li> <li>▪ In the beginning of 2009, the Group implemented <b>ISO 14001</b>, in Denmark, Sweden, Norway, Ireland and Northern Ireland. In 2009, environmental management implementation also began in Finland. The Group has not yet determined whether it will encompass the Baltic units as well.</li> <li>▪ In 2008 the Group launched a policy for <b>socially responsible investment (SRI)</b>. The policy is intended to ensure that customers' funds are not invested in companies that violate recognized norms.</li> </ul>	

#### Other Sustainable Development Initiatives

##### Sustainable Development Policy

- The Danish group has developed a CR policy which is put into practice through several other Group policies, such as the environmental and health policies, the socially responsible investment (SRI) policy and various HR policies. The CR policy is based on UN Global Compact internationally recognised principles in the areas of human rights, employee rights, the environment and anti-corruption.

### Projects and programmes

- **TelePresence meetings:** An energy-saving measure implemented has been the TelePresence meetings. A new kind of videoconference. The Group has invested DKr30m in 14 studios for TelePresence meetings to reduce employee travel, reduce the group's carbon emissions and make videoconferences more effective.
- **Environmental requirements for the fleet:** environmentally friendly transportation is being promoted, i.e. Nordania Leasing, one of the Danske Bank Group's two leasing units, has formulated a number of environmental requirements for its own fleet of currently 72 vehicles: all vehicles must be diesel vehicles with A to F eco-ratings, it encourages its employees to opt for eco-friendly alternatives by economic incentives, it offers eco-safe driving lessons, etcetera.
- **Environmental policy for suppliers:** The Group has compiled a detailed list of business procedures and environmental standards for suppliers and selected products.
- **Danske Bank Fund:** it is a charity foundation established to support and encourage worthy community programmes – primarily health care organizations and national patient associations.

### Visibility: corporate sustainability policy and the IFA

Sustainable Development policy	Environmental policy is found in the item "Responsibility", in the main menu of the company's web page. The site, launched in 2006 to provide information to all stakeholders about the Group's CR initiatives, is packed with company initiatives.
<b>Medium-High visibility</b>	The sustainability report is integrated in the Corporate Responsibility Report, available in English, via a direct link on this site.
IFA	In the item "Responsibility", in the main menu of the company's web page, there is a subsection on "Employees" which contain information about the Framework Agreement with UNI Global Union - <a href="http://www.danskebank.com/en-uk/CSR/employees/employee-initiatives/Pages/UNI_Global_Union.aspx">http://www.danskebank.com/en-uk/CSR/employees/employee-initiatives/Pages/UNI_Global_Union.aspx</a>
<b>Medium visibility</b>	

## ACHIEVEMENTS of the various initiatives on Sustainable Development

### Achievements on environmental issues

- The Group set a goal for itself to become carbon neutral at all units by the end of 2009 and reported this achievement on Dec. 4th. In order to neutralize the Group's CO2 emissions, energy-saving measures were introduced in operations and emissions have been offset by purchasing carbon credits.

### Achievements on OHS

- Danske Bank has set up subcommittees to discuss problems regarding OHS within the Group. They meet four times per year, quarterly.
- A new health management work group was formed in 2009 to plan activities that treat health in a broad context. For example, in the next three years, the group will evaluate existing projects and increase employees' knowledge about health in the workplace.

## CHALLENGES AHEAD

### Critical topics

<b>Danske Bank objectives</b>	<b>Energy efficiency and emissions:</b> The Group aims to reduce energy consumption in its Danish activities by 10% from the level in 2008 over the next five years.
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	<p>The effort to reduce the Group's energy also involves reducing CO2 and NO2 emissions.</p> <p>Some of the measures to be implemented in the next five years are: renovation and replacement of ventilation system; achieve energy-efficient branch offices; install efficient lighting, etc.</p> <p><b>GHG emissions:</b> In spite of CO2 reduction measures, the total emissions in 2008 amounted to just over 65,000 tons, which are subject to further reduction programs</p> <p><b>Waste management:</b> The Danske Bank Group announces that it will reduce the environmental effects of its waste. Measures to achieve this result include the recycling of paper and printer toner cartridges and the partial recycling of electronic components.</p>
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## REFERENCES

Sources
<ul style="list-style-type: none"> <li>▪ Corporate web page - <a href="http://www.danskebank.com/EN-UK/CSR/Pages/CSR.aspx">http://www.danskebank.com/EN-UK/CSR/Pages/CSR.aspx</a></li> <li>▪ Sustainability Report 2008</li> <li>▪ Interview Torben Jensen – Danske Kreds (local union Danske Bank)</li> <li>▪ Interview Bent Jespersen – Senior Vice President of Danske Group HR</li> <li>▪ Global Framework Agreement on fundamental labour rights within Danske Bank Group</li> <li>▪ <a href="http://www.unep.org/climateneutral">http://www.unep.org/climateneutral</a></li> </ul>

## EDF

### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
France	In addition to the French electricity market, Europe, South America, and Asia.	77.706,8	Energy and utilities
<p>EDF has the largest fleet of generation facilities in Europe, serving 40,2 million customers worldwide, including 36,7 million customers in Europe. Group is present in all areas of the electricity value chain, from generation to trading, and increasingly active in the gas chain in Europe.</p>			

Company views	
Mission	Values
Intends to respond to increasing energy needs while facing up to climatic risk and depleting resources.	EDF has a code of ethics based on 5 core values: respect for individuals, environmental responsibility, striving for excellence, commitment

	to the community and integrity.
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GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
ICEM/PSI/ OIEM	161.560 workers worldwide (109.949 in France) in 2005	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
29, 87, 98, 100, 105, 111, 135, 138, 182	X	√	√	√	√

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	√	√	√

References to other multilateral environmental agreements
<ul style="list-style-type: none"> <li>▪ UN Declaration of the Rights of the Child (1959)</li> <li>▪ UN Declaration of the Elimination of All Forms of Discrimination against women (1967)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
Current text in the IFA
<p><b>Preamble</b></p> <p><i>EDF Group's performance [...]. Built up around these three pillars, the Group's ambition is to become an international benchmark in sustainable development.</i></p> <p><i>The signatories parties regard this Agreement of EDF Group's Corporate Social Responsibility, the outcome of an initial international bargaining round involving all EDF controlled companies along with international labour organizations, as an opportunity to strengthen EDF's collective commitment to sustainable development [...].</i></p> <p><b>Article 13</b></p> <p>1. <i>EDF Group integrates the promotion of energy efficiency in its concerns for sustainable development.</i></p>

Environmental references
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Current text in the IFA

**Preamble**

*In a global context of electricity and energy market liberalisation and of increasing competition worldwide, all EDF Group component companies must seeks to achieve competitiveness, as well as economic, social and environmental performance, by implementing a profitable and sustainable growth model.*

*EDF Group's performance model relies at once on its economic and financial achievements, its professional excellence, and its social and environmental responsibility.*

*EDF Group wishes to assert its values in a context of global economic competition: respect for individuals, respect for the environment, excellent performance, solidarity and integrity.*

**Article 2 – Health and Safety**

*EDF Group regards the health and safety of its employees as a priority. Appropriate working conditions and consideration for human factors are daily concerns, similar to economic performance, environmental protection and customer satisfaction.*

**Article 10 – Vigilance with regard to our subcontractors' practices in the area of legal compliance, health and safety, ethical behaviour with consumers and respect for the environment**

*1. [...] The Group's requirements shall be applied in particular to: [...] Respect for the environment*

*3. These requirements shall be conveyed to the subcontractors. Any serious failure, not remedied following notification, to comply with legal requirements or related to issues of occupational health and safety, ethical behaviour towards customers and environmental protection, shall result in the termination of our relations with the subcontracting company, in accordance with contractual obligations.*

*V – Commitments and joint guidelines specific to EDF Group regarding environmental protection and promotion of energy efficiency*

**Article 11 – Environmental safety of our facilities, our equipment and our processes:**

*EDF Group has facilities and equipment for which the potential hazards must be made known to the local populations via adapted communication and posted signs.*

*In the context of its industrial operations, EDF Group uses or generates products or emissions likely to present potential risks of serious hazards for human or environmental health.*

*Confronted with this reality, EDF Group hereby undertakes:*

*First, to implement a policy to prevent and reduce known and identified hazards. In cases where products are proved to be hazardous but a substitution cannot be made in the short term, the companies of the Group shall take action to reduce their use as much as possible, adopt the necessary, reinforced protective measures and ensure these materials are contained throughout their cycle of use. In addition, EDF shall launch or participate in scientific programmes to seek out substitutes in the medium term.*

*Second, to implement a precautionary policy reflected in practice by a proactive attitude of scientific and technological anticipation and intelligence on any hazard issues related to the business activities of EDF Group companies.*

**Article 12 – Exemplary actions by EDF Group companies and employees in the area of the environment**

*1. As a responsible energy company, EDF carries out an active policy in the area of environmental protection. The Group's Agenda 21 adopted on 21 December 2001 is one reference of this policy. EDF Group and the companies composing it are pursuing an ongoing policy to improve their environmental impacts through an ISO 14001 certification involving and mobilising all the management and employees concerned. This approach includes raising employees' awareness of applicable environmental standards at a local as well as international level.*

*2. EDF Group contributes to the development of renewable energies. It integrates renewable energies in its production facilities or promotes decentralised solutions where technical solutions and economic conditions allow.*

*3. In each company of the Group, the signatory parties undertake to promote actions that encourage the exemplary behaviour of the company and employees on issues of environmental protection.*

*4. Every year, EDF Group Companies, depending on their primary activity, will communicate actions undertaken in the framework of the present Article.*

**OHS references**

Current text in the IFA

**Article 2 – Health and Safety**

*1. EDF Group regards the health and safety of its employees as a priority. Appropriate working conditions and consideration for human factors are daily concerns, similar to economic performance, environmental protection and customer satisfaction. The signatories consider that the health and safety of the workers of the subcontracting companies are as important as those of the Group employees.*

2. EDF Group companies undertake to establish a working context conducive to the physical and mental health and safety of all staff members, regardless of their duties and whatever the risks to which they may be exposed, in compliance with the law. In an approach geared towards progress, results in the area of health and safety will be measured using appropriate indicators and conveyed to the employee representatives.

3. The Group attaches special importance to safety training. Training programmes must exist in each of the Group companies. Employees must benefit from safety equipment adapted to their activity and be informed of the rules and responsibilities regarding their own safety, enabling them to take part individually in their own health/safety as well as that of their co-workers.

4. EDF Group companies shall ensure from the onset that their investment projects present no risk of jeopardising the health and safety of their personnel and of the surrounding communities.

5. Actions intended to prevent occupational hazards, in particular electrical accidents and traffic accidents, shall be implemented.

6. The companies of the Group and their employees, in their concern for their social environment, are encouraged to become involved and participate in awareness actions in favour of major public health issues and addiction prevention.

7. Where there is not already dialogue between labour and management on these issues of employee health and safety, a discussion must be begun the year following the conclusion of the Agreement between management and the employee representatives of the company in question, with a view to seeking the best-adapted form of organisation for this ongoing dialogue. Both management and labour shall have access to the information available and necessary to this dialogue. The trade union organisations and employee representatives having signed the Agreement shall contribute to the promotion of concerted approaches to health and safety, in particular approaches to risk prevention for all their members and all the employees of the company to which they belong.

8. EDF Group shall analyse approaches to health and safety certification that could be applicable to its component companies.

**Article 10** – Vigilance with regard to our subcontractors' practices in the area of legal compliance, health and safety, ethical behaviour with customers and respect for the environment

1. The EDF Group companies systematically ensure that the subcontracting companies they call upon provide quality work and labour in full compliance with applicable laws and international standards (for example, regarding the ban on child labour). The Group's requirements shall be applied in particular to: Legal compliance, Employee health and safety, Ethical behaviour towards customers, and particularly respect for people and integrity; Respect for the environment.

2. The companies of the Group shall implement with regard to their subcontractors the appropriate selection and assessment procedures meeting these requirements.

3. These requirements shall be conveyed to the subcontractors. Any serious failure, not remedied following notification, to comply with legal requirements or related to issues of occupational health and safety, ethical behaviour towards customers and environmental protection, shall result in the termination of our relations with the subcontracting company, in accordance with contractual obligations.

4. Regarding more specifically the safety of employees of the subcontracting companies, reporting will be requested for workplace accidents occurring in the framework of jobs entrusted to them.

5. The subcontractor must apply the requirements set out by EDF Group to any other subcontractor hired by him/her for the assignment in question.

6. Furthermore, the signatories of the present Agreement undertake to promote the ten principles of the United Nations Global Compact with regard to suppliers from whom they purchase goods and services.

## Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
Agreement signed in 2005 and renegotiated in 2008. The new agreement signed in	Agreement	Global + Europe	3 years	Yes (integrated)	France: FNME-CGT, FCE-CFDT, FNEM-FO, CFE-CGC, CFTC ; UK : GMB, Unison, Prospect, Amicus; Hungary: VDSZSZ; Poland: Solidarnosc, Slovakia: SOZE; Argentina: Luz y Fuerza; Brasil: sindicato dos trabalhadores nas empresas de energia do Rio de Janeiro, Sindicato dos	Joint (IFA)

may 2009 for 4 years					Engenheiros de Rio de Janeiro; <b>Mexico:</b> Suterterm; <b>Asia:</b> comité APCC	
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<b>Additional observations: scope, stage of implementation and achievements</b>
<p><b>Structure and meetings</b></p> <ul style="list-style-type: none"> <li>▪ The <b>CDRS</b> (<i>Comité du Dialogue Social sur la Responsabilité Sociale du Groupe EDF - CCSR</i> Consultative Committee of Social Dialogue on Social Responsibility of EDF) meets <b>once per year</b>, and the <b>Bureau 2 or 3 times per year</b>. At its annual meeting, the CDRS defines the priorities for the following exercise. CDRS is chaired by the chairman of group EDF. It is accompanied by the DRS and by the representatives of management by each country or area.</li> <li>▪ The members of the CDRS have 4 days per year to take part and prepare the annual meeting. The members of the Bureau have 4 additional days for the Bureau meetings plus 1 day per quarter. The secretary, who is an elected official (every two years) has 3 additional days to prepare the annual meeting of the CDRS. Times of displacement should not be normally deducted days allocated to meetings and preparation time.</li> <li>▪ The <b>operation of CDRS and its Bureau</b> falls under the responsibility of the elected secretary among the workers' representatives. At the CDRS, workers' representatives are designated by the signing organizations (2 per country and/or 2 by OS), at the Bureau there is the presence of 6 employee representatives.</li> <li>▪ <b>Costs are covered by EDF Group.</b> All organizational expenses of this annual meeting (travel, accommodations, translation, etc.) are covered by EDF Group. Within this framework the work time and the expenses of the employee representatives are charged to the company of origin. For the initiatives of the members of the CDRS there is a budget of 30.000 euros to be managed by the direction of human resources.</li> <li>▪ The bureau of the CDRS office has the right to set up <b>specific missions</b> whose expenses are dealt with by the management. In the agreement of origin the operational budget of CDRS reached a maximum of 220.000 euro.</li> <li>▪ The Social Relations Management of The Group created the post of <b>Operations Manager</b> to implement the agreement and to give follow-up on the Committee (CDRS). Representatives are appointed by management of each entity or subsidiary company.</li> <li>▪ The coordination method chosen for monitoring this agreement requires each company in question to be involved. The EDF companies covered by the agreement already share some 250 additional CSR practices.</li> <li>▪ EDF organizes specific communication plans for its managers so they in turn may lead and support the implementation of this agreement for their teams.</li> <li>▪ Management is responsible for the direct <b>implementation</b>. Trade-union organizations have a controlling role. The <b>monitoring system</b> is integrated in the agreement.</li> <li>▪ The Group's management prepares a <b>yearly report</b> on the implementation of the IFA. Impact measurements contains a table of 20 indicators and priorities defined for the year. The IFA mentions the commitment to design a consolidated report translated into nine languages. There is also a detailed report on each subsidiary and a collection of good practices shared by EDF business units all over the world.</li> <li>▪ The IFA mentions that NGOs can be invited to meetings of the CDRS.</li> </ul>
<p><b>Involvement and responsibility of local unions and management</b></p> <ul style="list-style-type: none"> <li>▪ The negotiation process involved union representatives and managers from the <b>different countries</b> where the Group has subsidiaries.</li> <li>▪ <b>Each company</b> entering the field of application of the agreement must contribute to its application and the annual report presented in particular to CDRS. Within each subsidiary, local negotiations have started.</li> <li>▪ Beyond the annual meeting of the CDRS and its Bureau, <b>follow-up meetings</b> are organized within each subsidiary including employee representatives (signatory organizations) and the local offices. Control and evaluation of the degree of implementation by Union is channelled through the representatives at CDRS.</li> </ul>

- At its annual meeting, the CDRS defines the priorities for the following exercise. In the same way in each company the **local** trade-union organizations and management can decide their own priorities in addition to those defined by CDRS. There are differences of priorities at local level. Differences are mainly related to priorities defined by the employee representatives in each area, country or company.
- Every year, all the Group Companies, depending on their primary activity, **communicate actions undertaken** in the framework of this agreement. The local management has been informed that they have to produce concrete results on the issues mentioned in the IFA.
- The **costs** related to the follow-up committees set up at the local level, either from the company (France and large subsidiary) or from the countries or regions (the Asia-Pacific, Central European country and Eastern) are covered by EDF Group. Within this framework the work time and the expenses of the employee representatives are charged to the company of origin.
- About the representation in the South. Group EDF is not really represented in the countries of the South. In the beginning, there were subsidiary companies in South America (Brazil, Argentina), but not any longer, which had a common Committee of Dialogue. A representative sat at the Bureau of the CDRS. One of the outcomes has been the creation of a works council in Asian countries, a sort of equivalent of EWC for Asia.

<b>Additional observations: scope, stage of implementation and achievements</b>
<b>Employers</b>
<i>Not available.</i>
<b>Trade Unions</b>
<ul style="list-style-type: none"> <li>▪ Unions consider that the nature in which the company evolves justifies the need for integrating the question of environmental protection. For the employees, as individuals, it is of concern as for the rest of the population. For the company, it entails also an issue of credibility and public image.</li> <li>▪ Unions consider that the <b>control of implementation</b> of the agreement globally remains a difficult exercise and depends almost exclusively on the “good will” of the management. It is often difficult for the trade-union organizations and their representatives to check the information communicated at the time of CDRS or the follow-up committees. For this reason Unions recommend that a follow-up be undertaken close to the workplaces, for example through the work committees where they exist. It is considered that without the implementation of practices of this type, it remains difficult to guarantee the effectiveness of control.</li> <li>▪ Unions consider necessary a greater <b>promotion of the agreement</b>, as well as necessary to establish common rule and give better follow-up to implementation and control their application.</li> <li>▪ With regards to <b>occupational health and safety</b>, Unions consider the situation has improved particularly in the subsidiary companies where the regulation was less constraining.</li> <li>▪ The IFA makes it possible to put forward demands and concerns on those issues that are of interest for employees and the unions. However, because of the nature of the agreement, in general terms it remains still difficult to ensure and assess improvements of employees within the company.</li> <li>▪ The <b>exchanges between the trade-unions across borders</b> make it possible to develop new considerable forms of negotiating power in the current context of competition of workers on a worldwide scale.</li> <li>▪ Unions consider it positive to include the right to <b>training</b> as part of the agreement.</li> </ul>

**CORPORATE SOCIAL RESPONSIBILITY**

<b>Sustainability Reporting</b>	<b>Other CSR/sustainability indicators</b>
GRI A+, AA1000APS (2008)	Global Compact, Member of the French ORSE



	(member of CSR Europe), and Agenda 21. Certifications: ISO 14001
<ul style="list-style-type: none"> <li>▪ The Group periodically reviews its performance against indicators, including the <b>Global Reporting Initiative</b> (G3 version and aspects of the pilot version of the energy utility sector supplement). In a self declared opinion the report satisfies a GRI rating of A+. This report is currently being externally verified and a forthcoming statement will be published. For transparency and maintain stakeholders' trust, this 2008 report has been independently audited by the consultancy firm TwoTomorrows using the AA1000 Assurance Standard.</li> <li>▪ EDF Group companies are implementing different policy measures to reduce their environmental impacts. The <b>Group's ISO 14001</b> certification, renewed for three years in April 2005 by Det Norske Veritas (DNV), concerns all the activities of EDF SA and most of EDF member companies. EDF Group states that it will enforce <b>compliance with the ILO Fundamental Conventions</b> in all companies under its direct control.</li> <li>▪ In 2001, the Executive Committee of EDF affirmed its desire to make the EDF Group a reference in matters concerning sustainable development. Consequently, 21 guidelines have been adopted and form the basis of the <b>EDF Group's Agenda 21</b>.</li> </ul>	

<b>Other Sustainable Development Initiatives</b>	
<b>Sustainable Development Policy</b>	
<ul style="list-style-type: none"> <li>▪ The EDF GROUP stated to be committed to its <b>Corporate Sustainable Development Policy</b>, which is structured around three challenges and nine Commitments.</li> <li>▪ EDF Energy updated its <b>Health and Safety Strategy</b> in 2007, to reflect the work developed with DuPont in 2006 on applying its Safety Excellence Model.</li> <li>▪ <b>Collective agreement on subcontracting</b>: in October 2006, the French EDF SA and three out of five French unions concluded a collective agreement on social responsible subcontracting.</li> </ul>	
<b>Projects and programmes</b>	
<ul style="list-style-type: none"> <li>▪ <b>Equilibre project</b>: targeted at professionals, companies and local authorities. For each EDF Equilibre kWh purchased, the company feeds 1 kWh produced from renewable energies into the distribution network.</li> <li>▪ <b>Sensitization campaign</b>: the company informs and advises on how to improve energy consumption to consumers, CO2 emissions and control the cost of electricity bills. The company informs that special attention is also paid to customers in difficult economic situations.</li> <li>▪ <b>OHS</b>: a program of risk management training in EDF Energy has been set up for middle managers and supervisors to focus attention on their role in the active identification and management of risk in the workplace.</li> <li>▪ <b>Corporate social responsibility label for call centres</b>.</li> </ul>	

<b>Visibility: sustainable development policy and the IFA</b>	
Sustainable Development policy	On its website, on the main menu it presents corporate web page and of the main subsidiaries. A separate site on sustainable development policy and initiatives has also been developed.
<b>High visibility</b>	<p>In accordance with this Group's priority, important resources are dedicated to reporting its sustainability policy to all stakeholders. EDF has developed sections on its various web pages, though in some cases further information with links to detailed data would be valued.</p> <p>The Sustainability Report is easily accessible and multiple downloading options are available</p>
<b>IFA</b> <b>No visibility</b>	Information related to the IFA was not find available on the website. On the section of "careers" there is a sub-chapter on Human Resources Policies which contain information on Social Dialogue but there is no mention to the IFA.

## ACHIEVEMENTS of the various initiatives on Sustainable Development

### Achievements on environmental issues

- Conventional waste is 69% recycled and all ash is recycled.
- According to the corporate web page, EDF has become Europe's number one hydropower producer and is enjoying a 30% growth per year for the solar energy market. Wind energy represented almost 90% of EDF Energies Nouvelles' total installed capacity as of 31 December 2008. However, nuclear power has a large weight in the company's energy production.
- The group is modernizing existing power plants to improve efficiency and reduce CO2 emissions and opting for least polluting technologies such as supercritical power plants and combined-cycle gas turbines (CCGTs).

### Achievements on OHS

- The Monitoring Centre for Quality of Life in the Workplace was created in 2007 to ensure continuous improvement in working conditions in all EDF sites.

## CHALLENGES AHEAD

### Critical topics

EDF Group is said to be aware of the use or generation of products or emissions likely to present potential risks or serious hazards for human or environmental health. Amongst the most relevant issues in the 2008 report.

<b>EDF objectives</b>	<p><b>CO<sub>2</sub> emissions:</b> The group target is to reduce the intensity of carbon dioxide emissions from electricity production by 60% by 2020. The company has developed a robust methodology for measuring its carbon footprint which will support this CO2 reduction program. In addition, the group has set a goal of cutting down on energy use at workplaces by 30% in 2012.</p> <p><b>Renewable energy:</b> The development of renewable energy projects will be channelled through the French subsidiary EDF Energies Nouvelles. EDF Energy created the joint venture EDF Energy Renewables, seeking to enter more effectively in the renewable energies market.</p> <p>To date, 45,622 Equilibre contracts have been signed, certifying that the energy delivered by EDF is indeed from renewable sources.</p> <p><b>Waste:</b> In France, EDF activities generated 98,818 tones of conventional waste in 2008 and 82,606 tones of non-hazardous waste. EDF Energy made a public commitment to halve the volume of materials sent to landfills by 2012 and for no office or warehouse waste whatsoever to be sent to landfills until 2020.</p>
<b>Climate Change and CO<sub>2</sub> emissions:</b>	<p>EDF remains the second largest emitter of carbon dioxide in France. Its sustainable development reports show a decrease in emissions between 2002 and 2007, but there is no specification on how the trends were affected by peaks or swings in electricity consumption.</p>
<b>Waste</b>	<p>One of the greatest challenges and a source of concern for EDF is nuclear waste management. The company has made a commitment to handle its waste according to four basic principles: limit the volume of waste at the source, sort them by type and level of radioactivity, isolate it from people and the environment, promote re-treatment and recycling of used nuclear fuels.</p>
<b>Water</b>	<p>Approximately 70% of the surface water in France passes through a power generation structure, according to the company. How this water is treated and protected is a relevant public concern.</p>

<b>Biodiversity</b>	Limiting the impact of EDF's nuclear and fossil-fired power plants, dams, electricity transmission and distribution networks, etc upon neighbouring ecosystems is a significant stakeholders' concern.
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## REFERENCES

Sources
<ul style="list-style-type: none"> <li>▪ Sustainability Report 2008 - Corporate web page - <a href="http://www.edfenergy.com/">http://www.edfenergy.com/</a></li> <li>▪ EDF GROUP – Corporate Sustainable Development Policy and Agreement on EDF Group Corporate Social Responsibility</li> <li>▪ Interview with representative from FNME CGT</li> <li>▪ Interview Marc Ferron CFDT – secretary of the EDF CCSR (committee of corporate social responsibility)</li> <li>▪ Interview Marc Ferron - representative from EDF</li> <li>▪ Eurofound study: Codes of conduct and international framework agreements: New forms of governance at company level. Case study: EDF</li> <li>▪ Translational texts negotiated at corporate level: Table. Annex to working document. Study Seminar “Translational Agreements”, European Commission, 17 May 2006</li> <li>▪ Papadakis, Konstantinos: “Appendix” <i>Cross-border social dialogue and agreements. An emerging global industrial framework?</i>, ILO, 2008, pg.267-288</li> <li>▪ European Foundation for the improvement of living and working conditions (Eurofund): <i>codes of conduct and international framework agreements: new forms of governance at company level. Case Study: EDF. 2008</i></li> </ul>

## Lafarge

### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
France	The Group, present in 79 countries, orients the development of its businesses towards fast-growing markets, notably in Asia and Middle-East.	1.979.622.324,9	Construction
Lafarge is a French building materials company specializing in four major products: cement, construction aggregates, and concrete and gypsum wallboard. In 2008 it was the world's largest cement manufacturer by mass shipped.			

Company views	
Mission	Values

To become the undisputed leader in building materials.	Courage, integrity, commitment, respect for others and an overriding concern for the Group's interest are the foundations of its management philosophy.
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GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
BWI/ICEM	82.734	65% of Lafarge employees were represented by trade union or elected representatives (2008)

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
29, 87, 98, 100, 105, 111, 135, 138, 155, 182;	X	√	√	√	X

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	X	√	√

Reference to other Multilateral Agreements
<ul style="list-style-type: none"> <li>▪ OECD Guidelines for Multinational Enterprises (1976)</li> <li>▪ ILO Declaration on Fundamental Principles and Rights at Work (1998)</li> <li>▪ ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy (2000)</li> <li>▪ UN Global Compact (2000)</li> <li>▪ ILO Code of Practice on HIV/AIDS and the World of Work (2001)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
Current text in the IFA
<i>Lafarge considers respect for workers' rights to be a crucial element in <u>sustainable development</u>.</i>

Environmental references
Current text in the IFA
<i>The signatories consider that this agreement is based on the joint commitment to respect human and social rights and to achieve continuous improvement within the areas of working conditions, industrial relations, health and safety standards in the workplace and environmental performance.</i>

OHS references
Current text in the IFA
<b>Health Safety and Working conditions</b>
<i>A safe and healthy working environment shall be provided (ILO Convention 155). Best occupational health and safety practices shall be followed and shall be in compliance with the ILO Guidelines for Occupational Health Management Systems. All workers shall be given <u>training in occupational hazards</u> and shall have the means of preventing them.”</i>
<i>“The signatories undertake to raise awareness of the HIV/AIDS problem and of the prevention program in compliance with the ILO HIV/AIDS code of practice.</i>

## Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2005	Agreement	Global	Open	Yes (encouraged)	IFBWW and WFBW	Joint (IFA)

Brief description – on implementation and monitoring
<b>Structure and meetings</b>
<ul style="list-style-type: none"> <li>▪ The Human Resources department communicates and gives details of the agreement at several levels of the organization. Documents are being translated into the different languages.</li> <li>▪ A <b>reference group</b> consisting of representatives of Lafarge and signatory international unions - 1 or 2 people from ICEM and BWI- will meet at least <b>once a year</b>. There is also regular contact by email and phone.</li> <li>▪ Regarding <b>monitoring</b>, there are regular meetings with the signatories. One or two people from ICEM and one from BWI meet twice a year or more if difficulties arise.</li> <li>▪ Within Lafarge management, <b>three people have been designated</b> to oversee implementation and monitoring, as well as to guarantee that any problems which might arise from the agreement are being dealt with.</li> <li>▪ <b>No specific action plans or key indicators were put in place</b>, implying variable level of commitment within the company, for example OHS, people development, training, etc.. The Group indicates that this is because there are different commitments in the company on the different issues also addressed in the agreement.</li> <li>▪ Since both parties are to be involved the implementation and the unions are present in several activities, no specific company <b>budget</b> has as yet been allocated for the IFA implementation. However the company has agreed to make the necessary funds available as there are several strategies, programs, and social initiatives in place.</li> <li>▪ There is a team at Group Level that defines the <b>standards for subcontractors</b>, amongst them occupational health and safety. The Groups is working with and international auditing team that has started to audit subcontractors.</li> </ul>

**Involvement and responsibility of local unions and management**

- Local management and unions are involved in implementation and local management is responsible for dealing with the complaints at this level.

**Additional observations: scope, stage of implementation and achievements**

**Employers**

- The IFAs contains commitments for the Group in several issues, but there are no commitments for the Unions in these agreements.
- The Group finds Dialogue to be very important.
- The Groups considers it difficult to adequately address the question of subcontractors and suppliers, to choose and work with those that have the same policies on sustainable development. But there is a team at Group Level that defines the standards for subcontractors, and an international auditing team has started to audit subcontractors.
- As reflected in the Sustainability Report (2007), since 2005 they have been addressing two particular problems: one concerning the freedom of association in the US; the other a problem with a sub-contractor of LaFarge in South Korea.

**Trade Unions**

- Unions consider it important that the scope of the agreement includes suppliers and subcontractors, to support the process of choosing subcontractors with similar social policy or willing to implement Lafarge's conditions. A reference has been included in the preamble.
- An important focus for the Unions is on North America for the lack of freedom of association in the US. In this regard, Unions supported the employment free-choice act to guarantee that workers can choose to be part of a union, without interference of the management, which is in line with the spirit of the IFA agreement.
- There is poor information on the agreement at the local level. Unions consider that training at local level should be strengthened.
- Lafarge's expansion in China and the Middle East, including many countries where trade union rights are minimal, presents an important challenge.
- The large number of temporary contracts and subcontractors pose serious threats to employees with poor working conditions and negligible social guarantees.

**CORPORATE SOCIAL RESPONSIBILITY**

Sustainability Reporting	Other CSR/sustainability indicators
GRI level A+	Global 100 Most Sustainable Corporations, SRI Best in Class, DJSI STOXX, FTSE4Good.
<ul style="list-style-type: none"> <li>Based on the GRI<sup>33</sup> grading system, the 2008 Sustainability Report has received an <b>A+ grading</b>. Since 2005, for 5 years running, Lafarge has been ranked among the "Global 100 Most Sustainable Corporations"<sup>34</sup>. In its Intangible Value Assessment, Innovest has given Lafarge an AAA rating.</li> </ul>	

<sup>33</sup>The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. Reporting levels vary between A and C; in case of external verification, companies may add a + sign.

<sup>34</sup> The "Global 100 Most Sustainable Corporations" project, led by Corporate Knights Inc. and powered by research from Innovest Strategic Value Advisors Inc., is a showcase of international companies which are the most committed to sustainable development.

- After losing its position in the DJSI STOXX<sup>35</sup> and the DJSI World Index<sup>36</sup> in 2007, in 2008 the company improved its overall score by 6 points to achieve 70%. This led to it being restored to the **STOXX index**, though not in the DJSI World Index, apparently due to the methodology used.
- According to **Vigeo**<sup>37</sup> ratings, Lafarge attains very positive results in the domains of business behaviour, community involvement, environment, human resources and human rights. According to the analyst, progress still has to be made in governance.
- Lafarge is one of five companies judged **Best in Class**<sup>38</sup> in **Storebrand's analysis** of the construction materials sector. Since 2003, Lafarge has been a member of the **FTSE4Good Index**<sup>39</sup>, which includes companies whose environmental and social risks are integrated into policy and management systems.

<b>Other Sustainable Development Initiatives</b>
<b>Sustainable Development Policy</b>
<ul style="list-style-type: none"> <li>▪ For more than 3 years now, Lafarge sets out its commitments in a measurable way in the <b>Sustainability Ambitions 2012</b>. Sustainability Ambitions 2012 set targets for the material sustainability issues.</li> <li>▪ The Group has implemented a safety policy for its employees and subcontractors . Additionally, Lafarge employees are committed to respecting certain rules to ensure the greatest levels of health and safety within the company: <b>The 11 rules of Health &amp; Safety</b>.</li> </ul>
<b>Projects and programmes</b>
<ul style="list-style-type: none"> <li>▪ <b>HIV/AIDS Programme:</b> Lafarge is present in 10 countries in sub-Saharan Africa which are among those most affected by AIDS. The Group has expressed commitment to the fight against HIV/AIDS since the start of this decade. After first forming a partnership in 2003 centred on combating HIV/AIDS, Lafarge and CARE renewed it in 2009 for another 3 years. The Group is committed on 3 fronts: a. Fight against AIDS and malaria, ; b. Measure the impact of Lafarge's activities on local communities and; c. Access to better housing for poor populations. In 2002, Lafarge signed a partnership with the Global Business Coalition on HIV/AIDS which works to fight HIV/AIDS and malaria and now includes more than 200 multinationals.</li> <li>▪ <b>Malaria programme:</b> Lafarge provided malaria treatment for 17,500 people (employees, dependants, sub-contractors and community members) in the 2007 anti-malaria program. By 2010, these efforts against HIV and malaria will be extended to the other major developing countries where Lafarge operates.</li> <li>▪ <b>Sustainable development – WWF Conservation Partner:</b> in 2000, Lafarge became the WWF's leading industrial "Conservation Partner". WWF decided to renew the partnership until 2012. Lafarge and WWF will work together to define targets and action plans in relation to CO2 emissions, biodiversity, persistent pollutants and water footprint; thus increasing the scope and impact of the collaboration. To reduce its emissions, Lafarge has three strategies: a. Improving the efficiency of its kilns; b. Use of biomass and waste products as alternative fuels in the Group's cement plants; c. Use of waste from other industries as cement additives, or alternative raw materials.; d. Use of local sources of waste, putting into place local recycling channels and organizing maritime or river transport also reduces CO2 emissions originating from the transportation of raw materials.</li> <li>▪ <b>Sustainable construction promotion:</b> the Group has been incorporating new concepts of</li> </ul>

35 The Dow Jones STOXX Sustainability Indexes (DJSI STOXX) track the European sustainability leaders. The best 20% in the Dow Jones STOXXSM 600 Index are selected as components of DJSI STOXX.

36 Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide.

37 European leading supplier of extra-financial analysis, the Vigeo Group measures companies' performance in the field of Sustainable Development & Social Responsibility to supply this information to Asset Managers.

38 Storebrand's symbol of excellence, the butterfly, is awarded to companies that have earned Best in Class status for leading environmental and social performance

39 The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies.

sustainable construction into its activities: preserving resources, rehabilitating quarries, limiting pollution and reducing worksite inconvenience and disturbance.

- **Energy and Waste initiatives:** the use of alternative fuels is now allowing the group to diversify its energy sources, reduce emissions and the dependence on traditional fuels and in this way reduce energy costs. However, the use of waste fuels is still a cause for concern for some stakeholders.
- **Strategic agreement signed with Yunnan Province, China.** The agreement, worth a total investment of \$600 million, involved modernizing and reorganizing the building materials industry in the province, and provided for the introduction of energy saving policies and the development of waste as alternative fuel.
- **Stakeholder Council:** in 2002-2003, the Group created a panel with NGOs they have agreements with, CARE for HIV/AIDS, WWF on environmental issues...
- **OHS:** Lafarge is to define a comprehensive occupational health program in 2010.

#### Visibility: sustainable development policy and the IFA

Sustainable Development policy <b>High visibility</b>	On main menu of web page. Lafarge stated corporate sustainable strategy to be a priority for them. Of the seven items on the corporate web page, the second is Sustainable Development and the third is R&D, where one section is Sustainable Construction. Both sub-menus and the home page are full of detailed information on climate change, energy efficiency and other related topics, as well as a wide range of company initiatives.
IFA <b>No visibility</b>	Information related to the IFA was not find available on the website. On the section of "Sustainable Development" there is a sub-chapter on Occupational Health and Safety and another one on Stakeholder Panel, but there is no reference to the IFA.

### ACHIEVEMENTS of the various initiatives on Sustainable Development

#### Achievements on environmental issues

- Sustainable development – WWF Conservation Partner: By the end of 2008, Lafarge had reduced its CO2 emissions by 12.5% below 1990 levels (in OECD countries) and by 18.4% per ton of cement produced globally.
- Sustainable construction: Lafarge devotes more than 50% of its R&D investments to sustainable construction. Its research centre is the 1st laboratory in the world for building materials and works on: improving existing products and developing new products which are even more effective and environmentally friendly.

#### Achievements on OHS

- The Group indicates every month there is a meeting at the Group level on occupational health and safety to be informed about fatalities, injuries in the company and progress revision.
- According the Group, an H&S reporting has been implemented since many years at group level ; monthly results are available on the group intranet to all employees ; for the meetings with union at local, european or international level which start by the presentation of the Group H&S results.
- HIV/AIDS programme: As a result of this initiative, in 2008, in sub-Saharan Africa where Lafarge employs around 8,000 people: 100% of employees have received regular information about H.I.V.; 75% have participated in voluntary, anonymous screening campaigns; 2,000 people (employees, dependants and community members) have benefited from free anti-retroviral treatment.
- Malaria programme: Lafarge provided malaria treatment for 17,500 people (employees, dependants, sub-contractors and community members) in the 2007 anti-malaria program..



## CHALLENGES AHEAD

Critical topics	
<b>Lafarge objectives and Sustainability Ambitions 2012:</b>	<p><b>OHS:</b> In relation to occupational health and safety, the group's aim is to halve lost time injury frequency rate (LTIFR) for Lafarge employees by 2008 regarding 2005, achieving a Group-wide LTIFR of 1.55 and having contractors work to the same standard. The new aim is to reach, in the shortest time possible, zero fatalities and to join the "best in class" industrial companies.</p> <p><b>Sustainable development:</b> one of the challenges faced is choosing subcontractors and suppliers with a coherent policy on sustainable development. A system has been set up for OHS where standards on health and safety were defined and required for all subcontractors worldwide. The same system is to be set up to close agreements with sustainable companies.</p> <p>Lafarge indicates that it welcomes the revision of the European directive relating to the emissions quotas trading scheme (EU-ETS) that determines a challenging CO<sub>2</sub> emissions reduction target of - 21% in 2005-2020. In a shorter timeframe, Sustainability Ambitions 2012 set targets for material sustainability issues:</p> <ul style="list-style-type: none"> <li>▪ Cut worldwide net CO<sub>2</sub> emissions per ton of cement by 20% as compared to 1990.</li> <li>▪ Cut absolute gross emissions in the Cement Business in industrialized countries by 10% as compared to 1990.</li> <li>▪ Cut absolute net emissions in the Cement Business in industrialized countries by 15% as compared to 1990.</li> <li>▪ By the end of 2010 reach a rate of 85% of quarries with a rehabilitation plan complying with Lafarge standards.</li> <li>▪ By the end of 2010, all quarries will have been screened according to criteria validated by WWF International and those with realizable potential will have developed a site biodiversity program by 2012.</li> <li>▪ Cut dust emissions in cement plants by 30% over the period 2005 - 2012.</li> <li>▪ Cut NO<sub>2</sub> emissions in cement plants by 20% over the period 2005 - 2012.</li> <li>▪ Cut SO<sub>2</sub> emissions in cement plants by 20% over the period 2005 - 2012.</li> <li>▪ By end of 2010 have a baseline for persistent pollutants in cement plants for 100% of kilns and reinforce Best Manufacturing Practices to limit emissions.</li> </ul>
<b>Energy efficiency</b>	<p>Energy is the most expensive production cost in Lafarge's cement activity, as well as a major generator of CO<sub>2</sub>. Increasing energy efficiency and controlling emissions is still an important challenge of the company.</p> <p>In additions, hazardous waste derived fuel used in kilns and potential contamination issues from past activities are also causes of concern for stakeholders.</p>
<b>Mercury, heavy metals</b>	<p>Mercury and heavy metals, besides CO<sub>2</sub> are amongst the most controversial emissions from cement plants. In effect, and in spite of recent improvements, there are still public concerns about the potential health and environmental effects of emissions from the Lafarge plants.</p>

## REFERENCES

### Sources

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- Papadakis, Konstantinos: "Appendix" *Cross-border social dialogue and agreements. An emerging global industrial framework?*, ILO, 2008, pg.267-288

# Nampak

## COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
South Africa	19 countries in 4 continents	1.979.6	Packaging Manufacturing
Nampak Limited produces packaging and tissue products.			

Company views	
Mission	Values
Nampak has set itself the following mission and values: To develop and enhance a positive Nampak experience which drives customer loyalty and business growth.	The mission is to be achieved through five value drivers: customer service, innovation, speed, accountability and manufacturing excellence.

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
UNI	over 17.000	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

### Substantive Provisions in the IFA

ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
87, 98, 100, 105, 136, 155, 182; Rec. 143	X	√	√	√	X

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	X	√	√

### Provisions on Sustainable Development

Sustainable Development references
<ul style="list-style-type: none"> <li>There is not specific mention of sustainable development</li> </ul>

Environmental references
<p>Current text in the IFA</p> <p><i>Nampak and UNI support high standards applicable to the <u>environment</u>, security, health &amp; safety at the workplace. That is:</i></p> <p><i>Respect for the environment</i></p> <p><i>Nampak and UNI are committed to continuously improving the <u>environmental performance</u> of Nampak operations.</i></p>

OHS references
<p>Current text in the IFA</p> <p><b>Chapter 4: Conditions in the workplace and community</b></p> <p><i>Nampak and UNI support high standards applicable to the environment, security, health &amp; safety at the workplace, that is:</i></p> <p><i>Working conditions are decent</i></p> <p><i>A safe, hygienic and sustainable working environment shall be provided (ILO Convention 155). Best occupational health and safety practice shall be promoted including the provision of necessary safety equipment and adequate training. Practices shall comply with ILO conventions and proper Health and Safety standards.</i></p> <p><b>Chapter 5: Implementation</b></p> <p><i>A report by Nampak of activities and programmes of Corporate Social Responsibility, as well as initiatives involving <u>health and safety at the workplace</u>.</i></p>

### Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2006	Agreement	Global	Open		UNI-affiliated Unions	Joint (IFA)

<b>Brief description – implementation and monitoring</b>
<p><b>Structure and meetings</b></p> <ul style="list-style-type: none"> <li>▪ Nampak and UNI have settled to meet <b>at least once a year</b> to solve any dispute or disagreement presented by union representatives. Meeting lasts as long as necessary but not more than a day, and it is preceded by a preparatory meeting of the UNI delegation which shall comprise UNI officials and the national coordinators of the UNI affiliated unions. Nampak and UNI will each appoint a contact person responsible for making practical preparations.</li> <li>▪ Nampak will distribute <b>copies of this agreement</b> to all of its UNI affiliates, local plan in English or other languages on request.</li> <li>▪ Nampak agreed to present a <b>detailed economic and social report</b> at these yearly meetings. Details of initiatives regarding health and safety are also to be presented.</li> <li>▪ At operational level, <b>a health and safety committee formed by both parties</b> has been established. This committee is directly involved with the overseeing of the implementation of the agreement.</li> <li>▪ The agreement details that <b>each party is to cover its own costs</b>, including travel, accommodation, etc. In this regard, unions make resources available to ensure that their members and the leaders in different countries attend team meetings and the company guarantees the necessary funding is accessible to monitor the agreement.</li> <li>▪ There is <b>no mention on monitoring systems</b> in the IFA.</li> </ul>
<p><b>Involvement and responsibility of local unions and management</b></p> <ul style="list-style-type: none"> <li>▪ Between annual general meetings, local unions meet and carry out a <b>survey amongst members</b>, to see whether the provisions and principles of the global agreement are being adhered to. They then report to the subsequent alliance on the areas where certain progress has been made and whether there is an issue to be reported.</li> <li>▪ At national level, every plant or operation has monthly meetings. As part of the agenda there is a point on the stage of implementation of the IFA.</li> </ul>

<b>Additional observations: scope, stage of implementation and achievements</b>
<p><b>Employers</b></p> <ul style="list-style-type: none"> <li>▪ The introduction of the environmental clause was a management proposal in the IFA, as a motivation to improve the situation.</li> <li>▪ Management consider the signing of the agreement to have played a positive role in the improvement of occupational health and environment policies.</li> </ul>
<p><b>Trade Unions</b></p> <ul style="list-style-type: none"> <li>▪ Unions consider the signing of the agreement has played a positive role in the improvement of occupational health and environment policies. For example, UNI recognises the investments made in Zambia and Zimbabwe plants to improve the health and safety conditions have been important. The same has been done in Kenya, Tanzania and in Mozambique, where the process to engage and sign a separate agreement on OHS concerns has been initiated.</li> <li>▪ In Zambia, Kenya and Tanzania, a separate agreement on OHS was signed. In Mozambique, the process to engage and sign a separate agreement on OHS has just started. Improvements remain to be made.</li> <li>▪ The monitoring Unions use is based on the feedback received from local unions, but they consider the right mechanisms should be put in place.</li> <li>▪ Unions consider that OHS progress has taken place and that workers are in a position to give follow up to issues, whereas concerning environmental aspects a lot of work remains to be done.</li> <li>▪ One of the challenges of the company is the make resource available to invest on environmentally friendly operations.</li> <li>▪ One of the challenges of Unions is to keep members duly informed</li> </ul>

## CORPORATE SOCIAL RESPONSIBILITY

Sustainability Reporting	Other CSR/sustainability indicators
GRI level C (self appraised)	Best performance in JSE SRI index
<ul style="list-style-type: none"> <li>▪ Sustainability performance has been reported annually since 2004 as part of the general report.</li> <li>▪ The 2008 sustainability report is compliant with the <b>Global Reporting Initiative G3</b> Guidelines (GRI level C). The company stated that its aim to improve its reporting level to have the specific sustainability data evaluated by a third party by 2009 and to increase applicable detail on social, environmental and economic indicators.</li> <li>▪ The 2008 report achieved a best performer rating in the JSE SRI index<sup>40</sup>.</li> </ul>	

Other Sustainable Development Initiatives
<p><b>Sustainable Development Policy</b></p> <ul style="list-style-type: none"> <li>▪ <b>Nampak's sustainability strategy</b> was refined during the 2009, according to the annual report, with the board committee fully operational.</li> </ul>
<p><b>Projects and programmes</b></p> <ul style="list-style-type: none"> <li>▪ <b>OHS:</b> Safety, health and environment committees have been formed to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees. Once problems are detected, the committee informs the local union, and through them, the company receives complaints and acts accordingly.</li> <li>▪ <b>HIV/AIDS Workplace programme:</b> The prevalence of HIV/AIDS in Southern Africa makes it critical for every organization to develop a relevant response to the challenge of this disease. Nampak has an extensive HIV and AIDS workplace programme, which was developed in 2000 and commenced with a pilot project in KwaZulu-Natal. In 2002 this programme was extended to all Nampak companies in South Africa and Swaziland. In 2003 Nampak extended this further to include Kohler companies after the Nampak/Malbak merger.</li> <li>▪ <b>Packaging:</b> Given its main activity, resource use and packaging waste are main issues. The Group is active in optimizing the use of packaging and has made some significant moves to improve collection rates and develop new end uses for packaging waste. It is also directly involved in different packaging reduction initiatives; investigations are being carried out into light weighting PET bottles and food cans or increasing the proportion of recycled paper in its board.</li> <li>▪ <b>Eco-Schools project:</b> Nampak has agreed to help launch this programme aimed at relevant environmental education throughout South Africa- by providing R0.5 million per annum for three years with the intention of providing appropriate human resources. <ul style="list-style-type: none"> <li>▪ To create awareness on litter and waste management</li> <li>▪ To sponsor litter recycling projects</li> <li>▪ To support school collection and clean-up systems (run by Collect-A-Can) and</li> <li>▪ To provide previously disadvantaged individuals with seed money and to establish small businesses in the collection of litter</li> </ul> </li> <li>▪ <b>Plastic milk bottle recycling facility:</b> In Europe, Nampak Plastics Europe based in Milton</li> </ul>

<sup>40</sup> The JSE (Johannesburg Stock Exchange) launched the first Socially Responsible Investment ("SRI") Index in May 2004. Reviews take place annually during the second half of each year, with results usually announced at the end of November each year.

Keynes, UK, opened its own plastic milk bottle recycling facility in late 2007. Nampak is one of the first facilities in the UK to produce new plastic milk cartons using a proportion of recycled material.

- **Energy and emissions initiatives:** one group priority is to reduce emissions, especially from boilers, for example those in Zambia and Zimbabwe plants have been converted from coal to gas. The group has also begun a strategic process of defining material sustainability impacts and opportunities. Energy efficiency measures have been introduced at all sites.

#### Visibility: sustainable development policy and the IFA

Sustainable Development policy	Environmental policy and Health and Safety are found in the item "Social Investment" in the main menu of the company's web page. The information available is general to South Africa and the packaging sector, with certain references to Nampak initiatives.
Medium visibility	The sustainability report is set up as a section of the Annual Report.
IFA	Information related to the IFA was not find available on the website..
No visibility	

### ACHIEVEMENTS of the various initiatives on Sustainable Development

#### Achievements on environmental issues

- The Plastic milk bottle recycling facility opened by Nampak in Europe produces new plastic milk cartons using a proportion of recycled material. The new cartons will eventually contain around 50% of recycled High-Density Polyethylene (HDPE).
- The energy-efficiency initiatives have resulted in savings of around 1.1% of the total energy usage, equivalent to 16 million kWh per annum.

#### Achievements on OHS

- Work-related fatalities were maintained at the Zero fatalities target and the disabling injury frequency rate nearly reached the target of 1.5 (1.56 achieved)
- HIV/AIDS Workplace programme: Some 14 000 of our South African employees have been invited to attend the HIV/AIDS Workplace programme, which have been held in all their operations. Due to this programme, the Nampak employee HIV prevalence rate is lower than industry average. 68.5% of South African employees, and 98.9% in Swaziland and Namibia, have undergone VCT (voluntary counselling and testing) on site. 94% of staff has received HIV and AIDS awareness training in South Africa, and 100% in Swaziland and Namibia

### CHALLENGES AHEAD

#### Critical topics

Challenges identified by Nampak in the 2008 Sustainability Report	<p><b>Sustainable development:</b> (1) Refine Nampak's sustainability strategy; (2) Develop and refine group-wide standards and reporting requirement; (3) Further quantify potential liabilities and/or opportunities from economic, social and environmental issues</p> <p><b>Health and safety:</b> (1) Reduce disabling injury frequency rate (DIFR), which measures lost-time injuries per 200 000 hours worked, from 2.06 for the year 2008 to 1.5 for 2009; (2) 80% VCT take-up in the South African operations and training of</p>
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	<p>employees on HIV/AIDS awareness; (3) Develop strategies to address indirect business risks of HIV/AIDS such as the possible effect on the customer base and along the supply chain.</p> <p><b>Risk assessments:</b> (1) Development of an Environmental Management System Manual to assist operations with implementing environmental policies and procedures</p> <p><b>Resource use and climate change:</b> with 115 manufacturing sites, energy use is of particular concern to Nampak and operations are focusing on improving energy efficiency and associated emissions. Packaging –minimizing resource use and recycling- is another essential matter.</p>
<b>Stakeholder concerns</b>	Water pollution and air pollution are two key areas of stakeholder concern. An alternative and cleaner fuel to substitute coal in all its boilers is another challenge for Nampak, though the company is already moving in this direction.

## REFERENCES

Sources
<ul style="list-style-type: none"> <li>▪ Nampak Sustainability report 2008 &amp; 2009</li> <li>▪ Nampak Annual Report 2008 &amp; 2009</li> <li>▪ Corporate web page - <a href="http://www.nampak.com/">http://www.nampak.com/</a></li> <li>▪ Nampak IFA</li> <li>▪ Interview Keith Jacobs – Campaigns and organizing director UNI-Africa</li> <li>▪ Interview Fezekile Tshiqi – Group Human Resources Director</li> <li>▪ <a href="http://www.union-network.org">www.union-network.org</a></li> <li>▪ Papadakis, Konstantinos: "Appendix" <i>Cross-border social dialogue and agreements. An emerging global industrial framework?</i>, ILO, 2008, pg.267-288</li> </ul>

## Royal Bam Group

### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
Netherlands	Royal Bam Group is present in several countries of Europe, Africa, Asia and Oceania.	Revenue (IFRS): 7,425	Construction
Royal BAM Group is a Dutch-based construction company also active in the civil engineering, mechanical, electrical contracting and consultancy and engineering sectors.			

Company views	
Mission	Values

Royal BAM Group unites operating companies providing high-value supplies in relation to the maintenance, renewal and expansion of the built environment, from both quantitative and qualitative perspectives.	The company has committed itself to the following Business Principles.  People: Treating customers, employees and communities with respect; Planet: acknowledging the responsibility towards future generations; Profit: creating economic prosperity
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GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
BWI	28.000	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions <i>(and Recommendations where specified)</i>	Employment	Wages	Working time	Training	Restructuring
29, 87, 98, 100, 105, 111, 135, 138, 143, 155, 167, 182,	√	√	√	√	X

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	X	√	√

Reference to other Multilateral Agreements
<ul style="list-style-type: none"> <li>▪ UN Universal Declaration of Human Rights (1948)</li> <li>▪ OECD Guidelines for Multinational Enterprises</li> <li>▪ ILO Declaration on Fundamental Principles and Rights at Work (1998)</li> <li>▪ ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy (2000)</li> <li>▪ ILO Code of Practice on HIV/AIDS and the World of Work (2001)</li> <li>▪ ILO Guidelines on Occupational Safety and Health Management Systems (2001)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
Current text in the IFA



Recognising that sustainable development in its three dimensions - economic, social and environmental - is in the interest of the company and the workers of the wood and construction industry.

Royal BAM Group nv commits itself to work to achieve social justice and sustainable development in its activities and in the undertakings entered into with its trading partners, subcontractors and suppliers.

**Implementation and follow-up of the agreement**

Royal BAM Group nv considers the respect for workers' rights to be a crucial element in sustainable development.

**Environmental references**

- Environmental provisions have not been included in the framework agreement signed.

**OHS references**

Current text in the IFA

**Working conditions are decent**

A safe and healthy working environment shall be provided (ILO Convention 155 and 167). Best occupational health and safety practice shall be followed and shall be in compliance with the ILO Guidelines for Occupational Health and Safety Management System.

**Health and living conditions**

"Royal BAM Group nv undertakes to raise awareness of the HIV/AIDS problem and of the prevention programme in compliance with the ILO HIV/AIDS code of practice".

**Implementation and monitoring**

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2006	Framework Agreement	Global	Open	Yes (mentioned)	FNV Bouw, Hout-en Bouwbond CNV	Joint (IFA)

**Brief description – on implementation and monitoring**

**Structure and meetings**

- A **reference group** consisting of representatives of the management and the BWI was designed to meet **at least once a year**, or whenever necessary, to examine implementation of this agreement. Although there has been problems to set up the meeting in a couple of occasions.
- If a serious **breach of the agreement** should be brought to the attention of either party, Royal BAM Group is responsible for undertaking and examination of the reported breach and reporting to the union representative.
- Any possible **difference arising from the interpretation** or implementation of the agreement will be examined jointly, for the purpose of making recommendations to the parties concerned.
- The Group covers the **costs** of the meeting (travel, accommodation...)

**Involvement and responsibility of local unions and management**

- There are also **site-visits once per year**. From the Union site, visits normally counts with the participation of three employee representatives.

**Additional observations: scope, stage of implementation and achievements**

**Employers**

- Groups values important a good relationship with Unions.
- Group indicate OHS is an important element in their policy, as accidents damage the company reputation. They also indicate training is an important asset to ensure higher productivity, so they promote it.
- Group consider that in some meetings demands put forward by Unions go beyond the scope of negotiation.
- Group indicates that promotes agreements with suppliers with requirements on the delivery products to ensure they engage to the Group norms and standards. The Group has sent a questionnaire to the hundred most important suppliers of BAM. They intend to agree upon a protocol with the top-ten of suppliers and then to sign an agreement on sustainability.

**Trade Unions**

- They value also important the collaboration with NGOs on HIV/AIDS on agreements negotiated with the Group.
- Unions indicate the level of information dissemination is not homogenous, and places such as South Africa or Dubai have poor information.
- BWI insists on conflicts being discussed and solved between local unions and management before transmitting issues to Geneva in order to ensure an efficient system.

**CORPORATE SOCIAL RESPONSIBILITY**

Sustainability Reporting	Other CSR/sustainability indicators
GRI level C	Certification: BAM Construct is certified to ISO 14001.
<ul style="list-style-type: none"> <li>▪ Royal Bam Group developed its CSR code of conduct, denominated <b>Business Principles in 2007</b>, as a basis for managing its corporate responsibilities. The text represents the starting point for developing and implementing sustainability policies and procedures.</li> <li>▪ The company's second sustainability report -the 2008 report, published in 2009- has been developed in accordance with the <b>Global Reporting Initiative (GRI)</b>, version G3, attaining a self declared level C. BAM has received assistance in this process from KPMG Sustainability.</li> <li>▪ The Group participates in numerous <b>sector-wide organizations</b>, study and working groups and innovation platforms, including ENCORD, Construction Excellence, Considerate Constructors Scheme, and Business in the Community, the Chartered Institute of Waste Management, the Constructing Industry Training Board and the British Quality Foundation.</li> </ul>	

**Other Sustainable Development Initiatives**

**Sustainable Development Policy**

- Royal Bam Group developed its CSR code of conduct, denominated **Business Principles in 2007**, as a basis for managing its corporate responsibilities. The text represents the starting point for developing and implementing sustainability policies and procedures, including OHS issues.
- Sustainability policy is formulated by the group and passed on to the operating companies. The operating companies then adapt the policy to the various regions by adding specific details. Finally, the policy is implemented in the regions. Various individuals are responsible for putting the BAM Business Principles into practice.

**Projects and programmes**

- **GreenUp Tool:** this tool provides information to make sustainable technologies understandable, concrete, measurable and economically viable.
- **The passive 'house':** a home or non-residential building with very low energy consumption and a good indoor climate in summer and winter without traditional heating or cooling systems.
- **Existing Buildings Toolkit:** practical solutions for the sustainable improvement of more than a million outdated homes and apartments. The key aim is to achieve low energy costs and reduced CO<sub>2</sub>-emissions.
- **Pilot project for zero-waste houses:** BAM is developing a pilot "WNR house" which is created in such a way that the waste that comes from the construction site is reduced to almost nothing.
- **Incident frequency index:** the Group has defined its own incident frequency (IF) index that can be used to assess the effect of safety measures regardless of changes in the number of employees. It also allows comparisons between different operating companies.
- **Health and safety training programme:** the management has implemented a health and safety training programme especially aimed at employees involved in construction and operation of PPP projects. Action on OHS was initiated around 25 years ago when it was appointed the first corporate safety officer.
- **The Project Carbon Calculator (PCC):** it is a practical tool designed to determine, together with the partners in the chain, where CO<sub>2</sub> reduction can be achieved during the procurement and building phases of a construction project. With this tool, the costs of emission reduction can be added to the construction cost of a project. The costs of about 30 projects have been calculated, demonstrating that giving attention to reducing CO<sub>2</sub> emissions positively affects the financial balance. The overall conclusion is that an eight percent reduction is attainable with a similar benefit increase. The PCC tool can be downloaded free of charge and other interesting information is offered.
- **Sustainable area development unit:** it has been created to coordinate R&D and on-site experience to advance on the road to integrate sustainability and construction.
- **Educational space and social responsibility:** BAM has set up an initiative by recently opening a vocational school. There is already a BAM business school and another 70 schooling sites for building site employees.

<b>Visibility : sustainable development policy and the IFA</b>	
Sustainable Development policy	One of the main items on the corporate web page is related to sustainability, and the third sub-menu of the company profile refers to company policy on safety at work (OHS). The sustainability chapter has a direct link to the sustainability report, which is available at a click on the main page, and Royal Bam's Business Principles, but does not give a wealth of information on company initiatives or programs.
<b>Medium-High visibility</b>	An internet site, the BAM CO <sub>2</sub> Desk, has been created to provide access to company know-how in the subject and make it available to suppliers and clients in the construction sector.  Sustainable construction is not a relevant issue on the corporate web page.
IFA	Information related to the IFA was not find available on the website..
<b>No visibility</b>	

## ACHIEVEMENTS of the various initiatives on Sustainable Development

<b>Achievements on environmental issues</b>
<ul style="list-style-type: none"> <li>▪ <b>Waste reduction:</b> The UK Company is becoming a role model in waste reduction and energy efficiency. It is one of the first civil engineering contractors to make a formal commitment to</li> </ul>

WRAP and as a result has developed an industry-leading Site Waste Management Plan.

### Achievements on OHS

- In all countries where BAM is active the group has managed to reduce the incident frequency by between half and a quarter of the equivalent figure for the sector as a whole. (CR report 2008)
- All operating companies have their own full-time safety staff. Since half eighties, there is a corporate safety officer developing several projects, amongst them training.
- Beyond Zero campaign in the UK has delivered a reduction in reportable incidents to a record low accident frequency of 0.17.
- Health and Safety Management Guidelines. Company states that all the operating companies comply.

## CHALLENGES AHEAD

### Critical topics

#### Royal Bam Group objectives

According to the latest sustainability report, the challenge for the years to come involve translating the Business Principles into concrete objectives which can be implemented within the organization.

Three issues take priority:

**OHS:** the number of serious accidents, especially with subcontracted staff, continues to be too high. Although the figures for BAM employees show a continuous slightly downward trend, the number of accidents relating to subcontractors (and third parties) is increasing. In response to this development, the Company states that the safety instructions given to subcontractors and third parties have been intensified.

**CO<sub>2</sub> emissions and waste reduction:** the Company indicates that it is working to include information on CO<sub>2</sub> and waste in the data provided by the operating companies. They indicate that the first priority will be to collect information on these issues which can then be used to actively manage progress in terms of actual results. The carbon calculator and the newly developed KPIs (Key Performance Indicators) are designed to measure the progress achieved in all corporate sustainability objectives.

#### Waste reduction

#### Stakeholders concerns

With the company taking active measures to reduce emission and waste generation, stakeholders' concerns are mainly based on high accident rate amongst subcontractors and on results of new KPIs.

## REFERENCES

### Sources

- Framework agreement signed between Royal BAM Group and BWI to promote and protect worker's rights
- Interview Tom van Beek – Royal Bam Director Corporate Social Responsibility & Human Resources
- Interview with Marion Hellmann – BWI
- Corporate web page - <http://www.bam.nl/baminternet/baminternet/index.jsp>
- UK Branch web page: [www.bam.co.uk](http://www.bam.co.uk)
- Sustainability report 2008
- Papadakis, Konstantinos: "Appendix" *Cross-border social dialogue and agreements. An emerging global industrial framework?*, ILO, 2008, pg.267-288

# Statoil

## COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales	Main activities
Norway	Europe, certain countries in Asia, Africa and USA	NOK 656.0 billion (2008)	Energy and utilities
Statoil is an international energy company dedicated to the production, transportation, refining and marketing of petroleum, petroleum-derived products, and other forms of energy.			

Company views	
Mission	Values
“Crossing energy frontiers” was chosen in 2009 as the Company’s new vision	Though not Company values as such, it strives to achieve its vision through: (i) developing a global mindset, increasing diversification and adapting new expertise ; (ii) seeking technological solutions; (iii) continuing to drive for improvements and being at the very forefront in terms of health, safety and the environment.

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
ICEM	29,500 (2008)	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
29, 87, 98, 100, 105, 111, 138	X	√	X	√	X

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	√	√	√

## Provisions on Sustainable Development

### Sustainable Development references

- There is no specific mention to sustainable development on the agreement.

### Environmental references

Current text in the IFA

#### 2. Human rights, industrial relations and HSE issues

*StatoilHydro and Industri Energi/ICEM affirm their support for fundamental human rights in the community and in the place of work. Furthermore, the Parties recognise the importance of protecting safety, health and well being at work and share the concern about the impact of exploitation that production, use and disposal may have upon the natural and human environment. This agreement is intended to ensure the best possible standards of protection for those employed in our business.*

#### 3. Environmental issues

*StatoilHydro and Industri Energi/ICEM will cooperate to ensure that StatoilHydro activities are carried out with the fullest possible regard for the environment in particular this will include:*

- *Supporting a precautionary approach to environmental challenges.*
- *Undertaking initiatives to promote greater environmental responsibility.*
- *Encouraging the development and diffusion of environmentally friendly technologies.*

#### 4. Implementation

##### 4.1. Annual meeting

*StatoilHydro and Industri Energi/ICEM will meet annually to review practice in the area of the agreed principles and follow up this Agreement. [...]*

- *General corporate policy on employment, occupational health, safety and environmental issues affecting within the company and, as appropriate, between the company and its related companies including suppliers and subcontractors.*

##### 4.3. Training programmes

*[...] This will include appropriate training in health, safety and the environment.*

### OHS references

Current text in the IFA

#### 2. Human rights, industrial relations and HSE issues

*The respect for human rights includes:*

- *A commitment to provide a safe and healthy work environment, deploying common "best practice" standards.*
- *Ensure that the company provides a clear and supportive policy on HIV/AIDS and that this policy is effectively implemented throughout StatoilHydro's operations.*

#### 4. Implementation

##### 4.1. Annual meeting

*StatoilHydro and Industri Energi/ICEM will meet annually to review practice in the area of the agreed principles and follow up this Agreement. [...]*

- *General corporate policy on employment, occupational health, safety and environmental issues affecting within the company and, as appropriate, between the company and its related companies including suppliers and subcontractors.*

##### 4.3. Training programmes

- *[...] This will include appropriate training in health, safety and the environment.*

## Implementation and monitoring

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
1998	Agreement	Global	2 years renewed 2001, 2003, 2005	Yes (encouraged)	NOPEF (ICEM- affiliated Norwegian oil and petrochemical workers' union)	

Brief description – implementation and monitoring
<p><b>Structure and meetings</b></p> <ul style="list-style-type: none"> <li>▪ Joint annual meeting to review implementation; training to facilitate implementation</li> <li>▪ Statoil and NOPEF/ICEM will meet annually to review implementation and follow up the Agreement. The purpose shall be to discuss the issues covered with a view to jointly agreeing actions that will further develop good working practices.</li> <li>▪ At the meeting the exchange of information allows both parties to bring up problems and challenges and inform each other on the activities being developed.</li> </ul>
<p><b>Involvement and responsibility of local unions and management</b></p> <ul style="list-style-type: none"> <li>▪ Participants at the annual meetings will normally be 4-5 senior officials from NOPEF/ICEM and relevant managers from Statoil.</li> <li>▪ NOPEF/ICEM and Statoil will cooperate in developing joint training Arrangements, including appropriate training in health, safety and environmental best practice for union delegates from countries where Statoil is the operator. It will also include Management training programmes within Statoil.</li> </ul>

Additional observations: scope, stage of implementation and achievements
<p><b>Employers</b></p> <p><i>Not available.</i></p>
<p><b>Trade Unions</b></p> <ul style="list-style-type: none"> <li>▪ At the beginning of negotiations, unions concentrated on occupational health and safety. As the agreement progressed, other issues on human rights and environment developed. The environmental issues became more and more important as unions realized it was a priority if they wished to secure jobs for the future.</li> <li>▪ From the numerous ways that global agreement can be used, a significant advantage perceived is that unions are accepted as a counterpart. Both sides can support each other when it is possible to do so. For example, if the Company is developing a new area or market the unions can discuss, within the framework agreement, the potential challenges and how better to respond.</li> <li>▪ Statoil's' activity in Azerbaijan is a very good example of how safety and health can be improved through IFA's.</li> </ul>

Sustainability Reporting	Other CSR/sustainability indicators
GRI level A+	Dow Jones Sustainability Index, FTSE4Good
<ul style="list-style-type: none"> <li>▪ <b>StatoilHydro's Sustainability Report 2008</b> is in accordance with Global Reporting Initiative "Global Reporting Initiative" guidelines. The 2008 report qualify to level A+ (third party checked and self declaration).</li> <li>▪ In September 2007, Statoil was ranked as the best oil and gas company in the world for sustainability by the Dow Jones Sustainability Index for the fourth consecutive year</li> <li>▪ The company was classified third in the Goldman Sachs' Environment, Social and Governance (ESG) analysis, focused exclusively on the oil and gas industry</li> </ul>	

Other Sustainable Development Initiatives
<p><b>Sustainable Development Policy</b></p> <ul style="list-style-type: none"> <li>▪ The company has developed a social code, defined as The <b>Statoil Way</b>, and a wide ranging environmental policy, which can be consulted in the corporate web page</li> <li>▪ Statoil has defined its strategic principles for health, safety and environment in the Statoil Book.</li> </ul>
<p><b>Projects and programmes</b></p> <ul style="list-style-type: none"> <li>▪ The company has led the development of the EIF (<b>Environmental Impact Factor</b>) risk assessment tool which is now used by the authorities and by the industry.</li> <li>▪ "Carbon capture and storage projects are being successfully developed, for example, the In Salah CCS project in the Algerian desert has captured and injected more than 2.5 million tons of carbon dioxide since start-up in 2004".</li> <li>▪ Statoil is applying a variety of measures to <b>reduce its generation of acid rain</b> causing emission into the atmosphere (mainly sulphur and nitrogen compounds), i.e. setting up plants for the removal of sulphur from fuel at certain refineries, installation of low-NO<sub>2</sub> turbines (one out of five are turbines are low-carbon).</li> <li>▪ <b>Zero-discharge standard:</b> a pilot project for minimizing waste and for safe and efficient transport of drill cuttings has been installed on the Eirik Raude drilling rig for field testing.</li> <li>▪ The <b>Safety Behaviour Programme:</b> a comprehensive programme for all employees in Statoil and cooperating companies.</li> <li>▪ In 2008, an overall strategy for oil spill preparedness and response was developed in relation to our operations on the Norwegian continental shelf.</li> </ul>

Visibility: sustainable development policy and the IFA	
Sustainable Development policy	On main menu of web page. Statoil considers OHS and environmental protection coverage an asset and includes the subject in two items (Sustainability and Technology & Innovation) on its web page.
High visibility	The Sustainability Report is to be found together with previous reports, in the chapter of Sustainability, where detailed information is offered on the company's social and environmental commitment, though it is complex to find and download the complete report from the web page.
IFA Low visibility	Information on the agreements between ICEM and Statoil is only found through Search Option. The majority of information falls under "Press Releases".

## ACHIEVEMENTS of the various initiatives on Sustainable Development



### Achievements on environmental issues

- **Energy efficiency measures**, i.e. Åsgard B platform, the company achieved a 30 per cent reduction in energy consumption. On Kvitebjørn, the high pressure in the reservoir is used for the separation of oil and gas and for transporting the gas to shore, and Kvitebjørn is therefore the most energy-efficient in the region.
- **Renewable energies**: Statoil is focusing on wind power, tidal power, and wave power, methane gas from landfill sites and biomass, as well as combined heat and power (CHP) production.
- **Waste management**: The group is now recycling 67% of oil-based and 50% of water-based drilling fluid.
- **Oil spill management**: The volume of accidental spills has decreased from 4,989 cubic meters in 2007 to 342 cubic meters in 2008.
- **Environmental Impact**: The environmental impact of platforms, measured in terms of EIF (Environmental impact factor), fell by more than 80 per cent from 2000 to 2006 as a result of measures implemented on each individual platform.

### Achievements on OHS

- A new compliance safety programme has been implemented.

## CHALLENGES AHEAD

Critical topics	
<b>Statoil identified challenges</b>	<p>Some challenges included in the 2008 environmental report include the following:</p> <ul style="list-style-type: none"> <li>▪ Quantify potential harm to coastal waters as the basis for introducing remedial measures, focusing largely on oil components and added process chemicals.</li> <li>▪ Statoil's goal is zero harm to people, society and the environment through a comprehensive corporate policy and wide ranging risk management process.</li> <li>▪ Implement measures defined in the "Green logistics" project</li> <li>▪ In OHS, the Company is working on improvement in safety measures: (i) Management and compliance with safety standards; (ii) Understanding and managing HSE risks; (iii) Simplification of procedures and working processes; (iii) Integrity of safety barriers</li> </ul> <p>Additional:</p>
<b>OHS</b>	Total recordable injury frequency (including both StatoilHydro employees and contractors) increased from 5.0 in 2007 to 5.4 in 2008, due to increase in contractors' RIF.
<b>Waste</b>	The recovery rate for non-hazardous waste has decreased from 41% in 2007 to 29% in 2008. The non hazardous waste recovery rate shows a negative trend compared to previous years.
<b>Emissions to air</b>	Other methods of reducing CO <sub>2</sub> , NO <sub>2</sub> , SO <sub>2</sub> and other emissions must be developed
<b>Water discharge</b>	Produced water containing harmful components is still a cause of concern.
<b>Impact on ecosystems</b>	<p>Greenpeace had submitted a proposal to the 2009 Annual General Meeting for the exit the company from its oil sand activities in Canada.</p> <p>Oil spills and leaks in fragile ecosystems (i.e. Barents Sea off northern Norway) is a continuous point of contention with some stakeholders.</p>

## REFERENCES

### Sources

- Corporate web page - <http://www.statoil.com>
- Report on Sustainable Development 2008 / Sustainability Measures & Results 2008
- Interview Lars Myhre (ICEM)
- Statoil IFA
- Greenpeace international
- Environmental News Network
- European Energy Forum
- Translational texts negotiated at corporate level: Table. Annex to working document. Study Seminar "Translational Agreements", European Commission, 17 May 2006
- Papadakis, Konstantinos: "Appendix" *Cross-border social dialogue and agreements. An emerging global industrial framework?*, ILO, 2008, pg.267-288

## Umicore

### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
Belgium	Umicore is present in over the five continents, with its sales distributed in the following pattern (2006): Europe: around 70%; the rest outside Europe	11.692,6	Metals and mining
<p>Umicore is a Belgium materials technology group. Its activities are centred on four business areas: Advanced Materials, Precious Metals Products and Catalysts, Precious Metals Services and Zinc Specialties. Umicore generates approximately 50% of its revenues in the area of clean technology, such as emission control catalysts, materials for rechargeable batteries and photovoltaics, fuel cells and precious metals recycling.</p>			

Company views	
Mission	Values
"Materials for a better life"	Umicore holds the values of openness, respect, innovation, teamwork and commitment to be crucial to its success.

### GUF signatory of the IFA and employees

Global Union Federation	Employees	Union Density
ICEM/IMF	10.562	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
29, 87, 98, 100, 105, 111, 135, 138, 182, Rec. 143	√	X	√	√	√

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
√	√	√	√

Reference to other Multilateral Agreements
<ul style="list-style-type: none"> <li>UN Universal Declaration of Human Rights (1948)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
Current text in the IFA
<p><b>Preamble</b></p> <p><i>Umicore has committed itself to a sustainable development strategy, aiming to make its economic, environmental and social objectives coherent.</i></p> <p><i>In this agreement, Umicore intends to bring together the priorities of its global social policy, in order to confirm its principles of <u>sustainable development</u>, as they relate to the social aspects.</i></p> <p><i>Umicore recognizes that its commitment to financial success must also take into account the broader economic, environmental and social impact of its operations. Its <u>sustainable development</u> policy therefore notably focuses on the priorities of safe and healthy working conditions, continual improvement of its environmental performance, management and remediation of risks that are the result of historical operations, recycling and disposal of its products and the respect of all ILO core labour standards.</i></p> <p><b>3. Environment</b></p> <p><i>Umicore integrates <u>sustainable development considerations</u> within the corporate decision making process. It implements risk management strategies based on valid data and sound science and seeks continual improvement of its environmental performance.</i></p> <p><b>4. Implementation of the Agreement</b></p> <p><i>4.1. The Sustainable Development agreement applies to all companies of the Group in which Umicore has operational</i></p>

control.

4.4. The Sustainable Development agreement will be made available in the usual UMICORE languages [...]

## Environmental references

Current text in the IFA

### Preamble

Umicore has committed itself to a sustainable development strategy, aiming to make its economic, environmental and social objectives coherent.

Umicore recognizes that its commitment to financial success must also take into account the broader economic, environmental and social impact of its operations. Its sustainable development policy therefore notably focuses on the priorities of safe and healthy working conditions, continual improvement of its environmental performance, management and remediation of risks that are the result of historical operations, recycling and disposal of its products and the respect of all ILO core labour standards.

In order to strive for a balance between growth, economic profitability and environmental and social wellbeing, Umicore undertakes to implement the procedures and principles defined in this agreement at the various national and local levels within a reasonable timescale.

### 3. Environment

It implements risk management strategies based on valid data and sound science and seeks continual improvement of their environmental performance.

Umicore actively participates in the management and remediation of risks that are the result of historical operations. It facilitates and encourages responsible design, use, re-use, recycling and disposal of its products. To achieve the international and individual national environmental standards and to comply with them in practise, Umicore co-operates with the relevant local institutions. By focussing on recycling, Umicore also strives to make efficient use of natural resources and energy.

### 4. Implementation of the Agreement

Umicore seeks business partners whose policies regarding ethical, social and environmental issues are consistent with our own Code of Conduct.

## OHS references

Current text in the IFA

### Preamble

Its sustainable development policy therefore notably focuses on the priorities of safe and healthy working conditions, continual improvement of its environmental performance, management and remediation of risks that are the result of historical operations, recycling and disposal of its products and the respect of all ILO core labour standards.

### 2.3. Health and safety at work

Umicore does not compromise on a safe and healthy working environment for all employees and is committed to offering safe and healthy workplaces in accordance with national legislation. It seeks continuous improvement of its occupational health and safety performance.

## Implementation and monitoring

### Procedural provisions in the IFA

Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2007	Framework Agreement	Global	4 years	Yes (encouraged)	Chairman of the European Works Council	

### Brief description – on implementation and monitoring

<b>Structure and meetings</b>
<ul style="list-style-type: none"> <li>▪ IFA implementation is <b>coordinated by regional human resource department (HR)</b> and the agreement is translated into all operative languages. Regional HR is responsible for communicating it to all workers, in coordination with communication and consultation officers.</li> <li>▪ There is a <b>joint committee responsible for the monitoring</b>. Regarding employees representatives there is 1 representative from IMF, 1 from ICEM and 1 Chairman of the European Works Council. The agreement includes at least one <b>monitoring committee meeting a year</b>.</li> <li>▪ In regards to monitoring, the company hires an independent verification company for an auditing process and produces a monitoring <b>report every year</b>.</li> <li>▪ In the agreement there is no specific provision for <b>allocation of resources</b>. The costs of the monitoring committee and visits are covered by each Party.</li> </ul>
<b>Involvement and responsibility of local unions and management</b>
<ul style="list-style-type: none"> <li>▪ The employee representatives of the monitoring committee can have a <b>meeting every year with the employee representative of an Umicore site</b> where there are delegates affiliated to ICEM or IMF.</li> <li>▪ There are also <b>reviews and site-visits</b>. This is part of the follow up consists of a mixed delegation of union and Umicore reps who carry out the site-visits and check locally if the agreement is being put into practice.</li> </ul>

<b>Additional observations: scope, stage of implementation and achievements</b>
<b>Employers</b>
<ul style="list-style-type: none"> <li>▪ Groups consider this IFA to complement other agreement they already have, as the Code of Conduct.</li> <li>▪ The Groups states that implementation is still quite new, but they aim at developing local plans.</li> <li>▪ The Groups considers health and safety to be really important. In this regard, they indicate to have set the objective of the “zero lost time accidents”.</li> <li>▪ They indicate there are people responsible in each facility to deal with occupational, health and safety and the environment issues.</li> <li>▪ The Group indicates to have taken on board addressing the policy of “suppliers and subcontractors” reflected in the IFA and a demand of Unions, which will include: receiving questionnaires, undertaking site audits and opening dialogue for improvement where problems are detected, and if improvements are not reached then contract will be ended. In this regard, the case on how to deal with the Kobalt supplier from Congo was put as an example (see annual report).</li> </ul>
<b>Trade Unions</b>
<ul style="list-style-type: none"> <li>▪ Unions consider these agreements with the Company to be important.</li> <li>▪ Unions consider it important to improve internal communication.</li> </ul>

## CORPORATE SOCIAL RESPONSIBILITY

<b>Sustainability Reporting</b>	<b>Other CSR/sustainability indicators</b>
GRI level B+ (based on 2008 GRI Report)	WBCSD, FTSE4good, SRI Best in Class, ISO

	14001, OHSAS 18001
<ul style="list-style-type: none"> <li>▪ The company has been applying the principles of the <b>Global Reporting Initiative</b><sup>41</sup> (GRI) to its reporting framework since the publication of the 2005 Report.</li> <li>▪ The 2008 Report follows GRI guidelines G3, and Umicore indicated would improve its sustainability reporting for the 2009 report and to move from present C+ level reporting to a B+ level.</li> <li>▪ The company has achieved the following standards/awards: World Business Council for Sustainable Development (WBCSD ), FTSE4good , SRI Best in Class .</li> <li>▪ It also belongs to <b>Kauri</b>, a Belgian multi-actor learning network and knowledge centre on Corporate Responsibility and NGO Accountability.</li> <li>▪ The majority of Umicore's facilities have obtained <b>ISO 14001 certification</b></li> <li>▪ In 2008, Umicore was nominated as one of Europe's ten most innovative clean-tech companies at the Dow Jones Clean Tech Summit in Frankfurt, Germany. The nomination covered the Belgian company's technology for recycling end-of-life rechargeable batteries.</li> </ul>	

<b>Other Sustainable Development Initiatives</b>
<b>Sustainable Development Policy</b>
<ul style="list-style-type: none"> <li>▪ Umicore articulated its mission, values and basic organizational philosophy, including sustainable development as a main pillar, in a document called "<b>The Umicore Way</b>". This document established how Umicore views its relationship with its customers, shareholders, employees and society. The Umicore Way states "not to compromise on a safe and healthy working environment for all and (to) seek the continual improvement of our occupational health and safety performance".</li> <li>▪ The 1993 expresses Umicore's commitment to responsible, proactive and transparent management of environmental issues and concerns.</li> <li>▪ In 2008, Umicore drafted guidelines for a pilot project on sustainable procurement.</li> <li>▪ <b>Umicore's code of conduct.</b></li> </ul>
<b>Projects and programmes</b>
<ul style="list-style-type: none"> <li>▪ <b>Resource use:</b> in recent years Umicore has focused its R&amp;D on clean technologies to optimize the use of rare and valuable materials and to reduce environmental impact. Some 80% of its R&amp;D expenditure is currently dedicated to projects in this field which can be grouped in the following three categories: recycling; risk management and renewable energies.</li> <li>▪ <b>Recycling initiatives:</b> Umicore has made capital investments in technology and infrastructure to increase production efficiencies and the flexibility of its recycling and refining operations.</li> <li>▪ <b>Risk management audits:</b> each year, there is a business and environmental risk assessment conducted largely by internal audits. There is a risk management team who assesses the risks, considers the different alternatives and then decides on what is the most effective strategy.</li> <li>▪ <b>Business suppliers/subcontractors to comply with core ILO standards:</b> There is a whole new project of identifying risks and screening suppliers who are at risk and then engaging in a dialogue with them for an improvement. The company states to be ready, if after several attempts improvement cannot be reached, to end the contract</li> <li>▪ <b>Remediation of old contaminated sites.</b> In April 2004, Umicore signed a covenant with the regional waste authorities (OVAM) and the Regional Minister of the Environment in the Flemish Region of Belgium by which Umicore committed to spend 62 € million over 15 years to</li> </ul>

<sup>41</sup> The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. Reporting levels vary between A and C; in case of external verification, companies may add a + sign.

remediate the historical pollution at four sites.

- **OHS:** Umicore is involved in a number of scientific studies with industry associations, i.e. Cobalt Development Institute, the Nickel Institute and various universities. As to new materials developed by the company, and in line with Umicore's EHS policy, potential new occupational health risks are assessed, i.e. the company participates in two EU nano-materials research consortia (Nanolinteract, NanoSafe2) to clarify the impact of nano-materials on human health and the environment.

#### Visibility: sustainable development policy and the IFA

Sustainable Development policy	On main menu of web page. Umicore gives a high relevance to its sustainable strategy: of the seven items on the corporate web page two are related to environment and sustainability, Clean Technology and Sustainability. Both sub-menus are full of information and company initiatives.
<b>High visibility</b>	Its sustainability policy is also cited as a priority in the description of the company's corporate profile. There is also information on the Code of Conduct in the section of "Investors", subsection "Corporate Governance"
IFA	Information related to the IFA was not find available on the website.
<b>No visibility</b>	

### ACHIEVEMENTS of the various initiatives on Sustainable Development

#### Achievements on environmental issues

- Recycling initiatives: Creation of Umicore Precious Metals Refining , a major recycler of precious metals bearing raw materials.

#### Achievements on OHS

- Most large sites have set up a prevention committee which works as the prime mechanism for OHS and environmental issues. The company is setting up the internal capacity and has currently five people in research and development dedicated to environment and OHS.

### CHALLENGES AHEAD

#### Critical topics

<b>Umicore objectives</b>	<p>Some of the challenges Umicore has identified are:</p> <p>Greater measurability of business ethics; internal communication – networking and union communication; further union involvement in SD discussions; more specific plans for implementation and more definite contents.</p> <p><b>Lacks experience in working with NGOs:</b> there have been some discussions with larger NGOs, like WWF on more singular topic issues, as on November 2009 when Umicore organised a stakeholder panel in which 18 organisations (mostly NGO's) participated. But this is not structured at group level.</p> <p><b>Water contamination:</b> the company is reviewing new technologies aimed at treating groundwater at former mining sites and decreasing the metal concentration in the discharge and thus decreasing the volume of solid waste material produced.</p> <p>The <b>main occupational health risks</b> for Umicore are related to exposure to hazardous substances such as platinum salts, lead, arsenic, cadmium and physical hazards, mainly noise.</p>
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<b>Chemical risk management</b>	The company produces chemical substances, so one of the main issues is risk management.
<b>Accidents</b>	The first challenge the company has set for itself is a course to zero lost time accidents
<b>Water contamination</b>	Waste water discharge at certain plants can be a cause of concern; i.e. in 2006 the company was reprimanded for discharging pre-treated water to a wastewater plant in Alabama, USA, and contaminating it with bromide.
<b>Contaminated Sites</b>	The decontamination of former sites is a relevant stakeholder concern, and has already involved important investments for the company.
<b>Raw material mining strategy</b>	The collection/mining of cobalt-bearing ores and other raw materials in African sites happens under social and environmental conditions extremely negative.

## REFERENCES

Sources
<ul style="list-style-type: none"> <li>▪ Corporate web page - <a href="http://www.umicore.com/en/">http://www.umicore.com/en/</a></li> <li>▪ Interview Kemal Ozkan ICEM Chemicals officer</li> <li>▪ Interview Mark Dolfyn Umicore SD and negotiations representative</li> <li>▪ Umicore IFA - Sustainable Development Agreement</li> <li>▪ Sustainability Report 2008</li> <li>▪ <a href="http://www.sustainabledevelopment.umicore.com">http://www.sustainabledevelopment.umicore.com</a></li> <li>▪ Storebrand – Umicore Company sustainability profile</li> <li>▪ Papadakis, Konstantinos: "Appendix" <i>Cross-border social dialogue and agreements. An emerging global industrial framework?</i>, ILO, 2008, pg.267-288</li> </ul>

## WAZ

### COMPANY PROFILE

Brief Description of the activity			
Headquarters	Geographical scope	Sales 2005 (million US\$)	Main activities
Germany	Germany, Austria, Hungary, Bulgaria, Croatia, Romania, Serbia, Albania, Russia and Macedonia.	1.681.477,7	Publishing and Media
Waz Media Group is a European media company, with its own printing facilities and distribution networks; it is involved in radio broadcasting, online services, direct marketing, and postal services and has its own school for journalists.			



Company views	
Mission	Values
The group doesn't present a mission as such, but defines itself in terms of the following: "Only economically independent newspapers are free newspapers"	WAZ defends the value of "fostering democracy and free speech through independent, private sector print media".

GUF signatory of the IFA and employees		
Global Union Federation	Employees	Union Density
IFJ	16.000	--

## INTERNATIONAL FRAMEWORK AGREEMENT

### Overview of provisions

Substantive Provisions in the IFA					
ILO Conventions (and Recommendations where specified)	Employment	Wages	Working time	Training	Restructuring
87, 98	X	X	X	X	X

References in the IFA text to Sustainable Development			
Environment mentions	Environmental clauses	OHS mentions	OHS clauses
X	X	√	X

Reference to other Multilateral Agreements
<ul style="list-style-type: none"> <li>▪ UN Universal Declaration of Human Rights (1948)</li> <li>▪ European Convention on Human Rights (1950)</li> <li>▪ OECD Guidelines for Multinational Enterprises (1976)</li> <li>▪ UN Global Compact (2000)</li> </ul>

### Provisions on Sustainable Development

Sustainable Development references
<ul style="list-style-type: none"> <li>▪ The agreement mentions sustainable development in a vague manner in the second point of the preamble, but does not elaborate further on the subject:</li> </ul>
Current text in the IFA
<p><b>1. Preamble</b></p> <p>1.2. WAZ and the IFJ/EFJ WAZ record their mutual interest in the developments and sustainability of media and publishing enterprise in Europe and worldwide, and in the development of high quality media and journalism as well as good human resources and relations practice.</p>

**Environmental references**

- Environmental provisions have not been included in the framework agreement signed.

**OHS references**

- As regarding OHS, the IFA includes the issue in the chapter on “Fundamental principles and values” on the seventh point.

Current text in the IFA

**3. Fundamental principles and values**

*The parties respect the following principles:*

- *The provision of a safe and healthy working environment for media staff by the application of industry best practice;*

**Implementation and monitoring**

Procedural provisions in the IFA						
Year	Title	Scope	Duration	Supplier/ subcontractor clauses	Trade Union involv. (other than GUF)	Mediation Arbitration
2007	Framework Agreement	Global	Open		EFJ, national union reps.	

**Additional observations: scope, stage of implementation and achievements**

**Structure and meetings**

- As detailed in the IFA, a **sub-committee** is to be established to consider the structure and content of the **group forum discussions**. This sub-committee in charge of implementation, made up by three representatives from each party, shall also discuss plans and proposals placed before it by either unions or management following any alleged breach of accepted standards of conduct that could not be resolved at the level of local and national operation.
- The parties agree to meet as often as necessary, but **at least annually**, to review past practice and to preview future plans relevant to their interests, and to discuss the terms of the agreement.
- There is an **annual discussion forum**, which has not been empowered as a decision making body, set up to facilitate discussion and exchange of information involving both parties.
- There are 3 people from the management site and 3 people from the Union site working on implementation.
- Regarding **expenses**, Waz covers all the real costs, including national delegates, hosting, the annual forum as well as a prize set up for journalists.

**Involvement and responsibility of local unions and management**

- The annual meeting shall consist of a group forum in which union representatives from each national unit and local management meet with union and company representatives to share information and to discuss issues of common concern.

**IFAS observations: scope, stage of implementation and achievements (based on interviews)**

**Employers**

- The media Groups considers the signature of IFA as an important achievement to have opened a channel of dialogue.
- From the management's point of view, they **subscribe environmental policies and OHS**, but agree that these issues are not a priority within the media sector, as it does not suffer the same environmental challenges industrial companies face.
- The media Group intends to initiate sustainability reporting shortly.
- Management is interested in working together with unions to guarantee media and press freedom. This is regarded as the most pressing issue due to the current lack of freedom of expression and of information in some European and Eastern countries.
- Management considers the fight against corruption and political freedom as core issues. The second priority for the company is quality journalism.
- Management considers the working group works more as a sort of concern mechanism, than an operational one. There is a need to activate it throughout the year, to facilitate the flow of information in both directions. There is work being undertaken to make it more constant.

**Trade Unions**

- Unions consider it important to have an open channel for dialogue.
- Up to the present, the negotiations around the IFA implementation focus mainly on concerns such as safety, independence, quality, press freedom, anti-corruption, and threats rather than negotiations on core labour issues. Unions claim dialogue on labour standards for journalists regarding contracts, as part-time contract-basis are very widespread in the sector.
- From the union's point of view, although agreement refers to the Global Compact commitment, there is no special focus to this issues. Union also do not consider environmental issues.
- There are no specific committees or staff dedicated to OHS. Unions suggest there should be one representative or responsible team for health and safety.
- According to unions, the clause on OHS refers to a healthy working environment outside of the office, as journalists are prone to face dangerous situations. The agreements aims to provide staff with adequate training and preparation.
- From a very basic agreement, progress is to be made to enhance standards for contracts, labour conditions, recognition at company level, etc.
- There is a general demand for more information related to IFA implementation.
- There is also a concerned expressed by the fact that renegotiation is not on the agenda.

**CORPORATE SOCIAL RESPONSIBILITY**

Sustainability Reporting	Other CSR/sustainability indicators
It does not report sustainable performance	
<ul style="list-style-type: none"> <li>▪ UN Global Compact (2000)</li> </ul>	

Other Sustainable Development Initiatives
<p><b>Sustainable Development Policy</b></p> <ul style="list-style-type: none"> <li>▪ Not available or non existant</li> </ul>
<p><b>Projects and programmes</b></p> <ul style="list-style-type: none"> <li>▪ <b>EBRD project:</b> one of the only sources of information has been an EBRD project. The European entity intends to invest EUR 40 million of equity in a 100% subsidiary of WAZ Media Group, Ost Holding, which manages all operations of the group in the CEE and the CIS. The European bank is carrying out environmental investigations before committing the funds,</li> </ul>

including a corporate environmental assessment of the company's operations along with a site visit to WAZ's largest printing facility in Germany (screened C/1). The major issues being investigated include:

- Paper sourcing, sustainable forestry and recycling
- Energy consumption
- Volatile organic compound (VOC) emissions from print works
- Waste management and recycling

According to the financial institution, there are unlikely to be any significant negative environmental issues associated with the proposed development.

#### Visibility: corporate sustainability policy and the IFA

Sustainable Development policy <b>Low visibility</b>	No mention or reference to sustainability policy on web page. It is complicated to assess Waz's environmental performance, as it does not report on sustainable development and offers sparse information on the subject on its web page.
IFA <b>Low visibility</b>	Information on the agreements between IJF and WAZ is only found through Search Option. It appears a Press Release on 2007 when the IFA was signed - <a href="http://www.waz-mediengruppe.de/fileadmin/template/Inhalte/Downloads/PDF/PI/II_Englisch/PMRahmena_bkommen_eng_.pdf">http://www.waz-mediengruppe.de/fileadmin/template/Inhalte/Downloads/PDF/PI/II_Englisch/PMRahmena_bkommen_eng_.pdf</a>

### ACHIEVEMENTS of the various initiatives on Sustainable Development

#### Achievements on environmental issues

- WAZ maximizes the proportion of recycled fiber (up to 100 per cent in most cases) in the paper used. The company is also committed to measuring and minimizing the energy consumed in all of the operational activities where they have direct management control.

#### Achievements on OHS

*No available information*

### CHALLENGES AHEAD

#### Critical topics

Though the media sector is not subject to the same environmental challenges other industrial sectors face, there are issues to be taken into account: energy consumption associated with operational activities, material consumption, emission from printing process, waste management, etc.

Sustainable development	Sustainability policy, reporting, etc
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### REFERENCES

## Sources

- Framework Agreement On the defence and the promotion of press freedom, quality journalism and sound industrial relations in WAZ Mediengruppe operations
- Waz web page - <http://www.waz-mediengruppe.de/>
- European Bank for Reconstruction and Development (EBRD)
- Interview with Knut Pries (Waz- Director Brussels office who deals with the IFA)
- Interview Mark Gruber – IFJ
- Papadakis, Konstantinos: "Appendix" *Cross-border social dialogue and agreements. An emerging global industrial framework?*, ILO, 2008, pg.267-288

## **Annex II – Four case studies (*elaborated by Syndex*)**

### ***Case study 1: The global social responsibility agreement signed by Rhodia and the ICEM***

An agreement that enables joint, in-depth and regular visits, in the group's countries of implantation.

#### **Introduction to the agreement**

##### ***Content, history of the agreement and intentions of the main players***

Rhodia (global specialised chemicals group, with a turnover of €5bn and worldwide locations especially in France, US, China and Brazil, 15000 employees in the world) and the ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions) signed a global social responsibility agreement on the 31st January 2005. At the time, it was the first agreement with an international scope signed by the ICEM with a chemicals company.

Through this agreement, Rhodia commits to applying all over the world the international social standards defined in the fundamental conventions of the International Labour Organization and the principles of the UN World Treaty of which it is equally a signatory. There, Rhodia also reaffirms its commitments in areas of social responsibility, notably the commitments that materialise in terms of risk management and respect for the environment (chapter III, 6) through encouraging the development of preventative and precautionary measures with respect to risks, with a specific approach concerning highly sensitive products such as the CMRs (carcinogenic, mutagenic, toxic for reproduction).

The agreement being subjected to a renegotiation after three years, a renegotiated version was signed on the 25th March 2008. In 2007, during its Congress, the ICEM emphasized its political will to integrate to the signatories to international framework agreements that it should sign itself in the future the trade unionists affiliated to the group's headquarters country. This enlargement of the number of signatories, did not occur in order to renegotiate the Rhodia agreement, which can nevertheless be compared to a renegotiation. However, the scope of the agreement (with its integration in the heart of Rhodia Way, the CSR management system in the heart of Rhodia), as well as certain fields of the agreement, such as social dialogue dedicated to questions of health and safety, have been dealt with in more detail in this second version.

The creation and negotiation of this agreement were driven at the Rhodia Group management level, by Jacques Khélif, Sustainable Development Manager, who arrived at the Rhodia headquarters in 2002, after having been General Secretary of the Fédération Chimie Energie (CFDT) and vice-president of the EMCEF (European Mine, Chemical and Energy Workers' Federation). The importance in the eyes of Jacques Khélif of constructing a social dialogue on

an international level, parallel with the national and continental events, and dealing with all the fields of trade union competence (notably, according to M. Khelif, environmental aspects) has promoted the emergence of this agreement and the scope of its fields goes beyond solely defending the rights of workers in which the ICEM is most particularly involved.

For the Rhodia Group, this agreement with an international scope enables "Rhodia's culture of dialogue to be mirrored with the employee representatives") as well as "confirming with the most important international trade union confederation present in the chemicals sector, its commitments on questions of social responsibility and sustainable development."

On the level of the ICEM, the signature of the global social responsibility agreement with Rhodia comes from the intention of securing the existence and implication of the national trade unions in the social dialogue all over the world and ensuring that work conditions are adequately taken into account, particularly in the developing countries where Rhodia is operating.

Since its creation, the CGT (General Confederation of Workers), the national trade union most representative in the Rhodia headquarters in France, the historical country of the group and place where the headquarters are situated regretted not being consulted by the ICEM when the agreement was being negotiated. This explains the fact that the CGT is not a member of the ICEM. Despite this lack of institutional legitimacy, a process of open and constructive dialogue has been commenced since, between the two organizations who show a real willingness to discuss. Besides, when the agreement was being negotiated, the ICEM consulted its main affiliated trade unions in the key countries in which Rhodia is established.

### ***Modes of diffusion and implementation of the agreement***

Chapter V of the agreement envisages that "Rhodia promises to communicate this agreement to its management and inform its employees of its existence and of the commitments listed." If the translation into the numerous languages of the framework agreement is a necessary condition to inform numerous employees of the group, the distribution of the agreement among the employees is only made in practice through the group's website in the sustainable development section. This method is certainly inadequate for raising the awareness of the company's employees regarding the existence and content of the framework agreement made uniquely on a French level. The employee representatives of Rhodia in France, the CGT and the CFDT came to the same conclusion that their members were poorly aware of this agreement. However, one can imagine that this claim is made on the environmental topic on which the national trade unionists only have a few tools with which to truly introduce this question into the social dialogue. For its part, Rhodia encourages the ICEM in the way of information on the agreement, as mentioned in chapter V: "Rhodia will facilitate the participation of employee representatives in local meetings that could be organized by the ICEM to help develop social dialogue which calls the agreement".

Thus, the ICEM would have the possibility of widely informing the employees about the existence and content of the framework agreement, however this information is currently short of requirements due to lack of resources.

The modes of diffusing the agreement in the company headquarters are thus not yet optimal, although the management of the group is aware that this is a key element for achieving the functioning and implementation of the agreement. Subsequently, one must ask whether it would not be more efficient to make the employees participate more broadly in the follow-up of this agreement, via paths yet to be developed, hence the preliminary importance of its diffusion. In effect, notably the issues touching on hygiene, safety or the environment quite often have a strong local resonance, on the exploitation sites, and the employees or their representatives have field knowledge on these topics that they could place in the service of the authorities charged with monitoring the agreement.

While the modes of diffusion of this agreement are yet to be improved upon in the company headquarters, on the other hand, its modes of application have opened the way for really constructive dialogue between the ICEM and the Rhodia Group. In the event of a difficulty brought to its attention (most often by the subsidiaries), the ICEM effectively has the possibility, since the conclusion of the agreement, of dealing directly with the general management and of contributing to conflict resolution. The possibilities of using this agreement are however low because in the present situation Rhodia and the ICEM are "the only competent parties for all the questions raised in the implementation of the agreement" (chapter VI of the agreement, "Monitoring and reporting"), while in some international framework agreements signed to date, the employees can directly grasp the agreement from their local management and raise the problems immediately if they are not resolved locally.

On at least two further occasions since 2005, the ICEM has been able to take advantage of the Global Social Responsibility Agreement, by participating with the general management of the group in dealing with major local problems. One such intervention was in relation with questions of safety and work conditions on the Rhodia sites: Following the accidental death of a worker who was not an employee of Rhodia, participating in the construction of a factory on the company account in South Korea. The ICEM intervened immediately on behalf of the group so that it would cover the compensation expenses occasioned by this tragic accident. Although the worker was not an employee of Rhodia, the company understood in effect to have "relationships of responsibility with its suppliers and sub-contractors", as stated in Chapter III of the framework agreement.

Another specific example of this agreement is the intervention of the general secretary of the ICEM, Manfred Warda, before the group's general management in November 2009 to contribute



to the resolution of a conflict in which the employees of the group in the USA were opposed to local management on the matter of the cost of complementary social protection systems. Thus the framework agreement facilitates the intervention of the ICEM at any time, before the group's general management to survey its good implementation. Another interest of the agreement resides even more within the follow-up that is conducted on it, this framework agreement having benefitted since its creation from significant resources for monitoring, which have been reinforced even more, following the renegotiation of the agreement in 2008.

### **Monitoring the agreement**

#### ***The players involved in the monitoring***

The agreement monitoring is the fruit of an essentially bilateral relationship between the Rhodia management in charge of sustainable development and the ICEM. The local trade union representatives are not at all or only slightly involved. This intention to carry out the monitoring only between these two players was written in the agreement from the outset and is found in Chapter VI (Monitoring and Reporting) of the agreement, where only Rhodia and the ICEM are mentioned as monitoring agents. Despite everything, since the incorporation of the framework agreement into the group's CSR management system, Rhodia Way, an annual follow-up report on the Rhodia Way and thus of the framework agreement is presented every year by the management of the European Works Council. This occasion for social dialogue is the largest established up to date at a group level.

#### ***Monitoring resources***

The resources allocated by the Rhodia group to ensuring a real monitoring of the Global Social Responsibility Agreement constitute an interesting point in this agreement. Besides, these resources, established in the original version since been complemented in the version renegotiated in 2008.

The initial agreement anticipated:

- An annual report carried out by Rhodia based on monitoring indicators notably on questions of health (rate of sites audited), safety (frequency of work accidents) and the environment (impact on the environment and natural resources).
- The organisation costs are assumed by the group.

The renegotiated version reinforces Rhodia's commitments and the quality of monitoring established through this agreement, with:

- The annual realisation of an evaluation mission in a country or region defined conjointly by the ICEM and the group;
- The creation of a global dialogue dedicated to matters of safety, in order to monitor the action and results of the group in these areas;

- The implementation of the Rhodia Way approach (which aims at continual progress in areas of social and environmental responsibility) and of the framework agreement.

Within the framework of these commitments, a joint delegation of the ICEM and the general management of the group went to China in 2007 and to Brazil in 2008. In continuation, the players will go to the USA in December 2009. All the commitments made by the Rhodia group in Chapter III of the agreement were reviewed on these occasions. Thus on these occasions, the ICEM not only paid attention to questions of social rights, though also to environmental issues, notably in Brazil, where the ICEM was able to witness the implementation of the soil decontamination process on the sites previously owned by Rhône-Poulenc (ex Rhodia). Thus, the first results obtained by the ICEM reported a very constructive monitoring and witnessed the application of high standards in the Rhodia headquarters, notably regarding the fields covered within this present study.

Compared with the majority of the other international framework agreements signed to date, the Rhodia group has allocated the most significant resources, which enable the existence of an effective and constructive monitoring of the agreement. However, it must be noted that the ICEM, lacking adequate resources itself, remains dependent on the management of the Rhodia group to carry out the monitoring. This dependence is evident with regards to the group:

- In terms of the data transmitted by the group, being notably the financial monitoring of indicators,
- Given that Rhodia assumes the costs of monitoring the agreement and the meagre human resources dedicated to this by the ICEM.

In this respect, it must be made clear that a single person was responsible for the monitoring at the ICEM (also in charge of monitoring and negotiating other framework agreements and thus with restricted time available to dedicate to the Rhodia framework agreement), while in the group, four people were responsible for the implementation of the Rhodia Way approach on a full-time basis, keystone to monitoring the agreement.

***How can the monitoring of this agreement be improved? Focusing on environmental issues.***

As it deals with environmental issues (though this is equally more generally the case for all the commitments made by the group and similarities are sought through the indicators), monitoring the agreement is essentially conducted through the Rhodia Way approach, incorporated into the framework agreement in 2008 to include the monitoring of indicators already in place in the company headquarters.

The ICEM could usefully and permanently speak with the national trade unionists that are most representative within the company. Their knowledge of environmental topics could thus allow the ICEM to negotiate the elaboration of indicators that, for example, take into account the policies and resources made available to restrict the transportation of dangerous materials directly linked with the activity of all the sites of Rhodia all over the world, or even the question of soil decontamination on the group's old sites.

More generally, conducting more in-depth social dialogue, desired by numerous parties interviewed over the course of this study (management of the group, the ICEM and employee representatives from the CGT and the CFDT, in the event of national social dialogue), could find a particular resonance in terms of the environment within this framework agreement. The ICEM could, for example, carry on discussions on the basis of Maurice Tritsch proposal, the secretary of Rhodia's European Works Council, of a "sustainable development scorecard" for all major projects engaged upon by the group in the world, a scoring system which would notably take into account economic, social and environmental impacts resulting from the implementation of the projects.

#### **New developments for this framework agreement?**

##### ***Evolutions envisaged following the renegotiation of the agreement in 2008***

The creation of an authority for global dialogue dedicated to questions of health and safety in monitoring the group's action and results in these fields has been set down in writing in the renegotiated 2008 version of the global social responsibility agreement. At the end of 2009, this authority is still under construction. It was then suggested that an environmental competence field be added to this committee, but to date, the management of Rhodia has rejected the idea, apparently because of restrictive legal problems in the USA. The composition of the authority, determined conjointly by the ICEM and the management of the Rhodia group, should enable sitting in on several trade unions meetings in the different countries in which the group is implanted. Kemal Ozkan, in charge of monitoring the agreement at the ICEM, sees in this "the possibility of making use of lessons from each production site in order to maintain a high level of health and safety standards and to harmonise them in all the Rhodia factories in the world."

In this respect, it is pertinent to inquire into the role and functioning of this authority: In particular, how will it be coordinated with the existing authorities with competences in fields related with hygiene and safety on a national and continental level? More generally, will this authority enable more or less in the long-term, more involvement by the national trade unions in the implementation of this agreement? It is in effect desirable that the creation of a global authority will facilitate communication between national and continental authorities and will enable more in-depth dialogue between the ICEM and the local trade unions.

Besides this, the dialogue in the heart of this global authority of hygiene and safety could equally be enriched by consulting experts, which would notably facilitate the monitoring necessary for this framework agreement to be improved.

***Future developments? Questioning the partnership with one or several NGOs.***

The international framework agreements signed to date are essentially bipartite, generally signed by the general management of companies and the global trade unions representing the sector. Nevertheless, after having concluded the global social responsibility agreement with the ICEM in 2005, the management of the Rhodia group envisaged signing an agreement with an environmental NGO in parallel, the issue being to establish constructive dialogue on environmental questions with legitimate and renowned partners. The WWF International was contacted on this subject by the Rhodia management, the NGO being open to the possibility of engaging in partnerships with large global companies. While these contracts, such as those committed to with the MDRGF (Movement for the Rights and Respect for Future Generations) have not been successfully completed to date, the Management is still interested in this path, within the perspective of developing private sector commitments.

Could a partnership with one or several NGOs be integrated to the framework agreement with the ICEM, thus making it a multipartite agreement? The ICEM would not be opposed to this type of development; even the person responsible for monitoring the framework agreement, Kemal Ozkan, acknowledges that the environmental NGOs and the ICEM do not devise their objectives in the same way, the absolute priority of the ICEM being to secure employment and the workers' conditions. However, the parties acknowledge the complementary nature of the causes defended by international trade unions and by environmental NGOs to develop a dialogue on sustainable development within the company. Such a dialogue could thus be formalised thanks to these tripartite agreements, in which each party would provide their expertise and specific viewpoint.

**Conclusion of this case study**

It appears that the global social responsibility agreement signed by Rhodia and the ICEM has truly enabled the establishment of constructive social dialogue at the group's level on several fields key to international trade unionism and in particular of questions of safety. Both the management of Rhodia and the ICEM breathe life into the agreement and contribute to its monitoring and implementation. The annual site visits conducted conjointly by the managers of Rhodia and those of the ICEM provide remarkable occasions for in-depth dialogue in the field.

Developments in course regarding monitoring the agreement, with the creation of a global committee on questions of health and safety envisaged during the 2008 renegotiation, bears witness to this common intention to extend the social dialogue on a global level.

Nevertheless, the desire expressed by several national trade unionists to establish a more extensive dialogue between the ICEM and the representative national trade unions shows that some representative local trade union players have yet to find their place within this frame.

With respect to this, the consideration by the "Healthy and Safety Committee" of local lessons drawn from all the production sites could constitute a new way of enabling a stronger integration of the national trade unionists, in terms of monitoring and implementing this agreement.

In the more long term, such as that studied by the management of the group, this type of dialogue could be enriched by the participation of new partners such as the environmental NGOs.

## ***Case study 2: The case of Inditex: The first multinational signatory to two IFAs***

### **The first with the ITGLWF, the second with the UNI**

The Inditex Group, founded in 1975, is a multinational whose head office is in La Coruña in Spain. Inditex is a fashion company present in 73 countries and comprising 4264 shops and 89122 employees at the end of 2008. Its turnover represented about 10,4 billion € in 2008<sup>42</sup>. Its most well known brand is Zara, but the group also has other brands, such as Pull and Bear and Massimo Dutti. In the same period, the group had 1186 top-ranking suppliers.

Inditex broadly publicises its CSR policies and its transparency in this field. Its 2008 annual report begins with a presentation of the indicators in its Global Reporting Initiative (GRI) and explains the content of its annual report according to these indicators.

The group then informs about the progressive implementation of an "Inditex model on CSR matters", which results in several complementary actions:

An internal code of conduct;

A code of conduct directed at sub-contractors;

The creation and implementation of social audits;

The participation in several initiatives such as Global Compact, GRI and Fibre citoyenne,

And the opening of CSR offices in Bangladesh, Cambodia and India.

Moreover, the signature of an IFA with the ITGLWF in 2007 is among the significant actions undertaken by Inditex. This agreement is present in the form of a partnership and appears in the list of initiatives taken on CSR matters.

In October 2009, a remarkable event took place, barely two years after the signature of the 1st agreement with the ITGLWF, when Inditex signed a new IFA with UNI Global Union, the global services federation.

### **The industrial model of clothing textiles**

Due to the specific nature of the textiles industry, it concerns at least four sectors whose activities are covered by four international trade union confederations.

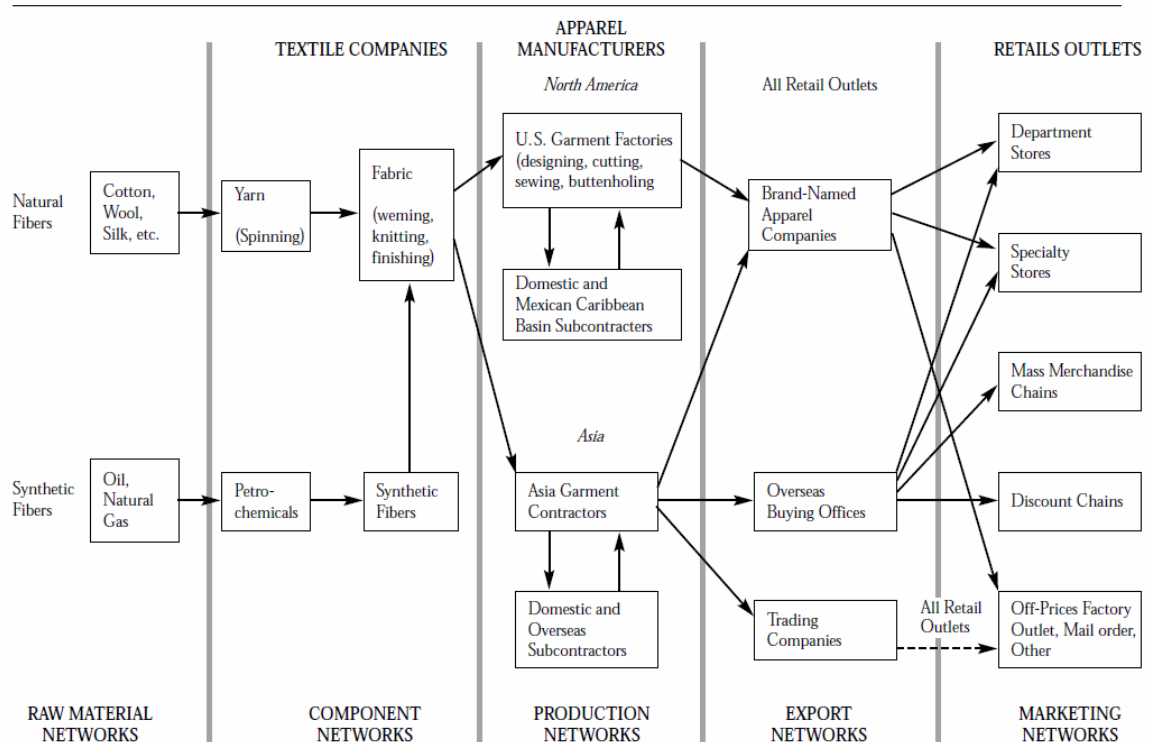
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<sup>42</sup> Source: 2008 Annual Report of the Inditex Group

Initially, the chemicals industry is concerned via cotton, linen, dyes and other products used in the manufacture of textiles (ICEM). The textiles industry strictly speaking comes next with the transformation of materials to make clothing (ITGLWF). These are then transported (ITF) to the wholesalers and retailers in order to be placed on sale in the shops (UNI). This branch model implies complicated coverage of employees, to the extent that an IFA signed by a single trade union federation only covers a part of the branch.

This problem gives rise to reflections on the possibility for the international trade union federations to reorganize themselves: a first favored option would be to set up a global trade union confederation for manufacturing activities (Manufacturing Global Union Federation). Other options have been also studied, one of which would be to lean towards the same federation to cover the whole supply chain (Supply Chain Global Union Federation with the UNI).

Figure 7.1. The apparel commodity chain



Source: Gereffi (2001).

The industrial model in the textiles sector is characterised by the intensive use of sub-contracting. Also, questions on supply chain management and relations dealing with sub-contractors are made quite acutely.

Inditex is no exception to the rule, with only 1.3 % of the group's work force being dedicated to production activities. On the other hand, the group differs greatly from the majority of large

fashion brands as a large part of its production is still located in Spain and around the Mediterranean sea. It has not been massively delocalised to Asia.

The ITGLWF has been seeking to sign international framework agreements with multinationals for many years. Its attempts were not crowned with success in spite of the different approaches that were employed to target multinationals.

An accident that occurred in 2005 in the Spectrum factory in Bangladesh, one of Inditex' suppliers, was needed to formalise a cooperation between the Inditex group and the ITGLWF. This dramatic event was a catalyst that led to the signature of the first IFA between a textiles manufacturer and the ITGLWF.

The Inditex-ITGLWF agreement was a first in the world of textiles and clothing. It appears that one of the great particularities of the agreement lies in the good understanding between the CSR manager of Inditex, Javier Chercoles and the late Neil Kearney, manager of the ITGLWF. This good understanding between the two decision makers have both been a strength for the design of an ambitious bilateral project but also a weak point on the long term.

The strategic objective of the ITGLWF is to establish its concept of "mature system of industrial relations" in the companies within the sector. In effect, the massive movements of vertical disintegration among textiles manufacturers, as well as the delocalisation movements accompanying them have led to the disappearance of entire sections of textiles production units in the so-called developed countries, which have been replaced by sub-contractors in Third World countries or emerging countries.

In this context, without even speaking about dialogue social, the trade union implantation is eminently difficult and to the ITGLWF, it appears that the priority is to develop a mature system of social relations within these companies.

### **The Inditex: ITGLWF agreement**

#### **Its content**

In 2001, Inditex adopted a code of conduct directed at suppliers and sub-contractors, ratified by the groups' board of directors. This code of conduct refers explicitly to several sources, including documents from the ILO, the UN Declaration of Human Rights, as well as OECD directives, but also to local legislation on the subject of labour law and the environment.

The IFA explicitly refers to this code of conduct, which appears in the appendix of the agreement. This serves as the basis in terms of fundamental labour law.



Apart from these five clauses, the code of conduct mentions the need to pay wages respecting the collective conventions and/or laws. The employers must also abstain from withholding wages for disciplinary reasons and must respect the legislation regarding this. The employer must also respect social legislation. Besides this, he must promise not to sub-contract another party for the task allocated to him by Inditex.

One of the articles in the code of conduct mentions work conditions and safety: Minimum guarantees for lighting, ventilation and hygiene. There are prevention measures regarding fires, safety, access to drinking water and toilets. If required, the work place should also include places for storing food and for breaks.

Besides this, the code mentions in a very concise manner (one sentence) the need to respect the environment and comply with legislation in this area.

In turn, the suppliers promise to authorise audits that could be carried out by Inditex or third parties to check on the good implementation of the code (*cf. infra*).

#### **Tangible contributions of the agreement**

Beyond interventions carried out jointly by Inditex and the ITGLWF in Bangladesh in the framework of compensating victims and their families following the Spectrum accident, other meetings have taken place with other suppliers.

Among the suppliers of Inditex, meetings have been necessary in Turkey (Paxar, Inteks) and in Peru (Topy Top) as well as with Goldfame, Terratex and River Rich in Cambodia.

More globally, the Inditex 2008 annual report provides an assessment of the implementation of the IFA by outlining the geographical locations (South America, India, etc.) or institutions (Inditex CSR department, ITGLWF and the Northumbria University) in which an Inditex-ITGLWF cooperation is made.

Moreover, the annual report presents a summary table of actions carried out jointly by the two parties within the framework of the IFA implementation as well as their results.

## II.2. Executing the framework international agreement between Inditex and ITGLWF

The following table shows the results obtained from the joint management by the ITGLWF and Inditex of the process of solving industrial disputes in three factories.

	Cambodia		Peru
	Factory I	Factory II	Factory III
<b>GENERAL DETAILS</b>			
No. of employees:	7,000	30,000	5,000
Number of trade union representatives dismissed:	300	3	93
Date on which dispute started:	Nov-06	Jan-08	Mar-07
Date of joint intervention by ITGLWF and Inditex:	Feb-07	Feb-08	Jun-07
Date on which dispute settled:	Feb-08	Nov-08	Mar-08
<b>PARTIES INVOLVED</b>			
Management of the factory:	✓	✓	✓
Business Organisation:	GMAC	GMAC	-
Representatives of the Trade Unions:	C.CAWDU	C.CAWDU	SITTONSA/ FITEQA/CCOO.
ITGLWF:	Brussels/ Malaysia	Brussels/ Malaysia	Brussels/ Malaysia
Better Factories Programme:	✓	✓	✓
ILO:	✓	✓	✓
Better Factories Programme:	✓	✓	-
Other social actors:	-	-	IPEDEHP
<b>CONCLUSIONS</b>			
Readmission of 100% of the dismissed workers:	✓	✓	✓
Payment in full of workers' wages from the date of dismissal:	✓	✓	✓
Start of a process of dialogue aimed at developing mature industrial relations between the parties involved:	✓	✓	✓
Commitment to ensuring that no form of discrimination is exercised against trade union representatives following their readmission to the factory:	✓	✓	✓
Programmes aimed at strengthening trade union activity:	✓	✓	✓
Training programmes for trade union leaders, on the prevention and management of conflict:	✓	✓	✓
Training programmes for managers, on Fundamental Human and Employment Rights:	✓	✓	✓
Training programmes for middle management, on Fundamental Human and Employment Rights:	✓	✓	✓
Training programmes for the Human Resources Department, on the prevention and management of conflict:	✓	✓	✓

This implementation is focused on the idea of a "mature system of industrial relations."

Training has also been given within this group. The training was conducted on several levels:

- A training programme by the ITGLWF and its members to reinforce the local structures on the following matters: ILO rules, the rights and implications ensuing from exercising the right to free association and collective bargaining, as well as the obligations arising from the code directed at the suppliers.
- A training programme designed by the ITGLWF and the Inditex CSR department has also been formulated aimed at managers, on the consequence of the code of conduct on the ILO and UN regulations on the management of the factories.
- Another programme has been conceived, also by the two parties, aimed at middle management on the ILO and UN regulations, but also on the consequences of formal and informal means of communication between employees, personnel representatives and management representatives in order to develop a "mature social relations system."
- Finally, the last programme, equally conceived by the two parties aimed at the company's human resources department is focused on the prevention of conflicts.

The ITGLWF has widely influenced these training programmes through its systematic presence during their elaboration.

One of the keys to the success of an IFA effectively resides in the ability of the signatory parties to ensure that at the outset, the managers are aware of and fully take into account the agreement and that it is then integrated into the company management system.

### **The implication of the ITGLWF in reviewing the audit methodology**

Another tangible product of the agreement is the deep implication of the ITGLWF in the audit methodology and its participation in several phases of the audit within the framework of the Programme of Compliance and Monitoring (programme of respect and surveillance for the suppliers' code).

The Inditex Group has carried out or commissioned about 330 social audits in seven years. They are carried out by audit companies<sup>43</sup> or internal teams from the CSR department in a series of countries with professional organisms, whether they are in Morocco, Cambodia, Bangladesh or in Portugal. The content of the audit scorecards is available in the annual report, which also indicates that out of a total of 1424 suppliers at the end of 2007, several hundred suppliers (616) were not used again in 2008. In 2008, more than 500 new suppliers were recorded, while 175 were excluded.

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<sup>43</sup> Intertek Group Plc, SGS Group, PriceWaterhouseCoopers. Source: 2008 Annual Report

The methodology used by Inditex to proceed with auditing sub-contractors was elaborated jointly between Inditex, the ITGLWF and the University of Northumbria, as well as the Center for Business and Public Sector Ethics.

This programme explains that Inditex does not limit itself to pure surveillance but must also include monitoring, which enables the two parties to fully exercise their right to organise collective bargaining. The idea remains the implementation of a mature social relations system. Inditex thus grasps this concept that is key and dear to the ITGLWF.

The audit process appears to be clearly integrated into the management system via its different stages:

- Phase 1 has the objective of training future suppliers of Inditex in the code of conduct.
- Phase 2 enables social auditors to be trained in the same code.
- Phase 3 enables Inditex's commercial teams in charge of selecting future suppliers by using a pre-evaluation tool of the aforementioned.
- Phase 4 consists in conducting social audits on the suppliers.
- Phase 5 is the point at which the suppliers are evaluated on their degree of conformity with this agreement. The compliance programme developed jointly by Inditex and the ITGLWF attributes grades to the suppliers, in function of their degree of compliance with the code.
- Phase 6 consists in rationalising the supply chain in function of the results obtained.
- Lastly, phase 7 covers the end of an audit to a corrective action plan.

### **The main perfectible aspects of the agreement**

The agreement is still young, as it dates to 2007 and is thus difficult to evaluate. However, even though its contributions seem undeniable, a first weakness that appears is that up until now, it has relied on the very strong commitments of Javier Chercoles and Neil Kearney. The disappearance of the latter inevitably raises questions in terms of the way in which this agreement will continue to exist without one of its main sponsors.

### ***Absence of the first annual follow-up report***

Although the agreement expressly envisages an annual report in order to assess the situation regarding the agreement and the possible problems it raises, the meeting has not yet been held more than two years after its signature. This is explained by the intense mobilisation of the agreement by the two parties in order to resolve a series of conflicts and in trying to oblige certain suppliers to comply with the code of conduct.

### ***A time consuming monitoring of the agreement combined with very limited human resources by the ITGLWF***

Another weakness of the agreement, which is openly acknowledged by the representatives of the ITGLWF, is that the time required for the implementation of the agreement by its general secretary renders the monitoring of other agreements difficult (in any case with the same commitment).

This weakness is reflected in that of the very limited human resources of the ITGLWF, as well as the particular modalities of this IFAs monitoring, which led Neal Kearney to become deeply involved in the resolution of conflicts witnessed by Inditex suppliers.

#### ***Lack of vision of all the rank 1 sub-contractors***

One of the prerequisites for the good application is having a vision on the whole of the sub-contractors used by Inditex throughout the world. This is not the case for the moment, the management of Inditex arguing that it is currently carrying out the task of reorganising and rationalising its network or sub-contractors in order to organise them into clusters. However, it would be willing to provide this basic information once the reorganisation process is completed. The ITGLWF appears confident on this point.

#### ***How to monitor the sub-contractors of the sub-contractors?***

Another difficulty, which does not form part of this agreement, is the complication of monitoring the sub-contractors if they themselves sub-contract to other companies. It is effectively quite often the case that the sub-contractors accept orders that they cannot totally meet and in order to meet with their commitments, they call upon other sub-contractors. This type of phenomenon is obviously not very easy to detect.

#### **A second agreement: The Inditex: UNI agreement signed in October 2009**

In October 2009, Inditex and UNI signed a new IFA. Inditex is, according to our knowledge, the only multinational to have signed two different IFAs with two international trade union confederations.

#### **The content of the agreement**

The content of the agreement is quite classical and concerns the respect for the basic ILO regulations (87, 98, 100, 111, 116, 138), which were already included in the IFA signed with the ITGLWF.

Above all, the agreement mentions health and safety, though nothing on the environment. In the same paragraph, it also mentions the question of the adequate number of employees in relation to the workload, as well as the need to provide training. This paragraph is backed up by Article 155 of the ILO convention.

#### **The establishment of a Global Alliance, a tool for monitoring the agreement**

Uni Global Union has created a global trade union network within Inditex: "Global alliance". The management of Inditex has been informed of this project since the outset..

The UNI has benefitted from the support of the Spanish trade unions since the creation of the agreement. Besides, the UNI had had positive results from the ITGLWF with respect to Inditex that were also of a serious nature..

While the agreement is clearly still very young, it has begun to produce its first results.

In Germany, especially to take greater account of social dialogue at local level the as as in Argentina, where a first negotiations meeting took place between the management and trade unions, and in Denmark, where the situation shares some similarities with that of Germany.

The trade union network remains to be consolidated in order to have a good tool for monitoring the agreement. It should be able to meet with the management so that its members can identify problems themselves, without necessarily having to go through a global trade union representative.

The issue is to develop a network facilitating the continuous flow of information in order to sound the alarm as soon as possible. This will undoubtedly be a continuous learning process and a task that falls mainly on the local trade unions. The Alliance must enable its members to be supported in the case of a conflict getting out of scale. The issue really lies in ensuring that this global agreement works and produces results on a national and local scale, hence the need to promote the organisation of employees.

Another concern lies in ensuring that this agreement is diffused both among the group's managers and its employees.

Although UNI Global Union is already backed up by some thirty trade unions in which Inditex is implanted, the crucial issue is to negotiate the establishment of trade unions in places where it is difficult to do so.

Although the beginnings of this agreement appear encouraging, it is nevertheless regrettable that the measures related to implementation and monitoring of the agreement are hardly precise. The two parties have agreed to meet together as necessary and at least once per year.

### **Inditex, a company committed to sustainable development**

In 2006, Inditex published a strategic environmental plan for 2007-2010, detailing the actions that the group intends to implement on the subject of sustainable development, although it is not subjected to CO2 quotas. However, there are no figures or precise commitments in the plan.

Inditex' plan is quite ambitious and aims to reduce CO2 emissions and to improve energy efficiency. It is deployed on all the sections of the production channel: From factories to transport and to the shops. Since 2006-2007, several actions have been carried out in the area of reducing and recycling waste, energy efficiency (shop lighting and piloting cogeneration in factories), the eco-conception of logistics and training centres.

The 2007-2010 plan intends to review all the processes of the Business Model, analyse the ecological and environmental effectiveness and determine possible improvements. However, to date, not many objectives have been reported on with figures.

The criteria selected are the reduction of greenhouse gas emission, the use of renewable energies and energy efficiency in terms of production.

The implementation of this plan goes through a series of initiatives such as the Ecostore Project (shop eco-efficiency) and another approach in terms of packaging (the use of paper). There are also initiatives aimed at reducing the emission of greenhouse gases (reducing velocity to decrease fuel consumption), the use of renewable energies in the logistics centres, the use of gas instead of fuel oil in certain factories or even cogeneration.

With more long-term implications, there is also an analysis of the carbon impact of production activities.

The two IFA are minimalist on as far as environmental issues are concerned. They are more solid on health and safety issues.

The two IFAs signed Inditex only refer to health and safety issues and only one sentence in the agreement with the ITGLWF mentions environmental legislation. These are first generation IFAs, which focus essentially on the ILO standards. Nevertheless, there is some potential for exploitation, given the commitments of Inditex in the field of sustainable development.

### **The signatory Federation's visions on the environmental issues**

For the moment, the priority of the ITGLWF is the establishment of mature social relations systems. In effect, for the tens of millions of employees in the sector, they are first concerned about having the minimal international guarantees in terms of labour law before working on larger claims

While the trade union position may appear quite conservative as regard environmental issues, the ITGLWF had a more avant-gard approach as we near the Copenhagen summit.

As Neil Kearney and Silvana Cappuccio wrote very recently, to quote an article to be published: "While the world's textile workers should be looking to Copenhagen for urgent action to curb climate change, they should also be looking to their own industries to green their operations."

It is true that the treatment of environmental issues can only be supported by unionists on the condition that they may actually exist and negotiate.

### **UNI also pays attention to environmental issues**

The IFA signed by the UNI is still very recent. It is time for the construction and consolidation of an international alliance that will enable it to be responsible for the monitoring and implementation of the agreement. The UNI does not appear to be closed to the idea of taking environmental clauses into account in the future. Similarly, the UNI is visibly quite open in terms of the involvement of an NGO in the surveillance of a multinational. When trade unions are not present in one place or another, the NGO doesn't seek to replace them with other organisations.

### **Conclusion to this case study**

Although the two IFAs signed are still young, it appears that they have both begun to produce their first positive effects on the social relations of a certain number of entities (factories and shops) of Inditex and its sub-contractors. This number still remains limited.

A lot still remains to be done so that the IFAs can produce their full effect and so that the employees of Inditex and its supply chain can progress towards a mature social relations system. The trade union perception is that the management of Inditex should in any case be serious in its commitments and willing to carry out an in-depth job in order to improve matters lastingly.

Although Inditex is a company committed to sustainable development issues, the IFAs signed have not yet dealt with these questions, the priority of the signatory trade union players not being to encompass environmental matters through this tool.



## **Case study 3: The IKEA: BWI IFA**

### **A precursory agreement for the trade union movement, but with weak resonance in the company**

IKEA is a distribution company of a global scale, both due to its retail network and its sources of supply. In 2008, the group achieved a turnover of EUR 21 billion and directly employs about 130 000 employees.

At the end of the 1990s, particularly following the threat of the disclosure regarding child labour in a subsidiary wood supplier by an NGO, the management of IKEA provided the company with a code of conduct and approached the trade union Building and Wood Workers' International (BWI) to seek advice. The BWI then suggested that IKEA establish an international framework agreement and the first version of this agreement was signed by both parties in 1998.

Since the beginning of the 2000-decade, IKEA has designed its own CSR management system, IKEA Way (often also called "I-Way"). This system then implemented the monitoring of the framework agreement in its headquarters. In the extension of the managerial implementation of the social and environmental commitments, the management renegotiated and signed a new framework agreement with BWI in 2001, explicitly referring to the monitoring of its commitments within the framework of the internal management system.

This IKEA Way management system consists in several components:

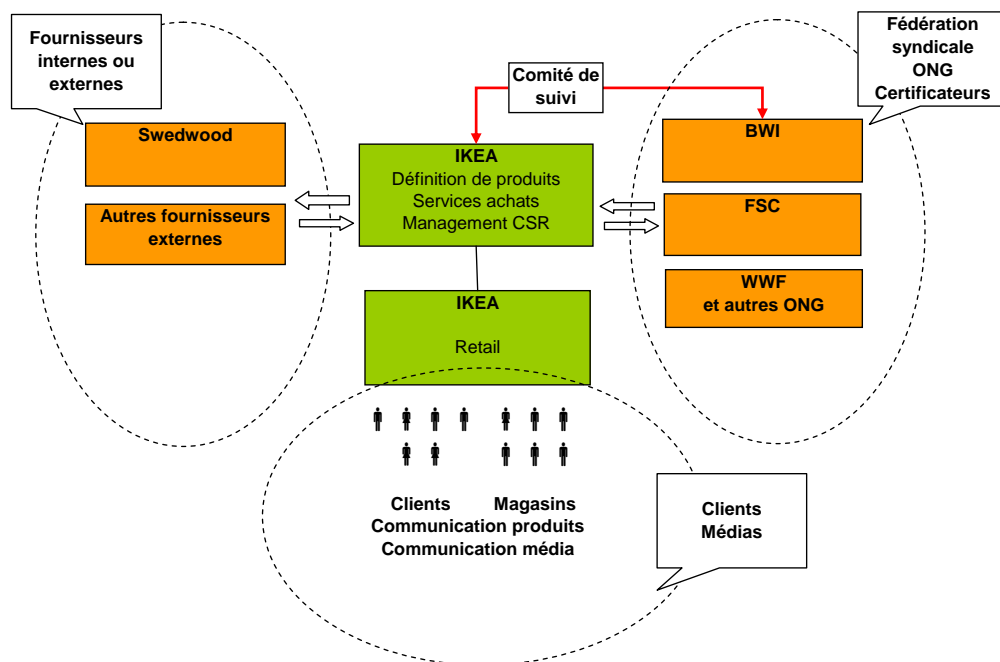
- A social chapter on the respect of fundamental social rights.
- An environmental chapter concerning wood originating from forests managed in a responsible and sustainable manner.
- A chapter dealing with the environmental initiatives carried out at the points of sale.

Partnerships were added to this and the coordination with NGOs acting for the protection of nature, notably, the WWF.

### **Scope and organization of the Agreement BWI-IKEA**

The international framework agreement had as a first goal the best possible management of the main resource used in the production of IKEA products, being wood, and consequently, the social and environmental management of plantations and forests.

These agreement dates back to 1998 in its first version. Its action is mainly limited to the upstream part of the activities of IKEA and its suppliers. A diagram of the various parties involved follows:



Since its beginnings, the agreement has a scope and modes of exchange between the different players that is focused on the relationship with suppliers and does not directly involve the retail network. It has also been indicated to us that within the upstream functions of IKEA, two different Swedish trade union organisations group together manufacturing employees on one side and employees with corporate functions on the other. This separation in the main country of implantation does not facilitate the consideration of the agreement, before even approaching the question of its diffusion to the retail network and in different countries.

### **Fitting the agreement into the internal CSR sustainable development system, "IKEA Way"**

The negotiations for the initial BWI: IKEA agreement took place within a phase in which the restructuring of the IKEA Group in terms of sustainable development was still in its early stages. The concerns of the BWI regarding social and environmental questions thus contributed to IKEA's internal restructuring regarding these matters, affecting supply and the supply chain upstream of the production. The table below compares the guidelines and principle of the framework agreement and the IKEA Way commitment relating to the environment and social rights<sup>44</sup>. This comparison is helpful in evaluating the unilateral part of the commitments to that initiated by the agreement.

<sup>44</sup> This table is developed from the principles of the comparative table presented in the ETUI-REHS study, Ref.: "Codes de conduites et accords cadres internationaux", Schömann, Sobczak, Voss and Wilke. Brussels, 2008

Accord BWI Ikea 2001		Thématiques	Engagements de Ikea Way	Thématiques
Textes de référence externes	<p>Declaration de l'OIT de 1998 (référence déjà présente dans l'accord initial de 1998).</p> <p>Déclaration universelle des droits de l'Homme 1948</p> <p>Déclaration finale de la conférence de Rio 1992</p>	<p>Liberté d'association Droit de négociation collective</p> <p>Interdiction du travail des enfants</p> <p>Liberté d'association et d'opinion</p> <p>Protection de l'environnement et des espèces menacées</p> <p>Développement solidaire en vue d'éradiquer la pauvreté</p>	<p>Rappel des trois textes de référence ci-contre</p> <p>Référence à la Convention des Droits de l'enfant des Nations Unies 1989. Référence à l'âge minimum du travail défini par le BIT en 1973. Convention du BIT de 1999 sur les formes du travail des enfants. Référence au sommet de Johannesburg. 10 principes de l'ONU définis en 2000</p>	<p>Liberté syndicale</p> <p>Engagements environnementaux</p> <p>Condamnation du travail des enfants</p>
Engagements sociaux	Référence renvoyant aux engagements Ikea Way	voir ci-contre	Engagements des fournisseurs sur la sécurité et les conditions de travail. Obligation de création de comité d'hygiène et sécurité. Temps de travail maximal de 60 h Paiement des heures supplémentaires	Liberté d'association Droits salariaux Conditions de sécurité
Engagements environnementaux	Référence renvoyant aux engagements Ikea Way	voir ci-contre	Système de gestion responsable des forêts Qualification progressive des fournisseurs Certification par un organisme extérieur (FSC) Engagements sur l'élevage des animaux et le non recours aux OGM	Protection des forêts Elevage responsable
Moyens de contrôle prévus	Groupe paritaire se réunissant deux fois par an	<p>Ikea doit informer BWI de l'avancée progressive des fournisseurs en matière de certification</p> <p>Le groupe paritaire peut proposer des mesures d'adaptation en fonction des questions qui lui sont remontées</p>	<p>Système de monitoring interne des fournisseurs</p> <p>Certification externe</p> <p>Rapport environnemental annuel</p>	

The lack of symmetry concerning the commitments between the framework agreement and the IKEA internal code of conduct is significant and is partly due to the different dates of publication. The initial 1998 framework agreement carried over to 2001 refers strongly to the IKEA Way.

Compared to the IKEA Way, the preliminary, if not innovatory nature of the agreement signed with BWI means that the players refer to the social code of conduct while being unaware of the prior contribution of the trade union party. The 2001 framework agreement is written in a short and artificial way and essentially refers to the progress made since 1998, in terms of the IKEA Way. This link was one of the objectives followed, but it impedes the visibility of the action of the BWI and its intermediaries within IKEA. For all the more reason, the unawareness of the actions of a trade union federation will continue if IKEA does not inform about the existence of this partner. At the end of the IKEA Way document (p.18), 17 references are made to international documents and agreement and those internal to the company (R1 to R17). We observe that the international framework agreement with BWI is not present among these reference documents.

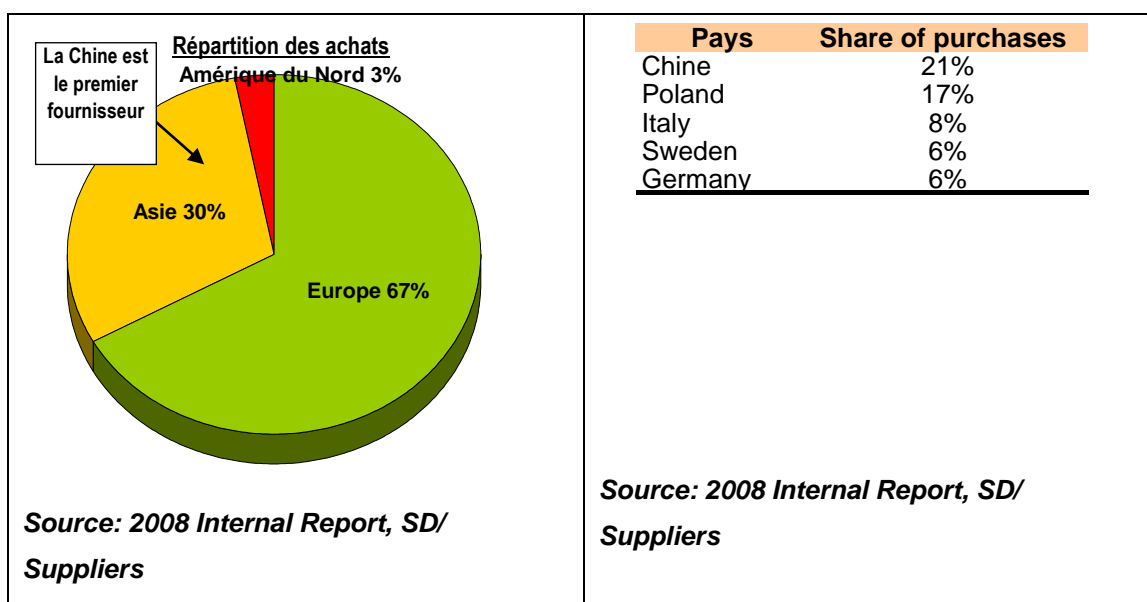
A detailed search of IKEA's corporate Website for the work done with BWI gave no result. However, all the social and environmental initiatives conducted and the partnerships with NGOs within each field are mentioned at length. These NGOs are mentioned systematically. The erasure of the international framework agreement by the company's management logically has repercussions on the internal perception within the company. As far as IKEA France is concerned, the framework agreement as such is not known by the trade union players. They are

aware of the environmental commitments of the Group, thinking that they originate from unilateral steps. For Mr. Kjell Dahlström, who participated in the negotiation of the agreement on the behalf of the trade unions, the agreement is even poorly known among the employees at the Helsingborg centre. BWI does not have any long-standing intermediaries there and the federation covering the wood workers only has limited resonance in the centre where the workforce is above all focused on commerce and marketing.

### Monitoring, I-WAY and possible adaptation by trade unionists and NGOs

The first element to be taken into account is the relatively large dispersion of the IKEA Group suppliers. In 2008, this implied dealing with 1380 suppliers distributed in 54 countries for furniture and associated products. To this, one must add another 76 suppliers for food, 50 catalogue printers and 263 transporters.

The distribution of suppliers by geographical area is strongly concentrated in Europe (in a geographical sense rather than the European Union). It is noteworthy that out of the 30% in Asia, China dominates. This country is the Group's most significant global supplier, representing 21% of purchasing.

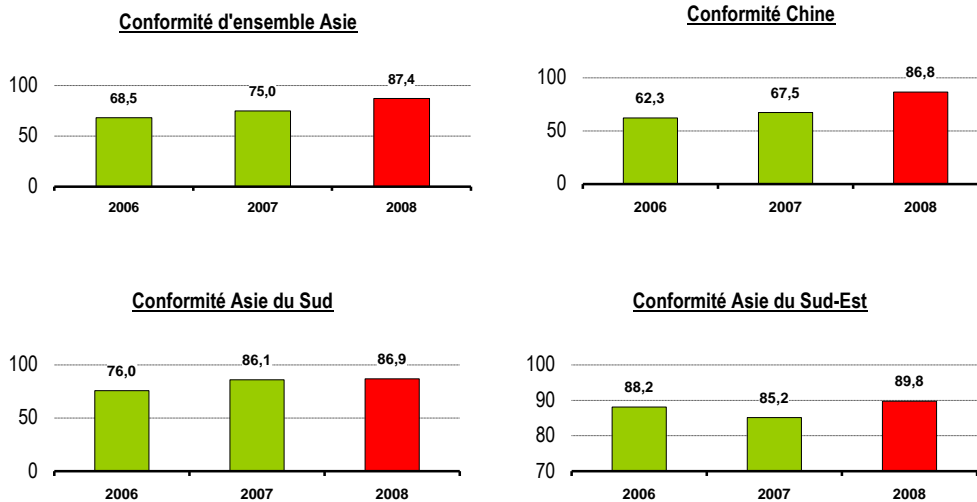


Synthèse	Europe	Amérique	Asie	Ensemble
2008	97,3	99,6	87,4	93,0
2007	97,2	96,2	75,0	87,5
2006	97,2	97,0	68,5	85,3

This structure of the suppliers' portfolio provides a vision of what the problem could be, which is confirmed when we compare regional zones with indicators of compliance such as those

communicated to us. While Asia represents 30% of purchasing, we can say that it represents the main non-conformities revealed. In Asia, where IKEA reports the detail of the results by subsets, China and South East Asia presented the greatest divergence, while South East Asia obtained the highest conformity score.

Briefly, the positive evolutions in the whole Asian zone are:



Seventeen conformity criteria were audited, concerning practices on social and environmental questions.

IKEA specifies that the monitoring of its suppliers combine both agreed and regular follow-up procedures, as well as unplanned checks. The criteria are standardised by an internal commission called the CMG (Compliance and Monitoring Group). The compliance inspections are carried out by KPMG, Intertek Testing Services and PWC. No mention is made in the reporting of the specific role of the FSC forestry certification.

With respect to the two criteria concerning forest management, the rates of conformity as a whole are high at the end of 2008, always with a notable difference in the Asian region, with a specific bearing on China. The level of conformity is bad on criteria 17, which concerns the compliance with criteria defined by IKEA.

Conformité 2008		Ensemble	Europe	Amérique	Asie
Critère 16	<b>Gestion forestière, procédure d'achat du bois</b>	98,0	99,4	100,0	94,9
Critère 17	<b>Gestion forestière, conformité aux exigences IKEA et à la législation</b>	97,1	99,7	100,0	91,3



Conformité 2008		Chine	Asie du Sud	Asie du Sud Est	Ensemble Asie
Critère 16	<b>Gestion forestière, procédure d'achat du bois</b>	93,9	100,0	97,4	94,9
Critère 17	<b>Gestion forestière, conformité aux exigences IKEA et à la législation</b>	86,6	100,0	100,0	91,3

The 2008 sustainable development report states that the average rate of registered suppliers is 54%, which is increasing slowly. The fundamental difference lies once again in China and South East Asia.

Nombre de fournisseurs agréés I Way Home & Furniture	2005	2006	2007	2008
Europe	71%	74%	78%	80%
Amérique	58%	62%	67%	91%
Chine	<i>nc</i>	<i>nc</i>	4%	7%
Asie du Sud	<i>nc</i>	<i>nc</i>	32%	34%
Asie du Sud Est	<i>nc</i>	<i>nc</i>	52%	63%
<b>Ensemble</b>	<b>47%</b>	<b>47%</b>	<b>50%</b>	<b>54%</b>

The 54% qualification rate for suppliers demonstrates the margin open for progress and the tools for dialogue necessary to increase the strength of the effects of the framework agreement. To the contrary, the positive principle planned by the framework agreement of a BWI: IKEA exchange and monitoring commission meeting twice per year did not appear sufficient to constitute an active contribution to the evaluation procedure. Moreover, this commission does not appear to be in operation today.

While the internal trade unionists and personnel representatives are present in the agreement signed by BWI, they have very little involvement in environmental matters within IKEA; the NGOs on the other hand seem much more active in this field.

This activism is mainly manifested through encouraging the development of the role of FSC wood certificates in the group's supply chain. The FSC label, born out of principles adopted at the 1992 Rio Conference, is a voluntary instrument of forestry certification facilitating the promotion of sustainable forest management through the evaluation of economic, ecological and social criteria. It is delivered by accredited organisms, external to the wood channel companies, which verify the specifications and management in the field. The label constitutes

the only international certification recognised and considered to be credible by the main NGOs (notably the WWF, Greenpeace International, Friends of the Earth and the Rainforest Alliance). It is also supported by the trade union movement.

Christophe Thies, coordinator for the relations with IKEA at Greenpeace International, thus states that he has encouraged IKEA to maximise the proportion of supply of FSC certified wood, the only forestry certification to be considered as totally independent. However, Greenpeace regrets that IKEA does not inform the consumer when the wood it purchases comes from a forest whose management has been certified by the FSC. Affixing an FSC logo on IKEA products would effectively enable the consumer to be better informed about this issue of the sustainable management of plantations and forests.

While Greenpeace has no institutionalised and formal relations on this subject with the IKEA Group and prefers, as it usually does, an informal dialogue contributing to make the managers of IKEA sensitive to the issues of sustainable forest management, other NGOs have nevertheless established partnerships with IKEA, mainly with the intention of developing the FSC certification and promoting responsible forest management on the behalf of governments, companies and NGOs in the countries supplying the wood. This is the case for the WWF and the Rainforest Alliance, for instance.

The partnership with the WWF, renewed in 2008 for a period of three years, intends among other things, to support responsible forest management and to confront the problems of illegal felling and the lack of certified wood. Unauthorised felling in Russia and China, masked by trans-frontier exchanges between these two countries is also fought against with the promotion of the FSC certification of forests (different projects with the WWF and the Rainforest Alliance). Other similar projects are in course with the WWF in Lithuania, Bulgaria, Rumania and the Ukraine. One of the main objectives of IKEA for the period 2010-2012 in terms of forestry is to significantly increase the proportion of certified wood comprising the IKEA products.

In any case, it is worth mentioning that despite the numerous partnerships developed with NGOs in recent years, the proportion of wood originating from forests with certified responsible management used in IKEA products has fallen from 12% in 2005 to 7% for the 2006-2008 period and the objective of reaching 30% in 2009 is far from being kept. In its defence, IKEA explains in its 2008 sustainable development report, the establishment of certificates and traceability of suppliers is slow.

These environmental matters linked with forestry management are nowadays most often tackled by corporations with certain NGOs rather than with the trade union movement, and although the numerous partnerships established can produce results in the long term, this does

not mask the weak impact of these actions in the short term on the proportion of wood originating from certified forests used in IKEA's products.

### **How have the results and difficulties encountered been diffused throughout the whole company?**

Two elements appeared to us to be taken into account in order to evaluate the contribution of the framework agreement to shared progress within the company:

- What kind of diffusion has been made by the company management to authorities representing personnel and the whole workforce on the steps taken and results obtained?
- How have these matters been assimilated by trade union representatives and communicated within the company?

The answers to these two questions once again meet with a problem that applies to the whole company, exposed by the trade union representatives: IKEA willingly communicates directly to the whole workforce and the specific nature and the place of the trade union meeting is often poorly integrated into the company culture.

From what we have been able to examine and gather on behalf of the trade union groups internally, their organisation and communication on the subject of the company's environmental commitments is weak or even non-existent for a range of reasons:

- Lack of a reliable and verifiable source other than public information.
- Lack of specific competences on the subject.
- The environment does not constitute a priority among the many subjects in which the trade union takes part.

As far as the IKEA headquarters re concerned, where the trade union representatives could draw information from the source and relay it to their colleagues, we find a significant separation, which constitutes a major obstacle: The agreement was negotiated by a wood trade union federation and it has little relation with the white collar Swedish trade unionists.

Specifically regarding the BWI: IKEA framework agreement, the initial absence of a diffusion network large enough at the time of the signature, coupled with the loss of time since 1998, today results in a lack of awareness of the commitments subscribed to and in the perception that the company's activities were simply an initiative of IKEA.

In response to this situation, a path to improvement or rectification appears to us to reside in a joint action between the BWI and the UNI, so as to sensitise all the trade union players and employees of the company, both for upstream collaborators and distribution collaborators.



With respect to the communication of environmental subjects carried out by the company, this is broad, but *a priori* leaves the trade unions in the background. The main vector of information is the annual sustainable development report. In an international authority such as the French *Comité d'Entreprise*, the points dealt with in the "order of the day" are only concerned with the sustainable development chapters affecting retail outlets and notably transport policies (car-sharing programmes in particular).

### **Limited coverage of the agreement in retail outlets and the vision of a global CSR mechanism**

The framework agreement affects the chain upstream of supplies. However, is this role perceived in the shops throughout the network? Awareness of the agreement appears to be weak in the network, while the sustainable development policy of IKEA is known through the broad publicity that it is given.

The trade union perception, however, is that the communication on sustainable development does not match with the main concerns of personnel representatives. They esteem that the priority is to act on the multiple subjects concerning the protection of shop employees. This appears to be confirmed by the vision of the UNI, in a context difficult for trade union action.

This does not only concerns the countries traditionally affected by difficulties in the establishment of social dialogue, but also countries such as Germany and France.

As a result, the services' trade unions appear to be in favour of negotiating a framework agreement that would include predominantly the issue of employees' rights. Should this succeed, the question of the articulation with BWI agreement would arise

### **Conclusion to this case study**

The international framework agreement initiated by BWI with IKEA appears today to be confronted with operational difficulties, although progress has been made in contributing to shape IKEA's internal social responsibility management system. The responsible management of forests turns out to be difficult and demands a progressive increase in effort, despite which, all the zones of origin are still difficult to control. The agreement suffers, at least in the renewed 2001 version, from referring too strongly to the internal code of conduct of IKEA and as a result, loses its independence and perhaps its strength. Its current weakness is also due to its weak capacity to influence its distribution network, which is unaware of the agreement, or has other social needs. One path to progress could be a joint renegotiation with the services trade unions, enabling a more global agreement to be reached, involving the whole company.

## **Case study 4: The framework agreement of the PSA – Peugeot – Citroën Group negotiated with the FIOM and the EMF**

### **An agreement that is in force, extended in 2010 with environmental clauses**

The PSA Peugeot Citroën Group is an automobile manufacturer whose headquarters are in France. It has commercial operations in 150 countries, a third of its sales being realised in Europe. It has just over 200,000 direct employees throughout the world and, like all companies in the automobile sector, has significant sub-contracting agreements with a large number of other employers. It generates a turnover of around 55 billion euros.

Despite ambitious financial objectives difficult to obtain in the period of economic crisis, the group flaunts a social responsibility policy that pretends to be avant-garde within its sector of activity.

In terms of taking into account sustainable development, it has assigned itself ten objectives for the period 2008-2011. In the environmental chapter, its priority objectives include objectives for manufacturing vehicles with low CO<sub>2</sub> emissions, objectives in relation with the energy consumption per vehicle and objectives to increase the eco-conception of its products.

In the social chapter, the group is foremost geared towards safety conditions on its manufacturing sites (stated objective: zero accidents). Meanwhile, its great openness to social dialogue for several years has led it to negotiate and implement an international framework agreement concerning its social responsibility, which was signed in 2006 with European and international trade union organisations.

### **A social and community agreement in its 2006 version, with an innovative implementation**

The EMF and the FIOM appear to have cooperated in an in-depth and very complementary manner to build the content of this agreement, which covers more themes than the majority of the agreements previously established within the metallurgy sector.

Thus it encompasses not only the usual commitments that are found in practically all the IFAs, that is, the protection of fundamental social rights based on the fundamental conventions of the ILO, but also several other fields, such as:

- The management and development of human resources, notably with a paragraph on professional evolution, another on a social approach to the evolution of activities, as well as specific developments on remuneration, social protection, safety, work conditions and health.

- The consideration of a diffusion of similar commitments to the group's suppliers, its sub-contractors, as well as its industrial partners and distribution network (it is worth mentioning that this agreement only explicitly concerns the consolidated automobile division, as well as the subsidiaries on which the group exercises a dominant influence).
- Taking into account the impact of the social fabric in its territories of implantation.

However, the 2006 version of this agreement does not contain a single explicit commitment on the subject of environmental protection.

Another innovation of this agreement is that it explicitly describes a monitoring system, initially backed up by the European Works Council, but with the creation of "local social observatories" in different countries of implantation to globally roll-out its implementation, with the idea of transforming an enlarged European committee into a truly global committee at the end of the first three years of this agreement.

After the signature of the EMF and the FIOM, the management of the group invited the trade union organisations in the main countries of implementation to equally sign the agreement and the appending of these complementary signatures was made on the occasion of a meeting between the group's HRD, local management and local trade union organisations.

The only organisation that refused to append its signature was the Confédération Générale du Travail (France). The central trade union delegate of the CGT, Bruno Lemerle, explains this position by the fact that his organisation judges certain chapters of the agreement to be too weak, and in particular in relation to the conditions for diffusing the PSA commitments to its sub-contractors and suppliers. Besides, the CGT considered and still considers that there is a contradiction difficult to assume between such formal agreements through a framework agreement and the simultaneous global deployment of a "lean manufacturing" policy, generating an acknowledged degeneration of work conditions with harmful consequences for health.

The stage involving complementary local signatures has undoubtedly contributed to the quite broad diffusion of the text among the group's subsidiaries. The text has been translated into 21 languages and made available to the employees at least by posting and being placed in the intranet website. In certain subsidiaries, the text has been handed out to the employees with their pay.

Beyond information, the deployment of this agreement has been carried out by means of an application guide, which was created by the management, with the aid of an external consultant.

This application guide has been distributed to 110 subsidiaries of the group, in 31 countries.

With the help of this guide, which presents in a quite simple form, a list of questions to inform about all the commitments of the framework agreement, each subsidiary must conduct a self-appraisal every year on its level of implementation of the agreement and communicate the results to human resources management at headquarters.

The questions that are asked in the application guide with a view to the local self-appraisal are for example: Has the subsidiary defined its guidelines and set its objectives? Has it implemented the process? Has it defined indicators? What are the results?

These questions are presented in the form of a scorecard covering the 14 commitments of the agreement.

On the basis of this diagnostic, each subsidiary must define annual action plans enabling progress to be made on the points identified as weak. The annual diagnostic and associated local action plans must be subjected to consultation by the trade union organisations and national personnel representatives, being sent to the international headquarters.

From these responses provided by the subsidiaries, comprising the opinions of local trade union organisations, or at least their appended signature proving that they have effectively been consulted, a report on the first year of implementation was prepared by the management. This first report was presented to the group's European committee in June 2007.

Following this first report, each subsidiary was asked to define and implement at least three priority plans of action per year, depending on one or several themes presented in the agreement.

The whole deployment process is accompanied each year by audits sponsored by the group's management. Over three years, 20% of the subsidiaries have been audited in this way, either by an internal auditor or an external auditor. The site audits typically last for a day. It is interesting to note that during the visits, the auditor systematically meets with the local management as well as the trade union organisations, when they exist, to analyse how the consultation process has been conducted.

In 2009 a new report was established with the help of Michel Tissier, who had been the external auditor for the two years prior to this.

According to him, the sole diffusion of the global agreement was insufficient for the subsidiaries to feel effectively concerned, enquiring into the local fulfilment of commitments contained in the agreement and deciding upon plans of action to make progress on these themes. In fact, it was the reception of the application guide and above all the demand by the management for the

communication of the diagnostic on the plans of action, which really triggered the text to be truly considered by local actors. Moreover, the announcement by management of the arrival of the auditors to monitor the local situation of implementation and deployment rendered this consideration almost indispensable. Thus the local action plans drafted and reviewed each year in a systematic manner are more likely to result in improvements in the long term, even when they deal with themes that would not be considered as priority by the local management.

Thus, for example, a "training presentation" of the application guide run by the central auditor during his missions has undoubtedly permitted on several occasions the struggle against discriminations to give rise to action plans, in particular to promote professional equality between men and women, or for the hiring of handicapped people. This was the case at least in the GEFECO subsidiary in Turkey.

The global agreement has thus provided recurring occasions to bring together the management committee on one side, the trade union organisations and personnel representatives on the other, to place under review the main elements of the social responsibility policy every year in each subsidiary and to decide on plans of action.

Hence the agreement has been the occasion in several subsidiaries to boost (or give rise to) social dialogue), notably because the opinion of the personnel representatives on the diagnostic and action plans was explicitly requested for the report to be presented to the broader European committee.

Even though these consultations have often been merely formalities, it is unarguably a lever that can be used for social dialogue in places where social relations would not otherwise have existed.

Nevertheless, we note that no case has been identified in the process to date, in which the local trade unions have grasped the opportunity to demand that the management of a subsidiary establish a more ambitious policy than a certain minimal commitment written in the agreement. In effect, the only local trade union interventions that have been reported to affect the challenging of a specific local practice, are contrary to the commitments of the global agreement, but the possibility to progress in the definition itself, even the implementation of the group's social responsibility was not used by national social partners.

This type of debate did however take place during the presentation by human resources management of the reports on the agreement to trade union representatives sitting on the broadened European committee. In these meetings, Brazilian and Argentinean representatives were invited, as well as representatives of the EMF and the FIOM.

### **Broadening the new version of the agreement to the environmental field.**

In June 2009, when the report concerning the first three years of the agreement was presented to the enlarged European business committee, the management selected some trade union parties to reinforce the terms of the agreement. It proposed several themes for this.

Among the new directions proposed, was the explicit consideration of an industrial policy more respectful of the environment. This subject of broadening the agreement was the one that received the most favourable opinions from the trade unions, who then approved the proposition in principle to initiate the renegotiation with a liaison committee of the enlarged European business committee.

Representatives of the FIOM and the EMF were once again active parties to this liaison committee.

Then the management prepared a proposed text based on the 2006 version, which was submitted to the trade union negotiators in autumn 2009, in preparation for an initial meeting that was held in November.

According to the document, which integrated the results of the first negotiation meeting, the very subheading of the agreement would mention the enlargement of the area covered, adding the adjective "sustainable" (A social and sustainable commitment without frontiers).

While some clauses were added relating to safety, health and welfare in the workplace, a sentence in the preamble explicitly stated the need to seek new compromises in the company's development strategies *by uniting human progress, environmental protection and sustainable economic development of the Group*. The intention of the management being to integrate the follow-up of this agreement into the *PSA system of excellence*, the group's general management system.

In the same spirit as the involvement of the trade union organisations in the group's strategic commitments, PSA Peugeot Citroën has created a "Strategic Partner Committee", enabling the management and French and international trade union representatives to exchange opinions on subjects related with company transformations and the consideration of their consequences on the employees.

The proposed new document also included a paragraph specifying the training role that the PSA should assume on the subject of Corporate Social Responsibility going beyond the strict perimeter of employer, committing the company to promoting social dialogue in the network and branches, particularly on the theme of economic changes in the main countries of implantation.

The proposition presented by the management lists a number of commitments in favour of environmental protection. However, they appear to have been written in a very general manner, meaning that the real ambition remains difficult to evaluate.

The only commitment expressed very strictly that is directly assessable is the respect for legal obligations, which unfortunately does not constitute any CSR policies at all. In effect, the proposed paragraphs concerning the consumption of natural resources and reducing the impact on natural surroundings (particularly the emission of greenhouse gases), remains very vague and does not include any specific objectives, as if it were just an intention to follow the trend to progress within the conception of its products and their methods of production.

A new article is dedicated to environmental management.

There the group reminds of the existence of its current system, based on the 14001 ISO ruling (it should be noted that this rule does not involve the commitment to specific objectives in terms of respecting the environment) and insists on the sensitisation of parties involved within and outside the company.

The commitment to and promotion of actions in favour of the environment regarding customers and suppliers is rather innovative. Its implementation will undoubtedly be followed with interest.

At this stage of the renegotiation, the document does not attribute a specific role to the trade unions and employee representatives, although they should be informed annually about the action plans and implementation in each subsidiary.

The centralisation of the monitoring, such as it is presented in the new document, will still be conducted by an enlarged European committee, involving representatives of important countries of implantation and representatives of the EMF and the FIOM. However, it no longer refers to the intention to move towards a truly global monitoring committee. This step back in the ambitions for social dialogue with the most representative players from the human components of this global group worries the FIOM. Beside, some French trade unions have expressed their desire that at least the personnel representatives of some large subsidiaries are involved in this agreement.

The proposed new text also explicitly states the main positive principles in which progress has been made during the implementation report for previous years. It confirms the implementation of the systematic monitoring of the three priority action plans in each subsidiary and proposes a continuation of the monitoring audits.

The November meeting facilitated an initial exchange between the management and the trade unionists and has since led to the modification of certain passages in the working document.

However, several trade unionist appear to share the opinion that contributed to this study, that the coordination between the different levels of trade union representation has been quite weak up until now, and that the propositions for modifying the text are due to the individual initiatives of certain representatives.

Aware of this weakness in the coordination and the lack of a real process of collective formulation of trade union demands, as well as the too weak capacity for critical analysis of the trade unionists on the agreement monitoring, the FIOM considers quite rightly that the first priority is to progressively build trade union operations as a global network, with newly obtained resources.

Thus the circulation of information, notably concerning the different stages of the text under renegotiation is also encouraged this winter directly by international trade unions, which would like to see a better mobilisation of local and national teams of the PSA before signing a new version of this agreement.

The trade unionists have identified that the good conditions combined when this particular agreement was being renegotiated (a context of crisis and necessary relocation of automobile industries + the concomitance of the international renegotiation of the Kyoto Protocol + an objective management open to high quality international social dialogue) led to an agreement that effectively integrates the real advances on commitments corresponding to a more sustainable development, better integrating not only the social pillar, but as the environmental pillar of this concept that is henceforth inescapable.

Here, Jyrki Raina, the general secretary of the FIOM, decided to become personally involved in the whole renegotiation process, with the PSA, counting on the possibility of achieving an agreement document by spring 2010 that could then serve as a model for the whole metallurgy sector.

An element on which the different parties were most undecided during this renegotiation phase was the choice of indicators to retain for assessing the effectiveness of the agreement in dealing with environmental issues. Additionally, they all acknowledged the lack of competences of the negotiators on this subject.

For this reason, Michel Courcelle has drafted a text on behalf of human resources, indicating that one of the really innovative aspects is that the commitments to environmental matters imply monitoring indicators that do not traditionally fall within the competence of the management, but



rather should be articulated with the system of management used by sustainable development management. New bridges of internal communication and new procedures of social dialogue, even public dialogue with external players should probably be constructed in order to make this new version of the agreement function correctly.

The trade union negotiators also share other concerns for establishing the credibility of a new agreement of this type:

In particular, following the first monitoring phase essentially run by the management, which specific measures would enable the global trade union network to be reinforced, thanks to this agreement and to participate more actively in the implementation of the commitments and evaluation of the results? Should trade union or more independent audits be employed to complement those that have already been carried out?

The objectives set conjointly with the management covering the next three years will undoubtedly be the useful with a view to constructing a roadmap for strengthening the unfolding of the agreement.

Additionally, it will undoubtedly be necessary to train the social players to better anticipate the environmental issues faced by the company and to understand its system of management on the subject. Thus, the treatment of this theme in transnational social dialogue could certainly better fit with the situation.

### **Conclusion of this case study**

The main key factor for the successful life of the agreement undoubtedly lies in its deployment process, which is backed-up by regular systematic procedures and effective implementation measures by the national social players.

The existence of objectives in both the long and medium term (at the end of three years' of mutual commitment) provides the agreement and the social dialogue that accompanies it with a dynamic of progress.

However, over a period of three years, it is still not possible to measure practically any improvements generated outside the strict perimeter of the group employer.

The broadening of the agreement to include environmental questions will undoubtedly soon become a reality, thanks to the implementation of the coordination between an authority monitoring the agreement, sitting on an enlarged European business committee that works and the negotiating trade union federations (the FIOM and the EMF).

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