

Commitments to freedom of association and to the right to collective bargaining are standard among many multinational finance companies. Yet, global implementation is wanting.

UNI Finance asked 35 major finance companies to elaborate on these commitments based on Principle 3 of the UN Global Compact, *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*. The 25 that replied all signed up to the Principle and many of them also endorsed most of the suggested implementation and monitoring strategies.

The table below gives an overview of the commitments made by the companies to UNI Finance. It provides a tool for affiliates – and other stakeholders – to check whether a company lives up to its promises in a country and to hold it accountable for its actions. If local management acts differently than it committed itself to, the issue should be raised with it as well as with group management through UNI Finance.

The survey will serve as a foundation for UNI Finance and its affiliates to develop a worldwide monitoring mechanism that holds companies accountable for their engagements in terms of labour-management relations and, if need be, for exerting pressure on those that fail to keep them.

The objective of the monitoring mechanism is to promote the implementation and respect of labour rights worldwide, in particular regarding freedom of association and the right to collective bargaining. It seeks to enhance transparency on companies' commitments and to enable comparisons between them. It also means to identify trends and examples of best practice within the finance industry. This will help UNI Finance and its affiliates to influence the direction and development of corporate social responsibility (CSR) and its practices towards a greater inclusion of labour rights as well as to promote the inclusion of these issues in collective bargaining and in social dialogue.

CSR is the concept according to which businesses have an obligation to consider the interests of all their stakeholders (among which employees, customers, shareholders, and communities) and of the environment in all aspects of their operations. In other words, this means that companies should go beyond what is required by law.

General trends emerging from both the replies of companies and the assessments made of them by trade unions are:

- The labour dimension of CSR is neglected compared to issues such as the environment and broader human rights.
- Implementation of policies and codes of conduct beyond companies' home countries is limited.
- There seems to be no comprehensive overview by group management of what is happening in other countries in terms of industrial relations.
- Companies' behaviour and practice hardly go beyond national legal requirements.
- Companies have not yet developed tools to truly implement policies and monitor them across countries of operation.

The survey results then provide a powerful case of the benefits, for multinational companies, of entering into a dialogue and concluding a Global Framework Agreement with UNI. The latter provides a dialogue structure, defines standards, especially on core labour rights and CSR generally, and sets up a monitoring mechanism. Such an agreement has the power to give more credibility to a company's CSR policy and can act as an early warning system for breaches of a company's commitments in local operations.

Questions answered positively are indicated by "+", questions answered negatively by "-", answers lacking sufficient information to determine whether positive or negative by "N/A", and questions left blank in the table.

	ENDORSED (out of 25)	ABN AMRO	Aliaz	AVIVA	Banco Espirito Santo	AXA	Barclays	BNP Paribas	Credit Suisse	Deutsche Bank	Dexia Group	Fortis Group	Euronext	HSBC	ING	Mitsui Sumitomo	KBC	Nordea	Sanpaolo IMI	Santander	Société Générale	Tokio Marine	Sompo	UniCredit	UBS	Westpac	
UNGC Participant	24	+	+	+	+	+	+	-	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
A) Endorse Principle 3 of UN GC?	25	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
B1) Ensure that all workers are able to form and join a trade union of their choice?	21	+	+		+	+	+		+	+	+	+	+	+	+	+	+	-	+	+	+	+	+	+	+	+	
B2) Ensure union-neutral policies and procedures?	21	+	+		+	+	+		+	+	+	+	+	+	+	+	+	-	+	+	+	+	+	+	+	+	
B3) Provide facilities to help worker representatives carry out their function?	22	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B4) Facilities such as ability to collect union dues on company premises, posting of trade union notices, etc.?	21	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B5) Recognise representative organisations for the purpose of collective bargaining?	22	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B6) Use collective bargaining as a constructive forum?	22	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B7) Address any problem-solving or preventive need within the imagination and interests of workers and management?	22	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B8) Provide information needed for meaningful bargaining?	22	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B9) Balance dealings with the most representative union to ensure the viability of smaller organisations to continue to represent their members?	20	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
B10) Take account of the climate in labour-management relations in the country when ensuring freedom of association and collective bargaining?	17	+	+		+	+	+		+	+	+	+	+	-	+	+	+	-	+	+	+	+	+	+	+	+	
B11) Support the establishment of local/national trade unions?	17	+	+		+	+	+		+	+	+	+	+	-	-	+	-	-	+	+	+	+	+	+	+	+	
B12) Inform the local community, media and public authorities of your company's endorsement of the UN GC?	14	+	+		-	+	-		+	+	+	-	-	+	N/A	-	-	+	+	+	+	+	+	+	+	+	
D1) Has principle 3 of UN GC been incorporated into the code of conduct or CSR policy?	14	-	+		+	+	+		+	-	+	+	+	+	-	+	-	-	+	-	+	+	+	-	+	+	
D2) Do you demand your contractors to use the GC principles as the basis of mutual relations?	12	+	-		+	+	+		+	-	+	+	+	-	+	-	-	-	+	-	+	+	-	-	+	+	
D3) Has appropriate training on the GC been given to staff?	16	+	+		+	-	+		+	+	+	+	+	-	+	+	-	-	+	+	+	+	+	+	+	-	
D4) Has the company signed other agreements related to CSR and labour rights?	18	+	+		+	-	+		+	-	+	+	+	+	+	+	+	+	+	+	-	+	+	+	+	+	
D5) Has responsibility been delegated to managers of respective units to uphold the GC principles?	11	+	-		+	-		N/A	-	+	+	+	+	-	+	-	+	-	+	-	+	+	+	+	+	-	
D6) Does the group audit department assess observance of CSR principles?	16	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	-	+	-	+	+	+	+	-	
D7) Is there any form of external monitoring mechanisms of commitments to CSR?	19	+	+		+	+	+		+	+	+	+	+	+	+	+	+	-	-	+	+	+	+	+	+	+	
D8) Are work councils included in such monitoring mechanisms as appropriate?	4	-	-		-	-			-	-	+	-		-	-	+	+	-	-	-	-	-	-	-	-	+	
D9) Does the company publish an annual CSR report?	20	+	+		+	+	+		+	+	+	+	+	+	+	+	+	+	-	+	+	+	+	+	+	+	
D10) Does the company set yearly CSR targets and evaluate progress?	19	+	+		+	+	+		+	+	+	+	+	+	+	+	+	-	-	+	+	+	+	+	+	+	

For companies that vow to be committed to fair labour practices – in whatever country they operate – concluding such an agreement would thus be a logical step in consolidating and furthering their CSR policies. As a global union, UNI is the natural partner for those wishing to pursue successful labour relations, in particular in helping them to implement CSR outside their home country.

Based on companies' and trade unions' replies, Barclays is considered to lead the top group that also includes Dexia, KBC and Nordea. They show best practice in the finance industry and lead the way in corporate social responsibility with regard to industrial relations. Their approach is characterised by most of the following: transparency and willingness to engage with stakeholders; commitment to sound labour relations, freedom of association and constructive social dialogue; as well as consistency across countries of operation.

At the other end, 13 companies were assessed as showing poor practice. 10 refused to reply while 3 (indicated with \*) merely stated that they were committed to Principle 3 of the Global Compact. This group missed an opportunity to engage in a constructive dialogue with UNI Finance and its affiliates. As such, they lack transparency and show no commitment to communicating with stakeholders.

Best practice: Barclays, Dexia, KBC, and Nordea

Poor practice: Aviva\*, Banco do Brasil, Crédit Agricole, Euronext\*, First Caribbean International Bank, Generali, HBOS, Royal Bank of Scotland, Standard Chartered, State Bank of India, UBS\*, West LB, Zurich Financial Services

Average practice: ABN Amro, Allianz, AXA, Banco Espírito Santo, BNP Paribas, Credit Suisse, Deutsche Bank, Fortis, HSBC, ING Group, Mitsui Sumitomo Ins., Sanpaolo IMI, Santander, Société Générale, Sompo Insurance, Tokio Marine & Nichido, UniCredit, Westpac

The UN Global Compact is an international initiative that brings companies together with UN agencies, trade unions and civil society to support 10 universal principles in the areas of labour, human rights, the environment and anti-corruption. This aims at encouraging businesses worldwide to adopt social and sustainable policies and to communicate the progress made in implementing them.

Relating to labour rights, the Global Compact states that, “freedom of association and the exercise of collective bargaining provide opportunities for constructive rather than confrontational dialogue, and this harnesses energy to focus on solutions that result in benefits to the enterprise, its stakeholders, and society at large”. Indeed, this initiative emphasises the need for collaboration between the business community, labour and other stakeholders to address the challenges of social responsibility in a context of globalisation.

In a recent UN summit, businesses made a pledge to openly and accurately communicate on progress made to integrate the Compact principles in order to allow stakeholders to assess that progress. Transparency and public accountability are important for stakeholders as the Global Compact is not a regulatory instrument. Thus, companies that commit to its principles are not formally monitored.

The sample of companies chosen for the survey consisted of 35 companies varying in size, locations, operations and structure. 29 of the companies are signatories of the UN Global Compact and the other 6 were chosen based on the assumption that they have a good record on the labour dimension of corporate social responsibility. Of the 29 signatories, 25 are listed in the FT Global 500. Multinationals based in different regions were chosen in order to make the results more representative. Companies from different countries must indeed respond to different challenges as they face different legal, cultural and economical frameworks.