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CHANGING THE RULES TO HOLD CORPORATIONS ACCOUNTABLE

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CHANGING THE RULES TO HOLD CORPORATIONS ACCOUNTABLE

The global economy is dominated by a shrinking number of giant multinational corporations (MNCs). [Sixty](#) per cent of global trade in the real economy is dependent on the value chains of just 50 firms, many of which use businesses models based on exploitation and abuse of human rights. Large companies' role in driving employment practices and business activities across the UNI sectors cannot be underestimated, and it is a key area of the work of UNI and our affiliates to hold corporations accountable for their actions.

Recent years have seen increased focus on MNCs' responsibility for what happens in their entire global footprint. Workers and the wider public have lost patience with companies' so-called Corporate Social Responsibility (CSR) agenda, that is often nothing more than a PR exercise, and are demanding - and in some cases achieving - legislative action, strengthened existing instruments and the introduction of new ones.

UNI plays a crucial role supporting unions worldwide to ensure companies fulfil their human rights obligations to workers. We build trade union alliances within MNCs, develop organizing strategies, campaign for and win global agreements at those companies, as well as utilize international standards such as the OECD Guidelines to hold MNC's accountable. These efforts continue to make a real difference for workers across the world.

GLOBAL FRAMEWORKS FOR ACCOUNTABILITY

Global institutions including the International Labour Organization (ILO), OECD and United Nations have developed standards and mechanisms to address the conduct of global companies, which generally assert an obligation on companies to respect workers rights. However, these still have many weaknesses, among them the fact that they are rarely enforceable in a practical way, if at all.

The [ILO Fundamental Rights and Principles](#) form a foundation for workers' rights in many of these global instruments. In a major achievement for trade unions, the ILO added a safe and healthy work environment as a fundamental right in 2022. All 187 member states of the ILO must adhere to the conventions listed as fundamental rights. The challenge remains their implementation and respect.

The wider role of the ILO as a tripartite body bringing together unions, employers and governments remains important. Progress has not been easy, but developments such as the [Tripartite Declaration of Principles Concerning Multinational Enterprises](#) and the agreement in 2022 of the Tripartite Working Group to take forward the [ILO's work on supply chains](#), have created new opportunities within the ILO framework for holding corporations accountable. However, recent years have also seen increasingly obstructive behaviour from employers' representatives, the International Organization of Employers, and challenges to core labour standards, including the right to strike. The entire global trade union movement continues to work to resist these attacks and, where possible, strengthen the ILO.



The [OECD Guidelines](#) for Multinational Enterprises set standards for responsible business conduct across a range of issues such as human rights, labour rights and the environment. While not legally binding on companies, they are binding on signatory governments, which are required to ensure the guidelines are implemented and observed. Uniquely amongst these global instruments, they include an international grievance mechanism to address infringements of the guidelines by MNCs

UNI has used this mechanism to challenge the behaviour of companies, including Teleperformance, [IKEA](#) and [DHL](#), over violations of fundamental worker rights including freedom of association, health and safety, and collective bargaining. The process contributed to the resolution of several issues and, in some cases, helped improve dialogue with the companies. However, the lack of obligation on employers to participate in good faith, and the onerous requirements placed on trade unions, highlight the significant weaknesses that still remain in the OECD mechanism. The first review of the OECD Guidelines since 2011 is crucial and UNI has pushed for fundamental changes in the procedures to ensure they remain effective.

Negotiations are continuing, if slowly, on a [binding treaty](#) on business and human rights at the United Nations which could be a significant step in holding corporations accountable at a global level. However, the likelihood of a positive outcome, even in the medium term is low. Therefore, while continuing to strive for stronger global regulation, UNI and its affiliates must continue to use developments at the national and regional level, as well as leveraging our industrial strength, to hold corporations responsible.

EVOLUTION OF MANDATORY HUMAN RIGHTS DUE DILIGENCE

Human rights due diligence is about making clear that businesses have a responsibility to identify, prevent, mitigate and remedy human rights violations across all business relationships, including their value chain. There should be an ongoing process to find the problems and fix them.

It is a concept that grew out of the work of Professor John Ruggie and the 2011 UN Guiding Principles on Business and Human Rights. Its implementation has begun to increase significantly, both in the number of companies undertaking due diligence and its importance to workers' rights. This boost comes from the move from non-binding systems of due diligence, such as the [UN Guiding Principles](#), to the imposition of Mandatory Human Rights Due Diligence (MHRDD) as several countries introduce legislation compelling companies to engage in action.

This trend has been seen most strongly in Europe with national legislation covering some, if not all, aspects of due diligence in [countries](#) such as France, Germany, Norway and discussions ongoing for an EU Directive. There has also been progress in [Japan](#) which has published new guidance on due diligence. Even though most of the legislative developments take place in Europe, the potential reach is global. All companies operating in Europe, irrespective of where they are headquartered, will have to carry out due diligence if they meet the various thresholds, and companies carrying out due diligence must do so in their operations and value chains wherever in the world those are located. UNI and its affiliates will need to take action to ensure MHRDD is implemented effectively and that trade unions are central to the due diligence processes put in place.

UNI's work on MHRDD is supporting affiliates across our sectors to understand and begin to use these new pieces of legislation. This has included specific workshops on national developments, such as the new German law; providing guidance on risk assessments; developing trade union [toolkits](#) and checklists to support workplace representatives; and working with UNI sectors to develop plans on how MHRDD could be used to support their wider objectives.

There has also been direct engagement with corporations about including UNI and our affiliates in developing their due diligence activities, as well as in the identification and mitigation of risks and achieving remedy when rights are violated. Due Diligence is increasingly being included as a key issue within [global agreements](#).



UNI also continues to work with coalitions across civil society to strengthen existing legislation and ensure new developments put trade union rights and the involvement of trade unions at their heart. A particular focus is the work to achieve a strong and effective European Union directive which could be a significant step forward in expanding the reach of MHRDD, if a robust directive is adopted.

While MHRDD is creating opportunities for trade union action there is no guarantee that these systems will finally hold corporations fully accountable. There remains the danger, as happened with CSR, that multinational companies use MHRDD as a PR exercise rather than seeking to truly deal with the risks within their value chains. Of particular concern is the role of the social audit industry. A recent in-depth report by [Human Rights Watch](#) highlighted the inherent weaknesses in the social audit industry that is marked by a lack of transparency and remedy. UNI and its affiliates must continue to work to ensure MHRDD doesn't become CSR 2.0 but instead leads to real change for workers by demanding, in law and in practice, that trade unions are at the centre of due diligence.

INVESTOR ENGAGEMENT

Mobilizing investor action is becoming increasingly important in holding corporations accountable and UNI is leading the way in the global trade union movement in this field of work.

UNI has developed a contact list of investors from over 300 institutions, managing more than US\$67 trillion in assets. This has enabled us to continue to further develop our work to inform and mobilize investors to support key campaigns and to elevate the importance of freedom of association and collective bargaining.

In March 2021, UNI launched an [investor statement](#) of expectations for the nursing home sector, which is now backed by a coalition of more than 130 investors with US\$4.4 trillion in assets under management. The statement demands better health and safety standards, staffing levels and pay for workers, as well as respect for the rights to freedom of association and collective bargaining.

UNI's investor engagement has also supported our work in multinationals such as Amazon, where we worked together with U.S. affiliates and others to organize investor action against the company's union busting, including a public call by investors for non-interference in the election in Bessemer, Alabama. UNI's investor engagement was also a key plank of the efforts to achieve a global agreement with Teleperformance, which finally came to fruition in December 2022.

To advance investor action on freedom of association and collective bargaining more widely, UNI co-authored with the Global Unions Committee on Workers' Capital, the [comprehensive report](#) "Shared Prosperity: the investor case for freedom of association and collective bargaining" and is now driving action to implement it.

After many years of focused attention on the Norwegian sovereign wealth fund managed by NBIM, one of the world's largest investors, we saw a breakthrough in their attention to workers' rights. UNI, together with our Norwegian affiliates, had input as part of the consultation on their new expectations document on human capital management and met with the Bank in [2023](#) to advance key recommendations on implementation.

INTERNATIONAL ACCORD

This year marks the [tenth anniversary](#) of the Rana Plaza disaster in Bangladesh, which took the lives of 1,100 workers and injured two thousand more when the eight-storey garment factory complex collapsed. The Bangladesh Accord, a brand-funded factory inspection programme launched by UNI and IndustriALL Global Union in the aftermath of the disaster, has since transformed the health and safety of millions of Bangladeshi garment workers. This landmark agreement has improved fire and building safety standards and strengthened the capacity of workers and factories in Bangladesh to identify, raise and address a broad range of occupational health and safety issues. Some 140,000 hazards identified in inspections have been fixed, more than 1,200 joint labour-management safety committees have been trained and workers have filed over 6,000 complaints with the [independent complaints mechanism](#).



Building on the 2018 Transition Accord, in 2021, after months of intense negotiations and despite the brands' resistance, an [agreement](#) was achieved which kept the key elements of accountability, transparency and the legally binding nature of the original Accord and transitioned the implementation of Accord programmes to a national tripartite organization now known as the RMG Sustainability Council (RSC). The new [International Accord](#) attracted the signatures and commitment of nearly 200 brands to continue supporting workplace safety programmes in Bangladesh.

A key element of the new International Accord recognized the dire situation faced by many garment workers outside Bangladesh and so committed to the expansion of the Accord programme to at least one more country. In December 2022, agreement was reached to begin a [Pakistan Accord](#) that already covers 750,000 workers in factories supplying brand signatories. This is a major achievement and, based on the same principles and actions that have been successful in Bangladesh, will begin to foster fundamental change in health and safety for workers in Pakistan.

Negotiations for a renewal of the International Accord which expires in October this year will include demands by the trade unions for further country programmes as well as an expansion of the complaints mechanism to include worker rights complaints beyond occupational safety and health and to include Freedom of Association and Collective Bargaining to enable worker organizing in the garment factories.

CONCLUSION

Improving workers' rights around the world means holding multinational corporations to account for their employees and throughout their value chains. UNI and its affiliates continue to do this by using global mechanisms, such as the OECD guidelines, and taking advantage of the new wave of mandatory human rights due diligence legislation. UNI is also a trusted voice with the investor community allowing our strong message on corporate accountability to be heard. Holding corporations accountable, wherever they are and wherever they operate, will continue to be a key area of activity for UNI and its affiliates.





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