

Europäische Betriebsräte

Social Minimum Standards in Multinational Groups

Arguments and practical help
to initiate, negotiate and implement
an International Framework Agreement



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*“This decade, IG Metall will strive to implement codes of conduct in the 25 largest internationally active companies in the sectors where it is organised.”
(IG Metall Manifesto for the Future: Offensive 2010, Leipzig 2002).*

Foreword

International framework agreements, which commit groups to observe minimum social standards during the manufacture of their products, help to improve the living and working conditions of workers and their families in the developing and newly industrialised countries. They place an absolute minimum limit on attempts to gain a competitive advantage by undercutting social standards and reduce the pressure of unfair competition.

This booklet provides arguments and practical help for European works councils that are looking at international framework agreements as a way of securing minimum social standards.

It sets out why agreements of this kind make a practical contribution to international solidarity, why they are essential to union policy and have just as much long-term significance for workers at German production sites, why European works councils should raise the topic and what arguments they can use to demonstrate that concluding such agreements provide benefits to companies as well.

The booklet explains the typical contents of these agreements and describes step by step – from the initiation of negotiations to their successful conclusion – how European works councils can take up and implement this concept. It explains the significance of international framework agreements, discusses what they should cover and, in particular, describes how to approach the start of negotiations about an agreement of this kind and how to conclude them successfully.

Apart from a list of the abbreviations used, the annex contains references to materials that will provide further information, contact addresses for IG Metall and the global union federations IMF, IFBWW and ITGLWF, a summary of the ILO’s core labour standards, the IMF Model International Framework Agreement, examples of agreements that are already in place and the practical implementation of the agreement at Faber-Castell.

International framework agreements are a new instrument intended to secure minimum social conditions for workers all over the globe. There is not enough space in this guide to either fully explore the political background and practical potential of this new instrument or discuss all eventualities that may arise during the introduction and implementation of these agreements.

It is therefore not advisable to rely exclusively on this guide when opening negotiations and concluding an international framework agreement. At any event, use should be made of the support provided by the International/European department at the IG Metall headquarters. In addition to this, we recommend anyone who wishes to get involved in a project of this kind to attend one of the workshops on international framework agreements also organised by the International/European department.

International framework agreements – what are they?

In the course of globalisation, multinational companies have faced more and more criticism from the public and the unions. They find themselves increasingly exposed to accusations of trying to inflate their profits at the cost of workers' social interests and the general community by relocating production sites to exploit the absence of worker rights and environmental standards or their ineffective implementation in certain countries. In particular, brand companies are being attacked with greater frequency in public on account of their behaviour towards workers and the environment. At the same time, this public criticism has led to demands that a social framework be put in place for the world economy and that the observance of fundamental labour standards be anchored in the WTO agreements.

Consequently, multinational companies are becoming more interested in taking measures that protect their “good reputation” and quell demands for political solutions. In the last few years, this has led many multinational companies to draw up their own codes of conduct that refer to workers' interests and environmental concerns or to engage in the “Global Compact Initiative” established by the UN Secretary-General, Kofi Annan. Both offer starting points for unions and worker representative bodies seeking to enter into dialogue with corporate managements. However, they are not the solution to the problem, since the codes of conduct implemented unilaterally by companies often serve primarily as PR or marketing tools. In many cases, they do not satisfy the demands made by the unions concerning the content and monitoring of such codes of conduct. The unions have therefore developed the international framework agreement as an instrument with which it is possible to formally establish rules governing how companies behave towards their workers that will be observed all over the world.

International framework agreements are negotiated and agreed between multinational companies and worker representative bodies/unions. They are an instrument developed by the unions as a means of securing fundamental workers' rights at all a company's production sites around the world. When they conclude international framework agreements, companies should acknowledge their social responsibility for their workers along the entire production and value chain. This means that, where possible, these agreements should cover the production sites operated by suppliers as well.

Generally, international framework agreements recognise the core labour standards defined by the International Labour Organisation (ILO). In addition to this, companies should guarantee decent rates of pay and working times and ensure that the working environment is safe and does not damage workers' health. Furthermore, international framework agreements should include a section requiring suppliers to comply with their terms as well. Finally, it is necessary to ensure that international framework agreements provide for worker representative bodies and unions to be involved in their implementation, monitoring and verification.

Arguments for the conclusion of international framework agreements

International framework agreements make a practical contribution to international solidarity

The globalisation of the commodity and capital markets is advancing inexorably. Until now, however, it has not proved possible to impose even a minimum of globally applicable rules governing its social impact.

It is the responsibility of the individual states to supervise the observance of the International Labour Organisation standards. The ILO itself can only press for the observance of these standards, and is not able to impose sanctions where they are disregarded.

In contrast to the ILO, the World Trade Organisation (WTO) does have mechanisms for the imposition of sanctions. The inclusion of the ILO core labour standards in the WTO agreements, as is demanded by the unions, would make it possible for penalties to be imposed where the core labour standards were contravened. However, the WTO refuses to cooperate with the ILO and rejects the idea of introducing its own obligatory social rules. The unions are continuing to work for a form of social regulation that covers all the world's states by calling on governments to include the core labour standards drawn up by the ILO in the WTO agreements and implement them. However, they see little hope of success.

International framework agreements offer an opportunity to establish formal arrangements safeguarding the observance of the ILO core labour standards and other minimum social standards within individual companies. By negotiating international framework agreements with the managements of German parent companies that have production sites in the developing and newly industrialised countries, we can improve the working conditions of their workforces in those countries and do something concrete to exert a humane influence on globalisation.

Over the medium and long term, agreements of this kind will have a knock-on effect on the working conditions of the workers in nearby enterprises, as well as national and international law. In particular, this will be the case if international framework agreements are concluded with a large number of multinational companies.

International framework agreements are essential to union policy

Globalisation is breaking down national borders. To an ever greater extent, the workforces of multinational companies are not just being compared with and forced to compete against each other nationally, but on a European or global scale. National social standards are coming under increasing pressure as emphasis is placed on international competitiveness. At the same time, there is little hope that political measures can be taken to create a social framework for the world economy and in this way put a stop to the ruinous competition taking place at a global level.

It will only be possible to protect national standards over the longer term if we simultaneously campaign for the introduction and consolidation of global standards. Fundamental labour and environmental protection standards must be shielded from competition in order to prevent social and environmental dumping. Gaining acceptance for the core labour standards as universal workers' rights is a necessary first step towards this goal.

Securing the core labour standards places an absolute minimum limit on attempts to gain a competitive advantage by undercutting social standards and reduces the pressure of unfair competition. It represents a starting point for moves towards the global social regulation of working conditions. In concluding international framework agreements, the central managements of multinational companies recognise for the first time not just their responsibility for the people they employ around the world, but also a central level at which negotiations with their workforces can be conducted.

In the debate about the establishment of global minimum standards, this is the bottom rung of the ladder: a ladder that, in view of globalisation and the progressive lowering of the social standards once fought for and attained at the national level, we will have to climb further in the years to come.

International framework agreements can benefit companies too!

According to an OECD study from February 2001, the implementation of core labour standards has had a predominantly positive impact on the economy, trade and employment.

This offers a **competitive edge** because:

- workers who are treated fairly are more productive and remain loyal to the company;
- complying with core labour standards improves the company's image;
- raising working conditions to meet minimum standards leads to cost reductions which in turn increase productivity and product quality.

International framework agreements which ensure the involvement of the unions and workers' representatives when drawing up and implementing a code of conduct boost the credibility and increase the extent of control of the code.

EWCs should also be actively involved in international framework agreements!

European Works Councils, with the exception of a few global workers' representative bodies, are currently the sole international bodies which represent company workers. Acting in close cooperation with the global union federations, they therefore enjoy the greatest legitimacy to conclude agreements applying to entire groups in the interest of its workers.

By concluding international framework agreements, European Works Councils can do far more than simply making a useful contribution to development policy and a necessary one to trade union policy, they also gain a new area of activity as well as a foothold in the policy on collective bargaining and agreements with management. After all, the conclusion of an international framework agreement can also be in the interests of the company; basic rights of workers is an area which can be used particularly effectively to put moral pressure on company management.

But international framework agreements are not the EWCs' only area of activity. The usefulness of addressing this issue at present within EWCs should therefore be made the topic of intense discussion. We cannot forget that the conclusion of an international framework agreement does not just demand commitments from management but also requires commitments to be made by the EWC. The EWC, together with the unions, will then be responsible for ensuring that the agreement not only boosts the company image but also genuinely improves the situation for its workers

everywhere in the world. By concluding an international framework agreement, the EWC gains a new area for which it is responsible, but it must be prepared to take action in this respect.

There are often many reasons why the issue of concluding an international framework agreement is shifted to the back burner:

- Because other matters take priority, e.g. integrating EWC members from EU accession countries, developing communication and working structures, renegotiating EWC agreements, and so on.
- Because urgent problems need to be dealt with such as plant closures and relocations.
- Because at a given point in time the EWC in question thinks that other topics are more useful and more likely to be successful, e.g. occupational health and safety, vocational training, anti-discrimination etc.

Some of these very topics however could, or should, act as a catalyst for negotiations on an international framework agreement.

International framework agreements are not the only way of guaranteeing minimum social standards!

It is far better to have no international framework agreement at all than a weak one: a weak and toothless agreement only boosts the company image, but hardly ever results in an improvement in workers' conditions.

We need not rely on the conclusion of a weak agreement to secure minimum social standards for workers. The OECD guidelines for multinationals also provide us with a tool to combat the breach of basic rights of workers in multinationals.

The OECD guidelines contain recommendations from the governments to the multinationals based in their country, regardless of where they invest, urging them to comply with basic standards, including the ILO core labour standards. The companies are free to choose whether or not they comply with these recommendations; the OECD guidelines merely offer a way to increase moral and public pressure on companies. An excerpt from the OECD guidelines is contained in Annex 5.

National contacts have been set up in all OECD countries (in Germany, this is the Federal Ministry for Economic Affairs and Labour (*Bundesministerium für Wirtschaft und Arbeit*)) which the trade unions and works councils can contact if the guidelines are breached by a company in a non-OECD country. The contact is asked to deal with the problems and to help to find a solution. If an internal solution to the problem cannot be agreed upon by the relevant parties, the national contact is permitted to issue a public statement on the matter. Despite the fact that the OECD guidelines are not legally binding, an official public warning could put the company under significant pressure to comply with the basic rights of workers set out in the OECD guidelines.

Practical action guidelines

Initiators

IG Metall and the global union federations are aiming to conclude as many international framework agreements as possible in a bid to increase pressure on multinationals and governments. This does not automatically mean that they are the ones to take the initiative. Initiatives which stem from within the company itself – either coming from the national workers' representatives bodies at the company's headquarters, from European and, where available, World Works Councils or from a company based global union network - are particularly likely to yield results.

As virtually the only existing international body representing company workers, the European Works Councils are the best placed to take the initiative together with the national and global union federations.

First steps

Overview

It is important at the outset to gain an overview of where the company has set up subsidiaries and production sites across the globe. It is mainly in the developing and newly industrialising countries that companies breach basic labour standards. It is therefore important to keep a careful eye on company activities in these countries, such as those in southeast Europe (the Balkans) and the Commonwealth of Independent States (CIS). A list should be compiled to include the production site, the type of production and the number of workers. Company management, annual accounts, the company's intranet and the Internet could be useful sources of information for the list, as could IG Metall's research department. Bear in mind that subsidiaries belonging to the same group often do not operate under the same name as their parent company.

Mobilise support

A wide base of support is vital if the initiative and bargaining are to be successful. It is therefore necessary to involve the following people and bodies from the outset and to sensitise and mobilise them to provide active support:

Workers' representative bodies:

- the Local Works Councils
- the Central Works Council
- the Group Works Council
- the European Works Council
- the World Works Councils, where one exists

in the country, especially where German groups are concerned:

- the worker representatives on the supervisory board
- the labour directors

the trade unions:

- the trade union officers responsible for the plant or company
- the local branches of the IG Metall
- the International/European department of the IG Metall Executive Board
- European Industry Federations' affiliates that are represented in the company (EMF, ETUF-TCL; EFBWW)
- the global union federations¹

In all cases, the relevant global union federation (IMF, ITGLWF or IFBWW)² needs to be informed and involved from the very beginning. Contact should be made either directly (with a copy to the International/European department) or through the International/European department in the IG Metall Executive Board. Contact information is provided in Annex 7.

The task of the global union federation is to inform the unions and workers' representatives in the non-European countries and to establish contact between them and the workers' representatives in the parent group, enlisting the help of non-governmental organisations (NGOs) if necessary. They have an important role to play in implementing and monitoring the agreements, for which a regular and fast exchange of information is required. The International/European department in the IG Metall Executive Board should be relied upon to coordinate the entire process.

The International/European department can, if desired, organise training or information events for those colleagues who would like to open negotiations with the company towards the conclusion of an international framework agreement. The International/European department or the relevant global union federation could also provide support throughout the entire bargaining process.

Initiating and opening negotiation

International agreements are concluded at international level but their effects are felt at local level, in the individual production sites. Negotiation partners are group management.

There is no legal entitlement to start bargaining or to conclude an international framework agreement. The attitude of the group management and its willingness to start bargaining must be sounded out in advance. In many instances it is necessary to convince management of the benefits of an international framework agreement (see above). The workers' representatives on the supervisory board have an important role to play in this respect. If arguments are not enough to win management over, thought should be given to whether a public awareness campaign conducted within the group could increase the pressure on management to start bargaining.

The bargaining group should go into negotiations with management equipped with its own draft. The draft drawn up by the relevant global union federation should provide a starting point for negotiations. Existing international framework agreements could also be used as support.

¹ The International Trade Secretariats (ITSSs) changed their name to the Global Union Federation (GUF)

² IMF: International Metalworkers' Federation, ITGLWF: International Textile, Garment and Leather Workers' Federation, IFBWW: International Federation of Building and Wood Workers.

Negotiation group

Taken strictly, negotiating an international framework agreement is the role of the global union federations and their affiliates. However, for practical reasons the **workers' representatives and their trade unions which are based in the country in which the parent company has its headquarters**, are often called upon to act. They play a coordinating and leading role in the negotiation of the agreement. If the International/European department of the IG Metall Executive Board is not directly involved in the bargaining, it should be ensured that information is at least exchanged regularly (suggestions, amendments and so forth). This is advisable even before the first draft of the agreement is submitted to management.

The relevant global union federation (IMF, ITBLAV or IFBWW) should be actively involved in the bargaining process whenever possible. Information regarding the continuation of bargaining (suggestions, amendments and so forth) should at least be exchanged regularly. If the relevant global union federation is not directly involved in the bargaining, it should mandate the bargaining group, since the result of bargaining ends up particularly affecting workers in the production sites located in the developing and newly industrialising countries.

If a World Works Council (WWC) exists, its members should be involved in – if not lead - the bargaining. Those European Works Councils that function well also provide a strategic approach for concluding international framework agreements. The EWC and, where available the World Works Council, should be involved in the bargaining to lend further support to the demands. It goes without saying that the trade union advisor to the WWC, EWC or Central or Group Works Council should be involved in the negotiations.

Before the agreement is concluded, all **trade unions and workers' representatives in the production sites concerned** which were not directly involved in the negotiations should be consulted, since the agreement will also apply in their country. Such consultation can be ensured by the relevant global union federation. The **members of the EWC (or WWC)** should also be consulted if they were not involved in the negotiations.

Contents of the agreement

Negotiations are conducted on minimum social standards which apply to all workers employed by the company anywhere in the world and also to all employees of the company's subcontractors whenever possible. **The aim is to conclude an agreement based on the contents of the model code of the International Confederation of Free Trade Unions (ICFTU) of 1997, from which the model codes of the IMF, the ITBLAV and the IFBWW are derived.** (See Annex 3).

It is unacceptable for a company to be selective in applying core labour standards, to seek to apply them only at certain production sites or to declare that it will unilaterally monitor compliance with the agreement. Moreover, such an unsatisfactory agreement would pave the way for even worse agreements and would merely act as a 'fig leaf' for the company.

The trade unions have therefore devised guidelines for the contents of an agreement.

Minimum contents, without which an agreement must not be signed:

- The negotiated minimum social standards must expressly include all ILO core labour standards.
 - Freedom of association and the recognition of the rights to collective bargaining (Nos. 87 and 98).
 - Prohibition of child labour (Nos. 138 and 182).
 - Prohibition of forced labour (Nos. 29 and 105).
 - Prohibition of discrimination (Nos. 100 and 111)³.
- Enforcement of core labour standards must be established.
- The agreement must apply to all workers employed by the company everywhere in the world.
- The workers affected by the agreement must be informed of the fact that it exists.
- Monitoring and control of the provisions in the agreement must be conducted jointly by management representatives and workers' representatives and/or the unions.

This should make it clear that the unions and works councils consider the ILO core labour standards – in full compliance with the ILO Declaration – to be minimum basic rights of workers and that they expect these standards also to be explicitly acknowledged by multinationals. The agreement of core labour standards therefore has a symbolic political importance as well as a practical one.

- **Anchoring trade union rights is particularly important.** This is because on the one hand they are actionable rights; they prevent companies from being able to openly obstruct unionisation and the activities of the unions in the company and hence improve the situation for unions to organise activities on their terms. By means of unionisation and trade union activities, workers are able to stand up for the protection of their interests themselves and get social standards raised. The establishment of union rights is also important because the unions are on the defensive throughout the world and are put under pressure, which makes it even more important to spur on unionisation across the globe.
- **The agreement must apply to all workers employed by the company everywhere in the world.** The core labour standards are international basic rights of workers. The agreement must therefore not exclude certain regions or countries.
- The international framework agreements in Ford and GM Europe are restricted to Europe since it was not possible to achieve a global agreement covering the entire group. In these cases, the European agreements mark the achievement of an intermediate goal, which should lead on to the conclusion of a global agreement in the medium-term.
- **The workers affected by the agreement must be informed of the fact that it exists.** A translation of the agreement into the various national languages, the display and distribution

³ The eight core labour standards are described in more detail in Annex 1.

of it in the companies as well as a comprehensive and comprehensible explanation of the agreement to workers is necessary and is to be provided by the company.

- **The monitoring and verification of provisions in the agreement** must be carried out jointly by management representatives and workers' representatives and/or unions.

Additional clauses

The ICFTU and the global union federations have also suggested including the following additional clauses in an international framework agreement. They should aim to be included, but if they cannot be, this does not represent an obstacle for the conclusion of an agreement. They may also be negotiated in subsequent processes.

- **Additional minimum social standards**
 - Positive attitude from the company as regards trade unions and unionisation campaigns.
 - The agreement not to hire strike breakers during strikes.
 - Minimum wages and salaries on the basis of national regulations or average salaries set by the industry.
 - Regulated working time according to averages set by the industry and to ensure that the health of workers and other aspects of working life are not detrimentally affected.
 - Decent working conditions: occupational health and safety, safe and healthy environment.
 - A stable employment relationship.
- **Inclusion of supply chains**
- **Inclusion of environmental standards**
- **Bargaining training for workers' representatives**

For the inclusion of supply chains: negotiations should be undertaken with a view to making companies agree to take measures to oblige, or at least request, their suppliers to conclude a similar agreement. Companies usually try to avoid including their suppliers. They argue that it is not possible to control enforcement of the agreement, that the supply chains are too long and many other things besides. What is important is that the company undertakes to urge its subcontractors to conclude a similar agreement and, where possible, to take account of the subcontractor's conduct in future business relations. Once a significant number of large companies have signed and applied international framework agreements, the subcontractors will be more willing to follow suit.

The extent to which it is sensible to conclude an agreement without the involvement of the supply chain should be assessed specifically for each individual case in the light of the company configuration (vertical range of manufacture and importance of subcontractors for overall value added).

Conclusion of the agreement

The relevant global union federation should always sign the agreement, not so much because they developed the instrument of international framework agreements together with the ICFTU, but rather because the relevant global union federation represents the affected trade unions in the developing and newly industrialised countries and often acts as their spokesperson. It also provides important support in the implementation of the agreement since it establishes contact with the affected trade unions in the developing and newly industrialised countries and can also ensure a flow of information in the absence of international workers' representative bodies.

The global union federation can also mandate a member of the Executive Board on the IG Metall or a member of the negotiating group to sign the agreement on its behalf (this is normally the trade union officer(s) responsible for advising the company's employees' representatives). In all cases however, the name of the global union federation must be clearly marked on the document.

After the agreement has been signed, all workers employed by the company must be informed of its contents in the appropriate national language.

This is vital for the implementation of the agreement and is the responsibility of the company. However, the relevant global union federation should also ensure that the agreement is published and disseminated.

Implementation of the agreement

Monitoring compliance with agreed minimum social standards is normally no easy task. This is particularly true for the production sites of multinationals and even more so if subcontractors are included. The number of company production sites that need to be monitored is generally too high for inspections to be carried out by works councils and trade unions from the group's country of origin.

In principal, there are three possibilities for monitoring compliance with the agreement:

- (1) the unions and workers' representative bodies set up their own monitoring system (with the help of NGOs if necessary).
- (2) management develops a monitoring procedure.
- (3) independent institutions are enlisted to carry out external evaluations.

It is not the responsibility of the unions to set up complex monitoring systems themselves. The monitoring procedure can also be conducted according to certain criteria by independent institutions or internal company departments.

The workers' representatives and unions must, however, have the right to information, control and advice in connection with the agreement and the selected monitoring procedures. They must be entitled to lodge complaints on behalf of the parties concerned and to discuss and take action together with management in order to improve measures.

A special EWC committee (ideally enlarged to include a representative of the global union federation and workers' and/or trade union representatives in the non-European sites) or a WWC committee could, for example, be set up to exercise this right to information, control and advice.

An important point of conflict between company management and the unions is the issue of the degree of commitment and the form the monitoring takes. In this respect, the overriding aim must be a mutual understanding between management and workers' representatives in order to fulfil the agreement in practice, to view it as a company guideline and by doing so to accept a learning process which can span several years.

Although the company bears the main responsibility for respecting the agreement and sets up an internal or external monitoring procedure, this should not entirely be left up to the company. The unions and workers' representative bodies should set up their own, albeit less systematic, control system.

This requires contact with workers' representatives and their unions in all production sites to be taken up or improved. If this is not possible, national and regional networks of workers' representatives and unions can be created. Free and democratic unions in the production sites must be supported so that they are capable of exercising their rights mentioned above. Those places with no workers' representative bodies or union representation should be offered support in setting them up. IG Metall and the relevant global union federation have an important role to play in this respect.



Outlook

As was the case at the beginning of the 90s with the creation of the first European Works Council in Europe, we are now taking the first steps towards setting up international workers' representative bodies. International framework agreements are also uncharted territory for us and there is still very little experience of the practical implementation of these agreements.

Practice over the next few years may reveal the weaknesses of current agreements but will also highlight their strengths more clearly. A level of action which incorporates regions of the world beyond Europe can only be developed one step at a time. The practical experience with existing international framework agreements will help in this respect. In time, a standard will develop which generations to come will be able to use as a benchmark.

If international framework agreements are to be successful, information must be shared between them and an interest must be shown in the working conditions of workers employed by a company (and its subcontractors) everywhere the world. This requires more than simply minimum *standards*, as set out in the international framework agreements; a minimum level of *structures* enabling information to be exchanged and communication to function is also necessary. We will have to strengthen the links that unite us by exploiting our know-how and making the most of the support offered by the global union federations. We will also be more forceful when approaching management with our demand to back the creation of international workers' representative bodies.



(Quelle: Martin-Luther-Kirche, 36199 Rotenburg/F.)

A n n e x

Annex 1

The eight core labour standards of the International Labour Organization (ILO)

The International Labour Organization (ILO), founded in 1919, is the UN specialised agency which seeks to promote social justice and internationally recognised human and labour rights. It formulates international labour standards in the form of Conventions setting minimum standards of basic labour rights. To become legally binding, these standards have to be ratified by the ILO's member States in their national legislative processes and transposed into national law.

The ILO has a tripartite structure in which representatives of trade unions and the employers' federations from all the member States complement the government representatives of the member States by exercising wide-ranging participation and co-decisionmaking rights in all of the ILO bodies.

In June 1998 the International Labour Conference adopted the Declaration on Fundamental Principles and Rights at Work, which set down the following eight labour standards.

Freedom of association and the effective recognition of the right to collective bargaining:	
Convention 87 (of 1948):	Freedom of association and protection of the right to organise: establishes the right of all workers and employers to form and to join organisations of their own choosing; guarantees them the freedom to organise their own activities without any interference from the public authorities (ratified by 137 countries). ¹
Convention 98 (of 1949):	Right to organise and right to collective bargaining: protection against acts of discrimination based on union membership; protection of workers' and employers' organisations against acts of interference; measures to promote collective bargaining (ratified by 149 countries).
Elimination of all forms of forced or compulsory labour:	
Convention 29 (of 1930):	Forced labour: the suppression of all forms of forced labour; certain exceptions in the case of military service, convicted prisoners and in emergencies such as war, fire or earthquake (ratified by 158 countries).
Convention 105 (of 1957):	Abolition of forced labour: prohibition of all forms of forced labour as a means of political coercion or political education or as a punishment for expressing political or ideological views.

¹ The figures reflect the number of ratifications as at 12 July 2001. The ILO has 175 member States. Up to now 99 ILO member States (including Germany) have ratified all the agreements concerning the core labour standards. Thirty-three States have ratified seven of the agreements concerning the core labour standards, 14 countries have ratified six agreements and 10 States have ratified a total of five of the above-mentioned agreements.

	as a method of mobilising labour or as a punishment for having participated in strikes (ratified by 156 countries).
Elimination of discrimination in respect of employment and occupation	
Convention 111 (of 1958):	Discrimination in employment and occupation: elimination of discrimination in access to employment, training and conditions of employment, made on the basis of race, colour, gender, religion, political opinion, national extraction or social origin; guaranteeing equality of opportunity and treatment (ratified by 151 countries).
Convention 100 (of 1951):	Equal pay for men and women workers for work of equal value (ratified by 153 countries).
Effective abolition of child labour	
Convention 138 (of 1973):	Minimum age for employment: abolition of child labour; the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling (ratified by 111 countries).
Convention 182 (of 1999):	Prohibition and immediate action for the elimination of the worst forms of child labour (ratified by 87 countries).

The Declaration on Fundamental Principles and Rights at Work calls on all member States of the ILO to recognise and implement the core labour standards as world-wide fundamental rights of men and women workers, even if they have not ratified these eight Conventions or have not completely ratified them.

The ILO has only limited means to achieve the legal enforcement of these minimum standards. Furthermore, as international law the ILO standards are only binding on states, not on companies. The ILO is therefore dependent upon the good will of the individual states in relation to legal implementation and monitoring of compliance. International framework agreements at company level are an instrument for putting the ILO standards into effect by a different route.

These eight core agreements express fundamental maxims of the ILO for orientation and action, which are also reflected in a large number of other agreements and recommendations as (a total of 184 Conventions and 194 Recommendations concerning various areas - including labour protection, social policy, working conditions, migration and child employment).

Since the ILO core labour standards only cover the worst forms of exploitation of human labour, more far-reaching minimum social standards, first and foremost those listed in the IMF specimen draft, are necessary in order to attain a minimum level of social security.

(More detailed information about the ILO core labour standards is available on the Internet: <http://www.ilo.org/public/english/standards/norm/>)

Annex 2

Excerpt from the OECD Guidelines for Multinational Enterprises regarding employment and industrial relations

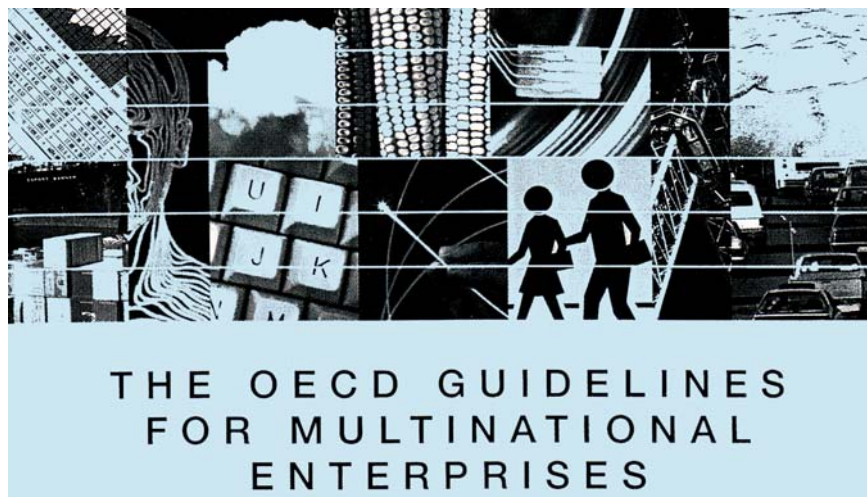
Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

1. a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions;
- b) Contribute to the effective abolition of child labour.
- c) Contribute to the elimination of all forms of forced or compulsory labour.
- d) Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.
2. a) Provide facilities to employee representatives as may be necessary to assist in the development of effective collective agreements.
- b) Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment.
- c) Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.
3. Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.
4. a) Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country.
- b) Take adequate steps to ensure occupational health and safety in their operations.
5. In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.
6. In considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representa-

tives of their employees, and, where appropriate, to the relevant governmental authorities, and co-operate with the employee representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.

7. In the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organise.
8. Enable authorised representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.

The complete text of the OECD Guidelines for Multinational Enterprises (Revision 2000) are available via Internet: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>



Annex 3

DRAFT

IMF Model for an International Framework Agreement

PREAMBLE

1. Economic globalisation is lowering barriers to the movement of goods, services and capital, and allowing transnational businesses to create global production and distribution networks. Business enterprises strive to provide a return to their investors, but along with this basic mission goes a social responsibility: to advance the welfare of the societies in which the business implants itself.
2. A minimum requirement for fulfilling this responsibility is safeguarding the environment, observing the core labour standards of the International Labour Organisation, and providing decent wages and working conditions for [company] employees.
3. [Company] recognises its responsibilities to workers for the conditions under which its products or services are made and that these responsibilities extend to all workers producing products or services for [company] whether or not they are employees of [company].
4. [Company] will require its contractors, their sub-contractors, principal suppliers and licensees (franchise-holders) to provide the conditions and observe the standards of the following code when producing or distributing products or components of products for [company]. [Company] will, prior to placing orders with principal suppliers, engaging contractors and subcontractors or granting licenses, assess whether the provisions of this Code will be met. [Company] will use its influence to ensure that its contractors and subcontractors sign similar codes of conduct with their respective union (s).

DEFINITIONS

5. For the purposes of this code the term contractor shall mean any natural or legal person who contracts with [company] to perform work or provide services. The term "sub-contractor" means any natural or legal person who contracts with a contractor, as defined above, for the purpose of performing work or providing services related to or as part of an agreement with [company]. The term "principal supplier" means any natural or legal person who provides [company] with materials or components used in the final products, or the final products, sold by [company].

The terms "licensee" and "franchise-holder" mean any natural or legal person who, as part of a contractual arrangement with (name of company), uses for any purpose the name of (name of company) or its recognised brand names or images.

In the following text the term contractor(s) shall refer to all contractors, their sub-contractors, principal suppliers and licensees (franchise-holders).

PROVISIONS

6. [Company] and its contractor(s) involved in the production and/or distribution of products for [company] shall ensure that:

Employment is freely chosen

There shall be no use of forced, including bonded or involuntary prison, labour (ILO Conventions 29 and 105). Nor shall workers be required to lodge "deposits" or their identity papers with their employer, including labour supplying companies providing labour to (company).

There is no discrimination or intimidation in employment

Equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, sexual orientation, social origin or other distinguishing characteristics shall be provided (ILO Conventions 100 and 111).

Physical and psychological abuse, the threat thereof, and intimidation by the employer are strictly prohibited.

Child labour is not used

There shall be no use of child labour. Rules set by the ILO Convention 138 on minimum age for employment, or national regulations, whichever set higher standards, shall be adhered to. Companies shall provide economic assistance to guarantee education opportunities to any replaced child workers. A child worker, when found employed by [company] or its suppliers, should be replaced whenever possible by somebody from the family in order to maintain the family income.

Freedom of association and the right to collective bargaining are respected

The right of all workers to form and join trade unions and to bargain collectively shall be recognised (ILO Conventions 87 and 98). Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143).

The company will adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities. During labour-management conflicts [company] will not hire new workers to replace those involved in the dispute.

Decent wages are paid

Wages and benefits paid for a standard working week shall meet at least legal and industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Hours of work are not excessive

Working time, including overtime, must be regulated to ensure that it does not impair worker health and other aspects of productive life. In unionised workplaces, the length and terms of overtime must be collectively bargained and in non-unionized workplaces, overtime must be voluntary. Excessive overtime cannot be justified and must be eliminated. Overtime shall not be a substitute for inadequate regular wages.

Working Conditions are decent

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

IMPLEMENTATION

7. The [company's] workers shall be informed, verbally and in writing, of all of the provisions of this Code.

8. [Company] will require its contractor(s) to support and co-operate in the implementation and monitoring of this code by giving the monitoring group described below unlimited access to its facilities and by making all relevant information available to the group in a timely fashion.

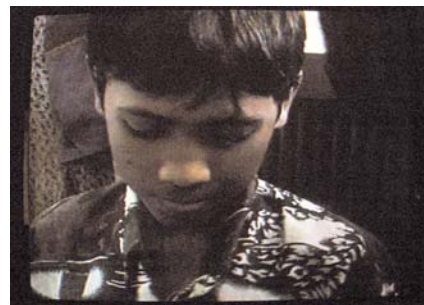
9. Contractor(s) found to be in breach of one or more terms of the code shall take the measures necessary to be in conformity with the Code and, failing that, lose the right to produce or organise production of goods for [company].

10. Questions as to the interpretation of the meaning of the provisions of the code shall be resolved according to the procedure outlined in the monitoring agreement.

11. The provisions of this code constitute only minimum standards. [Company] does not intend, will not use, and will not allow any contractor(s) to use these minimum standards and conditions as maximum standards, or as the only conditions permitted by [company], or to serve as the basis for any claim as to what standards or conditions of employment should be provided.

12. Principles of monitoring implementation:

- A monitoring group, consisting of an equal number of [company] management and union representatives must be created.
- In case of deadlock, arbitration will be handled by the ILO or a neutral party agreed upon by [company] management and the union side.
- [Company] shall bear the cost of all monitoring activities.



Annex 4

Examples for International Framework Agreements

- A) Codes of Conduct of GEA AG
- B) Social Responsibility Principles of DaimlerChrysler
- C) Declaration on Social Rights and Industrial Relationships at Volkswagen
- D) Triumph International's Code of Conduct
- E) Agreement on a Code of Conduct at Faber Castell

A) GEA European works council Codes of Conduct of GEA AG Bochum 5.6.2003

Agreement

With respect to the Codes of Conduct of GEA AG

Preamble

As a company that operates worldwide with in excess of 14,000 employees in more than 200 individual subsidiaries GEA AG declares its support to open and fair world trade as a decisive requirement for further global economic growth. It will support to the best of its ability the combatting of underdevelopment in third world countries and stands by its social responsibility. In this context it welcomes the principles of the “Global Company” and within the continuing process of internationalisation supports all the internal and external initiatives of a corporate social responsibility (CSR). It agrees to observe, secure or further extend the generally accepted ILO core working standards and human rights. The guiding principles of the OECD for multinational companies are thus applied by GEA AG!

The parties to the agreement are convinced that the economical, environmental and social objectives within the framework of corporate development based on sustainable development can be combined with the medium and long-term strategic visions and plans and also with the daily corporate decisions. The executives and employees with their values and abilities attempt to comply with these general leitmotifs at all times in accordance with the GEA corporate culture and in the interests of ensuring customer satisfaction and also international competitiveness. The following binding rules have been stipulated in the following areas in knowledge of the mutual responsibility and in the conviction that this agreement makes an important contribution towards improved cross-border cooperation within the entire GEA group and also towards overcoming cultural and linguistic barriers:

- Human rights and equality of opportunity
- Promotion of the social, employment and environmental policy responsibility
- Cooperation and freedom of association
- Enhancement of the worldwide social dialogue
- Observation and advancement of generally accepted core working and cultural standards

Section 1 Subject matter of the agreement

1.1 Human rights

The parties to the agreement accept and support the extension of the general human rights in particular within the scope of its local/regional intervention options and towards their partners worldwide.

1.2 Equal opportunities and discrimination

The equality of all opportunities for the employees regardless of the colour of their skin, race, sex, religion, political opinion, nationality, sexuality, social origins or other differing characteristics is guaranteed (ILO Agreement No. 100 and 111).

The parties to the agreement stress the principle of equality of opportunity with a great deal of respect and clearly speak against discrimination and alienation and for integration and tolerance and also in particular the observation of women's rights not just amongst the employees, but also between and with the executives.

The interaction between the employees and the company management of GEA AG is characterised by mutual respect, understanding and mutual trust in the interests of achieving the joint corporate objectives. Intimidation and the abuse of employees or a hostile working environment will not be tolerated and must be immediately brought to an end.

1.3 Freedom of association / the role of the employees' representatives and trade union rights

The rights of the employees of GEA AG to freely form trade unions of their choosing or to join them and also to carry out collective bargaining are recognised (ILO agreement no. 87 and 98).

GEA AG and the company and trade union employees' representatives will cooperate in a frank manner whilst observing their respective mutual interests in a frank and constructive manner. The parties strive to ensure a fair balancing of the economic interests of the company with the interests of the employees.

1.4 Free choice of employment and contracts of unlimited duration

GEA rejects all forms of compulsory labour (ILO agreement no. 29 and 105). Child labour is forbidden (ILO agreement no. 138 and no. 182). The minimum age of the employees is based on the respective state laws or collectively agreed regulations. Contracts of unlimited duration always take priority over temporary contracts.

1.5 Remuneration / payment

The right of remuneration/payment to secure the employees' existence is recognised for all employees (***ILO agreement no. 100***). The remuneration / payment and the other benefits (social benefits, vacation or similar benefits) take account of the principle of fairness and at least correspond to the respective national, statutory standards or the minimum standard of the respective sector.

1.6 Working hours

The working hours including overtime may not permanently exceed the existing statutory and/or collective agreement standards in the respective countries and /or the international standards. The parties to the contract fundamentally reject overtime pay as a substitute for insufficient remuneration. However, if overtime pay should be paid then the remuneration will be based on the respective statutory and/or collective agreement regulations.

1.7 Qualification

The existing abilities and skills of the employees are of outstanding significance for GEA AG at all locations throughout the world in order to secure the company's future. GEA AG therefore supports and promotes all the need-based qualification schemes of the employees, which are suitable to extend and consolidate their professional knowledge that is necessary for the job. The

training and advanced vocational training will be attributed particular importance during the subsequent phase of development.

1.8 Employment and health protection

Employment and health protection as well as safety at work take the highest priority. GEA provides health and safety conditions at the workplaces that at least meet the respective national standards. Within this framework the necessary measures to further extend and guarantee health and safety at the workplaces will be promoted and the working conditions will be further improved. A particular right of proposal with respect to the employment and health protection of the national and international employees' representatives is expressly recognised.

1.9 Environment

The products and services of GEA AG should also meet the highest environmental standards in the future. The protection of the environment as well as the improvement of the environmental and living conditions are top priorities for the parties to the agreement. 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.

2. Execution and implementation of the agreement

2.1

The codes of conduct of GEA AG are binding within the company throughout the world. They obligate executives and employees at all levels to observe, accept and promote the agreed objectives. The management of the respective company units, and, where they exist the employees' representatives are responsible for ensuring this.

2.2

The codes will be made accessible in an appropriate form to all the management teams, interest representatives and employees throughout the group.

2.3

GEA AG expressly supports and encourages its business partners to apply or consider the agreed codes in the respective in-house corporate policy. It takes the view that these codes represent an advantageous basis for subsequent business relations in the future.

2.4

All the employees have the right to address subjects and problems in conjunction with the agreed principles. They will not suffer any disadvantages and / or sanctions as a result.

2.5

The parties to the agreement will ensure the observation of the agreement to the extent that they are able to do so. Information with respect to problems, deviations or necessary changes of the codes will be exchanged and discussed at least once a year between the parties to the agreement. This exchange of information will take place in the EWC and in the EWC presiding committee.

Bochum, date

for the Board

for the EWC

Peter Schenk
CEO

Jan Hansen / EWC chairman

Ferdinand Steves
Board Member / Labour Director

Joined on the day of signing for the
International Metalworkers' Federation
(IMF) and the European Metalworkers
for IMF / EMF

Klaus Zwickel
President of the International
Metalworkers' Federation (IMF)

Joachim Stöber
Coordinator of EMF

B) Social Responsibility Principles of DaimlerChrysler

Preamble

DaimlerChrysler acknowledges its social responsibility and the nine principles that form the basis of the Global Compact. In order to achieve these shared goals, Daimler Chrysler has agreed upon the following principles with the international employee representatives. We support the United Nations' initiative and want to work with other companies and institutions to prevent the irreversible process of globalization from causing fear and alarm among the people all over the globe; we want to show the human face of globalization, among other things by creating and preserving jobs.

We are convinced that social responsibility is an important factor for the long-term success of our company. This also applies to our shareholders, business partners, customers and employees. Only then can we contribute towards world peace and prosperity in the future. Heeding this responsibility, however, requires that we be competitive and remain so in the long term. Taking social responsibility is indispensable for a value-based company management.

The following principles, that are orientated at the conventions of the International Labor Organization, have been implemented by DaimlerChrysler worldwide, and in establishing them, diversity in culture and social values have been duly acknowledged and heeded.

Human rights

DaimlerChrysler respects and supports compliance with the internationally accepted human rights.

Forced Labor

DaimlerChrysler condemns all forms of forced and compulsory labor.

Child Labor

DaimlerChrysler supports the effective abolition of exploitative child labor. Children must not be inhibited in their development. Their health and safety must not be adversely affected. Their dignity must be respected.

Equal opportunities

DaimlerChrysler undertakes to uphold equal opportunities with respect to employment and to refrain from discrimination in any form unless national law expressly provides for selection according to specific criteria. Discrimination against employees based on gender, race, disability, origin, religion, age or sexual orientation is not acceptable.

Equal pay for equal work

Within the scope of national legislation, DaimlerChrysler respects the principle of "equal pay for work of equal value", e.g. for men and women.

Relations with employees and employee representatives

- DaimlerChrysler acknowledges the human right to form trade unions. During organization campaigns the company and the executives will remain neutral; the trade unions and the company will comply with basic democratic principles, and thus, they will ensure the employees can make a free decision. DaimlerChrysler respects the right to collective bargaining. Elaboration of this human right is subject to national statutory regulations and

existing agreements. Freedom of association will be granted even in those countries in which freedom of association is not protected by law.

- • Cooperation with employees, employees' representatives and trade unions will be constructive. The aim of such cooperation will be to seek a fair balance between the commercial interests of the company and the interests of the employees. Even where there is disagreement, the aim will always be to work out a solution that permits constructive co-operation in the long term.
- • It is the aim of the company to involve and inform the individual employees as directly as possible. Conduct towards and communication with employees shall be characterized by respect and fairness.

Working conditions

DaimlerChrysler is opposed to all exploitative working conditions.

Protection of health

DaimlerChrysler ensures health and safety at the workplace to a level no less than required by national legislation and supports the continuous improvement of working conditions.

Compensation

DaimlerChrysler honors the right to reasonable compensation of a level no less than the legally established minimum-wage and the local job market.

Working hours

DaimlerChrysler guarantees compliance with national provisions and agreements regarding working hours and regular, paid holidays.

Training

DaimlerChrysler supports training of employees with the aim of good performance and high quality work.

Suppliers

DaimlerChrysler supports and encourages its suppliers to introduce and implement equivalent principles in their own companies. DaimlerChrysler expects its suppliers to incorporate these principles as a basis for relations with DaimlerChrysler. DaimlerChrysler regards the above as a favorable basis for enduring business relations.

Implementation procedure

These principles are binding upon DaimlerChrysler throughout the world. For all employees, including executives, the principles will be set down in the Integrity Code and then implemented. These principles will be made available to all employees and their representatives in an appropriate form. The methods of communication will be previously discussed with the employee representatives.

The senior managers of each business unit are responsible for ensuring compliance with these principles; they will take appropriate measures in respect of implementation. They will designate contacts to whom business partners, customers and employees can turn in case of difficulty. Any complaint brought to the managers' attention in this way shall not result in adverse consequences for the complainant. Corporate Audit will also examine compliance with these principles in its reviews and will include them in the audit criteria.

Minimum Social Standards in Multinational Groups

In addition, Corporate Audit has established a general open line. This shall be the point to accept allegation of non-compliance with these principles at a decentralized level. Upon indication of violation, Corporate Audit will take appropriate action.

The corporate management will regularly report to and consult with the international employee representatives on social responsibility of the company and the implementation of these principles.

Auburn Hills, September 2002

DaimlerChrysler

for the DC World Employee Committee
on behalf of the International Metalworkers Federation (IMF)

Jürgen E. Schrempp

Günther Fleig

Erich Klemm

Nate Gooden

C) Declaration on Social Rights and Industrial Relationships at Volkswagen

Preamble

Volkswagen documents fundamental social rights and principles with this declaration. The social rights and principles described in this declaration represent the basis of Volkswagen Corporate Policy. The social rights and principles described in this declaration take the Conventions of the International Labour Organisation concerned into consideration.

The future security of the Volkswagen Group and its employees ensues from the spirit of cooperative conflict management and social commitment, on the basis and with goal of ensuring economic and technological competitiveness. A particular expression of social commitment is in the security and development of employment opportunities. The globalisation of Volkswagen is essential to secure the future of the company and its employees.

Volkswagen and its employees face the challenges of globalisation together. Together they should utilise the opportunities for the success of the company and the workforce, while limiting potential risks.

Volkswagen AG, the Group Global Works Council of Volkswagen AG and the International Metalworkers' Federation agree on the following goals for the countries and regions represented in the Group Global Works Council. The realisation of the following goals ensues under the consideration of applicable law and prevailing customs in the different countries and locations.

§ 1 – Basic Goals

1.1. Freedom of association

The basic right of all employees to establish and join unions and employee representations is acknowledged. Volkswagen, the unions and employee representatives respectively work together openly and in the spirit of constructive and co-operative conflict management.

1.2. No Discrimination

Equal opportunity and treatment, regardless of race, skin colour, sex, religion, citizenship, sexual orientation, social origin or political persuasion (as far as it is based on democratic principles and tolerance towards persons thinking differently) is assured.

Employees will be chosen, hired and promoted only based on their qualifications and abilities.

1.3. Free Choice of Employment

Volkswagen rejects any knowing use of forced labour and indentured as well as debtor servitude or involuntary prison labour.

1.4. No Child Labour

Child labour is prohibited. The minimum age for acceptance for employment in accordance with governmental regulations will be observed.

1.5. Compensation

The compensation and benefits paid or received for a normal work week correspond at least to the respective national legal minimum requirements or those of the respective economic sectors.

1.6. Work Hours

The work hours correspond at least to the respective national legal requirements or to the minimum standards of the respective economic sectors.

1.7. Occupational Safety and Health Protection

Volkswagen meets at least the respective national standards for a safe and hygienic working environment and in this context will undertake appropriate measures to assure health and safety in the work place so that healthy employment conditions are assured.

§ 2 Realisation

2.1.

The employees of Volkswagen will be informed about all of the provisions of this declaration. Within the context of the respective plant practice, unions or existing elected employee representatives will have the possibility to inform the workforce together with representatives of management.

2.2.

Volkswagen supports and expressly encourages its contractors to take this declaration into account in their own respective corporate policy. It views this as an advantageous basis for mutual relationships.

2.3.

At the suggestion of the Board of Management of Volkswagen AG or the Volkswagen Group Global Works Council, this declaration and its realisation will be discussed and considered with representatives of management of Volkswagen AG within the framework of the meeting of the Group Global Works Council. If necessary, appropriate measures will be agreed upon.

2.4.

Third parties cannot drive or enforce any rights from this declaration. This declaration enters in to force on the day it is signed. It has no retroactive effects.

Bratislava, 6th June 2002

for
the Group Global
Works Council

for
Volkswagen AG

for
International
Metalworkers' Federation

D) Triumph International's Code of Conduct

Based on the "Corporate Image of TRIUMPH INTERNATIONAL"

and the "Charter of the European Social Partners of the Textile- and Clothing Sectors"

the Management of TRIUMPH INTERNATIONAL

and the European Works Council of TRIUMPH INTERNATIONAL

agree to the following

Code of Conduct

Introduction

TRIUMPH INTERNATIONAL has been active in Germany for 115 years and internationally for over 50 years. So, over several generations, a continuous contribution has been afforded to the prosperity of employees as well as a considerable spur to economic development in some disadvantaged regions.

TRIUMPH INTERNATIONAL is aware of the responsibilities that arise from its international business activities and the employment of a labour force world-wide. TRIUMPH INTERNATIONAL acknowledges that these responsibilities extend to all employees who produce TRIUMPH INTERNATIONAL products regardless of whether they are employees of TRIUMPH INTERNATIONAL or not.

Both parties emphasise the paramount importance of the protection of human rights laid down in the "General Declaration of Human Rights". The parties are governed by the relevant agreement from the IOA and Global Compact of the United Nations for the regulation and furtherance of working and economic relations.

The parties declare themselves in favour of open and fair world trade, because in this respect they see the best prerequisites for a profitable and lasting development of the company and consequently for more secure jobs.

TRIUMPH INTERNATIONAL commits itself to follow the minimum standards and recommendations listed below;

1. Working Voluntarily – Illegal Forced Labour

Employment within TRIUMPH INTERNATIONAL companies is exclusively on the basis of a voluntary agreement. Any kind of forced labour, carried out in servitude/bondage or through imprisonment is prohibited (ILO-Agreement 29 and 105)

2. Union- and Freedom of Wage Negotiations

Every employee has the right to establish and join unions and the right for wage negotiations is acknowledged. (ILO Agreement 87 and 98).

Employee - representatives must not be discriminated against and must have access to all necessary work places so that they are able to look after their representation function. (ILO-Convention 135 and Recommendation 143).

3. Actual exclusion of child labour

Children and juveniles must not be employed. Only persons are employed who when taking up their job have reached the age of 15 or passed the compulsory school age. (ILO-Convention 138).

4. Discrimination is forbidden

All employees are exclusively employed on the basis of their ability and suitability. Any kind of different treatment or discrimination of persons because of their descent, colour, religion, nationality, origin, political or union involvement or employment or because of sex or age has to cease. (ILO Convention 100 and 111).

5. Appropriate remuneration and occupational advancement

TRIUMPH INTERNATIONAL grants its employees an earned income that is orientated to comparable standards in the relevant country and is within the general remuneration guidelines of TRIUMPH INTERNATIONAL.

Wages and other performance related payments conform to the legal or, for the industry applicable, minimum wage, which is enough to fulfil the basic needs of the employee and also leaves an amount, for free disposal.

Before taking up employment all employees receive in writing understandable information regarding the wage conditions exact particulars regarding their wages for each period of payment.

Capable employees are supported and whenever possible within the framework of the respective personnel development taken into consideration for future management function.

All employees are offered an up to date working environment, whereby the general working conditions were created under protection of the relevant national standards and rules.

6. Job Security and Health & Safety

A safe and hygienic working environment is guaranteed at the place of work. Health and Safety measures are promoted under consideration of up to date knowledge and possible specific dangers within the industry.

Prohibited are physical mistreatment, threatening and physical force and mistreatment, unusual punishment or disciplinary measures, sexual and other molestation or intimidation.

7. Regular working hours

Working hours are set according to the current laws and the industry norm. Generally, a working week is not more than 48 hours and all employees receive at least one day off within a period of 7 days. Overtime is voluntary and as a rule restricted to no more than 12 hours per week. Each time this is compensated with an additional overtime payment, provided nothing different is agreed within flexible working arrangements.

Suppliers and Licensees Commitment

TRIUMPH INTERNATIONAL binds contractors, sub-contractors, suppliers and licensees to support and participate in the monitoring of the Code of Conduct; by:

- providing TRIUMPH INTERNATIONAL with the relevant information regarding their activities
- Allowing the work place and activities to be checked at any time
- Recording the names, age, working hours and wage level of all the employees and make this documentation available upon request;
- Informing the employees concerned verbally and in writing regarding the setting up of this Code of Conduct.
- Apart from disciplinary measures, dismissals or other discrimination of employees; passing on information about the keeping of the Code of Conduct.

If a supplier violates one or more of the regulations contained within this Code of Conduct, the company concerned will be approached to instigate immediate measures to correct this. Should the requested corrective measures not be carried out TRIUMPH INTERNATIONAL can stop the actual production, annul existing orders, suspend future orders or terminate the business relationship.

Implementation Rules

TRIUMPH INTERNATIONAL commits itself to take the necessary steps for the implementation of the Code of Conduct; by;

- establishing where responsibility belongs within the Company on all questions in connection with the Code of Conduct.
- instructing in particular supervisors and operational employee representatives in a suitable way regarding the contents of the described standards, recommendations and aims.
- ensuring that all employees know the Code of Conduct. For this purpose TRIUMPH INTERNATIONAL will instigate that the Code of Conduct is translated into the relevant language of each country and displayed in each respective factory and explained to employees in an understandable way.
- product management briefing and informing contractors and suppliers regarding the contents of the Code of Conduct.
- integrating into all contracts with contractors and suppliers as well as licensees the duty to keep to the Code of Conduct and all its regulations.

- checking, within the bounds of possibility and reasonability, that the Code of Conduct is being kept.

Monitoring

TRIUMPH INTERNATIONAL, the European Works Council and the EGV/TBL are setting up a committee for the supervision of the regulations of this Code of Conduct. TRIUMPH INTERNATIONAL is sending 2 representatives to this Monitoring Committee, likewise the Euro-Works Council 2 representatives and EGV/TBL 2 representatives. The committee dictates the tasks and authority of the Monitoring Committee according to the principle of unanimity.

Zurzach, 12th December 2001

TRIUMPH INTERNATIONAL SPIESSHOFER & BRAUN KOMMANDITGESELLSCHAFT
gez. W. Spießhofer

EURO Works Council, gez. G. Korsawe

European Regional Organisation of the ITGLWF, gez. M. Schallmeyer IG Metall

E) Agreement

between A.W. Faber-Castell Unternehmensverwaltung GmbH & Co, 90546 Stein
and
Gewerkschaft Holz- und Kunststoff, GHK / the International Federation of Building
and Wood Workers, IFBWW

Faber-Castell based in Stein/Nuremberg in Germany is one of the world's leading manufacturers of writing, drawing and painting products as well as cosmetics pencils and applicators. Faber-Castell is present in more than 100 countries in all continents. There are world-wide 11 production and 19 sales companies.

Faber-Castell's development from a medium sized enterprise to a world-wide company reflects the growing globalisation and trade in manufactured goods. This company has a rich historical tradition and is characterised by competence and tradition, high quality, innovation, environmental sound practices, social and ethical engagement.

Faber-Castell has taken on the social and ethical responsibilities, which result from the globalisation of the company and its markets. For this reason Faber-Castell is committing itself to achieve in its production and sales companies employment and working conditions which at least fulfil the requirements of collective agreements and/or national legislation. The production and sales companies controlled by Faber-Castell must respect those Conventions and Recommendations of the International Labour Organisation (ILO) which apply to their business. It means for example the prohibition of child labour and the rights of workers to join trade unions and to take part in free collective bargaining.

Faber-Castell commits itself to respect the standards and recommendations as laid down in Appendix 1. The Code of Practice will be available at all work-places in appropriate languages. A committee will monitor the implementation of the agreement in each of the three regions. The Monitoring Committee will be equally composed of representatives from Faber-Castell and GHK/IFBWW. It will meet at least every two years and will aim to hold its meetings at production and sales companies premises. The members of the committee shall receive all relevant information in order to carry out their mandate.

If production and sales companies do not observe the Code of Conduct as per Appendix 1, the Monitoring Committee will review the matter and propose appropriate measures.

Stein, November 23, 1999

A.W. Faber-Castell Unternehmensverwaltung GmbH & Co
Gewerkschaft Holz- und Kunststoff, GHK
International Federation of Building and Wood Workers,
IFBWW

Appendix 1

to the Agreement between A.W. Faber-Castell Unternehmensverwaltung GmbH & Co and Gewerkschaft Holz- und Kunststoff, GHK / International Federation of Building and Wood Workers, IFBWW

Code of Conduct regarding the rights of workers

1. Employment is freely chosen

Forced labour must not be used. (ILO Conventions nos. 29 and 105). Workers will not be required to lodge “deposits” or their identity papers with their employers.

2. No discrimination in employment

Equal opportunities and equal treatment regardless of race, colour, gender, creed, political views, nationality, social background or any other special characteristics shall be provided. (ILO Conventions nos. 100 and 111).

3. Child labour is not used

Child labour must not be used. Only workers aged 15 and over, or over the age of compulsory education, may be employed (ILO Convention no. 138).

4. Respect for the right to freedom of association and free collective bargaining

The right of all workers to form and join trade unions shall be recognised (ILO Conventions nos. 87 and 98). Workers’ representatives must not be discriminated against and must have access to all the work-places necessary to exercise their duties as trade unions representatives (ILO Convention 135 and Recommendation 143). Employers shall adopt positive views of the activities of trade unions and an open attitude to their organising activities.

5. Decent wages are paid

Wages and benefits for a standard working week shall meet at least legal and industry minimum standards.

Unless wage deductions are permitted by national legislation they may not be made without expressed permission of the workers concerned. All workers must be given written, understandable information in their own language about wages before taking up their work, and the details of their wages in writing on each occasion that wages are paid.

6. Hours of work are not excessive

Working time should follow the appropriate legislation or national agreements for each trade.

7. Occupational safety and decent working conditions

A safe and hygienic working environment shall be provided and best occupational health and safety work practices shall be promoted, bearing in mind the prevailing knowledge of the trade and of any specific hazards.

Physical abuse, the threat of physical abuse, unusual penalties or punishments, sexual or other forms of harassment and threats by the employer shall be strictly forbidden.

8. Conditions of employment must be established

Employers’ obligations to workers according to national labour legislation and regulations on social protection based on permanent employment must be respected.

Annex 5

Implementation of the social charter agreement at Faber-Castell

In March 2000 the social charter at Faber-Castell was concluded between the IG Metall trade union and the IFBWW and the Faber-Castell company.

The text reproduced below is an excerpt from the article “The Faber-Castell Social Charter: an agreement with a seal of quality” (original title: “*Sozialcharta von Faber-Castell: Abkommen mit Gütesiegel*”) by Heiner Köhnen, which appeared in the journal *Die Mitbestimmung* 9/2003.³

Social standards as part of controlling

Paper does not exert much pressure. For this reason active steps must be taken to ensure that the standards enshrined in a social charter are in put into effect and that the employees are informed about the code of conduct. The management at Faber-Castell makes a particular effort to anchor the implementation of the social charter within the company’s business and management processes. “Social standards are a crucial management objective. So the monitoring and the auditing method can be applied in every company and in every organisational structure,” emphasised Hermann Belch, director of quality management and systems at Faber-Castell AG.

For these reasons, external organisations such as international trade union organisations or certification companies were not brought in to implement and monitor the social charter. Representatives of both the union and the company came to a different conclusion: “We quickly gave up the idea that we as a trade union could monitor the agreement. It would not be possible for us to establish external monitoring mechanisms or to apply such mechanisms systematically. This means that the company’s controlling and management systems have to be altered in such a way that the codes of conduct become an integral part of the corporate philosophy itself. Codes of conduct cannot be imposed from outside. They must be ‘lived’ in the company”, says Bert Römer, a trade union officer at the headquarters of the trade union IG Metall.

So an effort was made to develop in-house quality and monitoring mechanisms immediately involving works councils and union representatives: the social standards were treated as a permanent module within an integrated management system in the sense of a continuous process of improvement and thus as part of the internal monitoring. Within this system checklists are used at all plants for monitoring compliance with the social standards – this takes place every year during on-site audits.

In addition, every two years a “verification audit” takes place in every plant within a specific world region. The “monitoring committees” are responsible for these audits. These committees are made up of equal numbers of external observers from the International Federation of Building and Wood Workers (IFBWW) and employees from the relevant regions. In practice representatives of national trade unions also take part in these meetings, which cover annual reports and checklists. If problems occur, possible solutions and activities are discussed that have to be concluded within a certain period of time. These procedures provide the company, unions and works

³ Heiner Köhnen, “*Sozialcharta von Faber-Castell: Abkommen mit Gütesiegel*” In: *Die Mitbestimmung – Das Magazin der Hans Böckler Stiftung*, edition 9/2003: *Auf den Spuren Weltweiter Arbeitsteilung*, pp. 29-31.

councils around the world with an overview of the social situation and the labour relations of the employees at Faber-Castell.

Active involvement as an opportunity for organising labour

The unions and works councils acted as partners in defining the contents of the code of conduct and the rules governing how it was to be monitored. They are consulted regularly and are actively involved within the scope of the verification procedure. Adherence to the social standards, analysis of the current situation in the plants, and possible emerging solutions and improvements and checks on their progress all follow comprehensible and binding criteria and procedures for monitoring. Unions and employee representatives can access the regular audit reports and the production sites at any time and function as monitors acting independently of company management.

The social charter ensures that unions in all the company's plants anywhere in the world have access to the operating sites. In Malaysia, India and Indonesia the local trade unions have now also been integrated into the process of implementing the social charter; in Indonesia the works council and the relevant local union have acted jointly in this process.

But even at Faber-Castell itself there is still work to be done. For example, not all plants have a works council representing the workforce - which from a union perspective is indispensable for guaranteeing continual improvement in social standards in the long term and to enable all employees to be actively involved. Up to now there has not been any direct international co-operation between the works councils at individual Faber-Castell plants.



Annex 6

List of abbreviations

EWC	European Works Council
GUF	Global Union Federation
CIS	Commonwealth of Independent States
ILO	International Labour Organisation (ILO)
IFBWW	International Federation of Building and Wood Workers
ICFTU	International Confederation of Free Trade Unions
IFA	International Framework Agreement
IMF	International Metalworkers' Federation
ITGLWF (ITBLAV)	International Textile, Garment and Leather Workers' Federation Internationaler Textil-, Bekleidungs- und Lederarbeitnehmerverband
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
WWC	World Works Council
WTO	World Trade Organisation

Annex 7

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International Textile, Garment and Leather Workers' Federation (ITGLWF)	Internationaler Textil-, Bekleidungs- und Lederarbeitnehmerverband Douglas Miller rue Joseph Stevens 8 B-1000 Brüssel Tel.: +32 2 5 12 26 06 Fax: +32 2 5 11 09 04 E-Mail: Dmiller@itglwf.org www.itglwf.org

Annex 8

Material

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