



# Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS



Internationaal

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## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

# Pre face

**Justice, solidarity, responsibility, sustainability and compassion are the five core values CNV Internationaal uses as a touchstone for everything we do. Every day, CNV Internationaal aspires to improve the working and living conditions of people in our partner countries. Many of the products we buy here are produced in these partner countries, where there is little protection of workers in terms of income, working conditions and safety. Eight-year-old children are sent down the cobalt mines, people working in forestry do not get a hard hat and safety shoes, people work 16 hours a day, 7 days a week. If you don't agree with something or ask probing questions, you lose your job. And workers often have no right to associate and negotiate a collective bargaining agreement.**

## Looking the other way is not an option

Globalisation of the economy and the emergence of digital communication have ensured that, we can no longer say we don't know what is going on in Asia, Africa or Latin America. Companies that have the products made and consumers who buy them simply can no longer look the other way. We should not accept that clothing producers have a t-shirt made and sell it here for EUR 29 while the Cambodian worker who made it gets a mere 18 cents. And as employee and consumer in the Netherlands, you shouldn't want colleagues, even if they are working 10,000 kilometres away, being exploited in this way. The solution often lies in small things. A crate of bananas from Guatemala weighing 18 kilos (90 bananas) costs 7 euros. In shops in the Netherlands, 1 kilo costs 1.80 euros. If we are willing to pay 2 cents more for each banana and give that as wages to the employees in Guatemala, they will earn a living wage.

In order to realise our objective of a just society, companies can - or rather

must - set requirements for the products they have produced in these countries. And especially for the conditions under which these products are made. We should expect consumers to be critical of the conditions faced by colleagues and producers, both at home and abroad, and to take this into account when making their purchases. This theme booklet provides information, tips and best practice examples about how we can improve the social aspects of sustainability and social responsibility and, as such, workers' conditions. We want to contribute to a society where people have equal opportunities wherever possible and in which social responsibility is a core value. I hope this booklet contributes to that.

And, I hope, in five years' time, we will have come a step closer to our objective.

*CNV vice-president  
Arend van Wijngaarden  
Responsible for ICSR covenants  
within CNV executive board*



# Corporate Social Responsibility in international production chains in six answers



**This theme booklet is about Corporate Social Responsibility in international production chains, also called International Corporate Social Responsibility, or ICSR. But what does this mean? Six questions and answers.**

## 1. WHAT IS ICSR?

Sustainable and socially responsible companies take responsibility for the consequences of their actions throughout the production and supply chains. These consequences can be social, ecological or economic. Companies are accountable regarding these three aspects to stakeholders, employees and trade unions, government authorities, environmental and other social organisations. The company also consults with these parties to implement any changes that may be necessary. It's not just about the 'green' side of sustainability and CSR, it is also about the 'social' side. As a

trade union, CNV Internationaal focuses mainly on this social side of CSR in international production chains.

## 2. WHAT LEGISLATION APPLIES?

The Universal Declaration of Human Rights and the ILO's fundamental labour standards form the basis of legislation on Corporate Social Responsibility. The ILO is the International Labour Organisation that brings together governments, employers' and workers' representatives from 187 countries. Companies must adhere to the universal human rights and the ILO's fundamental international labour standards. These are the following:

- Freedom for workers and employees to seek representation and organise in a trade union. Where trade unions are not officially recognised, the employer facilitates other forms of independent organisation and representation of employees. (ILO Convention 87).
- In addition, employees must have a right to collective bargaining; employee representatives must have a mandate to negotiate and consult with decision-makers. (ILO Convention 98, supplemented with 135, OECD guidelines IV, art. 8)
- Employees must have free choice of employment; all forms of slavery and forced labour must be banned. (ILO Conventions 29 and 105)
- No child labour. No admission to work of children under school age (no children aged 15 and under, in some countries an exception of age 14 applies) and participation in and contribution to processes to remove children from employment and get them into education. (ILO Conventions 138 and 182 and the OECD guidelines)
- No discrimination between employees. (ILO Conventions 100 and 111)
- Paying a living wage, that is, a wage with which the basic needs of an average family can be met. (ILO Conventions 26 and 131)
- Guaranteeing safe and healthy working conditions for employees. (ILO Convention 155 and recommendation 164)
- Applying and guaranteeing a maximum number of working hours, in principle no more than 8 hours a day, 48 hours a week, no excessive overtime. (ILO Convention 1)
- Offering security of employment. (ILO Tripartite Declaration of Principles Concerning Multinational Enterprises art. 24-28)

The Organisation for Economic Cooperation and Development (OECD) has also issued guidelines for multinationals. These explain what governments expect from companies in terms of human rights and labour rights in their production and supply chains.

These OECD guidelines on human rights and labour rights are based on the United Nations Guiding Principles on Business and Human Rights (UNGPs). Under these UNGPs, companies have the responsibility to respect human rights, governments must protect human rights, and victims have a right to remedy. The National Contact Point (NCP) supports the implementation. Since the establishment of the UNGPs in 2011, more companies than ever before are scrutinising human rights and the environment in their production and supply chains. An increasing number of companies is working on improvements and are communicating their efforts to the outside world. The UNGPs force governments to adopt a smart mix of policy and leg-

isolation. Great Britain and France, for instance, recently adopted ICSR legislation. In February 2016, the Dutch House of Representatives adopted a bill introducing a duty of care to prevent child labour, forcing companies to prevent child labour in their supply chains. Finally, European legislation forces companies to supply information on Corporate Social Responsibility in their production and supply chains. Large companies must include a (non-financial) statement in their annual report on their impact on the environment, social and staff matters, respect for human rights and how they combat corruption and bribery.

The UNGPs force governments to adopt a smart mix of policy and legislation. Great Britain and France, for instance, recently adopted ICSR legislation. In February 2016, the Dutch House of Representatives adopted a bill introducing a duty of care to prevent child labour, forcing companies to prevent child labour in their supply chains. Finally, there is European legislation that forces companies to supply information on Corporate Social Responsibility in their production and supply chains. Large companies must

include a (non-financial) statement in their annual report on their impact on the environment, social and staff matters, respect for human rights and how they combat corruption and bribery.

### 3. WHY SHOULD COMPANIES OPT FOR IT?

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Legislation as well as international standards and frameworks force companies to adopt CSR practices. It is also increasingly required by authorities and investors, such as banks. There are companies that opt for it themselves after violations have made the headlines or investigations have been published. Strikes at production locations elsewhere in the world are also a frequent reason. Yet others do so for ethical motives. In short, the reasons for opting for ICSR vary from ethical motives to legislation and from reputation to future-directed (sustainable) thinking.

### 4. WHAT IS THE ADDED VALUE FOR COMPANIES?

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ICSR may also contribute to improved business operations. Better working conditions in the plants in the

countries of origin (at the start of the production chain) increase worker motivation and add value in terms of productivity and quality. Access to financing options may also improve. Moreover, companies that respond to the growing demand for sustainable products and services generally make more profits. Saving on energy consumption or the use of raw materials is not only sustainable but can also be very profitable. Sustainable entrepreneurship has a positive effect on a company's reputation. Critical consumers prefer buying clothes and fabrics produced under fair conditions. Specifically in the Netherlands, a socially responsible company is more likely to qualify for government orders. All in all, accepting social responsibility is a serious business case.

### 5. HOW CAN DOING BUSINESS AND CHAIN RESPONSIBILITY BE COMBINED?

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Every production and supply chain has human rights abuses. It seems almost impossible for individual companies to completely eliminate violations (such as lack of living wage, modern slavery, child labour and discrimination). Yet they can take steps. First off all, they





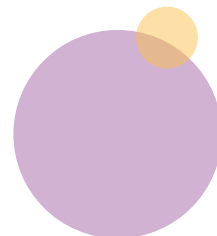
should identify the approach to each human rights risk. What caused the problem? What has been and is being done to prevent an abuse? How does the company respond to violations? What lessons are learned? A violation is a reason to start an improvement process with the producer. In that case, it helps to find out who else uses the production sites where the abuse is going on and to act together. Trade unions also act as the eyes and ears in the production chain and take part in monitoring. As soon as a serious abuse is exposed by means of a complaints mechanism or report,

companies would do well to collaborate in remedies for the victims. And, of course, they must find ways of preventing violations in the future.

## 6. HOW IS IT PUT INTO PRACTICE?

Corporate Social Responsibility is more than supporting a national or international social project or charity. It also means drafting a code of conduct or writing a chapter on CSR in the annual report. It is a continuous process of identifying potential and existing risks, setting priorities, addressing the most serious risks first and preventing other or new risks. Companies must

be transparent. This is called due diligence, or ICSR risk management. This is explained in more detail on page 16. Valuable new instruments for addressing human rights and environmental violations are the Dutch ICSR covenants. In these, authorities, companies, trade unions and social organisations in various sectors agree to jointly tackle abuses (see page 24).



## Sharan Burrow (ITUC): 'Strengthening Corporate Social Responsibility with a floor of core labour standards and compliance is needed, now more than ever' ■

**The global labour movement embraced the promise of corporate social responsibility. 'It is designed to operate above a floor of core labour standards', says Sharan Burrow, general secretary of the International Trade Union Confederation ITUC. 'But still a lot of our major multinational companies need to be reminded, day by day, of the responsibility they have for the people who make their products. Not only in their home country but through the whole global supply chains they use and where workers are often found in a low paid, insecure and unsafe working environment.**

Globally unions welcomed and participate on the Board of the UN Global Compact but we still have great concerns about the fact that companies sometimes use membership as a tool for marketing advantage.

Equally we welcomed the UN Global Reporting Initiative. Labour representatives are on the board and on the Stakeholder Council. Although we see positive initiatives, they are limited as well as appreciable difference in corporate behaviour as a result of reporting. All this leads to the conclusion that CSR must be more than a marketing exercise.

Trade unions all over the world should keep on pushing to make employers aware of the fact that they are not in this world for the sole purpose of making money and pleasing their shareholders.

And they should make governments aware that they must be an example

'The world is three times richer than 30 years ago,' says Sharan Burrow, 'but yet on the labour market:

- only 60% of workers are employed in the formal economy and more than 50% of these workers are in precarious or insecure work.
- 40% of the workers struggle to survive in the informal economy with no rights, no minimum wages and no social protection;
- more than 45 million people are in modern slavery/forced labour; and both are now appearing in our supply chains.
- three quarters of the world's people have inadequate or even no social protection at all.
- although there are more people at work than ever the total amount of money they make has slumped and for the bigger portion of these three billion workers we see the breakdown of rights.'

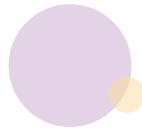


in, for instance, giving assignments to companies who do pay living wage, provide safety and health equipment and so on to their workers.

## VIOLATIONS CANNOT BE PART OF THE COMPETITION

Indeed G20 countries recognize the depth of the problem and agreed in their Labour Ministers Declaration, May 2017, endorsed by the G20 Leaders' Summit, that 'Violations of decent work and fundamental principles and rights at work cannot be part of the competition.' But the proof of the pudding is in the eating because in a lot of countries governments don't take their responsibility in protecting their people.

Together we need to rebuild trust in the global economy. Neither governments, employers nor unions can do this on their own. Mandating due diligence, endorsing the OECD general due diligence guidance - a framework that labour has been involved in developing - is necessary. Even legislation, like France has done, may be needed to assure corporate accountability and an ILO Convention on supply chains will set a global standard.



***'Together we need to rebuild trust in the global economy. Neither governments, employers nor unions can do this on their own.'***

## DUE DILIGENCE

The best solution in the view of the ITUC is the due diligence required by the UN Guiding Principles for Business and Human Rights. Due diligence establishes responsibility for assessing the risk of labour violations through the corporate structure and their supply chains. When put together with the two other pillars of grievance procedures and remedy, the conditions for decent work can be established.

I know the Netherlands have a positive history and CNV Internationaal has been involved in building Corporate Social Responsibility (CSR) to a new maturity with the tri-partite sectoral compacts requiring due diligence and human rights in supply chains, but this has not been the case in other countries.

These tri-partite sectoral compacts are made on a basis of mutual commitment and trust and this is good. I would like to emphasize the necessity

of including due diligence in these compacts because it is essential in forcing companies to be transparent about their CSR and may open, if needed, the door for legislation in the future.

## PROTECTOR

Trade unions are the protectors of workers' rights. Let's therefore not weaken in our fight to improve the situation of colleagues all over the world and let's make labour rights and CSR with tri-partite sectoral compacts a means to that end.'

### MORE ABOUT SHARAN BURROW

*Sharan Burrow is general secretary of the International Trade Union Confederation (ITUC). The ITUC has 340 national trade union affiliates from 163 countries. The ITUC's mission is to promote and defend workers' rights all over the world.*



Female agricultural workers on Indonesian palm oil plantations on Sumatra often have no permanent contract. They earn EUR 0.20 per 20kg bag. On average, they earn EUR 40 a month, only a quarter of the local legal minimum wage.

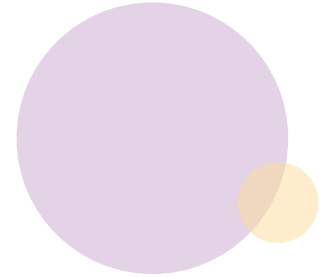
*(Source: Palming off responsibility, CNV Internationaal)*

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS



# CNV Internationaal and Corporate Social Responsibility in international production chains



**Corporate Social Responsibility in international production chains is one of CNV Internationaal's spearheads. The focus is on the social aspects, which CNV Internationaal interprets as compliance with human rights and labour rights.**

This concerns aspects such as labour relations within a company or industry, but also whether there is freedom of association. In addition, CNV Internationaal looks at the minimum living wage and whether there is a dialogue among employees, employers and the government. It is important to CNV Internationaal that materials and products marketed in

the Netherlands have been produced in a socially responsible manner. Companies must ensure the right (working) conditions for their activities abroad.

## TACKLING ABUSE

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Corporate Social Responsibility and compliance with the rights of workers are all about living wages, safe and respectful working conditions, collective negotiations of terms and conditions of employment, gender equality and the absence of discrimination. If there are abuses anywhere in the production or supply chain, companies can count on the support of CNV Internationaal, for instance in investigating the at-risk elements of the chain in terms of human rights. If a company does not

manage to identify the problem itself, CNV Internationaal can engage local trade union partners to help them.

## INFORMATION ON RISKS

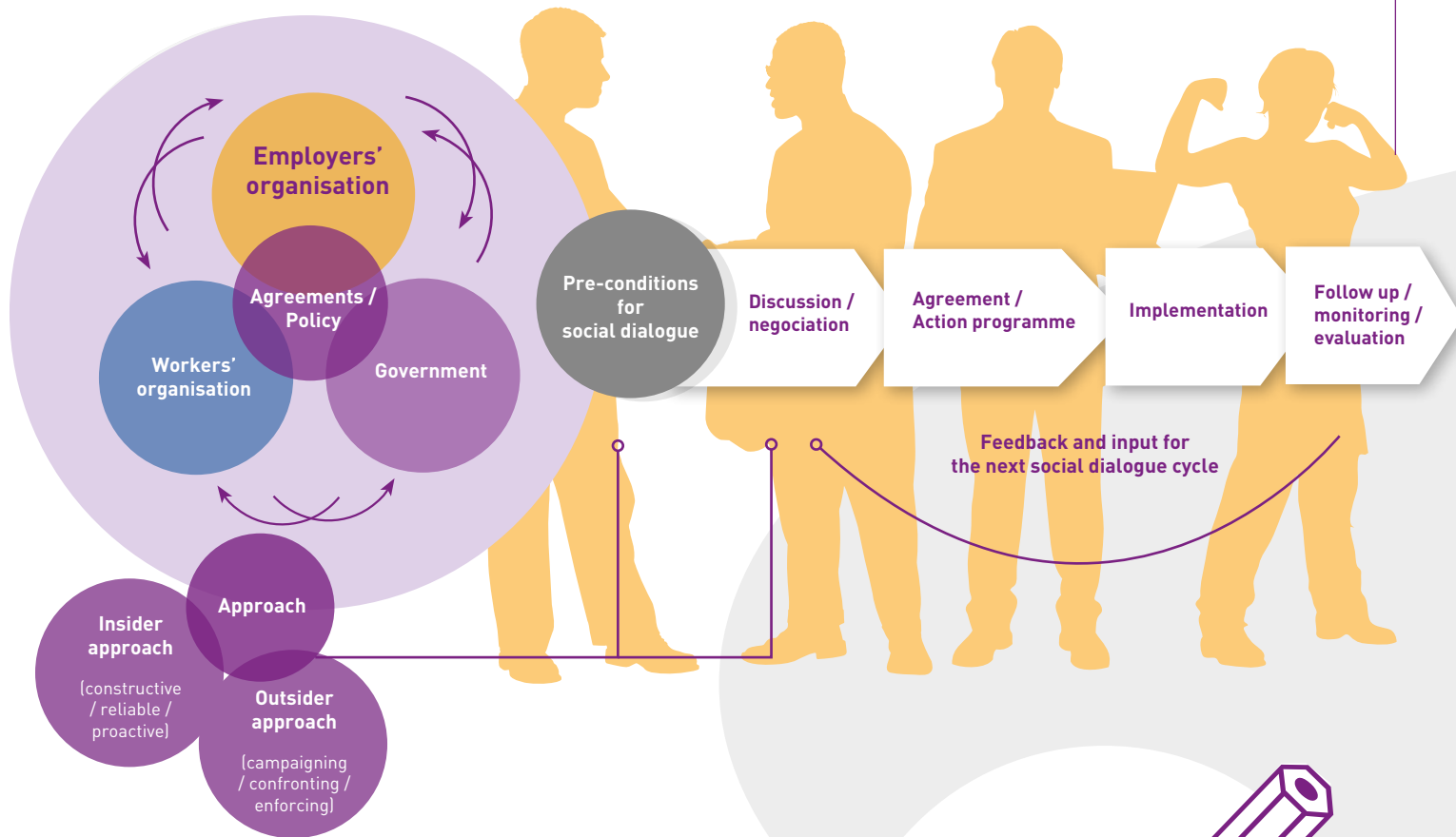
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CNV Internationaal's trade union partners play a key role in improvements in employment. This of course requires an independent trade union at the production site. Here, too, CNV Internationaal can offer support where needed. If there is no trade union at the production site, CNV Internationaal can explain the hows and whys of trade union work to local management. CNV Internationaal can also tell companies how they can set up a trade union at the production site and explain what due diligence is.

# Facts & figures

## Social dialogue cycle

A STEP-BY-STEP APPROACH TOWARDS CORPORATE SOCIAL RESPONSIBILITY IN INTERNATIONAL PRODUCTION CHAINS



## ICSR RISK CHECK

The short test on [www.mvorisicochecker.nl/en](http://www.mvorisicochecker.nl/en) is a simple way to check the risks for each commercial activity and how these can be mitigated. This website (for which CNV Internationaal also provides input) has a useful world map showing the individual countries. At present, the CSR Risk Check has discovered as many as 7,956 risks across the globe!



## Forty to fifty per cent of working women

in developing countries experience unwanted sexual advances, physical contact or other forms of sexual harassment at work *(Source: ITUC)*

## In 60% of the countries worldwide

workers' rights to association in a trade union were violated in 2017. Especially in Africa, Asia and Latin America, employees' rights are systematically violated. *(Source: ITUC Global Rights Index 2017)*

## THE MAIN RISKS



VIOLATION OF UNIVERSAL HUMAN RIGHTS



SLAVERY AND FORCED LABOUR



CHILD LABOUR



DISCRIMINATION



LACK OF LIVING WAGE



UNSAFE AND UNHEALTHY WORKING CONDITIONS



EXCESSIVELY LONG WORKING HOURS



INSECURITY OF EMPLOYMENT



NO FREEDOM OF ASSOCIATION AND NEGOTIATION

## 12 SECTORS WITH THE MOST CSR RISKS

- construction
- chemical industry
- retail trade
- energy
- financial sector
- wholesale business
- wood and paper
- agriculture and horticulture
- metal industry/electronics
- oil and gas
- textiles and clothes
- food

Source: [www.oecdguidelines.nl/latest/news/2014/11/28/risk-analysis-starting-point-for-decreasing-csr-risks](http://www.oecdguidelines.nl/latest/news/2014/11/28/risk-analysis-starting-point-for-decreasing-csr-risks)

# Due diligence: the perfect approach for companies



**Due diligence is the perfect approach for companies to put their own responsibility for respecting human rights and labour rights into practice.**

Due diligence is the perfect approach for companies to put their own responsibility for respecting human rights and labour rights into practice.

Due diligence means 'with an appropriate standard of care'. The term is also used for accounting audits prior to take-overs and mergers. Within the context of Corporate Social Responsibility, it refers to appropriate care regarding human rights. Or: ICSR risk management. This means that companies must permanently monitor their current and potential social risks. They must identify and respond to the risks in their supply and production chains.

Moreover, they must continually evaluate the effects of their efforts.

## STARTING WITH DUE DILIGENCE

Due diligence begins with understanding how the company's business activities impact human rights. A company may directly cause a violation, for instance by failing to protect employees against pesticides or other toxic substances. But more often, they contribute to a violation through another supplier. An example is suddenly advancing the deadline for a large order without paying more for it. This forces the supplier to have employees work overtime without paying them extra.



Or to use subcontractors without being sure whether they respect human rights and labour rights.

## INVESTIGATION IN THE CHAIN

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The Dutch government has identified twelve sectors with a real chance of violations (see page 15). Companies active in these sectors must conduct further investigations, because previous violations have been demonstrated. They must check whether there is freedom of association, as there are many production countries without trade union freedom or where local managers hamper the independent operation of trade unions. As a result, employees have no say and it is difficult for them to stand up for their own interests. The next key element of due diligence is an investigation of working conditions, not only by looking at the first line of familiar suppliers, but also further down in the chain.

## DEVELOPING A STRATEGY

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The next step is to develop a strategy for tackling violations and/or preventing (potential) risks. It goes without saying that the most serious risks have top priority. Often, these risks

occur at subcontractors further down in the chain. If the investigation shows up child labour, forced labour, gender discrimination or substandard wages, it is important to first find solutions that the company itself can implement. Perhaps better procurement procedures can be agreed, so that workers at the end of the chain are not put under unnecessary pressure. A successful approach requires the involvement in those solutions of the ICSR officer within the company, as well as the procurement officers and management. It is often better to tackle issues together with companies who buy from the same plant or with multiple stakeholders, such as the local labour inspectorate, local trade unions, local NGOs and local authorities.

## IMPLEMENTATION

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The proof of the pudding is in the eating. The main challenge is actually taking steps, which may require a lot of time and effort, especially for smaller companies. It is advisable to call in the help of the trade associations or to link up with existing guidelines, quality marks, initiatives and certificates (see box on page 19) or the

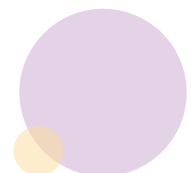
ICSR covenants (see page 30). Other tools are:

- the online tool of the Social and Economic Council of the Netherlands, with six convenient steps for ICSR risk management;
- the CSR risk check on [www.mvorisicochecker.nl](http://www.mvorisicochecker.nl);
- the manual for the integration of due diligence in risk management of the NEN standard;
- European Union guidelines for the ICT, energy, and recruitment and selection sectors;
- OECD Due Diligence tools for mining and textile, for example.

## CONTRIBUTION CNV INTERNATIONAAL

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CNV Internationaal can also help companies by contacting local trade unions (with which it has long-standing cooperation) as discussion partner for companies. These trade unions also help companies with monitoring. Moreover, CNV Internationaal provides information on working conditions and risks in various countries.



## Quality marks

There are various guidelines, quality marks, initiatives and certificates for chain responsibility, such as: **SA8000, GRI, Global Compact, ISO26000, FWF, BSCI, Max Havelaar or Fair Trade, ETI, FSC.**

Quality marks and certifications are an important tool for companies wanting to do business in a socially responsible manner. But they only cover part of the process. It remains important for the company to identify what exactly is covered by the standard to which the quality mark or certification is linked. Does the standard extend beyond the first supplier and cover the entire chain? Which rights does the standard cover? Does the standard involve the rights of stakeholders other than the company's own employers? How are remedial measures arranged? How often are inspections carried out? Are these inspections performed by an independent party? Are the auditors familiar with the entire spectrum, from environment to social aspects?

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS



# WE fashion addresses human rights in Cambodia

**A good example of the effect of due diligence is given by the clothing brand WE Fashion, which raises the matter of the human rights situation among suppliers in Cambodia. The story starts with an investigation carried out by CNV Internationaal and the Centre for Research on Multinational Corporations SOMO, of Dutch companies who have their products made in Cambodia. Following the results of the investigation, CNV Internationaal invited clothing brands active in Cambodia to a meeting. WE Fashion accepted the invitation.**

The clothing brand also spoke to the Cambodian trade union partner of CNV Internationaal, C.CADWU. Marijke Willemsen, ICSR coordinator at WE Fashion: 'These conversations produced a lot of information on the situation in our production plants and on how trade union freedom is addressed there'.

## FROM MEETING TO LETTER

WE Fashion sent all suppliers in Cambodia a letter.

Marijke: 'We received answers from almost all suppliers. We want to continue the conversation with a number of them. The next step is to go to Cambodia to visit the companies receptive to this, together with the local trade union.'

According to trade union leader Atith Kong 'C.CADWU would never have managed to realise this dialogue with the clothing factories itself. Clothing brands are in a position to encourage

suppliers to start a dialogue with us.' He hopes this approach will lead to more and better contacts with management executives of clothing factories in Cambodia. 'Clothing brands can also play a role in starting up the social dialogue or in negotiations with management about working conditions and terms and conditions of employment in the factories,' explains the trade union leader.

## A MEANINGFUL DIALOGUE

The Cambodian example shows that it is possible and useful for companies and trade unions to work together on improving working conditions in production countries. In these processes, CNV Internationaal plays the role of bridge-builder and facilitator. 'Our added value is that we can fuel a meaningful dialogue and tie local trade union work in with the Dutch business community,' says Karen Bouwsma, CSR adviser of CNV Internationaal.



# Vanilla from Madagascar, precious but not sustainable

**Real vanilla is a precious flavouring. It is an ingredient in ice cream, confectionery and luxury desserts. More than half of all vanilla comes from Madagascar, an island to the east of Africa, where it is grown by some 80,000 farmers. Research by CNV Internationaal and Fairfood has shown, however, that living conditions of these vanilla farmers are destitute.**

Three-quarters of the vanilla farmers on Madagascar are living below the poverty limit. Most of them have to borrow money several months each year just to get by. Although vanilla commands good prices on the global market, the farmers only receive minimal payment for their harvest. They are exploited and, moreover, face the problem of vanilla theft. Another human rights issue is that a lot of children work on the vanilla plantations.

## WORKSHOP FOR VANILLA FARMERS

To give the farmers a better understanding of the vanilla chain and their own position in it, CNV Internationaal organised a workshop for them, in cooperation with Fairfood, trade union partner SEKRIMA and a local consultant. This workshop taught the farmers how profits in the vanilla chain are distributed. The farmers drafted a joint problem analysis and came up with solutions.

## CONTACT WITH STAKEHOLDERS

Because real solutions require action at all levels, CNV Internationaal, Fairfood and SEKRIMA established contacts with the local authorities in the production area, NGOs, social organisations and even the Ministry of Trade. The conversations with the various stakeholders resulted in a plan to jointly tackle the problems, such as vanilla theft on the plantations. As a consequence of this theft, the farmers are harvesting the vanilla sooner, which has a negative effect on quality and, as a result, proceeds.

## HELP FROM THE NETHERLANDS

In the Netherlands, CNV Internationaal calls on the main players in the international vanilla market to improve the quality, working conditions and income of the farmers on Madagascar. As purchasing party, these often multinational companies have the power to realise sustainable improvements.





To give the farmers a better understanding of the vanilla chain and their own position in it,

CNV Internationaal organised a workshop: *'We'd never had a workshop like this one. It was very special and instructive. It's important to get to know more about the vanilla chain.*

*I hope our cooperation with CNV Internationaal continues.'*

*– Felicite Sambava, vanilla farmer*

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

# Healthy work in the Guatemalan sugar industry ■



**Employees in the sugar cane industry in Guatemala are working under substandard conditions. CNV Internationaal investigated the situation and initiated various lobbying activities and a public campaign.**

This resulted in a meeting with multinational Bacardi. The objective was to encourage the company to commit to better working conditions on the sugar cane plantations of Guatemala. CNV Internationaal also entered into a dialogue with employers' organisations in Guatemala and with board members and ICSR advisers of sugar company Pantaleón.

The involvement of multiple stakeholders is essential for a successful lobby on the sugar cane plantations. The problem is that sugar companies often bar the local trade unions from the sugar cane plantations.

## CNV INTERNTIONAAL CAN PAVE THE WAY TO SOCIAL DIALOGUE

CNV Internationaal can pave the way for these trade union organisations and clear the path towards a social dialogue by means of international pressure and more workshops. 'That way, we gradually work on improved working conditions on the sugar cane plantations of Central America. In similar production and supply chains, we start initiatives to achieve improvements of work and income using this approach,' says programme officer Marjolein Groenewegen of CNV Internationaal.



A photograph of a man sitting in a field of harvested sugarcane stalks. He is wearing a cap and a long-sleeved shirt, and is holding a large machete. The background shows more sugarcane stalks and some trees under a cloudy sky.

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

### SOLUTIONS TO IMPROVE WORKING CONDITIONS FOR SUGARCANE CUTTERS:

- Improved access to clean drinking water
- Improved access to shade
- More breaks
- Improved ergonomic tools
- Freedom to join a trade union and negotiate collectively.

# ICSR covenants worldwide ■

**ICSR covenants were created in the Netherlands in 2014 by Dutch minister Ploumen, of Foreign Trade and Development Cooperation, as the perfect new tool for making international chains more sustainable. Through these covenants, companies, trade unions, social organisations and the government work together on improvements that are difficult to achieve individually.**

The very first ICSR covenant was signed for the clothing sector in the summer of 2016. Other sectors have joined the dialogue since. The ICSR covenant for the banking sector and the 'Covenant on the promotion of sustainable forestry and sustainable proteins' have already been signed. Over the next few years, Dutch companies from ten different industries will draft an action plan for their sector, together with various NGOs, trade unions and the government. In these covenants, the parties reach agreement on such things as performing due diligence in order to identify violations of human rights and labour rights and take appropriate action in response.

## UNIQUE IN THE WORLD

The ICSR covenants are unique. Not only because they came about in a joint process, but also because their implementation is monitored. In most sectors, the Social and Economic

Council of the Netherlands fulfils this monitoring role. Branches and companies committed to the covenants must investigate which problems exist at their suppliers throughout the production and supply chains. They will then draft an improvement plan each year, with feasible objectives for a period of three to five years.

## EVERYONE PLAYS A ROLE

CNV is also involved in these ICSR covenants, providing knowledge and expertise and, where possible, involving local partners in implementation of the agreements made. Everyone has a role to play. The government, for instance, works to reach agreements with authorities in production countries on strengthening the labour inspectorate. But overall responsibility remains with the companies. They are ultimately responsible for their supply and production chains.





*'We combine the knowledge and expertise of trade unions, NGOs, authorities and banks to ensure that human rights violations are identified and solved even sooner.*

*We are at the forefront of this worldwide.'*

*- Chris Buijink, chairman of the Dutch Banking Association,  
upon signing of the Bank Covenant*

## SPECIAL WEBSITE ON THE COVENANTS

The website [internationalrbc.org](http://internationalrbc.org) explains the hows and whys of the covenants, providing an overview of the covenants concluded and covenants that are in preparation, as well as information on the methodology, and the latest news.



*'Our partner trade unions are perfect for the role of watchdog, as they have eyes and ears on the shop floor.'*

*- Maurice Limmen,  
CNV president*

Arend van Wijngaarden:

## 'Covenants boost ICSR' ■



**Leaving the world a better place than we received it from our parents. That is CNV's ambition. The ICSR covenants are a significant step in the right direction, says CNV vice-president Arend van Wijngaarden. He has administrative responsibility for the ICSR covenants within CNV.**

### WHY ARE THE ICSR COVENANTS SO IMPORTANT?

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'Through covenants we can achieve a better position for workers in production countries. CNV and society as a whole have grave concerns about that position. We have to stop the development toward ever cheaper labour. The ICSR covenants are designed for companies, governments, trade unions and social organisations to enter into agreements together. This is also beneficial to the companies, as it shows society that they are not only going for profits but take responsibility for their community and want to contribute to a better world.'

### ARE YOU SATISFIED WITH THE COVENANTS THAT HAVE BEEN CONCLUDED?

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'What we have achieved so far is the

best we can do. Of course, you always want more in your own line of business, but we won't sign if we're not satisfied. That's also true for the employers and participating social organisations. The covenants add impetus to ICSR.'

### WHAT DOES CNV CONTRIBUTE?

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'Our strength lies in our trade union partners in production countries. Through them, we can be in direct contact with the people in the workplace. And it gives us an important monitoring tool: our partner trade unions act as watchdog. They can report on the actual conditions on site. They give us useful additional information that others often don't have access to. That helps at the negotiation table and with implementation of the covenants.'



*'Our trade union partners provide information from locations others often don't have access to.'*

## WHAT IS THE STATUS OF IMPLEMENTATION OF THE AGREEMENTS?

'The clothing industry has set up a steering committee, while various working parties are specifying the objectives. One working party is working on living wages and one on freedom of association, both crucial themes. CNV adds input and decisions in both working parties, but it is too early to talk about concrete results yet.'

## WHAT ARE SUCCESS FACTORS IN REALISATION OF THE COVENANTS?

'There are four parties at the negotiating table and they have come to trust each other over the course of the negotiation process. They often have specific ideas of each other that turn out to be false. The image of trade unions is that we only want things

that increase the cost of the product. That's really not the case. But to discover that you must really talk to each other, get to know each other's opinions and learn to respect them. And you have to be willing to serve each other's interests.'

## WHERE WILL WE BE IN FIVE YEARS' TIME?

'I hope by then the theme has permeated the genes of the company and that we no longer need these covenants. CNV wants to contribute to a society where people have equal opportunities wherever possible and in which social responsibility is a core value. I hope that we have come a little bit closer to that goal in five years' time.'

## A JOINT APPROACH

CNV is involved in the ICSR covenants in the following sectors: clothing and textile, banking, wood, food, pensions and metal. Negotiations have not started in all sectors yet. Arend van Wijngaarden believes the covenants are vital: 'They bring a large number of parties together that have an interest in the theme. Otherwise we would never have managed to discuss ICSR. We are committed to this joint approach.'

## WHO IS AREND VAN WIJNGAARDEN?

*Arend van Wijngaarden is vice-president and coordinator of employment conditions policy of trade union confederation CNV. At CNV he also has administrative responsibility for the ICSR covenants.*



**Beer brewer Heineken asked CNV Internationaal to organise training in Haiti for the management of the local Heineken brewery and the trade union board. This process was carried out in the framework of the Trade Union Co-financing Programme TUCP of the Ministry of Foreign Affairs, with support from the International Trade Union Confederation ITUC, with the Dutch Employment Cooperation Programme DECP.**

## Training at Heineken in Haiti

“This training was a first step towards improving labour relations at the Haiti plant. Participants received information and customised advice on specific questions and obstacles, and learned negotiation skills”, explains Esther Droppers, regional coordinator of CNV Internationaal. The process resulted in a concrete step-by-step plan aimed at improving communication and respect. They built on mutual trust. ‘Compliance with international labour and trade union rights is a crucial

pillar of Corporate Social Responsibility. This can only be realised through well-balanced labour relations. CNV Internationaal has made specific, business-level contributions at the Heineken brewery in Haiti. When there are any problems, they now start consultations first.





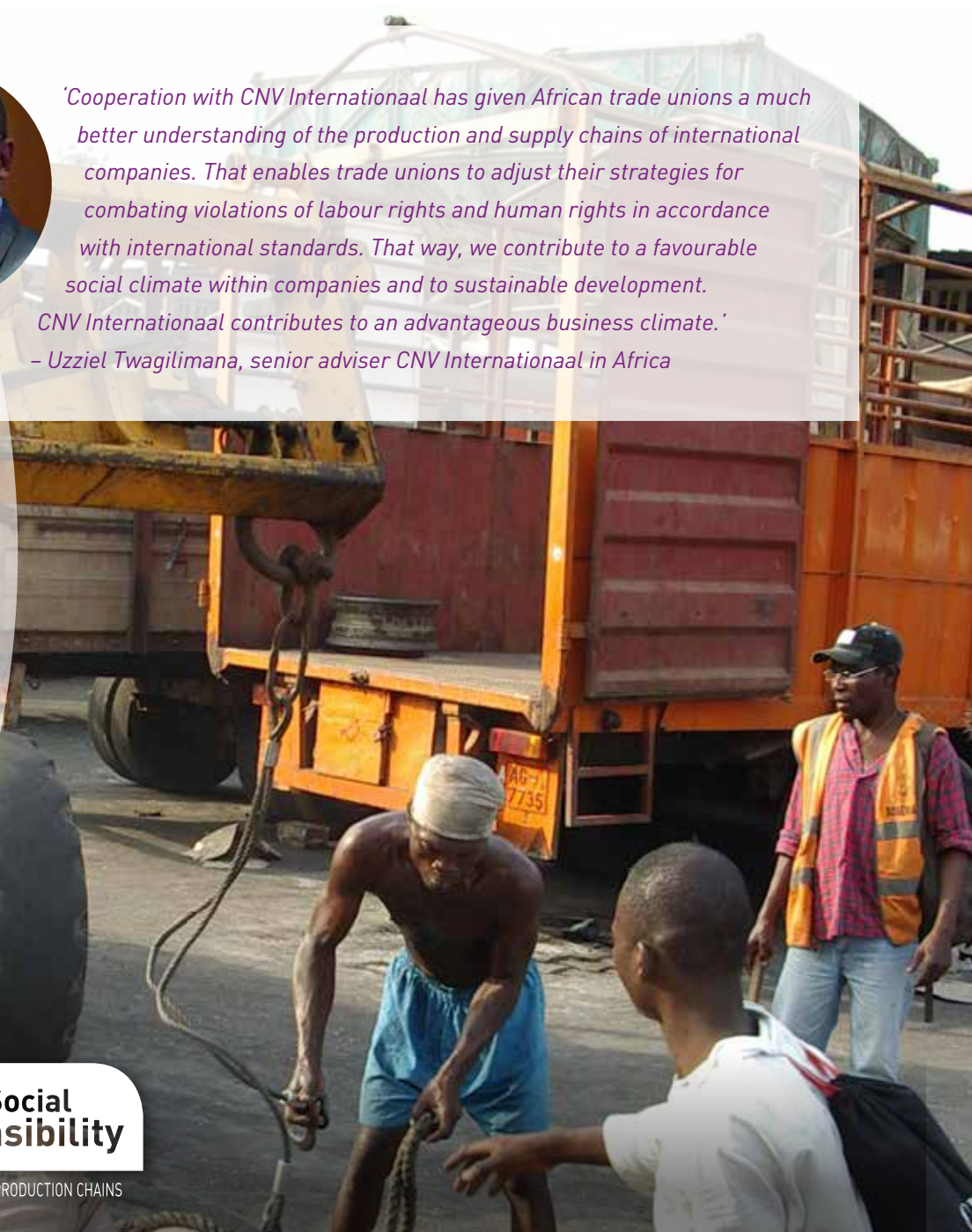
*'Cooperation with CNV Internationaal has given African trade unions a much better understanding of the production and supply chains of international companies. That enables trade unions to adjust their strategies for combating violations of labour rights and human rights in accordance with international standards. That way, we contribute to a favourable social climate within companies and to sustainable development.*

*CNV Internationaal contributes to an advantageous business climate.'*

*– Uzziel Twagilimana, senior adviser CNV Internationaal in Africa*

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS





# Violence in the workplace is expensive

**Violence in the workplace is not only the most hidden form of human rights violation, it is also a significant cost item for companies.**

Violence at work happens more often than you would expect. Not only in far-away countries, but also in the Netherlands. On average, employees in the Netherlands who are harassed or bullied at work are 'sick' seven days more than others on an annual basis. And the costs? These are significant. Just consider the costs of additional absenteeism due to illness, the costs as a result of lower productivity of employees (because that is a clear result of bullying and violence at work), the costs of high staff turnover, the expense of recruiting and training new personnel, and the costs of lack of involvement of employees in the company. Not to mention reputation damage, loss of customers and potential legal procedures ... in short, violence at work often costs a lot of money.


## ZERO TOLERANCE

Entrepreneurs who take Corporate Social Responsibility seriously would do well to take action against this form of human rights violation. Dutch company JJH Textiles did. In this company's factories in Bangladesh and India, sexual harassment and aggression at work are not tolerated. 'We make this

clear to any employee who joins us by including a clause in the contract stating that sexual intimidation or violence will lead to summary dismissal,' say directors Han and Sally Hamers. Despite this warning, at least six male supervisors were fired in recent years for expecting sexual favours from their subordinates. 'When it happens, we call all staff together and tell them why the offender was given the boot, by way of warning,' say Han and Sally Hamers.

## VIOLENCE@WORK GUIDE

One option to eliminate the costs of violence in the workplace is by investing in the awareness of managers and employees. This can be done by means of codes of conduct, meetings and training. Physical modifications of the work environment may also help. This includes information signs in the workplace and lighting in dark areas. A hotline for complaints is another possibility. This and other examples are included in the guide 'Violence@Work', a publication of CNV Internationaal and the Netherlands Enterprise Agency. The guide can be downloaded from [cnvinternationaal.nl](http://cnvinternationaal.nl) and [rvo.nl](http://rvo.nl).



*'Sexual harassment and aggression at work is not tolerated at JJH Textiles' factories. We make this clear to any employee who joins us by including a clause in the contract stating that sexual intimidation or violence will lead to summary dismissal.'*  
Han and Sally Hamers, directors of JJH Textiles.

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

Marco Hietkamp:

# 'ICSR starts in the Netherlands' ■



**As collective bargaining agreement negotiator, Marco Hietkamp only sees the benefits of ICSR for employees and employers. 'But,' he says, 'it's not something you just do for a year or so. When you're in it, you're in it for the long haul.'**

## WHAT IS YOUR DEFINITION OF ICSR?

'I see it as inclusive entrepreneurship. That you consider the earth, raw materials, climate and people in everything you do. That you take care of each other.'

## HOW DO YOU, AS NEGOTIATOR, MANAGE TO PUT THIS THEME ON THE AGENDA?

'As collective bargaining agreement negotiator, I am involved with the people side of things anyway. This offers a good lead to also draw attention to the other elements of ICSR.'

Incidentally, entrepreneurs are increasingly aware that Corporate Social Responsibility not only has cost benefits, but that it also results in innovation and new turnover and that it contributes to a better world. What is absolutely helpful is to have concrete leads. In the automotive industry, 'air pollution' was a hot item a number of years ago. The car was considered the main culprit where the climate was concerned. ICSR was a grateful theme to bolster the car's image. The quality mark that we introduced together

with the brands became a resounding success. Peugeot Nederland adopted it and even Peugeot International saw the added value. It turned out to be an effective tool with which to appeal to companies' sense of responsibility.'

## SHOULD ICSR BE PART OF COLLECTIVE BARGAINING AGREEMENTS?

'Absolutely. After all, we're talking about people and profit and are increasingly connecting with the planet. ICSR is a perfect vehicle for introducing innovation, such as electric cars or robotisation. These developments most certainly impact people and employment. I believe 'connections' is the most important word for ICSR. Holding each other accountable and addressing codes of conduct are part of that, in addition to working together on creating and increasing awareness.'



***'ICSR not only has costs benefits,  
but also results in innovation and new turnover  
and contributes to a better world.'***

### WHAT IS YOUR BEST ICSR AGREEMENT?

'The preface to the collective bargaining agreements for Metal and Technology now contains a passage on ICSR. While it is only words on paper, it serves as a handle and starting point for CNV to enter into a dialogue with employers and employees about CSR in international production chains.'

### WHAT IS YOUR ADVICE TO ENTREPRENEURS?

'Corporate Social Responsibility is a must! Ultimately, it is paramount that

you do everything right. That makes the company as a whole more trustworthy as well as more appealing for people to work there. People like to contribute to preservation of the earth, particularly if they can do their work better in the process. That shows that ICSR is not just about preservation of our living environment, but also means continued employment right around the corner.'

### MORE ABOUT MARCO HIETKAMP

*Marco Hietkamp works at CNV private sector union CNV Vakmensen, as collective bargaining coordinator for the industrial sector and negotiator for the sector CBA Metal and Technology (25,000 employers and 300,000 employees) and the sector CBA Motor Vehicles and Two-Wheelers (12,000 employers and 80,000 employees) at CNV Vakmensen. He is regularly involved in CNV Corporate Social Responsibility projects. One of the ongoing projects in the Metal and Technology sector is CNV Geldzorg, a service for people with financial problems. 'Financial troubles are a live topic and it touches on ICSR. You have to connect to what's going on, that's how it works in the Netherlands.'*



Steward Maquepeace from Guatemala:

## ‘We have been able to build trust’ ■



**Kern's produces and distributes fruit juices and sauces made out of agricultural products from Central America. A few years ago, the company was taken over by a new owner from Costa Rica. Steward Maquepeace, secretary-general of SITREMKANCO, the company's trade union, tells us more about his work.**

‘The trade union at Kern's was established over 50 years ago. In the past, there used to be a lot of intimidation and repression of trade union leaders. Three of them were even killed. We then agreed with management that, in order to guarantee

their safety, trade union leaders did not have to work night shifts. Labour relations have improved ever since. In all those years, we always agreed collective bargaining agreements with management. The last time, negotiations took nine months but the employer did accept our main issues. We now have voluntary pension, with retired employees being entitled to healthcare for another ten years. And employees can hand over their position to a son or daughter, who will then also receive the necessary training.’

### MUTUAL CONSULTATION WITH EMPLOYER

‘Kern's has a good name and prestige. So does our trade union. We don't easily go on strike and this has earned us the trust of our employer. We try

to share our experiences with other companies and trade unions. What unites us is that we are looking to improve the standard of living of our employees and their families. We work on this in mutual consultation with the employer.’

‘Kern's is a member of Centrarse in Guatemala, a CSR platform of employers in Guatemala who want to improve their chain responsibility. By doing so, Kern's is an example for other companies in respect of the social dialogue. The company provides facilities for trade union work. As a trade union, we also seek to improve the quality of our own work. Older, more experienced trade unionists organise training courses for the younger generation to transfer knowledge and actively involve them.’



*'Kern's is an example for other companies in terms of Corporate Social Responsibility.'*

## Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

### MORE ABOUT STEWARD MAQUEPEACE

Steward Maquepeace is secretary-general of SITREMKANCO, Kern's trade union. SITREMKANCO (Sindicato de Trabajadores de la Empresa Kern's Anexos y Conexos) is affiliated to the national trade union organisation CGTG (Confederación General de Trabajadores de Guatemala), a partner organisation of CNV Internationaal in Guatemala.

# Tips & Tricks: Corporate Social Responsibility in six steps ■

How can you perform due diligence, or ICSR risk management, in a sound manner? Summarized, it takes the following 6 steps:

## STEP 1: DEVELOPING HUMAN RIGHTS POLICY

Management must propagate policy and explain what they expect from internal and external stakeholders. Also important is that policy is developed using both internal and external expertise. This policy must be accessible to all and can be part of general CSR policy.



## STEP 2: ANALYSING RISKS THROUGHOUT THE CHAIN

The analysis starts with inventorying the risks within the organisation and charting the entire chain. Who are the suppliers? In which countries are they active, and in which sectors? Are these countries or sectors with higher or lower risks? How do your suppliers perform? It is impossible to identify and address all risks at once so it is important to establish priorities. In doing so, it is important to determine whether any risk found has irreversible consequences. A life-threatening risk will have more priority in the short term than failure to pay for overtime. It is also important to find out where the chance is greatest that the risk will occur. The KPMG risk sector report and the CSR risk check are good steps for a first indication. The OECD has developed sector-specific manuals in which these elements are incorporated in five steps: (<http://www.oecd.org/corporate/mne/>)



### STEP 3: INTEGRATING DUE DILIGENCE THROUGHOUT THE ORGANISATION

Due diligence is a continuous process. For it to be successful, it must be part of the organisation's management systems, including remuneration systems and procurement procedures.

### STEP 4: MONITORING RISKS THROUGHOUT THE CHAIN

Proper monitoring is always necessary to determine whether human rights policy is implemented correctly. Risks may change over time and monitoring ensures that the analysis of the risks remains up to date. Monitoring also serves to find out whether policy is effective or requires adjustment. The knowledge and skills of local trade unions and NGOs can be used for monitoring. They can perform random samples or provide information on the actual situation by means of an ongoing dialogue.



### STEP 5: CONTRIBUTING TO REMEDIES

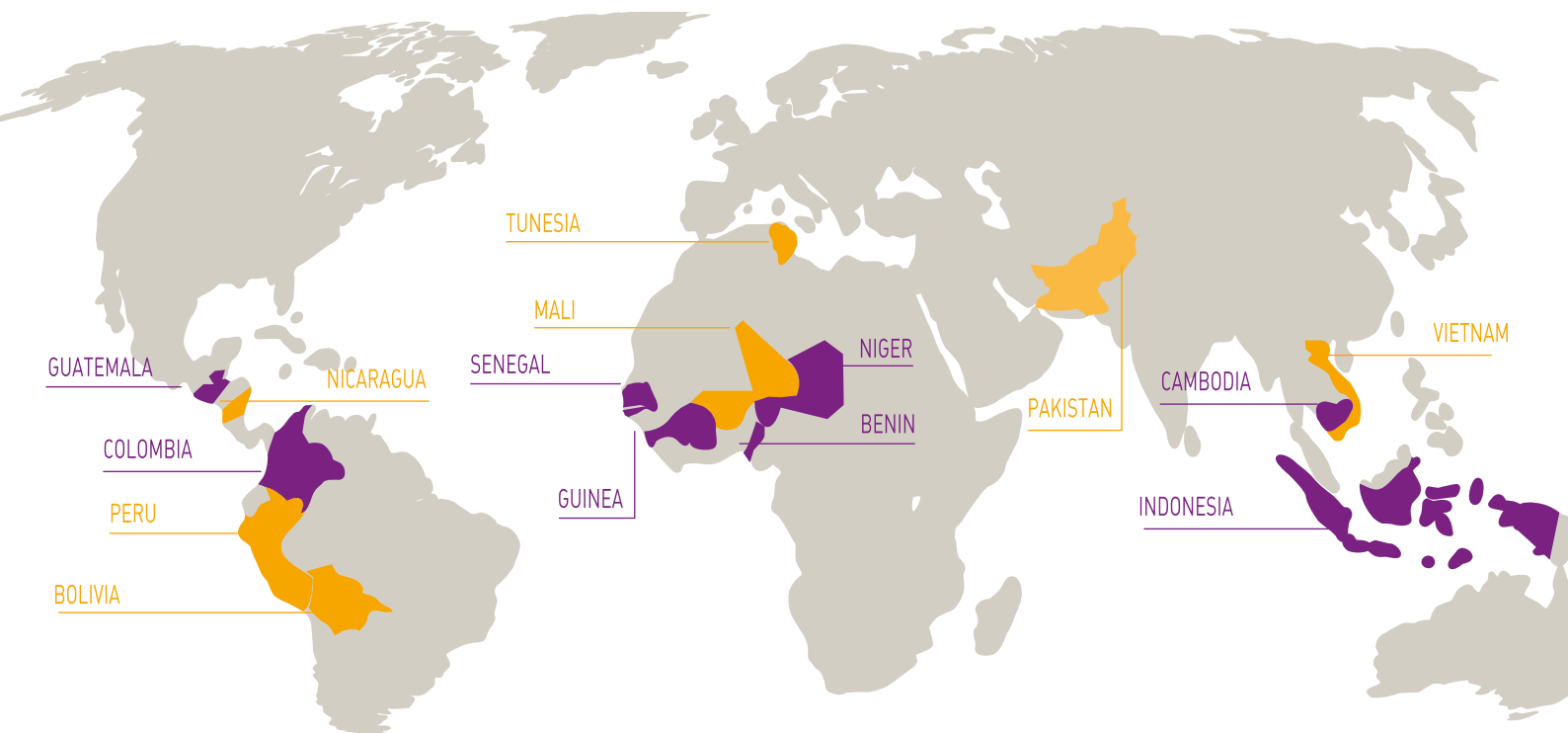
Should there be a negative impact on human rights anywhere in the chain, it is important that it is clear who the victims can turn to and that any damage is remedied in time. Find out which party should take action to remedy the damage and prevent this negative impact in the future. At each of these steps, it is important to use the available internal knowledge about human rights as well as to consult external experts, such as trade unions and other social organisations. This can be done in brief meetings during an annual working visit to a supplier, or in the Netherlands by talking to organisations working in the countries where your products come from.

### STEP 6: COMMUNICATING ON DUE DILIGENCE

A key part of due diligence is communicating the right information to the right persons at the right time. Communication must be open and honest, accessible and pro-active. Companies do not have to communicate everything to everyone, but it is paramount that they are visibly working on due diligence.



# The future of CNV Internationaal



■ *Current partner countries: Benin, Cambodia, Colombia, Guatemala, Guinea, Indonesia, Niger, Senegal*

■ *New countries where cooperation is being explored: Bolivia, Mali, Nicaragua, Pakistan, Peru, Tunisia and Vietnam*

## OUR WORK

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The Foundation CNV Internationaal is a civil society organisation connected to the National Confederation of Christian Trade Unions in The Netherlands (CNV). CNV Internationaal has been working with trade unions in developing countries for more than 50 years. Together with its partner organisations, CNV Internationaal protects and promotes workers' rights by means of a consultative and coherent model in which social dialogue, pluralism of the trade union movement and workers' individual responsibility are key values. CNV Internationaal's mission is to contribute to Decent Work in developing countries through strengthening the position of workers in both the formal and informal economy, through strong social partners and by promoting sustainability throughout supply chains. In the Netherlands, CNV Internationaal – together with the CNV and CNV trade union federations – contributes to Decent Work in developing countries through lobbying, policy and raising awareness.

The work of CNV Internationaal is centred on the themes of social dialogue, labour rights in supply chains and (youth) employability.

## MORE INFORMATION

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The website [www.cnvinternationaal.nl/en/business-and-human-rights](http://www.cnvinternationaal.nl/en/business-and-human-rights) provides more information on ICSR, sustainability and chain responsibility, ICSR covenants the UNGP's and how companies and workers can start within their supply chain.

Practical information regarding due diligence:

- ICSR risk management (Duth Social Economic Council)  
[www.ser.nl/nl/themas/imvo/mvo-risicomanagement.aspx](http://www.ser.nl/nl/themas/imvo/mvo-risicomanagement.aspx)
- Doing Business with Respect for Human Rights:  
[www.businessrespecthumanrights.org/](http://www.businessrespecthumanrights.org/)
- CSR risk checker: [www.mvorisicochecker.nl/en](http://www.mvorisicochecker.nl/en)

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# Corporate Social Responsibility

IN INTERNATIONAL PRODUCTION CHAINS

Socially responsible companies take responsibility for the consequences of their own actions throughout the production and supply chains. These consequences can be social, ecological and economic. As employers' organisation, CNV Internationaal of course focuses on the social side.

With this theme booklet, CNV Internationaal shows how chain responsibility and the challenging combination of doing business and human rights work and what benefits they can have. Practical information is interspersed with practical examples. This theme booklet is a source of information, guideline and practical manual for companies and employees wanting to address decent work and human rights in their international supply and production chains.