



FACT SHEET FOR BUSINESS: INTERNATIONAL FRAMEWORK AGREEMENTS (IFAs)

What are International Framework Agreements (IFAs)?

International (or Global) Framework Agreements (IFAs) are negotiated between a multinational company and one or more global trade unions. They principally commit the company to apply common standards across its operations globally, but also have implications for the supply chain.

IFAs have proven to be a useful tool to assist trade unions in organising workers in sectors and regions where trade unions are weak. They can also help them in developed countries where trade union membership has been declining for many years. A further aim is to “standardise” company behaviour across the operations of the company. “One company, one standard” is a common global union objective.

IFAs are seen by unions as an alternative to unilaterally developed and implemented codes of conduct. As negotiated texts, they often provide for ongoing dialogue mechanisms and increasingly developed dispute handling procedures. They are also often for a fixed duration and renewal.

Some common features include:

- Incorporation of core ILO Conventions such as Freedom of Association;
- Recognition of the union and its affiliates;
- Company neutrality provisions with regard to union organising;
- Living wage, reasonable working hours, overtime;
- Preference for direct employment with limitations on the use of temporary or agency workers.

Some global unions, such as Union Network International (Services) and IndustriAll (manufacturing/textile), are more active in the use of IFAs than others such as the International Food Workers. The likelihood of an approach for an IFA often depends upon the sector concerned. However, IFAs form part of a longer-term strategy by the trade union movement which sees a lacuna, within the debate on globalisation, in industrial relations and the need for eventual structures for global industrial relations.

Why are IFAs relevant to business?

As one of the tools used by trade unions in response to the internationalisation of business, companies need to be aware of what they are, their content and their effect so as to develop strategies to address them should an IFA request arise.

The reasons for an IFA vary. Sometimes they are the result of strong union campaigns, other times they are a result of existing dialogue models, especially in the case of European

companies. Some companies see them as a means of improving working relationships and helping to address operational difficulties in some countries.

At the same time, a number of companies have resisted an IFA, developing other less formal means of communicating with their unions. There is no one-size-fits-all.

However, it is important to consider two issues in particular:

- 1) Their legal status is untested. However, like any agreement, it should be approached on the basis that it is of a legal nature.
- 2) Clear understanding of what is in the agreement and how it can apply across the countries where operations exist or are intended.

Some sustainable investor groups use IFAs as a measurement of a company, as do some other social auditors.

Care is needed in referencing ILO Conventions as they are addressed to countries, not companies. A company cannot give effect to a Convention.

Companies should also have an objective of what they want from an IFA before committing to one. Once signed, this is a long-term commitment so it is important to be clear as to what benefit the company can derive from it.

IFAs affect the total business, so all relevant parts of the organisation should be involved, i.e. HR, IR, legal. This is not a CSR initiative.

What is the IOE position on IFAs?

The IOE takes no formal position for or against IFAs. These are issues for the company concerned to determine. However, as negotiated texts, signed for and on behalf of the company, proper care is needed to ensure language and content are always aligned clearly to the intent of the document so as to avoid difficulties on implementation or enforcement.

How does the IOE's work regarding IFAs advance the agenda for business?

By researching and analysing IFAs, the IOE is able to advise and inform its members and their companies on content and process, thereby working to ensure companies are able to make the most of an IFA if they choose to have one, or have the arguments and approaches in place should they choose not to.

More Information and Answers to your Questions

Please visit the [Industrial Relations section of our website](#). If you do not find what you are looking for, please contact Brent Wilton (wilton@ioe-emp.org / 004122 929 00 14) or Amelia Espejo (espejo@ioe-emp.org / 0041 22 929 00 19).