

# Trends and Changes in Corporate Governance and in Corporate Social Responsibility Policies\*

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Corporate governance and corporate social responsibility is increasingly becoming a reality, especially, of listed companies. In the EU, it is regulated by the Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 and Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013. The corporate governance framework for listed companies in the EU is a combination of legislation (hard law) and soft law, including corporate governance codes and recommendations. While corporate governance codes are adopted at national level, Directive 2006/46/EC promotes their application by requiring that listed companies refer in their corporate governance statement to a code and that, they report on their application of that code, on a “comply or explain” basis, which means that a company that chooses not to comply with these recommendations must explain which parts it has not complied with and for what reasons. Another aspect is related to the appointment and composition of boards of director based on diversity in terms of gender, race, ethnicity and nationality. As corporate social responsibility, listed companies may voluntarily address environmental, social and employee-related issues, human rights, anti-corruption and bribery in their sustainability reports. These regulations contemplate the progressive assumption of the triple dimension of sustainability: economic, social and environmental of the Agenda 2030 and a new culture of ethics in business management. The question, the object of this article, is to indicate the social aspects of sustainable development that these companies are deemed to integrate (hard law) and address in their sustainability reports (soft law) in order to be socially more sustainable. To this end, it is necessary to analyze the concept of decent work and how it is included in the fundamental texts of EU social law: Charter of Fundamental Rights of the European Union, 20 principles of the European Pillar of Social Rights and derivative law.

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## Sustainable Development Definition

Sustainable development was defined in the World Commission on Environment and Development’s 1987 Brundtland report *Our Common Future* as “development that meets the needs of the present without

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compromising the ability of future generations to meet their own needs”. This concept has been taken up by the international community with the adoption of the 2030 Agenda (Resolution 70/1 adopted by the General Assembly on 25 September 2015 70/1. Transforming our world: the 2030 Agenda for Sustainable Development, hereafter 2030 Agenda).

The 2030 Agenda (2015) stated that

sustainable development recognizes that eradicating poverty in all its forms and dimensions, combating inequality within and among countries, preserving the planet, creating sustained, inclusive and sustainable economic growth and fostering social inclusion are linked to each other and are interdependent. (p. 13)

It therefore covers three dimensions: economic, social and environmental, which are integrated and indivisible in nature, and whose achievement, through its 17 sustainable development goals and 169 targets, requires the global participation of “Governments, the private sector, civil society, the United Nations system and other actors” (The 2030 Agenda, 2015, p. 39), like the International Labor Organization (ILO) another fundamental characteristic of the 2030 Agenda, multilateralism, requiring the involvement in its implementation of both the public and private sectors, including listed companies.

There are therefore two essential premises for tackling the issue: (i) the integrating, indivisible and cross-cutting nature of the triple dimension of sustainability; and (ii) multilateralism in its implementation, to be applied, among them, by the private sector, by companies, with the intention of achieving common and universal objectives set by the 2030 Agenda and thus move towards societies that protect the environment, that promote inclusive economic growth, greater cohesion and social justice, because as ILO says we must be concerned “not only with workers in the organized sector, but also with the working poor: with informal workers; casual workers; the self-employed; and particularly, with women workers who have remained hitherto largely invisible in official statistics and policies” (Somav á, 2000).

With this concept, sustainable development changes the way of seeing and understanding things. As the Preamble of the Agenda says,

this Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet.

It is not

a theory of socialism, or mutualism, or stakeholder capitalism. It is not about the sharing of benefits to different parties in organizations. It is not about the adoption of religious principles or moral dogma. It is about creation, development, and innovation—how we as individuals and societies can together build a better world for the benefit of all today and in the future—and the purpose of business as producing profitable solutions to problems of people and planet. We all want to contribute to that endeavor, and the corporation is a vital component in our ability to do so. (Mayer, 2018, p. 12)

This process of transformation towards sustainable development requires a just transition to be built by applying the Guidelines for a just transition towards environmentally sustainable economies and societies for all (ILO, 2015a; 2015b). This process of transformation, of reconversion, towards a climate-neutral and

economically and socially just economy (greening of economies), is a process in which companies can not only benefit but in which their participation is essential. This just transition: (1) must not be reduced to mere social support, but it is essential to assume public responsibility for actively facilitating and supporting a transition for the common good, so that the conversions become sustainable; and (2) must be planned (with clearly defined objectives) and, as such, cannot be treated as just another transition for workplaces and livelihoods, it requires local, specific and comprehensive policies, with a view to the long term and not the short term.

This is why in the United States the Just Transition Fund was established, Rockefeller Family Fund and the Appalachian Funders Network formed the Just Transition Fund to help communities affected by the changing coal sector by leveraging President Obama's POWER Initiative (2015) and, in Europe, the Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund is pending approval [Brussels, 14.1.2020 COM (2020) 22 final 2020/0006 (COD)], whose implementation implies that EU countries have to prepare their respective Territorial Just Transition Plans (TJTP) identifying the eligible territories that are expected to be the most negatively affected by the green transition.

### **Corporate Governance and Corporate Social Responsibility Frameworks**

Firstly, European rules on corporate governance apply to listed companies (i.e., companies that issue shares admitted to trading on a regulated market). According to Green Paper, the EU corporate governance framework "corporate governance is traditionally defined as the system by which companies are directed and controlled" (Committee on the Financial Aspects of Corporate Governance, 1992, p. 15) and "as a set of relationships between a company's management, its board, its shareholders and its other stakeholders" (Organisation for Economic Co-operation and Development [OECD], 2004, p. 11). It underlines the idea that these companies are managed in an adequate and transparent way, which requires the intervention of the supervisory and/or regulatory bodies of each State. An effective corporate governance framework "is of key importance to society, as well-run companies are likely to be more competitive and more sustainable in the long term" (European Commission, 2014, p. 1).

The corporate governance framework for listed companies in the EU is a combination of legislation (hard law) and soft law, including recommendations and corporate governance codes. While corporate governance codes are adopted at national level, Directive 2006/46/EC promotes their application by requiring that listed companies refer in their corporate governance statement to a code and that they report on their application of that code on a "comply or explain" basis, which means that a company that chooses not to comply with these recommendations must explain which parts it has not complied with and for what reasons, it must explain the reasons for the non-compliance. Its main advantage

is its flexibility; it allows companies to adapt their corporate governance practices to their specific situation (taking into consideration their size, shareholding structure, and sectoral specificities). It is also thought to make companies more responsible by encouraging them to consider whether their corporate governance practices are appropriate and by giving them a target to meet. The "comply or explain" approach is therefore widely supported by regulators, companies and investors. (European Commission, 2011, p. 3)

These explain "should be sufficiently clear, accurate and comprehensive to enable shareholders, investors and other stakeholders to assess the consequences arising from the departure from a particular recommendation".

For this purpose, companies should clearly state which specific recommendations they have departed from and, for each departure from an individual recommendation: (a) explain in what manner the company has departed from a recommendation; (b) describe the reasons for the departure; (c) describe how the decision to depart from the recommendation was taken within the company; (d) where the departure is limited in time, explain when the company envisages complying with a particular recommendation; and (e) where applicable, describe the measure taken instead of compliance and explain how that measure achieves the underlying objective of the specific recommendation or of the code as a whole, or clarify how it contributes to good corporate governance of the company [Article 20(1) of Directive 2013/34/EU and Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting “comply or explain”, Section III, 8 and 9].

Another aspect addressed by the Green Paper. The EU corporate governance framework is related to the appointment and composition of boards of directors, pointing out that

the board of directors—high performing, effective boards are needed to challenge executive management—. This means that boards need non-executive members with diverse views, skills and appropriate professional experience. Such members must also be willing to invest sufficient time in the work of the board. The role of chairman of the board is particularly important, as are the board’s responsibilities for risk management

applying the provisions contained in the Commission’s Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

Therefore, the criteria for the appointment of these non-executive board members must be based on diversity in terms of gender, race, ethnicity and nationality, and “should be selected on the basis of a broad set of criteria, i.e., merit, professional qualifications, experience, the personal qualities of the candidate, independence and diversity”. The reason is because,

diversity in the members’ profiles and backgrounds gives the board a range of values, views and sets of competencies. It can lead to a wider pool of resources and expertise. Different leadership experiences, national or regional backgrounds or gender can provide effective means to tackle “group-think” and generate new ideas. More diversity leads to more discussion, more monitoring and more challenges in the boardroom. It potentially results in better decisions but getting to those decisions may take more time. Therefore, the commitment and support of the chairperson is indispensable. (European Commission, 2011)

In addition, listed companies may voluntarily address, as corporate social responsibility (CRS), environmental, social and employee-related issues, human rights, anti-corruption and bribery [Article 20(1) of Directive 2013/34/EU] in the sustainability reports—non-financial information that must be included in the consolidated management report. This sustainability report appears as the channel for channeling the three dimensions of sustainable development of the 2030 Agenda: economic growth, social cohesion and environmental protection in an integrated, indivisible and cross-cutting manner. The information contained therein aims to identify risks to improve sustainability and increase the confidence of investors, consumers and society in general. CRS is essentially “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment”. The corporate social responsibility concept “is mainly driven by large companies, even though socially responsible practices exist in all types of enterprises, public and private, including SMEs and co-operatives” (European Commission, 2011). CSR is not exclusive to large corporations,

but is a strategy common to all companies and corporations regardless of their legal nature, size and purpose, with a view to achieving the highest levels of sustainable development.

In this way, the concept of corporate “social interest” is evolving from being based exclusively on the common interest of the company (monotheistic conception) to also taking into consideration the various interest groups with which the company relates have about the company, stakeholders (pluralist conception), both, internal—shareholders, workers and external—suppliers and customers (HSF Spain, 2020), investors and consumers, to which the company’s administrators have to pay attention and who are beginning to be held directly and individually liable, civilly and/or criminally, for acts committed in the name and on behalf of the company, a liability that is beginning to be demanded from the perspective of a culture of ethics. In Spain, there are Article 31 of the Criminal Code and Order 1/2016, January 22, on the criminal liability of legal persons under the reform of the Criminal Code of the State Attorney General’s Office.

Thus, an “internal and an external dimension of the CRS” (Commission of the European Communities, 2001) of the listed companies appears, establishing a set of principles and guidelines for conduct contained in codes based on principles of business ethics (compliance with governance and sustainability systems, commitment and linkage to human rights, environmental protection; non-discrimination on the basis of condition or circumstance race, color, sex, religion or national origin, etc. on diversity; reconciliation of personal and working life, rigorous selection and training of professionals), consideration of the legitimate interests that converge in the development of business activity and transparent management that serve as a guide for the actions of the company’s administrators, professionals and suppliers, contractors and subcontractors. These business ethics are progressively being included in hard law (EU directives), in codes of good corporate governance and in the recommendations of supervisory bodies, subject to the principle of complying or explaining, soft law.

The assumption of the triple dimension of sustainability and this new culture of ethics in business management is due not only to the fact that the world is more global, that investors are demanding sustainable development from listed companies in favor of climate change and the achievement of social goals (annual letters to CEO, BlackRock CEO Larry Fink), the fact that companies consider the SDGs to be an integral part of their growth and competitiveness strategy, but also the fact that consumers are more aware of climate change, are more informed and are calling for a different type of consumption based not on planned obsolescence but on the three Rs: Reuse, Repair, and Recycle, and to the fact that society is beginning to no longer tolerate execrable behavior, such as child and/or forced labor, human trafficking, especially in global supply chains.

The question now is to indicate the social aspects of sustainable development (employment, equal treatment in employment and occupation, work organization, health and safety conditions at work, training, social protection, etc.) that these companies are deemed to integrate (hard law) and address in their sustainability reports (soft law) in order to be socially more sustainable. To this end, it is necessary to start from the pillars of decent work and, at the European level, from the Charter of Fundamental Rights of the European Union and the 20 principles of the European Pillar of Social Rights.

### **Decent Work as a Key for Social Development (Eight SDG)**

ILO Director-General Somavia, when he presented his report Decent Work at the 87th Session of the ILO, did not define decent work, but he was clear that it is “a concept that seeks to express what should be, in the

globalized world, a good job or a decent job”. Its construction is based on four strategic objectives that are “inseparable, interrelated and mutually reinforcing, since the failure to promote any one of them undermines the achievement of the others” (Somavía, 2014, p. 25). They form the basis of decent work and are intimately connected to human dignity.

The four objectives of work are:

- **Promote jobs:** Promote jobs by creating a sustainable institutional and economic environment in which people can acquire and upgrade the skills and competencies they need to be able to work productively for their own personal fulfillment and the common good; it means that all enterprises, both public and private, are sustainable to enable growth and the generation of greater employment and income opportunities and prospects for all; it also means that society can achieve its goals of economic development and social progress and attain a good standard of living, all of which are related to green jobs.

- **Guarantee rights at work:** With special emphasis on the effective abolition of child labor and forced or compulsory labor in all its forms—work or service exacted from any person under the menace of any penalty and for which the said person does not volunteer—including human trafficking; the guarantee of freedom of association and the right to collective bargaining; and the eradication of discrimination against all women and girls, without leaving behind groups, such as young people, the long-term unemployed, the disabled, immigrants and the elderly.

- **Extend social protection:** understood in three ways—extending social security from the subjective and objective point of view; measures to provide basic income to those who need it and to respond to the new needs and uncertainties generated by rapid technological, social, demographic and economic change; healthy and safe working conditions; measures regarding wages, hours and other working conditions aimed at ensuring a fair distribution of the fruits of progress.

- **Promote social dialogue and tripartism:** to adapt the implementation of strategic objectives to the needs and circumstances of each country; translate economic development into social progress and social progress into economic development; facilitate consensus-building on national and international policies that affect employment and decent work strategies and programs; promote the effectiveness of labor legislation and institutions, particularly with respect to the recognition of the employment relationship, the promotion of good labor relations and the establishment of effective labor inspection systems.

As for the subject, “decent work applies not just to workers in the formal economy but also to unregulated wage workers, the self-employed and home workers” (Ghai, 2003, p. 113), informal economy that

the high incidence of the informal economy in all its aspects is a major challenge for the rights of workers, including the fundamental principles and rights at work, and for social protection, decent working conditions, inclusive development and the rule of law, and has a negative impact on the development of sustainable enterprises, public revenues and governments’ scope of action, particularly with regard to economic, social and environmental policies, the soundness of institutions and fair competition in national and international markets, represents a major obstacle to workers’ rights, including the fundamental principles and rights at work, and for social protection, decent working conditions, inclusive development and the rule of law. (ILO, 2015b)

It is also applicable to members of cooperatives and social and solidarity economy units, family workers, “domestic workers, on-demand workers, intermittent workers, voucher-based-workers, platform workers,

trainees and apprentices” (Council of the European Union, European Parliament, 2019, p. 8).

By virtue of this, the concept of decent work is not based, or not exclusively, on the traditional and historical division between employed and self-employed workers; rather, what is important is that the work “be productive and provide people with the material means or economic goods they need to survive” (Olea, 2003, pp. 43-44).

Likewise, decent work refers expressly to those who have not had access to employment, persons in vulnerable situations to which it refers the ILO Centenary Declaration for the Future of Work (2019):

Young people, developing effective policies aimed at generating full, productive and freely chosen employment and decent work opportunities for all, and in particular facilitating the transition from education and training to work, with an emphasis on the effective integration of them into the world of work. Older workers supporting measures that help them to expand their choices, optimizing their opportunities to work in good-quality, productive and healthy conditions until their retirement, and to enable active ageing. Women, achieving gender equality at work through a transformative agenda, with regular evaluation of progress made, which ensures equal opportunities, equal participation and equal treatment, including equal remuneration for women and men for work of equal value; enables a more balanced sharing of family responsibilities; provides scope for achieving better work–life balance by enabling workers and employers to agree on solutions, including on working time, that consider their respective needs and benefits; and promotes investment in the care economy. Persons with disabilities, ensuring equal opportunities and treatment in the world of work. Migrants, seeking a response to safe, orderly, regular and effective labor migration governance based on equitable recruitment between nationals and immigrants following. (ILO, 2019c)

Therefore, the concept of decent work is the irruption of ethics in international social law. It is based on the dignity of the person (Article 1 of the Charter of Fundamental Rights of the European Union: “Human dignity is inviolable. It must be respected and protected”) and its objectives are to establish how employment must be generated and under what conditions a given job must be performed, the guarantee of which depends on sufficient social protection and, for the achievement of which, social dialogue is necessary.

It is this concept of decent work that has been included in the 2030 Agenda under the rubric of “promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (Eight SDGs), reflecting the international community’s understanding that decent work is both a means and an end in the pursuit of sustainable development. In addition to being clearly included as a separate goal, decent work is also a crosscutting topic in the SDG framework, with a strong presence in many other goals, such as Goal 1 (End poverty), Goal 4 (Ensure quality education), Goal 5 (Achieve gender equality), Goal 10 (Reduce inequality), Goal 14 (Conserve marine resources), and Goal 16 (Promote justice and institutions).

Social (decent work) has become a “social objective” (The Agenda 2030) which implies that it has to go hand in hand with economic growth and environmental protection and requires a just transition process in which companies cannot do it by themselves; it requires the interaction with the governments and social dialogue.

### **Main Social Aspects to be Assumed by Listed Companies**

The four decent work goals (Eight SDG in Agenda 2030) are also included in the fundamental texts of EU social law: Charter of Fundamental Rights of the European Union (Charter) and the 20 principles of the European Pillar of Social Rights (Pillar) which are the beacon guiding us towards a strong social Europe that is fair, inclusive and full of opportunity. Chapter I: Equal opportunities and access to the labor market: (1) education, training and life-long learning, (2) gender equality, (3) equal opportunities, and (4) active support to employment. Chapter II: Fair working conditions: (5) secure and adaptable employment, (6) wages, (7) information about

employment conditions and protection in case of dismissals, (8) social dialogue and involvement of workers (9) work-life balance, and (10) healthy, safe and well-adapted work environment and data protection. Chapter III: Social protection and inclusion: (11) Childcare and support to children, (12) social protection, (13) Unemployment benefits, (14) minimum income, (15) old age income and pensions, (16) health care, (17) inclusion of people with disabilities, (18) long-term care, (19) housing and assistance for the homeless, and (20) access to essential services.

Derivative law is taking on board the regulation of these rights and principles contained in both the Charter and the Pillar, citing their precepts expressly in its most recent regulation. As hard law, they will have to be complied with by all companies, including those listed on the stock exchange, because “corporate social responsibility should nevertheless not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation” (Commission of the European Communities, 2001, p. 22). This legislation deals with the following topics:

Transparent and predictable working conditions: Directive 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union, to adapt them to demographic developments and digitalization leading to the creation of new forms of employment. Expressly quotes:

Article 31 of the Charter, Fair and just working conditions, provides that every worker has the right to working conditions which respect his or her health, safety and dignity, to limitation of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave.

Principle No. 5 of the European Pillar of Social Rights (secure and adaptable employment) provides that, regardless of the type and duration of the employment relationship, workers have the right to fair and equal treatment regarding working conditions, access to social protection and training, and that the transition towards open-ended forms of employment is to be fostered; that, in accordance with legislation and collective agreements, the necessary flexibility for employers to adapt swiftly to changes in the economic context is to be ensured; that innovative forms of work that ensure quality working conditions are to be fostered, that entrepreneurship and self-employment are to be encouraged and that occupational mobility is to be facilitated; and that employment relationships that lead to precarious working conditions are to be prevented, including by prohibiting abuse of atypical contracts, and that any probationary period is to be of a reasonable duration.

Principle No. 7 of the European Pillar of Social Rights (information about employment condition) provides that workers have the right to be informed in writing at the start of employment about their rights and obligations resulting from the employment relationship, including any probationary period; that prior to any dismissal they are entitled to be informed of the reasons and given a reasonable period of notice; and that they have the right to access to effective and impartial dispute resolution and, in the case of unjustified dismissal, a right to redress, including adequate compensation.

The Directive establishes minimum requirements for working conditions: maximum duration of any probationary period (Article 8), parallel employment (Article 9), minimum predictability of work (Article 10), complementary measures for on-demand contracts (Article 11), transition to another form of employment (Article 12), mandatory training (Article 13), and collective agreements (14). Member States “shall take the



necessary measures to comply with this Directive by 1 August 2022” (Article 22). With the exceptions provided for in the Article 23, the rights and obligations set out in the Directive “shall apply to all employment relationships by 1 August 2022” (Article 23).

Specifically, with respect to expatriate workers, the following has been issued Directive 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services, in order to establish a balanced, non-discriminatory, transparent and proportionate framework for the freedom to provide services and the protection of posted workers.

Reconciliation between work, private and family life: Directive 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. Its objectives are to ensure equality between women in employment, work and pay (Article 33 of the Charter), gender equality and work-life balance (principles No. 2 and No. 9 of the European Pillar of Social Rights). Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 2 August 2022 (Article 20), except for the payment or allowance corresponding to the last two weeks of parental leave that will be by 2 August 2024 (Article 20). Sharing the care of a dependent child or minor is essential in order to achieve the following measure because the objectives are not only to overcome gender discrimination and guarantee effective equality between men and women, but also to encourage both men and women to jointly assume family obligations and responsibilities. For this reason, gender norms promote the reconciliation of family and work life so that care for children and family members is assumed and shared by both parents.

Gender balance among non-executive directors of listed companies to reach the 40% target: Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures, Brussels, 14.11.2012.COM (2012) 614 final. The proposal is consistent with the Charter. It will help to promote fundamental rights, particularly those related to equality between women and men (Article 23) and to the freedom to choose an occupation (Article 15). Also touches upon the freedom to conduct a business (Article 16) and on the right to property (Article 17). It does so in a justified manner: In line with the principle of proportionality, the proposal’s focus is on non-executive board members who—while being important actors in particular in relation to corporate governance—are not involved in the day to-day running of operations. Moreover, Article 21(1) of the Charter prohibits any discrimination based on sex. Article 23 recognizes that the principle of equality does not prevent the maintenance or adoption of measures providing for specific advantages in favor of the under-represented sex; this principle of positive action is also recognized in Article 157(4) TFEU. The proposal

focuses on publicly listed companies, due to their economic importance and high visibility. They set standards for the private sector at large. Moreover, they tend to have larger boards and have a similar legal status across the EU, providing the necessary comparability of situations.

However, if it is already difficult to achieve this objective in the case of non-executive members, the issue is even more complicated in the case of executive directors, since it is really complicated for them to reach the board if they have not previously held executive positions in the company.

As for corporate social responsibility standards, although they are voluntary, it is proposed that they be assumed by listed companies engaged in both the execution of works and the provision of services; the parent company listed on the stock exchange and its subsidiaries, regardless of their headquarters.

In addition, multinationals should promote compliance with the standards and recommendations by the main company and its suppliers, contractors and subcontractors, through labor compliance agreements between the main employer and contractors and/or subcontractors to achieve compliance with minimum decent work standards by the latter, especially in global supply chains, and thus prevent or mitigate negative consequences on human rights directly related to operations, products or services provided in their business relationships. The violation of these rights is exacerbated in cases of contracting and subcontracting where the main company, which has no direct responsibility for the employment of contractors or subcontractors, makes investment decisions that do affect working conditions in the other links of the contracting or subcontracting chain, suppliers, and these operate informally and opt for employment that contravenes labor standards, resorting, even in extreme cases, to forced labor and child labor (ILO, 2016a). These minimum standards are those established in the eight ILO fundamental conventions (Schedule). Obviously, these conventions must be complied with by the States who have ratified them, but the intention is that they should be applied by and complied with by multinational companies.

Another proposal would be the conclusion of international and/or global framework agreements, “an instrument negotiated between a multinational company and a global union federation in order to establish in which it operates”. They do not replace direct negotiations between companies and worker a relationship between the parties and ensure that the company respects the same standards in all the countries in each country or in each workplace, “but they do provide a framework for such negotiations, so that they are constructive and have a minimum basis” (Michel, 2007). Many companies have already signed such framework agreements with five global union federations since the first one was signed by the multinational Danone (1988) followed by the hotel chain ACCOR (1995); from 2000 onwards, the number of agreements signed each year began to increase: IKEA, Chiquita, Faber-Castell y Staedler; Statoil, ENI y RuLukoil; Volkswagen, Daimler-Chrysler, Renault y Peugeot-Citroën; Endesa y EDF; Telefónica y OTE; Carrefour y H & M (Michel, 2007). The virtue of these agreements is that they promote

more democratic labor relations and thus better working conditions ... they have the potential to create trade union networks, to promote freedom of association and collective bargaining, and to help unionize workers in the subsidiaries and suppliers of large multinational companies. (Hadwiger, 2016, p. 10)

In terms of specific measures that could be included in its CRS, the following are proposed, in particular:

- Jobs: Updating skills and competencies the world of work through lifelong learning throughout working life (ILO, 2004) and adapting them to new forms of employment, such as digital, robotic and online works (ILO Centenary Declaration for the future of work, III. A):

The basic/fundamental ones: literacy levels and numeracy skills needed to obtain work with sufficient wages to cover daily needs.

Professional/technical: skills and specialized theoretical or practical knowledge and abilities required to perform specific functions or tasks, in particular Information and communications technology (ICT).

Professional/personal: individual qualities that relate to the job, such as honesty, integrity, reliability and work ethic.

Key competencies, abilities to learn and adapt; listen and communicate effectively; think creatively; solve problems independently; interact with co-workers; work in teams or groups; know how to use basic technology; lead effectively; and adapt to supervision.

- **Guaranteeing rights at work.** Multinational enterprises, as well as listed national companies, should take immediate and effective measures to achieve the prohibition and elimination of forced or compulsory labor in their operations, respect the minimum age for admission to employment or work in order to ensure the effective abolition of child labor in their operations, especially of their suppliers in global supply chains (ILO, 1973). They should seek to prevent or mitigate adverse human rights impacts directly related to operations, products or services provided in their business relationships, even when they have not contributed to generating them.

- **Extending social protection:** Adopt measures to improve working conditions, in particular, the time and place of work and the reconciliation of personal, work and family life. Wages, benefits, and working conditions offered by multinational enterprises in all their operations should not be, in all their operations, less favorable to workers than those offered by employers in the country where the services are to be provided. Establish a culture of prevention in occupational safety and health. It is also an open field to promote the processes of just transition towards sustainable economies, social cohesion and environmental protection.

- **Promoting social dialogue:** Workers' representatives of multinational and national companies should not be prevented from meeting for consultation and exchanging views with each other, provided that this does not harm the smooth running of the company's operations and that it is not detrimental to their work. The company's operations and the normal procedures governing relations with workers' representatives and their organizations should not be hindered.

## Conclusions

Principles based on human dignity are progressively being introduced into the hard law of the EU Social Law, incorporating the legislation into an ethical behavior that affects everyone, including, companies.

Likewise, companies are adopting this culture of business ethics through soft law, introducing the recommendations of supervisory and/or regulatory bodies in their codes of good corporate governance.

Nevertheless, in order to be effective from a social point of view, the following issues should be reinforced:

1. Clarify the socially accepted minimum standards of decent work (e.g., abolition of forced labor, worst forms of child labor) and oblige companies to comply with these minimum standards in the sense that a company that does not comply with them may not operate or be listed on the market.

2. Once these mandatory minimum standards have been defined, establish a series of guidelines and/or recommendations that establish what other aspects of decent work are internationally accepted, so that companies can voluntarily adhere to them, and even improve them, and so that the markets, the external stakeholders, will be the ones to value those companies that are most committed to sustainable development. Annual letters to CEO, BlackRock CEO, are a good measure, but there must be an international framework to clarify what they are.

3. Establish a specific system of political, public and social recognition to reward those companies that have chosen to apply, voluntarily, more demanding standards with regard to sustainable development, for example, through international rewards, thus giving visibility to their corporate reputation.

4. This process of assuming minimum standards of decent work must go hand in hand with the other dimensions of sustainability, economic and environmental, and requires a just transition, in which institutionalized, transparent and efficient involvement and coordination between the different levels of government, the sectors (public and private) and social dialogue is necessary, so that these policies complement each other in their objectives, functions and financing.

We went from servitude to the labor contract; now it is our turn, in the 21st century and beyond, to move towards decent work.

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