



## Evaluation Final Statement UNI Global Union vs VEON

Date: 23 March 2022

**Evaluation of the Final Statement by the Dutch National Contact Point ('NCP') for the OECD Guidelines for Multinational Enterprises ('the Guidelines') further to the Final statement published on 11 February, 2020.**

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### 1. Recommendations in the Final Statement

On 11 February 2020 the Netherlands National Contact Point for the OECD Guidelines for Multinational Enterprises ('the Guidelines') published a final statement further to a specific instance submitted by UNI Global Union (UNI) against VEON. The issues raised concerned VEON and its operations in Bangladesh (Banglalink) with regard to the registration of the Banglalink Employees Union (BLEU). The NCP previously offered a dialogue between the parties on the workers' freedom of association at Banglalink and on mechanisms that would improve the company's due diligence monitoring and response throughout the VEON group. The NCP procedure in this specific instance has not led to a dialogue between the parties.

The NCP recommended that an evaluation should be conducted one year after the publication of the final statement of the NCP's forward looking recommendations. The NCP started the evaluation process with some delay, due to high workload. The process took more time than expected because several meetings took place with the parties separately, as well as a joint meeting.

The recommendations of the NCP in the final statement were:

1. that VEON draws up policies and measures to promote and facilitate freedom of association throughout the company and with its subsidiaries and daughter companies as well as business relations in line with the OECD Guidelines, Chapter V, art. 1 under a, and b.;
2. that VEON considers to address its international obligations regarding freedom of association and collective bargaining, for instance by entering into dialogue and negotiations with trade union parties at international level.
3. that VEON uses its leverage on its daughter company Banglalink, in line with the responsibility of the company under the OECD Guidelines, to promote consultation and cooperation between the employer and the workers and their representatives on matters of mutual concern within Banglalink.
4. that VEON uses its leverage on its daughter company Banglalink to ensure that Banglalink will respect its employees' decision on trade union membership, will refrain from any interference with the registration of the local union and will enter into constructive social dialogue with it, taking into account the scope and possible constraints of national law, in the understanding that according to the OECD Guidelines 'enterprises should seek ways to honour the principles and standards of the Guidelines to the fullest extent which does not place them in violation of domestic law' (Concepts and Principles, art.2).
5. that VEON uses its leverage on its daughter company Banglalink to promote the establishment of the required Worker Participation Council within Banglalink, based on the applicable national legislation which among other things requires holding elections, as a way to enhance formalized dialogue with the workers in the company, as long as there does not (yet) exist a registered union, while taking into account the comments by the Committee of Experts of the ILO to not use a too narrow definition of a worker, so as to not directly or indirectly avoid the company's obligations in this regard; The NCP hereby refers to the OECD Guidelines Commentary that stipulates, in line with ILO Recommendations, that consultative arrangements between workers and employers should not substitute for the workers' right to bargain over terms and conditions of employment.

The NCP in its Final statement concluded that based on the information available to the NCP, neither VEON nor Banglalink had yet taken appropriate action regarding the issues above, also when taking into account the possible limitations of national Bangladesh Labour law. Based on all information available to the NCP and the positions of both parties the NCP concludes that VEON is not acting in line with what can be expected from it under the OECD Guidelines.

## 2. Evaluation

### 2.1 The process of the evaluation

The evaluation started in April 2021, with the request of the NCP to both parties to provide written information for the purpose of the evaluation. In April and May the NCP had a call with each party separately. The NCP received information of both parties by the end of May. The NCP asked VEON for further clarification on some points. On 11 August VEON sent a letter to the NCP and indicated it was willing to enter into a dialogue with UNI Global Union to discuss any concerns and recommendations UNI Global Union may have. They welcomed the support from the NCP to facilitate this. This joint meeting took place on 22 September.

The follow-up of that meeting led to the conclusion that it seemed that no common ground could be found between the parties that would justify to have another joint meeting. Mid-November, the NCP decided to close the proceedings and draw up the evaluation.

The draft of this evaluation was shared with the parties for their comments within 14 days.

## 2.2 The views of the Parties on the implementation of the NCP's recommendations

In this paragraph, the views of the Parties as expressed during the evaluation on the implementation of each of the NCP's recommendations are summarized.

*The NCP recommended (1): "that VEON draws up policies and measures to promote and facilitate freedom of association throughout the company and with its subsidiaries and daughter companies as well as business relations in line with the OECD Guidelines, Chapter V, art. 1 under a, and b."*

**VEON**, during the evaluation, stated that VEON and its operating companies have policies in place to ensure compliance with local laws and regulations in respect of employee participation and representation. Where desirable and possible within the boundaries of local laws, such policies do at times exceed the minimum requirements of local law. VEON noted that freedom of association can take place in many different forms and manifestations, of which the establishment of a trade union is but one. It indicated that Banglalink in particular is committed in upholding mutual trust, consultation through dialogue and providing freedom of association to its employees through active participation in matters of mutual concern within the organization. To this effect, Banglalink has a number of arrangements in place that ensure active participation, which are in turn backed by Group policies, guidelines and VEON's Code of Conduct.

VEON indicated that VEON Group, reinforced by recent changes to its governance arrangements and by-laws, operates in all its local markets through a decentralized model that fully empowers local management to run their respective Companies. This is enabled alongside a Global Authority Matrix that exercises Group control at the level of their Board of Directors, and the provision of support and guidance regarding best practices, including the implementation of robust Group-wide Environmental, Social and Governance (ESG) policies that respect individual country-related goals and applicable local standards.

**UNI** stated that VEON didn't present any policies or measures to promote or facilitate freedom of association in its response to the NCP's recommendation to do so. They indicated that VEON's Code of Conduct has not been updated since 2018 and continues to make no reference to the right to freedom of association.

*The NCP recommended (2): "that VEON considers to address its international obligations regarding freedom of association and collective bargaining, for instance by entering into dialogue and negotiations with trade union parties at international level."*

Both parties indicated that in the year following the publication of the final statement by the NCP, there has been no contact between UNI and VEON at international level.

During the Evaluation, **VEON** indicated it was willing to enter into a dialogue with UNI to discuss any concerns and recommendations UNI may have. On 22 September, the NCP facilitated a joint meeting between the parties to hear the views from both sides concerning the current situation in Bangladesh and to talk about the implementation of the recommendations of the NCP.

**UNI** did not consider that VEON has entered into serious dialogue or negotiations with international trade unions regarding freedom of association and collective bargaining, despite the one joint meeting with the NCP during the evaluation.

*The NCP recommended (3): “that VEON uses its leverage on its daughter company Banglalink, in line with the responsibility of the company under the OECD Guidelines, to promote consultation and cooperation between the employer and the workers and their representatives on matters of mutual concern within Banglalink.”*

**VEON** stated to have ensured that Banglalink has implemented a number of measures to promote effective dialogue between its employees and the organization, ensuring participation by and cooperation with its employees.

Annual functional Line of Sight/Strategic workshops are carried out by each business function to ensure participation of team members in the development of strategies and future plans. Furthermore, the recent VEON Employee Engagement Survey and the Ethics Index Survey conducted by VEON, are independent anonymous surveys that reflect the stable and consistent increase in engagement of employees in the organization.

The recent employee engagement survey results were comprehensively analyzed and shared with respective functional employees, with a detailed perspective of areas of improvement. Line Managers were trained to make use of the data available from the survey and conduct focused group discussions (FGD) with team members, in order to formulate action items to further improve on the promising growth. 16 of these focused group discussions involving approximately 220 employees were carried out. Banglalink also has a number of recognized bodies to ensure the best interest of employees, such as Environment, Health, Safety and Wellness Committee and Workplace Ambassadors.

VEON indicates that Banglalink will continue to drive the existing initiatives and will further explore new opportunities to increase employee participation in order to sustain and improve on the positive growth which has already been reflected in VEON Employee Engagement Survey results, as per the inputs of Banglalink personnel.

**UNI** stated that there continues to be no dialogue on substantive matters between workers, their representatives and the company.

*The NCP recommended (4): “that VEON uses its leverage on its daughter company Banglalink to ensure that Banglalink will respect its employees’ decision on trade union membership, will refrain from any interference with the registration of the local union and will enter into constructive social dialogue with it, taking into account the scope and possible constraints of national law, in the understanding that according to the OECD Guidelines ‘enterprises should seek ways to honour the principles and standards of the Guidelines to the fullest extent which does not place them in violation of domestic law’ (Concepts and Principles, art.2).”*

The **NCP** notes the following facts concerning the registration of the union.

Three weeks before the publication of the final statement by the NCP, on 23 January 2020, the Bangladeshi Labour Court pronounced its judgment, in an appeal of the Banglalink Employees Union (BLEU) against the decision of the Labour Authority, that the BLEU union be given union registration by the Labour Authority within seven days. Banglalink had filed an application to be added as a party in the case. BLEU was registered as a trade union by the Ministry of Labour and Employment in Bangladesh on 9 February 2020, i.e. the day before the publication of the final statement.

On 11 February 2020, Banglalink appealed the judgement of the Labour Court and brought a case to the High Court of Bangladesh, stating that the Labour Court did not follow due process, as it had not heard Banglalink before making a decision. The High Court, on 26 February 2020, set aside the Labour Court order dated 23 January 2020 and sent back the same to the labour court for hearing the matter afresh, making Banglalink a party to the said case. By this judgement, the union registration of BLEU was suspended. BLEU has appealed this decision to the Supreme Court of Bangladesh (Apex Court) on 26 July 2020. The court ordered that the status quo in the matter had to be maintained pending the proceedings. The case was still pending for hearing in November 2021.

**VEON**, during the evaluation, stated that since Banglalink was not made a party to the said appeal before Labour Court, it filed an application to be added as a party in the said case. However, the Labour Court, without hearing Banglalink's application, pronounced its judgment. As Banglalink had not been heard in the process, whereas it was by law entitled to join the proceedings, VEON stated that the Labour Court did not follow due process. VEON indicated that such consideration is under all circumstances an understandable and valid reason to appeal a judgment. Banglalink therefore appealed the judgment before the High Court on procedural grounds.

**UNI** stated that Banglalink interfered in the registration of the local union by lodging an appeal, which caused the union registration to be suspended. They indicated that there is no dialogue between the union and the company. UNI indicated that while the company's High Court appeal to the union registration of BLEU was heard within a month, in their experience it may take years for the union's case to be heard. UNI said Banglalink could drop their objection to BLEU's registration and VEON should use the leverage it has on Banglalink to do so, as it is a 100 percent owned subsidiary of VEON (see VEON's [2020 Annual Report](#) p.166). UNI stated that if Banglalink will not withdraw their appeal against the union being registered, and will continue to pursue all legal procedures to block the union's registration, it is because VEON senior management is refraining from exercising its due diligence obligations to ensure that their workers' right to freedom of association and collective bargaining is respected at their subsidiary in Bangladesh in accordance with the OECD Guidelines.

**VEON** stated that, in any event, and whilst the matter is now pending at the court, Banglalink management has remained approachable and always promptly responded to any concerns raised by any BLEU representative.

**UNI** stated that BLEU organized a General Meeting on 1 March 2020 with its members. Banglalink responded by filing an unfair labour practice complaint against the union and its leadership with the Department of Labour. No further action was taken against the union, or its leaders, by the Department of Labour. The General Secretary and President of BLEU have been put on Performance Improvement Plans and indicated to UNI that they have met all their targets and believe that their low grades in recent years are related to their roles as trade union leaders. The President of BLEU received "underperforming (lowest grade) in 2018 and 2019 and "needs improvement" in 2020. The General Secretary received "needs improvement" in 2018 and 2019 and "meets expectations" in 2020. UNI states there is no dialogue between BLEU and Banglalink, and the company does not respond to any of the correspondence sent to it by the union.

*The NCP recommended (5): “that VEON uses its leverage on its daughter company Banglalink to promote the establishment of the required Worker Participation Council within Banglalink, based on the applicable national legislation which among other things requires holding elections, as a way to enhance formalized dialogue with the workers in the company, as long as there does not (yet) exist a registered union, while taking into account the comments by the Committee of Experts of the ILO to not use a too narrow definition of a worker, so as to not directly or indirectly avoid the company’s obligations in this regard; The NCP hereby refers to the OECD Guidelines Commentary that stipulates, in line with ILO Recommendations , that consultative arrangements between workers and employers should not substitute for the workers’ right to bargain over terms and conditions of employment.”*

**VEON** indicated that in light of the current legal difficulties surrounding the establishment of a trade union in Bangladesh, it is willing to continue using its leverage and to explore all necessary alternatives to ensure an appropriate level of employee engagement. The option of a certain form of employee participative body, not dissimilar to the type of employee participation VEON has established for its headquarters in the Netherlands, might be a viable alternative to investigate further. In this respect, VEON is advising Banglalink on the different types of participative bodies established in the Netherlands and how such models could be transposed and implemented in Bangladesh within the boundaries of the applicable laws. Going forward, VEON intends to continue to share best practices and hopes to inspire Banglalink to investigate the establishment of a participative body. They will monitor progress and further thoughts on the advantages and limitations of installing a certain employee consultation forum in Bangladesh.

**UNI** indicated that the two industrial relations systems in the Netherlands and Bangladesh are very different, so it is difficult to compare a Bangladeshi worker participation council and a Dutch works council. A Dutch works council exists in conjunction with a trade union at a specific company, and trade unions can propose candidates for election to works councils. In Bangladesh, worker participation councils and trade unions do not exist together at the same time. According to Bangladesh labour law, if there is a recognized trade union at the company, then social dialogue must be conducted with the union and the worker participation council ceases to exist. A worker participation council cannot bargain collectively in Bangladesh like a trade union can. Now that Banglalink’s workers have chosen to be represented by a trade union, the right of workers to freedom of association is not respected by offering them a worker participation council with no collective bargaining rights.

### 3. The NCP’s conclusions

This paragraph includes the NCP’s conclusions on the implementation of each recommendation in the final statement, as well as an overall conclusion, based on the information received from both Parties during the evaluation.

The NCP concludes that, although VEON has put in place Group policies and a Code of Conduct in order to ensure active participation of its workers worldwide, these still don’t seem to recognize the “fundamental right of workers to have trade unions and representative organisations for the purpose of collective bargaining and that enterprises should engage in constructive negotiations with such representatives with a view on reaching agreements on terms and conditions of employment”, as the OECD Guidelines chapter V, art 1 under b stipulate. The NCP is of the opinion that VEON’s policies and/or Code of Conduct should make reference to the core labour rights of freedom of association and the right to collective bargaining as enabling rights. The NCP urges VEON to update its policies and include this.

Although the NCP appreciates VEON's willingness to for the first time have a joint meeting with the submitters of the Specific Instance, taking into account that the parties have not met during the NCP process before, the NCP underlines that the added value of the NCP mechanism is to offer parties the opportunity to meet in order to better understand each other's position and views and to overcome differences with a view to find solutions for the outstanding issues between them. Unfortunately, in this specific instance, the views of the parties have remained divergent on principle, including during the evaluation phase. The NCP regrets that this Evaluation has not led to any progress on the resolution of the issues raised.

The NCP concludes that the information VEON has provided shows that Banglalink is working on increased employee participation along the lines of VEON's policies. The NCP notes that the initiatives described do not seem to meet the criteria of a formalized social dialogue nor lead to negotiations on terms and conditions of employment in the meaning of the OECD Guidelines Chapter V.

The NCP finds that, after the first positive step taken by the public authorities in Bangladesh to register the union BLEU in 2020, apparently Banglalink has challenged that registration in court, and since then Banglalink and BLEU are involved in complicated and long legal proceedings that seem to offer no way out in the foreseeable future concerning the registration of the union. The NCP has challenged VEON to think of other possible, non-judicial ways in which the issue of registration of the union could be solved. Following the response of VEON, the NCP found that apparently, there was no possibility to find any common ground between the parties on the matter of the registration of the union in any other way.

The NCP cannot judge if, how and to what extent VEON has in fact used its leverage on its subsidiary Banglalink to ensure the right of Banglalink's employees to freedom of association in line with the Guidelines. The NCP points out that Banglalink is a 100% owned subsidiary of VEON, meaning the parent company has the strongest possible ownership control. However, the NCP repeats that VEON has clear obligations under the Guidelines and urges VEON to exercise its leverage to the maximum extent possible.

NCP has taken note of the very divergent views of the parties regarding the relations on the ground between union and management at Banglalink.

Although VEON indicated that it has used its leverage on Banglalink, still no steps have been taken to establish the required Workers Participation Council (WPC) within Banglalink, including through organizing elections. The NCP indicated in its final statement that this kind of consultative arrangement should not substitute workers' right to have the possibility to join a union, but it could be considered as a first step. The NCP urges VEON to continue to put pressure on Banglalink to put a WPC in place in accordance with Bangladesh labour law, as long as there does not exist a registered union.

The NCP's overall conclusion is that, although VEON has shown to be willing to use some leverage on Banglalink in order to ensure better worker participation in practice within Banglalink, so far this has not led to any changes in policy and position regarding the recognition of fundamental labour rights of its workers nor with respect to having a formal social dialogue within the company.

It seems that VEON misunderstands the relevance of fundamental international labour standards, which have to be honoured beyond the applicability of national law and regulation. The NCP, on the basis of the information provided during the evaluation, finds that VEON has not adequately addressed any of the NCP recommendations.

The NCP draws attention to the fact that currently within the ILO's supervisory system a so-called article 26 complaint is discussed concerning the alleged non-observance by Bangladesh of Convention 81 (on minimum wages), Convention 87 (on freedom of association and Convention 98 (on the right to collective bargaining), and that the government of Bangladesh in this context has agreed with the ILO constituents, including social partners at international level, and with involvement of its national social partners, to a roadmap to improve its laws and regulations among others especially on the issue of freedom of association and trade union registration. The NCP acknowledges that the fact that the Bangladesh law and practice according to ILO constituents is not in line with ILO Conventions certainly creates some challenges for multinational enterprises active in the country. However, this situation does not affect VEON's obligation under the Guidelines to seek ways to honour the principles and standards laid down in the Guidelines to the fullest extent which does not place it in violation of domestic law. According to the NCP, VEON has not succeeded in doing so.

Therefore, the NCP is of the opinion that VEON has not acted in line with what can be expected from it under the OECD Guidelines, especially chapter I, concept and principles, art. 2. Finally, it is the view of the NCP that VEON, as well as other multinational enterprises active in Bangladesh, could also use the roadmap, developed with the Government of Bangladesh in the context of an on-going ILO procedure, as a point of reference and use their leverage to promote more and better practices on fundamental labour rights with their subsidiaries in Bangladesh.

The role of National Contact Points (NCPs) is to further the effectiveness of the OECD Guidelines. The Dutch government has chosen to establish an independent NCP, which is responsible for its own procedures and decisions, in accordance with the Procedural Guidance section of the Guidelines. In line with this, the Dutch NCP consists of four independent members, supported by four advisory government officials from the most relevant ministries. The NCP Secretariat is hosted by the Ministry of Foreign Affairs. The Minister for Foreign Trade and Development Cooperation is politically responsible for the functioning of the Dutch NCP. More information on the OECD Guidelines and the NCP can be found on the [NCP Website](#)

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P.O. Box 20061

2500 EB The Hague

The Netherlands

[NCP Website](#)