



DRIVING HUMAN RIGHTS DUE DILIGENCE

AUTOMOTIVE SECTOR - A UNION GUIDE

SÉVERINE PICARD • PROGRESSIVE POLICIES



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INTRODUCTION

This sectoral guidance offers insights into the risks faced by workers in the automotive industry and along its supply chains. It outlines how these risks can be proactively addressed through a robust human rights due diligence (HRDD) process. The guidance is designed to be used alongside an introductory guide, which offers practical recommendations for understanding and implementing HRDD from a cross-sectoral perspective.

This guide is released at a particularly tense moment for the sector. The ongoing tough discussions on CO2 emissions, coupled with challenging market slowdowns and a strained international trade landscape, are placing immense pressure on the industry.

Global automotive value chains are generally characterised by strong pressure on production costs (including labour costs), initially exerted by the original equipment manufacturers (OEMs) and then passed on from tier to tier in the supply chain (whenever possible). When leveraged properly, HRDD is a powerful tool that trade unions can use to address this downward spiral on labour costs and working conditions as it has the potential to support fundamental rights (particularly on freedom of association and collective bargaining) and to increase transparency, dialogue and accountability along global business strategies.

This document is the culmination of a two-year joint project led by IndustriALL Global Union and industriALL Europe. The project primarily aimed at developing practical guidance on how trade union representatives in multinational companies (MNC) can take action, considering the specificities of human rights' and supply chains' issues in their respective sector. The suggestions presented here have been thoroughly discussed with IndustriALL Global Union and industriALL Europe members, including during a workshop held in Madrid in June 2025. This is an important, though not final step to advance a shared strategic approach to promoting workers' rights, international solidarity and responsible business conduct, as well as agreeing on the way forward for our joint HRDD work.

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HRDD aims to embed respect for human rights throughout the entire business value chain. This process involves several steps, including the formal integration of responsible business conduct into corporate management systems, the analysis and mitigation of risks, the remediation of any impact and appropriate reporting.

WHO IS THIS GUIDE FOR?

This guidance focuses on company-level strategies. Policy advocacy, while critical - particularly for governments to ratify international standards and implement labour rights - is outside the scope of this project.

Therefore, this guide is intended for company-level trade unions operating at all levels of a global value chain (GVC). Depending on their level of influence - which is mainly shaped by bargaining power and the strength of applicable legal frameworks - trade unionists can apply different types of leverage. For example, trade unions based at headquarters can use their position to influence standards across business operations and ensure that workers in other regions/countries have a voice. Conversely, local unions representing workers in the supply chain should be able to proactively use grievance mechanisms and liaise with headquarter unions with a view to accurately assessing the severity and frequency of risks to workers' rights.

OEMs are at the end of long GVCs, which usually begin with the extraction of raw materials and continue through the production of core materials such as metals (a key focus for this joint IndustriALL Global Union and industriALL Europe project), plastic, glass, rubber, textiles, leather, etc. This is followed by manufacturing of auto parts and components and, ultimately, their assembly. While unions in OEMs should leverage HRDD to address union concerns within their direct business operations, they should also anticipate that unions from the supply chain will call upon them to influence behaviour in other parts of the value chain. For example, the extraction of raw materials is a particularly exposed component of the GVC, and unions may request that workers' representatives in customer companies advocate for responsible practices.

The overall goal is to coordinate trade union influence at multiple levels to improve standards within the own operations of a multinational enterprise and those of its business partners, thereby contributing to the full compliance with workers' rights.

1. CURRENT HRDD PRACTICES

In many cases, trade unions do not start from scratch. Large MNCs in the automotive industry have significantly increased their resources and activities related to risk mapping over the past years. They have developed such processes in response to national legal obligations or to enhance their reputation by aligning with non-binding international standards such as the United Nations Guiding Principles on Business and Human Rights (UNGP). As part of this project, IndustriALL Global Union and industriAll Europe affiliates assessed the quality of existing HRDD processes in the sector. The overall conclusion was that significant gaps remain, and the full potential of HRDD is far from being realised.

Key weaknesses include:

- **Transparency** – there is hardly any transparency on the supply chains of auto OEMs (sourcing countries, names of suppliers, products, employee figures). The information available typically focuses on the OEMs' own operations. The supply chains are so complex that OEMs themselves usually lack precise information on mid-stream suppliers and, in some cases, also on their upstream suppliers (raw materials, including processing) unless specific attention is given to this by legislation and/or public scrutiny.
- **Risk identification** – risk mapping tends to be generic and insufficiently detailed, making it hard to assess the severity and frequency of violations of workers' rights. Data on countries, numbers, and types of cases is often missing. Unions are rarely provided the opportunity to add to the companies' risk analysis with their own data.
- **Action plans** – they are often vague, industry-led, and developed without union involvement. They may rely on self-assessment. While supplier audits are heavily relied upon, little or no information is disclosed regarding their independence or the actions taken in the event of non-compliance with applicable standards.

Addressing these weaknesses requires trade unions to take an active role in monitoring employment across the GVC and in initiating, and ideally negotiating, meaningful improvements. Initially, considerable effort may be needed just to collect basic information on where business is conducted, how many workers are involved and what the main risks are from a labour perspective.

2.

THE GLOBAL VALUE CHAIN IN THE AUTOMOTIVE SECTOR

The GVC for the automotive sector encompasses all the successive steps that bring a vehicle to the end consumer, from the extraction of raw materials, through processing and refining, to manufacturing and final use. OEMs produce only a very limited number of core components themselves, which makes the supply chains extensive, highly fragmented and complex. The total number of suppliers of an OEM and of large Tier 1 suppliers can easily reach 50,000. Parts and components are produced in a multitude of countries around the world.

For this guidance, the basic steps of the automotive GVC can be summarised as follows:

- Extraction and/or processing of raw/base materials (usually Tier 6-8 suppliers)
- Manufacturing of primary products such as castings (metal and plastics), tubes, cables, textiles, varnishes and many more (usually Tier 4-6 suppliers)
- Machining and sub-assembly of primary products (usually Tier 3-4)
- (Co-)development and design, manufacturing and sub-assembly of components (Tier 2 and Tier 1 suppliers)
- R&D, design, final vehicle assembly and sales (OEMs)

The chains all begin with the **extraction of raw materials** such as metal ores, oil, rubber, cotton and sand. Extraction is often concentrated in resource-rich countries, which may also coincide with significant human rights challenges. For example, minerals that are key for the manufacturing of electric vehicle batteries are largely mined in the Democratic Republic of Congo, Peru, Chile and Indonesia. This stage tends to be where the most egregious abuses of workers' rights occur (for further details, see sectoral guidance on extractives).

The extracted materials are then **processed** into precursor materials such as steel, copper, aluminium, plastic polymer, rubber, glass, textiles and many more. This step is often carried out outside the country of extraction. Countries with the technological know-how and access to cheap and abundant electricity dominate this stage. For example, China controls a significant portion of processing battery related materials (cobalt, nickel, copper and lithium), even if it is not the primary source of the raw ore itself. This stage also presents significant challenges to workers' rights (see the sectoral toolkit on base metals).

Next is the **manufacturing of primary products**, which – continuing with the example of metal processing – mainly involves casting, sintering and 3D printing.

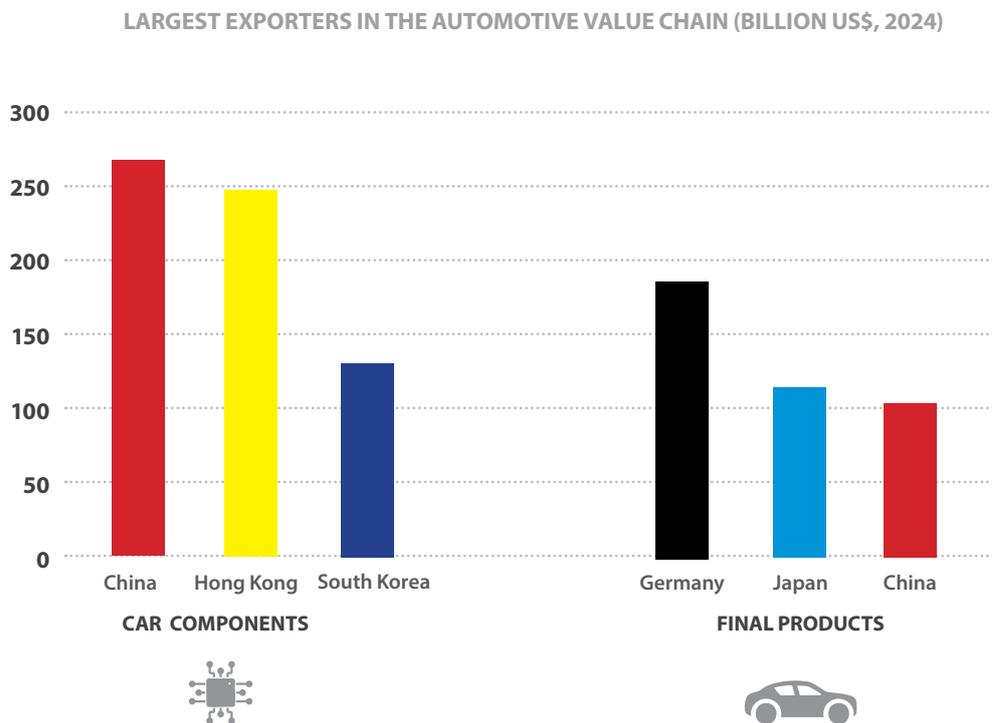
These parts and sub-components will then usually be shipped to a **component manufacturer**. Broadly speaking, this step is either characterised by machining operations or the manufacturing and sub-assembly of parts, particularly in electronics.

Tier 1 suppliers manufacture vehicle systems or complex components and sell them directly to OEMs. They are large, often global firms with significant R&D capabilities, such as Bosch (Europe), Denso (Japan) or Magna (US). Tier 1 suppliers often collaborate closely with OEMs on product development and contribute a substantial portion of the vehicle’s total value. Regarding electric vehicles, the main Tier 1 suppliers come from China (such as CATL) and Korea (such as Samsung) and deliver batteries and the related electronic control units.

According to OECD statistics, top exporters of car components include China, Hong Kong and South Korea.

At the end of the GVC are the OEMs, such as Toyota, Volkswagen, BYD or Hyundai/ Kia. These companies design, brand and assemble the final product. While their direct role in component manufacturing has decreased, they focus on core competencies such as R&D, design and marketing, while managing a vast network of suppliers.

Figure 1 Largest exporters in automotive (Source: Own elaboration on the basis of OECD Stats 2024)



3.

OVERVIEW OF RISKS TO WORKERS

As described in the introductory guide, a key aspect of HRDD is risk mapping. This step requires that the company maps its own business operations and those of key suppliers with a view to gauging the nature and scale of risks to human rights. Trade unions should review this mapping to ensure that it is robust enough to identify the type, frequency and severity of risks to workers.

Overall, union busting and violations of collective agreements are key concerns, particularly in countries with comparatively weaker labour law and in mid and upstream parts of the GVCs. Occupational safety and health (OSH) is also an important risk. These risks are both immediate, due to the nature of working conditions, and long-term, from chronic exposure to hazardous conditions and/or ergonomic issues. These risks are again higher in mid and upstream sections of the supply chains due to a failure to implement fundamental OSH standards.

At the level of OEMs and large suppliers, the automotive industry is known for rather high OSH standards and sound ergonomic conditions. However, each supply chain (metal, plastic parts, textiles, rubber parts, electronic and electrical parts, glass, etc.) has its own set of specific risks. Collaboration and coordination between unions along supply chains – with the active support of IndustriALL Global Union and industriAll Europe – can improve the understanding of OSH risks and integrate this knowledge into the risk analysis of companies, particularly downstream actors such as OEMs and Tier 1 suppliers.

ENABLERS

Throughout the GVC, the following factors must be considered as key enablers of OSH accidents:

- ▶ Lack of union recognition
- ▶ Cost pressure
- ▶ The use of vulnerable workers, such as migrant or precarious workers
- ▶ Outsourcing /sub-contracting of labour-intensive tasks

Overall, workers pay a double price when the labour impact is paired with environmental harm to their communities.

4.

WHERE TO START? SUGGESTED PRIORITIES FOR RISK MAPPING

Faced with a long and complex GVC, trade unions may feel overwhelmed and uncertain about where to begin their risk assessment. They may also feel that the company's prioritisation does not accurately reflect the severity or frequency of violations to workers' rights. This is especially true if contacts with local trade unions or effective complaint mechanisms are not in place.

A first point of entry for trade unions in the automotive sector should be the analysis of worker complaints. Beyond this, trade unions can also identify priority countries by examining where companies have significant operations in high-risk environments. They should also consider the political priorities set by IndustriALL Global Union and industriAll Europe.

ANALYSING COMPLAINTS

Most OEMs and Tier 1 suppliers have grievance mechanisms in place. This means that complaint channels are in principle accessible to local unions, allowing for independent investigations and corrective actions. Further details on the necessary elements of an independent and effective grievance mechanism are provided in the cross-sectoral guide.

Trade unions at OEMs and Tier 1 suppliers should monitor the evolution of complaints on an on-going basis to assess how concrete risks evolve. This process helps determine the extent to which a series of individual complaints in fact points to a systemic issue.

TARGETING HIGH-RISK COUNTRIES

A suggested trade union heatmap compiles data on trade export volumes—used as a rough proxy for the number of workers potentially affected—and combines it with each country's ITUC Global Rights Index score. This visual tool helps **identify countries that are both labour-intensive and high-risk in terms of workers' rights protection**. As a starting point, trade unions can focus their exploratory efforts on these priority countries to guide further research and action.

As an illustration, the following map (Figure 2) provides a guide for prioritising areas of focus when examining the supply chain for car components. Countries are coloured according to ITUC risk scores - from green (sporadic violations of workers' rights) to red (no guarantee of rights) - and overlaid with trade volumes, which indicate the potential number of workers involved. Trade volumes are represented by circles: blue for low (0-33 per cent of overall trade values), orange for medium (34-66 per cent), and red for high (67-100 per cent).

Countries that combine a high ITUC risk score with high or medium trade volumes should be prioritised for further investigation. These include China, Thailand, Malaysia, South Korea, Philippines, Türkiye or Ecuador.

Depending on supplier presence, countries that combine a medium ITUC risk score with high or medium trade volumes may also rank high on a trade union priority list. These include the US, Brazil, the UK, Hungary, Greece, Georgia or Sri Lanka.

Green countries represent cases of low ITUC risk exposure. While these may not require immediate attention, trade unions may nonetheless be alerted where workers' complaints cannot be solved locally and are escalated to headquarters.

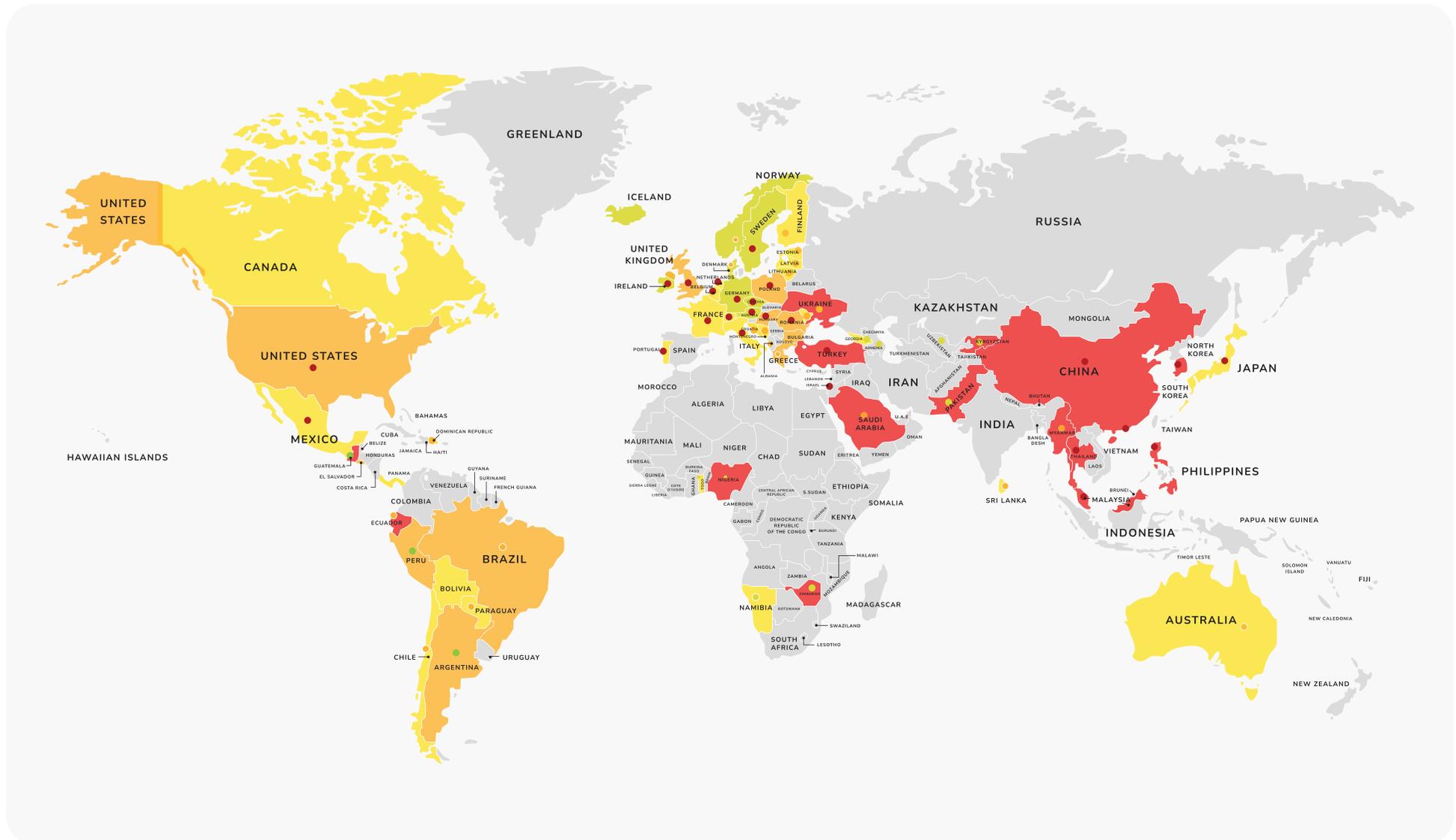


ALIGNING WITH INDUSTRIALL GLOBAL UNION FOCUS

IndustriALL Global Union has made the following production high-priority targets:

- **The global battery supply chain** presents significant risks to workers' rights due to hazardous working conditions, partly including child and forced labour as well as low unionisation rates, particularly at the extraction and processing stage. The fragmented, multi-country nature of the supply chain makes it difficult for unions to monitor labour practices and hold employers accountable. If unaddressed, the risks will increase exponentially due to the rapid growth in electric vehicle production and energy storage.
- **The automotive industry in Türkiye, Mexico, the MENA region, China and India** – among others - are critical hubs in the global automotive supply chain, hosting numerous multinational suppliers. These countries have been associated with significant labour rights challenges, including the use of employer-friendly unions, the suppression of independent trade unions and violations of collective agreements. Recent cases, such as retaliatory actions against unionising workers in auto glass factories, highlight the vulnerability of workers in this industry.

Figure 2 Car components - a heat map of high-risk countries



5.

HOW TO APPLY LEVERAGE?

On the basis of the identified risks, the company is required to mitigate risks that cause an adverse impact on human rights violations. The company should also develop a plan to prevent or at least mitigate potential future impacts. Unions should aim at negotiating several of these measures with management for a tailor-made action plan.

#1. ENSURING THAT UNIONS HAVE A SEAT AT THE TABLE

Ensuring union representation throughout the GVC presupposes that companies have a clear commitment to trade union rights. This commitment should go beyond domestic legal frameworks—which can be insufficient—and uphold core ILO standards in both its own operations and throughout the supply chain.

However, the absence of robust legal protection in many countries where operations occur remains a major challenge. **Headquarters-based unions should leverage their influence to secure a seat at the table through global networks, ensuring that unions within the supply chain have adequate representation.**

It is also recommended that headquarter unions appoint one or several dedicated HRDD experts/officers to support this work.

In 2022, IndustriALL Global Union signed a Declaration of Principles on Social Responsibility and Human Rights with the German company Daimler Truck. This declaration emphasises respect for human rights across own operations and supply chain. Monitoring is conducted through regular risks assessments, preventive and corrective measures and annual review.

Implementation is discussed with the World Employee Committee on a regular basis. The World Employee Committee has trade union representation from both inside and outside the European Union. As a result, countries outside the European Union have the same rights and obligations as those of the EU to which the EWC Directive directly applies.

Box 1 Example of inclusive monitoring

#2. ENABLING AN EFFECTIVE COMPLAINT MECHANISM

A well-functioning grievance mechanism can significantly strengthen protections for workers and support the upholding of decent work, both within a company's own operations and across its supply chain. Effective grievance mechanisms allow issues to be escalated to the headquarters of OEMs and Tier 1 suppliers, which can in turn influence actors further up the chain.

Trade unions at both local and headquarter level therefore play a critical role.

At the local level, unions are essential for feeding complaints into the system and documenting the evolution of systemic risks in various parts of the global value chain. To this end, local unions should:

- 1. Collect detailed information** on violations of workers' rights at the relevant worksite. A reporting template is available from IndustriALL Global Union.
- 2. Submit comprehensive complaints** to the appropriate whistleblowing or grievance channel. The further up the supply chain, the more challenging it may be to identify the Tier 1 supplier or OEM with sufficient influence over the direct employer. #4 below describes the importance of measuring leverage in a supply chain to identify the most effective entry point for lodging the complaint. If needed, unions should contact IndustriALL Global Union for support.
- 3. Notify** IndustriALL Global Union that a complaint has been filed to ensure proper follow-up.

At the headquarter level, **trade unions in OEMs or Tier 1 suppliers** should leverage their position to achieve a satisfactory resolution of conflicts. This requires maintaining strong contacts with local unions as described in #1. Over time, unions should also collect and analyse complaint data to support their own risk identification and measure progress on workers' rights across operations and supply chains.

Box 2 Examples of conflict resolution through non-judicial mechanisms

Case study 1: Local supplier reaches agreement in one year

In 2019, a Turkish trade union began organising workers at a local auto part supplier, following all applicable legal requirements. The employer responded by refusing to recognise the union and dismissing unionised workers.

The union immediately triggered a non-judicial complaint process, reporting the violation to a German metal union and IndustriALL Global Union. Information was also strategically shared with the works councils of the international companies that were customers of the Turkish supplier.

As a result of this multi-faceted international pressure, the local supplier accepted union organising, and a collective bargaining process began in 2020.

Case study 2: International action secures deal after six years of conflict

A similar case involved a Turkish workplace owned by a foreign company, where the employer engaged in aggressive union-busting practices.

In response, the local union initiated a process of dialogue at the international level, involving IndustriALL Global Union, the parent company, the company's headquarters in France and French unions.

After a six-year dispute, the local employer eventually accepted union organisation in the workplace, and a collective bargaining agreement was signed.

Source: D. Kutlu (2024) , Union organizing processes and workers' rights in supply chains of the automotive sector in Türkiye: issues and opportunities regarding non-judicial conflict solutions

#3. ESTABLISHING HRDD IN OWN OPERATIONS

Addressing risks to workers' rights in a multinational enterprise ideally starts with **trade union inspections of sites**, which requires a guaranteed right of access. On the occasion of these visits, trade unions will have the opportunity to independently monitor working conditions, assess the implementation of applicable OSH standards and ensure that company reporting reflects reality.

Progress should then be tracked through **objective key performance indicators**, which may vary depending on the nature of the identified risks. Indicators may include for instance:

- The number of workplace accidents
- The presence of elected worker committees, their composition and number of meetings
- Collective bargaining coverage
- The share of direct vs. indirect employment
- The proportion of permanent vs. fixed-term contracts
- Data gathered from grievance mechanisms

Trade unions can also **engage with financial investors** by highlighting the financial, legal and reputational risks investee companies face when they fail to respect workers' rights. By sharing evidence of workplace violations, unions can push investors to demand stronger HRDD policies, improved transparency and corrective action from management. In some cases, unions can build alliances with responsible investors or pension funds to file shareholder resolutions and make respect of labour rights a condition for continued investment. This adds a powerful layer of pressure on companies, complementing direct union negotiations.

4. DEALING WITH SUPPLIERS

MEASURING LEVERAGE

Trade unions need to identify where their leverage is strongest within the global value chain. This understanding enables them to target their efforts effectively, applying pressure in areas where it can produce the most meaningful and lasting change.

Key factors include:

Dependence – when the MNC is an indispensable customer of a given supplier, the threat of ending a contract can be a powerful driver of change.

Ownership – pressure on large companies can cascade down and influence the behaviour of smaller suppliers or cooperatives.

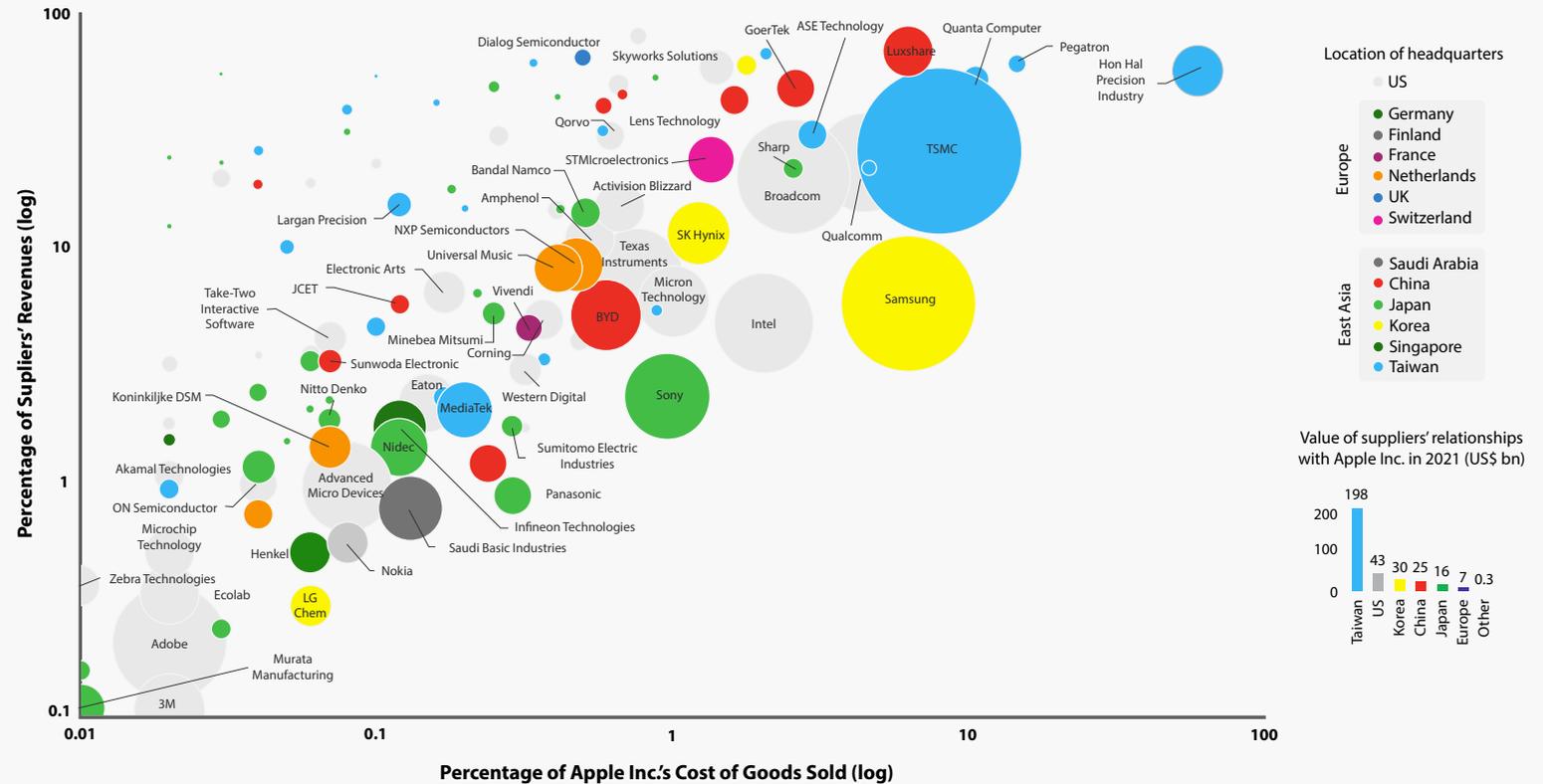
Finance – identifying who funds the firms involved. Union engagement with pension funds, for example, can help overcome resistance.

This strategy requires a thorough understanding of the company's operations and supply chain. It presupposes that unions, in particular those at headquarters, have access to a complete mapping, as outlined in the introductory guidance. Where resources are available, workers' representatives may wish to consult an expert to decipher the complex dynamics of the supply chain.

Box 3 Illustration of leverage measurement

APPLE INC'S SUPPLIER BARGAINING POWER

This diagram illustrates Apple's bargaining power over its suppliers. The horizontal axis shows how much each supplier contributes to Apple's cost of goods (Apple's dependence), while the vertical axis shows how much Apple contributes to the supplier's revenue (the supplier's dependence). Apple has the greatest bargaining power over suppliers positioned high on the vertical axis and far to the left on the horizontal axis.



Source: Friction Point Research - Analysing Geoeconomic Networks in a Multipolar World, PowerPoint presentation (2022)

NEGOTIATING MITIGATING MEASURES

Once points of leverage are identified, trade unions should negotiate specific measures to address key concerns.

A first step can be to **focus on suppliers' codes of conduct**, which are often the primary way MNCs attempt to secure sustainability in their supply chains. Trade unions should ensure that these codes set out sufficiently precise standards and expectations, including respect for trade union rights. However, the effectiveness of these codes depends on proper monitoring and enforcement. Simply asking suppliers to self-assess compliance is insufficient; meaningful oversight requires independent audits with union involvement.

When violations are detected, the main contractor or client must act. Responses can range from awareness-raising and corrective measures to contract suspension—or, in the most serious cases, full divestment from a region or country.

Secondly, **the grievance mechanisms mentioned earlier should also be made available to workers in the supply chain**. Without this, the progress achieved through HRDD in the company's own operations risks pushing the most severe violations further underground in the supply chain.

Finally, additional measures may be implemented depending on the context, such as:

Insourcing – bringing parts of production back in-house when outsourcing models create unmanageable risks for workers.

Supplier selection - applying strict criteria for choosing business partners, including a verified record of fair employment practices.

6. **CERTIFICATION SCHEME**

Multi-stakeholder initiatives are partnerships between businesses, civil society, trade unions, and sometimes government representatives, aiming to address common challenges in responsible business conduct. While these initiatives can sometimes undermine HRDD if they are too much controlled by management, genuine initiatives are a useful tool for applying leverage. Companies concerned about reputational risks often adhere to these initiatives in exchange for a social conduct label, committing to uphold social standards in their GVC and report on compliance.

In the automotive sector, IndustriALL Global Union is a board member of the Global Battery Alliance (GBA), a large multi-stakeholder initiative bringing together over 150 organisations, including governments, civil society and multinationals. The Alliance recognises that the massive growth in battery demand presents both a climate opportunity and a supply chain challenge.

The GBA's flagship initiative is the Battery Passport, a digital standard providing traceable data on a battery's provenance, technical specifications, and sustainability performance, including its carbon footprint and human rights due diligence, throughout its lifecycle.

Trade unions in headquarters can therefore push their companies to adhere to this initiative, creating an incentive for OEMs and higher-tiered suppliers to more thoroughly explore working conditions in their supply chains.

