



**ETUC ANNUAL
EWC CONFERENCE**
24-25 October 2013

International Trade Union House
Boulevard du Roi Albert II, 5 – 1210 Brussels

What new roles for European Works Councils?



INTRODUCTION

EUROPEAN WORKS COUNCILS, WORKERS BOARD LEVEL REPRESENTATION AND THE SUSTAINABLE COMPANY: A WAY OUT OF OUR QUADRUPLE CRISIS?

We are currently facing a quadruple crisis – four major problems we are facing are: the financial crisis, the ecological crisis, increasing inequality and a loss of trust in the institutions of governance. These problems are intrinsically linked to and reinforced by the short-termist shareholder value orientation which dominates our economy. Companies and top managers are primarily concerned with increasing share price, not with helping stakeholders. The Sustainable Company is an alternative to shareholder value which emphasizes the involvement of stakeholders and in particular workers in the company. European Works Councils (EWCs) as well as workers board level representation (WBLR) are an important part of the Sustainable Company, as companies with EWCs are more sustainable than companies without EWCs. However, companies will have to radically change before we can get out of the quadruple crisis. EWCs and WBLR will need to take a much more active role to push companies to change.

THE QUADRUPLE CRISIS AND SHAREHOLDER VALUE

Our society is facing an unprecedented set of challenges. These challenges make it clear that we must fundamentally change the way our companies operate in order to achieve a sustainable future. These challenges have been building up for some decades now, and include:

- The *financial crisis*, which was caused by a massive increase in private and later state debt, by a decrease in good corporate governance and by highly speculative activity by financial investors;
- An *ecological crisis*, which can be seen in the ongoing trend to global warming and the rapid exhaustion of scarce resources;
- *Increasing inequality* in income, living conditions and life chances, whereby the share of income going to the top 1% has greatly increased

- in Europe and the situation of lower income groups dramatically worsened in the past decades, to an unacceptable extent; and
- A *crisis of legitimacy*, whereby citizens have lost faith in our political and economic order.

These crises have been worsened by the shareholder value orientation of most of the largest firms. Top managers are paid mainly on the basis of their success in increasing share price in the short term. As a result, they have undertaken too many speculative activities (particularly in the financial sector) and neglected long term investments in their workforce and in environmentally friendly products and processes. The income of these top managers has increased rapidly while at the same time the unemployment rate and economic and social situation of lower income groups has deteriorated. Company scandals and an unacceptable level of inequality have led an increasing number of citizens to question the legitimacy of our political and social order.

THE SUSTAINABLE COMPANY: AN ALTERNATIVE TO SHAREHOLDER VALUE

A group of researchers and trade unionists coordinated by the European Trade Union Institute (ETUI) have developed an alternative concept for governing our firms, called the Sustainable Company. The Sustainable Company has six core characteristics:

- A multi-dimensional concept of *sustainability and stakeholder value* is the central guiding principle of the Sustainable Company.
- In accordance with this guiding principle the Sustainable Company has a *set of sustainability goals and a detailed strategy* for achieving these goals.
- *Stakeholders, in particular employees, are involved in decision making* in the Sustainable Company. This can occur through a number of mechanisms, including workers board level representation (WBLR), European Works Councils (EWCs), collective bargaining and stakeholder advisory boards at companies. Participation of major stakeholders is seen as strengthening democracy at the workplace.
- The Sustainable Company has an *externally verifiable reporting system* on both financial and nonfinancial (environmental, social,

etc.) performance which allows for measuring progress on the achievement of sustainability goals.

- Incentives within the Sustainable Company are designed to support sustainability. A central role is played here by *tying a portion of executive remuneration to the achievement of sustainability goals*.
- The ownership base of the company is dominated by *long-term responsible investors* concerned not only with financial return but also with the social and environmental impacts of their investments. WBLR could help to steer companies in a more long-term direction.

EWCS AND WBLR ARE A KEY PART OF THE SOLUTION

Analysis of sustainability data for large European companies traded on the stock market (STOXX 600 companies) shows that the social and environmental performance of companies with EWC and WBLR is better than that for companies without these forms of worker representation. Table 1 below shows that companies with EWCs or WBLR were more likely to have a job security policy, to comply with ILO guidelines on health and safety, to comply with either ILO or UN policies on human rights and to set specific targets on emissions reduction than companies without. The highest percent was reached in the group of companies with both an EWC and WBLR.

THE ROAD AHEAD TO THE SUSTAINABLE COMPANY

The figures shown in the last section clearly show that worker involvement is part of the solution to achieving more sustainable companies. However, at the same time we also can see that there is a long road ahead to sustainability. Even many companies with EWCs and WBLR still do not have basic policies in place, for example in a commitment to improving employment quality or to implement an environmental management system. Furthermore, such a commitment at the highest level is only a first step, as the systems and mechanisms necessary for implementing sustainability within the company must also be developed. Most companies still do not provide enough information on their social and environmental impact to judge if progress is being made or not.

TABLE 1: PERCENT OF COMPANIES WITH SUSTAINABILITY POLICIES IN SPECIFIC AREAS

Company policy	No EWC no WBLR	Just EWC	Just WBLR	Both EWC and WBLR
Does the company have a job security policy?	9%	30%	17%	40%
Does the company comply with the ILO Code of Practice on „Recording and notification of occupational accidents and diseases“ or the ILO „Guidelines on occupational safety and health management systems“?	8%	20%	7%	29%
Does the company claim to comply with the fundamental human rights convention of the ILO or support the UN declaration of human rights?	39%	74%	43%	78%
Has the company set targets or objectives to be achieved on emission reduction?	49%	80%	61%	84%

Source: own analysis from ASSET4 data



EWCs and WBLR can and should in future play a key role in moving our companies from a shareholder value orientation towards the Sustainable Company. First of all, they can push management to adopt progressive policies at the highest level. Second, worker representatives can be involved in the implementation of sustainable policies, for example through their work in health and safety committees or through projects to save energy or reduce emissions. Finally, EWCs and WBLR can strengthen the roles they already play in monitoring the social and environmental performance of their companies, for example in discussing sustainability reports with management and suggesting improvements. The road to the Sustainable Company may be long, but we must take this journey in the interests of a sustainable world and future generations.

Claudia Menne / Wolfgang Kowalsky / Sig Vitols



WHAT NEW ROLES FOR EUROPEAN WORKS COUNCILS ?

PROGRAMME

THURSDAY 24 OCTOBER 2013

- 13:00 Registration of participants (signature required), welcome coffee
- 14:00 Welcome: *Claudia Menne, Confederal Secretary ETUC*
- 14:15 **Opening of the conference**
Dietmar Hexel, DGB (German trade union confederation)
- 14:30 **EWCs and sustainable development: experience from the metal-working sector**
Johannes Hauber (Bombardier)
- Discussion – evidence from the shopfloor; examples
- 15:00 **Keynote speech: EWCs and a sustainable company agenda**
Luc Triangle, Deputy General Secretary, IndustriAll
- 15:30 Coffee break
- 16:00 **EWCs and sustainable development: more experiences :**
Guido Nelissen (Umicore)
- Discussion – evidence from the shopfloor; examples
- Rafael Nedzynski, (EFFAT: European Federation of Food, Agriculture and Tourism, and EWC coordinator for Accor, Pernod Ricard and Elior)*
- 16:30 **EWCs and workers board level representation: a driving force for sustainable companies?**
Sigurt Vitols, Associate Researcher, ETUI: European Trade Union Institute
- 17:30 End of the 1st day

FRIDAY 25 OCTOBER 2013

08:30 Registration of participants (signature required)

09:00 Panel on the role for EWCs in sustainable development, and comments

Moderator: Sigurt Vitols

EWCs as tools for sustainable development and corporate social responsibility: company cases

– *Hervé Deroubaix, Chair of Veolia EWC (France)*

– *Arnaud Breuil, External Relations Department of Chèque Dejeuner (France)*

– *Gabriele Guglielmi, International Department of FILCAMS-CGIL (Italy)*

– *Jonathan Hayward, International Department of Unite The Union (UK)*

– *Sam Hågglund, General Secretary European Federation of Building & Woodworkers*

– *Harald Wiedenhofer, General Secretary European Federation of Food, Agriculture and Tourism Trade Unions*

Discussion – evidence from the shopfloor

10:45 Coffee break

11:15 Towards stronger workers participation through better articulation with workers board level representation (WBLR)

Moderator: Aline Hoffmann, ETUI

– *Stephan Lindeman; Member of the Supervisory Board and SEWC of GfK*

– *Gottfried Meyer, Chairman of the EWC and former deputy Chairman of the Supervisory Board of Vaillant GmbH*

– *Anders Carlson, Member of the EWC of Bombardier Transportation*

Discussion – evidence from the shopfloor (examples)

12.45 Conclusions : *Claudia Menne, Confederal Secretary ETUC*

End of the conference

13:00 Buffet lunch

SPEAKERS

IN ORDER OF APPEARANCE

Claudia Menne obtained her Master's degree in Social and Economic History from the University of Bochum, Germany, in 1990 and has gone on to hold numerous and reputable positions in this field. From 2006 to 2011, Claudia was Head of the Confederation of German Trade Union's (DGB) Department for Gender Equality and Women's Policy. She was Vice President of the German Women's Lobby and President of ETUC's Women's Committee during the same period. At the ETUC Athens Congress of May 2011, Claudia was elected Confederal Secretary of the ETUC with responsibility for (gender) equality, anti-discrimination, social protection and worker participation. She is a member of several working groups and task forces at EU level with regard to EWCs and industrial democracy.

Dietmar HEXEL is a member of the executive board of the German Trade Union Federation (DGB) since 2002. Amongst other subjects he is responsible for Industrial Policies, Energy, Environmental Policies, Co-Determination and CSR. In 1970 he finished his training as chemical laboratory worker. In the following years he studied, parallel to his job, social work and finished with a degree. From 1980 on he worked 6 years for the Union Chemicals, Paper and Ceramics. In 1986 he began to work for the Metalworkers Union and became head of the department of Internal Organisation in 1991. He is also a member of the Government Commission "German Corporate Governance Code" and the "National CSR Forum" which is an advisory committee to the Federal Ministry of Labour and Social Affairs.

Johannes HAUBER has been a member of the European Works Council of Bombardier since 1996 its chairman since 1998. He has been a member of the

company works council in Mannheim for 25 years, and since 1999 he is the chairman. After graduating from school, he worked as a toolmaker, followed by two years working in a hospital instead of military service. He is union representative for IG Metall toolmakers. He is also member of the general works council and supervisory board as well as on the steering committee of the railway industry branch committee of IG Metall and ad hoc Committee for the rail industry at IndustriAll.

Luc TRIANGLE was elected Deputy General Secretary of the newly created European Trade Union Federation 'IndustriAll European Trade Union' in May 2012. This federation merges the activities of the former EMF (metalworkers), EMCEF (chemical workers) and ETUF-TCL (textile workers). In this new organisation, which deals with more than 500 EWCs, he is responsible for Company Policy, besides other sectoral and Social Dialogue responsibilities. Before that, he was General Secretary of ETUF-TCL, and for 12 years chairman of the EMF Company Policy Committee. He has been dealing with EWCs since the start in 1994.

Guido NELISSEN is economic advisor to Belgian trade union ACV-CSC Metea, the metal and textile workers section of ACV-CSC. He deals with company policy: financial analysis, company strategies, restructuring, corporate social responsibility; industrial policy: the future of manufacturing, developments in the subsectors of the metal industry, green jobs, technological developments; and macro-economic policy: the financial crisis, economic governance. He is also coordinator of the EWC of Umicore.

Rafaël NEDZYNSKI is Vice-President of EFFAT, member of the Executive Committee of UITA, former General Secretary of FGTA-FO, currently responsible for international and European affairs for FGTA-FO, Co-President of the ACCOR EWC, EFFAT's expert on the Pernod-Ricard and Elior EWCs, and member of the French Economic, Social and Environmental Council.

Dr. Sigurt VITOLS is an Associate Researcher at the ETUI, Head of the Project Group "Modes of Economic Governance" at the Social Science Research Center Berlin (WZB) and Lecturer at the Free University Berlin. His research interests include worker involvement, corporate governance and sustainability. He recently co-edited "The Sustainable Company: a New Approach

to Corporate Governance” (with Norbert Kluge, Brussels: ETUI press 2011) and “European company law and the sustainable company: a stakeholder approach” (with Johannes Heuschmid, Brussels: ETUI press 2012).

Hervé DEROUBAIX has been secretary of the Veolia Environmental EWC for 4 years, CFDT union representative at Veolia Water for 7 years, is CFDT representative at Veolia Water head office and a member of the CFDT for 15 years. He began his career at Veolia Water in 1987, starting as a plumber and is now a Water Technician. He did a one-year course at prestigious Paris university Sciences-Po, presenting a thesis on “Evolution of jobs and trade union influence – is the evolution of jobs bad for employment?”

Arnaud BREUIL Is a lawyer specializing in social law and public international law and was responsible for social protection issues for a French trade union from 2001 to 2007. He was the French representative in the ETUC Social Protection working group until 2006 and member of the advisory committee for social security of migrant workers from 2002 to 2007. Since 2007 he is Director of ICOSI (Institute for International Social Cooperation), a French association created by French trade union activists to promote the values and structures of the social economy. Since 2011 he is also responsible for European affairs in the external relations department of Groupe Chèque Déjeuner. In this capacity he accompanies the human resources management and the elected members of the subsidiaries in France and Europe with a view to preparing the establishment of a European Works Council.

Gabriele GUGLIELMI joined Filcams-CGIL (Italian Federation of Workers of the Trade, Tourism and Services sectors) in 1972. Since 1978, he has held leadership positions there first at local and regional levels, before coordinating the international policies of the Federation nowadays. He participated in the negotiations for the establishment of the European Works Councils (EWCs) at PPR (Pinault Printemps Redoute), Elixor and Autogrill , in which he is a coordinator on behalf of the EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions) . He was president of the ETLC the European /global platform that brings together trade unions of the tourism sector. He currently coordinates the project MUMMIA, which analyses companies that, besides being multinational, also have a multisectoral scope. Based on this analysis, the project sets out proposals for coordina-

tion between trade unions in order to facilitate alliances and negotiations for the installation of EWCs.

Jonathan HAYWARD is the International Officer for UNITE the Union. He is responsible for coordinating the activity of European Works Councils across the 23 sectors of UNITE. In particular he is responsible for negotiating or renegotiating EWC agreements, when they fall under the jurisdiction of the UK Transnational Information and Consultation of Employees Regulations. Jonathan is recognised by a number of European Trade Union Federations as the Expert adviser to a number of UK based EWC's.

Sam HÄGGLUND was elected General Secretary of the European Federation of Building and Woodworkers (EFBWW) in 2010 - the European Industry Federation for the construction industry, the building materials industry, the wood and furniture industry and the forestry industry. The EFBWW has 72 affiliated unions in 31 countries and represents a total of 2,350,000 members. From 2000 to 2007 Mr Hägglund was General Secretary of the Nordic Federation of Building and Woodworkers. Previously Mr Hägglund has also been active in research projects related to social policy, history and education. trained as an architect, and has a PhD in social sciences and humanities from Stockholm University and Royal Institute of Technology, Stockholm.

Harald WIEDENHOFER, a German citizen born in Austria, has been since 1993 General Secretary of the European Food, Agriculture and Tourism sector which represents 2,6 million members in 120 national trade unions. He has an education in social sciences, was working on Decent Work in the research institute of the Friedrich Ebert Foundation in Bonn and was responsible for supervisory boards, migrant workers and international trade union work in the German affiliate NGG in Hamburg. He was also one of the founders of an independent trade union in the former German Democratic Republic (Berlin) in 1990.

Aline HOFFMANN is Head of the Unit on Europeanisation of Industrial Relations in the Research Department of the European Trade Union Institute (ETUI). She is also Coordinator of the European Workers' Participation Competence Centre (EWPPC) at the ETUI, which organizes research, training and advising activities to support and promote the representation of employees at different levels in multinational companies. Prior to joining the ETUI in October 2012, she was

head of the European Works Councils Team at the German metalworking union IG Metall and served as national union officer, EWC Coordinator, and board-level employee representative on the Supervisory Board for the Bosch Group.

Stephan LINDEMAN has been working as a research director at GfK, one of the largest market research companies in the world, for more than 20 years. The last years the Market Research Industry has been changing rapidly through developments like internationalisation, digitalisation and new sources of data. These changes have big consequences for the organisation structure and the work and position of the employees. The SEWC of GfK was founded in 2009 and plays an active role in this process. Stephan joined the SEWC from the start and is a member of the Supervisory Board of GfK. The share of employee representatives in the Supervisory Board is 40%.





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