



Conference
Report



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**Managers' Role
in European Works Councils
and other Information,
Consultation and Participatory Bodies**



CEC European Managers
Rue de la Loi 81 A
1040 Brussels

TEL: +32 2 420 10 51
FAX: +32 2 420 12 92
www.cec-managers.org
Email : info@cec-managers.org



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I. European Works Councils: Situation and Challenges

Introduction

Georges LIAROKAPIS, President of the CEC European Managers



Ladies and Gentlemen, dear friends,

In the name of the CEC European Managers, it is with great pleasure that I welcome you at the 2008 conference. It is also a great satisfaction for those who contributed to this event taking place in the best possible conditions. The support of the organization I am affiliated to, i.e. CFE-CGC was pretty decisive.

First, we must express our gratitude towards the management of Airbus for their warm welcome and the beautiful room they put at our disposal. We must then thank the Airbus section of CFE-CGC, the aeronautics union and the metal-workers' federation, that all contributed to the success of the project.

Several reasons pushed us to organize this conference here and now: the pending revision of the Directive on European Works Councils, the upcoming French Presidency of the EU as of July 1st 2008, the debate and the representativity of trade unions in France and the labor court elections in France still by the end of 2008.

CEC European Managers intends to carry three messages across.

As you know, European works councils started being established with the implementation of the Directive in 1994. We are now in the midst of the revision of the Directive. Employee organizations are asking for more responsibility and autonomy to go to EWCs whilst employer organizations are more skeptical. On the matter, the Commission – as well as other social partners like the ETUC, Eurocadres and BusinessEurope – is therefore highly sensitive to the matter. CEC is rising to the occasion to contribute to the debate by arguing that **the balanced presence of all professional categories inside European works councils is key to the EWCs success.**

The second message pertains to the **participation of executives and managers in the Surveillance Committees and Boards of European Companies.** Some industry groups are now getting registered as European Companies. It would be bad if that were to happen to the detriment of social dialogue... we shall see why.

Finally, the **link between European Works Councils and Corporate Social Responsibility** had to be made. Indeed, the initiatives of large groups on CSR would be more convincing if they

were completed by the approval – or even the disapproval – of their European works councils. Who else than the wage-earners and their representatives can assess from the inside the image their companies are projecting to the outside world.

In order to carry these three messages across, we called on to high-level specialists I would like to briefly introduce to you.

Jean Lapeyre, former ETUC General Secretary and now in charge of preparing the French EU Presidency, was one of the important stakeholders of the establishment of European works councils. He will – better than anyone would – be able to remind us of the starting ambition that led to this EWC project, of the genesis of EWCs and of the adoption of the 1994 Directive.

Jean Lapeyre will take the floor after the introduction by Alexander Graf Lambsdorff, Member of the European Parliament representing Germany, who could not be present but wished to bring his contribution to our work.

Claudio Stanzani of the Agency for Social Development will then introduce data and statistics allowing us to gain a better understanding of the size and importance European works councils have acquired over the last 10 years.

Tomorrow, the day will start with Tony Hill Smith, intercultural management consultant. This year, Europe is highlighting intercultural dialogue. The setting-up of a European works council is first and foremost an intercultural matter.

Then, some concrete cases, comments and best practice will be presented under the facilitation of a specialist in the field, Mr. Jean-Paul Jacquier, consultant and professor at the Social Sciences University in Toulouse.

Afterwards, we shall be talking about European Companies in a session moderated by Ludger Ramme, CEC's General Secretary. The challenge is to make sure that executives and managers take part in the work of the bodies representing staff at the level of the European Company.

We will see a panel of European social experts give their assessment and views of the revision of the Directive now underway.

François Fatoux, General Delegate of the French Observatory on Corporate Social Responsibility will introduce to us a study on global agreements.

And finally, Nicole Notat, President of the Vigeo rating agency and former General Secretary of CFDT, will honor us with her presence and make the link between EWCs and CSR.

Here you are, Ladies and Gentlemen, dear friends, this is the agenda of the conference CEC European Managers is proud to have organized for you. I am counting on you to make it as interactive, lively and interesting as possible. I hope you will leave with improved knowledge and acute critical sense after listening to the debates. Thank you for being here with us!

Welcome speech

Bernard VAN CRAEYNEST, CFE-CGC President



Ladies and Gentlemen,

I am happy and proud to be able to welcome this conference. I would like to thank the local section of CFE-CGC for its commitment as well as the management team of the Airbus site for accepting to welcome this event.

I am even prouder to be the trade union host the conference that the theme of the conference talks about employee participation through the information and consultation of their representatives and is precisely based on the values of CFE-CGC, the organization that represents and unionizes managers in France.

CFE-CGC was created in 1944 to raise the awareness about the fact that those employees who manage teams or who are engineers are in a special professional situation different from the one from top management and from the one of blue-collar workers and white collar workers, and to make people realize that the only way to push for the aspirations and needs of this group of the population and to have them recognized was for managers themselves to take their destiny in their own hands and choose to have a specific trade union organization to exercise their freedom to organize.

A company is a community where people work and have different interests but its success, its development and its growth depend upon the ability of its entire staff to reconcile these different interests. Involving wage earners in the proper economic functioning of the company through their trade union representatives or elected shop stewards, who are informed and consulted with on the major decisions of the company is one of the ways of guaranteeing the success of the company in question. Now, could you tell me who was and still is the best person to understand and express the need? Well, no one else but those wage

earners who manage teams and relay the decisions made by top management giving them meaning; those wage earners who inspire and manage the most sensitive or important technical projects.

A European works council represents all of that and it is also true for the different European directives on worker's participation and, more recently, the latest documents on the European Company.

The place of managers in information and consultation structures of European and global multinationals is legitimate and necessary. The role of managers, what they bring or can bring to the company's performance, is absolutely indispensable and I'm sure today's conference will rightly recall it.

The contribution of European legislation on information and consultation of employee reps is undeniable. In 1994, the European works council was and it still is today to a large extent a body that allowed employees from different countries to meet, to get to know other staff representation practices, to become familiar with management practices elsewhere and to understand other ways of thinking. The EWC is also a structure where information is passed on whereas in some countries, little information is provided to staff representatives. And it would seem that the Council of the European Company might follow the exact same route.

However, the environment in which companies do business has evolved; restructuring, the globalization of capital or even investing in CSR have all had an impact on existing EWCs and on their practices, and have developed strong employee expectations vis-à-vis a European structure for the representation of their interests.

The regulatory framework deserves being adapted, and so should European and international trade union practices. There are tools which have been analyzed with more or less insight. The question is: "what do we do with such tools?"

The bumpy revision of the 1994 directive on EWCs seems to have no end. What the European social partners will have to say to us will be enlightening. The development of international framework agreements is changing business and managerial practices and has an impact on the trade union movement just like the EWCs, which regularly partake in this type of framework agreement.

The opinion of executives and managers – because of the role they play and because of their positions in businesses – may not be absent from such development.

Opening Speech

Alexander Graf Lambsdorff, MEP, Alliance of Democrats and Liberals for Europe (ADLE)



Ladies and Gentlemen,

The topic of your conference is very close to my heart: **the importance of appropriate representation of executives at all relevant level of the European Social Dialogue.**

I very much welcome, encourage and support CEC's initiative to organise a European conference on "European work councils" (EWC). This theme is highly topical, since more and more companies become truly European, operating across borders within the Single Market. The discussion about the reform of the relevant EU-directive is important, because managers like you should be properly represented in a company, whose strategic decisions and output you shape.

In your role as managers, you represent a special group of employees and have an important role to play in your companies. You build bridges between the top-management and its decisions and the workforce. The challenge is to motivate the team from the bottom to the top and explain why strategic decisions are taken and what these decisions entail in practice. Because such decisions often have a wide impact and sometimes unforeseen consequences, managers play an important role in society overall as role-models for others. You bear the responsibility for decisions and you are expected to lead by example.

The European Parliament has already recognised the specificity and the potential of the managerial staff in the early nineties, in the so-called Gil Robles Resolution adopted in 1993. In this resolution, the European Parliament:

"calls on the Commission to take steps where necessary to guarantee managerial staff in companies and groups operating at European level the right to information and consultation and to a

form of representation enabling them to participate and act effectively within existing consultative bodies or those to be set up which represent all of the workforce, particularly within the framework of the European company" (Gil-Robles Resolution 18.6.1993)

Executives are a particularly crucial group in companies. Apart from the expected flexibility and mobility, they have valuable insights into the processes and trends of a company that neither the top-level nor the regular workforce has. Thus, there is an evident need and a right for adequate representation of their interests.

In the majority of the Member States, managers are under-represented in European works councils. The challenge is to harmonise a system of representation at the European level. Taking into account the diversity of information and consultation rights for different categories of employees in 27 different Member States in such a system is difficult, but necessary. The EU ought to ameliorate this situation by i.e. guaranteeing a seat for executives and managers in the European work council or by ensuring a place to executives in the delegation of every country counting at least three representatives for each country.

In addition to this, European companies, so called "Societates Europaeae" (SE), are currently set up all over the EU. The introduction of European companies will and already has repercussions across the EU and affect the EU's competitiveness. Especially in the context, the representation of managers' interests would be very valuable.

One excellent opportunity to exchange your ideas is the CEC Managers Network (www.cec-managers.info). It enables managers to exchange each other's knowledge or experiences in one or the other country or company.

The European social dialogue is another option to give employees the possibility to make their voice heard on problems that otherwise may be difficult to handle. The agreements negotiated assure workers – including managers – a greater degree of protection. The reaching of these agreements is the proof that social dialogue is a precious tool, if one knows how to handle it.

Concluding my remarks, I would like to take the opportunity to emphasize once again how important it is that you get involved with Europe. The European Union can only function if people like you suggest improvements and - wherever necessary- criticize. All of us in Brussels, whether in the Commission, the Council or Members of the European Parliament need your invaluable knowledge and experience to make the European Union function more smoothly and effectively.

Overview of the European works councils: History, legal framework

Jean Lapeyre, Expert in charge of the French EU Presidency, former ETUC Deputy Secretary General: historical perspective



The conference couldn't be timelier as it is now happening against the background of the revision of the EWC Directive. The revision process will have to be managed by the French Presidency of the EU during the six-month period it will be chairing the Council.

1. A 20 Years Old Dispute

The first draft legislation on the rights to information and consultation within the EU was published in 1980. Before that, there had been two important directives: one in 1975 on the rights to information and consultation in case of mass dismissal strengthened in 1998, and one in 1977 on the portability of workers' rights in case of transfer of business, but there was no standardization whatsoever to impose a permanent right to information and consultation in multinational businesses.

The proposal of Dutch Commissioner Vredeling on information and consultation in large corporations active in the European Community was very quickly attacked by the large corporation lobby, more particularly US multinationals acting through the American Chamber of Commerce in Belgium and the draft remained on the back burner between 1980 and 1994 despite the pleas of the trade unions.

We should not underestimate either the considerable role played by the employers lobbies in Brussels or their ability to influence the European Commission.

This has been seen again over the last few years with the way employers managed to influence the battle around the REACH project aimed at reducing the environmental and health hazards induced by the use of chemicals. Here again, large multinationals from the chemical sector – American businesses in particular, backed by their government – did their utmost to weaken this Community Regulation and reduce its costs to the industry.

The consequences of the "ideological" fight against the information and consultation of workers in multinationals that lasted for almost 20 years left lasting marks that can still be seen today.

And the employers' representation does not stop – far from it – at the activities of BusinessEurope; apart from the many representations through professional organizations, there is – as I mentioned previously – the American Chamber of Commerce, but also the ERT or European Roundtable of Industrialists established in 1983 on the initiative of Pehr Gyllenhammer, CEO of Volvo who would end up a little bit later – in 1998 – chairing a high-level expert group established by the European Commission to look at "the economic and social implications of industrial change". The ERT brings together the managers of 45 of the biggest companies in Europe. On the French side, this group includes representatives from the managements of St Gobain, Renault, Total, Suez, Air Liquide and Lafarge. Believe me, when it comes to lobbying, these guys are a thousand times more efficient than BusinessEurope.

No doubt these networks shall be very active when it comes to undermining the revision process of the EWC Directive.

2. The Hoover Choc

We had to wait for the horrible practice of a company called Hoover in 1993 for the debate to be given new momentum. Hoover's US Board scandalously played off the workers of its French plant in Dijon against the workers of its Scottish plant in Glasgow promising to close down the one of those two sites that would have the biggest social demands.

The ones who would be willing to sacrifice the most in terms of pay and working conditions would be the winners; and this blackmail even spread to the local authorities that were asked to provide tax rebates and state aid to the company.

Eventually, it was the Glasgow female workers who won this horrible competition after accepting to invest their pension fund in the company. I did say female workers because, as our Scottish colleagues told us after apologizing for bargaining with "a gun against their heads", Hoover was the only large business in the area that gave work to the women who had lost their jobs after the demise of the region's shipbuilding industry.

It was then that we understood how weak we were in front of the board of directors of a multinational company that has no scruples. We were weak in our organization; the trade unions of France and the UK did not know each other; we shared no information; we were played off against each other by the company but we were also the victims of the weakness of the European social legislation that could have prevented such a situation.

The Hoover case was the trigger to relaunch the discussion on the information and consultation of workers in multinational corporations and the proof that there was a need for European directive, and for greater and better trade union coordination.

3. The New Deal Created by the Social Protocol of Maastricht

President Delors set the basis for social progress in Europe through the 1987 Single Act with the introduction of qualified majority voting and new competences to the Community on social policy making, and then through the Social Protocol to the Maastricht Treaty adopted in 1993 and drawn from the agreement signed between the social partners on the 31st of October 1991, and – more importantly – through the implementation of a structured social dialogue and its contractual basis.

The context and the realization of the dangers of cases like the Hoover case, allowed for the adoption of the Directive on European Works Councils under German Presidency in 1994.

This piece of legislation was preceded by an attempt to negotiate. I was recalling earlier on the big disagreement that existed on the matter and the fact that the ETUC did not want to commit to an endless negotiation that would turn out to be a dead end.

4. The Impossible Negotiation

A first attempt to negotiate took place early 1994; it was more of a pre-negotiation to check the feasibility of such an agreement with employers. For three months, the social partners tried to clarify the major elements of a European legislation on the issue and its practical operation.

A pre-agreement took place at the last round of negotiation; ETUC took care of drafting, re-drafting, printing and reprinting the text all day long so that each and every one could go home with the right version of the document.

During the night, the organization of British employers, CBI, published a press release opposing the content of the pre-agreement. With the decision-making procedure on the employers' side that required unanimity back then to decide to open up negotiations or not, this first attempt to negotiate was bound to fail.

So the European Commission was asked to go back to its drafting board; fortunately, many of the elements discussed by the social partners were then taken into account in the drafting of the EU legislation. The significant advisory work done by the European Economic and Social Committee on the matter was also instrumental in preparing the draft EU Directive.

5. How to Promote Negotiation through Legislation

Within the framework of the drafting process of the EU Directive, the action of the trade unions and the ETUC was to influence the Commission first, then the Council and the Parliament to leave as much room as possible to negotiate the setting up of EWCs before getting to the mandatory implementation of the EU criteria listed in the annex to the Directive.

The way the legislation was drafted demonstrated that it's possible to have an EU standardized framework that has been primarily suggested by the social partners. This process allowed for a very dynamic implementation and a very quick start for EWCs that were rooted in the different realities of

their companies and based on the cultures of industrial relations of the different Member States.

The fundamental role played by the European sectoral trade union federations must be mentioned: they were instrumental in supporting the negotiations for setting up EWCs. The role of the federations is – by the way – a guarantee of the consistency of the negotiations for the general management of multinational corporations.

The federations also have an essential training and coordination function for those people elected or appointed in EWCs.

The ability of the members of EWCs to work together is vital because, if accessing information is essential for serious consultation, the workers representatives must also be able to analyze the information, to compare it to their national realities whilst understanding the European and global strategy of their businesses. The need for workers representatives in EWCs to have expertise is self-evident to me.

6. From Levi's to Nokia through Renault Vilvoorde, Improvement was Necessary

Experience has shown that even in those companies where industrial relations were relatively good and where setting up a European works council was easy, reality brought some difficulties to the forefront.

The actions of those European works councils faced with restructurings in their companies demonstrated the flaws and defects of the Directive and, hence, the need to revise it and introduce some improvement. This obligation to check the implementation of the Directive and review the necessary amendments that might be put forward should have started at the end of 1999 already... evaluation conferences were organized by the social partners in 2004 and revealed that the European works councils play a positive role, a fact that is also recognized by the employers. However, all these conferences did not deliver joint conclusions. Indeed, the employers believe that all the potential of the present Directive has not yet been exploited and that it is absolutely essential to wait with the amendment whereas the trade unions are of the opinion that it is urgent for the legislation to be improved.

The conflicts that happened on company restructuring, relocation, mass dismissal in different industries and companies, be it in the garment or textile industry with Levi's or Sara Lee or in the car industry with the Renault Vilvoorde case in 1997 or even in the electronics sector with Nokia in 2007, all demonstrated that there is still room for malpractice even within the formal framework of the Directive and the European works council agreements signed. These gaps where there is still legal uncertainty must be reduced with a revision of the Directive. The fundamental questions of the quality of the information provided and the notion of timeliness of the information and consultation process remain elements where major improvement is necessary. But I guess this is another story that will have to be written by the social partners and the legislator in the future.

Overview of the European Works Councils: Statistics and Challenges

Claudio Stanzani, Social Development Agency, Infopoint Database "EWC agreement"



SDA **Two existing databases**

European works councils database

Run by ETUI-RHES, identifies more than 2200 multinational companies falling within the scope of the EWC directive and it supplies the English text of the EWCs agreements.

www.ewcdb.org

Run by SDA, it contains the analysis of 760 EWC agreements from copies of signed originals in six languages (EN, FR, D, IT, E, S).

<http://www.sda-asbl.org/EwcDatabase>

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The Infopoint Database "EWC agreements" can be consulted on: <http://www.sda-asbl.org>

II. The Role of Managers in Trans-national Information and Consultation and other Participatory Processes

Opening remarks

Tony HILL SMITH, Intercultural Management Consultant, France



"From Adam to Airbus: Cultural challenges in a changing world" (Extracts)

Across the world, there are many different ways 'of being and doing', neither better nor worse than our own, simply different. When we begin to study these differences, we do it from our own cultural point of view, where we are at the centre and, let's face it, where we believe our ways and means to be the most appropriate. The academic term for this is ethnocentrism: we judge others by our own values. The problem with cultural differences is that they are perceived as deviations from the accepted cultural norm.

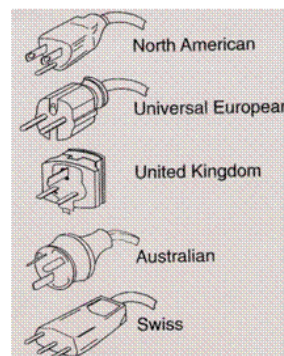
So how can we organise ourselves in our exchanges with other cultures? How can we

communicate to 'others' when the very words we use may well refer to entirely different concepts? Developing social and business relations inside our own mother-cultures are difficult enough. Once we reach outside our own culture, we encounter the added obstacles of

- foreign languages insufficiently understood;
- societies and cultures superficially apprehended;
- methods and behaviour that takes us a long time to decipher, and even longer to accept.

Let me take you on a fascinating journey, from Capitalism's beginnings to the Airbus adventure, where the emphasis is on the necessity to apply an intercultural approach to best develop our multiple futures in a unique globalised world.

**Si on veut que le courant passe,
If you want to connect,**



**il faut s'adapter.
you'd better adapt.**

Case studies: Managers' Representation within EWC's, Exchange of Good practices

Moderator:

Mr. Jean-Paul Jacquier, Social consultant, Prof. University of Social Sciences Toulouse

Speakers:

Mr. Georges Liarakapis, L'OREAL, Secretary of the EWC (CFE-CGC, France)

Mr. John Williams, SYNGENTA, Member of the EWC (MPA, UK)

Mr. Dan Lideskold, VOLVO, Member of the EWC (Ledarna, Sweden)

Mrs Françoise Vallin, AIRBUS, Member of the EWC (CFE-CGC, France)

Mr. Marc Jouenne, Vice President Social Policies & European Labour Relations, Vice President Human Resources Airbus Central Entity



From left to right: John Williams, Dan Lideskold, Françoise Vallin, Georges Liarakapis, Marc Jouenne, Jean-Paul Jacquier

Jean-Paul Jacquier: How does your EWC function? Size, agenda, communication between reps, member training, HR and budget...

Françoise Vallin

I am a member of the Airbus EWC that has been in existence since 2002, when the Airbus Company was created. The EWC has 18 members representing four different national entities within Airbus. France is represented by 6 members and so is Germany; the UK has four representatives and Spain, two. There are also two experts in the EWC.

The EWC receives information on the implementation of new corporate structures, on restructuring, on large projects, on outsourcing, but also on recurring matters like finances, the employment situation, etc. In no circumstances is the European works council entitled to negotiate or to replace national workers representation structures.

The EWC is very important because it is the place where all representatives can get together, not just for the sake of getting together but to reach the objective for which the European works council has been set up i.e. to allow Airbus to be an integrated global player. The EWC has a select committee, i.e. a smaller structure that allows for greater flexibility when it comes to quickly convening meetings with management. We hold two types of meetings: the plenary sessions with management and internal meetings.

Dan Lideskold

I work at Volvo Cars since 1984 and I became a member of the Volvo Cars European Works Council in 1999. The company was founded in 1927 and bought by Ford Motor Company in 1999. The employees were 24,300 last year and in Europe we have 21,700 employees basically in two major countries: in Sweden 17,600 and in Belgium 4,100. In Sweden, we have three major sites; every site has four separate Works Councils, one blue collar and one white collar. We are 13 members in the employers' council, 7 from Sweden and 4 from Belgium, 1 from Germany and 1 from the Netherlands. The agreement we have and work under today is from 1999, but Volvo has a European works council from the middle of the 80s, before 1994. We have two experts in the group and we are supported by Human Resources. We have two meetings a year, one training event and an annual meeting with the CEO and the management of Volvo Cars.

The company language is English and we agreed all of us to use that language on our meetings. A typical agenda for an annual meeting can be sales in the market, report from human resources, R&D challenges, manufacturing situation and quality situation. A steering committee composed with four representatives plans the meetings. For the annual meeting, they work together with HR. The steering committee plans subgroups for special matters.

Georges Liarokapis

The L'Oreal European Works Council has been around since 1996. I have been the Secretary of this EWC since its beginning. There are 30 members and we support 25,000 employees in Europe. France only has half of the 25,000 employees. However, we decided not to give too strong a majority to France to avoid having the same discussions at a European level and in France. Hence, out of the 30 members of the EWC, there are now 9 French and 21 Europeans. All EU countries are represented. And we even go beyond the EU because we have a representative from Norway.

We don't have an exhaustive list of questions that may be put on the agenda. Anything that seems to us to have a link with our activity, with employment, with the working conditions, with the future of our business etc. may be added to the agenda. The agenda is drafted by the EWC Secretariat and the deputy management secretary of our company. We have one plenary session per annum and two preparatory meetings: one on the eve of the plenary and one three months ahead of the plenary.

In 1996, we started from scratch. The work done so far is deemed satisfactory as we take stock of our achievements every third year. The setting up of the EWC led to the drafting of an agreement signed by the French unions and two European trade union federations, i.e. EMCEF and FECCIA, both active in the chemical industry.

In terms of **diversity**, out of the 30 members there are 2/3 of men and 1/3 of women. Things sometimes change but the presence of 1/3 of women has nevertheless remained constant since the beginning.

Let me now turn to the way **members are designated** in the different countries to become members in the European works councils. Each country elects or appoints its members according to its own national rules and procedures. In France for instance, it goes through the trade union organizations present on the shop floor. It is the trade unions themselves that appoint the members of the L'Oreal European works council, no matter whether these members are elected or not. It is the case in most of the countries of Europe where there are trade unions. However, in those countries where there are no trade unions, the employees of every L'Oreal location take a vote or appoint their representatives in the European works council directly. This is how we can guarantee that the people who are here to represent the wage earners are legitimate because they have been either directly elected by their fellow employees or by the trade unions.

The other aspect of diversity is the **way the difference staff categories are represented**. At L'Oreal, white collar workers, blue-collar workers, foremen, and executives are all represented. Having this kind of diversity allows us to handle all questions and to go in great depth as amongst the 30 members there is always someone who knows the issue at hand. There are no experts attending the plenary meeting. However, experts are admitted to preparatory meetings but the collective experience that we have gathered over time allows us, today, to go into great depth in handling some issues and to intervene directly in front of management.

As is the case for all works councils, our role is to be informed and consulted with; but we may not intervene in the way our company is managed. This being said, minutes are circulated after the meeting and available to the whole staff and to the outside world. Hence, legally speaking, we have no burden to bear. However, **the biggest weight we have to carry is in terms of image**.

John Williams

Syngenta is an Anglo-Swiss agrochemical company and was formed in 2001 by the merger of AstraZeneca and Novartis Agrochemical Businesses. The global sales in 2007 were \$9.3 billion made-up of crop protection for \$7.3 billion and seeds for \$2 billion. The European sales represent \$3.35 billion.

We have global employees of about 21,000 of which 8,000 employees in Europe based in four major countries: Switzerland, UK, France and others. We have important cultural differences between the English and Swiss and the French.

In AstraZeneca days, we always had a very good works council relationship with the company and we developed that through all our processes, mergers and demergers. The companies have found that interaction between employees and the company had been most valuable in these difficult times of restructuring and of cutting cost down.

There are 5 major sites in UK, each having a separate works councils or partnership chaired by the site head. The UK Core Group is composed of experienced members of Site Works Council's co-chaired by myself and the Head of UK. From this group four members are elected to the European works council.

This agreement was set up in 2001 based on the old AstraZeneca agreement of 1996. We have one representative for 500 employees with a deputy. We have in total 25 representatives (UK, Switzerland, Holland and France have 12 members because they have the largest number of employees), supported by the Head of the European region and Human Resources.

We have two meetings per year: a training event for two days and the annual meeting also during two days hosted and chaired by the CEO.

The Company's language is English and translators are used for French and German. The typical agenda includes business updates for seeds and crop protection, financial updates, health and safety issues, human resources, business open topic, which can be anything we want.



There is a **coordination committee** of four representatives from the four major countries. They prepare the agenda and meet every two months with the European head of HR. We have recently created **subgroups**, which are generated when there is an "event" happening in two or more countries.

In the subgroups the Co-Committee is given advanced notice under confidentiality of an "Event". It then identifies the key people for subgroup to engage in consultation, discusses the rational and impact on sites and business, make recommendations and negotiates.

To give a concrete example of such a work group, some months ago Syngenta decided to outsource its Product Safety Group. This involved the closure of a UK site of 350 people and the transfer of the work to Basel. This Sub Group was formed by 4 UK representatives that were given a confidential brief and discussions were held over two months with key stake holders. The representatives did influence some thinking by networking. They introduced other possible solutions, they shared best practice, respecting local policy and procedures, they negotiated the Social Package and **this way, we have saved jobs and roles!**

Syngenta intends to double its sales to \$16billion in 2011. This will be achieved by acquisitions and mergers, where this will add value to Syngenta, increase operational efficiency, decrease overhead costs. European works councils will be involved in this process.

As a conclusion, I really believe that Syngenta has an excellent process for European works council. We have open and honest dialog between all stakeholders. We have the opportunity to network throughout Europe: if we have an issue we can actually go and find out information. We are still evolving and we want to share the best practice where possible.

Jean-Paul Jacquier: What are the main difficulties you've been confronted with?

Françoise Vallin

The functioning of the council as such can be a problem because Airbus has four different national entities. The topics we handle may divide us especially when the situation is difficult socially speaking or when there is restructuring. Then tension may arise because there is always the national will to save your own job, country and colleagues.

The notion of **culture** plays an important part. And so do the **trade union organizations**. Indeed, in the German system, workers may only speak with one single voice, the voice of a single trade union organization in the metalworking sector i.e. IG Metall. On the other hand, on the French side, there are vast disparities between the five trade union organizations represented. This can lead to very lengthy discussions at the level all of the EWC. Sometimes, difficult situations might lead to different opinions being rendered on the French side because every French union has its own trend or position on a given issue.

In terms of **frequency of meetings**, we meet twice a year or more regularly in case of pressing matters: actually this does not give us a lot of opportunities to consult with each other.

Marc Jouenne

There are indeed some **organizational difficulties** as it is very hard to find a common date that suits all members of top management: actually the CEO and a certain number of board members must be present at the European works council meeting. This adds to the absolute need to rally all social partners around the same table.

On our side of the table, we felt that there was at some point a certain difficulty with the **confidentiality of information**. For several years now we've been working on highly sensitive issues like restructuring plans, social plans, or even plans to sell the site. Obviously, we are always torn between our desires to be more transparent vis-à-vis social partners, to inform them as early and as ahead of time as possible, before communicating our decisions to the outside world. However, we also had to face the greed of the press for information – the press being very keen on knowing everything that is going on at Airbus – which led to sometimes very untimely communication on the part of the social partners.

Finally, a last remark: in European works councils we still see – and it is pretty natural – the expression of primarily national concerns and interests. Workers representatives are often there to defend their countries of origin which may sometimes lead to lengthy and difficult discussions. Sometimes there are conflicts of interests amongst workers representatives themselves. This is why we decided for the second half of 2008 to also offer **intercultural relation training**, language education, etc. to provide for a better understanding of each other. But in my opinion we might still need a few years to go beyond the national differences and understand the collective and general interests of all.

Dan Lideskold

We have two meetings, which is not bad, but **we should have more meetings and they should be connected in the time with the current issues that the company is facing**

Georges Liarokapis

To my mind, 2 elements are very interesting: the first one is related to intercultural relations. Rather than telling you about the problem, I will give you the solution we have chosen. A lady consultant on intercultural affairs gave us the idea for this solution. 30 people of different origins were gathered in a room and were supposed to be working together. In the beginning of the meeting the consultant said: **"please draw the world on a piece of paper."** Five or 10 minutes later, she collected the papers. Each person had drawn the world the way he or she saw it. Amongst the French delegates, there was someone from Brittany. He first had drawn the region of Brittany with very detailed contours, then France, then the rest of Europe and then the rest of the world. Almost everybody else had done the exact same thing as people always start drawing what they know best. We all looked at each other and we understood that there was something going on. **From this moment onwards, there were no more intercultural problems and we were ready to work.**

The second aspect is more related to the daily work of our committee. Members come to the meetings with their list of claims and when they go back home they need to be able to demonstrate that they've obtained something and, more importantly, that they did not lose anything.

Each country has its culture, its tradition and its legislation. The difficulty is to find a way to bring added values back home. In no circumstances does the European works council get mixed up in national matters. **So in order to move forward, disparities and differences must be respected; we have to make do and try to build something on those differences.**

Jean-Paul Jacquier: What is the main challenge for your EWC? How do you see the next few years?

Françoise Vallin

One of the main challenges is to surmount **intercultural problems**. Progress must also be made in terms of **trust between partners and in terms of the information provided** to European works councils. We often have the feeling on the side of the social partners of only getting information when things are already implemented and decided upon. Of course, they are imperative matters of strategy linked to the market situation but we should be able to improve the circulation and transmission of information in order for the European works council to have a better feeling of its worth, weight and legitimacy.

Marc Jouenne

Before talking about possible future improvement, I would like to recall that the European works council has brought about a number of very good things. In 2001, when it was created, we were in a particularly deep crisis. Some global events occurred in September 2001 and then there was the local AZF catastrophe. Back then the European works councils significantly contributed – together with the Airbus management – to building a link of solidarity and to make people understand that we do share the same interests.

There are local and national structures but today it is hard for companies like Airbus, Volvo or Syngenta to imagine not having in front of their central management a European structure through which management can actually talk to the social partners.

There were also some practical achievements like for instance the payment of an incentive bonus to all Airbus employees whichever country they come from, whichever department they belong to and whatever their business category they might have been in.

In conclusion I believe that **the challenge of the European works council is to transcend the national disagreements that will always remain and to make people understand that there is common interests and that this common interests is also the general interest of the company.**



From left to right:
John Williams, Dan Lideskold, Françoise Vallin, Georges Liarokapis

John Williams

In Syngenta, the management recognized that without the support and the contribution of the European works councils and the consultation processes through the restructuring process, the company would not be in such a positive position as it is now. **The trust, the training, understanding the business and making a positive contribution are the main challenges ahead of us.**

Dan Lideskold

Volvo Cars is a daughter of Ford Motor Company in the USA. There is another company in Europe that is a daughter of Ford Motor Company, Ford Motor Company Europe, with its headquarters in Cologne, Germany. One of our biggest challenges is to cooperate with the Ford Motor Company's European Works Council and **find a constructive way to work together.**

Georges Liarokapis

For several years now, a whole series of new indicators other than financial indicators have been developed and are linked to **sustainable development, corporate social responsibility**, etc. Some companies focus their communication on environmental protection, on the quality of life, and on corporate social responsibility; some claim to be greener than others. On the market, there are consultants and rating agencies that are able to validate the position made by a company. In my opinion, there is a major element missing in this picture: the approval of what companies claim to be a reality inside their structures. I am of the opinion that **European works councils are now ready to render that particular judgment.** It is not allowed by law but it would be a wishful evolution of their role and I'm all in favour of it.

QUESTIONS / ANSWERS

Member of Federmanager in Italy and Representative of Federmanager in an oil company:

I am interested in the participation of managers within the employees' delegation in the Works Councils. I would like to know your experience or your problems concerning the presence of managers inside your Council.

Georges Liarakapis

Our intention is to demonstrate to managers in the different countries that the European works council is important and that they must be present. And in order to be present they must be elected by the staff at the national level and be able to represent their fellow workers at a European level. There are two ways of reaching that goal. First through the trade union: it is necessary to be affiliated to a union of managers and executives or to a general union that represents executives in one of the European countries, it is necessary to be elected and then all there is left to do is to hope to become part of the European works council. In those countries where there are companies with no trade union, one has to be elected directly by the staff to represent it in the European works council.

Member of the German delegation ULA, employee of Sanofi-Aventis and President of the Senior Executive Committee

In Germany, there are two kinds of representation of employees. There is the Works Council that is representing blue collar and white collar workers. And there is a second representation: the representation of managers which is called the "senior executive committee", differentiating between different branches, representing about between 1 and up to 10% of the employees. As I understood in other countries the managers have to be represented within the Works Council, so they have to be elected by the workers. I wonder whether the managers can really get many votes from the 90-95% of employees to become represented in the Works Council. **I think there should be some amendments to the legislation, so that the managers in Germany that are elected for the executive committee can also participate in the European works councils.**

French representative in the European Works Council of EDF Group

The financial, legal, national, and international questions handled by the European works councils are getting increasingly complex. In order to have relevant or even pertinent opinions it is necessary for the representatives of the wage earners to have the required skills because it is the only way for the European works councils to have true prerogatives to move forward. I would therefore like to know how the **professionalization of EWC members** is organized.

Marc Jouenne

This year we decided to offer, on a voluntary basis, training courses on three topics: **languages**, to allow for better communication between the different members of the European works council; **intercultural communication**, and finally, a basic training on **economic and financial management at a cross-border level**. In terms of means and resources, we provided the European works council with chartered accountants, legal advisors and international consultancies to analyze, together with the European works council members, the yearly accounts and the balance sheets. In case of larger projects – as was recently the case with the selling of production sites in Germany, France and the UK – we provided the European works council with experts to better understand the reasons that forced us to implement this restructuring project.

Françoise Vallin

We do a lot of **networking**. The presence of our trade union in the field allows us to identify the competent people, the ones who have to experience reorganization on a daily basis, but also the ones who have to cater for new projects. For every topic we deal with, we listened to the people and consult with them before we can forge an opinion.

Italian Representative, Fondirigenti

We live in a global economy; companies also have branches and subsidiaries located outside Europe. What is the EWC role towards non-European workers?

Georges Liarakapis

Some companies organize meetings of staff representatives at a global level. But there is no obligation to do so as there is no international standard on the issue. It therefore depends upon the goodwill of the employer.

Representative of the MPA, UK

Do you ever discuss in your EWC issues such as the pensions of the employees?

Françoise Vallin

These topics are not dealt with by European works councils because legislations differ significantly from one country to the next. These issues are therefore left to each national entity so the problem can be dealt with into greater depth.

FECCIA representative and Member of the Novartis EWC

In your different committees how did you manage the enlargement of the European Union? How did you incorporate the other countries in your European works councils?

Georges Liarokapis

At L'Oreal we organized a specific training because we were quite scared. The day we welcomed the new members for Poland, the Czech Republic and Hungary, the Polish representative took the floor – in perfectly flawless French – and 15 minutes later it was as if they had always been there with us. I think this demonstrates that the European citizens are actually much more ready for integration than politicians.

Member of the Coca-Cola EWC, French representative in the Select Committee

Which actions did you carry out on concrete problems of the workforce e.g. matters of purchasing power, relocation or restructuring?

Marc Jouenne

According to our rules, we have two meetings per year. For a few years now, we've been faced with restructuring plans and social plans. We got used to trying to meet more in order to handle these special issues and get out of the legal framework of our ordinary meetings. We organize very detailed briefings to explain to European social partners what the consequences will be for the wage earners in each of our entities. We are fully transparent and the European works council meetings tend to last for a full day in general.

Françoise Vallin

All these very important issues are discussed and negotiated at great length at the national level, as required by law. Then, **the European works council provides us with a more global vision** because it is important for each of us to know how things will evolve in the other business units.

Georges Liarokapis

The interests for the work of the European works council is manifest and executives and managers would love to participate but they don't always know how to. This is exactly the purpose of our conference. Social dialogue is not organized in the exact same way in all countries. There are countries where the method of appointment of EWC members allows managers to get together and to attend the meetings of the works council; but there are countries in Europe where that is impossible. The EWC directive is now under review. **We must intervene so that – in every country – managers and executives may be present in the European works councils; this will be an enrichment of social dialogue and allow for the best possible exchange with all categories of wage earners.**

Jean-Paul Jacquier

We introduced you to well-working European works councils but you should also be aware that there are some that do not work this well.

Two main elements allow differentiating European works councils from each other:

First, **the company itself**. The size of the business is a fundamental element because it influences the number of EWC members. Moreover, the number of subsidiaries and the number of countries in which the group is present also have an influence on the complexity of the work of the European works council. Then, there is the **nationality of the company**. The country in which the group is headquartered has a fundamental influence on cultures, industrial relations and on all its subsidiaries. We must be aware of the fact that industrial relations as well as the functioning of European works councils are still far from being fully harmonized. And finally, beyond the notion of nationality, you have groups of undertakings that have open social policies and groups of undertakings that have very closed social policies. A US business will be more problematic for European trade unionism than a company from Germany, Sweden or any other country in Europe. And we have to accept that there are differences in management policies.

The second reason why there are differences is linked to the **quality of the representatives**. Some union representatives will make the effort of seeking training and of being informed and others will just show up at the meeting. This has a significant influence on the quality of the work of the European works council. Finally, the willingness of the EWC members to **"play as a team"** is determining. Surveys undertaken have demonstrated that the efficiency of the work of European works councils depends on the ability of their members to play as a team. The EWCs that have a very solid team work, that communicate with each other all year long, in which members manage to pursue a common goal will obviously be more efficient and effective than those who only show up and work on the day of the meeting.

Case Studies: Employee Participation in the SE, What Role for Managers?



From left to right: Christophe Lefèvre, Ludger Ramme, Rainer Nachtrab

Moderator: Ludger Ramme, CEC Secretary General

We will now speak about another form of participation, within the European Company. In a single economic market, companies prefer to have a harmonised legal existence to be more flexible. The Member States have struggled for more than thirty years to make this idea come true.

The traditions and employees' participation rights in Europe are quite diverse. There are countries with a tradition of a large involvement of workers into the decision-making of companies. Germany for instance has almost a parity of workers and shareholders in the decision-making committee – Comité de surveillance is the French name – and Supervisory Board is the English name. In other countries in Europe, there is only one third of the workers representatives in the Supervisory Board. And there are, of course, countries where the right to co-decision of workers is not known at all.

Finding the right solution among these diverse situations in Europe was a big issue, and, a few years ago, it was finally decided to give to the European Company the right to have a tailor-made solution, to negotiate the participation rights.

Senior executive staff in Germany used to have a special seat in the supervisory board in companies having more than 2,000 workers. However, now when a company is transformed into a European Company, the parties involved, shareholders and workers' representatives, negotiate. Since there must be representatives of each country involved, in the end the number of representatives is quite limited. Thus, minority groups such as managers' representatives are being over-ruled. As a result, the senior management is no longer represented in the supervisory board, which is a very miserable result for us. There have been a lot of creations of European Companies in Germany in the last two years.

The question is: is it normal that 10% of the workforce is excluded from decision-making in the company? Is it in the interest of the shareholders and of the company to demotivate the upper 10% of the workforce? I hope that the discussion today will bring an answer to this question.

We will have two experiences, one from Germany and one from France.

BASF SE: Rainer Nachtrab, Chairman of the Committee of the Executive Employees (ULA, Germany)

I am the Vice President of VAA, the German chemical managers' federation. I work at BASF, the largest chemical company in the world, as a process engineer, and I am also chairman of the so-called "Sprecherausschuss" – that can be translated as "speaker's committee of the senior executive staff" in BASF.

What is an SE?

SE stands for "Societas Europea" and can be founded in Germany since 2004. It is a modern legal form for companies in the European Union. The SE is an alternative to the legal form of the German "Aktiengesellschaft" – AG. Some SE companies have already been established in Europe.

What are the reasons for transforming BASF, a German AG to a SE?

Firstly, BASF wants to bring an active contribution to the integration of Europe. Secondly, it is the consequent next step of a continuous development of the European structures of BASF. Thirdly, it is an explicit commitment to the European home market of BASF. And finally BASF wants to take an outrider position in the chemical industry.

What has been the impact of the transformation into a European SE on employees' participation rights?

In the German BASF AG the rights of participation were defined by the German statutory law with three main texts: the "Works Constitution Act" ("Betriebsverfassungsgesetz"), the "Speakers Committee Act" (Sprecherausschussgesetz) and the "Co-determination Act" (Mitbestimmungsgesetz) of 1976.

In the European SE the participation rights are not defined by statutory law. The negotiation frame is given and roughly defined by the SE participation rights act and the contents and the items are to be negotiated freely. The negotiation is done through a bargaining process between the company and the employees' representatives within the special negotiation body.

As previously mentioned, the executive staff is a minority within this process. Regarding the bargaining process, the agreement on employee participation is negotiated and signed by the company board and the Special Negotiating Body (SNB). In the SNB there is one delegate per country in EU where BASF has employees. There are 28 delegates in total including 8 delegates from Germany. Among these 8 delegates, there was 1 member of the speakers committee of the senior executives.

To draw a comparison of employees' participation rights of the co-determination rights from the former BASF AG and the new European SE, let's have a look on the three levels: company level, plant level (Germany-wide) and plant level (EU-wide).

At the company level (supervisory board), in Germany as previously said, everything is defined by the German AG in the so-called "Mitbestimmungsgesetz 1976", while in the BASF SE, there is a negotiated agreement on participation.

Regarding the composition of the supervisory board, there is parity (same number of seats for shareholders and employees) but the total number of members has changed. While the German law allowed having 20 members in the supervisory board, the negotiated agreement foresees only 12 members. It caused a big impact for us, for the executive staff. There is no longer a seat for the senior staff. Thus, managers are out of the Supervisory Board at BASF SE.

On the plant level, in Germany there were no changes.

On the plant level European-wide, the German AG already had a voluntary agreement, a so-called "Euro-Dialogue", providing information. There were no managers representatives within it. What happened in the new BASF SE? An agreement has been negotiated to create the "BASF Europa-Betriebsrat", a SE-European Works Council. It has information, consultation and, most important, an advisory role and – that is the positive side for us – we succeeded to be present in it. It has not been easy since we are a minority among the 28 members and some members do not understand what a German executive staff is.

The election of the members in BASF-Betriebsrat follows national rules. In total, the BASF-Europa-Betriebsrat has 28 delegates minimum, each country has at least one delegate, and it can be more according to the number of employees coming out of one country. Germany, the biggest country, has eight delegates, among them one manager. This one is not elected by the workers, but by the speakers committee of the executive staff. So, we have our own separate election for this member.

SCOR SE: Christophe Lefèvre, Member of EWC, Deputy Secretary SE Committee (CFE-CGC, France)

SCOR is a reinsurance company; we are sort of the insurers' insurer. So we are in a line of business that calls for relatively significant equity. The EC status allows us to have one corporation only in one country. It therefore gives us the opportunity – if we so wish – to transfer the company's headquarters from one country to the next, to make acquisitions and to develop our activities more easily. The EC status also allows for the optimization of corporate management, for the production of a single balance sheet and for a simplification of structures.

SCOR was the first insurance company in France to convert to the European Company status.

At SCOR, we chose a special procedure for the appointment of members. The European works council includes 21 permanent members who meet four times a year. Amongst the 21 members, only six are French even if 50% of the staff is in France, but the six representatives in question hold 50% of all voting rights. Every year, we recalled the voting rights held by each delegate depending on the group's headcount in Europe. This system gives us the opportunity of keeping a reasonable number of members, of keeping the works council at a manageable level and of respecting the importance of every country for our business.

Another peculiarity of SCOR is that our staff is 70 to 80% executives and managers. So we are not confronted with problems of difficult representation of executives and managers as is the case with other companies that have converted into European companies. Generally speaking, executives and managers sign in their contract clauses prohibiting them from making remarks or criticism against their companies. The joint Works Council of the European companies of SCOR group gives them an opportunity of expressing their opinions, which also helps identify all the needs of the company. This is a real success!

There is common consultation between the different national Works councils but the European Works Council of SCOR SE is no substitute to their decisions. It allows us to have a much better coordination within each structure and to optimize the economic and daily functioning of the company, to share synergies, to communicate strategies, to be in line with the company's strategy and to talk about it at a European level

QUESTIONS/ ANSWERS

CFE-CGC representative, Arc International, France

Which topics is the European Works Council called upon discussing?

Christophe Lefèvre

We were inspired by Annex 2 of the European directive. We are consulted with on those measures that pertain to the reorganization of the company, to jobs, to changes in the capital structure or the company's strategy as soon as it is of concern for two countries in Europe or as soon as any decision taken at a global level would have an impact on one of the European countries. Topics to be discussed are quite vast. However, this does not prevent the company from pursuing its own strategy to way it intends to, even if we render a negative opinion.

German Representative, Airbus Germany

You have raised a question of great interest and not known enough in Europe: The role of the managers in European Companies. It is important to stress this issue since only in Germany this specific executive staff right exists.

Ludger Ramme

This is very important. We have seen that the European legislation leads to the fact that about 10% of our workforce is cut out of the negotiations and cut out of participation rights.

Rainer Nachtrab

Managers usually represent a minority and that there should be a minority protection in a democratic process. This is what the European law should guarantee in my opinion.

Federmanager Representative, Italy

We have seen during this conference that cultural differences, the need for harmonisation and the complexity characterise companies today. In my opinion managers' associations can bring an added value to resolve those issues. We are a minority in numbers but the added value of our work as managers is our capacity to tackle cultural, technical and complex issues.

EASE Representative, Greece

What is the purpose for a company to be transformed into an *SE* both on financial and administrative point of view?

Rainer Nachtrab

In my opinion, the main reason is to reduce the size of the supervisory board and thus the number of seats for employees.

Christophe Lefèvre

I believe that the advantage of converting into a European company is to have a European works council for a European company and to allow managers to have a much wider vision. As to the financial impact, a CE can indeed save operating costs as it doesn't have to produce a separate balance sheet for every national structure, but only for the company's HQ.

CFE-CGC representative in KDI, France

According to my experience, some German corporate management structures are turning their companies into European Companies mainly with the intention of reducing the representation of workers in the supervisory board; some, mine included, even have the intention of wiping out any such representation. My company changed status at the end of 2006 to become a limited company. The number of German wage earners went below 2,000, which automatically removed the mandatory representation of workers in the Supervisory Board of the holding company. A year later my company decided to become a European company. There is no workers representation anymore, not for executives and not for employees. We asked to be given at least one employee seat in the Supervisory Board because we can make proposals because we can bring ideas from the field to management that is sometimes a bit disconnected from reality because of the shareholders demands. But management said no. A company converting to a European company status is a thing we need to be very careful about.

Ludger Ramme

I think we are going in the right direction when we go ahead with the European works councils because for many of our organisations this is an interesting way of ensuring managers' involvement and participation. On the other hand, the European works council is not sufficient because we also have between us many organisations, senior executive staff that need additional ways of access. Within CEC we are already discussing new forms of participation, new ways of establishing a network, because CEC is a terrific network of managers all over Europe and beyond. We want to elaborate ways of establishing a European managers' dialogue between executives and middle managers, no matter in which country they work. We want to make CEC a tool of bringing together these managers so that they can act together, so that they have the possibility to approach the company management, the top management, in order to say: listen, we are a group of the upper 10% of your workforce. The European legislation has failed to give us the participation right that we deserve. And if the legislation cannot give us these participation rights, we have to negotiate with you, the shareholders or the top management, on how to involve managers in participation and consultation. And I think this could be just an additional way to help us to play the role that we have in the undertakings and in the European economy.



Rainer Nachtrab



Ludger Ramme



Christophe Lefèvre

Perspectives for Improvement and Revision of the EWC Directive. Panel discussion

What is the added value of European works councils? What is your position on the current revision of the EWC directive?



From left to right: Reiner Hoffman, Jørgen Rønneest, Georges Liarakapis, Carlo Parietti

Reiner Hoffmann, Deputy Secretary General of ETUC

Before the EWC Directive was adopted in 1994, a number of companies had installed some sort of European works councils called "European forum", "dialogue forum", etc. We have nowadays more than 800 European works councils. Without such a legal frame, I guess we would not have reached this number. This is certainly a success and not only in terms of increasing a number. **European works councils nowadays play a crucial role in shaping the social dimension of Europe.** We are convinced that European works councils can contribute not only to a better social performance of companies, but also to the economic performance of companies because it is closely linked with the European social model. **One of the success factors of the European social model is the quality of its social dialogue.**

I think we should be also quite frank that the picture is quite diverse. We heard a lot of very good examples, where management, workers representatives have learned to work together, to shape company policies, also in circumstances which are not always easy. European works councils can contribute to make companies more successful, more competitive, because this is by the end of the day in the interest of the employees.

Besides those positive developments, there are a number of cases difficulties. Why do we only have European works councils in 800 companies, while more than 2.400 companies are concerned by this piece of European labour law? Unfortunately, one of the reasons is that too many companies have not really learned the lesson that European works councils can be of advantage also for their policies.

What is the position of the ETUC in order to improve the work of European works councils for which we think the revision of the directive is necessary? The precondition to install European works councils is that the central management is able to deliver information about the size and the structure of the company. A number of companies are not ready to do so. In a number of cases we had to go to court. So, one important element for us is to **ensure that all companies which are affected will be able to install a European works council.**

The second crucial item is a **better definition of information and consultation**. Workers representatives in European works councils should receive important information on time, so that they have the opportunity to reflect those information and, if necessary, to develop opinions and to start consultation with management. In a number of cases, either information has been delivered too late or has not been delivered at all.

Another important element for us to improve the conditions for European works councils to act is to have the **right for training**. Training is a crucial aspect on a transnational level. We have heard about the diversity of industrial relations, of workers representations in 27 Member States. Intercultural learning is crucial, but it is also crucial for members of the European works councils to develop their economic and legal competences.

One meeting a year is not sufficient according to our experience since company policies have accelerated developments. Many companies already set either two meetings a year or have so-called steering committees which can meet every two months. It increases the capacity not only to respond when there are problems such as restructuring, mass redundancies – when it is most of the time too late - but also to contribute to the performance of the company, to be proactive.

A very particular point from the ETUC perspective is the **recognition of the role of trade unions**. Especially in the period 1994-1996 as more than 300 European works councils have been established via negotiation, management came to our European industry federation to invite them to take part in the negotiations because it was also a new experience for management to have a special negotiation body. It was in the interest of management to bring European industry federations in because they have the trust of workers and trade unions from different countries.

Also to improve the performance of European works councils trade unions should have access to European works councils' meetings. We think that if a European works council requests the attendance of trade unions, they should have the right to do so. In more than 40% of the European works councils, it is not a problem at all. We would like the revision of the directive to guarantee a level playing field for everybody.

The final crucial element regards **sanctions**. Unfortunately in a number of cases workers rights in European works councils are not respected. And if they are not respected, there must be a mechanism to have effective sanctions. For example in the case where management does not deliver proper information in time before the decision has been taken, the sanction could be that the decision as such will not be implemented until information and consultation have taken place.

If management refuses to give information about the structure and the size of company, sanctions could mean that the company has to pay a fine for every day of delay of that information.

We have to think about solutions how to improve the functioning of EWC because I am convinced that European works councils have been a success story and they have to develop further in order to shape company policies and to contribute to the social dimension of Europe.

Carlo Parietti, President of EUROCADRES

As you know CEC and Eurocadres are independent social partners but are tied in a liaison committee. This is a well-working cooperation and even if we had no consultation between us about the EWC directive revision, we express a common objective which is to try to strengthen the EWC with more presence of professional and managerial staff. In our position, we underline the necessity to have a balance of all professional levels. What would be the good balance between managers and all professional levels? Nowadays one third of the seats for managers are probably not enough. In some companies, in the future, managers professional and managers could be more than one third of the working population. We must convince the general trade unions members and all the workers that having professional and managers in the EWC will bring more competences to EWC, more space for negotiation. I also hope that the employers' representatives will realise that creating more European spaces is the only way for having more competitiveness of Europe.

Jørgen Rønne, Acting Director Social Affaires BUSINESSEUROPE

The whole idea is to develop a transnational social dialogue. And the only way to develop a social dialogue is by talking to each other. Political intervention will not solve that problem. There might be some bad examples but why should we destroy the positive development under way in hundreds of companies because there are a couple of bad apples? That is what we are risking if we are not very careful when revising the directive. We are interfering in a very positive development in hundreds and hundreds of companies. The examples we see today are definitely some of the successes but we have to realise that these successes are based on different structure of the companies, different traditions, and of course different strategies of the companies, of the representatives of employees and of the trade unions involved. We have to realise that the directive sets a framework for the development of a social dialogue and it has to be between the management of the companies and the employees of the companies.

To be blunt, trade unions have a very important role to play and should of course be involved in this, but European works councils are not an independent platform for trade unions.

Concerning the other items mentioned such as the need for a better definition of information, for better training for the members, we agree. For that reason we decided to go into negotiations on this "limited agenda", to improve the functioning of the works council. I believe that we could have done a lot of good work but it has to be a dialogue.

Do the Works Councils add value? Yes they do! And they add more value than I think most companies believed when this started fourteen years ago. At the same time companies say that a lot of progress can still be made, and it can only be made if there is an active participation by the management and by the employee representatives. There are problems, there is room for improvement, but on the other hand, the less we disturb the existing development in the majority of works councils that are doing well, the better.

Georges Liarokapis, President of the CEC European Managers

European works councils have been around for about 10 years **and both the trade unions and the employers admit today that European works councils have a true added value.** To contribute to making the European social model into a model that is envied in the whole world.

As to the position of CEC, I would like to draw your attention on the population of executives and managers because it is a topic for our conference. Over the last 10 years, we came to the following realization: there are companies where all professional categories are represented. The model and structure of social dialogue in France allow for it because executives and managers, as well as all other employees have the possibility of being elected in their companies and to meet at a European level within the European works councils. But this is not the case in all countries, take Germany for instance. **The issue of the representation of executives and managers must therefore be handled within the framework of the revision of the EWC directive.**

I don't think that the notion of quotas is the solution. I would rather believe in the awareness raising of all stakeholders, of the trade unions and of the employers, but also of the executives and managers themselves, because so far they didn't really feel concerned. Together with them, we must find ways and means to get them involved either through the trade unions or through other means so that we can have European works councils that will act autonomously and responsibly.

As to the question of sanctions, approving or disapproving of the company policy is already a form of sanction by the European works council. Company policies in terms of sustainable development and CSR are increasingly important for consumers, shareholders and workforce. Why shouldn't we give the possibility to the European works council – if it exists – to rubberstamp what the company does? I believe we should look at it in greater depth.



From left to right:
Reiner Hoffman, Jørgen Rønneest, Georges Liarokapis, Carlo Parietti

QUESTIONS / ANSWERS

CFE-CGC Representative, AXA

In some cases employers refuse providing information on grounds of confidentiality of the negotiation. How can prior information be reconciled with confidentiality?

CFE-CGC Representative, HP, France

With one or maybe two meetings per year, it is absolutely essential to have true exchanges and a real ability to influence things if the topics have not been prepared in advance. I believe that the working groups that exist in some European works councils are an excellent way of anticipating upon problems and should be put forward into new directive.

CFE-CGC/ FEDEM Representative

Most executives and managers present in EWCs are French. This is due to the social and cultural traditions of our countries. The lack of executives in EWCs creates an unbalance in companies that are primarily multinational or global. If we want to have a balanced Europe, we must think about all these issues. How can we develop the executives' interest for trade unionism and staff representation?

Member of the Food Federation at CFE-CGC, France

Today, one has to realize that we are in a global competitive environment. In my company, many executive positions have been removed from France because the IT, accounting and purchasing departments have been relocated to Poland. It happened six months ago and now the accounting department is going to be relocated even further to India because wages there are even lower.

At present, many European businesses have not yet established a European works council and while we are discussing between us, the world continues to change very rapidly and we run the risk of being overwhelmed. Together, we must face all these problems and respond to the commitments we have towards executives, but also towards all employees in general, in order to give them a nice image of Europe, the image of the Europe of progress, the image of a Europe that allows all Europeans and all the people of the world to have hope for the future. Companies must have ways and means to develop but they must abide by the different legislations in the countries where they are based and give people opportunity to lead a better life.

EASE Representative, Greece

Are executives and managers wage earners like all the others, or is this a category that falls out of any type of social dialogue?

Jorgen Ronnest

The rules that govern the composition of the delegations of the individual Member States, are national rules, it is not decided in the directive. It is for the social partners and the Member State to decide who is going to be represented.

On sanctions, I think it is a clear principle of European law that sanctions will not be introduced at European level or it is for the national governments of the Member States to introduce sanctions, if necessary. In some Member States sanctions already exist.

Reiner Hoffman

Concerning the question of confidentiality, we have made experiences in a number of cases where management defines information as confidential where we cannot really see the reason why this is confidential.

We are aware of the increased competitiveness under which companies have to operate and our interest is to find adequate solutions which are not been weigh only on the shoulders of employees and workers at the company. We should improve the dialogue, and this does not mean that we have to dictate what the companies have to do. It has to do with the social model that in a number of areas also needs legal certainty. And legal certainty means to have adequate legislation. If the Lisbon Treaty were ratified by all 27 Member States, it would be a big progress since the Charta of Fundamental Rights would become legally binding. Thus information, even transnational information and consultation rights would become a fundamental right.

Study of Worldwide Agreements

François Fatoux, General delegate ORSE (Study Center for Corporate Social Responsibility)



Before talking about international framework agreements (IFAs) and the role played by European works councils in their negotiations and follow-up, let me say a few words about ORSE.

ORSE is a network that brings together, in France:

- large public and private corporations, about a hundred of them;
- investors and asset managers;
- professional organizations like MEDEF, the French employers organization;
- and all five trade union confederations, three of them even being members of ORSE's leading bodies i.e. CGT, CFDT and CFE-CGC.

CFE-CGC participated in the establishment of our organization in 2000.

ORSE is therefore a network that has made it its mission to support companies on their journey toward sustainable development and to be an observatory looking into the initiatives that will structure the strategies of corporations around the issue of CSR. ORSE looked into the issue of international framework agreements because large companies listed on the stock exchange wishing to display their commitment to sustainable development must take action for all those subsidiaries in Europe and the central management is the only one to define its commitments formalized into a code of conduct that is also called a code of ethics.

Today, very few companies accept to talk about their ethical values with trade union reps. However, some of them accepted the principle either at the European level or at world level with trade union representatives who can be:

- representatives in the world/European social dialogue body;
- the European works council;
- the European/world Federation competent for the matter.

When such commitments are signed at a global level with a sectoral trade union federation, they are called international framework agreements (IFA).

In December 2006, ORSE published a practical guide on IFAs, which is available in French and in English in order to support both companies and

trade unionists that will also have to negotiate IFAs of their own.

The guidebook analyzes and illustrates – through several concrete examples:

- the negotiation processes;
- the contents of these agreements;
- the scope of implementation – subsidiaries, subcontractors, suppliers, etc.

The reasons that pushed ORSE – with the support of all its members and particularly MEDEF – to promote IFAs are as follows:

- IFAs give credibility to the commitments of companies. This is an important point for investors and for all of those who judge their social and environmental policy – e.g. rating agencies like Vigeo;
- IFAs – even if they cover a world perimeter – are mainly signed by European businesses.

Out of the 64 multinationals that have signed an IFA today, 56 are European and 8 non-European. There are no UK or American businesses amongst them. The breakdown of the 56 European companies is as follows:

- German companies (17);
- Nordic companies (10: Norway, Sweden, Denmark);
- French companies (11 : Danone, Accor, Carrefour, Club Med, Renault, Edf, Lafarge, Pas, Peugeot Citroën, France Telecom, to cite them in the order of signing the agreement) and since 2008: Vallourec.

Given this track record, ORSE is trying to promote the idea of an international social dialogue aimed at debating matters related to sustainable development like trade union freedom, the struggle against discrimination, health and safety, and the links with suppliers.

We believe that one of the concrete translations of the European social model is in the ability of companies to talk about these issues with the trade unions.

Getting back to IFAs, I would like to mention the role of European works councils, because, if these agreements have formally been signed by global industry federations like IMF, ICEM, IUF, UNI, BWI, who signed almost all of the agreements, European works councils can nevertheless be very active on two levels:

- in the negotiation process;
- in following up on the commitments.

In the negotiation process:

In some cases, the request to put the CSR commitment into a more formal structure comes from the EWC because the council is the only structured social dialogue body that exists at the supranational level.

As we are on an Airbus site, I shall take the example of EADS: the IFA was signed on the 8th of July 2005 between the company represented by its

CEO and by the Chairman of the Board, and the European works council.

Two other parties were associated to the agreement:

- the European Metalworkers Federation;
- the International Metalworkers Federation.

In almost all of the agreements signed by the IMF, the European works council was always involved in the negotiation process.

In following up on the commitments:

The first IFAs signed in the 1990s listed a number of principles without mentioning any follow-up or monitoring tools to see to it that the company would stick to its commitments.

In the new generation of agreements signed as of 2003-2004, international federations – and IMF particularly – paid very close attention not to commit if there were no monitoring or follow-up schemes put forward.

Several monitoring solutions can be implemented at the initiative of companies:

- an external control system by a certification or rating body – as is the case with Arcelor, Peugeot, Daimler;
- an internal control system carried out by a dedicated body from:
 - . management;
 - . the trade unions;
 - . the EWC;
 - . at the local level.

The local unions will be asked to assess whether the aims have been reached and the commitments respected.

In some cases, the EWC will be placed in charge of this mission of:

- . monitoring and;
- . yearly follow-up.

And now a few words of **conclusion** based on the practice of supranational social dialogue in multinational companies.

For a very long time, the European works council was the only social dialogue body between a company management and trade union representatives. Today, multinationals have several interlocutors:

- the EWC;
- the European Federation;
- the World Federation;
- a social dialogue structure within the company – e.g. the group works councils at EDF or Renault.

If, theoretically, each of these interlocutors has a different mission, e.g. the EWC being asked to fulfil an information and consultation objective, all of those structures may fulfil other missions than the ones they were granted at the outset. Should we denounce the fact that it is not up to the EWC to negotiate corporate agreements or assess the final results of a European or global agreement applicable to all workers in the group, its subsidiaries and its subcontractors.

This morning, Georges Liarakapis mentioned that one of the possible extensions of the competencies of the EWC would be to be allowed to render an opinion on the sustainable development strategy of the company. I can bear witness to the fact that this strategy is already in place in a limited number of companies. I'm thinking in particular of about an

insurance company called Axa, which – in its sustainable development report – published the opinion rendered by its group Works Council. However, should this practice be extended to all companies and be provided with a legal framework?

Another practice could involve European and global social dialogue bodies, i.e. the development of indicators to objectively follow up on the progress made in companies. World references like the Global Reporting Initiative or national legislations like the NRE Act in France, offer social indicators for all subsidiaries of a group, e.g. health and safety, training, etc. As there are many such indicators, a company might wish to select the most relevant ones and the ones that best respond to the challenges of the industry the company is active in.

I don't know if this best practice ought to be expanded to all businesses within the framework of the revision of the EWC Directive but it is an example of the way trade unions might be more present in international social dialogue.

And now a last remark based on the talks we've had with our correspondents both at management and trade union levels: businesses and HR managers may be willing to optimize contact with their different trade union interlocutors, i.e. the EWC, the industry federation, and the local, national, European and global social dialogue structures, but the trade unions present in these different bodies are still having a hard time intervening in a consulted and consistent way. When strategies are being developed between representatives at different levels, it ultimately always depends upon the willingness of the company management to allow for this consistency to happen.

Trade union representatives – mainly those present in European works councils – might escape this dependence from management by taking part in the creation of trade union networks that can link up all trade unionists present in the different subsidiaries of the companies in order to take action at a higher supranational level.

In this regard, two large world federations like UNI and ICEM drafted a trade union guidebook for the establishment of such trade union networks, which can be downloaded and is available in several languages.

In conclusion, what we can see at ORSE is the willingness of some companies, of some trade unionists at different levels to try and experiment new forms of social dialogue based on new principles, i.e.:

- establishing a sustainable climate of trust between both parties in the long-run
- taking into account the mode of organization of each company but also cultural differences
- guaranteeing the strong involvement of management

Such practices are very diverse but remain a minority, although they might be opening up ambitious perspectives for the future.

Such practices deserve being analyzed and valued and EWCs can contribute to promoting these novel solutions.

European Works Councils and Corporate Social Responsibility

Nicole Notat, Presidente Vigeo CSR ratings agency, former Secretary General of CFDT



The notion called **Corporate Social Responsibility** covers the contribution of business to the challenges of sustainable development and new modes of growth and development that will have to be developed in front of the challenges for future generations.

CSR is therefore an incentive for companies to control the impact of their choices and of their activities on all stakeholders, on the environment, on their employees, or in territories, on customers, on consumers, on suppliers and on subcontractors, as all of them are more or less closely connected and – hence – concerned by the opinion, the choices and the activities of the company.

The question of the reputation and image of the company is – nowadays – of the utmost concern for both managers and brands because it is precisely the brand and the name of the business that will make it attractive, that will make the difference on the market or that shall create trust. And any damage done to this image or reputation will therefore become a hazard that will have to be prevented at all cost.

This is the reason why **most companies** have been brought to integrating in their concerns – and sometimes in their strategies too – the concept of social responsibility.

Investor and asset managers are also integrating such social and environmental factors in their investment decisions. They got together at the level of the United Nations to define six principles of responsible investment where they call for the incorporation of social and environmental factors in the way they choose where to invest, because these elements will sooner or later have an influence on the safety and profitability of the investment. This was some kind of a small revolution in the world of investment but it mainly touched long-term investors.

A third stakeholder in this constellation is the **rating agency** and Vigeo is one of those. Our role is simply to say whether the company's commitment is real and tangible and, therefore, to define the level of control the company has over risk in terms of corporate, environmental and social responsibility. Today, an international agreement

on the different aims of social responsibility is the best possible demonstration of a company's commitment.

Our role is also to assess the effectiveness of the results. In this particular exercise, it is important to collect the information that the company produces but also the information that comes from all stakeholders in the process. **Works councils or international sectoral organizations are therefore privileged interlocutors for us; they are interesting sources of information and provide as with a series of different points of views.**

Today, we see the arrival of many stakeholders: NGOs, associations that wish to sit at the table with corporate managers. There is therefore a challenge for both management and undoubtedly trade union organizations to find their true position around the negotiating table.

When such issues enter the realm of business, they lead to a more horizontal handling of those topics that are normally only discussed between the company and the trade union organizations, which are now broadened to the matter of sustainable development. This is also an opportunity to move dialogue that is often happening either at a national or a European level towards the international level, where most companies are active.

It also gives the opportunity to intervene to trade union organizations or structures that represent the workers interest on issues of relocation, restructuring, work and pay conditions all around the world, and it provides for the opportunity of raising the social and environmental standards in those countries where there's very few regulation on the issue.

This is why CSR is opening new fields of intervention for trade union organizations and, more generally speaking, force staff representation bodies like the Works Councils be they national or European. All multinationals are assessed, rated, and evaluated by rating agencies like ours and European works council members may get hold of the information we publish.

However, the research that we've led on corporate social responsibility objectives demonstrate that companies move forward mainly because their managers were driving forces, and not so much because they were put under pressure by the outside world. This being said, when the trade unions have really empowered themselves with the topics at hand, a new phase can start because there is momentum and because things are moving faster.

This is a reason why the way workers representations and trade union organizations will rise to the occasion on the shop floor – in all sectors of the economy – shall determine – in my opinion – what will really be done by companies on these new challenges of sustainable development.

Conclusion

Georges Liarakapis, President of the CEC European Managers



This conference has shown that a consolidation of the European Works Council role can only take place if executives and managers are adequately represented within it.

Currently in the majority of the Member States, managers and executives are under-represented within European works councils.

To this extent, the recast EWC Directive will have to ensure that all the professional categories which have to implement the policy of the company, but which have to undergo its consequences as well as all the other employees, have the right to express their opinion and to receive the information within the representative body.

AMENDMENTS PROPOSED BY THE CEC EUROPEAN MANAGERS ON THE EUROPEAN WORKS COUNCIL "RECAST" DIRECTIVE

1. **Whereas (20)** In accordance with the principle of subsidiarity, it is for the Member States to determine who the employees' representatives are and in particular to ~~provide, if they consider appropriate, for~~ ensure a balanced representation of different categories of employees, *including executives and managerial staff.*
2. **Whereas (26)** The special negotiating body must represent employees from the various Member States *and different categories of employees* in a balanced fashion. Employees' representatives must be able to cooperate together to define their positions in the negotiations with the central management.
3. **Art 5. 2 (a)** The Member States shall determine the method to be used for the election or appointment of the members of the special negotiating body who are to be elected or appointed in their territories, *taking into account a balanced representation of different categories of employees, including executives and managerial staff.*
4. **Art 5. 2 (c)** The central management and local management and the ~~competent~~ European workers' and employers' organisations *affiliated to European cross-industry organisations* shall be informed of the composition of the special negotiating body and of the start of the negotiations.
5. **Art 5. 4 § 3** For the purpose of the negotiations, the special negotiating body may request assistance with its work from experts of its choice, for example representatives of ~~appropriate~~ Community-level trade union organisations *affiliated to the European cross-industry organisations*. Such experts may be present at negotiation meetings in an advisory capacity at the request of the special negotiating body, where appropriate to promote coherence and consistency at Community level.
6. **Art 6. 2 (b)** the composition of the European works council, the number of members, the allocation of seats, taking into account ~~where possible~~ the need for balanced representation of employees with regard to their activities, category and gender, and the term of office.



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The CEC MANAGERS NETWORK helps you to develop a personal and professional network and to exchange information on your sector, profession, country, etc.

The Network is also particularly helpful if you have the intention to work abroad. Moreover, this tool can reinforce the representation of managers in European works councils and other representative bodies.

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