

**European Commission
General Directorate
Employment, Social Affairs and Equal Opportunities**

**Study seminar “Transnational Agreements”
17 May 2006**

**Working document
Transnational texts negotiated at corporate level : facts and figures**

1- Over 90 texts resulting from transnational negotiations recorded	3
2- Mostly European companies are involved in this transnational process	4
3- Most transnational texts were concluded recently	5
4- Global, European or mixed scope of the texts and sectors involved	6
5- European works Councils and International union organisations are deeply involved in transnational negotiations	7
6- Fundamental rights, procedures and substantive provisions addressed	11
• Fundamental rights - CSR	11
• Social Dialogue	12
• Health & Safety and Environment	13
• Data Protection	14
• Equal Opportunities	14
• Wages and working hours	14
• Restructuring and subcontracting	15
• Mobility	16
• Training and Skills	17
7- Half of the texts recorded are due to include subcontractors	18
8- Most texts contain follow-up provisions but few dispute settlement procedures	18
Annex : table	23

The contents of this working document do not necessarily reflect the opinion or position of the European Commission, Directorate-General for Employment, Social affairs and Equal Opportunities.

[Evelyne Pichot, with the help of stagiaire Claire Vogt, European Commission DG EMPL F/2]

1- Over 90 texts resulting from transnational negotiations recorded

Until the end of 2005, the Commission's services had recorded 95 texts resulting from transnational negotiations in 65 companies. The 38 texts, usually referred to by international trade union organisations and various authors¹ as "International Framework Agreements" on Fundamental rights in the context of Corporate Social Responsibility (CSR) initiatives have been included in this record, as well as those few concluded by companies having no or limited activity in Europe.

Transnational negotiations were pioneered by Danone, but now the number of companies in which such texts are recorded such negotiations is quite large and include General Motors and Ford, which have concluded a series of texts on restructuring; Arcelor, ENI and Lafarge, which have developed European health and safety standards at European level; Total and Deutsche Bank, which have developed measures concerning employment trends, mobility or training; Unilever, GE Advanced Materials and Philip Morris, which have produced texts on data protection; and Volkswagen, Rhodia, Suez, Club Méditerranée, Philips and Rheinmetall, which have concluded texts on fundamental rights and social responsibility.

Details on these transnationally negotiated texts are presented in the annexed table: name of the company, headquarters and activity sector, year of conclusion, title given to the text, signatories, scope, main content and issues addressed, supplier/subcontracting clauses and follow up as well as dispute settlement clauses. The information is complete for 84 of these texts, being made available to the public through various specialised publications or websites.

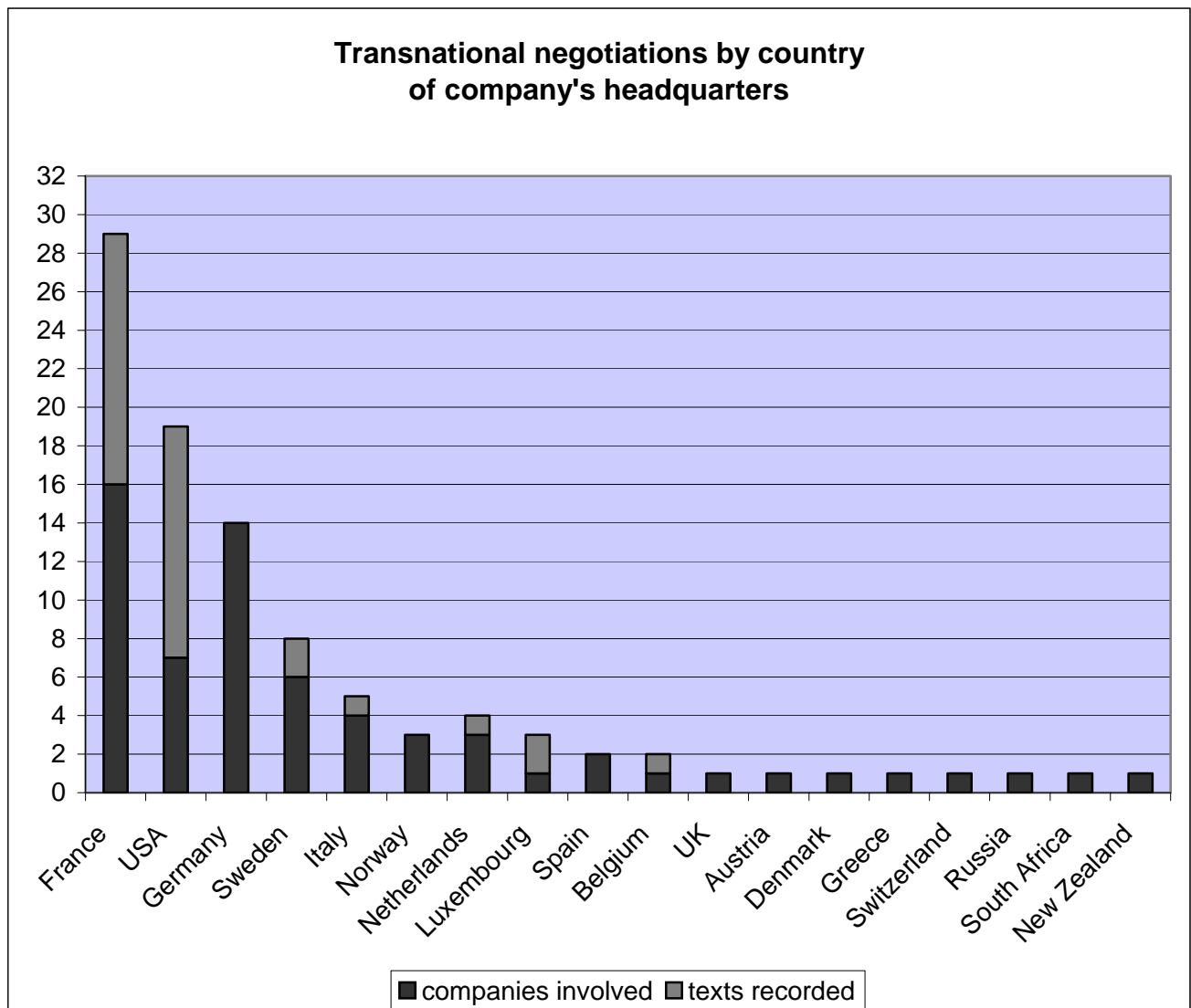
These negotiated texts (in some cases rather "discussed" than negotiated) have been given different titles, not always in accordance with the more indicative or imperative aim of their provisions.

- 43 of them include the word "agreement"² in their title: "agreement", "framework agreement", "global agreement" and "European agreement", "letter", "protocol" or "statement" of agreement. 26 of them have a global scope and deal with fundamental rights and CSR, 7 deal with restructuring in Europe, 4 with data protection issues and 6 with other issues having a European dimension.
- 13 texts are called "joint" opinion, declaration, position or statement. These mainly deal with specific issues having a European dimension.
- 15 negotiated texts are called "charter" or "code of conduct". Half of them are of global scope, and the other half, mainly in French companies, deal with various issues of Human Resources management at European level.
- 13 texts, dealing mainly with specific European issues with sometimes very precise provisions, have various titles that do not clearly indicate the fact that they are signed by the two parties in the company, such as "declaration", "principles", "framework".
- 5 texts dealing with specific European issues are called "project", "action programme" or "convention"
- 3 texts form an "annex" to the European Works Council's agreement: Axa and Diageo on restructuring and GEPE on the negotiation procedure itself
- 1 company, the Nordic bank Nordea, has a standing negotiating committee dealing with employment and working conditions for the different Nordic countries in which it is active.

¹ See notably Hammer, N., "IFAs: global industrial relations between rights and bargaining", *Transfer n°4*, Brussels, Winter 2005 and Bourque, R., "les ACI et la négociation collective à l'heure de la mondialisation », *document de travail DP/161/2005*, IIES OIT, Genève, 2005

² Even if they don't have the legal character of a collective agreement in most of the cases

2- Mostly European companies are involved in this transnational process



Out of the 65 companies recorded as having concluded transnational texts, including all 38 texts, usually referred to as “International Framework Agreements”(IFAs), 54 are headquartered in European countries. The French companies concluded the biggest number of transnational texts (29 texts in 16 companies- 7 of which have been concluded by a single company, Danone) followed by the USA (19 texts having mostly a European scope, in 7 companies) while in Germany, a large number of companies has concluded transnational texts of a global scope (14 texts in 14 companies). The Nordic companies were also quite active with texts concluded in 9 Swedish, Norwegian and Danish companies and the Nordea bank having set up a standing transnational negotiation committee.

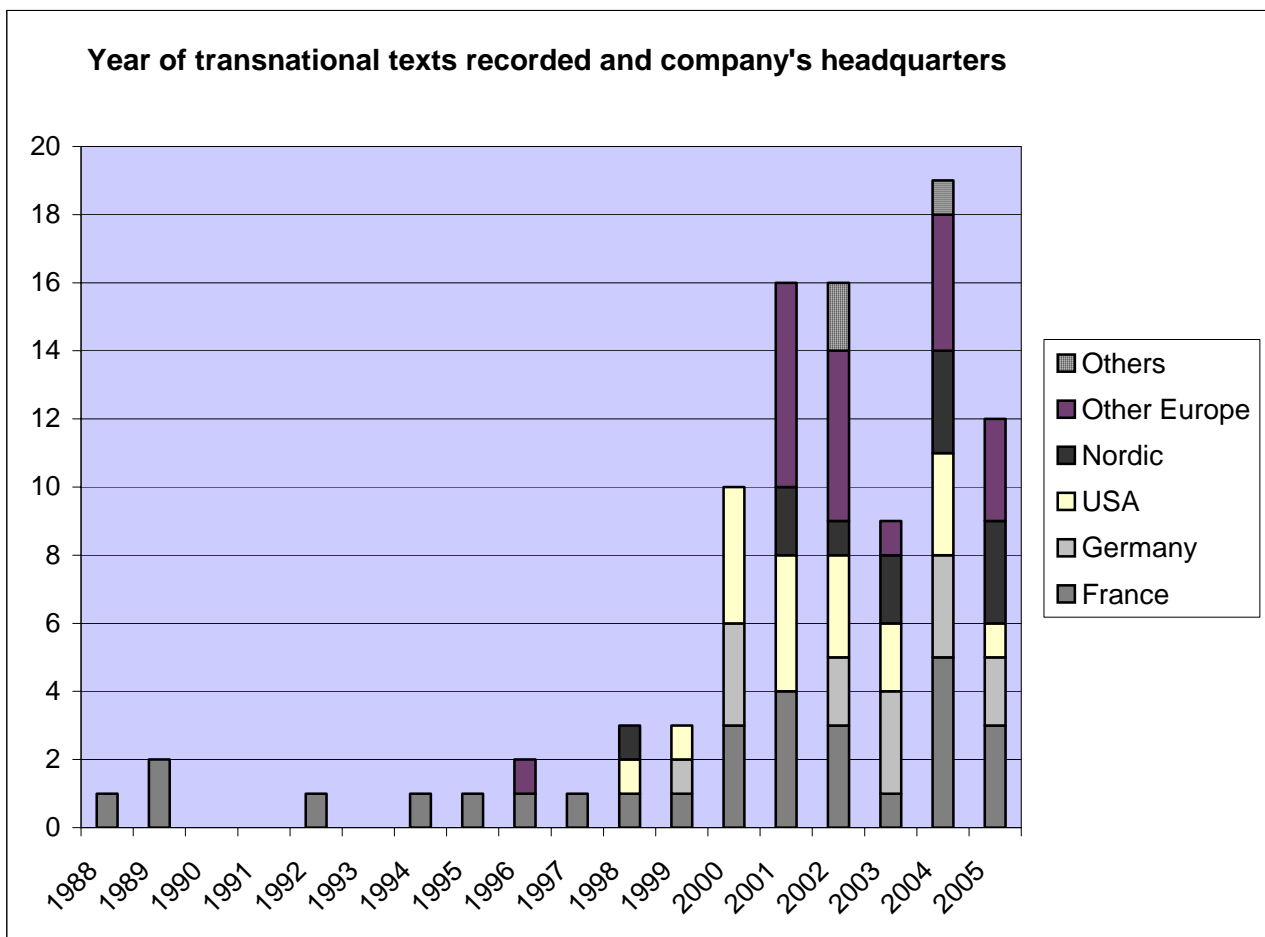
At a global level, a recent development in the so called International Framework Agreements (IFAs) on fundamental rights is to observe. Their scope goes far beyond Europe but such

contemporary texts are also overwhelming negotiated with multinational corporations headquartered in Europe and involve European employee representative bodies.

3- Most transnational texts were concluded recently

Most of these texts were concluded in the last few years.

The French companies (Danone, Vivendi, Suez) were the first ones to conclude transnational texts starting in 1988, followed by Italian (ENI in 1996), Swedish (IKEA in 1998), American (Kraft Jakobs in 1998) and German (Deutsche Bank in 1999) companies. Over the last decade, French, US, German and to a lesser extent Italian and Swedish companies have continuously concluded transnationally negotiated texts with more companies concluding such texts in the last few years.

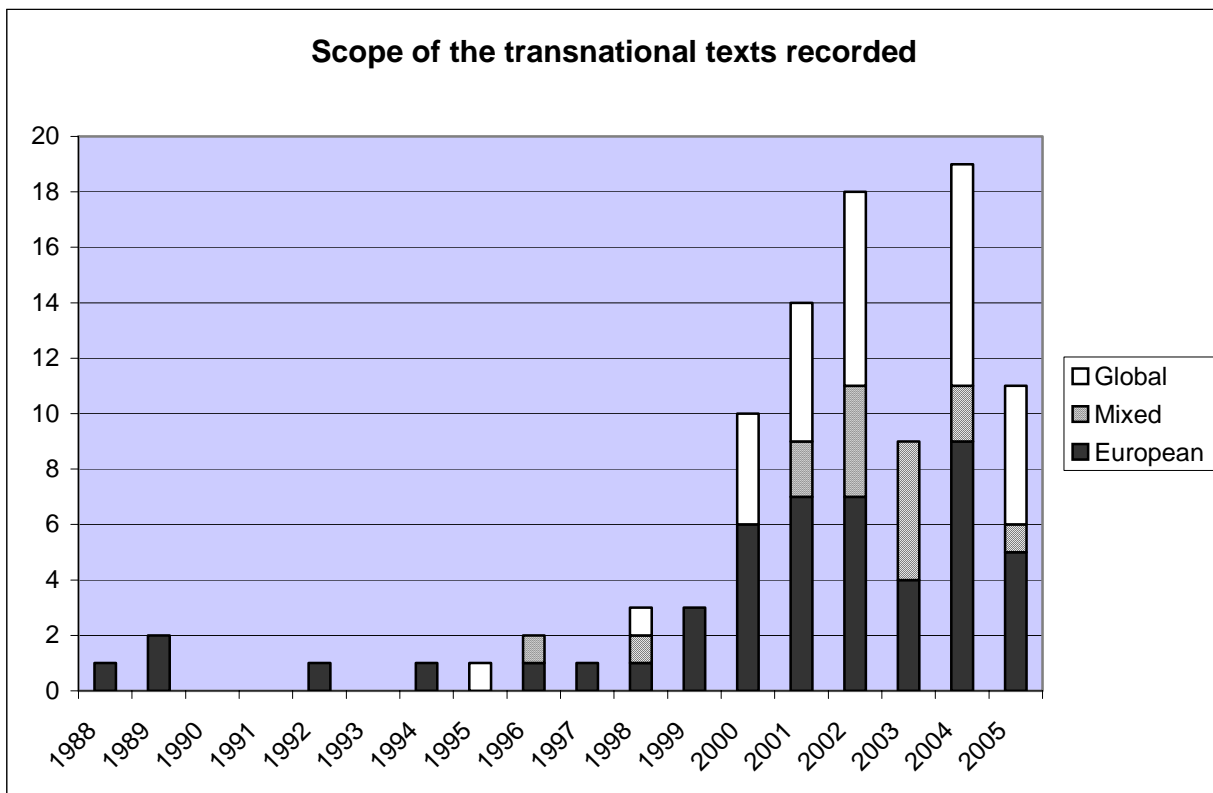


4- Global, European or mixed scope of the texts and sectors involved

Around half of the texts recorded are focused on the European area. One third of the texts are clearly global. One out of six texts is mainly global but also addresses European issues or strongly involves the European Works Council.

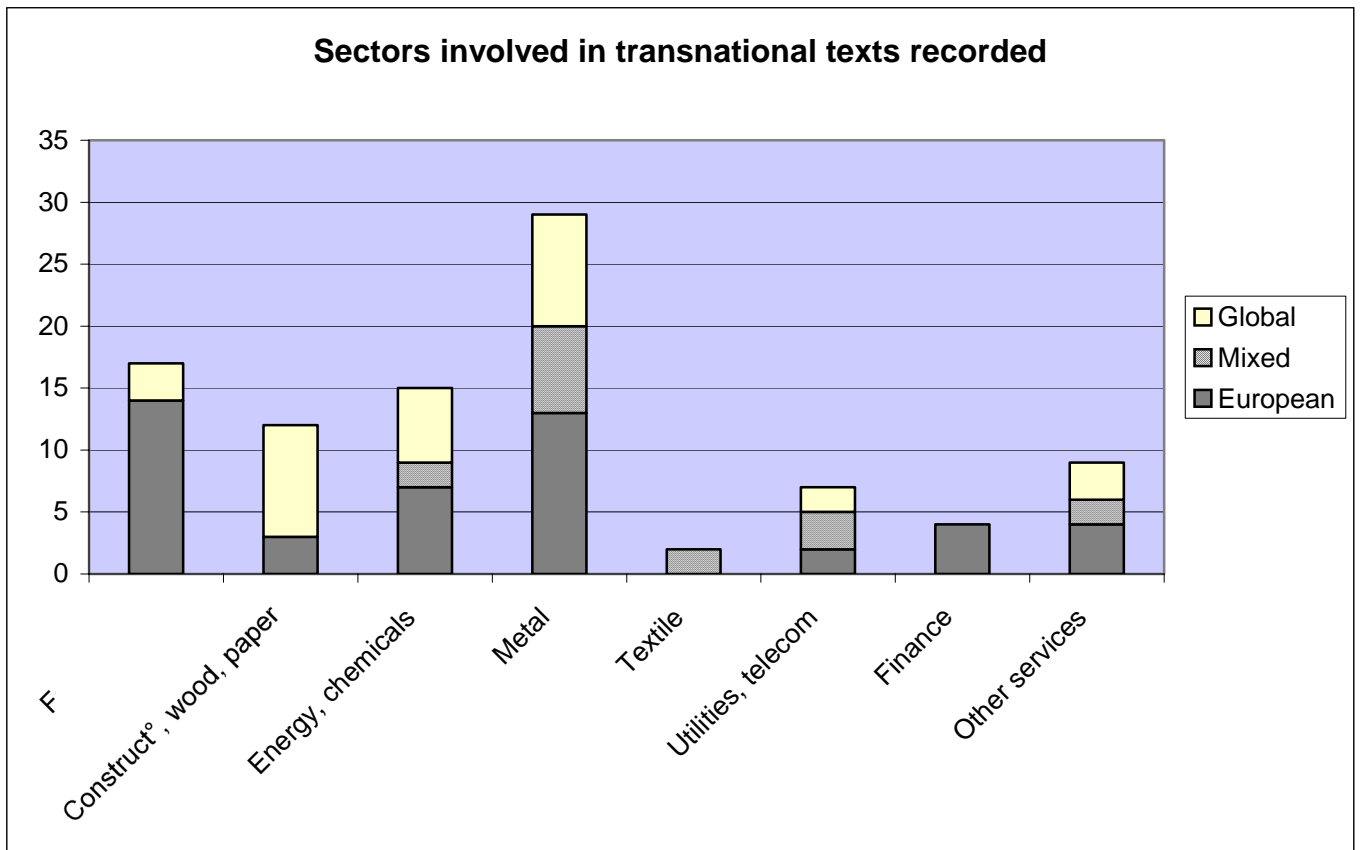
In fact, the classification of the texts in two clearly identified categories according to their scope and character –European negotiated texts vs global “international framework agreements” (IFAs)- is not always easy and a continuum between both is to observe³.

All categories of texts have also had a quite comparable evolution in time.



The metal sector has been particularly involved in the process and counts for about one third of the transnational texts concluded and the companies involved. Companies from the energy, chemical, food and drink sectors were also quite active in the different categories of texts. Utilities, communication and other services companies are also present in the process. More specific are the construction, wood and paper sector in which Global texts have been more frequent and the banks and insurances which were only involved in texts having a European scope.

³ Authors have also noted a continuum between “agreement on rights” and “substantive agreements” as well as a continuum between consultation, negotiation and bargaining (Hammer 2004 and Hammer 2005). N. HAMMER, *International Framework Agreements: Overview and Key Issues*, Paper presented at the Industrial Relations in Europe Conference, Utrecht, 26-28 August 2004



5- European works Councils and International union organisations are deeply involved in transnational negotiations

Transnational negotiations involve different sorts of parties and signatories to the texts concluded: European works councils, International and European union organisations as well as National unions.

Half of the transnational texts recorded (48 out of 93 texts for which the parties are known) involve a combination of parties.

Where several negotiations are held in a single company, the parties use to remain the same, but some companies change the parties according to the issue dealt with (Arcelor, Lafarge, Danone, General Motors).

European works councils (EWCs) were involved in almost two thirds of the texts recorded (59 out of 93 for which the parties are known), especially those having a clear European scope⁴.

The most common topics addressed in these texts are health and safety, company restructuring, CSR, fundamental rights and social dialogue. Other topics covered include skills training, employment, equal opportunities and data protection. Most of them establish general frameworks for company policy. In a number of cases joint texts promote or require action on the issues concerned at lower levels within the organisation.

EWCs were parties to the negotiations:

- together with International federations in 12 cases, notably in the metal sector,
- together with European federations or confederations in 6 cases,
- together with both International and European federations in 5 cases from the metal sector,
- together with National unions and international federations in 4 cases
- on behalf of the European or International federation in 2 cases (Daimler Chrysler and SKF)
- and alone in 30 cases, especially in American companies.

Furthermore, even if the EWC does not sign, the initiative of the negotiation often takes place within that body.

International union organisations were signatories of most of the texts concluded (52 out of 93 for which these signatories are known), especially when dealing with corporate social responsibility or fundamental rights.

International sectoral unions were especially involved in the negotiation of the so-called International framework agreements.

The international federations signed :

- together with national unions in 19 cases notably in chemicals and energy,
- together with or with a mandate to European Works Councils in 14 cases, notably in the metal sector,
- together with both European federations and European works councils in 5 cases from the metal sector,
- together with European federations in one case (Arcelor),
- together with both National unions and the European works council in one case (SCA),
- and alone in 12 cases.

The **European union federations and confederations**, mainly the EMF (metal sector), signed 18 texts, mainly dealing with corporate social responsibility or restructuring:

- together with both international federations and European works councils in 6 cases,
- together with European works councils in 6 cases,
- together with international federations in one case (Arcelor),
- together with National unions and the EWC in one company (Nordea)
- and alone in 2 cases (Total).

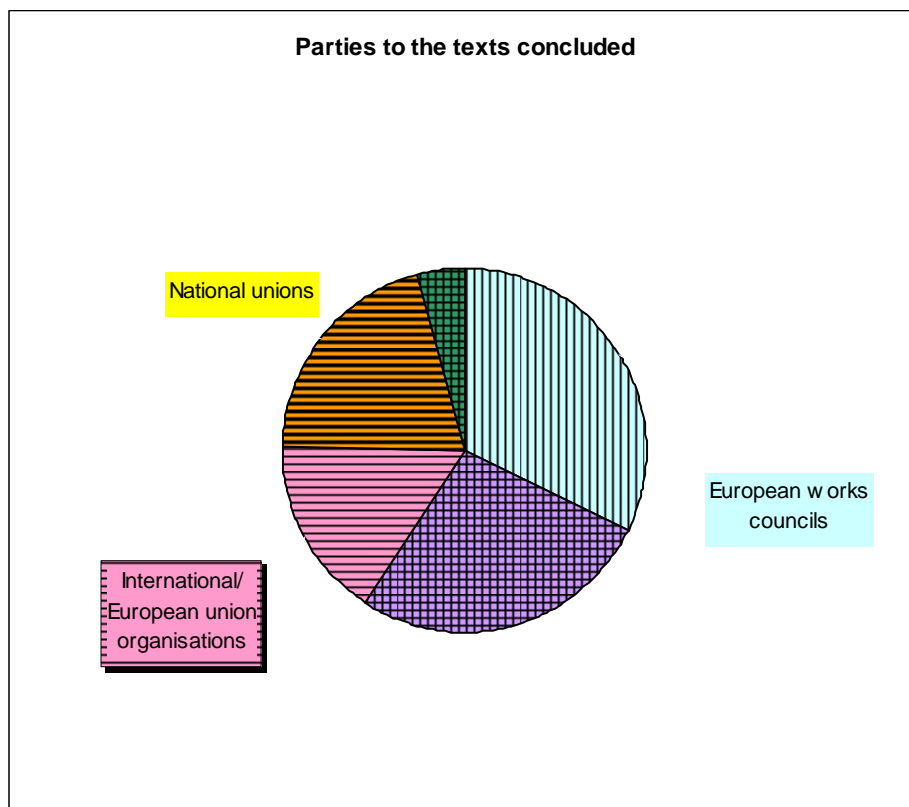
⁴ Also referred in a recent study of the European Industrial Relations Observatory (EIRO) in 2004: Developments in European works councils, Mark Hall and Paul Marginson, [European Foundation for the Improvement of Living and Working Conditions](http://www.eiro.eurofound.ie/2004/11/study/tn0411101s.html), Dublin, November 2004, on line at <http://www.eiro.eurofound.ie/2004/11/study/tn0411101s.html>

The **National unions of the country where headquarters** are located signed 20 texts on corporate social responsibility and fundamental rights

- together with international federations in 18 cases, notably in chemicals and energy,
- together with the National unions from the other countries involved and the international federation in one case (EDF)
- and together with both the international federation and the European works council in one case (SCA).

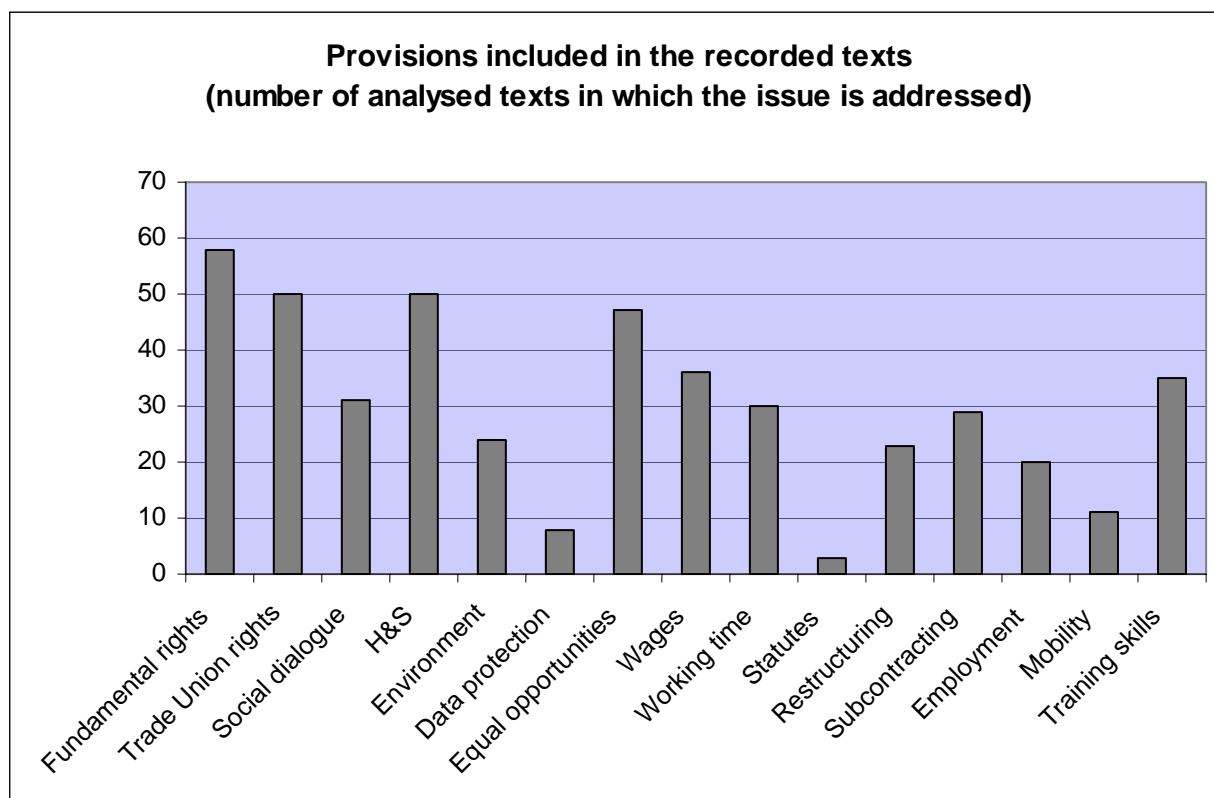
The Nordea standing negotiating committee for the Nordic countries involves four National unions from Sweden, Finland, Denmark and Norway, the Nordic finance federation NFU and the EWC representatives.

More recent texts are more likely to have included both EWCs and international or European trade union organisations in the drafting process (e.g. BMW, SCA, Röchling, EADS, Renault). There is also a geographical element, with French and German companies more likely to include EWCs into the negotiations (as well as some US companies, such as Ford, GEPE, Kraft Jakobs and GM), while Scandinavian, Anglo-Saxon and Southern European companies have until now tended to prefer negotiating primarily or solely with international and national trade union organisations.



Texts concluded with international and/or European trade union organisations	Texts concluded with EWCs	Mixed parties involving EWCs	Mixed parties involving National unions
1988 Danone Social dialogue	1996 ENI H&S	1989 Danone social 2x dialogue, equality	1998/2001 IKEA Fundamental rights
1995 Accor TU rights	1996 Vivendi Fundamental rights	1992 Danone Training	2000 Faber Castell Fundamental rights
2000 Carrefour Fundamental rights	1998 Suez Fundamental rights, HR	1994 Danone TU rights	2000 Freudenberg CSR
2001 Chiquita Fundamental rights	1998 Kraft Jakobs 2x H&S	1997 Danone Restructuring	2000 Hochtief CSR
2001 Skanska Fundamental rights	1999 Deutsche Bank Employment	2000 GM Restructuring	2000 OTE Fundamental rights
2002 AngloGold Fundamental rights	1999 Vivendi H&S	2001 Air France CSR	2001/2003 Statoil Social dialogue
2003 ISS Fundamental rights	1999 Kraft Jacobs Euro	2001 Bouygues CSR	2001 Telefonica Fundamental rights
2004 H&M Fundamental rights	2000 Ford 2x Restructuring	2002 GM CSR	2001 Merloni Fundamental rights
2004 Total Restructuring	2001 GM 2x Restructuring	2002 Daimler CSR	2002 ENI CSR
2004 Club Med Fundamental rights mobility	2001 Danone Restructuring	2002 Volkswagen Fundamental rights	2002 Fonterra Fundamental rights
2004 Rhodia CSR	2001 Kraft Jacobs Data protection	2003 Leoni Social dialogue	2002 Endesa Social dialogue
2005 Total Equality	2001 Club Med Subcontracting	2003 GEA CSR	2002 Ballast Nedam Fundamental rights
2005 Arcelor CSR	2001 Marazzi H&S	2003 SKF TU rights	2002 Norske Skog Fundamental rights
2005 Lafarge CSR	2001 Unilever Restructuring	2003 Rheinmetall CSR	2004 EDF CSR
2005 Coca Cola TU rights	2001 Triumph Fundamental rights	2003 Lafarge H&S	2004 Lukoil Fundamental rights
	2002 Suez H&S	2004 Arcelor H&S	2004 Impreglio CSR
	2002 Diageo Restructuring	2004 Bosch CSR	2004 SCA Fundamental rights
	2002 Dexia Employment	2004 Prym Social rights	2004 Axa Restructuring
	2002 GEPE Data protection	2004 Renault Fundamental rights	2004-2005 Nordea 3x Working conditions
	2002 Usinor H&S	2004 SCA Fundamental rights	2005 Veidekke CSR
	2002 Etex CSR	2004 Röchling CSR	2005 Schwann Stab. Fundamental rights
	2003 Ford CSR	2004 GM Restructuring	
	2003 GEPE Soc dialogue	2005 BMW CSR	
	2004 Ford Restructuring	2005 EADS CSR	
	2004 Unilever Data protection		
	2004 GEPE Data protection		
	2004 Porr Data protection		

6- Fundamental rights, procedures and substantive provisions addressed



Fundamental rights and Corporate social responsibility

About two thirds of the analysed transnational texts, notably the IFAs, include provisions regarding the respect for fundamental rights. These provisions have mostly a global scope and address partly at least the situation outside Europe.

Most of the texts including these provisions pledge to adhere to the ILO core conventions regarding the freedom of association and collective bargaining, equality and non-discrimination, and the prevention of forced-labour and child labour. Not all IFAs refer to the ILO conventions explicitly by number⁵. A number of texts also declare their respect for the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Universal Declaration of Human rights, the OECD guidelines for multinational enterprises, declare their participation to the UN Global Compact, or contain more general declarations to support fundamental rights, CSR and social justice.

Most of these texts affirm the company's commitment to upholding social and ethical responsibilities, which result from the globalisation of the company and its markets⁶. In its principles on social responsibility, for example, DaimlerChrysler declares that they "support the United Nations' initiative and want to work with other companies and institutions to prevent the irreversible process of globalization from causing fear and alarm among the people all over the

⁵ Relevant ILO core conventions: notably C029 Forced Labour Convention 1930, C105 Abolition of Forced Labour Convention 1957, C138 Minimum Age Convention 1973, C182 Worst Forms of Child Labour Convention 1999

⁶ such as Faber-Castell 2000, DaimlerChrysler 2002, Merloni 2002, Leoni 2003, EDF 2004, Schwann Stabilo 2005

globe" and further that they "want to show the human face of globalization, among other things by creating and preserving jobs". Many signatories state that social responsibility is an important factor for the long-term success of their company and that they are aware of the social and ethical responsibility implied by the globalisation of the company and its markets (Schwann Stabilo 2005). Moreover, by applying the principles of social responsibility and fundamental rights throughout their company, subsidiaries and suppliers, they hope to contribute towards "world peace and prosperity in the future" (DaimlerChrysler) or help to "uphold peace through attaining social justice" (Schwann Stabilo).

Texts dealing with fundamental rights often also include commitments to Health and Safety (H&S), equal opportunities, fair working conditions (including fair and equal pay and regulated working hours), as well as the right to trade union membership and representation and to a minor extent commitments to environmental protection. More recent texts tend to contain most of these categories.

The inclusion of trade union rights and commitments to the freedom of association are very common in the texts addressing CSR, Fundamental rights and social dialogue. The relevant ILO instruments⁷ are also frequently mentioned. For example, the DaimlerChrysler text signed in 2002 acknowledges the human right to form trade unions. It declares that the company and the executives will remain neutral during organisation campaigns; that the trade unions and the company will comply with basic democratic principles, and thus will ensure the employees can take decisions freely. It further respects the right to collective bargaining, subject to national statutory regulations and existing agreements. Freedom of association will be granted even in those countries in which freedom of association is not protected by law. It further maintains that cooperation with employees, employees' representatives and trade unions will be constructive. The aim of such cooperation is to seek a fair balance between the commercial interests of the company and the interests of the employees. It confirms that even where there is disagreement, the aim will always be to work out a solution that permits constructive cooperation in the long term.

Social Dialogue

One quarter of the recorded texts expressly encourage social dialogue between management and employees, including the provision of economic information and the capacity to analyse it as well as consultation procedures. These more procedural provisions are to be applied both at European and global levels.

For example, Air France (2001) advocates the development of a meaningful social dialogue and working relations based on trustworthiness at all levels of its organisation: "The objective is to confirm and improve upon the contractual processes at the most appropriate levels, while respecting in full the institutions of staff representation in each country. Air France will therefore supply information and the means for consultation to staff or their representatives in sufficient time for treatment of the matter at hand."

Similarly, the Ford (2003) agreed principles on CSR in Europe states that the "achievement of business competitiveness, employee involvement and employment security are positively

⁷ C087 Freedom of Association and Protection of the Right to Organise 1948, C098 Right to Organise and Collective Bargaining Convention 1949, C135 Workers' Representatives Convention 1971, R143 Workers' Representatives Recommendation 1971

influenced by good relations and mutual trust between employees and management within the Company". In this way, "timely information and consultation is a prerequisite for successful communication between management and employee representatives. Information will be provided in good time to enable representatives to appropriately prepare for consultation. Collective bargaining on conditions of work is the expression in practice of freedom of association within the workplace, a responsibility to bargain in good faith in order to build trust and productive workplace relations. Even when disagreement occurs, all parties will be bound by group collective and legislative requirements and the aim will be to reach adequate solutions."

Health & Safety and Environment

More than half of the recorded texts contain some form of reference to Health and Safety (H&S), although a minority quote the relevant ILO conventions⁸.

Arcelor has held in 2003-2004 a "European Convention" under joint coordination of the EWC and the European Human Resources management also involving local management and employees' representatives in order to design, develop and implement a pan European H&S policy. The elaboration of joint texts was part of the process.

At global level, the Renault (2004) text on Fundamental Rights affirms that improvements in the health, safety and working conditions of its employees are a priority for the Renault group. In this respect it considers EU standards as the benchmark for the prevention of occupational accidents. Following this lead it has drafted a document entitled Group Working Conditions Policy that contains the group-wide policy. Renault has made a commitment to implement this policy by carrying out the relevant audits and producing action plans. One of the selection criteria for suppliers is to have a policy of occupational risks prevention that complies with the principles set out by Renault. Renault further employs qualified doctors to monitor the health of its employees on a regular basis and is developing an active prevention policy. As part of this scheme, Renault pays particular attention to HIV/AIDS prevention, sexually transmitted diseases (STDs) and drug abuse in countries where these are a problem.

About a quarter of the recorded texts contain some provisions on respect of the environment and sustainable development. A typical example is the Statoil text 2001, renewed in 2003, on Social Dialogue. In it Statoil and NOPEF/ICEM agree that they "will cooperate to ensure that Statoil activities are carried out with the fullest possible regard for the environment. In particular this will include: Supporting a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility, encouraging the development and diffusion of environmentally friendly technologies".

The Ford (2003) text on CSR in Europe also contains a quite common provision on environmental protection, though slightly more detailed than average. It states that the company will "respect the natural environment and help preserve it for future generations by working to provide effective and practicable environmental solutions and avoiding waste. The Company will work to continuously reduce the environmental impacts of our business in line with our commitment to contribute to sustainable development. The Company will measure, understand and responsibly manage its

⁸ C155 Occupational Safety and Health Convention 1981, C161 Occupational Health Services Convention 1985, C167 Safety and Health in Construction 1988

resource use, especially the use of materials of concern, and the use of non-renewable resources. Ford of Europe seeks to ensure coherence between social, economic and environmental objectives."

Data Protection

There are five companies that have concluded texts dealing specifically with the protection of its employees' data. These are Kraft Jakobs (2001), GEPE (2002 and 2004), Porr (2004) and Unilever (2004). Additionally the SKF (2003) text on Trade Union Rights and Endesa (2002) text on Social Dialogue contain general provisions ensuring " that registration, filing and use of employee data is treated with strict confidentiality and in accordance with local legislation".

Equal Opportunities

Half of the recorded texts contain provisions on equal opportunities, usually along other issues. The Total (2005) "European agreement" is the only one dedicated exclusively to this issue. It is aimed at developing a detailed and coherent policy on this issue throughout Europe. For example, the recruitment of women will be in proportion of the applications received and national objectives for the recruitment of women in scientific or technical posts will be set and followed up. Different concrete commitments and actions are listed, intending to promote diversity, international mobility, balance between personal and professional life, development of skills and training for all categories and to tackle the differences in wages and benefits. For example "maternity leave shall be neutral. Therefore, the individual increase of the employee on maternity leave shall be at least equal, during the year of this leave, to the average individual increase she has received in the last three years".

Reference to the standard ILO conventions⁹ on non-discrimination is fairly common in IFAs and "codes of conduct". Gebr. Röchling KG, for example, commits itself to the standard ILO Conventions 100 and 111 in its CSR text and to "refrain from any discrimination if national law does not expressly provide for the selection based on certain criteria." Additionally, the parties "emphasise the principle of equal opportunity with great respect and proclaim their opposition and exclusion and in favour of integration and tolerance, not only for the employees, but also between and with the management."

The Dexia (2002) principles of social management do not refer to the ILO norms but state that the Group will "make a point of guaranteeing professional equality between the men and women it employs." In accordance with its basic ethical principles, it guarantees that there will be no discrimination between workers on the basis of race, sex, religion or language. This point will be the subject of a special follow-up in the social report that the Group publishes each year in its annual report.

Wages and working hours

Although over a third of the recorded texts contain provisions on wages, most texts commit solely to the right to "reasonable compensation" (DaimlerChrysler for example) and agree to pay no less than the national legally established minimum-wage or to pay fair wages and benefits according to

⁹ C111 Discrimination (Employment and Occupation) Convention 1958, C100 Equal Remuneration Convention 1951

"good industry standards in the country concerned" (Statoil) and do not explicitly refer to the relevant ILO conventions¹⁰.

A typical provision on "Fair compensation" is contained in the Skanska text on Fundamental Rights: "Wages, salaries and employment conditions in general shall meet all minimum requirements mandated by national agreements and laws. Deductions from wages and salaries not permitted under national laws may not be made. All employees shall be provided with written and comprehensible information in the official language of the workplace, including detailed information regarding wage and employment conditions as well as specific wage information regarding every payment period."

A similar number of agreements contain provisions on working hours. The general wording used in this matter is that they shall comply with national laws and agreements. As with the provisions on wages, the ILO instruments¹¹ are rarely mentioned.

A more detailed provision is contained in the Triumph (2001) code of conduct: "Working hours are set according to the current laws and the industry norm. Generally, a working week is not more than 48 hours and all employees receive a least one day off within a period of 7 days. Overtime is voluntary and as a rule restricted to no more than 12 hours per week. Each time this is compensated with an additional overtime payment, provided nothing different is agreed within flexible working arrangements."

As a result, although they are common, the provisions on wages and working hours included in the recorded transnational texts are not to be seen as a result of "traditional" collective bargaining.

Restructuring and subcontracting

One quarter of the recorded transnational texts address Corporate restructuring issues¹². They have been concluded in view of comprehensive restructuring measures within Europe or contain provisions in case of future restructuring measures. They generally contain safeguard measures for employees, such as the transferral of pension entitlements (for example. Ford Visteon) and, if necessary, organise help in finding new employment. They also generally express their commitment to social dialogue in order to communicate better and directly between management and employees and to involve the employees in the decisions taken by the management and keep them up to date about developments within the company.

The General Motors (2004) text states that "Management and Employee Representatives will work together in good faith to find financially sustainable and socially responsible solutions for the necessary manpower adjustments. This includes that both parties will examine potential business opportunities in order to lessen the impact on employees. Respective solutions may cover (in no particular order) but are not limited to processes like: Voluntary separation programs, early Retirement programs, specific local programs based on national legislation, transfers to spin-offs, Joint Ventures, partnerships, other locations, etc. and will, in case of a sufficient number of

¹⁰ C095 Protection of Wages Convention 1949, C131 Minimum Wage Fixing Convention 1970

¹¹ C001 Hours of Work (Industry) Convention, C047 Forty -Hour Week Convention 1935, R116 Reduction of Hours of Work Recommendation 1962

¹² See also the study "transnational collective bargaining: past, present and future" by E. Ales, S. Engblom, T. Jaspers, S. Laulom, S. Sciarra, A. Sobczak, F. Valdés Dal-Ré, December 2005

participants, enable us to work towards results without forced redundancies. Both parties acknowledge that these measures cannot be limitless in cost and timing."

Other texts, that have not been concluded specifically in view of restructuring measures, contain a general provision should such changes be necessary. For example, in the text on social management, the signatories of the Dexia Group commit themselves to the following:

"- Where a reduction in the staff of a subsidiary or a business unit within the Group becomes inevitable, the Group undertakes to inform the Group's European Works Council thereof at the same time as it sets up a body for concerted consultation between the HRM departments of the Group with a view to the redeployment in other business units of as many of the staff affected as possible; it undertakes to do this before instituting any dismissal procedure.

-The Group undertakes to see to it that the companies concerned by such staff reductions open negotiations specifically regarding the measures adopted for looking after the staff concerned. The measures that can be taken in such cases may be financial but may also involve assistance over redeployment and help getting jobs through employment agencies, etc.

-The Group undertakes to see to it that everything is done to ensure the proper redeployment of the persons concerned.

-The President guarantees the Group's European Works Council that the accompanying measures work properly. The officers of this Works Council will thus be kept regularly informed about them.

-The officers of the European Works Council may send a delegation to the business unit concerned if the negotiations break down and an outside arbitrator is needed.

-In order to monitor all these provisions the President undertakes to inform the European Works Council at least once a year of the present and foreseeable needs of employment in the companies within the Group..."

The Club Méditerranée (2001) joint declaration deals with the principles to be applied for subcontracting in the EU: "As and when necessary, the Club Méditerranée companies call upon the services of subcontractors with special skills and know-how.; The terms under which subcontractors are hired fully comply with social legislation and collective agreements concluded in the country in question. In this way, both the employees of Club Méditerranée companies and subcontracted workers are protected in each country; Club Méditerranée ensures that the subcontracting companies hired by Club Méditerranée establishments undertake to respect the company agreements and collective agreements applicable to them, where such agreements exist, and also comply with the regulations governing social security, particularly the fundamental principles and rights at work as provided for in the ILO declaration of 18 June 1998 ; Staff representatives from all the villages concerned can refer matters associated with prevailing social conditions in outsourced activities to the management of the village or the respective national Club Méditerranée management with a view to indicating any issue or difficulty relating to the respecting of the aforementioned principles."

Mobility

The Air France, Club Med (2004), Dexia, EDF, Rhodia and Total texts all contain more or less detailed provisions encouraging the mobility of the employees.

The Air France social charter and code of ethics (2001) states that the free movement of staff is a "political imperative, both in the interest of the employee and of the company". It therefore resolves to actively create solutions to any obstacle to mobility in order to ensure more efficient treatment and permit more employees to benefit in full respect of their contract.

Similarly, the parties in Rhodia believe that the autonomy and responsibility of each of its employees plays a key role in the company's performance and aims to encourage internal mobility, in both geographical and occupational terms, to increase employment opportunities for its personnel. In its 2004 text on CSR it pledges to support employee mobility through the coordinated management of its various business lines-at international level for managers and at the national level for other employees.

The EDF (2004) text on CSR contains more detailed provisions: "Whenever mobility is required from an employee due to changes in the internal or external context of the Company, preference shall be given to methods providing for adaptation and guidance to change in particular via adequate training and information measures. When mobility is requested by the employees themselves, each company of the Group undertakes to support individual efforts to this effect, taking into account the candidate's skills and capacities as well as the company's needs and constraints. This mobility enables employees to enrich their personal and professional development through a new experience. International mobility must be encouraged between the various EDF Group companies. A Group framework agreement will apply to this mobility when it meets needs expressed by the Group initiating the process. To further these goals, an international job exchange will enable employees to share their professional projects and their desire for mobility."

The Dexia (2002) Principles on Social Management consider the establishment of a system for managing the changes brought about by a mobility as regards pension rights and to promote the dissemination of information on the social advantages that exist in each of the companies of the Group. It further declares to look into the possibility of setting up a supplementary health insurance scheme applicable in the case of mobility and to compare the different health insurance schemes within the different entities in order to implement a single system for the Group as a whole. It also allows workers who transfer to participate in capital increases and to take advantage of an internal system within the Group for managing accounts and loans and finally, sets up common rules in terms of secondment and expatriation.

Training and Skills

One third of the texts recorded include commitments to facilitate and encourage the continuous development of skills through training measures. The proportion of texts including such provisions is much higher in more recent years (more than half of those concluded during or after 2003).

A particularly detailed provision on the training and skills development of its employees is included in the Dexia (2002) Principles on social management. It maintains that: "the development and renewal of skills must be thought of more as an echo of the economic project rather than as just a consequence of it. The Group must adopt a forward-looking approach to the management of jobs based on the key skills that each enterprise will be needing, and do so using prospective development scenarios that are frequently updated..." . In this respect, "the Group undertakes to see to it that each business unit draws up a training plan to provide the workers with the best possible opportunity to adapt to the technological and technical developments affecting their business lines as well as to the forthcoming trends in employment. Each worker within the Group must have access to such training as will maintain his employability and help develop his career, whether in the business line in which he operates or elsewhere. Furthermore, given the fact that the Group has subsidiaries and branches throughout Europe and the world, special attention will be given to language training."

7- Half of the texts recorded are due to include subcontractors

Many texts have a larger scope of application than the company signing it and contain provisions on the way the rights are implemented within the subsidiaries and the subcontracting companies.

A fair number of texts explicitly include their subsidiaries into the scope of application and confirm that the provisions shall apply throughout the group (for example. Skanska, SCA, Rhodia). They further consider it important that appropriate translations of the text are available at all workplaces.

Almost half of the companies encourage their sub-contractors/suppliers to adhere to the agreed provisions, a fair number of which state that their suppliers will be required to adhere to their principles. Some even state that they will terminate contracts with them should they fail to do so or that they will only work with suppliers who will adhere to the agreed principles (Triumph 2001, Merloni 2002, EDF 2004, Impregilo 2004, Rhodia 2004.)

8- Most texts contain follow-up provisions but few dispute settlement procedures

The **follow-up provisions** include some form of monitoring commitments, usually in form of an annual review of the implementation of the text concluded and/or the setting up of a committee to monitor the implementation. These committees usually include internal staff and involve the EWC. The international trade union organisations are also included where they are signatories and in some cases provide for an external monitoring. The follow-up provisions appear in most of the texts recorded.

At Schwann Stabilo, for example, a monitoring committee will oversee the implementation of the agreement - this committee will comprise one representative respectively from Schwan-Stabilo management, its German works council, IG Metall and IFBWW. The committee will meet once a year and will conduct monitoring at least every two years at production and sales subsidiary locations with the involvement of local trade union officials. The participants will have access to all information necessary for performing their function.

To ensure application of the principles and conventions in its 2002 text on CSR, Eni undertakes to carry out adequate monitoring activities by means of its own control instruments. Moreover, “in the course of the annual meeting, appropriate procedures may be agreed on for the involvement of local trade unions or – where these do not exist – of representatives designated by the trade unions signing the present agreement”.

Veidekke “will ensure that appropriate translations of the text on CSR are available at all workplaces. The agreement will also be made public on Veidekke’s website and Intranet”. Both parties recognize that effective local monitoring of this agreement must involve the local management, the workers and their representatives, health and safety representative and local trade unions. To enable local representatives to play a role in the monitoring process, they will be given adequate time for training and involvement in the monitoring process. The company will ensure that local representatives are provided with information, access to workers, and rights of inspection

necessary to effectively monitor compliance with this agreement. The signatories to the agreement will hold an annual meeting in order to review the principles, practice, effectiveness, and impact of the agreement. The aim “shall be to exchange views regarding the current situation, and jointly develop further good working relations in Veidekke”.

The Total (2004) text on equal opportunities establishes a « European social dashboard » including data on recruitment of women or actions undertaken to maintain employees with disabilities at work. The EWC is due to analyse these data at least annually, as well as the local representative bodies.

Legal effect is intended to be given to some texts through national implementation as it is the case in Ford and GM texts on restructuring : “the framework agreement shall be made legally binding for employees and negotiating partners through the national implementation”.

Other texts simply state that they are binding on management and/or on employees:

- Diageo on restructuring : “the agreement is intended by the parties to be legally binding” and “is governed by the Irish law”;
- Daimler Chrysler on CSR: “the agreement is binding upon the management throughout the world”;
- Röchling on CSR: “the agreement is binding on Röchling companies”;
- GEA and Rheinmetall on CSR: “the agreement is binding upon the management and employees throughout the world”;
- Porr on data protection: “the agreement is to apply to all employees within the European Economic Area”.

The GEA text contains provisions which intend to make it “binding within the company throughout the world. They obligate executives and employees at all levels to observe, accept and promote the agreed objectives. The management of the respective company units, and, where they exist the employees’ representatives are responsible for ensuring this. Information with respect to problems, deviations or necessary changes of the codes will be exchanged and discussed at least once a year between the parties to the agreement. This exchange of information will take place in the EWC and in the EWC presiding committee”.

As regards the **relation between the transnational texts concluded and other norms**, most of texts dealing with Fundamental or Trade Union rights refer to International norms. If compared to unilateral codes of conduct adopted in this field, IFAs include more precise definitions of the rights conferred and refer to the relevant ILO conventions and always recognize the freedom of association.

The texts usually recall the intention to the respect of National legislation. Moreover, Danone joint Opinion on management of change precises that the provisions should under no circumstances be substituted to more favourable clauses existing at the company. And the GEPE annex to the EWC agreement dealing with a negotiation procedure between the EWC and management is to be accepted by local employee representative bodies in order to enter into force.

Dispute settlement is foreseen in some recorded texts. The arrangements for the settlement of conflicts or infringements to these recent texts varies greatly. Some contain very general provisions for a monitoring committee to “examine the matter and propose appropriate measures” (Schwann Stabilo 2005) or simply that “the parties shall notify each other” if any “anomalies” should arise, which the management will then seek to “eliminate” and inform the union organisations accordingly

(ENI). The texts mostly provide for the creation of joint committees in charge of the interpretation of the text and habilitated to draw recommendations or give an arbitration, but there are also other systems set up :

- Common examination and drawing of recommendations
 - Accor on Trade union rights,
 - Lafarge on CSR,
 - Telefonica on Fundamental rights
 - Total on social dialogue through a meeting of the signatories
- Examination and conciliation through joint bodies:
 - Danone on restructuring : negotiation procedure and a conciliation through a joint steering group,
 - AngloGold on Fundamental rights : joint subcommittee established to consider proposals
- Arbitration through joint bodies
 - Ford on restructuring : arbitration by a joint working group
 - GEPE on negotiating process between the EWC and management: joint arbitration committee between EWC and management; but reference to national or local procedures if committee cannot solve the problem
 - Chiquita on Fundamental rights : examination and intervention by a joint review committee where serious or systematic violation is alleged
 - Skanska on Fundamental rights : inspection by a joint application group and arbitration through a joint board
- Warning procedures to management and signatories, for example
 - Renault on Fundamental rights : warning procedure available to employees
 - EADS on CSR : warning procedure available to employees representative bodies
- Appeal procedure to the board
 - Air France on fundamental rights,
 - Hochtief on CSR,
 - Ballast Nedam on fundamental rights
- Examination and/or resolution by the EWC
 - GM on employee representation
- Monitoring by a National body
 - Merloni on Fundamental rights : monitoring by the Italian National joint Commission

For example, reports on compliance with the Skanska text on Fundamental Rights and eventual breaches to the agreement, which could not be resolved through discussions in the workplace, will be addressed by an application group comprising Skanska's Human Resources Director (Senior Vice-President Human Resources), EWC Skanska's executive committee and IFBWW. The Senior Vice President Human Resources and executive committee will each appoint one representative to visit and inspect selected work sites at least once a year. If a unit of Skanska does not comply with the regulations, the application group will report such violations to the responsible member of the Group Management staff, who will ensure that "relevant corrective measures" are implemented. If

agreement regarding interpretations and applications of this agreement cannot be reached in the application group, the issue will be referred to an arbitration board comprising two members and an independent chairman. Skanska AB and the IFBWW will each appoint one member, and the chairman will be appointed through mutual agreement. Arbitration board rulings are binding for both parties.

The Norske Skog (2002) text on fundamental rights contains more detailed provisions describing the complaint procedure. It provides that the complaint should be raised first with the local site management, before being referred to the appropriate national union who will raise the issue with the company's regional president. If still unresolved, the complaint will be referred to the ICEM Brussels office who will raise the matter with the company's Corporate Management. The signatories to the agreement will further hold an annual meeting in order to review the principles, practice, effectiveness, and impact of the agreement.

In addition to an appeal procedure through the executive board, the Hochtief (2000) text on CSR even provides for the appointment of an Officer to ensure the application of the Code of Conduct.

Other texts, such as the Rhodia (2004) one on CSR, will discuss any problems encountered with the application of the agreement, as well as the appropriate solutions in a report written jointly by management and employee representatives at the site concerned. This review will then be sent to ICEM in before the scheduled the annual review meeting.

The Ford (2000) text on the sale of Visteon included some precise follow-up and dispute resolution provisions: "1. The parties to this agreement commit to implementing this agreement at the national level. A joint working group shall be set up with Ford management and the FEWC select committee. This working group shall monitor the implementation of this agreement and shall take a decision in the case of any dispute regarding its interpretation.

2. After legal separation, Newco management shall be responsible for adherence to this agreement vis-à-vis the corresponding Newco employee representatives. In the case of disagreements between Newco management and the corresponding employee representatives that arise from different interpretations of this agreement, the procedure described under 1) above may be applied.

3. Where Newco management and employee representatives agree it is beneficial to make changes to the agreement, then changes will be made by mutual consent and after prior concurrence by the working group."

Amendments: Some of these texts are of a definite duration. The renewal/amendment of two of these texts has also been recorded: the Ikea "code of conduct" 1998 on fundamental social rights became a "framework agreement" in 2001 and the Statoil agreement 2001 on social dialogue has been renewed in 2003.

**European Commission
General Directorate
Employment, Social Affairs and Equal Opportunities**

**Study seminar “Transnational Agreements”
17 May 2006**

**Annex to Working document
Transnational texts negotiated at corporate level : table**