
Non-financial reporting beyond the strict minimum: is the workforce a well-informed stakeholder?

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Jan Cremers

Working Paper 2013.02

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european trade union institute

Acknowledgment

The author would like to thank the team members and the national experts of the SEEurope network for their input, advice and review of various materials. The reporting was facilitated by AIAS.

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Brussels, 2013
©Publisher: ETUI aisbl, Brussels
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Print: ETUI Printshop, Brussels

D/2013/10.574/04
ISSN 1994-4446 (print version)
ISSN 1994-4454 (pdf version)

The ETUI is financially supported by the European Union. The European Union is not responsible for any use made of the information contained in this publication.

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Executive summary

This paper that synthesises a SEEurope inquiry on the current legal framework and current practices with regard to non-financial reporting on sustainability-related issues in various European countries confirms the absence of the notion of workers' representatives involvement at aggregate level, both practical and theoretical. The object was to analyse whether company policy with regard to sustainability-related issues is documented and reported to the workforce. The paper has an exploratory character and pinpoints a number of things of indicative value with regard to the importance attributed to non-financial reporting. Transparency in reporting and open communication can be important elements of a company's social policy. These activities can contribute to a positive image and demonstrate that social responsibility is taken seriously, not just lip service to international standards or abstract codes. Non-financial reporting on sustainability-related issues to the company's own workforce can demonstrate that shareholder value is not the company's sole concern and that a committed workforce is a key objective.

It is worthwhile to begin this summary with a short overview of the 'state of the art' of the debate in the EU. In the spring of 2011 DG Internal Market and Services installed an Expert Group on disclosure of non-financial information by EU companies. The group had several meetings in the autumn of 2011 and further meetings in 2012. The Expert Group was established in the context of the impact assessment being planned by the EC on disclosure of non-financial information by companies, with the specific mandate to provide expert advice to the Commission. Beforehand the EC had commissioned the Centre for Strategy and Evaluation Services (CSES) a specific study aiming at providing some qualitative analysis of current reporting practices in the EU (using a limited sample of non-financial reports), and at providing a cost/benefit analysis of non-financial reporting by companies.

As far as social matters were touched upon, this was mainly as regards metrics behind indicators that are not sufficiently developed and other 'technical' aspects. Participants worried about the administrative burden, and the suggestion was made to work with available 'templates' to reduce the publication costs in the non-financial reporting of social and environmental issues (Report Expert Group 11-7-2011). Most of the experts consulted by the European Commission supported the idea that a EU framework should leave appropriate flexibility for companies to decide the topics to report on. Most experts agreed that a one-size-fits-all approach to Key Performance Indicators (KPIs) would be counterproductive, although some argued that some core, sector-specific KPIs, could be identified. Several experts added that the clarity of the principles will be a key element to ensure an efficient legislation. Furthermore it was suggested that legislation could draw upon a core group of principles that are common to some of the existing normative frameworks (such as the UN Global Compact, the OECD Guidelines for Multinational Companies, the UN 'Protect, Respect and Remedy' Framework for Business and Human Rights, as well as the ISO 26000 and the IASB Management Commentary), referring to the quality as well as the content of the reports. It was also discussed whether a disclosure requirement should take the form of a general reporting obligation,

or rather be translated into a ‘comply or explain’ approach, i.e. companies should be required to disclose non-financial information, or explain why such information is not disclosed. Several experts argued that the latter could be a significant incentive and could ensure an adequate level of flexibility, while at the same time representing a significant incentive for all companies to disclose relevant information (Report Expert Group, 12-9-2011). It is interesting to note that there was no reference at all to non-financial reporting addressed to the workforce. The outcome of the SEEurope inquiry confirms the absence of role of workers representatives in the political considerations.

The normative framework for non-financial reporting sketched out in Section 3 takes a number of different forms. The regulatory framework for industrial relations and the labour market tradition in European countries are different, also in this regard. In a very general way we can distinguish four types of norms related to non-financial reporting:

- (i) Norms derived from legislation, with either a mandatory or a non-binding character.
- (ii) Norms based on corporate governance and/or corporate social responsibility codes and principles, almost always of a voluntary nature.
- (iii) Norms formulated in collective agreements between social partners, with compliance a task for the contracting partners and greatly depending on the discipline and strength of the partnership.
- (iv) Norms settled in individual companies through company agreements, international framework agreements, codes of conduct and the like, with different signatories (workers’ representatives, works councils, trade unions, European or global unions) or unilaterally.

The overall picture that emerges from the SEEurope inquiry is the prevalence of voluntary norms. The ‘comply or explain principle’ often referred to in the field of corporate governance in relation to minimum auditing standards for companies has not found its way into non-financial reporting. With few exceptions the normative framework in European countries is a mixture of non-binding legislation and CSR codes based on voluntary compliance. Although regulation has proven to be an effective mechanism for enforcing change in internal reporting systems and improving public reporting practices (Eccles 2010) the reporting registered in the SEEurope reports was of a non-binding character.

Part of the inquiry was to map the extent to which traditional concerns of workers’ representatives are now being redefined, shifting from a ‘particularistic’ concern of one stakeholder to a ‘universalistic’ concern with sustainability. The experts reported on the topicality of the sustainability of companies and the economy and on the extent to which improving the workforce and workplace conditions is seen as a key part of sustainability. In summary, the findings provide the following picture:

- with some exceptions, sustainability reporting continues to be a *management prerogative* and the output of a unilateral top-down

process. The participation of workers' representatives at the highest level of decision-making (as in Germany) is one of the only guarantees of a more equal footing in reporting issues. But even codetermination as such is not a warranty.

- In several countries a tradition of dialogue has been established, mainly in the form of *national-level dialogue* (in some countries, *sectoral level*) at round tables, meetings of national Economic and Social Councils and of other national social dialogue bodies related to CSR policy.
- In any case, issues of non-financial reporting and sustainability are being approached in *connection with corporate social responsibility policies*, often with reference to the EU's promotion of CSR.
- For listed companies, discussions about 'new economic regulations', which contain *certain obligations with regard to social and environmental reporting*, have become more topical in recent years.
- Hardly any bridge could be found between 'ordinary' workplace-related issues and sustainability goals.
- The overall picture is not uniform: in some countries, integrity issues are at the forefront of companies' concerns, while in others company image and 'social behaviour' or elements of HRM policy with a direct effect on family life are among non-financial concerns.

Our synthesis of 28 national reports leads to the blunt conclusion that in the majority of countries investigated not enough substantial ground has been gained. There is a first group of countries that have made no progress. With regard to a second category of countries there is no evidence that non-financial reporting practices of individual companies go beyond traditional items; in any case, workforce and workplace conditions are not seen as a key part of sustainability concerns and workers' representatives and their organisations are too often absent. The conclusion of Section 4 was thus that reporting in which environmental, social and economic indicators are combined with a view to illustrating the work environment and the influence on the surrounding society is still in its infancy. Non-financial reporting does not play an important role in the dialogue with other stakeholders, including employee representatives.

In the section dedicated to disparities between internal and external reporting the findings were rather patchy. Given the limited amount of specific internal reporting on sustainability issues to workers and their representatives it is difficult to discern a link between internal and external reporting. Second, even in countries with developed CSR and corporate governance practices overall compliance with reporting is still not marked, at least from a European angle (although significant differences exist). Third, the reporting that does take place is addressed mainly to the market and to shareholders. Although case study evidence shows that workers' representatives expect more and/or earlier information than what is provided to the shareholders and the general public it is a common complaint that they receive only information that has already been made public (internally or to shareholders). This ranges through countries with no significant reporting, countries with reporting that is mainly restricted to

financial and economic issues and countries with a substantial part of reporting dedicated to social policy and CSR items. In countries often labelled 'leaders of the CSR pack' efforts to integrate notions of CSR with sustainability can be documented. However, adequate research on the magnitude of compliance and real impact on company behaviour is often lacking.

Trade union involvement reflects the current state of play with regard to the incidence and quality of non-financial reporting. The broad range of reporting practices presented in Section 5 manifests itself in a similar range with regard to the trade union role: from completely absent to a serious partner in bargaining and in defining performance indicators. The current rigid austerity policy being applied throughout the EU strongly influences the climate for talks and even traditional social dialogue about traditional core items is under threat. Deregulation is reducing workers' opportunities to be involved in company reporting and trade union involvement is being minimised. Trade unions in many countries therefore often regard discussion of sustainability issues as a luxury these days.

In a second category of countries the trade unions take the view that they are in a similar situation to any other stakeholder, with no specific demands beyond aiming at a general and compulsory framework for corporate social responsibility. This framework might be the result of a negotiated process or reporting obligations enforced by a stock exchange.

A third category of countries has a certain tradition of branch-related involvement, with union activists examining environmental and climate change activities. Among the key goals is the conclusion of covenants setting stricter targets for major companies and sectors or projects with the aim of improving commitments to better work and environmental performance. In some countries unions have tried to clarify the provisions on non-financial performance indicators in dialogue. The result varies from recommendations to improve cooperation with works councils and trade unions to agreements with references to employee responsibility and sustainable development. The signing of international framework agreements on fundamental labour rights and CSR can be seen as a transnational version of these activities.

Finally, there are countries in which the unions have been trying to clarify the provisions on non-financial performance indicators in national company law. This can lead to participation in national standardisation or rating institutions or to union campaigns in favour of the development of national sustainability codes.

It has to be recalled that the main objective of Directive 2003/51/EC (consolidated accounts) is to promote the legibility of the financial and non-financial information intended for shareholders and the public. After examining the country reports we must conclude that it looks as if it is still a long way to go before workers' involvement in the long-term sustainability policy of their company is significantly materialised in the corporate governance framework.

1. Introduction

In the spring of 2011 DG Internal Market and Services installed an Expert Group on disclosure of non-financial information by EU companies. The group had several meetings in the autumn of 2011 and further meetings in 2012. In the work of the group there was no reference at all to non-financial reporting addressed to the workforce. According to EU Directive 2003/51 EC, annual company reports and consolidated reports should not be restricted to the financial aspects of a company's business. For an understanding of the company's development the analysis has to include 'non-financial key performance indicators relevant to the particular business, including information related to environmental and employee matters' (EP 2003). Transparency in reporting and open-minded communication can be important elements of a company's social policy. These activities contribute to a positive image and demonstrate that social responsibility is taken seriously and is not just lip service paid to international standards or theoretical codes. Non-financial reporting to the workforce on sustainability-related issues can help to demonstrate that shareholder value is not the sole concern and that a committed workforce is a key objective of the company's policy. In this respect, at least three dimensions of non-financial reporting have to be defined:

- (i) The use of a clear normative framework. The normative framework can have a legal background, but can also be of a voluntary nature. Reference to (and practical use of) this framework deals with the question of whether the reporting is based systematically on existing fundamental principles related to an information and consultation policy that takes account of the requirements of social and sustainable coherence, or whether it relies only on image building and the opportunistic daily rate of 'marketing' values.
- (ii) The social dimension of sustainable development in practice. Have any production- and work-related sustainability goals been formulated (connected to work environment, health and safety of users and workers, life cycle and waste)? Formulated in a broader sense this is also related to HRM policies in the field of training and retraining, innovation and obtaining further qualifications. In essence, it concerns how to make and keep the workforce fit for the challenges connected to a more sustainable company policy.
- (iii) The broader productive environment and its impact must be taken into account. This is not only about pollution and the use of (non-)renewable sources but also about liability for sustainability issues further down the chain of production, including outsourcing, subcontracting and supply.

In an inquiry dedicated to workplace information, consultation and codetermination rights on sustainability issues, initiated at the end of 2011, the SEEurope network has produced a first overview of the existing legal framework and the current practices of non-financial reporting on sustainability-related issues in different European countries. The investigation pinpointed a few

indicative items related to the relevance of this type of non-financial reporting. It is a first exercise designed to go beyond the superficial registration of official and abstract declarations. However, the scope of the resulting paper certainly has methodological and evidential limits due to the relatively 'open' method. In this paper the author has drafted a synthesis of the overall outcome of the inquiry. The results are reported in five sections, followed by a concluding part that reflects on the incidence of this type of reporting and on various challenges, including the (future) role of the trade unions in this debate.

2. Methodology

In the autumn of 2011 the SEEurope network produced a series of national reports on the existing legal framework and the current practices of non-financial reporting on sustainability-related issues in Europe. The envisaged Europe-wide overview that is presented this synthesis is based on this input of the national experts of the SEEurope network.¹ The national experts, all committed network partners, were asked to report along the lines of an open list of items. The focus was on reports and accounts that give information on more than just the financial status of the company. These reports may include many different descriptions of non-financial assets. The topic of the inquiry was to analyse in different European countries whether company policy in the area of sustainability-related issues is documented and reported to the workforce. This resulted in country observations prepared by the experts. The starting point of the reporting task was to map the normative framework, the legal or conventional *rights of workplace representatives* to information, consultation and codetermination on sustainability-related issues in various European countries. The experts were asked to summarise the legal rights of workers' representatives in their country to information, consultation and codetermination, related to such issues as training, skills and workforce development, labour force characteristics (turnover, diversity, age distribution), health and safety, environmental impacts and risks, outsourcing and supply or production chain management (environmental and social standards in the supply chain), as well as human rights (freedom of association and so on).

3. Reference to workers' representatives within the framework of sustainability reporting

According to some authors, the road towards reporting is just as important as the actual reporting (Oxford Research 2003). This is why this report starts with a listed, general overview of the existing framework in the countries included

1. The SEEurope network started in 2004. The network produces country reports and articles on specific topics in the field of worker involvement in the European Company (Societas Europaea - SE) and related developments. The actual members are listed in the Annex 2. For the SEEurope network activities visit www.worker-participation.eu.

in the inquiry. In the other sections we concentrate more on a synthesised overview of the outcome.

In a very general way it is possible to distinguish between four types of norms related to non-financial reporting:

- (i) Norms that can be derived from legislation, with either a mandatory or a non-binding character;
- (ii) norms based on corporate governance and/or corporate social responsibility codes and principles, almost always of a voluntary nature;
- (iii) norms formulated in collective agreements between social partners, with compliance a task for the contract partners, depending to a great extent on the discipline and strength of the partnership;
- (iv) norms settled in individual companies through company agreements, international framework agreements, codes of conduct and the like, with different signatories (workers' representatives, works councils, trade unions, European or global unions) or one-sided.

The normative framework for non-financial reporting that was sketched out in the national contributions has various forms. The regulatory frameworks for industrial relations and the labour market tradition in European countries are different, also in this regard.

The *Austrian* Labour Constitution Act and several other acts provide a broad framework for information and consultation rights with a wide range of subject matters (qualifications, labour force characteristics, health and safety, outsourcing, gender-related pay). Environmental issues figure less prominently ('as far as the employees of the company are affected') in the normative framework that can be derived from the legal provisions, while supply chain management and human rights issues are not included. The further-reaching codetermination rights include the right to participate in organising in-house training and educational facilities, measures and facilities to avoid risks and to protect the health of the employees and the impact of outsourcing on the workforce of a company. Through participation in the supervisory board in principle all questions regarding the company can be addressed to the CEO. EU Directive 2003/51 EC prescribes that the annual report and the consolidated annual report should not be restricted to the financial aspects of the company's business. The Austrian legislator has implemented this provision. Pursuant to §243 (5) of the Company Act (*Unternehmensgesetzbuch*) annual reports must include non-financial performance indicators, with specific mention of environmental and employee matters. In research commissioned by the Chamber of Labour the annual reports of large Austrian companies were evaluated. The outcome showed that workforce and workplace conditions are not a key part of annual reporting as only issues regarding workforce development and general information on education and training have been reported on satisfactorily. Besides, there

is no link between workforce and workplace conditions and sustainability. Sustainability is more associated with environmental and energy issues.

In *Belgium*, the legal framework for the federal coordination of sustainable development formulated in the Law of 5 May 1997 led to the foundation of the Belgian Federal Council for Sustainable Development (FRDO-CFDD). The creation can be seen as the starting point of the growing awareness of the importance of sustainability in industry, services and the public sector. The requirements for companies to provide non-financial information are mostly laid down in the Belgian regulations on company accounting; enterprises make public certain elements of non-financial data via their annual report. The current regulations derived from the mainstream corporate governance code grant employers considerable liberty to determine which non-financial information is relevant to the stakeholders. In general terms, information and consultation can appear in various forms prescribed in a set of regulations of a legal and/or conventional nature, with collective agreements having almost the same strength as legislation, applicable to safety committees, works councils and/or trade union representatives. Companies with a works council have to provide non-financial data, such as information on the mission, organisation, prospects and operations, paying particular attention to employment issues, occupational safety and health and the like. The safety committee for prevention and protection at work must produce a position with regard to the annual environmental report every major company has to establish. The committee also has a controlling function; for the hiring, appointment or replacement of an internal prevention advisor (a knowledgeable collaborator of the safety and health department) and for the environmental coordinator (who can be an in-house professional or an external expert) general consent is required. On top of that, companies have to provide information on social policies by means of the so-called 'social audit'. Surprisingly, this social balance concept did not originate from the traditional consultations between employers' and trade union organisations: this legislation was rather a pro-active initiative of the federal government. Codetermination is limited to specific elements within the safety and health regulations and the environmental regulations and is generally criticised as improper.

In *Bulgaria*, the debate on sustainability issues is still in its initial stages and non-financial reporting is not compulsory under the law. Some first surveys related to non-financial reporting (since 2007) show that most companies – even those that have accepted the National Code for Corporate Governance – prefer not to disclose information, especially concerning environmental issues, health and safety at work or strategy and marketing. Non-financial reporting is done on a voluntary basis. According to the law, workers' representatives do not have particular rights to participate in non-financial reporting (or in the preparation of any kind of reports at company level), but there are some legal provisions, giving workers' representatives rights to information and consultation about some issues, which are part of the annual and interim reports. In a very general way and based on various legislative acts trade unions and workers' representatives can have information rights related to work organisation, training and employment issues – such as hiring, distribution and

redundancies – and the distribution of social funds. However, representatives elected for information and consultation do not have exceptional legal rights. The right to negotiate parameters of working conditions – including working time, working environment and job characteristics – and health and safety at work is stronger for trade unions and representatives. This includes rights of access to the workplace and of supervision of the level of health and safety. Environmental issues can be tabled as far as they concern health and safety at work or working conditions in general. There is a manifest fear among workers' representatives that investments in environmental protection might entail the reduction of other costs, especially labour costs, such as wages and social benefits, as well as job cuts and closure of subsidiaries. Finally, there is a theoretical possibility to be informed and consulted about the consequences of outsourcing and of supply chain management, but this is rarely discussed. Similarly, human rights and freedom of association are not really picked up.

As in several other countries non-financial reporting in *Cyprus* is said to be a business driven activity in the context of voluntary compliance with trends and standards. It is noteworthy that the Industrial Relations Code, which dates back to 1977, is not part of the legal framework, but is based on agreement between the social partners. However, there is no reference to non-financial reporting in the Industrial Relations Code. The rights of workplace representatives to information and consultation have been supplemented with specific provisions arising from the transposition of EU directives on information and consultation. According to the Cyprus expert there is little room in the voluntary context for information and consultation or codetermination on sustainability-related issues.

In the *Czech Republic*, trade unions are entitled by the Labour Code to obtain information and be consulted on the undertaking's activities, its probable development, environmental impact and related environmental measures. There are basic rights enshrined in the law on consultation rights with regard to working and employment conditions, prevention of discrimination, training and health and safety. Non-financial reporting and sustainability are strongly related to corporate social responsibility; non-financial reporting is seen as a way of developing social responsibility and at the same moment as a precondition of corporate social responsibility. However, the Czech Republic has no explicit framework for information and consultation rights related to sustainability.

Industrial relations in *Denmark* are based on agreements between the labour market actors (trade unions and employers' organisations). These organisations have entered into cooperation agreements which, besides regulating general cooperation, also regulate the rights and duties of employees and companies with regard to information and consultation. Information – including questions about education, training, the development and quality of the labour force and outsourcing – must be given in good time to enable employees' points of view, ideas and suggestions to be included in the decision-making process. Health and safety is regulated by the Danish work environment legislation. Concerns about sustainability are often expressed in terms of competitiveness and this

is discussed with the trade unions in relation to efforts to maintain a well-qualified workforce or introduce new systems of production (lean production, for example).

Due to the marginal role of employee' representatives in shaping labour relations, workplace information and consultation are fairly uncommon in *Estonia*. To a certain extent the legislative framework for information and consultation simply copies the European directives (mainly the National Information and Consultation Directive 2002/14/EC) with general conceptions of information and consultation and no specific provisions on sustainability. However, there is a legal framework for cooperation in creating a safe working environment. Employers must consult workers, the working environment representative or the employees' trustee in advance on issues concerning the working environment with a view to implementing measures to improve the working environment, designation of employees responsible for rescue work, first aid and evacuation of workers, the planning and organisation of occupational health and safety training and the choice and application of new technology and equipment. An employer must, where possible, take into account workers' proposals and invite them to participate in the implementation of such plans.

The situation in *France* is quite different. Since their creation in 1945 the different types of works councils have had information and consultation rights. Although the preamble of the 1946 Constitution of the Fourth Republic, which is still valid under the present Fifth Republic, stipulates that 'workers participate via the intermediation of their delegates in the management of the company', no codetermination rights for any representative body were ever implemented by law. Therefore, the company's business decisions are taken on the sole responsibility of the employer. The information and consultation rights were reinforced in 1982 during the Mitterrand period. Case law often gives a more precise definition of 'sufficient time' for necessary consultation on specific topics: one month before the meeting of the works council for technological changes and three weeks for training programmes. Workers' representatives have the right to be informed every three months about the ('month by month') composition of the workforce, in particular by type of contract (fixed, temporary, agency work, part-time, outsourcing, apprenticeship and so on), including reasons for any hiring on a contract basis. Works councils can appoint an expert paid for by the company to examine the annual economic report, in case of dismissals for economic reasons or in case of important technological changes. The expert shall have access to the company and its documents. Committees on health, safety and working conditions (CHSCT), legally introduced in 1982, must be consulted before any important modification of health and safety policy and related issues. The committees have the right to conduct inspections and investigations. If an establishment is classified as having environmental risks, the information and consultation rights of the CHSCT are extended to cover this type of risk. According to case law, the information and consultation rights of works councils are extended to cover the employment conditions of workers subject to decisions on outsourcing or subcontracting. Finally, the law prescribes that companies

with more than 300 employees must present an annual social report (*'bilan social'*), including a broad range of items. The works council is consulted on the content; trade unions, the labour inspectorate and individual employees who ask for it shall receive copies. The Grenelle II law of July 2010 extends the external social and environmental reporting obligation from listed to other big companies. The five French union confederations participated together with a series of companies, employers' organisations, investment funds and NGOs in creating a CSR Observatory (ORSE) in June 2000. The reporting regulations are summarised on the ORSE portal, which is available in French and English.²

Germany's codetermination system provides important rights that can also be used within the framework of non-financial reporting. Based on the general supervisory tasks of the supervisory board the workers' representatives on the board have the right to discuss most of the items (for example, health and safety, workforce development, labour force characteristics, risk management and environmental risks) with which we are concerned in this inquiry. Sustainability-related issues, such as financial sustainability or energy efficiency, can be part of the board's strategic planning tasks. The supervisory board can address compliance with CSR or other guidelines. Works councils' codetermination, information and consultation rights focus on social affairs, personal matters and economic/financial issues. These rights can be derived from the Act that provides the framework for works councils (*BvG*). Works councils are to be informed about labour force planning and consulted on required actions. The works council has the right to submit proposals on a broad range of items, including job security, new forms of work organisation, qualifications, outsourcing and investment plans. Guidelines for the recruitment, transfer, reclassification and dismissal of employees require the approval of the works council. Rights in the area of health and safety at work and involvement with environmental protection in the establishment often go hand in hand. This includes the right to take part in inspections, the monitoring of compliance with accident prevention and environmental protection. A second important source that could lead to workers' rights in this area, next to the prevailing codetermination system, is the extensive general debate on sustainability that led in 2011 to a new voluntary sustainability code (the *Nachhaltigkeitskodex*). The code was formulated in line with existing international reporting standards (UN Global Compact, ISO 26000, GRI, EFFAS) and follows the comply-or-explain principle similar to the corporate governance code, but not binding (Der Rat für Nachhaltige Entwicklung 2012). Although workers are defined in this *Kodex* as stakeholders and therefore can derive general dialogue and information rights, the paragraphs on workers' rights mainly describe traditional rights (on labour standards, equality in the workplace, employment, health and safety). Finally, it must be stressed that the German Corporate Governance Code explicitly favours the stakeholder approach, with a clear long-term focus. In its preamble, the Code clarifies the obligation of the Management Board and the Supervisory Board to ensure

2. www.orse.org

the continued existence of the enterprise and sustainable value creation in conformity with the principles of the social market economy.

The rights of workplace representatives to information and consultation in *Greece* were introduced only in the mid- and late 1980s. The transposition of Directive 2002/14/EC led to an extension of these rights. Members of health and safety committees are granted information and consultation rights and the employer is obliged to 'co-decide' with the works council on company decisions such as substantial changes in work organisation, the introduction of new technologies and training. However, in general these rights are of a generic nature with little room in the voluntary context for information and consultation or codetermination on sustainability-related issues.

Sustainability-related issues are at present not of great significance in the formal information and consultation process in *Ireland*. However, there is an on-going debate about how the production and export of renewable energy, in particular wind and tidal power, might be achieved, thus placing Ireland at the centre of 'green economy' innovation. In general terms, Directive 2002/14/EC, together with the trade union provisions in the Industrial Relations (Amendment) Act, 2001, has created a new legal framework on collective workplace representation and marks a significant move away from the traditional, voluntaristic approach that has historically characterised industrial relations practice. Under the Safety, Health and Welfare at Work Act, 2005, employees have the right to select and appoint one or more employee safety representatives, in agreement with the employer, in their place of work. The Act structures worker participation in safety and health issues on two levels. First, it defines the employer's duty to inform and consult employees. Second, it sets out the rights of the safety representatives and safety committees. A wide range of occupational safety and health and dangerous substances legislation and associated codes of practice are administered and enforced, in whole or part, by the Health and Safety Authority. There are 16 state-owned businesses with employee representatives at board level (An Post, Dublin Airport Authority and others).

Italy's industrial relations system is characterised by a high level of voluntarism and, in the absence of legislation, worker participation generally takes the form of direct participation ('opportunities which management provide, or initiatives to which they lend their support at workplace level') or in the form of representative participation through workers' representatives, often based on agreements between the social partners. Wider information and consultation rights are mainly the result of the transposition (after a considerable delay) of European Council directives and European framework agreements signed within the context of the European social dialogue. EU law has strongly affected Italian legislation on workers' participation in governing collective redundancies and corporate transfers in case of restructuring processes or crisis situations. Based on the European Framework Directive on Health and Safety information and consultation rights were granted to safety representatives with specific competences regarding risk assessment and risk management. A specific form of representation is the Unitary Workplace

Union Structure (RSU) with general competences (economic situation, employment structure, substantial changes) and specific arrangements that are the result of bargaining.

Latvia's labour law defines the rights of workplace representatives. Legally, employers are obliged to consult and inform workplace representatives concerning the current economic and social situation, recruitment practices, working conditions and working time. Topics for consultation are defined according to the applicable EU Directives (collective redundancies, transfer of undertaking) or related to personnel policy (shifts, breaks, working time and leave arrangements). However, the concept is not particularly widespread in companies operating in Latvia. The Labour Safety Act adds information and consultation concepts that are meant primarily to ensure compliance with safety requirements.

Provisions on the right to workplace representation have not altered in substance in *Luxemburg* since their introduction in 1979 (on work councils), 1974 (on joint works councils) and 2004 (on collective bargaining, trade unions and employee delegations). These laws were fused into a single body of legislation through the implementation of the Labour Code in 2006. The focus in the legislation is generally on security, health, training, the provision of economic data and management issues. Employee delegations participate in defining and implementing training schemes; the employer must inform employee delegations about the workforce and economic development and must present a report on company activities, global production and structural development every year. Safety delegates should be informed and consulted on, for example, job-related health risks, protection measures, actions by the management impacting on health and safety, safety measures and training measures to ensure safety. Current research on collective agreements suggests the existence of informal information-sharing as part of collective bargaining negotiations and related to the basic bargaining issues to be covered and stipulated by law. Sustainability belongs to the hard core of recent debates on wage setting arrangements, corporate competitiveness and public finances, but this has not had a substantial effect on reporting policy.

Sustainability reporting or non-financial reporting is not a very topical issue in *Malta*. EU policy led to statements from the business side that CSR should be 'company driven' and that business should be given the flexibility to tailor its CSR approach according to the exigencies of its size and the market in which it operates (The Times Business, 24/11/11, p.5). There are no specific legal provisions that grant consultation, information or codetermination rights to workplace representatives for most issues that were the subject of this inquiry. The occupational health and safety legislation is more specific about the presence of workers' representations at the workplace and their right to consultation and training, but without referring to specific reporting. Workers and their representatives have the right to be informed and to make proposals to their employer on any matter that may affect health, safety and welfare at work. These matters include the designation of workers to take on specific functions for first aid and fire fighting, risk assessment, occupational

accidents, injuries and the planning and organisation of the required training. Finally, shop stewards can sometimes obtain rights from collective agreements that contain clauses granting time off to attend educational and training programmes.

Works councils in *the Netherlands* have information rights with regard to labour force data and the right of consultation with regard to outsourcing and supply chain management (environmental and social standards may be part of the consultation process). They have the right of consent with regard to (the introduction, change or abolition of) arrangements on training, skills and workforce development. In the field of health and safety extended rights of information and consultation have been developed. Works councils have the right of information and consultation when the employer intends to take measures related to the environment. This will in many cases be part of investment decisions, on which the works council also has a right of consultation. When the employer does not follow their advice and in case of conflict, the works council may go to court to challenge decisions. Moreover, works councils have a general right to initiate consultations on relevant issues (Art. 23 and 24 of the Works Council Act) and have a right of initiative with regard to sustainability issues. In recent debates it was noted that the works councils have legal possibilities to render advice with regard to sustainability and reporting on (international) CSR.

In *Norway*, an important part of the labour market regime has been concluded within the framework of social dialogue. The representative model is based on a single channel: employees at company level are represented by representatives from the local trade unions, with competences and rights enshrined in basic collective agreements. Regulations laid down in the agreements are binding for the company (if a member of the employers' association) and for the trade union representatives. The agreements set the rules for collaboration at company or group level with different definitions (and wording) of information, consultation and negotiation rights. Health and safety issues are partly based on legislation. In recent agreements the enterprise's influence on the outer environment and a decent and sustainable working life are formulated as important concerns. There is a long list of items with regard to which information and consultation rights apply, including various sustainability-related items, both internal – for example, recycling, use of electric cars and so on – and external, related to products or the production process as such. In theory, trade unionists can apply far-reaching agreement-based information, consultation and participation rights on all issues referred to in this inquiry.

Poland's Labour Code states that the employer has to inform and consult employees and their representatives on the organisation of workers' training in the field of occupational health and safety. Other rights can be concluded in agreements between works councils (as far as they exist). Labour force issues can be the subject of information and consultation with both works councils and trade unions. Environmental legislation states that an operator of an establishment that presents a high risk to the environment must provide

an opportunity to be involved in proceedings to employees directly exposed to the effects of industrial accidents, as well as to social work inspectors and representatives of trade unions responsible for occupational safety and health.

Works councils in *Portugal* have the right to participate and to present recommendations in the elaboration of vocational training schemes. Works councils have the right to promote the appropriate use of human resources, to participate in restructuring and to participate directly or through their respective coordinating committees in the preparation of labour legislation, most prominently, health and safety. There are no provisions on the other investigated items.

Romania's industrial relations are currently under serious threat. Tripartite dialogue is not functioning and the central government has watered down the system of collective agreements at national level. The Labour Code prescribes consultation of trade unions and workers' representatives with regard to health and safety, vocational training and other labour market-related issues. Sustainability is mainly the subject of specific campaigns and projects, without trade union involvement, with the exception of specific workplace-related health and safety. All in all, there is no legislation on information, consultation and participation of workers' representatives in decisions on the environmental impact of economic activities and associated risks.

Based on *Slovakia's* Labour Code, workers' representatives have the right to information about the employer's economic and financial situation. They have a right to make comments and submit proposals on any decision to be taken by the employer related to: social policy, recruitment practices, changes in work patterns, or organisational changes such as mergers or changes of legal form. Representatives have detailed information and consultation rights related to health and safety at the workplace, including a right to codetermination on health and safety rules to be issued by the employer. There are no specific rights with regard to sustainability issues.

In *Slovenia*, rights of workplace representatives to information, consultation and codetermination on sustainability-related issues – for example, training, skills and workforce development, labour force characteristics such as turnover, diversity, age distribution, health and safety, environmental impacts and risks, outsourcing and supply chain management including environmental and social standards in the supply chain – and human rights (freedom of association) are determined by various legislative acts. Article 4 of the *Act on Workers' Participation in Management* (AWPM) provides that the right of workers to participate in management individually and collectively may be exercised in particular in making decisions about and influencing plans regarding and the organisation of work and in the determination and execution of activities designed to improve the conditions of work, humanise the working environment and encourage successful economic performance. According to the law, works councils have to be involved in discussions of the annual reports before they are accepted. Although non-financial reporting in general is still too little present, these issues are automatically much better

developed in companies that promote business excellence or have already introduced a system of reporting indicators.

Spain's Workers' Statute (1980, adapted in 1995) entitles workers and workers' representatives – including trade union delegates and members of the works council – to information, consultation and participation in the firm. In a separate law equal treatment with regard to information rights of work councils and trade union delegates is reaffirmed. Workers' representatives have to be informed about the development of the company, contracting, the structure of the workforce and hiring forecasts (including subcontracting). In some fields the works council has the right to produce a report in advance of any decision: relocation, merger, acquisition or change of legal status, work organisation patterns, personnel policy, workforce restructuring, temporary, total or partial closure of facilities or reduction of working hours. Beyond that, workers and their representatives have the right to supervise and control health and safety conditions in the firm. Workers and their representatives are to be informed on a quarterly basis about environmental decisions taken by the firm with an impact on employment.

According to *Sweden's* Co-determination Act, employers shall, on their own initiative, enter into negotiations with the employees' organisation with which the employer is bound to negotiate under a collective agreement before taking any decisions on issues regarding significant changes in the workplace's activities or in working or employment conditions. The union must be informed about all essential facts of the company's development, such as 'the manner in which the business is developing in respect of production and finance and as to the guidelines for personnel policy'. The 1977 Work Environment Act prescribes that the employer and employees cooperate on working environment issues; in this field the workers' representatives have to heed the interests of all employees, including members of other unions and non-organised workers.

Switzerland's Cooperation Act, which regulates certain information and consultation rights, limits the scope of these rights to company level. Information on employment issues, including outsourcing and supply, must be provided at least once a year; health and safety issues are subject to consultation. This is not only the case for prevention measures and safety policy, but also broader items, such as work organisation or the introduction of new technologies. Certain aspects of sustainability, such as emissions policy or control can be tackled on the basis of health and safety. The important framework of corporate governance and/or CSR codes has led to another type of reporting. However, there is no direct reference to workers' representatives or trade unions.

In the *United Kingdom*, other than on health and safety issues and the rights enjoyed by union learning representatives (union members that have certain rights to training to understand the different methods for identifying learning needs, drawing up learning plans and working with employers to promote the value of learning), there are no specific information and consultation rights

covering the issues set out in this paper. In fact, there are no codetermination rights on anything. According to the Trade Union and Labour Relations Consolidation Act 1992 employers have the duty to disclose to representatives of recognised independent unions general information 'in accordance with good industrial relations practices'. This ranges from information on pay and benefits to performance, productivity and assets. However, the employer can relatively easily deny access. The implementation of Directive 2002/EU/14 does not go beyond the wording of the Directive and therefore provides again in a very general way rights related to the economic situation, work organisation and employment development. As in several other countries the one area where there are clear information and consultation rights is health and safety. Safety representatives are entitled to full information from their employers to enable them to carry out their functions: changes that may affect workers' health and safety, hazards and prevention, occupational diseases and health and safety statistics. Along the same lines, safety representatives should be consulted in good time about the introduction of measures or new arrangements that affect health and safety, necessary training and introduction of new technologies. The main channel through which sustainability is presented is corporate social responsibility (CSR) reports, which most large companies produce. However, they do not normally deal with issues of employment and workplace conditions, other than to try to get employees to actively support other CSR goals.

4. Sustainability from particular to universal

Part of the underlying inquiry was to map the extent to which the traditional concerns of workers' representatives are being redefined from a 'particularistic' concern of one stakeholder to a 'universalistic' concern with sustainability. The experts reported on the topicality of the sustainability of companies and the economy and on the extent to which improving the workforce and workplace conditions is seen as a key part of sustainability. In the introduction of this SEEurope paper the bridge between the 'usual' subjects of social dialogue and aspects of sustainability was mentioned, with reference to the social dimension of sustainable development in practice. The implicit question was raised of whether any production and work-related sustainability goals were formulated and reported on in the traditional areas of workers' representatives' concerns (work environment, health and safety of users and workers, life cycle and waste). Formulated in a broader sense this can also be related to HRM policies on training and retraining, innovation and further qualification. In essence the question is how to make and keep the workforce fit for the challenges connected to a more sustainable company policy. For our summary we have not chosen to treat every country. We just want to highlight some specific situations.

In general terms, the outcome of this part of our inquiry was not very encouraging. Although the number of published reports is slowly but constantly growing and in countries such as Belgium, Germany, France, Austria and the Netherlands they are now produced by all types of organisations, from private to public companies, and also not-for-profit organisations, non-

financial information addressing both shareholders and other stakeholders is often limited to risks and uncertainties with which the company might have to cope. Sustainability reporting continues to be a *management prerogative* and part of a unilateral process. With some aspects (health and safety, energy conservation, emissions and saving programmes) having been regulated the reporting landscape remains rather patchy. In addition, the wording used in, for example, the Austrian report ‘Workforce and workplace conditions are not seen as a key part of sustainability’ can be seen as typical of our findings. Even in a country such as Austria, with legislation that can serve as guidelines for non-financial reporting and with institutions such as the Chamber of Labour that have the capacity to monitor such voluntary, non-binding guidelines the results are disappointing. In the field of codetermination on working conditions fewer than 10 per cent of companies gave full or at least partial information. Items going beyond the workplace were not reported at all, not to mention sustainability issues. In Germany, board-level representation guarantees that many aspects of sustainability that play a central role in the (supervisory) board in setting the company’s strategy are made known to workforce representatives as these items are subject to regular reporting in the supervisory board. For example, energy costs can be a prominent factor in production costs and in, say, steel production might even exceed personnel costs. Thus focussing on energy costs in the supervisory board might reduce the pressure on personnel costs. When discussing the development of the company’s strategy employee representatives on the board can introduce or stress sustainability aspects.

To the extent that dialogue takes place at all it is mainly in the form of *dialogue at national level* (or in some countries at sectoral level) in round tables or meetings of national Economic and Social Councils and other national bodies related to CSR policy. In Belgium, for instance, two important social dialogue bodies situated at the federal level – the Central Economic Council and the National Labour Council – in which trade unions play an important role, had a joint discussion in 2006 on the notion of enterprises’ social responsibility, a debate closely related to sustainability. The social partners underlined that this concept goes far beyond mere adherence to regulatory requirements and includes investment in human capital, in the environment and in relations with all stakeholders. However, there has not been a direct effect on either non-financial reporting or dialogue at company level in this area. In Latvia a tendency is reported to devote more attention to the issues of sustainability and accordingly to take them into account with respect to the workforce and workplace conditions. There is also a *Sustainability Index* in Latvia, within the framework of which companies are assessed according to a number of criteria, including safety at work and workforce conditions, in order to be recognised as sustainable economic operators and employers.

The most obvious link is drawn with aspects of CSR and as a consequence issues of non-financial reporting and sustainability are being approached *in connection with corporate social responsibility policies*. Non-financial reporting is seen as a way to develop this responsibility. It is noted that the existing Good Practices related to the Stock Exchange, for instance in Poland,

do not refer to employees but focus on the needs of shareholders. In the Czech Republic individual businesses have launched websites that provide information about sustainability-related issues and other promotional materials.³ Partly, these initiatives are in line with the EU's promotion of CSR and the work of the European Business Network (with comparable initiatives in other countries, such as Greece, Slovenia, Romania or Portugal leading to CSR networks and portals⁴); partly, the sites are run by commercial consultancies. According to the Cyprus expert the voluntary character of CSR and sustainability commitments is their main characteristic and the dominant approach of the CSR debate. Scarce evidence and a lack of relevant research does not allow us to assess the extent to which, in practice, improving workplace conditions is seen as a key part of sustainability. The general picture is that CSR reporting is on the rise. An increasing number of – mainly large – companies in Italy carry out sustainability reporting, while small and medium-size companies are more likely to adopt some CSR products without reporting on their application. The Romanian report provides figures indicating a substantial increase in reporting (from 24 per cent in 2008 to 54 per cent in 2010), motivated by 'brand reputation and economic considerations'.

The French public debate and public opinion, which called for stronger regulation of companies' activities, led in 2001 to a law on the 'new economic regulations' which contains an obligation of *social and environmental reporting for listed companies*. France was the first European country to adopt this type of legislation. Greece has over the past decade launched a host of initiatives and activities on what is called 'sustainability or non-financial reporting' as part of debates on corporate governance and corporate responsibility. However, research between 2002 and 2006 does not indicate substantial growth in published non-financial reports; a limited number of companies are compiling sustainability reports, but exhibiting significant gaps. In the Netherlands, sustainability is a regular issue in the Social and Economic Council (SER). Recently (2011 and 2012), works councils in multinational enterprises have devoted much attention to the issue. Currently, the role of works councils with regard to sustainability and reporting on (international) CSR is the subject of political debate. During the Polish EU presidency (second half of 2011) several examples of CSR practice were presented at an international CSR conference. Among the reports was an interesting case of non-financial reporting described by a representative of the LOTOS group.⁵ In the presentation of this case the barriers to sound CSR reporting were listed: limited awareness of the concept and related reporting; reports treated as PR tools; lack of openness in the communication of difficult issues; restricted resources and limited access to data. The United Kingdom has had extensive debates about sustainability in companies, the main channel being

3. In 1994 a group of European entrepreneurs and business directors signed the European Declaration of Business against Social Exclusion, as a result of which the European Business Network for Social Cohesion was created in 1995. One of the key objectives of the Network was to support the creation of corresponding National Networks.

4. As an example see: <http://www.csr-romania.ro/english.html>

5. See: http://www.odpowiedzialnybiznes.pl/public/files/Reporting_plenary%20session_LOTOS_eng.PDF

corporate social responsibility reports, which most large companies produce. However, they do not normally deal with issues of employment and workplace conditions, other than to mobilise employees to support other CSR goals.

Reporting to the workforce with the explicit aim of *building bridges between 'ordinary' workplace-related issues and sustainability goals* happens only where there is pressing need. For instance, in the Bulgarian report it was noted that environmental issues are discussed mainly with workers' representatives when serious problems exist and where EU standards should be implemented or improved. One traditional aspect frequently discussed is the quality of the workforce, which in many countries is linked to debates on lifelong learning. However, these deliberations are dictated mainly by concerns of labour market friction. The Swiss expert signalled that non-financial reporting is too often seen as an internal management affair; involvement of workers' representatives is rare and if it happens it is often in the context of the work of EWCs. This observation was made in several countries. For Malta, it is said that reference is rare to issues related to workforce and workplace conditions in sustainability reports. The Romanian expert states that information, consultation and codetermination of employees representatives in decisions on the environmental impact of economic activities and associated risks are not enacted in legal provisions. The Greek expert concludes that the link between workplace rights, workplace sustainability indicators and employees representation and participation remains unknown and unexplored territory. In the 70–80 Greek companies in which sustainability reporting is practiced there is not evidence of a move from traditional concerns of workers' representatives to more 'universalistic' concerns with sustainability.⁶ The Dutch expert notes that no research has been conducted on the 'real' impact of sustainability practices on the workforce. Research seems to have focused on environmental impacts (waste reduction, energy saving). There are reports by individual firms on (supposed) effects on absenteeism due to sickness, labour participation of disadvantaged groups, health and safety (number of accidents), satisfaction of employees with their job and so on, but not at the macro level. One link reported in the Danish report concerns worries about financial sustainability and competitiveness. Although questions concerning payments are included in this connection the real issue is how to maintain a well-qualified labour force.

Remarkable in this context is the finding in Sweden that there has been practically no debate concerning the sustainability of companies *within* Swedish borders; the view is more *how companies should behave abroad*. The Norwegian debate on CSR also focuses on the behaviour of Norwegian companies abroad (for example, the most extensive green paper on social responsibility was issued by the Ministry of Foreign Affairs). An interesting initiative has been launched in Slovenia: the project *Family-Friendly Enterprise Certificate* is aimed at introducing *attaining a balance between work and family life* as an issue to be discussed in the workplace. The *Horus* award, another initiative in Slovenia, aims to promote *integrity in thinking*,

6. Sustainable Development Ltd (www.sdev.gr) has developed a database with Greek CSR Reports.

innovation and accountability in the operations of Slovenian companies.⁷ The award seeks to promote awareness of the importance of social responsibility and has become the leading Slovenian award in the field of balanced and innovative social responsibility. *Horus* is open to small, medium-size and large businesses and institutions engaged in any activities and projects aimed at the long-term welfare of employees, the environment, communities and customers and which exceed the minimum statutory standards for at least one year and can therefore be considered socially responsible, regardless of whether their efforts have formally been approved by certificates, prizes or awards. Polish trade union *Solidarność* has introduced its own label 'Przyjazny pracodawca' (*Friendly employer*). Its main characteristics are: priority given to open-ended employment, compliance with labour law and trade union rights. The CSR policy of enterprises, which concentrates only on declarations, is criticised, especially with regard to non-financial reporting. Spanish legislation entitles workers' representatives to information on a quarterly basis on environmental measures taken by firms with an impact on employment. This is aimed at getting workers on board with regard to environmental sustainability (when there is explicit reference to this goal).

Before the crisis, political and socio-economic reflections on climate change and, both at national and European level, on 'fair' and 'green deals' raised expectations of a broadening of company policies. However, synthesizing 28 national reports leads to the blunt conclusion that in the majority of the countries investigated, not enough ground has been gained. To summarise the findings:

- (i) There is a group of countries in which there is a complete *standstill*. In the words of the Latvian expert, the debate about sustainability and impacts on the workplace and workforce conditions is rather theoretical.
- (ii) There is hardly any evidence of non-financial reporting by individual companies in the past decade that goes *beyond the 'traditional' items*. Illustrative is the Luxemburg expert's report that the legislative focus is generally on security, health, training and the provision of economic data and management issues and that there are no empirical data to verify the extent to which these issues are being further developed. He adds that recent restructuring cases suggest that workplace representatives are not properly informed about company decisions.
- (iii) We have to conclude that *workforce and workplace conditions are not seen as a key part of sustainability*. An exemplary finding was reported by the Swiss expert who points out that one Swiss transnational company was ranked in the Dow Jones Index at the top of the sustainability rankings even though it does not take into account working conditions or work environment issues.

7. The annual call for applications is also available in English: <http://www.horus.si/images/2011-call.pdf>

- (iv) CSR is on the rise, but partly due to the crisis, partly due to the fact that unions are on the defensive and the *role of workers' representatives and their organisations is still in its infancy*. Recognition of the crucial role that they can play cannot be the result of a free ride.

Notwithstanding the fact that the debate on the concepts of corporate social responsibility (CSR), sustainability and stakeholder value have become of particular and increasing interest among politicians, the public and the corporate sector in Europe since the end of the 1990s, reporting with accounts in which environmental, social and economic indicators are combined with a view to illustrating the work environment and the influence on the surrounding society is still in its infancy. Even in a country such as France, with extensive legislation and stakeholders' rights, non-financial reporting does not play an important role in the dialogue with those stakeholders, including employees' representatives. However, some promising initiatives do exist, as detailed in the following sections.

5. Internal and external reporting

The third part of our investigation was dedicated to the question of whether there are any disparities between internal and external reporting. Internal reporting is supposed to provide key internal stakeholder groups with information on progress, successes and challenges to 'help maintain commitment and reinforce ownership' (BMA 2011). The nature and timing of internal reporting will depend upon governance structures, the key stakeholder groups with which communication is planned, internal communication procedures, data availability and the resources available to compile reports. Accurate and honest reporting to an external audience on the organisation's activities and performance can be a powerful tool for strengthening dialogue, engendering trust and demonstrating leadership (Sustainable Procurement Task Force 2006). Several reference methods exist, such as *ISO 26000*, the standard on social responsibility. This standard offers guidance on socially responsible behaviour and possible actions. It does not contain requirements and, therefore, in contrast to ISO management system standards, is not certifiable. For the time being, it can be used only as a self-assessment tool. Various useful reporting frameworks also have been developed for sustainable development and environmental reporting, such as the *Balanced scorecard* derived from ISO9000, the *AA1000 Accountability assurance standard*⁸ or the *Global Reporting Initiative – Sustainable Reporting Guidelines*.⁹ Again, we investigated the role of workers' representatives in the development of

8. The AA1000 AccountAbility Principles were developed by a platform with the aim of aligning the non-financial aspects of sustainability with financial reporting and assurance. The intention is to give stakeholders assurances concerning the way an organisation manages sustainability performance and how it communicates this in its sustainability reporting, without verifying the reliability of the reported information. See: <http://www.accountability.org/standards/aa1000as/index.html>

9. The Global Reporting Initiative has pioneered the development of the world's most widely used sustainability reporting framework: <https://www.globalreporting.org/Pages/default.aspx>

reporting systems. This part was also dedicated to the involvement of trade unions in debates on strengthening external non-financial reporting (for example, through a mandatory requirement for companies or an extension of the items on which they should report). The trade union role and involvement is summarised in Section 6.

All in all, the outcome of this part of the SEEurope inquiry must be described as patchy. In general terms there is little specific reporting to workers and their representatives. The ETUC statement might be correct that there is reason for concern, against the backdrop of the financial, economic and social crisis, the dominance of neoliberal policies and heightened competition, that ‘more European companies will consider CSR to be a “luxury” and will show much less respect for human rights, labour standards and environmental concerns’ (ETUC 2011). Although some scholars have come to the ‘reasonable conclusion’ that regulation is an effective mechanism for enforcing change in internal reporting systems and improving public reporting practices (Eccles 2010) the reporting that was registered in the SEEurope reports was of a non-binding character. Given the very limited amount of internal reporting on sustainability issues it is difficult to see a link between internal and external reporting. The two cannot be inconsistent because the internal barely exists. This is not a specifically European problem; in a New Zealand survey it was found that ‘a significant majority (83.1 per cent) of the companies that responded to the survey had not asked stakeholders in the past five years whether they would like to receive more information on the company’s environmental and social performance’ (Eccles 2010: 246). Second, even in countries with developed CSR and corporate governance practices overall compliance with reporting is still not particularly good, at least from a European perspective, although significant differences exist. And third, if reporting takes place it is mainly addressed to the market and to shareholders even though many companies claim that one of the most important targeted readers of their sustainability or social responsibility reports are their own employees. But, it is a common complaint of representatives that they receive only the information that has already been made public (internally or to the shareholders). Workers’ representatives expect more and/or earlier information than what is provided to the shareholders and the general public.

With regard to France it was noted that there is often an overlap between external and internal reporting on social matters because of the common genealogy of the reporting indicators. There are also some similarities in monitoring procedures and the role of employee representatives. Their role in external reporting is fairly weak, however. This does not necessarily mean that no progress is being made: the Slovenian report, for instance, indicates that there are gaps between what is laid down in the law and practice, but also that the situation regarding sustainable development and sustainable reporting is generally improving as workers are included in an increasing number of issues and participate in virtually all major issues of work organisation and business. In Germany, the annual report and the consolidated annual report should not be restricted to the financial aspects of the company’s business. According to German law (Sec. 289 Subpar. 3 HGB) the annual report must include non-

financial performance indicators with environmental and employee matters. It is not sufficient to report only on internal business risks. Risk reporting must include external risks, for example, concerning the environment, politics, law and society. Before being published this annual report by the management is subject to examination and discussion in the supervisory board, along with the annual financial statement. This constitutes a strong link between internal and external reporting besides the extensive information and consultation in works councils and financial committees. Furthermore, listed companies must issue a statement on the management of the company which includes information on management practices that goes beyond what is required by law and has relevance for the whole company. In the Dutch report non-financial reporting is said to be on the increase, especially among the largest (listed) companies, and examples of firms are mentioned (DSM) that have worked with different reports for different stakeholders.

The Norwegian report states that reporting and information to trade unionists considerably exceeds the information made public; this may also be the case in other countries with systems characterised by strong general information and consultation rights, but in our inquiry we could not find enough evidence for this conclusion. A report on a survey that was part of a European Commission funded project showed that in Ireland the issues discussed by works councils or similar company-level arrangements, such as partnership bodies, was restricted. Most topics were on the agenda of around 30 to 40 per cent of works councils, while only two issues, 'actions of management' and 'general employment relations', were discussed in more than 40 per cent (INFORMIA 2010). Overall, qualitative research results on the impact of sustainability reporting on working conditions are scarce. Most research projects are oriented to analyse the relationship between CSR and financial performance. This type of reporting is dominated by financial issues. Overall, it should be noted that the involvement of trade unions remains, with some exceptions, fairly modest.

As a result, this section is relatively short.

- (i) There is a category of countries in which *no significant reporting* is to be found. As a consequence, the other items of our inquiry can be seen as irrelevant. Findings about reporting in practice hardly exist, and one could say that there is no substance beyond the theoretical 'lip service' formulated within the normative framework described in Section 1. This is the case in, for example, Lithuania, Latvia, Hungary, Estonia and the Slovak Republic.
- (ii) We found countries with reporting that is mainly *restricted to financial and economic matters*. In these countries, workers' representatives receive the same information that is given to the public (annual reports, website information, announcements to shareholders that are made public). In some cases, this information is provided and exchanged at works council meetings (usually EWC meetings).

- (iii) In some countries, a substantial proportion of the reporting is dedicated to *social policy and CSR*. Again, there is normally no difference between reporting to the general public and to workers' representatives. Even when there is reporting on sustainability the experts could hardly find any interaction between social policy and the sustainability dimension. Sustainability issues are mainly seen as concerning external effects of the company on, for example, the environment or the community.
- (iv) Finally, in a few instances the reporting goes further with more integrated CSR, social and environmental reporting. According to the 2011 KPMG survey of the CSR reporting of the 100 biggest companies in each country, in 2008 France was in a leading position in Europe, just after the United Kingdom, with 94 per cent of companies reporting on CSR. However, after three years of initial progress stagnation set in as regards reporting (KPMG 2011). The 'leaders of the pack' in the KPMG survey are European countries that have addressed CSR and reporting for over a decade. Some of these companies have demonstrated both strong communication and professionalism over time.

Within the context of this inquiry detailed case studies were not envisaged. However, in Section 7 we will return to some interesting practices. It might be worth considering further research along those lines.

6. The role of trade unions

The Global Reporting Initiative's Sustainability Reporting Guidelines are a set of principles on how to report as well as a framework on what to report. In the last few years the GRI Sustainability Reporting Guidelines have become one of the most widely used and recognised benchmark for this kind of non-financial reporting. Because more and more companies base their reports on the GRI Guidelines, the application of the trade union guide developed by the ITUC can assist trade unionists in understanding and evaluating reports by companies (ITUC 2008). The guide lists various reasons for trade unionists to be involved in sustainability or social responsibility reports and nonfinancial reporting in general. The most obvious reason to be interested is that these reports can serve as a source of information. But also understanding what a company wants its employees to know about how it perceives its social responsibility can provide a potentially useful insight into management thinking. Trade unions exert influence if these reports contain commitments concerning the company's behaviour. Sustainability and social responsibility reports can be used as a means of engaging companies. The process of non-financial reporting creates opportunities for trade unions to participate in a dialogue with management. This can include dialogue at workplaces or nationally and globally (ITUC 2008). In the results of the SEEurope inquiry the trade union involvement can partly be seen as a mirror of the outcome described in Sections 4 and 5. In this section the focus is on specific features that can be found in the countries under examination.

Legislation in Lithuania refers to the obligation to include in the report of the private or public limited liability company *inter alia* ‘analysis of financial and non-financial results and information related to environmental issues and staff (personnel)’. However, no specific rights of employees’ representatives are mentioned and the *unions are not involved*. The Trade Union Act in Estonia does not include specific provisions on sustainability and the unions are mainly absent from related debates. For Cyprus it is reported that CSR and sustainability reporting have not been on the agenda of the trade unions, although it appears that in the context of the voluntary regulation of industrial relations and related to the issue of sustainability reporting there is plenty of room for involvement and improvement.

Trade unions do not appear particularly concerned with sustainability reporting. In Greece, *trade unionists with some international exposure* and activities are perhaps aware if and when exposed – for example, in EWCs – to occasional and minimal references to sustainability reporting by their employers. But things are very different with regard to the interest and knowledge of the vast majority of trade union activities and their officials. The Bulgarian report refers to the findings of some first surveys related to non-financial reporting (since 2007). It is shown that most companies (even those that have accepted the National Code for Corporate Governance) prefer not to disclose most of the relevant information, especially information concerning environmental issues, health and safety at work, business strategy and marketing. As in Greece, reporting in Bulgaria is occasionally to be found in companies with EWCs, with trade unions only being marginally involved. CITUB, a trade union confederation, has criticised the fact that relations between corporate governance and the existing mechanisms for workers’ information, consultation and participation have not been clarified.¹⁰

Several reports discuss the consequences of the rigid austerity policy. This policy also exerts a strong influence on the ‘climate’ for fruitful talks. Trade unions sometimes nowadays consider it *a luxury to discuss sustainability issues* when traditional social dialogue about traditional core items is under threat. Changing legislation reduces workers’ opportunities to get involved in companies’ reports, and trade union involvement is minimised by deregulation, which can easily lead to the destruction of social dialogue, not its enhancement. In Romania this has led to a rupture, not a strengthening of internal and external reporting. The trade unions in Latvia take part in the public debate and discussion of sustainability issues to some extent; however, they do not seem to be playing a leading role. Besides rather outdated information provided on their websites and sympathy for the ‘greening’ of the economy, the Portuguese trade unions do not really have a prominent role in debates on sustainability and non-financial reporting and other worries prevail. The key concern of the trade unions in Ireland is the preservation of jobs and dealing with the fall-out from the deep economic recession the country is experiencing

10. CITUB contribution at the public hearing ‘The Green paper – European Framework for Corporate Governance’, organised by the European Economic and Social Committee in September 2011.

at present, as well as the austerity measures introduced by the IMF, ECB and European Commission (the so-called 'troika'). The trade unions in Malta have been engaged in public debates about sustainable development and energy policy; non-financial reporting, characterised by voluntarism rather than by legal provisions, has only been touched upon in the field of health and safety. Although the trade unions in Slovenia are involved in debates and initiatives promoting sustainable development of companies it can be concluded that they are currently fairly inactive in these areas. In Spain, a political initiative on worker's participation in corporate social responsibility (CRS) was launched in 2010 by a group of Ministry for Employment and Immigration experts. However, this was not included in the final legislation. Although non-financial reporting is not a prominent issue in industrial relations debates and CSR is not at the centre of trade union concerns both the major Spanish trade union confederations (CCOO and UGT) include the issue of corporate social responsibility in their agendas.¹¹

The trade unions in Sweden are as interested as any other group in society in participating in creating sustainable companies, whether in terms of the environment, the economy or social responsibility. Danish companies listed on the stock exchange have to comply with *the reporting obligations enforced by the stock exchange*. In companies where the employees have elected representatives to the company board, they are involved in producing the report. The trade unions in the Czech Republic support the trend towards sustainability-oriented issues and they share the view that companies should strengthen their efforts towards sustainability. The unions have been calling for the establishment of a general and compulsory framework of corporate social responsibility, but their overall involvement is fairly weak. Within the framework of the project 'Strengthening Social Dialogue' the manual 'Corporate Social Responsibility' was created in the Czech Republic. The manual provides basic information about corporate social responsibility and the role of the social partners and also refers to sustainability and non-financial reporting.¹² In order to promote integration and reduce competition, Italian trade unions, in line with the European social partners, have pressed for *a negotiated road to CSR*: adopting the most inclusive and participatory approach in defining CSR instruments. One example of the trade unions' attempt to maintain CSR instruments within a balanced control framework based on a participatory approach is the increasing inclusion of so-called 'corporate welfare' in collective bargaining at national and company levels. These are collective services from which workers benefit not only as employees but also as citizens (health insurance, pension plans, healthcare systems). It is striking that in some cases in Italy, such as Unicredit, there is a clear distinction between primary stakeholders (employees, clients, shareholders and supervisory authority) and secondary stakeholders (media and opinion leaders, NGOs, trade unions, EWCs and consumer associations), while in other cases, employee representatives and trade unions are not even mentioned in the sustainability report.

11. UGT has established a CSR Observatory, <http://www.observatorio-rse.org.es/default.aspx>

12. Only available in Czech: http://www.cmkos.cz/data/articles/down_2527.pdf

British trade unions are involved in the environmental debate and several have developed *environmental policies for their industries*. The TUC is currently conducting a survey of union activists to examine their activities concerning environmental and climate changes issues.¹³ In the Norwegian report, a distinction is made between the national level (trade unions involved in several sustainability issues) and the local level (the more dirty the industry, the more environmental concerns are seen as issues for collaboration with the unions).¹⁴ The Belgian unions have claimed their place in the debate on sustainability, starting from the point of view that Corporate Social Responsibility begins where legislation stops (ABVV 2007). Nevertheless, a round table with trade union representatives on this issue in Belgium in the early 2000s concluded that trade union organisations and workers' representatives still had little to contribute to a social audit process. The Belgian trade confederations have taken the initiative in the Flemish part of the country to create, with environmental NGOs, an organisation called *Arbeid & Milieu* (Labour & Environment). One of the key goals is the conclusion of covenants setting stricter targets for major companies and sectors of activity. In the chemicals sector a responsible care project has been initiated with trade unions as partners. It involves a commitment to continuously improve health, safety and environmental performance.

The Polish trade union *Solidarność* was involved in a project initiated by the employers' organisation *Lewiatan* with the participation of Deloitte and funded by the EU on the *Promotion of CSR standards in the enterprises*, one of whose outcomes was the setting up of a website. Another product is the analysis reported in *Mistakes and obstacles in the dialogue with stakeholders in Poland*. The report detected the main weakness of CSR in the country, namely the *failure to engage in dialogue with workers*. Improving cooperation with works councils and trade unions was recommended as a remedy.¹⁵ The Norwegian Trade Union Confederation has revised its Strategic Climate Plan that emphasises the need to incorporate sustainability efforts into traditional forms of cooperation. In collective bargaining in Norway several agreements have been concluded with references to employee responsibility and sustainable development and with statements on employers' obligations to engage in consultation and trade union representatives' right to demand it. In practice, they could cover a large number of environmental and climate change issues. The social partners in the Netherlands have – both separately and jointly – produced several statements on sustainability and CSR, and on 27 January 2012, eight transnational companies of Dutch origin established the Dutch Sustainable Growth Coalition. It is also important to mention that the Dutch unions prefer integrated reporting to separate reports.

By means of collective bargaining, trade unions and a few companies have started to go beyond what is laid down in the law and have signed

13. See: <http://www.tuc.org.uk/social/index.cfm?mins=80&minors=25&majorsubjectID=13>

14. In Norway research is ongoing on sustainable companies. See: <http://www.jus.uio.no/ifp/english/research/projects/sustainable-companies/>

15. In Polish: http://www.odpowiedzialnafirma.pl/Web/upload//Dialog_CAŁOŚĆ_11-01-2012.pdf

transnational agreements on fundamental labour rights and CSR at the international or European level. French unions in particular are fully engaged in negotiating and signing international company agreements, seen as a vehicle for promoting and securing employee and human rights worldwide and for putting pressure on companies for more transparency. Indeed, French companies are among the pioneers in this field. International framework agreements have been signed by global union federations, and sometimes also by EWCs and/or national unions, introducing reporting or monitoring procedures with a role for employee representatives. The latter can be either the global unions themselves, the EWC or a special body. Danone was the first company to sign an agreement in 1988 and in the meantime has signed several others that include a special reporting procedure monitored bilaterally by the company and the global union federation IUF. EDF has an agreement on social responsibility that also contains environmental standards, signed in 2005 by four global union federations, as well as by national union federations present in the company and its foreign subsidiaries.

In Austria, the trade unions and the Chamber of Labour have been trying for a long time to clarify the provisions on *non-financial performance indicators* in company law (*Unternehmensgesetzbuch*). Particularly interesting in this respect is a report commissioned by the Danish LO (Oxford Research 2003) that explicitly brought together a series of standards that can be used in reporting (social, human rights, environmental, work environment). Although not unified in this respect the French unions are very active in the field as well. Union leaders from the CFDT took the initiative in 2002 to create *Vigeo*, the second *social rating* agency in France.¹⁶ The CFDT has made use of stakeholder approach to stress the links between the taking of a sustainable long-term approach by companies, corporate governance, CSR and employee participation. Trade unions in Germany have been at the forefront of developing *national sustainability codes*, demanding the closer involvement of workers' representatives in implementation policies at company level, which can serve as crucial 'messengers' of sustainable practices. Workers' representatives can also function as efficient controllers of compliance with companies' commitments. Non-financial information should be given in a separate sustainability report. The DGB has also suggested examining the basic principles of the German national CSR forum (for instance, fair treatment, efficient and respectful use of resources, social and ecological chain production, human rights and global standards, cultural diversity and transparency).¹⁷ The Swiss unions have organised a campaign through the union-related NGO Solidar Suisse to promote workers' and human rights in public procurement. The Swiss unions have also participated in the work of the national standardisation institutions that deal with sustainable company practices, such as the norm (Social Accountability) SA8000 and ISO Norm 24000. The unions participate in compliance supervision.

16. See: <http://www.vigeo.com/csr-rating-agency/>

17. See: http://www.csr-in-deutschland.de/portal/generator/8276/property=data/2009__04__28__zweites__csr__forum__anlage.pdf

The findings lead to the conclusion that there is a great diversity in involvement, with a range of characteristics that are not exclusive for one country. In summary the findings can be listed as follows:

- (i) There is a category of countries in which *no specific rights* of employees' representatives are mentioned and *the unions are not involved*. This is the case in, for example, Lithuania, Cyprus and Estonia.
- (ii) We found countries like Greece and Bulgaria with trade unions that are not particularly concerned with sustainability reporting. At the utmost some *trade unionists with some international exposure* are aware if and when confronted to occasional and minimal references to sustainability reporting. In that same category unions can be included that consider it a luxury to discuss sustainability issues as even social dialogue about traditional core items is under threat. This is the case in Romania, Ireland, Latvia, Portugal, Malta and in recent times also in Spain and Slovenia.
- (iii) A third feature is the category with countries that have a certain tradition of *company board level representation* or with a *negotiated road to CSR*. Though there is no real common denominator, this category can be characterised by a call for the establishment of a general and compulsory framework of corporate social responsibility but with no difference between reporting to the general public and to workers' representatives. This is the case in Sweden, Denmark and the Czech Republic. With a few exceptions, where a clear distinction is made between primary stakeholders and secondary stakeholders, also Italy belongs to this category.
- (iv) A special feature of trade union involvement is the situation where trade unions are involved in the environmental debate and have developed *environmental policies for their industries*. This is signalled in the UK, Norway and Belgium.
- (v) In some countries one-sided or social partner initiatives can be signalled (sometimes funded by the EU) that aim *to incorporate sustainability efforts in the traditional cooperation* between management and labour. This could be found in Poland, Norway and the Netherlands.
- (vi) In a few cases trade unions have started to act beyond the legal frame. Sometimes this is resulting in bargaining and *the conclusion of framework agreements* on fundamental rights and CSR. Notably in France agreements have been signed on social responsibility that contain also environmental standards. In countries like Austria, Denmark, France, Germany and Switzerland trade unions are heavily involved in the elaboration of *schemes of non-financial performance indicators or national sustainability codes*.

Making companies responsible and accountable, at the social level as well as at the sustainability level, seems to focus essentially on initiatives and strictly voluntary commitments. The trade union position that can be reached in such a situation is in the long run not very encouraging, notwithstanding the fact that progress has been accomplished at the level of participation and monitoring of codes of conduct.

7. Beyond the minimum – Some practices

One part of the SEEurope inquiry was dedicated to identify interesting cases and tools that can be used by the workforce. Underlying question was how workforces in practice are informed and can influence sustainability or CSR practices.

If we leave aside the reported ‘laissez faire’ attitudes and low-key policies adopted by some companies and to a certain extent even by the social partners and governments in a substantial number of the investigated countries the result is a kaleidoscopic and patchy mixture of initiatives and company practices. Annex 1 summarises a number of exemplary features of the companies referred to by the SEEurope experts.

More structurally, efforts are made by specialised bureaus such as Alpha in France to pursue *analytical research* as a tool. In its analysis of the practice of the 40 most important listed companies, Alpha deplors that works councils rarely exercise their legal options.¹⁸ If there are employee representatives on the management or supervisory board, they too are rarely involved in companies’ social and environmental reporting. Furthermore, the quality of reporting is still insufficient: it tends to be merely a communication exercise (Seguin 2010). In Poland, Accreo Taxand and GES Investment Services have prepared an analysis at the request of the Polish government on the state of non-financial reporting of state enterprises and companies owned or co-owned by the state.¹⁹ In Germany and the Netherlands analytical overviews can be found in studies and comparisons. In Germany an interesting study was published in 2010 on CSR and codetermination with five case studies: Norsk Hydro, Danone GmbH, Beiersdorf AG, Unilever and Wilkhahn (Beile et al. 2010). Another German study in 2010 on personnel reporting, after evaluating the reports of the DAX 30 companies showed a trend towards wider and more extensive reporting practice in human resources; most companies included the information in their sustainability reports (Wilke 2010). The Dutch Sustainable Growth Coalition was launched in Davos in January 2012 by Akzo Nobel, DSM, FrieslandCampina, Heineken, KLM, Philips, Shell and Unilever and supported by the employers’ confederation VNO-NCW. The basic philosophy is expressed as follows: ‘shape’ (development of sustainable strategies that lead to added value), ‘share’ (exchange of good practices)

¹⁸. The annual Alpha reports on reporting practice referring to the 2001 law can be found at: <http://www.groupe-alpha.com/fr/etudes-prospective/publications/bilans-application-repor.html>

¹⁹. For details, see: http://odpowiedzialnybiznes.pl/public/files/RaportowanieESG_pp_ssp_2011.pdf

and ‘stimulate’ (development of policy recommendations).²⁰ However, in the list of stakeholders (international and Dutch communities, governments, consumers, investors and civil society, including NGOs and universities) there is no explicit reference to workers’ representatives. In a study by the Austrian Chamber of Labour the annual reports of large Austrian companies were evaluated in terms of employee-related indicators. The study was based on a sample of 108 companies, chosen from the 500 largest in the country (Goldberg 2009).

In several reports reference was made to *company portals/websites* with information on CSR reporting or on annual reports about the implementation of a corporate governance policy. In general, listed companies must make public any information that could affect the share price and thus this information becomes available to shareholders and other stakeholders. In some countries there are ‘competitions’ or comparable incentives in this area: the Slovenian expert reports on the business daily *Finance and Business Academy*, which awards prizes (according to various criteria) for the best annual company reports. In 2011, the competition was held for the twelfth time. Prizes were given in several categories, including for the best sustainability reporting in the annual report.

In previous sections, reference has been made to the modest role of *European Works Councils*. In some countries, the EWC is the (only) way to get information. In such cases, EWCs have an important monitoring role in verifying the correct application of CSR policies. In the Italian report several examples were provided: in the case of Unicredit, for example, EWC members were asked to take part in selecting what themes should be dealt with in the sustainability report. The ENEL case seems to represent an exception as the Protocol signed in 2009, along with the CSR Protocol, provides for the setting up of a Joint Committee made up of company representatives and union representatives: a special forum in which the company and the unions can address the industrial, environmental and employment strategies that ENEL intends to pursue.

Examples of companies in which the reporting and information to trade unionists and workers’ representatives exceed the information made public or where consultation goes beyond legal requirements still are in the minority. However, in some case workers’ representatives have more sources and additional tools or channels to operate as efficient controllers of companies’ compliance with sustainability obligations and commitments.

²⁰ See: <http://www.ey.com/GL/en/Newsroom/News-releases/Dutch-multinationals-start-Dutch-Sustainable-Growth-Coalition>

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Annex 1 Overview of companies referred to by SEEurope experts within the framework of the survey

<p>IHB – Industrial Holding Bulgaria Maritime transport-machine building www.bulgariaholding.com</p>	<p>The website of this holding provides annual reports on the implementation of good corporate governance (the last is from 2010). There is a special link for CSR policy that is renewed regularly and presents information on policies for sustainable development, relations with stakeholders, including workers and trade unions, policies on safe products, health and safety and environmental protection. However, it is unclear how far workers' representatives really participated in the preparation of the non-financial information, as they are not at the level of the holding management, but in individual enterprises and not in all of them.</p>
<p>EDF – France Electricity – nuclear plants www.edf.com/the-edf-group-42667.html</p>	<p>EDF, the national electricity company is still in majority public ownership. The management board has established a 'sub-committee on ethics', chaired by a hospital professor, who is the state's representative on the board, and comprising mainly elected union representatives. This committee discusses the annual social and environmental report before its publication. The EDF International framework agreement on social responsibility also contains environmental standards. For annual monitoring a special bilateral body, the 'Consultative committee on Social Dialogue', was set up, composed of representatives of the signatory parties.</p>
<p>AS Aldaris – Latvia Brewery http://www.aldaris.lv/</p>	<p>AS Aldaris, a subsidiary of the Carlsberg Group, has developed a regular reporting system in relation to the workforce and also reports on non-financial issues. In some cases, workforce representatives are also involved in developing the reporting system. However, the general tendency of the company is not to disclose information.</p>
<p>Novartis – Switzerland Pharmaceuticals http://www.novartis.com/</p>	<p>Novartis operates with reference to 10 principles that express the company's commitment to the UN Global Compact Communication on Progress. Since 2004, Novartis has reported on its HSE performance, following the Guidelines for Sustainability Reporting of the Global Reporting Initiative (GRI). In the 2010 GRI report, Novartis included a chapter on the environment, labour standards and decent work, societal issues, product responsibility and human rights.</p>
<p>Norsk Hydro Aluminium Deutschland GmbH Metal – Part of Hydro ASA Group, Oslo http://www.hydro.com/Deutschland</p>	<p>CSR is not a central topic in the supervisory board of Norsk Hydro. However, CSR issues and the annual report are presented there. CSR plays a major role in the group works council and in the European works council. The most prominent topic is global labour and social standards. The communication of CSR to employees is the topic of seminars, intranet and blogs, not the annual report. There might be a strategic opportunity for the supervisory board with regard to CSR. Within CSR, the management focuses on human rights and anti-corruption measures. Environment, health and safety and corporate citizenship are organised separately.</p>
<p>DANONE Deutschland GmbH Food – Part of Danone SA, Paris http://www.danone.de/danone/index.php</p>	<p>The group is a driver of innovative CSR that goes beyond standard rules. Interviews suggest that claims and publications on CSR credibly match actual practice. This refers in particular to the internal communication of CSR and implementation of CSR awareness. Overall guidelines and strategies are developed in France. Thus they can be influenced only through ICC, IUL and global framework agreements. Local employee representatives are involved in project teams. Further influence is possible only if actively pursued by employee representatives.</p>
<p>Beiersdorf AG – Germany Skin and beauty products http://www.beiersdorf.com/</p>	<p>CSR drivers are mainly the capital market and the public. Social dialogue takes the form of codetermination within works councils and supervisory boards. Workers' representatives can demand participation in the development of further strategies. However, employee representatives have not been involved in CSR strategy and activities thus far. They have not seen any added value as a result of their involvement.</p>
<p>Fortum – Finland Energy http://www.fortum.com/en/sustainability/pages/default.aspx</p>	<p>In addition to shareholders, Fortum states that it recognises other significant stakeholders, all with their own expectations regarding Fortum's operations. Various stakeholder groups assess how successful the company is as regards the sustainability of its operations. As a socially responsible company, active dialogue is sought with the different stakeholders with the aim of finding a balance between their various expectations. The employees are explicitly mentioned in this category. A Code of Conduct lays down principles for business conduct applicable throughout the company.</p>
<p>Unilever Group – Germany Chemicals, food – Part of Unilever B.V. Rotterdam and Unilever Plc, London http://www.unilever.com/</p>	<p>CSR plays a major role in the international consumer market. It influences product development and branding. The management follows a top-down approach. Works councils and employee representatives are not directly involved in CSR development, but are informed about strategy (besides the binding codetermination rules). To employee representatives it is unclear what added value they might obtain from involvement. They need to actively seek involvement in the EWC, the supervisory board and the works councils. However, the EWC is not much of a force because the group focuses on Asia/Africa/Eastern Europe.</p>
<p>Wilkhahn GmbH & Co.KG – Germany Home and office furniture manufacturer http://www.wilkhahn.com/</p>	<p>The capital market does not play a driving role in the development of CSR among small and medium-sized enterprises. The personal convictions of management and high-price markets have more impact. For the works council CSR is not relevant, but the topics underlying it are. Environment is a major topic, but not so much for the works council. An international framework agreement (the first for furniture manufacturers) covers responsibility for suppliers and sub-contractors.</p>
<p>LOTOS Group SA – Poland Oil and petroleum http://raportroczny.lotos.pl/</p>	<p>LOTOS subscribes to the concept of sustainable development. Socially responsible business is an integral part of the operations of Grupa LOTOS across all areas: the company seeks to minimise its environmental impact, values the intellectual capital and experience of its employees and is committed to furthering social welfare.</p>

<p>British Airways – UK Airlines http://www.britishairways.com/</p>	<p>The CSR report emphasises two areas for action and two methods of achieving the company's CSR goals:</p> <ul style="list-style-type: none"> – Environment (reduce carbon emissions, waste and noise and improve local air quality.) – Community (support charities and communities in the countries the company operates in). – Marketplace (encourage customers and suppliers to commit to CSR). – Workplace (encourage staff to commit to CSR).
<p>BARILLA – Italy Food http://barillagroup.com/</p>	<p>Workers' representatives and trade unions are not mentioned in the sustainability report. The only reference to the concept of participation is limited to partnership among the groups of stakeholders. It should be pointed out that Barilla recognises about 100 stakeholders' groups and trade unions are only one of them. A permanent panel made up of the most significant groups of stakeholders (about 60) meets twice a year to evaluate sustainability reporting and discuss CSR topics. In the Sustainability Report 2010, stakeholders suggested setting up another team (the fourth) dealing with CSR that involves the employees. The specific request implies a low level of employee involvement in CSR issues to date. Besides stressing that employees are already involved as stakeholders and in training activities, Barilla is committed to boosting workers' participation in CSR. Sustainability criteria are promoted in relations with suppliers and contractors.</p>
<p>ENEL – Italy Electricity – Utility http://www.enel.com/en-GB/</p>	<p>In the introduction to the Sustainability Report 2010, trade unions are not mentioned as stakeholders to be informed and consulted in the course of developing a social corporate strategy. Only 'employees' are acknowledged as formal 'stakeholders' and are involved through initiatives to disseminate the culture of sustainability and to promote sustainability in relations with labour unions in all the countries in which ENEL operates, as well as with regard to instruments for surveying and monitoring company development and extending the leadership review to the entire Group. The sustainability report updates the implementation of CSR standards and pinpoints the promotion of sustainability criteria in the chain of supply and (sub) contracting.</p>
<p>ENI – Italy Gas – Oil http://www.eni.com/en_IT/home.html</p>	<p>Trade unions are categorised as stakeholders along with 'Eni people and suppliers'. The sustainability report stresses that Eni promotes labour rights throughout the world, both by signing cross-border trade union agreements and by applying the Global Compact Principles and cooperating with international organisations. An important indication of this is the Memorandum of Understanding drawn up between Eni and the International Labour Organization to promote decent work in developing countries. The sustainability report provides updates on the implementation of CSR standards and pinpoints the promotion of sustainability criteria in the chain of supply and (sub) contracting.</p>
<p>GENERALI – Italy Assurance http://www.generali.com/generalicom/home.do</p>	<p>Besides information on employment levels in the group and financial results, the sustainability report provides information on labour relations and human rights (union rights of association) in all the countries in which the group operates. The sustainability report identifies three kind of stakeholders: employees belong to the category 'direct stakeholders', together with shareholders and sales force, while trade unions are not explicitly mentioned as a stakeholder. The new Ethical Code contains the key guidelines for the conduct of all those who work in the Group in relations with various categories of stakeholders. In particular, reference is made to relations with political parties, trade unions and associations, as well as with the public administration.</p>
<p>FIAT – Italy Automotive http://www.fiat.it/</p>	<p>Besides giving information on financial and economic performance, the sustainability report deals with several items related to industrial relations and the promotion of sustainability criteria in relations with suppliers and (sub) contractors. According to the sustainability report trade unions and employee representatives are involved through three channels:</p> <ul style="list-style-type: none"> – institutional meetings (European Works Council) and other meetings at all levels (plant, company, regional or national) pursuant to legal or contractual provisions – trilateral meetings (company, trade unions and government bodies) on matters of particular importance – ad hoc meetings at plant, company, regional or national level.
<p>UNICREDIT – Italy Banking http://www.unicreditgroup.eu/en/home.htm</p>	<p>The sustainability report consists of five thematic areas, one of which is 'Our People'. Unicredit's sustainability model provides for two types of stakeholders:</p> <ul style="list-style-type: none"> – principal stakeholders are: employees, clients, shareholders and supervisory authorities – secondary stakeholders are: media and opinion leaders, NGOs, trade unions and the EWC, consumer associations. <p>One of the tools for involving 'employees' (as stakeholders) is evaluation of the perceptions of EWC members with regard to online communication about sustainability strategies. EWC members were directly involved (together with Italian media, NGOs and local councils) in defining the issues that need to be addressed in the sustainability report: two of the themes selected are the strengthening of social dialogue and worker participation.</p>

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