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# NATIONAL STUDY REPORT ITALY

Sindnova, Fondazione Di Vittorio

## Case Study Bosch<sup>1</sup>

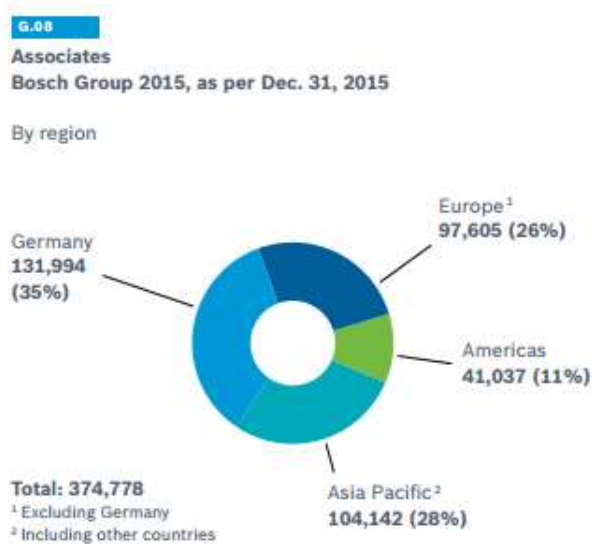
Michela Cirioni, SindNova

**Name of the Company:** Bosch

**Industry sector:** Conglomerate (Automotive parts, power tools, security systems, home appliance, engineering, electronics)

**Headquarters country:** Germany

**Geographical perimeter:** International company operating in over 150 countries, with 350 subsidiaries and regional companies. Relevant presence in: Germany, Italy, Greece, Denmark, United Kingdom, Poland, Romania, Switzerland, Slovak Republic, Turkey, Ukraine, Argentina, Chile, Colombia, Panama, Dominican Republic, U.S.A., Venezuela, Peru, Saudi Arabia, United Arab Emirates, Azerbaijan, Qatar, Tajikistan, Kazakhstan, Malesia, Ethiopia, Namibia, Nigeria, Sierra Leone, South Africa, Tunisia, Uganda, Zimbabwe, Libya, Australia



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### Company profile

The Bosch Group is a leading global supplier of technology and services. The company was set up in Stuttgart in 1886 as "Workshop for Precision Mechanics and Electrical Engineering." It employs roughly 375,000 associates worldwide and it covers 150 countries. Its operations are divided into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. In 2001 the Bosch Group has acquired Rexroth company, giving rise to the Bosch Rexroth AG. Simultaneously, it was established in Italy Bosch Rexroth S.p.A., that comprises the activities of the "Automation Technology Sector" by Robert Bosch S.p.A. and those of Star Micron S.p.A., based in Cernusco sul Naviglio, Milan. A year after Bosch had taken the majority of

<sup>1</sup> <http://www.industrial-union.org/sites/default/files/uploads/documents/GFAs/Bosch/bosch-gfa-italian.pdf>; <http://www.industrial-union.org/sites/default/files/uploads/documents/GFAs/Bosch/bosch-gfa-english.pdf>.

Buderus AG in 2003, the two heat engineering divisions were merged. In 2007, Bosch acquired the software provider Health Hero Network, a specialist in innovative telemedicine

solutions. This proclaimed the return of Bosch in the field of medical technology, developing and marketing software that are outside of the clinical environment to record and evaluate the patient's health information. In 2008, Bosch acquired Innovations Software Technology GmbH, renamed Bosch Software Innovations GmbH from 1 January 2011, with headquarters in Immenstaad am Bodensee in southern Germany. The company was founded in 1997 and develops software solutions for international clients, particularly in the financial and insurance sector

## **Trade union representation and industrial relations**

German industrial relations are characterized by dual channels of representation. Trade unions negotiate collective agreements, while works councils have a representation role in the workplace. Although works councils are not officially trade union bodies, in practice, most works councils are dominated by trade unions: around 75% of all works council members are a trade union member, with some sectoral variation. At local/firm level, they have two functions: co-determination in electing members of company's direction, participation and consultation about specific issues and coordination between the firm and the employees.

At the European level, with the *Agreement Pertaining to Information and Hearing of the Staff and Staff Representation of the Bosch Group in Europe* - signed on 12 May 1998 and in the meaning of Act Pertaining European Works Council from 28 October 1996 (EWCA), was established the Bosch European Works Council, officially named Europe Committee. This is a permanent body with the purpose to regulate the international information and hearing of staff or their representatives in the countries of the European Union in which Bosch has a plant. Based on a strong trade union tradition and works council presence within the company, the Bosch EWC was established with the aim of strengthening a *fair interaction* among company management, Bosch staff and employees' representatives. In order to face the challenges represented internationalization process and the Single European Market, the exchange of information among the actors was considered important for reinforcing dialogue and cooperation. Taking into account the presence of different social traditions within the geographical scope of the company, the EWC Agreement establishes a European staff committee for the central level, and additional information channels for specific countries. The Agreement applies to all the Bosch Group staff falling within its scope (*"countries of the European Union which the Charter on Social Policy in the Annex of the Treaty Establishing the European Community applies to as well as in the other countries party to the Agreement Pertaining to the European Economic Zone of 2 May 1992 including Great Britain"*<sup>2</sup>). Concerning the fields addressed by the EWC, the Agreement mentions company changes, such as mergers and closures, financial issues, new working processes and additional subjects, to the extent that these matters affect at least two member states. The Europa Committee of the Bosch Group is composed by a delegate each 5,000 staff and they rest in force for four years. In addition to the EC members, representatives of the Company management take part to the meetings: they meet once a year and they will inform the staff or staff representatives about they discussed during the EC meetings. Each delegate is appointed, dismissed or substituted according to the national transposition acts entered into force in each country. The EWC forms a Business Committee (BC) composed of its chairperson and two additional members elected by the EWC itself, representing the *dialogue partner of the Company Group Management* in urgent matters that cannot be postponed until the yearly meeting of the EWC. The EWCA was amended during the years by two protocols in 2002 and 2005: the first one, after the acquisition

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<sup>2</sup> Bosch, EWC Agreement, 1998

of Rexroth Company (2001) and the birth of Bosch Rexroth AG; the second modification concerned the participation of the guest countries (Switzerland and Turkey) in the annual EC meeting.

In terms of global representation, Bosch does count yet on a structured and formalized Global Works Council. However, a *Global Committee* is currently in place and holds its meetings every four years at the presence of the European Works Council. The appointment of the selected Global Committee members is carried out according to a specific threshold of minimum employees per country. However, despite the rules of appointment represents 37 countries, in which Bosch operates worldwide. No specific Agreement related to the establishment of the Global Works Council has been signed so far. According to the trade union actors interviewed, there might be a chance to sign an Agreement for the establishment of a steady GWC, but no specific date or negotiation process has been defined yet.

**Title of the Agreement:** Basic Principles of Social Responsibility at Bosch

**Date of signature:** March 2004

**Signatories:** Robert Bosch GmbH, Europa Committee of the Bosch Group, International Metalworkers Federation

**Main contents of the Agreement:** The International Framework Agreement was signed in 2004. The main topics regulated by this IFA are the following:

- 1) Respect and recognition of Human rights
- 2) Equal opportunities and no discrimination
- 3) Integration of handicapped people and cooperation
- 4) Free choice of jobs
- 5) Rights of children. Child labour is not allowed
- 6) Relations with associate representatives and their institutions. In this section it refers to representatives of employees, so-called "associates". Associates can join trade unions of their own free will and they will neither receive undue advantage nor suffer any disadvantage as a result of their membership in trade unions.
- 7) Fair working conditions, with respect to the principle of "equal remuneration for work of equal value" of ILO Convention
- 8) Occupational health and safety
- 9) Qualification, to encourage associates to train to acquire skills and knowledge and to expand and enhance their professional and specialist know-how
- 10) Occupational health and safety
- 11) Qualification, to encourage associates to train to acquire skills and knowledge and to expand and enhance their professional and specialist know-how
- 12) Environment. The Agreement states the commitment of the company to preserving and protecting the environment
- 13) Implementation. Regarding the implementation, the IFA as a statement of principles is integrated into the "Management System Manual for Quality, Environment, Safety, and Security in the Bosch Group". Responsibility for the application of this principles is thus clearly a prerogative of the management, with

authority delegated to the “senior management” of the respective divisions, regional subsidiaries and company locations. Monitoring of the Agreement is based on subsidiarity: complaints will be discussed and implemented by the senior management and associate representatives responsible at local and national level. The Executive Committee of the Europa Committee of the Bosch Group will be informed about any complaints that cannot be dealt with satisfactorily at a national level. No expiration date of the Agreement is stated.

**Previous TCAs signed by the Company:** There are not previous IFAs signed by the Company

## 1. MONITORING AND IMPLEMENTATION<sup>3</sup>

With reference to the implementation phase, the Agreement does not mention the presence of any specific meetings or reports to document the effective implementation of the principles envisaged. Neither a specific monitoring body is set up. However, in terms of the actors in charge of the application, the Agreement clearly mentions the main role played by the “*senior management of the respective divisions, regional subsidiaries and company locations.*” Company management is therefore clearly pointed out as the main responsible for the implementation of the Agreement throughout the geographical perimeter of the company. In case breaches in the implementation of the Agreement may occur, following an investigation the senior management and trade union representatives (named *Associate representatives*) will be required to take action in this regard. The Executive Committee of the European Works Council (**Europa Committee**) will be informed and the issue will be discussed by both parties during the meetings between EWC and the Board of Management.

The *monitoring* process of the agreement is not formally specified. According to the EWC chairperson interviewed the annual meeting of the Europa Committee is the proper platform where the major issues about the compliance of the agreement can be discussed. In addition to this meeting, every four year the **Global Committee** holds a meeting where grievances raised by extra European members can be discussed. In terms of *reporting*, currently the annual corporate social responsibility report, edited by the Bosch management, is the main resource.

At the time of the Agreement’s signature (2004), the Bosch Global Works Council was not yet established. Therefore, no mention is provided in the text. The European Works Council on the other hand was one of the main actors involved, in its role as signatory party. Despite the fact that officially EWCs have no competence in negotiating TCAs based on the provisions expressed in the EWC Directive 45/94/EC and the recast Directive 2009/38/EC, it is a matter of fact that “*a large number of TCAs co-signed by EWCs were concluded by MNEs with German headquarters, thus mirroring the important role of works councils in the dual system of interest representation.*”<sup>4</sup>

The dissemination of the Agreement is shared among Bosch employees, following the consultation between company management and employees’ representatives. The company intranet is used to share the contents of the IFA among employees and suppliers. The basic principles of social responsibility mentioned in the IFA are part of the handbook that every employee is required to sign when joining the company.

Concerning the suppliers, the Agreement underlines that the lack of compliance with the principles mentioned in the IFA will impede any work relationships between Bosch and the supplier. The Bosch Code of Business Conduct defines the internal regulations of the company, by taking into account the

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<sup>3</sup> The analysis of the Bosch case was supported by the interviews carried out with some of the actors in charge of the monitoring process: Mr. Michele Ungaro (FIM CISL), Mr. Ralf Götz (Bosch EWC, IG Metall), Gianni Alioti (FIM, CISL)

<sup>4</sup> International Labour Organization (ILO), *Shaping Global Industrial Relations. The Impact of International Framework Agreements*. Editors: Papadakis, K. (Ed.), 2011

fundamental principles established by the IFA and adding further principles such as legality. The monitoring process of the Code of Business Conduct is ensured by "each operating unit", that is "responsible for compliance with the provisions of this Code of Business Conduct, as well as with other internal regulations within its area of responsibility."<sup>5</sup> Moreover, Corporate Internal Auditing and subunits can perform audits. The relationship with suppliers is further defined in the text, despite no specific reference is given to the compliance with the ILO core labor standards. It states that "Suppliers shall be selected solely on competitive merit, based on a comparison of the price, quality, performance, and suitability of the products or services offered."<sup>6</sup>

The Code of Ethics of Group<sup>7</sup>, integrating the Code of Business Conduct adopted by all companies of the Bosch Group, was signed in Italy. It mentions the principles of the Bosch IFA. The relationship to suppliers is based on the fact that they "must ensure working conditions for their employees based on the respect for fundamental human rights, international conventions and the laws in force."<sup>8</sup> More in detail, the Code of Ethics refers to child labor, forced labor, compliance with salaries and benefits as set by national legislation, health and safety safeguard. Suppliers are also required to share the Code of Ethics with their sub-suppliers.

When conflicts occur at local level, if the dispute cannot be solved at country level or at subsidiary level, then it is managed at central level. Bosch is a centralized company and sometimes, due to the significant geographical scope of the conglomerate, it is not easy to reach every subsidiary. No specific dispute settlement tools are in place.

The IFA has not encouraged so far the implementation of specific training courses or activities aimed at reinforcing or educating on the principles envisaged by the Agreement. However, "Bosch, international workshops for implementing their international framework agreements have been initiated and held, at which the representatives of the workforce from the various countries and continents got to know one another, exchanged their experiences and discussed how to proceed on the implementation of the framework agreement".<sup>9</sup>

In terms of participatory approach and role played by CSOs, NGOs have not been so far involved in the monitoring of the Agreement.

## 2. ASSESSMENT OF THE ACTORS INVOLVED

According to the German EWC representative, a positive assessment can be given to the effectiveness of the Agreement. More relevance should be put on the fact that the text is not a simple tool of Corporate Social Responsibility but refers to an Agreement among trade unions, EWC and Company management.

The Agreement represents an added value for Bosch company at global level, by disseminating the ILO core labor standards all across the company area. Even if in some geographical areas like Europe trade union activities exceed these principles, it helps to raise the standards in other countries. Especially those that did not implement the labor core conventions like the United States.

According to the interviews carried out, it was pointed out that the Agreement is not extensively known within the subsidiaries abroad. However, this assumption is not exhaustive due to the focus of the research based only on the home country of the company and the subsidiaries involved in the geographical perimeter of the project partners. With specific regard to Italy, the Italian EWC member underlined the lack of in-depth knowledge of the

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<sup>5</sup> Bosch, Code of Business Conduct

<sup>6</sup> Bosch, Code of Business Conduct

<sup>7</sup> Robert Bosch S.p.A. (RBIT), Code of Ethics, approved by the Board of Directors on 25 May 2012

<sup>8</sup> Robert Bosch S.p.A. (RBIT), Code of Ethics, approved by the Board of Directors on 25 May 2012

<sup>9</sup> IG Metall, International /Europe Department, "Implementing and Monitoring an International Framework Agreement", July 2006

Agreement but underlined the good relationship with the company management for gathering additional information about the IFA.

When asked whether the TCA represented a way for strengthening the information and consultation rights, it was replied positively. It helps to broad EWC competence and to enforce these rights. However, the interviewed mentioned that it is not clear whether these rights are fully enforced outside the EU. What is sure on the other side is that the IFA provides some common ground for trade unions and works councils. Starting from this base, they have a tool to use towards the company that has the obligation to enforce the Agreement.

In terms of room for improvement, the interviewed mentioned this possibility but also pointed out the **difficulties in renegotiating the Agreement**. The text was signed in 2004, and since then many developments have occurred at global level. Moreover, there is a bit of ambiguity about the actors involved in the different phases. However, the Bosch Agreement was one of the first IFAs to be signed. This explains the plain structure and short length of its text. Among the amendments that could be introduced, a **joint committee** between employee and management would be a good added value. At the time of the interviews, no renegotiation process was planned. The Agreement itself does not mention any expiration date for the renewal. In order to address the problem of renegotiation, the German representative stated that it is necessary to become more solid at international level. Currently, in addition to the main role played by the EWC and IndustriAll European Trade Union, IndustriALL Global Union is present in the global meetings.

A renegotiation able to introduce a Global Works Council Agreement would represent an important result. Currently the GWC holds its meeting every four years but it is necessary to reinforce the representation at global level, by creating a steadier global structure. Moreover, a closer attention to the production side instead of the retail side would be encouraged as well. Being Bosch a conglomerate operating in a variety of businesses, the GFA covers different sectors including the automotive, industrial, home appliances and building technologies.

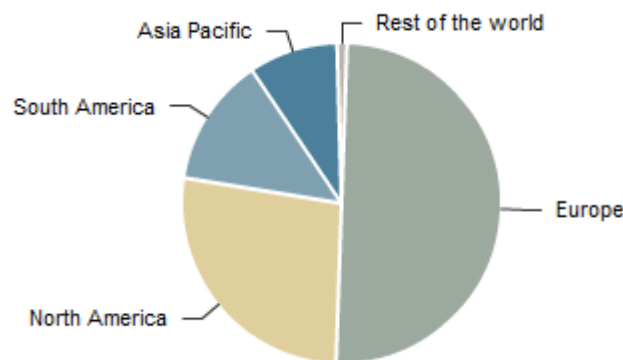
## Case Study Electrolux<sup>10</sup>

Salvo Leonardi, Fondazione Di Vittorio

**Name of the company:** Electrolux Spa

**Headquarter country:** Svezia

**Geographical perimeter of the multinational company:** In 2016, the average number of employees decreased to 55,400 (58,265), of whom 2,076 (2,027) were in Sweden. At year-end, the total number of employees was 53,889 (55,245).



### Company profile

Electrolux is a Swedish multinational corporation<sup>11</sup> and a global leader in household appliances and appliances for professional use. Electrolux has absorbed several companies over time. In some cases they continuous production under the brand name of the companies it has acquired. Under esteemed brands – Including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine – the Group sells more than 60 million products to customers in more than 150 countries every year.

Today, Electrolux is one of the top five worldwide producers<sup>12</sup>. With its brands holds 25% of the world market of home appliances. Roughly 50% of sales are in the Americas, 35% in Europe (a shift from 50% five years ago) and 15% in other markets. Growth markets now represent 30% of the business and the goal is to increase this share significantly moving forward. In 2015, Electrolux had about 58,000 employees. In Europe it has 22 manufacturing facilities.

In Italy – where it took over post-war iconic brands, such as Zanussi and Zoppas<sup>13</sup> - Electrolux has still its last great bastion in western Europe, with a workforce of 5,650 (2014)<sup>14</sup>, distributed in five differently specialized

<sup>10</sup> <http://www.euro-br.eu/fileadmin/downloads/agreements/electrolux-en.pdf>

<sup>11</sup> Founded in 1910 in Stockholm as Elektromekaniska AB, changed the name to Elektrolux when he joined the Lux in 1919, to finally become “Electrolux” in 1957.

<sup>12</sup> Leading companies of this industry include the Chinese [Haier Electronics Group](#), the U.S.-based [Whirlpool](#), the German Bosch and Siemens Group, the Swedish company Electrolux, and the South Korean multinational giant [LG Electronics](#).

<sup>13</sup> Until not long ago, the white goods sector employed 120,000 people, mainly concentrated in Whirlpool and Electrolux as well as in two other internationally renowned Italian companies, Candy and Indesit. In the mid-80s Zanussi, before it was taken over by the Swedes, employed a staff of 31,000.

<sup>14</sup> In 2004 the Group employed a staff of 11,000. Headcount decline occurred gradually, year by year, as workers were granted exit incentives. These, averaging between € 30-40,000 gross, were mostly accepted by immigrants, who formed a significant segment of the workforce in Italy.



plants: Porcia-Pordenone (1,400 employees), Susegana-Treviso (1,214), Solaro-Milano (963), Forlì (968) and Valledoncello-Pordenone (888). Each one is specialized in the production of a specific domestic appliance: washing machines, refrigerators, dishwashers, ovens, professional kitchens. The plants have generated a significant range of related industries. According to some estimates, for every worker employed directly by Electrolux, there is at least another who works in the factories that operate for Electrolux.

Competition in the domestic appliances sector has been extremely tough over the past years, as players have leveraged labour cost differentials for products that have, on an average, little added value. This approach has triggered a rapid process of international delocalization as the surviving big western players – Americans, German and Swedish – have steadily moved their low-cost manufacturing in central-eastern European countries, where internal demand is higher and where – more significantly – labour costs are lower. The Electrolux production is gradually moving east, especially to Poland, where the Swedish corporate employs some 3,500 people. In 2014, facing staff reductions and cuts in salaries, despite the increase in revenue from 2001 to 2012 was 2 billion euro and assumptions in the world increased by 6,000 units. Output in the Group’s Italian plants has halved, down to 1 million pieces in 2014 from 2 million in 2005. Italy’s share of the European market is 13%, down from 24% in 2008. The sharp fall was principally due to declining internal demand (-25% from 2008 to the present) and to tougher competition from countries where labour costs are sensibly lower, namely Poland and Hungary but also Turkey and Korea.

## Rate of employee turnover

	2014	2013	2012	2011	2010
Total employees - Male <sup>1)</sup>	28,258	33,195	41,053	26,283	27,997
Total employees - Female <sup>1)</sup>	15,258	16,800	18,425	15,042	15,404
Employee turnover - All employees (%) <sup>1)</sup>	27%	14%	12%	20%	16%
Employee turnover - Male (%) <sup>1)</sup>	27%	16%	12%	23%	18%
Employee turnover - Female (%) <sup>1)</sup>	27%	12%	12%	15%	12%

Electrolux has various human resource-related policies in addition to Codes and standards. They include the Appointment of Senior Managers Policy, the Recruitment and Internal Transfer Policy, and the Grandparent principle—all designed to ensure fair and transparent hiring practices—as well as the Compensation Policy and Pension and Other Benefits Policy, defining a consistent approach to remuneration. The corporate is externally regulated by the Swedish Companies Act and code of Corporate Governace, whereas the major internal regulations include the Board of Directors’ working procedure, the policies for information, finance, credit, accounting manual, etc., the processes for internal control and risk management and, last but not least, the Electrolux Code of Ethics, Policy on Corruption and Bribery and Workplace Code of Conduct

For what concerns collective bargaining, the coverage in the Group’s plants all over the world is in average pretty high, esteemed around 63%, according to the Group’s data covering 53 production facilities, 24 warehouses, and 30 offices corresponding to 43,516, employees covered.

As regulated by Swedish law, labor relations starts at the top. The Board of Directors comprises non-executive members, the President and three employee representatives together with their three deputies. Working within

the guidelines of the global Industrial Relations Strategy, Labor relations are primarily managed at the national and local-site levels in accordance with the CoC and Workplace Standard.

## **Code of Ethics and International Framework Agreement**

The Electrolux approach to labor practices is to enhance a sustainable approach starts at home, with safe workplaces, mutual respect and common values. For achievements and objectives regarding labor practices, refer to the performance reviews of People and operations (Ethical Business), performance reviews of Stakeholders and society (Responsible sourcing) and to Community for insights into shifting production to low-cost regions. Electrolux aligns its management of labor and human rights with the Foundation through Group codes and policies, both internally and along the supply chain.

Electrolux vision is to be “the best appliance company in the world as measured by our customers, employees and shareholders”. Yet, “to create customer value by developing innovative products at an increasing pace across the globe” (Electrolux Annual Report 2015).

Ethics at Electrolux is an ethics program comprising training and a whistle-blower facility – The Ethics Helpline. Educational materials use scenarios to explore ethical dilemmas employees may encounter in their work. The program is a cross-functional initiative, led by Sustainability Affairs together with Human Resources, Group Legal and the internal audit function Management Assurance and Special Assignments (MASA). The purpose is a program that encourages all employees in the company to contribute to developing smart, resource-efficient solutions, and creating value beyond market and financial objectives. It has also been a means to support integration of the sustainability strategy. In 2014, approximately 4,200 employees have been engaged in purpose workshops held across the company.

For what concerns the labor issues, the Swedish corporate has a long tradition of providing safe and healthy working conditions, and to care for the environment as well as employees and local stakeholders. An important fundament for this approach is the Electrolux Workplace Code of Conduct, adopted in 2002 and updated in 2014<sup>15</sup>. A new global Industrial Relations Strategy was developed in 2013 and introduced in 2014. Dialogue with international unions such as IndustriAll and IF Metall, learnings from experiences in emerging markets and engagement with investors informed the strategy process.

The Electrolux Code of Ethics and the Code of Conduct (CoC), supported by the Workplace Standard. The Standard outlines mandatory practice to ensure CoC compliance. All sustainability-related policies and procedures affirm the Group’s endorsement of the UN Global Compact principles on human rights, labor, the environment, anti-corruption and the respect and support of labor rights as set out by the ILO Declaration on Fundamental Principles and Rights at Work. The CoC and Workplace Standard apply in equal measure to Electrolux operations and along the supply chain. The revised CoC and Workplace Standard were approved and launched in 2014.

The Electrolux Code of Ethics formalizes the principles by which the Group conducts its relations with employees, shareholders, business partners and other stakeholders. The Electrolux Workplace Code of Conduct, Policy on Countering Corruption and Bribery and Tax Policy fall under the umbrella of the Code of Ethics and are more operational in nature. The Environmental Policy was first launched in 1993. They are all based on fundamental conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises. The

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<sup>15</sup> The European appliance industry association, CECED, also has a Code of Conduct that aims to promote fair and sustainable standards for working conditions and environmental performance among its company members. Electrolux played an active role in its development and fully endorses the Code.

Code defines minimum acceptable standards for health and safety, environment, labor and human rights – in all countries, wherever we operate. It is based on internationally recognized treaties and agreements, such as the core conventions of the International Labor Organization, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact. It covers issues like child labor, forced labor, health and safety, non-discrimination, harassment and abuse, working hours, freedom of association, environmental compliance, corruption and business ethics. The Code of Conduct is applicable to all Electrolux locations and compliance is required of suppliers. The Code is further specified by the Workplace Standard, which contains detailed requirements as well as examples of best practice. To support the education in the Code as well as compliance, Electrolux have education, risk assessment and audit programs in place.

As of 2010, Electrolux has an International Framework Agreement (IFA) in place, signed together by the KFD of the AB Electrolux Board of Directors<sup>16</sup> with the Swedish trade unions IF Metall, Unionen and the federation formerly known as the International Metalworkers Union (IFM), now IndustriAll): an organization which affiliate approximately 50 million members in 140 countries.

The text is composed by two pages which basically reproduce, in the form of a collective agreements, aims and scope of the former unilateral code of conduct. Through this, Electrolux and key unions underline the Group's commitment to maintain the same standards in all the countries where it operates, and specifying core ILO conventions. The company intends, in the first lines, credit as "a responsible employer and a good corporate citizen, with products and solutions that contribute to improving people's lives around the world (..) with respect and consideration for human rights, human safety and health and for the environment". This must be valid in the manufacture, distribution and sale of the products.

The agreement is based on universal standards of business practice, including those of the ILO, OECD Guidelines for Multinational Enterprises and the Electrolux Workplace code of Conduct. The compliance of whom, it's written: "is responsibility of all employees and management". The IFA of Electrolux is expressively a summary of its previous Code of Conduct, which is now said to be "applicable to all locations and units within the whole Group and – importantly – the compliance is required to all the suppliers and subcontractors. This implies that all Electrolux Group units, suppliers and subcontractors "shall operate in full compliance with relevant law and regulations".

Child labor and forced (or involuntary) labor are not tolerated in any form, with explicit references to the ILO Conventions No. 138. 182 and 105). Beside, Electrolux "doesn't accept discrimination", in the sense that "all employees shall be treated strictly according to his or her ability and qualifications in any employment decisions". Here the reference goes to the ILO Convention No. 100). Also the freedom of association and right to collective bargaining are recognized on the basis of the ILO Conventions No. 87 and 98). All employees are free to exercise their legal rights to form, join or refrain from joining organizations representing their interests as employees. No intimidation or harassment, in such a field, will be admitted, while the employer has to respect the employees' right to collectively bargain.

All forms of harassment and abuse are prohibited and earned wages "shall not be deducted as a fine or penalty under any disciplinary practice unless regulated under a collective bargaining agreement or recognized under laws".

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<sup>16</sup> The Board of Directors consists of nine members, without deputies, who are elected at the Annual General Meeting for a period of one year. Three members with deputies are appointed by the Swedish employee organizations, in accordance with Swedish labor laws. KFD is the employee representatives on the Board of the Electrolux Group

Environmental issues are emphasized as “a core concern for Electrolux”, through an holistic approach with the objective of minimizing the environmental impact from production, product use and disposal. Standards will be resulting from applicable legislation and the Group specific requirements. Health and safety of working conditions, but also of residential facilities will be respected with the applicable law “as a minimum”. The employer should take appropriate action to prevent workplace accidents or illness. A “healthy balance between work and free time”, in terms of working time for all employees, is part of such an attention.

Wages, including overtime and benefits, shall equal or exceed the level of required for all employees.

Monitoring and compliance. To these issues the agreement devotes its last paragraph. First of all it's said that “Management is responsible for implementing and informing employees of their rights, duties and responsibilities under this International Framework Agreement and Electrolux Workplace Code of Conduct”. Secondly, “Implementation and compliance with these provisions will be reported on and discussed once per year with the employee representatives (KFD) of the AB Electrolux Board of directors”. In such a manner, the employees' participation according to the Swedish legislation comes to play a role into the IFA's management. “One representative each from LO and PTK will participate in the committee monitoring compliance of this IFA and Code of Conduct”, Therefore, a “committee monitoring compliance” is foreseen. “The parties are always entitled to initiate discussions and reports on incidents occurred. For this purpose, both parties can involve external expertise, should this so be required”.

The agreement has an indefinite duration, but in case of “substantial changes” in the Code of Conduct, the KFD representatives “have the right to initiate negotiations regarding the agreement”.

In addition to the IFA, the parties made [a separate agreement](#) which commits the company to not organize or finance company or 'yellow' unions, to not implement or support any union busting activities and to not adopt any initiatives capable of discouraging workers from forming authentic unions.

## **Implementation**

The IFA at Electrolux has not foreseen a dispute settlement and sanction system. In his stead, the agreement is characterized by a monitoring system. The management, which is responsible for the implementation and dissemination of the contents of the text, is committed to maintaining adequate documentation who can prove, if necessary, the compliance of its conduct, as well as that of its suppliers and contractors, to the regulatory framework provided IFA”. And she goes on: “In addition, as a condition for the establishment of relations contract with the group, the agreement provides that the company authorize suppliers to accept audits, including confidential interviews with workers, by representatives of Electrolux appointed by the head of the company.

As of 2010, Electrolux has an International Framework Agreement (IFA)] in place, Electrolux and key unions underline the Group's commitment to maintain the same standards in all the countries where it operates, and specifying core ILO conventions.

Potentially, Electrolux has a number of ways of ensuring that the Code of Conduct is fulfilled within its operations and along the value chain and these are described in Auditing and monitoring. As each unit's line management has particular responsibility for active implementation of the CoC and Workplace Standard, they play a crucial role in implementation. This includes communicating CoC requirements within their unit on a regular basis through training and annually assessing the unit's CoC performance. Responsibility also includes ensuring that practices and processes align with the CoC. Suppliers are required to uphold the same standards, and are audited, based on risk of non-compliance, as described in the Human rights management approach section of this report.

In fulfillment of agreements, CoC compliance is reviewed and discussed with employee representatives on an ad hoc and annual basis. Dialog covers outcomes of the CoC assessments and internal audits, an overview of cases reported through the Ethics Helpline and general improvement areas.

Swedish Board union representatives visit select regions within the Electrolux sphere on a needs basis to educate local union representatives and share best practice on union work.

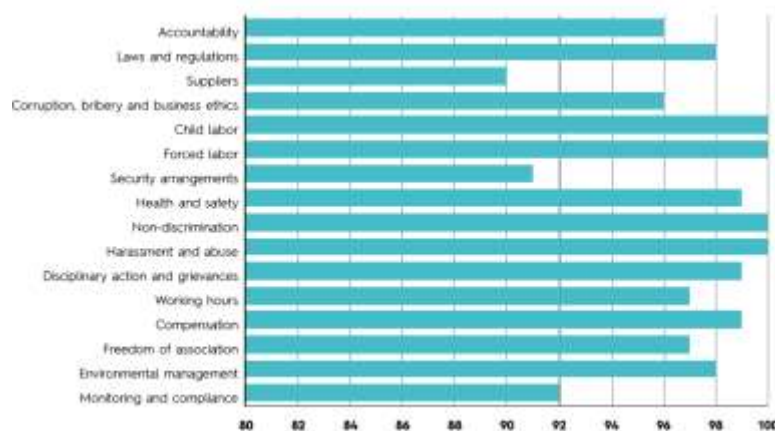
The annual ALFA (Awareness-Learning-Feedback-Assessment) and CoC audit program and their follow-up processes are described in Auditing and monitoring. They ensure management attention to the CoC and Workplace standard, and help identify improvement areas. The ALFA assessment gives a broad overview while the internal CoC audit program is designed to achieve a deeper understanding of CoC compliance. As outlined in Auditing and monitoring, the selection of facilities for auditing is based on factors such as the human rights risk level of the country, historic audit performance of the unit, Helpline calls, customer requests and the nature of activities. In 2014, 12 (22) of 24 (27) facilities in high-risk countries were audited. Aggregated audit outcomes indicate an improvement and the number of findings per audit decreased from ten in 2013 to five in 2014.

Additionally, the global ISO certification program for environment and quality encompasses annual audits of all manufacturing facilities, with recertification audits every third year. For selected sites, the audits also cover OHSAS for health and safety.

The results from the 2014 ALFA assessment indicate that there are opportunities to improve Code of Conduct compliance in the areas of supplier management, security arrangements and monitoring.

The ALFA 2014 assessment was updated to include the new requirements in the revised Code of Conduct and Workplace Standard. Strengthened and clarified requirements have led to reduced alignment with the Code in the areas of 'Supplier' and 'Freedom of association'. Alignment with the new CoC section 'Security arrangements' also indicates room for improvement. Additionally, 'Monitoring and compliance' continues to be one of the weaker areas, as a few sites report that they lack efficient processes in place to assess CoC compliance annually. The ALFA will be used to monitor progress on implementing the new CoC and Standard in the next few years. Electrolux conducted 12 (22) internal Code of Conduct audits.

### Internal Code of Conduct Audit findings



In those regions where worker associations are not possible or not yet fully developed due to national praxis, each unit and supplier is expected to find appropriate and legal mechanisms through which workers can

effectively express workplace concerns to management. Records are to be kept from these formalized consultations and made available upon request.

Within Major Appliances, each manufacturing facility develops a one to three year safety action plan based on minimum global standards. Each month, the management team at each facility meets with employees to review safety and environmental incidents and develop prevention actions. They identify both risks on site and mitigation plans. The Major Appliances global safety team is responsible for the development and implementation of the health and safety recording system. It collects safety statistics monthly and incident reports daily for every manufacturing facility on a monthly basis, thereby identifying commonalities between production groups, regions and by product line. Another focus is on setting minimum standards for high-risk tasks across the business.

The group-wide accident rate was reduced by 10% (10%) this year, taking the company a few steps closer to realizing its vision of accident-free facilities. This data encompasses all Group factories, warehouses and newly acquired operations. The Group's work with OHS primarily focuses on the safety of workers in production and secondly to raise awareness on health and wellbeing of office workers.

All employees in production are covered by a system for monitoring incidents and worked hours. Employees in Major Appliances are covered by the OHS Safety Management System assessment process, as described in Auditing and monitoring. Major Appliances has a goal to operate 25% of its plants at OHS best practice levels (TCIR of less than 0.25) by 2015. Three of four Small Appliance factories use the same reporting system as Major Appliances.

In of 2014, the group-wide Employee Engagement Survey (EES) measured safety awareness levels among all factory workers. Survey outcomes indicate a high degree of safety awareness among employees. Improvement areas include more active 'leadership by example' from managers and Health and Safety training.

Oversight of training programs is provided by Human Resources. Responsibility for CoC training and, awareness rests with local line management. Performance is followed up through the CoC audit program. In 2014, training on the revised Code of Conduct and the Industrial Relations Strategy was rolled out to all Sector Leadership teams apart from North America where it will be carried out early in 2015. Training is [tailored to a variety of audiences](#), targeting in particular line managers at unit level in plants and purchasing managers world-wide.

### **The case of Thailand**

The IFA stipulates that all Electrolux employees are free to exercise their legal rights to form, join or refrain from joining organizations representing their interests as employees. In addition, Electrolux insists that all operations and those of its suppliers respect employees' right to collective bargaining. The revised CoC and Workplace Standard are further aligned with OECD Guidelines for Multinational Enterprises and ILO core conventions in these regards. Freedom of association provisions include parallel means, which are to be put in place in countries where the right to freedom of association and collective bargaining is restricted. Every unit must have mechanisms in place to ensure that workers can express their concerns to management and that records are kept from formalized consultations.

In spite of all these provisions, we're aware of a case at least, where they were not respected or even openly violated. In 2013, in Thailand. In 2010, as a concrete example of the willingness to act in a spirit of international solidarity, Swedish IF Metall had got engaged in organizing workers in the Electrolux plants in Rayong, in Thailand, which produces washing machines and dryers. These plants employ about 700 workers and 60 per cent are male workers. The mission members met the top management of two Electrolux companies and conveyed their desire

to organize these plants under TEAM. They also met several members of the company's welfare committee, and briefed them on their rights to form a union to represent workers interest. The workers representatives were receptive to the idea of forming union in these companies. Ulf Carlsson, President of the unions for Electrolux in Sweden, explained that in his country the Group is highly unionized and the relationship between management and his union is positive. He stressed that in Thailand too this could be the situation if the workers could form a union to protect themselves. Carlsson said it is the desire of his union "to ensure that all the Electrolux plants around the world be unionized and in this regard IF Metall will work with the IMF to make representation to management of companies and also engage the workers wherever possible". Erik Andersson stressed that, "IF Metall being part of the IMF family would actively engage in the question of organising Swedish companies around the world and this is definitely going to be a big challenge for IF Metall." The local management of the Electrolux plant was open to the idea of their workers forming a union and this is certainly an encouraging development. TEAM President, Chalee Loysong expressed his willingness to assist the workers to join TEAM. He hoped other unions in the developed world would emulate this good example of the Swedish union.

To contact the Swedish employee representative within the Group's Board of Director – in charge of monitoring the full respect of the IFA – was not possible. But on our request, some Swedish unionist gave us some useful information, like the important and regrettable episode of anti-union action occurred in Thailand on 11th January 2013. It was immediately denounced to the President and CEO of AB Electrolux, Keith McLoughlin, either by the Swedish unions and IndustriAll Global Union, whose General Secretary (Jyrki Raina), in January 2013, sent a letter of protest and request of explanations. In the Group's Thai factory of Rayong, more than 100 local workers and union members had suffered a lock-in, including a pregnant woman in her sixth month, forced detention for eight hours, and the mass dismissal of 127 workers, including union members and the workers' representatives. The aim of all that was to eliminate collective bargaining demands from the workers, including bonus payment, wage increase, and changing the status of agency workers to permanent workers after 6 months of services. After the lock-in, the management dismissed workers, mainly targeting the union members. The dismissed workers have been fighting against the management's unjust union busting tactics and they submitted their grievances to the Parliament's Labor Commission.

For the international and for the Swedish unions such a fact constitutes a crystal clear union-busting attempt to force upon workers an unfair collective bargaining process. "These actions – in the words of the IndustriAll Global Union – are in clear violation of the International Framework Agreement, which ensures workers' basic rights". Therefore, the request was to immediately reinstate the dismissed workers and union members and return to the collective bargaining table to achieve a fair and just resolution of this conflict as well as create a constructive relationship between labour and management.

### **Comments and remarks**

The Electrolux IFA was basically negotiated by the Swedish unions, though signed also by the global sectoral federation. The same thing can be said about the monitoring process, a matter for the Board of Directors, so that one could say that the Electrolux IFA has been for a large part an internal, domestic affair at level of the Swedish industrial relations between the national social partners. The exclusion of all the other national employees representations and unions provoked, since the beginning, a broad discontent. Some national organizations, in particular, individually or represented within the EWC and European sectoral federations, manifested their discontent to their Swedish colleagues about the way they had managed the negotiating process. The critics concerned to have eluded any possible involvement from other countries' representation, with ignoring certain guidance adopted by the sectoral international federations, either at the European and Global level. As we've

been said by a national responsible of the international office, the Italian metal unions were very upset at regard, as their country – hosting the highest number of plants and workforce on the continent – was kept at the obscure by the negotiation which was going on. The Italian coordinator of the Electrolux EWC, at that time, protested officially with the Swedish unions for the way the agreement had been reached. Also the global union (FISM), which co-signed the IFA only at a second stage, was pretty unsatisfied, due to the fact that the negotiating process had not followed the guidelines for transnational bargaining, adopted a few years before by the federation. Some national unions, completely excluded by the process, asked for not including the Electrolux agreement from the official list of the recognized IFAs. The answer of the Swedish union was that the signatory delegation was including Stefan Löfven, the current Prime Minister, that at the time was also sitting on the board of the FISM. Things improved gradually. Especially after the subscription of the separate agreement about “yellow unions”.

Speaking on behalf of IF Metall, Erik Andersson said that the union was particularly pleased with the separate agreement as an important complement to the IFA. He said, "with this IFA and the separate agreement, we will strengthen trade union organization at all Electrolux plants throughout the world. Now, with IMF assistance, we will proceed to build union networks.

According to an Italian expert who has commented the Electrolux' IFA, Paolo Tommasetti: "The IFA Electrolux is qualified by at least three key components: a) the reminder of the basic standards of the ILO work; b) the requirement of the standards' compliance by all units, sub-contracting and suppliers; c) the involvement of the national trade unions in the implementation and monitoring mechanisms. Furthermore, it represents an element of innovation where it explicitly ban any tolerance of yellow unions, absent in such an explicit way, in other transnational company agreements.

As we have seen, all units within the Electrolux Group, as well as subcontractors and suppliers, are called to act in full compliance with the laws and regulations in the countries in which they operate. The text refers more than once to the local legislation to take her as a basic threshold, that the agreement does not intend to reduce some but possibly raise, according to a typical pattern of non-regression clause.

An element of innovation that characterizes Electrolux paper, compared to similar initiatives undertaken by other transnational groups, is the introduction of an IT platform developed to disseminate the content, collect best practices and monitor the implementation of the code.

The agreement provides that, in case of not compliance, workers are encouraged and expected to report this to local internal officials, pointing out that this will not result in retaliation or other adverse consequences. Still, the company is committed to documenting and discussing the implementation and enforcement of the provisions of the text once a year with representatives of the employees within the Board of Directors.



## Case Study ENEL<sup>17</sup>

Michela Cirioni, SindNova

**Name of the Company:** ENEL

**Headquarters country:** Italy

**Industry sector:** Electricity sector

**Geographical perimeter of the multinational Company:** International company operating in over 30 countries across four continents. Relevant presence in: Italy, Spain, Portugal, Romania, Slovakia, Argentina, Brazil, Colombia, Perù, Chile

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<sup>17</sup> The analysis of the ENEL case was supported by the interviews carried out with some of the actors in charge of the monitoring process: Cristina Cofacci Industrial Relations Head Office of ENEL, Antonio Losetti, EWC and GWC Coordinator (FLAEI trade union representative). The GUFs involved in the signature of the Agreement (PSI and IndustriALL Global Union preferred to postpone their interview after the renegotiation process of the Agreement) [http://www.world-psi.org/sites/default/files/documents/research/19\\_-\\_enel\\_global\\_framework\\_agreement\\_-\\_inglese\\_14\\_giu\\_2013.pdf](http://www.world-psi.org/sites/default/files/documents/research/19_-_enel_global_framework_agreement_-_inglese_14_giu_2013.pdf).

Employees (no.)

	2015	2014 restated
Italy <sup>(1)</sup>	28,774	29,656
Iberian Peninsula	10,001	10,500
Latin America <sup>(2)</sup>	12,211	12,301
Eastern Europe <sup>(3)</sup>	10,200	10,411
Renewable Energy	4,309	3,609
Other, eliminations and adjustments	2,419	2,484
<b>Total</b>	<b>67,914</b>	<b>68,961</b>

Source: Enel Annual Report 2015

### Company profile

Enel is a multinational energy company and one of the world's leading integrated electricity and gas operators. Enel works in more than 30 countries across 4 continents, generating energy with a net installed capacity of around 84 GW and distributing electricity and gas across a network spanning about 1.9 million km. With more than 61 million end users around the world, it has the biggest customer base among our European competitors, and it is considered one of Europe's leading energy companies by installed capacity and reported EBITDA.

The Enel Group is made up of nearly 62,500 people from around the world whose work is based on the values of Responsibility, Innovation, Trust and Proactivity, working together on the same goal of "Open Power" in order to tackle some of the world's greatest challenges.

The portfolio of power stations is highly diversified, running on hydroelectric, wind, geothermal, solar, thermoelectric, nuclear and other renewable sources of power. Almost half of the energy generated by Enel is produced with zero carbon dioxide emissions, making the group one of the leading producers of clean energy. The Company manages around 38 GW of installed capacity from water, wind, geothermal, solar, biomass and co-generation plants in Europe, the Americas, India and Africa. Enel is the most technologically diversified company operating in the global renewables sector.

### Trade union representation and industrial relations

ENEL S.p.A. and Italian trade unions federations of the energy sector (FILCTEM CGIL, CISL and UIL FAEI UILCEM), have signed in Italy in 2012 a new industrial relations model to emphasize the importance of social dialogue and industrial relations aimed at implementing trade union strategies, enhancing the different roles within corporate organization. Information and Consultation rights are guaranteed to workers' representatives for strategic or general issues. According to the Agreement, consultation aims at solving issues between the Company and trade union federations of the energy sector. However, the final decision-making power remains to the Company. Information rights refer the communication of news and data concerning Company projects to the signatory parties of the agreement. Social dialogue takes places both at national and local level. At national level, the National Secretaries of trade union federations are supported by the presence of the Unitary Workplace Union Structures (namely "Rappresentanza Sindacale Unitaria", RSU), which establish a specific National Coordinating Committee of RSUs. At local level social dialogue takes place through the Regional Secretary of trade union federations of the energy sector and the Unitary Workplace Union Structure (RSU). RSUs are competent concerning each single production unit. Regarding company level, the dialogue is managed by HR and Organizational Departments.

The agreement, furthermore, provides the establishment of a so-called “control room” which meets every three months and it is composed by the General Secretaries of trade union federations of the energy sector who have signed the agreement, by Industrial Relations head office and by corporate managers. For important restructuring process, in order to guarantee human resources protection specific trade union participation measures can be envisaged. Concerning restructuring processes, in addition to the exchange of feedback at national level between the Company and trade union federations of the energy sector, the agreement foresees also the involvement of local trade unions and Unitary Workplace Union Structures (RSUs).

The European Works Council of the ENEL Group was established firstly on December 5, 2008.

According to the four-years validity of the Agreement, it was renewed in 2011 and more recently in July 2016, during the annual meeting held in Rome at ENEL headquarters. It was signed by the ENEL S.p.A. management, the ENEL European Works Councils members, EPSU and IndustriAll Europe as permanent observers. The EWC meets twice a year. EWC delegates are 20, whose nationality is based proportionally on the number of workers employed in each Member State that reaches the quota foreseen by the EU Directive (currently, 11 from Italy, 4 from Spain, 3 from Slovakia and 2 from Romania). The Select Committee is composed of one Coordinator and four other members, and it meets four times a year. EWC members are entitled to training activities agreed by the Management and the Select Committee. EWC members are also supported by the role played by the Technical Secretariat, coordinating the member with the Select Committee and appointed experts. Concerning the item of confidentiality, the renewed agreement better regulates the responsibility of both parties, by affirming that also the company is obliged to comply with the same modalities in terms information disclosure.

According to the ENEL GFA, the EWC played a “leading role” in the signature of the IFA finalized in 2013. The values upon which the EWC is based represented important elements for the drafting of the ENEL Global Framework Agreement.

**Title of the Agreement:** Enel Global Framework Agreement

**Date of signature:** June 14, 2013

**Signatories:** Enel S.p.A., IndustriALL Global Union, PSI, Filctem CGIL, Flaei CISL, Uiltec UIL

### **Main items of the Agreement**

The GFA refers to the ILO core labour principles and the most relevant industrial relations standards based on social dialogue.

It sets up the Global Works Council as an information body representing all Enel Group employees and the Multilateral Committees, with the aim to contribute to achieving business objectives and to represent the interests of employees and stakeholders, through participatory processes. The main objectives to enforce the Group industrial relations are:

1. To inform trade unions when implementing Group-wide strategies, including procedures and timelines;
2. To set out guidelines for achieving greater balance between business objectives and employee expectations in terms of clarity, ease of implementation and effectiveness;
3. To prevent and manage disputes in a reasonable manner, with due respect to each party's responsibilities, customer needs and service quality.

The main goal of all industrial relations policies is to govern relationships with the labour force. The contents of such policies are negotiated between the Group and trade union representatives through the different levels of collective bargaining.

The innovativeness of the agreement consists in its geographical scope due to the worldwide expansion of the Company after the merger with the Spanish Endesa and other local companies operating in the field of electricity. The focus on the role of Enel as a “one company” was reflected by the need of sharing a common identity that takes into account the characteristics of each country and the local level. Currently, company policies have shifted to the new corporate vision of “Open Power.”

In the 2004, Enel, as a member of the United Nations Global Compact, signed up to the 10 universal standards on human rights, labour, environment and anti-corruption into the framework of the Group. The further step was inserting the following:

- 1) No child labour and forced labour;
- 2) Health and safety working conditions;
- 3) All forms of discriminations are banned;
- 4) Violence and harassment are unacceptable at the workplaces;
- 5) Work times and work schedules are negotiated by national and local trade unions;
- 6) Remuneration is set in the relevant collective labour contracts and laws and regulations in force in each country;
- 7) Training and skills are crucial to improving productivity;
- 8) Recognition of employees' rights to establish or be member of trade union organisations defending their interests and the value of collective bargaining;
- 9) Environmental protection;
- 10) Zero-tolerance policy on corruption;
- 11) Recognition of the importance of permanent and secure employment;
- 12) Sharing on subsidiaries, contractors. and supply chain;

### **Previous TCAs signed by the Company**

A Corporate Social Responsibility Protocol was signed between Enel S.p.A. and UILCEM-UIL/ FLAIEI-CISL/ FILCEM/CGIL on April 27, 2009

With the Protocol the parties provided a framework of principles and guidelines relating to Corporate Social Responsibility, with a view to placing greater value on them and to promoting a constructive dialogue, and to concluding agreements on specific issues.

1. The main items regulated by the Protocol are:
2. Fundamental Social Rights;
3. Industrial Relations;
4. Health and Safety;
5. Training;
6. Sustainable development;
7. Equal opportunity and non-discrimination;

8. Gender equality;

The Protocol was conceived to remain in force for three years. Six months before its expiration, the Parties were entitled to undertake a joint examination of the content, and proceed with the renegotiation of the text.

## 1. MONITORING AND IMPLEMENTATION<sup>18</sup>

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<sup>18</sup> The analysis of the ENEL case was supported by the interviews carried out with some of the actors in charge of the monitoring process: Cristina Cofacci, ENEL Industrial Relations Head Office, Antonio Losetti, EWC and GWC Coordinator (FLAEI trade union representative). The GUFs involved in the signature of the Agreement (PSI and IndustriALL Global Union) preferred to postpone their interview after the renegotiation process of the Agreement.

The ENEL Global Framework Agreement entitles the Global Works Council and company management to carry out the monitoring process and to assess compliance with the core labor standards foreseen by the Agreement. The Global Works Council is an *information and consultation body* tailored on the rights entitled to the European Works Council in the respect of the rights of each national trade union industry federation. It was established by the Global Framework Agreement signed in 2013. Differently from the EWC, that is set up based on the legal requirements of the Directive 1994/45/EC and its recast Directive 2009/38/EC, the GWC is technically conceived in a legal vacuum. Differently from the parameters required to the EWC, parties agreed that, in order to be represented in the ENEL GWC, a country within the geographical perimeter of the group needed to have at least 500 employees. In case of countries with less than 500 employees, Global Union Federations were considered in charge of representation.

Following this rule, the composition of the GWC is distributed according to the number of Group employees in each country covered within the geographical perimeter. Composed by twelve members appointed by national trade unions,

the majority of seats is assigned to Italy, followed by Spain and Latin America. Russia, Slovakia and Romania have one seat per each. In order to ensure the widest representativeness, the presence of countries with a low number of employees is guaranteed through a rotating attendance system. The charge of GWC members lasts until the duration of the Agreement (three years, followed by the renegotiation process). In addition, two representatives of the European Trade Union Federations (EPSU and IndustriAll Europe), two representatives of the Global Union Federations (IndustriALL Global Union and PSI), and the Coordinator of the EWC participate in the meeting as full members. The European Works Council played a fundamental role for the drafting of the Global Framework Agreement. The preparatory works for the definition of the GFA contents lasted one year and involved all the company local management units.

In order to ensure an effective communication flow, a Coordinating Unions Committee (CUC) was set up. It is in charge of coordinating GWC members and Multilateral Committees, and provides support in the preparation of routine meetings and communications. The coordinator of the GWC is the spokesperson of the CUC. From the management side, the establishment of a Coordinating Management Committee (CMC) guarantees a positive interface with the GWC. Both Committees meet every three months in order to evaluate the activities of the Multilateral Committees and define the annual meeting agenda and its organization.

The meetings of the GWC are usually held once a year and the cost of the meetings is covered by the company. In order to strengthen the strong link between EWC and GWC, the Agreement states that *"the involvement of a representative of the EWC in the Global Works Council, and the hoped-for annual meeting of the GWC at the*

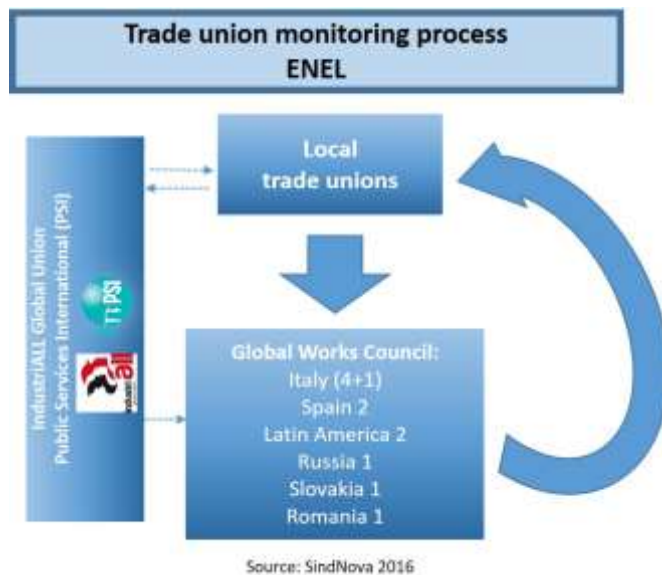


Source: SindNova 2016

same time as one of the two annual meetings of the EWC will ensure proper coordination of the two transnational levels, which may in no circumstances be the second call for issues to be dealt with on a national level".<sup>19</sup>

**Monitoring reports** are shared among the actors involved in the meetings. The reports are based on the figures and data provided by the company, drafted by ENEL company management thanks to its internal capacity in evaluating key performance indicators (KPIs). Also Social Development Goals (SDGs) are monitored and tracked in the ENEL Social Responsibility Report. Neither EWC nor GWC have currently the necessary human resources and tools for carrying out such specific evaluations. Once received the data, GWC representatives are in charge of evaluating and monitoring the data provided by the company. The GWC is a relatively new body and therefore it does not have yet a supporting structure in terms of additional human resources and technical capacity.

Concerning the **trade union monitoring process**, local trade unions, representing ENEL workers in one of the countries covered within the geographical perimeter of the company, get in touch with the GWC coordinator whenever they must report an issue. Then the GWC coordinator brings the issue to the GWC for discussing the item. Afterwards the Council refers to the ENEL company management in order to get a feedback for solving the matter.



A relevant case emerged in Peru. A worker was killed while carrying out a job assignment in a peripheral area of the capital, Lima. Despite the fatal accident occurred during working time, it was not recognized as occupational accident at the workplace. Peru lacks of a national social security system, and the private system currently in place does not include the case in this category. However, the family of the victim claimed company responsibility in this accident. The issue was discussed and addressed to the GWC. ENEL central management, after a deep analysis of the case, declared that the unresolved compensation is due to the local

social security legislation and not to Company's policies. The local Enel company addressed the Insurance Company, asking for the inclusion of the accident in the reimbursable ones.

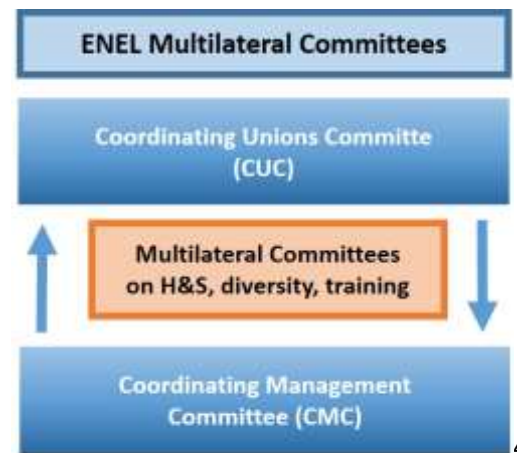
**Company visits** at local plants are not foreseen by the Agreement. The GWC usually holds its meeting in Rome (ENEL Group headquarters) or Madrid (previous ENDESA headquarters). An improvement in this regard could be represented by the organization of company visits, even if main concerns about expenses persist.

Concerning the **enforceability of Agreement contents** and the presence of provisions for dispute settlements, currently the ENEL GFA does not foresee any mechanism. An informal mechanism is represented by the reference to the Company Commission on Ethics, in case any serious problem may arise. However, such a circumstance has never occurred so far because ENEL company usually copes with issues as soon as they occur. Mechanisms of dispute resolution have not been foreseen by the agreement because the aim of the Agreement was firstly to establish a mutual trust relationship among the parties involved.

<sup>19</sup> ENEL Global Framework Agreement, 2013, page 26

The GWC takes part in the **Multilateral Committees** established by the Global Framework Agreement, on specific topics such as equal opportunities, health and safety at the workplace, training. Multilateral Committees are *jointly bodies* that play a significant role in ensuring concrete application of the principles envisaged by the Agreement, in terms of effective company policies mutually drafted by ENEL management and workers' representatives. They are composed on an equal basis by the same number of trade union and management members (ten members per each). According to the rules established by the Agreement, Multilateral Committees should meet regularly twice a year. Multilateral Committees have achieved significant results during the first years of their establishment, but recently they have sharply slowed down their activities due to the company internal reorganization. In the Italian case, the implementation of Committees' policies has been ensured by the constant monitoring carried out by national trade union federations, in order to ensure the compliance with the Italian legislation on the topic.

Multilateral Committees have produced *joint recommendations* in the form of shared guidelines. The monitoring of the principles established in the recommendations is ensured by quantitative information gathered through Key Performance Indicators (KPIs), already monitored and reported in the framework of the Enel Social Responsibility Report. The information collected is then shared within the Multilateral Committee of competence and among GWC members. The recommendations are "*presented and discussed within the Enel Global Works Council, with the aim to share the proposal and later develop, on its basis, a joint declaration between the Company and the Parties of the GWC, representing a common view and commitment*"<sup>20</sup> on the topic addressed.



Source: SindNova 2016

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The joint recommendations of the Multilateral Committees have been released in 2013. They were signed by both the GWC coordinator and the head of industrial relations at company level. In particular, the Multilateral Committees on equal opportunity's joint recommendations have been implemented in the policy on Diversity and Inclusion in 2015 and the contents envisaged by the recommendations have been directly transposed in the company policy. This strengthens the participatory approach, because workers' representatives have a direct role in the definition of company policies. The Multilateral Committees' joint recommendations start always with a reference to the pursuit of social dialogue at global level and the promotion of bilateralism on the most relevant issues at transnational level.

The ILO ACTRAV office has supported the work of the Committees. For example, training courses focused on the professional role of the Maintenance technician executing operative maintenance activities on the equipment in power plants. The contents of the training covered technical elements, as well as Health and Safety issues, and a focus on Company mission and its values. After the internal reorganizational process of the company in 2014, the training was not carried out anymore with a global approach but it was mainly based on each specific country.

The activities and provisions envisaged by the Multilateral Committees are thoroughly monitored. Among the initiatives that have been launched and that will be discussed during the renegotiation process, interviewed actors pointed out the establishment of a *specific multilateral committee in charge of analyzing and evaluating the social balance report of the company*. Parties recognized the importance of being able to read and understand the

<sup>20</sup> ENEL Global Framework Agreement, 2013



figures and data of the social balance in order to engage in a dialogue with the company. The social balance report should also include a document drafted by the GWC referring to the evaluation carried out by its members. In the intention of the GWC Coordinator, this would represent the opportunity to get the feedback from the local level.

Another element emerged during the three years of agreement implementation refers to the *reorganization of Multilateral Committees*. They should be structured with a less “institutionalized” approach, due to the problems incurred in organizing a meeting with full attendance. Especially after the internal reorganization of the company and the switch between group policies (from “One Company” to “Open Power”), each country management has gained more discretionary power at local level. Therefore, it becomes less feasible for the Multilateral Committees to make commitments on behalf of the whole company. According of the interviewed actors, a positive solution would be represented by the *establishment of small sub-committees at local level, gathering in one bigger committee when discussing proposals*. The work mechanism among these committees could be also further defined and detailed in the Agreement (for example through the use of videoconference tools, rooms for virtual meeting, etc.)

Conflicts with national trade union representatives have not been registered. On the other hand, the Agreement was used for improving the dialogue between Spanish and Latin American trade unions.

With reference to the role played by **external stakeholders**, such as CSOs, in Latina America a local NGO reported the case of a Dutch sub-contracting company in charge of coal supply that carried out unfair practices against workers. After the reporting, the ENEL company executed the contract with the subcontractor. However, from a trade union perspective, the role played by the NGO underlines a weakness in the monitoring process carried out by local trade unions.

## 2. ASSESSMENT OF ACTORS INVOLVED

Concerning the assessment of the ENEL Global Framework Agreement, the actors involved were able to start identifying some critical aspects and focusing on the improvements to be taken. According to the Agreement, GFA is valid for three years and it is renewable for further three years after each renegotiation. The **renegotiation process** was therefore meant to take place by the end of 2016. Several topics are intended to be included in the renegotiated Agreement, based on the experience acquired on the field, after the signature of the first text in 2013.

Among the items pointed out, the GWC will try to promote a more inclusive representativeness of trade unions operating in the countries where the company operates. The **challenge in GWC representativeness** of all ENEL Group employees across the company geographical perimeter is crucial. As underlined during the interviews, EWC and GWC representatives should be able to engage in a dialogue with the **local level**. They experienced concrete difficulties in interfacing with their trade unions and in getting a real feedback from the territory. Differently from Italian and Spanish representatives who are trade unionists strongly interrelated with national trade unions, representatives from other countries such as Eastern Europe, Russia and Latin America have different backgrounds and approaches.

The relationships with the Latina American GWC representatives are strongly supported by the role played by the Global Union Federations that signed the Agreement (**Public Services International PSI** and **IndustriALL Global Union**). However, as underlined by the GWC coordinator, this represents an issue in terms of

representativeness. The Latin American trade unions formally affiliated to GUFs are just a few. This *excludes from representation some of the most representatives trade unions* in Latin America, such as Luz y Fuerza in Argentina. The feedback provided by the Latin America representatives is therefore considered not exhaustive and lacking a strong connection with the local level.

Furthermore, another issue that must be solved concerns the so-called “excluidos”, meaning those professional ranks that cannot join a trade union in Latin America. It should refer to executive managers, but the parameters are still too vague and must be discussed among trade unions and the company. The risk is to exclude also professionals that could be allowed to join a trade union.

In this regard it is useful to remind the issue underlined by the Commission Staff Working Document: “*resentment among managers and workers’ representatives at lower levels about the topdown imposition of measures agreed at an upper level, or even perceived interference with national systems of industrial relations and norms, resulting from the absence of mandating procedures and mechanisms to link the levels of dialogue and norms.*”<sup>21</sup>

Regardless of trade union affiliation, the aim of the Council is to be able to engage in a dialogue in a more inclusive sense. This will allow national trade unions to better understand the role played by the GWC, that represents an information and consultation body with which they can interface. The meeting held in Buenos Aires in April 2016 involved only the Latin American trade unions affiliated to PSI and IndustriALL Global Union present in Argentina, Brazil, Chile, Colombia, Panama and Peru<sup>22</sup>. The meeting was useful for establishing a rotation system among Latin American members within the GWC, strengthening the communication flows among representatives and sharing the issues faced at local level in each country involved. During the meeting, the representatives of Sintraelecol from Colombia and APSEE from Argentina were appointed members of the GWC.

Many local trade unions are affiliated to UNI Global Union, representing workers operating in skills and services sectors such as commerce, electricity, IT and so on. However, due to the fact that this GUF is not among the signatories of the Agreement, many trade unions do not take part in the meetings held by PSI and IndustriALL Global Union.

The main argument expressed by GWC coordinator is that GWC members must be able to develop a real representativeness with the local level. Otherwise, the lack of representativeness challenges the GWC itself, due to the absence of trade union not affiliated with GUFs. The difficulties in enhancing the dialogue among trade unions in Latin America makes evident this contradiction.

Another critical gap in terms of monitoring at local level is given by the **lack of communication from the ENEL local management**, in terms of analysis of the ongoing situation. The new asset of the company internal reorganization has now changed the role of local management.

The role of the GWC can be improved in joint cooperation with the company, in order to choose which **technical tools** must be assigned to the GWC for strengthening its role. The company owns the technical skills and human capacity for carrying out a thorough monitoring process, while the GWC currently does not have all the tools it needs. At the moment the GWC has only the chance to have a direct relationship with local trade unions (despite also this link should further be strengthened), but the lack of logistics and personnel capacity does not support

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<sup>21</sup> Commission Staff Working Document, Transnational company agreements: realising the potential of social dialogue, SWD (2012) 264 final

<sup>22</sup> IndustriALL Global Union, ENEL Global Works Council meets to develop GFA renewal, July 2016, website (date of access July 2016) <http://www.industrialunion.org/enel-global-works-council-meets-to-negotiate-agreement-renewal>

its work. A more organized and structured workplace where GWC can perform its tasks, would represent a useful stimulus for the members of the Committee and would improve the range of topics addressed. Another issue that should be better implemented refers to the company **channels of communication** aimed at disseminating the work carried out by the GWC. Dissemination through an intranet platform would ensure a better dialogue among GWC members and every worker of the company could easily access to the documentation and could post questions. It would be useful to introduce a reporting module for facilitating the role of local trade unions in submitting their grievances.

The topic of **subcontracting** will be further addressed and strengthened in the renegotiation of the agreement. Currently the GFA dedicates a paragraph on subsidiaries, contractors and supply chain. It affirms that the company will ensure full compliance of applicable laws and international standards with these external companies. However, due to the significant presence of subcontractors, the aim of GFA signatory parties is to further address the issue. The GWC must protect all the workers operating in the company, not just those employed but also those hired by sub-contracting companies.

The renegotiation will also aim at strengthening the **direct responsibility of trade union representatives** in order to ensure a proper monitoring process. An external company that carries out unfair labor practices represents a damage also for the workers employed by the company because of social dumping effects. More efforts should be done in order to share the information on the Agreement with sub-contractors. The GWC coordinator affirmed his willing to schedule local meetings with the company and the sub-contractors. One of the aims of the signatory parties is also to improve the monitoring of the supply chain.

With reference to the question whether the TCA represents an **added value compared to national standards**, in those countries where the national legislation is weak it represents for sure an important tool.

Among the added values of the ENEL Agreement, it is also worth mentioning its positive influence on the Agreement signed by ENI S.p.A., another well-known Italian energy multinational company. ENI positively received the input given by the ENEL GFA during the renegotiation of its International Framework Agreement signed in July 2016. The comprehensive structure and principles envisaged in the ENEL GFA have provided a positive stimulus to the ENI agreement, by including provisions referring to industrial relations and favoring the establishment of the Global Works Council.

As mentioned above, the renegotiation of the Agreement was supposed to be finalized by the end of 2016<sup>23</sup>. In terms of operational steps, from the company side the proposal of the renewal is forwarded to each department in order to gather their feedback. After this passage, the Agreement is shared among HR offices located abroad. This approach aims at ensuring a preventive involvement of local management. In Latin America the dialogue established between workers' representatives and HR department is considered unusual. It is common to refer to a third actor, such a judge, for ruling over the collective bargaining agreement. This underlines a failure in the establishment of effective industrial relations. The right of information and consultation in the extra-European countries involved in the GWC was firstly introduced by the GFA. The renegotiation will strengthen the reference to the company values (reference to ENEL Open Power), and it will reinforce the relevance of the sustainable supply chain.

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<sup>23</sup> The Renegotiation was postponed

## Case Study ENI<sup>24</sup>

Salvo Leonardi, Fondazione Di Vittorio

**Name of the company:** Eni Spa

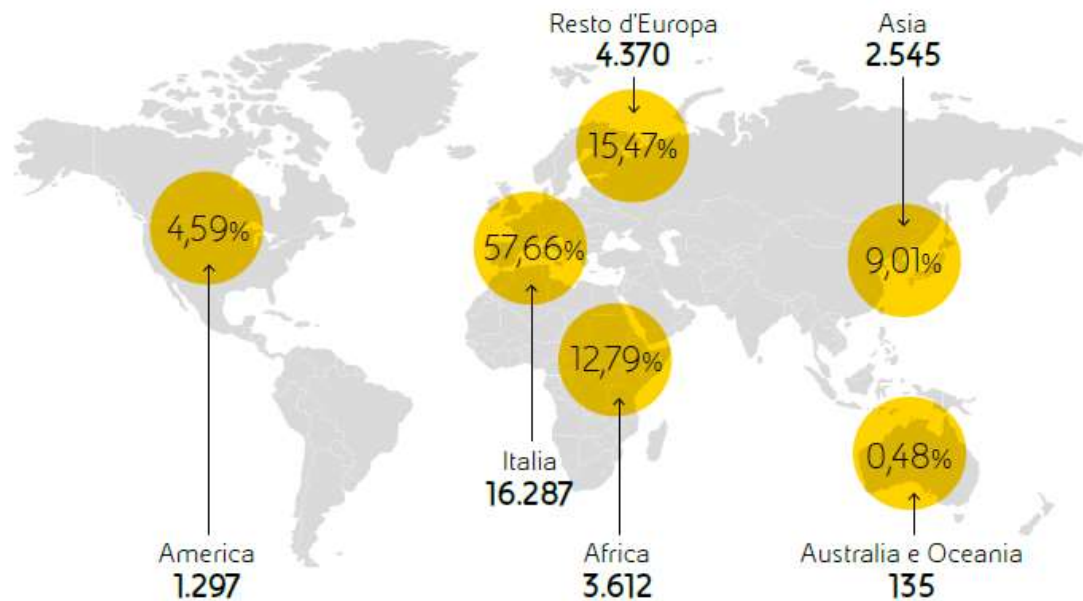
**Headquarter country:** Italy

**Geographical perimeter of the multinational company:** In 2015, Eni had over 28.000 employees in 65 countries around the world.

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<sup>24</sup> <http://www.industrialunion.org/sites/default/files/uploads/documents/GFAs/Eni/eni-gfa-english.pdf>.

## Dipendenti per area geografica



### Company profile

Eni is a major integrated energy multinational company. According to [Fortune 500](#), it was Italy's largest company in terms of turnover in 2013, 22<sup>nd</sup> in the world. It is the world's 6<sup>th</sup> largest oil company in terms of business volume.

Its activity range from oil exploration, development and extraction of oil and natural gas, in the procurement, supply, trading and transport of natural gas, electric power, fuels and chemical products. It processes crude oil and oil feedstock at its refineries and chemical plants to make fuels, lubricants and chemical products. Its long-term strategy is based on the production of hydrocarbons while minimizing its carbon footprint.

Set up by the Italian government in 1953 and named Ente Nazionale Idrocarburi, the old public company ENI played a decisive role in the country's industrialisation and economic development. ENI's privatisation process started in 1992 when it was converted into a joint-stock company. In the period between [1995 to 2001, the government sold most of its shareholding in five tranches, keeping a share that was established by law – the so-called golden share of over 30% that has allowed to maintain control of the company. Eni is listed Milan and New York.](#)

Notwithstanding its shrinking stake, the Ministry for the Economy still has the power to appoint the majority of board members. Privatisation has seen the company refocus activity on its integrated energy core business by absorbing the Agip branches and selling non-core business.

### Trade union representation and industrial relations

Trade union density at Eni Group companies, in Italy, is quite high (roughly 45%), with a peak of 90% in some production sites. The workplace representation bodies (RSUs) are elected everywhere and company level bargaining widespread as well. Eni group companies in Italy apply the energy industry-wide agreement, which

involves some 50,000 employees working in the exploration, refining and gas sectors (two-thirds of whom are Eni staff), and the group company contract, which involves by 30,590 people. An additional negotiating level occurs at the single plant to which the group company contracts refers to when dealing with specific contractual aspects, namely incentives, working hours and shifts, absenteeism.

Employees and trade union information and consultation rights are traditionally well-developed across the entire sector and clearly outlined in the industry-wide agreement, which transfers to company-level negotiations a wide range of issues both technical and organisational.

In consideration of the fact that the energy production cycle is particularly dangerous, extremely detailed procedures have been envisaged in case of industrial conflict. Bargaining envisages "cooling period" and plant management clauses when industrial action occurs. Each plant is called to define safety standards that cannot be violated at any time.

In the history of Italian industrial relations, Eni has stood out for its approach aimed at stimulating the involvement and participation of workers and their trade union representatives. Between 2001 and 2011 the industrial relations system at Eni was further strengthened in terms of workers' participation with the signing of a series of new deals, namely the Industrial Relations Protocol of 22 June 2001 and, ten years after, the agreement on development and competitiveness and a new industrial relations model, signed on the 26 May 2011, that focused exclusively on domestic and local issues.

The system, which appears to be comprehensive, is strongly inspired by the principles of social corporate responsibility, it is articulated at various levels and has a clear international outlook. Employees' participation is widespread and involves several functions, with a focus on strategic issues is partly the outcome of company history and partly a competitive lever.

The industrial relations system protocol of 22 June 2001 reaffirmed the need to strengthen employee participation in the changing competitive scenario, characterised by increasing globalisation and competition. The parties agreed to "adopt an innovative industrial relations model hinging on participation intended as an efficient tool of change management and to ensure, in an environment of common values and targets, choices that are as far as possible shared. An integral part of the model are the setting up of joint commissions with related operating rules; co-management procedures to deal with occupational issues; the identification of relevant issues to be discussed specifically".

Working alongside the EWC, the target is to harmonise the experiences that have emerged in other ENI companies in Europe.

The agreement 2011 updates and extends the system of the previous 2001 agreement. It is characterized by the concrete reference to the current economic crisis, and measures to be. It foresees the introduction of an annual meeting with the CEO with trade unions, setting up of an "economic scenario committee," which will be convened on a quarterly basis, meetings to discuss single issues (with the exception of working hours)

taken in Eni in order to cope with the new and challenging prospects.

As for labour organisation and productivity, a joint commission has been set up to examine the situation and monitor developments in other EU countries. The issues discussed also in terms of conflict prevention concern working hours (with a special focus on conciliation), fight against absenteeism and continuing education.

## **The transnational dimension of Eni's industrial relations: EWC and TCAs**

The renewal of the European Works Council (EWC) and the signing of a global framework agreement, on the other hand, have paved the way for an internationalisation of industrial relations.

## **The European Works Council (EWC)**

Set up in 1994, the EWC was renovated in 2001 and 2004, and by a further three years in the latter part of 2007. Every year Eni's strategic plan is outlined at the EWC and the issues therein contained that may impact both domestic and international business are successively disclosed and discussed. A great deal of focus has lately been given to EU policies, with a special focus on energy and employment, and to Eni projects relating to issues of integrity and non-discrimination. A working environment that does "not discriminate," in terms of gender, leaning, culture, age, is not only essential to uphold the basic rights of the human individual but also to enhance and develop individual skills. International mergers and acquisitions have also been discussed at the EWC but there has been no recourse to information and consultation rights as actually established in European legislation when such operations take place. Trade unions in Italy and abroad were unable to agree on a common approach on this issue. "It may well be that we underestimated this channel," admitted the former CGIL secretary for the energy sector who has been entrusted with the task of monitoring the Eni Group.

## **The Transnational Company Agreements (TCAs)**

### **The European Framework Agreement on Health and Safety**

The first TCA, at Eni, was signed in June 1996, on occupational safety and health, and had a European scope (EFA). Reviewed and integrated in 2004, it consisted in creating a European Observatory with the purpose to define methods at the European level for the prevention of occupational accidents and disease in view of studying and promoting initiatives to improve prevention at workplaces. This would include exploiting the health and safety experience accumulated in Italy and abroad. The approach adopted included all safety initiatives pursuing structural (adopting the best available technologies), procedural (continually optimizing internal regulations) and cultural/behaviour (so that the culture of safety becomes an integral part of the entire organization). Confirming the special attention devoted to protecting local communities, an internal standard has been updated for preparing the Health Impact Assessment for its industrial facilities, consistently with the guidelines issued by international standards institutions. The Observatory is composed of representatives of Eni, its subsidiaries and the Labour Organisations signing this agreement, health, safety and environment experts working in the countries and the businesses represented by the Eni EWC. The agreements of 1996 and 2004 have been amended in July 2016, by a new EFA, but not signed yet, as IndustriAll Global Union was not eligible for an EFA, whose is required the involvement of the European IndustriAll. Although a date was not scheduled, the new text should be likely signed before the end of 2016.

The activities of the Observatory may involve: data base of accidents and occupational diseases; assessment and analysis of statutory and regulatory changes and their consequent impact on the various industrial operations; study of analytical tools of workplaces featuring criticalities and research and experimentation on investigative techniques to improve knowledge about accidents and verification of the accomplished results; management tools for controlling business performance and improving workplace health and safety conditions, study of approaches; models and educational tools for employee training, study of reporting models, especially to external parties; monitoring of topics related to climate change and assessment of initiatives for mitigation and adaptation to it; study of management tools to prevent and limit potential environmental impacts, and to optimize performance, by promoting measures to improve energy efficiency and limit emissions; protect water resources, reduce waste output and maximize waste recovery; tools and methods for preventing major or serious accidents

at Eni plants; classification of hazardous substances; compliance with European and international standards; reporting of information from Eni sites to outside the company.

The Observatory will meet at the same time as the annual meeting of the Eni EWC. A report on the details of the activities listed above will be carried out during the reference year will be presented and analyzed, and the plan for the next year will be illustrated during the meeting. The workers' representatives of the Observatory will present the results of the work performed and the programs prepared by the Observatory at the preliminary meeting of delegates of the Eni European Works Council.

The procedures for implementing any initiatives proposed at the meetings of the Observatory have to be defined at the annual meeting of the EWC. In particular, educational/information initiatives for the delegates of the European Works Council and members of the Observatory will be agreed at specific meetings. This will be done by, inter alia, using corporate systems for remote connection (videoconferences, etc.).

### **The Global Framework Agreements on Transnational Industrial Relations and Corporate Social Responsibility**

The 29 November 2002, Eni Spa, with the three main Italian sectoral trade union federations (FILCEA-CGIL, FEMCA-CISL, UILCEM-UIL) and ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions), signed in Rome an *Agreement on Transnational Industrial Relations and Corporate Social Responsibility*. A few months before, ICEM had signed GFAs in Endesa, Norske Skog, Anglogold, whereas other similar texts will be subscribed after Eni<sup>25</sup>.

The 2002 TCA was revised and confirmed in its main aims and contents, in 2004, 2009 and 2016, becoming in the last version a *Global Framework Agreement on International Industrial Relations and Corporate Social Responsibility*. Beside, as we've seen above, a European Transnational Agreement was signed in 2012, on the specific issue of health and safety.

Summing up, Eni has signed four International Framework Agreements (IFA), on industrial relations and CSR, and two European Framework Agreements (EFA), on health and safety and a third close to be signed; five (or six) TCAs in all. In the meanwhile, Eni has also adopted unilaterally a Code of Ethics, Guidelines for the Protection and Promotion of Human Rights and internal policies for the management system.

The transnational bargaining at Eni, since 2002, is one of the outcomes of the previous protocol on industrial relations subscribed by the social partners in the years before. In the already quoted Protocol on industrial relations signed in June 2001, the Italian signatory social partners had expressed their intention to conform the development of the Group's activities to fundamental ethical principles, based on respect for human and social rights as contemplated in international conventions<sup>26</sup> In one of the annexes to that agreement, was expressly mentioned the objective of improving the functioning of the EWC and industrial relations in a global scale. The initiator of the 2002 negotiation was formally the corporate, which draw a first draft, though the issue of a transnational level of social dialogue had emerged into the discussions between the two parties, in the years before. For the global union of the energy industries, the aim is to enhance the solidarity and dialogue between unions of exporting and importing countries, expanding contracts and joint work from different countries, signing

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<sup>25</sup> Lukoil (2004), EDF (2005), Rhodia (2005), Umicore (2007), GDF-Suez (2010), Norsk Hydro (2011)

<sup>26</sup> To this end, we can read in that TCA: "The parties, in compliance with their signed commitment to seek adequate procedures for information exchange and periodical consultation with regard to the presence and expansion of Eni throughout the world and to develop a dialogue on the social and economic effects of these operations, have agreed to proceed with the formulation of the present agreement".



GFAs aimed at both increasing the number of agreements and ensuring they will be monitored and implemented effectively.

It's worthy to underline that the 2002 text is an "agreement", and not just a joint declaration, as in many other similar texts. It belongs to the category of the international framework agreements (IFAs), as its scope is international and global, and not European only. The negotiation process didn't see the involvement of the EWC and of other national trade unions or representatives. The signatory parties – on the union side – were the three Italian sectoral federations (FILCEA, FEMCA, UILCEM), in the persons of their general secretaries or their substitutes, and the global union federation ICEM.

## **Main items**

Signatories pledged "to agree on the importance of sustaining a model of international growth that combines value accretion and innovation with attention to human rights, working standards, workplace safety, quality of life and sustainable development." Furthermore, the parties agreed "to implement those work practices that can stimulate economic and social progress upholding at the same time the respect of ILO conventions establishing *core labour standards*" (right of association and negotiation; prohibition of forced and child labour; non-discrimination in employment and against labour representatives, improving conditions of safety and health at the workplace. In addition, Eni is committed to uphold, in the full respect of stakeholders, business ethics and to pursue equal opportunities and to promote action and initiatives in the areas of *Corporate Social Responsibility*, with the commitment to optimise and apply the Group's principles: business ethics, respect for stakeholders, protection of workers and equal opportunities, enhancement of professional skills, respect for diversity, respect for human rights, cooperation, protection of health and safety, environmental protection.

"Affirmative actions" are foreseen in the area of information, by publicizing the existence of the agreement and its contents and, importantly, the industrial relations, whose the parties recognize "the importance of developing them at all the levels", taking into account the different socio-economic contexts in which the Group operates. The aim is "to establish a constructive relationship with union organization and workers' representatives, "appointed on a democratic basis and recognised by international trade unions". A meaningful choice, though difficult to be achieved, given the uncertain nature of unions in some of the developing countries where Eni operates.

The agreement include a paragraph devoted to the implementation procedures, according to which the Group will undertake monitoring activities "by means of its own control instruments", which include annual meetings, with the involvement of local trade unions or representative designated by trade unions signing the TCA. A complete information will be provided on economic-financial topics regarding the ongoing development of Eni at world level, current performances and future prospects

With a clause of safeguard, it's written that the agreement does not replace or represent an obstacle to local practices.

It's not foreseen a proper dispute resolution settlement, in the form of last resort internal mediation or arbitration. There's a final clause, titled "management", where it's written that: "The management of the present agreement is the responsibility of the general secretaries of the FILCEA, FEMCA, UILCEM, as well as the general secretariat of the ICEM and the Eni personal department".

The duration of the agreement was fixed in two years, at the end of which it would have been revised and/or confirmed for a similar period. This was in fact the case: since the first text in 2002, the original TCA was renewed

three other times in 2004, 2009 and finally in July 2016. The core intention and main items were confirmed, though amended and expanded, with some slight but meaningful change

## **The new GFA of 2016<sup>27</sup>**

After that last renewal of the 2002, a new TCA was signed in 2009, and then an even longer break occurred before a new one was signed in Barcelona, the 6th July 2016<sup>28</sup>. The text was discussed the day after the annual meeting of the EWC, and at last it was signed – again – just by the Italian sectoral federations and by IndustriALL Global Union, there's a mention to the organisational power of this international federation, strong of 50 million workers represented in 140 countries employed in the mining, energy and manufacturing sectors. Figures which, on demand of IndustriALL, have been mentioned into the text. Its role in taking part in the negotiation of the new agreement was relevant and not formal at all, as testified by one of the Italian members of the delegation. Represented by the general secretary and his vice, the global union rose precise requests, on issues like the suppliers, interdiction from all anti-union activities, employee/union representatives access to the workplace. Italian unions jointly required and obtained a clause concerning the improvement of the industrial relations system, "aimed at the involvement and social dialogue with the workers' representatives at global, European and national level".

The members of the EWC, gathered the day before for the usual annual meeting, attended in large part to the discussion about the new GFA, without signing the text. The employee/union representatives from developing countries – arguably the main target of the GFA – have not been involved into the negotiation process. Their role is recognized, with a rotation, during the annual meeting assuring the information and communication on the application and concrete implementation of the agreement.

The agreement, which shall be valid for three years, covers Eni's all subsidiaries throughout the world, as required to be clarified by the labour signatory parties.

Compared to the previous texts, the last one is now titled "Global Framework Agreement", whereas unchanged has remained the part referring to the "international relations and corporate social responsibility".

Another striking difference is now represented by a quite long paragraph of introduction, mostly devoted to the international economic and social contexts, with an emphasis on the 2020 agenda for Sustainable Development and the issues of the climate change. According to a pretty common style in the Italian sectoral collective agreements, the parties preliminary declare their common understanding of the phase, clarifying aims and shared values for their reciprocal commitment. In this case, they consist in identifying the core priorities used to define sustainability objectives and common strategies, based on integrity and transparency principles, fight against corruption, respect for human rights and respect for the work, health and safety of people. Importantly, the parties aim to encourage the development of a constant dialogue and involvement of all local stakeholders.

The promotion and implementation of socially responsible behaviour is confirmed to be the key objective of the agreement, better articulated than in the past in terms of the single issues listed, as where it is expressed the aim to contribute to further growth of the parties' know-how and culture, greater protection for workers, equal opportunities, respect for socio-cultural differences.

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<sup>27</sup> [http://www.industrial-union.org/sites/default/files/uploads/documents/2016/Ukraine/2016.07.06\\_gfa\\_international\\_ind.\\_relations\\_and\\_corp.\\_social\\_responsibility.pdf](http://www.industrial-union.org/sites/default/files/uploads/documents/2016/Ukraine/2016.07.06_gfa_international_ind._relations_and_corp._social_responsibility.pdf)

<sup>28</sup> Such a void was likely due to the changes occurring on the side of the global federation, engaged into the process of transition from ICEM to IndustriALL Global Union.

Through the stratification of four TCAs, the last one looks better designed, with expanding contents and objectives. This is also what we've been said either by the management and unionists interviewed. It is still a text mostly based on principles, values and declaration of intents. The Group is in fact committed to recognizing the so called *Core Labour Standards*, as defined in the United Nation and ILO Conventions, extended now to the protection of the maternity and the professional training in the development of human resources. Yet, Eni confirms its own commitment to prioritizing and promoting a constant search for improvement in workplace safety and health conditions, gender equality and respect of local communities and stakeholders, like trade unions and workers' representatives, considered "relevant parties for the correct development of its business". The environmental protection is now mentioned, whereas it wasn't in the first agreement of 2002

A new attention is now paid to the suppliers and subcontractors, which are required to declare their own acceptance of the principles and international standards of the global compact.

A full paragraph of the agreement is now dedicated to the "Procedures for implementation of the agreement". They're firstly based on the parties commitment to spread knowledge about the agreement, with translating and publishing the text in the local languages and providing information and periodic consultation from the Group, considering the possibility of disseminating the materials illustrated during the annual meeting, which remain the principal venue where to monitor the implementation of the agreement. It's worthy to highlight the Eni's commitment to organizing proper education and training about the GFA.

"Eni – it's written – will intervene to eliminate any anomalous situations". A key role is now attributed to the "Coordinator", who's designated by the labour organizations signing the agreement. This is one of the most meaningful novelty of the 2016 agreement. The Coordinator assume relevant function in order to monitor – from the labour side – the effective respect of the agreement wherever in the world it must be applied. Included the suppliers and subcontractors. He is provided of all the names and addresses of the workers' representatives who will participate at the annual meeting. They will be five and annually rotating, to be added to the Italian national secretaries of the three signatories unions, and other five members of the Select Committee of the EWC.

The list of the matters discussed at the annual meeting is pretty exhaustive, and particularly interesting where it includes the "realizations" by Eni of CRS action and projects, positive actions and transnational training project and, importantly, "whistleblowing, especially in regard human rights". The analysis will concern also the evaluation of the industrial relations of Eni in the different countries and areas where it operates, highlighting any critical situations.

In the final provisions, a clause of safeguard is confirmed, where it is said that "the agreement does not supersede and does not obstruct local practices"

There's not yet a dispute resolution mechanism, but it's agreed by the parties the intention of studying options at regard. IndustryALL had explicitly requested the creation of a neutral body for discussing and solving disputes, but the corporate rejected the proposal, opting for monitoring and giving some prerogatives to the Coordinator. For the time being, "the parties recognise the principle that emerging problems between workers and the company have to be settled at the level closest to the workplace". Yet, "In the event of situations that diverge from or violate what has been agreed, the Parties shall promptly notify each other. Once the facts have been ascertained, Eni will intervene to eliminate any anomalous situation and notify the Labour Organizations and the Coordinator".

In terms of concrete implementation, we've to bear in mind that Eni is a MNC which often operates in very critical regions, some of which hardly touched by conflicts and wars, with very weak civil societies and internal clashes

among different ethnical and religious communities. Where human rights are, in general, poorly guaranteed. Sufficient here to mention countries like Congo, Myanmar, Saudi Arabia, Libya, Nigeria, Egypt. Where the public authorities and administrations are scarcely developed and afflicted by a widespread corruption. Social dialogue and collective bargaining are very weak and entirely at company level, as weak are the trade union and workers representatives. Most of these countries have not ratified the ILO Conventions quoted into the Eni's GFA, with a group of countries where trade unions are basically forbidden, as in the Gulf countries.

In a such challenging context, plenty of insidious traps for the safety of the company's workforce and sites, the central management of the Groups has opted for a strategy aiming at improving autonomously the internal social climate, enhancing the corporate reputation and reciprocate trust at workplace level.

### **Monitoring and implementation in the he social partners comments**

Since 2002, the initiative and the writing of the first draft came from the management, with the unions – according to what we've been said – finding no particular problems in adopting and signing them. This was the case even with the agreement subscribed in Barcelona, the 6 July 2016.

According to the signatory unions, there's some evolution from the first text to the last. The agreement of 2002 was pretty essential and vague on some points, whereas the latest bring some remedies, with the institution of a Coordinator and the project of establishing a proper dispute resolution mechanism. Such an evaluation is common to the management, which has confirmed its appreciation for the various steps forwards done; in the parts concerning the extension of objective and with introducing the role of the Coordinator.

Strong of a robust and long lasting tradition of cooperative industrial relations, rooted on shared rules on collective bargaining and participatory rights, the central management and the Italian sectoral trade unions have decided to expand – as much as possible – that spirit to the rest of the corporate, wherever it is located in the world. In doing so, they've established a privileged channel of communication with their interlocutors at the level of central management. Though well functioning on its institutional prerogatives, the EWC hasn't played a relevant role in the negotiating the TCAs, due to the global scope and aims of the agreement, and not exclusively European, as very limited was the role of other national unions too.

Once signed and revised, the attention of the signatory unions has been quite erratic. The texts have been effectively translated in the many different languages of the countries where the corporate is present. The monitoring on the real impact of these texts all around the world has remained limited to the listening of the corporate reports, in the occasion of the annual meetings.

In between an annual meeting and the next, there wasn't a specific and jointly established moment or venue for monitoring the current situation and the effective implementation of the GFA. Things might improve now, after that a Coordinator with a specific mandate has been created at regard. The EWC appears totally external to the GFA management.

The horizontal relationships between the Italian unions and those of the most sensitive countries, we have been said, are at the moment not really structured, though the global federation tries to keep under control at least the most critical and clamorous situations at local level. According to the Italian trade unionist we interviewed, better contacts at the moment are established with the unions of Eastern Europe, Belorussia, Kazakhstan.

With rotation, representatives from different countries have been attending the annual meetings. They came from Egypt, Algeria, Nigeria, European and Latin America trade unions. Their concrete selection do not respond to any specific criteria. They normally report about the situation in their countries. The annual meeting, usually

held the day after the EWC meetings, but with a different workers representation on the labour side, are normally dedicated to the corporate's situation and perspective, with the presentation of an Annual Sustainability Report (see annex). The best outcomes are reported in the field of education on the culture of integrity and environment, work life balance, equal treatment, but in particular on maternity leaves (international standards of 14 weeks and 2/3 or the full pay) and prevention on work health and safety.

A system of development and management for improving sustainability has been applied in 2014 in a few pilot countries: Mozambique, Congo, Kazakhstan, Pakistan, Angola, extended in 2015 in Nigeria, Egypt, Gabon, Ghana, Ecuador, Libya, Indonesia, Myanmar. Up to now, critical situation and eventually violations of the GFAs seem to have regarded just a limited number of individual cases. Individual cases and some wage claims, especially in Latin America, were risen by local unions and discussed some years ago, and now in Tunisia, where the GFA has played a role in giving local actors some points of reference. The situation in supplying firms is often matter of discussion. Their solution has always been searched at the local level, as foreseen by the agreement. Other discussions have concerned individual cases in Algeria, Egypt, Mozambique, whereas the dramatic crisis in Nigeria and above all in Libya have risen other priorities. As the safety of the sites and staff working there. But there's also an admission that in the last ten years, the attention for the others' problems has declined, partly because of the chaotic picture of some the countries – in the Middle-East and Africa – but also for the increasing difficulties at the domestic level, where several plants have been risking the closure.

For the central management, texts like these give local responsible for HRM common standards and criteria in all the worldwide sites of the Group. As we've been said by a manager: "The future of collective bargaining will be more and more international". TCAs have the merit to contribute in building up a corporate culture of industrial relations, which have to preserve their autonomy and volunteer character, free from any possible legal interference and/or interventionism.

TCAs are considered important also by all the Italian trade unions, according to which they must be widespread and consolidated, where existing already. They help in becoming politically aware of the new global dimension of the challenges whole unions have to be capable to cope with. Nevertheless, they've also the limit to be essentially programmatic or, as they've been called by one trade unionist, "psyco-programmatic". "There's a lot to be done yet", he carried on. They establish an important set of values and objective, but the ways to make them real and effective are basically left to the good will of the local management, hoping that local unions are strong enough to claim for their respect.

Enforceability is the "Achill's heal" of these new practices of international industrial relations. Especially when they involve emerging countries, where the social partners and dialogue are weakly developed. Which is in fact one of the purposes of these agreements.

Apparently there's not much unions can do from remote, from the "central" countries where they're signed and already largely respected. The agreements do not contemplate the access to primes from a delegation of labour representatives.

In the absence of effective tools for sanctioning eventual violations, like strikes and/or cases law, it could be more effective – we were said by a unionist – a political action in terms of public campaigns.

Italian unions recognize a certain "italo-centric" perspective and also to have not adequately followed real impact and implementation of these agreements. One of the explanation, as already said, is the increasing concern for the domestic affairs. But also the fact that – unlike other comparable situations – the national unions and workforces do not feel threatened by the off-shore delocalization and social dumping from the oversea workforce.

For the typical features of the productive process, the corporate extraction activities all over the world do not concur with the Italian site and employment. A lack of direct competition which could reduce the push for reducing the gap with the worldwide spread workforce.

## Obiettivi e risultati di sostenibilità

### Temi rilevanti

### Impegni

### Progressi al 2015

### Obiettivi di Piano 16/19



**Integrità nella gestione del business**  
Anticorruzione, Diritti umani e Trasparenza

→ **Diffusione della cultura dell'Integrità**

Formati 5.000 manager in modalità webinar attraverso il progetto "Responsible Leadership"

Estensione a una popolazione più ampia del "Responsible Leadership" e progettazione di nuove attività di aggiornamento sul tema "Integrity"

→ **Audit SA8000 sui fornitori**

Audit SA8000 su 16 fornitori/subfornitori di cui 8 in Vietnam, Algeria, Ghana, Ecuador e 8 follow-up in Indonesia, Mozambico, Angola, Pakistan

Piano di audit da svolgere sulla supply chain che consideri il rischio di violazione dei diritti umani a livello Paese come elemento di prioritizzazione degli interventi da svolgere

→ **Trasparenza dei pagamenti ai Governi**

Pubblicazione dei pagamenti ai Governi di 28 Paesi che ne hanno dato il consenso (si veda Eni for Transparency)

Implementazione del nuovo regime di reporting obbligatorio e creazione di una community di supporto alle consociate su EITI e sui temi di trasparenza



**Sicurezza delle persone e asset integrity**

→ **Riduzione degli infortuni di dipendenti e contrattisti**

Riduzione degli indici infortunistici per l'11° anno consecutivo (TRIR 0,40 nel 2015 vs 0,62 del 2014)

Continuare il trend di miglioramento tendendo a zero infortuni



**Pari opportunità per tutte le persone**

→ **Sviluppo e formazione persone locali estero**

Progetto Eni Junior Professor (JP), iniziato nel 2014, per formazione di futuri docenti in Oil & Gas engineering presso l'Università di Maputo (Mozambico)

Intensificazione delle collaborazioni con le università in alcuni Paesi (Angola, Ghana) al fine di allineare i loro corsi di studio alle esigenze di local content

→ **Aumento della presenza di donne**

26,86% percentuale di donne sulle nuove assunzioni

Incremento del 10% degli ingressi di personale femminile in Italia nel biennio 2016-17



**Contrasto al cambiamento climatico**  
Riduzione degli impatti ambientali

→ **Riduzione dei volumi idrocarburi inviati a flaring di processo (MSCM)**

4,28 milioni di metri cubi/giorno

-25% al 2019

→ **Riduzione delle emissioni GHG upstream**

0,18 tonnellate CO<sub>2</sub>eq/tep

-43% al 2025

→ **Incremento della percentuale di acqua di produzione reiniettata**

56%

64% al 2019



**Sviluppo locale/ Local content**

→ **Accesso all'energia**

Concluso il Progetto integrato Hinda, realizzati studi per l'elettrificazione di due centri sanitari in Angola

Prosecuzione dell'integrazione del tema di accesso all'energia, tenendo conto dei diversi mix energetici, nei progetti di sviluppo nei Paesi



**Innovazione tecnologica**

→ **Impiego dell'energia solare e stoccaggio energetico in zone scarsamente rifornite**

Sviluppo di tecnologie innovative sul solare a concentrazione (CSP), bio-olio avanzato e stoccaggio energetico anche con il MIT e Politecnico di Milano

Realizzazione di impianti pilota e dimostrativi delle soluzioni tecnologiche innovative sviluppate

→ **Sviluppo di tecnologie di monitoraggio, protezione e bonifica ambientale**

Sviluppo e test in campo di metodologie e protocolli innovativi

Ingegnerizzazione delle tecnologie più promettenti e utilizzo in campo

→ **Riconversione siti industriali a bioraffinerie**

Prodotti 180 kton di biocarburanti nella bioraffineria di Venezia

Riconversione della Raffineria di Gela e avvio di produzione di biocarburanti di seconda generazione

## Case Study Salini-Impregilo<sup>29</sup>

Michela Cirioni, SindNova

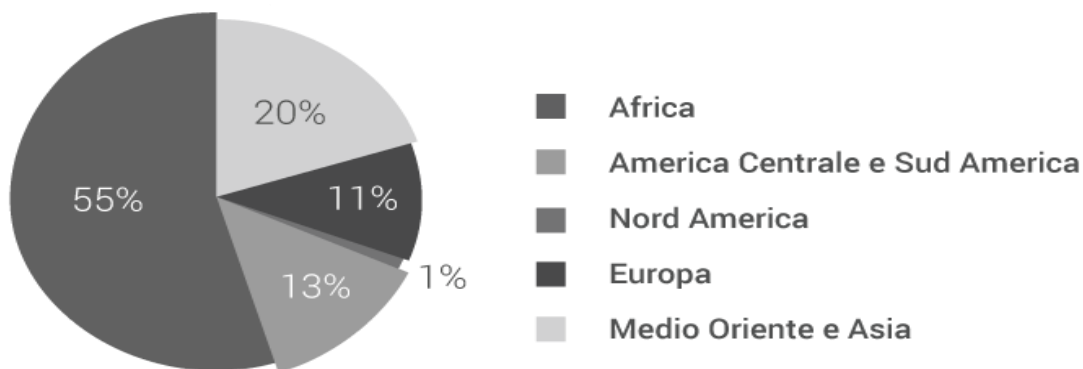
**Name of the Company:** Salini-Impregilo S.p.A.

**Headquarters country:** Italy

**Industry sector:** Building sector

**Geographical perimeter of the multinational Company:** International company operating in over 50 countries. Relevant presence in: Italy, Greece, Denmark, United Kingdom, Poland, Romania, Switzerland, Slovak Republic, Turkey, Ukraine, Argentina, Chile, Colombia, Panama, Dominican Republic, U.S.A., Venezuela, Peru, Saudi Arabia, United Arab Emirates, Azerbaijan, Qatar, Tajikistan, Kazakhstan, Malaysia, Ethiopia, Namibia, Nigeria, Sierra Leone, South Africa, Tunisia, Uganda, Zimbabwe, Libya, Australia.

### PERSONALE DIRETTO PER AREA GEOGRAFICA



Source: Salini Impregilo Company Profile

### Company profile

Salini-Impregilo S.p.A. is an international company based in Italy and operating in 50 countries with 35.000 employees. It was established after the merger process, carried out in 2011, which incorporated Salini into Impregilo, two major constructions companies. It operates in the large-scale infrastructures and engineering sector. The main activities of the group are the design and the construction of dams for hydroelectric plants, of highways and railways, of subways and airports, hospitals, building civil and industrial. Before the merger process between Impregilo SpA and Salini Costruttori SpA, the first relevant restructuring process in Impregilo SpA was approved in 2006 as a result of the heavy financial losses occurred the previous year (2005). In order to restore the economic and financial stability of the company, the management decided to focus the restructuring on strategic sectors as Constructions, Plants and Concessions. Distressed assets were dismissed (Impregilo Constructions and Services, Fibe e Fibe Campania, Imprepar Company).

<sup>29</sup> [http://connect.bwint.org/pdfs/IFA\\_SaliniImpregilo\\_EN.pdf](http://connect.bwint.org/pdfs/IFA_SaliniImpregilo_EN.pdf)



## **Trade union representation and industrial relations**

After the incorporation process, ended with the establishment of the new legal entity Salini-Impregilo S.p.A (with effect from 1 January 2014), the Company signed the International Framework Agreement on October 2014, based on the previous agreement signed with the Italian and international trade unions federations of constructions in 2004. The Framework Agreement signed by the company and trade union social partners commits the parties to promote and to respect, in all the sites where the Group operates, the fundamental principles of human rights, as defined by the main international declarations of the United Nations, the International Labour Organisation and the OECD.

In December 10, 2014 it was held the meeting envisaged in the article 111, paragraph 1.7 of the National Collective Bargaining Agreement signed between Salini-Impregilo S.p.A., the Trade Union Representative Structure at the Company (namely "Rappresentanza Sindacale Aziendale, RSA), national and local trade unions. The article refers to a series of information that companies are required to provide to the Trade Union Representative Structure at the Company (RSA) concerning the current production situation and related forecasts; structure and evolution of employment, by age, sex and type; position on internal and international markets; organizational and technological changes and consequences in working conditions; educational programs in relation to the needs and qualifications of human resources; action programs on safety and accident prevention. With effect from July 1, 2015, the national collective bargaining agreement for employees of construction and related companies of July 1, 2014, introduced some important changes as a remuneration increase of 25 euros gross per month with parameter 100. In addition, for all employees, with effect from January 1, 2015, payment of a monthly contribution borne by the company to PREVEDI of 8 euros with parameter 100. The renewal of the National Collective Bargaining Agreement for Senior Managers of December 30, 2014 introduced an increase, with effect from January 1, 2015, in the contribution rates due to FASI by companies and senior managers. Another important new concerning industrial relations at national level is the Unitary Workplace Union Structure (RSU) for Rome Office. By letter of 21 January 2015, the Trade Unions Confederations have initiated the procedure for the establishment of the Unitary Union Representative (namely "Rappresentanza Sindacale Unitaria", RSU) of S.p.A. Salini Impregilo, Todini Costruzioni Generali S.p.A., CO.GE.MA. S.p.A. the operational headquarters in Rome. The elections were held on February 2015.

Concerning industrial relations at European and international level, the company has not established a European Works Council despite the geographical perimeter of the company. According to the parameters established by the Directive 1994/45/EC and its recast Directive 2009/38/EC, Salini-Impregilo S.p.A. does not employ 150 employees in each of at least two Member States. This is due mainly to the fact that the company avail itself of sub-contracting workers selected by recruitment agencies at local level, in those countries where Salini-Impregilo operates. Therefore, the company does not reach the threshold envisaged by the EU legislation and the national legislative framework.

### **Title of the Agreement**

International Framework Agreement between SALINI-IMPREGILO S.p.A. and Building and Wood. Worker's International (BWI), FENEAL UIL, FILCA CISL and FILLEA CGIL

### **Main contents of the Agreement**

An International Framework Agreement was signed for the first time in 2004 by Impregilo SpA, before the merger with Salini Constructions SpA. After the merger, the company decided to review the previous

Agreement introducing some innovations. The main items referred to the provisions on migrant workers and the compliance with laws and regulations on workers' protection by sub-contractors. The main topics regulated by this IFA are the following:

- 1) Free choice of employment: workers are not to be required to lodge their visas or other immigration fees. Workers shall be required to surrender their passports and other travel or identity documents only if necessary to fulfill the national requirements in the country of destination and not for any other purpose.
- 2) Nondiscrimination: it prohibits discrimination based on ethnicity, color, gender, religion, political ideas, nationality, social status and other distinctive features. It provides for all workers equal paid for equal work.
- 3) Child labour: Child labour is not allowed. The minimum age for admission to any type of employment is 18 years
- 4) Freedom Association and Collective Bargaining: It is recognize the right to form and join trade unions, and to collective bargaining. Workers' representatives shall have access to all workplaces necessary to carry out their representation functions
- 5) Living Wages: Working wages shall therefore be fair and non-discriminatory, and sufficient for workers to cater for the fundamental needs of a decent life in the social context where they live and work.
- 6) Working Hours: Working hours shall comply with national regulations and collective agreements.
- 7) Working Conditions: Multinational companies shall be provided safe, healthy and sustainable working environment, according to the ILO Conventions and to the OECD Guidelines. Training on safety and risk prevention at the work place shall be provided to all workers.
- 8) Environmental Issues: The company commits itself to respecting the international Conventions on environmental impact
- 9) Specialized Vocational Training: Educational and training programmes shall be granted to all workers
- 10) Workers' Welfare: Prevention programmes are expected against the risks of endemic diseases which might originate within the workplace, in according to the ILO HIV-AIDS codes of practice.
- 11) Employment relations: he company shall pay any social security and pension contributions as required under applicable legislation in the place where the worker works.
- 12) Implementation and Assessment: The company commits itself to give information about the agreement in all sites and workplaces. At least once a year - or when the need arises - the group shall meet in order to assess and review the implementation of the Agreement.

Among the most innovative items of the Agreement, the reference to the migrant workers and their free choice of employment. Moreover, with reference to employment relations, the Agreement includes a paragraph not usually present in the TCA. The Agreements provides a significant protection to workers, by ensuring that *"the company shall pay any social security and pension contributions as required under applicable legislation in the place where the worker works, except when more favorable individual conditions apply"*.

With reference to the duration of the Agreement, the text states that negotiations cannot take place before than two years after the signature. After this period, any party may request to review the Agreement. It remains in force until one of the signatory parties submits a written notice

## **Previous TCAs signed by the Company**

The Impregilo S.p.A. company signed in November 2004 a Framework Agreement between with the Italian trade union federations of the construction sector (FILLEA CGIL, FILCA CISL and FENEAL UIL) and the Global Union Federation (IFBWW). The Agreement, after the merger between Salini and Impregilo and the establishment of the new company, was no longer valid. It represented however a significant record for the negotiation of the new IFA signed in 2014.

The parties committed themselves to work together with the aim to promote and to observe the fundamental principles of Human Rights, as defined by the "Universal Declaration of Human Rights" (1948), the "ILO Declaration on Fundamental Principles and Rights at Work" (1998), the "ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy" (2000) and the "OECD Guidelines for Multinational Enterprises" (2000);

The main items regulated by the Agreement were the following:

- 1) Freely chosen employment;
- 2) No discrimination in employment;
- 3) No child labour;
- 4) Right to form and join trade unions and to bargain collectively;
- 5) Living wages;
- 6) Hours of work comply with appropriate national legislation and national collective agreements;
- 7) A safety and healthy working environment shall be provided;
- 8) Environment;
- 9) Workers skills training;
- 10) Welfare of workers;
- 11) Regular labour contract.

## **1. MONITORING AND IMPLEMENTATION<sup>30</sup>**

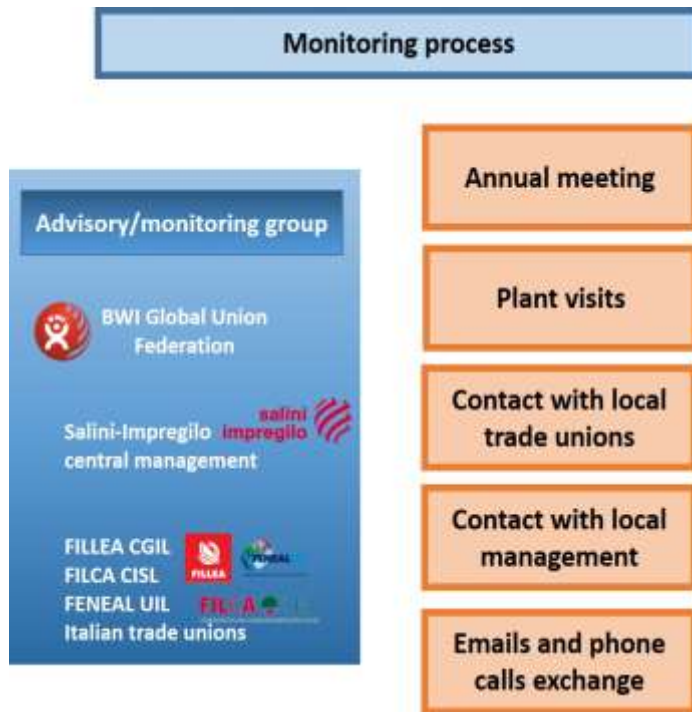
The monitoring process plays a key role in the implementation of the Agreement. Salini-Impregilo IFA mentions the monitoring procedure adopted for ensuring the compliance with the contents envisaged by the Agreement. The text states that company management, HR representatives and the delegates of the signatory federations (both the Global Union Federation BWI and the Italian trade union federations of building and construction sector, namely FILLEA CGIL, FILCA CISL and FENEAL UIL<sup>31</sup>) are part of the **advisory/monitoring group**. The Agreement foresees **one annual meeting** in which all the parties in charge of monitoring gather together for assessing the implementation of the contents envisaged by the IFA. According to the actors interviewed, the

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<sup>30</sup> The analysis of the Salini-Impregilo case was supported by the interviews carried out with some of the actors in charge of the monitoring process: Mr. Claudio Sottile, FILCA CISL (Italian trade union federation of the construction sector), Ms. Jinsook Lee, BWI (Global Union Federation) and Mr. Maurizio D'Ippolito, HR Department (Salini-Impregilo company management).

<sup>31</sup> The three main Italian trade union federations of the construction sector (FILLEA CGIL, FILCA CISL and FENEAL UIL) were the trade union social partners entitled to sign the agreement at national level.

annual monitoring meeting is usually carried out in June or July (with some rare exceptions). The notification of the annual meeting is usually done via email by the management. In addition, the communication flow among the actors in charge of the monitoring process is carried out on a regular basis during the year, through email exchanges or phone contacts.

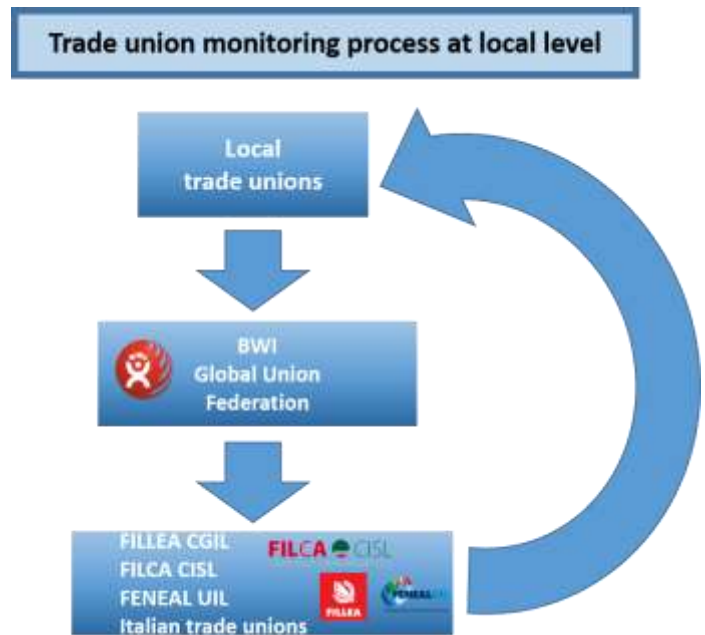


Source: SindNova 2016

In case it may be needed, the company management agrees in holding the meeting twice a year. So far, it has not been necessary, due to the lack of specific issues. The information provided by company management on an annual basis is usually considered satisfactory by trade union and GUF's representatives. According to the social partners interviewed, the company has usually showed a positive attitude in informing trade unions about changes, mergers, acquisition in the U.S., ongoing/completed contracts, and about issues occurred on the ground across the geographical perimeter of the company (such as Africa, Middle-East, etc.). Any complaints have been received by local trade unions in this regard. During the annual meeting, in

order to share information on the ongoing and completed contracts, trade union representatives and BWI receive an **activity report** from the company management, concerning all the activities carried out during the previous year. The report analyzes also the figures on labor force, by dividing the quota between Italian workforce and workers hired by temporary agencies.

Even if TCAs are voluntary agreements, the parties interviewed agreed that the monitoring process must be ensured and carefully carried out. The Agreement is sustained by a solid trade union network with the support of the Global Union Federation. **The monitoring is carried out jointly by company management, BWI and trade union representatives.** There are also unformal meetings with local trade union representatives. A significant example in this regard is represented by the Namibian case where a special meeting was held for resolving critical issues occurred at the workplace. The presence of the Italian trade union representatives and the dialogue established with the Namibian local trade unions allowed to address and solve the issue. The Namibian case started with the communication of the complaint to the Global Union Federation. BWI then got in contact with the Italian trade union representatives. Once informed of the situation, then it was the turn of the Italian trade union representatives interface with the local trade unionists. Trade unions networks at local level also play a key role in ensuring the proper monitoring of the Agreement.



Source: SindNova 2016

Formally, the Agreement does not mention additional tools of monitoring. However, the advisory/monitoring group often organizes **company visits** within the group subsidiaries located worldwide, in order to reinforce the monitoring system on the ground. They are usually organized by a delegate on rotation. Company visits are not held every year. The monitoring visits held at local plants worldwide are organized jointly with the local management. Visits at local plants represent a significant tool for keeping the contacts with the local trade union network, with the support of the Global Union Federation acting as intermediary. So far, the trade union representative interviewed confirmed that during the visits no major problems were experienced. Concerning the documentation drafted after each monitoring visit within the local company plant, minutes of the meeting are drawn up and shared among parties. During these visits, both Salini-Impregilo employees and sub-contracted manual workers are present in the plants. One of the critical issue underlined during the interviews is the difficulty in distinguishing workers that are employed by the company and those who are sub-contractors.

With reference to the suppliers, the company is committed to contract companies that comply with local standards and ILO principles.

The communication among signatory parties is carried out on regular basis, with contacts with the management especially in case of conflict. They have regular correspondence and regular report of the incidents occurred.

The parties interviewed confirmed the intent to **solve conflicts at local level**. When this option is not feasible, then the issue is resolved at global level by BWI, Italian trade union federations and Salini-Impregilo management. Cases of dispute resolution through mediation have never occurred so far (neither any provision in this regard is mentioned in the Agreement). An example of resolution at local level was represented by the Namibian case, where the Agreement played a crucial role in helping to solve a local conflict and to put in place safety standards, wages, contract agreements and short term agreements. Therefore, the implementation of the

IFA did not cause any conflict at local level. Rather, it represented the tool for resolving conflicts, like in the case of the Icelandic plant where the monitoring visit carried out by the Italian trade union representatives helped to overcome the fractures between local Icelandic trade unions and the Italian company management located in Iceland. The fracture among parties was so radical that their communications were usually managed publicly through newspaper articles. After that episode, continuing monitoring activities, also on distance, have been performed. The main problems arisen between Icelandic trade unions and company management were due to cultural differences. Salini-Impregilo manifested its interest in field visits in order to solve any potential conflict at local level, with the support of BWI in facilitating controversy resolution.

The dissemination of Agreement contents, both in written and verbal form, is ensured within all the Group construction sites and workplaces among local managers and affiliates. In addition to the official languages of the Agreement, translations in local languages are available in order to ensure the widest dissemination.

## 2. ASSESSMENT OF THE ACTORS INVOLVED

The terms for renewing the Agreement are not clearly specified in the text. No exact mention is given for the renewal deadline. Therefore, so far the signatory parties have not started any renegotiation procedure.

Among the topics that could be addressed in the renegotiation phase, the trade union representative underlined the need of **improving health and safety standards**. In some of the countries where the company operates, there are no laws in place for the safeguard of workers' health and safety at the workplace. Salini-Impregilo is strongly interested in ensuring the compliance with H&S principles all across its plants. Even if health and safety measures are currently respected within the perimeter of company operations, more specific efforts could be achieved in the renegotiation of the agreement.

**The actors have not registered any lack of compliance with the provisions of the Agreement.** Despite the lack of binding legal effects, the parties interviewed underlined that public discrediting worldwide can be a powerful deterrent. Thanks to the dialogue among parties, it was possible to overcome problems without involving media. The Agreement does not foresee the recourse to dispute resolution bodies, due to the lack of binding legal effects.

Actors interviewed underlined that the Salini-Impregilo IFA represented an important **tool for strengthening workers' rights**. During the enlargement works of the Panama channel, Salini-Impregilo was involved in the consortium named Grupo Unidos por el Canale, GUPC that led the constructions. It was composed of large international companies, among which Spain's Sacyr, Italy's Salini Impregilo, Belgium's Jan de Nul, and Panamanian companies. The main issue concerned workers' health and safety measures at the workplace. The IFA signed by the Salini-Impregilo clearly referred to H&S measures but the consortium was not obliged to comply with such rules. The role played by the Italian, Spanish and Belgian trade union representatives and BWI was crucial in this regard. They managed to sign a **consortium framework agreement**, based on the example of the Salini-Impregilo IFA. The commitment expressed by the parties referred to the four years of construction works for the Panama channel. National trade union representatives visited the plant in Panama and put pressure on their respective companies. The presence of the IFA signed by Salini-Impregilo represented a significant stimulus for the signature of the consortium framework agreement on health and safety.

According to trade union actors, differently from Corporate Social Responsibility codes of conduct in which MNCs have often failed to comply with the principles envisaged, the active role played by trade union representatives

in the monitoring and implementation of the Agreements represents a crucial element. Trade unions have the interest in ensuring that the Agreement complies with the provisions expressed, and that both parties fulfill those principles.

In some cases, civil society organizations also played an independent role as *external monitoring parties*. This is the case of Namibia where a local NGO published a newspaper article criticizing the amount of water used by the company for carrying out its activities. However, the quantity had previously been approved by the Namibian government. The company did not reply to the article. Apart from some sporadic cases involving especially environmental issues and local communities, the role usually played by local trade unions in raising red flags when necessary is considered satisfactory. When local unions are weak or inexistent as in the case of Qatar, then the Global Union Federation BWI takes responsibility.

With reference to the question whether the IFA represents an **added value compared to local and national standards**, the actors interviewed agreed in affirming that in the extra European countries covered in the geographical perimeter of the company, the principles expressed in the Agreement represent an important element of improvement. In many of these countries, the lack of safeguards constitutes a significant problem. With reference to the comparison with the local and national industrial relations, the Italian system can be considered a good practice in this regard. On the other hand, in the majority of extra European countries, industrial relations systems have different patterns. There is the interest in establishing more solid industrial relations in these new areas, like Africa and Asia. Also cultural differences are significant among countries.

MNCs are not obliged to sign a Transnational Company Agreement, but it represents an opportunity instead of a restraint. TCAs can constitute a first step for many countries and a useful support for their local trade unions.

Among the added-values of the Salini-Impregilo Agreement, a strong focus is given to **immigrant workers** and the protection of their working conditions. The presence in the Agreement of specific clauses on immigrant workers, usually hired by sub-contracting companies, represents a best practice rarely present in other TCAs. As mentioned in the Agreement, consortia and subsidiaries are also required to avoid that workers (both immigrants or not) are classified as self-employed although they are assigned typical employee tasks (bogus self-employment). Moreover, among the most relevant items of the Agreement, it states that *"the company shall pay any social security and pension contributions as required under applicable legislation in the place where the worker works, except when more favorable individual conditions apply."*<sup>32</sup>

According to the interview carried out with BWI representative, IFAs represent a **useful tool for organizing workers**. In the building sector, the focus is especially on migrant workers and the different forms of outsourcing. The current global campaign carried out by the Global Union Federation in Qatar represents a strong element of interest for what concerns the Salini-Impregilo case. *The respect of industrial relations, trade union recognition and the support in organizing strategies are key elements of IFAs*. Both BWI representative and Salini-Impregilo management expressed a positive assessment of the working relationships between the GUF and the company, concerning the contents of the IFA and the prompt feedback given in presence of local conflicts (such as in the Namibian and the Qatar cases).

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<sup>32</sup> International Framework Agreement between SALINI-IMPREGILO S.p.A. and Building and Wood. Worker's International (BWI), FENEAL UIL, FILCA CISL and FILLEA CGIL, 2014

As affirmed in the IFA, the signatory parties “*recognize the need for open democratic industrial relations and for fair collective bargaining procedures for union and company representatives*”<sup>33</sup>

The focus on collective bargaining is crucial in order to ensure workers’ rights, especially when national laws are weak. The IFA in this regard may represent a support in the recognition of the right to collective bargaining, in accordance to the core labor conventions. The Agreement clearly refers to the compliance with national regulations and collective agreements.

Currently, the signatory parties have not mentioned any intention to renegotiate the contents of the Agreement. However, with reference to the **improvement of the agreement**, the trade union representative stated that, starting from the main guidelines provided by BWI, the Agreement has been enhanced and there is still room for further improvements. Among the topics that should be further addressed by the Agreement, parties stressed the working conditions of immigrant workers and equal treatment of local and foreign workers. Moreover, a focus on supply chains, sub-contractors and their role in ensuring proper working conditions, as well as health and safety, contractor liability, union recognition and neutrality agreements are considered important elements to be negotiated.

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<sup>33</sup> International Framework Agreement between SALINI-IMPREGILO S.p.A. and Building and Wood. Worker's International (BWI), FENEAL UIL, FILCA CISL and FILLEA CGIL, 2014



## **MIGRANT WORKERS IN QATAR.**

### **THE BEST PRACTICE OF SALINI-IMPREGILO IFA.**

Migrant workers in Qatar, selected by recruitment agencies and hired by sub-contractors, face many challenges in working with multinational companies due to poor working conditions and unequal treatment. In Qatar, foreign workers coming from South and Southeast countries face a severe exploitation at the workplace, and are denied their right to go back home while their passports are confiscated by the employers. Moreover, the fact that the peninsular Arab country will host the FIFA World Cup in 2022 represents an additional element of concern for workers' organizations. The presence of around 1,5 million of migrant workers involved in the construction works needed for hosting the international event raised several red flags, as expressed by Global Union Federations, ILO and trade union movement, due to the decent work deficits occurred in this country.

Multinational companies, from both Europe, Asia and Gulf Countries can play a huge role in ensuring that migrant workers hired by sub-contractors are treated equally and have access to decent working conditions. BWI has repeatedly expressed its commitment in improving working conditions of migrant workers, who are denied basic rights such as occupational health and safety, right to collective bargaining and living wages. International labor standards have been rarely put in place and BWI urged both Qatari government and construction companies to comply with better working conditions for migrant workers.

The Italian company Salini-Impregilo S.p.A. can be considered a best practice in this regard, by providing good working conditions to foreign workers located in Qatar according to international safety standards. Following the monitoring visit held in Doha, the Italian trade union representatives and BWI could positively evaluate the working conditions of Salini-Impregilo workers in Qatar. The policies put in place by Salini-Impregilo about migrant workers are in line with the principles envisaged by its International Framework Agreement. It clearly states the right to free choice of Employment: "*Workers shall not be required to lodge deposits, visas or other immigration fees, transportation costs, and recruiting or hiring fees. Workers shall be required to surrender their passports and other travel or identity documents only if necessary to fulfil the national requirements in the country of destination and not for any other purpose. The company agrees that migrant workers shall be recognized the right to legal redress in the country of work and the right to organize and join trade unions. The company also agrees that migrant workers shall be provided with detailed information about their living and working conditions in the destination country in a language they can understand before leaving their country of origin.*"<sup>34</sup>

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<sup>34</sup> International Framework Agreement between SALINI-IMPREGILO S.p.A. and Building and Wood. Worker's International (BWI), FENEAL UIL, FILCA CISL and FILLEA CGIL, 2014

These principles were also monitored on the ground, thanks to the organization of plant visits. The members of the Advisory/Monitoring group during a visit in Doha were able to effectively monitor the working conditions of migrant workers at the workplace and their accommodations. The participants stated that the recreational spaces and canteens were well equipped and that the presence of different rooms per each spoken language guaranteed a positive community environment. During a meeting held at BWI headquarters in October 2014, Salini-Impregilo confirmed its positive experience in Qatar by stating that *"by signing the agreement with BWI [...], Salini-Impregilo confirms respect for the Person as a key element to create value in all its business activities, to be pursued as usual through loyal and constructive dialogue and labor relations, in respect of each other's roles, both the company and the employees ones."*<sup>35</sup>

However, even if the Agreement represents an important added-value in the framework of construction multinational companies, more specific clauses have been stated in the document signed by BWI titled *"Decent Work for Migrant Workers in Qatar. Role of Construction Companies"*<sup>36</sup>, issued in 2015. With this document, the Global Union Federation drafted specific guidelines aimed at regulating the conditions of workers employed in Qatar. The 11 key areas addressed by BWI focused on:

- 1) Kafala (employment sponsorship) and Exit Visa-system
- 2) Respect, dignity and quality for migrant workers
- 3) Occupational Health and Safety Measures in line with International Conventions and Standards
- 4) Workers' rights to organize and collective bargaining
- 5) Joint liability of Principal and Subcontractors and employment relationship
- 6) Regulate recruitment agencies to prevent exploitation
- 7) Conduct effective, independent and legally binding labor inspections
- 8) Ensure effective labor dispute and court system
- 9) Employment contracts
- 10) Living wage
- 11) Safe and decent accommodations

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<sup>35</sup> Building and Wood Worker's International BWI (BWI), Meeting on working conditions of migrant workers in Qatar hosted by ILO sets path for joint strategy, 27 October 2014, BWI website

<sup>36</sup> Building and Wood Worker's International (BWI), Decent Work for Migrant Workers in Qatar. Role of Construction Companies, 2015