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# NATIONAL STUDY REPORT FRANCE

IRES France

## Case Study Engie (GDF Suez)<sup>1</sup>

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**Name of the company:** Engie (GDF Suez)

**Industry sector:** energy

**Headquarter country:** France

**Geographical perimeter:** Total employment world-wide: 153.000 (2016). 4 geographical areas: Europe, North America, Asia, Latin America, Africa. Main countries in Europe: France, United Kingdom, Turkey, Benelux. Main countries outside Europe: USA, China, Brazil.

### Company profile

Engie, as GDF Suez is called since 2015, is a French transnational utilities company and power producer, in particular in the field of gas and electricity. It was formed in 2008 by a merger of Suez with Gaz de France (GDF).

Its official headquarters is in Paris La Défense (France), but there are also offices in London and Brussels. The London office will soon be closed.

The origins of Suez go back to the 19<sup>th</sup> Century. The name Suez comes from one of its founding entities, the Compagnie Universelle du Canal Maritime de Suez, which was created in 1858 to build the Suez Canal. After the nationalisation of the canal in 1958, it became the Compagnie Financière de Suez, and finally, in 1990, the Compagnie de Suez, a holding company with important participations in Belgium and France, in particular in the finance and energy sectors. In 1997 it merged with the Lyonnaise des Eaux, a utilities company in the field of water treatment and waste management, to become simply the group Suez.

GDF was created by the French Government in 1946, along with Électricité de France (EDF), after the nationalization of the electricity and gas companies. GDF grouped all the companies that produced, transported or distributed gas in France. GDF and EDF shared a number of departments including personnel management and energy distribution. After the liberalisation of the European energy market, the French Government began to privatize GDF, but still held 80% of the shares in GDF at the moment of the merger with Suez in 2008. The French State now holds a third of Engie's shares, 2.2 % are in the hand of the employees.

In 2010, GDF Suez acquired the 70 % of the shares of International Power (IP), an electricity generation company headquartered in London. IP had been formed in 2000 by the demerger of National Power, a company formed after the privatisation of the UK electricity companies. Subsequently, Suez acquired the totality of IP's shares and merged IP into the GDF Suez Energy International business unit,

In 2016, Engie was re-organised into 24 business units and 5 "métiers". 11 business units are geographic: Africa, Latin America, Northern America, Asia Pacific, Benelux, Brazil, China, Northern, Southern and Eastern Europe, "Génération Europe", Middle East, Southern, Central Asia and Turkey, United Kingdom. 8 are set up in France, and 5 are global.

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<sup>1</sup> [http://www.epsu.org/sites/default/files/article/files/agreement\\_GPEC\\_GDF\\_Suez\\_-\\_EN.pdf](http://www.epsu.org/sites/default/files/article/files/agreement_GPEC_GDF_Suez_-_EN.pdf);  
[http://www.epsu.org/sites/default/files/article/files/agreement\\_GPEC\\_GDF\\_Suez\\_-\\_IT.pdf](http://www.epsu.org/sites/default/files/article/files/agreement_GPEC_GDF_Suez_-_IT.pdf)

Since the 2008 merger, the workforce has been continuously increasing. In 2016 Engie had 153.000 employees world-wide, 87 % in Europe (47 % in France, 11 % in Belgium), 2.3 % in North America, 4.2 % in Latin America, 5.8 % in the Asia-Pacific region.

## **Industrial relations: the French dimension**

The CGT was historically the majority union in GDF. Today, the union representativeness at the Engie group level is calculated on basis of the workplace election results in which the workers of the gas distribution company GRDF are included. On this basis, the CGT has a representativeness of 40 %, followed by CFDT (22 %), CFE-CGC and FO. The CFTC has lost its representativeness, as it did not reach the 10-percent threshold. It has however represented in the French group committee, and therefore also in the EWC select committee. Within the Engie group in a narrow sense, the CFDT is the majority union.

## **Industrial relations: the transnational dimension**

### **a) The EWC**

Both GDF and Suez had EWCs before the merger. In Lyonnaise des Eaux, a voluntary EWC was set up in 1995 before the EWC directive went into effect. The agreement was signed on the employee side by the European Trade Union Confederation (ETUC), the European Confederation of Executives and Managerial Staff (CEC) and five French representative trade union organisations. After the merger of Suez with Lyonnaise des Eaux in 1997, this EWC was enlarged to encompass the new Suez-Lyonnaise des Eaux Group through a rider dated November 1999. Before the the GDF-Suez merger, the Suez EWC had 46 members representing 161,000 employees from 19 countries, 20 % of whom came from France.

In GDF an EWC was established by an agreement which the was signed on in 2001 by seven national trade unions (four French, one Italian, one German and one Hungarian) and two European federations (EMCEF and EPSU). At the time of the merger, two-thirds of the almost 50,000 GDF employees worked in France. The GDF EWC had 32 members from seven countries, half of whom came from France.

During the merger process, the EWCs of GDF and Suez agreed to start negotiations with the management to conclude a new EWC agreement for GDF Suez. For this purpose, a Special Negotiation Body (SNB) was set up, including representatives from the European industry federations EPSU and EMCEF. There were big differences of industrial relation cultures between GDF and Suez, and also between the two EWCs. The Suez EWC culture in Suez was very cooperative, symbolized by the existence of permanent working groups, whereas the relationships within the GDF EWC were more conflictual and finally resulted in a court case because of a disagreement on the prior consultation of the EWC on the topic of the merger. Therefore, the negotiations with the SNB on of new EWC agreement were long, und difficult. Finally, a agreement was signed in May 2009, and a new EWC was established in October 2009. This EWC resulted in a combination of good practices from both preceding EWCs. The definition of information and consultation were similar to the new definitions in the recast EWC directive, which was adopted the same day as the signature of the EWC agreement. The EWC can make use of experts (paid for by the company). Training for its members is provided during 5 days a year. There is a budget of 80,000 EUR a year, all costs for EWC meetings being carried by the company. EWC members have the right to visit different sites with a maximum of 35 visits per year in total.

The GDF Suez EWC set up in 2009 was one of the largest existing EWCs. It was composed of 64 members plus two guests from EPSU and EMCEF. After the spin-off of Suez Environment, it was reduced to 42 members.

There is a select committee of 13 members, of which five come from France. Most of the foreign subsidiaries are unionized. A big exception are the subsidiaries in the UK. After the creation of the EWC, a Belgian member was elected EWC Secretary, but he has recently retired and is now replaced by a CGT member from France, the Deputy Secretary comes from the second French union, the CFDT.

The EWC agreement established several permanent working groups. As a heritage of the GDF EWC, they were three were 3 working groups for branches Environment, Energy and Energy Services. They will now disappear, because the branches have been replaced by the new business units. Other working groups concerned social reporting, health and safety. The working group on social reporting was set up to supervise social guarantees given to the GDF EWC by the management and at Suez through a European agreement concluded with the EWC and the French unions. These working groups met regularly twice a year. The EWC agreement foresees at least two annual plenary sessions, with the possibility of additional meeting. In the first years of its existence, there were up to eight plenary sessions. In 2016, the EWC met five times.

After the acquisition of IP, the setting up of a world works council was briefly discussed within the EWC. This project has recently re-emerged in the discussions with the global union federations. It is inspired by the Global Forum set up by Solvay. After the re-organisation of Engie, a regional social dialogue forum has already been set up at the level of the regional business unit Brazil. The idea is to create similar forums in other regions and to coordinate them ultimately at the world level.

## **b) The transnational agreements**

GDF and Suez had signed several European framework agreement (EFAs) before the merger. In July 2008, GDF had concluded, for a duration of three years, a European agreement on corporate social responsibility (CSR), which was signed by the three European trade union federations EMCEF, EPSU and EMF, as well as 15 national unions: 5 from France (CGT, FO, CFDT, CFTC, and CFE-CGC), three from Italy, two from Hungary, and one each from United Kingdom, Romania, the Netherlands, Belgium and Germany. It is similar to an IFA on CSR and fundamental labour rights, but its scope is limited to Europe. As far as CSR is concerned, it contained a number of commitments on skill management, anticipation of change and restructuring.

Lyonnaise des Eaux and Suez had signed the following six EFAs between 1998 and 2010:

- October 1998: an "International Social Charter" fundamental labour rights and HR policy concluded between Lyonnaise des Eaux and its EWC. This was one of the first EFA ever signed.
- October 2002: a Suez Charter on health and safety, signed by the EWC.
- July 2007: three Suez EFAs signed simultaneously on equality and diversity, employee ownership and forward-looking management of employment and skills. They were all signed by the EWC select committee, the Secretary General of the EPSU, who signed "in the name of the ETUC", together with a representative of the Confederation of European executives CEC, as well as the five French representative unions at Suez, CFDT, CFE-CGC, CFTC, CGT and FO.
- June 2008: an EFA on "social guarantees for the employees of the Suez group". In the perspective of the coming merger of Suez with GDF, the agreement guaranteed that there would be no forced redundancies for a period of 18 months after the merger. The signatory parties were the same as in the previous EFA.

The choice of EPSU to sign in the name of the ETUC, and not only in its own name was apparently motivated by the composite and conglomerate structure of the Suez group. The EWC played an important role in the implementation. Its select committee, eventually expanded to include additional members, ensured generally the monitoring. So the negotiating and monitoring practices of GDF and Suez clearly differed, GDF giving preference to the French union representation, Suez to combination between union and EWC representation.

The negotiations of transnational agreements were an important issue of the SNB negotiations. In parallel to these negotiations, the EWCs of GDF and Suez continued to function and held joint meetings. In one of their last meetings, both EWCs decided to denounce the previous EFAs. The SNB negotiators finally found a compromise formula to reconcile the models. Article 3 of the new EWC agreement stipulates that the EWC must be informed of European agreements or Charters signed within GDF Suez by the trade union organisations and management. The EWC may participate in the implementation and monitoring of these agreements, but only if “the signatories of these Charters and European agreements have specifically provided for it”.

Since the merger, GDF Suez has signed five EFAs. Some of them were renegotiations of the earlier Suez EFAs.

- February 2010: EFA on forward looking management of employment and skills (“GPEC” in French) signed by an “SNB” composed of EPSU, EMCEF and the national unions. The monitoring is entrusted a specific European GPEC Committee and to national GPEC committees,
- February 2012: EFA on health and safety, signed by an SNB composed of EPSU, EMCEF and the national unions. The agreement applies also to subsidiaries outside Europe. The monitoring is entrusted to a specific “Health and Safety Management Committee”, composed of ten EWC members which are joined once a year by five representatives of subsidiaries outside Europe. Once a year the EWC receives a report from this committee.
- June 2012: EFA on gender equality, signed by EPSU, EMCEF and CEC and an SNB. Monitoring is entrusted to a joint European-level review commission whose employee representatives are nominated by the EFUFs and the national unions.
- November 2014: EFA on “improving quality of life at work”, signed by EPSU and IndustriAll Europe. Monitoring by a specific commission of 15 members nominated by the ETUFs on the basis of proposals by the national unions.
- April 2016: Engie “European Labour Relations Agreement”, signed by EPSU, IndustriAll Europe and EFBWW. Monitoring is entrusted to a “monitoring committee” composed of the EWC secretary and whose 17 members nominated by the ETUFs.

In November 2010, GDF Suez has also concluded an IFA on fundamental rights and sustainable development (see below), and in May 2014 a second IFA on health and safety.

One can notice a certain evolution of the negotiation and monitoring modes. The first three GDF Suez EFAs were signed by an SNB, which had a composition similar to the one that had negotiated the GDF Suez EFA. Most of them were members of the EWC.<sup>2</sup> But from 2014 onwards, the EFAs were only signed by ETUFs. This evolution

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<sup>2</sup> The difficulties of the negotiation of the EFA on health and safety have been analysed by Giulia Frosecchi (“GDF Suez Transnational Collective Agreement on Health and Safety: EWC as negotiating agent and the relevance of the ETUF leading role”, Working Paper CSDLE “Massimo D’Antona”, University of Catania, INT-119/2015). She shows that for various reasons, the Italian metalworker unions, which were affiliated to the EMF, did not sign the agreement. One of them was that the management did not involve the EMF into the negotiations. This problem was overcome later, because the EMF is now represented inside IndustriAll Europe, which has co-signed all of the following GDF Suez EFAs.

was in conformity with the internal negotiation rules that most of the ETUFs had adopted since 2006, and which are based on a union mandating procedure. The EWC did no longer sign any of these EFAs. Except in one EFA, it was also no longer included in the monitoring process. The IFAs signed in 2010 and to 2014 followed similar procedures.

## **The 2010 IFA on fundamental rights and sustainable development**

On 16 November 2010 GDF Suez signed a global agreement on “fundamental rights, social dialogue and sustainable development”. This IFA was signed for the company and its subsidiaries specified in the preamble by the CEO Gérard Malestrat and by the general secretaries of the three global union federations Building and Wood Workers' International (BWI), International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)<sup>3</sup>, and the Public Services International (PSI). The agreement applies to employees, subcontractors and suppliers of all present and future GDF Suez companies of the branches Energy France, Energy Europe and International, Global Gas & LNG, Infrastructures, Energy Services and Environment. It also announces that the parties intend to reach additional, more specific agreements “in such areas as training, occupational health and safety, restructuring, and sustainable development/climate change”. Up to now, this has been achieved in the field of health and safety by an IFA signed in 2014.

The 2010 IFA was signed for a period of three years and remained valid for another three-years-period. Currently, the parties are negotiating in order to replace this agreement by an amended version.

By signing the 2010 IFA GDF Suez recognizes the international labour standards in the Universal Declaration of Human Rights, in the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the UN Global Compact. More specifically, the management commits itself to respect the following fundamental labour rights elaborated in the ILO Declaration on Fundamental Rights at Work:

- Freedom of association and collective bargaining (ILO conventions 87 and 98),
- Discrimination (conventions 100 and 11),
- Forced labour (conventions 29 and 105),
- Child labour (conventions 138 and 182),
- convention 94 concerning labour clauses in public contracts.

Furthermore, GDF Suez and the signatory global union federations commit themselves to “co-operate to promote and encourage positive and constructive industrial relations” inside all GDF Suez companies and their business partners.

Concerning sustainable development, the parties will cooperate to reduce carbon emissions “in a way that protects the rights and interests of workers” and implement the measure of adaptation “in an agreed, fair manner”.

The English text of this agreement is authoritative. It was filed with the French Ministry of Labour and the registry of the Paris Labour Court.

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<sup>3</sup> In 2012, ICEM was merged into IndustriAll Global Union.

## **Implementation and monitoring**

For the monitoring, a reference group was set up. It met every a year to review the agreement. In 2015 it met in Chile, in July 2016 in Paris. This group is composed of the Engie HR director, one officer of each GUFs BWI, IndustriAll and PSI, plus representatives of different continents. In the 2016 meeting, there was one PSI affiliate from Australia, one BWI affiliate from Brazil, one IndustriAll affiliate from the USA (Utility Workers Union of America, UWUA), the EWC secretary (from Belgium), a CFDT unionist from France and a guest from Romania.

For complaints, a three-step procedure was agreed. In the first step, the complaint must be raised with the local site management, where the workers may seek trade union representation. If the complaint is not resolved with local management, it is referred to the appropriate national union who will raise the issue with the company. Any infractions which could not be resolved through discussion at the workplace or national level are addressed by the GUF concerned, in cooperation with its national affiliates, and reported to the responsible manager. This process "may include, but does not require a meeting of the reference group".

Up to now, no complaints have reached the last step. But several problems were discussed during the meeting of the reference group. The concerned mainly Chile, the USA and Australia. The problem in Chile was an anti-union legislation of the Pinochet regime which has not yet been abolished, but will be soon. The problem raised by the UWUA was a case of discrimination between two groups of workers for their retirement. It has been resolved by the intermediation of the CFDT, which had invited a representative of that union to a meeting of the EWC select committee in Paris, where the problem could be communicated to the group management and be resolved. The problem raised by the Australian union was a case ignorance of the content of the IFA. It will be raised again by the GUF for the renegotiation of the IFA, which is currently under way.

## **Conclusion**

The evaluation of the 2010 IFA is globally positive by all signatory parties. The management regrets however that the monitoring is a rather formal procedure in, which seems not a priority for most of the actors in the GUFs. One may also ask if the GUFs have enough manpower capacity to fulfil a more intense monitoring procedure. This immediately puts forward the question why the employee representatives from inside the Suez group are not more involved in this procedure. Generally, only the EWC secretary and eventually another EWC member are present in the monitoring session.

The monitoring procedure can however be considered as an intermediate step on the way to a more organic representation and to new forms of social dialogue at the global level. This seems to be the subject of the on-going discussions about the renewal of the agreement.

## Case Study Renault<sup>4</sup>

Udo Rehfeldt, IRES

**Name of the company:** Renault S.A.S.

**Industry sector:** automotive

**Headquarter country:** France

**No. of employees and countries involved:** Total employment world-wide: 120.136 (2015). Main countries with production sites in Europe: France (45.597), Romania (16.732), Spain (13.052), Slovenia (2.230), Portugal (1.465), Main countries with production sites outside Europe: Morocco (8.047), Turkey (6.248), Brazil (5.170), South Korea (4.340), Russia (3.264), Argentina (2.624),

### The company

Renault is the second French producer, founded in 1898. It was nationalised in 1945 and privatized in the 1990s. The State's part of the shares subsequently fell to 15%, but in 2015, the State bought new shares, in order to prevent the shareholder assembly to vote against the principle that long term shareholders should have a double vote. The French State holds currently 19,7 % of the shares (with a higher proportion of voting rights), followed by Nissan (15%), Deutsche Bank (4,4 %), Daimler (3,1 %). 2,5 % of the shares are owned by the employees.

In 1999, Renault signed a partnership agreement ("Alliance") with Nissan Motors, of which it became the largest shareholder, and whose management it also indirectly performs. In 2002, Nissan and Renault created a joint strategic command centre, Renault-Nissan B.V., set up in the Netherlands, and mutual share ownership. Renault's now owns 43 % of Nissan.

In 1999, Renault bought 51% of the shares in the Romanian Dacia manufacturer, a proportion that has now risen to 99%. In 2008 Renault signed a strategic partnership agreement with the Russian car producer AVTOVAZ of which it now owns 37 %. In 2000 Renault acquired the Korean car manufacturer Samsung Motors. In 2010, Renault enlarged its Alliance to Daimler, leading to a mutual supply of engines and a mutual financial participation.

Renault has 36 production plants worldwide, half of which are abroad. In France, the production sites are concentrated in the North and the East of the country. The main Renault factories are in the Paris area (Cléon, Flins), in the North (Douai, Maubeuge), the North-West (Sandouville, Le Mans) and the East (Batilly). Outside France, Renault most of the production plants are in Europe, namely in Spain, Portugal, Turkey, Slovenia and Romania. Since the closure of the Vilvoorde plant, the company has had no longer any production site in Belgium.

Outside Europe, there are production plants mainly in Russia, Morocco, Algeria, Argentina, Brazil, Chile, Columbia, India and South Korea. The most recent productive investments outside France are in Tangier (Morocco) in 2010, in Oran (Algeria) in 2012 and in Wuhan (China) in 2016.

Renault and Nissan share manufacturing facilities, namely in India. Some Renault plants produce vehicles for Nissan (Brazil, France, Russia, and South Korea). The Renault plants in Maubeuge and Novo Mesto produce

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<sup>4</sup> [http://ec.europa.eu/employment\\_social/empl\\_portal/transnational\\_agreements/Renault\\_ACI\\_EN.pdf](http://ec.europa.eu/employment_social/empl_portal/transnational_agreements/Renault_ACI_EN.pdf)

vehicles for Daimler. There is also cross-production of engines, e.g. the Renault plants in Cléon, Valladolid and Pitesti produce engines for Nissan and Daimler. Renault-Nissan vehicles are produced by AVTOVAZ in Russia.

In 2015, the Renault group produced 2.8 million cars worldwide, under its different brands, half of which were produced in Europe. The Renault group's worldwide staff has fallen from 140.417 worldwide in 2001 to 117.395 in 2014, but has risen again in 2015 to 120.136. The French part is constantly declining, to 38 % (45.579) in 2015. Europe as a whole account for 57 % of world employment.

## Industrial relations: the French dimension

After the Second World War, Renault served as an experimental field in industrial relations, with the aim to create a lasting compromise with the Renault hegemonic communist trade union CGT. For this purpose, a series of company and workplace agreements were systematically negotiated since 1955. After the end of the Fordist growth period, Renault has been trying to improve its competitive situation by technological modernization and workforce reduction. This company strategy was enforced against violent trade union action. In 1990, the CGT lost its previous majority in the workplace elections. Its share of the vote fell to 47%. The elections were won by a coalition of four trade unions: CFDT, FO, CFE-CGC and CFTC. In 1989, the management had already concluded a framework agreement with these four trade unions, in order to associate these trade unions to its personnel policy of modernization. It provided for qualification programs for unqualified assembly workers as well as for a more flexible working time. On the basis of this framework agreement, the gradual closure of the technically backward central production site in Billancourt (near Paris), the former "fortress" of the CGT, was settled, by agreements with the four trade unions, through voluntary redundancies, early retirements, qualification measures and transfers into other plants. This made the final closure possible in 1992 after a transitional period of three years, almost without dismissals.

Since 1990, the composition of the Renault workforce in France has undergone a profound change. The blue collar factory workers, which were the basis of the hegemony of the CGT, are no longer the majority. They now account for less than one third of the workforce, whereas more than one third is represented by technicians and another third by professional and managerial staff. As a result, the CFE-CGC, a union of professional and managerial staff, is now the first single union in the workplace elections, and the CGT occupies only the second place, followed by CFDT and FO. Here are the results of the workplace election in the group level during the last decade:

### Works committee elections results (as a percentage of votes)

	CFDT	CFE-CGC	CGT	FO
<b>2001-2002</b>	17.0	19.9	37.1	16.3
<b>2006</b>	18.5	26.6	29.0	19.8
<b>2015</b>	20.4	32.0	24.3	12.8

The practice of negotiation of compromise agreements on employment was reactivated after the crisis of 2008. In 2009, the Renault management made commitments to the government and the unions not to close any plants and not to make collective redundancies. In exchange, an "Automotive Pact" was signed between the government and the two French car producers, granting 6.5 billions of EUR of low interest public loans during 5 years. Renault

got 3 billions of EUR of these loans. Renault used various instruments to adapt employment to the crisis: partial unemployment, voluntary departures, early retirement and leave for training. In March 2009 an agreement called "social contract for crisis" was signed by Renault and the four union organizations CFDT, CFTC, CFE-CGC and FO (again not by the CGT). It aimed to maintain the workers' net pay during partial unemployment. The partial unemployment scheme was financed by an improvement of public support, for which a special convention was signed between Renault and the Ministry of Labour. For the production workers, it was financed one third by the company, one third by the state and one third by the solidarity fund. This allowed important cost reductions for the company and helped Renault to recover after 2010.

In 2013, an agreement, called "Contract for Renault's renewed growth and employee development in France", was concluded for three years with the three unions CFE-CGC, CFDT and FO.<sup>5</sup> It created the conditions for the production of new models in the French factories and new recruitments, and but announced also 7500 job cuts without redundancies, only by "natural departures" (resignations, retirements and early retirements). In exchange for wage moderation and job mobility, it guaranteed that no production site would be closed. In December 2016, the same unions signed a new three-year agreement, **which guarantees a certain level of employment and again the safeguard of all French production sites. It also foresees 3.600 new permanent recruitments and** the renewal of 6.000 youth employment contracts, **.in exchange of greater flexibility and productivity.** The agreement also contains measures to improve the working conditions via a "zero accident safety policy".

### **Industrial relations: the transnational dimension**

In April 1993, 17 months ahead of the adoption of the EWC Directive, Renault signed a voluntary agreement on the creation of a EWC called "European Group Committee". The agreement was negotiated by a negotiating commission of seven EMF-affiliated unions: the three French unions CFDT, FO, CFTC, the Belgian unions CSC and FGTB, and the Spanish unions CCOO and UGT. The French CFE-CGC, which was not yet affiliated to the EMF at that time, signed in the name of FIEM, the metal federation of the European Confederation of Executives and Managerial Staff (CEC). The CGT, which was not yet affiliated to the EMF either, did not sign this initial agreement. A permanent seven-person select committee (*secretariat*) was set up, consisting of four French and three non-French delegates. According to an internal agreement, it was limited to unions affiliated to the EMF.<sup>6</sup>

In May 1995, after the failure of the merger with Volvo, a new EWC agreement was signed by five French unions (this time including the CGT), the two Spanish unions and the Belgian CSC (this time not the FGTB). It was identical to the initial agreement, except for the geographical composition. This agreement, based on article 13 of the EWC Directive of 1994, was renegotiated several times, by adding riders to the initial agreement.

After the courts found Renault's management guilty of not having informed or consulted its EWC before announcement of the closure of the Vilvoorde factory, Renault signed a rider to this agreement in March 1998, establishing the right to consultation over any sizeable restructuring plan, This consultation must be "timely", in order that "parts of the debate can still be incorporated into the decision-making process".

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<sup>5</sup> In application of a 2008 law, the CFTC is no longer considered as a representative union in the Renault, because it has not reached a 10-per-cent threshold in the workplace elections, and is therefore no longer entitled to negotiate and sign company agreements.

<sup>6</sup> This was the reason why the CGT, did not sign the initial EWC agreement.

On 27 October 2000, another rider to the agreement merged Renault's EWC and its French group committee into a new "Renault Group Committee", which became de facto a world works council, because it opened the EWC to "observers" from subsidiaries outside the EU, from Turkey, Slovenia, Romania, Argentina, Brazil, and later also from South Korea.

In April 2003, a further rider to the EWC agreement contained a commitment of the Renault management to respect the ILO principles of basic labour standards. On 12 October 2004, an IFA called "declaration on basic social rights" was signed by the Renault CEO, Louis Schweitzer, the Secretary General of the International Metalworkers' Federation (IMF), Marcello Malentacchi, as well as the unions and the select committee of the Renault group committee. The status of this agreement is controversial today. For the present Renault HR management, as well as for the present secretary of the group committee, it was just a "declaration", i.e. a unilateral commitment of the Renault management. For IMF, as well as the presently by IndustriAll Global, it was considered as a genuine IFA. It was published by the Renault as a brochure which contained a photocopy of all the signatures.

In March 2015, for the last time, a rider was added to the initial EWC agreement. It was signed by the initial signatory parties i.e. the trade unions from France, Belgium and Spain, "on behalf of IndustriAll Europe", but also by union members of the select committee from Austria, Romania and Slovenia, as well as the Secretary general of IndustriAll Global, Jyrki Raina. It put the EWC agreement into conformity with the spirit of the revised EWC Directive of 2009 and announced that a new EWC agreement would be negotiated by 2016 with a special negotiating body (SNB), in order to enhance the legitimacy of the committee. For this purpose, a SNB was set up, composed with employee representatives from France, Germany, Austria, Belgium, Denmark, Spain, Italy, the Netherlands, Poland, Portugal, the Czech Republic, Romania, the UK, and Slovenia, and with the participation of representatives both from IndustriAll Europe and IndustriAll Global. This led to an agreement in March 2016, which was signed by the SNB members, by the coordinator of IndustriAll Europe, and by the Secretary General of IndustriAll Global.

The content of the 2016 agreement is basically identical with the rider signed in March 2015. There were only two additions. The mandates of the previous committee members were prolonged until 2019, when they will be renewed for another 4-years period, and a revision procedure was introduced. It gives power to the select committee to decide annually whether it considers an adaptation of the agreement as necessary. This could lead to the adoption of a rider which has to be signed by the European members of the group committee. The agreement can be denounced by both parties. On the employee side a denunciation must be mandated by at least two thirds of the European members of the group committee.

### **The Renault group committee: at the same time French group committee, EWC and world works council**

The Renault group committee fulfils at the same time the legal obligations of information-consultation deriving both from the EWC Directive and from the French legislation on group committees.

Presently, the Renault group committee is composed of 40 members. 31 are from the European Economic Area (EEA), 17 from France, 3 respectively from Spain and Romania, one respectively from Germany, Italy, Portugal, Austria-Switzerland, Belgium-Netherlands-Luxembourg, Poland-Hungary-Slovakia-Czech Republic, UK-Ireland and Slovenia-Croatia. There are also 9 representatives from outside Europe, 2 respectively from Brazil and

Morocco, one respectively from Argentina, South Korea, India, Russia, and Turkey. Within the EEA, all Renault subsidiaries with 300 or more employees have the right to be represented, outside Europe only subsidiaries with 6000 or more employees (subsidiaries with 6000 or more employees have the right to a second representative).

In France, there is one seat for each representative trade union at the French group level. They are presently four, CFE-CGC, CGT, FO, and CFDT. The rest of the French seats are distributed in proportion to the results of the 82 French works committee elections in Renault. Presently, the CFE-CGC and the CGT have both 5 seats, FO 2 seats, and the CFDT one seat. For each full member, an alternate member is also appointed. The seats are chosen by the respective trade union amongst their elected works committee members. The term of office is four years.

In most of the European countries, the committee members are appointed by the unions or by the works councils. In the UK, where there is no production plant, but only a commercial network, the member is appointed by an elected "employee forum". Presently, most of the committee members are unionized, including those from outside Europe, specifically those from Argentina, Brazil, South Korea and Morocco.

The select committee is composed of a secretary and 10 deputy secretaries, elected by the European members of the group committee. Presently, they are five members from France, two from Spain, and one respectively from Austria, Belgium, Slovenia and Romania. The present secretary comes from the CFE-CGC. The select committee meets approximately every month.

Members of the select committee have the right to visit all Renault sites with the prior agreement of the secretary and the group management. There is an annual budget of 135 000 EUR for the operating and travel costs of the select committee.

Every year, the select committee makes a study trip, called "learning session", to a different country, in order to foster the "understanding of the socio-economic and cultural aspects" of the country and the "industrial, commercial and social issues" of the Renault sites in that country. Other members of the group committee can be invited to these sessions. The previous learning sessions have taken place in Morocco, Brazil, Romania and Argentina. The 2017 session will take place in India.

The meetings of the group committee, as well as the select committee are chaired by the CEO or his representative, assisted by four other persons. The group council meets once a year, generally in July, during a whole week for a plenary session, beginning with a one day preparatory meeting on Friday without the management, followed by a three-day bilateral session from Monday to Wednesday. Both committees must be informed in due time of exceptional decisions with transnational consequences. If necessary, extraordinary meetings of the select committee and/or the European members of the group committee must be organised. The group committee can also be assisted by an expert, for whom there is supplementary annual budget of 35 000 EUR is provided.

The meetings take place in French and are translated into each language. Language training for these two languages is provided, together with training on other topics. If the training concerns the group committee as a whole, it takes place at the time of the plenary session.

The secretary has full time off, the ten deputy secretaries have 400 hours time off each, the other full members 15 hours. The secretary can also distribute supplementary time off to individual members of the group committee out of a collective time off budget of 300 hours.

## The 2013 IFA on CSR

In July 2013, Renault has signed a “global framework agreement social, societal and environmental responsibility”, called “Committing together for sustainable growth and development”. The agreement is signed by the Renault group HR director, Marie-Françoise Damesin, the Secretary General of IndustriAll Global, Jyrka Raina, as well as, “on behalf the Renault group committee”, by the members of the select committee, its secretary and its 10 deputy secretaries from France, Spain, Italy, Portugal and Romania, who also mention their union affiliations.

This agreement “follows on” from the declaration on fundamental rights of October 2004 “which it enhances and modernizes, to adapt to new social and economic demands”. It renews the commitment to respect the fundamental social rights of the ILO declaration of 1998. It also repeats its commitments to the UN Global compact to which Renault adhered in 2001. It also adheres to the OECD guidelines for multinational enterprises in its version of 27 June 2000, updated in May 2011, as well as to ILO Convention n°158 on collective dismissals.

In addition, the IFA commits the management to “remain strictly neutral” with regard to unionization and the signatories to undertake to respect the choice of each employee on this matter. This is an anticipation of a general condition for the signing of IFAs which IndustriAll has added in 2014.

The paragraph on health and safety refers specifically on the Renault “Health & Safety and Working Environment” policy which is based on the following 9 “general principles to ensure Health & Safety at work”:

- avoid risks,
- evaluate the risks which cannot be avoided,
- combat the risks at source,
- adapt the work to the individual,
- adapt to technical progress,
- replace the dangerous by the non dangerous or the less dangerous,
- develop a coherent overall prevention,
- give collective protective measures priority over individual protective measures,
- give appropriate instructions to the workers.

This paragraph explicitly mentions musculoskeletal disorders, electromagnetic fields, HIV/AIDS and STDs.

The agreement is also more specific in the field of employment and skill. The management commits itself about “work undertaken with regard to job trends and policies”. It guarantees that all the employees can access the “training necessary for them to carry out their job properly and to enhance their professional development throughout their career”. In case of restructuring the company gives priority to redeployment and reclassification, by implementing vocational training activities “wherever necessary”. The company also guarantees that “employees and their families are afforded sufficient protection in the event of death, disability, industrial accident or occupational illness”.

Respect for fundamental rights is a “determining criterion” in the selection of suppliers and subcontractors. Renault commits itself to communicate the agreement to its suppliers and sub-contractors and to “ask them to commit to applying the fundamental social rights”. If necessary, corrective action plans may be set up. Any failure

not corrected “may lead to various measures, including the Renault Group terminating its relationship with the company concerned”.

In comparison to the previous agreement, Renault has added actions of societal and environmental responsibility, to which it is already committed elsewhere, namely supporting educational programs, measures helping the integration of young people, promoting road safety and to improve the environmental footprint of its vehicles and their life cycle, including recycling, “particularly through its range of electric cars”. It identifies the sources of greenhouse gases, measures them and “progressively reduces them”.

### **The implementation and monitoring of the agreement**

This agreement is subject to French law. The French version is binding. It is translated into the languages of the various countries in which Renault operates, presently 17, and is made available to all personnel, and “in particular the management”.

Monitoring takes place through dialogue between the group management, the group committee and IndustriAll Global. Each year, at the time of the plenary session of the Renault group committee, the management organises a review meeting with the committee and representatives of IndustriAll Global. According to the agreement, this review meeting is prepared by a commission made up of management representatives, members of the select committee and representatives of IndustriAll Global. This commission is presently composed of all the 11 members of the select committee and two representatives of IndustriAll Global, and takes place during the spring meeting of the select committee.

The members of this monitoring commission, as well as all the group committee members receive annual reports with indicators about the achievements in terms of CSR, health & safety, employment, and diversity, consisting of 60 indicators which were defined jointly. During the preliminary negotiations, the initial number of 150 indicators was reduced to 60 on which the HR group management and the committee members consider to have a real influence. These indicators were inspired by the guidelines of the Global Reporting Initiative (GRI) and ISO 26000. They are certified through external audits by Ernst & Young. This reporting tool is supplemented by annual in situ discussions during the annual study visits undertaken by the select committee.

These indicators are ranged under the five “key areas of action” enumerated in the agreement:

- the respect of fundamental social rights,
- social responsibility to employees,
- responsibility to society in the areas where the Renault Group is located,
- supplier and sub-contractor relationships,
- protection of the planet by reducing our environmental footprint.

They include the following items,

- diffusion of the Renault Ethical Charter,
- number of complaints,
- bargaining coverage, bargaining themes
- workplace elections results,
- number of workplace accidents,
- absenteeism,

- professional illness,
- health & safety measures,
- employment, recruitments, dismissals etc.
- training measures,
- remuneration,
- gender equality,
- handicap,
- seniority,
- number of first-rang subcontractors,
- reference documents for subcontractors,
- audit of subcontractor sites,
- educational initiatives,
- environmental indicators: carbon footprint, energy consumption etc.

According to the agreement, local issues “shall firstly be handled within the context of local social dialogue”. If necessary, a solution is sought at country, region, then at group level. The signatories “endeavour, as a priority, to find a solution by means of dialogue, as opposed to any other action, ensuring at all times the confidentiality of any such discussions”.

Up to now, nearly all of the problems have been resolved at the local level. Very few issues have come to the global level. If they did, the global HR management checked if the problem has been raised at the local level and could always find a negotiated solution at that level. In Morocco, for instance, a complaint concerned the redundancy of union members during the restructuring of a subcontractor. This has been resolved because the subcontractor has now recovered and proceeded to new recruitments. A recent problem concerns the accusation of trade union discrimination in a subsidiary in Turkey, where there is also a rivalry between two unions, one of which is affiliated to IndustriAll. Negotiations, which have taken place between IndustriAll and the global and local Renault management, could not resolve this problem, which is still pending in March 2017.

## **Conclusion**

Besides the above mentioned conflict, the appraisal by IndustriAll Global of the 2013 IFA is globally positive. The Renault IFA is even considered as one of the best IFAs signed in the automobile sector. The problematic countries are the same with all car producers, namely Turkey and the South of the USA. These problems are generally linked to the local weakness of trade unions, which cannot be resolved only through the application of an IFA. What counts for the global union federation is not only the quality of the agreement, but most of all the quality of the relationship with the group management and its commitment to the agreement. In the case of Renault, the experience has been very good in the past.

## Case Study Solvay<sup>7</sup>

Udo Rehfeldt, IRES

**Name of the company:** Solvay S.A.

**Industry sector:** chemicals

**Headquarter country:** Belgium

**Geographical perimeter:** Total employment world-wide: 30.597 (2016). 4 geographical areas: Europe: 14.371 (47 %), North America: 6.644 (22 %), Asia-Pacific: 5.603 (18 %), Latin America: 3.549 (12 %). Main countries in Europe: France 5.302, Germany 2.583, Italy 2.101, Belgium 1.084. Main countries outside Europe: USA 6.144, China 2.904, Brazil 2.827.

### **Company profile:**

The company in its present form is the result of a merger, in form a friendly takeover of Rhodia by Solvay in 2011.

**Solvay** was founded in 1863 by Ernest Solvay and his brother Alfred Solvay, the inventors of an industrial way to produce sodium carbonate, called the "Solvay process". Before World War I, it was the largest multinational company in the world. For a long time, it was the biggest family-owned company in Belgium, before its transformation into a public company (S.A.) in 1967. The Solvay family is still the major shareowner and owns 30 % of the shares.

Before the takeover, **Rhodia** was a French company specialized in fine chemistry, synthetic fibres and polymers. Until 1998, it was part of the biggest French chemical group Rhône-Poulenc, from which it separated when Rhône Poulenc merged with Hoechst to become Aventis (today Sanofi-Aventis). Rhone Poulenc was nationalised in 1982 and re-privatized in 1993. In 2010 Rhodia had 14.000 employees, 6.200 in Europe, 2.800 in Latin America, 1.700 in North America, and 3.400 in the Asia-Pacific zone.

Following the takeover, Solvay is now organised in five business segments: Consumer Chemicals, Advanced Materials, Performance Chemicals, Functional Polymers and Corporate & Business Services. It is now the biggest chemical company in France, where it has 15 production sites.

Paradoxically, the takeover of a French company by a Belgian company led to a "Frenchization" of the management of the new group. The former CEO of Rhodia, Jean-Pierre Clamadieu, is now CEO of Solvay. The former HR director of Rhodia, Jean-Christophe Sciberras, is now HR director of Solvay France and Head of "Group Industrial Relations and Social Innovation".<sup>8</sup> Finally, the former sustainable development director of Rhodia, Jacques Khélif, was nominated sustainable development director of Solvay.<sup>9</sup>

Rhodia and now Solvay have a traditional commitment to corporate social responsibility and sustainable development. In 2003, Rhodia had nominated Jacques Khélif, former secretary general of the CFDT chemical

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<sup>7</sup> [http://ec.europa.eu/employment\\_social/empl\\_portal/transnational\\_agreements/Solvay-agreement-EN.pdf](http://ec.europa.eu/employment_social/empl_portal/transnational_agreements/Solvay-agreement-EN.pdf) (2013); <https://www.solvay.com/en/binaries/2017%20CSR%20Agreement%20between%20Solvay%20and%20Industrial-311227.pdf> (2017).

<sup>8</sup> His former career has led Sciberras to important positions, both in the public and business sphere. Amongst others, he was advisor of the French minister of Labour, deputy director of the French Employment agency, HR director of Renault and president of the French HR management association ANDRH.

<sup>9</sup> Khélif has retired in 2016.

union FCE, as sustainable development director. In 2007 Khélif has developed the "Rhodia Way" as the global reference framework of the company. After the merger with Solvay, he has continued to develop this approach as the "Solvay way". It is characterized by a self-assessment of five commitments to be fulfilled until 2015: to reduce greenhouse gas intensity by 4 %, to reduce the number of accidents by 50 %, to double the share of sustainable solution sales from 25 % to 50 %, to increase employment engagement and to encourage employees' societal initiatives. Solvay reports to extra-financial rating agencies and is committed to several CSR codes, like the UN Global Compact and the "Responsible Care" World Charter of the chemical industry. It is a member of the "FTSE4 Good Index", which measures the performance of companies that meet globally recognised CSR standards. Solvay is also member of the "Euronext Vigeo World 120 Index", which is composed of the highest-ranking listed companies and is evaluated by the Vigeo agency in terms of their CSR performance, as well as of the "Ethibel Sustainability Index", which indicates that the company performs in this field better than the average in its sector.

### **Industrial relations: the French dimension**

Although there are no exact figures available, one can estimate that the unionisation rate in Solvay is nearly three times higher than the national average (which is 8 to 10 %). There are three representative unions in Solvay France: The two biggest are the CGT and the CFDT, with each around one third of the votes, followed by the CFE-CGC.<sup>10</sup>

After the merger with Rhodia, Solvay France has reorganised its structure of employee representation, on the basis of a majority agreement, which was signed in May 2016 by the CFDT and the CFE-CGC. Solvay was the first big company in France to sign such kind of agreement which was permitted by the 2013 Rebsamen law on social dialogue.

The former two central works councils (Solvay and Rhodia) are now merged with the group committee Solvay France into a unique central work council. A new central health and safety committee was created, which formerly existed only for Rhodia. In workplaces with less than 100 employees, the former works councils, employee representatives and H&S committees are merged into a unique employee representation. In bigger workplaces, the employee representatives and the H&S committees are merged into a new committee called "H&S-environment-working conditions-sustainable development". The agreement also improves the condition for the employee representatives, specifically for union delegates. Time off, training and equipments (intranet, mobile phones) are enhanced in general above the legal requirements. The company will take into charge 30 % of the union fees and will guarantee the careers and remuneration of all union representatives. The CGT did not sign the agreement, because it considered that the enhancement of the conditions for the central representatives was realized at the expense of the local representation.

### **Industrial relations: the transnational dimension**

Both Solvay and Rhodia had a long tradition in transnational trade union coordination as well as an open attitude of management for the creation of transnational employment representation and the negotiation of transnational company agreements.

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<sup>10</sup> In order to be considered as representative at the company level and to have the legal right to participate in collective bargaining, a union has to obtain more than 10 % of the votes at the professional elections (works councils and employee representatives).

Rhône-Poulenc, the former group structure of **Rhodia**, has set up a voluntary European Works Council (EWC) as early as 1990, three years before the adoption of the EWC Directive in 1994. The EWC was formalized in 1994 by an agreement signed by the five French representative union federations as well as the chemical federations affiliated to the ETUC and the CEC. After the spin-off from Rhône-Poulenc, Rhodia negotiated a new EWC agreement in 2001, which was signed by a special negotiating body, again together with the European chemical federations affiliated to the ETUC and the CEC.

Transnational union coordination at **Solvay** goes back as early as 1968, when a first "international union coordination committee" was created at the initiative of the Belgian FGTB and French CGT. It included representatives from the Italian CGIL (later the Unitarian Chemical union FULC), the Belgian CSC and the Spanish CCOO. Under the pressure of the International Federation of Chemical and General Workers ICF<sup>11</sup>, some affiliates of the ICF withdraw later from this committee. In 1975, the ICF created a "world company council" for Solvay, but this had only an ephemeral existence. Both structures were not recognized by the company management.

Solvay has created an EWC on the basis of a "voluntary" (art. 13) agreement in 1995, negotiated with a special negotiating body. In 2012, after the takeover of Rhodia, the representatives from ex-Rhodia were integrated into the Solvay EWC by the way of an amendment to the original EWC agreement. A new amendment was signed in 2014 integrating the new right from the recast directive of 2009.

The Solvay EWC is structured along the French model, which means that it is chaired by the CEO of Solvay S.A. The group HR director and the industrial relations director are also member of the EWC. There are 23 employee representatives, of which 8 are from France, 4 from Germany, 3 from Italy and only one respectively from Belgium, Bulgaria, Latvia, the Netherlands, Poland, Portugal, Spain and the UK. On the employee side, there is a secretary, presently Albert Krufft from Germany, and a select committee called "secretariat", composed of the secretary and three deputy secretaries, two from France, one from the CFTD and one from the CGT. and one Italy. Because of the shrinking part of Belgium in the employment, there is no longer a Belgian representative in the secretariat

The EWC meets once a year for 2 days plus a preparatory meeting and eventually a follow-up meeting. The secretariat meets once a month. The agreement gives it explicitly the competence to negotiate transnational "charters" with the management. It also established a "committee on sustainable development" which meets twice a year to review the group's policies in the fields of sustainable development, H&S, and environment.

In March 2015, the company created a "**Solvay Global Forum**", which combines the four members of the EWC secretariat with four representatives from outside Europe, one from the United States, one from Brazil, one from China and one from South Korea. These eight countries represent approximately 80 % of the Solvay workforce worldwide. The creation of this Forum was justified by the growing importance of the non-European countries in terms of turnover and employment. The appointment of the employee members of the Forum, who are all union members, is agreed between the management and IndustriAll.<sup>12</sup> The EWC secretary, Albert Krufft, is the coordinator of the Forum. It meets once a year in Brussels. The meetings with the management last generally three days, plus a preparatory meeting for the employee representatives. Between the meetings, the information the Forum members take place by e-mail exchange. Three times a year, a video conference is organized. All the

<sup>11</sup> The ICF was renamed as ICEF in 1976 and in 1995 with the Miners' International Federation MIF into the International Federation of Chemical, Energy, Mine and General Workers' Unions ICEM. In 2012 ICEM joined IndustriAll.

<sup>12</sup> The union federations of the French and the Chinese members are not affiliated to IndustriAll.

members receive language training in English. The functioning of the Forum is linked to the 2013 IFA on RSE (see below). For the moment, it is set up on a voluntary basis, but the new IFA, signed in February 2017, mentions its existence and announces that a specific agreement, concerning its composition and tasks, will be signed in 2017, after a two-year period of evaluation. In its first meeting in March 2015 the Forum treated the subject of the Solvay Global Performance Sharing Plan. This discussion led to two transnational company agreements between the Forum and the company on this subject (see below).

A problem of division of the unions at the international level, a heritage of the Cold War, persists in Solvay. All the main unions are now affiliated to IndustriAll Global Union, the global union federation (GUF) resulting from the merger of chemical-energy federation ICEM with the metal federation IMF and the textile federation ITGLWF. But the chemical federation of the French CGT, FNIC, which was not affiliated to ICEM, has not joined IndustriAll, although it is affiliated to the European union federation IndustriAll Europe. The FNIC-CGT has joined, in 2016, the former communist World Federation of Trade Unions (WFTU), which the confederation CGT had left in 1995.

### **The transnational agreements signed by Rhodia and Solvay**

Rhodia and Solvay have very different practices of negotiating and signing transnational agreements. Before the merger, both companies have signed several TCAs, Rhodia only IFAs (negotiated with a global union federation) and Solvay only EFAs (negotiated with its EWC).

In 2005 **Rhodia** and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) signed an IFA on CSR. It was the first IFA to be signed by a transnational company in the chemical sector.<sup>13</sup>

The Rhodia IFA of 2005 contained a commitment to respect the ILO conventions N° 87, 98, 27, 105, 138, 100, 111 and 156, as well as the principles of the UN Global Compact that Rhodia had joined in 2003. It included a commitment for its suppliers and subcontractors and for timely information, internal mobility and training in case of restructuring. This initial agreement had a validity of three years. It was renewed and enhanced in 2008, adding further ILO conventions and a commitment of the management to remain "strictly neutral" concerning unionization. It added a reference to the "Rhodia way" principles of sustainable development adopted in 2007. In addition to the annual joint Solvay-ICEM evaluation procedure, the agreement made reference to the practice of joint evaluation missions, which were inaugurated in 2007 in China and which were to be continued annually "in a country or a zone commonly defined". The validity of the agreement was again limited to three years.

In 2009, an amendment to the IFA created a "Global Safety Panel" composed of 9 members: 3 representatives of the management, 2 representatives of ICEM and 1 representative for each continent where the group was present (Europe, Asia, Latin America and North America). Its role was to monitor the safety situation within the group. It met once a year in a site of the group, chosen by the parties, in order to assess the respect of the group's H&S policies. The IFA itself was renewed, this time for five years, in 2011, just a few weeks before the takeover by Solvay. The agreement contained some novelties: indicators to monitor the employment situation and for the review of compliance of suppliers and subcontractors.

The first transnational agreement signed by the **Solvay** EWC was an EFA on subcontracting signed in 1999. It guaranteed the respect of legal and conventional rules by the subcontractors, in particular on health and safety. In 2003 second EFA was signed by the EWC, a "Charter" on health and safety practices. It guaranteed compliance with Solvay's guiding values, in particular the "Threshold Limit Value" of the American Conference of

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<sup>13</sup> At that moment, ICEM had already negotiated 9 EFAs in other sectors, the first in 1998 with the Norwegian oil company Statoil.

Governmental Hygienists and the "Solvay Acceptable Exposure Limits" for chemical substances. In 2003, the EWC signed an third EFA on "guidelines of social policy in joint ventures". It guaranteed the respect of the Solvay principles in its declaration "Mission-Vision-Values" for the Solvay personnel transferred to a joint venture. If the joint venture created falls under the EWC directive, the personnel transferred will continue to be represented by the Solvay EWC during a period of 12 months. Finally in 2008 a fourth EFA was signed by the EWC in form of a "Charter on sustainable development and corporate social responsibility". In this charter, the company committed itself to support a series of international social principles, in particular:

- the OECD Guidelines for multinational enterprises,
- the "Responsible Care World Charter",
- the United Nations Convention on the rights of the child,
- the Universal Declaration of Human rights,
- the ILO conventions on equal opportunities, prohibition of forced labour, ban of children's work and on the freedom of association.

The charter also guaranteed the right to collective bargaining and moreover the "durability and quality of the social dialogue" within a "right balance between the interests of the employees and the economic interests of the Group and its subsidiaries". Concerning job security, it gives priority to "anticipation, dialogue and the social accompaniment to avoid or limit as much as possible the collective redundancies" and a commitment to "facilitate internal or external reclassification, in particular by training and mobility".

After the signing on an IFA on CRS in 2013, which the central object of the next chapters, Solvay has signed several further transnational agreements. In May 2015, the Global Forum has signed an agreement with the management on a profit-sharing plan. It concerned all 22.000 employees in Solvay's 51 countries, except senior executives and French employees, who already benefit from an equivalent plan. Each employee in a given country will receive the same share. The scheme is indexed to the achievement of financial (80%) and sustainable development targets (20%). The agreement was renewed in March 2016 for one further year. A budget of 10 million EUR (in 2015) and 12 million EUR (in 2016) was allocated for that.

In September 2015, the EWC has signed a "Charter for good collaboration practices in social dialogue". Its aim is an international harmonization of certain HR procedures in coordination with the EWC. Before a definite adoption of new international HR rules or procedures, the Industrial Relations group management commits itself to communicate this project to the EWC secretariat, who in turn will communicate it to the EWC members. In parallel, the IR management will communicate the project to the members of its IR management network who will in turn communicate it to the legal national employee representatives for consultation. Their opinions are then communicated both to the IR group management and to the EWC secretariat, who will together seek to harmonize the rules in a way that is accepted by the national employee representatives and is compatible with the existing national legal rules. Projects concerning restructuring or takeovers are explicitly excluded from the obligation of the agreement. The agreement has a validity of two years and will for the first time be used for a project of annual individual evaluation of non-executive employees.

### **The Solvay IFA on CSR of 2013**

Before the takeover of Rhodia, ICEM approached the Solvay management with the wish of negotiating an IFA, but the HR manager of Solvay at that time was not interested. Things completely changed when the former CEO of Rhodia became CEO of Solvay in 2011. The change paved the way of negotiating an IFA on CSR which took as a model the one signed by Rhodia in its final version of 2011. Even in the wording, both versions are nearly

identical, with the notable exception of a paragraph on management attitude toward unionisation, which we will comment below. The agreement was signed on 17 December 2013 by the new CEO of Solvay and the general secretary of IndustriAll, Jyrki Raina.

The agreement secures compliance of the company with the following ILO conventions:

- Conventions 87, 98 and 135 (freedom of association and right to collective bargaining),
- Conventions 29 and 105 (ban of forced labour),
- Convention 138 and 182 (ban of child labour),
- Conventions 100 and 111 (equal remuneration),
- Convention 156 (non-discrimination),

These are the conventions that are referred to by the ILO Declaration on Fundamental Principles and Rights at Work. Since the adoption of this Declaration in 1998, the explicit commitment to respect these rights by a transnational company is considered by the GUFs as a condition for the negotiation and signature of an IFA.

The agreement then enumerates the 10 principles of the UN Global Compact of 2000, which Rhodia had joined in 2003 and Solvay in 2010.<sup>14</sup> Principle No. 1 and 2 contain a commitment to “respect the protection of international labour law relating to human rights” and Principles No. 3 to 6 repeat the fundamental standards of the ILO of 1989. The Compact also adds rather vague environmental principles: “a precautionary approach to environmental challenges” (No. 7), “greater environmental responsibility » (No. 8), “the development and diffusion of environmentally friendly technologies” (No. 9). Finally, principle No. 10 adds “work against corruption in all its forms, including extortion and bribery.”

In the next part of the agreement, more specific commitments are enumerated concerning health and safety, employment, the relationships with suppliers and subcontractors, environment, and social dialogue. H& S is presented as a “priority for Solvay”. Solvay agrees specifically to take into account the principles in the ILO Code of Practice on HIV/Aids. A “**Global Safety Panel**”, similar to the one created by Rhodia in 2009 is installed in order to “monitor the safety situation within the Group”. It has the same composition as the Rhodia Safety Panel:

- 3 representatives appointed by the management,
- 2 representatives from IndustriAll,
- 1 representative of each of the 4 geographical regions (North America, South America, Europe and Asia), chosen by IndustriAll among Solvay employees in each region.

The Panel meets once a year on one of the sites chosen by the parties. On this occasion, the Panel organizes a site visit to “check the safety and working conditions as well as the effective compliance with the Group’s policies in these areas”.

In the event of a restructuring the company pledges to inform employees and their representatives “as soon as possible” and to “minimize the impact on employment and working conditions”. The company “encourages internal mobility, both geographic and for career advancement, to increase the employability of its personnel”. It provides training “to prepare them for new occupations and new technologies”.

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<sup>14</sup> The Global Compact is considered as the most important international code on CSR and sustainable development, It was adopted by 9000 companies. Companies join on a voluntary basis, but have to report annually on their implementation. Solvay is the only big chemical company from Belgium to have joined the Global compact. Worldwide, there are 108 big companies to have done this in the chemical sector, amongst which 14 from Germany, 12 from Japan, 8 respectively from France and Brazil, 7 from the USA, 6 from Switzerland, 5 from India, 4 respectively from the Netherlands, Columbia and China, 3 respectively from Norway, Spain and South Korea ([www.unglobalcompact.org](http://www.unglobalcompact.org), accessed 11.11.2016).

Solvay “expects its suppliers and subcontractors to comply with (...) basic human rights” and to “contribute to Solvay’s compliance with the provisions of this agreement”. “Any serious violation of employee health and safety legislation, environmental protection or basic human rights that is not remedied despite previous warning shall lead to termination of relations with the company (...)”.

Concerning the environment, Solvay undertakes to develop both a “preventive” and a “precautionary” approach.

The most important chapter of the agreement is titled “Social dialogue”. In this chapter, Solvay respects the right of its employees for form or join any trade union of their choice. The Solvay management commits itself to remain “strictly neutral” in this matter. More specifically, Solvay “will refrain from any unfair communication with its employees to influence their decision on trade union representation and will ensure all communications with its employees are factual and non-hostile toward the trade union seeking organization”. This paragraph is the main innovation compared to the IFA signed by Rhodia in 2011. It corresponds to a demand by IndustriAll and created some difficulties of the Solvay group HR management with part of the HR management in its subsidiaries in the USA. Differently from the American subsidiaries of Rhodia, the majority of the American subsidiaries of Solvay were not unionized before the merger. Therefore, the management in these plants feared that the unions would take advantage of the agreement and conduct aggressive unionization campaigns to which they wanted to be able oppose an appropriate communication on their side. Finally, the American management accepted the compromise formula which allowed such communication only on a strictly “factual” basis. The unionization drive that they had feared did however not occur, except in one plant recently acquired by Solvay in California.

In the final provisions of the agreement, Solvay commits itself to translate it into the different languages and to communicate it both to the management and the employees of its subsidiaries. The agreement is made available on the group’s website in the “sustainable development” section.<sup>15</sup> New recruits will receive a copy of the agreement.

### **The monitoring of the agreement**

An important part of the agreement is devoted to its monitoring. It foresees formal monitoring meetings of Solvay and IndustriAll convened in the first quarter of every year. The annual joint assessment of the agreement is conducted in a “jointly defined country or zone” order to see how the agreement is implemented locally. At the end of each meeting, IndustriAll addresses a letter to the Solvay management, with proposals for things that should be enhanced.

The Global Safety Panel also meets every year in a different country to check the compliance in the field of H&S, with two assessment missions taking place at two different sites. One mission measures the results of the Solvay’s safety policy. The second examines the application of the H&S aspects of the agreement, including the subcontractors. In practice, the composition of the Global Safety Panel is in part identical with that of the Global Forum created 2015. Albert Krufft was chosen as the European representative. During the visits, the Safety Panel is generally accompanied by the safety expert of IndustriAll.

In 2014 the audit by the Global Safety Panel revealed a deadly accident that had occurred in a Bulgarian mine. Since then, the group management has imposed an obligation to be informed of all accidents. In severe cases, even the CEO has to be informed.

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<sup>15</sup> It can be found on <http://www.solvay.com/en/binaries/2013-industrialall-english-159411.pdf> together with a folder which illustrates the architecture of the agreement: [http://www.solvay.com/en/binaries/2014-Accord\\_720x180\\_EN\\_HD-192153.pdf](http://www.solvay.com/en/binaries/2014-Accord_720x180_EN_HD-192153.pdf)

The yearly monitoring meetings are preceded by the preparation of a review document based on indicators defined in the agreement. These indicators concern three essential blocks of commitments defined in the agreement: H&S-environment, social dialogue and relations with suppliers and subcontractors.

For H&S, there are three indicators:

- the percentage of sites audited in terms of H&S-environment over the past three years,
- the accident frequency rate with lost working time (number of accidents per million hours worked),
- accident frequency rate without lost working time,

The published results show an enhancement of these indicators for 2015. <sup>16</sup>

The indicators for social dialogue are:

- number of employees (per region and per site),
- employment structure (direct employment, temporary employment),
- the group policy regarding subcontracting,
- social protection schemes and number or category of employees covered,
- mobility (number of jobs filled by internal candidates),
- training,
- existing dialogue structures.

For relations with suppliers and subcontractors, the indicators are:

- the compliance with Solvay standards and corrective measures,
- the review of complaints lodged by suppliers.

The agreement also contains a description of the permanent self-assessment process called "Solvay Way" and an enumeration of the indicators used in this process and which are considered as part of the monitoring indicators.

The H&S and social indicators seem to function quite well. The French employee representatives are less satisfied with the reporting on suppliers and subcontractors, which concern only the first rang. They did however not make this an issue in the meetings of the Global Forum, considering that the priority should be create mutual trust relations between the employee representatives in the way that they have been achieved after the merger within the EWC secretariat.

Beyond the indicators mentioned in the agreement, Solvay has also measured the unionisation rate and the coverage rate of collective agreements. In 2015 the unionisation rate was estimated as 20% in Europe, 30% in South America, 10% in North America and 30% in Asia. The coverage rate of collective agreements was estimated as 77 % in the whole group.<sup>17</sup>

The agreement stipulates that "problems are best resolved as close as possible to the location where they have arisen". However, "in the event of difficulties which cannot be resolved or failure to apply the terms of this

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<sup>16</sup> 2015 Complementary Annual Report on Sustainable Development Informations (<http://www.solvay.com/en/company/sustainability/index.html>)

<sup>17</sup> Ibid.

agreement, the Group General Management may be asked to intervene". Generally, these problems are resolved in an informal way, through phone calls.

The most serious problem that has reached this level as a complaint of United Steelworkers to IndustriAll that the American management did not comply with the agreement, because the negotiation for the renewal of the collective contract in some of the US plants had come to a stalemate. The management argued that the IFA only guarantees that collective bargaining takes place in good faith, but does not contain any obligation to reach an agreement. This problem is still pending and makes the negotiation for the renewal of the IFA difficult.

The IFA has expired in December 2016. A first negotiation round for the renewal has taken place in July 2016, where IndustriAll was represented by its general secretary, Jyrky Raina, and the assistant secretary Kemal Özkan. Albert Kruff was invited by IndustriAll to be also present. The negotiations were however suspended because of the preparation of the IndustriAll congress in Rio de Janeiro in October 2016, where Jyrky Raina was replaced as general secretary by Valter Salles, whereas Kemal Özkan was re-elected assistant general secretary.

A IFA was finally renewed for an extended period of five years, by an agreement which was signed on February 2017 by the Solvay CEO Jean-Pierre Clamadieu and the new IndustriAll secretary general, Valter Sanches.

## **Conclusion**

The IFAs of CRS signed by Rhodia and Solvay between 2005 and 2017 remain an outstanding feature in the chemical sector. No other IFA has been signed in this sector since.

These IFAs symbolise a high road approach on transnational industrial relations. For the global union federation they guarantee the respect of the fundamental labour rights, in the first place the freedom of unionisation, which is still at stake in countries like the United States or China. It also guarantees a high standard of responsibility in the environmental and safety areas. The reporting and the follow up mechanisms guarantee an effective implementation of the agreement, in particular in the H&S field, thanks to the good functioning of the Global Safety Panel and the site visits. Progress is still awaited for the reporting on subcontractors and for the annual assessment, which relies mainly on the reporting by the management to the Global Forum.

The agreement and its follow-up mechanisms are also a tool for the establishment of a continuous process of transnational social dialogue between the company and the GUF, and also more generally with the union representatives of the different countries. This vision was shared by the Rhodia management and is now shared by the Solvay management, as can be seen from the regular renewals of the initial agreement and its progressive enhancement. The agreement and its monitoring procedure have created a base for further transnational institution building, like the Global Safety Panel and the Global Forum, which are both outstanding innovations in the chemical sector. They can be seen as a compromise between a more centralized approach based primarily on the relations between the group management and the IndustriAll secretariat and an approach more based on the shop floor representatives in the EWC and the Global Forum. On the employee side, the EWC secretary and Global Forum coordinator is the central link between these two approaches.

The agreement constitutes also a tool for transnational coordination of the HR management within the Solvay group. In particular it was a way to accommodate a more adversarial type of management in the USA with a more dialogue oriented style predominant in Continental Europe.

This process of homogenization was successful also because it was accompanied by a process of convergence of trade union attitudes, which is however not completely achieved, as can be seen in the US case. Institutions

like the EWC and later the Global Forum helped to build trust between the employee representatives and between them and the management. The presence of an actor from outside the company like the GUF was helpful when conflicts appeared and could not be resolved at the local level.