WORKERS‘ VOICE IN CORPORATE GOVERNANCE

A European perspective

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MESSAGE #1

IN EUROPE, WORKERS ARE GRANTED A VOICE IN CORPORATE GOVERNANCE

• IN MANY DIFFERENT WAYS
<table>
<thead>
<tr>
<th>Country</th>
<th>Role</th>
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<tbody>
<tr>
<td>Germany</td>
<td>Involvement in the composition</td>
</tr>
<tr>
<td>Poland</td>
<td></td>
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<tr>
<td>Slovenia</td>
<td></td>
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<tr>
<td>Annual General Meeting of shareholders</td>
<td></td>
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<tr>
<td>Bulgaria</td>
<td>Consultative voice</td>
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<tr>
<td>Hungary</td>
<td></td>
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<tr>
<td>Netherlands</td>
<td>Extended rights</td>
</tr>
<tr>
<td>France</td>
<td>Consultative voice</td>
</tr>
<tr>
<td>Romania</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Same rights (vote) and duties as other board members</td>
</tr>
<tr>
<td>Norway</td>
<td></td>
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<tr>
<td>19 European countries</td>
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</tbody>
</table>
MESSAGE #2

ARRANGEMENTS FOR WORKERS’ VOICE IN CORPORATE GOVERNANCE (esp. representation on corporate boards)

• IS SO WIDESPREAD THAT
• IT IS DEEMED A DISTINCTIVE FEATURE OF THE EUROPEAN SOCIAL MODEL
MESSAGE #3

LOOKING AT LEGAL ARRANGEMENTS, EMPLOYEE REPRESENTATION AT BOARD LEVEL

• IS DIVERSE

• AS NATIONAL RIGHTS VARY MARKEDLY
National rights differ with regard to:

– **Scope (characteristic of covered companies)**
  - **Ownership**: private / state-owned
  - **Legal status**: Ltd (GmbH) / Plc (AG)
  - **Size**: no (workforce) threshold / low thresholds / high thresholds

– **Characteristics of the board**
  - **Structure**: one-tier (Board of Directors) / two-tier (Supervisory Board)
  - **Board duty**: non-binding recommendations / required approval
  - **Composition**: from 1 employee rep., up to ½ the board (average=1/3)

– **Selection mechanism**
  - Election by employees / Appointment by trade unions or (European) works council

– **Employee representative’s profile**
  - Employee of the company only (incl. from foreign subsidiaries?) / reserved seats / neither employee nor trade unionist

– **Triggering mechanism**
  - Automatic / initiative from workers and/or trade unions is required
MESSAGE #4

VARIATION IN LAW DOES NOT PREVENT SHARED PRACTICES, AND

• COMMONALITIES EXIST ON HOW EMPLOYEE REPRESENTATIVES OPERATE AT BOARD LEVEL
Are Board-level employee representatives [BLEReps] silent and passive at board meeting?

**NO** They are active board members who intervene in many ways, e.g. by requesting that board agenda be enlarged

Are BLEReps representing a particularistic/sectional interest?

**NO** They defend the overarching interest of the company, with social and economic matters being deemed equally important

Are BLEReps incorporated with management perspective and isolated from workers and trade unions?

**NO** They have connections with other institutions of labour representation, most particularly with that which appointed them

Are BLEReps an additional channel of workers’ involvement?

**YES** Quality of information is considered as being sufficient (in sharp contrast with some other institutions of workers’ representation)
In Europe, workers’ voice in corporate governance

1. Can take place within the different corporate governance bodies

2. Is so widespread that it is deemed a distinctive feature of the European social model

3. (for board level representation) Is characterised by a great legally-based diversity

4. which does not prevent commonalities in practice

=> Hence opening the doors for Europeanised forms of workers’ voice in corporate governance.
Want to know more?