

BE OPEN, BE ACCOUNTABLE

*Toolkit for a correct implementation of the
transparency and social responsibility right-
obligation*

*The following toolkit includes a set of tools to research and
consciously analyze the indicators which are useful for the
evaluation of social responsibility and transparency within a
company, and to start improvement processes aimed at opening
and strengthening the capability to “be aware to be accountable”
in relation to all stakeholders.*

BUDGET HEADING
04.03.01.06

CALL FOR PROPOSALS
VP/2015/003

GRANT AGREEMENT
VS/2015/0380



With financial support from the European Union

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TABLE OF CONTENTS

Introduction

A European project to make companies more transparent, inclusive and accessible to workers' involvement.

CHAPTER I - Principles and values

- I.1.1. Social reporting and stakeholder involvement
- I.1.2. Social Dialogue and collective bargaining
- I.1.3. Financial dimension and transparency
- I.1.4. Empowerment of differences and equal opportunities
- I.1.5. Accessibility for all
- I.1.6. Environmental sustainability
- I.2. Legal framework
 - I.2.1. International sources
 - I.2.2. European sources

CHAPTER II – Methodology

- II.1. Trade union ranking of multinational companies
- II.2. Pre-compiling 2.0 and transparency indexes
- II.3. Communication campaign and approaching management
- II.4. Involvement process of European and global union Federations
- II.5. Involvement process of European Works Councils
- II.6. Notes on use of platform

CHAPTER III - Guidelines for compiling data survey sheet

- III.1. Data gathering sheet on companies
 - III.1.1. Company information
 - III.1.2. Governance
 - III.1.3. Company characteristics
 - III.1.4. Employment
 - III.1.5. Social Dialogue, industrial relations and collective bargaining
 - III.1.6. International standards, social certifications and social reporting
 - III. 1.7. Training, health and safety and company welfare
 - III.1.8. Economy and finance

III.1.9. Diversity

III.1.10. Accessibility for people affected by disabilities

III.1.11. Environment

III.2. Data gathering sheet on EWCs

CHAPTER IV

IV.1. Check list for organizing accessible and low impact events and products

IV.2. Proposals for transnational negotiations

IV.3. Mechanisms for checking information

INTRODUCTION

A European project to make companies more transparent, inclusive and accessible to workers' involvement.

Stefania Radici

Multinational groups are 320.000 for a total of 1.116.000 subsidiaries around the world, and employ 300 million people in total, amounting to 15% of global employment, and control the 80% of the global trade of goods and services. Their total turnover is 132 trillion dollars (124 trillion euros); the 14% is achieved by the first 200 companies.

Comparing the turnover of companies and the balance of States, we can see that among the first 100 economic entities of the world, 67 are multinational companies and 33 are sovereign nations. The 62 wealthiest people on the planet – owners or CEOs of big companies – are that 1% that possesses a wealth equivalent to 3.5 billion poor people, or 50% of the global population. Such an economic wealth translates into power: economic power, and as a consequence, political power, that is used to influence the choices of governments and parliaments to their advantage (agreements such as CETA, TTIP, TISA are the clear expression of pressures from big groups on political power).

If we add to this the fact that multinational companies are more and more interlocked and the same people sit in the boards, one can understand how power is concentrated in a few hands.

The actions of multinational companies have direct and indirect consequences on workers and citizens, that are therefore the primary stakeholders in practical and material terms.

The question comes natural: who governs these huge economic powers? Where does their wealth come from and in what measure is this wealth sustainable?

When we mention sustainability, we traditionally divide it in three pillars: 1. Social, of which unions and collective bargaining are part; 2. Environmental; 3. Economic

From a **social point of view**, we refer to strategies aimed at guaranteeing the well-being of people: health and safety on the workplace, training and empowering of skills, equal opportunities, safeguard of human rights and of vulnerable subjects. This commitment is not limited to the inner boundaries of a company, but encompasses the whole supply chain, sparking a virtuous cycle that becomes a precious investment for the well-being of local communities.

From an **environmental point of view**, we refer to actions aimed at reducing the impact of economic activities on natural resources available for present and future generations, and useful to satisfy the needs of the present and at the same time preserve the vital system which is Earth. In other words, safeguard of the environment, decrease of emissions, fight against wastefulness, use of renewable energy sources, investment in clean technologies. In this case as well, the

commitment of the company is not limited to its factories, but extends to the supply chain and distribution.

From an **economic point of view**, we refer to the capacity of the company to generate wealth, meaning income for the sustainment of the workers and the company, economic resources that may be reinvested in production factors to avoid inhibiting the capacity of the company to generate wealth in the long term.

A further meaning of the term “sustainability” emerges from international debate: it is described in terms of **institutional or global governance sustainability**, alluding to the commitment on behalf of institutions to coordinate and cooperate to guarantee the basic conditions to achieve social, environmental and economic sustainability: stability, democracy, safeguard of human rights, participation, information, training, justice, fight against tax evasion, support for scientific research.

We may presume that sustainability is not something that regards only companies, but everyone else as well, political institutions first of all and the collectivity, because it concerns quality of existence – current and future – inside and outside of the working place, and is therefore a **common good** that must be defended, guided and supported.

Let’s go back to the above mentioned question: who governs these economic powers? And in what measure is governance “shared”, what is the internal and external level of participation?

Banks, insurances, pension funds, investment funds and other types of financial activities detain the majority of shares of the most influent multinational companies/groups at a global level.

The prevalent company management system is the Anglo-Saxon one, that doesn’t include cooperation mechanisms with workers regarding company choices. These are taken by a board that, as the only managing body, complies with the interests of the main shareholders.

Dualistic systems, that include more or less advanced forms of participation and decision sharing with workers on the boards of public and private companies have been introduced in 12 countries out of 27 in the European Union, mainly in the Rhine region (Germany, Austria, Netherlands, Luxembourg) and Scandinavia (Sweden, Norway, Denmark and Finland).

Apart from the organizational system, whether it includes participation or not, facing an increasingly pervasive and penetrating power of multinational companies in the economic and political areas, and witnessing a limited institutional capability to drive the activity on multinational companies within the pillars of sustainability, it is necessary to **raise collective awareness, or in other terms, a social consciousness, that would drive companies – from below – towards an increased responsibility and accountability of their actions in relation to the stakeholders.**

This is where our project originates: it is crystal clear that **there can be no participation nor collective bargaining or other action without information and awareness; and also, there can be no information without transparency and accessibility.**

Multinational companies know well about their potential and current clients, they know everything about us, and are willing to invest considerable resources to acquire big data that tells them what our interests are, and how we can be attracted to their products. But their “voracity” of information sometimes does not correspond to an equal openness and availability to give information regarding their activities.

We want to promote an **OPEN approach**, based on the assumption that the action of a company is of public interest since it has direct and indirect effects on the collectivity. An OPEN approach that implies availability – to the benefit of all those that wish to exercise a knowledgeable control of the data regarding production: work, in terms of individual and collective rights, quality of work and empowering equal opportunities for all; land, in terms of safeguard of the environment within which the company operates; capital, in terms of investments and fiscal contributions.

We want to promote the idea of an **enlarged governance**, where the responsibility of task is enlarged **to those stakeholders that rotate inside and outside the workplaces: workers, unions, consumers, investors, suppliers, communities, partners, public institutions, future generations.**

We want to promote a **point of view**: the workers’ and trade unions point of view, and rank companies based on this point of view and on **objectively verifiable indicators**, extracted from official sources and available to anyone that asks for them, meaning they are freely downloadable.

We want to examine and compare multinational companies from the same sector, and create a trade union ranking, unique in his kind, dynamic, able to reward the most virtuous behaviors and give birth to emulation processes that may promote a competition in terms of quality, empowering labor, and respecting rights, expanding and strengthening them, protecting the environment and the local communities, reducing any negative impact on territories and distributing wealth equally.

We want to contribute to the activation of a **new production cycle, fairer and more innovative, green and sustainable, with more participation**, a development cycle where workers and citizens are able to express their voices and take part to economic decision processes, to be able to overcome this crisis without dumping its consequences on the weakest and more vulnerable subjects.

We want to promote a **constant, informed and responsible dialogue, to establish a “dress code” for future multinational companies of the future**, a set of rules and bonds that define the proper “apparel” that must be worn to be transparent, sustainable and responsible. **A “dress code” that can be jointly verified and evaluated to develop processes to improve quality.**

When we talk about a “set of rules and bonds” we refer not only to legal norms (international charters, European directives, laws etc.) the respect of which we give for granted, but also to the bonds that derive from agreements, therefore originating from collective bargaining, and voluntary ones, meaning unilateral obligations, with or without the involvement of stakeholders, and aimed at a responsible conduct.

When we talk about the project, **responsibility must not rest only on respecting laws or collective agreements, but also on the effective commitment towards agreeing, planning and building together, and then verify strategies and sustainability policies. Participation empowers and is the key element to a truly responsible company.**

The European Trade Union Confederation (CES) has developed a toolkit named “[Corporate Social Responsibility](#)” to inform trade unionist on tools, principles and European and international rules regarding CSR. This project wishes **to be the “*longa manus*” of the CES toolkit**, the tool through which it will be possible to verify and measure the adhesion of companies to social responsibility practices and promote emulation processes aimed at improving performance.

The OPEN CORPORATION ranking, for the first time and in an innovative way, offer trade unionists the lens to decipher company behaviors in terms of **employment and working conditions; social dialogue and industrial relations; financial transparency; proactive actions against all forms of discrimination; actions to safeguard workers with temporary and/or permanent disabilities; measures to reduce environmental impacts**. Qualitative variables regarding trade union aspects and corporate social responsibility will be translated in numbers, so that we can measure them and compare them using a transparent methodology based on open data.

The project aims not only at making multinational companies more transparent and inclusive, but also their European Works Councils, monitoring committees of Societas Europaea, or other bodies for Information and Consultation. . It’s a project that is promoted by trade union organizations that firmly believe **you can’t ask a company to be transparent if you are not the first to be transparent towards the workers you represent**. The European Works Council, an

information and consultation body, must be able to gather information on the company and act in accordance to its right to consultation, and also report on their activity towards workers of the trade unions he represents. The project will measure the capacity to suggest improvement paths.

Two sheets have been developed and implemented to gather the relevant data: the first concerns multinational companies, the second one is for European Works Councils. The first is functional to the establishment of a trade union Ranking for Multinational Companies.

This toolkit wishes to be a guide for Global and European Trade Union Federations and national trade union organizations, and for multinational companies (especially for HR, CSR and Financial managers) and EWCs that want to be “open and accountable”, meaning transparent and committed to accountability, offering evaluation tools and incentives, and a support for the compiling of the data sheets.

In the first chapter we establish the principles and values based on a true social responsibility and we describe the legal framework for a multinational company in an international and European dimension; the second chapter further explains the methodology and functioning of the OPEN CORPORATION union ranking; the third chapter includes guidelines to fill in the data sheet related to the MULTINATIONAL COMPANY and the data gathering sheet related to the EUROPEAN WORKS COUNCIL; the fourth chapter offers proposals for improving ones actions: a checklist for the preparation of events and accessible and low impact products, and proposals for transnational negotiations;

Information on the project consortium:

The project is financed by the European Commission and is headed by the Italian Filcams-CGIL, in cooperation with the European trade union Federations UNI-Europa and EFFAT, and the French (FGTA-FO) and Bulgarian (FITU-FOOD) affiliates. It makes use of the technical and scientific contributions of IRES-CGIL Emilia Romagna, SZGTI and ISTUR-CITUB, and of experts in economy, finance and fiscal matters (Anna Maria Romano); diversity and equal opportunities (Ornella La Tegola); accessibility for people with special needs (Anna Quartucci); safeguard and requalification of the environment (Ennio Merlini); social reporting (Ornella Cilona and Cristiana Rogate); labor laws (Giorgio Varrecchia), participation of EWC from Club Med, Unicredit, Kering, Adecco, Autogrill. In addition, supported by the European union Confederation.

CHAPTER I

Principles and values

I.1.1 Social reporting and stakeholder involvement

Gabriele Guglielmi

In 2011 the European Committee defined CST as “the social responsibility of companies and their impact on society”. To be responsible means being accountable for one’s actions. CSR is therefore the way a company deals with its impact on society, for example the repercussions that its activities have on environment and people. Among the most commonly discussed issues we may find how a companies’ activities can influence human rights, workers, rule of law, community and environment.

CSR is about integrating a responsible behavior in the daily activities and functions of a company. Philanthropic or charity initiatives alone may not balance out behaviors which have a negative influence on others.

Subjects which are interested by this are organizations which have “stakes” and may be influenced by the behavior of the company. Sometimes these are called “stakeholders”. We may consider stakeholder of a company all of its workers, and also other workers whose workplace is influenced or could be influenced by the company. Trade unions as well are stakeholders of specific companies, or entire sectors. Sustainable development is strictly linked with CSR since it is only a different way of describing the widespread interest of society.

The European Trade union Confederation has developed a toolkit called “Corporate Social Responsibility” to inform trade unionists on the tools, principles and European and international rules on CSR.

The European trade union Confederation (CES) insists on the following facts:

- CSR must be an ongoing effort, not a pr activity;
- CSR must not represent a way of avoiding dialogue with organized workers, nor an alternative to labor laws and collective bargaining; CSR does not substitute social dialogue, but it contributes to it and integrates it;;
- For workers, the first thing CSR must take in account is the quality of industrial relations within a company; it would in fact represent a contradiction if a company was considered “socially responsible” when it does not respect workers’ rights or does not apply the collective agreement; - a company may boast its socially responsible behavior externally only if it has already internally applied the highest standards;
- Trade unions must support CSR as a way of facing negative impacts of multinational companies and SMEs, in any country where these operate.

According to CES, responsible company practices include:

- a) respecting human rights of workers, including the right to establish a trade union or become a member of one, the right to negotiation and to strike;
- b) promotion of true information and consultation procedures, including European Works Councils and bodies of SEs (Societas Europae); development committees for vocational skills and lifelong training for workers;
- c) regarding the right to health and safety, promote high standards and adopt preventive measures along the whole supply chain;
- d) promote gender equality;
- e) good industrial relations, including the search for modalities to improve social dialogue aimed at anticipating and managing changes and restructurings;
- f) improve quality of employment along the whole supply chain;
- g) respect rights and support employment of vulnerable groups such as youth, disabled people and immigrants.

At a EU level, social dialogue consists in the process of negotiation through which workers and employers reach an agreement on activities and policy cooperation. European social dialogue, being explicitly foreseen in the Treaty on the functioning of the European Union (articles 154 and 155), is a key element in the European social model, and includes discussions, negotiations and joint actions of European social parts.

According to the ILO, social dialogue includes all sorts of negotiations, consultation and simple information exchanges among representatives of public administrations, employers and workers on topics of common interest regarding social and economic policies. Social dialogue represents the best tool to promote better life and work conditions and an improved social justice; it allows to improve governance in many fields; it is important for any effort towards increasing productivity and efficiency of companies and sectors, and to aim for a more efficient and just economy; by doing so, social dialogue contributes to a more balanced and stable society.

Reporting on CSR could be useful to increase transparency in all global supply chains.

CSR reports must include the following information:

- Employment and working conditions in the company – and a due diligence on working conditions in the supply chain and commercial relations;
- Opportunities for worker involvement – information, consultation, participation;
- Measures adopted to support employment of people belonging to disadvantaged groups;
- Measures adopted to contribute and support life/work balance.

The best way to increase awareness and the level of commitment is to involve workers in activities and policies concerning company CSR:

- Establishment of a network among international federations, confederations and local trade unions to guarantee that CSR is implemented and applied in all operations of the supply chain.
- Trade unions may guarantee an important and efficient control regarding CSR, for example by participating to the verification process of working conditions.
- As stakeholders, trade unions have a key role in the establishment, validation and implementation of CSR.

“ We must insist on the fact that workers and their representatives are not stakeholders like the others, since they are inside the company. Trade unions therefore find themselves in a special positions concerning CSR. There may be discussions with other stakeholders, consultations and reports, but not a negotiation as it happens with collective bargaining”. (CGIL-CISL-UIL, Italy).

“To be useful and credible, CST tools (charters, framework agreements, reports and so on) must be integrated with controls, resources and monitoring practices. It is extremely important to have access to resources to be able to monitor the commitment of company managements”. (FSESP¹)

One of the biggest difficulties linked with social reporting is that a company could publish a series of “good practices” and ignore those that had a negative impact, which is more important both for the company and its stakeholders (including employees/workers and unions). As a consequence, it is key that the social reporting pays an appropriate amount of attention towards important issues (“physical needs”, defined hereunder).

Physical needs are those that reflect the significant impact of a company on economic, environmental and social issues, or that influence considerably the evaluations and decisions of stakeholders. [GRI]

WHAT IS A STANDARD?

The interest generated by CSR has given birth to many standards, some of which are also useful for the activities of unionists. The most important criteria to classify the various standards is if these were developed by an authoritative government or intergovernmental organization. If authoritative, then it is believed that a standard falls within the mandate and skills of the organization. These standards could be legally binding or be recommendations on what is considered to be a good behavior for the company. The possibility of gathering data and comparing company behaviors based on an equal “grid” has revealed to be key for an activity such as that performed by Open Corporation.

¹ Now EPSU European Public Service Union

Concerning CST, the most important and authoritative international standards concerning company behaviors are the United Nations Guiding principles on companies and human rights, the OECD guidelines for multinational companies and the ILO declarations on multinational companies and social policies.

The interest towards CSR has caused a proliferation of private standard developed by companies, business associations such as sector or area ones, companies in cooperation with NGOs and (sometimes) trade unions. Not always do these standards include all the right elements, especially regarding working practices and human rights. In many cases, the standards re-elaborate and redefine expectations of a responsible behavior which have already been established and sometimes used to let others believe that the company has obligations or standards that are inferior to those they actually have. Only a few standards, including those that deal with working practices, talk about the importance of trade unions or the importance of good industrial relations.

The two most important private standards also for unions are the ISO 26000 guidelines and the Guidelines for social reporting by Global Reporting Initiative GRI. Both these standards have been developed through a truly multi-stakeholder approach, including a significant involvement of the trade unions. But most of all, these standards have a significant influence and have been widely adopted.

Standards regarding the direct behavior of a company, relatively to its activities and impact, are sometimes called performance standards, while those concerning the processes used by companies to face its responsibilities are called process standards.

I.1.2 Social Dialogue and collective bargaining

Gabriele Guglielmi

The company being observed:

- What are the relations with union organizations at a global, European and individual country level where it operates, regardless if these countries are in Europe or in the third world?
- Did the company subscribe agreements with GUFs? Does it have an EWC agreement or a SE subscribed by ETUFs or by the affiliated national unions? Are these agreements public?
- Does it engage in collective bargaining in the countries where it operates?
- Does it have pending issues in the national contact points foreseen by OECD?
- Has it been sentenced in a definitive way for anti-union actions?
- What are the bodies in place to inform, consult and favor participation of workers and unions?
- What is the percentage of workers that are members of a trade union?

This list of questions represents the main guidelines being examined by Open Corporation. Additional questions will be included on specific issues such as working conditions of the people performing the examination: from the risk of injury to the quantitative-qualitative dimension of vocational training; and from the typology of working relation to the additional benefits granted by contract or unilaterally.

I.1.3 Financial dimension and transparency

Anna Maria Romano

In literature concerning financial management, it is often described as all those decisions and operation used to find and use capital in the company. Analyzing the activities of a multinational group is needed to give a general snapshot of the societal management strategies and the governance principles of companies regarding the localization of investments, the use of real options in capitalization processes and international investment policy, determinants of foreign exchange risk, the effects of political risk on capital cost, use of mergers and cross border acquisitions and fiscal optimization.

In other words the composition of a company, how it moves on the territory searching for capitals and productive and fiscal conditions that are considered better from a profit point of view. And to identify and foresee the effects on the various stakeholders of such policies, paying special attention towards employment.

What interests us is not to determine whether balance sheets are legally correct, but to understand from figures which are publicly available, any indication of the governance transparency and behavior of the company.

Each operation may be absolutely legal, but have more or less impact on the interests of various stakeholders. "To be socially responsible means to not only be compliant with the applicable legal obligations, but to go beyond, investing more in human capital, environment and relations with other stakeholders". European Community Commission, COM (2001) 366, Green Book.

Let us therefore attempt to have a look at balance figures, with the idea of promoting a European framework for corporate social responsibility regarding multinational companies' accounting policies.

Is social reporting only a matter of numbers?

Information regarding the financial managing of a company are included in the balance sheet, a synthetic information tool on company activities, drafted according to accounting principles defined by European lawmakers and implemented in the individual countries.

The main aim of a balance is to give a summarized information on company conditions, defining the economic result and the capital level, through a recording of company facts in the managing activities, summarized in a series of sure values, evaluated or presupposed.

From this simple definition we may already see how a balance sheet does contain the information on company facts that is much more complex than a simple correlation between facts and figures, representing the managing choices taken by the company, which is an organism living and acting in an economic and social territory.

The need to give information about itself is therefore no more directed uniquely to the capital holders, but also to those that have an immediate or future interest in the company itself, with a special interest towards external recipients, whose interest is guided not only by economic reasons, but also by a series of wider and more complex needs which concern the environment, quality of life, social and economic development models and therefore values we consider intangible. Stakeholders in this case tend to coincide with the society as a whole. Defining, at last, the social value added created and its redistribution. The attitude, behavior and use of internal and external information are the elements that connect the company with the external world, allowing it to communicate an image of itself which is potentially close to what is asked by stakeholders. It is also influenced by many connections with the ethical aspect of company behavior.

Who defines “Ethics”? Trade-off between stakeholders and shareholders:

“A market is a true market when it doesn’t only produce wealth, but also satisfies expectations and ethical values” – Amartya Sen, Nobel prize in economy, 1998.

Considering the ethical dimension of company activities doesn’t mean to stick values and principles in a mere marketing operation, but to discover how setting up relations with the surrounding environment in an aware way may bring a competitive advantage to the company, and may contribute, through quality management, to reaching the fundamental aim of the company: to endure in conditions of economic balance.

Companies traditionally leave to politics and governments the task of facing social issues, as if these were separated from business dynamics. Politics and morals aside, globalization brings to the forefront the issues of social unbalance and relocation of resources, which need much more than a generic appeal to Corporate Social Responsibility to be solved.

Talking about the welfare of a company in the medium-long term is something that goes well beyond offshoring policies based on costs and efficiency measured in the short term. It means to include among the managers’ priorities the establishment of a solid reputation, to reduce staff turnover and improve customer satisfaction, basing the company strategy on the inclusion of ethical, social and environmental issues, and collecting the benefits articulated in an internal dimension, included in the resource based perspective (RBP), and an external one associated to company reputation.

To consider a company a simply an organization that belongs to investors (actual and/or potential shareholders) means to undermine its perspectival value, in a purely short term profit view. The issue therefore becomes that of defining a common ground in terms of values which are shared by all interested parts, and that goes well beyond the simple numerical calculations of profit.

If not for ethics, for profit: and what if ethics and profit coincided? The economic value of reputational risks.

Who works to guarantee other people's rights and the global value of common goods has no doubts on the need for an ethical dimension of company behaviors. But what is key is, in addition to expressing the principle, is that this idea has a measurable economic value, and that it may have a direct influence on a balance sheet, pushing an increasing number of companies to take in account the so called "negative externalities" (the undesired effects of company activities which have a negative effect on the cost-benefit equation).

If on one hand in these times of globalization potential wellbeing has extended, so have the economic unbalances and uncertainty.

The connection between global markets may not ignore the evaluation of old and new risks which are present in a scenario such as the one described. An evaluation that implies a medium/long term vision in a sector where, normally, investors, managers and potential buyers are focused on short term profits maximization.

A governance which is able to include social and economic progress in its vision may pick up the challenge of creating value in a longer time frame and create wellbeing for all stakeholders, imagining its results as stable. From the dissemination of such a behavior model (it doesn't matter if for purely practical reasons) a virtuous circle could derive, which could influence the decision making processes of an entire economic system. In other words, the company could be induced to reconsider in a more ethical perspective its own actions in the search for profit.

This also implies a shift towards a vision which is less focused on shareholders, and towards a more cooperation based approach with all stakeholders.

In addition to the ethical value of the relation, the economic influence of such a policy on company facts must be taken in account, in the search for a new competitive advantage and excellence.

"In general, we may say that improved relations with stakeholders may bring a higher profitability, and a higher company value. Among the results which may be obtained by having better relations with stakeholders:

- a) increased company capacity to foresee change in the external environment as a result of improved communication with external stakeholders;
- b) a higher percentage of successful innovation due to the involvement of stakeholders in teams tasked with designing products and services;

- c) better relations, statistically, come with a minor presence of damage (to the company) caused by stakeholders actions (such as strikes, boycotts, bad press).

If you assume the perspective of a company which is part of a relation network, stakeholder engagement may be considered as a source of competitive advantage (and hence profit) through an efficient inter-organization cooperation.

In a context of globalized economy and instability generated by inequalities, the contribution that stakeholders themselves may bring to the creation of a more ethical business environment, as a result of an alliance between company and stakeholders, becomes the premise for excellence of companies in the market". (E. D'Orazio – La responsabilità degli Stakeholders).

A company which is capable of long term vision must accept that social consequences of its actions are not disjointed from its financial performance, and the trade off between costs and benefits deriving from responsible activities is capable of generating success and a competitive advantage. A governance capable of implementing a strategy that combines "ethics" and profit and to build positive externalities is necessary. From this will derive an improved reputation and a true wellbeing for employees, clients, investors and media.

Supply chain

It is key for our objective to control the supply chain in terms of localization/outsourcing and, as a consequence, the impoverishment of the value of work and rights.

Balance figures may give us generic indications on a supply chain, in terms of structure of the multinational group, of solidity of the company control, and of territorial and sector expansions/shrinking of the group itself.

Important information may come from the structure of the production costs, in the section regarding the purchase of services and costs of external consultants.

But in a time like this, when the rapid process of digitalization, the new globalization, doesn't include only simple physical outsourcing, geography based and digitally connected. The cost of labor is no longer the only competitive factor for multinational companies. Now the competitive factors are skills, social inclusivity of local productive systems and company characteristics.

Human capital: cost or resource?

The importance of human resources for the creation of value within a company. Skills, knowledge and relations that tie together employees, just as the relations that bind other stakeholders, represent as nothing else does that invisible added value that may give a company a competitive advantage on its competitors. The capacity of management to obtain all a worker can give, generating new lines of internal and external growth, allows the companies to improve, in an important way, its own image in the eyes of clients and suppliers.

This happens by strengthening good industrial relations and having an idea of productivity that is not only tied to quantity, but also to quality of working life, empowering human resources and taking care of the needs and values of the client.

Fiscal Optimization:

Fiscal optimization or Tax Planning is represented by all those practices aimed at making the fiscal burden lighter, within the limits of legality.

In multinational companies, given their structure and relations which are often not easily identifiable between individual companies and geographic positioning in different countries with different fiscal policies, more or less convenient (making use of spaces allowed by different fiscal norms and by the fiscal space allowed by the relation between parent/subsidiary company), the creation of foreign subsidiary companies with HQs in countries with low taxes and/or manipulation of prices in inter-group transactions, with special attention on intangible goods and patents, are part of a mechanism in which the boundary between optimization and tax evasion is too subtle.

A transparency index of external relations of a multinational company is a clear representation of the group structure, of the concatenations of participation between companies, and the corresponding shares of participation, to have a clear understanding of who controls the multinational company.

The new European norm in short:

Rule on foreign subsidiaries This norm will allow to tax part of the profits developed in a subsidiary with its hq in a country with a more favorable taxation, when the subsidiary has had a tax burden that is inferior to half of what should be potentially due in the country where the main company is.
Outgoing taxation Applying an outgoing tax (when beyond Europe) for transfers of intangible activities, such as patents and intellectual property (free until now).
Limit to interests Defining a limit to deductible interests, to avoid bogus loans among companies of the group.
Hybrids Eliminated the possibility of deducting the same voice in different countries, since it could have been considered in a different way.

Generic anti-abuse rule

Enforced regarding the preemptive circumvention of fiscal norms.

If finance is stranger than fantasy

A purely financial activity in relation with the core activity risks being a strong temptation for many multinational companies, in relation with the high profits obtainable through a potential financial operation. Especially in big distribution companies, where payment of suppliers generates a great deal of liquidity, a strong transparency is necessary when talking about financial activities. But not only here.

Looking at balance figures, we may understand to what extent the activities which are normally considered accessory, contribute to the final result of the group. An excessive weight on the final result is a sign of degeneration towards finance.

A useful signal is the importance of non-core activities on the core one and on the final result.

The result of the relation will be more than 1, meaning the net profit will be greater than the operative income, when the result of the non-core activities (accessory, financial and extraordinary) is positive, increasing the company profits; it will be below 1, meaning the net profit of the company will be inferior to the operative income, when the results of the non-core activities (accessory, financial and extraordinary) is negative, and decreases the company profits.

The indicator is also used together with ROI (profitability rate of invested capital) and leverage (debt load level), when deconstructing ROE, the profitability indicator of invested capital.

It's hard to tell that a number indicates something special. But, for example, a value higher than 1 in this indicator may be a signal of a shift towards an excessive use of financial activities, and could be a good reason to analyze in-depth the issue to understand why: an extraordinary fact? A structural shift? Something else?

But what really interests us is to understand not only how much, but also how and where is the financial activity directed. It is the moment to deconstruct financial investments and make participations and investments transparent. (e.g. armed banks and pension funds).

The topic of pension funds and investing money on future pensions of workers is a key element.

I.1.4 Enhancement of differences and equal opportunities

Ornella La Tegola

The right to not be discriminated is a fundamental right set forth by international and European (see chapter III) sources. It is an expression of the principle of equality and that we are all equal in front of the law, with no distinctions whatsoever. This means that human “diversity” is an essential component of the same idea of equality. The aim of equality therefore does not consist in eliminating “differences”, that are acknowledged, but to avoid “unequal” treatments based on these differences.

The principle of equality is, therefore, a guarantee for freedom and a full expression of one’s personality, and of participation to social, economic, political and cultural life of the country.

After all, it is well known that workers have a key role in the organization of work. When thinking about the dignity and personal freedom of workers and when we specifically talk about health and safety norms ², we may say that a company is virtuous when it manages to conjugate the needs and the rights of the individual – meant, as we will see, as an enhancement of one’s diversities - with the needs of the work organization, to allow male and female workers to develop a “welcoming” company culture that allows employees to work in a company by using abilities and expressing behaviors that reflect for example, gender, race, nationality, age and experience of the involved people.

Diversity is not an abstract concept, but it may be considered as a true “market value” that expresses itself in worker aggregations within a same company. Individual diversity (such as ethnic, physical condition, culture, gender, age, nationality, sexual preferences, religion) must therefore be “enhanced”, meaning they should be recognized and transformed in an opportunity and an added value for the company. Therefore negation of diversity translates in a non-compliance with applicable law.

The reasons that cause discrimination are classified by law and non-compliance means violation of a law and as such is punished by the same law that explains these reasons.

We must also first of all specify that discriminatory reasons, before being a juridical case, are actual characteristics of a person: gender, race, ethnic origin, age, sexual preference, disabilities, religion, personal beliefs (e.g. union membership) are characteristics of the group in question. These are characteristics that, following considerations that are personal before being juridical, constitute differences that the legal system decided to safeguard.

The adoption of an act, pact, behavior, criteria, practice linked to one of the classified reasons is characterized by a social “non-value” that legal systems decided to forbid.

After all, discrimination is a practical fact which is relevant because of its juridical nature, and as such it is forbidden by the European Union treaties, the fundamental rights charter, European Directives and UN declarations, ILO conventions, OECD principles for multinational companies, by the United Nations principles and country constitutions, and by the national transposition laws

² Working in a healthy environment and the safeguard of physical and mental conditions are fundamental rights as well.

derived by EU norms. Without discussing their efficiency, all described documents foresee the workers' fundamental right of not being discriminated.

The **international community** has given ample space to the principles of human dignity and individual freedom. Especially following the aberrations of national socialism, the international community has committed to protecting human rights by creating a system of international norms aimed at binding States to respect a catalogue of human rights (see chapter III).

At a European level, all rights that are present in national legal systems which constitute the base for the so called European Social Model, are recognized by the EU charter on fundamental rights, which is given the same strength of Treaties by article 6.1 of the Treaty on the European Union.

All applicable norms (international and European) express the same value and declare the same principles: The European Community and the International Community are based on **values** such as respect for human dignity, freedom, democracy, equality, rule of law and respect of human rights, including those of people belonging to minorities.

The obvious consequence of what has just been stated should be a significant and sometimes exemplary attention of companies towards topics related to diversity. The result being that all companies should make the policies adopted regarding respect and management of diversity of workers transparent and cognizable, and promote equal opportunities of workers that are bearers of juridical and categorized diversities.

International and European laws promote the achievement of **equal opportunities** through the adoption of **positive actions**, meaning differences in treatment that aim at changing the social structure, removing obstacles that in practice limit the freedom and equality of a group of subjects³. Positive actions have been experimented for the first time in the USA in the '50s, as a governmental tool to guarantee equal rights to ethnic minorities, then adopted in the Equal Pay Act, a law on salary equality, in 1963, and in the Civil Rights Act of 1964, initially introduced in relation to the fight against discrimination based on race, and enlarging the scope to discriminations based on religion, ethnic origin and most of all gender in working relations. At a European level, only with Recommendation n.635/1984 did the EU ask its member States to adopt a "positive action" policy in favor of women, against disparities in the workplace. The attention of the European Union was in fact initially tied only to gender differences, since this could be considered an element of social dumping and unfair competition among companies.

In other words, true parity can't be achieved spontaneously, but needs interventions - adopted especially by company governance - to be reached. Companies are therefore the preferred interlocutors to guarantee such an opportunity. What the law demands to companies is to play an

³ The definition itself of positive action describes it as a temporary tool, destined to die off the moment its objective is fully reached, and aimed at removing those specific practical obstacles that are in the way of a true and substantial parity among male and female workers, and more in general, among people belonging to the underrepresented groups.

active role to reach a common objective. Nevertheless, practical experience teaches us that if they are not legally obliged, companies seem to be “distracted” by the topics which are the subject of the present study, probably more (pre) occupied by managing this period of crisis than safeguarding workers’ fundamental rights.

It therefore seems very important to let companies understand that it is key, and actually necessary, to adopt and make transparent the measures used to guarantee and safeguard the fundamental rights of workers. This is not merely a positive advertisement for these multinational companies, but most of all it represents the possibility to play an important guiding role for other sector companies, that could emulate after having observed the positive effects obtained by the forerunners.

I.1.5 Accessibility for all

Anna Quartucci

Introduction to the concepts of people suffering from disabilities and people with special needs.

Since 2003, European year for people with disabilities, we started talking in a more structured way of how to raise awareness of citizens on topics such as non-discrimination and social and working integration of people with disabilities. The actions that would have become, more or less, the guidelines on these issues are the following:

- promote concrete actions to favor equal opportunities
- promote an exchange of experiences on adopted strategies
- intensify cooperation
- improve communication and promote a positive representation
- raise awareness on heterogeneous and multiple types of disabilities.
- pay special attention to rights of children and young disabled people.

Already in December 2002 the EU commitment towards safeguarding disabilities had been strongly reaffirmed in the Nice Charter, article 26, chapter III (equality), stating that “the Union recognizes and respects the right of disable people to benefit of measures intended to guarantee their autonomy, social and professional insertion, and participation to the life of the community”.

Since we have to introduce the concept of people with disabilities, we must first of all define what we mean for people with disabilities, and it is immediately clear how many different definitions there are. The Convention on the Rights of Persons with Disabilities (CRPD) itself, a tool to combat discrimination and violation of human rights, does not offer a clear definition.

Adopted in 2007, signed by all member States, ratified in 2010 by 16 countries, and being ratified by all others:

<https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/convention-on-the-rights-of-persons-with-disabilities-2.html>

Having to define a person with disability or in a more respectful and generic sense of differences, we may affirm that:

- a person with a permanent disability is a person that due to an illness or something else, has a physical or sensorial limit that prevents him/her from having a social and working life, if not through the use of aids.
- a person with temporary disability is a person that, following an accident, illness or other cause, suffers from a temporary limit in his social and working life.
- a person with special needs is a person that has specific needs linked to food intolerances, religion or personal choices/beliefs.

In the project of the ranking OPEN CORPORATION, we have included the concept of accessibility in the open corporation project as a useful incentive to bring positive motivation in all the workplace.

A multinational company that worries about making the workplace, services and the premises accessible to all, will be an inclusive, ethic and sustainable company.

All too often social aspects, an integral part of sustainability, are considered less important than the environmental ones. When we talk about accessibility for all, we mean workers with one or more disabilities, permanent or temporary, and all clients that deal with the multinational company.

Persons with disabilities

- Persons with temporary or permanent disabilities or special needs.
- Sight impaired, blind
- Psychically disabled
- Down syndrome
- Hearing impaired, deaf
- Affected by coeliac disease or food intolerance
- Person which suffers from permanent or temporary reduce mobility

We also deal with people that for religious reasons or personal beliefs, have special needs concerning food:

- kosher
- halal

- vegetarians
- vegans

Persons with temporary special needs

- Pregnant women

Multinational companies: appropriate behavior and tools to be used

- Integrated training that touches topics such as inclusion of persons with disabilities or special needs
- Internal communication that favors also people with disabilities or special needs
- Audit and monitoring to control the efficiency of implemented actions with engagement of persons with disabilities and special needs
- Regular reports
- External communication

Value of accessibility (EU Data on workforce and disability)

Eighty million people in the EU (one sixth of the population) suffer from mild to severe disabilities. These people, that often don't have the possibility to fully enjoy social and economic life due to their disability, present a poverty rate which is 70% higher than the European average.

I.1.6 Environmental sustainability

Ennio Merlini

Impact evaluation of economic activities and more in general the influence companies have on the local and global environment, is based on sustainability principles defined as subsequent phases by the international community. To sum up, we could consider an activity sustainable if it is performed in such a way that it leaves future generations and activities the same amount and quality of natural resources. To be brief, and only in relation with environmental impacts, we could define as variables of human actions the use of natural resources and the introduction in the environment of residual substances or waste. Such variables may be measured and evaluated based on the interested biological cycles. On one hand, natural resources need a certain amount of time to reproduce, and this only affects renewable resources (for example plants), while the non-renewable ones, meaning mineral resources, may not reproduce in nature and therefore their quantity and availability is fixed, and may not be increased in any way. At the same time, the resources we introduce in the environment as a byproduct or waste deriving from the productive and consumption process, need a certain time to be synthesized by natural processes and be

returned as resources. Even in this case, we may find ourselves facing situations where this cycle has been altered excessively, just think of the CO_2 introduced in the atmosphere, or the chemical substances deriving from synthesis processes and that can't be synthesized again by the environment, or could be but it would require such a long time that it is meaningless to take them in account. This simplification, that could be useful to understand the problem and its variables, doesn't actually take in account the fact that one perfectly healthy environment, or better yet ecosystem, will be able to guarantee closure to the cycle. Therefore sustainability of an action depends first of all on the quality of the natural environment. Undoubtedly human activities have an impact on the environment and deeply modify it. An accurate analysis of company sustainability may not ignore a careful evaluation of the state of the environments within which it operates during the different phases of the value chain and impacts that such activities have on them.

Within the scope of this work, aimed at producing an easily understandable index, we are forced to make use of generic and transversal tools and indicators, which *de facto* don't allow us to evaluate with a sufficient precision the impact that a company has on the environment, nor to express a judgement on its sustainability. We therefore give up on trying to develop an in-depth analysis of each company, we may only evaluate if the company is committed, and to what extent, to sustainability, and if in some way it is acting to improve its performances. We must specify that, even in the case that this superficial analysis reveals a "virtuous" company, we wouldn't have the useful elements to understand if the effort applied and the objectives and achieved results are relevant or not.

To add complexity to this analysis, we should mention that many multinational companies operate at the same time in different sectors, and therefore it would be necessary to analyze one by one. We also need to consider how an apparently homogeneous sector such as food and agriculture, hides an enormous diversity of issues (agriculture, fishing, livestock, transformation and preserving, transportation, etc.) and places (oceans, tropical forests, etc.) that would deserve a separate serious analysis.

It would be good to consider the fact that some productive sectors where the company can operate are considered not sustainable because no measures or approaches that could acceptably mitigate the environmental impacts are in place (think of hydrocarbons extraction and refining).

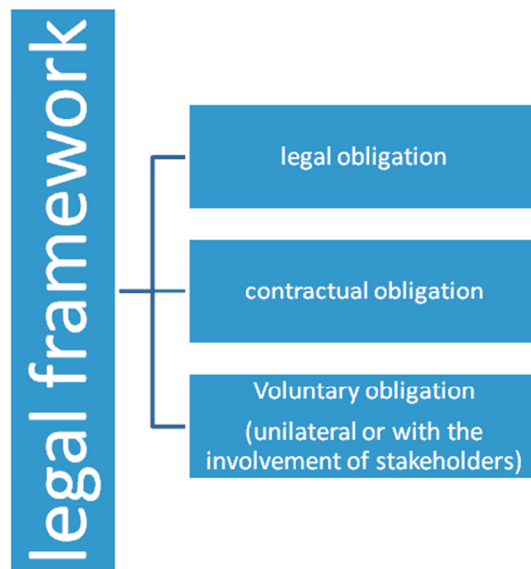
The index will be developed mainly based on the information provided by the company in relation to two major topics. The first part of the questionnaire concerns possible general policies applied by the company to reduce its environmental impact when managing its offices, staff and suppliers. Of particular relevance concerning this topic are the international standards such as Global Reporting Initiative, ISO 26000 and ISO 9004.

The second part of the questionnaire will concentrate on specific company activities to identify the risk level and verify that appropriate mitigation policies are associated to such risks, and that these are verified externally.

In this section we will verify that the company does not operate in those fields that are considered by definition not sustainable. If they do, the final evaluation of the environmental performances of the company can only be extremely negative, regardless of any specific or generic measure adopted.

I.2 Legal framework

As it is known, in source hierarchy, law⁴ is hierarchically superior to a collective agreement or other unilaterally adopted act (or that involves stakeholders) of a multinational company. For what concerns us, sources may be identified based on the juridical nature of the underlying obligation. We will then have norms that foresee legal obligations, pacts that come with contract obligations, and acts from which voluntary obligations derive. In this last case, we refer to unilateral obligations that the multinational undertakes on its own initiative or following stakeholders engagement (for example consumers, people living close to the company, institutions, and suppliers).

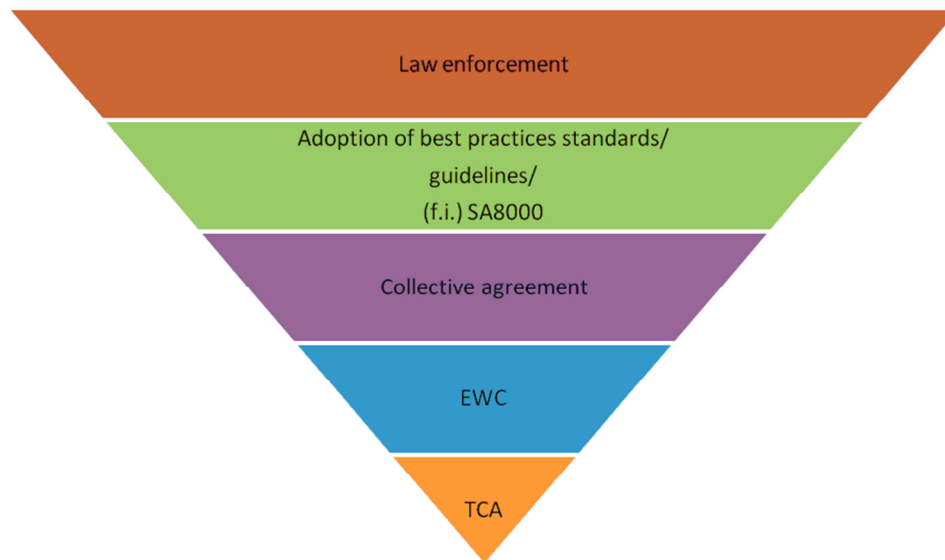


When undertaking the evaluation included in the TNC sheet (for company representatives) and the EWC one (for workers' representatives) it should be reminded **that observing the law, even if important, does not bring in itself a better positioning on the ranking.** The objective is to identify companies that are more transparent and open to involving workers and their representatives and with a better reputation. This ranking wishes to reward multinational companies that **go beyond observing the law, adopting unilateral contract commitments and/or obligations** regarding the rights and interests of the four "pillars" specifically identified in thematic sections of the data collection sheets.

⁴ As for example the European Directives, European rules, Conventions and national laws. Non-binding legal sources are instead represented by Declarations, Guidelines and other so called soft laws.

Therefore, the position in the ranking will depend on the quantity and quality of contract/union/participation or voluntary obligations the company has undertaken. In other words, even if we presume full respect of law, we must specify that violating a legal obligation causes a negative value to the final score.

What has just been said can be represented graphically as follows:



This upside down pyramid represents a sort of funnel through which the company is filtered. As it goes down the pyramid, it “refines” its ranking. For example, a multinational that finds itself in the red zone of the pyramid, is of little significance to the ranking. A higher position in the ranking will be given to the company which adopts acts and pacts present in the subsequent areas up to the light blue and orange areas.

In the following evaluation, a company will have a higher score if it regularly bargains with its union representatives and engages workers and their representatives in company dynamics. Data collection sheets may be compiled every year to improve one’s position in the ranking.

Hereunder we will specify as an example some international and European sources, the adoption of which we believe is more significant for the final score in the ranking.

I.2.1 International Sources

All the above mentioned issues touched by the questionnaires are based on the principles and rights granted by international sources. For example, The ILO TRIPARTITE DECLARATION on multinational companies and social policies (and subsequent revisions) adopted in 1977 by ILO enounces principles on general policies; employment; working and living conditions; industrial

relations⁵; The OECD GUIDELINES ON MULTINATIONAL COMPANIES, included in the OECD declaration on international investments and multinational companies (of 1976, then revised). These are recommendations that express principles and norms for a responsible company conduct, and are aimed at multinational companies in countries that have adhered to the declaration (or that have offices in these countries); the ISO 26000 norm, launched in 2010 by the International Organization for Standardization (ISO) to give guidance on social responsibility. Its objective is to contribute to the global sustainable development of companies and other organizations and use social responsibility to improve the impact on workers, environment and communities.

Another important source is the GLOBAL REPORTING INITIATIVE (GRI) which promotes reporting on sustainability. In 2013, GRI has published the 4th framework for such reporting: the G4 guidelines. These are voluntary, supply a structure for reporting and include indicators and criteria.

Lastly, SA8000 is the only international voluntary certification standard developed by a third party that intends to conjugate the criteria of company management and the principles of social responsibility, through a series of requirements that imposes an ethically correct behavior on companies and on suppliers towards workers.

The norm is promoted by SAI (Social Accountability International) and establishes requirements that must be complied with by organizations, especially concerning the improvement of workers' rights, the conditions of the working place, and all this must be inserted in an efficient management system that can guarantee formal and substantial implementation; ISO 14001 is also a norm on **social accounting** (a process norm for environmental management systems. It doesn't foresee any obligation regarding performances. It has been largely adopted: more than 100.000 implementations, and often represents a condition for suppliers); FAIRTRADE was developed by NGOs that initially operated independently from companies. A typical Fairtrade standard will include: traceability; labelling; packaging and description of product; management of production practices; safeguard of environment; working conditions; financing of producer; minimum prices; premium prices; support for the producer; COMPANY CODES OF CONDUCT. May be on various issues, from supply chain conditions (Fair Labor Association) to general conduct (Dow's 'Diamond Standard' Code of Business Conduct). May be developed by an industrial sector or a single company; The MILLENNIUM DEVELOPMENT GOALS (MDG) as of today only partly achieved. For the 2015 period, the attention shifts on the Sustainable Development Goals (SDG); the SUSTAINABLE DEVELOPMENT GOALS (SDG). These objectives deal with sustainable development and relevant interconnections; and the active and appropriate involvement of all interested subjects.

⁵ The principles regarding the promotion of full employment, productivity and freedom of choice, the priority to employment in the hosting country, an advance notice on big changes, training, working and living conditions, salaries not inferior to relevant markets, respect for minimum wage, guarantee of high health and safety standards, industrial relations, freedom of association, collective bargaining, consultation, complaint management (we ask a just procedure, especially if the activity is performed in a country that does not adhere to fundamental ILO conventions (for example regarding child labour).

Regarding the financial dimension, principles for drafting/evaluation of balances are very important - The IAS/IFRS (**International Accounting Standards/International Financial Reporting Standards**) are a set of accounting rules created by international committees (IASC – International Accounting Standards Committee – substituted in 2001 by IASB - International Accounting Standards Board – part of the US private IASC Foundation) with the aim of making international comparison of balances easier and define principles of transparency and common accounting values. In Europe, the introduction of international *standards* was realized in 2002 with the Rule (EC) n. 1606/2002 (and a series of other rules so called “validation rules”) emanated to discipline the practical implementation of the IAS/IFRS in European laws. In particular, with rule n. 1606 of 2002 , the European Union made it obligatory to adopt the international principles in consolidated financial statements of listed companies starting from the current fiscal year to 1st January 2005, also for banks and insurances. Italy, with a subsequent decree law n. 38 of 2005, has extended the obligation to company balances of companies for the year 2006, and the faculty only for consolidated financial statements of all other companies starting from the 2005 fiscal year. In this sector as well the OECD guidelines for multinational companies are key, especially with regard to the principles related to the base erosion and profit shifting (BEPS) and the OECD agreement against fiscal elusion of multinational companies (Multilateral competent authority agreement –MCAA) subscribed by 31 countries and based on which an exchange of information is foreseen by the various fiscal administrations: multinational companies will have to communicate to the countries where they operate, how much they are making as a profit and how much they pay in taxes. We will then have a global perspective of the key indicators for multinational companies. Lastly, a relevant international source is the OECD: country by country agreement.

The topic of **diversity** is included in many international sources, which we may not list fully due to space constraints. We therefore list the main ones:

UNIVERSAL DECLARATION OF HUMAN RIGHTS approved by the General Assembly of the United Nations in 10.12.1948 (<http://www.un.org/en/universal-declaration-human-rights/>) states the principles of formal equality of all individuals in respect to law, without distinctions due to race, colour, gender, language, religion, political opinion, national or social origin, wealth, birth or other condition (see art.2).

The UNITED NATIONS CHARTER of 1946 represents the commitment of each member to act collectively or individually in cooperation with the organization to promote the respect and observance of the universal human rights.

CONVENTION FOR THE SAFEGUARD OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS signed in Rome the 4th of November 1950, identifies the objectives that must be pursued at a national and international level to safeguard human rights.

REVISED CHARTER ON SOCIAL EUROPE drafted in Strasbourg the 3.05.1996, as the above mentioned Convention, it identifies the objectives that must be pursued at a national and international level to safeguard human rights.

CONVENTION ON THE RIGHTS OF THE CHILD (approved by the General Assembly of the United Nations the 20th of November 1989) it forbids discrimination of all minors, without distinctions due to race, colour, gender, language, religion, opinions of the child or the parents, and in particular it forbids to employ children that have not reached an appropriate minimum age, and the right for disabled minors to receive special care.

UNITEN NATIONS CONVENTION ON THE RIGHTS OF PERSONS WITH DISABILITIES (adopted by the UN General Assembly the 13th of December 2006), forbids discrimination and establishes the right to equal opportunities and accessibility for persons with disabilities and the parity between disabled men and women.

Concerning ILO, we also remind:

- **CONVENTION N. 1 - HOURS OF WORK (INDUSTRY)** (1919)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:Co01);

- **CONVENTION N. 29 - FORCED LABOR** (1930)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312174:NO);

- **CONVENTION N. 87 - FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANISE** (1948)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312232:NO);

- **CONVENTION N. 100 - EQUAL REMUNERATION** (1951)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312245:NO);

- **CONVENTION N. 105 - ABOLITION OF FORCED LABOR** (1957)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312250:NO);

- **CONVENTION N. 138 - MINIMUM AGE** (1973)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312283:NO);

- **CONVENTION N. 182 - WORST FORMS OF CHILD LABOR** (1999)

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312327:NO);

- **CONVENTION N. 183 - MATERNITY PROTECTION (2000)**

(http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312328:NO).

UN Standards treat this topic as well, approved by the Council of the United Nations for human rights in 2008 and relative guiding principles that impose a significant policy on companies related to human rights concerning international standards on multinational companies behaviour; the UNITED NATIONS GUIDING PRINCIPLES, the OECD GUIDELINES, the TRIPARTITE DECLARATION OF THE INTERNATIONAL LABOR ORGANIZATION on MULTINATIONAL COMPANIES AND SOCIAL POLICY (MNE declaration by ILO), the INTERNATIONAL NORM 26000 (ISO 26000), the norm SA8000, especially given the relevance concerning fight against child labor;

GR4 GUIDELINES: adopting them reveals information on the respect for dignity of people at work and of human rights.

Regarding the topic of accessibility⁶, the main international sources are the UN CONVENTION on the RIGHTS OF PERSONS WITH DISABILITIES (also CRPD), a practical tool that allows to fight discriminations and violation of human rights.

Adopted in 2007, signed by all member States, ratified in 2010 by 16 States, it is currently in the process of being ratified by all other States as well.

Regarding **environmental safeguard**, we highlight the Global Reporting Initiative, and, among the most recognized certifications systems, (FSC (Forest Stewardship Council) which is related to all wood products (so also paper and packaging) and MSC (Marine Stewardship Council) concerning all sea products (but could be relevant also for who does not work in the fishing sector, but also for example in company cafeterias).

I.2.2 European Sources

Based on the methodologic premise described above, we propose as an example the most relevant European sources for each discussed topic.

Regarding **social accounting**, the DIRECTIVE 95/2014/EU ON DISCLOSURE OF NON-FINANCIAL AND DIVERSITY INFORMATION concerns the obligation for undertakings bigger than a certain size to communicate a non-financial report including at least social and environmental information, staff information, respect of human rights and fight against active and passive corruption.

⁶ See the following links as well: <http://www.un.org/disabilities/documents/convention/convoptprot-e.pdf>
<https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/convention-on-the-rights-of-persons-with-disabilities-2.html>

Regarding the **financial dimension**, see the directive on annual financial statements, consolidated balance and relative relations of some typologies of undertakings (modifies the previous directive 2006/43/EC); **DIRECTIVE 2014/95/EU** of the European Parliament and Council of 22nd October 2014, modifying the Directive 2013/34/EU concerning disclosure of non-financial information and diversity information by certain large undertakings and groups; **DIRECTIVE 2016/64/UE** the so called anti-evasion directive, introduces five anti-evasion measures that will be adopted by all 28 member States to contrast some of the most common methods of fiscal optimization.

Directive n. 2016/881/EU, that modifies Directive n. 2011/16/EU on automatic compulsory information exchange in the fiscal sector. The modification introduces the obligation for member States to exchange fiscal information on activities of multinational companies, which must present a country by country report (one of the actions developed by OECD within the BEPS project for the fight against tax evasion and fiscal elusion through the mechanism of compensation between companies and states).

Starting from January 1st 2016, the Ultimate parent company of a multinational group with a consolidated yearly income higher than 750 million euros (or an equivalent amount in local currency) will have to send a yearly Country-by-Country Report, a document which includes a series of information relatively to global allocation of income, taxes paid and indicators on the localization of economic activities within the countries.

Regarding **diversity**:

COMMUNITY CHARTER OF FUNDAMENTAL SOCIAL RIGHTS OF WORKERS of 9.12.1989 (<http://www.eesc.europa.eu/resources/docs/community-charter--en.pdf>), establishes specific and primary rights for workers among which the right to equality between men and women in all fields, including employment, tasks and remuneration (see art. 23) with the possibility of adopting specific positive actions that include specific advantages in favour of the underrepresented gender.

TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (from now on TFUE), of 13.12.2007 (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012E%2FTXT>), in which the power of the European Council to adopt appropriate provisions to fight against discriminations based on gender, race or ethnic origin, religion or personal beliefs, disabilities, age or sexual preferences (art.19) and, to abolish all forms of discrimination based on nationality in employment, remuneration and other working conditions (art.45) is described; the **principle of equal remuneration between male and female workers** working on the same tasks or performing tasks of equal value (see art. 157), also establishing that the “principle of equal treatment does not stop a member State from keeping or adopting measures that foresee specific advantages to favor work or professional activities of the underrepresented gender, and to avoid or compensate disadvantages in professional careers”. (art. 157 TFUE).

CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION of 11.12.2000 (http://www.europarl.europa.eu/charter/pdf/text_en.pdf), in particular see articles 20 (equal treatment); art. 21 forbidding discrimination based on gender, race, color of skin or ethnic or social origin, genetic characteristics, language, religion or personal beliefs, political opinions or of any other nature, being member of a national minority, personal wealth, birth, disabilities, age or sexual preferences; art. 22 right to cultural, religious and linguistic diversity; art. 23 equal treatment of men and women and equal opportunities; art. 26 right of disabled persons to benefit from measures intended to guarantee their autonomy and social and professional insertion, and the participation to community life.

The articles described of the TFEU and the treaty on the European Union have been implemented with the adoption of some **European directives** that specified equal treatment and forbidden discrimination for the described reasons.

In particular:

- Directive 75/117/EEC (10.2.1975), directive 76/207/CEE (9.2.1976), directive 97/80/EC (15.12.1997), directive 2002/73/EC (23.9.2002), then abolished and merged in **DIRECTIVE 2006/54/EC** (5.7.2006) (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:204:0023:0036:en:PDF>) forbidding **gender** discrimination;
- **DIRECTIVE 2000/43/EC** (29.6.2000) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0043:en:HTML> on discrimination for racial or ethnic motivations;
- **DIRECTIVE 2000/78/EC** (27.11.2000), (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0078:en:HTML>) **on discrimination due to sexual preference, age, disabilities, religion or personal beliefs.**

In all mentioned directives, it is often included that **companies must promote the principle of equality by strengthening the role of social parts and non-governmental organizations**, promoting reaching an appropriate level of collective contracts/agreements that establish rules against discrimination and encourage dialogue among social parts to promote the principle of equal treatment, also through the monitoring of practices in the workplace, collective contracts, codes of conduct and researches or exchanges of experiences and good practices.

- **DIRECTIVE 95/2014/EU** is also important regarding the disclosure of diversity information, see above.

Concerning health and safety, the following must be mentioned:

- **DIRECTIVE 89/391/EEC** on health and safety of workers (<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A31989L0391>),
- **DIRECTIVE 2003/88/EC** on the organization of some aspects of working time (<http://eur-lex.europa.eu/legal-content/IT/TXT/?uri=celex%3A32003L0088>),

- **DIRECTIVE 94/33/EC on health and safety for youth at work** (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:31994L0033>),
- **DIRECTIVE 92/85/EEC on health and safety of pregnant workers and workers who have recently given birth or are breastfeeding** (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31992L0085>) .
- **LAWS AND GOOD PRACTICES.** A positive evaluation will be given to the multinational company that has extended the scope of national laws to include the benefits foreseen by it to a higher number of people indicated by the law. As an example, think of the Italian law n. 120 of 12th July 2011, that compels listed companies select administrator adopting a criteria of gender balance.

Regarding accessibility, see the CHARTER OF THE FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION, Art. 1, art.21, art.26, described above.

In addition, see the COMMUNICATION BY THE COMMISSION TO THE EUROPEAN PARLIAMENT, COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF REGIONS, European strategy on disabilities 2010-2020: a renewed commitment for barrier free Europe

(COM/2010/0636)

<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52010DC0636&from=IT>
http://www.europarl.europa.eu/charter/pdf/text_en.pdf

The MADRID DECLARATION, emanated in March 2002 in occasion of the International year on Disability (2003), it shifts the interest from a purely medical-scientific view to a social one. Different topics discussed: integration in school and in the working place, assistance and organisation of disabled persons. Discrimination is described as a general attitude that must be fought not only with legal but also cultural means.

LAWS AND GOOD PRACTICES

In this section we intend to positively evaluate those multinational companies that have voluntarily extended the implementation scope of a national law. For example, in the Italian law:

- Law 12th March 1999, n. 68, Norms on rights at work for disabled persons. This law aims at promoting the integration of disabled persons in the work place compelling employers to hire a certain number of disabled persons
<http://www.parlamento.it/parlam/leggi/99068l.htm>

- D.P.R. 380/2001 from art.77 to art. 82, main legal reference for constructions. These articles describe how to overcome architectonic barriers in public and private buildings, and buildings that are open to the public.
<http://www.parlamento.it/parlam/leggi/deleghe/01378dla.htm>
- DPR 503/1996, Rules on eliminating architectonic barriers in public buildings, spaces and services.
<http://www.normattiva.it/uri-res/N2Ls?urn:nir:presidente.repubblica:decreto:1996:503>
- **Law n. 104/1992**, framework law on assistance, social integration and rights of disabled persons http://www.sicet.it/pages/urbanistica/leggi_urb/legge_104-92.htm

Other laws on disability:

- L. 381/70: economic assistance to deaf-mute persons.
- L. 180/78: Psychiatric reform.
- L. 41/86: Elimination of barriers in public buildings.
- L. 13/89: Elimination of barriers in private buildings.
- L.162/98: Support to persons suffering from severe disabilities

Regarding other UE countries, as an example we may mention the **Disable discrimination act** (DDA 2003) (UK)

https://en.wikipedia.org/wiki/Disability_discrimination_act, and the **Equality act** of 2010,
<http://www.legislation.gov.uk/ukpga/2010/15/contents>

Lastly, concerning the **environment**, the following directives are of primary importance:

DIRECTIVE 2009/29/EC on environmental and climatic change, also concerns **the emission trading system** (ETS) (

[Directive 2009/29/EC](#))

Decision 406/2009/EC on emissions produced by sectors not covered by the ETS system, such as transport on road, waste, agriculture and real estate sector are all subject to the decision **to share the effort** ([Decision 406/2009/EC](#))

DIRECTIVE 2009/28/EC on renewable energy sources ([Directive 2009/28/EC](#))

DIRECTIVE 2009/31/EC on technologies to capture and stock carbon ([Directive 2009/31/EC](#))

.

[Regulation 443/2009](#) establishing the norms for **CO₂** emissions in new cars.

[Directive 1999/94/EC](#) on policies for the reduction of CO₂ emissions

Regarding biodiversity, nature and soil:

DIRECTIVE 92/43/EEC, so called Habitat directive, established the European network “Natura 2000” classified according to directive 79/409/EEC. ([Directive 92/43/EC](#))

DIRECTIVE 79/409/EEC so called birds directive, concerning protection, management and control of wild birds, including new norms for sustainable hunting [Directive 79/409/EC](#)

Base **REGULATION (EC) N. 338/97** ([Regulation 338/97](#)) regarding the protection of wild flora and fauna through control of their commerce (modified by regulation (EC) n. 398/09.([Regulation 398/09](#))

Directive 83/129/CEE, extended indeterminately by directive 89/370/EEC, it forbids the importation of products deriving from seal cubs in the EU. In 2009, the regulation (EC) n.1007/09 has introduced even stricter rules on importing products deriving from seals. ([Directive 83/129/EC](#))

Directive 2010/63/EU on the protection of animals used for scientific reasons (abolishing directive 86/609/EEC), based on the so called “3 R principle” (replacement, reduction, refinement), implemented the 1st of January 2013. ([Directive 2010/63/EC](#))

It is also useful to mention the Washington Convention, also known as CITES, regulating the international trade of endangered species or parts of species.

The **Convention on International Trade of Endangered Species**, or **CITES**, is an international convention signed in Washington in 1973. It aims at regulating international trade of endangered wild flora and fauna ([CITES](#)). It concerns the trade of living and dead specimens, or only parts of organisms or products, trying to stop the commercial exploitation of endangered species (first cause of extinction, followed by habitat destruction).

TIMBER REGULATION ([Regulation 995/2010](#)) is a EU regulation of 20th October 2010 aimed at fighting against the internal EU trade of illegally provided wood and products derived from it.

CHAPTER II

METHODOLOGY

II.1. Trade union ranking of multinational companies

Davide Dazzi

From data gathering to positioning. A multidimensional analysis: objectives

In contrast with the growing tendency to position TNCs (Transnational companies) in rankings based on economic, productive and market performances, a trade union ranking aims at comparing TNCs based on criteria which are able to interpret the social dimension and the attitude towards trade unions of the involved companies. Having a close relation with the document by the European Trade Union Federation on Corporate Responsibility (ETUC Toolkit on Corporate Social Responsibility), this trade union ranking aims at enabling a synergic dialogue among the elements that take part to industrial relations and social responsibility, avoiding the contrast that usually characterizes the relation between these two thematic areas.

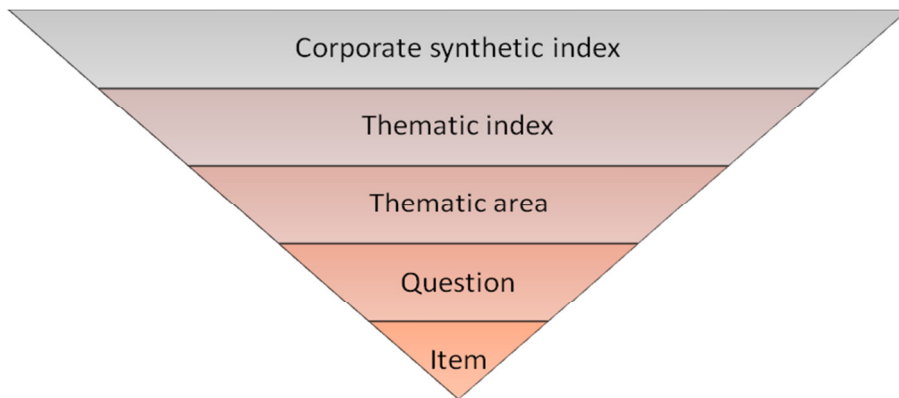
And since it is oriented towards a dialogue among various thematic areas, the development of a trade union ranking is a work in progress, with an experimental phase which included 100 TNCs, that will end with the press conference in Budapest in March 2017, is following an adjustment and tuning phase that will conclude itself after publishing the trade union ranking on 200 TNCs during a press conference in Brussels (November 2017). The experimental phase is useful to gather indications, suggestions and integrations by the company management and the various union expressions, and capitalize as much as possible on the experience gained during the management and procedural process.

Hierarchical structure and weighing of information

The structure of the TNC data collection sheet rests on a hierarchical matrix where the smallest information unit is the *item*, or the accurate information on the TNC:

- we may answer a question with one or more *items*,
- a thematic area includes multiple questions,
- a thematic indicator includes one or more thematic sections
- five different thematic indicators correspond in different forms to the univocal indicator.

Figure 1 – Hierarchical structure of information



The relation among individual hierarchical levels, meaning the incidence that an inferior level has on a superior one, is determined by attributing a different weight and following different paths based on the relevant hierarchical level. A top down approach, agreed among the group, was decided for the higher levels of the hierarchy to assign a heavier weight to trade union matters when calculating the synthetic univocal indicator, to give more importance to the trade union nature of this ranking process. We therefore decide to assign a weight of 52 (out of 100) to the dimensions which are more directly connected with Social Dialogue (26), social responsibility (16) and working conditions (10). All other dimensions will have a weight of 12 (out of 100). This implies that when the univocal synthetic data is read (and therefore the overall ranking) it is necessary to take in account that the indicator is mainly explained by the dimension that can be influenced more easily influenced by trade union behavior. While the indicators for a single dimension, if taken as distinct indicators, may be compared since they are built on the same scale and equivalent weight. We then agreed with the working group (a team of experts composed by the project manager, thematic experts, the web developer and the head of the research section) to select among all the information *items* only those that were useful to the calculation of indicators and those that were instead only information.

We therefore decide to assign a weight of 52 (out of 100) to the dimensions which are more directly connected with Social Dialogue (26), social responsibility (16) and working conditions (10). All other dimensions will have a weight of 12 (out of 100). This implies that when the univocal synthetic data is read (and therefore the overall ranking) it is necessary to take in account that the indicator is mainly explained by the dimension that can be influenced more easily influenced by trade union behavior. While the indicators for a single dimension, if taken as distinct indicators, may be compared since they are built on the same scale and equivalent weight.

In the following hierarchical phases, the weight every single *item* in relation to a single question and the importance of a question within the thematic area was determined by individual experts working in the group. Each expert was then called to identify for their area of expertise, a hierarchical order among the various *items* (functional to calculation) of a question and among the various questions of a thematic section. Following the hierarchical orders of experts, they were

then repositioned and re-proportionated on the same range (base 0-1) to make the information more easily comparable and to proceed homogeneously to calculate the thematic indicators.

The indicators are developed on an ascending scale, meaning that the presence or absence of an element or the intensity of a phenomenon should be seen as positive and contributing to increasing the score of a single thematic indicator and, therefore, also of the final synthetic univocal indicator. The wording or the nature itself of some questions doesn't allow a positive evaluation since the presence of a specific element or the major intensity of a specific phenomenon may only be seen as negative and therefore should not increase the score of thematic indicators (an emblematic example are deadly accidents: the higher the rate, the lower the contribution to the indicator referred to by the question).

This is the reason why we have chosen to identify questions with an inverse direction and act with following a dual modality. In most cases, we proceeded to invert the scale, remaining in the 0-1 range, deciding to assign a lower score according to the presence or absence of an element or the growing intensity of a phenomenon. In addition, concerning some crucially important questions for experts, we have decided to assign a negative score when in presence of an element or the growing intensity of a specific phenomenon, ranging from -1 and +1, therefore highlighting the serious and contradicting nature within a logic of trade union ranking. Following the experimental phase, we have decided to establish logics between questions bringing the indicator of a whole thematic dimension to zero in presence of some specific company behaviors (for example the production of weapons means your environmental and social responsibility indicator will be zero).

Multidimensional approach

We intend to follow a model of trade union ranking that is not developed upon one single synthetic indicator, but on the interaction of more thematic indicators according to a multidimensional approach, appropriate to studying working conditions in Italy. The dimensions of a thematic indicator, which by interaction will result in the synthetic indicator, are 5:

Trade union dimension.

The trade union dimension is composed by three thematic areas complementary to one another:

- Social dialogue, aimed at gathering information on the procedures of information and consultation which are active at a European and global level, the presence of transnational agreements, and the various contract levels and information and consultation bodies;
- Corporate social responsibility (CSR). Gathering information on standard implementation, social certifications, presence of social balance and modalities of social reporting, extension of social responsibility policies and tools for monitoring;

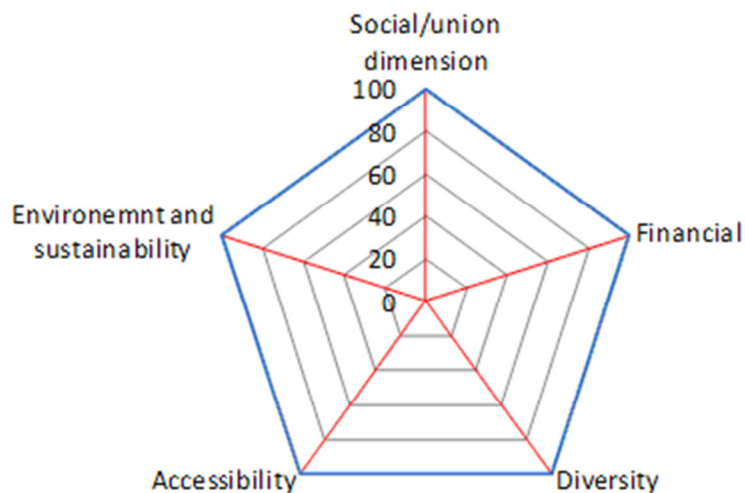
- Work conditions present in the TNCs which are called to give information on health and safety, company training, company welfare and accessibility policies regarding the organization of events and internal meetings;
- Financial dimension, where data on company balance is gathered, on its transparency and on the financial investment and fiscal optimization policies.
- Diversity dimension, where we attempt to understand the company profile regarding policies in support of maternity and parenthood, equal opportunities among genders, ethnic origin, religious beliefs and food choices, and the human rights culture and policies to contrast child labor. ;
- Accessibility dimension for people with disabilities, the objective of which is to gather information on inclusive company behaviors and policies, in favor of people with suffering from disabilities, and on the implemented tools to favor a full accessibility of the working place;
- Environmental dimension, the aim of which is to gather information on environmental management models, on the presence of operations in sectors with strong environmental impacts, on the company commitment towards containing the use of fossil fuels, the hydric footprint, waste production and in general on the environmental footprint of workers.

During the course of the experimental phase, the number of items has been greatly reduced if compared to the initial version (around 100 items) and some modifications have been introduced to the content accepting the suggestions advanced by the management of the involved companies, trade union organisations and non-governmental organisations and integrations resulting from a comparison with other initiatives or similar investigations, in particular:

- CEO salary to allow a comparison with average workers' wage
- More precise indication of fiscal optimization procedures
- A more precise indication of the charity activities of the involved subjects.

The multidimensional approach, contrary to a univocal indicator, has an advantage in terms of organization and policy. On one hand, it does not express a single positioning of the involved TNC, but allows to map the positioning on 5 different axis at the same time, identifying the specificities and varying the final interpretation. On the other, the diverse mapping itself produces a useful tool to guide the TNC towards policies that can strengthen the dimension where a bigger delay is identified, and at the same time guide trade union actions, social claims and bargaining.

Figure 2– The 5 dimensions of the trade union ranking



Transparency indicators

Together with the thematic and synthetic indicators that allow to map the repositioning of a TNC based on the 5 dimensions of the trade union ranking, the structure itself of the TNC data collection sheet allows to establish three transparency indicators to measure the degree of openness (from which Open Corporation) and accessibility of information.

The indicators on transparency we have developed represent the very first data, partial and merely set up on quantitative criteria – which are the result of the pre-compiling phase by the project partnerships. The three transparency indicators are:

- 1) Web transparency index: it shows the degree of online availability of some information which the project partnership considered to be essential to determine the transparency of information in a company.
- 2) Social reporting transparency index: it is tied to the consultation of social reporting by research institutes which are partners of this project, and it shows the amount of information found on a predetermined set of information resulting from an analysis of different typologies of social reporting. The involved research institutes will be given a common list of information that can be easily found on social reports.

For further information, see paragraph “Pre-compiling 2.0 and transparency indicators”.

Compiling process

The process for compiling the TNC data sheet develops along four lines that are complementary and strictly connected to one another, and preceded by a preparatory activity:

- preparatory activity to generate access credentials for data gathering sheets and activate contacts with the company management. During this phase, a special attention will be

dedicated to the various contact modalities with TNC managers (social networks, traditional mail, personal and company emails, linkedin or other forms).

- precompiling by the Filcams work group (project manager) through information gathering on the web and standardized research of online information. Precompiling has the merit of making the task of gathering information easier for the management, and contributes to developing semi-finished products on which it is possible to develop communication and solicitation actions towards the involved TNCs. At the same time, precompiling encounters some formal resistance since it proceeds to gather information from online channels, and therefore not necessarily from “institutional” sources of the TNC;
- to verify the reliability of the information gathered during the precompiling, the research centers involved in the project partnership will take care of verifying the data already loaded on the web platform, and in case enrich it, consulting the various forms of social and financial reporting that are available on the TNCs website: social balances, economic and financial balances, sustainability balances, integrated balances and so on. To standardize the work of the research centers we have produced a map of the available information on a heterogeneous sample of social and financial reports, indicating traceability as well, meaning the location of documents and some key words to make finding them easier;
- after passing through precompiling and control (integration) by research centers, the TNC data collection sheet is sent to the various management components of the TNC with skills and positions that are consistent with the thematic areas of the data sheet. The availability and willingness to fill in the TNC sheets by the management is strictly related to the efficiency of our communication campaign and the contact with the TNC developed during the precompiling phase.
- once completed by the management, the data collection sheet is sent to the European/Global sectoral trade union federation or, as an alternative, to the EWC (European Works Council) President, or other person with a coordination role in the EWC, or if absent, to the representative of the European/Global trade union sector federation. In this case, the trade union functions as a "sentinel", which can verify the truthfulness and correctness of information provided by the company management and/or available online. If the verification by the trade union should discover inconsistencies, omissions or a weakness in information, and if obviously were it possible to demonstrate and/or integrate this, the individual indicators and as a consequence the final ranking, would be appropriately corrected based on a "complaint" system" shared and predefined together with the project group members and the legal expert. The "complaint" system causes a decrease in score proportional to the seriousness of the information deficiency and the strength of the support evidence presented (press articles, court rulings, agreements, inquiries...).

II.2. Pre-compiling 3.0 and transparency indicators

Gabriele Guglielmi

The process of gathering data on a multinational company starts with a precompiling phase. The “Company compiler” receives a sheet with some already precompiled data, which can be modified or integrated. This precompiling serves also as a transparency factor, since it allows to understand the level of “accessibility” of information of general interest related to a multinational company.

Precompiling 3.0 has developed as follows:

The project staff, helped by research centers, has identified first 50, then 100 companies and finally 200; to better compare them, they have divided them in homogeneous groups: Nace doce, brand.

The following **public sources** were then consulted:

1. Public data base:

- a) ETUI data base⁷ on the establishment of an EWC, public availability of agreement, confirmation of negotiation process;
- b) data base⁸ on transnational company agreements on the presence of a transnational agreement, the publishing of the text and the confirmation of the negotiation process;
- c) “Societas Europea” (SE) data base <http://ecdb.worker-participation.eu/> on the negotiation process followed and the public availability of the agreement;
- d) the NACE CODE⁹ database for the supposable classification of productive and/or service activities of the company;
- e) GRI ¹⁰(Global Reporting Initiative) database for confirmation of standard implementation;
- f) The United Nations Global Compact ¹¹ for confirmation of standard implementation.
- g) SA8000 standard¹²: confirmation of having acquired this social certification in at least one country and one company of the Group.

⁷ <http://www.ewcdb.eu/>

⁸ This database is managed by ILO and the European Commission. GUFs in some cases publish texts and/or lists of subscribed agreements, recognized by them; in connection with our facebook page <https://www.facebook.com/OpenCorporationRanking/> (Log in with your account to access the page) we have established the EWC Open Group, where we published all documents containing both the ILO-EC lists and the information given by ETUFs and GUFs

https://www.facebook.com/groups/324488001346210/?ref=br_rs

⁹ Statistical Classification of Economic Activities in the European Community, Rev. 2 (2008)

http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=NACE_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC

¹⁰ <http://database.globalreporting.org/>

¹¹ <https://www.unglobalcompact.org/what-is-gc/participants>

¹² <http://sa-intl.org/>

2. At least two company web sites favoring those in English:
 - a. Official web site;
 - b. Website dedicated to company information, e.g. “sustainability” or “about”;
3. **Wikipedia page** dedicated to the company in English;
4. following websites:
 - a. <https://www.unglobalcompact.org/> for confirming the participation in the “United Nations Global Compact” at least in one country and at least one company of the Group;
 - b. Applicability of “OECD guidelines” for multinational companies”
 - c. Ranking The Brands to confirm the presence in the last year in at least one of the examined rankings;
 - d. Owlser ¹³to compare competitors;
 - e. Four platforms to test the usability and accessibility of the two examined company websites:
 - To test if the website is readable and adaptable to all new devices, from smartphones to tablets;
 - Validatore to test site accessibility
 - Achecker and/or Tawdis to confirm or in substitution of validatore when not available;
5. The most recently published **integrated or sustainability balance** on the website. The used documents are available in the company folders at the following address: <http://opencorporation.org/en/documenti>

II.3. Communication campaign and approach to management

Norman Di Lieto

There are three main actors in the Open Corporation project

1. Transnational Companies (from now on TNCs);
2. European Works Councils (from now on EWCs);
3. Trade union organizations (from now on TUs).

The selected TNCs are multinational companies that are present in Italy, Europe and beyond. During the test phase, we had selected a “EWC dimension” meaning at least 1000 workers and presence in at least two EU countries; during the final phase we have inserted also companies operating on digital platforms, and with an amount of workers inferior to the 1000 limit. The 200

¹³ Log in with your account to access the page

companies that will participate to the Open Corporation Ranking possess the following characteristics:

SE	9
SA8000	11
Web Accessibility policy	48
GFA 2015 04	54
Global Compact	106
GRI	138
EWC	140
RANKING	145
DIVERSITY POLICY	149
ENVIRONMENTAL POLICY	169
AVAILABLE REPORTING	178

Less than 5% of Societas Europaea, and even less certified SA8000. Less than one fourth have a web accessibility policy in place; 70% has an EWC but little more than 25% has subscribed a global agreement. GRI (69%) is preferred to the Global Compact (53%). Around three quarters participate to the ranking; highly engaged in the environmental dimension but also diversity; around 10% does not publish its sustainability report.

Operating method

The observed TNCs have received a communication through traditional email to their legal offices; an email has been sent to the President and CEO, to the HR, finance, CSR managers. The same message included the access credentials to the portal's reserved area: <http://opencorporation.org/en/> to complete/modify the data gathering sheet.

Press releases referred to the publishing of the transparency indexes have been sent to the press offices of the involved companies; they have also been published on the project's facebook page <https://www.facebook.com/OpenCorporationRanking/> and on the twitter profile <https://twitter.com/CorporationOpen> .

II.4. Involvement of European and Global trade union federations

Norman Di Lieto

The **European Union Federations** (ETUFs): *EFBWW, EFFAT, EPSU, ETF, IndustriAll-europe, UNI Europe* and the **Global Union Federations** (GUFs): *BWINT, IUF, PSI, ITF, IndustriALL Global Union, UNI Global Union* and **ETUC** have been informed of the companies involved in the

project and verification phase, which we called “sentinel”, verifying the correctness of data on the information questionnaire.

II.5. Involvement of European Works Councils

Stefania Radici

If the ETUFs and/or GUFs are not able to perform the “sentinel” role, the project will try to involve EWC members, where an EWC is present, starting from the President and/or Secretary of the European Works Council.

The President and/or Secretary of the EWC is also asked to fill in the EWC sheet, created to verify transparency and accountability capacity of the EWC activities. Such a request comes from the idea that transparency is a right, but also a responsibility.

II.6. Notes on how to use the platform

Vittorio Alvino

The web platform follows two main typologies of activities:

Gather structured data on TNCs through access modules reserved only to administrators and individuals responsible for TNCs and EWCs; this part is not going to be made public.

Publishing of the ranking, of data (open data) and relative content (methodology and toolkit). This is the public part of the platform that from now on will be called website.

1. Data collection

Data collection on multinational companies are collected through online questionnaires. Two questionnaires have been developed, they are intended to be data collection sheets:

TNC sheet: company data collection

EWC sheet: collection of data on European Works Councils.

The data of the TNC sheet will be collected using two modalities:

- web search of official sources and documents (company website, sector websites, economic and financial institutions etc.), the so called precompiling;
- online questionnaire for company managers, so called compiling.

The two collection modalities will use the same method (THC sheet) for data collection. The web search will allow to sort out the available data and start inserting the in the module. Therefore, the precompiled TNC sheet will submitted to the company representative to obtain the missing data and confirmation or modification of the already inserted data. Once the data collection is over (web + company) the collected information is evaluated by the EWC representative that validates each information from a trade union point of view.

The data in the EWC sheet will be collected through an online questionnaire aimed at the head of the individual company EWC.

TNC data collection sheet procedure and involved roles:

WEB PRECOMPILING (SUPER USER) > COMPANY COMPILING (TNC REPRESENTATIVE) > UNION CONTROL (EWC REPRESENTATIVE)

EWC data collection sheet procedure and involved roles:

EWC COMPILING (EWC representative)

1.1 TNC sheet

The following users are expected:

- a SUPER USER (precompiling): may insert data in the module of any company before this is submitted to a company representative and in any moment he can verify the progress towards compiling the sheet.
- a user representing the TNC: may modify and insert data in the module concerning his own company
- a user representing the EWC: he may evaluate (but not modify) the data present in the module of the company he works for (reliable/not reliable) and add a comment (text + link).

1.2. The EWC sheet

The following users are expected:

- a SUPER USER: he may verify the progress towards completion of compiling in any moment
- an EWC user: he may insert data in the module

1.3. Functions of the web module

- authenticate the user authorized to compile data (send credentials vie email).
- saving and subsequent modification/addition of data by a single user (multisession)

- saving of data by user, necessary to reach the next phase of the process.
- languages: ITA and ENG
- data collection stored and divided for future rankings (2016,2017,2018)
- no obligatory fields will be present

1.4. Data extraction and parameters of indicators

The implementation allows to download data in a structured way (spreadsheet) that allows to subsequently regulate the parameters (weights) to be assigned to a single indicator (calculations to be applied to single question or combination of multiple questions). Calculating the indicator of a single thematic area, we obtain the area ranking, calculating the sum of all thematic areas we obtain the global synthetic indicator, based on which the main (or global) ranking is developed.

2. Website

The site answers the following needs:

- publish ranking of corporations
- publish data on individual corporation
- publish data that was collected
- publish content and information relative to the project

2.1. Publishing the corporation ranking

The adopted methodology foresees different thematic dimensions (employment, accessibility, transparency, diversity, etc.) for the evaluation of company behavior, or indicators, and a comprehensive synthetic dimension. Each of these dimensions determines a specific thematic ranking, just as the synthetic indicator determines the general ranking.

These are therefore the possibilities of representing data on corporations through the website:

- Representation of the general ranking
- Representation of thematic rankings
- Corporations filtered by sector (NACE code)
- Corporations filtered by country
- The search engine allows to find a single corporation thanks to autocompleter.

2.2. Publishing data on single corporation

Each corporation is assigned a sheet where essential personal information and the position in the general ranking and in the thematic ones (environment, transparency, diversity, etc.), the comparison with companies from the same sector and therefore competitors, are included.

2.3. Publishing collected data

All data collected through the data collection modules will be published in an open format to make reusing it easy. In particular:

Data collected through questionnaire modules will be published in a tabular format when possible (csv) and other structured format (xml, json) and/or pdf.

Data relative to indicators which are object of the parametric calculations (weights) defined in the methodology

Information on figures and of other kind (personal and context info) collected through the modules in the questionnaires that are not being used for calculations and that in any case have value as information and for the sake of transparency (page on the individual corporation).

2.4. Publishing of project content

The main contents to be published:

Texts relative to project presentation;

Texts and contents to inform and communicate on the developments of the project.

The first contents are published in specific sections of the site (project, who we are, methodology, toolkit, etc.) to present and explain the various aspects of the project (aims, methodology of ranking etc.) while the information and communication content is published on the blog (news, events, presentations, photos, videos, etc.)

Multilanguage function

All content on the website is available in Italian and English

CHAPTER III

Guidelines for compiling the data gathering sheets

III.1 Company data sheet

III.1.1. Company information

Gabriele Guglielmi

The first part of the data gathering sheet, in addition to identifying the person or people that on behalf of the TNC have taken care of filling up the questionnaire, it identifies the main characteristics of the company, and prepares the foundation for further interaction between data. As for almost all questions, apart from those that allow to choose a predefined answer and those where you are free to answer as you like, one may choose between not answering (which is in itself an indicator of low transparency) or to choose between yes or no.

The project has favored the selection of companies or groups that “control” other “subsidiary” companies, in some cases though the object of the study are the controlled companies; **questions from 3 to 6** are necessary to **identify the company** and its connection “above” and “below”. From **7 to 9** the questions are necessary to understand under what particular regimes the company operates, if it must be accountable towards specific authorities, e.g. stock exchange, stakeholders, institutions. From **10 to 12** the questions are aimed at showing **if and how the company is available to participating to rankings and competitions**; and how transparent they are thanks to publishing data and information accessible to all. These questions are a premise to an avenue of research which the projects cares particularly about: if this data is readily available to **people with disabilities** as well. These aspects are treated by questions **13 and 14**.

III.1.2. Governance

Giorgio Verrecchia

The section dedicated to governance includes 10 questions aimed at understanding the level of democracy within the company. If the required information allow to understand how close the business model implemented within the company is close to the model of an industrial democracy. In particular, question n.15 is aimed at understanding if the company is a Societas Europaea (from now on SE), a kind of limited company governed by EU laws. The SE allows to reorganize activities under a single European brand, and to manage the company without having to create a network of affiliated entities. It also allows a greater market mobility within the single market (it’s possible for example to transfer the legal residence of the company from a EU country to another without having to close it down first). In the meantime, the Se offers a framework to involve workers in multiple countries. This profile represents an important level of recognized democracy within the

company. Establishing a SE implies the recognition of appropriate rights to information, consultation of workers and/or of their representatives, and in some cases also right to participation to the companies' governing bodies. Question n.16 is related to the size of the governing board. Question n.17 is aimed at understanding if the company includes independent representatives in their governing bodies (e.g. workers' representatives, environmental expert, etc.) and question n.18 asks to indicate the number of women which are part of the governing board and advisory boards of a company. This is a key indicator of the degree of inclusiveness within a company, and how it respects the principle of equal opportunities between men and women. Question n.19 asks the amount of board meetings that have taken place in the last year. This helps us understand how democratic, discussed and participated a decision adopted by the company is. Question n.20 is aimed at understanding if the CEO is also centralizing other control and management functions, if these two profiles are covered by a single person. Question n.21 is directly related to question n.15, and is aimed at knowing the legal profile of a company, and understanding if it is organized in a monistic or dualistic way. The last three questions (n.22, n.23, n.24) concern the CEO and are intended to acquire more information on their salary and if it is linked to a social or environmental management of a company. In other words we want to know if its salary is linked to achieving social or environmental objectives in addition to financial ones. The question on the specific amount of remuneration for the CEO is aimed at understanding the relation between him and the employees.

III.1.3 Company characteristics

Gabriele Guglielmi

The use of the Nace¹⁴ code allows companies that operate in the same sector to be compared. Multinational companies are often also multi-sectoral, and the possibility exists to answer **question 25** identifying up to eight main activities, and giving a 1 to the most relevant answer. **Question 26** is necessary to identify the operations area of a company: if it is global or limited to some countries, while question **n.27** is key to understand which norms are applicable to the EWC.

III.1.4 Employment

Gabriele Guglielmi

Questions 28 to 33 are aimed at understanding the employment levels, for each individual UE country, and then in the last years in the EU and at a global level, highlighting female employment and typology of working relation.

¹⁴ Statistical Classification of Economic Activities in the European Community, Rev. 2 (2008)
http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=NACE_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC

III.1.5 Social Dialogue, industrial relations and collective bargaining

Gabriel Guglielmi

The nine questions from **34 to 43** focus on the presence or lack of Social Dialogue, of participation and of collective bargaining. Transnational agreements subscribed by GUFs are the classic example of global collective bargaining. The EWC establishment agreements are usually reached at a European level¹⁵, with a distinction: if these agreements have been subscribed by ETUFs and/or affiliates, or not; and if these agreements are publicly available, or not¹⁶.

It's important to know the unionization levels; the global coverage of collective bargaining even if the TNC is represented by an association.

Beware! The question on **being sentenced for anti-union activities is n.95**, and it is presented together with other potential reasons for being sentenced. Just as the question on potential instances in the **OECD contact points is n.52**. These are obviously the “heavy” questions and the answering modalities are too; in these cases a lack of answer is worst than a “yes”, especially if discovered during the verification phase by the trade union “sentinel”.

III. 1.6 International Standards, social certifications and social reporting

Stefania Radici

The section on international standards, social certifications and social reporting includes 15 questions, aimed at understanding the level of transparency and accuracy of social and economic information shared, and the quality and presence in time and space of behaviors that are related to the dimension of social responsibility of a company in a social and environmental context. Question n.44 asks the company if it publishes a social report; the following, n.45, asks if it publishes an integrated balance together with the economic one, as provided for by European Directive 2014/95/EU, and the following question n.46 asks for how long it has been doing so. Question n.47 asks if and what sustainability standards are applied, to understand if the company adheres to specific technical norms, and therefore respects specific quality standards recognized at an international level when managing processes and/or products. In particular, question n.47 refers to relevant ISO standards: ISO 9000 – Managements systems for quality; ISO 14000 – environmental managing systems; ISO 26000 – Social responsibility; ISO 50001 – energy management systems; ISO 22000 – food safety management systems; ISO 20121 – sustainable vents management systems; ISO 37001 – management systems against corruption. Answering the next question, n.48, it's possible to add other standards which the company adopts voluntarily: BS

¹⁵ examples exist of global EWCs

¹⁶ For example Ryanair <http://www.ewcdb.eu/company/3484> seems to have an EWC, but there is no trace of the agreement text nor of the subscribers

OHSAS 18001 (management system for health and safety of workers); Carbon Trust Standards (for reduction of greenhouse gasses); Eco-Management and Audit Scheme – EMAS (created by the EC to assess and improve its own environmental performances); Environment Agency and Monitoring Certification Scheme – MCERTS (standard for environmental impact monitoring). Question n.48 leaves more space to indicate potential additional implemented standards. Question n.49 asks which social certifications and other social responsibility standards among the following are implemented: SA8000 Social Accountability (Social responsibility); Tripartite declaration of the International Labor Organization (ILO) on the principles for multinational companies and social policies; OECD guidelines for multinational companies; OECD company governance principles; the UN Global Compact; the Global Reporting Initiative – GRI; Other (to be specified).

The following questions analyze the scope of implementation of these standards, if they are adopted. Question n.50 analyzes the modalities of social reporting, asking if the GRI standard is implemented or not, meaning guidelines for drafting a sustainability report that has a multi-dimensional approach and that approach sustainability from a social, economic and environmental aspect. Question n.51 is related to the level of implementation of the Global Compact Standard (if applied), the initiative by the UN to encourage the economic leaders to converge on a series of principles and values (related to human rights, employment, environment and anti-corruption policies) that may give a “touch of humanity” to the global economy, to use the words of Kofi Anna, former UN Secretary and promoter of the Global Compact. Question n.52 is related to the OECD guidelines, with the aim of understanding if complaints by stakeholders have been presented to the national contact points, lamenting a behavior of companies that does not reflect their commitment expressed with the principles and recommendations stated in the guidelines. Question n.53 is related to social reporting, asking in particular if the following topics are regulated: transparency, relation with suppliers, relations with employees; relations with customers; reduction of environmental risks; moral or sexual harassment. Question n.54 explores the involvement of social actors and stakeholders during the drafting of social reports, and asks if there was an involvement/consultation of trade union organizations, local administrations, consumer associations, worker representatives, NGOs, civil society representatives, and the citizenry. Question n.55 asks companies if its social responsibility policies are implemented during national operations; international operations, supply chain and outsourcing; distribution chain; franchising; post sale assistance, with the aim of exploring the commitment to transparency and sustainability of global value chains. Question n.56 asks which tools are being used to verify the respect of corporate responsibility policies along the supply chain, to understand how the supply chain is actually being defended by potential violations, regardless of announcements or intentions. Question n.57 asks if whistleblowing practices are being implemented, a metaphor to indicate a system that allows a worker to reveal and/or report illegal or dangerous behaviors he is aware of, having the guarantee of protection and confidentiality. Question n.58 asks if so, which.

III.1.7 Training, health and safety and company welfare

Davide Dazzi

The section on training, health and safety and company welfare is composed of 9 questions and 39 items, therefore information which is potentially recoverable in case all answers are filled in. The topics referred to in the thematic area answer the need to explain the behavioral context of a TNC in relation to issues of primary importance for a trade union, and therefore its training policies (aimed both at recruiting new talent and keeping it in the company), the risk of injury and the management system related to health and safety, and the always more pervasive company welfare practices.

Regarding training, the structure of the questionnaire allows to gather information on the average yearly training hours, an indicator oriented at understanding the training investment of the individual corporate subjects, articulated by professional qualification (execs, managers, white and blue collars) and gender. This double division by gender and position will allow to understand polarizing events or asymmetries in training and understand not only the commitment towards training, but also how this is affecting the workforce. The question on skill management training and lifelong training answer to the same issue, to understand to what extent a training policy is satisfying the training needs of individuals, and increasing their employability, or if it is done strictly for company performance reasons.

Questions relative to health and safety propose, in the first part, standard indicators for measuring the exposition of companies to injury risk and how serious they are: amount of injuries, number of mortal injuries (this way it will be possible to calculate the incidence of mortal injuries on the total amount of injuries happened in the year being observed). Clearly, during the analysis phase, a sectoral comparison will be favored, to avoid comparing working activities with very different injury rates. If the first questions are necessary to gather information on quantitative aspects, the question on work related stress aims at understanding the commitment towards avoiding social and psychological effects and their consideration when included in the risk assessment document. Obviously this information depend also, but not only, from the normative and legal context where TNCs operate, but a proactive attitude that overcomes legal impediments will certainly activate a positive effect. In terms of calculation, questions on amount of injuries have a negative value, meaning that the score related to the question is developed in such a way that it decreases as the risk of injury increases.

The question on company welfare wishes to gather information not only on the integrated welfare practices but also on the method through which these practices have been implemented while trying to reward those companies that have committed towards worker participation and involvement of their representatives through collective bargaining. Welfare practices take in account both common practices aimed at an insurance coverage of the workers, and measures

aimed at strengthening policies to balance life and work, in addition to salary integrations, and territorial welfare practices. The company welfare practices grid is developed in such a way as to allow a comparison of the position of each individual company in relation to the reports on the spread and implementation of welfare in the workplace at a national and international level.

Lastly, the thematic area includes an indication on accessibility policies during company meetings, we wish to understand if the company code of conduct includes inclusive practices during the organization of events.

III.1.8 Economy and finance

Introduction¹⁷

Compared to the test version, some questions have been added, e.g. asking the page URL where balance data is published (68), the group structure (71) or the charities being funded by the TNC (78); questions on CEO salary (24) and fiscal optimization (75 and 76) have been changed to be stricter.

Anna Maria Romano

Clarity regarding information availability

Accounting information, even if balances are obligatory, aren't always easily available. And the major/minor accessibility to data is a first step in the evaluation on the transparency of the analyzed company.

Transnational companies must in addition present a consolidated financial statement, which is a balance that aggregates all accounting information of all companies forming the group (see normative sources).

¹⁷ Regarding the **financial dimension**, an important role is played by the financial statement drafting and evaluation principles – IAS/IFRS: STANDARD AND INTERPRETATIONS. Such principles are a set of rules on accounting produced by an international committee (IASC – International Accounting Standards Committee – substituted in 2001 by IASB – International Accounting Standards Board – part of the private foundation IASC Foundation) with the aim of favoring international comparison of balances and define transparency principles and a common and correct accounting evaluation. In Europe, the introduction of international standards started in 2002 with Rule (CE) n.1606/2002 (and a series of other so called “type approval” rules) emanated to discipline the practical implementation of IAS/IFRS in European laws. In particular, with rule n.1606 of 2002, it is compulsory in the EU to adopt international principles in the consolidated financial statement of companies listed on the stock market, starting from the statement of January 1st 2005, and for banks and insurances. Italy with a following decree law n.38 of 2005 has extended the obligation to statement of the same companies for the year 2006 and the faculty only for consolidated financial statements of all other companies starting from the financial statement of 2005. In this sector as well the OECDS GUIDELINES FOR MULTINATIONAL COMPANIES are very important, especially regarding the principles related to Base erosion and profit shifting (BEPS) and the OECD agreement against fiscal elusion of multinational companies (Multilateral authority agreement (MCAA), subscribed by 31 countries, based on which the various fiscal administrations will exchange information: multinational companies will have to communicate to the country where they operate how much they earn and how much they pay in taxes. We will then be able to have a global picture of key indicators of multinational companies. Lastly, a relevant international source is the OECD agreement: Country by Country.

It is important if the consolidated financial statement deposited in the country where the Holding or Head company is; is it easy or not to access the company website? And what is the level of detail?

Our objective is not to describe or evaluate these documents and their compliance with international models, but to understand, where possible, the true company policies in terms of what we describe as series of values. If and how wealth is produced and redistributed in social terms.

Compilation of this section could be increasingly pre-compiled, depending on the availability of the public data.

Another important factor is the level of detail in the presentation of consolidated income statements.

Two examples that can give an idea of the substantial difference in information and willingness to make data available.

CONSOLIDATED INCOME STATEMENT		
<i>1st September 2014–31st August 2015</i>		
<i>(in millions of Euros)</i>	FY15	FY14
Revenue	32,658	29,293
Cost of sales	18,221	16,372
Gross profit	14,437	12,921
Operating cost	10,388	9,128
Operating income	4,049	3,793
Total financial income and expense	299	352
Income before minority interests and taxes	4,348	4,145
Tax	822	801
Income before minority interests	3,526	3,344
Minority interests	14	15
Net income	3,512	3,329

Conto economico consolidato

(milioni di €)

	ESERCIZIO		VARIAZIONE		
	2015	2014	ASSOLUTA	%	NORMALIZZATA ¹
Interessi netti	11.916	12.442	- 526	- 4,2%	- 2,5%
Dividendi e altri proventi su partecipazioni	829	794	+ 36	+ 4,5%	+ 19,8%
Commissioni nette	7.848	7.593	+ 255	+ 3,4%	+ 4,6%
Risultato netto dell'attività di negoziazione	1.644	1.536	+ 109	+ 7,1%	+ 7,0%
Saldo altri proventi/oneri	166	188	- 21	- 11,3%	+ 95,0%
MARGINE DI INTERMEDIAZIONE	22.405	22.552	- 147	- 0,7%	+ 1,6%
Spese per il personale	(8.339)	(8.201)	- 138	+ 1,7%	+ 2,9%
Altre spese amministrative	(5.159)	(5.244)	+ 86	- 1,6%	- 4,1%
Recuperi di spesa	808	834	- 25	- 3,0%	+ 2,0%
Rettifiche di valore su immobilizzazioni materiali e immateriali	(929)	(896)	- 33	+ 3,6%	+ 6,7%
Costi operativi	(13.618)	(13.507)	- 111	+ 0,8%	+ 0,4%
RISULTATO DI GESTIONE	8.787	9.045	- 258	- 2,9%	+ 3,4%
Rettifiche nette su crediti e su accantonamenti per garanzie e impegni	(4.114)	(4.292)	+ 178	- 4,1%	+ 1,5%
RISULTATO NETTO DI GESTIONE	4.672	4.753	- 80	- 1,7%	+ 5,0%
Altri oneri ed accantonamenti	(1.585)	(728)	- 856	+ 117,6%	+ 249,7%
Oneri di integrazione	(410)	(20)	- 390	n.s.	n.s.
Profitti netti da investimenti	(6)	87	- 93	n.s.	n.s.
RISULTATO LORDO DELL'OPERATIVITA' CORRENTE	2.671	4.091	- 1.419	- 34,7%	- 34,2%
Imposte sul reddito del periodo	(137)	(1.297)	+ 1.160	- 89,4%	- 85,6%
RISULTATO NETTO DELL'OPERATIVITA' CORRENTE	2.534	2.793	- 259	- 9,3%	- 11,8%
Utile (Perdita) delle attività in via di dismissione al netto delle imposte	(295)	(124)	- 171	+ 138,0%	+ 158,0%
RISULTATO DI PERIODO	2.239	2.669	- 431	- 16,1%	- 23,9%
Utile di pertinenza di terzi	(352)	(380)	+ 28	- 7,5%	- 5,5%
RISULTATO NETTO DI PERTINENZA DEL GRUPPO ANTE PPA	1.887	2.289	- 402	- 17,6%	- 26,7%
Effetti economici della "Purchase Price Allocation"	(193)	(281)	+ 89	- 31,5%	- 31,5%
Rettifiche di valore su avviamenti	-	-	-	n.s.	n.s.
RISULTATO NETTO DI PERTINENZA DEL GRUPPO	1.694	2.008	- 314	- 15,6%	- 26,1%

Note:

1. Variazioni a cambi e perimetri costanti

The importance of numbers: not only math

The numbers in a balance don't represent only numbers, but meaning. A number is the final synthesis of a path: from the company policy choices; governance and relation with their stakeholders; how they intend to respect the law (in purely formal terms); redistribution of produced wealth; to greatly summarize: how are production factors rewarded.

A balance is a snapshot of the company in a precise moment: some data may be more significant than other, in absolute terms and in comparative ones (more years: at least 3) or in space (companies in similar sectors; geographic area).

We find useful to define some balance indicators, or synthetic indicators, quotients that represent the economic trend, the patrimonial and financial situation of a company.

Some indicators

The following indicators may synthetize balance data regarding the above mentioned topics:

- Solvency: net financial position, debt load, relation between liabilities and net worth.
- Profitability: EBITDA (or MOL), EBIT (or Operating income), ROI, ROS, ROE

- Efficiency: Asset Turnover, value added to income, value added to cost of employees
- Liquidity: relation between short term activities and short term liabilities, cash flow
- Growth: of turnover, activities and net worth.

IGNC	Net income <hr/> Operating result	<p>Defines how much of the produced income derives directly from a core activity and when instead it is accessory, not strictly necessary for the core production, but done for other reasons; e.g.: finance; links with other companies etc.</p> <p>It indirectly expresses the weight applied by extraordinary components and taxes on the final result of the financial activity.</p>
Debt ratio (or leverage or gearing ratio)	Total liabilities <hr/> Total activities	
Debt-to-equity ratio	Total liabilities <hr/> Net worth	<p>Describes the balance among the various sources of financing. The higher, the greater is the debt load of the company or the group towards third parties compared to the sources coming from business associates, and therefore the profitability of the economic activity can be eroded more by financial burdens. This indicator should not be above 4.</p>
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), or MOL (Operating Margin)	Profitability indicator that highlights the profit margin deriving from core business	<p>A value that is still not influenced by interests (financial management), taxes (fiscal management), depreciation of goods (devaluation), reserves and amortizations. It is therefore not influenced by “balance policies” (devaluations, reserves, amortizations used to fix the final result).</p>

ROI (Return On Investment)	$\frac{\text{Operating result}}{\text{Total activities}}$	Remuneration quota of the capital invested in the company or group before paying financial obligations and taxes, in relation to the total invested capital.
ROE (Return On Equity)	$\frac{\text{Net profit}}{\text{Net worth}}$	Measures the total profitability level of own capital (associates). Must be compared with the performance of different investment opportunities, similar from a risk perspective to the one of the company.
ROS (Return On Sales)	$\frac{\text{Operating result}}{\text{Sales}}$	<p>Measures the profit margin achieved thanks to the sale of goods and services on the market, before financial burdens and taxes.</p> <p>Expresses how much, every 100 euros of sales, the company manages to retain as “operating profit” (after paying for all operating costs).</p>
Asset Turnover	$\frac{\text{Sales}}{\text{Total activities}}$	Speed of reentry, through sales, of invested capital. It is an efficiency indicator of the management choices in the use of the productive capacity (policy on stockpiles, credits towards customers) and the choices defining the productive structure.
Value Added		Value that the company or group adds, through its own transformation and sales activities, to the resources acquired and transformed through production (raw materials consumption, services, rents, etc.)

	Value added <hr/> Sales	The factors that may influence this indicator are: - qualitative changes in production, - improving or worsening of productivity, - integration strategies (acquisition of new activities) or vertical disintegration (outsourcing of activities), - different internal organization of the company or group (different relation between the industrial part and the commercial one), - changes in the prices of raw materials and finished products
	Value added <hr/> Cost of employees	As above with specific indicators tied to the variations in the amount of workers and wage
Development indicators		
	Variation in sales ----- -----sales of the previous period	The variation in sales could express the effective trend in the sales volumes, but also be a result of different factors, such as: - acquisition of new companies and consolidation of balances, - variation in the sales catalogue, - fluctuation of the exchange rate, , - changes in the mix of products, - changes in the selling policies, - different strategies of decentralizing production.
	Variation of activities <hr/> Activities at start of	Synthetically expresses the company or group strategy, since it highlights the choice to expand or shrink the size of the invested capital. It depends on the growth

	period	rate of the “current activities” (credits, unsold stock, etc.) and on the growth rate of “non current assets” (plants, machinery, financial activities etc.).
	<p>Variation in net worth</p> <hr/> <p>Initial net worth</p>	It expresses the capacity of the company or group to increase the available financial means without using third party capital. If total activities increase, it's necessary to increase at least as much the net worth if you don't want to increase debt load.
Thank you to Ermanno Della Libera of the Poster Institute		

KPIs

Key Performance indicators, KPI, are an important tool to determine if and how a company is progressing towards its business and marketing objectives. It is a quantifiable measure, a number that measures if the operating and strategic objectives have been reached.

This means that different companies have different KPI depending on their priorities or definition of performance. At the same time, indicators usually follow a sector standard.

Consolidated income statement, social balance, integrated balance: notes for the evolution of the species.

What interests us is to define KPIs that are capable of synthesizing the situation in a multinational company based on shared parameters and values, and capable of including the economic and social management of the company as well.

An objective that the European lawmakers have tried to achieve through an integration of accounting and obligatory reports with the social balance.

The Social Balance is an extremely important tool for communication, a key element to perform public relations activities, and to improve social and industrial relations.

Our objective is to strengthen public perception of the company, so to increase its legitimacy in its sector and consensus at a social level.

The Social Balance is a very important knowledge tool, that at the moment has yet to satisfy the need for information on companies, risking often to be just a showcase.

« Social Balance is the result of a process where the management becomes accountable for their choices, activities, results, use of resources in a specific period of time, and allows citizens and others to gain knowledge and be able to form an opinion on how the management is interpreting and achieving its institutional mission and mandate»

([Ministry of the interior](#), 2007)

The relation between ordinary balance and social one is still too bland. In the following table we show a very brief summary of the relation between the two.

Characteristics	Ordinary Balance	Social Balance
Requirement	Compulsory	Voluntary
Modality	Norms defined by the law, international standards, following accounting principles for the quantitative definition of management events.	Data elaboration and qualitative information
View	Economic union	Social vision
Timeline	Financial year	Period to which the ordinary balance refers to
Authority	Economic	The moment the social events happen
Recipients	Almost only Stakeholders that have an economic/financial interest	All stakeholders that have an interest in the company
Information	Accounting data	Mostly qualitative information that are synthetized quantitatively
The data of the two balances may have no relations between them		

The new aim of reporting, indicated by Directive 2014/95/EU of the European Parliament, is to the **integrated Balance sheet, a document that is the result of integrating the consolidated statement and the one on sustainability**. The financial, environmental, social and governance results, analyzed jointly, are under careful observation. The objective is to generate a transparent document capable of satisfying the needs of the company and the needs of the collectivity for more information, the needs of the financial community and those of all stakeholders as well.

The integrated balance may be defined as an accounting system for economic, social, environmental performances, summarized in one publication that is coincident with the annual financial statement and consolidated financial statement of a company, enriched and integrated with the most impactful social and environmental data. It therefore synthesizes accounting data with non financial aspects.

III.1.9. Diversity

Introduction

The answers on the “Diversity” chapter must be analyzed considering the possible ramifications, e.g. with question 10 on the ranking, 18 on “governance” and questions 30-32 on employment, and 59 on training.

Ornella La Tegola

The principle of equality presumes the **acknowledgement not only at a formal level of fundamental rights**. It is therefore necessary to use tools – incentivized by law or adopted spontaneously by the social parts – to introduce changes to a social dynamic that proposes old and new forms of discrimination. These tools are **the positive actions** (see chapter II par. 3) that represent an essential tool to achieve equal opportunities and it must be a **precise prerogative of all companies** to remove all obstacles and discriminations that prevent the achievement of equal opportunities.

In the section dedicated to Diversity of the TNC sheet, we have identified the main tools that may be adopted to promote equal opportunities among people of different groups. We believe that the implementation of positive actions is a revealing indicator of the multinational company’s respect for dignity and the differences among workers. Therefore, the positive answer to the questions asked in the analyzed section presume compliance with the applicable norm. The data sheet will analyze the adopted corporate tools to promote the respect for human dignity of workers and their equal opportunities, the dissemination of said practices in all the plants or offices of the multinational company or only in some of these, and the involvement of workers and/or their representatives.

In particular:

80-81. Have measures been introduced to support maternity and parenthood of workers?

The questions are aimed at understanding if the multinational company adopts tools to support maternity and family functions of workers by identifying the main actions used (e.g. nurseries, playrooms in the company, hour banking, work support or training when returning from maternity leave).

82. Was a gender balance adopted?

As it is known, a gender balance is a balance document that analyzes from a gender point of view the policy choices and the economic-financial commitments of the multinational company. Its adoption shows a political, economic and financial will to empower and respect gender differences, and presumes the presence of a so called gender friendly environment.

83-84. Are specific measures adopted to promote female employment and career progression?

Positive actions aimed at favoring female employment and career progression are many. We have included in the sheet the most recommended by experts going from, just to mention some of them, modifying working hours to favor work/life balance, to monitoring personal situations, and training female workers in those levels and sectors where the gender is underrepresented.

85-86. Have equal opportunities bodies/committees been established? If so, is the budget provided by the employer?

It is clear that a true and effective equal opportunity policy may be achieved by the company only if an equal opportunity body or committee is established within the company, and it has its own budget. The questions are therefore aimed at gathering this information.

87-88. Have measures been included for workers of different races, ethnic origin and/or religion?

As it is known, belonging to one race or ethnic origin or religion can have consequences in food and spiritual choices that are not compatible with work organization and shifts, or availability of food in the cafeteria. The questions aim to understand the level of flexibility allowed in regard to the individual characteristics of workers.

89-90. Do you directly or indirectly make use of child labor? If so, do you implement proactive policies to avoid child labor?

Respecting the prohibition to use child labor is a key element, and infringing this rule will cause a negative evaluation of the multinational company. Except for cases where the possibility to use child labor is foreseen by law, we ask the multinational company to specify if it is adopting safeguard mechanisms for the respect of the prohibition in all company premises and if there are monitoring mechanisms in place (and sanctions if the prohibition is not observed) in the supply chain and related activities. When child labor is used because it's allowed by the law, we ask appropriate tools exist to monitor the education requirements and if they are supported by a tutor.

91-92. Are measures implemented to disseminate a culture on differences and human rights?

These are training cycles on gender culture and diversity aimed at increasing knowledge of workers on the peculiarities of gender difference and explaining the management that diversity may represent an opportunity for the company.

93-94. Have you been legally convicted due to discrimination and/or harassing in the last three years? If so, for which kind of discrimination?

It is interesting to verify if the company has ever been sentenced due to discriminations or harassing related to gender, sexual preference, age, disabilities, race or ethnic origin, religion or personal beliefs. The presence of a conviction is a cause of discomfort for workers. For convictions we mean those that have been considered definitive and may not be appealed.

95. Have you been sentenced for union related reasons in the last three years?

The important role of the trade union as a representative of workers with the aim of safeguarding collective interests within the company must be recognized by the multinational company. The presence of a controversy shows the lack of respect for union rights and prerogatives. Even in this case, for conviction we intend sentences that may no longer be appealed.

96. Regarding the safeguard of workers' health and safety, are there measures in place to protect health and safety in relation to gender, age and origin?

Scientific research demonstrates that belonging to a specific gender or age group does come with different risks in relation to psychological and physical health of workers. We therefore ask if the multinational company evaluates specifically these risks when drafting the Security document. In some cases it's important to also evaluate the knowledge of the language used by the company. The lack of comprehension may be a risk when performing certain working activities.

97. Have the measures adopted been decided with the involvement of worker representatives?

The participation of workers at the appropriate levels guarantees the selection of tools which are more appropriate to the company's situation, and represent the true needs of workers. In addition, it is a guarantee for the promotion of measures to achieve a conscious and full involvement of workers, and to favor their comprehension of negative and positive sides of adopting said decisions. We believe in fact that the adoption of positive actions agreed upon with the trade union is one of the key points of positive action, because it provides a guarantee on the efficiency and the strength of the action itself and extends it to the highest number of workers possible. Usually, positive actions are adopted at a company level. Nevertheless, when they are decided at a transnational level (e.g. through transnational agreements) or at EWC level, they are stronger, since they force a general adoption in all company branches and premises and in all the companies of the group.

III.1.10. Accessibility for disabled people

Introduction

One of the main project activities is the check list, for organizing accessible and environmentally low impact events and products, written by the project experts on accessibility for all, Anna Quartucci, TATA WITH CARE association President, and on environmental sustainability, Ennio Merlini, from WWF Research and Projects.

In addition the answers on the “accessibility” chapter must be analyzed considering the potential ramifications, e.g. questions 13 and 14 on web and 98-105 on the presence or lack of a company policy, which out of 200 companies being monitored, it seems to be absent in 75% of cases.

Anna Quartucci

We intend to provide an information tool to correctly compile the questionnaire:

14. Accessibility of website, what measures have you implemented?

State if during the development of the website you took in consideration accessibility for people which suffer from disabilities:

- Inclusion of Tag Titles and Alts in the media and hypertext content (for people suffering from blindness)

Communicate if descriptions of photographs and media has been included to allow the use of voice synthesizers by people suffering from blindness.

- Use of the correct fonts: Arial, Georgia, Times New Roman, San Serif, Verdana

Say if these fonts have been used in your website

- Background colors and text contrast

State if you took in account the correct color contrast to allow reading to sight impaired people.

- Enlargement of characters, positioning of the “3A” on the top right corner

State if it is possible to enlarge characters to make reading easier.

- Website that is readable and adaptable to all new devices, from smartphones to tablets.

State if the website is visible from all devices.

98. Is there a specific policy in place to improve the employability of disabled people?

State if the company is applying the current norm or if there is a better company policy.

99. If so, for what types of disabilities?

Explain if there is a specific employment policy for people with disabilities:

- People with motion impairments
- People with sensorial impairments

100. If so, how is it applied?

Removal of architectural barriers for motion impaired people in all company premises for a full access to every single service

State if total accessibility to all company premises is possible.

Removal of barriers for people with sensorial impairments, including tactile paths, sound signals, guided paths.

Supply of food to satisfy different needs (intolerances or allergies, coeliac disease, kosher, halal, vegetarian, vegan).

Adoption of smart working (1) for temporary disabilities (2)

State if your company foresees the use of smart working in case of temporary impairments, such as maternity and parenthood.

101. Have you included specific topics in the training/updating programs regarding disabilities. Explain if during company training issues such as integration of disabled people are included.

102. If so, how?

Using staff specialized in the treatment of various disabilities following the peer to peer concept.

Using external experts

Training courses and information for all employees.

103. Does your company implement an accessibility policy to favor employment and electronic tools?

Explain if your company supports people with disabilities by supplying aids to make work easier.

104. If so, for what types of disabilities?

People with motion impairments

People with sensorial impairments

105. Have the measures on accessibility of disabled people been decided together with the workers' representatives?

III.1.11. Environment

Introduction

One of the project's main activity is the check list for organizing accessible and environmentally low impact events and products, written by the project experts on accessibility for all, Anna Quartucci, TATA WITH CARE association President, and on environmental sustainability, Ennio Merlini, from WWF Research and Projects.

Around 85% on monitored companies declare to have an environmental policy in place. This figure must be verified, in addition to the implementation of international norms (see chapter 1.2.1.) and national ones; through the combination of previous answers to questions 106 and 124.

Ennio Merlini

In theory, the necessary information to fill in the questionnaire should be public and available on the company website or other company publications. The reality is that probably searching for this information can be hard and discomforting, since there are no indications or obligations on the

modalities of publishing such data. This brings us to warmly recommend to submit the questionnaire to the relevant company offices. Considering this procedure, it would be extremely useful if workers' representatives were called to compile the same questionnaire. This would allow to verify that the information given by the company are correct, and most of all, highlight potential shortcomings in the sharing of extremely important information such as those relative to environmental commitments.

All supplied data, in addition to being verified by consulting workers' representatives, must be accompanied by support documents. It could be useful to compare the supplied data with that on the documents.

Questions 108 to 114 highlight the potential assumption of responsibility on behalf of the company to mitigate environmental impacts.

On their own, these don't allow us to evaluate the relevance of the commitment, or the consistency of its implementation. For this reason, questions 115 to 121 allow us to verify if some of the most widespread and efficient policies are applied and at the same time evaluate the company's commitment involves all company premises.

Questions 122 to 124 are particularly important for the evaluation of a company risk profile. These allow us to interact with the core activities of a single company and draw accustom profile, even if generic. Question 122 presents a list of activities that can't be sustainable in any case: if the company is active in one or more of these sectors, the evaluation on environmental performance can only be extremely negative. Question 123 presents a list of extremely critical activities. The evaluation of this question must be done together with the question 124, that asks to indicate which modalities to mitigate risk have been adopted.

Only the appropriate adoption of risk measures indicated in question 123 will allow for a positive evaluation of company activities. Question 125 delves further in the topics presented in the two previous questions, and allows a knowledgeable reader to evaluate if and to what extent the adopted measures can be considered adequate to the risk. Question 126 is to verify if the company has been involved in illegal activities with regard to the environment.

III.2. Data gathering sheet on EWCs

Stefano Isgrò

The data sheet aims at gathering information on the composition of the EWC: relevant ETUFs and experts, coordinator and members, first of all the President/Secretary.

The document will be partially pre-compiled regarding questions from 3 to 7.

We ask the EWC member to answer from question 20 to 23, which are information related questions; the perceptive dimension will be from question 26 onwards. Finally, there is the participation to develop the data base of EWC members together.

Compiling the data sheet is aimed at increasing transparency and accessibility, to improve the information, consultation and participation mechanisms for the benefit of EWC members, delegates and union officers, but also all workers.

CHAPTER IV

IMPROVEMENT PROCESSES

IV.1. Check-list for the preparation of accessible and low impact events and products.

This checklist has been prepared based on the instructions supplied by the experts on accessibility for people with special needs – the TATA WITH CARE association – and regarding the environmental safety – WWF RP.

Download the [EXCEL](#).

ACCESSIBILITY	checkbox
1) Prepare a reservation module asking personal details and information regarding potential special needs:	
1.a motion related needs	
1.b food related needs	
1.c other special needs	
HOTEL ACCESSIBILITY	
1) Choose a hotel or accommodation facility that is free of architectural barriers when accessing the reception, cafeteria, rooms and all common areas.	
2) Make sure that the hotel can supply, on request, breakfast to vegetarians, vegans, people affected by coeliac disease or other food related needs.	
3) Make sure that the hotel rooms and bathrooms are equipped and suitable for people which suffer from motion related disabilities.	
4) Make sure that the hotel is equipped, in case it is requested by someone, with additional kind of aids.	
5) Verify that what has been declared by the hotel or other accommodation facility corresponds to the advanced requests.	
6) Include in the reservation module a request for information regarding arrival/departure dates and typology of requested room.	
MEETING ACCESSIBILITY	
1) Choose a meeting room and restroom free of architectural barriers.	

2) Make sure that the chairman's table/platform is free of architectural barriers.	
3) Make sure that all working tables or at least some of them are free of architectural barriers.	
4) Make sure that the catering can supply, on request, meals for vegeterians, vegans, people affected by coeliac disease or other food related needs or intolerance.	
5) Make sure that the room is, on request, equipped with other kind of aids.	
6) Verify that what has been declared corresponds to the advanced requests.	
RESTAURANT ACCESSIBILITY	
1) Choose a restaurant with access to the main room and restrooms free of architectural barriers.	
2) Make sure that the restaurant can supply, on request, meals for vegeterians, vegans, people affected by coeliac disease or other food related needs or intolerance.	
3) Make sure that other kind of aids are present, in case someone requests them.	
4) Verify that what has been declared by the restaurant corresponds to the advanced requests.	
ACCESSIBILITY OF WORK DOCUMENTS	
1) Use and recommend the use of proper Fonts such as Georgia, Times New Roman, Sans serif, Verdana, Arial, with a minimum size of 11 and a line spacing of 1.5	
2) Use background colors and text that provide a clear contrast, and not variations of the same color (e.g. white or yellow text on strong background colors such as black, blue or green).	
LOW ENVIRONMENTAL IMPACT OF MEETINGS	
1) Use equipment with the CE label.	
2) Keep equipment turned off when not using it.	
3) Limit lighting and use low consumptions lightbulbs.	
4) Limit heating and cooling of rooms.	
5) Avoid handing out material (paper for notes, folders, etc.) and favour the use of personal electronic equipment (tablet and computer) and of a projector.	
6) Make the meeting documents available before hand in digital version.	
7) Where it is necessary to hand out paper documents during the meeting, avoid putting them in folders.	
8) Do not distribute sheets of paper for notes or pens to each participant, but make available a ream of paper and a pencil/pen holder form where everyone can take what	

is necessary, and put it back once finished if it can still be used.	
9) Instead of pens, use pencils made of certified FSC (Forest Stewardship Council) wood.	
10) Use chlorine free FSC certified or recycled paper.	
11) Use printers with biocompatible or renewable ink cartridges.	
LOW IMPACT OF TRAVEL AND ACCOMODATION	
1) Identify a location that is easily reachable by everyone.	
2) Favor the use of train or other collective transportation instead of using the airplane, when possible.	
3) Avoid the use of taxi or, if necessary, fill up the car to its full capability.	
4) Search for hotel which is well served by public transportation, close to the station and to the place where the meeting will take place.	
LOW IMPACT OF MEALS AND CATERING	
1) Limit the amount of dishes during work meals and coffee break.	
2) Favor quality of food: avoid proposing food that has been heavily processed through industrial means (biscuits, snacks, sodas); use handmade products, and if not possible, favor organic food, taking care of verifying that all wrappings and packaging is biodegradable or at least can be recycled. Regarding drinks, it is better to avoid sodas and preder fruit juices.	
3) Avoid bottled mineral water, use glass or ceramic pitchers instead.	
4) Avoid or at least try to limit the presence of animal food (meat or fish) or of animal origin (dairy products), and substitute them with a wide array of legumes or other vegetables. Animal products or of animal origin that will be offered should at least be organic in regard to free range, or certified in the case of seafood and fish (MSC or others).	
5) Favor local, fresh and in season products.	
6) Avoid the use of plastic plates, cutlery or bottles; use ceramic plates, steel cutlery, glass bottles, pitchers and glasses. If these are not available, prefer cutlery and glasse made of FSC certified cardboard or after that, bio-plastics.	
7) Make sure that the catering suppliers are capable of offering the above mentioned services.	
LOW IMPACT OF WASTE DISPOSAL	

1) Reduce trying to avoid offering useless material during meetings, and choosing with care materials that offer a reduced amount of packaging.	
2) Re-use choosing materials, tools or equipment that can be used in the future.	
3) Recycle choosing products and materials, packagings and wrappings that may be disposed of separately because they are already included in a recycling process.	

IV.2. Proposals for a transnational negotiation

Giorgio Verrecchia

Transnational bargaining is a spontaneous manifestation of collective autonomy whose aims may be included among the events for the promotion of the so called *fair globalization*, which is a responsibility not only of national States, but also of multinational companies which are called upon to identify forms of regulating the market that answer logics of contrast against the competition among legal systems, competitiveness of companies and social dumping.

Transnational bargaining has spread a lot in the last decades, even if with differing actors and contents, highlighting its natural propensity to promote, among other things, *fair* working conditions and employee management policies, meaning they are appropriate and inspired by acquired fundamental principles that go beyond the legal dimension.

In other words, the agreements/contracts signed with multinational companies are characterized by the commitment towards respecting the fundamental rights expressed by the international and European worker's rights Charters, in addition to protecting the environment and showing a willingness to overcome the implementation limits of transnational bargaining that are well known to those who study such things.

Following this logic, transnational agreements and contracts pose themselves as a tool for transparency in multinational companies, meaning to make public all commitments and most of all – when agreements/contracts with organizations (e.g. European workers' Federations) and/or workers' representation bodies (e.g. EWC) – highlight forms of solidarity and respect of rights that is more advanced and corresponds to a collective transnational interest. It is possible to note in these hypothesis that the implementation scope of contracts extends beyond the typical boundaries of the controlling signatory company, and involves and compels not only its branches but also the whole supply chain. The transnational company becomes responsible of controlling the actions of the entire supply chain, wherever this is, to achieve "sustainable development", committing to recognizing the fundamental rights guaranteed by international and European sources and extend these wherever it operates.

An example of this kind of collective bargaining is the agreement signed by Gucci in 2009 which established the Permanent Joint Committee for supply chain policies, aimed at defining and applying in practice the strategic factors for the defense and development of the supply chain, drafted by the signatories of the agreement itself; the agreement signed by Arcelor Mittal in 2009, which established a committee to monitor the implementation in each country; the Stadler agreement of 2006, which includes a clause that compels to adopt and respect the content of the principles established in the agreement itself as a criteria for the selection of commercial partners. Among the promoted and adopted principles in the aforementioned international framework agreement we can find the elimination of forced labor, prohibition of discrimination, elimination of child labor, effective acknowledgement of the freedom of association and the right to collective

bargaining, right to decent salary, acknowledgement of appropriate work hours, health and safety in the workplaces, vocational training.

There are also cases in which the transnational agreements are signed also by European union federations. Such agreements are very important because they are the result of a trade union alliance and guarantee an appropriate level of management and handling of the issues. Among these agreements see the international Agreement for the promotion of social dialogue and diversity and for the respect of fundamental labor rights, agreed upon by Carrefour and Uni Global Union in 2012, in which Carrefour commits to requesting that its suppliers sign a “supplier charter” and implement it in the structures producing such goods.

Carrefour also commits to requesting that all its new international franchisees outside of the European Union sign its “Charter on the protection of human rights” and require the same commitment from existing franchisees at the moment of negotiating the modifications to the existing agreements.

It might be a good thing to remind that also the EWC agreement present the characteristics of transnational or group agreements. Even taking in account the differences in nature and effects, we may not deny that the EWC establishment agreements, as underlined by literature, are characterized by the presence of the essential elements of transnational contracts. These contain legally binding for the parts, they are signed by workers’ representatives elected and appointed by the employees of the multinational company at a European level, are implemented in various countries and consider the right to information and consultation as instrumental for the right to participation to company management and exercising collective bargaining. The interest towards international agreements is clear even in EU institutions (in particular Commission and Parliament) in the context of searching for a European normative source of transnational collective agreements.

In conclusion, we may state that the transnational collective agreement is without a doubt a tool that strengthens social and economic cohesion and is aimed at companies and workforces that operate in European and international contexts. It offers clear advantages for the workers allowing to be aware of the details of the company they operate in, and suggesting solutions to prevent the negative aspects that often come with the transnational transformation of companies, and allows companies to make their operating modalities clear and transparent towards its employees, the supply chain and in general all those that we define as stakeholders, meaning all those subjects that are “interested” by an economic initiative.

Transparency legitimized by the signing of a European or international transnational collective contract not only guarantees the rights of workers beyond the rigid barriers of national borders, but also has an undeniable return in terms of reputation for the company. This good reputation is nowadays a primary good that may be expended on the market since it is aimed at the final customer, which is always more and more aware of correct behaviors on behalf of the company. In

other words, signing a transnational collective contract starts a virtuous circle, which is also the object of the evaluation that we wish to perform through the present project.

IV.3. Mechanisms for checking information

Giorgio Verrecchia

Open Corporation uses a specific and proved verification system of the information inserted by the TNC in the questionnaire. An important role is performed by the “sentinel”, a trade union or NGO, or stakeholders which have the power to communicate, also thanks to the channels available through the project, potential inconsistencies in the information given during the precompiling phase by the project staff, or during the compiling phase by the multinational company. The assessment of the TNC will be performed and can be performed not only by a trade union subject, but also by civil society organized in specific stakeholder groups. Think about the associations established to promote and spread the concept of safeguarding diversity, disability or the environment.

The project has developed a parallel questionnaire, identical to the TNC one, but with the added option for the sentinel to include comments or links to the quoted documents; such document will be available on the project website. In other words, the “sentinel” is a sort of “immune system” for the protection of the questionnaire, in case there is false information. Its role is to signal the presence or recognize potential “evidence” that are in contrast or integrate what is stated by the questionnaire. In case this has a positive outcome, it will have an effect on the score, if foreseen. If instead signaling the information has a negative outcome, the path may be schematized as follows:

x) compiling of TNC survey

y) potential reporting is corroborated by EWC, union organizations (national and European/international), NGOs, citizens associations;

z) transmission to the TNC of the received report;

→ z.1) TNC reply including opposite evidence;

↘ z.2) lack of reply from TNC

We therefore have three distinct phases

1. Precompiling
2. Compiling
3. Verification
4. Development and publishing of the #OpenCorporationRanking

IV.3.1. Verification procedure

The procedure can develop in the following modalities:

a. through the “union sentinel”. This is activated through a “traffic light” modality and potential “verification sheet”. The list of companies is sent to all ETUFs and GUFs (a total of 200 companies as of today) ordered based on the NACE code (Nomenclature statistique des activités économiques dans la Communauté européenne), divided according to the likely appropriate federation and additionally divided in companies with legal offices in the EU28 and outside the EU. Union federations are asked to assign a “sticker” to each company: red, yellow or green:

- A) RED if ANTI-UNION at a global level. Red means a negative result in all sections related to “Social Dialogue”;
- B) YELLOW if ANTI-UNION in at least ONE COUNTRY. Yellow means halving the result for all sections related to “Social Dialogue”.
- C) GREEN if there are union relations. This could mean sending to an ETUF or GUF¹⁸ the access credentials to the verification sheet, with possibility to remove (in case of wrong/omitted information) or increase the score (e.g. in case of a collective agreement signed in the meantime) of individual questions/answers¹⁹.

b. The final verification is always assigned to the project staff, which will work following these phases:

- i. activation of the complaint management process in case dissonant data or information arises during the “union verification” or staff verification phase²⁰;
- ii. Use of reliable data and information, included in the part dedicated to documents related with the company, also not deriving from sources used during the precompiling phase²¹;

c. Not verified²². This will happen in two cases:

¹⁸ So ETUFs, GUFs but also EWCs (e.g. ETUFs Coordinator, EWC member).

¹⁹ Sending to ETUFs and GUFs the credentials for all 200 companies could happen anyway; in addition, for all companies, the project staff could add new information/data verified and arrived after the completion of previous phases.

²⁰ And in a subsequent phase by NGOs and/or civil society.

²¹ See chapter: “II. Methodology”. Anyway, official sources on specific information examined by the staff can be found for example on the following websites:

<https://business-humanrights.org/en/company-survey-compare>

<http://www.workerscapital.org/>

<http://www.global-unions.org/+framework-agreements-+.html>

²² In cases 3 and 4, it is possible that the unfinished nature of the verification could assign the company a wrong position.

- i. Multinational companies not undergoing the “traffic light” treatment; multinational companies for which the verification phase has not been activated by European and/or global union federations, by attributing a color code (red, yellow, green – see above letter a). “Colorless” multinational companies will start with a -25% in the Social Dialogue score.
 - ii. Incomplete questionnaires containing insufficient information, because not available during the precompiling phase, nor during further verifications by the project staff. In such cases, a score which is inconsistent with the actual situation of the company could be assigned. Since these situations are not comparable with the others, they could:
 - i. Be excluded from the #OpenCorporationRanking
 - ii. Or, if included, should be highlighted and described as “unverified” and therefore not comparable.
- d. a verification phase aimed at reporting potential court rulings against TNCs related to topics relevant to the sections of the questionnaire is included.
- e. NGO sentinel, civil society²³

IV.3.2. “Complaints” process

Being reported by the trade union, an EWC, an NGO or by stakeholder (regardless of the answer by the TNC) will cause a decrease in score related to the question being reported.

E.g.:

The following questions are worth a specific score:

Diversity	Was a gender balance adopted?	4
Diversity	Were specific measures adopted to favor female employment and career progression?	5

The TNC answers “yes” to both questions and scores 9 points.

The “sentinel” reports through documents (see below) that the answer to the second question is not true.

²³ This hypothesis will be taken in account in a more advanced phase of the project.

The system will automatically suspend 5 points.

Diversity	Was a gender balance adopted?	4
Diversity	Were specific measures adopted to favor female employment and career progression?	*

The asterisk means an intervention by the “sentinel”.

Therefore, in the z.1 case, the answer to the report will be forwarded by the “sentinel” that will evaluate the answer.

→ if the report remains, because data is ambiguous, the asterisk remains too and reporting by the trade union and the answer from the TNC can commence.

In this case, we must assign a weight to the controversy, not acknowledging the value of the questions in the final ranking.

→ if the “sentinel” agrees with the answer from the TNC, the score is recognized and the asterisk removed.

In the z.2 case, the score of that question will not be calculated in the final ranking, because a report is present and the TNC was unable or unwilling to respond.

Timeline: Reporting as in point y) must be done within 30 days of the transmission of the completed survey (by the TNC) or precompiled by the project staff.

The potential reply by the TNC must happen within 20 days of the reporting.

After the expiration of this time period, the report will be considered accepted and definitive.

The above described deadlines are not currently applied but will be in the future.

Documents that can function as direct evidence or used as evidence to the contrary are the following:

a) *“per relationem” evidence*

Documents that don't represent a full evidence, but create a relation with the fact that must be proven. The following are included in this category:

- 1) News articles clearly indicating the sources of the news.
- 2) NGO documents (the independence of the ONG must be verified).

b) *“Prima facie” evidence*

All documents coming from a recognized part and admitting it as proof of the contrary:

- 3) official trade union documents
- 4) judicial actions promoted by the trade union against the TNC for safeguarding collective interests (e.g. discrimination of workers, anti-union behaviors).
- 5) collective agreements.
- 6) Joint declarations (trade unions, also local, and TNCs) which decide or settle an issue.
- 7) TCA
- 8) Transactions

c) *Proof (smoking gun)*

Documents that are considered as full evidence related to what has been reported until directly proven otherwise:

- 9) court rulings
- 10) applied administrative sanctions.
- 11) inclusion or transcription in public registers (e.g. chamber of commerce company registration, public real estate registers, public administrative registers)
- 12) communication to monitoring bodies of stock market.

In the above mentioned system, a prominent role is played by the trade union sentinel at all levels (territorial, national, European, international).

During the course of the project, synergies have been activated with GUFs and ETUFs (see for example the letters sent to them regarding value assignment within their sectors of expertise and the request to assign a value to the elements present on the site in the document section) which are an added value for our project.