

*How do corporations
report on the
management and impact
of restructuring?*



Key findings

- ▶ *The responsible management of company restructuring, as defined by ILO Conventions, represents a corporate social responsibility weakness, due to a lack of corporate commitments and insufficient data on this issue. 90% of companies under review do not disclose their commitments or measures, and 81% do not disclose any measures with regards to this topic.*
- ▶ *Financial compensation is the most commonly implemented global measure in responsible restructuring; many companies also offer personalised support to employees.*
- ▶ *Disparities exist amongst sectors and between geographical areas.*
- ▶ *European companies demonstrated the best integration of responsible restructuring policies and management processes: 25% commit to consult and/or negotiate with employee representatives, and 5% of the companies under review have signed a framework agreement with employee representatives on the subject. One third of European companies (35%) implement measures to limit the impact of reorganisation, compared to 26% in North America, 22% in Asia Pacific, and 6% in the rest of the world.*
- ▶ *The top ten performing sectors in terms of measures offered to employees are European, while the worst in class are located in Emerging Market and Asia Pacific zones.*
- ▶ *Only 2.5% of companies were identified as facing controversies.*

Introduction

This paper aims at assessing the engagement and performance of almost 4,000 companies rated by Vigeo Eiris in the ‘responsible management of restructuring’ domain, focusing on the commitments adopted by companies, the inclusion of employee representatives in the decision making process, the choice of measures put in place and stakeholder feedback on outcomes.

In the age of globalisation, the responsible management of restructuring and reorganisation is a key engagement for companies to undertake in order to provide decent work and employment to their workforce and surrounding communities. The current global employment crisis represents an income insecurity risk for millions of workers.

During the December 2017 International Trade Union Confederation (ITUC) General Council Meeting¹, the annual ITUC Global Poll 2017 results clearly showed that job losses linked to the shortcomings of globalisation represented one the main concerns, second only to inequality, for most workers in the world, especially women and young people. The poll stated that over the past two years, 38% of respondents have directly experienced unemployment or a reduction in working hours, either themselves or via a family member. Furthermore, as highlighted by the International Labour Organization (ILO), employees with non-standard contracts (such as temporary jobs, self-employed workers etc) are more vulnerable to the loss of their income security². According to the ITUC Global Poll, companies are perceived as withholding power in employment decisions, whilst governments are seen as not doing enough to protect workers.

The United Nations³ decided to include ‘Promotion of inclusive and sustainable economic growth, employment and decent work for all’ (Sustainable Development Goal 8) in its 2030 Agenda for Sustainable Development. This ambitious agenda aims at ending poverty and hunger, reducing inequality, protecting the planet from degradation, ensuring prosperity and fostering peace. Sustainable economic growth and quality jobs are recognised as playing a crucial role in eradicating poverty. The new development agenda integrates the ILO definition of “decent work”⁴ referring to jobs that have the characteristics of dignity, equality, fair income and safe working conditions – points which are also covered by the four pillars of the Decent Work Agenda: employment creation, social protection, rights at work, and social dialogue⁵.

The level of employment safety guaranteed to workers depends on local employment legislation which differs from country to country⁶, and on companies’ efforts to reduce this risk. On one hand, companies equipped to face restructuring in terms of policies and measures can mitigate risk for their employees by offering more secure jobs. On the other hand, strategic human capital management which focuses on valorising employee competencies has proved to have a positive impact on the organisational success of companies, both during periods of economic difficulty and phases of growth.

1 <https://www.ituc-csi.org/17th-ituc-general-council-meeting> - ITUC website

2 Defined as “Employment security is about the protection of workers against fluctuations in earned income as a result of job loss.” – ILO website – accessed in December 2017 - <http://www.ilo.org/global/topics/employment-security/lang--en/index.htm>

3 UN Sustainable Development website accessed in January 2018 <https://sustainabledevelopment.un.org/post2015/transformingourworld>

4 ILO website accessed in December 2017 <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

5 <http://www.ilo.org/global/topics/decent-work/lang--fr/index.htm>

6 Employment Protection Legislation Database – ILO - http://www.ilo.org/dyn/eplcx/termmain.byCountry?p_lang=en

Universe

Assessment period: this paper covers the latest data (from October 2015 to September 2017)

Note: Vigeo Eiris published a Sustainability Focus entitled 'Restructuring and Human Capital' in 2013 that covered companies listed in Europe only

Number of issuers: 3,847 companies

4 Regions: Europe, North America, Asia Pacific, Emerging Markets

55 Countries

38 Sectors

World ranking- Top 50 Performers on the responsible management of restructurings (1/2)

| Title | Country | Sector | Score (/100) |
|----------------------------|----------------|------------------------------|--------------|
| EDF | France | Electric & Gas Utilities | 82 |
| Swisscom R | Switzerland | Telecommunications | 81 |
| Managem | Morocco | Mining & Metals | 81 |
| Axa | France | Insurance | 77 |
| BNP Paribas | France | Banks | 77 |
| Wipro | India | Software & IT Services | 77 |
| Rabobank | Netherlands | Banks | 77 |
| Technicolor | France | Software & IT Services | 76 |
| Amundi | France | Financial Services - General | 76 |
| Alliander | Netherlands | Electric & Gas Utilities | 76 |
| Peugeot | France | Automobiles | 75 |
| Engie | France | Electric & Gas Utilities | 75 |
| SMI | Morocco | Mining & Metals | 75 |
| SNCF Réseau | France | Transport & Logistics | 75 |
| Erste Group Bank | Austria | Banks | 71 |
| Qantas Airways | Australia | Travel & Tourism | 71 |
| L'Oreal | France | Luxury Goods & Cosmetics | 71 |
| Natixis | France | Banks | 70 |
| Snam | Italy | Electric & Gas Utilities | 70 |
| Landesbank BW | Germany | Banks | 69 |
| Repsol | Spain | Energy | 69 |
| SNCF | France | Travel & Tourism | 69 |
| Carrefour | France | Supermarkets | 69 |
| Stagecoach Group | United Kingdom | Travel & Tourism | 69 |
| Norsk Hydro | Norway | Mining & Metals | 69 |
| La Poste | France | Transport & Logistics | 69 |
| Solvay | Belgium | Chemicals | 68 |
| Tarkett | France | Building Materials | 68 |
| Provident Financial | United Kingdom | Financial Services - General | 68 |
| Relx | United Kingdom | Publishing | 68 |
| Relx | Netherlands | Publishing | 68 |
| SNS Reaal | Netherlands | Financial Services - General | 68 |

...Word ranking: Top 50 Performers on the responsible management of restructurings

| Title | Country | Sector | Score (/100) |
|--------------------------|----------------|-----------------------------------|--------------|
| Icade | France | Financial Services - Real Estate | 67 |
| KPN | Netherlands | Telecommunications | 67 |
| Danske Bank | Denmark | Banks | 66 |
| Rallye | France | Supermarkets | 66 |
| Saint-Gobain | France | Building Materials | 66 |
| Groupe Casino | France | Supermarkets | 66 |
| Bunzl | United Kingdom | Business Support Services | 66 |
| Abn Amro Group | Netherlands | Banks | 66 |
| Telenet | Belgium | Telecommunications | 65 |
| JCDecaux | France | Broadcasting & Advertising | 65 |
| La Banque Postale | France | Banks | 65 |
| Capita | United Kingdom | Business Support Services | 65 |
| Dexia | Belgium | Banks | 64 |
| Credit Agricole | France | Banks | 64 |
| KBC | Belgium | Banks | 63 |
| Orange | France | Telecommunications | 63 |
| Suez | France | Waste & Water Utilities | 63 |
| Fuji Electric Co. | Japan | Mechanical Components & Equipment | 63 |

Best performers by geographical areas

Top Performers - Europe

| Title | Country | Sector | Score (/100) |
|--------------------|-------------|------------------------------|--------------|
| EDF | France | Electric & Gas Utilities | 82 |
| Swisscom R | Switzerland | Telecommunications | 81 |
| Axa | France | Insurance | 77 |
| BNP Paribas | France | Banks | 77 |
| RABOBANK | Netherlands | Banks | 77 |
| Technicolor | France | Software & IT Services | 76 |
| Amundi | France | Financial Services - General | 76 |
| Alliander | Netherlands | Electric & Gas Utilities | 76 |
| Peugeot | France | Automobiles | 75 |
| Engie | France | Electric & Gas Utilities | 75 |
| SNCF Réseau | France | Transport & Logistics | 75 |

Top Performers - North America

| Title | Country | Sector | Score (/100) |
|-------------------------------------|--------------------------|----------------------------|--------------|
| Core Laboratories | United States of America | Oil Equipment & Services | 60 |
| Gildan Activewear | Canada | Specialised Retail | 53 |
| Zillow Group | United States of America | Software & IT Services | 49 |
| Potash Corp. of Saskatchewan | Canada | Chemicals | 47 |
| SPRINT CORP | United States of America | Telecommunications | 44 |
| Alcoa | United States of America | Mining & Metals | 43 |
| Analog Devices | United States of America | Technology-Hardware | 43 |
| Comcast | United States of America | Broadcasting & Advertising | 43 |
| Kimberly-Clark | United States of America | Luxury Goods & Cosmetics | 43 |
| AltaGas | Canada | Oil Equipment & Services | 42 |

Top Performers - Asia Pacific

| Title | Country | Sector | Score (/100) |
|--|-----------|-----------------------------------|--------------|
| Qantas Airways | Australia | Travel & Tourism | 71 |
| Fuji Electric Co. | Japan | Mechanical Components & Equipment | 63 |
| Australia & New Zealand Banking Group | Australia | Banks | 61 |
| Westpac Banking | Australia | Banks | 60 |
| NEC Corporation | Japan | Technology-Hardware | 59 |
| National Australia Bank | Australia | Banks | 56 |
| City Developments | Singapore | Hotel, Leisure Goods & Services | 56 |
| Mizuho Financial Group | Japan | Banks | 55 |
| Nippon Paper Industries | Japan | Forest Products & Paper | 53 |
| Konica Minolta | Japan | Technology-Hardware | 52 |

Top Performers - Emerging countries

| Title | Country | Sector | Score (/100) |
|-------------------------------------|----------|-----------------------------|--------------|
| Wipro | India | Software & IT Services | 77 |
| Banco Santander (Brazil) S/A | Brazil | Banks | 59 |
| Delta Electronics Inc. | Taiwan | Technology-Hardware | 59 |
| Latam Airlines Group SA | Chile | Travel & Tourism | 54 |
| Itissalat Al-Maghrib | Morocco | Telecommunications | 53 |
| Banco Banorte Mexico | Mexico | Banks | 53 |
| BMCE Bank of Africa | Morocco | Banks | 52 |
| Orange Polska | Poland | Telecommunications | 52 |
| British American Tobacco | Malaysia | Tobacco | 49 |
| Ferreycorp | Peru | Industrial Goods & Services | 49 |

Findings

Vigeo Eiris analyses companies' commitments towards responsible restructuring and managerial processes in the Human Resources domain under the sustainability criterion 'Responsible Management of Restructuring'.

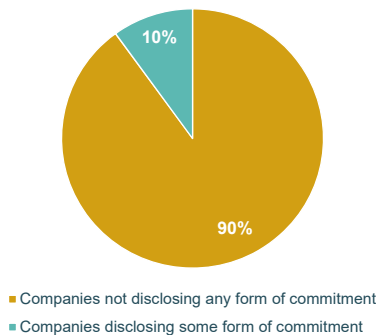
As described by International Labour Organisation Conventions (C87, C98, C135, C154, C158) and Recommendations (R143, R150, R166), as well as the ILO tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, companies are expected to:

- ▶ inform and consult employee representatives before and during the restructuring process
- ▶ implement practical measures to prevent and limit redundancies (notably budgets, processes and reporting)
- ▶ take measures to mitigate the negative effects of employee redundancies, notably through reemployment measures

This paper investigates the efforts made by companies globally to promote responsible restructuring practices.

Commitment to Responsible Restructuring

Overall commitment to responsible restructuring



Overall

Vigeo Eiris' analysis shows that the vast majority (90%) of companies under review do not disclose any commitment to responsible restructuring. Among the companies disclosing some form of commitment, the majority (67%) only commit to minimising the number of redundancies, while just 4% commit to minimising the number of redundancies by anticipating and planning reorganisations and by supporting employees to find new employment.

- ▶ European companies:

The percentage of European companies that commit

to responsible restructuring is higher (30%) than other geographic zones.

- ▶ Sector differences

The sectors demonstrating best practice in terms of policy are Chemicals Europe, Diversified Banks Europe and Electric & Gas Utilities Europe. The percentage of companies that have formulated commitments on restructuring from these sectors is higher than other sectors; one third of the banks under review are aware of the relevance of anticipating and planning company reorganisation.

Involvement with Employee Representatives

Overall

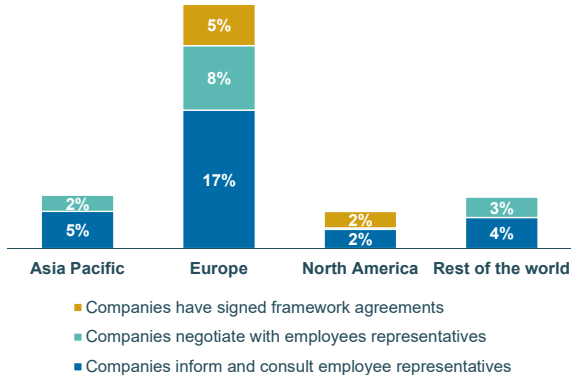
According to the ITUC Global Pole 2017 mentioned above, 75% of people believe that unions should play an active role in society. Involving unions in the development of restructuring policies is considered highly relevant in Vigeo Eiris methodology, since employees will be directly affected by such policies. The vast majority of companies analysed (86%) do not provide information on the involvement of employee representatives during restructuring. Amongst transparent companies, the majority (60%) commit to informing and consulting employee representatives on restructuring, 25% commit to negotiating with employee representatives, and 14% have signed a framework agreement on restructuring.

Geographic differences

Among the 498 companies that report a commitment to involve employee representatives on reorganisations, the large majority (68%) are European companies, 12% are located in the Rest of the World, 11% in North America and 9% in Asia Pacific.

Among the total of European companies 25% commit to consult and/or negotiate with employee representatives compared with 7% both in Asia Pacific and Rest of the World, and 2% in North America.

Companies' involvement with employee representatives by zone



Furthermore a small group of European companies (5% of those included in this study) have signed a framework agreement with employee representatives on the subject, including A2A, Abanca Corporacion Bancaria, Acea, Air France-KLM, Airbus, Alstom, Amadeus IT, Axa, Banca carige, Banco Popular Espanol, Bayer, BNP Paribas, Cajamar Cooperative Group, Credit Agricole, Credit Mutuel Arkea, Daimler, Danone, Dexia, EDF, Endesa, Enel, ENI, Foncière des Regions, Gamesa, Hochtief, IAG, Indra Sistemas, KBC, Landesbank BW, Natixis, Nordea, Orange, Pernod Ricard, Peugeot, Porsche Auitomobil Holding, Rabobank, Renault, Repsol, Royal Mail, Salzgitter, Schneider Electric, Snam, SNCF Réseau, SNS Reaal, Solvay, Stagecoach Group, Suez, Swisscom, Symrise, Teleperformance, Terna, Total, Unipol Gruppo Finanziario, Unipolsai, Vattenfall, Veolia Environnement, Volkswagen.

On 17 December 2013, Solvay signed a worldwide social and environmental responsibility agreement (GFA) with IndustriALL Global Union. It includes a chapter on 'Mobility and Employability' which deals with restructuring, amongst other topics. Solvay renewed its GFA in February 2017. The framework agreement signed with IndustriALL Global Union¹ that represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors is also relevant.

Measures to Prevent and Manage Restructuring

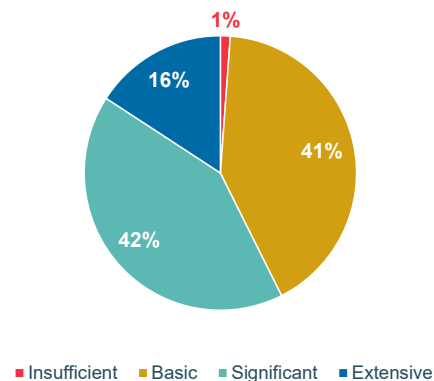
When companies need to restructure, they can respond in different ways and choose to implement different measures:

- ▶ **Basic measures:** Companies provide their workforce with early retirement or financial compensation in the form of redundancy packages, constituting a more passive approach.
- ▶ **Significant measures:** Companies help employees find alternative employment outside the organisation. This will mainly take the form of outplacements and external solutions.
- ▶ **Extensive measures:** Companies demonstrate a proactive approach and find internal solutions such as prioritising internal candidates when new vacancies arise, personalised follow-up, setting up training for new tasks and responsibilities or reducing working hours, either temporarily or permanently.

Overall

Few companies under review displayed a proactive approach in terms of measures adopted. In the most recent review, about four-fifths of companies (82%) fail to provide information on their approach to mitigate the impact of restructuring. Amongst companies that provide information, 41% implement basic measures to limit the impact of restructuring (i.e. financial compensation or early retirement), 42% implement significant measures (i.e. deployment of outplacement services), while 16% of the companies provide extensive solutions to their employees (i.e. change of working hours, internal mobility programs, personalised follow up). The best practices observed by Vigeo Eiris' review, especially in the banking and automobile industries, are illustrated below.

Percentage of measures applied globally



¹ IndustriALL Global Union website: <http://www.industrialunion.org/>

Geographical differences

In terms of geographical zones, **European companies appear to be the most transparent** on measures implemented: the percentage of companies not providing information stands at 65% compared with 84% in North America, 88% in Asia Pacific and 94% in the Middle East, Africa and Rest of the World. In terms of the quality of adopted approaches, European companies were identified as amongst the best performers. 11% of the European companies have implemented basic measures to limit the impact of restructuring, compared to 8% in North America, 4% in Asia Pacific and 4% in the Rest of the World. 15% of the European companies under review have implemented significant measures to limit the impact of restructuring and 9% of them have put extensive measures in place. The percentage is close to zero for the other areas.

Coverage

For half the companies that disclose information (48%), measures are only implemented for a minority of the employees affected by the reorganisation. For 36%, measures are implemented for all the company employees affected by the restructuring, including older employees. Only 2% of companies implemented measures for all employees affected by the restructuring, and take measures to protect temporary workers and/or subcontractors and/or older employees.

Specific Restructuring Schemes

Overall

The most commonly used restructuring scheme used by companies is **financial compensation**, followed by **personalised employee follow-up and a reduction in working hours**. Retraining and early retirement were the next most commonly used schemes, both used by companies in equal measure. The least commonly implemented measures appear to be internal mobility programs and outsourcing services. Income protection¹ represents the universally recognised way to provide income security to employees who have lost their jobs. However other measures can provide a wider range of benefits to companies and workers. Although it requires more economic investment than reducing working hours and investing in training, this approach gives companies the chance to retain employees and prepare them for different roles if necessary. The use of personalised follow up is welcome since it offers customised solutions to employees.

Geographical differences

In Europe and Asia Pacific regions, personalised support for employees and significant financial compensation are adopted in equal measure by companies, while in North America financial compensation is used much more commonly than any other measure. Proactive measures such as internal mobility programmes and re-training appear to be less common in North America compared to the other areas under analysis.

In Europe national legislation and collective agreements regulate dismissal of workers (reasons, notice period etc.) and compensation, similarly in Australia workplace relation, terminations and redundancy are regulated by the Fair Work Act adopted in 2009. In the United States, termination of employment is not regulated by federal law and workers can be dismissed for any reason; regulation only requires employers to give notice in cases of mass dismissal². Policy environment shape companies' behavior, in absences of employment protection regulation, while means offered to workers is a matter of agreement between an employer and an employees or the employee's representative.

OECD collects data on employment protection, among the indicators OECD (and other) countries are evaluated on the basis of protection of permanent workers against individual and collective dismissals. According to the analysis ; China, Belgium, Netherlands, Italy, Germany appear as the countries with more measures in place in terms of employment protection while the United States appear at the bottom of the ranking in line with countries such as Costa Rica, El Salvador and Guatemala.

Sector differences

In this review, the ten sectors demonstrating best performance in terms of measures offered to employees are all based in Europe: **Diversified Banks Europe, Electric & Gas Utilities Europe, Supermarkets Europe, Automobiles Europe, Pharmaceutical & Biotechnology Europe, Mining & Metal Europe, Travel & Tourism Europe, Beverage Europe, Electric Components & Equipment Europe**. On a positive note, 4 out 10 European banks in the review have implemented extensive measures to limit the impact of restructuring.

In France, **BNP Paribas** signed an employment agreement that emphasises the importance of internal mobility, the use of natural turnover processes and, as a last resort, the option of voluntary redundancy.

¹ "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" – ILO - 2017

² Warn Act - ILO website accessed in January 2018 http://www.ilo.org/dyn/eplex/termdisplay.sourceScope?p_lang=en&p_expandcomments=Y&p_checkbox=Y&p_country=AU

Rabobank offers a wage supplement scheme to employees who accept an external job for which the annual income is lower than the last-earned annual income at Rabobank. The bank also supports employees with outplacements, career guidance, internal or external work experience placements, and explores opportunities for employees to start their own businesses. External employment agencies are also engaged to provide guidance for redundant employees.

KBC offers measures such as partial retirement to prolong the professional career of employees and outplacement services for employees aged 45 and older. KBC also provides training for the management team as well as employees in order to facilitate and simplify transfers to new positions.

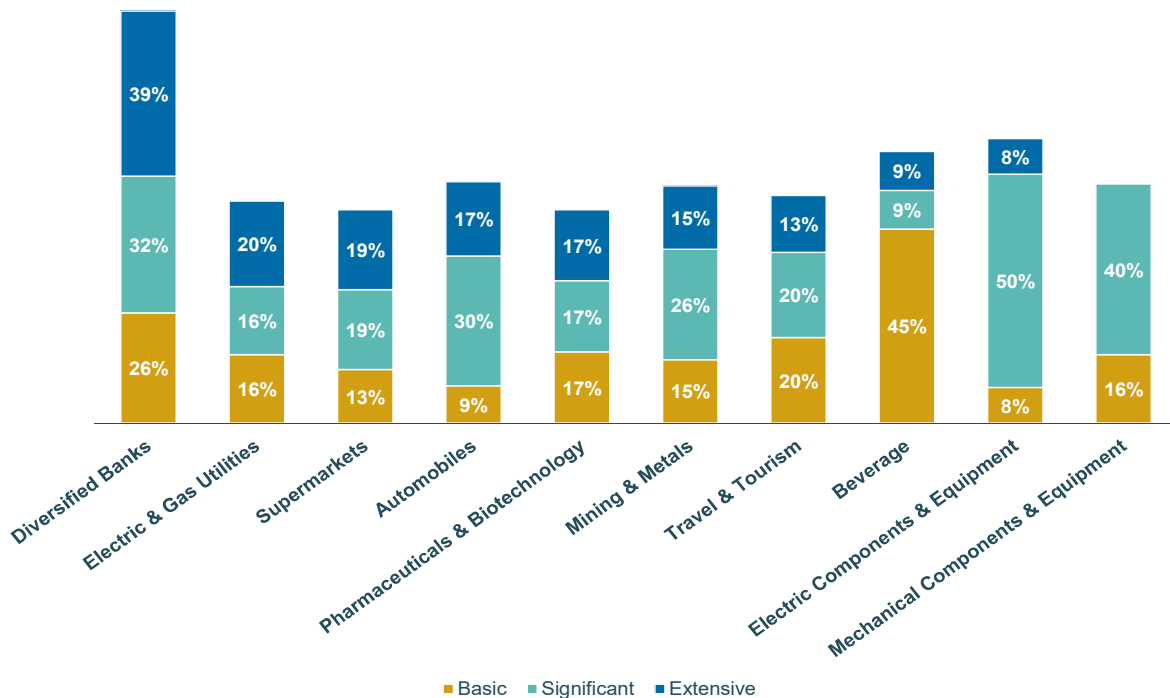
The Norwegian hydropower company **Statkraft** recently made reductions to its workforce, ensuring that all employees affected by the reorganisation were offered downsizing packages, early retirement options, alternative jobs within the company or outplacement services. The company performed individual assessments (which consider employee competencies, preferences, etc.) during the restructuring process, and tried to relocate employees within the company rather than making them redundant.

Another best practice is demonstrated by the automobile company Peugeot, part of **Groupe PSA**.

Amongst other measures, **PSA** reports several examples of reducing working hours as a way to offer an alternative to unemployment and redundancies. The company has a 'Top Compétences' programme which is designed to support career conversion and focuses on individual training. In terms of outplacement services, a HR firm helps employees define their paths, provides CV and job interview preparation, support around job offers, and identifies training needs. Finally, PSA's Territorial Career Mobility and Transition Platforms are based on partnerships with recruitment companies. Based on these companies' commitment to hire PSA employees if they successfully complete their retraining, PSA reports building at least 300 hours of tailored training paths.

The worst in class sectors for companies that are not transparent on the measures offered to employees are located in **Emerging Market and Asia Pacific zones**: Broadcasting & Advertising Asia Pacific, Chemicals Emerging Market, Electric Components & Equipment Emerging Market, Financial Services - Real Estate Emerging Market, Health Care Equipment & Services – Added, Health Care Equipment & Services Asia Pacific, Heavy Construction Asia Pacific, Heavy Construction Emerging Market, Home Construction, Hotel, Leisure Goods & Services North America, Pharmaceuticals & Biotechnology Emerging Market, Retail & Specialised Banks Asia Pacific, Retail & Specialised Banks North America, Software & IT Services Asia Pacific, Software & IT Services Asia Pacific – Added, Specialised Retail – Added, Specialised Retail Emerging Market, Supermarkets North America, Technology-Hardware – Added, Transport & Logistics Emerging Market.

Percentage of Applied Measures by sectors



Controversies

Vigeo Eiris considers stakeholder feedback and company responsiveness to controversies in its analysis.

To determine the severity level of a controversy, the assessment considers the alleged facts, the scale of impact on stakeholders, the level of involvement by management and the reputational, financial, legal and operational implications for the company.

Results from our Controversy Database show that:

- ▶ There are 104 active controversies related to company restructuring, and only a small percentage of companies (2.5% - representing 98 companies out of 3,977) have been identified as facing controversies.
- ▶ Regarding the typology of controversies related to reorganizations, the most frequent ones are represented by conflicts between companies and unions which allege a lack of workers consultation in reorganization processes or the adoption of inadequate procedures. Some disputes end up in strikes and in the most serious cases in lawsuits.
- ▶ The vast majority of controversies were identified as European (58% of cases) and North American (26%) companies.
- ▶ The sectors most affected are Mining and Metal Europe and Electric and Utilities Europe. Both sectors have been affected by job losses due to digital transformations and automation processes¹.
- ▶ The severity of controversies is considered 'critical' in 4% of cases, 'high' in 39% of cases, 'significant' in 44% of cases and 'minor' in 13% of cases.

As for company responsiveness, which is defined as the ability to engage stakeholders in risk management procedures based on explanatory, preventative, remediating or corrective measures, it appears that:

- ▶ In around 41% of cases, there is a lack of transparency and detail in companies' response to the controversy.
- ▶ In 42% of cases, companies provide concrete explanations of their position in relation to the alleged facts; in some cases they have started to implement corrective measures, but generally this is imposed by a third party (such as a judge, court, national administration etc) and is not implemented on a voluntary basis.
- ▶ In 15% of cases, companies have implemented corrective measures on a voluntary basis, mainly to remediate or correct the allegation.
- ▶ In only 2% of cases, companies implemented measures such as structural change in internal processes and policies to prevent the controversy from reoccurring.

¹ "Robotic Process Automation in mining and metals" - EY - YouTube accessed in January 2018; "The digital utility: New opportunities and challenges" - McKinsey&Company - 2016

Examples of controversies:

On 22 June 2017, the Communications Workers of America (CWA) filed an official complaint stating that **Altice** redundancies were in violation of the Public Service Commission's (PSC) merger order. Reports alleged that Altice notified approximately 27 dispatchers that they were to be fired against their will. The Public Utility Law Project of New York (PULP) also reported to the PSC that the involuntary redundancies violate the conditions of the commission's approval of the merger between Cablevision Systems and Altice. CWA asked the PSC to take immediate steps to prevent the dispatcher redundancies and protect these and other workers, and to enforce all provisions of the order. The company responded to the allegations by claiming that they had followed all rules imposed by the third party during the merger.

In May 2017, **Chevron** threatened to terminate the contracts of employees protesting against a planned sale of assets in Bangladesh. Earlier in 2017 the Company announced the sale of its stakes in three Bangladeshi gas fields worth \$2bn to Himalaya Energy, which is owned by a consortium comprising state-owned China ZhenHua Oil and CNIC Corp. As a consequence, 600 Chevron employees halted work, claiming that the deal had not been approved by the government. In a letter to employees, Chevron requested a smooth transition in the sale of the gasfields and stated that 'a refusal by any employee to comply with such requests by their supervisor will be subject to disciplinary action, including and up to a termination of employment'. Chevron Bangladesh Employees Union (CBEU) called the process illegal. The union sent a letter to the CEO of Chevron Bangladesh stating: 'We need security and guarantee of our job at least for three years after the handover to the new company. We also wanted guarantee of our achieved gratitude money and compensation'. Chevron Bangladesh said it had offered a generous compensation package to its staff. In a statement, the company also mentioned that 'the package included guaranteed employment for two years and a goodwill bonus payment equivalent to nine months salary', and added that 'regretfully, employee representatives have refused to accept this benefits package and have instead elected to declare an industrial dispute with the company'.

On 30 September 2014, Versailles Administrative Court cancelled **Sanofi's** contract to restructure its R&D activities in France, which was signed in January 2013 by CFDT and CFTC trades unions, due to the fact the agreement had not been signed by trade-unions representing a majority of the employees. This decision did not stop the restructuring process, but gave employees the right to ask for reintegration into the company's staff or request compensation. The planned restructure resulted in more than 450 job transfers and eliminated some 180 jobs by 2015, affecting a total of 5,000 employees. However, according to the trade-unions, a greater number of employees (700 to 800 over the five R&D sites) left the group around this time, seizing the opportunity for early retirement or voluntary redundancy.

In December 2017, **Royal Bank of Scotland (RBS)** announced a plan to close 259 of its branches, representing a quarter of its network and potentially affecting more than 700 jobs. The union Unite, representing many RBS employees, accused the company – 71% of which is owned by taxpayers – of initiating 'savage' job cuts and abandoning rural Scotland. As a consequence, the Scottish parliament announced plans for a committee to conduct an inquiry into the restructuring plan. The committee, which will convene in January 2018, will investigate the impact of the cuts, especially in rural areas, and may ask the bank to reconsider its decision in some cases. The Federation of Small Businesses (FSB) has also criticised the decision, saying the bank closure would make it more difficult to run a business in Scotland. A spokeswoman for RBS stated that the decision to open and close branches is a commercial decision taken by the management team. RBS justified the closures by the fact that more of its customers are choosing to do their everyday banking online or by mobile. Adding that the number of customers using its branches has fallen by 40% and mobile transactions have increased by 73 %.

Conclusion

Vigeo Eiris' research reveals that the vast majority of companies have not yet developed policies or measures to manage changes to their workforce. A clear collaboration with trade unions and/or signed framework agreements on the topic are often still lacking, whilst proactive measures to valorise human capital are applied, but not yet widely. The research demonstrates a higher level of awareness of the importance of responsible restructuring amongst European companies compared with other areas.

In times characterised by job flexibility (the so-called 'gig economy'), employment security becomes crucial for workers. The role of national laws in shaping an environment that protects employees is very important. A recent OECD paper² suggests that policy makers should not underestimate the role that self-employment policies and programmes can play in helping employees who lose their jobs following major company restructuring find their way back into work.

Vigeo Eiris' analysis focuses on companies' role in mitigating the impact of their need to make workforce reductions. Research demonstrates that trained, motivated employees will more easily find a new role either as entrepreneurs, in other companies or within the company that made them redundant if the situation improves. Valorising competencies and human capital is essential to guarantee the success of a corporate organisation and sustainable growth. ILO guidance³ to multinational enterprises reaffirms the role of companies in enhancing employment security. When operational changes have a major impact on employment, enterprises have a duty 'to provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organisations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent'

The fact that the majority of companies included in Vigeo Eiris' analysis are still not transparent in disclosing information on responsible restructuring is concerning, and much more is required from all stakeholders, including investors.

1 Defined as 'a labour market characterised by the prevalence of short-term contracts or freelance work, as opposed to permanent jobs' - What is the 'gig' economy? – BBC - 10/02/2017

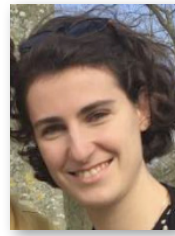
2 The Missing Entrepreneurs 2017: Policies for Inclusive Entrepreneurship - OECD/ European Union – December 2017

3 "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" – ILO - 2017

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Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors in the strategy and the operations of organisations, and undertakes risk assessments to assist investors and companies in decision-making.

Vigeo Eiris offers two types of services through separate business units:

- ▶ **Vigeo Eiris rating** offers a large range of products and services designed for all kind of investors and covering all sustainable and ethical investment practices.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private, to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards ; Vigeo Eiris is CBI (Climate Bond Initiative) Verifier.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm. The team is composed of more than 200 experts of 28 nationalities with diversified and complementary skills. Vigeo Eiris has developed the “Vigeo Eiris Global Network” made of 7 research providers (Australia, Brazil, Germany, Israël, Japan, Spain and Mexico).

For more information: www.vigeo-eiris.com