

Financed by the European Commission, project number: VS/2020/0065

TALK INTERNATIONAL WORKSHOP

CONCLUSIONS DOCUMENT



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Background

The TALK International Workshop (TIW) was originally scheduled to take place in March 2020, in the city of Florence. However, the COVID-19 pandemic and the circumstances and restrictions of movement associated with it forced a change in the planning of this action.

For this reason, and in order to achieve the objectives initially planned, a technical questionnaire (TALK Technical Questionnaire-TTQ) was designed to address the essential issues of the TIW, trying to fill in the gaps that a possible cancellation of the TIW could cause.

Subsequently, based on the evolution of the pandemic, it was decided to cancel the face-to-face meeting and replace it with a series of virtual meetings (3) which, added to the results and conclusions of the TTQ, would make it possible to meet the objectives initially envisaged in this action.

In the present document overall conclusions of these two actions are presented, which together represent the general conclusions of the International TALK Workshop.

Objectives

Among the objectives foreseen in the framework of the TIW, the following should be mentioned:

- Debate how to improve the legislative framework for reporting of non-financial information.
- Analyse the impact of non-financial reporting legislation on companies and discuss the framework for collaboration between companies and workers' representatives in this area.
- Analyse how to promote and participate in the implementation of climate change commitments and sustainable development goals (SDG) undertaken by the EU and business through analysis of information provided in non-financial information reports.
- Debate and agree on common needs of awareness, education and union involvement on CSR and non-financial information at the level of all participating countries.



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- Address the approach and needs of European Work Councils to participate
- Addressing the different training modalities to develop in each participating country in order to comply with the labour relation's framework in each country, in order to obtain the best achievement of objectives of the project.

These objectives have been considered in the design and development of the two specific actions detailed in this document.

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PART 1



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TALK QUESTIONNAIRE FINDINGS REPORT CONCLUSIONS REPORT

1. OBJECTIVE OF THE QUESTIONNAIRE

The TALK Technical Questionnaire was intended to mitigate the postponement of the International Workshop (IW) by allowing us to anticipate the development of some project results. As the IW had to be modified in the modalities of the meeting, the conclusions of the Technical Questionnaire helped to define a new proposal for the realization of the IW. As it was not possible to prepare a face-to-face International Workshop, the results of the Questionnaire, together with additional virtual technical meetings could allow to share, discuss and validate the results.

Therefore, the aim of the questionnaire was to collect the opinion of the different stakeholders identified in the project (employers' organisations, company experts, trade unions, workers' representatives, social partners,...) on the issues which were to be reflected and discussed during the International Seminar.

In this context, the questionnaire was distributed among the partners of Project TALK, in order to be completed in each country (Hungary, Germany, Greece, Italy and Spain), addressing the profile of participants defined later. In case of Germany, provisionally only results from part 1 of the questionnaire are included in this findings report¹.

So, this report presents the overall results of the questionnaire, based on the analysis obtained from each national country report (attached in Annex of this document).

2. SCOPE OF THE QUESTIONNAIRE

¹ Conclusions from Germany summarises the answers of the Confederation of German Trade Unions to the public consultation of the European Commission regarding the revision of the Non-financial Reporting Directive, related to part 1 of the TALK questionnaire.



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The questionnaire was not designed to apply a structured methodology or to make a quantitative exploitation of the results. Rather, it was aimed at obtaining a general and dominant view of the different sections contained in it, as well as achieving qualitative information derived from the specialisation of many of the interviewees in some specific areas (climate change, social dialogue, analysis of non-financial information reports, etc.)

One of the premises was the flexibility given to the recipients of the report to be able to complete it, depending on their skills, knowledge and available time.

For this purpose:

- The questionnaire could be used as a script to conduct an interview with one of the selected experts.
- The questions for each expert could be selected according to their field of expertise.
- Some parts of the questionnaire could be selected according to the recipient.
- More questions could be added in order to obtain the maximum information from the interviewee if he/she had a specific profile or specialized knowledge in some subject.

Therefore, the response to the questionnaire by all the participants is not uniform, but rather corresponds to the aforementioned premises of flexibility and specialisation of the participants of the questionnaire. This fact is more evident in sections 2, 3 and 4, which are more technical and biased towards specific profiles (experts in climate change and social dialogue or in trade union issues). With regard to section 1 (revision of Directive 2014/95/EU), the degree of response is more complete, having been answered almost in its entirety by all those who participated.

3. STRUCTURE OF THE QUESTIONNAIRE

The questionnaire was structured in four sections:

- Legislative framework for non-financial reporting (Section 1)
- Social dialogue and non-financial information (Section 2)
- Climate change commitments and sustainable development objectives (SDG) and non-financial information (Section 3)
- Union awareness, education and participation in CSR and non-financial information (Section 4)

Each section contained a series of questions formulated as openly as possible, so that qualitative information could be obtained where possible.



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4. RECIPIENTS OF THE QUESTIONNAIRE

In order to cover all the profiles that would have been represented at the International Seminar, a number of groups were selected from which to distribute the questionnaire:

- Business and technical business organizations
- Union representatives, union experts and workers' representatives at company level.
- Social experts

5. SAMPLE SIZE AND PROFILE

The option selected for obtaining the information was to send the questionnaire to a series of recipients pre-selected for their affiliation to some of the profiles previously indicated.

The persons who completed the questionnaire did make discrimination of questions and, in some cases, of sections at the time of completing it, in such a way that they directed their response to those questions in which they had greater knowledge or professional involvement.

The number of people who completed the questionnaire were 35.

The distribution of the questionnaire by profile was as follows:

EMPLOYERS ORGANIZATIONS	5
TRADE UNION OFFICIALS	7
UNION EXPERTS AND TECHNICIANS	11
WORKERS REPRESENTATIVES AT COMPANY LEVEL	4
SOCIAL EXPERTS	8
TOTAL	35

Among the recipients who completed the questionnaire, the following profiles should be noted:

- Employer's representatives from Chemical, Pharmaceuticals, Energy and Steel sector.
- Union experts in Climate Change Policies and Sustainability.
- Union experts in financial and non-financial information.
- Representatives from multi-stakeholders National Bodies for Corporate Social Responsibility.



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- Workers' representatives from big companies affected by Directive 2014/95/EU.
- Representatives from civil society (ONG, consumer and user organization, etc).

CONCLUSIONS

SECTION 1. LEGISLATIVE FRAMEWORK FOR NON-FINANCIAL REPORTING. REVISION OF DIRECTIVE 2014/95/EU

1. In the opinion of the respondents, Directive 2014/95/EU has indeed had an **impact on industrial relations**: greater transparency in information and new channels of communication with the company. Relevant information (NFIR) is usually provided to the workers' representatives and the NFIRs open a possibility for union action. However, it is also pointed out that it is still early to assess its impact and that the trade union impact on the reporting process is still not very relevant in global terms. Therefore, at least potentially, the directive does have an impact on labour relations.

The business side states that the greater contribution of information provides more possibilities of communication and negotiation to the legal representation of workers, but it is also pointed NFIR does not influence in the quality of labour relation.

2. The revision of the Directive should have among its objectives the **improvement of the social dialogue** and the participation of workers and their representatives in the reporting process, according to the majority opinion of the respondents: to specify stakeholders involvement in materiality process and involvement of workers representatives in the process of reporting and/or in compliance revision process. The employer's view is that the review process should serve other objectives, although it may indirectly serve to improve the social dialogue and the workers' role should be mentioned in the Directive.
3. The **participation** of the social side in these issues is still very immature, which leads us to the need to improve the dialogue and the participation of labour representation in this process as well.
4. From the trade union and social perspective, the lack of reliability of the information provided is a major problem, but not for the business side. Instead, both TU/social and business side agree that **comparability** must be improved.
5. Regarding the demand for the **standardization** of non-financial information, there is unanimity on both sides that it would be necessary. Among the benefits: improve the comparison, reliability and relevance of the information and the possibility of verifying



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the compliance. It is also reported that this standard should also include sector-specific elements.

6. Both Union and social perspective point out the importance of **union participation** in the standardization process if a **standardization process** is carried out.
7. In relation to **materiality concept clarification**, TU/social side point out that it is necessary to clarify the scope of this concept.

It appears in practice that the requirement of double materiality, meaning materiality to be fulfilled for both the understanding of the performance of the company and impact on CSR aspects by the company at the same time, limits the scope of reporting. Double materiality therefore has to be abandoned. Also, companies reporting under the NFRD should be required to disclose their materiality assessment process.

The business side is also in favour of this clarification, in order to eliminate subjectivities.

8. Regarding **extending the scope of the Directive** the majority position is to extend this scope to other companies (excepting Greece, where mostly all companies are affected by Greek law).

Among the categories of companies/criteria for extending this scope, the following can be mentioned:

- Companies with more than 250 workers
- Elimination of current economic criteria
- Companies in the supply chain
- Companies listed in regulated markets
- Large non-listed companies.
- Subsidiaries of a parent company that reports non-financial information at group level in accordance with the NFRD (non-consolidated reporting).
- Large companies established in the EU but listed outside the EU.
- Large companies not established in the EU that are listed in EU regulated markets.
- All limited liability companies regardless of their size.

Regarding public interest entities, it is important to broaden the scope of the Directive regardless of size, possibly considering a simplified standard for smaller companies.

In any case, it must be assured that all companies operating in sectors with exceptional high risk for breaching workers and human rights are included regardless of the size. It would be useful a simplified standard and/or reporting format for SMEs and would be an effective means of limiting the burden on SMEs arising from information demands they may receive from other companies, including financial institutions, to a very great extent. If the EU were to develop a simplified standard for SMEs, such a simplified standard should be mandatory.



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From employers' organization, there is not a majority opinion, and the two options (for and against) are expressed.

9. Most of the respondents from TU/social side state that the **role of workers and their representatives** in the process of preparing reports or developing and monitoring the company's sustainability strategy should be mentioned in the text of the Directive (competence to participate).

Among their proposals, they point out:

- Recognition of information, consultation and participation rights.
- Union report attached to the non-financial information report or possibility of including your opinion within the report.
- Requirement to submit a draft report of non-financial information to the workers' representatives for analysis and compliance. The draft reports must be subject of consultation with the corresponding body of worker representation at company level.
- Participation in the processes of verification and audit of labour rights and human rights.
- Presentations and discussion meetings
- Workers and workers representatives should be involved through a structured stakeholder engagement process in the reporting and planning process.
- Employers' organizations consider that this is not appropriate.

SECTION 2. SOCIAL DIALOGUE AND NON-FINANCIAL INFORMATION.

1. There is no unanimous response as to whether the transposition of the **Directive** at country level has improved the **social dialogue**. It is pointed that it hasn't improved in a broad sense but NFID has given a chance to talk. In some sectors (credit sector in Italy, for example) social dialogue has improved (bilateral commissions). But in general, it is stressed that if the national laws do not make it compulsory, companies will not facilitate this dialogue. For example, the transposition of Directive 2014/95/EC in Greece's legal system potentially should improve the social dialogue and collaboration between the company and the employees and their legal representatives in the context of the preparation of non-financial information if it would be compulsory. As long as it is not, it's up of the companies to facilitate it or not.
2. From union and social perspective, it is necessary to establish **social dialogue bodies to regulate** the adaptation of Directives, to monitor the evolution at national level and to ensure compliance. On the other hand, employer organizations do not see the need for such bodies.
3. In general, Unios and employers state that it would be useful to establish common training and even joint company/union training in this area through social dialogue at State and/or sector level.



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4. From Union and social side, it is also coming up as being necessary to better define the **boundaries between financial and non-financial information** in a framework of social dialogue.
The business side does not see the need for this.

SECTION 3. COMMITMENTS RELATED TO CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT GOALS (SDG).

1. The opinion from Trade Union and social side on how climate change issues are dealt with in the sustainability reports is insufficient but it is becoming more important. A general opinion is that the measurable goals for the yearly evaluation of the companies in this field are missing or are not enough. But it is also refers that companies are paying more attention to these issues, aware of the importance of these issues among their stakeholders (specially from investors) and due to EU policies, regulations and other initiatives (Task Force on Climate-related Financial Disclosures, for example). But it is pointed several times that companies follow greenwashing or marketing policies, etc.
2. With regard to how the **information on climate change in the NFIRs could be improved**, the social and trade union side points out the following proposals:
 - Companies need to systematize information to facilitate understanding and analysis of the contribution of company strategies to the integration of climate action into their business model.
 - Improvement aspects range from greater transparency, more disaggregated data to the establishment of appropriate monitoring indicators.
 - Legislation must give clear guidelines to companies.
 - Including in the Directive the obligatory inclusion of certain data in the report.
 - Through most active participation of workers and workers representatives. It would be very interesting to share with the trade union representation (and other stakeholders) the analysis of materiality and to make them participate in the process.
 - It is also pointed out that infringements and sanctions should be established for total or partial non-compliance or inaccurate information in the submission of the report.

For its part, the business representation states that companies are dealt with climate change issues very exhaustively.

3. Regarded to how the active **participation of workers** and their representatives in the company's climate action could be strengthened, it is pointed out, firstly, that it is



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important for companies to understand and perceive that the participation of workers and their representatives is a useful tool for environmental diagnosis, the search for solutions and the effective implementation of corporate policy. So, constants involvement in business process regarding this issues help to meet this goal, for example through the stakeholder's engagement process and the definition of material issues for the organization.

It is also pointed out that the active participation of workers in this area could be achieved through the trade union analysis of the information provided in the non-financial information reports.

It also refers that this could be achieved by demanding the figure among the workers representatives of the Environmental Delegates or Corporate Social Responsibility Delegates. Also, it is mentioned to set meetings between company and workers representatives to discuss parts of the NFIR

4. Related to the information on **Governance Processes** (internal and external) and the involvement of stakeholders in climate change issues, the trade union and social side expresses, among other opinions, that companies usually include general information on the collaborations and initiatives they carry out with one or more stakeholders. However, there is a lack of more systematic communication of information that accounts for the relationship with all stakeholders (workers, customers, suppliers, investors, NGOs, society, public authorities), and not only specific actions that have had a positive result.

For its part, the company's vision is that these issues should be reported on exhaustively.

5. With regard to the **information** provided in the non-financial information reports on **resources for the implementation of climate action** (financial tools, investments, R+D+I, training,...), the trade union and social side points out that companies must improve the quantity and quality of information on the means available to undertake climate action in the company, including aspects such as the financial tools used to internalise the costs of carbon dioxide emissions, the degree of implementation of new technologies, the measures adopted in the progress of production processes and the best available techniques, and the actions and resources available for training and investment in their human capital.

It is also pointed that few companies provide staff training in sustainability and environment topics. For its part, the business view is that these issues are comprehensively reported.



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6. Regarding to the information on **climate change indicators**, union and social experts states that it is important for companies to improve the detailed information on greenhouse gas emissions (in absolute and relative terms), the objective that is set in relation to this contribution and its progression over time in relation to the actions implemented and the means provided. In this sense, it would be important to systematize the measurement of emissions indicators of scope 1, 2 and 3, even if no measures are taken for each of them, and to include indicators of progression and intensity of emissions in order to better assess the environmental performance of an organization.

It is also noted that it would be desirable to introduce indicators related to just transition.

The business side points out that exhaustive information is provided, following well-known indicators as GRI.

7. Regarding to whether the information provided in NFIR by the companies about **Sustainable Development Goals (SDG)** is sufficient, there is a common view from Unions that this is not and, as in other issues (environment, climate change, CSR,...), there is a need for more transparency in this topic.

On the other hand, the business organisation states the opposite.

The **SDG** considered as a **priority** from the union point of view, in order to define and assess more clearly the criteria and actions in the companies are SDG 1. No Poverty, SDG 3. Good Health and Well Being, SDG 8. Decent Work and Economic Growth, SDG 10. Reduce Inequalities and SDG 13. Climate Action.

Employers organization point out the following SDG:

SDG 7. Affordable and Clean Energy, SDG 8. Decent Work and Economic Growth, SDG 12. Responsible Consumption and Production, SDG 13.- Climate Action, SDG 16. Peace, Justice and Strong Institutions



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SECTION 4. UNION AWARENESS, EDUCATION AND PARTICIPATION IN CSR AND NON-FINANCIAL INFORMATION

Note: this section was only addressed to the trade union and social experts

1. In general, the level of **knowledge of workers** on CSR and non-financial information framework issues is very low. In some cases, it is pointed that Work Councils and Trade Unions are not interested in training on NFID because they have not any information and knowledge on it.
2. The main **training needs of employees in the field of non-financial information** are, in order of importance, as followed:
 - a. Understanding the context of Directive 2014/95/EU and its objective
 - b. Awareness of frameworks for the disclosure of non-financial information (GRI standard)
 - c. Tools for the analysis of non-financial information reports
 - d. Relevant indicators (KPIs) for the social analysis of non-financial information reports.
3. Works Councils are pointed as target group for training in this field.
8. Among the main **benefits** of receiving this **training** are mentioned:
 - Deeper knowledge of both the framework and the issues themselves that is included in NFIR.
 - Obtain reliable information for Union Action and for society.
 - The possibility of extending union action to issues that is clearly of interest to workers.
 - Greater involvement in company processes.
 - Contribute and give visibility to different points of view when undertaking CSR actions.
 - Extending the catalogue of competences and contributing to a fairer and more sustainable society.
 - Understand why certain measures are carried out and the benefits they can bring to the company, but also to society and the environment
9. Regarding **how this training could improve social dialogue and the involvement of workers representatives** in NFI disclosure process, the following issues are noted:
 - Additional opportunity for discussion that can lead to shared results.
 - An improvement in the social dialogue in the company could be achieved by the joint configuration of content on the subject between the company and



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- the trade union side, as well as the participation in this training of company heads of CSR and the legal representatives of the workers.
- It would facilitate knowledge and tools for effective participation. On many occasions there is no participation in these issues due to a lack of knowledge on the subject.
 - Having knowledge of what the report consists of and why it is being carried out, at trade union level it could contribute ideas for improvement to the company by being a link between the workers and the management and having the improvements that are sought among the employees with a view to sustainability.
4. Regarding the **organizations** that could organize the training, trade union organizations are pointed firstly, followed by the tripartite bodies. Employers' organizations, social organizations and public authorities are hardly mentioned by the participants.
 5. In relation to the **methodology of training** within the framework of the **TALK Project**, a mixed technical training given by the project partners and a seminar with experts are pointed out. In second place, the most chosen option is the technical training given by the project partners.
 6. For most of the respondents, the monitoring of collective agreements and global framework agreements is a relevant issue for trade unions and workers' representatives.
 7. With regard to information on which policies or indicators of non-financial information could help to monitor collective agreements and global framework agreements, environmental protection and social responsibility and the treatment of employees are mostly indicated, followed by respect for human rights and diversity on boards of directors and, finally, anti-corruption and bribery.
 8. Finally, regarding the importance of country-by-country information for the monitoring of Global Framework Agreements, the following responses were obtained:
 - Although GFA are global in nature, country-by-country information would allow for real monitoring, data at the aggregate level can be misleading and hide setbacks in indicators that would be evident at a disaggregated level. They would thus facilitate the possibility of adopting or proposing specific measures for individual countries, and thus offer the possibility of real improvement (or continuous improvement) in the scope of application of the framework convention.
 - This information is of the utmost importance. GFA are tools that aim at the application of the Fundamental Labour Standards, starting with those that recognize the right to collective action, freedom of association and trade unionism in multinational enterprises. They constitute, without a doubt, an



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appropriate way to channel trade union intervention in corporate social responsibility policy and practice, insofar as they are negotiated agreements that do not derive from the unilateral will of companies.

- It is important to make a comparison between the information provided by country and to be able to evaluate the level of transparency of their companies. Establishing similar indicators is key to carrying out this verification and monitoring compliance with minimum standards in all countries at European level, as well as continuous improvement.
- These types of agreements aim to be aligned with the main UN Human Rights as well as the Fundamental Labour Conventions on freedom of association and collective bargaining, forced labour, child labour and exploitation and discrimination (OECD Guidelines). It is from this starting point that the comparison can be made.
- They allow for more comprehensive monitoring and thus can facilitate concrete action by countries, leading to real improvements in implementation.
- This information is essential to understand the situation in each country and thus, always considering the context of those countries, to be able to make a comparison.
- It is important to make a comparison between the information provided by each country and to be able to evaluate the level of transparency of their companies. The establishment of similar indicators is key to carrying out this verification and monitoring compliance with minimum standards in all countries at European level, as well as continuous improvement.



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PART 2

VIRTUAL TALK INTERNATIONAL WORKSHOP

CONCLUSIONS REPORT

1. Background

As mentioned before in this document, the TALK International Workshop (TIW) was scheduled to take place in the first quarter of 2020. However, the COVID-19 pandemic and the circumstances and restrictions on movement associated with it made it necessary to change the planning and objectives of this action. For this reason, and in order to achieve the objectives initially planned, a technical questionnaire (TALK Technical Questionnaire) was designed to address the essential issues of the TIW.

Finally, and given the evolution of the pandemic, it was decided to hold a virtual meeting to validate and extend the conclusions of the TALK Technical Questionnaire, and to fulfil, with the development of these two complementary actions, the objectives initially planned to be achieved with the TIW.

Below are the main aspects of the Virtual TALK International Workshop which, by adding up the results obtained with the TALK Technical Questionnaire, make it possible to obtain an overall view of the conclusions of the TALK International Workshop.

2. Objectives of the Talk International Workshop

The main objectives of the TIW were the following:

- a. To share and validate the main results of the technical questionnaires carried out at national level.



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- b. To learn about and discuss on the proposal for the standardisation of non-financial information at European level, within the framework of the revision of the NFI Directive.
- c. Address the assessment of climate change issues in non-financial information reports (NFIR).
- d. Define proposals for the improvement of the social dialogue in the framework of the analysis of non-financial information.
- e. Discuss on the training needs of workers and their representatives in the framework of the analysis of NFIRs.
- f. Agree on the contents of National Educational Activities to be developed in the TALK project

3. Structure of the TALK International Workshop

The TIW was structured in three virtual sessions, with an initial planned duration of 2 hours each.

Each of the sessions was dedicated to a specific topic related to the objectives indicated in the previous section:

- Non- financial information directive: revision process (session 1)
- Climate change and just transition in NFI. Social dialogue, collective bargaining and NFI (session 2)
- Design of talk national educational activities (session 3)

These virtual sessions were attended by national and international experts, both within the framework of non-financial information and on more specific issues (climate change, trade union training, social dialogue, just transition, etc.).

4. Final Programme of TALK International Workshop

September 14th. NON- FINANCIAL INFORMATION DIRECTIVE: REVISION PROCESS

10h00 - 10h10: Introduction, Gabriella Pusztai, IAL Toscana

10h10 - 10h20: General introduction to the Technical questionnaire, Antonio Ferrer Marquez, ISTAS

10h20 – 10h30: Results of the Technical questionnaire – Spain, Antonio Ferrer Marquez, ISTAS

10h30 – 10h40: Results of the Technical questionnaire – Greece, Christina Theocari, EKA

10h40 – 10h50: Results of the Technical questionnaire –Hungary, Adrienn Bálint, MGYOSZ



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(finally postponed to second session)

10h50 – 11h00: Results of the Technical questionnaire – Germany, Alexander Oberdieck/Anna Kaliga, AuL NRW

11h00 – 11h10: Results of the Technical questionnaire – Italy, Francesca Ricci, CISL Toscana

11h10 - 11h15: Coffee break VS/2020/0065

11h15 - 11h35: Standardization process and proposals - Joanne Houston, Frank Bold 11h35 -

12h00: Discussion. Moderation: Gabriella Pusztai, IAL Toscana

September 15th CLIMATE CHANGE AND JUST TRANSITION IN NFIR SOCIAL DIALOGUE, COLLECTIVE BARGAINING AND NON FINANCIAL INFORMATION

10h00 – 10h25: Assessment on Climate Change in NFIR – Joanne Houston, Frank Bold

10h25 – 10h45: Climate change and Just Transition: an Union approach - Begoña María-Tomé, expert ISTAS / CCOO / Renewables Foundation

10h45 – 11h05: The approach of employers in Hungary - Adrienn Bálint, MGYOSZ

11h05 – 11h 15: Break 11h15

11h30: The approach of EKA, Greece - Christina Theocari, EKA

11h30 – 12h00: Discussion – Moderation: Sara Perez Diaz, ISTAS

September 22th (10:00-12:00) DESIGN OF NATIONAL EDUCATIONAL ACTIVITIES

10h00 – 10h20: Inputs to training issues for trade unions - Alexander Oberdieck/Anna Kaliga, AuL NRW

10h20 – 10h40: Sigur Vitols, ETUI

10h40 – 11h00: Claudio Sottile, Filca CISL (finally cancelled)

11h00 – 11h10: Break

11h10 – 12h00: Discussion on training needs – Moderation: Alexander Oberdieck/Anna Kaliga, AuL NRW

5. Conclusions

1st session

The first session of the TIW focused on the review process of the NFIR Directive and on proposals to improve compliance with the objectives for which it was designed. In particular, the diagnosis of trade union involvement in this area, the functioning of the social dialogue in these issues and the possibilities for improving both aspects were examined in greater depth. Likewise, the proposal for the standardization of the NFI in the EU, which is currently being studied, was examined in depth. To this end, the expert Joanne Houston, who works for the Frank Bold organisation, took part. Frank Bold is carrying out an important work, in coordination with other social organisations, to present a proposal in this area of



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standardisation, focusing and building a proposal for KPIs that will structure this standardisation process.

Within this framework, the first part of the virtual seminar session served to share the partial results of the TALK technical questionnaire in each of the countries involved in the project. Related to this, the Union partners from Spain, Italy, Greece and Germany presented the most remarkable national results, which together have given rise to the overall conclusions of this questionnaire presented in part 2 of this document. The most remarkable fact is the coincidence in the initial diagnosis and needs for improvement in relation to the impact of the Directive on labour relations (important but still in an initial phase) and in the training needs detected to make effective the trade union participation in this process (still a lack of knowledge on NFI, recognition of powers to Union and workers representatives in disclosing process, union tools for the analysis of non-financial information reports,...)

After this, Joanne Houston presented the main conclusions on the application of the NFI Directive on the basis of the analysis they have carried out on the NFIR submitted by the companies affected by this Directive

Among the most important conclusions were the following:

- Deficiencies and shortcomings in the use of KPIs (for example only 21% of the companies analysed KPIs are provided in a summarized statement.
- There is a lack of information and description of policies on many relevant issues identified by the Directive (climate change, use of natural resources, biodiversity, human rights, supply chains management, etc)
- Specific and relevant data on employee matters are missing

Houston also presented an ideal proposal of contents for the revision of the Directive, discussed with different civil society organizations, 30 sustainability leaders and with a targeted consultation. Specifically, she presented a detailed proposal of content regarding to Workforce and Human Rights matters:

- Workforce composition
- Gender pay gap
- Living wage
- Collective bargaining coverage
- Worker participation in OHS system design and implementation
- Description of policy
- Human rights due diligence process
- Salient human rights issues identified
- Severe impacts
- Actions taken to address the issues and impacts
- Outcomes of those actions Workforce and human
- Grievance mechanisms and their effectiveness
- Specific human rights policies and their outcomes (if the topic is material) concerning:
 - Protection of human rights defenders



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- Free, prior and informed consent of indigenous people
 - Land rights and access to water by people
 - Purchasing practices
 - Conflict minerals
- Tier 1 supply chain transparency
- Supply-chain KPIs:
 - % of recruitment fees-free suppliers;
 - % of product manufactured under living wage
 - collective bargaining conditions
- Scope and results of supply-chain audits

To close this session, a debate was held to put forward the trade union proposals in the framework of the proposal described by Joanne Houston.

Regarding the list of indicators to be included in the NFID review process and their possible standardization, a proposal was sent to Frank Bold, who stated that, from a union perspective, what is essential is to have relevant and synthetic key performance indicators. At least, the following 5 indicators should be included among these.

- Total workforce of each company and a map of that workforce.
- Inequality (equity) footprint.
- Tax footprint
- Environmental footprint (carbon footprint as the main reference...)
- Managing change - just transition

Another contribution was related to the verification process: the fact that the verification is only linked to "groups of experts" and verifiers can represent a risk for the reliability and credibility of the transparency system. The existing ambiguity and practical outcome of the concepts of "stakeholders" and "materiality", for example, contribute to this. We therefore advocate the inclusion of employee representatives in the "social audit" process of sustainability reporting.

2nd session

The first part of the session was aimed at learning about the approach to climate issues in the NFIRs, from a social and Trade Union perspective.

To this end, firstly, Joanne Houston (Frank Bold) presented the results of the analysis carried out by this organisation on how companies reflect climate change issues in the NFIRs. This analysis, carried out on more than 1000 European companies, leads to the following conclusions:



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- 34.5% of the analysed companies provide a detailed description of their climate change policy.
- 27% describe climate change related objectives
- 23% describe the risks related to climate change in detail.
- 36% set a climate target
- 30% set actions to achieve target
- 27.5% mention outcomes in terms of meeting target
- 13.9% show alignment with Paris Agreement/ Science Based Target

Joanne Houston also referred in her presentation to the Task Force on Climate-related Financial Disclosure (TCFD) Recommendations. Finally, she referred to the strengthening workforce engagement under European Commission proposal for Sustainable Corporate Governance.

Next, Begoña María-Tomé (ISTAS / CCOO / Renewables Foundation expert) addressed the Trade Union approach to Climate Change and Just Transition. To this end, she showed the strategy and line of work developed by CCOO Spanish Trade Union in this area and the initiatives and tools for trade union training and involvement developed.

She focused on the Trade Union Action levels on Climate Change:

- International Action
- Institutional Participation
- Company level & Collective bargaining
- Civil society alliances
- Knowledge and research

After this, Christina Theocari (EKA-Greece) presented an analysis in relation to the treatment of climate issues and the Sustainable Development Goals (SDGs) in the NFIs.

Some of the most noteworthy conclusions are the following:

- Difficult to check the performance of companies in Climate Change throughout information included in NFIR.
- There is not a common attitude in companies when reporting on these issues.
- Companies that comply with the legislation on climate change do have a corporate strategy and climate objectives.
- Moreover, those running non-financial reporting are certified with various environmental or CSR awards, so they are diligent and consider that they are reporting comprehensively.
- Risk management and adaptation measures due to climate change are priorities for companies whose location and character make them vulnerable.

In relation to trade union involvement in the analysis of climate and environmental issues, Christina noted the following:



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- Trade Unions are asking for more transparency from companies as regarding the information on their policies related to the environment, climate change, CSR, SDGs etc.
- Trade unions have not developed their capacity to check all of them, including NFIR.
- A solution to make things easier would be the inclusion of the NFIR in the Collective Agreements framework, either at national or sectorial level.
- However, the Collective Agreement alone is not enough because it rules things at high level. To come down to earth with these issues we need among others to activate the OHS Committees and to enrich them with Green delegates.
- By making environmental issues a priority, the roles of trade unions are expanding to take in new and more pressing responsibilities, compelling them to take a “climate policy mainstreaming” approach.
- As such, a new trade union culture (with respect to environmental issues) should be visible in trade union strategies generally and should “cut across” all policies dealt with by trade unions (employment, investments, human rights, globalisation etc.).

Among the proposals made by Christina Theocari in this context, the following can be mentioned:

- When discussing employment, we must consider how to promote the Just Transition and thus build bridges between old and new jobs and vocational positions, including in traditional sectors (which need to be “greened”) and sectors with a higher environmental impact.
- When discussing investments, we must make sure that, right from the planning phase for new machinery and production processes, adequate attention is paid to the issue of whether or not they are fully sustainable in terms of their use of primary resources and the management and recycling of packaging, waste and refuse.
- When discussing human rights and globalisation, we must not forget the universal importance of the environment, and thus commit to preventing delocalisation being exploited as an easy way to transfer to weaker countries more highly pollutant forms of production or working conditions which are undignified or potentially harmful to the health and safety of workers and the local environment.

Finally, this session also allowed us to find out the vision of the business organisations in relation to the process of revision of the Directive and the rest of the issues contemplated in the TALK technical questionnaire. To this end, Adrienn Bálint (MGYOSZ) presented the approach of employers’ organizations in Hungary.

Among the conclusions to be highlighted from her intervention, the following can be mentioned:

Related to the process of reporting on NFID, for companies:



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- It's not always clear, what type of information must be included and in what manner/details
- There are problems with comparability
- Strong need to clarify what is "non-financial"
- Need to extend the scope of the agreement to every large companies who have strong impact on the larger community (large companies)

Related to social dialogue and involvement of workers representatives in NFR process:

- Trades Unions are not involved in the preparation of the non-financial report;
- Employees can provide their opinion (role of works councils and supervisory board)
- NFR do not influence the quality of industrial relations.

Key elements from employer's organizations approach are:

- No need for distinction between large companies – every large company have to be covered by the obligation of NFR, regardless their sector or role in the financial market, because every large company have impact on the local communities, role on the reach of SDGs, and so on. However this is the opinion of those companies which ARE COVERED by the obligation of NFR. We don't know the position of others.
- Any initiatives which would disproportionally increase administrative burden and cost of the companies should be avoided.

From Hungary employers' organizations, the NFI Directive is coherent, effective and relevant in achieving its objectives.

However, current disclosure practices might not always meet the growing demand for data and information from investors and other stakeholders. It should be based on justified needs of stakeholders, rather than their expectations, which sometimes goes beyond this.

Its difficult if not impossible to report adequately to all stakeholders in one report. Ensuring comparability is very difficult, even withing sectors. Flexibility is important, because companies are often adding further information voluntarily, to meet the investors' requirements. It is important not to develop new reporting requirements, streamlining the various existing obligations is necessary and should lead to simplification and clarification.

Regarding standardization of NFI, any type of" standardization" in the revised directive can serves only the purpose of guiding the companies, but it should not prescribe them.

Regarding materiality, it does not need to change the definition of materiality in the Directive, its well-known and understood by the companies, necessarily broad and flexible. The concept of materiality should be clarified through non-binding guidance by highlighting existing good practises.



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Related to the role of workers representatives in the process of reporting, from employers' organizations (Hungary):

- The role of workers shall not be covered by the European directive
- Social dialogue is important in the field of national legislation, but the lack of social partners' awareness cannot be „forced” by legislation
- Training of workers is important in some extent, but it should be organised by trade union and not by the company.

Finally, Adrienn Bálint summarised the conclusions on the review process of the NFI Directive as follows:

- Flexibility, no need to broaden the scope, simplification,
- NFRD provides fairly clear, broad and flexible framework for companies.
- There is a still demand on companies to provide non-financial information from a multitude stakeholder, but in particular investors. Sometimes its based on unjustified expectations, and its excessive demand.
- In Business Europe's (MGYOSZ) point of view, a broad, principle-based framework is necessary, which each company can tailor to its own situation, in cooperation with its stakeholders. It remains difficult for EU legislation to provide a reporting framework which meets the expectations of diverse range of users.

3rd session

The last session of the TALK International workshop addressed the training of workers' representatives for better participation in the NFIR process. Specifically, this session was aimed at defining the methodology for the development of the National Educational Activities (NEA) established in the TALK project and to be developed within the project.

To meet this goal, the training expert Alexander Oberdieck (Arbeit und Leben) made a presentation addressing the developing of the National Educational Activities.

For this, Alexander addressed the following:

- Target group(s) of NEA
- Frame of NEA
- Targets of NEA
- Content of NEA
- Documentation of NEA

Related to the frame of NEA, Alexander Oberdieck addressed the different modalities to realize the NEA (Conference, Seminar, training, working group, etc.)

Regarding to the target group of the NEA, following issues were raised:

- Who could profit from working with NFI?



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- Who is open to work with NFI?
- Who do we have access to?
- How much time will these persons be willing to invest?

In relation to the content of NEA, Alexander raised three essential elements to be considered when defining the contents:

- Understandable
- Interesting
- Progressing

Regarding the methods to be used in the development of the NEA, Alexander addressed the following elements:

- Interaction and activation
- Practical examples -> use results from analysis of NFR (IBEX 35, FTSE MIB, DAX 30)
- Role sensitivity
- Organisation
- Problem solving

Finally, he dedicated the last part of his presentation to some issues related to the documentation to be elaborated in the framework of the NEAs.

Then Sigur Vitols, an expert researcher and member of the European Trade Union Institute (ETUI), made a presentation on the educational needs in the framework of Non-financial reporting and the social dialogue.

For this, Sigur Vitols focused on the potential benefits of NFIR for workers representatives, pointing out the following:

- Receive important information on matters of concern
 - Directly to the workforce
 - Relevant to the long-run prospects of the company
- Enter into dialogue with management about these issues
- Get additional issues on the table for discussion
- Improve the situation of the workforce and long-term prospects of the company

Regarding to the training needs of workers representatives in this field, Sigur Vitols made some observations:

- Technical aspects and multiple reporting standards related to NFIR process.
- Materiality assessment process: trade unions/worker reps should not be excluded from the process



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- Politics of reporting: how can you start/deepen dialogue with management on these issues?
- Turning NFR into a tool for improvement: how do we move from dialogue to action?

After this, a discussion on training needs took place.



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ANNEXES

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- Annex II. Questionnaire findings report. Greece – p. 43
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- Annex IV. Questionnaire findings report. Italy – p. 61
- Annex V. Questionnaire findings report. Spain – p. 77
- Annex VI. Demands for the revision of directive 2014/95/EU on non-financial reporting. Germany – p. 91



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ANNEXE I

TALK- Training and Advising on Labour Keys

QUESTIONNAIRE

ABOUT PROJECT TALK

This project will foster the debate and the consensus among national and European workers' representatives' organisations and employers organisations in the field of non financial information reports (NFIR) so they can improve social dialogue at national and European level and assert their interest in shaping the European policies and the Directive 2014/95/ EU, which has mostly been implemented at a minimum level and is reaching different levels of development depending on the specific European state.

The title of this project (TALK) was chosen precisely because the background found for this kind of European initiatives and political targets shows the need of spreading the debate and the action among companies and unions, social agents and civil organizations.

NFIR are a scope for the involvement of workers and their bodies of representation in terms of social dialogue with companies and employers' organizations, and their participation may promote the improvement of corporative social responsibility policies and the sustainability in the European industry.

Therefore, the most ambitious activities of this project are the international workshop and the national educational activities, because they will develop the consensus within the trade-union and companies positions on this field and the workers and European Works Councils skills to participate and promote these policies.

A specific target is to provide skills for workers representatives to analyse non-financial information reports disclosure by companies. Among the benefits of this task, it can be mentioned to improve the social dialogue at company level.

Background

In the month of April, an International Workshop (IW) was planned to be held in Florence, in which experts from employers' organizations and companies experts, union experts, workers representatives and international social experts was going to analyze and debate different issues regarding in the field of corporative social responsibility (CSR) and non-financial information reporting (NFIR).

Among others:



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- Debate how to improve the legislative framework for reporting of non-financial information.
- Analyse the impact of non-financial reporting legislation on companies and discuss the framework for collaboration between companies and workers' representatives in this area.
- Address the approach and needs of European Work Councils to participate on the framework for reporting of non-financial information.
- Analyse how to promote and participate in the implementation of climate change commitments and sustainable development goals (SDG) undertaken by the EU and business through analysis of information provided in non-financial information reports.
- Debate and agree on common needs of awareness, education and union involvement on CSR and non-financial information at the level of all participating countries.

The conclusions obtained during this IW would be used by project partners to prepare a Base Document for the promotion of initiatives and training actions in each country.

Due to the current COVID 19 crisis, this face-to-face IW had to be delayed until the sanitary situation improves (finally it was replace by a virtual meeting as described in part 2 of this document) , so it was decided to advance part of the work and the conclusions by means of a questionnaire that was sent to the experts of each country.

How to deal with this questionnaire

This questionnaire was intended to obtain the national/international experts' information that would have been collected at the International Workshop. It is not a structured methodology and it's not going to be analyzed quantitatively. So we was very flexible about the way each country can distribute the questionnaire and collect this information:

To meet this:

- The questionnaire can be use as an outline to carry on an interview with selected experts by videoconference.



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- Few questions can be selected for each expert depending on his/her expertise field.
- Some parts of the questionnaire can be selected depending the target group.
- More questions can be added for each expert in order to obtain the maximum information from the (for example if some experts can provide specific information about any issue).

Objective

Technical Questionnaire (TQ) intended to mitigate the postponing of IW, allowing us to anticipate the elaboration of some outputs of the project. As finally IW had to be modified, the conclusions from TQ helped us to define a new proposal for the developing of the virtual IW. So, results from TQ, together with additional virtual technical meetings, allowed to share, discuss and validate the results.

So, the objective of the questionnaire is to gather the opinion of the different interest groups identified in the project (employers organizations, company's experts, unions, workers representatives, social partners,...) on the topics that were to be the object of reflection and debate during the IW.

Questionnaire structure

The questionnaire has been structured in four sections:

- Legislative framework for reporting of non-financial information (Section 1)
- Social dialogue and non- financial information (Section 2)
- Climate change commitments and sustainable development goals (SDG) and non- financial information (Section 3)
- Awareness, education and union involvement on CSR and non-financial information (Section 4)

Each section contains a series of questions formulated as openly as possible, so that qualitative information can be obtained, where possible.

Each section of the questionnaire has a specific target group, so depending on the person to whom the questionnaire is addressed, the appropriate sections should be selected.



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Target Group

Technical Questionnaire should be distributed among these groups:

- Employers' organizations and companies' experts
- National/International social/civil experts
- Union experts, union officials, workers representatives

QUESTIONNAIRE

PART ONE: PERSONAL INFORMATION

APPLICATION PRIVACY POLICY.

The information provided and personal data will be subject to the provisions of the new Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016, which came into force on 25 May 2018, replacing the Organic Law on Data Protection (LOPD).

The INSTITUTO SINDICAL DE TRABAJO AMBIENTE Y SALUD with address at c/ General Cabrera 21, 28020 Madrid, email address rgpd@istas.ccoo.es and telephone 34 91 449 10 40, is responsible for processing the material obtained in order to complete the actions defined in the TALK- Training and Advising on Labour Keys Project and justify the grant awarded.

You may exercise your rights of access, rectification, limitation, deletion, opposition and the portability of the data by sending a letter to the above address, accompanied, where appropriate, by a copy of the ID card of the person concerned.

1. INFORMATION ABOUT THE PERSON WHO ANSWERS THE QUESTIONNAIRE

Responsibility:

- Employer's organization
- Company's expert
- Union's official
- Union's expert
- Worker's representatives (company)
- Social / ONG expert
- Other

Contact information:

E-mail:

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PART TWO. QUESTIONNAIRE

Section 1.

Legislative framework for reporting of non-financial information

Background

Among others, this section will address the following topics:

- How could be improve the legislative framework for reporting of non-financial information?
- Analyse the impact of non-financial reporting legislation on companies and labour relations.
- How could the legislative framework promote or be a driven to reach mayor collaboration between companies and workers' representatives in this area?

Specifically, this section aims to get the good practices and requirements set in some national NFI regulations that have gone beyond the Directive, in order to support a proposal for the review of NFID. In this context, both employers' organization and Unions perspective will be addressed. The questions will be made considering these two perspectives.

Questions

1. Do you think that the non-financial disclosure directive has had an impact on labour relations? Reason your answer

- YES
 NO
 DON'T KNOW / NO OPINION / NOT RELEVANT
-

2. Do you think that the revision of the directive should aim to improve the dialogue and involvement among companies and workers and their representatives in the process of reporting non-financial information? Explain your answer.

- YES
 NO
 DON'T KNOW / NO OPINION / NOT RELEVANT
-

3. Please, answer the following questions

a. Reported non-financial information is not sufficiently comparable or reliable.

- YES
 NO
 DON'T KNOW / NO OPINION / NOT RELEVANT



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b. Companies do not report all non-financial information that users think is necessary, and many companies report information that users do not think is relevant.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

c. It is hard for stakeholders and other users to find non-financial information even when it is reported.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

4. Please, answer the following questions

a. Companies incur unnecessary and avoidable costs related to reporting non-financial information.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

b. Companies face uncertainty and complexity when deciding what non-financial information to report, and how and where to report such information.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

c. Companies are under pressure to respond to additional demands for non-financial information from sustainability rating agencies, data providers and civil society, irrespective of the information that they publish as a result of the non-financial information

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

5. In your opinion, the lack of comparability of non-financial information reported by companies pursuant to the NFRD is a significant problem.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

6. The limited reliability of non-financial information reported by companies pursuant to the NFRD is a significant problem.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT



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7. Do you think it is necessary to require companies to apply a European non-financial reporting standard? Explain your answer

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

.....
.....

8. In case to do, do you consider that Unions should be involved in the process of developing a European non-financial reporting standard? Explain your answer.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

.....
.....

9. In your opinion, is there a need to clarify the concept of 'material' non-financial information? Explain your answer.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

.....
.....

10. If you do think there is a need to clarify the concept of 'material' non-financial information, how would you suggest to do so?

.....
.....

11. What information concerning company's materiality determination process and its results do you consider important?

- a. Explanation of which non-financial issues the company considers a priority (using a simple low/medium/high/critical) and why (whether because of the risks to company or risks to stakeholders).
- b. Inputs into and process of assessment of risks and impacts
- c. Description of involvement of affected stakeholders
- d. The extent to which outcomes of grievance mechanisms were reflected in materiality determination
- e. Details of assessment of company's supply chains
- f. How the results informed actions of the company
- g. Any other aspects

12. Should EU law impose stronger assurance requirements for non-financial information reported by companies falling within the scope of



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the NFRD?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

13. Would you agree to extend the scope of the Directive to other companies?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

14. If the answer is yes, to which categories of companies would you extend the scope of application and why?

.....
.....

15. Do you think that the new directive should make any mention of the role of workers and workers' representatives in the process of preparing non financial information reports or developing and overseeing company's sustainability strategy?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

16. If the answer is yes, can you point out some proposal?

.....
.....

17. Has the transposition of Directive 2014/95/EC into your country's legal system established any requirements or good practices that should be incorporated into the proposal of revision of Directive?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

18. If the answer is yes, can you point out some proposal?

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Section 2.

Social dialogue and non financial information

Background

CSR and NFI processes must therefore be fully integrated in social dialogue and be opened to the collaboration and participation of workers and their representatives. CSR and NFI can be an enriching element of Social Dialogue and collective bargaining, by including elements that have traditionally been problematic, such as those related to the rights to information and participation in the organization of work at company level and at mother company level, in the case of European companies.

At European level, this framework is an opportunity to improve the social dialogue at the mother company level, through European Work Council, among companies and workers representatives, but also among workers representatives.

Questions

1. Do you consider as necessary, the existence of specific social dialogue bodies to regulate the adaptation of Directives, state developments and control of their compliance?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

2. In your opinion, is it necessary to better define the limits between financial and non-financial information in a framework of social dialogue (recommendations, legislative development, other formulas...)?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

3. In your opinion, does the transposition of Directive 2014/95/EC into your country's legal system improve the possibility of dialogue and collaboration between the company and the employees and their legal representatives in the context of the preparation of non-financial information? Explain your answer.

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

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4. Do you think it would be useful to establish common training and even joint company/union training in this area through state and/or sectorial social dialogue?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

5. If yes, how would you think it could be implemented?

.....
.....

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

.....
.....

Section 3.

Climate change commitments and sustainable development goals (SDG)

Background

The CSR is a good framework to move on the achievement of the sustainable development goals (SDG) undertaken by the EU and business. CSR policies must be ambitious in these aspects and set clear objectives. For workers, these policies and in particular the analyzing of NFIRs are an opportunity to cooperate with the company in achieving these objectives.

In this context, the contribution of each company and organization to compliance with SDG and the Climate Change commitment should be measured through the reporting model on which CSR and NFIR is based. In other words, non-financial information is the appropriate place to assess this degree of compliance with SDG by companies

Therefore, the trade union and social analysis of a sustainability report or non-financial information should also have, among its objectives, to verify the alignment, commitment and compliance of the company with the SDG, according to its characteristics and scope of influence.



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Questions:

1. In your opinion, how climate change issues are addressed in non-financial information reporting?

.....
.....

2. Related to climate change issues, how do the companies communicate about these issues in their non- financial reporting?

- Business model: risks, opportunities, dependencies, contribution of the company to climate change

.....
.....

- Corporate strategy and climate objectives.

.....
.....

- Risk management and adaptive measures.

.....
.....

- Governance process: internal and external. Involvement of Stakeholders.

.....
.....

- Resources for implementing climate action: financial tools, investments, R&D&I, training.

.....
.....

- Indicators

.....
.....

3. How could the companies be encouraged to improve their information on these aspects?

.....
.....

4. How could the active participation of workers and their representatives in the company's climate action be strengthened, specially through the analysis of information provided in non-financial information reports?

.....
.....



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5. Which climate change mitigation or adaptation measures do you consider having the most co-benefits?

.....
.....

6. What actions for the reduction of emissions do you consider can have a more significant impact on the transformation of the productive fabric?

.....
.....

7. Do you think that the contribution of each company to SDG compliance should be measured through the reporting model on which CSR is based, and specifically in non- financial reporting?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

8. In your opinion is the information provided by companies on their sustainable development goals (SDG) sufficient?

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

9. Could you point out 5 SDGs that you consider to be a priority from a trade union perspective, taking into account the chance to mark out criteria and actions on companies more clearly, from the approach of Union and workers' representatives?

Please, check this link: <https://www.unglobalcompact.org/sdgs/17-global-goals>

.....
.....

Section 4.

Awareness, education and union involvement on CSR and non-financial information

Background

It is essential that workers know what CSR and non-financial information framework are and how useful it can be. It is important to know how to analyze the information that the company provides so that it can be useful to workers. This is the fundamental objective of the TALK project, so it is important to gather information



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from the experts in this section.

Focusing in union perspective, among other, this section will pay attention to the following items:

- Debate and agree on common needs of awareness, education and union involvement on CSR and non-financial information at the level of all participating countries.
- Addressing the different training modalities to develop in each participating country in order to comply with the labour relation's framework in each country, in order to obtain the best achievement of objectives of the project.

Questions

- **What do you think is the level of knowledge of workers on CSR and non-financial information framework issues?**

- Very high
- High
- Sufficient
- Insufficient
- Very low

- **What are the main training needs of workers in these areas? [You can choose more than one option]**

- Understand the context of Directive 2014/95/EU and its scope
- Be aware of the frameworks for disclosure of non-financial information (GRI standard)
- Tools for the analysis of non-financial information reports
- Relevant indicators for social analysis of NFIR (KPIs)
- Climate Changes and SDG and NFIR
- Others:

.....
.....

- **Which should be the target participant? [You can choose more than one option]**

- Workers in general
- Works council
- CSR policy makers
- Others:

- **What do you think is the main benefit the participants will get?**

.....
.....



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- **How could this training improve the social dialogue in your country?**

.....
.....

- **How could this training improve the involvement of workers representatives and Unions in non-financial information disclosure process in your country?**

.....
.....

- **Which organizations could facilitate the development of the training? Specify which one would be appropriate in your country.**

- Trade unions organizations
- Employer organizations
- Regional or state administrations
- Social/civil organizations
- Tripartite bodies
- Other:

- **How would you approach training in your country?**

- Technical training provided by the project partners
- Seminar with experts
- A mix of both of them
- Others:

.....
.....

- **Is the monitoring of collective bargaining agreements (CBA) and global framework agreements (GFA) a relevant issue for trade unions and workers' representatives?**

- YES
- NO
- DON'T KNOW / NO OPINION / NOT RELEVANT

- **Which sources of information are typically used to monitor collective bargaining agreements and global framework agreements?**

.....
.....

- **Information on which policies is often hard to obtain in the monitoring process of CBA and GFA?**



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.....

- **Information on which indicators is often hard to obtain in the monitoring process of CBA and GFA?**

- **Information on which policies would be useful in the monitoring process of CBA and GFA that is not available right now?**

- **Information on which indicators would be useful in the monitoring process of CBA and GFA that is not available right now?**

- **Information on which policies or indicators from non-financial reporting could help monitoring collective bargaining agreements and global framework agreements? Please be as specific as possible for the following subjects**
 - a. Environmental protection
 - b. Social responsibility and treatment of employees (e.g. gender equality, working conditions, social dialogue, health and safety at work)
 - c. Respect for human rights
 - d. Anti-corruption and bribery
 - e. Diversity on company boards
- **How important is country-by-country information for monitoring global framework agreements? (9-13)**



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ANNEXE II

QUESTIONNAIRE FINDINGS REPORT

GREECE

1. OBJECTIVE OF THE QUESTIONNAIRE

Technical Questionnaire (TQ) intends to mitigate the postponing of IW, allowing us to anticipate the elaboration of some outputs of the project. As possibly IW will have to be modified in some way, the conclusions from TQ will help to define a new proposal for the developing of the IW. As there is no certainty that it will be possible to prepare a face to face IW, results from TQ, together with additional virtual technical meetings, could allow to share, discuss and validate the results.

So, the objective of the questionnaire is to gather the opinion of the different interest groups identified in the project (employers' organizations, company's experts, unions, workers representatives, social partners...) on the topics that were to be the object of reflection and debate during the IW.

2. SCOPE OF THE QUESTIONNAIRE

The questionnaire was not designed to apply a structured methodology or to make a quantitative exploitation of the results. Rather, it was aimed at obtaining a general and dominant view of the different sections and sections contained in it, as well as achieving qualitative information derived from the specialisation of many of the interviewees in some specific areas (climate change, social dialogue, analysis of non-financial information reports, etc.)

One of the premises was the flexibility given to the recipients of the report to be able to complete it, depending on their skills, knowledge and time available.



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To this end:

- The questionnaire could be used as a script to conduct an interview with one of the selected experts.
- The questions for each expert could be selected according to their field of expertise.
- Some parts of the questionnaire could be selected according to the recipient.
- More questions could be added in order to obtain the maximum information from the interviewee if he/she had a specific profile or specialized knowledge in some subject.

Therefore, the response to the questionnaire by all the participants is not uniform, but rather corresponds with the aforementioned premises of flexibility and specialisation of the participants of the questionnaire. This fact is more evident in sections 2, 3 and 4, which are more technical and biased towards specific profiles (experts in climate change and social dialogue or in trade union issues). With regard to section 1 (revision of Directive 2014/95/EU), the degree of response is more complete, having been answered almost in its entirety by all those who participated.

3. STRUCTURE OF THE QUESTIONNAIRE

The questionnaire was structured in four sections:

- Legislative framework for non-financial reporting (Section 1)
- Social dialogue and non-financial information (Section 2)
- Climate change commitments and sustainable development objectives ODA) and non-financial information (Section 3)
- Union awareness, education and participation in CSR and non-financial information (Section 4)

Each section contained a series of questions formulated as openly as possible, so that qualitative information could be obtained where possible.

4. RECIPIENTS OF THE QUESTIONNAIRE



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In order to cover all the profiles that would have been represented at the International Seminar, a number of groups were selected from which to distribute the questionnaire:

- Business and technical business organizations
- Union representatives, union experts and workers' representatives at company level.
- Social experts

5. QUESTIONNAIRE STRUCTURE

The questionnaire has been structured in four sections:

- Legislative framework for reporting of non-financial information (Section 1)
- Social dialogue and non- financial information (Section 2)
- Climate change commitments and sustainable development goals (SDG) and non- financial information (Section 3)
- Awareness, education and union involvement on CSR and non-financial information (Section 4)

Each section contains a series of questions formulated as openly as possible, so that qualitative information can be obtained, where possible.

6. RECIPIENTS OF THE QUESTIONNAIRE

In the case of Greece, the recipients of the Questionnaire were: Experts from Employers Organizations, Trade Unions Organizations' officials and experts, social experts. Additionally, there were exchanges of views with persons from companies

There has been 6 TQs from the Trade Unions, 1 TQ from the employers that it is a result of an internal consultation with the team of experts within the organization, 1 from a social expert. Moreover, there are views collected and added in the report.

Employers Organization	1
Trade Unions officials	2
Trade Union experts	4
Social expert	1
Total	8



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The profiles of the TQ recipients

- One scientific Consultant of an Employers' Organization Institute
- Two Officials from Trade Unions
- One Sustainability expert from Trade Unions
- One Legal Advisor from Trade Unions
- One expert from a Trade Union Institute
- One trainer from Trade Unions
- One social expert

FINDINGS

Section 1

Legislative framework for reporting of non-financial information

- Regarding the impact of the Directive on labour relations there is a positive opinion from all respondents. The justification is based on the fact that the Directive 2014/95 and the respective national law had an effect by standardizing and normalizing labour relations. The obligation to publish the applied practices prevents practices of violation of the legislation and degradation of labour relations.
- All parts consider that the revision of the directive should include the improvement of the social dialogue along with the reinforcement of the workers representatives' participation into reporting process. This is due to the fact that workers in their various roles within the company do actively participate in the implementation of company's policies, therefore their participation in the non-financial reporting it has to be more evident in the revised directive. This will lead to improving transparency and building confidence at workplaces.
- There are problems related to the reliability and therefore comparability of the non-financial information. Sometimes appear disagreements between companies and users on what is relevant.
- The introduction of a standard (a single normative document) for NFIR would help substantially the whole process of implementation for both the Directive and the national law. To mention that in Greece companies that run non-



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financial reporting, they are doing that by using mostly the Greek Sustainability code, a sort of a national standard in the area. In conclusion, based also on discussions with companies' executives, the introduction of an EU standard will help to address comparability, reliability and relevance.

- The need to introduce a common European Standard is unanimously expressed.
- Concerning the participation of the Unions in the elaboration of such a standard there is also a unanimously positive opinion. Especially for the trade unions the issue is also linked to the just transition, which has to be reflected in such a standard.
- Companies do not consider unnecessary or avoidable the costs related to the non-financial information. On the contrary they consider it important and helpful to the improvement of their sustainability profile giving them the possibility to participate in the EU programs related to climate change, through Green Deal initiatives etc. Most of those who run reporting on non-financial information are active also in the CSR, in other certifications as EMAS, European ECOLABEL, ISO, European ETS etc.
- As for the materiality there is a need of clarification. This need stems from the prevention of unfair competition that occurs when certain companies fully comply, whilst others refer very selectively to data that are required to disclose. Proposed topics by the respondents to clarify the concept of "material" non-financial information would be: environment, labour, racial discrimination and corruption.
- As for the importance concerning company's materiality determination process and its results, more or less all choices proposed by the TQ have been considered such as: explanation of which non-financial issues the company considers a priority (using a simple low/medium/high/critical) and why (whether because of the risks to company or risks to stakeholders); inputs into and process of assessment of risks and impacts, description of involvement of affected stakeholders; the extent to which outcomes of grievance mechanisms



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were reflected in materiality determination; details of assessment of company's supply chains.

- **Regarding the extension of the scope to other companies the employer's opinion was negative. In fact, in the Greek law almost all companies except the very small are involved in the process. To mention that in the** relevant interpretative circular No 62784/06-06-2017 to the Law 4403/2016 of the Ministry of the Economy and Development, there is a requirement for the publication of environmental and labour issues in the Management Report, for listed, non-listed, large, medium and small companies as follows:

Listed companies

- ✓ Listed companies with more than 500 employees and subsidiaries in Greece of listed companies in their country of origin.
- ✓ Listed companies with less than 500 employees.

Non-listed Companies

- ✓ Large companies with an average number of employees more than 250 and a turnover larger than 40.000.000 euros,
- ✓ Medium-size with an average number between 50-249 employees and a turnover from 8.000.000 up until 39.999.999 euros
- ✓ Small size with an average number between 10-49 employees and a turnover from 700.000 up until 7.999.999 euros.

Very small companies

- ✓ Addressed to very small companies that are not obliged by the law to report non-financial data and have not a systematic approach towards Sustainable Development and Corporate Responsibility but wish to be linked to Responsible Business.
- All respondents agreed upon the need that the revised Directive should mention the role of workers and workers' representatives in the process of elaborating



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non-financial information reports or developing and overseeing company's sustainability strategy.

- The transposition of Directive 2014/95/EC in Greece's legal system established good practices that should be incorporated into the proposal of revision of Directive. These good practices could be found on the site of the Greek Sustainability Code. <https://greekcode.sustainablegreece2020.com/?lang=en>

Section 2

Social dialogue and non-financial information

- All respondents were positive in establishing social dialogue bodies to regulate the adaptation of Directive, to monitor the state developments and control the compliance.
- It also came up as being necessary to better define the limits between financial and non-financial information in a framework of social dialogue.
- The transposition of Directive 2014/95/EC in Greece's legal system potentially should improve the social dialogue and collaboration between the company and the employees and their legal representatives in the context of the preparation of non-financial information if it would be compulsory. As long as it is not, it's up of the companies to facilitate it or not. In some cases, employees are recipients of information on the content of the non-financial reporting, but this is not enough.
- Common training and even joint company/union training in this area through state and/or sectorial social dialogue is considered positive by both unions and employers. The implementation of such an action could go through the Training and Research Institutes of the to social partners with the ultimate goal of building a common methodology and terminology among all stakeholders.

Section 3



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Climate change commitments and sustainable development goals (SDG)

- Concerning the non-financial reporting and climate change issues there are different approaches. Some say that prevail generalities and sometimes wish lists. Others say that it depends on the company and how seriously takes its role in climate change issues. The general feeling is that are missing or are not presented measurable goals which would allow the yearly evaluation of company performance.
- About the business model: In the non-financial reporting, companies present their business model, risks, opportunities, dependencies and contribution of the company to climate change. They also try to present their compliance with other policies linked with climate change, such as circular economy. How deep they go in these data depends on the company. There is not a common attitude. On the other hand, trade unions have not developed their capacity to check reporting in this area. The only safe solution to make things easier would be the inclusion in the Collective Agreements framework, either at national or sectorial level. This would facilitate employees or their representatives to get involved actively. To achieve this, it's also the responsibility of the trade unions to make it a priority. The reality though is different, as trade unions are overwhelmed with existential issues of their members due to the financial crisis of the previous years and the on-going sanitary crisis of COVID19 which had a negative impact to the labour overall. The result was a shift to priorities closely related to existential problems of workers, which is in fact the traditional area of action of trade unions.
- Companies that comply with the legislation on climate change do have a corporate strategy and climate objectives. Moreover, those running non-financial reporting or are certified with various environmental or CSR awards are diligent and consider that they are reporting comprehensively.
- Risk management and adaptation measures due to climate change are priorities for companies whose location and character make them vulnerable. Adaptive measures in this case focus on the increase of their resilience i.e. in extreme



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weather effects. It is also equally important i.e. the changing of the energy mix and using electricity from RES, the planting of trees and the creation of green islands in the workplace and outside. More green means a drop in local temperature (micro-climate), aesthetic upgrade, human recreation area etc. In any case they must follow the national and regional strategy on Adaptation when applicable to them. Climate change mitigation and adaptation measures converge in improving the sustainability profile of companies and have an added value for the society.

- There is a common view from unions that there is a need for more transparency from companies side as regarding the information on their policies related to the environment, climate change, CSR, SDGs etc.
- The contribution of each company to SDG compliance should be measured through the reporting model on which CSR is based, and specifically in non-financial reporting.
- The 5 SDGs to be a priority from a trade union perspective:
 1. SDG 1: No poverty
 2. SDG 3: Good Health and Well Being
 3. SDG 8: Decent work and Economic Growth
 4. SDG 13: Climate Action
 5. SDG 10. Reduce inequalities
- The 5 SDGs to be a priority from employers' perspective:
 6. SDG 7: Affordable and Clean Energy
 7. SDG 8: Decent work and Economic Growth
 8. SDG 9: Industry, Innovation and Infrastructure
 9. SDG 12: Responsible Consumption and Production
 10. SDG 13: Climate Action

Section 4

Awareness, education and union involvement on CSR and non-financial information



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Note: This section of the TQ was addressed only to the Trade Unions and social experts.

- The level of knowledge of workers on CSR and non-financial information framework issues is very low.
- The main training needs of workers include areas such as:
 - Understand the context of Directive 2014/95/EU and its scope
 - Be aware of the frameworks for disclosure of non-financial information (GRI standard)
 - Tools for the analysis of non-financial information reports
 - Relevant indicators for social analysis of NFIR (KPIs)
 - Climate Changes and SDG and NFIR
- The target participant should refer mostly to work Councils members when we refer to big companies. Concerning smaller companies, the target participant is /might be the worker delegated as head of OHS and Environment Committee.
- The greatest benefit of training will be the deeper knowledge of both the framework and the issues themselves that are included in the NFIR. The trained people will be able to get involved to the NFIR process. Other benefits the knowledge offered to the unions in areas less known and therefore helping them to get reliable information to the benefit of workers and the society through to make more sustainable the productive process. This training could improve also the social dialogue because the in-depth knowledge of the topics of discussion allows for the understanding and substantial exchange of views. And of course it will contribute to a better implementation of the NFRD.
- Organizations facilitating the development of the training pointed out are: Trade unions organizations, Employers' organizations and bipartite Institutes (Trade Unions/Employers).
- The option selected for the training was the seminar with experts coming from all sides in order to achieve the best osmosis in knowledge and information.
- The monitoring of Collective Bargaining Agreements (CBA) and Global Framework Agreements (GFA) is an important issue for trade unions.



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- The information on which policies or indicators of NFIR could help to monitor CBA and GFA should focus on environmental protection, social responsibility and treatment of employees (e.g. gender equality, working conditions, social dialogue, health and safety at work), respect for human rights, anti-corruption and bribery and diversity on company boards.
- The country-by-country information for monitoring global framework agreements is useful. It would show the different levels of implementation in each country and would lead to a realistic evaluation of GFAs.



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ANNEXE III

QUESTIONNAIRE FINDINGS REPORT

HUNGARY

1. BACKGROUND

The TALK Technical Questionnaire is intended to mitigate the effect of the postponement of the first international seminar of the TALK project, by allowing us to anticipate the development of some project result.

MGYOSZ-Business Hungary is the largest Hungarian employers' confederation and the Hungarian member of Business Europe. As a confederation, MGYOSZ-Business Hungary affiliates both large companies as direct members and sectoral/professional organisations. When we selected our target group for this survey, we intended to choose unionized large companies, as MGYOSZ-Business Hungary is the only employers' organisation in the project, and we keep important to highlight companies' opinion about the obligation of disclosure of non-financial information.

Due to the COVID-19 pandemic, we were intended to reduce personal contacts, thus we created a questionnaire through surveymonkey.com. That allow us to circulate the questionnaire by e-mail, it saved much time for the respondents by its easy handling and it simplified the analysis. However, this digitalised format needed some simplification in the structure of the originally agreed questionnaire. Further to it, we had to consider that some questions were not relevant in case of employers or in the Hungarian circumstances, thus we ignored some of them. We faced some difficulties regarding the collection of responses, since the COVID19 pandemic meant significantly heavier burden for company representatives than in normal situation. At the same time, these days they faced an increased load of questionnaires and surveys (received even from us), and it made more difficult to get answers then usually.



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We intended to ask all of the questions from the original questionnaires – what we felt relevant to put on to a company. Even though all the 3 companies have good industrial relations structure, they are all Hungarian owned multinationals, and they don't have global framework agreements, as far as we know it. Due to the time pressure we wanted to send them a questionnaire that is quick and easy to fill and contain only relevant questions. Partially this is the reason why we ignored all the open questions, but let them the room to provide their opinion if they have, in a last question. Thus our survey consisted of 13 questions, the last one was the open ended, and nobody added anything to it. Question number 6 (Q6) contained the majority of the original questionnaire in a „multiple choice” version (yes-no-I don't know/not relevant), thus we added it's detailed analyses to the end of this report.

2. HUNGARIAN REGULATION ON DISCLOSURE OF NON-FINANCIAL INFORMATION

Hungary implemented the NFRD by an amendment to the Act C of 2000 on Accounting. The following entities shall be under the scope:

- number of employees over 500
- Net turnover over HUF 12 billion; or Balance sheet total over HUF 6 billion 3.
- Public Interest Entities:
 - Listed entities
 - Credit institutions
 - Insurance and reinsurance undertakings •
 - Investment firms •
 - Issuers, including managers of investment funds •
 - Other entities may be designated based on public relevance

The reporting obligations covers the following matters:

- Environmental performance
- Social and employee matters
- Human rights performance
- Corruption and anti-bribery matters

The report shall contain:

- • A description of the undertaking's business model



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- • Company policies relating to nonfinancial matters, and the outcomes of those policies
- • Principle risks related to nonfinancial matters and business activities
- • Any non-financial KPIs which are used

This information shall be presented in the annual report / consolidated annual report.

Regulation on workers involvement in NFRD

The non-financial report is the part of the Annual report/Consolidated annual report of the companies. According to the Labour Code, in some cases the representatives of trade unions and/or works councils have the right to get to know AND express their views/discuss the annual report of the company. This is mainly up to the level of workers' involvement in the company's decision making, or it appears on the agenda of the supervisory board of the company. The rules of supervisory board is the only legal requirement, where the workers' representative can put forward their views on the Annual report – and NFR as a part of it. According to the Civil Code, in case a company have at least 200 full-time employee on annual average, the one-third part of the supervisory board-members shall be workers' representative. They're nominated by the works council, but the works council have to seek the opinion of the local trade union about the candidates in advance. (Act 5.2013 on the Civil Code) This is the way the workers can make any influence/can have first-hand information from the EO about the non-financial report (as a part of the annual report), however this is not the same as their direct involvement for the preparation of the NFR, because the role of the supervisory board is the control over the company-owner/leadership. Based on the response of KÖVET Association (please see below) and the experience of our daily work in the field of industrial relations, we can state that non-financial reporting is not used to be on the agenda of social partners neither on the enterprise, nor the middle- and national level.

3. THE RESPONDENTS

We collected 5 responses, as follows:

1. company representative from EGIS Hungarian Pharmaceuticals,
2. company representative from MOL GROUP (international oil and gas company, headquartered in Budapest),
3. anonymous respondent (company representative) from the pharmaceutical sector,



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4. anonymous trade union representative of a large company in the steel sector,
5. representative of KÖVET Association, an NGO specialized for CSR, with a membership consisted of company CSR representatives.

3. ANALYZES

3.1. INTRODUCTORY QUESTIONS

Since previously we had no similar information on this issue among our membership, we added some questions to the questionnaire to uncover:

- whether any type of cooperation exists between the employers and trade union on the company level (Q3),
- did the obligation of NFRD had impact on the industrial relations' quality at the company (Q4),
- whether is it possible to improve the quality of workers' involvement through the European directive (Q5).

As a sum of the responses it can be stated, that in most of the cases (3) the companies do not involve trade unions in the preparation of the non-financial report, but TU receive the report for providing their opinion. One employer said they involve them (but the method is not specified), and one respondent said the issue is not on the agenda of the social partners. All the respondents agreed that the non-financial reporting did not influence the quality of industrial relations, 3 of them answered that this cooperation cannot be improved through the modification of the European directive. For this latter question 2 respondents answered, „I don't know”.

3.2. INFORMATION ON NON-FINANCIAL REPORTING AND SOCIAL DIALOGUE

In order to make the data and information collection easier, we summarized the project questionnaire's section 3 and 4. for a large multiple-choice question under Q6 in our survey. Concerning the summary of the responses, the followings can be stated.

Regarding the information-content of NFRD, the respondents agreed, that the reports are used to be sufficient, and all of them think that the amount of the information they publish in the reports are necessary. However, 4 respondents told, that it's not always clear, what type of



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information shall be included and how. We can say that at this point the responses were common: trade union said „not relevant, I don't know”, but other respondents chose „yes”, that is to say companies face uncertainty and complexity when deciding what non-financial information to report, how and where they should do it. Comparability is also a doubt in case of 2 respondents, and 2 representatives reported they are often under pressure to share additional information for meeting external shareholders' demands. This result can be confirmed by the fact they agree on the necessity of European non-financial reporting standards (3 respondents), supposedly because standardisation could help to clarify the questions and concerns above (lack of comparability, what to include, etc.) Every other response in this issue show that there is a strong need to see much clearer what should be considered as „non-financial” please see the details at Annex 1.

All of the respondents consider that the reliability of the NFR is out of question, but their view is not so common regarding the comparatively, and most of them (4 respondents) think it is worth extending the directive's scope to other companies.

Regarding social dialogue in terms of NFRD, it can be stated that it's not the topic of industrial relations on the company-level, according to the Hungarian respondents.

According to 1 company-representative and 1 NGO representative the role of workers/workers' representatives on NFRD have to be clarified in the directive, 2 company representatives refused it („no”), and the TU respondent stay away from saying anything („I don't know/not relevant”). Almost everybody agreed that social partners need to be involved more intensively for the national implementation process, and they partially (2 respondents) thinks that workers' role on sustainable strategy needs to be mentioned by the Directive (yes: 1 company representative, NGO representative, no: 2 company representatives, not relevant: TU respondent). Social partner' involvement in compliance-revision is also commonly agreed (4 yes, 1 company representative said no) by the respondents.

Regarding the necessity of training the employees, it is considered to be important, but it shall be the task of the trade union (responded by 1 TU, 1 employer, 1 NGO), but from employers' point of view, only 1 of them told yes for the necessity of training, 2 of them told „no”.



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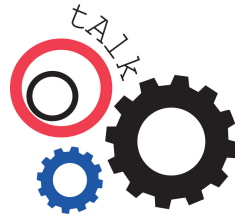
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The answers regarding the workers' knowledge on non-financial reporting is very diverse. Nobody confessed they're well informed, 2 of them said they knowledge on the issue is insufficient, 1 told their knowledge is sufficient, and 1 that they're well informed. However, all of the respondents confessed that they should be worth training them. At this point, respondent had the possibility to tick more choice as possible training topics. All of the employers' representatives + the NGO agreed that the sustainable development goals of the UN can be important topic. The TU representative was the only one who said its no worth training the employees on NFRD, because they're not interested in it. According to 3 respondents the works councils and TU's are not interested in trainings on NFRD, because they have no any information and knowledge on it, but it's worth a try, with the target of „sensibilisation”.²

CONCLUSIONS

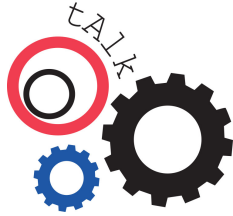
The issue of disclosure of non-financial information is not the issue in industrial relations, neither on the level of enterprises, nor the sectoral level. Due to the special case of Hungarian tripartite dialogue, the transposition of the Directive to the national law is not discussed by social partners on the national level. According to the survey's outcome, employers are more aware of the topic like trade unions, this can be due to the lack of information on the employees' side. Secondly, we think that the issue is not a key on TU's agenda, because debates on key working conditions can push it more into the background, especially in severe times like the COVID-19 pandemic. Since NFRD is the part of annual financial reporting obligation, works councils (as a body of participation) can be the proper forum for workers' involvement, however we did not focus on them in the survey. The key problem was identified by the company representatives are the comparability of different company report, and we can say they would be happy to put more role on social partners during the legislation process on the national level.

² q12: In which are do you think it's worth training the employees? 1, NFRD legal framework, 2. NFRD analyzing tools, 3. sustainable development goals, 4. works councils and Tus do not interest in the topic so no worth training them, 5. works councils and TUs do not interest in the topic but worth training them with the purpose of sensibilisation



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Measuring the effect of NFIR in Hungary								
Do you agree with the following statements?								
	yes		no		I don't know, not relevant		Total	Weighted Average
Reported non-financial information is not sufficiently comparable or reliable information that users do not think is relevant	0	0	0,8	4	0,2	1	5	2,2
It is hard for stakeholders and other users to find non-financial information even when it is reported	0,2	1	0,8	4	0	0	5	1,8
Companies incur unnecessary and avoidable costs related to reporting non-financial information where to report such information.	0	0	0,6	3	0,4	2	5	2,4
rating agencies, data providers and civil society, irrespective of the information that they publish as a result of the non-financial information significant problem	0,8	4	0	0	0,2	1	5	1,4
problem	0,4	2	0,4	2	0,2	1	5	1,8
Do you think it is necessary to require companies to apply a European non-financial reporting standard?	0,4	2	0,4	2	0,2	1	5	1,8
In your opinion, is there a need to clarify the concept of 'material' non-financial information within the scope of the NFRD	0	0	0,8	4	0,2	1	5	2,2
Would you agree to extend the scope of the Directive to other companies the process of preparing non financial information reports or developing and overseeing company's sustainability strategy	0,8	4	0,2	1	0	0	5	1,2
Has the transposition of Directive 2014/95/EC into Hungary's legal system established any requirements or good practices that should be incorporated into the proposal of revision of Directive directive?	0,4	2	0,4	2	0,2	1	5	1,8
Do you consider as necessary, the existence of specific social dialogue bodies to regulate the adaptation of Directives, state developments and control of their compliance	0,2	1	0,4	2	0,4	2	5	2,2
possibility of dialogue and collaboration between the company and the employees and their legal representatives in the context of the preparation of non-financial information through state and/or sectorial social dialogue	0,8	4	0,2	1	0	0	5	1,2
	0,4	2	0,6	3	0	0	5	1,6
	0,6	3	0,4	2	0	0	5	1,4
							Answered	5
							Skipped	0



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ANNEXE IV

QUESTIONNAIRE FINDINGS REPORT

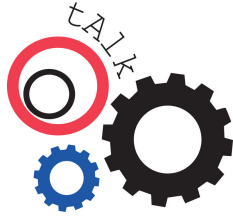
ITALY

Introduction

On the basis of the Report 2019 of the *Osservatorio delle Dichiarazioni Non Finanziarie e delle Pratiche Sostenibili* (Observatory for Non-Financial Statements and of Sustainable Practices, <http://www.osservatoriodnf.it/>) published in January 2020 we have some overall considerations on the 400 Italian reports which were produced in 2017 and 2018. An average of 200 reports per year.

- 1) Speaking about the **topics** of the reports we can see:
 - the biggest part is on social aspects (on average 24%), such as gender diversity, social inclusion, training of the personal, evaluation of sustainability of providers and the well being of local communities
 - then the environmental considerations (in average 12%), CO2 emissions, resource consuming (energy, water), use of recycled material
 - then the economical part (7%): a summary of the main economic-financial performance achieved by the company.
 - and finally the questions relatively to the governance of the enterprise (4%).
- 2) Only 3% of the enterprises is making the NFIR on a **voluntary** basis, the other 97% is doing it because they have to. It is a very low percentage which is testifying to the fact that most companies considers drafting NFIR as an obligation / cost instead as an opportunity.
- 3) 75% of the enterprises chose to draft this report as a **separate** document compared to the management report.
- 4) **Name** of the document:
 - in 62% of cases, companies call the document Dichiarazione non finanziaria / Non financial Declaration
 - 34% of the reports are called the Report of Sustainability
 - while in 4% of cases the DNF is classified as an Integrated Report.

These data show an increase in the tendency of companies to develop the non-financial report following the report format of sustainability.



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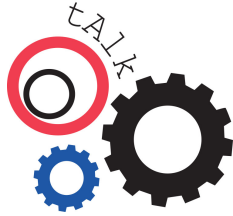
- 5) One aspect of great relevance in the management of sustainability issues concerns the presence in the company of a specific **Committee** to which the related matters are delegated. With regard to this aspect, only 36% of the companies analyzed have a Committee of sustainability, down sharply compared to 2017 (-17%).
- 6) The presence of a sustainability **plan** and its strategy, in fact, can certainly represent a characterizing trait for the company. Furthermore, the definition of medium-long term sustainability objectives, testifies to a concrete commitment to the adoption of responsible business practices. Also with reference to this aspect, only 31% of the companies analyzed draw up a Sustainability Plan, down sharply compared to 2017 (-17%).
- 7) All companies referred to the standard 13 reporting defined by **the Global Reporting Initiative (GRI)**. Regarding the methods of representing material issues: from the analyzes carried out, it emerges that 50% of the companies choose the materiality matrix to highlight company priorities, compare and relate them to stakeholders' expectations and priorities. In 27% of the cases, however, the companies merely report the list of topics relevant to their own business, compared to 37% in 2017.
- 8) There is an increase in the attention of companies to the international **Sustainable Development Goals (SDGs)**. Almost half of the companies included in the database (or 49%) relate them results of the management of the SDGs framework.
- 9) Each NFIR must be validated and certified by **auditors**. Only 1% of companies uses only internal auditors. 71% use auditors both internal and external, while 28% only external.

RECIPIENTS OF THE TALK TECHNICAL QUESTIONNAIRE

NAME	FUNCTION	ORGANIZATION	CONTACT
Marco Amadori	TU expert	Resp. Administrative Departement Cisl trade union	m.amadori@cisl.it
Claudio Sottile	TU officer	Resp. International Department Filca Cisl	claudio.sottile@cisl.it
Sara Teglia	Esperto civil society /NGO (Social expert)	Impronta Etica	s.tegla@improntaetica.org
Fabio Brunamonti	CISL Delegate in a bank	FIRST CISL	
Elizabeth Rogers	Other	Standard Ethics (Sustainability rating agency) http://www.standardethics.eu/	headquarters@standardethics.eu

SECTION 1.

LEGISLATIVE FRAMEWORK FOR NON-FINANCIAL REPORTING. REVISION OF DIRECTIVE 2014/95/EU



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1) Do you think that the non-financial disclosure directive has had an impact on labour relations?

Yes	2
No	1
Don't know	2
Total	5

Why?

Yes. The Directive has had an impact on the definition and implementation of corporate processes, especially on the identification of the issues to be reported, through the involvement of stakeholders. In addition, it had an impact on the reporting on personnel (workers) and diversity issues.

Yes. Greater reporting obligation by companies with respect to matters of pure union interest will provide an additional tool for checking the information provided in industrial relations.

No. The Directive is very vague and not very detailed and does not define uniformed reporting methodologies. It must be clearer and dictate a single reporting procedure. The sustainability reports of multinationals and the international framework agreements for shared CSR very often contain more detailed aspects.

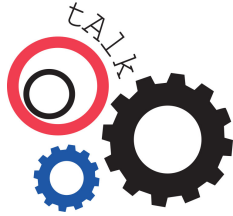
2) Do you think that the revision of the directive should aim to improve the dialogue and involvement of companies and workers and their representatives in the process of reporting non-financial information?

Yes	4
No	-
Don't know	1
Total	5

Why?

Yes. The revision of the Directive could further specify the stakeholder involvement process to the definition of material issues and therefore improve the dialogue between the social partners for the purpose of reporting.

Yes. By having a direct contact with the workers, we could provide greater feedback on how the declarations are then applied in the practice of the daily work, as well as potentially reducing the reporting costs with using less external consultancy.



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Yes. If the Directive is improved by going into much more detail regarding the social aspect and standardizing the procedures, it can become an additional tool with regard to the social and also environmental aspect. In addition, it must also contain penalties for non-compliance by companies.

3) 3. Please, answer the following questions:

a. Reported non-financial information is not sufficiently comparable or reliable

Yes	2
No	1
Don't know	2
Total	5

b. Companies do not report all non-financial information that users think is necessary, and many companies report information that users do not think is relevant.

Yes	2
No	1
Don't know	2
Total	5

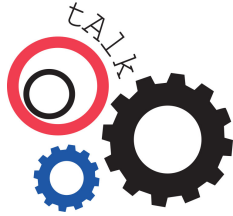
c. It is hard for stakeholders and other users to find non-financial information even when it is reported

Yes	2
No	2
Don't know	1
Total	5

4. Please, answer the following questions:

a. Companies incur unnecessary and avoidable costs related to reporting non-financial information

Yes	2
No	1
Don't know	2



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Total	5
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b. Companies face uncertainty and complexity when deciding what non-financial information to report, and how and where to report such information

Yes	3
No	-
Don't know	2
Total	5

c. Companies are under pressure to respond to additional demands for non-financial information from sustainability rating agencies, data providers and civil society, irrespective of the information that they publish as a result of the non-financial information

Yes	4
No	-
Don't know	1
Total	5

5. In your opinion, the lack of comparability of non-financial information reported by companies pursuant to the NFRD is a significant problem?

Yes	4
No	-
Don't know	1
Total	5

6. The limited reliability of non-financial information reported by companies pursuant to the NFRD is a significant problem?

Yes	3
No	1
Don't know	1
Total	5

7. Do you think it is necessary to require companies to apply a European non-financial reporting standard? Explain your answer



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Yes	5
No	-
Don't know	-
Total	5

Why?

Yes. Compared to the definition of a common standard, recognizing in any case the importance of a comparison of information and the convergence of the market towards the adoption of the GRI Standards, companies must be able to choose the most suitable standard for their reporting needs, with reference to maturity and the specificity of the sector, of the reference stakeholders and of its own information defined as "relevant". However, it remains important to define the links between standards and ensure that they converge more and more coherently between standards.

Yes. Only in this way can reliable comparisons be made between different companies

Yes. Each standard increase comparability

Yes. If we want to create over time a stable European economic system that guarantees equal treatment for every worker of the member states of the European community, eliminating disparities of any kind and generating inclusion, we should adopt a community reporting and evaluation standard that takes into account the specific socio-economical characteristics in order to be able to propose uniform growth strategies.

8. In case to do, do you consider that Unions should be involved in the process of developing a European non-financial reporting standard? Explain your answer

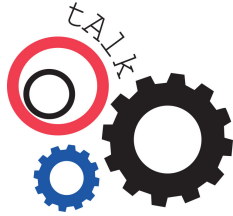
Yes	4
No	1
Don't know	-
Total	5

Why?

Yes. The involvement of all stakeholders is necessary to achieve a homogeneity of the process and put the social and environmental aspect on the same level.

Yes. An open process is at the heart of the EU

Yes. The involvement of the social partners is indispensable because it allows to create useful standards for those who will read the RNF



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No. In defining a European standard, we believe that investors, those who draw up the financial statements, non-profit organizations / foundations specialized on the subject and some public bodies or European authorities (eg ESMA) must necessarily be involved.

9. In your opinion, is there a need to clarify the concept of ‘material’ non-financial information? Explain your answer.

Yes	3
No	
Don't know	1
Total	4

Why?

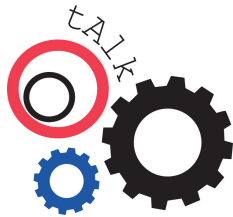
Si. Because materiality defines which topics are relevant for the report. The problem lies precisely in the relevance that can be "interpreted" by the various stakeholders

Si. There is a fundamental error: a distinction must be made between "responsibility" and "sustainability". In the first case, the materiality matrix is built through the guidelines of the company and its stakeholders. It is a subjective ESG approach that also defines targets and strategies. "Sustainability", on the other hand, is a systemic element: a "sustainable" company builds the materiality matrix by observing global strategies. In fact, it is not for an entrepreneur to say what is "sustainable" for the planet or for future generations. In this case, compatibility with your own strength and taking into account your sector of activity, must align with ESG international guidelines and targets

10. If you do think there is a need to clarify the concept of ‘material’ non-financial information, how would you suggest to do so?

- The principle of double relevance is fundamental for truly reporting how much sustainability issues impact the organization, its processes, performance and the performance of the company. At the same time, it allows you to have a clear representation of the effects of the company on society and the environment
- Surely there must be a "combination" with the aspects contained in the GRI and put some stakes on some specific topics that must be treated

12. Should EU law impose stronger assurance requirements for non-financial information reported by companies falling within the scope of the NFRD?



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Yes	3
No	-
Don't know	2
Total	5

13. Would you agree to extend the scope of the Directive to other companies?

Yes	2
No	1
Don't know	2
Total	5

14. If the answer is yes, to which categories of companies would you extend the scope of application and why?

If the scope of the NFRD directive should be extended to other categories, the size of the companies is a less relevant factor than the fact that the company is listed on the stock exchange. Companies listed on regulated markets must be more transparent in favor of their stakeholders, regardless of their size. Falling within the scope of the Directive would be an opportunity for greater transparency. With regard to public interest entities, which by definition manage common goods, it is important to broaden the scope of the Directive regardless of size, possibly considering a simplified standard for smaller companies

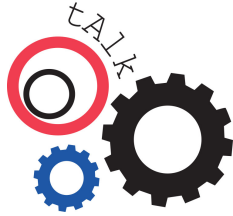
In every sector, including the productive environment, because it would encourage greater social and environmental awareness, as well as a strong motivation to improve by having to deal with other market partners.

15. Do you think that the new directive should make any mention of the role of workers and workers representatives in the process of preparing non-financial information reports or developing and overseeing company's sustainability strategy?

Yes	5
No	-
Don't know	-
Total	5

16. If the answer is yes, can you point out some proposals?

- Workers and workers' representatives are fundamental stakeholders for the company, they should be involved through a structured stakeholder engagement process in the reporting and planning process



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- At least presentation and discussion meetings would be appropriate
- Definitely that they can actively participate in the reporting process
- If it is about "sustainability" (and not "responsibility") then it is right to consult on the efforts to be made to reach the targets proposed by the UN, OECD and EU in the various ESG areas.
- Make reference to the best practices of the enterprise (*Bank Monte de Paschi di Siena*)

17. Has the transposition of Directive 2014/95 / EC into your country's regulatory system established any requirements or good practices that should be taken into consideration when formulating the proposal to revise the European Directive?

Yes	2
No	-
Don't know	2
Total	4

18. If the answer is yes, can you point out some proposal?

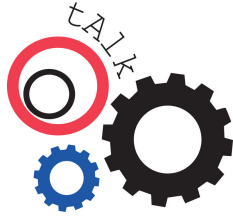
- Currently some European Union countries, including Italy, have a limited assurance obligation for non-financial information communicated by companies, and many other countries are increasingly approaching a similar implementation of the legislation. To keep the market homogeneous and for reasons of competitiveness, this obligation should be foreseen for all member countries
- The sanctioning part in case of non-compliance should be regulated by the Directive itself and not leave to the Member States the possibility of foreseeing it or not

SECTION 2.

Social dialogue and non financial information

1. Do you consider as necessary, the existence of specific social dialogue bodies to regulate the adaptation of Directives, state developments and control of their compliance?

Yes	4
No	-
Don't know	1
Total	5



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2. In your opinion, is it necessary to better define the limits between financial and non-financial information in a framework of social dialogue (recommendations, legislative development, other formulas...)?

Yes	3
No	-
Don't know	2
Total	5

3. In your opinion, does the transposition of Directive 2014/95/EC into your country's legal system improve the possibility of dialogue and collaboration between the company and the employees and their legal representatives in the context of the preparation of non-financial information? Explain your answer

Yes	4
No	-
Don't know	1
Total	5

Why?

Yes, if a stakeholder engagement process has been implemented by the organizations as defined in the responses above.

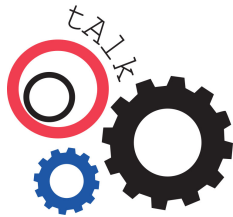
Yes. With the creation of new bilateral commissions and in support of existing ones, at least in the credit sector

No. it hasn't improved in a broad sense but has given one more opportunity to talk

4. Do you think it would be useful to establish common training and even joint company/union training in this area through state and/or sectorial social dialogue?

Yes	5
No	-
Don't know	-
Total	5

5. If yes, how would you think it could be implemented?



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- In our sectors it should be organized by bilateral bodies (also inviting representatives of the institutions) as an expression of social dialogue.
- The common training courses between the parties are always useful moments of sharing and comparison.
- In order to carry out a reporting process, it is necessary to have adequate capacity building and increase awareness of the importance of the topic in all the stakeholders involved in the process. Specific training on the key aspects of the Directive and the processes involved, the exchange of good practices and workshops that allow practical experimentation could be a good way to do joint training

SECTION 3.

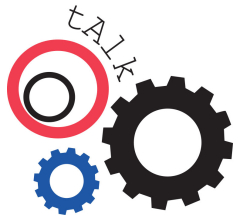
Climate change commitments and sustainable development goals (SDG)

1. In your opinion, how climate change issues are addressed in non- financial information reporting?

- Quite exhaustively
- Increasingly, the issues of climate change have been brought to the attention of companies starting from COP 21 up to the Action Plan on sustainable finance and, taking into account the taxonomy, the work done by the Technical Expert Group (TEG) and the Task Force on Climate-related Financial Disclosures (TCFD)
- If the company applies "CSR" / "responsibility" then it moves subjectively and autonomously and there is no certainty that it is focusing on significant issues and high added value for its type of business.
- The impact on the environment is summarized in a specific section of the report, both in carrying out daily activities and those attributable to the activities of customers or direct suppliers.

2. Related to climate change issues, how do the companies communicate about these issues in their non- financial reporting

- Through the processes that have been put in place to reduce the impact on the environment described in their social / sustainability reports - Ethical codes - or even during the annual meetings of the European Works Councils for those companies that have created one
- The "Guidelines on reporting climate-related information" issued by the European Commission have defined a framework within which companies can report climate-related information. In particular, the Guidelines present a link with the information required by the Directive on the communication of non-financial information and that



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requested by the Task Force on the communication of financial information relating to the climate (TCFD), which in turn are aligned with the others main standards. In addition to drawing on the recommendations of the TCFD, the Guidelines also take into account the frameworks and standards developed by the Global Reporting Initiative (GRI), CDP, Climate Disclosure Standards Board (CDSB), Sustainability Accounting Standards Board (SASB) and International Integrated Reporting Council (IIRC) and those of the EU eco-management and audit system (EMAS).

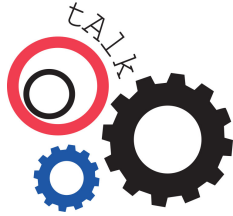
- See the answer for the below question

3. How could the companies be encouraged to improve their information on these aspects?

- With most active participation of workers and union representatives.
- To allow this to happen, the legislation must give clear guidelines to companies (also through the implementation and development of the Non-binding Guidelines) integrating, where possible, further more recent developments and updates with a view to integration and rationalization and not multiplication of rules and guidelines.
- Adopting the principles of "sustainability" and going beyond the old model of stakeholder theory
- With a strong awareness campaign as well as training. Having European standards in this case would strongly help.

4. How could the active participation of workers and their representatives in the company's climate action be strengthened, specially through the analysis of information provided in non-financial information reports?

- Constant involvement in business processes regarding this problem
- Through the introduction of a meeting between the presentation and discussion parts of the NFIR
- Through the stakeholder engagement process and the definition of material issues for the organization. The process of defining material issues should not be considered for reporting purposes only. But also:
 - becomes a key to understanding and analyzing the strengths and weaknesses of the corporate strategy, indicating intervention levers for continuous improvement of performance;
 - it is an effective tool for strengthening and directing communication towards stakeholders;
 - allows the company to enhance its risk management in the environmental, social and governance fields;
 - improves understanding of the impacts in terms of sustainability, their strategic effects, the management and production processes that are involved



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5. Which climate change mitigation or adaptation measures do you consider having the most co-benefits?

- Recognize that the work of man has generated very serious climate changes for the sustainability of our planet, for example the risks deriving from extreme weather phenomena that we are witnessing more and more. Measures to be put in place to respect more our planet: increase the use of "environmentally friendly" materials that can guarantee sustainability for future generations.
- Forming a new social and environmental awareness, intervening in the production processes of large companies that too often for economic and fiscal inefficiency or unsustainability manage to make corrections where there is need.

6. What actions for the reduction of emissions do you consider can have a more significant impact on the transformation of the productive fabric?

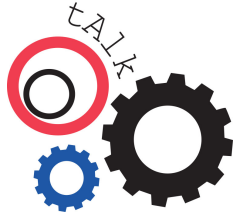
- To stay in the sectors we protect, intensify the use of alternative materials (still used in a very low percentage in Italy) - non-fossil therefore - (thinking of the combustion process for the production of cement) and greater use of wood in the construction sector.
- Any intervention necessary for the reduction implies the company's willingness to make investments for which companies should also be supported by tax laws

7. Do you think that the contribution of each company to SDG compliance should be measured through the reporting model on which CSR is based, and specifically in non-financial reporting?

Yes	3
No	1
Don't know	1
Total	5

8. In your opinion is the information provided by companies on their sustainable development goals (SDG) sufficient?

Yes	-
No	3
Don't know	2
Total	5



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9. Could you point out 5 SDGs that you consider to be a priority from a trade union perspective, taking into account the chance to mark out criteria and actions on companies more clearly, from the approach of Union and workers' representatives?

Please, check this link: <https://www.unglobalcompact.org/sdgs/17-global-goals>

GOAL 1	1
GOAL 4	2
GOAL 5	3
GOAL 8	3
GOAL 9	2
GOAL 10	2
GOAL 12	1
GOAL 13	1

SECTION 4.

Awareness, education and union involvement on CSR and non-financial information

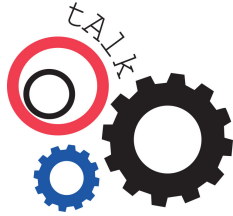
1. What do you think is the level of knowledge of workers on CSR and non-financial information framework issues?

Very high	-
High	-
Sufficient	1
Insufficient	1
Very low	3
Total	5

2. What are the main training needs of workers in these areas?

Understand the context of Directive 2014/95/EU and its scope	3
Be aware of the frameworks for disclosure of non-financial information (GRI standard)	1
Tools for the analysis of non-financial information reports	2
Relevant indicators for social analysis of NFIR (KPIs)	3
Other: <ul style="list-style-type: none"> In general, a "cascade" training (various levels logically built) on the various levels of the company would be needed with respect to some contextual information regarding corporate social responsibility (evolution, definition, milestones, how it is substantiated in company processes and benefits for organizations) Understanding the difference between "sustainability" and "responsibility / CSR" 	2

3. Which should be the target participant?



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Workers in general	2
Works councils	3
CSR policy makers	3

4. What do you think is the main benefit the participants will get?

- Greater knowledge of the topic in order to actively participate in the internal discussion of the company to be transferred later to workers in general.
- Know a subject that companies use in industrial relations
- Greater involvement in company processes; training on issues that are developed by the organization to which they belong; greater understanding of the value produced by the company, in a complete, clear, concise, comparable way; better dialogue and relationship with stakeholders who may have information to analyze current performances as a whole and formulate forecasts for future ones; consolidating trust with the various interest groups
- More awareness on the topic

5. How could this training improve the social dialogue in your country?

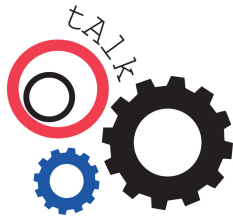
- It is certainly an additional opportunity for discussion that can lead to shared results
- Knowledge always produces a matter of comparison
- The benefits are (more or less) the same for the different categories of stakeholders

6. How could this training improve the involvement of workers representatives and Unions in non-financial information disclosure process in your country?

- More in-depth preparation of the actors for a proactive participation in the company and sharing of results.
- As there is no regulatory provision, the unions would acquire skills to ask for comparisons to the counterparty
- The benefits are (more or less) the same for the different categories of stakeholders
- More awareness on the topic

7. Which organizations could facilitate the development of the training? Specify which one would be appropriate in your country.

Trade unions organizations	5
Employer organizations	2

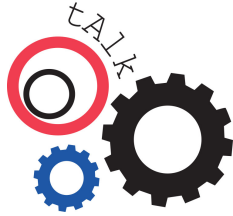


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Regional or state administrations	1
Social/civil organizations	1
Tripartite bodies	3

8. How would you approach training in your country?

Technical training provided by the project partners	-
Seminar with experts	-
A mix of both of them	5
Total	5



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ANNEXE V

QUESTIONNAIRE FINDINGS REPORT

SPAIN

1. OBJECTIVE OF THE QUESTIONNAIRE

The TALK Technical Questionnaire is intended to mitigate the postponement of the International Seminar (IW) by allowing us to anticipate the development of some project results. As the IW will possibly have to be modified in some way, the conclusions of the Technical Questionnaire will help to define a new proposal for the holding of the IW. As it is not certain that it will be possible to prepare a face-to-face International Seminar, the results of the Questionnaire, together with additional virtual technical meetings, could allow to share, discuss and validate the results.

Therefore, the aim of the questionnaire is to collect the opinion of the different stakeholders identified in the project (employers' organisations, company experts, trade unions, workers' representatives, social partners,...) on the issues that were to be reflected and discussed during the International Seminar.

2. SCOPE OF THE QUESTIONNAIRE

The questionnaire was not designed to apply a structured methodology or to make a quantitative exploitation of the results. Rather, it was aimed at obtaining a general and dominant view of the different sections and sections contained in it, as well as achieving qualitative information derived from the specialisation of many of the interviewees in some specific areas (climate change, social dialogue, analysis of non-financial information reports, etc.)

One of the premises was the flexibility given to the recipients of the report to be able to complete it, depending on their skills, knowledge and time available.

To this end:



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- The questionnaire could be used as a script to conduct an interview with one of the selected experts.
- The questions for each expert could be selected according to their field of expertise.
- Some parts of the questionnaire could be selected according to the recipient.
- More questions could be added in order to obtain the maximum information from the interviewee if he/she had a specific profile or specialized knowledge in some subject.

Therefore, the response to the questionnaire by all the participants is not uniform, but rather corresponds with the premises of flexibility and specialisation of the participants of the questionnaire. This fact is more evident in sections 2, 3 and 4, which are more technical and biased towards specific profiles (experts in climate change and social dialogue or in trade union issues). Regarding section 1 (revision of Directive 2014/95/EU), the degree of response is more complete, having been answered almost in its entirety by all those who participated.

3. STRUCTURE OF THE QUESTIONNAIRE

The questionnaire was structured in four sections:

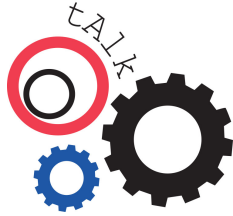
- Legislative framework for non-financial reporting (Section 1)
- Social dialogue and non-financial information (Section 2)
- Climate change commitments and sustainable development objectives (ODA) and non-financial information (Section 3)
- Union awareness, education and participation in CSR and non-financial information (Section 4)

Each section contained a series of questions formulated as openly as possible, so that qualitative information could be obtained where possible.

4. RECIPIENTS OF THE QUESTIONNAIRE

In order to cover all the profiles that would have been represented at the International Seminar, several groups were selected from which to distribute the questionnaire:

- Business and technical business organizations
- Union representatives, union experts and workers' representatives at company level.
- Social experts



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5. SAMPLE SIZE AND PROFILE

In the case of Spain, the option selected for obtaining the information was to send the questionnaire to a series of recipients pre-selected for their affiliation to some of the profiles previously indicated. Therefore, the formula of the interview was not applied.

The persons who completed the questionnaire did make a discrimination of questions and, in some cases, of sections at the time of completing it, in such a way that they directed their response to those questions in which they had greater knowledge or professional involvement.

The number of people who completed the questionnaire, in whole or in part, was 17.

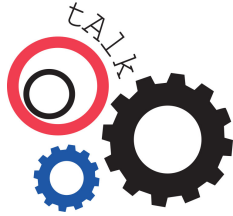
The distribution of the questionnaire by profile was as follows:

EMPLOYERS ORGANIZATIONS	1
TRADE UNION OFFICIALS	3
UNION EXPERTS AND TECHNICIANS	6
WORKERS REPRESENTATIVES AT COMPANY LEVEL	3
SOCIAL EXPERTS	4
TOTAL	17

From the table above, it can be deduced that the representation of the trade union perspective is the predominant one in the total of questionnaires received, with 70% of representativeness.

Among the recipients who completed the questionnaire, the following profiles should be noted:

- 2 social representatives from the Spanish State Council for Corporate Social Responsibility.
- 2 sustainability report analysts from the Corporate Social Responsibility Observatory.
- 1 Union technician expert in Climate Change Policy.
- 2 Union experts in financial and non-financial information.
- 2 Union experts responsible for the sustainability policies of the CCOO Federations most affected by Directive 2014/95/EC.
- 1 employer technician from one of the most important employers organisations in Spain.



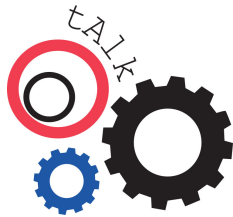
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- 1 expert technician from a consumer and user organization.
- 3 workers' representatives from companies affected by Directive 2014/95/EU.

CONCLUSIONS

SECTION 1. LEGISLATIVE FRAMEWORK FOR NON-FINANCIAL REPORTING. REVISION OF DIRECTIVE 2014/95/EU

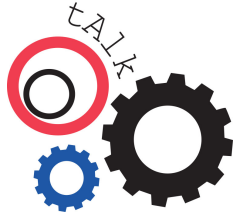
- In the opinion of the respondents, Directive 2014/95/EU has indeed had an **impact on industrial relations**. However, it is also pointed out that it is still early to assess its impact and that the trade union impact on the reporting process is still not very relevant in global terms. The business side states that the greater contribution of information provides more possibilities of communication and negotiation to the legal representation of workers.
- The revision of the Directive should have among its objectives the **improvement of the social dialogue** and the participation of workers and their representatives in the reporting process, according to the majority opinion of the respondents. The employer's view is that the review process should serve other objectives, although it may indirectly serve to improve the social dialogue.
- The **participation** of the social side in these issues is still very immature, which leads us to the need to improve the dialogue and the participation of labour representation in this process as well.
- From the trade union and social perspective, the lack of **reliability of the information** provided is a major problem, but not for the business side.
- Regarding the demand for the **standardization** of non-financial information, there is unanimity on both sides that it would be necessary. Among the most important arguments is that of the standardization of information and the possibility of comparison, as well as the possibility of verifying compliance.



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- There is unanimity in the union and social perspective in pointing out the importance of **union participation** in the standardization process if a **standardization process** is carried out.
- In relation to **materiality concept clarification**, it is necessary to point out that only the most expert and knowledgeable people of the meaning of this concept and its scope seem to have a clear need to clarify the scope of this concept. The business side is also in favour of this clarification, in order to eliminate subjectivities.
- With regard to **extending the scope of the Directive** to other companies, the majority position is to extend this scope, making various proposals (companies with more than 250 workers, elimination of current economic criteria, companies in the supply chain, etc.). From employers' organization point of view, it's not necessary to extend this scope.
- Most of the respondents point that the **role of workers and their representatives** in the process of preparing reports or developing and monitoring the company's sustainability strategy should be mentioned in the text of the Directive (competence to participate)
- **Some requirements into Spanish Law 11/2018 that go beyond than Directive 2014/95/EU:**
 1. High legal rank given to the non-financial information report, which must be signed by all Board of Director. If the company is listed, the report must appear as a separate item on the agenda of the Shareholders' Meeting.
 2. Annual preparation by the State Council for Corporate Social Responsibility of a report on non-financial information reports, which will be presented every year in the Senate (upper house of the Spanish Parliament).
 3. The application of the law will be progressive, initially obliging companies with more than 500 employees that also meet a series of other criteria, but it will be applied after 3 years to companies with more than 250 employees.
 4. The Law 11/2018 is more demanding than Directive 2014/95/EU, as it specifies the issues on which companies must provide information.

In this sense, it details the contents on which to report in the areas of environment, labour, human rights, corruption, society, suppliers, consumers and tax information.



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5. Companies will be obliged to report tax information on matters such as profits obtained country by country; total taxes on profits paid, or public subsidies received.
6. Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses; complaints about human rights violations.
7. Non-financial information shall be verified by an independent supervisor.
8. Finally, special mention of the safe harbour clause: Directive 2014/95/EU provided for the possibility for companies to withhold information "in exceptional cases" (...) in relation to "impending events or matters under negotiation where, in the duly substantiated opinion of the members of the board, disclosure of such information would seriously prejudice the commercial position of the group". The transposition in Spain eliminates this clause, being one of the few countries that have eliminated it in its transposition (most countries have maintained it) being one of the greatest achievements since it homogenizes all the organizations.

SECTION 2. SOCIAL DIALOGUE AND NON-FINANCIAL INFORMATION.

- From union and social perspective, it is necessary to stablish **social dialogue bodies to regulate** the adaptation of Directives, to check the evolution at national level and to ensure compliance. On the other hand, employer organization does not see the need for such bodies.
- From union and social side, **boundaries between financial and non-financial information** need to be better defined in a framework of social dialogue. The business side does not see the need for this.
- - There is no unanimous response as to whether the transposition of the **Directive** has improved the **social dialogue**. It is stressed that as long as the law does not make it compulsory, companies will not facilitate this dialogue.
- - The trade union and social side believes that it would be useful to establish common training and even joint company/union training in this area through social dialogue at State and/or sectoral level.



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SECTION 3. COMMITMENTS TO CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT GOALS (SDG).

- The opinion from Trade Union and social side on how **climate change issues** are dealt with in the sustainability reports is insufficient, is due to greenwashing or marketing policies, etc. Companies need to systematize information to facilitate understanding and analysis of the contribution of company strategies to the integration of climate action into their business model. Improvement aspects range from greater transparency, more disaggregated data to the establishment of appropriate monitoring indicators.

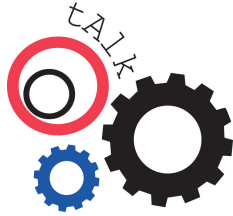
For its part, the business representation states that they are dealt with very exhaustively.

- Information on the **Business Model and Climate Change** is also seen as insufficient from the perspective of the trade union and social side. In general, there is very insufficient information on the risks associated with the business model, the degree of dependence on natural, material and human capital. Nor is the contribution of the company's activity to the climate and environmental impacts it causes clearly stated. The coronavirus pandemic has highlighted the enormous fragility of production systems in the face of very low-probability risks, so it is necessary to go deeper into the projection of scenarios and prepare contingency plans.

Finally, it is not only important to improve information on weaknesses and threats, but also on the potential for a green reorientation of the business model to maintain activity and employment.

For its part, employers' organization states that it informs in a very comprehensive way.

- Regarding the information on **business strategy and climate objectives**, it is also pointed out that it is insufficient and that it is essential for companies to improve the information provided on corporate climate objectives and to be able to establish a



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relationship between these commitments and their contribution to climate change, the evolution over time of their environmental performance.

For its part, the business view is that these issues are comprehensively reported.

- With regard to the information provided on **risk management and climate change adaptation measures**, emphasis is placed on the importance of improving information in relation to climate risks and strengthening the information and business strategies being implemented for adaptation to climate change. The implementation of adaptation policies, in both the public and private spheres, is lagging mitigation and emissions reduction strategies, and this is also reflected in the reduced scope and quality of adaptation analysis, indicators and measures.

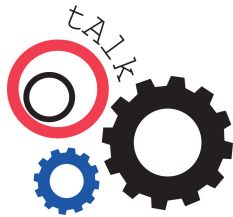
- Related to the information on **Governance Processes** (internal and external) **and the involvement of stakeholders in climate change issues**, the trade union and social side expresses, among other opinions, that companies usually include general information on the collaborations and initiatives they carry out with one or more stakeholders. However, there is a lack of more systematic communication of information that accounts for the relationship with all stakeholders (workers, customers, suppliers, investors, NGOs, society, public authorities), and not only specific actions that have had a positive result.

For its part, the company's vision is that these issues should be reported on exhaustively.

- With regard to the **information** provided in the non-financial information reports on **resources for the implementation of climate action** (financial tools, investments, R+D+I, training,...), the trade union and social side points out that companies must improve the quantity and quality of information on the means available to undertake climate action in the company, including aspects such as the financial tools used to internalise the costs of carbon dioxide emissions, the degree of implementation of new technologies, the measures adopted in the progress of production processes and the best available techniques, and the actions and resources available for training and investment in their human capital.

It is also pointed out that few companies provide staff training in sustainability and environment topics. For its part, the business view is that these issues are comprehensively reported.

- Regarded to the information on **climate change indicators**, union and social experts states that it is important for companies to improve the detailed information on



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greenhouse gas emissions (in absolute and relative terms), the objective that is set in relation to this contribution and its progression over time in relation to the actions implemented and the means provided. In this sense, it would be important to systematize the measurement of emissions indicators of scope 1, 2 and 3, even if no measures are taken for each of them, and to include indicators of progression and intensity of emissions in order to better assess the environmental performance of an organization.

It is also noted that it would be desirable to introduce indicators related to just transition.

The business side points out that exhaustive information is provided, following well-known indicators as GRI.

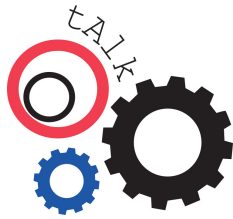
- Regarding how the **information on climate change in the NFIRs could be improved**, the social and trade union side points out that this should be done by means of regulation, including in the Directive the obligatory inclusion of certain data in the report. It is also pointed out that infringements and sanctions should be established for total or partial non-compliance or inaccurate information in the submission of the report. It is also pointed out that it would be very interesting to share with the trade union representation (and other stakeholders) the analysis of materiality and to make them participate in the process.

- Regarding to how the active participation of workers and their representatives in the company's climate action could be strengthened, it is pointed out, firstly, that it is important for companies to understand and perceive that the participation of workers and their representatives is a useful tool for environmental diagnosis, the search for solutions and the effective implementation of corporate policy.

It is also pointed out that the active participation of workers in this area could be achieved through the trade union analysis of the information provided in the non-financial information reports.

It also refers that this could be achieved by demanding the figure among the workers representatives of the Environmental Delegates or Corporate Social Responsibility Delegates.

- With regard to the measures for mitigating or adapting to climate change with the greatest collateral benefits, it is pointed out, firstly, that the generation of co-benefits derived from climate action will vary depending on the size, activity and business model of each company. However, some useful criteria or principles for assessing the measures to be adopted could be listed:



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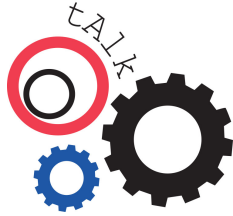
o Those measures that are aimed at reducing or avoiding the most significant impacts/issues for climate change (more emission-intensive or more vulnerable to its effects): for example, emission reduction actions related to the most CO₂-intensive stage (whether scope 1, 2 or 3)

o Those measures that are closely related to the activities and operations that are under the operational control of the company and therefore depend directly and quickly on the decisions of the management itself, on the implementation by its workers or on the resources and means that are available to them.

o Those measures that have a multiplying or transforming character of the company's environment and generate positive eco-social synergies.

For example:

- Measures related to the sustainable mobility of workers: they can have a positive impact on the performance and conciliation of workers and their families, on increasing the supply of transport in the area, on improving the quality of the air in the surroundings, etc.
 - Measures related to the value chain: in the case that a company has a wide network of suppliers, providers and/or subcontractors, the decisions and criteria it uses for its approval will have a very significant traction effect.
- With regard to the actions for the **reduction of emissions** that can have a more significant impact on the transformation of the productive process model , those actions that are related to investment in the adaptation and modernisation of the company's productive process are indicated, aimed :
- o Reduction of consumption of water, energy and natural resources
 - o Incorporation of renewable energies through self-production systems.
 - o Eco-design, prevention of waste generation and waste management from a circular economy perspective.
 - o Digitalization



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- With regard to whether the information provided in NFIR by the companies about **Sustainable Development Goals** is sufficient, there is unanimity in the social and union part that it is not. On the other hand, the business organisation states the opposite

- The **SDG** considered as a **priority** from the union point of view, in order to define and assess more clearly the criteria and actions in the companies are the following:

1^o. SDG 8. Decent Work and Economic Growth

2^o. SDG 13. Climate Action

3^o. SDG 3. Good Health and Well Being, SDG 4. Quality Education and SDG 5. Gender Equality.

4^o. SDG 1. No Poverty, SDG 9. Industry, Innovation and Infrastructure and SDG 10. Reduce Inequalities.

- Employers organization points out the following SDG:

- SDG. 7. Affordable and Clean Energy.
- SDG 8. Decent Work and Economic Growth
- SDG 12. Responsible Consumption and Production
- SDG 13.- Climate Action
- SDG 16. Peace, Justice and Strong Institutions

SECTION 4. UNION AWARENESS, EDUCATION AND PARTICIPATION IN CSR AND NON-FINANCIAL INFORMATION

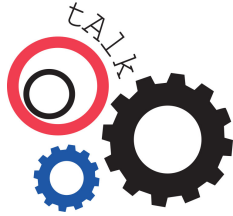
Note: this section was only addressed to the trade union and social participants.

- The main **training needs of employees in the field of non-financial information** are listed in order of importance:

1^o. Awareness of frameworks for the disclosure of non-financial information (GRI standard)

1st bis. Relevant indicators (KPIs) for the social analysis of non-financial information reports.

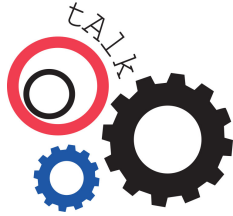
2^o. Tools for the analysis of non-financial information reports



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3^o. Understanding the context of Directive 2014/95/EU and its objective

- When asked about the profile of the target **participant in training** in this field, Works Councils are pointed as target group for this training.
- Among the main benefits of receiving this training are pointed:
 - o Possibility of extending union action to issues that are clearly of interest to workers.
 - o Contribute and give visibility to different points of view when undertaking CSR actions.
 - o Extending the catalogue of competences and contributing to a fairer and more sustainable society.
 - o Understand why certain measures are carried out and the benefits they can bring to the company, but also to society and the environment
 - o Obtain information for Union Action
- Regarding how this **training could improve social dialogue** in your company, the following issues are noted, among others:
 - o An improvement in the social dialogue in the company could be achieved by the joint configuration of content on the subject between the company and the trade union side, as well as the participation in this training of company heads of CSR and the legal representatives of the workers.
 - o It would facilitate knowledge and tools for effective participation. On many occasions there is no participation in these issues due to a lack of knowledge on the subject.
 - o Having knowledge of what the report consists of and why it is being carried out, at trade union level it could contribute ideas for improvement to the company by being a link between the workers and the management and having the improvements that are sought among the employees with a view to sustainability.
- Regarding the **organizations** that could give the training, trade union organizations are pointed firstly, followed by the tripartite bodies. Employers' organizations, social organizations and public authorities are hardly mentioned by the participants.
- In relation to the **methodology of training** within the framework of the **TALK Project**, a mixed technical training given by the project partners and a seminar with experts are pointed out. In second place, the most chosen option is the technical training given by the project partners.



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- For most of the respondents, the monitoring of collective agreements and global framework agreements is a relevant issue for trade unions and workers' representatives.
- With regard to information on which policies or indicators of non-financial information could help to monitor collective agreements and global framework agreements, environmental protection and social responsibility and the treatment of employees are mostly indicated, followed by respect for human rights and diversity on boards of directors and, finally, anti-corruption and bribery.
- Finally, regarding the importance of country-by-country information for the monitoring of Global Framework Agreements, the following responses were obtained:
 - o Although GFA are global in nature, country-by-country information would allow for real monitoring, data at the aggregate level can be misleading and hide setbacks in indicators that would be evident at a disaggregated level. They would thus facilitate the possibility of adopting or proposing specific measures for individual countries, and thus offer the possibility of real improvement (or continuous improvement) in the scope of application of the framework convention.
 - o This information is of the utmost importance. GFA are tools that aim at the application of the Fundamental Labour Standards, starting with those that recognize the right to collective action, freedom of association and trade unionism in multinational enterprises. They constitute, without a doubt, an appropriate way to channel trade union intervention in corporate social responsibility policy and practice, insofar as they are negotiated agreements that do not derive from the unilateral will of companies.
 - o It is important to make a comparison between the information provided by country and to be able to evaluate the level of transparency of their companies. Establishing similar indicators is key to carrying out this verification and monitoring compliance with minimum standards in all countries at European level, as well as continuous improvement.
 - o These types of agreements aim to be aligned with the main UN Human Rights as well as the Fundamental Labour Conventions on freedom of association and collective bargaining, forced labour, child labour and exploitation and discrimination (OECD Guidelines). It is from this starting point that the comparison can be made.

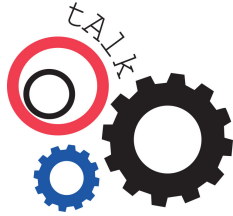


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- o They allow for more comprehensive monitoring and thus can facilitate concrete action by countries, leading to real improvements in implementation.

- o This information is essential to understand the situation in each country and thus, always considering the context of those countries, to be able to make a comparison.

- o It is important to make a comparison between the information provided by each country and to be able to evaluate the level of transparency of their companies. The establishment of similar indicators is key to carrying out this verification and monitoring compliance with minimum standards in all countries at European level, as well as continuous improvement.



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ANNEXE VI

DEMANDS FOR THE REVISION OF DIRECTIVE 2014/95/EU ON NON-FINANCIAL REPORTING

GERMANY

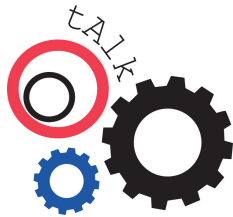
This Annex is a specific contribution from Germany to the ITW. It summarises the answers of the Confederation of German Trade Unions to the public consultation of the European Commission regarding the revision of the Non-financial Reporting Directive. The answers to the consultation are a result of dialogue within the trade unions represented within the confederation, experts and scientific advisors from trade union institutes in Germany. This document was specially taken into account for the global findings from the Technical Questionnaire.

Quality and scope of non-financial information to be disclosed

The lack of comparability and limited reliability of non-financial information reported by companies pursuant to the NFRD are considered a significant problem. It is also perceived that companies reporting pursuant to the NFRD do not disclose all relevant non-financial information needed by different user groups. In addition to those issues currently set-out in Article 19a, companies reporting pursuant to the NFRD should be required to disclose information about consumer-matters and gender diversity.

In order to enable users of their reports to understand the development, performance and impacts of the company, companies should disclose the following additional categories of non-financial information related to a company's governance and management procedures:

- Information regarding coverage of collective bargaining agreements, information, consultation and co-determination at business/plant and corporate level
- A description of the value chain and mechanisms for monitoring it and
- An explanation as to what extend sustainability criteria are included in corporate key performance indicators



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In light of the importance of intangibles in the economy, companies should be required to disclose additional non-financial information regarding intangible assets or related factors (e.g. intellectual property, software, customer loyalty, human capital etc.).

In order to ensure that the financial sector entities comply with the new disclosure requirements laid down in the different pieces of legislation, in the most effective and efficient manner, there is a need to streamline the different disclosure requirements.

In order to ensure better alignment of reporting obligations of investees and investors, the legal provisions related to non-financial reporting should define environmental matters on the basis of the six objectives set-out in the taxonomy regulation: (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy (5) pollution prevention and control; (6) protection and restoration of biodiversity and ecosystems.

Furthermore, the European Commission should put a focus on trade unions and company level workers' representatives as stakeholders. In the past, it has become evident that these groups have often not been included in stakeholder dialogue. However, they are THE experts among other things for all employee matters. Furthermore, it is important to highlight from the trade unions point of view: transparency obligations can only be a first step towards more bindingness of corporate responsibility, others have to follow.

Standardisation

A requirement on companies to apply a common standard for non-financial information would resolve the problems identified to a very great extent. Any standard applied by a company under the scope of the Non-Financial Reporting Directive should also include sector-specific elements.

Applied on its own the reporting standard from the Global Reporting Initiative (GRI) would to a very great extent resolve the problems identified while also enabling companies to comprehensively meet the current disclosure requirements of the Non-Financial Reporting Directive, taking into account the double-materiality perspective. The International Integrated Reporting Framework (IIRF) would resolve these problems to a reasonable extent, while the framework of the Sustainability Accounting Standards Board (SASB) would not at all resolve these problems. As a national framework, the German Sustainability Codex (DNK) would also resolve these problems to a reasonable extent.

The selection, respectively creation of standards should always take into account the multiple dimensions of corporate responsibility, which besides the ecological aspects



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also includes the responsibility for workers in the own corporation as well as in the value and supply chain. It appears obvious to adapt the extent of reporting with respect to the size of companies. Nevertheless, it has to be assured that all companies operating in sectors with exceptional high risks for breaching workers and human rights are included regardless of the size.

If there were to be a common European non-financial reporting standard applied by companies under the scope of the NFRD, such a standard should incorporate the principles and content of the

- GRI, Task Force on Climate-related Financial Disclosures (TCFD) and UN Guiding Principles Reporting Framework (human rights, ILO core labour standards and tripartite declaration of principles concerning multinational enterprises and social policy, the OECD guiding principles for multinational enterprises and far developed sectorial or branch standards (e.g. FSC or PFSC for the lumber industry) to a very great extent
- Sustainability Accounting Standards Board, International Integrated Reporting Framework, Carbon Disclosure Standards Board (CDSB), Organisation Environmental Footprint (OEF) and Eco-Management and Audit Scheme (EMAS) should be taken to a reasonable extent
- CDP to some extent but not much.

It would be useful for there to be a simplified standard and/or reporting format for SMEs and would be an effective means of limiting the burden on SMEs arising from information demands they may receive from other companies, including financial institutions, to a very great extent. If the EU were to develop a simplified standard for SMEs, such a simplified standard should be mandatory.

The body responsible for developing a European non-financial reporting standard should also, to a reasonable extent, have expertise in the field of financial reporting in order to ensure “connectivity” or integration between financial and non-financial information.

Trade unions and civil society representatives/NGOs should be involved in the process of developing a European non-financial reporting standard to a very great extent. Scientists and auditors/accountants should be involved to a reasonable extent and preparers to some extent but not much. Investors should not at all be involved.

With regard to European public bodies or authorities, Accountancy Europe should be involved in the process of developing a European non-financial reporting standard to a reasonable extent.

The European Securities Markets Authority (ESMA), European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Central Bank (ECB), European Environment Agency (EEA) and Platform on Sustainable Finance should be involved in the process of developing a European non-financial reporting standard to some extent but not too much.



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Regarding national authorities or bodies multi-stakeholder initiatives (i.e. the CSR-Forum of the German government) and sustainable finance advisory councils to governments should be involved in the process of developing European non-financial reporting standards to a very great extent. Environmental authorities and national should be involved in the process to a reasonable extent and national accounting standards-setters should be involved in the process to some extent but not too much.

Application of the principle of materiality

The definition of materiality set-out in Article 2(16) of the Accounting Directive is relevant for the purposes of determining which information is necessary to understand a company's development, performance and position to a reasonable extent. For the purposes of determining which information is necessary to understand a company's impacts on society and the environment it is relevant to some extent but not much.

There is a need to clarify the concept of 'material' non-financial information. It appears in practice that the requirement of double materiality, meaning materiality to be fulfilled for both the understanding of the performance of the company and impact on CSR aspects by the company at the same time, limits the scope of reporting. Double materiality therefore has to be abandoned.

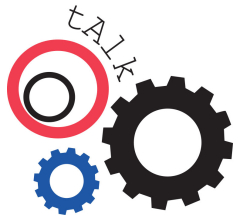
Companies reporting under the NFRD should be required to disclose their materiality assessment process.

Co-determination actors such as works councils and worker's representatives in supervisory boards have to be explicitly named as stakeholders; they have to be involved in determining material aspects for reporting at an early stage. The draft reports have to be subject of consultation with the corresponding body of worker representation at company level. Double materiality has to be abandoned; material risks in all defined areas have to be disclosed.

Assurance

Given that non-financial information is increasingly important to investors and other users, the current differences in the assurance requirements between financial and non-financial information are only to some extent but not much justifiable and appropriate. EU law should impose stronger assurance requirements for non-financial information reported by companies falling within the scope of the NFRD.

If EU law were to require assurance of non-financial information published pursuant to the NFRD, it should require a reasonable assurance engagement on the non-financial information published. The assurance provider should assess the reporting company's materiality assessment process and be required to identify and publish the key engagement risks, their response to these risks and any related key observations. Assurance engagements should be performed based on a common assurance standard, existing Standards set by the Institut der Wirtschaftsprüfer (IDW) [engl.



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Institute of Financial Auditors] would be sufficient for this. An assurance requirement for non-financial information should not be dependent on a specific non-financial reporting standard companies are reporting against.

The option for companies to choose whether they want a reasonable or limited assurance engagement has to be abandoned. Rather companies should be obliged to a reasonable assurance engagement. Only this way reliability of reporting can be ensured.

Digitisation

It would be useful to require the tagging of reports containing non-financial information to make them machine-readable. The tagging of non-financial information would only be possible if reporting is done against standards. All reports containing non-financial information should be available through a single EU-wide access point. This information should also be made available with respect to the transparency of the stakeholder dialogue and therefore the materiality analysis. It is very much assumed that the costs of introducing tagging of non-financial information would be proportionate to the benefits this would produce.

Structure and location of non-financial information

The option to publish the non-financial statement as part of a separate report creates a significant problem because the non-financial information reported by companies is hard to find (e.g: it may increase search costs for investors, analysts, ratings agencies and data aggregators).

The publication of financial and non-financial information in different reports creates the perception that the information reported in the separate report is of secondary importance and does not necessarily have implications in the performance of the company. The non-financial statement has to be obligatory as part of the annual report and thus making it an obligatory part for the reasonable external assurance. Sustainability should play a much bigger role in corporate governance reports.

If companies are allowed to publish the required non-financial information in a report that is separate from the management report, legislation should be amended to ensure proper supervision of information published in separate reports, to require companies to file the separate report with Officially Appointed Mechanisms (OAMs) and to ensure the same publication date for management report and the separate report.

The current segregation of non-financial information in separate non-financial and corporate governance statements within the management report does not at all provide for effective communication with users of company reports.



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Personal scope (which companies should disclose)

The scope of the directive should be broadened to other categories of PIEs including:

- all EU companies with securities listed in regulated markets, regardless of their size.
- *all* public interest entities, regardless of their size, but as an absolute minimum all *large* public interest entities (aligning the size criteria with the definition of *large undertakings* set out in the Accounting Directive: 250 instead of 500 employee threshold).

The scope of the NFRD should be broadened to non-PIEs including:

- large non-listed companies.
- subsidiaries of a parent company that reports non-financial information at group level in accordance with the NFRD (no consolidated reporting).
- large companies established in the EU but listed outside the EU.
- large companies not established in the EU that are listed in EU regulated markets.
- all limited liability companies regardless of their size.

If non-listed companies were required to disclose non-financial information, there should be a specific competent authority in charge of supervising their compliance with that obligation. For this an EU-wide authority would have to be established, similar to the German Financial Reporting Enforcement Panel.

The threshold criteria for determining which banks have to comply with the NFRD provisions should not at all be different from those used by Non-Financial Corporates. The threshold criteria for determining which insurance undertakings have to comply with the NFRD provisions should not at all be different from those used by Non-Financial Corporates.

The Confederation of German Trade Unions in this sense insistently calls to broaden the scope of the Directive to all large undertaking regardless of their legal form.

Simplification and reduction of administrative burdens for companies

Companies reporting pursuant to the NFRD do not at all face uncertainty and complexity when deciding what non-financial information to report, and how and where to report such information.

Companies are not at all under pressure to respond to individual demands for non-financial information from sustainability rating agencies, data providers and civil society, irrespective of the information that they publish as a result of the NFRD. Companies reporting pursuant to the NFRD should not at all have difficulty in getting the information they need from business partners, including suppliers, in order to meet their disclosure requirements.