Employee involvement in companies under the European Company Statute (ECS)

Case study: SCOR SE

Profile of the company and the nature of social dialogue

The negotiation process of employee involvement

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General evaluation
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General information on the company and the SE

- SCOR SE operates in the insurance sector.
- Its headquarters are in Paris, France.
- It has 1,500 employees worldwide and 800 in Europe.
- Three SEs have been created: SCOR SE and its two subsidiaries, SCOR Global Life SE and SCOR Global P&C SE, the former two by conversion, the latter by merger.

Structure and practice of social dialogue

Social dialogue at the national level at SCOR has the well-known heterogeneity of interest representation structures in Europe. SCOR’s subsidiaries are very small and often lack employee and/or union representation.

In France, representation takes place through a works council (comité d’entreprise) and through trade union delegates. According to French labour legislation, two representatives of the works council (WC) take part in the meetings of the board of directors (conseil d’administration, CA) without voting rights. Until 1989, SCOR was a public company. According to the 1973 French law that democratised the public sector, one-third of the members of the CA were elected by the workforce. The representative union confederations had the exclusive right to present lists for the election of these workers directors (administrateurs salaries). After privatisation, two worker directors were initially maintained but then reduced to only one in 2006. Since this year the employee board-level representative has been elected by the workforce of the SCOR group worldwide.

Industrial relations in France are largely based on the respect of the legal information, consultation and negotiations rights of the employee representatives. Unionism is based on a conflictual culture. The majority of the SCOR workforce is made up of professional and managerial staff. The two main unions that represent the SCOR employees, CFDT and CFE-CGC, are interested in employee participation at board level.

There are works councils in Germany and some of the works council members are unionised. In Britain, the subsidiaries do not have union representation but there is a union delegation in Italy. With only 800 employees in Europe, the SCOR group did not fall under the EWC Directive prior to the company’s transformation into an SE.

The negotiation process of employee involvement

Both management and employee representatives in France were well prepared for negotiating an agreement on employee involvement. Given SCOR’s history, the company had past experience of employee board-level representation.

As the total number of representatives of the three special negotiation bodies (SNB) would have exceeded 50, negotiations would have been difficult to coordinate. It was thus decided to create a common negotiation committee with fewer than 20 members. From the beginning, the French representatives dominated in number and voice. Following the acquisition of the German Revisos company in November 2006, the composition of the SNBs was modified in January 2007 to incorporate the employee representatives from Revisos.
Formally, SNBs were also established for SCOR SE and its two subsidiaries, SCOR Global Life SE and SCOR Global P&C SE. In its final composition, the SNB of SCOR SE had 18 members:

- six from France;
- two from Belgium (one from Revios);
- two from Germany (one from Revios);
- two from Spain (one from Revios);
- two from the United Kingdom (one from Revios);
- one from Italy;
- one from Austria (Revios);
- one from Ireland (Revios);
- one from Sweden (Revios).

The French members represented 60% of the voting rights, followed by Germany (17%), the UK (10%), Spain (5%), Italy (4 %) and Sweden (3%). The remaining three countries each represented less than 1%.

The SNBs established for its two subsidiaries, SCOR Global Life SE and SCOR Global P&C SE, had 17 and 10 members, respectively, with partial overlapping membership. In Global P&C, the French members represented 76% of the voting rights, whereas in Global Life they only had 28% of the voting rights (in the latter, the Germans had 35% of the voting rights).

The common negotiation committee was assisted by two experts, one from the accountancy expert cabinet, Syndex, which worked for the French SCOR works council, and a lawyer working for the French union CFDT. The committee was chaired by the central union delegate of the CFDT, the majority union in SCOR France. On the management side, the negotiations were led by the chief operating officer (directeur général délégué), who was assisted by the top HR manager.

The negotiation process covered a period of 10 months starting from the first meeting of the SNBs on 6 July 2006. The management indicated from the beginning that the negotiations should not take place under time constraint. It met with the committee eight times (approximately once per month).

The first draft agreement was presented by the SCOR management. It proposed one elected board member and a small SE works council. The employee representatives asked for a second board member. In the final compromise, it obtained a second board representative, but without voting rights.

The negotiation ended with the signing of identical agreements by the three SNBs on 14 May 2007. The agreement was adopted unanimously, with the abstention of two French participants in the Global P&C SNB.

**The SE agreement on employee involvement**

The main improvement for employee involvement compared to the prior situation was the establishment of a common SE works council for SCOR SE and its two subsidiaries, SCOR Global Life SE and SCOR Global P&C SE. It is called SCOR Common European Companies Committee (Comité commun des sociétés européennes du groupe SCOR, CCSE) and has the ability to authorise a second board-level representative without voting rights.
The following thresholds for membership were introduced for the SE works council:

- up to 5% of the total workforce: one seat;
- from 5% to 10% of the total workforce: two seats;
- from 10% to 15% of the total workforce: three seats;
- from 15% to 20% of the total workforce: four seats;
- from 20% to 30% of the total workforce: five seats;
- from 30% to 70% of the total workforce: six seats;
- from 70% to 100% of the total workforce: seven seats.

Consequently, the new SE works council had 19 members. This distribution clearly favours the smaller subsidiaries. However, the voting rights are proportional to the number of employees each member represents. Members are nominated or elected for a period of four years. The election/nomination procedure of the representatives of each country follows the rules for the nomination of the SNB members as stipulated in the respective national transposition law of the SE directive.

The information and consultation rights of the SE works council are comparable to the rights of a French works council. In practice, the SE works council receives information on the situation and on the economic and financial perspectives of the group and of each of the SEs as well as on:

- the principles governing the remuneration policy;
- the employment situation;
- the introduction of new technology.

Consequently, the management communicates the group’s annual report and information on the headcount and working conditions, similar to what is found in the French annual social report (bilan social).

If an event impacts on one or more of the SEs, the members of the SE works council may request specific information on the matter from the management. The request must be made by a majority of the members of the SE works council.

The SE works council is consulted on any planned measures that will impact employees in several countries, notably:

- the organisation of the SCOR group;
- changes to the working conditions;
- vocational training;
- the ‘terms of remuneration that are related to the group’s results’;
- the creation, relocation or closing down of an entity or a merger or acquisition with important effects on the number of employees;
- reorganisation with important consequences for employment in at least two countries.
In case of public offers to buy, sell, exchange or buy back, the management of the relevant SE or SEs will inform the SE works council as soon as the bid is publicised and will arrange a meeting with the SE works council within eight days following the publication of the offer.

**The representation body (SE works council)**

The SE works council is composed of 19 members – 11 for SCOR Global Life SE, six for SCOR Global P&C SE and two for SCOR SE. The number of representatives is the same as in the SNB of SCOR SE and the distribution between the different countries is similar:

- France: six;
- Germany: four;
- United Kingdom: three;
- Austria: one;
- Belgium: one;
- Ireland: one;
- Italy: one;
- Spain: one;
- Sweden: one.

Compared to their delegates in the SB, Germany and the UK have more representatives and Belgium and Spain have fewer.

Between the signature of the agreement and the first meeting of the SE works council, two further companies have been bought by SCOR: ReMark (the Netherlands) and Converium (Switzerland). Since Switzerland is not member of the EEA, Swiss representatives were not immediately integrated into the SE works council, but participate as observers.

Votes of the SE works council are taken by a simple majority. Regarding the voting procedure, at least half of the members representing half of the voting rights have to be present. Each member has voting rights proportional to the number of employees he/she represents. Since France represents 60% of the workforce in the EEA countries, the French representatives have a majority position in the SE works council.

According to the French model, the SE works council is a joint committee chaired by the president of SCOR SE or his representative and assisted by colleagues of his choice. The employee representatives appoint a common secretary and a select committee (bureau). The composition of the first select committee was as follows:

- one secretary: from France, central union delegate CFDT and member of the French works council;
- one deputy secretary: from France, union delegate FCE-CGC and member of the French works council;
- one treasurer: from France, CFDT unionist.
There is no external union representative. The secretary of the SE works council is responsible for drafting a summary of the debate in the minutes of the meetings.

The first meeting of the SE works council took place on 24 October 2007, five months after the signature of the agreement. The agreement states that the SE works council meets once every quarter (four times a year). An extraordinary meeting can be called at the ‘justified request’ of four of the SE works council members representing at least two different countries or by a management’s initiative. If it is urgent, meetings can be held by video conference.

In the event that both the SE works council and the employee representatives of one of the companies need to be consulted on a planned measure, the opinion of the SE works council has to be sought before the others. However, the consultation procedures may be followed at the same time. The SE works council generally meets in Paris.

**Working facilities and training**

The language of the SE works council and the SC (as well as the board) is French.

The running expenses of the SE works council, the costs of the meetings (including travel and accommodation costs) and the translation of documents into English are paid by the company. Furthermore, the SE works council has an annual budget, which is calculated in an agreement with the management. For its first year of operation, the budget was fixed at EUR 40,000.

The SE works council has the right to seek assistance from experts, whose costs are covered by its annual budget. Presently, the SE works council is assisted by accountancy experts, who also participate in the plenary meetings with management.

Each SE works council member is entitled to a maximum of 100 hours paid leave per year and 120 hours per year for the secretary. Travel time and time spent on the meetings are not considered as part of paid leave but as ordinary working hours.

The SE works council may freely meet the national employee representation bodies in each of the countries and give them the information they have obtained. However, they have to respect the principle of confidentiality. Confidential information is defined in the agreement as ‘information of a confidential nature that is expressly described as such by the management’. This definition is the one used by the French jurisprudence on works councils.

SE works council members are entitled to training leave ‘according to the conditions provided by the applicable laws and/or national practices’.

The SE works council has dedicated storage space within the intranet of the SCOR group, through which they can publish a summary of the meetings and opinions of the SE works council.
Board-level representation

SCOR SE has kept the same status of the French SCOR SA with a board of directors (conseil d’administration). The number of directors (administrateurs) is the same as in the previous SCOR SA. There are 15 directors and one additional director without voting rights. They are appointed by the shareholders’ assembly.

One director is elected by the SCOR SE employees worldwide and then formally appointed by the shareholder assembly. The person elected for two years was the same as in the previous SCOR SA, where he was workers director for nine years. He is French, a member of the French trade union CFDT and has already been re-elected. The workers director’s period of office is two years.

There is one employee representative without voting rights, appointed by the SE works council. The first representative was Italian, a CGIL union member who has since retired and been replaced by a member of a German works council.

Similar to the time prior to SCOR’s conversion, there are two representatives of the French works council without voting rights on the board.

The board has established four committees:

- the strategy committee, whose mission is to study the group’s development strategies and to examine any acquisition or disposal plan concerning an amount in excess of EUR 100 million;
- the audit committee, which is responsible for reviewing the group’s financial situation and its compliance with internal policies in addition to audits and reviews carried out by the auditors and internal control unit;
- the compensation and nomination committee, which focuses on the renewal and composition of the board of directors as well as the remuneration of the chairman and other members of the executive committee of the group;
- the risk committee, which monitors and manages the group’s risks and enterprise risk management (ERM) policy.

The workers director does not participate in any of these committees. Hence, his influence on strategic decision-making is weak.

The board-level representative appointed by the SE works council is by definition a member of the SE works council and participates in its meetings.
General evaluation

Both management and employee representatives are pleased with the final agreement. Management’s overall assessment is that the agreement is an acceptable compromise and will contribute to the internationalisation of the company. The employee representatives are satisfied with the agreement because the participation in the board has been secured – and even extended – and an equivalent of a European works council (EWC) has been implemented. The main contribution is that the representatives of the non-French subsidiaries now have direct access to strategic information and to the central management.

Sources and interview partners
Aside from material from SCOR, such as annual reports and press releases, this report is based on interviews with the chief operating officer (directeur général délégué) of SCOR SE, who was responsible for the negotiation of the SE agreement on behalf of the management side; the main French negotiator on the employee side, who was the first secretary and is now the deputy secretary of the SE works council; and one SE works council member from Italy. The two French employee representatives interviewed were also representatives on the board. The interviews were conducted in April 2010 by Udo Rehfeldt in Paris and Volker Telljohann near Milan.