

European CSR news for the postal sector



In order to adapt to the major transformation in the sector, postal operators have put in place an important social transformation which has nevertheless been conducted in a responsible manner.

This is underlined by the report "Main developments in the postal sector 2010-2013" published by the European Commission which includes for the first time a chapter about the main social evolutions in the sector. Its conclusions echo the work of the European Social Dialogue Committee

for the postal sector which aims at better understanding how postal operators have managed the change process.

It remains however to be seen whether this optimization will be sufficient in the future in view of the new entrants social model, in particular the context of a strong cost-based competition in the parcels' market which raises once again the issue of social regulation.

The inclusion of social considerations in a report published by the Commission on the implementation of a European Directive highlights the growing consideration of the European Unions for these issues. The progress that represents the agreement of the European Labour Ministers on the issue of the posted workers as well as the enhancement of the social dimension of the Eurozone through the introduction of "social indicators" confirm this interest.

Nevertheless at the same time, the refusal of the European Commission to transpose the framework agreement of the hairdressing sector into a directive questions the autonomy and the real power of the European Social Dialogue.

These apparently diverging positions reveal how complex the decision-process on social issues is at European level and underline the need to follow their evolutions closely. This year 2014 will certainly be a tipping point for social issues in Europe.

On behalf of the team of the CSR Circle, I would like to take this opportunity to wish to all PostEurop members and our stakeholders a great year 2014 with new challenges ahead for our companies.

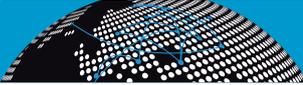
Kalina Toteva
Co-vice Chair of PostEurop CSR Circle



Skills' evolution in the postal sector (page 3).

Contents

- **EU & you** 2
 - Agreement of the 28 on the issue of posted workers
 - The eurozone searching for its lost social dimension
 - Debates around the autonomy of European Social Dialogue
- **European Posts** 3
 - What employment evolutions in the postal sector ?
 - CSR from the perspective of Eastern Europe operators
 - New agreement for the employees in the postal and cargo industry in Sweden
- **News from member States** 4
 - Portugal lowers layoff costs
 - Key social points of the German coalition program
 - The development of 'zero hours' contracts is raising political controversy in the UK



EU & you



Agreement of the 28 on the issue of posted workers

It was the surprise at this year-end: whereas the debate seemed stuck, the 28 Ministers of Labour managed on December 9 to break the deadlock on the issue of posted workers and social dumping, just in time to send a strong signal before the European elections.

These negotiations mostly covered two flagship provisions of a draft aiming to improve application of a directive (96-/71) on the free provision of services across the EU. This latter provides that, whereas posted workers are tied to the social security of their country of origin, they need to be covered by certain rules (minimum wage, working time, health and safety...) in the host country. With the first provision, the Member States are free to determine which documents they can request from the companies that post workers, which should make controls

easier for inspection bodies.

Joint liability

The second provision concerned joint liability of the contractor for subcontractors' violations of the host country's social regulations. States that don't have this system already will have to introduce this liability in the subcontracting chain, but it will only cover relations between the contractor and the direct co-contractor, and only in the construction industry. The European institutions are also working to improve the system for exchanging information between national administrations, which is far from being effective today, in order to help labor inspectors check information in the country of origin.

By unlocking this case, the European Ministers are giving the project a chance of being adopted by the end of the Parliament's term in May.



The Eurozone searching for its social dimension

The Commission is thinking about ways to add a social chapter to budget discipline within the Eurozone, to answer criticism about its rigorous treatment.

The introduction of "Social Indicators" within the framework of the "European Semester" – which aims to monitor and rectify macroeconomic imbalances – has been decided. In the future, the heads of European States and governments will have a dashboard showing unemployment rates and their evolution, youth employment rate and the percentage of young people who are not in education, employment or training (NEET), real earnings per household, poverty risk, working age population and an inequality scale. These indicators are supposed to bring out differences between the Member States and their evolutions, notably to guide the use of EU funds.



Debates around the autonomy of European Social Dialogue

The non-transposition of the European framework agreement on health and safety in the hairdressing industry raises the issue of the European social dialogue autonomy.

On April 26, 2012, the European social partners in the hairdressing industry adopted a framework agreement on health and safety at work. The deal struck by the European association of employers' organizations in hairdressing, Coiffure EU, and the UNI Europa European trade unions contains a series of provisions on the prevention and protection of health, working environment, security standards (handling cosmetics, protecting respiratory tracts...). In line with the provisions of the EU Treaty (Art. 52 and the following), they asked the

European Commission to turn this agreement into a directive so that its provisions would become mandatory in all 28 Member States. The Commission should have sent a proposal to the Council of Ministers, who should have adopted the text. For the first time since European social dialogue has become institutional, even before an initiative was launched, 10 governments warned that they would reject any regulation in this area. More recently, the Commission, as part of the "Refit" program designed to make European law simpler and fight red tape and useless regulations, announced that it wasn't going to send a proposal to turn this agreement into a directive. This decision raises the issue of the autonomy of the European social dialogue and has led to several debates.

Social funds maintained

These European social funds were not sacrificed on the altar of austerity. While the EU's operating budget was strictly negotiated, as the governments were trying to save money, the funds dedicated to social policies were rather preserved. Thus, from 1 January, 2014, €6 billion will be made available for the regions where youth unemployment is above 20 percent. This money is aimed at helping these regions implement the Youth Guarantee, i.e. programs ensuring that all people under the age of 25 are offered quality employment, training or internship within 4 months after completing formal education or losing a job. National employment and integration policies will enjoy community support in the amount of €70 billion (European Social Fund – ESF – and European Regional Development Fund – ERDF) for the next 7 years.





European Posts



What employment evolutions in the postal sector?

Last August, the European Commission published a report, "Main developments in the postal sector (2010-2013)", by WIK Consult. For the first time, this document had a dedicated chapter on the development of jobs and employment structure in the context of the implementation of the 3rd postal directive.

Employment in the EU27's historical operators dropped by 2.5 percent between 2010 and 2011 (about 43,000 jobs), with major variations depending on the operators (between 2 and 5 percent). Newcomers have a stable workforce, sometimes even growing. In absolute terms, the report doesn't venture to determine whether the balance is positive or negative in terms of job creation at sectoral level. Neither does it define the issue of knowing whether the diversification of activities will, one day, compensate the job cuts in traditional mail.

More flexibility

The report points out that, since 2010, employment in the sector is more diverse. Historical operators increasingly appeal to flexible forms of employment, mostly part-time with a 19-percent average in Europe.

There are also fixed-term contracts, usually less than 10 percent (variable according to the country) while temporary employment isn't widespread. The rate of atypical jobs is low among historical operators but other measures have been introduced to optimize costs: new wage grids for new hires, outsourcing or creation of subsidiaries with a special social framework.

Employment among newcomers

Atypical work, notably appeal to self-employed workers, is massively used by competitors, whose economic model revolves around low wages. Indeed the report reveals that the cost of a worker for a historical operator is two to three times higher than a competitor's. The study also underlines the wide use of sub-contractors and independent workers within the parcels activity.

Social regulation in the sector

Generally speaking, there are collective agreements among most national postal operators but not so many for competitors. Besides, a few countries have introduced social prerequisites to grant licenses. Thus, in Belgium and Hungary, operators need to have respectively 80 percent and two-thirds of employees with a contract.



New agreement for the employees in the postal and cargo industry in Sweden

SEKO (service and communication) union and the Almega service employers' organization for the postal and cargo industry reached an agreement on September 17. The agreement covers in particular the people working at the incumbent Post Nord

(Sweden) and its main competitor Bring City Mail. It provides for a global minimum increase of 6.8 % and a monthly increase of SEK 1,700 (€196.7) over the period; this amounts for the lowest wages to a 10 % raise.



CSR from the perspective of Eastern Europe operators

Interview with Kalina Toteva, International projects manager at Bulgarian Posts

How is CSR perceived within the postal operators in Eastern Europe?

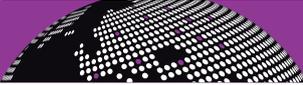
"Corporate Social Responsibility" is a broad term and often sounds too abstract. CSR is still not on top of our agenda as there are other issues with higher priority such as liberalization, regulation, product development, digital services...

In many cases, operators do CSR activities but don't realize it and are developing some very interesting initiatives.

In term of CSR what are you expected from PostEurop?

PostEurop can help operators, especially those from Eastern Europe, to have a better view of the CSR challenges. Today, it's important to give an idea of what CSR is and to promote it. We need to learn how to use such activities to improve our image in society and how to present them to our employees so that they can be proud of working for us. PostEurop can involve operators by setting up more EU-funded projects. The Bulgarian post has taken full advantage of its participation to the project "Training Partnership for a Changing Post" funded by the Commission. The objective was to identify critical jobs for the sector over the next five years and share training programs to prepare employees for change. We exchanged good practices in HR management and through our participation we were able to implement an internal training to develop the skills of our staff in sales, customer relations and teamwork.

The adaptation of skills to employment evolution is today a major issue to manage the change in our companies.



News from member States



Portugal lowers layoff costs

Enforcing the requests made by the Troika, Portugal has once again lowered layoff benefits. Meanwhile, the rules to renew fixed-term contracts have become more flexible.

Employees hired as of October 1 will receive 12 days' pay for each year served in the company if they are included in a mass layoff. For other grounds, compensation will amount to 18 days for the first 3 years in the company and 12 for the next. Fixed-term workers will get 18 days' pay for each year spent in the company.

These measures were adopted in keeping with the request made by the Troika (IMF, ECB and EU) for more flexibility in layoff regulations and modalities in exchange for a €78-billion loan. This is the second reform of unemployment benefits since 2011, which has gone from 30 days before down to 12 days now.

Renewing fixed-term contracts

Other measures adopted included, fixed-term which contracts can be renewed two more times (in addition to the three times already allowed), up to 12 months (in addition to the current maximum, 3 years). In other words, fixed-term contracts can be renewed 5 times in 4 years. This is an extraordinary measure, which will end in 2016.



Key social points of the German coalition program

The conservatives (CDU and CSU) and social-democrats (SPD) completed their program after one of the longest negotiations for the formation of a federal government since the end of the war. The program provides for the introduction of statutory, universal minimum wage at the latest on January 1, 2017. This aims to counter the development of low-wage sectors, growing in the absence of collective bargaining defining minimum regulations.

It plans thus to limit "contractual arrangements that go against the law" to "the detriment of workers". This particularly targets "Werkverträge" – contracts businesses sign with self-employed workers to perform a task. The agreement also reminds that agency work is of a temporary nature and imposes a limit of 18 months to the assignments.

Finally, the principle of "One establishment, one collective agreement" will be on the agenda. This principle, which tends to favor the establishment's majority union, used to be the tradition in Germany for a long time. This changed in 2010 due to the jurisdiction with the consequence that small sectoral unions appeared and grew, deeply changing the deal in sectors such as rail or air transport.



The development of 'zero hours' contracts is raising political controversy in the UK

No guaranteed working time, no minimum wage, zero hours contracts allegedly concern more than 1 million British workers. This form of employment, the most advanced form of flexibility ever, raises debates, even within the liberal-conservative coalition, which isn't ruling out the possibility of supervising it. The press revealed that a lot of large private companies were massively using these contracts. The controversy raised by these findings led the government to order a report to see whether these contracts actually do represent exploitation (no guaranteed income) and keep workers from effectively looking for another job, as they don't know for how long they will be working. The government's assessment shouldn't lead to a ban of these contracts as the conservative party in power is defending them. However, it could lead to recommendations on the introduction of guarantees in terms of working conditions, ensuring minimum wage for workers, for instance.

AGENDA

- **22 & 23 January 2014:** Kick-off meeting of the Leonardo da Vinci project on stress management in the postal sector
- **30 January 2014:** Environment Seminar on circular economy
- **7 February 2014:** Final conference of the Postal Sector Evolution project "Developing a quality postal sector in the digital age"
- **27 March 2014:** PostEurop Management Board

