

EMPLOYEE PARTICIPATION AND CSR - MODEL CODE

2 February 2011

Introduction

- This model code (“**CSR Model Code**”) can be used as a guideline by employee participation bodies when entering into consultations with the entrepreneur (management) regarding corporate social responsibility (“**CSR**”) for the purpose of defining rules for the development of the company’s CSR strategy and for the execution thereof.
- This CSR Model Code primarily addresses large, internationally operating companies which are oftentimes listed.¹
- This CSR Model Code can also serve as a guide to other (large) companies and enterprises in the medium and small-sized business sectors when entering into consultations with the entrepreneur regarding CSR. Where necessary, application of the Code can be limited to those provisions considered relevant to a company’s specific situation and needs.
- This CSR Model Code can also be agreed between an employee participation body and the company in the form of a voluntary agreement as defined in article 32 of the Dutch Works Council Act (“**DWCA**”), or alternatively can be integrated into an existing voluntary agreement.
- It is the intention that this CSR Model Code, in consultation with the Ministry for Economic Affairs, Agriculture & Innovation (“**EAA&I**”), the Dutch Social Economic Council (“**Social Economic Council**”) and representatives from boards of directors, supervisory boards and employee participation bodies, will operate as a code regulating the formulation and implementation of company CSR strategies and policies. Such a code will in the future potentially involve (external) stakeholders other than those already mentioned. It is, therefore, important that the outlines of this CSR Model Code are defined now and that parties start gaining experience with how the Code works in practice.
- *Stichting Multi Nationale Ondernemingsradenoverleg* (“**Stichting MNO**”)² will annually assess the extent to which its members apply this CSR Model Code (monitoring function). Stichting MNO will report its findings to representatives of boards of directors, supervisory boards and employee participation bodies as well as to the Ministry for EAA&I and to the Social Economic Council. The results will then be published on the MNO website.³ Stichting MNO can decide to amend the CSR Model Code based upon the results of its assessment.
- As regards terminology and competency descriptions of various actors such as the board of directors, the members of the supervisory board and the employee participation bodies, this CSR Model Code follows the DWCA, Book 2 of the Dutch Civil Code (“**DCC**”) and the Dutch Corporate Governance Code (currently known as the “**Frijns Code**”) (English language version of the Frijns Code and other relevant information can be accessed at: <http://commissiecorporategovernance.nl/home.html>).

¹ This CSR Model Code was in principle written for the employee participation bodies of multinational companies participating in foundation ‘*Stichting MNO*’ (the ‘MNO Members’). See: <http://www.stichting-mno.nl/>.

² See: <http://www.stichting-mno.nl/>.

³ In addition to publishing the results of the annual assessment, the MNO website will also provide a webpage where questions concerning the CSR Model Code can be posted. Answers to questions will also be published on the website so that they may be accessible to all interested parties. By doing so, MNO aims to create a ‘learning network’ in respect of the CSR Model Code.

1. Terminology

1.1

'CSR' means: a company's ambition to realise a value increase with its business activities in each of the three dimensions People, Planet & Profit, as described by the Social Economic Council in its advisory report on Corporate Social Responsibility (*'De Winst van Waarden'*), and which dimensions are to be taken into consideration in every business decision.⁴

1.2

'Company' means: a company as defined by article 1 of the DWCA or alternatively, and if more appropriate in the context of the relevant provision: the legal entity that is the holding company of the (international) group of companies that together form the enterprise (holding company).⁵ In the event that a company's holding company is not domiciled in the Netherlands, the term holding company shall be read to mean: the Dutch company that acts as (sub)holding (*tussen*)holding) to a part of the international group of companies that together constitute the enterprise.

1.3

'Management', **'Board of Directors'** and **'Director'** mean: the board of directors of the company as referred to in its articles of association, respectively each individual member thereof.

1.4

'Supervisory Board' and **'Supervisory Board Member'** mean: the supervisory board of the company as referred to in its articles of association, respectively each individual member thereof.

1.5

'Employee Participation Body' means: the central works council, if in place, and otherwise the relevant group works council(s), joint works council(s) or other pertinent works council(s).

1.6

'CSR Plan' means: the CSR strategy and policies of the company, as well as the implementation thereof, pertaining to the business activities of the whole enterprise including its Dutch and its foreign businesses and activities. The CSR Plan is comprised of three parts: (i) a short-term plan setting forth concrete ambitions for tangible results and implementation policies for the next financial year (to be adjusted on an annual basis); (ii) a plan for the medium-term setting forth the concrete ambitions for tangible results and implementation policies for the next five financial years (to be adjusted every five years); and (iii) a long-term plan formulating ambitions and implementation policies for the next twenty years (if necessary to be adjusted, but only once every five years, together with the medium-term CSR Plan). All CSR ambitions are to be agreed in writing in the CSR Plan and shall as far as possible be specified and quantified. Annex I contains a non-exhaustive list of topics that could be considered for inclusion in the CSR Plan.

1.7

'Own vision' of the Employee Participation Body means: the Employee Participation Body's vision on the basis of which it determines for itself the extent to which CSR is considered to be of strategic importance to the company (within the sector in which it operates) and the translation

⁴ The Social Economic Council advisory report *'De winst van waarden'*, No. 11, 15 December 2000, pp. 17-18, describes CSR in this way. For an English abstract of this report see:

http://www.ser.nl/-/media/Files/Internet/Talen/Engels/2000/2000_11.ashx

⁵ This will usually be the legal entity that publishes the (consolidated) annual accounts and annual report.

thereof to the specific operations undertaken by the company and the preferred mode of working, to be viewed in light of the (international) context within which the company operates.⁶

2. Responsibility for CSR

2.1

The Board of Directors is responsible for formulating and executing the CSR Plan.⁷ Notwithstanding this collective responsibility, the Board of Directors shall appoint one of its members as the person primarily responsible for and who shall act as first point of contact with respect to the CSR Plan, hereinafter: the **'CSR Director'**.⁸ The CSR Director is also responsible for conducting a so-called *'stakeholder mapping'* on a regular basis, meaning that the CSR Director will determine which stakeholders the company has and to what extent they wish to enter into a dialogue with the CSR Director and other company representatives in respect of the CSR Plan.

2.2

The Supervisory Board is responsible for advising on, discussing and approving the CSR Plan.⁹ Notwithstanding this collective responsibility, the Supervisory Board shall appoint one of its members as the person primarily responsible for and who shall act as first point of contact for matters concerning the CSR Plan, hereinafter: the **'CSR Supervisory Director'**.¹⁰

2.3

The Employee Participation Body is responsible for: (i) formulating its own vision concerning the company's CSR policy, on the basis of which the Employee Participation Body can form its own opinion in respect of the proposed CSR Plan submitted to it by the Board of Directors, (ii) rendering advice in respect of and consulting on the proposed CSR Plan¹¹, (iii) supporting and monitoring implementation of the CSR Plan within the company and (iv) stimulating employees to generate ideas regarding CSR. The Employee Participation Body shall appoint one or more of its members as the person(s) primarily responsible for and who will act as first point(s) of contact for matters concerning the Employee Participation Body's vision regarding employee participation in respect of CSR within the company and/or the CSR Plan, hereinafter: the **'CSR Employee Participation Officer'**. The Employee Participation Body shall actively support the CSR Director and CSR Supervisory Director in implementing the CSR Plan throughout the company.

3. The CSR Plan - Employee Participation Body's right to render advice

3.1

⁶ In other words: what corporate interest is served by a company re-orientating its processes with a view to rendering these more sustainable? In addition: how do societal trends impact the company, but also: in what way does the company influence societal trends? Which stakeholders are of importance for the company and to what extent does it enter into a dialogue with such stakeholders?

⁷ This is in keeping with Principle II.1 of the Frijns Code.

⁸ Best practice as revealed by the 2010 MNO-Nyenrode research project. See the research report (in Dutch) at <http://www.stichting-mno.nl> or <http://www.rijksoverheid.nl/nieuws/2011/02/08/ook-ondernemingsraad-speelt-rol-bij-mvo.html>.

⁹ This is in keeping with Principle III.1 of the Frijns Code.

¹⁰ Best practice as revealed by the 2010 MNO-Nyenrode research project. In addition, the employee participation body can request the Supervisory Board's or each of its members' advice pursuant to article 16 DWCA. This is also in keeping with Best Practice Provisions III.1.9 and III.4.1.(g) of the Frijns Code.

¹¹ Best Practice as revealed by the 2010 MNO-Nyenrode research project.

The Board of Directors will publish the CSR Plan on the company's website annually, no later than one month before the end of the then current financial year.

3.2

A draft of the proposed CSR Plan will be submitted to the Employee Participation Body annually, but no later than six months prior to completion of the then current financial year, by the CSR Director upon request of the Board of Directors. Such draft proposed CSR Plan will be discussed during at least one consultation meeting.¹² Should the Board of Directors fail to draw up a CSR Plan, the Employee Participation Body can, in a consultation meeting, set a new timeline for the Board of Directors to draw up and deliver the draft proposed CSR Plan; the Employee Participation Body can at all times take the initiative to submit a proposal (article 23 sub-paragraph 3 DWCA) in respect of the CSR Plan.

3.3

The Employee Participation Body shall discuss the draft CSR Plan with the other relevant employee participation bodies within the company and, if considered desirable or relevant, with the company's group CSR department, other internal and external experts, trade unions, internal company networks or external stakeholders.¹³ If so desired, the Employee Participation Body shall also discuss the draft CSR Plan with the CSR Supervisory Director.

3.4

The Board of Directors will provide the Employee Participation Body with the opportunity to render advice on the proposed draft CSR Plan in accordance with article 25 DWCA.¹⁴ The Employee Participation Body's advice will be solicited at such a point in time that it can still materially influence the proposed CSR Plan. The Employee Participation Body's advice will be formulated as precisely as possible and will be relayed to the Board of Directors, and if so desired to the Supervisory Board, in a timely fashion.

3.5

The CSR Plan will be adopted by the Board of Directors but always requires the Supervisory Board's prior approval.¹⁵

4. Annual CSR Report

4.1

The company will publish an annual CSR report ('Annual CSR Report') on its website.¹⁶ The Annual CSR Report is deemed to form a part of the annual report as defined in article 2: 391 DCC and can,

¹² Ex articles 23 and 24 DWCA. If necessary or desirable, the time schedule can be altered to coincide with the presentation of the 'business planning'. Delivery of the CSR Plan will coincide with the supply of information to the works council ex articles 31a, 31b, 31c and 31d DWCA.

¹³ Best practice as revealed by the 2010 MNO-Nyenrode research project.

¹⁴ Reference is made to the Employee Participation Body's right to render unsolicited advice, potentially in combination with a subsequent proposal in accordance with article 23 sub-paragraph 3 DWCA (right of initiative).

¹⁵ This is in keeping with Principles II.1 and III.1 and best practice provisions II.1.2 and III.1.6 of the Frijns Code.

¹⁶ The Frijns Code requires that the Board of Directors reports to the shareholders on the company's CSR strategy. Article 2: 391 DCC requires inclusion of extra-financial information in the annual report, such as information regarding employee and environmental aspects of the company's business operations on a worldwide basis. Guideline 400 of the Dutch Council for Annual Reporting and the accompanying explanatory statements provide an explanation as to the societal information that a company should include in its annual report. This provision of the CSR Model Code adheres to these statements and to the Guideline.

if desired, be integrated therein.¹⁷ The Annual CSR Report is drawn up - at the discretion of the company: in accordance with the Global Reporting Initiative guidelines¹⁸ or in accordance with Guideline 400 and its (document) guide (as amended from time to time) issued by the Dutch Council for Annual Reporting.¹⁹ The main features of the Annual CSR Report shall always be discussed with the Employee Participation Body in a consultation meeting ex article 24 DWCA, prior to publication of the Report.²⁰

4.2

The Annual CSR Report will be assessed by external experts and shall specify in precise terms: (i) which standards have been applied by the external expert during the assessment process; (ii) per section of the Annual CSR Report: how and to what level of detail the contents of the Annual CSR Report have been examined; (iii) possible recommendations by the external experts; and (iv) the names of the external experts.²¹

4.3

The Employee Participation Body shall see to it that each Annual CSR Report shall include a paragraph setting forth the Employee Participation Body's response to the company's CSR policy and to the implementation thereof.

4.4

The company will publish current developments relating to the CSR Plan or to the implementation thereof on its website. It shall also provide information relating to any CSR-related disputes and stakeholder issues.²²

5. Institutionalising CSR in the tasks of the Employee Participation Body

5.1

In the event that the company has entered into a so-called charter or voluntary agreement ex article 32 DWCA with the Employee Participation Body (in the Netherlands often referred to as a '*convenant*'; hereinafter "**Works Agreement**"), it is recommended to include specific reference to this CSR Model Code in such Agreement and to further stipulate that this Code will apply by and between the parties thereto, or at least to specifically include the Employee Participation Body's right to render advice as provided for in section 3 of this CSR Model Code in the Works Agreement.

¹⁷ Integration was mentioned several times as an example of best practice in the MNO-Nyenrode research project.

¹⁸ Whereby as many as possible relevant sector supplements and theme supplements will be taken into account. See www.globalreporting.org.

¹⁹ Best practices. See Guideline 400 (2009 version) and the '*Handreiking voor Maatschappelijk verslaggeving*' (2003 version) at the website of the Dutch Council for Annual Reporting:

<http://www.rjnet.nl/RJ/Richtlijnen/Handreiking+MVO/default.aspx>. For an English language version: see the website of the Dutch Council for Annual Reporting (link through to International Visitors) and http://www.rjnet.nl/readfile.aspx?ContentID=51535&ObjectID=492464&Type=1&File=0000025166_HandreikingMVO_Engels.pdf

²⁰ Preferably at the same time that the company's activities and results, provided to the Employee Participation Body in accordance with article 31a DWCA, are discussed.

²¹ Best practices: see the 'Assurance Standards' used by accounting firms for annual sustainability reporting and see the 'Application Levels' that are used by the GRI for sustainability reporting.

²² It is important that credit providers, investors (this is also in keeping with securities laws), sustainability indices, consumers and NGOs are in the possession of up-to-date information.

5.2

The parties identified in this CSR Model Code shall submit this Code to the Social Economic Council with a view to it being distributed among the relevant Employee Participation Bodies, as was the case with the Social Economic Council's Model Rules of Procedure for Works Councils.

5.3

The parties identified in this CSR Model Code shall advocate that: (i) article 28 DWCA is amended such that it will in the future specifically state that the works council will promote CSR; (ii) article 25 DWCA is amended to reflect that the right to render advice also expressly applies to the CSR Plan; and (iii) article 31 DWCA is amended to explicitly reflect that the right to receive information also applies to the CSR Plan.²³

5.4

The parties identified in this CSR Model Code shall advocate that the Employee Participation Body acquires the statutory right to speak at the general meeting of shareholders (i) in respect of the CSR Plan; and/or (ii) with a view to elaborating upon and clarifying its response as referred to in section 4.3 of this CSR Model Code.²⁴

6. CSR related stakeholder disputes

6.1

Each stakeholder in the company's CSR policy shall first contact the CSR Director, the CSR Supervisory Director, the group CSR department or the CSR Employee Participation Officer in order to seek a solution to CSR-related complaints. In the event that a significant complaint is received by one or more of the aforementioned persons (the CSR Director, the CSR Supervisory Director, the group CSR department and/or the CSR Employee Participation Officer), he/she will inform the other involved persons with responsibility for CSR matters. It will then be determined, in a process of joint consultation, whether and to what extent a role can be played by the CSR Director, the CSR Supervisory Director, the group CSR department and/or the CSR Employee Participation Officer in addressing the complaint and in reaching a solution. The CSR Director shall see to it that a complaint report is drawn up in respect of minor and frequent complaints and will discuss the same with the CSR Supervisory Director, the group CSR department and the CSR Employee Participation Officer.

6.2

Each stakeholder that is unsuccessful in reaching a suitable solution pursuant to this CSR Model Code to a complaint submitted by it in regard of the Company's CSR policy, can apply to the National Contact Point in The Hague.²⁵ In that event, the CSR Director, the CSR Supervisory Director, the group CSR department and the CSR Employee Participation Officer will immediately be informed.

²³ These amendments could be included in the policy document on CSR that the Ministry for Social Affairs is currently (2010/2011) preparing for submission to the Dutch House of Representatives and in the action items that could potentially result therefrom. If necessary, the foregoing could serve as a platform for proposing the amendment of articles 25, 28 and 31 DWCA with a view to integrating an element of CSR therein.

²⁴ This is in keeping with the right of speech that the Works council has in respect of article 2: 107a DCC decisions; decisions to appoint, suspend and dismiss directors and supervisory directors; and the remuneration policy regarding directors (see articles 2:107a (3), 2:134a (1), 2:135(2), 2:144a (1), 2:158(4) DCC).

²⁵ This is the authority to which stakeholders can submit complaints regarding companies that, according to these stakeholders, are acting contrary to the OECD Guidelines for Multinational Enterprises. See website: www.oesorichtlijnen.nl. For English language version see: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>.

7. About this model code

7.1

This CSR Model Code can be applied commencing March 1, 2011.

7.2

Application of this CSR Model Code is recommended for all companies to which the Dutch Corporate Governance Code (as amended from time to time) applies. The company can indicate by way of a 'comply or explain' statement whether it follows this CSR Model Code. This can be done via the company's website and/or in conjunction with the Board of Director's corporate governance statement in the annual report.²⁶

7.3

This CSR Model Code may be referred to as the 'Employee Participation CSR Model Code'.

7.4

This CSR Model Code includes an Annex I 'Non-exhaustive list of topics for the CSR Plan' and an Annex II 'List of procedural considerations in respect of CSR', which annexes form an integral part of this CSR Model Code.

²⁶ See Frijns Code, Preamble under 13. The Frijns Code has been designated by Royal Decree dated December 3, 2009 (Staatscourant [Dutch Official Gazette] 2009, no. 18499) on the basis of article 2:391(5) DCC (see: <https://zoek.officielebekendmakingen.nl/stcrt-2009-18499.html>). This is also conceivable for this Model Code.

ANNEX 1 - NON-EXHAUSTIVE LIST OF TOPICS FOR THE CSR PLAN

The CSR Plan sets forth the company's concrete ambitions in respect of, among others, the following areas.

GENERAL

1. Which codes of conduct does the company endorse? These can be international codes, sector codes or company codes of conduct.²⁷
2. Which sustainability networks or round tables does the company participate in?²⁸
3. With which sustainability quality marks is the companies involved or are used by it?²⁹
4. Does the company follow the ISO 26000 guideline in respect of CSR and if so, how?³⁰
5. Is the company obliged to issue an annual progress report in respect of the initiatives listed under 1 through 4 above (sometimes referred to as 'Communication of Progress')?
6. Which codes of conduct have been developed by the sector in respect of CSR?³¹ Does the company follow them? If not, why not? What time line has been agreed within which they will be followed?
7. What are typical 'best practices' within the sector? Does the company follow them? If not why not? What time line has been agreed within which they will be followed?
8. How does execution of the CSR Plan take place: are training sessions and instruction days organised for personnel? How has the follow-up been organised?
9. Do the works councils and other employee participation bodies within the company receive training regarding the importance of CSR for the company?
10. How is it monitored whether or not the company is executing its CSR Plan?
11. Is the company admitted to a sustainability index?³²
12. Is CSR included in the directors' and employees' KPIs?³³
13. Does CSR play a role when taking and executing strategic decisions such as, for example, the decisions referred to in article 25 DWCA?
14. What standards and reporting guidelines does the company use in its CSR Annual Report?
15. Does the company publish an Annual Social Report or Environmental Report? If so, which business units are included in such reports and where can the reports be obtained?³⁴
16. Do the company's business activities contribute to the realisation of the Millennium Development Goals?³⁵ If so, describe the company's role therein.
17. Is the company a party to one or more public-private alliances aimed at promoting the Millennium Development Goals? If so, describe the company's role therein.

²⁷ For example: OECD Guidelines for Multinational Enterprises; UN Global Compact Principles; the Earth Charter; Principles for Responsible Investment; the framework concerning human rights as presented by Professor Ruggie, Special Representative for the UN on the issue of human rights and transnational corporations and other business enterprises (Protect, Respect, Remedy); sector codes of conduct, etc.

²⁸ For example: CEO Water Mandate; Principles for Responsible Investment; UN Global Compact; Round Table for Soya; Round Table for Palm Oil.

²⁹ For example: FSC; MSC; Utz; Fair Trade; Fair Wear; Demeter.

³⁰ See for more information: <http://www.nen.nl/web/Normshop/Norm/NENISO-260002010>.

³¹ Information may for example be obtained via the 'CSR Navigator' accessible at <http://www.oesorichtlijnen.nl/navigator/> or <http://mvonederland.nl/content/mvo-tools/richtlijnennavigator> or <http://www.oecdguidelines.nl/knowledge-center/csr-navigator/> for English language CSR Navigator.

³² For example, the Dow Jones Sustainability Indices. See for more information: <http://www.sustainability-index.com/>.

³³ Key Performance Indicators used when assessing the performance of personnel. A number of companies have, as a best practice, been seen to have been linking their directors' variable incentive packages to the company's ranking in a sustainability index such as the one published by Dow Jones.

³⁴ Although the Dutch statutory requirement to compile and publish a public environmental report ceased to exist some years ago, the statutory requirement for some companies to compile a governmental environmental report still exists.

³⁵ UN ambitions for 2015 concerning poverty reduction, agreed in 2000. See for more information <http://www.un.org/millenniumgoals/>.

18. Does the company have a complaints desk or ombudsman where aggrieved parties or other stakeholders can ventilate their complaints regarding the company's (worldwide) business activities?
19. Has the company formulated a policy on how it will deal with (i) complaints directed at the company that are related to its CSR policy and (ii) CSR related litigation?³⁶

PEOPLE

Specify per topic and per country whether or not local legislation relating to a specific topic is complied with or, as the case may be, whether the company follows another standard (it is, for example, possible that the company applies a uniform standard for all business units in all countries in which employees are stationed).

20. What safety standards does the company apply to its employees?
21. What minimum employment conditions are applied by the company in respect of its employees?
22. What employment hours and rest times apply for company employees?
23. What vacation rights do company employees have?
24. What minimum employee age norms are applied by the company?
25. What standards does the company maintain in respect of its employees' training and education?
26. What is company policy as regards anti-discrimination, diversity and the promotion of equal rights?
27. Is it permissible for employees to join a trade union and what rights do trade unions have?
28. How can employees exercise employee participation rights? What safety standards are maintained by the company in respect of its employees?
29. What is the company's policy in respect of collective dismissal?³⁷
30. What is the company's policy in respect of raw materials, products and services used in the production of its products and services?³⁸ How does the company assure itself that these raw materials are extracted without the violation of human rights or the rights of indigenous people?

PLANET

Where possible, itemize per country.

31. What are the company's CO2 emission targets?³⁹ What portion of those targets is based on statutory obligations and which exceeds such obligations?
32. How has the company structured its energy consumption: electricity from the grid/green electricity/natural electricity/own generator?
33. How has the company organised its cargo transport and employee and customer transport systems: via public transport, car/lorries/scooters/bicycle? Petrol/diesel/gas/electricity?

³⁶ For example: first attempt to solve the complaint internally, either via mediation/conciliation; do not raise formal defenses but give the judge the chance to consider the case on its merits; be cooperative as regards the gathering of evidence.

³⁷ Herewith the definition used in the Collective Redundancy (Notification) Act is followed: dismissal of more than 20 employees within a period of 3 months within a single business unit.

³⁸ See in respect of international supply chain responsibility the 2009 Dutch Social Economic Council advice: *Duurzame globalisering: een wereld te winnen* [On sustainable globalization: a world to be won]. For English language version see: http://www.ser.nl/sitecore/content/Internet/en/Publications/Publications/2008/2008_06.aspx

³⁹ Does the company participate in the Carbon Disclosure Project? See for more information: <https://www.cdproject.net/en-US/Pages/HomePage.aspx>.

34. What is the company's policy concerning its use of resources?
35. What targets does the company have with respect to water (re-)use, irrigation, water discharge and (rain) water storage? What portion of those targets is based on legal obligations and which exceeds such obligations?
36. What are the company's eco-system service⁴⁰ dependencies? Is there a risk of scarcity?
37. What is the company's policy in respect of paper usage?
38. What is the company's policy in respect of the use of timber and in what way does it safeguard that no illegal timber is imported, traded or sold by it?⁴¹
39. What ambitions does the company have in respect of sustainably produced timber?
40. What are the company's targets as regards the compensation or repair of biodiversity related damage (partially) resulting from the company's operations?⁴²
41. Does the company pursue a 'Cradle to cradle' policy?⁴³ If so, what does it entail?
42. How does the company deal with waste generated as a result its business?
43. How does the company deal with waste generated by its product customers (consumers, but also intermediaries)? Does waste intake occur? And recycling? Where does recycling take place?
44. What is the company's policy concerning foodstuffs? Biologically produced? GMO admissible?

PROFIT

Where possible, itemize per country.

45. How is the company fiscally structured?
46. Does the company pay taxes in countries where it has production facilities?
47. Does the company's Annual CSR Report provide numerical information concerning payments made by the company to local governments in connection with, for example, operating agreements or joint venture contracts?
48. Has the company implemented an anti-corruption training programme and whistleblower scheme for employees in all countries in which it has operations?
49. Research & Development: is innovation also directed at making products and production processes more sustainable?
50. What are the sources of the company's funding and how is funding used? Is the company transparent as to how remuneration is structured?

⁴⁰ Such as water, bees, timber, fish, fertile soil.

⁴¹ Pursuant to Regulation (EU) 995/2010 of the European Parliament and European Council dated October 20, 2010 establishing certain obligations of market participants trading in timber and timber products, companies are obliged to conduct due diligence (that is to say that they must comply with certain standards of due care) in order to prevent them from importing, trading or selling illegal timber. See <http://eur-lex.europa.eu/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:NL:PDF>, specifically article 6.

⁴² For example as a result of land conversion (mining, real estate, golf course or other project development), dumping toxic substances.

⁴³ See 'Cradle to Cradle' by William Braungart. See for more information: http://www.cradletocradle.nl/home/321_wat-is-cradle-to-cradle.htm.

ANNEX II - LIST OF PROCEDURAL CONSIDERATIONS CONCERNING CSR

CSR is an important topic to which not only the Board of Directors and the Supervisory Board, but also an employee participation body can make an important and valuable contribution in a variety of ways. CSR is in fact not a status aparte within a company. Attention to CSR can be assured within existing structures and practices. The following list offers suggestions for ways in which CSR elements can be better enshrined within existing company practices and procedures.

- 1. What is the Employee Participation Body's vision on the importance of the CSR policy for the company and its staff members?** How does this relate to the employee participation body's mandate? Who are the company's most important stakeholders (interested parties) and how are they at present being approached by the company?
The development of and discussion on an 'own vision' provides the Employee Participation Body with a framework for engaging in dialogue with management concerning the CSR Plan and also for assessing other plans and strategic developments on their CSR aspects.
- 2. CSR criteria in the profile for new directors and supervisory directors:** does the profile for the appointment of new members to the Board of Directors and Supervisory Board contain criteria relating to social commitment and knowledge of CSR? The employee participation body can influence this when exercising its rights ex article 30 DWCA and can also influence this by nominating a confidential representative for appointment (in accordance with article 2:158/268(5)(6) DCC or article 2:143 DCC).
- 3. CSR in day-to-day employee participation activities:** there are various ways in which CSR can be structurally incorporated in the key tasks of the employee participation body. It is advisable to agree with the director, and with the other members of such body, upon commencement of the co-determination period, at what point(s) in time CSR matters will be discussed, what form this will take, and what the consultation group's composition will be (CSR Employee Participation Officer, CSR Director, CSR Supervisory Director, group CSR department representative, external parties). The CSR Plan can be included as a standard item on the consultation meeting's agenda. In addition, the CSR Director can update the Employee Participation Body on progress made in respect of CSR targets. The standard format that an employee participation body uses concerning the manner in which it deals with a request to render advice ex article 25 DWCA, can include a passage on CSR aspects with a view to taking CSR aspects into account in all requests. It will also pay off to put this topic on the agenda of meetings of the European Works Council (if in place). The importance of CSR for business continuity can be judged in different ways in different countries. The Netherlands' role in the vanguard of Europe can be disseminated via this platform.
- 4. Training the Employee Participation Body on the issue of CSR:** CSR can be a theme in the introduction training program for new members of employee participation bodies. Moreover, the process of developing an own vision and of analysing the company and employee interests relating to CSR can be initiated during such programs. Attention can also be paid to CSR during continuing education session, with input from the internal CSR specialists or outside experts. In specific cases, support can also be sought by the Employee Participation Body.
- 5. Monitoring function:** the employee participation body is particularly well suited to pick up on problems or missed chances concerning CSR (People, Planet and Profit related) coming from the workplace, and to bring these matters to the attention of the board of directors. This role can be maximised by offering employees a clear invitation and channel for their

comments and concerns regarding CSR. A set point of contact (the CSR Employee Participation Officer) and an email address could be considered.

- 6. Bringing CSR to the attention of the employees:** creating a broad CSR support base within the company is essential to the successful implementation of the company's CSR policy. The employees involved ultimately effect a large part of the plans designed at the top, but can also pro-actively accelerate the process by challenging the board of directors to go even further. The employee participation body can also play a role in creating a basis of support and in cultivating an understanding of the company's CSR ambitions. CSR can be given a dedicated section in the Employee Participation Annual Report. The employee participation body can organise discussion sessions relating to day to day CSR dilemmas and challenges, together with the board of directors and on the shop floor. And when drafting the candidate profiles for the employee participation body elections, the own vision can enter into the equation. The board of directors can also play an important role in stimulating employee engagement in respect of CSR, for example, by founding a 'CSR community', organising 'challenges' and involving employees in charitable projects. In this sense, the board of directors and the employee participation body can reinforce each other's position.
- 7. Information:** information is essential if the employee participation body is to be in a position to fulfill a serious role regarding CSR. It is essential that the board of directors formulates clear ambitions and that a sound information management system is in place within the organisation in order that progress can be monitored. The Board of Directors, the manager of the group CSR department and the Employee Participation Body should all make clear arrangements as regards the form and frequency of progress reports regarding CSR targets. A reliable information system will enable the board of directors to include these targets in remuneration and promotion arrangements.
- 8. Tools:** various tools have been developed that will help not only the board and the company, but also the employee participation body in forming an opinion regarding CSR. It is advisable, for example, to examine the ISO 26000 or the CSR Navigator. The latter has been developed by the OECD and *MVO Nederland* [the Dutch CSR platform] (<http://www.oesorichtlijnen.nl/navigator/>).