

FACTSHEET



Financial and non-financial information practices and reporting as tools for workers' involvement in the company's decisions.

Republic of North Macedonia¹

Introduction. Financial and Non-financial information in multinational companies.

With the entry into force of **Directive 2014/95/EU**, large groups and listed companies are asked to be more transparent with respect to their activities and to provide specific information on company's policies and the impact generated by the economic activity on workers, the environment and in the community in which they operate. Directive 2014/95/EU has, in addition, amended **Directive 2013/34/EU** on annual financial statements, consolidated financial statements and sustainability reports, which was introduced to promote the convergence of accounting standards globally and ensure consistent and comparable financial reporting across the EU. EU. In the Republic of North Macedonia, as a non-EU country, these directives do not apply yet on national companies, hence they apply only on multinational companies having macedonian headquarters or subsidiary, but are from the territory of the European Union.

FINANCIAL INFORMATION

Data contained in annual or consolidated financial statements and in management reports on the basis of which the financial statements are prepared. The purpose of Directive 2013/34/EU (so-called *Accounting Directive*) is to harmonise national requirements on the presentation and content of annual or consolidated financial statements, their audit and publication, and management's responsibility for what is stated.

NON-FINANCIAL INFORMATION

Information about the company's policies on working conditions, gender equality, social dialogue, health and safety, board diversity, corruption and anti-corruption, environmental protection and respect for human rights, and social responsibility. Companies subject to the *Non-Financial Reporting (NFR) Directive* must provide a fair and comprehensive report of their policies on these issues and results.

Financial and non-financial reporting is an important opportunity for workers' representatives and trade unions to initiate or reinforce **social dialogue** and obtain key information on management policies adopted by the company that is useful for **information and consultation** processes. Prior information and consultation are essential to the involvement of workers and their representatives in company's decisions before they are taken. European legislation states that workers must be sufficiently informed and consulted upstream of the company's decision-making process.

¹ Edited by Federation of Trade Unions of Macedonia (FTUM and Business Confederation Macedonia BCM

Overview of **reporting** practices and of the different Macedonian cultural and economic background

In North Macedonia harmonisation of national requirements on the presentation and content of annual or consolidated financial statements, their audit and publication, and management's responsibility for what is stated is regulated by the **National Company Law** that entered into force in 2004.

Macedonian companies have no obligations to disclose information of a social and/or environmental nature. It is left to the voluntary initiative of those companies most oriented towards the values of sustainability and the common benefits.

However, different rules apply for multinational companies in the country. Apart from following the national company law, multinational companies in the Republic of North Macedonia are subject to the legislation according to their origin and headquarters. Multinational companies from the European Union that have a subsidiary in the Republic of North Macedonia are subject to European directives according to the country of their origins.

Such directives are the **Directive 2013/34/EU** (so-called Accounting Directive) and the **Directive 2014/95/EU** (also known as the Non-financial Reporting – NFR directive).

The **NFR Directive** came into force for all EU Member States in 2018.

It applies to large groups, such as listed companies, banks and insurance companies, with more than 500 employees, a minimum balance sheet of 20M euros and an annual net turnover of at least 40M euros.

It requires certain information to be made public on how social and environmental challenges are managed.



Analysis of the procedures and **social dialogue** practices

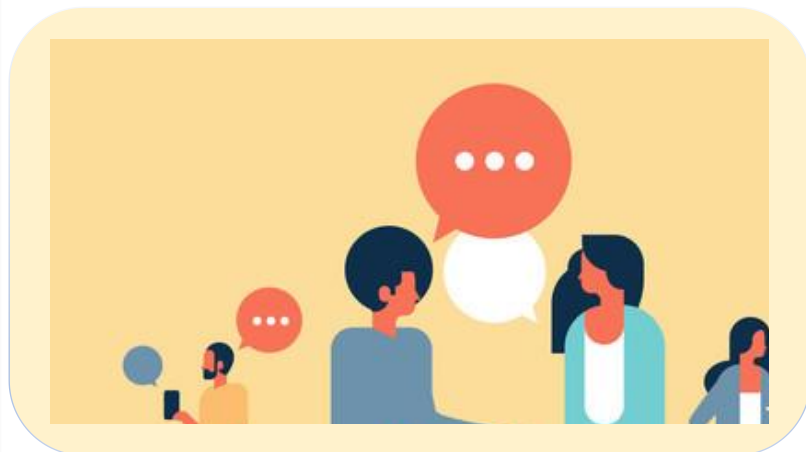
Environmental, social and governance information are important for workers' representatives and trade unions as key stakeholders to stimulate social dialogue or active social dialogue initiative and, above all, to learn about key issues on which management will have to take decisions that will inevitably affect all workers.

European Works Councils (EWCs), as European bodies representing workers in multinational companies, are entitled to **information and consultation rights on strategic, economic and social issues** interesting them.

Therefore, not only relevant information on the implementation of ILO Conventions, diversity and equal opportunity issues, employment issues, working conditions, labour relations and the exercise of trade union rights, career management and employability, the remuneration system, training, health and safety at work, but also purely economic and financial information enabling workers' representatives to find out about company trends, profits and losses, investments, and to know about restructuring, reorganisation and major structural changes. The subjects of the exercise of information and consultation rights must be negotiated when setting up or renewing the EWC and indicated in the negotiated agreements.

What is important in the context of social dialogue is the employees' representatives degree of knowledge and skills at all levels to interpret and understand technical documents and complex information. Knowledge and skills that put them in a position to be adequately informed and able to effectively express their positions within the negotiations.

By the interviews conducted with Italian EWC representatives and company's representatives within the framework of the **POWER** research, it emerged that in order for EWC representatives to understand the relevant financial and non-financial information submitted to them, **regular training** on shared topics and/or the support of **experts** for the EWC's members are necessary.



Best practises of workers' involvement in MNCs: procedures and tools pertaining to **information and consultation rights**

From the analysis of the data provided and the interviews conducted with company representatives and TU members within the framework of the European **POWER** project, different practices of workers' involvement and shared requirements emerged. The multinational companies studied by the Macedonian partners of the project belong to the metal, construction and gaming sectors. All multinational companies from North Macedonia that were subject to the analysis are without an EWC. **Liberty Steel Group** uses several tools to monitor employees' satisfaction and involvement where concerns and comments can be shared openly and anonymously. They use such tools semi-annually where after each activation an action plan for improvement is prepared. Management is constantly improving the union as well as workers and their representatives at the local and global corporate level by representing in the workers' corporate council. With the occurrence of the global pandemic with COVID-19, the possibilities for communication through meetings with physical presence were limited, as a result of which online tools and information shared via SMS were increasingly used.

In **Sasa Mines** there are two branch unions through their trade unions. Communication with the unions is done in different ways. In addition to the regular monthly meetings, additional meetings are scheduled based on the specific needs and requirements of the workers, the unions or the employer. The management gives full support to both unions such as financial support, the right to carry out trade union activity during working hours, as well as by not interfering in the internal functioning of trade unions, in accordance with the Right to Freedom of Association. In **Titan Cementarnica Usje** workers are regularly consulted and

informed, especially in the area of occupational safety and health. Once a year, the employer is giving a presentation about the results of the company and the plans for the next year as well as about the ecology, the productivity of the company and Occupational Safety and Health. The workers have an OSH representative as a member of the company's union board. They are sufficiently recognized in the company and the management is working on continuous improvement. For that purpose, both the management and the branch union hold regular trainings. Current topics are trade union leadership and tools in collective bargaining.

In **Makdia** workers are fully involved in company decisions through direct consultation, formal and informal consultation as well as technical meetings focused on better organization of communication and production. The information is available to the workers through internal information as needed and from the managers of certain parts in the factory. During the last year the management focused the non-financial information on safety and health on the workplace due to the COVID-19 pandemic.

In **HTL Macedonia** there is no trade union, but there is an association of employees which the employees formed on their own initiative to act against certain institutions and laws that tend to destroy their business. HTL has developed an "Idea workshops" in which every employee can participate in the development of the business with their own idea, for which, if implemented, they will receive an appropriate monetary reward. Employees are involved, informed and consulted in deciding only on issues related to their rights and responsibilities, but are not fully involved in company decisions.