



ROAD TRANSPORT, AUTOMOTIVE SUPPLY CHAIN

REALITY AND SOLUTION



THE WORLD OF INTERNATIONAL ROAD TRANSPORT

Truck drivers from more than thirty countries are driving on Europe's roads. They all pay exactly the same for a liter of diesel at the petrol station. This price is a given, just like many other costs in the transport sector are a given. The revenue models usually involve the creative organisation of employer costs for labor and playing around with driving times and rest periods.

Subcontracting chains are commonly onemployed. This enables self-responsibility, employees' rights and employers' costs to be organized at arm's length. This goes so far as to even compromise road safety.

In Europe and in member states, no priority is given to enforcement of regulations designed to protect truck drivers and prevent unfair competition. Over the years, inspection authorities have lost out in terms of budget and political influence and employers no longer have any fear of inspection, considering themselves untouchable.

Driver exploitation and the organisation of unfair competition have become a business model.

Although the sector has a large recruitment need for new drivers, working conditions are under constant pressure. Against all economic laws, in road transport a scarce commodity is not expensive. In road transport, whatever is scarce is shamelessly exploited or laid off.

In the subcontracting chain, car manufacturers are ultimately the economic employers of the drivers who keep their operations running. In their CSR (Corporate Social Responsibility) statements, these car manufacturers advocate a policy of honest and transparent working. However, that policy does not stretch to the drivers' cabs. Even though transport forms the backbone of the manufacturers' operations and is an essential link in the production chain. Drivers from Eastern Europe, the former Soviet republics and more recently South-East Asia are being exploited on a large scale

and employed under inhumane conditions. Despite the shortage of drivers, the sector is actually socially bankrupt. The drivers and the good employers are the ones who lose out.

Although road transport matters are often portrayed as complex, the sector is well organized and solutions are at hand. The biggest myths surround the international journeys and the applicable laws and regulations. Currently, though, the laws and regulations are simply used as a smokescreen for removing drivers' rights. After reading this booklet, it will be clear who the culprits are and what solutions exist to breathe new and healthy life into this still magnificent sector. The VNB [Transport Union for Compliance with Haulage Collective Agreements] Foundation of the FNV [Federation of Dutch Trade Unions] investigated the pay and working conditions of drivers operating in the auto-motive industry. The investigation results were checked for compliance with European and national laws and regulations and were compared with the CSR policy of the car manufacturers. The conclusion is shocking.

For the investigation, parking places in various countries were visited, investigators were posted at the gates of the car and truck manufacturers and confidential interviews were conducted with hauliers. Drivers from various nationalities were interviewed.

This booklet describes the business model of the haulage companies De Rooy and Ewals from the Netherlands, Waberer's from Hungary and XPO from Spain. The investigation also looked at many other companies who operate using similar practices. In addition to this booklet, the VNB Foundation of the FNV also produced a film about this investigation.

Meanwhile, the VNB Foundation of the FNV has addressed the conclusions to the car manufacturers involved about their own CSR policies and their legal and social responsibilities.



CASE: DE ROOY FROM SON EN BREUGEL

Haulier De Rooy from Son en Breugel the Netherlands is the preferred transporter for DAF Trucks.

The company's profile is on the De Rooy website:

"450 of our own trucks, market leader in truck and tractor unit transport. Customer satisfaction, that is what De Rooy is all about. That also applies to partnership. No short-term investments but long-lasting relationships. We are proud to have the opportunity to work for leading companies around the world."

The investigation shows that De Rooy appears to interpret "customer satisfaction" by making use of subsidiary companies that exploit their drivers, commit social security contribution fraud, comprehensively infringe driving and rest periods and promote tachograph fraud by allowing drivers to work with driver passes in another person's name.

The "450 own trucks" are driven primarily by drivers from Romania, the Ukraine and Poland. The drivers live for weeks on end illegally in the tiny cabs. The drivers are virtually all socially insured in Poland even though they do not work there. The Polish contracts of employment include hourly wages of 10 Polish zloty (€ 2.33).

DE ROOY POLAND SP.Z.O.O. POZNAŃSKA 21/48 WARSAW

From Polish court documents and the trade register, it appears that the head office is located in Warsaw. In response to the question whether De Rooy is located here, the lady who opens the door replies: "This is only a virtual office". The manager of De Rooy Poland Sp.z.o.o. is Gerardus Martinus De Rooy, also director of De Rooy Transport Company in the Netherlands.

The address of Zary, in Western Poland, appears on the drivers' employment contracts. In the middle of the village there is a large dilapidated villa with a faded De Rooy sign on the wall. There is nothing that resembles a haulage company. Nor are there any trucks in sight. But there is someone in the office. The question as to who signs the drivers' employment contracts is answered: "someone in the Netherlands".

To the question of who decides whether or when drivers are appointed or dismissed, we are told that this is decided in the Netherlands. When we say that fraud is being committed by linking Romanian drivers who have never even been in Poland to the Polish social security system, the conversation is terminated.

The Romanian driver Doru signed an employment contract in Son en Breugel (NL) under Polish law and with a Polish employer. He has never had any contact with the company in Poland. After almost two years, he received a dismissal letter from Poland. When Doru asked De Rooy Netherlands what the problem was, he received no answer. First of all, he telephoned De Rooy in Poland and from there he was referred back to the Netherlands because the decisions were said to have been made there.



The FNV's VNB Foundation visits the "head office" of De Rooy Poland in Warsaw.

LAWS AND REGULATIONS

Various kinds of laws and regulations apply to road transport and drivers.

1. For the protection of drivers, Europe regulates driving and rest time, European and national legislation covers the applicability of correct wages, coordination of the payment of social security contributions and fundamental human rights such as the right to a safe workplace and access to clean drinking water.

Driving and rest time exist to protect road safety, to protect drivers against their employer and to combat unfair competition.

2. To combat unfair competition, there are sector-specific European rules for access to the market. Before a haulier is allowed into the market, he has to demonstrate that he is professional, creditworthy and reliable and that he has an effective and sustainable establishment in the member state of incorporation. In addition, there are European regulations that cover domestic transportation (cabotage and inter-modal journeys).

In the Netherlands, this is laid out in the Act on Road Transport of Goods which includes the requirement for employment. Dutch hauliers can allow their trucks to be driven only by drivers who are in their paid employment. More specifically, a haulier may only allow drivers from another (foreign) enterprise on his trucks temporarily as an aid and without any profit motive. These rules exist to combat social dumping and unlawful subcontracting structures. In the Netherlands, these kinds of transgressions are economic crime.

As of 1 January 2013, the member states of the European Union have to exchange information about enterprises involved in road transport.

In particular, this concerns information about serious violations committed by hauliers in other member states. The member states must set up electronic registers for this purpose. The national registers are to be linked together so as to exchange information quickly and efficiently. This interlinked system is also known by the name ERRU (Electronic Register of Road Transport Undertakings). At the present time, the system is still not operational.

The aforementioned laws and regulations were introduced by Europe to protect drivers and decent employers. In the automotive sector, we see that unscrupulous employers abuse the regulations, break the rules or put up a smokescreen by falsifying documents and registration. Violations have become so normal because there is too little attention in Europe and in the member states to enforcement. The car manufacturers too closed their eyes to it or are simply bamboozled by their own hauliers.

3. The payment of social contributions and taxes is a cornerstone of social society. The 'Coordination of Social Security Systems in Europe' regulation includes rules of play as to where and when an employee should or may be socially insured in a particular member state. These rules exist to ensure fair and effective insurance for cross-border workers.

In the automotive supply chain, we see that shopping around for social security has become a revenue model. There are drivers who are socially insured in a member state in which they have never set foot.

CASE: EWALS CARGO CARE FROM TEGELEN

According to its website, Ewals Cargo Care has 3,600 trailers and employs approximately 1,000 drivers. Although Ewals Cargo Care is a Dutch undertaking and also operates from the enterprise, the company in the Netherlands has transport licenses for 11 trucks and by its own account employs 14 drivers at Ewals Nederland. The remaining 986 drivers used by Ewals are on the payroll at Ewals's branches mainly in Eastern Europe. In addition, Ewals utilizes many subcontractors.

The company has a major role in transporting spare car components to factories that include: BMW, Renault, Volvo, Jaguar Land Rover, Porsche, DAF, and the Volkswagen Group.

EWALS WEBSITE:

"In 1906, Alfons Ewals founded our company with just a horse and cart, and a lot of ambition. Over 100 years later, the fourth generation of Ewals carries on his name in our family business. Today, Ewals Cargo Care creates unconventional logistics solutions for our customers and our market."

Ewals Cargo Care also undertakes employee satisfaction surveys and sustainable employee deployability. To this end, a subsidy made available by the European Social Fund (ESF) especially for this purpose was utilised. The survey was conducted among employees of Ewals Cargo Care in 16 countries and in 11 languages.

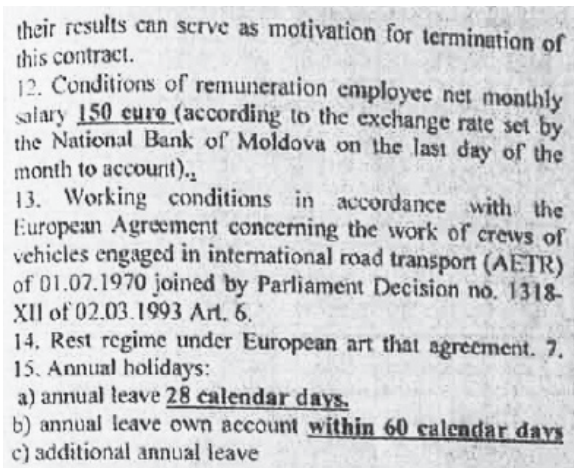
The VNB Foundation of the FNV spoke with a large number of Ewals' drivers at public parking places, at Ewals' car parks and at the gates of car manufacturers in the Netherlands, Belgium, Germany, France, England and Sweden.

Ewals utilises a classic social dumping model. Officially, drivers are employed in Eastern Europe but work in and from the West. To camouflage the drivers' real wages, documents about French and Austrian minimum pay are falsified on a large scale. According to these documents, the drivers should be paid between € 10 and € 13.50 hourly. In reality, the Romanian drivers get a monthly wage of approximately € 300.

The Romanian drivers come to Venlo with mini vans to work for 6 weeks at a time uninterrupted. They live in and around their truck cabs.

Ewals utilises subcontractors who come primarily from Eastern Europe. The Polish subcontractors work mainly with drivers from the Ukraine, Belarus and Moldova. Meanwhile, the first Filipino drivers have also now been recruited.

Drivers from outside the EU are vulnerable to exploitation. They have even lower wages and are a lot further from home. Dutch in origin but located in Poland, the Hoekman Logistics and Boekestijn Transport Service companies work with drivers from Moldova. Their contracts of employment include a wage of € 150 per month, irrespective of the number of hours worked. In addition, the drivers are given net meal allowances for which the amount is mainly governed by factors such as the number of kilometres driven and the extent to which the drivers are fluent in English. The drivers live for three months in succession in and around their cabs. These drivers make deliveries for: DAF, Renault, Jaguar Land Rover, BMW, Volvo and Volkswagen.



their results can serve as motivation for termination of this contract.

12. Conditions of remuneration employee net monthly salary 150 euro (according to the exchange rate set by the National Bank of Moldova on the last day of the month to account);

13. Working conditions in accordance with the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR) of 01.07.1970 joined by Parliament Decision no. 1318-XII of 02.03.1993 Art. 6.

14. Rest regime under European art that agreement. 7.

15. Annual holidays:

a) annual leave 28 calendar days.

b) annual leave own account within 60 calendar days

c) additional annual leave

DISGUIISING WAGES AND CONTRIBUTIONS

The socially insured wage is the pay from which social contributions and taxes are deducted. As a consequence of differing socio-economic conditions, there are also large differences among the member states of the EU concerning wages, social security contributions and taxes.

Because drivers have a mobile function, they are given, in addition to their wages, tax-free allowances to support themselves on the road. That includes allowances for meals, sanitary facilities and maintaining contact with the home front. The amounts vary from € 30 to € 60 per day and fall outside the socially insured wage.

As long as a driver actually works in or from the country in which his employer is based (import-export transports) or where he himself lives, there is no dislocation. The social system is then in balance with the economic activities in that country and the labour market. That is the case, for example, for the 14 (of the 1,000) drivers employed by Ewals who drive for Ewals under Dutch working conditions and social contributions.

Social and economic dislocation occurs when drivers with low wages and contributions from another countries perform the same work, as in the case of the other 986 drivers that Ewals uses. Or, in the case of Waberer's from Hungary, which operates 4,300 vehicles for Hungarian wages, mainly in Western Europe. The drivers for Waberer's are on the road for durations ranging from three weeks to three months, driving all that time in Western Europe. By doing this, the company is creating a social imbalance for its drivers and competing transport companies in Western Europe. Another example is De Rooy, which uses Romanian drivers who work for the company in the Netherlands but are contracted to De Rooy in Poland. They get Polish wages and pay contributions in Poland. The drivers have no connection whatsoever with Poland. So too with the subcontractor Hoekman Logistics from Poland that uses drivers employed by Brinkman Trans Holland Services Ltd and HCB Logistics, both of which are based in the Republic of Moldova. The drivers do not drive in Poland for Hoekman Logistics, but come to the Netherlands with mini vans to pick up their truck and carry out journeys from the Netherlands for Ewals Cargo Care in Tegelen. The latest development in this area is the deployment in Western Europe of Filipino drivers with Polish work permits.

Driver Marin has Moldovan nationality and works under subcontract for Ewals Cargo Care in Tegelen Netherlands. Marin and his colleagues carry out transports for Jaguar, Daimler, BMW, DAF, SCANIA, Renault, Opel and Vauxhall.

Marin lives in Moldova and is employed by Brinkman Trans Holland Services Ltd in Moldova. From his employer in Moldova, Marin is deployed to Hoekman Logistics in Poland, which requested a work permit for him in Poland. In the work permit it states that - based on a 40-hour week - Marin should get a gross monthly wage of 2787.13 PLN (€ 650). However, Marin's employment contract states a monthly wage of € 150, irrespective of the number of hours worked. On top of that monthly wage, he receives tax-free net allowances to survive while on the road. These allowances are dependent on the number of kilometres driven, "good work" and a "bonus for English communications".

Marin and his colleagues work in blocks of three months in the West and one month at home. During their time on the road, they live in and around their trucks and carry out journeys in Western Europe. They are not socially insured in Europe and have accident insurance for tourists.

CASE: WABERER'S FROM HUNGARY

Waberer's from Hungary was formerly a state enterprise called Hungarocamion. Today it has 4,300 trucks driving on Western European roads and is a publicly listed company. In the automotive sector, the company works for Volkswagen, Opel, Scania, DAF, Jaguar Land Rover, New Holland and a number of other players.

Although the company's website states that the 4,300 trucks are under its own ownership, in reality they consist of many subcontractors. The subcontractors are located primarily in tiny Hungarian villages where there is almost no economic activity. A team from the VNB Foundation of the FNV was on site in the village of Nagypáli in West Hungary to carry out an investigation. Transport companies were located at the address of the community hall.

No activities resembling a transport company took place there. The people spoke to said that this structure had been chosen for fiscal reasons.

The FNV's VNB Foundation spoke to Hungarian and Romanian drivers at parking places in Western Europe. The drivers stated that they were on the road in Western Europe for between three weeks and three months. They live in their cabs and work for Hungarian wages.

Waberer's was fined in Belgium for infringement of driving and rest period regulations.

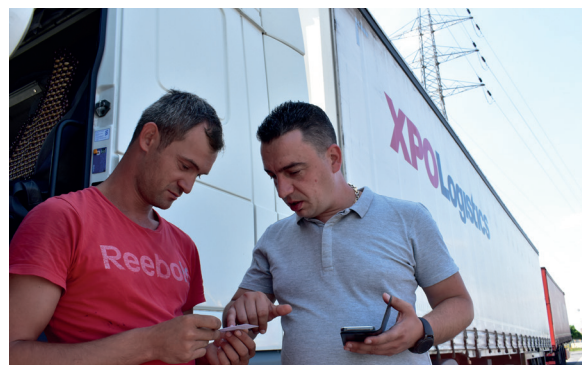


CASE: XPO

XPO is under American ownership. The company entered the market in Europe by taking over the originally French company of Norbert Dentressangle.

In countries such as the Netherlands, Belgium, England and France, XPO works with locally employed drivers. In addition, the company makes large-scale use of drivers employed by XPO Romania, XPO Poland or Eastern European subcontractors. These drivers are deployed mainly on journeys within Western and Southern Europe. In America and Spain, the company is renowned for its poor, and sometimes even criminal, treatment of employees.

On its website, the company writes that it works for the automotive and industrial sectors. The VNB Foundation of the FNV investigated a case in which car components were transported from Spain to Belgium. For the actual transportation from Spain, XPO hires



Daniel Iacob, networker for the VNB Foundation of the FNV (right), exchanges information with a Romanian driver from XPO.

small, independent Eastern European subcontractors. The drivers who carry out the journeys have Romanian employment contracts, are socially insured in Romania but don't drive any trucks there. In reality, the drivers drive for and from XPO in Spain. The drivers live for months in their cabs, get Romanian minimum wages and are poorly insured.

CAR INDUSTRY AND SUSTAINABILITY POLICY

Once the investigation in the field by the VNB Foundation of the FNV was completed, the conclusions were compared with the Corporate Social Responsibility (CSR) of the car manufacturers. The reality of European roads does not correspond - to put it mildly - with the image outlined nor with the ambitions expressed for sustainability by the car industry itself.

The car industry has been written to and shown the shocking conclusions. The letters referred to their own CSR policies, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. According to these UN and OECD guidelines as well, the responsibility for employee rights rests on the car industry.

There is a true CSR economy in which many employees work, a lot of money circulates and in which reports are written - but without drivers and decent employers profiting from this.

The VNB Foundation of the FNV sent letters to: Volkswagen, BMW and Daimler in Germany, Jaguar Land Rover and CNH Industrial (owner of Iveco and

New Holland) in England, DAF and Tesla in the Netherlands, Volvo and Scania in Sweden, Groupe PSA (owner of Peugeot, Citroen, Opel and Vauxhall) in France and PACCAR in America.

With no exception, all these companies have CSR policies or make public statements about sustainability and against modern slavery. Plans are made, departments for sustainability are set up and money is budgeted for promoting sustainability. For a number of the manufacturers, their sustainability policy even states that their policy must be implemented even if it goes beyond what stems from laws and regulations.

Up to now, all the intentions and statements have yet to reach the drivers' truck cabs. Transport companies with which the VNB Foundation of the FNV spoke to confidentially also stated that, in practice, CSR policy does not have the highest priority when it comes to allocating contracts. They say they are out-competed by companies that flout the regulations and employees' rights.

The screenshot shows two parts of a webpage. On the left is the PSA Group's 'Responsibility and Ethics' page, featuring a photo of hands holding soil with a small plant and the text: 'Responsibility and Ethics. Groupe PSA's CSR commitment is central to its strategy.' On the right is a snippet of an article titled 'Tesla, Inc.'s Corporate Social Responsibility & Citizenship, Stakeholders' by Roberta Greenspan, dated June 26, 2018. The article discusses Tesla's CSR strategy and its impact on stakeholders. Below the article is a search bar and a 'RECOMMENDED' section listing related documents like 'Tesla, Inc.'s Mission Statement & Vision Statement (An Analysis)' and 'PepsiCo's Stakeholders: A CSR Analysis'.

Corporate Responsibility

PACCAR conducts business so as to reflect the highest ethical standards, fulfill our legal obligations, and meet our social responsibilities. We strive to gain the favorable regard of customers, shareholders, employees, governments, and the general public through superior performance and effective communications.

ROUTE TO FAIR TRANSPORT

No one can deny that the transport sector is bursting to recruit new drivers. And no principled person can deny that drivers' working conditions are often bad and even inhumane. With the car industry's CSR policy, these poor working conditions and illegal practices ought not to be able to exist at all.

Yet the sector is stuck in a vicious circle that it cannot independently resolve. Working conditions are degrading, wages are under heavy pressure, decent employers are losing market share and the leading exploiters of drivers go unpunished.

Drivers' wage costs are a marginal component within the total production costs of a car. The car industry has invested considerable attention and money in producing safe cars. But the way in which drivers are put to work in the production chain is harming road safety once again.

If the CSR policies had been effective, the investigation's conclusions would not have been so shocking. The fact that a team of trade union researchers

together with trade union members and drivers is bringing these facts to light means that drivers themselves and their trade unions must be involved in putting the CSR policy into practice.

It will always be possible to find a haulier who breaks the rules. From the client side, the method of tendering has to change by testing hauliers' business models in advance so that cheating is no longer the norm.

Drivers must be given employment contracts and must be socially secured in the country where they actually work. This will promote sustainability, transparency and an level playing field, and will do justice to the energy that drivers contribute in keeping the wheels of the car industry turning.

In the future, these "coffin" cabs must no longer be allowed.



