

Promoting sustainable employee mobility: Case studies of J.W. Ostendorf and Kaiser+Kraft

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An evaluation by the Federal Institute for Research on Building, Urban Affairs and Spatial Development concluded that, in June 2018, around 19.3 million employees in Germany making social insurance contributions worked in a different city or municipality than where they lived. In other words, around 60 percent of all employees making social security contributions were commuters at that time. The 2016 Microcensus reveals more about how far employees commute and what means of transportation they use. Almost 50 percent of respondents traveled less than 10 kilometers from their home to their workplace, 27.5 percent reported commuting between 10 and 25 kilometers, while 17.6 percent travelled 25 kilometers or more. The preferred mode of transport was clearly the car, with 68 percent, while only 14.5 percent said they regularly used public transport to get to work and 9.2 percent used a bicycle.

According to the European Environment Agency, cars cause 60.7 percent of CO₂ emissions from road traffic in Europe.¹ Commuting to work is a significant contributor to this amount. There are many ways to significantly reduce CO₂ emissions, whether by forming car pools or switching to more environmentally friendly modes of transportation. The debate on climate change has long since reached the workforce, but there is often a lack of impetus or support to motivate employees or provide them with concrete assistance in changing their behavior. So how can worker representatives and trade unions encourage employees to commute in a more environmentally friendly way? Using two practical examples, we show how simple measures at the company level can make a contribution.

Case study: Leasing company bicycles and e-bikes

Dieter Koch is a shift manager in the warehouse/labeling area at Farbwerke J.W. Ostendorf in Coesfeld. He has also been a works council member for over 20 years. As part of this job, he completed a CSR promoter training course offered by the Union for the Mining, Chemical and Energy Industries (IG BCE) a few years ago. As the final practical project of the training, Koch designed a brochure on sustainability dealing with ecology, social responsibility and health management for the workforce. Since then, his opinions on some issues have changed. "At my employer, sustainability has actually also played a role in the corporate strategy for some time; for example, we were the first in Germany to launch a solvent-free paint," Koch recounts.

Farbwerke J.W. Ostendorf mainly develops paints for retail sales. Each year, its approximately 750 employees in Germany and abroad produce more than 500 million liters of paint. Environmentally friendly production is an important aspect for the company. Emissions are avoided through closed manufacturing processes and, with the research focus on eco-efficiency, the development and manufacture of products is driven forward with these aspects in mind.

In 2017, employees approached the works council for the first time and wanted to talk about company bicycles. From media reports, the employees had learned that it was possible to purchase

¹ <https://www.europarl.europa.eu/news/de/headlines/society/20190313STO31218/co2-emissionen-von-autos-zahlen-und-fakten-infografik>

bicycles through the employer. Coesfeld and the surrounding area is rural, and many of the workers drive 20 kilometers or more to get to work. Such distances are not easily covered by bicycle, but e-bikes seem attractive against this background.

Koch immediately took notice and volunteered to work on the issue with the works council. In initial talks, the employer was also open to the idea from the start, and he quickly found an ally in Stefan Heymann.

Stefan Heymann is 58 years old and has been working for the company for almost 34 years. At J.W. Ostendorf, he is an authorized signatory; since the company's takeover by the Hempel Group, he is the Director of People and Culture. Heymann finds the new designation quite appropriate, because it corresponds to his view of what the job is all about. The social partnership with the IG BCE has a long tradition at J.W. Ostendorf, where a collective agreement has been in place since 1967. In 2007, collective bargaining was put on a new footing and a separate in-house collective agreement was developed. Most of the points were taken over from the collective agreement with the IG BCE, but some points were added that are individually tailored to the company. This will play an important role later, but the two did not know this at that point.

The first question was how exactly the whole thing would be implemented, but it should not be so complicated to lease a few e-bikes. Koch and Heymann brought an external service provider on board to implement the project as professionally as possible. The cooperation was rather slow and at some point the decision was made to take the project completely into their own hands. Koch has already looked more deeply into the matter and everyone agreed that he should take over the main initiative. First, he organized workshops with a wide variety of stakeholders, from health management to the tax and finance departments - and, of course, IG BCE. It quickly becomes clear that the most critical point in the leasing concept is deferred compensation, where a solution must be found that is viable for all sides.

The trade unions in Germany have been dealing with the leasing of e-bikes for quite some time and have developed critical or even negative positions. This is by no means due to the idea of more employees riding to work by bicycle or e-bike; on the contrary, everyone thinks this is a good idea. Rather, it is about the different models through which leasing is implemented, because in many cases employers install schemes where mainly the company wins, while the social funds end up being the losers. To understand why this is so, one needs to look more closely at the underlying business model.

Most leasing deals work as follows: the employer enters into a service contract with a provider of company bicycles, the leasing provider. The employer makes the leased company bike available to the respective employee via a transfer contract. The insurance contract is concluded between the insurance company and the employer or the employees directly, depending on the model. The company therefore retains ownership of the company bike for the duration of the lease, and the employees make the leasing payments from part of their gross pay, which is converted for this purpose. This is where the problem arises.

Deferred compensation

About five years ago, a wave of consultations on "net pay optimization" swept through companies, offering fuel vouchers, computers, tablets or subsidies for Internet use. In the end, each of these offers resulted in a disproportionate reduction in tax contributions and, in particular, social security payments. Trade unions are therefore critical of deferred compensation. In addition, legal problems can arise with the constructs.

The principle of origin applies to social security contributions; not paying them is only possible in a few exceptional cases. If mistakes are made, larger additional liabilities are quickly incurred.

Leasing thus brings with it various advantages and disadvantages for the individual parties involved. At the end of the day, there is always the question: Who benefits? The good news is that the environment is happy in any case, because CO2 is saved in all variants. For the unions, of course, this answer is not enough, because they must ensure that the workers' interests are protected. The calculation of the benefits for employees varies greatly depending on the model. The first attractive aspect for employees is that they do not have to pay the purchase price themselves. In the case of an e-bike, this can quickly amount to 3,000 euros or more, a sum that is difficult to raise for low-income persons. This is exactly where the danger lies, because the leasing charges are deducted from the salary. Since the company bicycle is left to the employee for private use, a non-cash benefit is created that is taxed. For a long time, the tax rate for company cars and bicycles was the same (one percent). This has changed since January 1, 2020, and the tax rate for company bicycles is now only 0.25 percent. This has made the model even more interesting for employees.

Dieter Koch understood the union's arguments. He himself has been a union member for decades and, as a member of both the works council and the local IG BCE association, is actively involved in the implementation of trade union projects. At J.W. Ostendorf, the model could ultimately be implemented because the employer grants additional benefits above the wage tariff; these fulfill the criteria to be used for salary conversion. In addition, he was very familiar with the issue and could thus find conditions that could be agreed upon and were very favorable for the employees. This was made possible by his personal commitment, but also by the cooperative attitude of the employer. In a company that showed less interest, it would probably have been much more difficult to find an acceptable solution. "I think it is important for the trade unions to develop general concepts behind which they themselves can stand and which enable us works councils to implement appropriate agreements in the interests of the employees. The desire of the employees is there in many places, and always having to block things would not be satisfactory. This doesn't look good for the unions, even though they don't want to put the brakes on, and they are just trying to protect the interests of the employees. In practice, however, it is more than difficult to communicate this," says Koch, explaining his view of the situation.

On the one hand, the unions support this demand, but on the other hand, it is much more difficult to find generally binding regulations for entire industries than a functioning solution for an individual company. In the meantime, however, the first collective agreements have been signed that make a leasing model possible.

With a collective agreement on the modern world of work, the IG BCE has created a collectively agreed solution starting in 2020. It has been agreed that employees will receive a "future contribution", which the works councils will determine together with the employer in the respective company. Among other things, the "future contribution" can be used for health measures, which also includes the leasing of company bicycles. A graduated scale was negotiated for the annual "future contribution", which will rise from 9.2 percent of a gross monthly salary for 2020 to 23 percent by 2022. For a gross monthly salary of 3,000 euros, up to 690 euros a year could thus be spent on this from 2023.

In the 2020 collective bargaining round for the public sector, an agreement was reached for the first time that explicitly included the leasing of e-bikes. Employers had been pushing for a settlement, and their own members and staff councils were also increasingly making the request to the Vereinte Dienstleistungsgewerkschaft (ver.di). The resulting "Collective Agreement on Bicycle Leasing"

regulates the principles of deferred compensation, the period of use and the design, but explicitly leaves room for the parties to the agreement to shape the arrangement.

Meanwhile, e-bike leasing continues to be a controversial subject for the trade unions. The reduced social security contributions remain a problem. In order for unions to also actively push the issue, employers would have to show a greater willingness to make concessions than they do now.

"When employers boast that they have generously done something for employees, even though they simply pass on part of the tax benefits thus achieved, that is a sham. The losers are later the social security funds, and with them, the employees. We still do not approve of constructions that are designed exclusively as tax-saving models," says Hanna Binder from ver.di's Baden-Württemberg regional office, when describing her experience on the subject.

However, there are models that are beneficial for individual employees; for example, if leasing rates are partially paid by the company, the tax advantages for the company are passed on in full, or other additional services are provided. What remains in all cases are the losses on the part of the social security funds. "Of course, this is still not ideal, but under these circumstances there is at least a real promotion of environmentally friendly and healthy mobility, which makes the discussions a lot easier," Binder said. There would also be completely different ways to enable the purchase of bicycles and e-bikes for employees, which would be less problematic from the point of view of the trade unions. For example, interest-free loans, collective purchases or subsidies instead of public transport tickets. It is likely that such or similar demands will be the subject of collective bargaining more frequently in the future, and there is also a need for legal regulation at one point or another that goes beyond the existing framework.

Insurance and running costs

An important issue in leasing models is insurance; especially with e-bikes, a defective battery can quickly become expensive. In the case of J.W. Ostendorf, the employer subsidizes insurance for the company bikes with € 3.33 per month. The premium package includes a pick-up service in the event of an accident or defect and covers theft as well as self-service errors. Almost more important, however, is the coverage for the wear-and-tear of parts of up to € 125 per year with no deductible. Employees are requested by email to undergo the annual inspection in accordance with accident prevention regulations. Koch studied the contract conditions of the individual providers in detail beforehand and knows that this is by no means the norm with all leasing providers. "Hoses and tires, in particular, tend to break, and if you always pay for them yourself, it quickly adds up. The maintenance and replacement of brakes and other worn parts is also important, after all, this is a company vehicle. That's all covered, so the employees don't incur any incalculable costs." In the end, the insurance conditions were another reason for choosing the provider.

Anchoring in a company agreement

Once all the problems had been ironed out, a very compact company agreement was drawn up. The most important key points are a maximum amount for the total value of the lease per employee and the existence of private liability insurance. In addition, the employees must not have their wages garnished and must have been working for the company with an unlimited contract for at least six months and must plan to be employed there for at least three more years. E-bikes with an assist motor that allows them to travel at speeds of more than 25 km/h, so-called S-pedelecs, are excluded from leasing for insurance reasons. It was also important from the outset to support the local economy. It was therefore obvious to cooperate with the bicycle dealer located 300 meters

diagonally across from the factory premises. This gives the workers the opportunity to choose the right model on site, and the distance to the workshop is also short.

On an online portal provided by the leasing provider, each employee can use a leasing calculator to calculate for themselves exactly what the bike will cost them. The leasing contracts run for three years, after which employees can decide whether to buy the bike or e-bike. The residual value is then 40 percent, but employees only pay 15 percent. This also results in a monetary advantage, which is compensated by the leasing provider. For them, this pays off more than accumulating large numbers of three-year-old bicycles. In the cafeteria there is a public computer with access to the intranet, where all the information can be found, including links to the leasing calculator, local dealers and the employee handbook. The handbook contains all the answers to the most frequently asked questions over the past three years.

Implementation and impact in practice

Dieter Koch was again the driving force behind the subsequent implementation, and the offer was immediately well received. After the first year, the works council prepared and distributed a questionnaire to assess employee satisfaction. Other information was also collected, such as the number of kilometers driven. The results of the survey were presented at a staff meeting. With the 54 e-bikes leased at the time, 75,879 km were ridden in less than a year. In terms of the employees' personal energy balance, this meant around 14 tons less CO₂ emissions than using a car and over 1.7 million additional calories burned. The top performer drove a total of 4,429 kilometers on 212 days, i.e. over 20 kilometers per day of use.

There are now 176 e-bikes among the 430 employees at the site. Some employees have several e-bikes, as it is also possible for family members to take advantage of the offer. Since then, the works council no longer records the use of the bikes, but instead called for joint participation in the "Stadtradeln" (city cycling) event, for example. This is an event with a competitive character in which as many kilometers as possible are to be covered by bicycle over 21 days. The kilometers cycled are recorded by the organizers and the winners are chosen in various categories. J.W. Ostendorf regularly appeared in the upper ranks of the company ranking and thus set an example - for the staff, but of course also as a figurehead in marketing and the local environment. Overall, the company benefits from e-bike leasing in terms of image. For example, it also won high-profile awards for exemplary health management. The leasing of company bicycles is only one aspect of this, but it is mentioned time and again.

Will leasing lead to more employees cycling to work? The number of kilometers traveled on the e-bikes is not recorded, but Dieter Koch has a very pragmatic answer. "We will soon need an additional bike rack because the old one is always full. It wasn't like that in the past." As is so often the case, it is impossible to say with certainty in retrospect to what extent further developments in the company were influenced by the successful project. What is clear, however, is that the deliberations on more sustainable mobility with the e-bikes are by no means over. Starting 1 January 2021, the company no longer purchases any new company cars with combustion engines. The vehicle fleet will thus gradually become one hundred percent electric. Stefan Heymann is again responsible on the company side.

When asked what else he would like to see in the future, Koch doesn't have to think long: "When I retire in five years, there should be additional bicycle stands with solar panels and charging stations for the e-bikes here, where the employees can charge their e-bikes free of charge during their shift." Stefan Heymann doesn't need much convincing and spontaneously pledges his support "You can take my word for it, I'm sure we'll get it done." After all, the company also has to create charging stations

for the new electric company cars, and these are to be powered exclusively by electricity from renewable sources - that could certainly be combined.

Case study: a reward system to promote sustainable mobility

Sandra Viola Mändle is deputy chairwoman of the works council at Stuttgart-based B2B mail order company Kaiser+Kraft Europa GmbH, where she works in marketing. She is the driving force behind a project that aims to increase employees' motivation to travel to work in the most ecologically sustainable way possible. The idea is as simple as it is effective: individual employees can receive an annual bonus that depends on the means of transport used to get to work.

In the company, it is now simply called the "Mobility Project". The fact that the project ultimately succeeded in becoming reality was due to the pioneering role played by the works council. Timing in relation to the corporate environment was also an important factor. Kaiser+Kraft Europa is part of TAKKT AG, which has set itself the goal of becoming a role model for a company that operates sustainably. In TAKKT AG's sustainability report, the company itself writes: "The works council gave the go-ahead for the program in 2014 and convinced management about the idea right away." Of course, the bonus system is not entirely altruistic; the company also benefits. In the competition for skilled workers, employer branding, i.e. the attractiveness of the employer brand, is becoming increasingly important, and the health of the employees is also strengthened by additional exercise. So there was certainly fertile ground, but despite this, success was not a foregone conclusion.

The mobility project began in 2013 with an underground parking garage at the company's headquarters in Stuttgart, where employees can rent parking spaces. These are heavily subsidized by the company. In concrete terms, each parking space costs the company around € 200 per month, but employees only pay € 15. "In principle, there is nothing to be said against this from the works council's point of view; after all, it relieves the burden on the employees. However, there were already one or two critical voices from the workforce and we also felt it was increasingly unfair that employees who use ecologically more sensible alternatives were left empty-handed," says Mändle today about her original motivation to take a closer look at the issue of mobility. In this case, ecology also has something to do with justice at the company level.

Setting up the bonus system

The mobility project was launched on 1 January 2014, and since then employees have been able to receive a bonus of up to € 600 gross at the end of the year. Participation in the program is voluntary and employees must actively declare their participation, which is possible at the beginning of each month. The challenge along the way was to find a system that was transparent, fair and easy to use. The system that was subsequently developed is therefore very simple, as Mändle reports: "All employees can collect points depending on the means of transport they choose. A certain point value was assigned to the means of transport, which is then multiplied by the distance traveled for the respective day. At the end, the results for all days are added up." It was important to the works council from the outset that the system be based on trust, and the employer was willing to go along with this, so counting the days did not pose a problem. This left the questions of how the distance is calculated and how many points are awarded for which means of transport.

The positive impact in terms of environmental effects stands and falls with the allocation of points for the means of transport; after all, incentives are to be set that motivate as many employees as possible to change their behavior. At the beginning of the project, the two parties therefore agreed to the following rules. No points are awarded for travel by car or motorcycle, unless the employee carpools. In the case of carpooling, each person riding along receives one point. Those who use the

bus or train receive two points, and those who cycle, walk or jog to work receive three points. The more environmentally friendly the means of transport, the higher the number of points. If more than one means of transportation is used, the one that covers the longest part of the distance is valid. Employees or managers who have a company car are generally excluded from the mobility bonus.

The routes were to be recorded once and then stored for further calculations, based on the shortest route between home address and workplace according to an online route planner; similar to the tax declaration rule, the one-way route applies. The works council determines the route once and it only changes thereafter if the employee moves or changes jobs.

Integration into the negotiated budget framework

The basis for calculation was thus established. The crucial task now was to integrate the incentive system into the predefined budget framework of a maximum of € 600 per employee, which the employer had agreed to. In other words, a limit had to be set as a cap. According to the works council's logic, the basis for determining this "zero line," as Mändle calls it, was to be the "maximum number of points achievable for the average distance traveled." Three values were thus needed to calculate the zero line: the average number of working days per year, the maximum number of points per route and the average distance to work. The average number of days worked was quickly determined and the score was already set, so all that was missing was the average commute distance. "We then really took every employee who was in the company at the time at the end of 2013, looked at how far the distance is from their home address to the company and then calculated the average." The one-time effort was not insignificant, but in the end there was a clear result of 19 kilometers that could be used from then on. The zero line was set at 220 days times 3 points times 19 kilometers and thus a value of 12,540 maximum points to be achieved. Those who reach this value receive the full € 600, below which the amount is calculated on a pro rata basis and above which it does not increase any further. The model was finally set out in a company agreement. The various special cases were also taken into account when the works agreement was drawn up. Employees who leave the company, go on maternity leave or take a sabbatical are paid the points they have accumulated up to that point.

The effect can be illustrated by three examples. If Robert travels 12 kilometers by bus on 160 days, he is credited with 3,840 points. These translate into $(3,840/12,540) * € 600 = € 183.73$. Petra receives 4,320 points for the 180 days on which she rides the 8 kilometers by bicycle and thus $(4,320/12,540) * € 600 = € 206.69$. Manfred and Juliane as a carpool with a travel distance of 38 kilometers on 220 days come to 8,360 points and € 400 per person. The calculation example shows an imbalance that favors long distances traveled by car. The works council noticed this after the first two accounting periods. In addition, there was also the issue of company bicycles. After a thorough examination of the various leasing models and tax implications, a working group formed for this purpose, consisting of the HR department, legal department, organizational department and works council, ultimately decided against company bicycle leasing and instead decided to increase the incentives to commute to work by bicycle or on foot. The works council was able to reach an agreement with the employer that cyclists, pedestrians and joggers would now receive 8 points instead of the previous 3 points. The zero line of 12,540 points was retained so that employees can reach the maximum bonus of € 600 more quickly. The employer also went along with this step. Since then, Petra has been able to enjoy 11,520 points and € 551.19, all other things being equal.

Implementation in practice by the works council

The works council at Kaiser+Kraft in Stuttgart implements the bonus system for around 450 employees, including those at Group sites for which it is not responsible by virtue of its location. In addition, there are just over 100 employees in two plants without a works council, where the HR department is responsible for implementation. It has developed an Excel form for this purpose in which the employees enter the means of transport per day; the rest of the calculation works automatically. In January, the bonus achieved for the participating employees is reported to the HR department so that payment can be made. Only the name, company and amount of the bonus are passed on; all other information remains with the works council. "The HR department trusts that the works council has this under control. So the issue is really something that is based on trust, both with the employees and the works council," reports Mändle of the experiences to date.

Impact in practice

Of course, the project involves a certain amount of effort, but the works council made a conscious decision in favor of it. The very positive feedback at staff meetings confirms that it was the right way to go. The employees appreciate the work the works council is doing and praise above all the very simple system, which can be managed with minimal effort.

"We often hear: in the past, I would never have thought of looking for a way to get to Stuttgart by bike in a reasonable way, but it's really fun," says Mändle when asked how the works agreement is received by employees. In fact, the introduction of the bonus system has prompted many to leave their car behind more often for their commute to work and switch to public transport, bicycle or even walking. The underground car park that started it all now also has a bicycle stand.

How much money is distributed each year via the bonus remains a company secret. However, on average around 75 to 83 percent of employees participate in the program. The figures testify to the high level of acceptance among employees. For the future, Mändle hopes to be able to get even more points for individual means of transport or a higher maximum bonus at some point. In times of Corona, however, this is not an issue for the time being, which makes the fact that the project exists all the more valuable to her.

The works councilor has another concern, however, because so far the system only exists in this form at Kaiser+Kraft and TAKKT AG. That should change quietly, if she has her way. Interest is definitely there and Sandra Viola Mändle is happy to take the time to provide information about it in presentations. "The system works so well precisely because it is so simple and down-to-earth. In principle, any other company can also introduce it, no matter what size. You just have to want to do it."