

The Danone Consultation and Information Committee (CIC) spells out significant concerns about the “Local First” project

The CIC met on June 28, 2021 and pointed out significant financial elements missing from the information provided by Danone to the independent expert appointed to review the company's Local First project. That information was about the precise nature of the €700million of savings from the Local First reorganization, a figure that Danone had publicly announced.

CIC members, therefore, withheld the issuing of a formal CIC opinion on June 28 pending provision of the missing financial information.

The missing information has now been provided and analyzed by the independent expert, and the CIC formal opinion supported by a majority of CIC members was modified as a result.

The final opinion points to potential negative impacts of Local First for Danone employees. It has been formally submitted to Danone to allow local negotiations aimed at mitigating these negative impacts to formally begin and conclude positively. The IUF and its affiliates within the CIC will work with local affiliates who request support and solidarity during this process.

The principal concerns about Local First expressed by the CIC include:

- The change to common structures will result in the loss of expertise on specific activities and geographical areas (legal and regulatory);
- Skilled workers in the Danone workforce, worn-out by the pace of reorganizations, will decide to leave the group, aggravating the problems caused by the loss of expertise;
- The HR teams currently in place are not strong enough to ensure the efficient implementation of this project in such a short time;
- Issues related to human rights and international framework agreements with the IUF will become the responsibility of local managers but only the head office will be able to guarantee respect for them;
- There is a significant impact on blue-collar jobs but there is little provision for providing advice and support for workers;
- Despite the announcement of the Local First plan, the share price is not increasing thus raising the possibility of further restructuring plans;
- Given that of the €700million announced to the markets, only €380million are affected by the project presented to CIC, we express serious fears about the consequences for Danone and its employees if the target of €700million is not achieved. These fears are reinforced by the fact that the balance concerns local salesforce projects and the future application of Local First in countries where respect for human rights often clashes with poor local standards.

The CIC formal opinion concluded with the following proposals to Danone management:

- Extend its timetable for negotiations and project implementation over a longer period;
- Strengthen the HR teams so as to provide adequate supervision of the project;
- Ensure the compatibility and effectiveness of new technologies before introducing them;
- Ensure a regrading and training programme that works well for employees and compensates those who cannot be regraded in accordance with the extent of the detriment suffered;
- Respect the commitments undertaken as part of the Future Skills programme on each site affected by the Local First plan;
- Strengthen arrangements for monitoring and implementation of framework agreements with the IUF and, more generally, human rights issues;
- Create national and international monitoring committees to measure the impact of Local First on employees, notably regarding work-related stress.