

**JOINT UNDERSTANDING IN THE  
EVENT OF CHANGES IN  
BUSINESS ACTIVITIES AFFECTING  
EMPLOYMENT OR WORKING CONDITIONS**

This Joint Understanding defines the modalities for the putting into effect of the provisions of the protocol agreement for the constitution of the Danone Information and Consultation Committee on questions affecting employment and working conditions.

Paris, 9th May 1997

For GROUPE DANONE

For the IUF  
(International Union of Food,  
Agricultural, Hotel, Restaurant,  
Catering, Tobacco and  
Allied Workers' Associations)

The Chairman  
Franck Riboud

The General Secretary  
Ron Oswald

**THE FRENCH TEXT IS TO BE CONSIDERED THE REFERENCE TEXT.**

Further to the IUF/Danone Common Viewpoint and to subsequent joint plans, action programs and declarations, this Understanding has as its purpose to introduce additional provisions beyond those already in existence within the Companies of Danone Group, applicable in the event that new techniques, organisational processes are implemented, or in the case of substantial changes in production volume, transferral of substantial part of production, partial or full closings of facilities and, in general, in all situations whereby working conditions or the nature of employment contracts are significantly affected.

The local management of Danone companies and the trade unions - or in their absence employee representatives - are now responsible for translating the general principles outlined below into practical provisions. Those provisions should under no circumstances be substituted for more favourable clauses existing at Danone.

### **1. TRAINING**

The Danone Information and Consultation Committee considers that the development of employee skills through training, as part of a future-oriented personnel management approach, is a primary tool for protecting current jobs by preparing for coming technological or economic developments.

The Danone Information and Consultation Committee call upon labour and management to implement locally the provisions of the IUF-Danone action program of September 1989 on equality of men and women at the workplace, and the agreement of April 1992 on skills training, keeping in mind the following basic principles:

- in the event of major changes in working conditions or in business activities causing the suppression of jobs, the employees concerned should be entitled to receive training for the purpose of helping them find occupation either within the companies of Danone Group or elsewhere;
- the terms and conditions of training programs (duration, cost, objectives) shall at least be communicated to the trade unions concerned or, in their absence to employee representatives;
- management shall see to it that employees are not required to incur expenses in connection with training. Any outlays in this connection are to be underwritten by management.

### **2. CONSULTATION**

Subject to legal and statutory provisions in effect in the country concerned, the management of subsidiaries or facilities undertakes to consult with unions representing their employees, or in their absence with employee representatives. The following shall be applicable to consultations:

- consultations should take place as early as possible, and not later than 3 months prior to the expected changes, whenever said changes concern a significant number of jobs (partial or total closing);
- unions or employee representatives should be provided material in support of management decision, stating the goals and reasons for it;

- management should clearly indicate the consequences for employees of its decision in terms of changes in employment contracts or working conditions, or of job cut-backs;
- the transfer of employees affected by the decisions to other positions within the companies of the Danone Group should be examined prior to any other measure being considered. To the extent that it is feasible, jobs to which employees are transferred should be located in the same vicinity;
- consultations should provide a venue for trade unions - or, in their absence for employee representatives - to submit proposals as alternatives to plans by management (redistribution and shortening of working hours, reductions in overtime, etc.). Unions shall have the option of being assisted in this task. Management should examine and respond to proposals reasonably promptly (within one month at most) and defend its decisions before the concerned bodies;
- permanent jobs should be considered the priority. Cut-backs should first be made among all other type of jobs (temporary, subcontracting) in order to protect permanent positions.

### **3. PLACEMENT ASSISTANCE**

A specific structure shall be set up whenever a management decision results in job losses. Its task shall be to help employees having lost their job find positions corresponding to their qualifications, skills, pay level, working conditions and place of residence. The structure shall be created at the time of management's decision, subject to applicable legal provisions, and may remain in existence after the implementation of said decision.

Trade unions - or, in their absence, employees representatives - shall be entitled to participate in the monitoring of placement activities.

Management, aware of the economic repercussions for communities where jobs are being eliminated, shall propose to support efforts aimed at creating new jobs and stimulating economic development through measures designed to promote the development and growth of local business firms. Such support may, if appropriate, be given jointly with local government authorities. It may consist of various measures, such as consulting services, market or feasibility studies and possibly financial assistance.

### **4. TRADE UNION RIGHTS**

In the event of the partial or full closing of a facility, delegates of unions representing its employees may be granted time off with pay in order to perform their duties, if applicable regulations or agreement do not already call for it. Extraordinary time off with pay shall be negotiated with management at the local level.