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National and European Works Councils

- Legal Framework and Related Issues on Set Up
- Company Perspectives on Hurdles and Successes

Legal Framework

- European Works Council Directive
- National Information and Consultation Directive (focus on UK and Ireland)

Information and Consultation of Employees Regulations (UK)

- From 6 April 2005 employees in larger organizations gained new rights to be informed and consulted about developments in the workplace.
- Possibility of Pre-existing agreements in advance of effective date of legislation.
- Pre-existing agreements more flexible and responsive to change.
- Flexible agreements now more difficult to achieve due to trade union involvement.

Employees Information and Consultation Bill of 2005 (Ireland)

- “Will introduce for the first time a comprehensive legal code whereby management will be compelled to inform and consult employees before making decisions on key business issues.”

Effective Dates and Thresholds

- Scheduled to go into effect before March 2007 to allow sufficient time for employers to establish pre-existing agreements with employees that would not be subject to the Standard Provisions or default mechanisms contained in the legislation.
- The Act will go into effect before March 23, 2007, on a date to be prescribed.
- Applicable to any undertaking with at least 150 employees.
- As of March 23, 2007, the Act will apply to undertakings with at least 100 employees.
- On or after March 23, 2008, the Act will apply to undertakings with at least 50 employees. These thresholds are designed to give smaller employers an adjustment period before the legislation goes into effect as well as some extra time to implement pre-existing arrangements.

Pre-Existing Agreements

- The company can at its own initiative enter into negotiations with employees or their representatives to establish pre-existing employee information and consultation arrangements.
- One or more pre-existing agreements can be established (“negotiated agreement”). A negotiated agreement must be:
 - in writing and dated;
 - signed by the company;
 - approved by the employees in a secret ballot or by a majority of employee representatives or by another method agreed upon between the parties;
 - applicable to all employees;
 - available for inspection by those persons at the place agreed between the parties.

Pre-Existing Agreements

- The employer must insure that the ratification procedure is secret, capable of independent verification, and can be used by all employees.
- The negotiated agreement must contain reference to:
 - the duration of the agreement and the procedure if any for its renegotiation;
 - the subjects for information and consultation;
 - the method and timeframe by which information is to be provided;
 - the method and timeframe by which information is to be conducted, and;
 - the procedure for dealing with confidential information.

Pre-Existing Agreements

- The Bill demonstrates a strong preference for longer term pre-existing agreements with considerable discretion on the method for renewal.

Conclusions

- Wise to establish a pre-existing agreement.
- The Standard Rules could involve a very prolonged consultation procedure in extraordinary circumstances, especially with active trade union involvement.
- What constitutes “with a view to reaching an agreement?”
 - A joint determination when there is a massive layoff or plant closure or merely an exchange of views and a serious dialogue between the forum and management?
- Bill represents significant Human Resource and business challenges to management.

European Works Councils

- Can be established at company initiative through SNB process.
- Company or employee representatives can initiate SNB process.
- SNB comprised of one representative per country supplemented by proportional representation based upon national legislation.
- Two Distinct Models-Singular agreement covering entire EU workforce or several agreements along business lines.

Hurdles

- Should a company just comply with legal and contractual requirements or go beyond compliance?
- How to create a EWC which is a “value added” communications tool.
- How to achieve an EWC which can facilitate restructuring?
- Social Dialogue at European level which benefits company and employees.
- How to align senior management?

Successes

- Very useful to facilitate restructuring with minimum or no adverse publicity and limit interference from politicians.
- Adherence to social dialogue and information and consultation requirements increases trust and cooperation.
- Integrate information and consultation variables into strategic planning of the company.
- Demonstrates company respect for employee representatives.
- Translates into higher productivity and more flexibility.

Some Quotes

- " HS EWC effectiveness has significantly gone up from the moment management has fully embraced the concept of using EWC as a communication tool with employees able to provide messages to employee across the group in Europe and build trust. Building trust will be necessary to go through tough times (restructuring mainly) and have the company executes its plans with a good level of understanding and acceptance from the employees."

Some Quotes

- Since the inception of Colgate-Palmolive's European Works Council in Europe in 1996 the Company has successfully introduced several important business initiatives in Europe without labor disruption and with the overall cooperation of our workforce. The European Works Council has helped the management of the company and workers representatives engage in a meaningful discussion about issues important to both groups. Importantly rumors and misinformation and other disruptive activities have been substantially reduced. Our EWC is an integral part of our European business.

Some Quotes

- We've always regarded the EWC as a sort of physical check on Company management at all levels, to ensure that they don't overlook the obligations under the EU Directive and Country National Regulations to 'inform and consult' employee representatives as appropriate.

Some Quotes

- The European Works Council has allowed us to manage and coordinate an extensive restructuring program throughout Europe with minimal disruptions to business activity. We have found that in a lot of cases by building and managing key relationships we can complete complex initiatives with reasonable levels of support from the trade unions. In my opinion the benefits you extract from these structures really depends on the effort you are prepared to put into them.

- "today change is an integral part of our business world but growth and change demand a lot from people.....The European Works Council (EWC) is another valuable, more formal communications conduit between employees and management".
- Personally I think that one of the critical roles of the EWC is exactly that, being one of the enablers of required change in the organisation as it is one of the critical communications channels. At the same time they are the custodians of a due process..

Some Quotes

- "Honeywell's European Works Council has provided our business leaders with an excellent means to communicate with our employee representatives about key business issues across Europe and to receive employee feedback and suggestions. As we have grown in Europe over the past ten years, our EWC has grown with us reflecting new businesses and EU countries, while at the same time maintaining a consistent and constructive process for pan-European information sharing and consultation."

I have no problem with you using my name and company name.

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Some Quotes

- We have found our experiences thus far with our EWC to be an excellent venue to share pertinent business information with key employee representatives and have been delighted with their motivation and willingness to help as one "unified" team to achieve success in the businesses they represent.