

Nestlé European Council

For Information

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and Consultation

Nestlé European Council for Information and Consultation

Since 1990, representatives of Nestlé management and employee representatives from Europe have been meeting once a year to exchange information on the business situation and to discuss matters of mutual interest. Initially this practice included an information process and presentations on specific issues.

In 1996, Nestlé management and the employee representatives - recognising the value of the exchange of information and wishing to pursue the existing practice, established a "Nestlé European Council for Information and Consultation" (the "Council").

For this purpose, Nestlé Management and the IUF/EFFAT¹, acting on behalf of the employees of the Nestlé Group in Europe², established an agreement, in accordance with Article 13 of the Council Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.

Now, both Nestlé management and the employee representatives, acting through the IUF/EFFAT, have mutually agreed that the 1996 agreement requires a number of amendments and updates in order to further facilitate frank, fair and regular exchange of information and consultation. These amendments are made and mutually agreed between the signatories under the provisions of Article IX, para. C of the current agreement. The signatories will ensure that the entire workforce of the Nestlé group in Europe is covered by this agreement.

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I. OBJECTIVES

The objective of this agreement is to provide an appropriate framework for the fair and frank exchange of timely & comprehensive information, dialogue and consultation between Management and employee representatives on significant European transnational matters in order to improve mutual understanding and cooperation.

II. SCOPE

- A. This agreement covers all Nestlé Food & Beverages companies (including Nestlé Waters and Petcare entities) in the European Union (and European Economic Area) & Switzerland in which Nestlé SA has, directly or indirectly, a majority interest conveying dominant management control. Other European countries may be added by agreement between Nestlé and the IUF/EFFAT, acting on behalf of the employees. Those countries acceding to the European Union shall, at the time of the ratification of their accession, have full rights to participate in the Council.

Undertakings entering or leaving the Nestlé Group shall automatically be included in or excluded from this agreement and this shall not affect its validity.

¹ For the purpose of this agreement IUF/EFFAT refers to the International Union of Food, Agricultural, Hotel, Restaurants, Catering, Tobacco and Allied Workers Association (IUF) and to the European Federation of Food, Agricultural and Tourism Trade Unions (EFFAT), its European regional organisation.

² Europe = the geographic scope is defined with point II.A.

Observers may be invited by mutual agreement of the parties.

At least 30 days prior to each meeting, a list of participants to the Nestlé European Council will be exchanged.

IV. MEETINGS

- A. Ordinary meetings of the Council shall be held twice a year, in principle in Geneva, for the exchange of information and views. General developments and trends as well as information on specific business categories will be communicated. The meetings are co-chaired by Nestlé and the IUF/EFFAT acting on behalf of the employees. The agenda and all other practical details such as documentation to be distributed before the meetings shall be mutually agreed between the co-chairs.
- B. The Employee Representatives may meet in a one-day preparatory session preceding the general meeting, and in half-day debriefing session thereafter.
- C. The meetings shall be held in English, with English also the authoritative language for all written communication. However as all participants have the right to speak and understand in a language in which they are competent, simultaneous interpretation into other agreed-upon languages will be provided. It is also agreed that all participants shall endeavour to reduce the number of languages required in order to better facilitate discussion and the fluid exchange of views. To this end Employee Representatives will be offered English language training at the expense of the company, to be agreed in line with the HR policy in force in their respective markets.
- D. After the ordinary meeting, Nestlé management and the IUF/EFFAT will issue joint and agreed communication through the appropriate channels to the European workforce outlining the main items and outcomes discussed during the meeting. This communication shall be in English. Translations will be provided in the respective markets at the expense of the company.
- E. The Employee Representatives of the Council will enjoy the protection provided by their respective national legislation and/or practice relating to Employee Representatives exercising their function and duties, within the framework of this agreement. This includes the payment of wages for the period of absence necessary for the performance of these duties in line with national legislation or practice. These duties include the time necessary to inform and consult Employee Representatives and employees in the country in preparation for and follow-up of meetings within the scope of the Council.
- F. In order to facilitate the efficiency of the Council the parties encourage appropriate channels of communication for the regular exchange of information and consultation as determined by national and/or local legislation and practice to allow for the dissemination of information from the Council meetings to employees in the Nestlé operations at national level.

V. STEERING COMMITTEE

- A. In order to maintain on-going contact and dialogue between ordinary meetings of the Council and to prepare for the ordinary meetings, a Steering Committee will be established. The Steering Committee will meet once or twice a year, in function of need, in principle in Geneva.

- B. The Steering Committee shall consist of a maximum of 5 representatives of Management and a maximum of 5 Employee Representatives, as well as up to 3 IUF/EFFAT delegates.
- C. The Steering Committee meetings are co-chaired by Nestlé and the IUF/EFFAT acting on behalf of the employees. The agenda and all other practical details shall be mutually agreed between the co-chairs. The Employee Representatives and IUF/EFFAT Delegates may meet at a half-day preparatory meeting preceding the meeting of the Steering Committee.
- D. After each Steering Committee meeting, Nestlé Management and the IUF/EFFAT will issue joint and agreed communication to the Council outlining the main items and outcomes discussed during the meeting. This communication shall be in English. Translations will be provided in the respective markets at the expense of the company.

VI. AD HOC COMMITTEE

- A. When there is a need for information and/or consultation on specific transnational issues of major importance, significantly affecting the employees, Ad hoc Committees of the Council may meet between the ordinary meetings of the Council. Consultation requires that information about planned extraordinary measures with a transnational impact be provided early enough to facilitate dialogue and exchange of views, recognising both European and National legislations and respecting that information and consultation starts at National level. This consultation should take place as soon as possible when such issues arise in order not to impede or delay their resolution. After consultation, final decision shall remain with Nestlé management.
- B. Ad hoc Committees should include Employee and Management representatives from the countries directly concerned, and may include Steering Committee members.
- C. The meetings are co-chaired by Nestlé and the IUF/EFFAT acting on behalf of the employees. The agenda and all other practical details shall be mutually agreed between the co-chairs. The Employee Representatives and IUF/EFFAT Delegates may hold a preparatory session preceding the meeting of an Ad hoc Committee.

VII. CONFIDENTIALITY

All Employee Representatives, IUF/EFFAT Delegates and all persons who may, as mutually agreed, participate at the meetings of the Council or of the Steering Committee or of an Ad hoc Committee are under the duty to maintain strictly confidential information disclosed as being confidential. This duty extends indefinitely beyond the date of expiry of this agreement and will survive even if this agreement should be declared null and void by a court of law. This duty shall not affect the right of Employee Representatives to communicate non-confidential information to their constituents.

Nestlé Management is not obliged to disclose information when its nature is such that it could harm the functioning of undertakings concerned and would be prejudicial to the Company.

VIII. COSTS

According to the existing practice, Nestlé shall bear the reasonable costs of the agreed activities of participants in relation with the Council and the Steering

Committee and the Ad hoc Committee of the Council. Expenses will be reimbursed to the Employee Representatives participating in any of these meetings by their respective companies, in line with their local procedures. 6

Costs for the IUF/EFFAT Delegates will be centrally borne.

IX. STATUS OF AGREEMENT

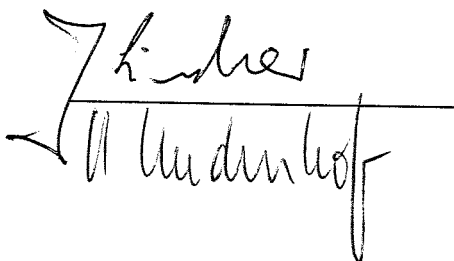
- A. This agreement is in conformity with Article 13 of the Council Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.
- B. This amended agreement will last for three years from January 1st, 2004 on and shall at its term be automatically renewed for the same period, and so forth, unless terminated by either party by giving three months notice.
- C. This agreement may be amended at any time by mutual agreement of the parties in writing. The practical implementation will be regularly reviewed by the Steering Committee.
- D. This agreement will be translated into relevant European languages. The English version shall however be authoritative.

X. DISPUTE RESOLUTION

- A. The Nestlé European Council for Information and Consultation will endeavour to settle any disputes about the meaning of this agreement through voluntary discussions.
- B. This Agreement shall be governed by and interpreted in accordance with Swiss law. In the case of a challenge to the validity of the Agreement under Article 13 of the Council Directive 94/45/EC, the parties will decide which of the relevant EU national laws will apply to the agreement.
- C. This agreement shall be deposited at the International Labour Office (ILO), 4, route des Morillons, Genève.

Date : September 4th, 2003

For the IUF/EFFAT :


J. K. Lindner

For Nestlé SA :

