

AGREEMENT BETWEEN THE „CENTRAL MANAGEMENT“ OF AMERICAN STANDARD COMPANIES INC. AND THE „SPECIAL NEGOTIATING BODY“ FOR THE ESTABLISHMENT OF A „EUROPEAN WORKS COUNCIL“ FOR THE AMERICAN STANDARD COMPANIES LOCATED IN THE EUROPEAN ECONOMIC AREA

PREAMBLE

- (1) Whereas American Standard Companies Inc. is a transnational company manufacturing and/or selling sanitary ware fixtures, vehicle control systems and air conditioning units in all the countries which are part of the European Economic Area, and
- (2) American Standard Companies Inc. recognizes that establishing a regular exchange of information and consultation between Employer and Employees would be beneficial to all the parties concerned in as much it should enhance mutual trust and cooperation,
- (3) it has been agreed to establish a European Works Council for all the American Standard companies located in the European Economic Area whose objective will be to promote an on-going social dialog between Company Employees and Company Management on those matters which concern American Standard as a whole and the operations of American Standard in the European Economic Area in particular.

ARTICLE 1: OBJECTIVES

- (1) The objective of the American Standard European Works Council is to act as a representative of the employees of American Standard and thereby to promote a European-wide dialog and an exchange of information and views between Employee Representatives and Central Management for the matters concerning American Standard establishments and undertakings situated in the European Economic Area or at least two of its undertakings or establishments which are located in different Member states of the European Economic Area, on the basis of genuine trust and cooperation.
- (2) The Central Management and the European Works Council shall meet at least once every calendar year. At such a meeting the European Works Council shall, on the basis of a written report drawn up by the Central Management, be informed about and consulted on the progress of the business of American Standard and its prospects.
- (3) Such information and consultation shall relate in particular to the structure of American Standard Companies Inc. and to its economic and financial situation; the probable development of activities and of production and sales; investments; substantial changes in the organization; the introducing of new working methods or production processes; environmental care; health and safety; equal opportunities and european-wide training activities; mergers and acquisitions; relocations, cutbacks or closure of operations or major parts thereof; the employment situation and trends, and collective redundancies.

- (4) The Central Management shall inform the European Works Council or the Select Committee as soon as possible about all particular circumstances or planned decisions affecting the employees' interests to a considerable extent in at least two undertakings or establishments in different states which are covered by this agreement, particularly as regards the relocation or closure of undertakings or establishments, or collective redundancies.
- (5) If the European Works Council or the Select Committee so requests, it shall meet the Central Management in order to be further informed about and consulted on the circumstances referred to in subsection (4) on basis of a written report drawn up by the Central Management. This meeting shall be held at a time at which such information and consultation is still meaningful. The European Works Council or the Select Committee may issue an opinion on the report after the meeting. Those members of the European Works Council who have been co-elected by the employees of the undertaking or establishment directly affected by the measures shall be invited to such a meeting with the Select Committee. The meeting shall not prejudice the prerogatives of the Central Management.
- (6) The Central Management shall not be obliged to provide information which would plausibly cause serious harm to or be prejudicial to the functioning of American Standard. With respect to the provision of information, the Central Management may impose a requirement of confidentiality if there are reasonable grounds to do so; a statement shall be issued as early as possible prior to the matter in question being dealt with, indicating the grounds for imposing the requirement, what written or oral information is covered, for how long it applies and whether there are any persons with regard to whom such confidentiality doesn't need to be maintained.
- (7) Without prejudice to any obligation on them to maintain confidentiality, the members of the European Works Council shall inform the employees' representatives, or in absence of such, the workforce as a whole, of the content and outcome of the information and consultation procedure.

ARTICLE 2: SCOPE

- (1) The scope of this agreement covers the entire workforce of American Standard Companies Inc. which is located in the States which are covered by the Council Directive 94/45/EC and which is employed in subsidiaries which are majority owned by the American Standard. The agreement is applicable to all persons who are considered as employees of the American Standard Companies Inc., according to their national law system.
- (2) The competence of the European Works Council shall be limited to the provision of information and consultation relating to issues concerning all operations of American Standard in the countries covered by this agreement, or at least two undertakings or establishments in different states as mentioned above.

ARTICLE 3: MEMBERS

- (1) The European Works Council shall consist of one member of each country covered by this agreement in which American Standard employees work and one, three or six supplementary members respectively for each country in which at least one tenth, one quarter or one half of the employees work. For each member of the European Works Council one substitute shall be elected or appointed in case the regular member cannot attend the meetings.
- (2) Only employees of American Standard companies may be elected or appointed as members. A member's term of office shall last four years. Membership shall automatically end when a member or substitute ceases to be an employee of American Standard.
- (3) Each member or substitute resp. shall be elected or appointed pursuant to the law of the countries covered by the agreement in which he/she works.
- (4) The European Works Council shall elect from its members one chairperson and one vice chairperson. The chairperson will represent the European Works Council in law.
- (5) The European Works Council will elect from its members a Select Committee of five members including the chairperson and the vice chairperson.
- (6) The European Works Council will lay down its own rules of procedure within a term of six months after the establishment. Before these are adopted the Central Management shall be given the opportunity to state its view. The tasks of the Select Committee will be defined in the rules of procedure.
- (7) According to July 2000 employment figures the number of members of the European Works Council will be as follows:

Austria	1
Belgium	1
France	2
Germany	4
Greece	1
Ireland	1
Italy	2
Netherlands	1
Portugal	1
Spain	1
Sweden	1
United Kingdom	4
Total	20

- (8) The allocation of seats shall be kept in accordance with subsection (1).
- (9) The composition of the European Works Council is stated in the annex and will be updated if and when changes occur.

ARTICLE 4: PROTECTION OF THE MEMBERS OF THE EUROPEAN WORKS COUNCIL

- (1) The members of the European Works Council may not be impeded in performing their activities. They may not incur disadvantage or receive advantage as the result of their activities in the European Works Council.
- (2) Members of the European Works Council shall, in the exercise of their functions, enjoy the same protection and guarantees provided for employees' representatives by the national legislation and/or practice in force in their country of employment.
- (3) The members of the European Works Council shall retain their entitlement to payment for the period of absence from work necessary to attend the meetings of the European Works Council or the Select Committee resp.
- (4) Insofar as is reasonably necessary for the exercise of their duties they shall be afforded the possibility – during work hours and without loss of pay – of taking part in mutual consultations and deliberations with other persons on matters concerning the performance of their duties, and of undergoing education and training.
- (5) Prior to the constituent assembly of the European Works Council the employees' representatives may participate in a common training of five days at most. Further training have to be agreed between the Central Management and the Select Committee.

ARTICLE 5: MEETINGS

- (1) Independent of any extraordinary meetings pursuant to Article 1 (4) and (5) of this agreement, the ordinary meetings pursuant to Article 1 (3) between Central Management and the European Works Council will take place at least once a year.
- (2) The date and the agenda for the ordinary meetings are stipulated in mutual agreement between the Central Management and the Select Committee. The agenda will be sent to the Central Management and to all members of the European Works Council at least thirty days before the meeting takes place. In principle ordinary meetings will last two days; one day for information and consultation between Central Management and European Works Council and one day for internal meetings of the European Works Council. The chairmanship of the meetings between Central Management and European Works Council shall alternate between the parties.
- (3) The meeting presentations and exchanges of views will be conducted in English with simultaneous interpretation into all necessary languages upon request.
- (4) At the end of any meeting minutes will be drawn up to be submitted to Central Management and Select Committee for approval. These minutes shall be distributed to the members of the European Works Council.

ARTICLE 6: AGREEMENT DURATION

- (1) The present agreement is concluded for a period of four years. Six months before the expiry date of this agreement, Central Management and European Works Council will meet to examine the appropriateness of and the conditions for the renewal of this agreement. If the parties do not achieve an agreement after six months, the procedure pursuant Article 8 foll. of the Dutch European Councils Act will automatically apply. Until this procedure is finalized the existing agreement will remain valid.

ARTICLE 7: MISCELLANEOUS PROVISION

- (1) The European Works Council and the Select Committee may be assisted by experts of their choice insofar as it is necessary for the performance of their duties.
- (2) The obligation to bear costs of the experts called in by the European Works Council or the Select Committee shall be limited to one expert per agenda item. This also includes the joint meetings between Central Management and European Works Council.
- (3) The operating expenses of the European Works Council shall be borne by American Standard. The Company shall provide the members of the European Works Council with such financial and material resources as enable them to perform their duties in an appropriate manner. In particular, the cost of organizing meetings and arranging for interpretation facilities, and the accommodation and travelling expenses of members of the European Works Council and its Select Committee shall be met by American Standard unless otherwise agreed.

ARTICLE 8: RELATIONSHIP TO NATIONAL RULES AND REGULATIONS

This agreement is without prejudice to any rights and obligations of employees or their representatives in accordance with national rules and regulations.

ARTICLE 9: GOVERNING LAW

This agreement is governed by Dutch Law with due observance of the Council Directive 94/45/EC.

May 29, 2001

On behalf of the Special Negotiating Body

On behalf of the Central Management

Lutgarde CAROLUS

Emanuela BONADIMAN

Kevin DURHAM

Fred BREHAIN

Agustin GOMEZ

Pierre-Louis DUCHENE

Helga HANNES

Erik PIETERSE

Friedrich HROMATKA

Helmut SANDER

Dario ILOSSI

Pedro KERN

Michael MATTHEWS

Michael PLATH

Brian REDMOND

Carmine SANZARI

David TOMIC