

**CATERPILLAR**

**EUROPEAN WORKS COUNCIL**

**30 JUNE 1996**

BETWEEN:

CATERPILLAR BELGIUM S.A. 'societe anonyme' registered in Belgium, located in B-6041 Charleroi (ex-Gosselies), Avenue des Etats-Unis, 1, as the controlling undertaking such as defined in the European Directive 94/45/CE of September 22, 1994,

represented by

Mr Vito BAUMGARTNER, Caterpillar Belgium S.A.'s board of Directors' Chairman

AND

The European Federation of Metal-Workers, rue Fosse-aux-Loups 39, B-1 000 Brussels,

represented by

Mr. H. FLUGER

The Christian Central of Metal-Workers of Belgium, rue do Heembeek, 127, B-1120 Brussels,

represented by

Mr. DELORY, General Secretary

Mr. CAMMARATA

The Central of Metal Industry of Belgium, rue Jacques Jordaens, 17, B-1 000 Brussels,

represented by

Mr. M MATON, General Secretary

The National Central of Weekly Employees, rue du Page, 69-75, B-1000 Brussels,

represented by

Mr. J. M. PIERSOTTE, National Secretary

The Central of Weekly, Technical and Management Employees, rue Haute, 42, B-1000 Brussels,

represented by

Mr. C. POLENS, Vice President

The General Confederation of Labor (France),

represented by

Mr. CARE

acting in the capacity of the organizations they belong to as well as in the capacity of the correspondent organizations of other member States either on a mandate basis or because they answer for the above mentioned organizations.

IT IS BEFOREHAND SET OUT:

With a view to creating a Social Europe, the European Union Council outlined in its Directive 94/45/CE a legislative procedure instituting a European Works Council or an employees consultation procedure, to be built by the social partners.

The Directive's transposition into Belgian law was achieved through Collective Labor Agreement No. 62 which became mandatory by Royal Decree.

Social partners jointly agree to set up a dialogue based on employees consultation and information along the lines defined by Community texts on the matters which concern the CATERPILLAR Group as a whole and its employees within the European Union and the European Economic Area (E.E.A.).

This Agreement has been negotiated and concluded in a spirit of cooperation, good faith, mutual trust and respect. The parties are committed to the same behavior in its execution. As such, attempts should be made to resolve disputes by consensus between the parties

AND THE PARTIES AGREE TO WHAT FOLLOWS:

## **ARTICLE I**

### **DEFINITIONS AND CONVENTIONAL ABBREVIATIONS**

“Group” means all the enterprises which are controlled, along the Directive's lines, by CATERPILLAR.

“Enterprise” means any enterprise of the Group, which has legal entity and is registered in one of the States of the European Union and in the European Economic Area in accordance with national legislation.

The term “employees” covers all the people having an employment, training or apprenticeship contract with an enterprise as per national legislation of the affected

European Union's State, with the exception of Management employees as defined by national law.

The term "Central Management" covers Caterpillar's Management as the "controlling undertaking" along the above mentioned Directive's lines.

## **ARTICLE II**

### **SCOPE**

The purpose of this Agreement is to create an European Works Council composed of personnel representatives of the European Union and E.E.A.-scale Group. It shall be competent for information and consultation on issues which concern all the enterprises of the group (as defined in Article 1.1) or at least two establishments or enterprises of the Group located in different States. The information and consultation procedure is specified in Article 6 of this Agreement.

Social dialogue shall rest, among others, on these following topics:

- the Group's structure;
- its economical and financial situation;
- possible progress of businesses;
- production and sales;
- situation and probable trend of employment;
- investments;
- substantial changes covering organization;
- introduction of new working and production processes,
- transfers of production, mergers
- reduction in size or closure of enterprises, establishments or important parts thereof, and collective redundancies.

The functioning of this European Works Council shall not be prejudicial to the rights of the employees and their representatives in each of the member States nor to the competence and prerogatives of Central Management or Local Management. Consistent with its "Code of Worldwide Business Conduct" Caterpillar supports and encourages ongoing exchange of information with employees and personnel representatives.

## **ARTICLE III**

### **EUROPEAN WORKS COUNCIL'S SPHERE OF ACTIVITY**

This Agreement covers the whole personnel of the Group, in conformity with the Collective Labor Agreement No. 62. A list of the concerned States is settled the day this Agreement is signed and is recorded in Annex B which is an integral part of this Agreement.

## **ARTICLE IV**

### **EUROPEAN WORKS COUNCIL'S COMPOSITION**

The European Works Council is composed of personnel representatives as long as they belong to a Union organisation which exists within the enterprise and is instituted by respective national legislation, of the European Union and E.E.A.'s member States where or several enterprises of the Group are located if those enterprises employ at least 150 people. Employees working in the East of Europe where the Group has enterprises shall be assigned here and now an observer (See Annex B).

If yet, between two periods of the Council mandates' renewal, one or several enterprises should settle in one of the European Union or E.E.A.'s member States, or if a new State where one or several enterprises are located was integrated, a personnel representative of this State shall be designated in accordance with the hereabove mentioned designation procedure.

The number of mandates is set as follows:

A State which has between	150 and 500 employees	1 representative
	501 and 1000 employees	2 representatives
	1001 and 1500 employees	3 representatives
	1501 and 2000 employees	4 representatives
	2001 and 4000 employees	5 representatives
	More than 4000 employees	6 representatives

The number of employees taken into account to start with is the one settled on June 30, 1996. The number of mandates is adapted every four years cancelled from the signature of this Agreement according to the most recently settled number of employees. However, if, during is period of four years, some enterprises should join the Group, have their number of employees significantly increased because of mergers, takings over or other phenomenon of the kind, the number of mandates allocated to the country where the affected enterprises are located shall be immediately adapted according to the hereabove mentioned guidelines.

The European Works Council members are designated by and among local organizations of dialogue and consultation. In the States where it is provided for in the legislation, the candidates are presented by organizations which represent employees and which are recognised in the social elections framework.

In order to secure contimiity within the European Works Council in case of death, long leave disablements, pregnancy, departure from the enterprise or dismissal of one member, a list of substitutes is put together. The people on this list shall be designated following the same procedure as for effective Council members. One substitute per

member State which is represented in the European Works Council is appointed. An additional substitute is designated if the number of effective members is over 3.

Central Management shall be informed of the European Works Council members' names as well as of their substitutes. It will inform the Group's different enterprises' Local Management.

## **ARTICLE V**

### **RESTRICTED COMMITTEE**

In order to be able to react rapidly in case of exceptional circumstances, a Restricted Committee, composed of the European Works Council's Chairman and Secretary who are elected among personnel representatives and one Council's member elected by the Council itself, is established.

## **ARTICLE VI**

### **MEETINGS**

Before the plenary meeting and possible special meetings with Central Management, the European Works Council or the Restricted Committee, extended if the case arises in accordance with Article 6.3, are entitled to have preparatory meetings with Management not attending, in accordance with Article 5 of the Functioning principles in Annex A.

The European Works Council meets once a year, with the exception of special meetings, with Central Management to be informed and consulted on the basis of a report drawn up by Central Management which puts forward the development of the Group's activities, in accordance with the issues listed in Article 2. The time limit and the procedure regarding the passing on of the above mentioned report are specified in the more specific Functioning Principles.

Without prejudice to the implementation of the preceding article, when exceptional circumstances occur and affect significantly employees' interests in at least two European Union's countries, in particular in case of changes of location, closure of enterprises or establishments or collective redundancies, the Restricted Committee or the European Works Council shall have the right to be informed and to meet by its request with Central Management or any other more appropriate level of management having its own powers of decision within the Group.

The procedure to convene to special meetings is provided for in the Functioning Principles (see Annex A).

If it is the Restricted Committee which meets on this occasion, the European Works Council members of the enterprises directly affected by the measures in question can take part in the meeting.

The possible special meeting shall take place at short notice and when information and consultation are still meaningful, that is before decisions are effectively implemented. Information and consultation are also carried out on the basis of a report drawn up by Central Management or by any other more appropriate level of management in the Group.

## **ARTICLE VII**

### **FUNCTIONING OF THE EUROPEAN WORKS COUNCILS**

The European Works Councils chairmanship shall be entrusted to a personnel representative. However, Central Management shall chair the annual plenary meeting. The European Works Council's Chairman shall designate a location for the meeting in agreement with Central Management. Central Management's headquarters in Gosselies will be the usual location. It can nevertheless be modified each time the issues to deal with require it. The meeting may also be organized in turn in the different countries which are represented in the Council.

In order to better organize meetings, this European Works Council established Functioning Principles dealing among others with the following issues: the secretaryship as well as the agenda of the meetings, invitation to attend special meetings, passing on of reports, budgetary rules, translation and interpretation. These Functioning Principles are an integral part of this Agreement (Annex A).

If need be to properly carry out its tasks, the European Works Council may ask for the assistance of independent experts.

The operating expenses of the European Works Council and the Restricted Committee shall be borne by Central Management. Central Management shall provide members of these organizations with such financial and material resources as to enable them to perform their duties in an optimal manner.

European Works Council's members shall be provided with time and means necessary for informing personnel representatives of all the establishments which are represented in the European Works Council, of the content and results of the information and consultation procedure taking place within the said Council in accordance with national regulation.

European Works Council members acting within the framework of this Agreement shall enjoy the same protection and guarantees provided for personnel representatives by national legislation and/or practice in force in their country of employment unless this Agreement's conditions are more favorable.

European Works Council members may not disclose to outside parties information communicated to them because of their mandate and which are specifically and under written form qualified as confidential by Central Management. This restriction applies even after any subsequent expiry of any member's terms of office. The experts shall also respect this duty as well as personnel representatives as defined in Article 7.5.

## **ARTICLE VIII**

### **APPLICABLE LEGISLATION AND COMPETENT COURTS OF LAW**

Caterpillar chose Belgium and in particular Caterpillar Belgian S.A, as the controlling undertaking within the framework of this Agreement; therefore, the Belgian legislation will be applicable. The competent courts of law shall be determined by Belgian law. However, before appealing to any competent court of law, a procedure of "conciliation" shall be first carried out. A committee consisting of the enterprise's Central Management and the Restricted Committee shall attempt, in this context, to smooth away the dispute.

## **ARTICLE IX**

### **CHANGES AND TERM OF THE AGREEMENT**

This Agreement shall come into force on December 11, 1996 and is concluded for a period of 4 years. It shall be tacitly and successively renewed every four years. It will be possible to review or denounce it by request from the most diligent signatory party with a notice of 6 months before the four-year deadline. In case of notice of terminations by parties shall start negotiating in order to set up a new agreement in the current year. During the negotiations regarding the new agreement, this Agreement shall remain in force. If, after one year, a new agreement has not been concluded, the subsidiary provisions of the Directive as transposed in the legislation of the member State where the controlling undertaking's head office is located shall come immediately into force.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date of

December 20 1996

On behalf of E.M.F.,

On behalf of caterpillar,

On behalf of CSC-Metal,

.....  
V. H. Baumgartner

On behalf of F.G.T.B.,

On behalf of C.M.B.,

On behalf of C.N.E.,

On behalf of S.E.T.C.A.,

On behalf of C.G.T.,

## **ANNEX A**

### **MORE SPECIFIC FUNCTIONING PRINCIPLES OF THE EUROPEAN WORKS COUNCIL**

1. The European Works Council is located in Gosselies where it shall hold its meetings as a rule.
2. Members shall elect among themselves a Restricted Committee.
3. The plenary meeting's location and organization, the agenda included shall be mutually established by the European Works Council's Chairman and Central Management.
4. The invitation to attend the meetings shall be signed by the European Works Council's Chairman and Secretary as well as by Central Management. In conformity with the Article 6.2 of this Agreement, the report drawn up by Central Management will reach the European Works Council effective members within a period of one month prior to the annual meeting and within a period of 15 days, insofar as it is feasible prior to the possible special meetings.
5. The progress of the annual and special meetings shall be as follows:
  - preparatory meeting for European Works Council members in the afternoon preceding the meeting with Central Management,
  - European Works Council meeting in the morning with Central Management;
  - the afternoon on the same day will be dedicated to a closing meeting between the European Works Council members.
6. The progress of special meetings shall be mutually established by the European Works Council's Chairman and Central Management.
7. During preparatory meetings, the European Works Council can ask for the assistance of Unions' representatives. The expenses for their transport, hotel, etc. are not part of the operating expenses of the European Works Council and shall thus be exclusively paid by them.
8. The way the experts shall take part in the meetings will be mutually defined by the European Works Council's Chairman and Central Management. The expenses due to one expert's participation to preparatory meetings are part of the operating expenses of the European Works Council and will be charged on to Caterpillar (See Article 7.3. of the Agreement).

9. The material resources to hold the annual, special and preparatory meetings and among others, to arrange interpretation facilities (simultaneous translation room), shall be borne by Caterpillar's Management.

10. The time members of the European Works Council shall dedicate to the above mentioned activities shall be considered as working time and shall be paid as such in accordance with the legislation in force in their respective country of employment

11. Traveling expenses and time spent in traveling shall be compensated in accordance with the rules peculiar to the employers of each member State.

12. The European Works Council secretaryship shall be provided by one of the Restricted Committee's representatives. He will benefit of the facilities needed to exercise his tasks.

13. The report following any plenary meeting shall be drawn up by the European Works Council secretary together with Central Management and shall reach the Council's members within a period that shall not exceed two months after the meeting.

## **ANNEX B**

### **MANDATE DISTRIBUTION**

The number of employees for Caterpillar Group on June 30, 1996 and the allocated mandates are the following:

BELGIUM (B)	4 327	6 effective mandates 2 substitutes
FRANCE (F)	1796	4 effective mandates 2 substitutes
ITALY (I)	448	1 effective mandate 1 substitute
THE NETHERLANDS (NL)	16	0 mandate
SPAIN (E)	77	0 mandate
IRELAND (EIRE)	44	0 mandate
GERMANY (D)	92	0 mandate
TOTAL	6800	
HUNGARY (H)	380	1 observer

Because the hereunder mentioned enterprises occupy at least 1 50 employees and because there is a Union representation through a Works' Council or a dialogue organism (e.e., a Union delegation and/or a Security and Hygiene Committee), are liable to be appointed the representatives

for Belgium:           Gosselies  
                                  Grimbergen

for France:             Grenoble  
                                  Rantigny

for Italy:                Mec Track