



BOMBARDIER EUROPEAN WORKS COUNCIL



BRIEF REPORT ON EWC MEETING OF BOMBARDIER INC. SIXTH ANNUAL MEETING – BELFAST – JUNE

This year's EWC meeting of Bombardier Inc. (BEWC) took place in Belfast from 24 to 27 June.

During the meeting, we had many intensive discussions on the current events in the two divisions Aerospace and Transportation and the countries and plants of Bombardier Inc. in Europe.

Focal Issues from the Meeting of the Transportation Committee:

The Transportation Committee broached the issue of the railway situation in Europe and its effects on the rail vehicle industry.

It was determined that the conditions for the types of traffic (rail, road, air, water) are still extremely disproportionate and rail traffic has to unilaterally bear high burdens. However, there are also some disproportionate conditions for service providers in some European countries due to the existing tax laws. This leads to distortions within the market and jeopardises jobs in the railway industry.

The very disproportionate structure of the infrastructure costs are a burden on railway traffic. While road and air traffic in particular only bears a very low portion of its infrastructure costs, railway traffic is always confronted with its own costs. Moreover, these two types of traffic are the ones which are mainly responsible for damages to the environment, numerous injuries and deaths which, on the whole, is a burden on the whole of society. The members of the Transportation Committee discussed a further deregulation in railway traffic. They support calculable ordering behaviour of traffic providers in the vehicle industry for an equal and continuous use of existing capacities. It is not possible to balance extreme fluctuations in the capacity workload in a high-tech product such as the production of railway vehicles.

In order to limit damages to the environment and reduce the dependency on fossil fuel, railway traffic has to be expanded. This is a political task of the governments of Europe. They have to admit their responsibility toward the people in Europe. The members of the BEWC will use their contacts to the members of the European parliament to exert mutual pressure for this objective.

Focal Issues from the Meeting of the BEWC:

Information & Consultation:

The meeting debated the topic of information sharing and consultation. Concern was expressed that employees were 'always the last to know' with the company opting to inform shareholders first. Management were reminded on the spirit of the I&C Directive which states "employee representatives should have the ability to 'shape and influence' decisions". This is only achievable if information is provided at the formative stage. The employee representatives felt the spirit of the

directive was not reflected when information is provided after decision-making or declarations.

Arguments were put forward that the EWC could be a major asset to the company offering constructive dialogue and debate on issues facing the business. Management were asked to reflect deeply on how it currently provided information and engaged with the EWC. There was a need to understand employee representatives were important and played a counter balance role. The 'common goal' was a successful business but many employees were questioning the direction.

At present there is an insufficient basis for consultation. This is the result of a lack of respect for the legitimacy of the Works Councils aspirations. An obvious effect is demoralisation of the workforce.

Management should listen to and engage the employees. If this could be gotten right the potential benefits were huge.

The employee representatives reiterated they were an important part of the company and had the right to information.

The EWC stressed that future consultation must be carried out in good time with reference to decision-making.

Information about the economic and financial situation of BBD:

The BEWC still only receives extremely insufficient information on the economic and financial situation of the Bombardier Inc. group of companies. The management justifies late and insufficient information by the fact that representatives of the employees are not allowed to be better and earlier informed than the shareholders in order to prevent insider business. This attitude is unacceptable and contradicts the regulations on the rules of European works councils. The members of the BEWC are all obliged not to use their knowledge of the company to their advantage. Members of the BEWC are solely obligated toward their colleagues who voted for them.

We will obligate Bombardier to inform the BEWC to the extent that it can form an adequate picture of the company's perspectives, which is of eminent importance for representing the interests of the employees of all European plants.

Low Cost Country Sourcing:

This subject has been a discussion topic at previous meetings where management made extensive presentations over its strategy on the issue. However, low cost country sourcing was being used more and more. The employee representatives of both department Aerospace and Transportation expressed grave concerns, not just with the increasing volume of work involved, but that intellectual capital was being given away to low cost countries. The employee representatives stressed the importance for employees to have assurances that what the company was doing would not serve to undermine strategic capabilities.

Organisational structure of the Transportation Division:

The organisational structure of the Transportation Division was critically highlighted. The strong divisional structure was criticised as being unproductive. The term of silo thinking which exists in every single division made the rounds. The representatives

of the BEWC criticised the fact that there are structures which promote this "silo thinking". Representatives of the management implied that the problematic was recognised as being on the management level of the Transportation Division and that consideration had been given as to how to tear down the walls between the divisions.

Code of Ethics:

Against the statements of management the code of Ethics is not valid in all European countries in which Bombardier is represented. All delegations rejected the Code of Ethics (CoE) in its existing form. This regulation for behaviour well exceeds the requirements demanded by the Sarbanes Oxley Act. In some sections the CoE contradicts national laws or collective labour agreements, attacks the rights of work councils or prevents employees from exercising their legal trade union and civil rights.

Increase in communication between the delegations:

By means of mutual exchange of information, the members of the BEWC decided to gradually increase the understanding of the different labour and social conditions in the countries represented in the BEWC. The objective is to create the prerequisites to balance the labour and social conditions on the highest level possible.

On behalf of the Liaison Committee:

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