

BOMBARDIER EUROPEAN WORKS COUNCIL

Parties to the Agreement

1. This Agreement is made in Brussels on 21st March 2001 between:

Bombardier Aerospace UK Limited, a legal entity incorporated in accordance with the laws of the UK having its principle place of business at, Airport Road, Belfast, Northern Ireland BT3 9DZ in its own right and as the representative agent as defined in Directive 94/45 EC on behalf of Bombardier Inc. of 800 René-Lévesque Boulevard West, Montréal, Québec, Canada H3B 1Y8 and its Associated Companies (together referred to as "Bombardier").

And,

The Special Negotiating Body representing and on behalf of all Bombardier employees in the European Union (EU) and European Economic Area (EEA) and such other countries as are specified in Appendix A,

And,

Such employees of Bombardier who from time to time are elected or appointed as employee representatives under this agreement and upon such appointment are automatically adjoined as a party to this agreement upon signing at their first annual meeting.

INTRODUCTION

2. The purpose of this agreement is to create a European Works Council, hereinafter referred to as "the European Council", which will enable Bombardier Inc operations in Europe, hereinafter referred to as "the Company", and employee representatives defined under this agreement, to encourage social dialogue through the exchange of information and the undertaking of consultation on subjects of a transnational nature which affect employee interests. Thanks to the shared knowledge of the results of the Company and its operating circumstances, this Council should benefit all those involved in the distribution of information of a transnational nature at local level, wherever and whenever necessary and without prejudice to the confidential nature of the said information.
3. This Agreement defines the framework, scope, role, membership and operation of the Bombardier European Council. The agreement covers Bombardier operations within the EEA and such other countries as are specified in Appendix A as may be agreed between the Parties and fulfils Bombardier's obligations to Directive 94/45/EC and such amendments and additions to that Directive as may from time to time be made and introduced into the national law of EEA member states where Bombardier or its wholly or majority owned or controlled businesses have operations.

AIM OF AGREEMENT

4. The parties to this agreement (hereafter referred to as “the Parties”) believe that Bombardier’s business and employee interest are best served by there being a joint understanding of the objectives, strategy, competitiveness and performance of Bombardier, and of its operating environment and market position. To encourage this understanding a European Works Council shall be established as a joint body, comprising management and employee representatives. Within the Council, Bombardier Inc. will provide transnational information relating to its operations in the countries covered by this agreement such as to encourage a free exchange of views and opinions to be expressed on the information provided.

COMMITMENT AND APPROACH OF THE PARTIES

5. In keeping with the spirit and intent of EU Directive 94/45 EC, the Parties shall participate in the Council in a spirit of co-operation, good faith and mutual trust, accepting that the operation of the Council shall not affect the prerogatives of central and local management which remain solely competent and responsible for business, financial, commercial, social and technological decisions, at such levels as they occur.
6. The Parties to this Agreement recognise the Company policy that fair management of human resources is an important element of Bombardier operations. The Parties accept the Company mission statement, that competitiveness and performance are closely linked to a stable and rewarding relationship with employees and the wish to create a satisfying and stimulating work environment.
7. In the context of the development of the Council, the Parties further confirm that:
 - Existing local arrangements will remain solely responsible for issues that are the subject of collective bargaining or negotiation;
 - There is a common desire to establish effective two-way communication between employees and management throughout Bombardier;
 - They appreciate the respective responsibilities of stakeholders, including employees, groups and sites, customers and shareholders for the interests of Bombardier as a whole.

FRAMEWORK OF THE COUNCIL

8. The Council will comprise an annual meeting of Bombardier management and representatives of employees. Attendees from both management and employee representatives will fairly represent the group interests of Bombardier.
9. The Council shall deal with issues related to the commercial, economic and financial results, the social policy and the general strategy of the Company in relation to transnational activities that affect more than one country covered by this agreement. The exchange of information and consultation shall relate to the following:
 - The structure of the company and the group;
 - The economic and financial situation;
 - The likely development of business activities;
 - Production and sales;
 - The employment situation and its development;
 - Working conditions;
 - Investments;
 - Substantial changes affecting the organisation;
 - The transfer of personnel;
 - The introduction of new methods of working or new manufacturing processes;
 - The transfer of production centres;
 - Mergers;
 - Rationalisation of the workforce or closures of companies, offices or important sections thereof;
 - Collective redundancies;
 - Training Policy;
 - Health and Safety.
10. "Information" is defined as the provision of written and/or verbal information. "Consultation" is defined as the exchange of views and establishment of a dialogue on matters that affect employee interest. Information and consultation shall be consistent with the transnational nature of the Council and to the extent permitted by this agreement, such as to enable a timely, ongoing consultation process.

MEMBERSHIP OF COUNCIL

11. The Bombardier European Council shall comprise:
 - Bombardier's Vice President Human Resources or other Senior Executive as he/she may appoint who shall preside over all joint meetings of the Bombardier European Council;
 - Company appointed Management Co-ordinator;
 - Other Company nominated executives;
 - Employee representatives appointed under the procedures in this agreement;
 - A Council Employee Representative Liaison Committee comprising an Employee Speaker, two Employee Vice Speakers and two other employee representative members.

12. The total number of employee representatives on the Council shall not exceed 30.
13. Management attendees shall not ordinarily exceed 50% of the entitlement to employee representatives at an annual Council meeting.

SELECTION OF EMPLOYEE REPRESENTATIVES

14. Employee representatives or their substitutes, (each employee representative having one substitute) shall be elected or appointed under the terms of their national legislation or in accordance with local custom and practice where no national legislation is in force. In the appointment of employee representatives, each country shall ensure that men and women are given an equal opportunity.

15. In every country covered by this agreement with more than 75 employees there shall be an entitlement to one employee representative per Group. Additional employee representatives will be appointed on the following basis by country headcount as follows:

16. <u>Employee Numbers</u>	<u>Additional Employee Representatives</u>
▪ 1000 – 1999	1 employee representative
▪ 2000 – 2999	2 employee representatives
▪ 3000 – 3999	3 employee representatives
▪ 4000 – 8999	4 employee representatives
▪ 9000+	5 employee representatives

17. In countries with more than one employee representative Council representation shall be appointed from different groups and sites ensuring a balanced representation of Bombardier group interests.

18. Only employees actually employed by the Company may be members of the Council. Their period of office shall ordinarily be as is specified in national law or four years. Employee representatives who cease to be employees of Bombardier for whatever reason or who otherwise cease to hold their national representative mandates, shall immediately forego any rights as employee representatives on the Council, but shall continue to hold a duty of confidentiality as defined in this Agreement.

19. The duly authorised substitute employee representative shall attend Council meetings in the absence of an employee representative from their country, subject to prior notification to the Liaison Committee and Management Co-ordinator. Where an employee representative is unable to complete their term of office for whatever reason the substitute employee representative shall automatically replace them for the remainder of the term of office subject to any contrary term of national law.

PROCESS FOR CHANGE IN EMPLOYEE REPRESENTATION AS A RESULT OF EXPANSION, CONTRACTION OR ACQUISITION

20. The employee headcount within the countries covered by this agreement as at 31st December each year shall be reported to the annual Council meeting and is the basis for calculation of entitlement to employee representation under this agreement.
21. To ensure the effective operation of the Council, where Bombardier acquires or establishes new operations within the EEA and such other countries as specified in Appendix A, such operations will come into scope of the Council at the first annual meeting following inclusion in the annual employee headcount.
22. Any change in entitlement to a the employee representation of country covered by this agreement as a result of manpower changes in existing groups and sites will be based upon and implemented after increases or decreases in headcount over a consecutive two year period.
23. Where as a result of acquisition the employee headcount increases entitlement to employee representation in a country covered by this agreement, such additional entitlement will be appointed according to the applicable law and consistent with the terms of this agreement at the first annual meeting following inclusion in the annual employee headcount.
24. To ensure the continuity of the Bombardier European Council, where the Company acquires a business that has a pre-existing European Works Council agreement under Council Directive 94/45/EC, such rights to representation and transnational information and consultation will be fully met by the Bombardier European Works Council and the terms included in this agreement. This shall not affect any rights or obligations that may apply in respect of pre-existing national or local law. The Liaison Committee will ensure in cooperation with the Company the effective assimilation of and respect for employees from newly acquired companies into the Bombardier European Works Councils.

ORGANISATION OF THE LIAISON COMMITTEE

25. The purpose of the Employee Representatives' Liaison Committee is to liaise with the Company to ensure the effective running of the Council. The Liaison Committee shall be responsible for relations with the Company during the period between annual meetings as well as the operation of Council employee representative pre-meetings and follow up meetings.
26. The Liaison Committee shall comprise one employees' representative from each group of Bombardier who will be the prime contact for all employee representatives from that group. Further members of the liaison committee shall be appointed from countries with more than 20% of the total employee headcount within the countries covered by this agreement.

27. The Liaison Committee will be appointed by Council employee representatives, who shall appoint an Employee Speaker and two Vice Employee Speakers. The Liaison Committee will meet once per year between annual Council meetings and will liaise, discuss and jointly agree with the Management Co-ordinator on:
- Administrative matters;
 - Council agenda items;
 - Council minutes and any communiqués to be issued;
 - Extraordinary meetings;
 - Dispute resolution;
 - Operation of Council Employee Representative Pre-Meetings;
 - Invitation of expert advisers;
 - Training needs of employee representatives;
 - Operation of paragraphs 19 – 23.
28. The Liaison committee meeting will, aside from other issues for consideration review the operation of the preceding Annual Meeting and consider suitable agenda items for the following Annual Meeting. The Liaison Committee will be responsible for determining the standing orders that will apply to all employee representatives within the Bombardier European Works Council.

OPERATION OF THE COUNCIL

29. The Council shall meet once per year, convened by the Company following discussion and agreement with the Liaison Committee. The Annual meeting will ordinarily take place within one day and will be on the basis of a report drafted by the Company concerning the economic and social situation of the Company that will be issued in advance of the meeting. Ordinarily, employee representatives will be notified eight weeks prior of the date and location of the Annual Meeting.
30. The employees' representatives may propose items to be included on the agenda to the Company at least six (6) weeks prior to the meeting. The agenda will include an item "any other business". The employees' representatives will specify any items under this agenda item at the beginning of the meeting. The agenda for the meeting agreed by the Company and Liaison Committee together with any meeting papers, shall be ordinarily distributed three (3) weeks in advance of the meeting.
31. The Annual Meeting will be preceded by an employee representative's pre-meeting which will take place the day before the Annual Meeting.
32. On the same day as the annual meeting the employee representatives may hold a debriefing meeting if they deem it necessary. The operation of this meeting shall not be such as to impact adversely on the time available for or allotted to the Council meeting itself.
33. Employee Representatives' Pre-Meetings and Debriefing Meetings will be provided with the same facilities as are available at Council meetings.

34. Immediately following and on the same day as the Annual Council meeting the Liaison Committee and the Company shall agree a Council communiqué. The communiqué will be locally translated and disseminated by existing divisional communication practices throughout Bombardier operations within the countries covered by this agreement.
35. The minutes of annual Council meetings will be drafted by the Company for consideration and agreement with the Liaison Committee. Following agreement minutes shall be translated as necessary into official EU languages as soon as possible after the meeting.

EXCEPTIONAL CIRCUMSTANCES AND EXTRAORDINARY MEETINGS

36. The Company shall inform and consult the Liaison Committee in the event of exceptional circumstances likely to have significant and adverse repercussions on employees in two or more countries covered by this agreement, particularly in the case of change of location, closure of subsidiaries or establishments, or collective redundancies. Where necessary and by agreement a special meeting of the Council shall be arranged between the Company and the Liaison Committee, known as an extraordinary meeting.
37. A maximum of two employees' representatives from countries and divisions directly affected by the exceptional circumstances and which do not have delegates on the Liaison Committee shall be entitled to participate in an extraordinary meeting during discussions relating to the matter of concern.
38. The Liaison Committee and the Company will agree the date and details of an extraordinary meeting that will take place as soon as is practicable.

EXPERT ADVISERS

39. Experts may be invited to attend employee representative pre-meetings and debriefing meetings. Up to two experts may also attend Council meetings in an advisory capacity when issues within their competence are on the agenda. Experts are divided into two categories: "trade union" experts (representing the employees and chosen by them) and "independent" experts (appointed by agreement between the Company and Liaison Committee to contribute on a specific item on the agenda within their fields of expertise). Both types of expert must confirm in writing to be bound by the rules of confidentiality laid down in this agreement. The Company will have no right of veto over the choice of trade union expert except where they hold legal office or are otherwise privy to strategic planning information of business competitors of Bombardier. Bombardier will provide a list of those business competitors to the Liaison Committee.

LANGUAGE

40. Meetings will be conducted in English, and interpretation in official EU languages will be provided where required and feasible. The English language version of any Council document will be the official and accepted version.

EMPLOYEE PROTECTION

41. Employee representatives in the exercise of their function under this agreement are entitled to the same protection and guarantees provided for employee representatives by the national legislation in their country of employment. Employee representatives will suffer no advantage or disadvantage as a result of their participation in the Council.

ADMINISTRATION AND MATERIAL RESOURCES

42. The operating expenses of the Council shall be determined and borne by Bombardier.
43. Employee representatives will be released from duty with normal contractual pay to attend Council meetings. Arrangements for appropriate time off and travel shall be made in advance in accordance with Group travel policy and national law and practice in the country of the employee representative's employment.
44. Bombardier will determine and bear the cost of employee representatives' costs of travel, accommodation and subsistence at Annual Meetings, pre-meetings of employee representatives and any other agreed meetings. Bombardier will determine and bear the cost of interpretation facilities and translation of documents at Annual Meetings and any other agreed meetings. In addition, by prior agreement and where necessary, travel and accommodation of one expert advisor to the employee representatives will be met.
45. The employee representatives will, where agreed between the Management Co-ordinator and Liaison Committee be able to undertake appropriate training where needed to perform their role.
46. The Parties to this agreement are in accord that the Council shall operate in the most cost effective and efficient manner and shall, wherever possible, ensure that Annual and other meetings are conducted in a timely and efficient manner.

CONFIDENTIALITY

47. The Council shall operate in a spirit of openness enabling a free exchange of views and opinions to be expressed. In order to support this aim all representatives agree not to misuse or divulge any information that is supplied on a confidential basis. This obligation continues after the conclusion, for whatever reason, of an employee representative's term of office or employment, for as long as the information remains confidential as deemed by the Company. Any proven breach of this provision will lead to the individual being excluded from further participation in Council meetings and will be viewed as a serious offence according to the procedures and law applying to the employee representatives' place of employment.
48. It is accepted that the Company has an obligation not to release price sensitive or other confidential information, which according to objective criteria is of such a nature that its release would harm the functioning of Bombardier, or be prejudicial to it, or is in contravention of any national law or regulations where it has operations. The objective criteria includes statutory or regulatory rules, including but not limited to the specific stock exchange rules of Belgium, Germany and Canada, on disclosure of information applying to Bombardier in whatever jurisdiction it carries on business.

49. Wherever possible oral and written reports at Council meetings shall be such as to be disseminated and discussed in existing employee representative structures throughout the Company. Where information cannot be disclosed beyond the Council it shall be classified as such. However, no written or oral reports arising from the Council may be released outside of Bombardier without the express written consent of the management co-ordinator.

DISPUTE RESOLUTION

50. The parties are agreed that they will work together to ensure that any disputes or misunderstandings that arise in the meaning and operation of this agreement shall be resolved amicably, by and between the Liaison Committee and the Company. Where such dispute cannot be resolved either party may submit themselves to the courts of England to determine any outstanding matter.

DURATION OF AGREEMENT

51. It is intended that this agreement will continue on an indefinite basis. In any event it will not expire for a period of 5 years from the date of signature.

52. In the final 12-month period of the 5th year, the Parties will either:

1. Confirm that the agreement should continue for a further 5 year term, or;
2. Bombardier or the employee representatives, following a two-thirds majority of those eligible to vote, give 6 months written notice of intent to withdraw from the agreement. In the case of such notice of withdrawal, the parties shall enter into negotiations with a view to reaching a revised agreement. During this period that can extend to two years, this agreement shall remain in force until a new agreement has been concluded. In the event that no new agreement can be reached, the subsidiary requirements specified in the Directive shall automatically apply as transposed into the UK Transnational Information and Consultation of Employee Regulations 1999.

53. Where the parties to this agreement deem it necessary, this agreement may be amended by mutual consent during its lifetime, such amendments being adopted as operating practices. The consent of the employee representatives shall be deemed to be validly given following a two-thirds majority vote of those employee representatives eligible to vote.

54. Should any clause or appendix to this agreement prove to be invalid for whatever reason, it shall not affect the validity of this agreement in total. Such invalid part shall be treated as separate from the agreement and may be updated/amended without affecting the whole of this agreement.

LEGAL STATUS

55. It is the intention of the parties, without prejudice to any statutory rights, that where there is a difference of view between the employee representatives and the Company regarding the interpretation of this agreement, a two-thirds majority, in writing, of the employee representatives is required to access the resolution mechanisms under Council Directive 94/45/EC as extended by Council Directive 97/74/EC and as transposed into UK law.
56. This agreement is an agreement under Article 6 of Council Directive 94/45/EC extended by Council Directive 97/74/EC, transposed into UK law by the Transnational Information and Consultation Regulations 1999 and governed by the aforementioned Regulations and statutory instruments that apply in Northern Ireland. This agreement, translations thereof and any amendments thereto shall be interpreted and construed in all respects in accordance with the current English language version, which shall be deemed to be the authoritative version. However, every effort will be made to ensure that the texts correspond as precisely as possible in all languages.

APPENDIX A

Geographical Coverage of Agreement

1. The agreement shall cover Bombardier Inc's Transportation, Aerospace and Recreational Product Group sites within the European Union and Economic Area (EU & EEA), Switzerland and such of the Visegrad countries of Poland, Hungary and Czech Republic where the Company has operations.
2. Where the Company acquires or establishes operations in countries acceding or seeking to accede to the European Union, such operations shall come into scope of this agreement following the conclusion of accession negotiations and the specification and acceptance of a date of accession.

ADDENDUM I

The Parties recognise the unique circumstances surrounding the establishment of a single Bombardier European Works Council following on from the pre-existing European Works Council within the Transportation Group.

To ensure the effective transition to a single European Works Council, the eight person Transportation Liaison Committee shall meet the day preceding the Annual Bombardier Council employee pre-meeting.

It is further agreed by the Parties that the continued operation of this committee will be reviewed during the first term of this agreement and is not to be construed as a precedent for Group specific or Bombardier wide working groups or sub committees.

ADDENDUM II

The Special Negotiating Body of employee representatives and the Company hereby agree that until the first annual Bombardier Inc. EWC meeting the following arrangements for employee representation shall apply.

The Bombardier Transportation EWC employee representatives will continue to exercise their representative mandate. In addition the duly selected employee representatives from the Bombardier Recreational Products and Bombardier Aerospace Groups present at the SNB, will be co-opted onto this employee representative body.

In light of the potential acquisition of ADtranz it is agreed that the election/selection process for the Bombardier Inc. EWC will commence after May 31st, 2001.

Subject to the acquisition of ADtranz taking place there will be a meeting on 30th May of the interim Bombardier Inc. EWC Liaison Committee comprising the existing Bombardier Transportation EWC Liaison Committee supplemented by Bombardier Aerospace and Bombardier Recreational Products employee representatives and the ADtranz EWC Select Committee and Bombardier Inc. Management.

The intention of the meeting is to hold the first annual meeting of the Bombardier Inc EWC during September 2001.