

AGREEMENT on the ANTICIPATION of CHANGE or DEVELOPMENTS in ALSTOM

Between :

ALSTOM represented by Patrick Dubert,

And :

the **European Metalworkers' Federation** represented by Bart Samyn.

The following agreement has been made :

Summary

Introduction

1 - GENERAL PRINCIPLES

2 - SCOPE OF THE AGREEMENT

3 - SAFEGUARD EMPLOYMENT IN A PERIOD OF CRISIS

- 3.1 Maintain the workforce
- 3.2 Accompany the redeployment of employees

4 - ANTICIPATION OF COMPANY DEVELOPMENT

- 4.1 Information
 - 4.1.1 Information at EWF level
 - 4.1.2 Information at national level
- 4.2 Consultation
 - 4.2.1 Consultation at EWF level
 - 4.2.2 Consultation at national level

5 - SUSTAINABLE EMPLOYEE COMPETENCY DEVELOPMENT

- 5.1 Supporting current and mid-term professional requirements
- 5.2 Supporting mobility and promotion requirements/wishes
- 5.3 Managing the end of the employee's professional career
- 5.4 Accessing and managing training
- 5.5 In case of structural changes
 - 5.5.1. Support to employees holding positions which are decreasing in number
 - 5.5.2. Support to the requalification, repositioning and development of alternative activities inside/outside the company



Handwritten signature and initials in blue ink, located in the bottom left corner of the page.

6 - APPLICATION AND FOLLOW-UP OF THE AGREEMENT

- 6.1 Local application
- 6.2 Duration of the agreement
- 6.3. Indicators
- 6.4 Follow-up of the agreement by the signing parties
- 6.5 Follow-up at the level of the European Steering Committee and the Sector Working Groups
- 6.6 Follow-up at local level

Annex : List of countries represented

Handwritten signature and initials in blue ink, located in the bottom left corner of the page.

Introduction

Alstom is an international group well implanted in Europe, engaged in a sustainable growth strategy where its employees are the key to success. Having a continuous dialogue with the employee representatives or the trade unions – at European, national and local levels, as well as within each of the subsidiaries - is important with regard to accompanying social and economic change.

Alstom restates the importance of its European footprint and its intention to reinforce its competitiveness through appropriate means, namely the priority given to competency development, R&D investment and industrial investment.

The objective of this agreement is to improve the anticipation of change by promoting on the one hand a social dialogue on the necessary development of the organization and on the other hand the tools required to adapt to this, such as competency planning, career guidance interviews, development interviews, mid-career interviews, training or any other method.

Alstom is faced with changes in its environment ,demographic situation and competency requirements. Therefore it has chosen, via this agreement, to outline its commitments to accompanying all its employees in both their career progression and skills and know-how development.

This aims to ensure :

- the competitiveness of the company and promote the sustainable development of the existing activities
- continued discussion and dialogue between employers, employees and representatives of the employees and trade unions
- employee competencies, know-how and development are developed in line with the new economic and strategic stakes
- the "employability" of employees.

Ultimately it aims to ensure that all employees have a right to a professional career path. This agreement applies to all employees in Alstom in Europe irrespective of their professional category.



1 – General principles

We refer to European directives and international standards (OECD, general principles) and national and local legislations regarding the access by our employees to information on the company.

The signing parties recognize the need to anticipate as much as possible future developments and changes in the business and to align and encourage the training and the development of Alstom employees accordingly.

2 – Scope of the agreement

The agreement covers all ALSTOM staff within the countries covered by the EWF scope and all the countries where the EMF has affiliated organizations

ALSTOM will regularly update the list of all the companies and establishments concerned appended to this agreement. In case of new sites in a new country, the EMF will consult the local union representatives before any application of this agreement..

This agreement provides a global framework and cannot replace any national legislation and/or collective agreements and/or company agreements if these are more favourable.



3 – Safeguard of employment in a period of crisis

The worldwide economic crisis has had a major impact on engineering activities and infrastructure equipment.

Alstom has planned to implement an Adaptation Plan to adapt its capacity to this situation. Within this framework, Alstom plans to make its best efforts to avoid redundancies as much as possible.

The measures detailed in article 5.5 would also be applicable in a crisis period.

3.1 - Maintain the workforce

Alstom, which recognises the importance of its human resources, has planned to implement a series of measures to the reduction of positions in as much as possible, in particular by :

- Committing to develop internal mobility, within and between the Group's activities, sectors and sites
- Providing an employee requalification, which enables the employees to follow training and adapt to new positions
- Implementing short-time work, wherever the variation in activity is due to temporary circumstances
- Developing part-time work if it allows to reduce the overstaffing.
- Using the other solutions and best practices already implemented in the different countries

3.2 - Accompany the redeployment of employees

Once the company declares that all possible alternatives to maintain the employees in positions have been exhausted, Alstom and the employee representatives or trade unions will commit to enter in a process in the concerned countries, aiming to reach a negotiated solution, in good faith, in accordance with national legislations, traditions and cultures, with a view to avoid redundancies as much as possible. The following measures can be proposed by the trade unions in the different countries :

- 1- Support the voluntary mobility of employees in the different units,
- 2- Favour voluntary departures when possible,
- 3- Support individual projects to create own companies,
- 4- Support personal projects,
- 5- Train the concerned employees to facilitate their requalification for outside positions,
- 6- Accompany the employees in their search for a new position ,
- 7- Support the creation of positions in other companies of the same geographical area (the perimeter of this zone is to be discussed locally), when such creations permit the hiring of Alstom employees.



4 – Anticipation of company development

The EWF will be regularly informed and consulted about the Company's development with the opportunity to formulate further solutions, in accordance with the agreements of the Alstom European Works Forum.

The information and consultation processes, at national and European levels, must be articulated and coordinated in order to optimise effectiveness. In other words :

- the EWF must be informed before or at the same time as the national instances, but not after them,
- the national consultation process must not be closed before the closing of the European process.

4.1 Information

4.1.1 Information at EWF level

Once a year, in principle in June, the management shall present specific information to the EWF regarding activity forecasts with a 2/3 year horizon, which includes the following:

- Strategic overview
- Market trends
- Capacity and workload
- Key financial developments (sales, backlog, R&D, Capex,...)
- Development of competitiveness, evolution of investment plans and R&D
- HR responses (recruitment, training, headcount developments...).

The following key figures by sector shall be regularly reported to the EWF, in written form :

- 4 times per year :
 - Orders received
 - Sales
 - Investments
 - Headcount
- 2 times per year :
 - Income from operations
 - Free cash flow



4.1.2 Information at national level

This information will be managed with the employee representative bodies such as works council and/or trade union bodies depending on national regulations.

The information presented at national level must include the same topics as at European level.

Activity forecast, information on technology developments and on workload management (internal / locations concerned, or via outsourcing / partnerships.....) shall be communicated.

4.2 Consultation

4.2.1 Consultation at EWF level

Depending on the importance of the development at stake a process of consultation shall be undertaken.

For "Consultation", we refer to the definition adopted by the European Parliament for the Directive 2009/38 dated 6 May 2009 :

"the establishment of dialogue and exchange of views between employees' representatives and central management or any more appropriate level of management, at such time, in such fashion and with such content as enables employees' representatives to express an opinion on the basis of the information provided about the proposed measures to which the consultation is related, without prejudice to the responsibilities of the management, and within a reasonable time, which may be taken into account within the Community-scale undertaking or Community-scale group of undertakings"

4.2.2 Consultation at national level

The consultation regarding local activities is undertaken with the Works Councils or union representatives of the European entities in all European countries.

Activity forecasts, headcount levels, and skills requirements shall be translated into recruitment needs and priority training programmes.

Handwritten signature and initials in blue ink, located in the bottom left corner of the page.

5 – Sustainable employee competency development

Management of workforce and competency planning

The signing parties consider that, in a world of constant change, the development of the competencies of employees is vital for the company and ensures employability for the employee.

Priority areas

In order to promote workforce and competency planning , the parties agree on the following priorities:

- advance information on the priorities and major orientations of the group
- promotion of the identification and anticipation of skills and qualification needs
- development of a pro-active training policy that is accessible to all professional categories

5.1 Supporting current and mid-term professional requirements:

Employee competency development must be based on an exchange between the employee and the employee's direct Manager.

Individual yearly meetings shall take place between an employee and his/her Manager.

The manager's role during the meeting is to evaluate the employee's technical skills and know-how. In addition the manager should discuss with the employee any future development plans and advise on the employee's career orientation (wishes, mobility, development plan, training plan). It is an open dialogue between the manager and the person concerned conducted with full transparency. A recourse to the local Human Resources department must be possible to deal with cases in which the parties disagree on the conclusions of the meeting. The employee can be assisted by an employee representative or a trade union representative or by any person of his/her choice.

Alstom managers should be trained to conduct this type of development meeting. Whenever possible, for blue-collar employees the yearly meeting on the competencies and development plan should be separated from the meeting on performances. The yearly meeting should be conducted in the employee's language.

The yearly individual meeting is already mandatory for managers and professional staff. The signing parties agree to encourage such meetings, on a voluntary basis, for all other categories of personnel. They will progressively be implemented in all countries at all levels. This implementation plan will be undertaken on a long-term basis.



Specific case : mid-career assessment

A specific career interview shall be proposed to employees at their mid-career stage (typically twenty years of career) to discuss their professional goals and development. This process shall also be implemented progressively and encouraged.

5.2 Supporting mobility and promotion requirements/wishes

As mentioned in the previous section, **mobility** wishes shall be discussed during the individual yearly meeting, although they may of course be the subject of discussions between a manager and employee on other occasions.

Career guidance sessions help the employee play an active role in his/her own professional plan, and make them more aware of their development potential.

Specific training programmes shall be developed to help people with low qualifications access higher positions.

Internal mobility offers new employment opportunities which can be both functional and/or geographical. **Promotions** are defined as a move to a position with greater responsibility.

Discussions will take place with representative bodies at local level to develop generic career paths to provide basic guidance to employees on future career possibilities.

All positions below executive level open to outside recruitment should be published internally with open access by existing employees.

5.3 Managing the end of the employees' professional career

During the last three years of their professional career, employees can be invited to and asked if they wish to contribute to mentoring trainees and apprentices in order to share their wealth of knowledge and skills by :

- favouring the transfer of key competencies to employees joining the company
- developing tutoring and mentoring provided by experienced internal professional staff
- developing apprenticeships.

In addition, specific measures will be assessed to facilitate the end of career of employees who have been confronted to drudgery for a long time.



5.4 Accessing and managing training

Alstom has a clear learning policy supported by training plans at group, sector, local or site level, which contribute to the personal and professional development of all employees by offering high-quality programmes. At local level, units work with internal trainers or external suppliers to provide training programmes in line with specific local requirements.

Some of these training programmes are associated with the obtention of national diplomas. Validation of competencies and recognition of experience will be developed in line with each country's legislation.

The parties will evaluate the possibility to implement training passports locally. The document will list the training sessions followed by the employee within the Group.

The training plan is established according to business and individual needs. It summarizes the individual development plans agreed between the employee and his/her Manager.

Means will be put in place to ensure that each employee can benefit from training actions in line with the skills evaluation and career goals defined during their yearly development meeting. The objective is that each employee follow at least one training session every three years, and that the duration of the training followed during this period be at least 3 days.

According to the type of national legislation and collective union agreements applicable at local level, the annual collective training plan at local level is the object of a concertation with the employee representative bodies, regarding the following aspects :

- a summary report of the previous year's training achievements
- the plan for the forthcoming year.

5.5 In case of structural changes

5.5.1 Support to employees holding positions which are decreasing in number

To anticipate as much as possible in advance, support is provided to employees who occupy positions that are linked to decreasing market demand or business needs. This approach may translate into training, internal or external reclassification, or personal career projects, in order to limit the impact of these structural measures on the workforce. The job families concerned are identified and discussed during the appropriate Works Council meetings, and with the Trade Unions.

Handwritten signature and initials in blue ink, located at the bottom left of the page.

It is agreed that during the course of a negotiation process all possible options would be considered in cases of a redundancy procedure and/or a site closure These include in particular :

- reduced hours of work,
- short-time working
- balance of workload between the sites.
- development of activities
- internal repositioning
- reindustrialization project
- requalification project

5.5.2 Support to the requalification, repositioning and development of alternative activities inside/outside the company

The following accompanying measures can be proposed by the employee representatives or the trade union representatives in the different countries :

- external repositioning
- measures to accompany reclassification
- support for personal career projects
- reactivation of local employment
- search for new activities for the site
- search for industrial partners able to provide a future for the site

It is agreed that the above measures should be discussed with the objective of ensuring fair treatment of employees in different countries and that no-one will be left to deal alone with his/her professional career development.

In case of structural change, Alstom

- commits to developing industrial activities inside the Group rather than external solutions
- and to stimulate the employment zone when the planned measures have an impact on the local economy.



6 – Application and follow-up of the agreement

6.1 Local application

The social partners of each country within the EWF scope will apply this Agreement at the appropriate level, ensuring that it is effectively implemented at local level in line with local regulations.

6.2 Duration of the agreement

It is agreed between the two parties that this agreement shall remain in place for a period of 3 years and can be renewed by mutual agreement.

6.3 Indicators

A set of key indicators will be implemented and followed, both at a local and European level, in order to monitor the afore-mentioned actions.

For example:

- Number of training hours and average per employee, for all levels
- Number of tutors/mentors
- Number of annual individual interviews per level
- Number of mid-career interviews
- Number and percentage of employees aged 55 and above
- Number of internal recruitments versus external recruitments
- Number of managers trained in managing and coaching employees
- Number of trainees and apprentices

6.4 Follow-up of the Agreement by the signing parties

The follow-up of this agreement will concern :

- its circulation to the various countries concerned
- its implementation and the efficiency of the suggested measures at European and local level

The signing parties agree to follow up on the implementation of this Agreement at least once a year, during a Steering Committee meeting.

Handwritten signature and initials in blue ink, located at the bottom left of the page.

6.5 Follow-up at the level of the European Steering Committee and the Sector Working Groups

- This Steering Committee will be set up in coordination with the EMF. It will be composed of trade union representatives, members of the Select Committee or of the EWF, and management. It will organise the follow-up and communication regarding the implementation of this Agreement
This Working Group will meet on a quarterly basis during the first year following the signature, then it will meet once a year to assess the progress achieved and discuss corrective actions if needed.
- The yearly follow-up meetings could be integrated in the meetings of the EWF working groups by Sector

The communication of this agreement will be project-managed and followed in each European country. The Steering Committee will discuss with the Management the means to facilitate the cascading such as explanatory brochures, joint meetings at local level with management and employee representatives, etc...

6.6 Follow-up at local level

The social partners at local level will also have to implement an appropriate follow-up process.

Signed in Paris on February 24th, 2011

For Alstom



For the EMF



Appendix : List of countries represented