



Upskilling, technological and social innovation – key tools to confront the social and economic consequences of the Covid-19 crisis

A common statement

Preamble

Danone and the IUF share the view that, beyond the often tragic impact on the health of so many people, the economic impact and the impact on people's livelihoods arising from the Covid-19 pandemic will be widespread and potentially long-term.

Economically and socially, the crisis has already seen disproportionate suffering in our societies amongst those at most risk, including women, the poor, precarious workers, workers deemed "essential" during the Covid-19 pandemic, migrants and those at risk from systemic racism and discrimination.

Severe negative economic and social consequences are likely to last at least through 2022 and, in some sectors of the economy, potentially longer.

In the IUF and Danone, there is a shared recognition of the extraordinary work done by Danone employees during this severe challenge to the world's food supply. Maintaining the company's operations in circumstances that saw employees and their families facing health risks required extraordinary measures on the part of Danone to mitigate those risks as far as was practicable. In general, IUF affiliates recognize and appreciate that the company put in place appropriate measures to minimize health risks and costs for Danone employees and their families and provided economic security over the most severe period of the pandemic.

Specific economic and social consequences facing the food and beverage industry and Danone in particular

- Immediate impacts on the market for Danone products arising from lockdowns and confinements imposed by governments;
- Potential as yet uncertain longer-term impact of changes in consumption habits as lockdowns/confinement restrictions are lifted;
- General falls in demand, and consequent decreases in production arising from the global economic recession predicted to follow the pandemic across the world;
- An acceleration of the existing structural challenges faced by the food industry before the Covid-19 pandemic. These include but are not limited to changing consumer purchasing habits, the transition from an unsustainable linear model for packaging to a circular model, broader concerns about the impact of the world's food system on the environment, including a trend towards purchasing locally produced and transported food and beverage items, the effect of Brexit notably in Europe.

Common Principles

Danone and the IUF retain a strong commitment to the "dual economic and social project" which began in 1972 that places value on both the economic viability of the company and the impact of the company socially and materially on its

employees, its eco-system, and broader society. In June 2020, the company transformed into an "*Entreprise à Mission*", integrating the "dual economic and social project" into its constitution.

Danone and the IUF agree that in general, and particularly in the coming period, a stable, concrete, and meaningful engagement between Danone and IUF affiliates representing Danone employees worldwide is critical. That engagement should ensure the least possible negative impact on Danone employees' livelihoods and those of workers and others in Danone's global supply chain.

Practical action

Danone management and IUF affiliates will engage to ensure that there is a common and comprehensive understanding and application of existing IUF/Danone agreements.

Faced with likely accelerating transformation of work processes and opportunities within Danone, the company and the IUF will also explore potential new areas for an agreement that will focus on ensuring that existing and future employees have the broadest possible access to job opportunities in the future.

As is the case with existing IUF/Danone agreements, nothing in any future agreement that may emerge between the IUF and Danone will undermine or negatively impact any local or national agreements between IUF affiliates and Danone's local or national managements.

The priority of any new IUF/Danone agreement will be to ensure that, where changes to employment structures, whether qualitative or quantitative, are proposed, repositioning workers within Danone is prioritized. Such an agreement is likely to focus on training programmes for employees that allow them the opportunity and the time to develop new skills that can facilitate internal repositioning within Danone but can also be of value and practical assistance in the broader jobs market.

Danone and the IUF will build any new agreement on existing upskilling programmes primarily aimed to provide employment security for the future. Danone and the IUF will also explore innovative models for upskilling programmes that provide economic security for employees. While undergoing upskilling programmes that might last a significant period of time Danone will ensure that employees will retain their Danone employment contracts, salaries and relevant benefits. All such programmes will aim to strengthen employees' employment security through internal repositioning within Danone and enhance future employment opportunities in the broader jobs market.

Any agreement focused on upskilling programmes will seek to identify and prioritize the most exposed and at-risk employee populations within Danone. Criteria for identifying employees who are particularly at risk would include, though not be limited to, those with lower levels of qualifications and salaries, women and those at risk from systemic racism and discrimination.

Next steps

Danone and the IUF in consultation with its affiliates that represent Danone workers will continue to actively engage in developing an effective and innovative response to the potentially major social and economic challenges that are emerging from the global Covid-19 crisis,

In the coming months Danone and the IUF will seek to negotiate an international agreement aimed at supporting the efforts of Danone managements and IUF affiliates locally and nationally to effectively address these challenges.