

# Philips Collective Employment Agreement

1 January 2015 through 31 December 2016



# PHILIPS

This CEA is an English translation of the Dutch CEA. In the event of a discrepancy or inconsistency between the Dutch and the English text of the CEA or a dispute concerning the interpretation or application thereof, the Dutch text will prevail.

**PHILIPS COLLECTIVE EMPLOYMENT AGREEMENT**  
**1 January 2015 through 31 December 2016**

for employees of

Philips Electronics Nederland B.V.  
Philips International B.V.  
Philips Lighting B.V.  
Philips Consumer Lifestyle B.V.  
Philips Nederland B.V.  
Philips Medical Systems Nederland B.V.  
Philips Lumileds Lighting Company B.V. (from 1 April 2015 Lumileds Netherlands B.V.)  
Lumileds Holding B.V. (from 1 April 2015)  
Modular Lighting Nederland B.V.  
Argus Imaging B.V.

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The undersigned:

1. PHILIPS ELECTRONICS NEDERLAND B.V., with registered office in Eindhoven, acting for the purposes of this agreement on behalf of itself and on behalf of the following parties:
  - 1.1. PHILIPS INTERNATIONAL B.V., with registered office in Eindhoven;
  - 1.2. PHILIPS LIGHTING B.V., with registered office in Eindhoven;
  - 1.3. PHILIPS CONSUMER LIFESTYLE B.V., with registered office in Eindhoven;
  - 1.4. PHILIPS NEDERLAND B.V., with registered office in Eindhoven;
  - 1.5. PHILIPS MEDICAL SYSTEMS NEDERLAND B.V., with registered office in Best;
  - 1.6. PHILIPS LUMILEDS LIGHTING COMPANY B.V. (from 1 April 2015 LUMILEDS NETHERLANDS B.V.), with registered office in Eindhoven;
  - 1.7. LUMILEDS HOLDING B.V. (from 1 April 2015), with registered office in Schiphol;
  - 1.8. MODULAR LIGHTING NEDERLAND B.V. with registered office in Amstelveen
  - 1.9. ARGUS IMAGING B.V., with registered office in Heerlen

and

2. VHP2, with headquarters in Eindhoven;
3. FNV, with headquarters in Utrecht;
4. CNV Vakmensen, with headquarters in Utrecht;
5. DE UNIE, with headquarters in Culemborg;

declare that they have concluded the following agreement for the implementation of the “Agreement concerning Collective Employment Agreements” concluded by the parties on 14 December 1949 and last amended and signed on 26 March 1964 in Roosendaal.

## PREAMBLE

We are living in a constant state of flux, both at Philips and in the world in general. One only has to think of globalization, working longer hours, the new way of working, scarcity in the labor market, the demands and expectations of contemporary employees, diversity, etc. In order to remain a future-proof company and an employer of choice, it is necessary to anticipate these trends.

New times call for modern, mature labor relations such as can contribute in the longer term both to the success of the Company and the interests of the employees and those representing them.

The key features of the required labor relations are:

- **Balance:** there should be an optimum balance between the interests, expectations and possibilities of both the organization and its employees. Achieving such a balance means, above all, putting into practice the concepts of acting as a good employer and acting as a good employee in a dynamic context instead of merely invoking strict 'rights and duties'.
- **Dialogue:** there must be an open and equal dialogue between manager and co-worker. It should be based on mutual trust. Responsibilities should be located at the lowest possible level within the organization. Impediments should be discussed. Where necessary or desirable, there should be scope for customized solutions.
- **Responsibility:** employees must take responsibility in their work, in their careers and for their health and wellbeing, with the Company and the social partners endeavoring to create a climate in which co-workers are able to take their responsibility. Taking responsibility means making choices, with the Company providing the required support.
- **Involvement:** 'involvement from below' is of vital importance, as is a proper balance between business and organizational considerations, on the one hand, and individual and human considerations, on the other hand.
- **Development:** the development of everyone's talent is of the utmost importance both for the Company and for each individual employee. Philips supports and facilitates the development of every employee in addition to the individual responsibility that each employee bears.
- **Transparency:** there should be maximum transparency as regards mission, vision and strategy, as well as in plans and targets. Long-term perspectives should be monitored. Being result-driven should be at the forefront of everyone's mind, on the understanding that **how** it is achieved is just as important as **what** is achieved.
- **Leadership:** there should be a style of leadership that matches everything stated above. The manager's role should be facilitating rather than hierarchically controlling.

The parties involved in the Collective Employment Agreement hereby call on everyone at the Company to take up the ideas set out here and give them further shape.

On 22 December 2014 the Company and the trade union organizations signed the Central Social Plan 2014-18, setting down agreements on an innovative approach to improving the labor market position of employees. To this end they agreed on an investment fund of 7.5 million euros during the term of the Central Social Plan. The program, known as 'Resilience@work' ('Veerkracht@werk'), is aimed at creating greater job security for employees by 2018, both internally and externally, by ensuring that employees:

- have and retain an insight into their labor market position
- know what products and services they can use, and
- have taken concrete steps to remain suitable for the changing requirements of the job/the environment and thus also strengthen their internal and external labor market position.

In the light of developments and experiences within Philips and on the external labor market, the Parties believe on the basis of their joint responsibility that extra investments are needed to promote job security and to create the desired climate that this implies. There is a continual process of rapid change and this calls for a flexible, resilient and pro-active mindset. The board of the Resilience@work fund will be given the following assignments during the term of the CEA:

- Develop and implement a process and supporting resources designed to ensure that every employee has an up-to-date CV and/or e-portfolio.
- Develop and implement a process and supporting resources designed to focus on raising the issue of, and subsequently reducing, work pressure and work stress, with specific attention to those departments within the organization where employees regularly work overtime.
- Analyze the possibility of, and hindrances to, working from home. To make proposals to optimize the use of working from home.

The Parties to the CEA have reached understandings on extending the 80-80-100 scheme and paid leave for employees aged 62 and older, as well as provisions for taking a sabbatical. The Parties have agreed that this extension of the possibilities for employees to make individual choices must not result in an increase in work pressure for those individual employees or for their colleagues. The assumption is that when such options are exercised by employees, the organization will ensure that there remains sufficient capacity for carrying out the work.

## SECTION 1: GENERAL

### Article 1.1

#### Definitions

1. The employer: each of the parties previously mentioned under 1 to 1.9, for this purpose choosing to be domiciled at Boschdijk 525, Eindhoven;
2. The trade union organizations: the parties previously mentioned under 2 to 5;
3. The employees all those in the employer's service and allocated to one of the job grades 10 to 90, with the exception of:
  - a. participants in the Employment Scheme;
  - b. executive officers to be designated by the employer in consultation with the trade union organizations;
  - c. those temporarily employed in the Netherlands on the basis of an Expatriation Agreement or a Global Professional Agreement.

### Article 1.2

#### Term of the Collective Employment Agreement

This Philips Collective Employment Agreement ("CEA") comes into force on 1 January 2015 and terminates, without any notice being required, on 31 December 2016.

Rights arising from provisions of previous CEAs lapse with the coming into force of this CEA. They are superseded by the rights arising from the provisions of this CEA. Insofar as this CEA gives fewer entitlements, it takes precedence over previous CEAs.

Individual entitlements which do not arise from a previous CEA remain effective.

## SECTION 2: OBLIGATIONS OF THE EMPLOYER AND OF THE EMPLOYEE

### Article 2.1

#### Of the employer

1. The employer shall not have any employees in his service under conditions less favorable than those laid down in this CEA. Within the statutory provisions he may, however, depart from the collective employment agreement to the advantage of employees. However, if this departure affects groups of employees or all employees in an establishment, the company shall not proceed with it before having consulted the trade union organizations.
2. Each employee shall receive a copy of this CEA and of the appendices pertaining to it.
3. With regard to information concerning the personal life of the employee, the employer shall take measures to protect the said personal life of the employee.

### Article 2.2

#### Of the employee

1. The employee shall act according to the provisions of this CEA and according to the instructions given to him/her by, or on behalf of, the employer. These instructions include the General Business Principles, which are established by the employer in consultation with the Works Council.
2. The employee shall promote the interests of the company to the best of his/her knowledge and ability, even when given no express instruction to this effect. He/she shall carry out reasonable instructions, even if they concern the carrying out of jobs that are not part of his/her usual work.

## SECTION 3: CONTRACT OF EMPLOYMENT

### Article 3.1

#### Commencement and duration of the contract of employment

1. When an employee first enters the employer's service the employer and the employee enter into an individual written contract of employment in which it is agreed that this and subsequent collective employment agreements shall apply to the employee.
2. The contract of employment is entered into for an unlimited period, unless otherwise agreed in the individual contract.
3. The individual contract of employment states the date of entering service, the position, the place where the employee is to start work, the employee's job grade and starting salary.  
The individual contract of employment also contains provisions relating to, for instance:
  - the employee running a business and carrying out work for third parties;
  - secrecy about business matters, publications;
  - the renunciation of rights to inventions.
 The employer shall not bind employees in job grades 25 and lower to the provision concerning inventions.

For job grades 50 to 90 the individual contract of employment also contains provisions concerning such matters as:

- copyright;
- patents;
- a stipulation restraining the employee from entering employment with competitors.

### Article 3.2

#### Period of notice for a contract of employment for an unlimited period

1. The contract of employment can be terminated by the employer or by the employee.  
The period of notice begins on the first day of the month following the notice of termination. The contract of employment terminates at the end of the period of notice. If the employer gives notice that the contract is to be terminated he shall confirm this in writing.
2. The period of notice that the employer shall give to the employee depends on the length of his/her service on the day on which notice is given, and is:
  - a. for employees in job grades 10 to 45
    - length of service less than 5 years: 1 month;
    - length of service between 5 and 10 years: 2 months;
    - length of service between 10 and 15 years: 3 months;
    - length of service 15 years or longer: 4 months.
  - b. for employees in job grades 50 to 90
    - length of service less than 15 years: 3 months;
    - less of service 15 years or longer: 4 months.
3. The period of notice that the employee shall give to the employer depends on his or her job grade. It is as follows:
  - a. for job grades 10 to 45: 1 month;
  - b. for job grades 50 to 90: 3 months.
 A shorter period is possible, subject to mutual agreement.
4. Continuous periods of employment with enterprises belonging to the Philips group will count towards the calculation of the duration of the employment.

### Article 3.3

#### Termination of contract of employment by operation of law

- a. The contract of employment ends by operation of law, without any notice being required, when the specific period of time for which a contract of employment for a limited period has been entered into has elapsed.
- b. Article 668a of Book 7 of the Civil Code is applicable to a series of contracts of employment for a limited period. The effect of Article 668a (1b) of Book 7 of the Civil Code is excluded with regard to temporary employees (temporary employment agency workers) as defined in Article 690 of Book 7 of the Civil Code. This means that if the temporary employee enters into a contract of employment for a fixed term with the employer immediately following or within six months after termination of the temporary employment contract – which with regard to the starting date relates only to work performed for the employer or one of his legal predecessors – , the entire period of temporary employment is deemed to be the first fixed-term contract of employment, even if it has been interrupted by one or more periods of incapacity.  
With effect from 1 July 2015, article 668a (1a) of the Civil Code (the period of 24 months) is not applicable to contracts of employment entered into in connection with scientific and/or doctoral research insofar as that is necessary for completion of a Ph.D.
- c. The contract of employment ends by operation of law, without any notice being required, unless terminated earlier and unless agreed otherwise, on the last day of the month in which the employee reaches the age of 67.

## SECTION 4: EXCHANGE OF EMPLOYEE BENEFITS

### Article 4.1

#### Philips à la Carte

Philips à la Carte gives employees the opportunity to convert the money that they receive from Philips into benefits of their own choice. It also gives employees the option of converting ‘time’ into money, in which case the gross value remains the same.

Philips à la Carte offers the following benefits:

- purchased days;
- setting aside the Personal Budget for later payment;
- shares;
- life course savings;
- bicycle scheme;
- bicycle accessories;
- home workplace;
- trade union fee;
- travel to and from work.

The following forms of ‘time’ can be converted into money:

- holidays in excess of the statutory minimum which are left over at the end of the year;
- compensation in hours for overtime (‘time for time’);
- saved-up leave;
- compensation in days for collective holidays.

For further details, the conditions and the times for making choices, please refer to the booklet “Philips à la Carte”.

If the gross salary is used for the various benefits, this may affect the calculation of the level of the daily wage for the purposes of social security benefits such as unemployment benefit (WW) and incapacity benefit (WAO/WIA).

Adverse consequences of employees' choices in the fields of social security, taxation, etc., as well as the risk arising from any changes in tax legislation and regulations, are for the employee's account and will not be compensated for by the employer.

## SECTION 5: REMUNERATION

### Article 5.1

#### Monthly salary

1. The remuneration system developed by the employer is described in more detail in the brochure "Remuneration System CEA-A and CEA-B", which deals with such items as the salary scales and the salary guarantees. The salary scales will not be structurally altered without consultation with the trade union organizations. The salary scales are contained in Appendix G to this CEA.
2. The monthly salary of the employee is determined by:
  - the employee's job grade;
  - the salary scale for each job grade;
  - the appraisal of the employee's performance;
 For further details, please refer to Article 5.7.
3. The monthly salary is paid at the end of each calendar month.

### Article 5.2

#### Personal budget

1. At the end of a calendar month a sum representing the personal budget will be paid together with the monthly salary.
2. The holiday allowance, as referred to in article 5.5, is included in the personal budget.
3. The personal budget is a percentage of the monthly salary, the shift work allowance and the other designated elements of income.
4. The percentage referred to in the preceding clause is as follows:

	Employee born after 1949	Employee born before 1950
Employee in 5- or 4/5-crew shift roster with an average weekly working time of 31.5 to 37.5 hours	19.12%	16.78%
Other work rosters	24.57%	22.13%

5. If an employee exercises the right at the end of the year to buy 13 days at once for the following year, the personal budget will be reduced by:
  - 5.91% for employees born after 1949;
  - 5.80% for employees born before 1950.

### Article 5.3

#### Variable salary

1. The employer has a Variable Salary Scheme.

2. The level of the variable salary depends on objectively quantifiable group targets and the employee appraisal.
3. The portion of the variable salary that is dependent on the objectively quantifiable group targets will be:
  - job grades 10 to 70: max. 6%
  - job grades 80 and 90: max. 12%

The objectively quantifiable group targets have an upper and a lower limit. Below the lower limit no variable salary will be paid, while above the upper limit the variable salary will be equal to the maximum percentage. The percentage increases proportionally between the lower and the upper limit.

The percentage that is dependent on the objectively quantifiable group targets will be multiplied by a factor that is dependent on the appraisal. The value of this factor is between 0 and 1.25.

On the basis of the appraisal system in force from the calendar year 2015, this factor will be in accordance with the following table.

Appraisal code		Factor
1	Significant improvement required	0
2	Improvement required	0.75
3	Strong	1
4	Exceeds	1.1
5	Outstanding	1.25

If the appraisal system changes during the term of this CEA and consequently the table is no longer applicable, talks will be held with the trade union organizations regarding the alteration of the table.

The maximum total percentage of variable salary will then be:

- Job grades 10 to 70: 7.5%
- Job grades 80 and 90: 15%

These are percentages of the income in a given calendar year. The income comprises, where applicable, the monthly salary, the shift work allowance, the fixed overtime allowance and the fixed special hours allowance.

4. The variable salary is paid in March of the year following the year to which the scheme is applicable.

#### Article 5.4

##### **Collective salary scale adjustment**

The salary scales will be increased:

- by 1.6% with effect from 1 September 2015, with a minimum of € 600 for the individual employee, and by 1.6% with effect from 1 September 2016, with a minimum of € 600 for the individual employee.

#### Article 5.5

##### **Holiday allowance**

1. The statutory percentage of holiday allowance (8%) is included in the personal budget, as referred to in article 5.2.

2. For employees aged 22 or older, however, the holiday allowance will be at least € 1,948 on an annual basis. The latter sum will be adjusted by the percentage of the collective salary scale adjustment, as referred to in article 5.4.
3. The employees referred to in article 9.4 and Appendix A will receive a holiday allowance only if and for so long as they authorize the employer to receive and to offset the holiday payment granted to them in pursuance of the Disablement Insurance Act (WAO) or the Work and Income According to Labor Capacity Act (WIA).
4. There can be no claim to holiday allowance for employees who:
  - a. are on active military service other than for refresher training;
  - b. are completely unfit for work and have no claim to payment by the employer in pursuance of article 9.4 and Appendix A.

#### Article 5.6

##### **Payment by transfer**

The employee shall enable the employer to make the payments due by transfer to a bank account to be named by the employee.

#### Article 5.7

##### **Salary regulations**

###### I. Determining the job level

1. A job level is determined by reference to a register of descriptions of benchmark jobs. These benchmark jobs are contained in the Central File of Benchmark Jobs. The level of these benchmark jobs is in turn determined according to a job evaluation system.
2. If a specific job is not comparable with the benchmark jobs, the level is determined by using the job evaluation system.

###### II. Allocation of employees to a job grade

Employees are allocated to one of the job grades 10, 15, 20, 25, 27, 30, 35, 37, 40, 45, 50, 60, 70, 80 or 90.

The job grade to which an employee is allocated is in principle determined by the level of his/her job, provided that:

- there is sufficient certainty regarding the employee's suitability to perform both the present job and other jobs at the proposed level, and
- jobs of at least this level remain available in the employee's own organizational unit or in other units of the Company.

###### III. Salary system

###### **1. Salary system structure**

- The reference salary.  
For each job grade there is a reference salary, i.e. the salary that employees who meet all the job requirements on an ongoing basis at least attain and keep.
- The minimum final salary within a job grade.  
All employees who meet the minimum job requirements receive at least the minimum final salary.

- The final salary within a job grade.  
If further growth in the value of the employee's contribution to the Company (the output) is ascertained after the minimum final salary has been attained, the employee will grow beyond this minimum final salary. In general, if the employee meets all the job requirements on an ongoing basis, this salary growth will continue to a level corresponding to at least the reference salary.
- The salary scales are contained in Appendix G to this CEA.

## **2. Influence of the appraisal**

A meeting is held at least once a year between manager and employee at which the employee's contribution over the past period is appraised and understandings are reached regarding the coming period. The content and results of the employee's work, as well as his/her way of working and conduct, are discussed at this meeting.

The main considerations underlying the salary award are discussed at this meeting.

## **3. Salary increase**

For the employees the appraisal once a year has consequences for their salary, provided that there is an increase in the employee's contribution and the (personal) final salary has not yet been reached. Increases are added to the salary on 1 April following the appraisal.

# **IV. Individual guarantees**

## **1. Guarantee regarding allocation to grade**

Once an employee has been allocated to a job grade he/she will not be assigned to a lower job grade. This does not apply:

- a. to employees who are younger than 55 years of age and as a result of a lack of work over a fairly long period of time at the level corresponding to their grade have to be switched over to work at a lower level, in which case the employees are assigned to the next lowest grade.
- b. if the level of the job is lowered as a result of the fact that the employee's contribution over a fairly long period of time does not satisfy the requirements.
- c. if there are measures such as:
  - the closure of a factory or organizational unit;
  - a radical and permanent change in the employee's tasks;
  - a radical reduction in the staffing level of a factory or organizational unit;in which cases the employer shall make detailed arrangements in consultation with the trade union organizations

## **2. Guarantee regarding salary**

- a. An employee who has not yet reached the minimum final salary for his/her job grade cannot fail to be granted an increase by the employer for a period of longer than two successive years, unless a procedure for changing the job or a dismissal procedure has been initiated.
- b. A salary level can only be reduced if the way in which the employee fulfills his/her job gives grounds for this. If he is considering such a reduction, the employer shall inform the employee of this in writing. He shall, moreover, give the employee the opportunity to achieve an improvement over a period of at least six months. Two months before this period has elapsed he shall give the employee a further warning before proceeding to reduce the salary.

## **3. Guarantee regarding salary growth**

For employees who were in Philips's service on 1 April 2009 and were in one of the job grades 10 to 45, there is a guarantee that, if they meet the minimum job requirements, they will eventually reach, as a minimum, the salary corresponding to a specific salary scale position in the job grade to which they were assigned as of 1 April 2009.

This scale position is as follows:

Grade	Scale position	Grade	Scale position
10		30	94
15	98	35	92
20	97	37	92
25	95	40	91
27	94	45	90

## V. COLLECTIVE GUARANTEES

As of 1 April the employer guarantees for each job grade:

- a. that if there are at least 50 employees who have not reached the minimum final salary:
  - these employees will be granted an increase of at least 3% of the reference salary;
  - no increase will be granted to a maximum of 10% of these employees;
- b. that if there are at least 50 employees who have reached at least the minimum final salary, the average of the salaries of these employees will be at least equal to 97% of the reference salary.

## SECTION 6: WORKING TIME

### Article 6.1

#### Definitions

1. Gross standard working time: the number of days in a calendar year, minus the number of Saturdays and Sundays in that year, expressed in hours. In 2015 and 2016 the gross standard working time is 2,088 hours.
2. A day, as referred to in the above clause of this Article, is regarded as having 8 hours.
3. Shift work roster: a duty roster containing basically distinct shifts, with employees working different shifts at least once every four weeks. Basically distinct shifts mean that there are at least 12 hours (excl. breaks) between the time at which the first shift begins and the time at which the last shift ends.

### Article 6.2

#### Working hours

1. Arrangements regarding working hours are contained in a (shift work) roster. The provisions in the consultation arrangements of the Working Hours Act valid until 1 April 2007 apply here, on the understanding that:
  - a. a (shift work) roster in principle comprises a maximum of 9 1/2 hours per period of duty, 190 hours per 4 weeks, and 552½ hours per 13 weeks;
  - b. on an annual basis the average working time is 40 hours per week;
  - c. working hours in a (shift work) roster amount to at least half a period of duty;
  - d. a period of duty is at least 6 hours.

Should the employer wish to make alternative arrangements, he may do so in consultation with the trade unions.
2. Working hours in a daytime duty roster are, in principle from Mondays to Fridays.
3. The employees concerned are notified of the roster at least 7 calendar days before its introduction.

## Article 6.3

### **Duty rosters**

1. The employer draws up the employee's duty roster.
2. The employer requires the agreement of the Works Council concerned before drawing up or changing the roster for all or a group of the employees concerned. The provisions of Article 27, clauses 3, 4 and 5 of the Works Councils Act apply.
3. Working at different hours from those referred to in clause 1 of this article is obligatory if, in the opinion of the employer, the Company's interests require this.
4. If, for employees in job grades 10 to 45, overtime should be necessary in a certain establishment or organizational unit to a significantly greater extent – either in terms of the number of employees involved or in terms of the expected working hours – the employer shall consult the Works Council on this matter.
5. If in the opinion of the employer, economic or technical conditions necessitate the introduction of short-time working in his establishments, together with a corresponding reduction in remuneration, this shall be done only in accordance with the statutory regulations and after consultation with the trade union organizations on this matter.

## Article 6.4

### **Alteration of working times (part-time)**

1. Requests to alter working times must be submitted and processed in accordance with the provisions of the Alteration of Working Times Act (“Wet aanpassing arbeidsduur”).
2. If working times are altered, all conditions of employment are altered commensurately.

## Article 6.5

### **Working part-time for employees aged 62 and older (80-80-100 scheme)**

1. From the age of 62, employees may submit a request to work part-time, with a minimum working time percentage of 80%. Employees are entitled to work part-time one year before reaching the (chosen) pensionable age, likewise with a part-time percentage of at least 80%. Participation in the pension plan is continued on the basis of full-time employment. The employee's own contribution to the pension premium is calculated on the basis of a full-time income. This scheme can be used for a maximum of 5 years.
2. Employees who already work part-time may reduce their working time proportionately in the manner described in clause 1 of this article, with pension benefits continuing to be accrued on the basis of the income prior to the reduction of the part-time percentage and the employee's own contribution to the pension premium being calculated on the basis of that income.

## Article 6.6

### **Alteration of patterns of working time and working from home**

Requests by employees to modify their patterns of working time or to work from home will be considered favorably, having regard to operating conditions. Reasons will be given in writing for the refusal of such requests

## SECTION 7: ALLOWANCES

### Article 7.1

#### Overtime

1. This article applies to employees in job grades 10 to 50.
2. Overtime is understood to mean:
  - hours in a daytime roster and 2-crew shift work roster that are worked by the employee on the employer's instructions and that exceed a duty roster that has been established, insofar as this roster comprises a working time of at least 8 hours;
  - hours in a 3-crew, 4-crew, 4/5-crew and 5-crew shift work roster that are worked by the employee on the employer's instructions and that exceed 7.5 hours per roster;
  - hours that are worked on days on which there is no duty roster applicable to the employee are always deemed to be overtime if 40 hours per work are thereby exceeded.
3. Overtime is in principle compensated for by the granting of paid leave of absence.
4. If and in so far as it is not possible in the opinion of the employer to grant paid leave of absence, the employee will receive for each hour of overtime worked a payment which will amount to 0.575% of his/her monthly salary, based, for the purposes of this clause, on at least € 1,513 gross. The latter sum will be adjusted by the percentage of the collective salary scale adjustment, as referred to in Article 5.4.
5. In addition to the compensation referred to in clause 3 or the payment referred to in clause 4, the employee will receive a bonus of 25% of the hourly wage per hour of overtime for the first two hours of overtime worked on a normal working day for the employee.
6. The bonus referred to in clause 5 is 50% of the hourly wage per hour of overtime exceeding two hours of overtime worked, as well as for more than 10 hours worked on a normal working day for the employee.
7. The bonus referred to in clause 5 is per hour of overtime worked on Saturdays:
  - 75% of the hourly wage for employees in job grades 10 to 45, and
  - 25% of the hourly wage for employees in job grade 50.
8. The bonus referred to in clause 5 amounts to 100% of the hourly wage per hour of overtime worked on a Sunday or on a public holiday.
9. If and in so far as an employee is permitted to take paid leave of absence in lieu of hours of overtime worked, the employee will only receive the bonuses referred to in clauses 5 to 8.
10. Detailed rules governing compensation for overtime have been laid down internally by the employer.

### Article 7.2

#### Special hours on the basis of a duty roster

1. This article applies to employees in job grades 10 to 60.

2. If and in so far as an employee does not receive, via a shift work allowance or via his/her normal salary, extra payment for working special hours, he/she shall receive for working special hours a payment in accordance with the provisions of clause 3 of this Article.
3. This payment amounts to:
  - 25% for the hours on:
    - Mondays to Fridays : 00.00 - 07.00 hours
    - and : 19.00 - 24.00 hours
    - and on Saturdays : 00.00 - 06.00 hours
  - 75% for the hours on:
    - Saturday : 06.00 – 24.00 hours
  - 100% for the hours on:
    - Sunday : 00.00 - 24.00 hours
4. The payments referred to in clause 3 are based on an hourly rate of 0.575% of the monthly salary.

### Article 7.3

#### **Standby duty**

1. This article applies to employees in job grades 10 to 60.
2. An employee does standby duty if he/she keeps himself/herself available to the employer and accessible at times outside his/her duty roster.
3.
  - a. A fixed allowance of one hour's work at normal salary is paid per twenty-four hours for being on standby duty on Mondays to Fridays. In this connection twenty-four hours means the time between the end of the roster applying to the employee on one day and the commencement of the roster on the other day (16 hours).
  - b. A fixed allowance of two hours' work at normal salary is paid per twenty-four hours for being on standby duty on a collective holiday.
  - c. A fixed allowance of two hours' work at normal salary, plus a payment in accordance with article 7.2, is paid per twenty-four hours for being on standby duty on a Saturday, a Sunday or a public holiday.
4. The employer can convert the fixed allowance, in whole or in part, into paid leave of absence. The special hours allowance is always paid.
5. If the employee actually has to turn up at work between Monday and Friday, two bonus hours shall be paid at normal salary.  
If the employee actually has to turn up at work on a Saturday, a Sunday, a public holiday or a work release day, two and a half bonus hours shall be paid at normal salary.
6. If the employee actually has to turn up at work, the hours for which he/she is present shall be paid in accordance with Articles 7.1.
7. If the last period of attendance ends after 00.00 hours and before 05.00 hours, a rest period of 8 hours shall then follow. Where these hours coincide with hours in the duty roster applying to that day, the salary shall continue to be paid for these hours.

8. If an employee is called out only between 05.00 hours and 06.00 hours, then within 24 hours there follows a rest period of 8 hours after 06.00 hours.
9. If the employee is called out both between 00.00 hours and 05.00 hours and between 05.00 hours and 06.00 hours, the provisions of clause 7 apply.
10. If the employee is called out only after 06.00 hours, he/she then works in accordance with the duty roster for that day, the maximum number of hours to be worked being 13. In a period of 13 weeks the employee will not work longer on average than 45 hours per week.

#### Article 7.4

##### **Public holidays**

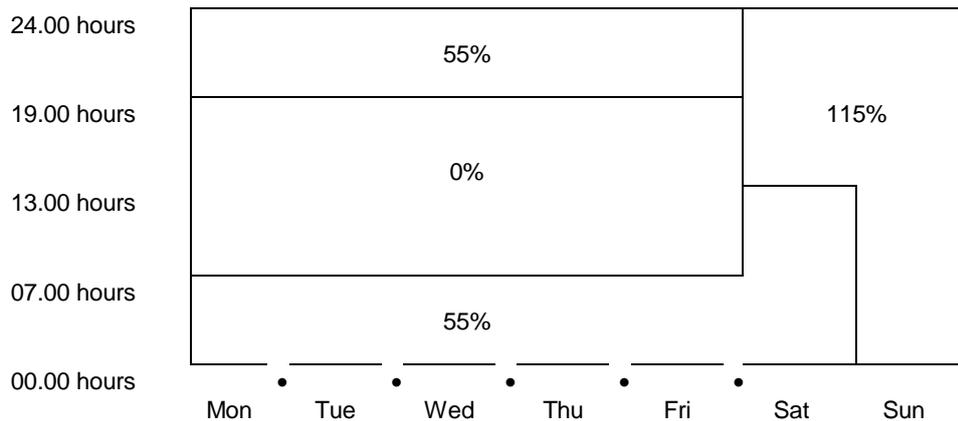
1. No work shall be done on Sundays, New Year's Day, Easter Monday, Ascension Day, White Monday, Christmas Day and Boxing Day and the day on which the national holiday ("Koningsdag") is celebrated, and 5 May (every five years, starting in 2020), unless work has to be done for technical or business reasons or for reasons of general importance.
2. The normal salary, including any shift work allowances, will continue to be paid for public holidays as defined in clause 1.
3. - Employees in job grades 10 to 50 who work on public holidays as defined in clause 1 receive, as well as the normal salary stated in clause 2 for the hours worked in a duty roster which ends on a public holiday, a free duty roster in lieu and an allowance of 100%. Payment may be made, by arrangement with the employee, for the free duty roster in lieu.  
- Employees in job grade 60 who work on public holidays as defined in clause 1 receive, as well as the normal salary stated in clause 2 for the hours worked in a duty roster which ends on a public holiday, a free duty roster in lieu. Payment may be made, by arrangement with the employee, for the free duty roster in lieu.
4. The employer shall take serious account of objections, based on the employee's philosophy of life, to working on Sundays and public holidays.
5. The employer will enable an employee to take a holiday on a generally recognized public holiday if the employee so wishes, unless there are important economic reasons for not permitting this.

#### Article 7.5

##### **Shift work**

1. An employee who works in shifts according to a specific shift roster receives a monthly salary for shift work which is proportional to the employee's working hours and determines the elements of the employee's remuneration related to these. On top of the monthly salary for shift work, the employee receives a shift work allowance.
2. This allowance is paid from the time when the employee starts working shifts and as long as he/she continues to do so. An explanation of the method of calculating the monthly salary for shift work and the shift work allowance is given in Appendix B to the present agreement.  
The amount of the shift work allowance depends on the extent to which working hours and break times are inconvenient.

3. Inconvenience will be determined on the basis of the following diagram\*.



\* For determining the shift work allowance for the 2-crew day/night roster, an inconvenience-free zone of 12 hours will be calculated for Mondays to Fridays.

4. The shift work allowance will be increased by 1.5% if, in the opinion of the employer, the employee performs work for which the break times vary from day to day and are not fixed in the duty roster or if there is no continuous break of half an hour.

This percentage increase must be multiplied by the basic percentage which applies to the employee (see Appendix B).

5. Payment of the shift work allowance is based on the sum total of the elements of the employee's remuneration based at least on a monthly salary of € 1,966. The latter sum will be adjusted by the percentage of the collective salary scale adjustment, as referred to in Article 5.4.

6. The employer's salary cutback regulations are contained in Appendix C of this agreement.

#### Article 7.6

##### **Allowance for unpleasant working conditions**

1. This article applies to employees in job grades 10 to 45.
2. Employees who work in unpleasant conditions may be awarded a special allowance. The employer shall seek to remove the unpleasant conditions. Once these conditions have been removed, any special allowance will no longer be paid.
3. The regulations regarding the allowance for unpleasant working conditions relate to the following conditions:
  - dirt;
  - climate;
  - air pollution;
  - means of personal protection;
  - heaviness of the work.

In addition, employees who work in a three- or more crew shift work roster followed by a series of at least five night shifts will be paid an allowance equal to level 1 indicated in clause 4. The employer has established further rules internally concerning this matter.

4. There are four ascending levels of unpleasant working conditions. The corresponding allowances per quarter are:

Level	Allowance
0	Nil
1	€ 28.60
2	€ 50.40
3	€ 76.25

5. The allowance is based on the uninterrupted existence of the unpleasant conditions during the whole working time. If such conditions exist only during part of the working time a pro rata payment will be made.
6. As a rule the allowance will be paid monthly.

## SECTION 8: FREE TIME AND LEAVE

### Article 8.1

#### Holidays

1. Holiday entitlement
  - a. The holiday year coincides with the calendar year.
  - b. Employees who are in the company's service on the first working day of the calendar year are entitled to 25 days' holiday for that year, subject to the provisions of clauses 3 and 4 of this article.
  - c. Where there is a collective holiday period of 2 or 3 weeks, the employee receives 1 or 2 extra compensatory days' holiday respectively.
2. Holidays for persons commencing employment in the course of the calendar year
  - a. Employees who commence employment in the course of the holiday year are entitled for that year to a proportionate number of days of the holiday entitlement. For employees who commence employment in the course of the month, this month counts towards the proportionate amount of holiday.
  - b. Employees who, on commencing employment, prove that they have a claim to unpaid leave on the grounds that they have holiday outstanding from their previous employer shall be allowed to take these days in the course of the calendar year in which they commence employment. The other provisions of the holiday regulations apply to this unpaid leave.
3. Holidays for persons whose employment terminates in the course of the calendar year
 

Employees whose employment terminates in the course of the calendar year are entitled for that year to a proportionate number of days of the holiday entitlement. For employees whose employment terminates before the end of a month this month does not count towards the proportionate amount of holiday. If too many days' holiday have been taken, they will be offset against the last payment.
4. Holiday entitlement in exceptional circumstances
  - a. There is no entitlement to holiday for a period in which there was no claim to salary because the stipulated work was not performed.
 

An employee is, however, entitled to holiday in the cases and for the periods referred to in Article 635 of Book 7 of the Civil Code, as well as in the case of unpaid leave as covered by clause 2b of this article and leave of absence permitted by the employer as covered by Article 14.5 of this CEA.

- b. The provisions of clauses 2 and 3 of this article apply equally at the end and/or the beginning of a period during which there is no entitlement to holiday in pursuance of clause 4a of this article.
5. Unfitness for work and other reasons for absence during holidays  
Collective holidays during which employees are unfit for work, or are affected by events such as those stated in Article 8.9 of this section (Paid leave), are not considered to have been taken as holidays, provided that the circumstances are reported in the prescribed manner.
  6. Payment and expiry of holidays
    - a. Employees' salaries continue to be paid for holidays taken.
    - b. An entitlement to holidays not taken expires after 5 years, calculated from the end of the year in which the entitlement arose.
    - c. Payment may be made annually only, at the end of the year, for a maximum of 5 holidays (in excess of the statutory minimum).
  7. Using holidays
    - a. In principle, holidays must be taken in the calendar year in which the entitlement arises.
    - b. If there is no collective holiday period, then, provided that he/she notifies his/her manager well in advance what period of consecutive holidays he/she wishes to take, an employee may determine his/her own holiday period, unless the required staffing level in the corresponding period does not permit this.
    - c. For taking other holidays, it is sufficient to do this by prior verbal arrangement.
    - d. The employer requires the consent of the Works Council for designating the collective holiday period. Article 27 (clauses 3, 4 and 5) of the Works Council Act is applicable.
    - e. Having regard to the provisions of d., the employer can designate a maximum of 15 days for continuous holiday periods. This choice shall in principle be made before 1 January of the holiday year.
    - f. If in the opinion of the employer, the interests of the Company so demand, the employer can, after consultation with the employee, change a holiday that he has designated. The damage suffered by the employee as a result of this change will be made good by the employer.
  8. Holidays for employees working flexible (shift work) rosters
    - a. For (shift) workers who have a duty roster with working hours which, with due observance of the provisions of Article 6.2, are other than 8 hours per period of duty, the holiday entitlement is fixed in hours.
    - b. For holidays, the actual number of hours according to the duty roster is deducted from the holiday entitlement.

## Article 8.2

### **Collective free days**

The employer may, in consultation with the Works Council, designate 5 free days for all or for a group of the employees concerned.

For employees in a 5- or 4/5-crew shift work roster with an average weekly working time of 31.5 to 37.5 hours, only 1 day may be designated instead of 5.

The employer requires the consent of the Works Council to designate more free days for all or for a group of the employees concerned.

### Article 8.3

#### **Purchased days**

1. Employees can purchase 20 free days annually ('purchased days').
2. It is possible to purchase half or complete days.
3. The same conditions apply to taking these days as to taking holidays. The conditions are set out in Article 8.1, clauses 7b and 7c.
4. The value of a purchased day is:
  - for employees born after 1949: the number of hours x 0.682% of the full-time monthly salary;
  - for employees born before 1950: the number of hours x 0.669% of the full-time monthly salary.
5. At the end of the year, employees are able to purchase 13 days at once for the following calendar year.

### Article 8.4

#### **Life Course Scheme**

1. The Life Course Scheme has two components: the Life Course Savings Scheme and the Life Course Leave Scheme. The life course savings scheme enables employees to accumulate savings, while the life course leave scheme provides for various forms of leave for which the savings can be used.
2. Leave under the life course scheme is long-term leave. It can be divided into:
  - Leave during employment. This leave has a lower limit of 4 times the weekly working time and an upper limit of 52 times the weekly working time. The leave can be taken part-time or full-time. The maximum period between the starting and finishing date of the leave is one year. An application can be made for full-time leave when an employee has been in the Company's service for at least one year.
  - Leave prior to retirement. The maximum period between the starting and finishing date of this leave is three years. The leave can be taken part-time or full-time.

At least 50% of the loss of income resulting from the taking of life course leave must be made good by the life course savings.

In principle, the same conditions of employment/employee benefits that apply to part-time work apply when life course leave is taken.

3. The life course savings can also be used to compensate for the loss of income when leave is taken under the Work and Care Act.

### Article 8.5

#### **Care leave**

7. The Work and Care Act ("Wet Arbeid en Zorg") gives employees certain rights with regard to care leave. The leave for which provision is made is emergency leave, short-term care leave, long-term care leave, partner's childbirth leave, pregnancy and maternity leave, adoption and foster care leave, and parental leave.
8. Some of these forms of leave are (partly) paid leave, while others are unpaid leave.
9. Article 8.8 explicitly states that emergency leave and childbirth leave for fathers/partners are forms of unpaid leave.

10. During pregnancy and maternity leave, as well as during adoption and foster care leave, as defined in articles 3.1 and 3.2 of the Work and Care Act, the employer pays 100% of the income earned during work, provided that the employee, in consultation with the employer, has determined the date of commencement of the leave 10 weeks before the presumed date of childbirth or date of adoption or foster care.
11. The CEA provides for a number of ways, in addition to the statutory arrangements under the Work and Care Act, of taking care leave. They are:
  - purchased days
  - life course leave
  - (temporary) part-time working
12. An employee can use savings under the life course scheme as compensation for the loss of income resulting from unpaid leave.

#### Article 8.6

##### **Payment during holidays and leave of absence**

An employee will be paid his/her salary – including for shift workers the appropriate shift work allowances – for holidays and paid leave of absence as specified in Articles 8.9 and 14.5.

#### Article 8.7

##### **Compensation for holidays not taken**

If payment is made to an employee for holidays not taken, the employee receives for each hour, as a percentage of the full-time monthly salary:

- a. for employees born after 1949: 0.682%.
- b. for employees born before 1950: 0.669%.

#### Article 8.8

##### **Unpaid leave of absence**

1. The employer is in no way responsible for paying an employee for time during which the employee has not carried out the work stipulated.
2. Nor does the employee have any claim to payment under the circumstances referred to in Articles 628 and 629 of Book 7 of the Civil Code and Articles 4 (1) and 4 (2) of the Work and Care Act (“Wet Arbeid en Zorg”), unless otherwise stipulated in Articles 8.9, 14.5 and Appendix A of this CEA.
3. Except in the event of unfitness for work, absence is not permitted without the express permission of the employer
4. The employee may use his or her savings under the Life Course Scheme, as referred to in Article 8.4, as compensation for income lost during unpaid leave of absence.
5. The employee is entitled to take a sabbatical of 3 consecutive months once every 3 years. The holiday entitlement for the year in which the sabbatical starts can be used for this period of unpaid leave.

#### Article 8.9

##### **Paid leave of absence**

1. Paid leave is allowed for participating in or attending the following events, for the time thereby stated, if the employee cannot otherwise be present at them.

- a. Death of the husband (wife) or partner, a child, parent, grandparent, brother, sister, daughter-in-law or son-in-law of the employee: the amount of time necessary, but no more than 1 working day.
- b. Death of the husband (wife) or partner of the employee or of a child or parent of the employee who lived with him (her): the days between the death and the funeral.
- c. Funeral of the husband (wife) or partner, a child, parent, grandparent, brother, sister, brother-in-law, sister-in-law, son-in-law, daughter-in-law or grandchild of the employee: 1 day.
- d. Celebration of the 25th or 40th anniversary of the employee's service with the company: 1 working day.
- e. 25th or 40th anniversary of the employee's service with the company: one working week  
This working week may be taken, according to the employee's choice, in the year of the official celebration or in the following calendar year.  
Payment for this week in lieu of time off is possible in consultation with the company.  
The entitlement to paid leave of absence for a 25<sup>th</sup> or 40<sup>th</sup> anniversary of the employee's service with the company ceases to apply for anniversaries on or after 1 January 2016.
- f. In the period of 3 years prior to the pensionable age for attending a course in preparation for retirement: a maximum of 5 working days.
- g. For the birth of the employee's child, the employee's wedding or the registration of the employee's registered partnership and/or the employee's 25<sup>th</sup> or 40<sup>th</sup> wedding anniversary: 1 day per event.

**N.B.:**

As well as in the case of a registered partnership, a person with whom the employee cohabits and shares a common household is regarded as a partner if the cohabitation and sharing of the common household are proven by a notarial deed.

Where reference is made above to "parents" and "grandparents", this is also understood to mean the parents and grandparents respectively of the employee's spouse or partner.

2. In so far as visits to a general practitioner, dentist, midwife, specialist or physiotherapist cannot be made in the employee's own time and it is not possible to shift working hours, an employee's salary will continue to be paid during the time necessary for such visits.
3. An employee is also allowed paid leave for other circumstances and for longer periods than stated in clause 1 of this Article if exceptional circumstances so justify in the opinion of the employer.

**Article 8.10**

**Paid leave for employees aged 62 and older (5 x 60 scheme)**

1. This article applies to employees in job grades 10 to 45.
2. From the age of 62, employees have the opportunity to take 60 hours of leave each year without loss of pay. This scheme can be used for a maximum of 5 years.

In the event of an employee being unfit for work during part of a year and for employees who work part-time, the number of hours of paid leave will be calculated pro rata. Employees who exercise the option of working a reduced number of hours in accordance with Article 6.5 are not entitled to extra hours of paid leave under this clause.

3. The employer and the employee will jointly decide when these hours can be taken. Payment in money in lieu of this leave of absence is not permitted.

## SECTION 9: OTHER EMPLOYEE BENEFITS

### Article 9.1

#### Employee share purchase plan

1. The employer will give employees who have been in the Company's service for at least six months the opportunity to participate in the employee share purchase plan.
2. Each year an employee can use a maximum of 10% of his/her annual salary to purchase shares in Royal Philips at a discount of 15%.
3. A holding period of 6 months applies to these shares.
4. The employer shall notify employees in good time of the conditions for the employee share purchase plan.

### Article 9.2

#### Pension plan

##### 1. Applicable pension plan

- a. Every employee participates in the Philips flex pension plan. The Stichting Philips Pensioenfonds (Philips Pension Fund) is responsible for administering this pension plan.
- b. The rights and obligations arising for employees from participation in the pension plan are set out in the statutes and the Pension By-laws of the Philips flex pension of the Philips Pension Fund. The said documents can be consulted on the Fund's website. Furthermore, any participant may obtain a copy of the statutes and the latest version of the pension by-laws from the Philips Pension Fund.
- c. Participation in the pension plan does not apply to:
  - employees who are exempt on conscientious grounds from the obligations arising from the social insurance acts;
  - employees who are exempted by the employer.Such employees may at their own request join the Philips flex pension plan at any time.

##### 2. Reference retirement age / (choice of) pensionable age

- a. For participants in the Philips flex pension plan who:
  - were born before 1 January 1950; and
  - who have been in the employer's service without interruption since 31 December 2005;there is a reference retirement age of 62½. For other participants in the Philips flex pension there is a reference retirement age of 65 until 31 December 2013. With effect from 1 January 2014 the reference retirement age for them is 67.
- b. Unless the participant opts, in accordance with the provisions of clause c, for a different pensionable age, his/her pensionable age is the same as the reference retirement age applicable to him/her.
- c. Every participant in the Philips flex pension plan is entitled to opt once-only for a pensionable age that is earlier than the reference retirement age applicable to him/her, between the age of 60 and the reference retirement age. This choice must be made at the earliest when the participant reaches the age of 58 and at the latest six months before the envisaged age of retirement. With the employer's approval, the beginning of retirement may be postponed until, at the latest, the age of 70. Agreements in this regard must be formalized no later than six months before the employee reaches the reference retirement age.

##### 3. Deduction of contribution

An income-related contribution to the pension premium is payable by the employee. The level of this contribution is determined by the parties to the CEA. With effect from 1 January 2015 the employee contribution will be equal to 2% of the pensionable salary.

The employee authorizes the employer to deduct the employee contributions to the pension premium from his/her gross monthly salary. The employer ensures that the total pension premium is made over to Stichting Philips Pensioenfond.

#### 4. Pension allowance

All participants in the Philips flex pension plan whose fixed pensionable salary exceeds the maximum pensionable salary as stated in the Philips flex pension plan rules are entitled to a pension allowance of 15% of the difference between the fixed pensionable salary and the maximum pensionable salary. The pension allowance will be paid with the payment of the monthly salary at the end of the calendar month, taking into account the appropriate part-time percentage.

#### 5. Temporary pension allowance

Participants in the Philips flex pension who on 31 December 2014 a) were already participants and b) had an annual salary of € 80,000 or higher are entitled to a temporary pension allowance. The temporary pension allowance will be paid monthly from 1 January 2015 to 31 December 2021. In 2022, 2023 and 2024 percentages of 75%, 50% and 25% respectively of this amount will be paid. The temporary pension allowance will be calculated once only on the basis of the salary as of 31 December 2014 in accordance with the table below:

Monthly temporary gross pension allowance per month on a full-time basis.

Annual salary	Job grade 70	Job grades 80/90
	Temporary pension allowance	Temporary pension allowance
≥€80,000 <€85,000	€ 60.00	€ 105.00
≥€85,000 <€90,000	€ 95.00	€ 145.00
≥€90,000 <€95,000	€ 130.00	€ 185.00
≥€95,000 <€100,000	€ 165.00	€ 225.00
≥€100,000 <€105,000	€ 200.00	€ 265.00
≥€105,000 <€110,000		€ 300.00
≥€110,000 <€115,000		€ 340.00
≥€115,000 <€120,000		€ 380.00
≥€120,000		€ 420.00

Participants in the Philips flex pension who on 31 December 2014 a) were already participants and b) had a gross annual salary of less than € 80,000 will be entitled to a temporary pension allowance at the time when their gross annual salary passes the limit of € 80,000. At that time the temporary pension allowance will be calculated on a once-only basis in accordance with the table and paid monthly. The temporary pension allowance will be paid until 31 December 2018.

Participants who become participants in the Philips flex pension after 31 December 2014 with a gross annual salary higher than € 80,000 will be entitled to the temporary pension allowance. At the time of participation the temporary pension allowance will be calculated on a once-only basis in accordance with the table and paid monthly until 31 December 2018.

Annual salary is understood to mean 12 times the monthly salary excluding the personal budget.

### Article 9.3

#### **Stichting Philips-Van der Willigen Fonds**

The employer will not alter his relationship to the Stichting Philips-Van der Willigen Fonds without first consulting the trade union organizations.

### Article 9.4

#### **Payment during unfitness for work**

The provisions regarding payment during unfitness for work are contained in Appendix A to this CEA.

## **SECTION 10: EMPLOYMENT AND EMPLOYABILITY**

### Article 10.1

#### **Employment**

1. Within the framework of a balanced promotion of the interests of all with whom he is concerned, the employer pursues a policy of maximum useful employment. In this respect his policy is focused on the greatest possible continuity of the work relationship with his employees, although no guarantees can be given on this.
2. For the duration of this CEA the employer shall not resort to the collective dismissal of employees who were in his service at the time of the conclusion of the agreement or who enter his service while the agreement is in force, unless exceptional circumstances make it necessary. In this case he shall not decide on such action before having engaged in exhaustive consultation with the organizations and with the appropriate Works Council. In this consultation particular attention shall be paid to the circumstances previously mentioned.
3. In the event of a lasting or temporary reduction in or discontinuation of work the employer shall do everything possible to offer alternative employment. If this necessitates secondment, transfer to another job and/or transfer to another department, location or to one of the employer's associated companies, the employees shall cooperate in this in a reasonable manner. The employer and the organizations recognize that such cooperation is also of great importance with a view to being able to comply with the provisions of clause 2 with regard to collective dismissal.
4. The appropriate UWV-WERKbedrijf shall be informed of all vacancies to be filled externally. At the same time it shall be told to what extent these vacancies can be filled by young persons or persons with a work disability and to what extent part-time work is possible.
5. The employer shall only use outside workers if vacancies cannot be filled normally, or cannot be filled within the time required, or if the vacancies to be filled are of a temporary nature. The employer shall observe the relevant statutory regulations applicable to this situation. If, in a certain organizational unit, more extensive use has to be made of outside workers, the employer shall not proceed with this before having given the appropriate Works Council the opportunity to voice its opinion on the matter.
6. Despite the Company's aim of continuity of the work relationship, the loss of jobs may be unavoidable. However, if the employer then sees no alternative to collective dismissal, the provisions of clause 2 shall apply.

## Article 10.2

### **Employability**

1. The way in which the employee and the organization function at present and in the future are closely related. Development is an important precondition for guaranteeing the present and future performances of both the organization and the individual employee and for promoting job security in the shorter and the longer term. Development is a joint responsibility of employer and employee. Both employer and employee contribute to development in terms of time, effort and costs.
2. The employer:
  - pursues a policy aimed at promoting the employee's employability now and in the future;
  - is responsible for creating conditions that enable the employee actually to develop. In that connection the employer will formulate an employability plan for each organizational unit;
  - will give the employees the opportunity to develop their knowledge and skills, and to adapt them to technological and other developments, the aim being to enable employees to continue to perform a suitable job within the Company and to be eligible to fill vacancies;
  - Recognizes the right to education and will assist employees to participate in internal and external education and training activities. Such education and training activities will take place after or during working hours, according to their nature and the reason for them;
  - will make at least 2 education and training days available to every employee per year.
3. The employee:
  - is conscious of his/her own responsibility for increasing his/her employability (and is prepared to make appropriate efforts in this regard);
  - will have to take his/her responsibility to develop in such a way as to maintain his/her employability, and hence his/her job security, now and in the future.
4. Employees are entitled to receive structured feedback on their performance. In order to give substance to employability in a structured way, the employer and the employee jointly draw up a Personal Development Plan each year. Such a plan may be aimed at the individual career in the shorter or longer term and also at increasing job security in the future. During the discussion of the personal development plan, agreements may be made on the length of time for which the employee is to remain in the present job.
5. Functional mobility is a precondition for maintaining employability. A transparent internal labor market is of great importance in this connection. The starting point is that all vacancies are to be published on the Philips Careers site. Vacancies should preferably be filled by employees who are already in the Company's service, while the employer should as far as possible take into account the future possibilities and personal circumstances of the employee.
6. In order to increase the scope for personal development, employees will be granted *E*-miles on 1 January of every year throughout the term of the CEA. The range of products will be updated each year. These *E*-miles entitle employees to services such as workshops, tests, coaching and career advice meetings, all with a view to promoting their employability. The basic assumption is that these services will be offered during working time. The professionalism, independence and confidentiality of the services will be guaranteed.

## Article 10.3

### **Internal and external job placement and career guidance**

Job placement and career guidance activities are of great importance in organizations which are undergoing change. Greater concern for aspects such as the mobility and employability of employees is desirable. Job placement and career guidance activities can be significant in this connection.

In order to make such activities effective, use is made of the support given by or on behalf of the local HR departments. To enhance employee mobility and employability, help can be sought from external parties who have knowledge of the Philips culture and can support employees in this regard, for instance by making use of the range of e-miles products. Trade union organizations can also offer such support to their members. The associated costs will be borne by the trade union organizations.

Depending on the circumstances, job placement and career guidance support can consist of things such as:

- guidance regarding personal potential;
- retraining and further training;
- training in making job applications;
- obtaining an insight into the existing possibilities on the labor market, both internally and externally (labor market guidance);
- job hunting, i.e. targeting specific vacancies.

To promote job placement and career guidance activities, a support committee composed of representatives of the employer and the employees may be established in the organizational unit concerned in the event of job cutbacks.

Even in a situation where there are no job losses, job placement involving the help of the HR department concerned can take place on the initiative of the organizational unit or the employee.

The investment fund Resilience@work will investigate in what way the services for redeployment in the event of redundancy/reorganizations can be optimized.

## **SECTION 11: WORKING CONDITIONS**

### **Article 11.1**

#### **Working conditions**

1. The employer undertakes to provide good and safe working conditions and an organization of work such that the employee can use and develop his/her gifts and abilities as far as possible and such that everyone is able to bear the responsibilities of his/her job.
2. a. The employer shall at all times give the greatest consideration to physical working conditions by, for example:
  - taking appropriate measures for his employees
  - giving information to and consulting with the Works Councils on matters of safety
  - giving information and instructions to employees about dangers at work, the relevant safety regulations and the steps to be taken by them in the event of breakdowns or irregularities
  - making available, where necessary, means of personal protection
- b. The employee shall pay due regard to his/her own safety and to that of his/her fellow employees. He/she shall do so by:
  - familiarizing himself/herself with the regulations, paying regard to the safety rules and complying with any instructions that are given
  - making a contribution, at any consultative level in which he/she is involved, to maintaining and as far as possible improving safety
  - notifying his/her manager of any perceived hazards
  - using the means of personal protection made available

- c. The employer shall ensure that the services employed in his establishments for providing help to individual employees are properly equipped and organized.

## **SECTION 12: INFORMATION AND CONSULTATION**

### Article 12.1

#### **Works Councils**

1. In every technical-organizational unit designated by the employer, consisting of at least the number of employees entitled to vote as stated in the Works Councils Act, there is a Works Council functioning as an internal consultative and advisory body.
2. The employer will ensure that an employee is not disadvantaged in his position as employee of the Company either on account of membership of a Works Council or on account of the carrying-out of that membership.

### Article 12.2

#### **Announcements**

Announcements which are issued by the employer and intended for employees and which are made known to them through the medium of the Company newspaper or via the notice boards in the establishments will be deemed to have been communicated to each employee individually and personally.

## **SECTION 13: COMPANY DISCIPLINE/INTERNAL APPEALS PROCEDURE**

### Article 13.1

#### **Disciplinary measures**

Depending on the seriousness of the matter the employer can take the following disciplinary measures against an employee who does not observe his obligations arising out of the contract of employment:

- a. reprimand
- b. suspension without pay up to a maximum of five working days
- c. downgrading
- d. dismissal with the applicable period of notice
- e. dismissal without the applicable period of notice (dismissal for compelling reasons as covered by Article 678 of Book 7 of the Civil Code)

### Article 13.2

#### **Internal appeals procedure**

1. In every establishment in which a Works Council exists the employer shall, in consultation with the Works Council, lay down a complaints procedure on the basis of rules agreed between the parties.
2. The employee's right to take the case to an ordinary court is not affected by the complaints procedure.

3. At least once a year, as part of the discussions on the general state of affairs as referred to in Article 31b of the Works Council Act, general information on the treatment of complaints in the establishment concerned is provided in writing to the Works Council.

## **SECTION 14: REGULATIONS REGARDING TRADE UNION ORGANISATIONS**

### **Article 14.1**

#### **Obligations of the trade union organizations**

The trade union organizations shall promote the observance in good faith of the conditions of this CEA its members.

### **Article 14.2**

#### **Mutual obligations**

1. The parties shall observe and maintain this CEA in good faith.
2. For the duration of this CEA the parties shall not take any action among the employees that is intended to change the conditions of employment laid down in this CEA
3. If, while this CEA is in force, one of the parties should consider a change in the agreement necessary owing to special circumstances, it shall notify the other parties in writing. The parties shall immediately open negotiations on the matter and conduct them in a spirit of cooperation and trust.

### **Article 14.3**

#### **Industrial peace, strikes and lockouts**

1. The trade union organizations shall as far as possible promote the uninterrupted continuation of the Company's activities and shall try to prevent disturbance of industrial peace. They shall not resort to any strike while this CEA is in force.
2. The first clause does not apply if the Company is considering or has decided on:
  - a merger;
  - the closure of an establishment or organizational unit and/or the radical reorganization of its personnel; and the trade union organizations have very serious objections to this from the point of view of the interests of the employees. The trade union organizations shall only resort to a strike, however, after consultation with the employer.
3. The employer shall only use a lockout as a countermeasure to strikes and shall only resort to such action after consultation with the trade union organizations.
4. In the event of a strike or industrial disturbance the trade union organizations shall contribute as far as possible to the continuation of work necessary for the preservation of materials and installations.

### **Article 14.4**

#### **Settlement of disputes**

1. Disputes between the employer and one or more of the organizations arising from this CEA shall as far as possible be settled in an amicable manner.

2. If the parties involved in the dispute have not reached agreement within two months of the willing party having made known its point of view concerning such a dispute to the other parties to this agreement in writing, the dispute can be brought before a court.
3. In addition, the parties retain the right at all times to ask for a settlement in interim injunction proceedings.

#### Article 14.5

##### **Leave of absence for the requirements of the trade unions**

The employer shall, if he feels that the work situation allows, grant paid leave of absence to an employee at the request of his/her organization, for:

- a. taking part in educational and training meetings held by his/her organization;
- b. taking part as a delegate in official meetings of bodies mentioned in the statutes of his/her organization or comparable bodies;
- c. taking part in consultations of paid officials of the trade union organizations with the management of the establishments of the employer. One senior trade union (executive committee) official may take part in these consultations for each establishment. The paid officials shall be given the opportunity to confer for one hour before and after these consultations with (executive committee) members of their organization (not more than 3-5 members) in the establishment concerned.

The provisions of a. and b. are described more fully in the "Trade Union Leave Regulations" agreed by the parties.

#### Article 14.6

##### **Trade union work in the employer's establishments**

In order to facilitate contact between the trade union organizations and their members and among the members themselves and also to enable the trade union organizations to support the elected members of the Works Council in their work the employer shall cooperate with the trade union organizations as follows:

1. The chairman of an establishment members group or another member of the executive committee of the group designated by the chairman can, with due regard to the relevant directives agreed by the parties, have contact with:
  - a. members of the organizations in the establishment where he works, but outside working hours; if in the view of the parties special circumstances are involved, this is also possible during working hours;
  - b. paid officials of his organization during working hours if circumstances make this impossible at short notice outside working hours;
  - c. members of the Works Council of this establishment during working hours.
2. The trade union organizations shall, with due regard to the relevant directives drawn up by the parties:
  - a. be given the opportunity on their own responsibility to make use of the notice boards provided by the employer.

The notices shall relate exclusively to the organizations and/or the functioning of the organizations and shall not be concerned with individuals;

- b. in so far as the notice boards mentioned under a. are not available, be able to announce meetings of the organizations, through the company, on the notice boards in the establishments. If these notices show more than the time, place and subject of the meeting to be held, the permission of the employer is required for their publication;
  - c. receive copies of general establishment announcements to employees;
  - d. receive the documents which are sent by the employer to the members of the Works Council for the meeting of the Works Councils and also receive the agendas and reports of the Works Council meetings provided that the Works Councils agree; the organizations shall only publish extracts from these internal documents with the permission of the employer;
  - e. be able to have informal discussions with establishment managers nominated for this purpose by the employer.
3. A shift worker who is a member of the executive committee of the establishment members group if his organization can attend a meeting of this group without loss of salary, if in the opinion of the employer work permits this.
4.
  - a. The employer shall ensure that an employee who holds a trade union position does not suffer in his/her position as employee of the company on account of carrying out his/her trade union work.
  - b. An employee holding a trade union position will not be dismissed if he/she would not be dismissed if he/she were not a trade union member.
  - c. An employee holding a trade union position is understood to mean a member of the executive committee of the establishment members group, a member of the sectional executive committees that fall thereunder and an employee member of the CEA negotiating delegation, if and insofar as he or she has been registered as such with the employer by the trade union organization.
  - d. The activity of an employee holding a trade union position can be entered as a competency on a CV and/or included in an E-portfolio.
5. Once a year the employer shall, at the request of the trade union organizations, assist in bringing the membership lists of the trade union organizations up to date.

#### Article 14.7

##### **Payments to the organizations**

The parties named under 1. to 1.9. shall jointly pay a sum to the organizations mentioned under 2 to 5 in accordance with the "Arrangement for payments to the trade union organizations" agreed by the parties.

#### Article 14.8

##### **Consultation about employment**

1. The employer shall periodically inform the trade union organizations at the central consultation meetings (at least twice per year) about the general state of affairs in his establishments. Particular attention shall be given to developments in the economic sphere, investment and employment (including the position of women, age-conscious human resources policy, the promotion of entrepreneurship, the Philips Employment Scheme and education and training).

2. If the employer is considering:
  - a. investment that will lead to significant contraction, expansion or changing of the work of an organizational unit;
  - b. closing or radically changing the staffing of an establishment or organizational unit;
  - c. a merger, as covered by the Social and Economic Council's 2000 decree on rules for the conduct of mergers;he shall take the social consequences into account in making his decision.
3. In this connection the employer shall inform the trade union organizations, the appropriate Works Council(s) and the employees of the measures considered as soon as any necessary secrecy allows.
4. Linked with this the employer shall discuss with the trade union organizations and the Works Council(s) concerned the measures considered and the possible consequences resulting from them for the employees or a number of employees.
5. The financial arrangements involved in a "social plan" shall be at the expense of the employer, in so far as there is no provision in a statutory regulation.

#### Article 14.9

##### **Government measures**

If the government passes legislation relating to such things as the development of wages and salaries, the social insurance acts or working hours that affect the agreements reached between the parties, the relevant provisions of this CEA shall end on the date that such legislation comes into effect.

The parties shall then meet to discuss the matter as soon as possible and establish which provisions shall continue to apply. If necessary, the parties shall take temporary measures in the interim until agreement can be reached about the new provisions.

#### Article 14.10

##### **Decentralized consultation meetings**

In addition to the central consultation meetings between the parties, as referred to in Article 14.8, clause 1, regular consultation meetings take place in organizational units on the initiative of the management or the employee organizations concerned. Among the subjects that may be dealt with at such meetings are the following:

- Business performance  
This covers the sales and financial results of the organizational unit concerned, as well as any special projects and activities.
- Employment  
In connection with the business performance, information is provided about the expected trends in the nature and scale of local employment. In this connection it is also possible to discuss the measures regarding employability which have been taken, or may be taken, in view of the expected trend.

- Flexibility  
In connection with the increased need for flexibility, specific examples of flexibility models may be dealt with, such as flexible forms of contract, temporary employees from employment agencies, flexible duty rosters, part-time working, and working on Saturdays.
- Employment Scheme  
The local activities in connection with the Employment Scheme, such as concern for special categories in the labor market, and training activities for participants in the Employment Scheme.
- Position of women  
This covers things such as concern for women in recruitment and selection, career and training, as well as the situation regarding parental leave and day care centers.
- Training  
Efforts relating to training in the organizational unit, including the discussion not only of overall participation but also of participation according to, for example, job level, age and type of training.
- Career policy  
The way in which career policy is handled within the organizational unit, depending on the nature of the work, composition of the workforce, educational qualifications, etc.
- Policy regarding salary and assignment to job grade  
The way in which the policy regarding appraisal, salary and assignment to a job grade is implemented can be raised. Information is provided each year at the level of plant and organizational unit in the form of the statistics on salary policy (with collective guarantees).

Thus agreed in Eindhoven on 29 September 2015.

On behalf of Philips Electronics Nederland B.V.  
both for itself and for parties 1.1. to 1.9.

Senior Director  
J.M. Dijkman

Senior Director  
J.J. de Jong

On behalf of parties 2 to 5

FNV  
Executive officer:  
R.T.M. van Baden

VHP2  
Senior Director/Executive officer:  
J.Sauer

CNV Vakmensen  
Chairman: A. van Wijngaarden

Executive officer: A. Huizinga

De Unie  
General chairman: R. Castelein

Chairman of Philips enterprise group:  
S. Koetloe

## APPENDIX A

### PAYMENT DURING UNFITNESS FOR WORK

1. Payment of wages during the first 104 weeks of unfitness for work.
  - a. Notwithstanding the provisions of Article 629 (1) of Book 7 of the Civil Code regarding the scale of remuneration during unfitness for work, the employer will pay the employee as follows during unfitness for work:
    1. for the first 6 months of unfitness for work, 100% of the remuneration
    2. after the first 6 months of unfitness for work, 90% of the remuneration.
  - b. If after the first 6 months of unfitness for work the employee is performing suitable work with a number of working hours of 75% or more, the employer will pay 95% of the remuneration.
  - c. During the period that an employee is entitled in the second 6 months of unfitness for work to a benefit under Article 6 of the WIA (Work and Income According to Labor Capacity Act), the employer will pay 100% of the remuneration.
  - d. If it is ascertained by the industrial medical officer that unfitness for work cannot be said to exist and the employee requests the UWV for an expert opinion, the UWV's expert opinion will be respected.
  - e. For this article, periods of unfitness for work will be added together if they follow one another with an interruption of less than 4 weeks.
  - f. If the UWV obliges the employer to continue to pay the remuneration after the first 104 weeks, the employer will pay 90% of the remuneration.
  - g. The employee is obliged to cooperate in a medical examination carried out by an industrial medical officer to be designated by the employer and to follow the instructions of this doctor. The employee is obliged to comply with the applicable rules of conduct during unfitness for work.
  - h. If the employee does not cooperate in a medical examination, does not comply with applicable rules of conduct and/or instructions given by the industrial medical officer, the right to supplementation of the statutory entitlement to continued payment of remuneration during unfitness for work is forfeited.
2. Payment after 104 weeks of unfitness for work
  - a. The employer will supplement the statutory benefit for a maximum of one year for an employee who is completely unfit for work within the meaning of the WIA to 90% of his or her gross salary, if and for so long as the employee has authorized the company to receive on his/her behalf, for inclusion in the payment made to him/her, the benefits payable under the incapacity insurance legislation. If the contract of employment is terminated at the beginning of that year or in the course of that year, the supplementation of the statutory benefit for the remaining period of that year will be paid as a lump sum when employment is terminated.
  - b. The employer will pay to an employee who is entitled to a wage-related benefit or a wage-supplementation benefit under Article 7 of the WIA (WGA provisions) and who is performing suitable work a supplement to the WGA benefit, if and for so long as the employee has authorized the company to receive the benefits on his/her behalf, for inclusion in the payment made to him/her.

The income that is earned with the suitable work together with the WGA benefit and the supplement paid by the employer amounts to:

- $80\% \times (A - B) + B$ , during the wage-related benefit and during the wage-supplementation benefit if the employee utilizes at least his or her remaining earning capacity;
- $80\% \times (A - C) + B$ , during the wage-supplementation benefit if the employee utilizes at least 50% of his or her remaining earning capacity;
- where A stands for the gross income, B for the income earned with the suitable work and C for the remaining earning capacity determined by the UWV.

- c. The employer will supplement the lower income of an employee who is not entitled to a benefit under the WIA because the unfitness for work is less than 35% and who is performing suitable work.

The supplement is as follows:

3 <sup>rd</sup> year of sickness	80% x (90% of the gross income minus the remaining earning capacity)
4 <sup>th</sup> year of sickness	70% x (90% of the gross income minus the remaining earning capacity)
5 <sup>th</sup> year of sickness	60% x (90% of the gross income minus the remaining earning capacity)
6 <sup>th</sup> year of sickness	50% x (90% of the gross income minus the remaining earning capacity)
7 <sup>th</sup> year of sickness	40% x (90% of the gross income minus the remaining earning capacity)
8 <sup>th</sup> year of sickness	30% x (90% of the gross income minus the remaining earning capacity)
9 <sup>th</sup> year of sickness	20% x (90% of the gross income minus the remaining earning capacity)
10 <sup>th</sup> year of sickness	10% x (90% of the gross income minus the remaining earning capacity)
11 <sup>th</sup> year of sickness	0% x (90% of the gross income minus the remaining earning capacity)

3. Further rules will be drawn up internally by the employer for the definition of the term "income", as referred to in the various clauses of this Article.
4. There are further company-internal rules for employees who during their working period at Philips have been granted a benefit under the WAO (Incapacity Insurance Act).

## APPENDIX B (to Article 7.5)

### EXPLANATION OF THE METHOD OF CALCULATING THE MONTHLY SALARY FOR SHIFT WORK AND THE SHIFT WORK ALLOANCE

- The monthly salary of a shift worker is calculated by multiplying the monthly salary according to Article 5.1 of this CEA by the basic percentage.
- The basic percentage is calculated as follows:

$$\frac{\text{the number of hours actually to be worked in a cycle}}{\text{cycle x 40}^*}$$

The shift work allowance is calculated by dividing the total of the inconvenience of the working hours and break times in a cycle in accordance with the inconvenience diagram in Article 7.5 clause 3 of the present agreement by the number of hours actually to be worked in a cycle. The figure obtained is multiplied by the basic percentage

- The formula for calculating the shift work allowance is as follows:

$$\frac{\text{total allowance in a cycle}}{\text{number of hours actually to be worked in a cycle}^{**}} \times \text{basic percentage}$$

- For an example of how the monthly salary shift work and the shift work allowance are calculated, refer to the brochure "Regulations for the remuneration of shift workers" (Beloningsregelingen ploegenwerkers).

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\* For the 4/5- and 5-crew shift work rosters (continuous working with full complement of employees) and duty rosters derived from these, the calculation is based on 38 hours per week.

\*\* The calculation of the monthly salary for an employee in a 4-crew shift work roster is based on 150 hours to be worked in a cycle, while the calculation of the shift allowance is based on 157.5 hours in a cycle.

## APPENDIX C

### SALARY CUTBACK REGULATIONS FOR SHIFT WORKERS

1. Employees who cease shift work and are transferred to a different duty roster with a lower monthly salary are covered by the salary cutback regulations.
  - The cutback amount is equal to the difference between the former monthly salary (including shift work allowance) and the new monthly salary (including any (shift work) allowance).
  - The duration of the cutback regulations is derived from the number of complete uninterrupted years of shift work, on the understanding that each complete year of shift work entitles the employee to one month of cutback payment. Employees aged 45 and older are entitled for each complete year of shift work to two months of cutback payment.
  - In the first half of the cutback arrangement the employee receives 75% of the cutback amount, and in the second half 25%. An employee who ceases shift work voluntarily and is less than 55 years old receives half of the aforementioned successive percentages.
  - An employee aged 55 and older, with a minimum of 10 but less than 20 uninterrupted years of shift work, receives under the salary cutback regulations a minimum of 25% of the cutback amount up to the date of his/her retirement.
  - An employee aged 55 or older, with a minimum of 20 but less than 30 uninterrupted years of shift work, receives a minimum of 50% of the aforementioned amount up to the date of his/her retirement.
  - An employee aged 55 or older, with a minimum of 30 uninterrupted years of shift work, receives 75% of the aforementioned amount up to the date of his/her retirement.
2. If an employee has ceased shift work for medical reasons and is granted a payment under the Work and Income According to Labor Capacity Act (WIA), he/she will be covered by the arrangements contained in Appendix A of this Collective Employment Agreement.

The employee will also be covered by the salary cutback regulations, provided that this does not result in a decrease in the disablement percentage.

An employee who has ceased shift work for medical reasons and has been reassigned to a daytime work roster without limitations is eligible, following a complete reassessment of the degree of unfitness for work, for the salary cutback provisions if and insofar as they have not been granted on other grounds.

Cutback takes place up to the monthly salary that applies under the provisions of the various clauses of Appendix A, of this CEA.
3. An employee who ceases shift work involuntarily and receives for the shift work a monthly salary equal to or higher than that of a comparable full-time non-shift worker is entitled to be placed in a duty roster with a monthly salary at least corresponding to that of a comparable employee in a full-time day duty roster.

The above applies accordingly to a shift worker aged 55 or older who ceases shift work voluntarily.
4. Payments made under the salary cutback regulations cease when an employee is transferred to a (shift) work roster which entitles the employee to a monthly salary (including (shift work) allowance) that is equal to or higher than the monthly salary (including (shift work) allowance) for the transition.

The cutback regulations cease when the employee's contract of employment is terminated; if the employee re-enters the employer's service, previous years of shift work do not count in respect of the salary cutback regulations.

5. The cutback amount will be raised accordingly when there are collective improvements in salary.
6. The following transitional arrangement applies to rights built up by employees under the shift work allowance guarantee regulations valid up to 1 January 1989:
  - a. All payments under the present shift work allowance guarantee regulations will be guaranteed at the level reached on the day prior to that on which the new shift work structure is introduced.
  - b. All years of shift work prior to the date of introduction of the new shift work remuneration regulations count in the application of the new salary cutback regulations, at least in so far as these years were not covered by the present shift work allowance guarantee regulations.
7. If an employee who comes under the shift work allowance guarantee regulations of before 1 January 1989 does shift work once again, his/her shift work allowance is reduced to the guaranteed level that applied before 1 January 1989 when he/she leaves the shift.

## APPENDIX D

### PHILIPS EMPLOYMENT SCHEME / LABOR MARKET POLICY

The Employment Scheme will be continued for the term of the CEA.

The employer will endeavor to achieve a level of work experience places representing 1.5% of the workforce. In this connection, good support is of vital importance to increase the participants' market value.

As well as a work experience place, each participant will as far as possible be given the opportunity to take part in a training activity, and support will be provided in obtaining a regular job.

With regard to the practical implementation of the Employment Scheme, the aim will be to cater as much as possible to those groups in society which form part of what can be called the "hard core" of unemployment. Target groups will be determined in consultation with the trade union organizations.

The Employment Scheme will focus in particular on:

- youth unemployment;
- vocational qualifications obtained through education & work programmers (BBL);
- participation of people with a work handicap (in particular those entitled to "Wajong").

With effect from 1 July 2015 at least 20 long-term unemployed people per year who meet the target group criterion under the Participation Act will take part in the Philips Employment Scheme. During the term of the CEA an action plan will be drawn up to ensure that the proportion of this target group in the Philips Employment Scheme can be further increased.

As part of the Employment Scheme the Company is prepared to contribute to employment projects of third parties which have comparable objectives in the form of expertise, experience, resources and operational support. The trade union organizations will be given the opportunity to put forward possible projects.

The trade union organizations will be given a progress report on the Employment Scheme twice a year. Together with Philips, the trade union organizations will seek to give direction, based on an overall vision, to activities which, taking account of relevant social trends, are aimed at strengthening the position of specific groups of employees. Subjects to be discussed will include, but are not limited to, activities related to the Philips Employment Scheme, Jetnet, Wajong and youth unemployment.

## APPENDIX E

### UNDERSTANDINGS BETWEEN THE PARTIES TO THE COLLECTIVE EMPLOYMENT AGREEMENT

#### A. Grade allocation/reallocation policy

The parties agree to commission an inquiry, with an obligation to find a result, during the term of this CEA. This inquiry will address the following matters: the process involved in assigning an employee to a lower job grade (depending on the reasons), measures concerned with the financial repercussions for the employee, the due-care criteria (including an appeal procedure) and the position of the employee involvement bodies and the trade union organizations.

#### B. Informal care

The Parties recognize the importance of the provision of informal care. It is not yet sufficiently clear whether there is a need within the company for additional collective arrangements to facilitate this. This will be investigated during the term of the CEA, and to this end an inquiry committee with equal employer-employee representation will be established. Depending on the findings, the committee may develop proposals that can serve as input for subsequent CEA negotiations. The proposals may include the setting-up of a helpdesk.

#### C. Retirement in Sight

During the term of the CEA there will be experiments with a new format for the Retirement in Sight approach, which will be widened to 'managing the later phase of one's career'. Participation in this is available to employees from the age of 60.

#### D. Understanding on article 6.2. Working hours

In article 6.2 it is stated that arrangements regarding working hours are contained in a (shift work) roster to which the provisions in the consultation arrangements of the Working Hours Act valid until 1 April 2007 are applicable, having regard to the provisions stated in article 6.2. (1 a, b, c and d). During the term of the CEA the Parties will prepare a proposal for a new wording, the current understandings being recorded without it being necessary to refer to the 'old' working hours law.

#### E. Understanding on article 6.3. Duty rosters

The obligation to work overtime has been abolished. If during the term of the CEA it is found that this is prejudicial to the conduct of business, the employer may decide in consultation with the trade union organizations to re-introduce the overtime obligation after the term of the CEA. In that case employees aged 50 and older in job grades 10 to 45 remain exempt from the obligation to work overtime.

## APPENDIX F

### DIFFERENT AND SUPPLEMENTARY PROVISIONS APPLICABLE TO EMPLOYEES IN THE UNIFORM SECTION OF THE COMPANY SECURITY DEPARTMENT

#### Article 1

##### Definitions

In this Appendix the following terms are understood to have the following meaning:

The employer:	each of the parties previously mentioned under 1. to 1.9 of the Collective Employment Agreement
The organizations:	the parties previously mentioned under 2. to 5 of the Collective Employment Agreement
Employee:	all those persons in the service of the employer who are part of the employer's uniformed Company Security Department
Department:	the employer's Company Security Department

#### Article 2

##### General

1. The following articles of the CEA are not applicable to the employee as referred to in article 1 of this Appendix:
  - a. Article 7.5;
  - b. Article 5.7, I and II;
2. The non-applicable CEA articles referred to above in clause 1 are superseded by the following articles, which supplement the CEA for the employee as referred to in article 1.

#### Article 3

##### Remuneration for shift work rosters

1. The employee who works shifts in accordance with a set duty roster, or who works in accordance with a daytime duty roster with non-structured irregularity, receives a shift work allowance on top of his/her monthly salary. This allowance is paid from the time when the employee starts to work in accordance with this duty roster and so long as he/she continues to work in it.
2. The level of the shift work allowance depends on the type of shift that the employee works and has been defined in the duty roster.
3. The shift work allowance is:

17%:	for daytime duty rosters with non-structured irregularity, in which the average working time per week is 38 hours and the operating time at least 40 hours per week;
17%:	for all two-crew shift rosters, in which the average working time is 38 hours and the operating time at least 80 hours per week;
22.5%:	for the three-crew shift rosters, with inspection shifts at the weekend, in which the average weekly working time is 38 hours and the operating time at least 120 hours per week;
33.5%:	for the continuous shift rosters, in which the average weekly working time is 38 hours and the operating time 168 hours per week.

4. Payment of the shift work allowance is based on the sum total of the elements of the employee's remuneration, though based at least on a monthly salary of € 1,966. The latter sum will be adjusted by the percentage of the collective salary scale adjustment as referred to in article 5.4.
5. The employer's salary cutback regulations are contained in Appendix C to the CEA.
6. For an employee who prior to 1 January 1972 received a salary based on the all-in salary system of the Company Security Department, the employer's existing provisions regarding partially incapacitated employees, as agreed with the employee organization Unie van Beveiligings- en Bewakingspersoneel (formerly NBOB) are applicable.

#### Article 4

##### **Assignment of the employee to a pay grade**

1. A grading system is used for the uniformed department of the Company Security Department. The salary scales for the Company Security Department are the same as the salary scales up to and including job grade 45. Depending on the employee's grade, he/she is assigned to a pay grade:
  - a. security guard 2<sup>nd</sup> class: pay grade 01 - equal to job grade 20
  - b. security guard 1<sup>st</sup> class: pay grade 07 - equal to job grade 25
  - c. head security guard: pay grade 08 - equal to job grade 30
  - d. assistant group leader: pay grade 03 - equal to job grade 35
  - e. group leader: pay grade 04 - equal to job grade 40
2. The employer has adopted more detailed internal rules regarding the conditions which an employee has to meet in order to be promoted to a higher grade.
3. For an employee with the rank of security guard 1st class who is at present in pay grade 02, the employer will fully maintain this pay grade and the associated salary scale.  
However, it is no longer possible to be assigned to this pay grade from another pay grade.

#### Article 5

##### **Holidays for employees who work shifts**

1. The employer adopts more detailed internal rules regarding the taking of holidays.
2. An employee who works shifts works as normal on collective days off.  
If the importance of the duty roster so requires, the employer may oblige an employee who does not work shifts likewise to work on collective days off.
3. An employee who works continuous shifts receives, on top of his/her normal number of holidays, two extra free periods of duty in the holiday year.  
More detailed internal rules are drawn up by the employer with regard to the taking of these days.
4. For the implementation of the provisions of article 7.4 clause 3 of the CEA, an employee who works continuous shifts will be given 6 extra free periods of duty for possibly having to work on the public holidays referred to in article 7.4 clause 1 of the CEA. Insofar as an employee, as a result of the thinning-out of the workforce in the duty roster, is free on a day for which compensation is already made in accordance with what is stated in the first paragraph of this clause, an extra period of duty will be deducted from the number of extra free periods of duty that the employee is given under this clause. Insofar as the employee, in accordance with the normal duty roster, is free on the said public holidays, there will be no correction of the number of extra free periods of duty.

5. The implementation of these provisions will be arranged by the employer in consultation with the Works Council.

## Article 6

### **Term of validity**

The term of validity of this Appendix is equal to the term stated in article 1.2 of the CEA (1 January 2015 through 31 December 2016).

## APPENDIX G

### SALARY SCALES

#### Monthly salary scale for job grades 10 to 45 as of 1 June 2014 in euros

(including the collective increase in salary of 1.5% on 1 June 2014)

Scale position	10	15	20	25	27	30	35	37	40	45
115	2.205	2.232	2.321	2.446	2.585	2.729	3.031	3.246	3.548	4.012
110	2.109	2.135	2.220	2.340	2.473	2.610	2.900	3.105	3.394	3.838
105	2.013	2.038	2.119	2.233	2.360	2.492	2.768	2.964	3.239	3.663
Reference salary = 100	1.917	1.941	2.018	2.127	2.248	2.373	2.636	2.823	3.085	3.489
95	1.821	1.844	1.917	2.021	2.136	2.254	2.504	2.682	2.931	3.315
90	1.725	1.747	1.816	1.914	2.023	2.136	2.372	2.541	2.777	3.140
85	1.629	1.650	1.715	1.808	1.911	2.017	2.241	2.400	2.622	2.966
80	1.534	1.553	1.614	1.702	1.798	1.898	2.109	2.258	2.468	2.791
75	1.438	1.456	1.514	1.595	1.686	1.780	1.977	2.117	2.314	2.617
70	1.342	1.359	1.413	1.489	1.574	1.661	1.845	1.976	2.160	2.442
65	1.246	1.262	1.312	1.383	1.461	1.542	1.713	1.835	2.005	2.268
60	1.150	1.165	1.211	1.276	1.349	1.424	1.582	1.694	1.851	2.093

#### Monthly salary scale for job grades 50 to 90 as of 1 June 2014 in euros

(including the collective increase in salary of 1.5% on 1 June 2014)

Scale position	50	60	70	80	90
130	4.993	6.267	7.992	9.506	11.410
125	4.801	6.026	7.685	9.140	10.971
120	4.609	5.785	7.378	8.774	10.532
115	4.417	5.544	7.070	8.409	10.094
110	4.225	5.303	6.763	8.043	9.655
105	4.033	5.062	6.455	7.678	9.216
Reference salary = 100	3.841	4.821	6.148	7.312	8.777
95	3.649	4.580	5.841	6.946	8.338
90	3.457	4.339	5.533	6.581	7.899
85	3.265	4.098	5.226	6.215	7.460
80	3.073	3.857	4.918	5.850	7.022
75	2.881	3.616	4.611	5.484	6.583
70	2.689	3.375	4.304	5.118	6.144
65	2.497	3.134	3.996	4.753	5.705
60	2.305	2.893	3.689	4.387	5.266

**Monthly salary scale for job grades 10 to 45 as of 1 September 2015 in euros**

(including the collective increase in salary of 1.6% on 1 September 2015)

Scale position	10	15	20	25	27	30	35	37	40	45
115	2.240	2.269	2.359	2.486	2.627	2.773	3.081	3.299	3.605	4.077
110	2.143	2.170	2.256	2.378	2.512	2.652	2.947	3.156	3.449	3.900
105	2.045	2.072	2.154	2.270	2.398	2.532	2.813	3.012	3.292	3.722
Reference salary = 100	1.948	1.973	2.051	2.162	2.284	2.411	2.679	2.869	3.135	3.545
95	1.851	1.874	1.948	2.054	2.170	2.290	2.545	2.726	2.978	3.368
90	1.753	1.776	1.846	1.946	2.056	2.170	2.411	2.582	2.822	3.191
85	1.656	1.677	1.743	1.838	1.941	2.049	2.277	2.439	2.665	3.013
80	1.558	1.578	1.641	1.730	1.827	1.929	2.143	2.295	2.508	2.836
75	1.461	1.480	1.538	1.622	1.713	1.808	2.009	2.152	2.351	2.659
70	1.364	1.381	1.436	1.513	1.599	1.688	1.875	2.008	2.195	2.482
65	1.266	1.282	1.333	1.405	1.485	1.567	1.741	1.865	2.038	2.304
60	1.169	1.184	1.231	1.297	1.370	1.447	1.607	1.721	1.881	2.127

**Monthly salary scale for job grades 50 to 90 as of 1 September 2015 in euros**

(including the collective increase in salary of 1.6% on 1 September 2015)

Scale position	50	60	70	80	90
130	5.074	6.369	8.121	9.658	11.593
125	4.879	6.124	7.809	9.286	11.148
120	4.684	5.879	7.496	8.915	10.702
115	4.488	5.634	7.184	8.543	10.256
110	4.293	5.389	6.872	8.172	9.810
105	4.098	5.144	6.559	7.800	9.364
Reference salary = 100	3.903	4.899	6.247	7.429	8.918
95	3.708	4.654	5.935	7.058	8.472
90	3.513	4.409	5.622	6.686	8.026
85	3.318	4.164	5.310	6.315	7.580
80	3.122	3.919	4.998	5.943	7.134
75	2.927	3.674	4.685	5.572	6.689
70	2.732	3.429	4.373	5.200	6.243
65	2.537	3.184	4.061	4.829	5.797
60	2.342	2.939	3.748	4.457	5.351

**Monthly salary scale for job grades 10 to 45 as of 1 September 2016 in euros**

(including the collective increase in salary of 1.6% on 1 September 2016)

Scale position	10	15	20	25	27	30	35	37	40	45
115	2.277	2.306	2.397	2.527	2.669	2.818	3.130	3.352	3.664	4.142
110	2.178	2.206	2.292	2.417	2.553	2.695	2.994	3.207	3.505	3.962
105	2.079	2.105	2.188	2.307	2.437	2.573	2.858	3.061	3.345	3.782
Reference salary = 100	1.980	2.005	2.084	2.197	2.321	2.450	2.722	2.915	3.186	3.602
95	1.881	1.905	1.980	2.087	2.205	2.328	2.586	2.769	3.027	3.422
90	1.782	1.805	1.876	1.977	2.089	2.205	2.450	2.624	2.867	3.242
85	1.683	1.704	1.771	1.867	1.973	2.083	2.314	2.478	2.708	3.062
80	1.584	1.604	1.667	1.758	1.857	1.960	2.178	2.332	2.549	2.882
75	1.485	1.504	1.563	1.648	1.741	1.838	2.042	2.186	2.390	2.702
70	1.386	1.404	1.459	1.538	1.625	1.715	1.905	2.041	2.230	2.521
65	1.287	1.303	1.355	1.428	1.509	1.593	1.769	1.895	2.071	2.341
60	1.188	1.203	1.250	1.318	1.393	1.470	1.633	1.749	1.912	2.161

**Monthly salary scale for job grades 50 to 90 as of 1 September 2016 in euros**

(including the collective increase in salary of 1.6% on 1 September 2016)

Scale position	50	60	70	80	90
130	5.156	6.471	8.251	9.812	11.779
125	4.958	6.223	7.934	9.435	11.326
120	4.759	5.974	7.616	9.058	10.873
115	4.561	5.725	7.299	8.680	10.420
110	4.363	5.476	6.982	8.303	9.967
105	4.164	5.227	6.664	7.925	9.514
Reference salary = 100	3.966	4.978	6.347	7.548	9.061
95	3.768	4.729	6.030	7.171	8.608
90	3.569	4.480	5.712	6.793	8.155
85	3.371	4.231	5.395	6.416	7.702
80	3.173	3.982	5.078	6.038	7.249
75	2.975	3.734	4.760	5.661	6.796
70	2.776	3.485	4.443	5.284	6.343
65	2.578	3.236	4.126	4.906	5.890
60	2.380	2.987	3.808	4.529	5.437

## APPENDIX H

### UNEMPLOYMENT ACT – EFFECTS OF SOCIAL AGREEMENT ('SOCIAAL AKKOORD')

As a result of the Work and Job Security Act the statutory duration and accrual of unemployment benefit (WW) are limited for persons whose first day of unemployment is on or after 1 January 2016. In the Social Agreement of 11 April 2013 the social partners stated that they intend to make good the restrictions on the accrual and duration of public statutory unemployment benefit by means of private supplementary insurance at the CEA level. The assumption is that private supplementary agreements together with the publicly funded unemployment benefit (WW) – as will be in force from 1 January 2016 – will maintain the accrual and duration of unemployment benefit.

Private supplementary unemployment insurance will ensure that on top of the statutory entitlement, employees will from 1 January 2016 accrue half a month's extra entitlement to unemployment benefit per year of service from the 11<sup>th</sup> to the 38<sup>th</sup> year of service worked. Moreover, the reduction of the statutory duration will be made good for employees who have accrued an entitlement to unemployment benefit for more than 24 months. The total maximum duration of the accrued statutory and non-statutory unemployment benefit is 38 months (of which 24 months statutory), depending on the number of years that count towards the employment history.

Philips and the trade union organizations have agreed on a private supplementary unemployment insurance policy based on the following conditions:

1. The insurance policy will be administered by the benefits agency UWV or another party in the work and income chain, such as the Sociale Verzekeringsbank (SVB) or a national administrative organization which has a uniform scheme;
2. The non-statutory agreement on the accrual of unemployment benefit and wage-related WGA (Return to Work Scheme for the Partially Incapacitated) will be funded by means of a contribution based on a 50-50 division between Philips and the employee. This applies both to the administration costs and to the benefit charges. The basis for the contribution and the basis for the benefits is the (maximum) daily wage for employee insurance, as applicable to the publicly funded unemployment benefit (WW).
3. Employees are obliged to participate in this insurance. Contributions are paid by means of a deduction from the employee's salary.
4. Under this insurance the build-up of employment history applies only to the period of time from 1 January 2016 in which the employee is employed by Philips and falls within the scope of application of the CEA and in which the employee has paid contributions.
5. The term of this understanding is 12 months longer than that of this CEA.

