



PHILIPS

Lighting

CLA

A strong collective labor agreement for you

Collective Labor Agreement Philips Lighting
1 January 2017 - 31 December 2017

A joint initiative of Philips Lighting B.V. and the trade unions FNV, CNV Vakmensen, De Unie en VHP2.

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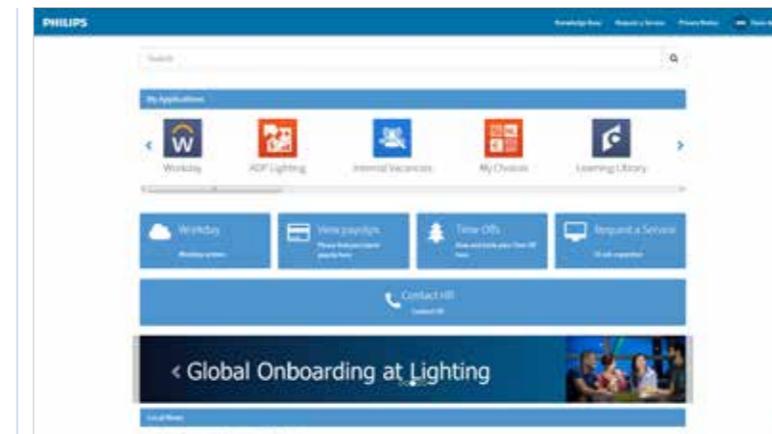
On the cover: Qilin Miao | Supply Planning Manager

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In the collective labor agreement we refer to schemes and brochures. These schemes and brochures can be found on the HR Portal. Enter for this purpose the name of the scheme or brochure that you are looking for in the search function.

Foreword

Up to mature labor relations

This is the first collective labor agreement for Philips Lighting. It is a new collective labor agreement for a new organization. Both Philips Lighting and the trade unions worked hard in 2016/2017 to compile comprehensive terms of employment that are appropriate for the current time. This new and improved collective labor agreement is the result. Philips Lighting has its own collective labor agreement, a strong collective labor agreement for you.



Tilly van den Eertwegh | Executive Assistant Global Systems



Ronald Gelten | Sub Segment Manager Fashion and Petro

As of February 1, 2016 Philips Lighting is a separate legal entity; since May 27 of that year, it has been listed on the Euronext in Amsterdam. Both milestones heralded a new era. We felt that an independent Philips Lighting deserved its own collective labor agreement. Since you and your colleagues determine the company's success, we believe that it is very important to represent your interests effectively, now and in the future. This collective labor agreement, established by joining forces, is a tangible reflection of that commitment.

Philips Lighting has its own collective labor agreement, a strong collective labor agreement for you

Constant dialogue

It is essential for us to remain in constant dialogue with each other. We always have to find the right balance between what you want, what Philips Lighting wants, what the trade unions want, and what is possible. That balance stands or falls with mutual confidence and respect. When employers and employees engage in mature labor relations, we truly know we can count on each other. For example, your manager needs to have confidence in you, to trust that you can define your work yourself wherever possible. That approach improves how much you enjoy your work and your personal development.

Personal development

Of course we also benefit from your continued personal and professional development. We will therefore do our very best to help you develop in your work, in part by giving you the opportunity to master different competencies and follow relevant training and education programs. During the course of this collective labor

agreement, we – Philips Lighting and the trade unions – will continue to shape relevant initiatives.

Leadership

In order to give you the opportunity to pursue personal development, it is also important for your manager to give you optimal support. The emphasis on leadership development will remain undiminished in the years to come. After all, inspiring leadership not only contributes to your work performance, but also helps us realize company goals.

Work and life in balance

In order to achieve those targets, it is vital for you and your colleagues to remain healthy. A healthy mind in a sound body is very important to us. At the same time, we understand that it can sometimes be challenging to maintain that work-life balance in your own private life. The pressures of work may be intense. In addition, we live in a changing society that is shifting the balance between work and private life. This means we also have a different perspective on the theme of health. The content of the work you're doing and your own wellbeing are equally important.

Moving forward together

As stated, the collective labor agreement is the result of a solid collaboration between Philips Lighting and the trade unions. We both look back on our joint process with deep appreciation. This is the first collective labor agreement for Philips Lighting. Accordingly, we see it as a first step. We mapped out the trail together and will be moving forward towards continued cooperation. We will be systematically pooling our resources to ensure that the terms of employment and labor relations at Philips Lighting will consistently contribute to achieving the ambitions. We are sure to encounter obstacles along the way, big or small, but we will continue following the road we have taken. We will walk that road with you, and with all the employees. We are convinced that we will succeed in this mission, because we stand stronger together and we are stronger together.



Inge van Dongen | Operations Engineer

1 Target group and term of collective labor agreement

If you have an employment contract with Philips Lighting, the agreements in this collective labor agreement apply to you. The collective labor agreement is an agreement between Philips Lighting and the trade unions.

1.1 Target group

This collective labor agreement is applicable when you are employed by Philips Lighting and have been assigned to job grade 10 through 90.

This collective labor agreement does not apply to:

- a. participants in the Employment Scheme (Startup@Lighting);
- b. executive officers assigned by Philips Lighting after consultation with the trade unions;
- c. employees who work in the Netherlands on a temporary basis, based on an Expatriation Agreement or a Global Professional Agreement.

1.2 Term of the collective labor agreement and previous collective labor agreements with a sustained effect

1 Term of validity

This collective labor agreement runs from January 1, 2017 to December 31, 2017. The collective labor agreement will end automatically on December 31, 2017 without any notice being required.

2 Any previous provisions that remain in effect

The provisions in this collective labor agreement will replace any previous provisions of the collective labor agreement that would otherwise remain in effect. These previous collective labor agreement provisions will no longer have a sustained effect. All other provisions have lapsed. However, individual agreements which did not result from previous collective labor agreements will remain in force.

2

Obligations arising from the collective labor agreement

In order to guarantee compliance with this collective labor agreement and enforcement of its provisions, both Philips Lighting and you need to fulfill a number of obligations.

2.1 Obligations on the part of Philips Lighting

1 Deviation from agreements

Philips Lighting is not allowed to deviate from the agreements in this collective labor agreement, if such deviations would work to your disadvantage. Deviation that works to your advantage is possible when it is permitted by laws and regulations. If this deviation deals with an advantage for all employees of a business unit or for groups of employees, that deviation is only permitted after consulting with the trade unions.

2 Availability of the collective labor agreement

Philips Lighting will make the collective labor agreement available to all employees in a digital version as well as a hard copy.

3 Protection of personal privacy

In providing information, Philips Lighting will take measures to protect your personal privacy.

2.2 Your obligations

1 Behavior

Your behavior will be in line with the provisions in this collective labor agreement and the instructions provided by or on behalf of Philips Lighting. This also includes the General Business Principles which Philips Lighting adopts in consultation with the Works Council.

2 Representing the interests of Philips Lighting

As a person, you always represent the interests of Philips Lighting – even when you're not explicitly told to. You carry out reasonable assignments, even in activities that are not part of your regular work.



Bert-Jan Tullemans | Process Operator

3

Your employment contract

You enter into an individual employment contract with Philips Lighting. Specific rules apply with regard to entering into and terminating an employment contract.

3.1 Start and duration of employment

1 Start

At the start of your employment, you will enter into an individual written employment contract with Philips Lighting. At that time, we mutually agree that this collective labor agreement and all subsequent ones also apply to you.

2 Duration

Philips Lighting will enter into this employment contract with you for an indefinite period of time, unless otherwise mentioned in your employment contract.

3 Content

Your individual employment contract will specify your date of employment, your position, the location where you will start your work, your job grade and your starting salary.

Your employment contract will also include provisions about:

- activities you undertake, in addition to your job for Philips Lighting, for other companies or for yourself;
- confidentiality regarding corporate affairs and publications;
- waiver of intellectual property rights to inventions. If you are in job grade 25 or lower, Philips Lighting will not exercise its rights to this provision regarding inventions.

If you are in job grade 50 through 90, your employment contract will also include provisions about:

- copyrights;
- patents;
- a non-competition clause.

4 Consecutive employment contracts

Philips Lighting counts consecutive employment contracts at companies which we have had an affiliation with from the start of your employment to calculate the duration of your employment.

3.2 Notice period for an employment contract for an indefinite period

1 Giving notice of termination of an employment contract

You can terminate your employment contract yourself. Philips Lighting has that same option. The notice period begins on the first day of the calendar month following the date of the termination notice. Your employment contract ends at the end of the notice period. If Philips Lighting gives notice, we will confirm that in writing.

2 Notice period for Philips Lighting

The notice period for Philips Lighting is dependent on the duration of your employment contract on the day of termination. It is:

- for employees in job grade 10 through 45 employed for
 - less than 5 years: 1 month;
 - 5-10 years: 2 months;
 - 10-15 years: 3 months;
 - 15 years or more: 4 months.
- for employees in job grade 50 through 90 employed for
 - less than 15 years: 3 months;
 - 15 years or more: 4 months.

3 Your notice period

Your notice period depends on the job grade you have been assigned to. It is for the job grades:

- 10 through 45: 1 month;
- 50 through 90: 3 months.

In mutual consultation, it is possible to agree to a shorter notice period.

3.3 Termination of employment by operation of law

1 Employment contract for a definite period of time

Your employment contract is terminated without prior notice when your employment contract for a definite period of time has passed by operation of law.

2 Employment contract in a successive chain

If Philips Lighting enters into an employment contract for a definite period with you, or plans to extend it, the statutory chain regulation of Section 7:668a of the Dutch Civil Code applies. Based on this regulation, we are allowed to enter into a maximum of 3 employment contracts for a definite period of time with you within the space of 24 months.

The collective labor agreement leaves room for 2 exceptions to the law:

- Did you first work at Philips Lighting as a temporary worker (see Section 7:690 of the Dutch Civil Code) and will you enter a consecutive employment contract with Philips Lighting, or within the next 6 months? In that case, the entire period in which you worked as temporary worker at Philips Lighting will count as the first employment contract for a definite period in the chain, even if it has been interrupted by sickness.
- Did you enter into your employment contract for the purpose of scientific research and/or PhD research? In that case, the 24 months period is not applicable to you if you need a longer period to finish your scientific research and/or doctorate.

3 Age of 67 years old

Your employment contract is terminated without prior notice by operation of law on the last day of the month in which you turn 67 years old, unless termination takes place earlier or if you agree otherwise with Philips Lighting.

4

Your choices regarding the allocation of your benefits

Philips Lighting offers you the opportunity to make as many personal choices as possible in the allocation of your benefits. For instance, you might want to invest part of your monthly salary or personal budget in shares. Or maybe you would like to convert vacation days or overtime into money. Or you might prefer additional days off. Whatever your choice may be, Philips Lighting à la Carte facilitates many choices.

4.1 Your Philips Lighting à la Carte

1 Purposes

With Philips Lighting à la Carte, you can spend the money you receive from Philips Lighting – your monthly salary, your personal budget, your variable salary, etcetera – for purposes that you choose yourself. In addition, you can convert ‘time’ into ‘money’. The gross value will remain the same.

2 Allocation options

With Philips Lighting à la Carte, you have the following allocation options:

- Purchased days (see also article 8.3);
- Shares;
- Life course savings;
- Bicycle;
- Bicycle accessories;
- Home workplace;
- Union membership fee;
- Commuting expenses.

You can also reserve your personal budget and have that amount paid in full at a later period in time.

3 Convert ‘time’ into ‘money’

You can convert the following forms of ‘time’ into ‘money’:

- Vacation days in excess of the statutory entitlement left at the end of the year;
- Compensation for overtime (‘time for time’);
- Saving for leaves of absence;
- Compensation for collective vacation days.

More information about the effects, the conditions and the moments for decisions is available in the brochure ‘Philips Lighting à la Carte’.

4 Adverse effects

If you use your salary for these allocation options, that might decrease your daily salary. This could have an

adverse effect on your social security benefits, such as unemployment benefits (WW) and occupational disability benefits (WAO/WIA). These adverse effects, including the risk due to any changes in fiscal law and regulations, will be at your own expense. Philips Lighting will not offer compensation for them.

Philips Lighting offers you the opportunity to make as many personal choices as possible



Dorien Treep | Lighting Application Specialist

5

Your remuneration

Most people consider remuneration to be the most important aspect of the terms of employment. This aspect can have the biggest impact on your life. It also determines which activities you can undertake in addition to your work. Philips Lighting is well aware of this. That is why we continue to promote an appealing remuneration system. It goes beyond your monthly salary and holiday allowance. Philips Lighting also shows appreciation for employees with remuneration components such as your personal budget and your variable salary.

5.1 Monthly salary

1 Remuneration system in the collective labor agreement

The Philips Lighting remuneration system is described in the brochure entitled 'Remuneration System CLA'. It includes information about salary scales and salary guarantees. Philips Lighting will only make structural changes to salary scales after consulting the trade unions. You can see the salary scales in Appendix F of this collective labor agreement.

2 Determination monthly salary

Philips Lighting determines your monthly salary based on:

- assignment to a job grade;
- the salary scale for your job grade;
- the assessment of your work performance.

More details can be found in Article 5.7.

3 Payment of the monthly salary

Your monthly salary will be paid at the end of each calendar month.

5.2 Personal budget

1 Budget amount

The payment of your monthly salary at the end of each calendar month will also include a budget amount.

2 Holiday allowance

Your holiday allowance (see Article 5.5) is also part of your personal budget.

3 Budget scope

Your budget is a percentage of your monthly salary, your shift work allowance and all other designated income components.

4 Budget percentages

The percentage mentioned in paragraph 3 amounts to:

	Were you born after 1949?	Were you born before 1950?
You work in 5 or 4/5-day shifts with average weekly working hours of between 31.5 and 37.5 hours	19,12%	16,78%
Other shift schedule	24,57%	22,13%

5 Reduced personal budget

If you choose the option of buying 13 days off in 1 go at the end of the year for the following year, Philips Lighting will reduce your personal budget by:

- 5.91% if you were born after 1949;
- 5.80% if you were born before 1950.

2 Percentage

The on-target percentage variable salary for job grade a. 10 through 70 will be: 3%;
b. 80 and 90 will be: 6%.
These are percentages of your income on December 31st of the year in which Philips Lighting has granted the variable salary. These percentages apply from the moment you are assigned to the relevant job grade. Your income consists of your monthly salary, your shift work allowance, your fixed overtime allowance, your fixed special hours allowance and your personal allowance.

3 Size

Philips Lighting decides the size of your variable salary according to the following formula.



5.3 Variable salary

1 Payment of variable salary or not

You will receive a variable salary if you have been employed for an entire calendar year or part of it. You will not receive a variable salary if your employment contract was terminated for compelling reasons.

4 Payment of 'Lighting Group' component

The operating result of the Philips Lighting Group decides whether you are paid the variable salary component and the level of that component. The payment starts at 50% upon reaching the lower limit and will increase proportionally up to 200% upon reaching the upper limit. If Philips Lighting Group exceeds the upper limit, the maximum payment will still be 200%. When the lower limit will not be reached, payment will thus be 0%.

5 Payment of the group targets and PPM component

Philips Lighting establishes objectively measurable group targets. Depending on the achievement of these targets, we pay 50%, 75% or 100% of this variable salary component. If we do not achieve the group targets at all, we pay 30%. We multiply the payment percentage for the group targets by your PPM factor (see next table).

PPM rating	Performance	PPM factor
1	Significant improvement required	0%
2	Improvement required	50%
3	Good	100%
4	Exceeds	150%
5	Excellent	200%

Note: Philips Lighting is responsible for the denominations of the performance scores

6 PPM rating

If you want to be eligible for a variable salary, your PPM rating for that relevant calendar year needs to be at least 2. That also counts for the 'Lighting Group'-part.

7 Payment of variable salary

The variable salary will be paid in March of the year following the year to which the scheme applies. If you decide yourself to resign during the calendar year, you will receive the pro rata variable salary with the final payment based on on-target realization.

8 Pro rata payment

In deciding the variable salary which will be paid, Philips Lighting will take into account the duration of your employment during the year of that applicable scheme, your part-time percentage, any unpaid leave

and occupational disability (if you have suffered from occupational disability for a cumulative period of more than 6 months).

5.4 Collective scale adjustment

Philips Lighting increases the salary scales. On May 1, 2017 you will receive a collective increase in salary of 0.75% with a minimum of € 225 per year and on September 1, 2017 your salary will increase by 1.25% with a minimum of € 375 per year.

5.5 Holiday allowance

1 Personal budget

The statutory percentage for holiday allowance (8%) is part of your personal budget (see Article 5.2).

2 Minimum amount at age 22 or older

If you are 22 years or older, your holiday allowance will be at least € 2,012 on an annual basis. Philips Lighting will adjust this amount by the percentage of the collective scale adjustment (see Article 5.4).

3 Occupational disability

If you suffer from occupational disability and you are on occupational disability benefits (WAO or WIA), you will only be paid holiday allowance if and for as long as you have authorized Philips Lighting to receive the holiday allowance you have been granted due to occupational disability benefits and settle that amount.

4 Fully occupationally disabled

You are not entitled to holiday allowance when you are fully occupationally disabled and are not entitled to payment by Philips Lighting as referred to in Article 9.3 and Appendix A.

5.6 Payment account

You enable Philips Lighting to make the payments due by means of transfer to a payment account designated by you.

Philips Lighting continues to promote an appealing system of remuneration

5.7 Salary scheme

1 Determining job level

- Philips Lighting determines the level of sample positions according to a job grading system. These sample positions can be found in the file 'Reference positions'. We determine the level of your position by comparing it to the sample positions.
- If your position cannot be compared to the available sample positions, we establish the level based on the job grading system.

2 Assigning to a job grade

Philips Lighting assigns you to one of the following job grades: 10, 15, 20, 25, 27, 30, 35, 37, 40, 45, 50, 60, 70, 80 or 90. In principle, we determine what job grade you are in based on the level of your position, unless:

- there is sufficient certainty about your suitability to fulfill your current position as well as other positions at the proposed level;
- and positions of at least this level remain available in this company or other Philips Lighting companies.

3 Salary system

Structure

- Reference salary:
Each job grade has a reference salary. This is the minimum salary you will receive and continue to receive if you comply with all requirements of your position at a structural level.
- Minimum final salary for job grade:
If you comply with the minimum requirements for your position, you will attain at least the minimum final salary.
- Final salary for job grade:
If you continue to increase your contribution to Philips Lighting after reaching the minimum final salary, then your final salary may continue to increase beyond this minimum final salary. In general, you can continue to increase your salary to a level at least equivalent to the reference salary.
- The salary scales can be found in Appendix F of this collective labor agreement.

Influence of the appraisal

At least once a year, your manager will assess your contribution over the previous period in a mutual discussion. On that occasion, you and your manager will discuss the content and results of your work, but also your working methods and behavior. You will also discuss the main grounds for establishing your salary. In addition, you will make agreements for the period ahead.

Salary increase

The appraisal will have consequences for your salary once a year, unless your contribution has grown and you have not yet achieved your (personal) final salary. Philips Lighting will add an assigned salary increase to your salary as of April 1 following the assessment.

4 Individual guarantees

Allocation guarantee

Once you have been assigned to a job grade, Philips Lighting will no longer place you in a lower job grade.

This does not apply to you if:

- a. you are younger than 55 years old and you have been working at a 'lower' level for a longer period of time due to lack of work at a suitable level for your job grade. In that case, Philips Lighting will assign you to a job grade 1 level lower than your current job grade;
- b. Philips Lighting will reduce your position level because your contribution has not complied with the requirements for your position for a long time;
- c. there are measures in place, such as:
 - the closure of a company or business unit;
 - drastic and structural changes to the workload;
 - drastic reduction of staffing of a company or business unit.

In these cases, Philips Lighting will make detailed arrangements in consultation with the trade unions.

Salary guarantee

- a. If you have not yet reached the minimum final salary of your job grade, Philips Lighting will not grant you an increase in salary for a maximum of 2 consecutive years, unless there is a pending procedure for a change of position or termination of employment.
- b. Philips Lighting can only reduce a salary that has already been reached if your job performance justifies the reduction. If we are considering a reduction, we will notify you of this in writing. You will then have 6 months to improve yourself. Two months before the expiration of this term, Philips Lighting will give you another warning. Only after that will we proceed to a reduction in salary.

Guaranteed salary growth

If you were employed by Philips on April 1, 2009 and if you were assigned to 1 of the job grades 10 through 45 at that time, you will have the guarantee that – if you comply with the minimum requirements for that position – you will at least continue to increase your salary to a level that matches a certain salary scale position in the job grade to which you were assigned as of 1 April 2009.

The salary scale position intended for this is:

Job grade	Salary scale position	Job grade	Salary scale position
15	98	35	92
20	97	37	92
25	95	40	91
27	94	45	90
30	94		

Collective guarantees

As of April 1, Philips Lighting guarantees per job grade that with staffing of at least 50 employees:

- a. who have not yet reached the minimum final salary:
 - we will grant these employees on average an increase of at least 3% of the reference salary;
 - we will not assign any increase to a maximum of 10% of these employees.
- b. for those who have reached at least the minimum final salary, we will at least align the average of their salaries with 97% of the reference salary.



Joep Engels | Operations Engineer

6

Your working time

We are living in an age and a society in which it is no longer a given that everyone works full-time. People cherish the freedom they have to pursue other activities besides work. And even if you work 40 hours a week now, you might have a different perspective in a few years' time. Perhaps you want to work fewer hours? Or work different hours? Particularly as you approach retirement age, it is nice to have an answer to these and other questions. Philips Lighting is pleased to support you in your choices regarding working time, but will surely also take the company's interests into account.

6.1 Definitions

1 Gross standard working time

Your gross standard working time is the number of days in that calendar year minus all the Saturdays and Sundays of that year. We express working time in hours. In 2017, your gross working time will amount to 2,088 hours.

2 Working time is 8 hours per day

The days mentioned in paragraph 1 consist of 8 working hours per day.

3 Shift work roster

If you work in a shift work roster, you work in different shifts at least once every 4 weeks. Different shifts are when there are at least 12 working hours (not counting breaks) between the end of your last shift and the beginning of your new shift.

6.2 Working hours

1 Provisions of the consultation regulations from the Working Hours Act

Philips Lighting has organized your working hours in a (shift work) roster. The provisions of the consultation regulations of the Working Hours Act (in effect until April 1, 2007) apply:

- a. a (shift work) roster comprises a maximum of 9.5 hours per shift, 190 hours per 4 weeks and 552.5 hours per 13 weeks;
 - b. your average working time on an annual basis is 40 hours per week;
 - c. the working hours in a (shift work) roster will consist of a minimum of half a shift;
 - d. a shift consists of at least 6 hours.
- Philips Lighting can only deviate from these regulations after having consulted the trade unions.

2 Dayshift work schedule

In a dayshift work schedule, in principle you work from Monday to Friday.

3 Roster announcement

Philips Lighting announces your roster at least 7 calendar days before it is implemented.

4 Overtime

If you work in job grade 10 through 45 and it is necessary to work significant amounts of overtime in your business unit, Philips Lighting will discuss the number of employees and/or expected time with the Works Council.

5 Reduction of working hours

If, according to Philips Lighting, economic circumstances and/or operational interests make it necessary to come to an agreement regarding a reduction in working hours – including a corresponding reduction in income – we will do so within the legal regulations as well as after consultation with the trade unions.

Philips Lighting is pleased to support you in your choices, but will surely also take the company's interests into account

6.4 Adjusting working time, workplace and working hours

6.3 Establishing duty rosters

1 Establishing duty rosters

Philips Lighting establishes your duty roster.

2 Permission from the Works Council

If Philips Lighting wants to establish or change the duty roster for all employees or a group of employees, it needs the permission of the Works Council.

3 Company's interests

You are obligated to work at different times from your duty roster if Philips Lighting believes it is in the company's interests.

1 Submitting and handling requests

You can submit a request for adjustment of working time, workplace and working hours according to the provisions in Article 2 of the Flexible Working Hours Act. Philips Lighting will therefore handle all such requests according to these provisions.

2 Adjustment of working time

If Philips Lighting adjusts your working time, it will take place proportionally based on your terms of employment.



Anja Heinne | Production Worker Allround

3 Mutual flexibility

Philips Lighting will adopt a positive attitude to all requests for adjustment of working time, workplace and working hours. We will keep the operating conditions in mind and will operate on the basis of 'mutual flexibility' between you and Philips Lighting. This means that both parties are willing to align their respective requirements for time, place and organization of work and are aware of each other's wishes and possibilities. Philips Lighting will always provide written reasons when turning down a request.

6.5 Part-time schemes for employees aged 62 years and above (80-80-100 scheme)

1 Request for part-time work

From the age of 62 onwards, you can submit a request to work part-time. That request must be for a working time percentage of at least 80%. A year before your (chosen) retirement age, you have the right to work part-time. That request would also be for a working time percentage of at least 80%. You will still take part in the pension scheme based on full-time employment. Your own share of the pension contribution will also be calculated based on full-time employment. You can make use of this scheme for a maximum of 5 years.

2 Reduce part-time percentage

If you are already working part-time, you can – as described in paragraph 1 – reduce your part-time percentage proportionally. Philips Lighting will then continue your pension accrual based on your income before this reduction. We will also calculate your part of the pension contributions based on that income.

7 Your allowances

Philips Lighting is committed to being an attractive employer to all employees, now and in future. This is expressed not just in our remuneration policy, but also in the allowances you will receive if you e.g. work overtime, work on public holidays, or are available outside your normal work schedule.

7.1 Overtime

1 Job grades

You are eligible for an overtime allowance if you work in job grade 10 through 50.

2 What is overtime?

Overtime comprises hours:

- that you work during daytime roster and 2-shift rosters commissioned by Philips Lighting in excess of an established duty roster with a work time of at least 8 hours;
- that you work during 3, 4, 4/5 and 5-shift rosters commissioned by Philips Lighting in excess of 7.5 hours per shift;
- that you work on days that you are not assigned to a duty roster. These hours are considered overtime if you exceed a working time of 40 hours per week.

3 Compensation

In principle, you will receive compensation for overtime in the form of paid leave of absence.

4 Payment per hours worked in overtime

If paid leave is not possible according to Philips Lighting, you will receive a sum of money for each hour of overtime worked. This payment will amount to 0.575% of your monthly salary. To calculate the payment, Philips Lighting uses a minimum monthly salary of € 1,563. We will adjust this amount by the percentage of the collective salary scale adjustment (see Article 5.4).

5 Additional payment of 25%

In addition to compensation or payment for each hour of overtime worked, you will receive an additional payment of 25% of your hourly wages per hour of overtime worked for the first 2 hours of overtime worked on a normal working day.

6 Additional payment of 50%

You will receive an additional payment of 50% of your hourly wages per hour of overtime worked that exceeds the number of 2, as well as for hours worked in excess of 10 hours on a normal working day.

7 Additional payment for working on Saturdays

On Saturdays, the additional payment per hour of overtime worked consists of:

- 75% of your hourly wages if you have been assigned to job grade 10 through 45;
- 25% of your hourly wages if you have been assigned to job grade 50.

8 Additional payment for working on Sundays and national holidays

On Sundays and national holidays, the additional payment consists of 100% of your hourly wages per hour of overtime worked.

9 Paid leave of absence

If you are allowed to take paid leave of absence for hours of overtime worked, you will only receive the allowances from paragraphs 5 through 8.

7.2 Special hours in duty rosters

1 Job grades

An allowance for special hours in duty rosters only applies if you work in job grade 10 through 60.

2 Allowance

If you do not yet receive any extra payment for working special hours through your shift work allowance or your normal salary, you will receive an additional payment in accordance with paragraph 3.

3 Scope of the allowance

This allowance consists of:

- 25% for hours on:
 - Monday to Friday from midnight to 7:00 a.m. and from 7:00 p.m. – midnight;
 - Saturday from midnight to 6:00 a.m.;
- 75% for hours on Saturday from 6:00 a.m. to midnight;
- 100% for hours on Sunday from midnight to the following midnight.

4 Calculation

Philips Lighting calculates the allowances based on 0.575% of your monthly salary. This percentage is the hourly value of the monthly salary.

7.3 Working on standby

1 Job grades

You are eligible for an allowance for working on standby if you work in job grade 10 through 60.

2 What is working on standby?

Working on standby means that you are available and reachable as assigned by Philips Lighting outside the working time of your duty roster.

3 Fixed remuneration

For working on standby, you will receive per day on:

- Monday to Friday: fixed remuneration of 1 hour of work at your normal salary. A day is the time between the end of your work schedule on one day and the beginning of your work schedule on the following day (16 hours);
- a collective day off: fixed remuneration of 2 hours of work at your normal salary;
- Saturdays, Sundays and public holidays: fixed remuneration of 2 hours of work at your normal salary, plus an allowance for special hours in accordance with Article 7.2.

4 Paid leave of absence

Philips Lighting can convert the fixed remuneration partly or fully into paid leave of absence. We always remunerate the special hours allowance in money.

5 Bonus hours

If you actually need to show up at work on Monday to Friday, Philips Lighting will pay 2 bonus hours at your normal salary. If this happens on Saturdays, Sundays and public holidays, we will pay 2.5 bonus hours at your normal salary.

6 Attendance hours

If you actually need to show up at work, Philips Lighting will pay the attendance hours in accordance with Article 7.1.

7 Attendance after midnight and before 5:00 a.m.

If the last attendance period ends after midnight and before 5:00 a.m., you will get a subsequent 8-hour period of rest. If these hours coincide with the hours of

your duty roster for that day, Philips Lighting will pay your salary for these hours as well.

8 Called for work between 5:00 a.m. and 6:00 a.m.

If you only receive a call between 5:00 a.m. and 6:00 a.m., you will get an 8-hour period of rest within 24 hours after 6:00 a.m.

9 Called for work between midnight and 5:00 a.m. and between 5:00 a.m. and 6:00 a.m.

If you receive a call between midnight and 5:00 a.m. as well as between 5:00 a.m. and 6:00 a.m., paragraph 7 applies.

10 Called for work after 6:00 a.m.

If you are only called for work after 6:00 a.m., you will work according to your subsequent duty roster for that day. You are only allowed to work a maximum total of 13 hours in that way. Over a period of 13 weeks, you are not allowed to work in excess of 45 hours per week on average.

7.4 National holidays

1 What are national holidays?

You do not work on Sundays, New Year's Day, Easter Monday, Ascension Day, Whitsun Monday, Christmas Day, Boxing Day, the day on which King's Day is celebrated or 5 May (celebrated once every 5 years; the next one will be in 2020), unless you need to work for operational or commercial reasons or for reasons of general interest.

2 Remuneration

On national holidays, you will receive your normal salary, including any shift work allowance.

3 Replacement free shift and additional compensation

If you work in job grade 10 through 50 and you work on national holidays in accordance with paragraph 1, you will receive, in addition to your normal salary from paragraph 2 for the hours worked in a shift that ends on a national holiday, a free shift as compensation and an additional payment of 100%. In consultation

with Philips Lighting, you can receive payment for the free shift as compensation. If you work in job grade 60 and you work on a national holiday in accordance with paragraph 1, in addition to your normal salary from paragraph 2 for the hours worked in a shift that ends on a national holiday, you will receive a free shift as compensation. In consultation with Philips Lighting, you can receive payment for the free shift as compensation.

4 Objection due to belief or creed

Philips Lighting will take your objections against working on Sundays and widely recognized religious holidays into account as far as possible.

5 Vacation day

Philips Lighting provides you with the opportunity to take a vacation day on a widely recognized religious holiday, unless compelling operational conditions prevent this.

Philips Lighting has appropriate allowances for unusual working hours

7.5 Shift work

1 Monthly salary for shift work

If you work in shifts according to an established shift work roster, you will receive a monthly salary based on shift work. Philips Lighting decides this salary based on your working time. The monthly salary will affect the related income components. In addition to your shift work monthly salary, you will also receive a shift work allowance.

2 Shift work allowance

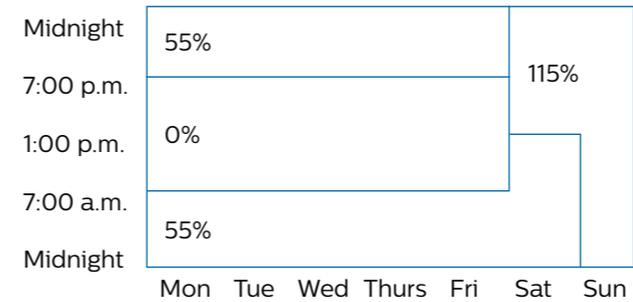
Philips Lighting will pay the shift work allowance from the time that you work in shifts and for as long as you continue to do so. An explanation of the method used to calculate your shift work monthly salary and the shift work allowance can be found in Appendix B. The size of the shift work allowance depends on the level of inconvenience of your work and break times.



Patrick Stevens | Process Operator Allround

3 Inconvenience schedule

To identify the inconvenience involved, Philips Lighting uses the following chart*.



*To identify the shift work allowance of the 2-shift roster day/night, Philips Lighting calculates an allowance-free zone of 12 hours for Monday to Friday.

4 Increase in shift work allowance

Philips Lighting increases the shift work allowance by 1.5% if you carry out activities during which you have variable breaks on a daily basis without those breaks being specified on your work schedule or if you do not have a continuous half-hour break. We need to multiply this percentage increase by the basic percentage that applies to you (see Appendix B).

5 Calculation of shift work allowance

Philips Lighting pays the shift work allowance based on the sum of designated income components. We base this on a minimum amount of € 2,030 per month. We will adjust this amount by the percentage of the collective salary scale adjustment (see Article 5.4).

6 Income reduction scheme

The current Philips Lighting income reduction scheme can be found in Appendix C.

7.6 Inconvenience allowance

1 Job grades

You are eligible for an inconvenience allowance if you work in job grade 10 through 45.

2 Inconvenience allowance

If you work in inconvenient circumstances, Philips Lighting may grant you an inconvenience allowance. We will endeavor to eliminate inconvenient circumstances. If that's the case, the inconvenience allowance will lapse.

3 Inconvenient circumstances

The following inconvenient circumstances are included in the inconvenience allowance agreement:

- Dirt;
- Climate;
- Air pollution;
- Protective clothing and equipment;
- The extent of heavy labor.

In addition, Philips Lighting grants an allowance if your work schedule involves 3 or more shifts with a consecutive series of at least 5 night shifts. The scope of the allowance is equivalent to level 1 in paragraph 4.

4 Four levels of inconvenience

Ascending in measure of inconvenience, Philips Lighting distinguishes 4 levels. The associated allowances per month consist of:

Level	Allowance
0	Nihil
1	€ 28,60
2	€ 50,40
3	€ 76,25

5 Calculation of allowance

Philips Lighting bases the allowance on the uninterrupted existence of inconvenience, in other words, present throughout working hours. If you only have to deal with this inconvenience during part of your working hours, we will pay you the allowance proportionate to your exposure to the inconvenience.

6 Payment

In general, Philips Lighting pays the inconvenience allowance on a monthly basis.

8

Your free time and types of leave

It is important to have sufficient free time to relax and do fun things, in addition to your work. After all, it is also in Philips Lighting's best interests that you go to work feeling fit and able, recharged to take on the challenges of the job. That is why we offer you a wide range of options for taking various forms of leave.

8.1 Vacations

1 Number of vacation days

- Your vacation year coincides with the calendar year.
- If you enter employment on the first day of the calendar year, you are entitled to 25 vacation days for that year, except when the provisions from paragraph 3 and 4 of this article apply.
- In the event of a collective vacation period of 2 or 3 weeks, you will receive an additional 1 or 2 vacation days as compensation.

2 Vacation days if you start working during the course of the calendar year

- If you commence your employment during the course of the calendar year, you are entitled to a corresponding number of vacation days for that year. If you commence your employment over the course of a month, that month will be included in the calculation of your proportionate number of vacation days.

- If you can show upon commencing employment that you are still entitled to unpaid leave of absence due to unused vacation days from your previous employer, Philips Lighting will allow you to take those days over the calendar year in which you commence employment. This type of unpaid leave of absence is subject to the other provisions of this article.

3 Vacation days in case of termination of employment during the calendar year

If your employment is terminated during the calendar year, you are entitled to a proportionate number of vacation days for that year. If you terminate your employment with Philips Lighting before the end of a month, that month will not be included in the calculation of your proportionate number of vacation days. If you have used too many vacation days, we will settle that excess with the final payment.

4 Accrual of vacation days during special circumstances

- You will not accrue any vacation days in a period in which you are not entitled to receive a salary because you are not working. You will accrue vacation days in cases and in periods such as those mentioned in Section 7:635 of the Dutch Civil Code (amongst others long-term care leave, pregnancy and maternity, adoption and disability), in case of unpaid leave of absence as referred to in paragraph 2b and in case of leave permitted by Philips Lighting as referred to in Article 14.5 (leave of absence for trade unions).
- The rules in paragraphs 2 and 3 on how we calculate a proportionate number of vacation days, also apply to the beginning or end of a period in which you do not accrue vacation days based on paragraph 4a.

5 Sickness during vacation and paid leave of absence

If you are sick during (collective) vacation days or if you are involved in an incident as specified in Article 8.9, Philips Lighting does not consider those vacation days as having been used. This rule only applies if you report it in the prescribed way.

6 Payment and expiration of vacation days

- Philips Lighting will continue to pay your salary when you use your vacation days.
- Your entitlement to unused vacation days expires after 5 years, calculated from the end of the year in which that entitlement was established.
- It is possible to have a maximum of 5 (non-statutory) vacation days paid at the end of the year.

7 Spending vacation days

- In principle, you need to use vacation days in the calendar year in which you receive them.
- If there is no collective vacation period and you submit your preferred consecutive vacation period in writing to your manager well in advance, that manager will in principle confirm that vacation period. If the required staffing for that specific period does not allow your vacation to be scheduled in that period, you will work out another vacation period in consultation with your manager.
- You can use your other vacation days in oral consultation with your manager.
- Philips Lighting will establish the collective vacation period with the permission of the Works Council.
- Taking into account the provision from paragraph 7d, Philips Lighting is allowed to designate a maximum of 15 working days as a consecutive vacation period. In principle, this needs to be done before January 1 of that vacation year.
- If it is in the company's interests, Philips Lighting is allowed to change a confirmed vacation in consultation with you. We will compensate you for any loss suffered as a result.

8 Vacation days for employees working in flexible (shift) work rosters

- If you work in rosters with a working time which deviates from 8 hours per shift with due observance of Article 6.2, Philips Lighting will specify the scope of your vacation days in hours.
- When you take a vacation, Philips Lighting will deduct the actual number of hours from your total vacation according to the work roster.

8.2 Collective days off

In consultation with the Works Council, Philips Lighting can establish 5 days off for all employees concerned or a group of them. If you work in a 5-day shift or 4/5 shift with average weekly working hours of between 31.5 and 37.5 hours, we can only establish 1 day off. To establish more days off, we require the permission of the Works Council.

8.3 Purchasing days off

1 Purchasing days off

You can purchase 20 days off each year.

2 Half-days or full days

You can purchase half-days or full days.

3 Using days you purchased

When using the days you purchased, the same terms apply as when using vacation days (see Article 8.1, paragraphs 7b and 7c).

4 Value of a day you purchased

The value of such a day is:

- If you were born after 1949:
the number of hours x 0.682% of your full-time monthly salary;
- If you were born before 1950:
the number of hours x 0.669% of your full-time monthly salary.

5 End of year

You can choose to use the option of buying 13 days off in 1 go at the end of the year, to be used in the following calendar year.

8.4 Life-course savings scheme

1 Participation

The government has discontinued the life-course savings scheme as of 1 January 2012. This means that it is no longer possible to start participating. If you had a balance of at least € 3,000 (including interest) by December 31, 2011, you are still allowed to participate in the life-course scheme savings from 2012 onwards.

2 Two parts

The life-course savings scheme consists of 2 parts: The life-course savings scheme and the life-course leave scheme. The life-course savings scheme describes how you can accrue savings. In the life-course leave scheme, there are several types of leave for which you can use those savings.

3 Life-course leave

Life-course leave is long-term leave of absence.

Philips Lighting makes a distinction between:

- Interim leave:
This type of leave has a lower limit of 4x your weekly working time and an upper limit of 52x your weekly working time. You can take a leave of absence on a part-time basis or on a full-time basis. The maximum period between the start date and end date of the leave of absence is 1 year. You can request a full-time leave of absence if you have been employed at Philips Lighting for at least 1 year;
- Leave of absence prior to your retirement:
The maximum period between the start date and end date of the leave of absence is 3 years. You can use your leave on a part-time basis or on a full-time basis.

When taking life-course leave, you must compensate at least 50% of the loss of income due to this leave of absence from your life-course savings balance. In principle, life-course leave is subject to the same employment regime as part-time work.

4 Compensation for loss of income

You can also use your life-course savings to compensate for the loss of income when taking a leave of absence based on the Work and Care Act (see Article 8.5).

8.5 Care leave

1 Forms of care leave

The Work and Care Act ('Wet arbeid en zorg') grants you specific rights for the following forms of care leave: emergency leave, short-term care leave, long-term care leave, paternity leave, pregnancy and maternity leave, adoption and foster care leave, partner leave and parental leave.

2 Paid or unpaid

Some of these forms of leave are paid leave (or partly paid), others are unpaid leave.

It is important that you go to work feeling fit and able, recharged to take on the challenges of the job

3 Full payment of income

During pregnancy and maternity leave as well as during adoption and foster care leave, as referred to in Articles 3:1 and 3:2 of the Work and Care Act respectively, Philips Lighting will pay 100% of your income. However, in these situations, Philips Lighting does require you to confirm the start date of the leave of absence in consultation with Philips Lighting 10 weeks before the estimated delivery date, adoption or foster care date.

4 Other options for care leave

This collective labor agreement offers a number of options which you can use for care leave in addition to the arrangements based on the Work and Care Act. They are:

- purchasing days off;
- life-course leave;
- (temporary) part-time work.

5 Compensation for loss of income

You can use the savings balance from your life-course savings scheme to compensate for your income loss in case of unpaid leave.

8.6 Payment during vacation and leave

Philips Lighting pays your salary, including applicable shift work allowance, during vacation days and paid leave, as established in Article 8.9 and Article 14.5.

8.7 Percentage in case of payment of unused vacation days

When Philips Lighting pays your unused vacation days, you will receive the following percentage of your full-time monthly salary for every hour of unused vacation:

- a. If you were born after 1949: 0.682%;
- b. If you were born before 1950: 0.669%.

8.8 Unpaid leave of absence

1 No work

Philips Lighting does not need to pay you for the time in which you did not work.

2 No payment

You are not entitled to payment in cases such as those referred to in articles 7:628 and 7:629 of the Dutch Civil Code and Articles 4:1 and 4:2 of the Work and Care Act, unless Articles 8.9 and 14.5 as well as Appendix A of this collective labor agreement state otherwise.

3 Without permission

If you have taken leave of absence from your work without the explicit permission of Philips Lighting, such leave is only permitted in the event of disability for work.

4 Compensation for loss of income

You can use the savings balance from your life-course savings scheme (see Article 8.4) to compensate for your loss of income in case of unpaid leave.

5 Taking a sabbatical

Once every three years, you are entitled to take a sabbatical for a period of 3 consecutive months. For this period of unpaid leave, you can use the vacation days to which you are entitled in the year in which your leave of absence starts.

8.9 Paid leave

1 Event participation/attendance

You are allowed paid leave of absence to participate in or attend the following events, if you cannot attend otherwise:

- a. Death of your spouse or partner, child, parent, grandparent, sibling, daughter-in-law or son-in-law: the required time up to a maximum of 1 working day;
- b. Death of your spouse or partner, child or parent living in your home: the working days between the death and the funeral;
- c. Funeral of your spouse or partner, child, parent, grandparent, sibling, sister or brother-in-law, daughter-in-law or son-in-law, or grandchild: 1 day;
- d. Celebration of your 25th or 40th work anniversary: 1 working day;
- e. In the 3 years before your retirement age, for the purpose of attending a course in preparation for your retirement: a maximum of 5 working days;
- f. For the birth of your child, your marriage or registered partnership, and your 25th or 40th wedding anniversary: 1 day per event;
- g. After the birth of your child for you as the partner: 3 days.

Please note:

In addition to registered partnership, if you cohabit and share a joint household with someone, Philips Lighting also considers them your partner. However, this status does need to be proven by notarial deed. When 'parents' or 'grandparents' are mentioned in this paragraph, this also refers to the 'parents' or 'grandparents' of your spouse or partner.

2 Visit to the GP, etcetera

If you are unable to visit your GP, dentist, midwife, specialist or physiotherapist in your own time and it is not possible to change your working hours, Philips Lighting will pay your salary during the time needed for your visit.

3 Exceptional circumstances

If Philips Lighting considers that exceptional circumstances justify it, you are also allowed paid leave of absence for other events and for a longer period of time than stated in paragraph 1.

8.10 Paid leave for employees aged 62 years and over (5x60 arrangement)

1 Job grades

This article applies to people who have been assigned to the job grade 10 through 45.

2 5x60 scheme

From the age of 62 onwards, you can take 60 hours of paid leave annually. You can make use of this leave scheme for a maximum of 5 years. If you are sick during part of such a year or if you are working part-time, Philips Lighting will calculate the corresponding number of hours of paid leave. If you use the option to change your working hours based on Article 6.5 (80-80-100 arrangement), you are not entitled to these hours of paid leave.

3 Consultation

You decide in consultation with Philips Lighting when you use those additional hours. You are not allowed to replace this leave of absence with a sum of money.



Lia van der Heijden | R&D Assistant

9

Your other employee benefits

In addition to the employee benefits in Chapters 5 to 8, you take part in the Philips flex pension and you are eligible to participate in the Philips Lighting share purchase plan. In addition, we have a payment plan during disability for work.

9.1 Philips Lighting share purchase plan

1 Participation

If you have been employed for 6 months or more, you are eligible to participate in the Philips Lighting share purchase plan.

2 Purchasing shares

You are allowed to spend a maximum of 10% of your annual salary on purchasing shares in Philips Lighting N.V. at a 15% discount. Up until the introduction of the Philips Lighting share savings scheme, you can buy Royal Philips shares.

3 Lock-up period

A 6-month lock-up period applies from the date on which shares are purchased.

4 Conditions

The conditions of the share purchase plan will be announced by Philips Lighting in the brochure entitled 'Share purchasing plan'.

9.2 Pension plan

1 Participation in the pension plan

- You are taking part in the Philips flex pension plan. The Stichting Philips Pensioenfonds (Philips Pension Fund) is responsible for administering this pension plan.
- Your rights and obligations resulting from participation in the pension plan can be found in the statutes and the 'Philips flex pension plan' of the Philips Pension Fund. You can also access these documents via the website of the fund. You can also request a version of the statutes and the prevailing pension plan from the Fund.

- You will not take part in this pension scheme if you have serious objections based on religion or creed (= conscientious objections) and have been exempted from insurance obligation for the purpose of social security contributions. If you would still like to participate in the Philips flex pension plan, then participation at your own request is still possible at any given time.

2 Standard retirement age/(chosen) legal retirement age

- If you take part in the Philips flex pension plan, the standard retirement age will be 67 years old.
- Your legal retirement age is 67 years old, unless you choose a different retirement age (see sub c).
- You are entitled to make a 1-time choice of an early retirement age that is between 60 years and 67 years. You can make that choice at the earliest at age 58 and you need to make it at the latest 6 months before your intended retirement. After permission by Philips Lighting, you can also choose to retire at the maximum age of 70 years old. You need to have arranged this officially no less than 6 months before you reach the age of 67 years old.

3 Premium contribution

You will pay a personal income-dependent contribution to the pension premium. The collective labor agreement parties will determine the size of that personal contribution. Starting January 1, 2015, the personal contribution amounts to 2% of the pensionable earnings. The pensionable earnings are the part of your income from which you accrue your pension. Philips Lighting will deduct the contributions you owe for the retirement premium from your gross monthly salary. We will contribute the total payable pension premiums to the Philips Pension Fund Foundation.

4 Pension allowance

If you participate in the Philips flex pension scheme and your permanent pensionable salary exceeds the maximum pensionable salary from the pension scheme, you are entitled to a pension allowance of 15% of the difference. Together with your monthly salary, Philips Lighting pays your pension allowance at the end of the calendar month, taking into account any part-time percentages.

5 Temporary pension allowance

If you were already participating in the Philips flex pension plan on December 31, 2014 and you had an annual salary of € 80,000 or more, then you are entitled to a temporary pension allowance. Philips Lighting will pay that allowance on a monthly basis from January 1, 2015 to December 31, 2021. In 2022, 2023 and 2024 we will pay 75%, 50% and 25% of this amount respectively. We determine the temporary pension allowance once according to the diagram on the next page based on your salary as at December 31, 2014.

If you have been employed for 6 months or more, you are eligible to participate in the Philips Lighting share purchasing plan

Temporary pension allowance per month on a full-time basis

Annual salary		Grade 70	Grades 80/90
		Temporary pension allowance	Temporary pension allowance
≥ € 80,000	≥ € 85,000	€ 60	€ 105
≥ € 85,000	≥ € 90,000	€ 95	€ 145
≥ € 90,000	≥ € 95,000	€ 130	€ 185
≥ € 95,000	≥ € 100,000	€ 165	€ 225
≥ € 100,000	≥ € 105,000	€ 200	€ 265
≥ € 105,000	≥ € 110,000		€ 300
≥ € 110,000	≥ € 115,000		€ 340
≥ € 115,000	≥ € 120,000		€ 380
≥ € 120,000			€ 420

If you were already participating in the Philips flex pension plan on 31 December 2014 and you had an annual salary of less than € 80,000, then you are entitled to a temporary pension allowance once your annual salary exceeds € 80,000. Philips Lighting determines the temporary pension allowance once according to the table on the left and pays it on a monthly basis until December 31, 2018. If you were not yet participating in the Philips flex pension plan on December 31, 2014, but you had an annual salary in excess of € 80,000, then you are immediately entitled to a temporary pension allowance once you participate. Philips Lighting determines that allowance once according to the table on the left and will pay it on a monthly basis until December 31, 2018.

9.3 Payment during disability for work

The arrangement for payment during disability for work can be found in Appendix A. If you continue working after your national pension (AOW) entitlement age, that arrangement will not be applicable, unless you reach that national pension entitlement age (AOW) before the age of 67. This arrangement also does not apply if you have already reached the national pension entitlement age (AOW) when you start working for Philips Lighting.



Shekhar Gupta | IT Business Analyst

10

Your employment opportunities and sustainable employability

Philips Lighting and the trade unions greatly value your sustainable employability. We want you to keep enjoying your work and to remain energetic throughout your career. For that reason, we also consider it important that you are aware of your talents and qualities, and that you make optimum use of them. Keep on developing and investing in yourself. That is of course in your own best interests, but your expertise is also essential for Philips Lighting. The organization is evolving constantly and the developments in the external job market are proceeding at a rapid pace. That requires flexibility and the ability to keep on evolving with your surroundings. To keep you and your colleagues 'in good shape' for the job market and to help you retain a sharp focus on your own development, Philips Lighting provides a wide range of tools, products and services to increase your job security. This includes training, learning packages via e-miles and job application training. These resources will enable you to shape your own future – and that is a key priority for us.

10.1 Employment opportunities

1 Continuity of employment

Philips Lighting considers job retention a high priority. Good employment relations, working conditions and terms of employment are key in making that possible. However, we are not able to offer solid job guarantees.

2 Mass redundancy

While this collective labor agreement remains in effect, Philips Lighting will not implement any mass redundancies of employees who were in Philips Lighting's employment when the collective labor agreement was agreed or who have entered employment while it is in effect. Such measures will only occur if special circumstances make it necessary. If that is the case, Philips Lighting will only make the decision for mass redundancy after in-depth and intense consultations with the trade unions and the Works Council involved. In this consultation, the involved parties will pay particular attention to the circumstances mentioned previously.

3 Alternative employment opportunities

In case of a permanent or temporary reduction or cancellation of work activities, Philips Lighting will try to provide alternative employment opportunities. If this requires secondment, reassignment to another job, or transfer to a different department, location or

affiliate of Philips Lighting, then it is reasonable for you to cooperate. Philips Lighting and the trade unions acknowledge that such cooperation is also key to prevent mass redundancies in special circumstances.

4 External job openings

Philips Lighting will notify UWV WERKbedrijf of all its job openings that need to be filled with external candidates. We will also indicate to what extent young employees or employees with occupational limitations are eligible for these job openings and to what extent part-time work is an option.

5 Workers contracted from outside the company

Philips Lighting only uses contingent workers if the normal procedure to fill job openings is not possible, or is no longer possible within the preferred period or when dealing with temporary work activities. We remain within the boundaries of prevailing statutory regulations. If we need to use contingent workers in a business unit on a larger scale, we will only make that decision after receiving advice from the relevant Works Council.

6 Redundancies

In spite of pursuing continuity of employment, redundancies may still be unavoidable. If Philips Lighting considers it necessary to implement mass redundancies, the provisions in paragraph 2 apply.

10.2 Sustainable employability

1 Joint responsibility

Your performance and that of Philips Lighting – now and in the future – are closely linked. ‘Development’ is an important condition for safeguarding that performance and promoting job security in the short and long term. Philips Lighting, you, and all your colleagues share responsibility in terms of time, effort and costs.

2 Responsibilities of Philips Lighting

Philips Lighting:

- pursues a policy which improves your employability now and in the future;
- is responsible for creating conditions and providing facilities which will enable you to develop yourself on a personal and professional level;
- provides you with the opportunities to develop your knowledge and skills and continue to adapt to technological and other developments. This will increase your chances of continuing to occupy a suitable position in the company and to be eligible for job openings as they become available;
- acknowledges the right to training and will lend you assistance in participating in internal and external training activities. Depending on the reason for the training as well as the nature of the training, you will attend the courses either within working hours or outside them;
- will provide at least 2 training days on an annual basis;
- will engage in a training experiment during the course of this collective labor agreement to meet the training needs of employees who are improving their position on the job market. The Resilience@work

investment fund will free up financial means to that end;

- provides tools, products and services to improve your job security and personal development.

We improve your employability, now and in the future

3 Responsibilities of employees

You:

- are aware of your responsibility for increasing your employability and you are willing to make an effort to make that possible;
- take responsibility for developing in such a way that your employability and your job security will be maintained, now and in the future.

4 Structured feedback

You are entitled to structured feedback with regard to your performance. In order to manage and assess your employability, your manager will have one mid-year conversation and one PPM end-year conversation with you on an annual basis. Your development is part of the mid-year conversation. This interview could be about your short-term or long-term career prospects as well as about increasing your job security in the future. During the conversation you can make agreements about how long you want to remain in your current position, your need for development, the development of your competencies and your personal aspirations regarding development.

5 Functional mobility

Horizontal mobility within your professional field or vertical mobility towards another professional field (= job mobility) is a prerequisite in keeping your employability up to par. That is why a transparent job market within Philips Lighting is vitally important. In principle, we publish all job openings on our career site. We prefer to fill our job openings with people who are already employed at our company. In this situation, we take your future opportunities and personal circumstances into account as much as possible.

6 E-miles

In order to increase the options for your personal development, Philips Lighting will provide you with e-miles during the course of this collective labor agreement, besides Resilience@work. These e-miles entitle you to services such as workshops, tests, coaching and career counseling interviews. All these resources are focused on improving your sustainable employability and will all take place within working hours. We guarantee the professionalism, independence and confidentiality of these services.

10.3 Internal and external job placement and career guidance

1 Importance

Philips Lighting considers job placement and career guidance activities very important because of the continuous changes in the organization. We want to pay as much attention as possible to your mobility and

employability, among others. Counseling activities may be relevant here.

2 External parties

For the purpose of increasing your mobility and employability, Philips Lighting may use external parties to support you in this process. The trade unions may also provide their members with this support – at their own expense.

3 Support

Support for job placement and career guidance may include:

- (re)focusing on your personal options, including by means of career guidance;
- training, retraining and refresher training;
- job application training and support in creating your CV or LinkedIn profile, completing your Talent Card, preparing for job interviews and networking;
- acquiring insight into job opportunities, both internally and externally (job market orientation);
- targeted search for suitable job openings (job hunting).

4 Supervisory committee

In order to promote job placement and career guidance activities, a supervisory committee may be established in the relevant branch or office in case of staff reduction. That committee will consist of representatives of Philips Lighting and the employees.

5 Other positions

If there are no redundancies, both you and Philips Lighting – together with the relevant manager and/or HR department – may still take the initiative to explore options for transferring to other positions.

11

Your working conditions

Philips Lighting would like to keep our employees as healthy as possible. That is why we take great care to provide optimum working conditions. But no matter how much we want you to be fit and able, you can always still get sick or suffer from physical symptoms. Such issues will affect your work performance or may even cause (temporary) occupational disability. That is why we provide plans to prevent your absence or inability to work and to expedite your recovery or return. They are part of the Philips Industrial Care interventions (Philips BedrijfsZorg). In addition, Philips Lighting has a specific focus on your well-being, because your well-being matters. We consider it very important that you have a healthy and safe working environment and that you are always able to discuss maintaining a healthy work/life balance with your manager.

11.1 Working conditions

1 Good and safe

Philips Lighting provides good and safe working conditions. We also want you to be able to use and develop your talents and abilities to the full in your work. That is why we will always enable you to bear your own responsibilities in your position.

Your well-being matters

2 Obligations

- a. Philips Lighting continually monitors working conditions (physical and otherwise), for instance by means of:
 - Risk Inventories and Evaluations (RI&Es) and corresponding health and safety impact plans;
 - adopting targeted measures on behalf of employees;
 - providing information and consulting the Works Councils about health, safety and well-being;
 - informing and instructing you about job hazards, the prevailing safety regulations and the measures that need to be taken during malfunctions and irregularities;
 - providing personal protection equipment to you as needed.

- b. You keep a close eye on your own safety as well as that of your colleagues. For instance, you do so by:
 - keeping up to date on regulations, obeying the safety rules and following the instructions that are given;
 - contributing to the maintenance or improvement of safety at each level of consultation;
 - reporting existing hazards to your manager;
 - using your personal protection equipment.

Philips Lighting provides efficient equipment and organization of the services that provide assistance to you and your colleagues to prevent your absence or inability to work and to expedite your recovery or return. In the Health Guide you will find the Occupational Disability Protocol and we describe various procedures and interventions to prevent absenteeism and to promote return to work after absence.

3 Inappropriate behavior

The Philips Lighting policy on inappropriate behavior in the workplace – discrimination, aggression and violence, bullying and sexual harassment – aims to achieve prevention and a proper complaints handling procedure. That is why we have appointed confidential advisors in consultation with the Central Works Council, have developed a complaints handling procedure on inappropriate behavior and a Complaints Committee.



Olga Bugheanu | Recruiter Netherlands

12 Information and consultation

Philips Lighting puts considerable effort into providing proper information to employees and ensuring careful consultation with the Works Councils. That is in line with an organization which embraces the core value of ‘Stronger together’.

12.1 Works Councils

1 Participation

Each technical or organizational Philips Lighting business unit assigned by Philips Lighting to have the minimum number of employees eligible to vote as indicated in the Works Council Act will have a Works Council as an internal body for consultation and advice.

2 No disadvantage

Philips Lighting will ensure that you do not suffer any disadvantage in your position as a Philips Lighting employee because of your Works Council membership or because of the way you do your work as part of that position.

12.2 Notifications for employees

Notifications for employees which Philips Lighting has collectively announced in the company or business unit, through the use of e.g. a company magazine or notice boards, are deemed hereby to also be given separately and personally to each individual employee.

13

Corporate discipline and rules on the settlement of individual disputes

Philips Lighting trusts you will comply with the obligations in your employment contract. If not, we are allowed to impose disciplinary measures on you. Philips Lighting and you both have to act as good employer and good employee towards each other. Still, a dispute could arise between Philips Lighting and you. Specifically for that purpose, we have created rules on the settlement of individual disputes in consultation with the Central Works Council.

13.1 Disciplinary measures

If you fail to comply with the obligations of your employment contract, Philips Lighting is allowed to impose the following disciplinary measures on you, depending on the seriousness of the issue:

- a. Reprimand;
- b. Suspension without pay for a maximum of 5 working days;
- c. Demotion;
- d. Termination of employment with due observance of the applicable notice period;
- e. Termination of employment without due observance of the applicable notice period.

The last disciplinary measure is only possible in case of termination of employment due to compelling reasons (see article 7:678 of the Dutch Civil Code).

13.2 Rules on the settlement of individual disputes

1 Adoption of rules on the settlement of disputes

Philips Lighting has adopted rules on the settlement of individual disputes in consultation with the Central Works Council, based on rules that both parties have agreed to.

2 Definition of dispute

A dispute is an unresolved difference of opinion between Philips Lighting and you about how Philips Lighting – or someone on behalf of Philips Lighting – takes (or has taken) your interests into account in your work situation. The dispute must be about your terms of employment or your legal status. The rules are not intended for complaints or disputes which are covered by a specific procedure. This could include the Complaints Procedure for Undesirable Behavior or the GBP procedure for complaints within the scope of the General Business Principles.

3 Court

The introduction of the rules on the settlement of individual disputes does not remove your options to go to court.

4 Handling disputes

Philips Lighting informs the Central Works Council within the framework of Article 31b of the Works Councils Act at least once a year in writing about the handling of disputes at Philips Lighting.



Felipe Penagos | FP&A Analyst

14

Regulations regarding trade unions

Philips Lighting and the trade unions have jointly developed this collective labor agreement. Both parties aim to observe and enforce this collective labor agreement in close consultation. They meet regularly throughout the year to discuss e.g. employment conditions in centralized consultations and local meetings. They also make agreements about trade union activities by the trade unions and individual Philips Lighting employees.

14.1 Obligations of the trade unions

The trade unions encourage their members to observe the provisions of this collective labor agreement.

14.2 Mutual obligations

1 Observe and enforce

Philips Lighting and the trade unions will observe and enforce this collective labor agreement.

2 Terms of employment

During the course of this collective labor agreement, neither party will undertake any action among employees to change the terms of employment in this collective labor agreement.

3 Exceptional circumstances

If one of the 2 parties deems that a change of the collective labor agreement is necessary while it is in effect, due to exceptional circumstances, said party will notify the other party in writing. Philips Lighting will then enter negotiations about this matter in mutual cooperation and confidence.

14.3 Industrial peace, strikes and exclusion

1 Uninterrupted operations

The trade unions will promote uninterrupted operations at Philips Lighting as much as possible and will try to prevent disturbances of industrial peace. They will not organize any strikes during the course of this collective labor agreement.

2 Merger or reorganization

Paragraph 1 is not applicable if Philips Lighting has decided or is considering:

- forming a merger;
- closing a business unit or drastically reorganizing staffing when the trade unions have serious objections to such measures from the perspective of the employees' best interests. The trade unions will only organize a strike after consultation with Philips Lighting.

3 Exclusion

It is only possible for Philips Lighting to use exclusion – forbidding employees to do their agreed work – as a countermeasure in case of a strike after consultation with the trade unions .

4 Continued operations

In case of a strike or industrial conflict, the trade unions will try to ensure that operations which are necessary for maintaining materials and installations can continue.

14.4 Disputes between Philips Lighting and trade unions

1 Handling disputes

Philips Lighting and the trade unions will handle their mutual disputes in close consultation as far as possible.

2 Court cases

If Philips Lighting and the trade unions are unable to come to an agreement within 2 months of written notification of the dispute, they have the option of taking the dispute to court.

3 Interim proceedings

In addition, both parties can always ask the court for a preliminary ruling in interim proceedings.

14.5 Trade union leave

If operations permit and at your trade union's request, Philips Lighting will allow you to take paid leave to participate:

- a. in education and training sessions of your trade union;
- b. as a representative at official meetings of the bodies mentioned in the articles of association of your trade union or similar bodies;
- c. in consultations with paid officials of the trade unions under the supervision of Philips Lighting. One (executive) trade union member can participate per trade union. Philips Lighting will give these paid

officials the opportunity to meet with their relevant (executive) members for consultation 1 hour before and after this meeting.

The provisions under a. and b. can be found in the 'Trade Union Leave Regulations'.

14.6 Trade union activities at Philips Lighting

Philips Lighting wants to facilitate contact between the trade unions and their members, as well as among the members. In addition, we provide trade unions with the opportunity to support chosen members of the Works Council in their activities. That is why we cooperate with the trade unions in the following ways:

1 Chairperson of the corporate members group

If you are the chairperson of the corporate members group or if you are a board member of the corporate members group appointed by the chairperson, then, in due observance of the prevailing guidelines, you are allowed to:

- a. have contact with members of your trade union outside working hours. If both parties agree there are exceptional circumstances, you are also allowed to do so during working hours;
- b. have contact with paid officials of your trade union during working hours when this is not possible outside working hours in the short term;
- c. have contact with members of the Works Council outside working hours.

2 Trade unions

Philips Lighting will, with due observance of the prevailing guidelines:

- a. provide the trade unions with the opportunity to make use of the notice boards provided by Philips Lighting under their own responsibility. Their notifications may only relate to Philips Lighting or the operation of the trade unions. They should not be about individual people;
- b. provide the trade unions with the opportunity to announce trade union meetings on the notice boards in the companies, provided that the notice boards mentioned in a. are not available. If the content of these notifications goes beyond mentioning the time, location and subject of the meetings, the consent of Philips Lighting will be required for those notifications;
- c. send copies of general company notifications to employees;
- d. send documents to its members which Philips Lighting has sent for the meeting of the Works Councils. They will also receive the agendas and reports of the Works Council meetings, insofar as the Works Councils agree to that. The trade unions are only allowed to publish excerpts from these internal documents with the consent of Philips Lighting;
- e. provide the trade unions with the opportunity to hold informal meetings with company officials appointed by Philips Lighting.

3 Shift workers

If you are a shift worker and you are a member of the corporate members group of your trade union, you can participate in a trade union meeting with full pay, if Philips Lighting considers it possible within the constraints of work.

4 Executive members

- a. An executive member is a member of the board of the corporate members groups, a member of the board of a section or an employee member of the collective labor agreement negotiation delegation. However, your trade union must register you as an executive member with Philips Lighting.
- b. Philips Lighting will ensure that, as an executive member, you do not suffer any disadvantage in your position as a Philips Lighting employee because of the way you do your work as a trade union representative.
- c. Termination can only take place for reasons unrelated to the fact that you are an executive member.
- d. You can mention your work as an executive member as a competence on your CV and e-portfolio.

5 Keeping membership lists up-to-date

Once a year at the request of the trade unions, Philips Lighting cooperates in keeping their membership lists up-to-date.

14.7 Payment to trade unions

Philips Lighting pays the trade unions a sum of money according to the 'Arrangement for payment to trade unions'.

14.8 Consultations about employment opportunities

1 General state of affairs

In the centralized consultation, Philips Lighting informs the trade unions about the general state of affairs of the company at least twice a year. We pay particular attention to developments regarding the economic situation, investments and employment opportunities, such as the position of women, age-aware personnel policy, improving entrepreneurship, the employment scheme (Startup@Lighting) and training.

2 Social consequences

If Philips Lighting is considering:

- a. making investments which will lead to significant reduction, expansion or change in the activities of a business unit,
- b. closing a business unit or drastically changing staffing,
- c. implementing a merger as referred to in the 'Merger Code 2000 of the Social and Economic Council (SER)', then Philips Lighting will include the social consequences in its decision-making process.

3 Notification of the parties involved

Regarding the social consequences mentioned in paragraph 2, Philips Lighting will inform the trade unions, the relevant Works Councils and the employees as soon as possible about the intended measures.

4 Discussion of intended measures

Further to paragraph 3, Philips Lighting will discuss the intended measures and any consequences for (a number of) employees with the trade unions and the relevant Works Council(s).



Riekie Weegels | Process Operator

5 Financial schemes

The financial schemes in the social plan will be covered by Philips Lighting, insofar as there are no statutory regulations stating otherwise.

14.9 Government measures

If the government introduces legal measures which touch upon the agreements between Philips Lighting and the trade unions, such as on wages, social insurance laws or working time, then those relevant provisions from this collective labor agreement will end on the date on which those legal measures enter into force. Both parties will then meet in consultation as soon as possible and jointly decide which provisions will apply from then on. If necessary, they will arrange for temporary measures until such time as they agree on the new provisions.

14.10 Local consultations

In addition to the centralized consultations (see Article 14.8, paragraph 1), regular consultations also take place in business units at the initiative of the relevant management or the trade unions. In these consultations, both parties can discuss e.g. the following subjects:

- The general state of affairs:
Turnover and financial results of the relevant business unit, as well as exceptional projects or activities;

- Employment opportunities:
Expected developments in the nature and scope of local employment opportunities, measures in the field of sustainable employability and vitality that have been taken or are expected to be taken;
- Flexibility:
Tangible effects of flexibility models, such as types of flexible contracts, temps, flexible work schedules, part-time work or working on Saturdays;
- Employment plan:
Local activities in the employment scheme (Startup@Lighting), such as attention to special categories on the job market and training activities for participants;
- Position of women:
Attention to women in recruitment and selection, career and education, including topics such as parental leave and childcare;
- Education and training:
Training-related endeavors in the relevant business unit, total participation in training, participation based on job level, age and type of training;
- Career policy:
Implementation of the career policy within the relevant business unit, depending on the nature of the activities, staff composition, educational level, etcetera;
- Salary and allocation policy:
Implementation of the assessment policy, salary and allocation policy, statistics of the salary policy (including collective guarantees) at plant and company level.

As agreed in Eindhoven on April 13, 2017.

On behalf of Philips Lighting B.V. and Modular Lighting Nederland B.V.

General manager
F. van der Vloed

HR Business Partner Benelux
P. Keijsers

On behalf of the trade unions

FNV
Director
R.R.J.B. Peters

VHP2
Managing director/director
J. Sauer

CNV Vakmensen.nl
Chairperson
P. Fortuin

Director
A.J. Huizinga

De Unie
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R. Castelein

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Appendices

Appendix A

Payment during disability for work

1 Payment of salary during the first 104 weeks of disability for work

- a. By way of derogation from what is stated in Section 7:629 sub 1 of the Dutch Civil Code about the level of your remuneration during disability for work, Philips Lighting will pay the following in the event of disability for work:
 1. in the first 6 months: 100% of your salary;
 2. after the first 6 months: 90% of your salary.
- b. If you are engaged in suitable work activities for at least 75% of your working time after the first 6 months of your disability for work, Philips Lighting will pay 95% of your salary.
- c. Over the period in which you are entitled during the second 6 months of your disability for work to a benefit according to Chapter 6 of the Work and Income (Capacity for Work) Act (WIA) – the Income Provision Scheme for the Fully Occupationally Disabled – Philips Lighting will pay 100% of your salary.
- d. If the company doctor determines that you are not disable for work and you request an expert assessment from UWV, then both you and Philips Lighting will abide by the assessment of UWV.
- e. In the context of this article, Philips Lighting will add up all periods of disability for work if they are consecutive with a hiatus of less than 4 weeks.

- f. If UWV requires Philips Lighting to also continue to pay your salary after the first 104 weeks, Philips Lighting will pay 90% of your salary.
- g. You are obligated to cooperate with a medical examination by a company doctor assigned by Philips Lighting and to follow their directions. You are also obligated to comply with the prevailing code of conduct during your disability for work.
- h. If you do not cooperate with a medical examination, if you do not comply with the prevailing code of conduct and/or you do not follow the directions of the company doctor, then you are no longer entitled to supplementation of the statutory right to payment of salary during disability for work.

2 Payment after 104 weeks of disability for work

- a. If you are fully occupationally disabled as defined in the Work and Income (Capacity for Work) Act (WIA), Philips Lighting will supplement your statutory benefits up to 90% of your salary for a maximum of 1 year. This will only happen if and insofar as you authorize Philips Lighting to receive the benefits in accordance with the incapacity insurance legislation. If your employment is terminated at the start of that year or during that year, Philips Lighting will pay you the

supplementation to the statutory benefits of the remaining period of that year in a lump sum upon termination.

- b. If you are entitled to salary-related benefits or a wage supplement based on Chapter 7 of the WIA (the Return to Work Scheme for the Partially Disabled, known as the WGA scheme) and if you are engaged in suitable work, then you will receive supplementation to those WGA benefits if and insofar as you have authorized Philips Lighting to receive those benefits.

The income you earn with suitable work, together with WGA benefits and the supplementation Philips Lighting pays, amounts to:

- $80\% \times (A - B) + B$, during the salary-related benefits and during the wage supplement, if you make use of at least your remaining earning capacity;
- $80\% \times (A - C) + B$, during the wage supplement period, if you make use of at least 50% of your remaining earning capacity.

In this, A represents your income, B represents the income you earn by doing suitable work, and C represents the remaining earning capacity which UWV determines.

- c. If you are not entitled to WIA benefits because your disability for work is 35% or less, and if you are engaged in suitable work, Philips Lighting will supplement your reduced income.

That supplementation will be as follows in your year of illness:

- 3 $80\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 4 $70\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 5 $60\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 6 $50\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 7 $40\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 8 $30\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 9 $20\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 10 $10\% \times (90\% \text{ of your income - the remaining earning capacity});$
- 11 $0\% \times (90\% \text{ of your income - the remaining earning capacity}).$

Appendix B

Explanation of the method of calculating the monthly salary for shift work and shift work allowance

(corresponding to Article 7.5)

- Philips Lighting establishes the monthly salary of a shift worker by multiplying the monthly salary by the basic percentage according to Article 5.1.

- We calculate the basic percentage as follows:

$$\frac{\text{the number of hours that you actually worked in a cycle}}{\text{cycle} \times 40^*}$$

- Philips Lighting will identify the shift work allowance by dividing the inconvenience of the working time and break time in a cycle, as determined by the inconvenience schedule from Article 7.5 paragraph 3, by the number of hours that you actually worked in a cycle. Then we multiply the result by the basic percentage.

* The calculations for non-stop work rosters (4/5 and 5-shift roster) and derived rosters will take place based on 38 hours per week.

- The formula for the calculation of the shift work allowance will be:

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

- A sample calculation of the monthly salary for shift work and the shift work allowance can be found in the brochure entitled 'Regulations for the remuneration of shift workers'.

** In calculating the monthly salary of a 4-shift worker, Philips Lighting will assume 150 workable hours in a cycle; in calculating the shift allowance, we assume 157.5 hours in a cycle.

Appendix C

Salary cutback regulations for shift workers

1 Scope and duration

- If you leave shift work and switch to another work schedule with a reduced monthly income, you are eligible for the salary cutback regulations.
- The amount to be reduced is equal to the difference between your old monthly income including shift work allowance and your new monthly income including any allowances (such as shift work allowance).
- Philips Lighting will derive the duration of your salary cutback from the number of full and uninterrupted years of shift work. Each full year of shift work entitles you to 1 month of gradual reduction. If you are aged 45 or older, then each full year of shift work entitles you to 2 months of gradual reduction.
- In the first half of the salary cutback scheme, you will receive 75% of the amount to be reduced; in the second half, you will receive 25%. If you leave shift work voluntarily and you are younger than 55 years old, you will receive half of these percentages: 37.5% in the first half and 12.5% in the second half.
- If you are aged 55 or older and you have at least 10, but fewer than 20 full and uninterrupted years of shift work, you will receive at least 25% of the

amount to be reduced, with due observance of the salary cutback scheme, up until the date of your retirement. If you have at least 20, but fewer than 30 full and uninterrupted years of shift work, you will receive at least 50%. If you have at least 30 full and uninterrupted years of shift work, you will receive 75%.

2 Medical grounds

- If you leave shift work for medical reasons and UWV grants you benefits based on the Work and Income (Capacity for Work) Act (WIA), you are eligible for the provisions in Appendix A. You are also eligible for the salary cutback regulations, if this does not lead to a reduction in your disability for work percentage.
- If you leave shift work for medical reasons and you have been transferred to the day shift without limitations, then, upon the cancellation of your WIA benefits, you are eligible for the salary cutback regulations if and insofar as it has not already been granted for another reason. The cutback will still take place up to the monthly income based on the provisions in Appendix A.

Appendix D

Corporate social responsibility

3 Eligible for monthly income based on full-time day shift work schedule

- If you leave shift work involuntarily and you had a monthly income at least equivalent to that of a similar full-time day shift worker, you are eligible to a work schedule structured in such a way that your monthly income will be equivalent to that of a similar employee working in a full-time day shift work schedule.
- If you are a shift worker aged 55 or older and you leave shift work voluntarily, this provision also applies.

4 Discontinuation of salary cutback regulations

- The payment according to the salary cutback regulations will be discontinued if you transfer to a work schedule (or shift work schedule) which entitles you to a monthly income including an allowance (and/or shift work allowance) that is at least equal to your previous monthly income including allowance (and/or shift work allowance).
- The salary cutback regulations will be discontinued once your employment ends. If you start working for Philips Lighting again, the previous shift work years will not count towards the gradual income salary cutback regulations.

5 Increasing the gradual income reduction amount

Philips Lighting will also apply the collective salary increases to the cutback amount.

6 Accrued rights for shift work allowance guarantee regulations

If you have accrued rights based on the shift work allowance guarantee regulations which was applicable up until January 1, 1989, the following scheme applies to you:

- a. Philips Lighting will guarantee all payments based on the current shift work allowance guarantee regulations at the level which you have reached on the day prior to the implementation of the new shift work structure;
- b. In the implementation of the new shift work remuneration regulations, all shift work years that you worked prior to the implementation of the new shift work structure will count, insofar as the shift work allowance guarantee regulations prevailing at that time has not already been applied.

7 Gradual reduction of shift work allowance

If you were covered by the shift work allowance guarantee regulations from before January 1, 1989 and you start working shifts again, and you then leave shift work again, Philips Lighting will gradually reduce your shift work allowance to the guaranteed level you had reached on the basis of the guarantee regulations that applied before January 1, 1989.

1 Resilience@work

On December 22, 2014 Philips Lighting and the trade unions reached an agreement about the 'Central Social Plan 2014-2018'. In this plan, both parties reached agreements about an innovative approach to the improvement of your job market position. For the duration of this plan, an investment fund has been established. Between 2016 and the end of 2018, Philips Lighting has reserved an amount of € 2.2 million. With the 'Resilience@work' program, we aim to increase your job security, both within the company and beyond, by ensuring that you:

- obtain and retain insight into your job market position;
- know which products and services you can use;
- have taken tangible steps to remain up to the changing requirements demanded by your position and your surroundings, as well as reinforcing your job market position within the company and beyond.

From the perspective of joint responsibility, as well as in view of the developments and experience at Philips as well as on the external labor market, Philips Lighting and the trade unions believe that additional investment is needed to improve your job security as well as to achieve the desired working environment. Changes take place rapidly and require a flexible, resilient and proactive way of thinking. In each calendar year, we choose a number of key issues that contribute to the objective of the fund. This is done by means of projects, research and the provision of adequate facilities.

2 'Startup@Lighting' employment scheme

Philips Lighting will continue the employment scheme under the name 'Startup@Lighting' during the term of this collective labor agreement. We aim to have a maximum of 1.5% of staffing at the level of work experience positions. That requires good support to increase the market value of the participants. In addition to a work experience position, they will have maximum opportunities to take part in training activities. In addition, a career coach will assist them in finding a regular job. They can also participate in various workshops which will increase their chances of finding work. We take an active approach to counseling the participants in their search for work.

In the implementation of the employment scheme, Philips Lighting will be aligned as closely as possible with the groups in society that are part of 'hard-core' unemployment. We emphatically take into account the target group criteria according to the Participation Act, which needs to ensure that more people with an illness or handicap will be able to find a job. In the employment scheme, we pay particular attention to:

- tackling youth unemployment;
- attaining professional qualifications at vocational levels 3 and 4 (mbo-3/mbo-4) through the use of work/study programs (BBL);
- creating work experience positions through job creation, in which particular attention is paid to people with physical or other limitations.

Appendix E

Agreements between parties to the collective labor agreement

As part of the employment scheme, Philips Lighting provides a contribution to the objective similar to projects of other companies. We do that by providing knowledge, experience, resources and support in implementation. The trade unions can nominate projects for this.

Philips Lighting will inform the trade unions twice a year about the progress of the employment scheme. In addition, both parties meet in consultation about activities which will, in part in view of relevant social developments, strengthen the position of groups of employees who are in need of that.

3 Corporate social responsibility

In principle, Philips Lighting has a positive attitude with regard to employees participating in activities in society for people from a disadvantaged background. We would also like to help think about that in a constructive way.

1 Informal caregivers

During the term of this collective labor agreement, Philips Lighting and the trade unions will conduct a survey among employees on needs in the field of informal caregiving and their implementation.

2 Career twists

A project group with members of Philips Lighting, the trade unions and the Central Works Council will continue exploring the subject of career twists in all its aspects.



Ronald Maandonks | Head of Public - Private Partnerships

Appendix F

Salary scales

Monthly salary up to job grades 45 as of May 1, 2017
(including the collective scale adjustment of 0.75% as of May 1, 2017)

Scale position	10	15	20	25	27	30	35	37	40	45
115	2.294	2.324	2.415	2.546	2.690	2.839	3.154	3.378	3.692	4.175
110	2.195	2.223	2.310	2.435	2.573	2.716	3.017	3.231	3.531	3.993
105	2.095	2.122	2.205	2.325	2.456	2.592	2.880	3.084	3.371	3.812
Reference salary = 100	1.995	2.021	2.100	2.214	2.339	2.469	2.743	2.937	3.210	3.630
95	1.895	1.920	1.995	2.103	2.222	2.346	2.606	2.790	3.050	3.449
90	1.796	1.819	1.890	1.993	2.105	2.222	2.469	2.643	2.889	3.267
85	1.696	1.718	1.785	1.882	1.988	2.099	2.332	2.496	2.729	3.086
80	1.596	1.617	1.680	1.771	1.871	1.975	2.194	2.350	2.568	2.904
75	1.496	1.516	1.575	1.661	1.754	1.852	2.057	2.203	2.408	2.723
70	1.397	1.415	1.470	1.550	1.637	1.728	1.920	2.056	2.247	2.541
65	1.297	1.314	1.365	1.439	1.520	1.605	1.783	1.909	2.087	2.360
60	1.197	1.213	1.260	1.328	1.403	1.481	1.646	1.762	1.926	2.178

Monthly salary for job grades 50 and above as of May 1, 2017
(including the collective scale adjustment of 0.75% as of May 1, 2017)

Scale position	50	60	70	80	90
130	5.195	6.521	8.314	9.887	11.868
125	4.995	6.270	7.994	9.506	11.411
120	4.795	6.019	7.674	9.126	10.955
115	4.595	5.768	7.354	8.746	10.498
110	4.396	5.518	7.035	8.366	10.042
105	4.196	5.267	6.715	7.985	9.585
Reference salary = 100	3.996	5.016	6.395	7.605	9.129
95	3.796	4.765	6.075	7.225	8.673
90	3.596	4.514	5.756	6.845	8.216
85	3.397	4.264	5.436	6.464	7.760
80	3.197	4.013	5.116	6.084	7.303
75	2.997	3.762	4.796	5.704	6.847
70	2.797	3.511	4.477	5.324	6.390
65	2.597	3.260	4.157	4.943	5.934
60	2.398	3.010	3.837	4.563	5.477
70	2.797	3.511	4.477	5.324	6.390
65	2.597	3.260	4.157	4.943	5.934
60	2.398	3.010	3.837	4.563	5.477

Monthly salary up to job grades 45 as of September 1, 2017

(including the collective scale adjustment of 1.25% as of September 1, 2017)

Scale position	10	15	20	25	27	30	35	37	40	45
115	2.323	2.354	2.446	2.578	2.724	2.875	3.195	3.420	3.739	4.227
110	2.222	2.252	2.340	2.466	2.606	2.750	3.056	3.271	3.576	4.044
105	2.121	2.149	2.233	2.354	2.487	2.625	2.917	3.123	3.414	3.860
Reference salary = 100	2.020	2.047	2.127	2.242	2.369	2.500	2.778	2.974	3.251	3.676
95	1.919	1.945	2.021	2.130	2.251	2.375	2.639	2.825	3.088	3.492
90	1.818	1.842	1.914	2.018	2.132	2.250	2.500	2.677	2.926	3.308
85	1.717	1.740	1.808	1.906	2.014	2.125	2.361	2.528	2.763	3.125
80	1.616	1.638	1.702	1.794	1.895	2.000	2.222	2.379	2.601	2.941
75	1.515	1.535	1.595	1.682	1.777	1.875	2.084	2.231	2.438	2.757
70	1.414	1.433	1.489	1.569	1.658	1.750	1.945	2.082	2.276	2.573
65	1.313	1.331	1.383	1.457	1.540	1.625	1.806	1.933	2.113	2.389
60	1.212	1.228	1.276	1.345	1.421	1.500	1.667	1.784	1.951	2.206

Monthly salary for job grades 50 and above as of September 1, 2017

(including the collective scale adjustment of 1.25% as of September 1, 2017)

Scale position	50	60	70	80	90
130	5.260	6.603	8.418	10.011	12.017
125	5.058	6.349	8.094	9.626	11.555
120	4.855	6.095	7.770	9.241	11.093
115	4.653	5.841	7.446	8.856	10.631
110	4.451	5.587	7.123	8.471	10.168
105	4.248	5.333	6.799	8.086	9.706
Reference salary = 100	4.046	5.079	6.475	7.701	9.244
95	3.844	4.825	6.151	7.316	8.782
90	3.641	4.571	5.828	6.931	8.320
85	3.439	4.317	5.504	6.546	7.857
80	3.237	4.063	5.180	6.161	7.395
75	3.035	3.809	4.856	5.776	6.933
70	2.832	3.555	4.533	5.391	6.471
65	2.630	3.301	4.209	5.006	6.009
60	2.428	3.047	3.885	4.621	5.546

Appendix G

Unemployment act – result of the social agreement

The Work and Security Act limits the statutory duration and accrual of Unemployment Act (WW) benefits with a first day of unemployment on or after January 1, 2016. In the Social Agreement of April 11, 2013, the government and the social partners indicated that they wanted to repair the limitation and accrual of WW unemployment benefits in the statutory public component with private complementary insurance at a collective labor agreement level. The guiding principle is that the private complementary agreements and the publicly funded WW benefits – as in effect from January 1, 2016 – together maintain the accrual and duration of WW unemployment benefits.

With private supplementary WW insurance, you can accrue – in addition to the statutory rights from January 1, 2016 – half a month of extra WW benefits entitlement per year of employment starting from your 11th up until your 38th year of employment. In addition, the reduced statutory duration will be restored if you have already accrued more than 24 months of WW benefits entitlement. The complete joint maximum duration of the accrued statutory and extra-statutory WW benefits amounts to 38 months (of which 24 months statutory), depending on the number of years that count towards your total years of employment.

Philips Lighting and the trade unions will take out private supplementary WW benefits insurance under the following conditions:

1. The implementation is with UWV or another party in the chain of work and income, such as the Social Insurance Bank (SVB) or a national implementation organization that operates a uniform scheme;
2. Via a payable premium, you and your colleagues fund the extra-statutory agreement on the accrual of WW benefits and the salary-related Resumption of Work for Partially Disabled Persons scheme (WGA scheme). This applies to the costs of both implementation and benefits. The basis for the premium and benefits is the (maximum) daily wage for employee insurance schemes, such as those applicable to the publicly funded WW benefits.
3. You are obligated to participate in this insurance. Premiums will be paid by withholding the relevant amount from your payroll.
4. Employment years are only accrued for the purposes of this insurance before the time period from January 1, 2016 in which you are employed by Philips Lighting, covered by the scope of application of the collective labor agreement, and only if you have paid premiums for that time period.
5. The duration of this agreement is 12 months longer than the duration of this collective labor agreement.

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

