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Proposal letter on Collective Labor Agreement negotiations

An appropriate and widely supported collective labor agreement for ASML employees

Date: 22/09/2021

Intended for: ASML negotiating delegation

Drawn up by: Sjerp Holterman, representative of Trade Union De Unie



Culemborg, 22 September 2020,

Dear Mr Konings,

Herewith I present you the letter of proposal from trade union De Unie for the forthcoming negotiations on a Collective Labor Agreement for ASML. Last year, ASML announced to trade unions that it wanted to work towards its own Collective Labor Agreement, independently of the Metalektro Collective Labor Agreement that currently applies to ASML. To this end, ASML submitted a dispensation request at the beginning of 2020. De Unie supports ASML's specific plan to arrive at a more appropriate labor conditions package for its employees by means of its own Collective Labor Agreement. In order to establish a good dialogue on our own ASML collective labor agreement, De Unie, in cooperation with ASML, commissioned research bureau MWM2-Innervoice to conduct a DigiC study. The DigiC study consisted of 11 live panel discussions in which 110 employees answered the question *'what are the wishes and needs of employees and what would they like to see reflected in a renewed labor conditions package?'*. In addition, 7,135 employees (56%) responded to an online survey based on the aforementioned 11 panel discussions. Since De Unie wants to be the collective bargaining partner on behalf of all employees and not just trade union members, the results of this study are leading in the collective bargaining dialogue with ASML.

During the direction meeting on 23 September, the parties expressed their ambitions with regard to the timetable and working method for negotiations. De Unie would like to reach an agreement with ASML in a timely manner in order to lay the foundations for the first company-wide collective labor agreement of and for the employees of ASML. The proposals in De Unie's letter of proposal are based on the results of the DigiC study. We would be pleased to discuss the wishes of ASML and the insights gained from the study with ASML.

On July 14th, 2021, De Unie, together with the other trade unions, concluded an agreement in principle with FME for a new Metalektro collective labor agreement. On September 13th, the social partners formally approved this collective labor agreement on the basis of their constituency consultations. The social partners are working on the elaboration of agreements arising from this collective labor agreement. This collective labor agreement also applies to ASML. The exploratory talks in recent months confirm that a company collective labor agreement is more appropriate for ASML employees. To this end, De Unie already submitted a collective labor agreement proposal letter in October 2020. In this amended proposal letter we have included subjects that give rise to a more suitable collective agreement.

General principles

1. For the new ASML Collective Labor Agreement, we are working on the basis of a total package that is at least equivalent to the current package.
2. Salary increase and term depending on the agreements to be made.
3. Employees remain in control of their terms of employment. Also in the future applying the DigiC methodology.

Proposals per theme

Below, the proposals for each topic are formulated based on the insights from the DigiC research. The choice these themes on which proposals are based is based on the prioritization indicated by ASML employees in the DigiC survey.

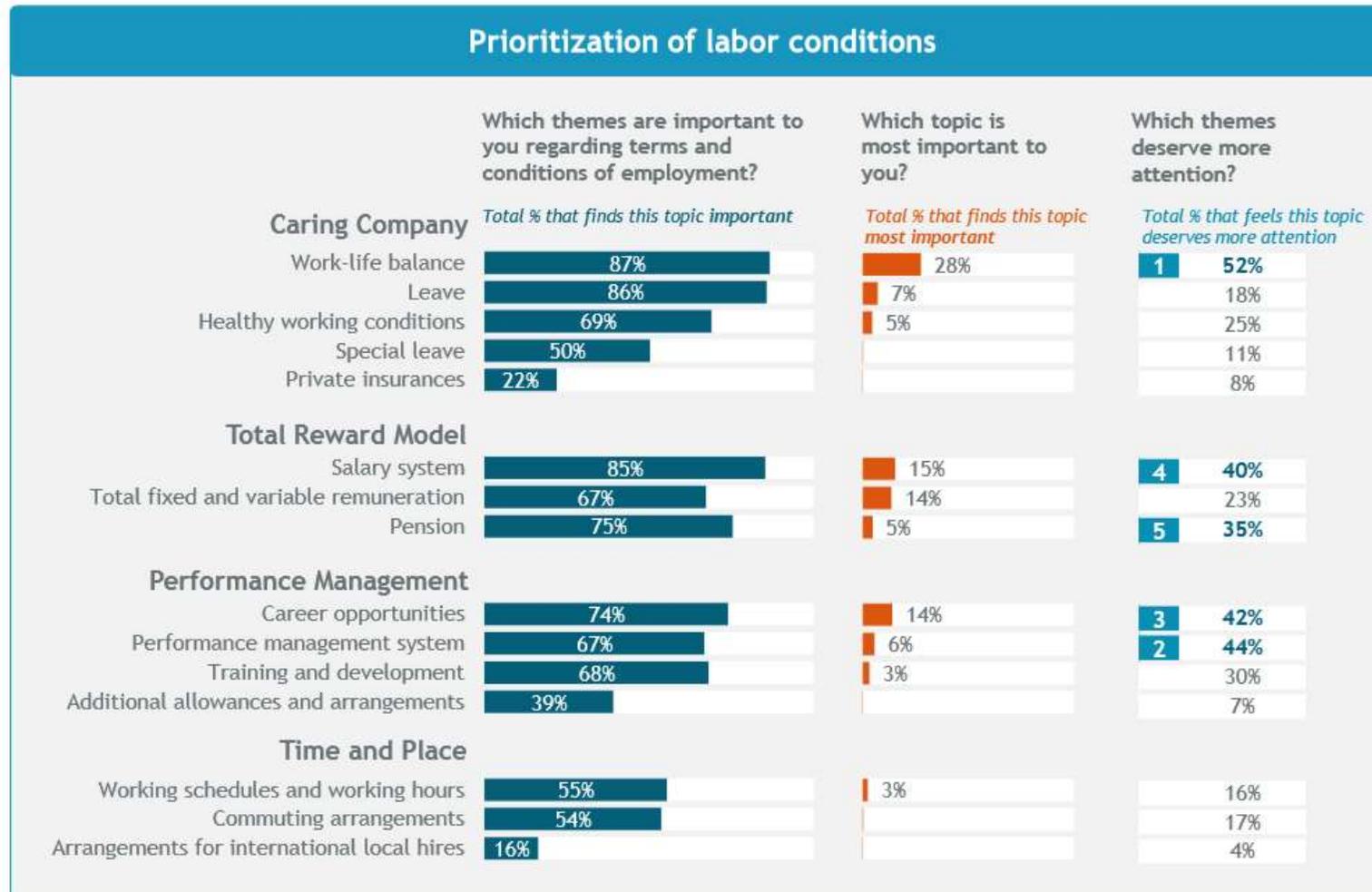


Figure 1: Prioritization of working conditions, DigiC report - Labor conditions at ASML - Survey among ASML employees page 16

The study covers 4 main themes with regard to the labor conditions, namely: Caring Company, Total Reward Model, Performance Management and Time and Place. Within these main themes, employees were able to prioritise specific subthemes according to their importance and the extent to which the theme needs attention.

The study shows that employees consider the following themes most important (in order of priority):

- 1) Balance between work and private life (part of Caring Company)
- 2) Salary system (part of Total Reward Model)
- 3) Total fixed and variable remuneration (part of Total Reward Model)
- 4) Career opportunities (part of Performance Management)
- 5) Leave (part of Caring Company)

In addition, the study shows that the following themes require the most attention according to the employees:

- 1) Balance between work and private life (part of Caring company)
- 2) Appraisal System (part of Performance Management)
- 3) Career opportunities (part of Performance Management)
- 4) Salary system (part of Total Reward Model)
- 5) Pension (part of Total Reward Model)

Priority of the themes

Proposals based on the priorities of the employees will be the first to be addressed, followed by a number of other proposals.

Theme	Insight	Proposal
Caring company - Balance between work and private life	Both Dutch (78%) and non-Dutch employees (79%) have a strong preference for retaining shorter working days as standard ¹ .	Rather than the current scheme, which by default pays out 9 of the 13 days that are part of the reduction of working hours, we propose to keep these days available as leave days by default with the option of having them paid out.
	Younger employees in particular would like to be able to choose between national and international holidays (<30: 28% and 31-40: 23%). 40% of non-Dutch employees would like to be able to choose their holidays ² .	We would like to discuss the option of increasing flexibility on how holidays are taken with ASML.
Caring company - Leave	Employees are least satisfied with the arrangements for paternity leave at ASML ³ (only) 43% of non-EU employees are satisfied with the existing special leave ⁴	Therefore, we would like to modernise the special leave scheme. We also propose supplementing the additional paternal leave to 100% of the original salary (rather than the current maximum, which is: 70% of the max daily wage).

¹ DigiC report - Labor conditions at ASML - Survey among ASML employees page 40

² DigiC report - Labor conditions at ASML - Survey among ASML employees page 40

³ DigiC report - Labor conditions at ASML - Survey among ASML employees page 39

⁴ DigiC report - Labor conditions at ASML - Survey among ASML employees page 39

	<p>67% of non-Dutch employees prefer a smaller jubilee gift/benefit after every 5 years of employment. Younger employees also prefer a smaller jubilee gift/benefit after every 5 years of employment (<30: 60% and 31-40: 54%).</p> <p>73% of the employees consider it (very) illogical that a day off of is granted only if an employment anniversary falls on a working day.⁵</p> <p>25% of the respondents have been with ASML for more than 10 years and only 2% for more than 25 years.</p> <p>There is also a clear preference for a different system that pays out earlier and that does not require the day off to coincide with the anniversary.</p>	<p>We would like to propose to adjust the anniversary benefit in accordance with the above insight.</p>
<p>Total Reward Model - Salary system</p>	<p>47% of ASML employees perceive a salary ceiling; The manager's impact on the height of remuneration should increase according to 31% of the employees⁶</p>	<p>We would gladly enter into discussions with ASML in order to come to agreements on these insights.</p>
<p>Total Reward Model - Total fixed and variable remuneration</p>	<p>There is a high level satisfaction with the ratio between fixed remuneration and profit-sharing among Dutch employees, particularly in the scales 1-9 (shift work and day shifts respectively: 84% and 90%). For scales 10 and 11 this percentage is 72%, since the variable income is linked to the combination between individual performance and the result of ASML⁷</p>	<p>We therefore propose not to make any changes to this ratio and the underlying system in this Collective Labor Agreement.</p>

⁵ DigiC report - Labor conditions at ASML - Survey among ASML employees page 41

⁶ DigiC report - Labor conditions at ASML - Survey among ASML employees page 49

⁷ DigiC report - Labor conditions at ASML - Survey among ASML employees page 47

Total Reward Model - Pension	Employees indicate that the pension provision is a point of concern.	We would like to come to appropriate agreements in order to improve the pension provision.
Performance Management - Career opportunities	40% of employees indicate that it is unclear how they can progress to the next salary scale; 48% of the employees indicate that the criteria for eligibility for promotion are unclear ⁸	We would like to come to agreements with ASML about both increasing insight and opportunities for growth within the organisation and the way in which performance management is implemented. In line with the needs of employees with regard to personal coaching, career guidance and training opportunities ⁹ , we would like to make arrangements on how ASML can (better) facilitate employees in this respect.
Performance management - System	ASML employees trust that they will be objectively evaluated by their manager. One-third of ASML employees, however, say they are (very) dissatisfied with the appraisal system. These employees consider tools such as continuous dialogue (72%) and 360-degree feedback (58%) to be examples of how ASML could improve the appraisal system.	We would gladly enter into discussions with ASML in order to come to agreements on these insights.

⁸ DigiC report – Labor conditions at ASML - Survey among ASML employees page 55

⁹ DigiC report - Labor conditions at ASML - Survey among ASML employees page 41

Other themes

In addition to the topics that are considered priority, the following are a number of topics that we believe require further attention. We will present proposals on all main topics.

Theme	Insight	Proposal
Total Reward Model – <i>Flexible exchange of working conditions</i>	43% of the employees need more flexibility in exchanging working conditions ¹⁰ . Saving up for a sabbatical is considered the main target (38%) ¹¹ . Later on in the survey, the majority (57%) of employees indicate that they would prefer to arrange part or all of their working conditions themselves ¹² .	Even though the exchange of working conditions is not the highest priority, a large group of ASML employees expresses a need for this and 57% even prefer a package that they can partly or completely put together themselves. A sabbatical is a typical subject that fits into a better work-life balance. In view of the priority that ASML employees give to a good work-life balance, this seems to be an excellent subject for ASML to tackle together with the other 2 top priorities (Pension accrual on variable pay and Sports facility on campus).
<u>Time and place – Schedules and working hours</u>	The majority of ASML employees prefer the current way of keeping track of their working hours (88% of shift workers / 82% of day shift workers, scale 1-9, employees) ¹³	We propose to continue the current way of working.

¹⁰ DigiC report - Labor conditions at ASML - Survey among ASML employees page 50

¹¹ DigiC report - Labor conditions at ASML - Survey among ASML employees page 51

¹² DigiC report - Labor conditions at ASML - Survey among ASML employees page 52

¹³ DigiC report - Labor conditions at ASML - Survey among ASML employees page 72

Additional proposals

1. Duration

The duration of the CLA for the Metalworking and Electrical Engineering Industry is 24 months, from 1 December 2020 to 30 November 2022. We would like to agree a similar duration with ASML.

2. Voluntary early retirement

In the CLA for the Metalworking and Electrical Engineering Industry, the parties have agreed to develop a scheme in which employees can take early retirement under certain conditions.

This is an important agreement for older employees. A maximum salary threshold has been agreed for the industry which we do not consider appropriate for a company like ASML.

3. Appeal of the sector (women, young people)

Agreements have been made in the CLA for the Metalworking and Electrical Engineering Industry to increase the attractiveness of the sector. De Unie would like to come to specific agreements for ASML that will make ASML even more attractive as an employer.

4. Leave-saving

CLA for the Metalworking and Electrical Engineering Industry: Employees can save leave, for example for the purposes of participating in the early retirement scheme. Since the beginning of 2021, The option to save up to a maximum of 100 weeks of leave is a good addition in the interests of the employees.

5. Generation pact

CLA for the Metalworking and Electrical Engineering Industry: The parties to the collective agreement agree to continue the Generation Pact scheme unchanged until at least 1 December 2023.

De Unie wishes to amend the Generation Pact to better suit the specific circumstances of ASML's employees. In addition, we want to make this a structural scheme.

6. Working hours

In the CLA for the Metalworking and Electrical Engineering Industry, it has been agreed that overtime will be limited to a maximum of ten hours in a period of four weeks.

De Unie would like to enter into a dialogue with ASML about the current practice of overtime. Based on the outcome of this dialogue, we can come to an agreement on this topic.

7. CLA training day

CLA for the Metalworking and Electrical Engineering Industry: Employees who have been members of a trade union and have been employed by an employer since 1 January 2021 will be able to participate in a 'collective agreement training day' in 2022. This training day will in any case cover labour relations and the collective agreement.

It is a sympathetic thought to inform employees of their working conditions and their rights. De Unie would like to make additional agreements about target group and execution.

8. Salary increase

ASML is a successful company. We would like to make an appropriate agreement about the collective salary increase. The amount of this will partly depend on the other agreements that we can make. De Unie does not want to adopt the income limit of €101,951 gross (annual salary including holiday allowance) used in the Metalektro CLA in the ASML CLA.

To conclude

We look forward to a constructive dialogue with ASML to come to an agreement on an appropriate and widely supported labor conditions package. We will present the result of this dialogue to all ASML employees via a referendum so they can vote on it. A majority vote is required for De Unie to express a positive opinion on the result. If that is the case, then De Unie is in a position to agree a Collective Labor Agreement with ASML.

Yours sincerely,

Sjerp Holterman & Inge de Vries
Representatives of De Unie