



Central Social Plan

for the Signify workforce in the Netherlands

from January 1, 2019 to December 31, 2021

www.signify.com/HRPortal

The undersigned:

- I. Signify Netherlands B.V.(*) and Modular Lighting Nederland B.V., with registered office in Eindhoven, acting in this matter on its own behalf as a party to the Signify Collective Labor Agreement (CLA), hereinafter referred to as the Employer;
- II. FNV, with its head office in Utrecht;
- III. VHP2, with its head office in Eindhoven;
- IV. De Unie, with its head office in Culemborg;
- V. CNV Vakmensen.nl, with its head office in Utrecht;

have agreed as follows:

(*) which bore the name of Philips Lighting Nederland B.V. until January 28, 2019

Introduction

Signify, like any large company, remains an organization in motion, under the influence of internal and external factors. It is expected that new organizational changes will occur in the coming period, affecting our employees and the opportunities for employment within Signify.

For this reason, Signify has reached understandings with the trade unions on the repercussions that these reorganizations may have for the workforce. The points of departure for the Social Plan are and will remain:

- forming a safety net for the consequences of reorganizations;
- promoting 'Job-to-Job' mobility, and providing guidance in finding a new job
- making resources available that are appropriate to the employee's individual situation.

As a result, employees will remain empowered to determine the course of their own career, even in the event of an organizational change.

These understandings have been set forth in this Central Social Plan, which will be in effect for the period from January 1, 2019 through December 31, 2021.

The agreements in this Central Social Plan apply to all employees who are covered by the Signify Collective Labor Agreement and to whom it has been announced, as a result of a reorganization by the Employer during the term of this Central Social Plan, that their job will be discontinued.

Changes compared to the previous CSP:

The Central Social Plan of 2019-2021 is broadly similar to the previous one (2014-2018); the most important changes are as follows:

- The severance payment to be paid is either based on the formula recommended by the Subdistrict Court with a reference date of June 30, 2015 (as described in the CSP 2014-2018) or based on the transitional payment provided for in the Dutch Civil Code, increased by a multiplication factor of 1.85. This transitional payment is determined on the basis of the years of service and the employee's age. The employee's severance payment will be based on the calculation that yields the highest result.
- Maximization of the severance payment, while retaining the current system, will be determined on the basis of the (chosen) retirement age, instead of the state pension age.
- If the employee to whom it has been announced that their job will be discontinued expresses a desire to terminate the employment contract earlier than the intended date of termination, the notice period to be observed by the employee will be capped at two months.

1. General Information

- 1.1 Responsibility for complying with the agreements contained in this Central Social Plan lies with the management representative of the Signify organizational unit to which this Central Social Plan is applicable.
- 1.2 The employer will engage in good and intensive consultation with the trade unions regarding the substantive aspects of reorganization plans and all aspects to which consideration will be given in that connection.
- 1.3 The parties will monitor compliance with the Central Social Plan.
- 1.4 References made to male employees in the Central Social Plan also refer to female employees.

2. Definitions

The following definitions apply to this Central Social Plan:

- 2.1 **Employer:**
All Signify companies that are parties to the Signify Collective Labor Agreement are also referred to here as Signify.
- 2.2 **Employee:**
A person who works for Signify under the terms of a contract of employment, as referred to in Section 7:610 of the Civil Code, for an unspecified period, and who comes under the Signify Collective Employment Agreement.
- 2.3 **Age:**
The age that an employee has reached on the day following the last calendar day of employment.
- 2.4 **Years of service:**
The period during which the employee has been employed without interruption by (the legal predecessors of) Signify. The period in which an employee has been employed by a Signify company established abroad counts towards the years of service, unless the employee received a severance payment upon termination of that employment abroad. The reference date for calculating the number

of years of service is the last calendar day of the employment, also counting this day. The period in which, immediately before his/her contract of employment with Signify, an employee worked as a temporary or seconded employee via a temporary employment agency registered with the Chamber of Commerce on the basis of a temporary employment contract between Signify and that temporary employment agency also counts towards the calculation of the number of years of service.

- 2.5 **Announcement:**
The communication to the individual employee, including the written confirmation thereof, that his/her job has been discontinued and that a severance procedure will be started for him/her.
- 2.6 **Redundancy:**
The situation that arises as a result of the organizational unit in question no longer being able, because of the reorganization, to offer suitable work to the respective employee.
- 2.7 **Severance payment:**
The severance payment calculated in accordance with Art. 7 of this Central Social Plan.
- 2.8 **Date of termination of employment:**
The last calendar day of the employment.
- 2.9 **Management representative:**
Management Representative as defined in Article 1, clause 1e of the Works Councils Act.
- 2.10 **Trade unions:**
The organizations referred to among the signatories, namely FNV Bondgenoten, VHP2, DE UNIE and CNV Vakmensen.

3. Term and scope of application

- 3.1 This Central Social Plan takes effect on January 1, 2019 and ends on December 31, 2021.
- 3.2 This Central Social Plan regulates the consequences for all employees who, as a result of reorganization by Signify during the term of this Central Social Plan, have received an announcement as referred to in this Central Social Plan.

4. Monitoring Committee

- 4.1 A Central Monitoring Committee will be set up to watch over the process of implementation of this Central Social Plan. Separate Monitoring Committees will be set up for the Flight Forum, Maarheeze and Winterswijk locations.
- 4.2 These Monitoring Committees will be composed of at least four members, at least two of whom will represent the employer and at least two of whom will represent the employees.
- 4.3 The Employer's representatives will be appointed by the Employer. There will be at least one HR officer and one member from the organizational unit, designated by the management representative. One employee representative will be designated by the trade unions and one by the Works Council. The HR officer constitutes the first point of contact between the work placement agency (see Art. 6.1) and the Monitoring Committee.
- 4.4 The Monitoring Committee will report once a quarter in writing to the management representative and the employee representatives. Subject to the provisions of this article, the committee will make its own arrangements on its mode of operation.
- 4.5 It is also the task of the Monitoring Committee:
 - a. At the request of the employee, to issue an opinion to the management representative regarding the application of this Central Social Plan in individual cases;
 - b. To advise the management representative at the Employer's request about the cooperation of an employee in the implementation of provisions of this Central Social Plan;
 - c. To issue a solicited or unsolicited opinion to the management representative in cases which would lead to an undesirable situation;
 - d. To give the management representative solicited or unsolicited advice on the application of the hardship clause (see Art. 15).
- 4.6 Resolutions are always adopted by majority vote. If no resolution can be adopted in the Monitoring Committee, the parties may

place this on the agenda of the regular meeting between the parties.

- 4.7 The frequency of meetings will be set by mutual agreement, though they will take place at least once per month.
- 4.8 If the management representative does not follow the opinion of the Monitoring Committee, he/she must adduce substantial reasons for doing so and give reasons for his/her decision in writing.
- 4.9 Differing decisions must be notified to the employee representatives on the Monitoring Committee within 14 days after the decision has been taken. Such notification takes place in the framework of the verifying role which the Monitoring Committee has, in particular with regard to the tasks referred to in Art. 4.4 and 4.5 above.
- 4.10 In performing the tasks described above, personal details will be provided to the Monitoring Committee only if the employee concerned gives his or her consent. This applies likewise to details concerning the employee which the Monitoring Committee gives to the management representative.
- 4.11 The first point of contact for the Monitoring Committee is the management representative.
- 4.12 The Monitoring Committee is obliged to maintain confidentiality in respect of all details of which it takes cognizance in this capacity.
- 4.13 The company must make available to the Monitoring Committee the facilities needed for the proper execution of its tasks.

5. Suitable Work

- 5.1 Cooperation in finding a suitable job.
If, after there has been thorough consultation with an employee about his or her possibilities, that employee refuses or continues to refuse a suitable offer, the Monitoring Committee will be asked to issue an opinion on a decision to be taken in this matter by the management representative.
- 5.2 A suitable job is a job within Signify which is comparable to the employee's present job in terms of salary, work and required educational

qualifications. A job is also deemed to be suitable if it is in one job grade lower. A job which differs in terms of work from the employee's present job but matches the employee's profile and is comparable to the present job in terms of salary and required educational qualifications is also deemed to be suitable.

- 5.3 A job is not deemed to be suitable if the commuting time (one-way journey) is more than 1.0 hour, unless the present commuting time is already more than one hour (one-way journey). In that case, the limit is the present commuting time.
- 5.4 An employee who because of the discontinuation of his/her job is considered for redeployment is obliged to cooperate constructively in this. Such cooperation will include, as well as actively applying for jobs, taking additional training or retraining courses aimed at obtaining another available (suitable) job.
- 5.5 If an employee to whom the aforementioned situation applies has the ability to undergo additional training or retraining, but refuses to cooperate in this, the Monitoring Committee will be asked to issue an opinion on a decision to be taken in this matter by the management representative.

6. Support and assistance in finding new employment

- 6.1 An employee to whom an announcement has been made will be registered for a Job-to-Job trajectory with a work placement agency designated by the Employer, immediately after being notified of the discontinuation of the job.
- 6.2 The employee must do his/her utmost to make this process successful. Employees to whom an announcement has been made will be given the opportunity to take part in the support and assistance activities during working time.
- 6.3 The Job-to-Job support and assistance process means that the employer supports the employee in finding other employment,

both within and outside Signify. Depending on the situation, this support may consist of job application training, network training, participation in job markets, job vacancy matching, job searching and placement, labor market orientation and a work placement process related to independent entrepreneurship.

- 6.4 In addition to the support and assistance process, the employer will make available an extra budget of a maximum of EUR 5,000 excluding VAT for taking part in training courses and/or an employability scan. Employees who wish to make use of this must obtain permission from the employer for participation in the desired activity. Permission is only granted if the training program(s) to be followed by the employee is (are) aimed at improving his labor market position. The employee is entitled to reimbursement of training costs, as stated in this article, within no more than three years after employment has ended.
- 6.5 The costs of the training course as specified in Art. 6.4 will be reimbursed if the employee is unemployed when the training agreement is signed (or in any case at the start of the obligation to pay the educational institution). Registration for the training takes place in a manner prescribed by the Employer.
- 6.6 If there is a realistic prospect of employment other than with Signify, then Signify may enable the employee to do a familiarization internship with the other employer during the support program, or to be seconded to the other employer for a maximum of two months.
- 6.7 The Job-to-Job support and assistance program covers a maximum period of six months. If this period of six months has not expired on the date of termination of employment, the support and assistance program is continued after the date of termination of employment.
- 6.8 The employee may submit a substantiated request to the HR Services department asking for an extension of the support (by email: HRServices.Europe@Signify.com). The support can be extended for a

maximum of three months on two occasions. Extension of the support does not alter the originally envisaged date of termination of employment.

- 6.9 From the time when the contract of employment has been terminated on the employee's initiative, the employee may no longer use the facilities referred to in this article.

7. Calculation of Severance Pay

Severance Payment

Signify has two methods for calculating the severance payment to be paid:

- a calculation based on the subdistrict court formula ('kantonrechttersformule') as set forth in Art. 7.1 below;
- a calculation based on the transitional payment, as set forth in Art. 7.2 below.

The employee receives the severance payment based on the calculation method which is most favorable for the employee. The severance payment to be paid is capped in accordance with the provisions of Art. 7.3.

7.1 Calculation based on the subdistrict court formula

The calculation based on the subdistrict court formula is based on the formula $A \times B \times C$. The factors A and B are calculated using the fictitious reference date of June 30, 2015 for the date of termination of employment.

The years of service and/or remuneration on and after July 1, 2015 therefore have no influence on the amount of the severance payment, unless the scope of the employment contract changes on or after the aforementioned date. In that case, the part-time percentage as determined on the last day of the employment contract will be used.

A = Number of weighted years of service. The number of weighted years of service

is based on recommendation 3.2 of 'The recommendations of the circle of sub-district court judges' for determining a severance payment under a procedure for the dissolution of a contract of employment pursuant to Section 7: 685 of the Dutch Civil Code, as this recommendation was adopted on October 30, 2008 and updated on January 1, 2009.

For the calculation of A (number of weighted years of service) the period of service is calculated on the basis of the years of service, the employee's age upon commencement of employment and his/her age upon termination of employment:

- years of service, rounded up to whole years, until the age of 35 is reached count as 0.5;
- years of service, rounded up to whole years, between the ages of 35 and 45 count as 1;
- years of service, rounded up to whole years, between the ages of 45 and 55 count as 1.5;
- years of service, rounded up to whole years, from the age of 55 count as 2. Rounding up: half a year and one day is rounded up to a whole year.

B = Remuneration. Remuneration is understood to mean the gross monthly salary on the date of termination of the contract of employment and if applicable:

- regular overtime allowance (RAV 57 clause 5);
- regular special hours allowance (Signify CLA Art. 7.2 / RAV 59);
- shift work allowance (Signify CLA Art. 7.5 + Appendix B);
- shift work allowance guarantee (Signify CLA Art. 7.5 + Appendix C clause 7);
- income cutback regulation up to the date of retirement (Signify CLA Art. 7.5 + Appendix C clause 1 points 4 to 6).

Added to the result is the percentage of the personal budget as stated in Art. 5.2 of the Signify CLA.

C = Correction factor. The C factor of the formula is 1.0 except in the situations referred to below. With the application of the voluntary severance scheme (Art. 10) the C factor is 0.65; with the application of the

‘Plaatsmakersregeling’ (Job Retention Scheme) (Art. 11) the C factor is 0.5.

7.2 Calculation based on transitional compensation

If the employee can claim a transitional payment on the basis of Section 7:673 of the Dutch Civil Code, then the calculation of this severance payment will take place accordingly. In doing so, Signify assigns a multiplication factor of 1.85.

7.3 Maximization

The employee will always receive the transitional payment due to him on the basis of the relevant provisions in the Dutch Civil Code. With due observance of this statutory claim as the lowest possible amount, the following maximization applies.

The severance payment will in no case be more than the loss of income for the employee, calculated for the period between the date of termination of employment and the last day of the month in which the employee reaches the reference retirement age applicable to him/her, as stated in the pension scheme at that time.

If, at the time of notice, the employee has already opted for a pensionable age that is before or after his/her reference retirement age – and has obtained permission to do so – then the loss of income is calculated up to this earlier or later retirement age.

Loss of income is understood in this article to mean:

The loss of remuneration as described in Art. 7.1, with deduction of either: 75% of the unemployment benefit or 75% of the state pension (AOW) benefit to which the employee would have been entitled until the retirement age applicable to him. The level of unemployment benefit is deemed to be determined on the basis of the monthly salary, the shift work allowance and 18.66% personal budget.

If the employee entered into the service of (the legal predecessor of) Signify after 1997, then for the calculation of the employment record it is assumed that, for the years after 1997 until entering into the service of (the legal predecessor of) Signify, the employee was employed elsewhere, unless the employee can prove otherwise.

- 7.4 A severance payment is made upon termination of the contract of employment at any time after the announcement thereof, even if it is on the employee’s initiative. For the calculation of the transitional payment (Art. 7.2), the determination of the years of service is based on the date of termination of employment, or if it is not yet known, on the date on which it is announced plus 6 months.

There is no question of a severance payment if an employee is redeployed within Signify, if the years already worked at Signify (and its legal predecessors) count towards years of service.

This applies both when redeploying within the Netherlands and when redeploying to a Signify company established abroad. If the employee can be redeployed, but the employee refuses a suitable offer as referred to in Art. 5, there is no entitlement to a severance payment.

- 7.5 The Employer will not deduct either from the severance payment or from the transitional payment, regardless of the calculation method:

- the cost of measures related to the termination or non-continuation of the contract of employment which are aimed at preventing unemployment or shortening the period of unemployment of the employee; and
- costs incurred during the contract of employment related to promoting the broader employability of the employee.

8. Termination Procedure

- 8.1 No later than six months before the envisaged date of termination of employment, the employer will give the employee written notification, after which the employer will start the proceedings to terminate the contract of employment subject to the applicable period of notice.
- 8.2 The contract of employment will be terminated by mutual consent by means of a termination agreement, unless the employee has unilaterally given notice to terminate. For employees who object, a substantive termination procedure will be followed.
- 8.3 If the contract of employment cannot be terminated by the employer on the date of termination of employment envisaged in Art. 8.1 because of a delay which is imputable to the employee, the severance payment will be reduced upon termination of the contract of employment by the gross monthly salary as stated in Art. 7.1, factor B, for every whole calendar month that the employment has continued after the envisaged date of termination. The management representative decides, after having requested the opinion of the Monitoring Committee, whether there has been a delay imputable to the employee.

9. Severance Incentive

An employee to whom the preceding article is applicable, and whose employment, after an announcement, ends on his/her own initiative earlier than on the date of termination envisaged in Art. 7.1, receives, in addition to the severance payment, a payment for every full month between the date on which the contract of employment ends and the envisaged date of termination. This payment is 50% of the income for these months, up to a maximum of 50% of 6 months, the income being determined in accordance with Art. 7.1 factor B and on the basis of the salary on the earlier date of termination.

10. Voluntary Severance Scheme

- 10.1 The management representative may apply a voluntary severance scheme in accordance with this article.
- 10.2 The management representative designates job categories within which the voluntary severance scheme is applicable. In doing so, the management representative may limit the applicability of this scheme in time and in respect of the maximum number of employees in the particular job category who can make use of this scheme. The aim should be to make the voluntary severance scheme available to these job categories at least one month before the time of the announcement to the redundant employees in this job category.
- 10.3 An employee who wishes to make use of this scheme must submit a written request to that effect to the management representative. The management representative decides, stating the reasons for his/her decision.
- 10.4 A termination agreement is signed with an employee who makes use of this scheme. On the basis of this agreement, the contract of employment is terminated subject to no more than the applicable period of notice, counting from the submission of the request.
- 10.5 An employee who makes use of this scheme is not entitled to the other provisions of this Central Social Plan, other than the severance payment.
- 10.6 An employee who so wishes may make use of the provision referred to in Articles 6.1, 6.2 and 6.3. The associated costs are deducted from the severance payment.
- 10.7 Signify reports periodically to the Monitoring Committee, as requested, on the use of this scheme.

11. Job Retention Scheme (‘Plaatsmakersregeling’)

- 11.1 An employee who has not been given notice and belongs to a group of interchangeable jobs and an age category within which other employees have been given notice

can volunteer for the Job Retention Scheme and thereby free up a job for an employee who has been given notice.

- 11.2** An employee who wishes to make use of this scheme must submit a written request to that effect to the management representative. The latter decides, stating his/her reasons. Such a request will be honored, however, only if the departure of the employee concerned results in job retention for an employee who belongs to the same age category and who has been given notice. It is also a condition that the employee who has been given notice should agree to the continuation of his/her contract of employment with Signify.
- 11.3** An agreement on the termination of the contract of employment is concluded with the employee whose request, as referred to in the preceding clause, is honored. Application of the 'Plaatsmakersregeling' (Job Retention Scheme) is possible only if, in the particular case, this is not in conflict with applicable legislation and regulations.
- 11.4** An employee whose request to make use of the scheme referred to in this article is honored is not entitled to the other provisions of this Central Social Plan, other than the severance payment.

12. Final Settlement

- 12.1** By the date of termination, the employer will pay to the employee the salary and fixed and agreed wage components. When employment ends, a final settlement will be drawn up in accordance with the Signify Collective Labor Agreement.
- 12.2** The variable salary will be determined and paid in accordance with the applicable Variable Salary scheme as of the date of termination. Depending on the date of termination, it is possible that the variable salary, or a portion thereof, will not be paid with the final settlement but at a later time.
- 12.3** Payment of the final settlement and the severance payment take place at the end of the month following the month in which employment ends.

12.4 Long-term Incentives:

If, during employment, an employee has been awarded Long-term Incentives, when employment ends such incentives will be processed in accordance with the applicable Long-term Incentive Scheme as in force at Signify on the date of termination of employment.

13. Other Provisions

- 13.1** Employee's period of notice: If an employee to whom an announcement has been made wishes to terminate the contract of employment earlier than the envisaged date of termination, Signify may hold the employee concerned to a period of notice of two months.
- 13.2** Non-competition clause and other clauses: In principle, Signify will not hold an employee to whom an announcement has been made to any non-competition clause. Other special clauses in the contract of employment remain explicitly in force after the date of termination of employment, unless Signify and the employee agree otherwise when the contract of employment is terminated.
- 13.3** Transfer within Signify: If, within six months following the date of termination of employment, an employee again enters into Signify's service in the Netherlands, employment is deemed to have been uninterrupted with regard to years of service. In that case there is no entitlement to a severance payment. If such a payment has already been made, the employee must pay it back, with deduction of the loss of income for the period of unemployment. If the severance payment is not reimbursed for any reason whatsoever, the years of service before the starting date of employment with Signify will not count if the contract of employment again has to be terminated.
- 13.4** The same principle applies if, immediately afterwards or within six months following the date of termination of employment, an employee enters into the service of a Signify company established abroad if the

years of service with Signify count there towards the calculation of the years of service. If the severance payment is not reimbursed for any reason whatsoever, the years of service before the starting date of employment with Signify will not count if the contract of employment again has to be terminated.

- 13.5** Exemption from work: an employee to whom an announcement has been made will in principle continue to work until the date of termination of employment, unless he/she is full or partly exempted from work by the employer.

14. Financial Advice

Employees will be given the opportunity to obtain impartial financial advice from a consultancy to be determined by the employer.

15. Hardship Clause

If the strict application of the measures contained in this agreement leads in individual cases to a situation in which the employee's interests are disproportionately affected, the employer may depart from the measures in a way that is advantageous to the employee. A decision on the application of this provision is exclusively reserved to the management representative after hearing the opinion of the Monitoring Committee. The application of the hardship clause does not create any precedent.

16. Final Provision

If the government takes statutory measures that affect this Central Social Plan, the corresponding provisions of this Central Social Plan will end on the date on which such measures enter into force. In that case the parties will determine as soon as possible which provisions will then be valid. If necessary, the parties will make temporary arrangements until agreement has been reached on the new provisions.

Thus determined on November 28, 2018 in Eindhoven, The Netherlands.

On behalf of Signify Netherlands B.V.(*) and Modular Lighting Nederland B.V.
General Manager – F. van der Vloed
Global Head of Rewards – D. Paalman

On behalf of the labor unions

FNV
Director – H. Wijers

VHP2
Managing director – J. Sauer

CNV Vakmensen.nl
Chairperson – P. Fortuin
Director – A.J. Huizinga

De Unie
General chairperson – R. Castelein
Representative of Signify – S. Koetloef

(*) which on November 28, 2018 bore the name of Philips Lighting Nederland B.V.



© 2019 Signify Holding. All rights reserved. The information provided herein is subject to change, without notice. Signify does not give any representation or warranty as to the accuracy or completeness of the information included herein and shall not be liable for any action in reliance thereon. The information presented in this document is not intended as any commercial offer and does not form part of any quotation or contract.

March 2019