

Appendix 6 Customized conditions of employment (AVOM)

PRELIMINARY REMARK

The AVOM scheme affords employees the opportunity, within the possibilities of an efficient and effective conduct of business (see article 8), to make choices with respect to the composition of their terms of employment package. Participation in the system is on a voluntary basis. Those satisfied with the composition of the 'standard package' can leave that composition as it is.

The principle of the system is that on the one hand with respect to the 'standard packet terms of employment something is forfeited ('resources') to extend something in another part of that packet ('objects').

1 DEFINITIONS

resources: the terms of employment that are 'adopted';
objects: the terms of employment that are 'acquired';
remuneration: see OI Collective Labour Agreement article 1.1 paragraph 2;
salary: see OI Collective Labour Agreement article 1.1 paragraph 16;
salary per hour: see OI Collective Labour Agreement article 1.1 paragraph 18.

2 WHO CAN CHANGE THESE AND TO WHAT EXTENT?

Each employee may participate in the AVOM scheme, unless if the AVOM option has been chosen the remaining employment time is shorter than 6 months and there is no prospect to extension. This condition does not apply if vacation leave hours are used as a source for the objective of money.

The AVOM option can be made once a year. At a local level, the employer may deviate from this in the favour of the employee.

For those not active in full duration of work the number of hours to be deployed will be calculated in proportion to the agreed duration of work. (Part-timers multiply by appointments extent, for participants in SOP, SROI and Parental leave multiply by the agreed percentage of attendance).

3 THE RESOURCES

AVOM has the following resources:

Resource 1: vacation-leave hours;

Resource 2: gross salary.

3.1 AD RESOURCE 1 VACATION-LEAVE HOURS

The contribution of vacation-leave hours occurs on grounds of a written arrangement.

Vacation-leave hours can be turned in with a minimum of 16 and a maximum of 80 hours per year. The remaining balance over one year with full-time employment should amount to at least 160 vacation-leave hours, where apart from the future leave already build-up leave can also be utilized. For those that are not active for the full duration of work the minimum and maximum number of staked hours as well as the remaining balance on vacation-leave hours is calculated in proportion to the agreed duration of work. If the turning in of vacation-leave hours is for the purchase of the objects 'Bicycle programme' or 'Study costs' (see paragraph 4), the vacation-leave hours for the coming 3 years can be used at the time of option. The resource vacation-leave hours cannot be used for the object reduction of travel expenses residence-work or for the object union dues.

Employees who can prove that they make use of regular child-care can request payment of 16 extra holiday-leave hours.

3.2 AD RESOURCE 2 GROSS SALARY

The turning in of gross salary shall be on grounds of a written arrangement on the reduction of the gross monthly salary by a fixed sum. The employee thereby has the following options:

- a reduction during a period of 1 or 12 months starting in the month where the AVOM option commences. If the starting date holds consequences for pension or social security another starting date is possible;
- a reduction of the gross salary in the month that the vacation-leave money is paid;
- if the turning in of gross salary is for the purchase of the objects 'Bicycle programme' or 'Study costs' (see paragraph 4) the period can also be 24 or 36 months starting in the month where the AVOM option commences, or the reduction can take place in the month of May or December of 2 or 3 consecutive years;
- if the contribution of gross salary is for the acquisition of the object 'travel expenses residence-work', the reduction takes place starting in the month where the AVOM option commences until written notice of termination by the employee or the termination by the employer due to the cancellation of the basis for travel expenses residence. Subsequently the employee does not need to submit an application each year to exchange the same terms of employment;

The following conditions are attached to the options:

- the period cannot extend beyond the end date of employment;
- the sum of the remaining monthly gross salary and allowances after reduction may not amount to less than the statutory minimum wage;
- an arrangement for reducing the gross salary leads to a lower vacation-leave pay, but this arrangement may not lead to a vacation-leave pay lower than the minimum sum of vacation-leave pay;
- the turning in of resource gross salary for the object ravel expenses residence -work is only possible with a permanent reduction in each month.

4 THE OBJECTS

AVOM has the following objects:

Object 1: vacation-leave hours;

Object 2: money;

Object 3: reduction of travel expenses residence-work/Bicycle programme;

Object 4: reduction of the employee contribution to study expenses;

Object 5: Union Dues;

Object 6: Life-Course Savings scheme.

4.1 AD OBJECT 1 VACATION-LEAVE HOURS

The maximum obtainable number of vacation-leave hours shall amount to 80 hours a year. The vacation-leave hours are added to the leave balance without discernment as to their origin. The regular rules for taking leave (prescription, synchronisation with executive etc.) apply.

4.2 AD OBJECT 2 MONEY

The maximum amount of vacation leave hours to be paid out amounts to 120 hours per year (for part-timers: in proportion to their employment). For paying out more than 80 hours but no more than 120 hours, before 1 January of each year a decision has to be made in consultation with the most convenient Works council about allowing these hours to be paid out. Such a decision may be made for groups of employees or for an integral part of the organisation. Only an increase in 2008 can be

decided before that date. The resulting sum will be paid out with the gross salary for the month in which the AVOM choice begins.

Those in positions in scale 16, 17 and 18 may sell leave hours up to a maximum of 200 hours. An opportunity to sell more hours will also be created for those in scale 15, with the provision that the payment of a maximum of 200 vacation leave hours is decided on before 1 January of each year with the approval of the most convenient Works Council.

The following limiting conditions apply to all employees who may sell a maximum of 200 leave hours:

- selling more than 80 hours will only be considered within the framework of solving the problem of great build-ups of accumulated leave;
- selling more than 80 hours (per person, per calendar year) requires the consent of two parties (employee and supervisor);
- actual participation in this broadened AVOM will only take place if it is in line with the current government guidelines for top incomes.

Employees who demonstrably use regular child care for their children may have 16 extra leave hours paid out within AVOM.

4.3 AD OBJECT 3 REDUCTION OF TRAVEL EXPENSES FOR TRAVEL FROM HOME TO WORK V.V. & BICYCLE PROGRAMME

4.3.1 REDUCTION OF CONTRIBUTION TO COSTS FOR TRAVEL FROM HOME TO WORK V.V. AND BICYCLE PROGRAMME

This AVOM object offers employee two alternatives:

- a. An increase of the tax-free payment for residence-work. Employees who are partially or entirely accountable for the costs of travel from home to work and v.v., can, within the prevalent taxable boundaries, increase the tax-free payment for travel from home to work and vice versa by a sum comparable to the difference between the tax-exempted payment for travel from home to work and vice versa and any allowances received by the employer for the costs thereof. The level of the tax-exempted sum depends on the number of travel days and the distance between home and work. The use of this objective is limited to a single travelling distance from home to work, measure through the ANWB route planner ('fastest route'), the lower limit for paying out this claim set at € 5 a month. In the event of long-term illness, this is terminated on the first day of the month following the month in which the employee reported sick.
- b. Bicycle programme: see 4.3.2 up to and including 4.3.6.

4.3.2 RESTRICTION ON PARTICIPANTS

The object Bicycle programme is not open to those who have opted for this object in the current calendar year or the two previous calendar years.

4.3.3 OPTION BYCICLE, ACCESSORIES AND INSURANCE

The employee who wishes to make use of this object shall determine within certain conditions his choice with respect to the purchase of a bicycle, accessories and insurance.

For this purpose the following conditions prevail:

1. If the catalogue value of the bicycle to be purchased is higher than the tax exemption the surplus thereof will be settled with the employee by deduction from the net salary in the month in which the AVOM option takes effect;
2. The value of accessories (e.g. waterproof clothing, bicycle maintenance, locks, or baby seats) may not exceed € 82 per calendar year, in combination with the purchase of the bicycle;
3. This should be for an accepted travel insurance.

4.3.4 STATEMENT BICYCLE USE FOR TRAVEL FROM HOME TO WORK V.V.

If the distance between the place of residence and the operational base is longer than 15 kilometres, the employee will submit alongside his application a signed statement 'bicycle use for travel between work and home'²⁵. The employer shall assess the statement for plausibility.

4.3.5 ADMINISTRATIVE HANDLING

The administrative handling of this object may be outsourced²⁶. The employer shall pay the costs of bicycle, accessories and insurance directly to the supplier, or through the entity to which the administrative handling has been outsourced.

4.3.6 SETTLEMENT AND TRANSFER OF OWNERSHIP

The employer shall transfer the ownership of the bicycle and accessories to the employee. The costs are settled with the resources brought in by the employee. The employee becomes the owner of the bicycle and accessories to that end. All maintenance and other costs of use are for the account of the employee. The prescribed tax count (in 2004: € 68) takes place in the month in which the AVOM option takes effect.

4.4 AD OBJECT 4 REDUCTION OF CONTRIBUTION FOR STUDY COSTS

The costs of the studies the employee wishes to follow to enhance his employability in his own organization or elsewhere are not fully paid in all cases (Collective Labour Agreement OI art 6.2 paragraph 3.). This object gives the employee the opportunity to reduce that part of the costs which in conformance with the Collective Labour Agreement is not paid by the employer, with the gross salary or the monetary value of a number of vacation-leave hours. In choosing this object the only restriction is that on an annual basis at least 160 vacation-leave hours should remain and to that end no maximum of 40 hours turning in is necessary.

4.5 AD OBJECT 5 UNION DUES

The employee who is a member of a union may use gross salary for his monthly union dues. If the employee opts for this object, relevant supporting documents have to be submitted annually.

4.6 AD OBJECT 6 LIFE-COURSE SAVINGS SCHEME

A maximum of 12% of the gross annual salary may be deposited into the life-course savings scheme. Resources for this are vacation-leave hours (a maximum of 80 per year) and/or salary (a maximum of 12%). When vacation-leave hours are used, their value is converted to a sum of money. When an employee participates in the scheme, the total deposit may in no case exceed 210% of the gross income for that year.

The criteria for taking the leave are equal to the criteria laid down in this CAO-OI for the purpose for which the leave is taken. If the employer agrees to the employee taking the leave, the employee may receive income from his/her life-course saving during the period of leave without pay.

The employer may adopt regulations for the life-course savings scheme on how the savings scheme and life-course leave are implemented.

²⁵ Showing how often and which route the bicycle travels every day.

²⁶ For example, to National Bicycle Projects (NFP). In that case the employer approves the application and sends this to NFP. NFP assesses whether the employee's choice meets the tax conditions, places the order for the bicycle, arranges delivery to an acknowledged bicycle shop of employee's choice and charges the costs of the bicycle to the employer.

5 FROM RESOURCE TO OBJECT

5.1 'VALUE DATE'

The value of the turned-in resources and obtainable objects takes place in the month in which the AVOM option takes effect. Settlement of resources and objects takes place against this value. A modification in the remuneration after the month in which the AVOM option takes effect does not lead to correction of the settlement.

5.2 VALUE AND COSTS OF A VACATION-LEAVE HOUR

To determine the monetary value of a vacation-leave or saved-hour the applicability of payment such as this prevails in the month in which the AVOM option takes effect, is taken as point of departure. This is reduced for those who are not working in employment to a payment such as that would prevail in the case of full-time employment. Turning in vacation-leave hours yields 1/165 part of this reduced payment. Acquiring vacation-leave hours costs 1/165 part of the reduced pay.

5.3 SWAPPING OF GROSS SALARY

An arrangement on the reduction of the gross salary leads to a lower vacation-leave pay and end-of-year bonus. In the settlement of turned-in gross salary with the purchasable objects is for that reason the value of the turned-in resources for 2008 determined by: turned-in gross salary increased by 14.1% (being 8% vacation-leave pay and 6.1% end-of-year bonus 8%) and for 2009 and 2010 determined by: turned-in gross salary increased by 16.33% (being 8% vacation-leave pay and 8.33% end-of-year bonus).

2008

from resource

vacation-leave hours > hourly value
vacation-leave hours > hourly value
vacation-leave hours > hourly value

gross salary > times 1.141

gross salary > times 1.141
gross salary > times 1.141
gross salary > times 1.141
gross salary > times 1.141
gross salary > times 1.141

to object

> money
> bicycle
> study costs

> vacation-leave hours

> travel expenses between home and work
> bicycle
> study costs
> Union Dues
> Life-Course Savings scheme

2009 and 2010

from resource

vacation-leave hours > hourly value
vacation-leave hours > hourly value
vacation-leave hours > hourly value

gross salary > times 1.1633

gross salary > times 1.1633
gross salary > times 1.1633
gross salary > times 1.1633
gross salary > times 1.1633
gross salary > times 1.1633

to object

> money
> bicycle
> study costs

> vacation-leave hours

> travel expenses between home and work
> bicycle
> study costs
> Union Dues
> Life-Course Savings scheme

6. CONSEQUENCES OF REDUCING GROSS SALARY

Reduction of the gross salary is immediately factored into the salary-related allowances and payments and into the owed premiums for social insurance schemes and into the rights to these social insurance schemes. Reduction of the gross salary leads to the amendment of the pensionable income and with that to an amendment in FPU and pension claims (dependant's pension, supplementary disability pension (AAOP) and old age pension) and the allied premiums.

7 COMPLETION OF THE AVOM APPLICATION

7.1 INFORMATION

At the employee's request the employer furnishes detailed information on:

- the options;
- tax and other limiting conditions;
- consequences of a AVOM option as regards pension, social insurance schemes etc. with arithmetic example.

7.2 TIME FOR SUBMITTING APPLICATION

Employees to whom the scheme is available (paragraph 2) can make their choice known by handing in their signed AVOM application form. Depending on the chosen objects the employee attaches to the application form the required appendices (statement for bicycle use for travel between home and work) and the statement that he has taken cognisance of the potential consequences of reducing the gross salary. The employer furnishes written information on taxation and other consequences of the options, including the time frame within which the application has to be submitted. If he so wishes, an employee can request further information from the personnel department on the consequences of his choice.

8. CRITERION FOR HONOURING THE APPLICATION

The employer shall observe the following criteria in handling the AVOM application:

- a. The options 'time for time' and 'money for money' are always accepted.
- b. The options 'time for money' and 'money for time' are accepted, unless:
 - the option does not fit within the framework of the working hours arrangement arranged with the Works Council and/or prevalent arrangements concerning staffing, availability and continuity within the department/organization,
 - there are serious financial impediments.

Should serious financial impediments arise, the employer shall in negotiation with the Works Council seek a solution for those cases wherein requests for 'time for money' have been categorically rejected for financial reasons.

If an employee's request is rejected, the employer's prevailing objection and appeal procedures apply. Upon the rejection of his request, the employee has the possibility to make another choice.

The employer arranges the manner in which the AVOM application is further handled.

9 INTERIM REVISION

A choice can only be revised in exceptional situations to be decided by the employer.

10 SUSPENSION OF PARTICIPATION

Participation in the AVOM scheme can be suspended until such a time and insofar as the build-up of vacation-leave hours is arrested in connection with disability. Also in exceptional situations, at the employer's discretion, the arrangement can be adjusted in the interim.

The point of departure for the adjusted arrangement is that the financial obligations resulting from the original arrangement are completely observed by the employee. On grounds of the hardship clause (Collective Labour Agreement OI art 1.13) the employer can deviate from this.

11 TERMINATION

When it has been determined that the employment shall be terminated during the agreed duration of the arrangement, an adjusted arrangement will be made to fit the changed circumstances. Upon termination of the employment the remaining obligations will be settled with the net salary.

12 FINAL PROVISIONS

The resultant tax consequences and social insurance schemes from participation in the AVOM scheme shall be entirely for the account of the participating employee and will not be compensated by the employer. The hardship clause (Collective Labour Agreement OI art 1.13) applies here.