

# OVERVIEW OF TNO TERMS OF EMPLOYMENT

DESCRIPTION AS OF  
1 JANUARY 2017

Overview of TNO terms of employment	Description as of 1 January 2017
<b>GENERAL</b>	
Employment contract	Indefinite period of time and fixed-term  Statutory probationary period: zero to two months Statutory notice period: employer (one to four months); employee (one month)
Flexible terms of employment	Flexible terms of employment available. Salary, holiday allowance, thirteenth month's salary, flexible budget and leave exceeding the statutory minimum can be used as sources for various targets.
Ancillary activities	<p>The ancillary activities policy is geared to providing as much insight and transparency as possible into the (professional) ancillary activities of TNO personnel.</p> <p>In principle, TNO has a positive attitude towards ancillary activities because these can be of added value for both personnel and TNO. Ancillary activities may have a favourable impact on one's work, they may be important in terms of the connection between TNO and society, and they may enhance the reputation of TNO. On the other hand, we must prevent the interests of TNO from being harmed through, for example, a conflict of interests arising or the activities competing with those of TNO. In some cases such a conflict could arise that TNO may prohibit the ancillary activities.</p> <p>In line with this policy, you are obliged to register whether or not you are engaged in any ancillary activities and keep this information up to date.</p>
<b>WORKING HOURS AND LEAVE</b>	
Working week (standard)	40 hours
Working hours	<p>During business hours (7 a.m. to 8 p.m.) Standard working day is eight hours</p> <p>If the maximum amount of leave has been bought or in the event of sufficient balance of leave from the previous year, or if an employee has a 36-hour contract, a reduction of working hours arrangement is possible: four nine-hour days with either one day off every fortnight or a half day off every week.</p>
Holiday	<p>Statutory leave: 160 hours per year (the hours lapse after six months following the calendar year in which the hours were accrued)</p> <p>Leave exceeding statutory minimum: 104.6 hours per year, 40 of which is leave under the reduction of working hours scheme (ATV) (the hours lapse after five years from the calendar year in which they were accrued)</p> <p>Employees in employment on 31-12-2009, aged (on 31-12-2009):  40-44 years: 8 hours additional age-related time off  45-49 years: 16 hours additional age-related time off  50-54 years: 24 hours additional age-related time off  55 years and older: 32 hours additional age-related time off</p> <p>(the hours lapse after five years from the calendar year in which they were accrued)</p> <p>All amounts apply to full-time tenure</p>

Public holidays	<p>New Year's Day Easter Monday King's Day National Liberation Day* Ascension Day Whit Monday Christmas Day and Boxing Day</p> <p>*This day off can be used at a different time, for instance, as additional time off between Christmas and New Year's Day. Approval of the Works Council is required.</p>
Trading leave	<p>Every year a maximum of 168 hours can be bought. Maximum leave balance is 500 hours.</p> <p>Selling leave that exceeds the statutory minimum is permitted.</p> <p>This time off can also be used for sabbatical leave</p>
Age-related reduction of working hours	<p>Employees aged 57 and older can buy additional time off.</p> <p>When purchasing 168 hours, it is possible to buy off a further 112 hours and an additional 16 hours a year thereafter from the age of 57. 500-hour maximum does not apply.</p> <p>Any leave bought can be used for early retirement, extended holiday or reduction of working hours</p>
Short-term care leave	<p>Maximum of twice the weekly working week per period of 12 consecutive months (based on full-time employment); partly paid (at least 70% minimum salary, up to the daily wage)</p>
Emergency leave and other forms of short-term leave	<p>For situations referred to in the law, for example:</p> <p>Partner giving birth Registration of birth of a child Voting Death and funeral of family members (from one day up to the entire period until the funeral) Emergencies</p>
Long-term care leave	<p>Maximum of 30 days (240 hours) per period of 12 consecutive months (based on full-time employment); unpaid;</p>
Adoption leave / care leave	<p>Four consecutive weeks of paid leave (can be taken spread)</p>
Pregnancy and maternity leave	<p>In accordance with the statutory provisions; at least 16 weeks of paid leave.</p>
Parental leave	<p>Unpaid, in accordance with the statutory provisions Possibility of continuing pension accrual (at own cost)</p>
Paternity leave	<p>Two days of paid leave (excluding the day on which the child is born)</p>
Partner leave	<p>3 working days' unpaid leave at the time of the birth of his or her child</p>
<b>SALARY AND SALARY SCHEME</b>	
Job rating	<p>Six groups, 18 scales, minimum and maximum (see appendix 1)</p> <p>TNO has a different remuneration policy in place for senior management (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> level) (see appendix 2)</p>
Annual individual salary adjustment	<p>As of 1 April of each year. Depends on assessment in accordance with A to F system and the relative salary position (RSP) (see appendix 3)</p>
Annual general salary measure	<p>Is 3% as of 1 January 2017.</p>

<b>OTHER ALLOWANCES AND REMUNERATION</b>	
Thirteenth month's salary	8.33% of the gross annual salary (including salary surcharges and taking into account choices of the 'flexible' terms of employment) increased by holiday allowance, normally paid in December (pensionable salary)
Holiday allowance	8% of the gross annual salary (including salary surcharges and taking into account choices of the 'flexible' terms of employment), normally paid in May (pensionable salary)
Flexbudget (flexible budget)	5.58% of gross annual salary (including holiday allowance and thirteenth month's salary) plus a nominal amount of EUR 180 per annum.
Other	<p>Job allowance (pensionable salary)  Special allowance (pensionable salary)  (up to the scale's second maximum)</p> <p>Labour market allowance (not pensionable)  Performance bonus</p>
Anniversary bonus	<p>25 years: half a month's salary (net)  40 years: full month's salary (net)</p>
Stand-by	Hourly compensation and time off
Overtime	<p>Compensation for the scales one to nine inclusive  Monday to Friday: first two hours (25%), all subsequent hours (50%)  Saturday up to 6 p.m.: 50%  Saturday after 6 p.m., Sundays and public holidays, and Mondays or the day after public holidays until 7 a.m.: 100%</p>
Unsocial hours	<p>Midnight to 7 a.m.: 50%  Saturdays after 6 p.m.: 50%  Sundays and public holidays: 50%  All other instances: 25%</p>
Commuting allowance	<p>Maximum of €85.83 per month  Additional allowance available through 'flexible' terms of employment: €0.19 per kilometre (max. 75 kilometres single journey) or a bicycle up to €749 once every three years and an annual fixed amount of reimbursement for accessories and insurance. It is also possible to exchange €0.19 per kilometre through 'flexible' terms of employment.</p>
<b>PENSION PROVISIONS</b>	
Stichting Pensioenfonds TNO (TNO Pension Fund Foundation)	<p><b>Old-age pension:</b>  Old-age pension is based on an average salary pension scheme with a conditional allowance (= conditional indexation).</p> <p>Contribution free allowance = €14,305 (2017)  Accrual of 1.75% (2017) per participant year of the pensionable salary for an old-age pension.  Pensionable salary equals the pension-bearing salary of no more than EUR 103,317 less the contribution-free allowance.  Part-time employees accrue a pension pro rata to the percentage of their working hours.</p> <p>As of 1 January 2015 it is no longer statutorily permitted to accrue old-age and surviving dependants pension above a certain level of income, which was EUR 100,000 (pro rata for part-timers) in 2015. The government has index-linked this amount, raising the ceiling to EUR 103,317 as of 1 January 2017.</p> <p>Via TNO Pension Fund you will be able, on an individual basis, to take out a voluntary net pension scheme above EUR 103,317.</p>

Nationale Nederlanden Investment Partners (NN IP) is responsible for the investment administration of individual accounts and the execution of investments. This pension scheme is an available premium scheme and thus has the same possibilities as the Extra Pension.

Employees who receive a gross salary of more than EUR 103,317 on or after 1 January 2017 will receive a gross supplement of 6.68% of the gross pensionable salary above EUR 103,317 to compensate for the loss of the employer contribution to the pension premium above EUR 103,317.

For pension accrual from 1 January 2015 the pensionable age is the date on which one turns 67. Pension entitlements accrued prior to 1 January 2015 the pension date is the 1st of the month in which one turns 65.

Upon retirement all pension entitlements of the participant will be recalculated to pension entitlements on the actual commencement date of retirement. If one continues working until the commencement date of the old-age pension, the commencement date of the old-age pension is, in principle, the retirement date.

Commencement of the old-age pension date earlier or later than the retirement date is possible while part-time pension, high/low pension or an old-age pension bridging arrangement are also possible choices.

The employment contract ends according to the TNO terms and conditions of employment upon commencement of the old-age pension, which legislation will cause to shift further in the future. For employees born after 30 June 1951 but before 1 April 1952 the commencement date for receiving old-age pension falls in 2017; entitlement to old-age pension commences at the age of 65 years and 9 months.

While in employment the pension accrual and premium contribution continue until the old-age pension begins. If the employee is offered a new employment contract by the respective employer after the commencement of his old-age pension, then also for the duration of this employment contract the pension accrual for that part to which this employment contract applies will continue up to but no later than his 67th birthday with pension contribution payable. For that part for which the employee still accrues pension, that part of the pension may not commence at the same time.

**Partner pension for surviving dependants:**

The partner pension is 70% of the old-age pension and as of 1 January 2017 will be calculated on income up to a maximum of EUR 103,317. This cap is not applicable when calculating the pension accrued by the participant up to 1 January 2015.

Upon the death of a participant, the partner pension is based on 70% of the old-age pension applicable on the commencement date of the old-age pension had the participant still been alive on that date. The partner pension commences on the 1<sup>st</sup> of the month following death.

The partner who is younger than the age for entitlement to old-age pension upon the death of the employee will receive a temporary supplement of 10% on the partner pension such that this reaches 80% of the level of the old-age pension; this supplement expires on the date that he/she reaches the age where he/she is entitled to old-age pension. Here, the age of entitlement to old-age pension is the entitlement age as it prevails when the payment of the partner pension commences. Also in relation to this temporary supplement, with effect from 1 January 2017 this will be calculated on the income up to a maximum of EUR 103,317. This cap does not apply to the temporary supplement calculated on the participant's pensionable period until 1 January 2015.

	<p>Upon commencement of the old-age pension the partner pension (if accrued after 1-1-2002) will be exchanged for a higher old-age pension; for single participants this occurs automatically but for participants with a partner such an exchange must be agreed.</p> <p><b>Orphans pension:</b> When a participant dies: 16% of the old-age pension to be reached.</p> <p>As of 1 January 2017 the orphans pension will be calculated on the income up to a maximum of EUR 101.519. This cap does not apply to the calculation of the orphans pension accrued during the participant's pensionable period until 1 January 2015. The orphans pension takes effect on the 1<sup>st</sup> of the month following death until the end of the month when the orphan reaches 21. Full orphans have a right to 32%.</p> <p><b>Supplementary partner and orphans pension insurance:</b> The cap can have significant consequences for the surviving dependants pension therefore as of 1 January 2015 it is possible to choose a separate supplementary insurance to cover that part of the surviving dependants pension on income above the cap of EUR 103,317 (indexation 1-1-2017). This insurance is taken out with an insurance company and involves the deduction from the net salary of an age-dependent premium.</p> <p><b>Disability pension (WGA):</b> In the event that an employee is entitled to a disability payment, the disability insurance pension is a maximum of 70% of the pensionable salary (effective on or after 1-1-2013) that exceeds the maximum daily wage (for full disability; pro rata for partial disability). During the period of entitlement to a disability payment, the accrual of old-age pension and the partner and orphans pension is continued free of premium pro rata of the extent of disability. The (fiscal) cap also that takes effect on 1 January 2015 also applies here (as of 1 January 2017 EUR 103,317).</p> <p><b>For more extensive information see the Pension Fund website and information for new employees.</b></p>
Pension contribution	<p>Employer's contribution: 18.1% (2017) less the employee's contribution.</p> <p>Employee's contribution: 10. 70% (2017) above the annual contribution-free amount of EUR 28,572 (2017) on a maximum of EUR 103,317.</p> <p>(On top of the 18.1% contribution, the employer also pays a fixed contribution surcharge to the Fund of 0.3%.)</p>
Extra pension (gross)	<p>There is an option for the employee to voluntarily (gross) pay for an extra pension up to a maximum (gross) contribution per year. The reason behind this maximum is tax related. The maximum depends on the age as of 1 January of the respective calendar year, for which there is an age-dependent table.</p>
Net Pension	<p>In relation to the (fiscal) cap of EUR 103,317 the employee may choose to voluntarily deposit a net premium of the net salary up to a maximum amount for a supplementary net pension above this cap. This maximum has been established for tax reasons and depends on the age as of 1 January of the respective calendar year. This is based on an age-dependent chart.</p>
<b>LIFE-COURSE SAVINGS SCHEME</b>	
Life-course savings scheme	<p>Group contract with Aegon</p> <p>In accordance with statutory provisions</p> <p>From 1 January 2012 on, it will no longer be possible to start saving.</p>

<b>ILLNESS</b>	
Salary during illness	First year: 100% Second year: 70% (Pension accrual unchanged for 2 years)
Disability	After two years of illness possibly WIA benefit: maximum of 75% of the (maximum) daily wage WIA (Work and Income according to Labour Capacity Act) excess covered (through TNO pension fund) at 35% to 100% disability.  WGA gap payment: TNO contributes to the loss of income of former and current employees for whom the first day of illness is on or after 1 January 2015 and who, by reason of a UWV order: a. are entitled to a WGA continuation benefit or b. have 80% or more work disability and are entitled to a WGA salary-related or WGA salary-supplemented payment.
Health care insurance	Group contract with Zilveren Kruis Achmea 3 packages: Basis Budget, Basis Zeker (Certain) and Basis Exclusief (Exclusive) 10% discount on basic insurance contribution 15% discount on supplementary insurance Employer's contribution: €70 per year, if both basic insurance and supplementary insurance coverage are provided by Zilveren Kruis Achmea 3.00% discount if a full year's contributions are paid all at once; 1.25% discount if paid semi-annually.
<b>OTHER</b>	
Smart Working	Possible (in consultation with supervisor)
Performancemanagement	Annual cycle of assessment, goal setting, and agreement on development.
Business trip allowances	Public transport or €0.35 per kilometre (€0.19 net allowance, €0.16 tax)
Professional training	Development goals: position and career The urgency and return on investment for TNO will determine how much TNO invests
Staff discounts/facilities	Subscription to Wegnahetwerk.nl (paid by TNO); mortgage discount; various Insurance policies with personnel discount via AON and Centraal Beheer Achmea. An overview of additional discounts and facilities is published on the intranet.
Lease car	Lease car for specific groups of employees and/or depending on the number of business-related kilometres each year: Up to and including scale 13 or L and ≥ 30,000 business-related kilometres each year Scale 14 or L and higher and ≥ 15,000 business-related kilometres each year

This is an overview of the TNO Terms of Employment.  
No rights may be derived from this overview.

**APPENDIX 1**

MONTHLY AMOUNTS AS FROM 1 JANUARY 2017

in €

SCALE	MINIMUM	MAXIMUM
1	*	2,139
2	*	2,337
3	*	2,467
4	*	2,599
5	*	2,730
6	1,980	3,048
7	2,242	3,469
8	2,646	3,982
9	3,050	4,395
10	2,568	5,040
11	3,474	5,875
12	4,536	6,590
13	5,249	7,339
14	5,502	8,041
15	5,980	9,182
16	6,481	10,162
17	7,034	11,121
18	7,618	12,226

\* at least minimum (juvenile) wage:

AGE	MIN, WAGE
15	465.50
16	535.30
17	612.90
18	706.00
19	814.60
20	954.25
21	1,124.90
22	1,318.85



23 and over	1,551.60
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## APPENDIX 2

MONTHLY AMOUNTS AS FROM 1 JANUARY 2017

In €

SCALE	MINIMUM	MAXIMUM
M	5,285	7,597
L	5,983	8,602
K	6,762	9,720
J	7,830	11,258
I	8,812	12,668
H	10,022	14,409

## APPENDIX 3

Increment table for individual remuneration policy

	Relative salary position								
	<= 60,0%	<= 65,0%	<= 70,0%	<= 75,0%	<=80,0%	<=85,0%	<= 90,0%	<=95,0%	< 100,0%
Rating									
A	0%	0%	0%	0%	0%	0%	0%	0%	0%
B	0%	0%	0%	0%	0%	0%	0%	0%	0%
C	3%	2%	2%	2%	1%	1%	0%	0%	0%
D	5%	4%	4%	3%	3%	2%	1%	0%	0%
E	8%	7%	5%	4%	4%	3%	2%	1%	0%
F	9%	8%	7%	6%	5%	4%	3%	2%	1%

De RSP is rounded off to one decimal place.

Example: an RSP of 80.1% goes into the <=85% column.