

THIS COLLECTIVE AGREEMENT is made this 29th day of November 2004 pursuant to the Industrial Relations Act, between the **AGERE SYSTEMS SINGAPORE PTE LTD** of 3 Kallang Sector, Kolam Ayer Industrial Park, Singapore 349278 (hereinafter called the "Company") of the one part, and the **UNITED WORKERS OF ELECTRONIC & ELECTRICAL INDUSTRIES** of 252 Tembeling Road, #03-07, Tembeling Centre, Singapore 423731, being a trade union of employees registered pursuant to the Trade Unions Act (hereinafter called the "Union") of the other part.

WHEREIN IT IS AGREED between the Union and the Company that the terms and conditions of service shall be observed by the Company in relation to its employees as contained in this Agreement.

NOW IT IS HEREBY AGREED AND DECLARED between the parties hereto as follows:

1. TITLE

This Agreement shall be known as the "**AGERE SYSTEMS SINGAPORE EMPLOYEES' AGREEMENT OF 2004**".

2. SCOPE

This Agreement shall cover all confirmed locally engaged employees of the Company in Singapore with the exception of -

- (a) managerial, executive, supervisory and confidential employees;
- (b) security personnel;
- (c) temporary employees engaged for a period not exceeding the aggregate of three months in any one year; and
- (d) persons undergoing training in an approved Apprenticeship Programme or students undergoing temporary industrial training in the Company.

3. DURATION OF AGREEMENT

- (1) This Agreement shall take effect on 1st July 2004 and shall remain in force until 30th June 2007.
- (2) During the currency of this Agreement, neither the Company nor the Union shall seek to vary, modify or annul any of its terms in any way whatsoever, save as is provided herein or by operation of law.
- (3) Negotiations for a new collective agreement may commence three months before the date of expiry of this Agreement.

4. RECOGNITION

- (1) The Company recognises the Union as the sole collective negotiating body in respect of all terms and conditions of service of the employees coming within the scope of this Agreement. Any changes by the Company to the terms and conditions of service of such employees shall not take effect before their incorporation into this Agreement by variation thereof under the provisions of section 45 of the Industrial Relations Act.
- (2) All relevant correspondence from the Company to employees covered by this Agreement and relating to matters within the scope of this Agreement shall be copied to the Union and its Branch.
- (3) The Union agrees to use its best endeavours to ensure that all its members co-operate in working for the advancement of the Company's interest and business in all respects.
- (4) The Union recognises the right of the Company to control, operate and manage its business in all respects.

5. NON-UNION MEMBERS

Employees belonging to grades within the scope of this Agreement and who are not members of the Union shall not receive benefits more favourable than those conferred on union members under this Agreement.

6. GRIEVANCE PROCEDURE

(1) Recognising the value and importance of full discussion in clearing up misunderstanding and preserving harmonious relationship between the Company and the Union, any aggrieved party shall be permitted to bring in any Union committee to represent/ accompany him, if he so chooses from Step Two onwards, in accordance with the following grievance procedure:

(a) Step One

Any employee having a grievance may, within three working days of its arising, bring the matter verbally to the attention of his immediate supervisor or, if the complaint is against his immediate supervisor, to the officer's immediate supervisor, who shall give his decision thereon within three working days from the date the matter was referred to him.

(b) Step Two

If the employee is aggrieved by the decision given under Step One, the employee may, within three working days thereof, bring the matter to the attention of his manager, who shall give his decision thereon within three working days of the matter being referred to him.

(c) Step Three

If the decision of the manager given under Step Two is unacceptable to the employee, then the employee may, within three working days thereof, refer the matter to the HR Department, where the matter shall be discussed amongst the HR representative, the Branch committee and the Union representative.

(d) Step Four

If the matter is not disposed of satisfactorily by the HR Department, the Branch committee may approach the Union, which shall then refer the matter to the Company management for settlement.

(e) Step Five

If the dispute remains unresolved at the Company management and Union level, both parties may refer the matter to the Ministry of Manpower for conciliation.

- (2) In the event of there being no settlement at the Ministry of Manpower, the matter shall be dealt with in accordance with the provisions of clause 7 of this Agreement.

7. REFEREE

Any dispute between the parties to this Agreement while it is in force and arising out of its operation shall be referred by either party to the President of the Industrial Arbitration Court who shall have the discretion to select a referee appointed in accordance with section 43 of the Industrial Relations Act to determine the dispute.

8. PROBATIONARY PERIOD

- (1) A newly-engaged employee shall serve a probationary period of three months, but the Company may extend such period for a further period of up to three months.
- (2) If the probationary period is extended according to sub-clause (1) of this clause, the employee shall be notified in writing of the extension before the end of his probationary period.
- (3) On completion of his probationary period, an employee shall be deemed to have been confirmed in the Company's service unless his service is terminated by the Company.
- (4) Any probationary employment may be terminated by the Company or employee, by a day's notice or a day's salary in lieu thereof, without any reason being assigned for such termination.

9. PROMOTION

- (1) In the case of promotion, if the promotee's salary is below the minimum of the new grade, his salary shall be adjusted to the minimum of the new grade or 10% of his last drawn basic salary whichever is higher.
- (2) If the promotee's salary exceeds the minimum of the new grade, he shall receive a promotional adjustment of 10% of his last drawn basic salary.

10. WORKING HOURS

The working hours shall be as follows:

- (a) 8-hour normal (5-day week) : 0800 hours - 1730 hours
- (b) 8-hour normal (5½-day week) : 0800 hours - 1700 hours (Monday - Friday); and
0800 hours - 1200 hours (Saturday)
- (c) 8-hour 1st shift : 0700 hours - 1500 hours; and
0700 hours - 1300 hours (Saturday)
- (d) 8-hour 2nd shift : 1500 hours - 2300 hours; and
1300 hours - 1900 hours (Saturday)
- (e) 8-hour 3rd shift : 2300 hours - 0700 hours
- (f) 12-hour permanent day shift : 0700 hours - 1900 hours
- (g) 12-hour permanent night shift : 1900 hours - 0700 hours

11. RETIREMENT

- (1) The retirement age of an employee shall be in accordance with the Retirement Age Act.
- (2) A retired employee may be re-employed on a year-to-year basis provided that both parties mutually agree to the employment and the employee is certified medically fit by the Company doctor.

12. RETRENCHMENT BENEFIT

- (1) In the event of redundancy or re-organisation, the Company shall inform the Union in writing of such impending retrenchments two weeks before the retrenchment notices are given to the affected employees.
- (2) The notice of termination of service to any employee so affected shall be not less than one month or one month's salary in lieu of notice.
- (3) The retrenchment benefits payable to the affected employees shall be as follows:
 - (a) Three years' service or more - one month's basic salary for each completed year of service and part thereof for an incomplete year of service capped at twenty-five years of service.
 - (b) Two years' service but less than three years' service - an ex gratia of two weeks' basic salary.
 - (c) One year's service but less than two years' service - an ex gratia of one week's basic salary.

13. SALARY

- (1) The salary ranges are set out in Appendices I and II to this Agreement.
- (2) The quantum of annual increments shall be negotiated on an annual basis. Negotiations shall commence in early November of each year. Such wage increases negotiated and agreed upon shall be filed with the Industrial Arbitration Court and shall form part of this Agreement. The annual incremental date shall be 1st December of each year.
- (3) In addition to the above, the Company and the Union shall also negotiate on the quantum of variable bonuses to be paid out in the following year.

- (4) The Company and the Union agree to build up to 10% of the total wage as the monthly variable component.
- (5) The monthly variable component may be varied only in situations agreed between the parties and the Union shall be notified before any variation is made.
- (6) The Company and the Union agree to work towards adopting the Competitive Base Wage System in line with the recommendations of the NWC of Singapore. Implementation of the Competitive Base Wage System, which adopts the guidelines set by The Tripartite Committee could be considered once the desirable salary ratio of 1.5 is achieved.

14. ANNUAL WAGE SUPPLEMENT

- (1) An employee who has completed twelve months' continuous service as at 31st December shall be entitled to an Annual Wage Supplement equivalent to one month's basic salary drawn as at 31st December.
- (2) A confirmed employee who has not completed twelve months of service as at 31st December shall be paid a pro-rated Annual Wage Supplement based on the number of completed months served.
- (3) For the purpose of computing pro-rated Annual Wage Supplement, service up to and including the 15th day of the calendar month shall be regarded as a complete month. Service after and including the 16th day of the calendar month shall be disregarded in the computation.
- (4) Proportionate Annual Wage Supplement shall not be paid to an employee who is dismissed for misconduct or to an employee who resigns from the Company's service on or before 31st July (for first-half payment) or 31st December (for second-half payment).
- (5) Half Annual Wage Supplement shall normally be paid during the last week of July and December.

15. ATTENDANCE BENEFIT

- (1) An employee who falls under any of the salary grades as stipulated in Appendix I to this Agreement, shall be granted an allowance of \$30/- per month if he has perfect attendance for each month.
- (2) Employees are deemed to be present and entitled to this allowance, under the following circumstances:
 - (a) Authorised paid leave, such as sick leave, National Service leave, union leave, annual leave, medical leave, compassionate leave, marriage leave, maternity leave, paternity leave;
 - (b) If they are granted study leave for Company-sponsored courses;
 - (c) If they are not late for more than 15 minutes per month, or if they do not leave work earlier for more than 15 minutes per month.

16. SHIFT ALLOWANCE

- (1) An employee who is scheduled to shift work shall be paid the following shift allowances:
 - (a) 8-hour second shift : \$5.00 per shift
 - (b) 8-hour third shift : \$9.00 per shift
 - (c) 12-hour permanent day shift : \$8.50 per shift
 - (d) 12-hour permanent night shift : \$16.00 per shift
- (2) An employee shall be entitled to the applicable shift allowance if he is present for work for at least four hours or more, for those on the 8-hour shift, or at least six hours or more, for those on the 12-hour shift.

17. TRANSPORT ALLOWANCE

The Company shall pay a transport allowance of \$50/- per month to all non-exempt employees.

18. SCOPE ALLOWANCE

The Company shall grant a scope allowance of \$40/- per month to employees who spend 50% or more of their working time on the microscope.

19. MULTI-SKILLS ALLOWANCE

The Company shall grant multi-skills allowance to employees who are certified and re-certified according to the Company's training procedures and policy. Eligible employees shall be granted a variable allowance between \$5/- and \$25/- per month depending on the total skill points they have amassed in the preceding month.

20. ANNUAL LEAVE

- (1) Every confirmed employee or employee with not less than three months' service on the 8-hour shift or working non-shift hours shall be eligible for annual leave as follows:
 - (a) For the first five years of service - 14 working days per year.
 - (b) For the 6th and every subsequent year thereafter - one additional working day per year of service up to a maximum of 18 working days.
- (2) Every confirmed employee or employee with not less than three months' service on the 12-hour shift shall be eligible for annual leave as follows:
 - (a) For the first five years of service - 11 working days.
 - (b) For the 6th and every subsequent year thereafter - one additional working day per year of service up to a maximum of 15 working days.
- (3) An employee shall be entitled to proportionate annual leave in respect of an incomplete year of service.
- (4) If an employee terminates his service or retires from the Company before he has taken his leave, the Company shall pay for all annual leave not taken as on the day of termination of service.

- (5) An employee shall not be entitled to, nor shall he receive any compensation whatsoever for annual leave days not taken, if his employment with the Company is terminated as a result of a disciplinary discharge due to misconduct.
- (6) Unless it is an emergency, an employee shall apply for annual leave one week in advance. The Company shall inform the employee within four days of the receipt of the application whether the leave has been approved.
- (7) A maximum of up to three days' annual leave per calendar year shall be set aside for plant shutdown. The scheduled dates shall be fixed in consultation with the Union.

21. SICK LEAVE

- (1) The Company shall grant every confirmed employee or employee with not less than six months' service paid sick leave of not less than an aggregate of fourteen working days in each calendar year on the production of a certificate from a Company doctor or from any Government medical officer.
- (2) Every employee shall be eligible for hospitalisation leave up to an aggregate of 60 working days less sick leave in each calendar year.

22. MATERNITY LEAVE/BENEFIT

- (1) Subject to the provisions of section 76(4) of the Employment Act, a female employee who has completed not less than one hundred and eighty days' service shall be entitled to two months' maternity leave with full pay.
- (2) An application for maternity leave shall be supported by a certificate from a registered medical practitioner or a Government maternity hospital.

- (3) If at the expiry of the maternity leave, the employee is medically certified as unfit for duty, her absence shall be treated as normal sick leave in accordance with clause 21 of this Agreement.
- (4) Leave on account of miscarriage or abortifacient measures occurring during the first seven months of pregnancy shall not be considered as maternity leave but as normal sick leave.
- (5) The Company shall give confirmed employees a set of baby products worth S\$55/- each on the birth of their first to third surviving children.

23. PATERNITY LEAVE

All confirmed male employees shall be entitled to two working days' paid paternity leave on the birth of their first three children.

24. MARRIAGE LEAVE

The Company shall grant paid leave of five working days to a confirmed employee on the occasion of his/ her first legal marriage. An authenticated certificate of such marriage shall be produced by the employee to qualify for such leave.

25. COMPASSIONATE LEAVE

- (1) All confirmed employees shall be entitled to paid compassionate leave of not exceeding a total of six working days in any one calendar year according to the following schedule:
 - (a) Death of an employee's immediate family member (spouse, child, parent and parent-in-law) - four working days;
 - (b) Death of an employee's immediate family member (grandparent, brother and sister) - three working days;
 - (c) Critical illness of an employee's spouse, child, parent, parent-in-law, grandparent, brother or sister - one working day.

- (2) Prior permission of the immediate supervisor shall be obtained before an employee can be granted compassionate leave. However, when this is not possible, the employee concerned shall advise his immediate supervisor by telephone at the first available opportunity of the duration of his absence and the reasons therefor.
- (3) Where compassionate leave is required by an employee, the onus shall be upon the employee to produce evidence to the satisfaction of the Company within forty-eight hours after the leave is taken, to qualify for such compassionate leave, unless the requirement is waived by the Company. In the event that it is subsequently found that such evidence is invalid or a misrepresentation of the facts in any way whatsoever, any compassionate leave which may have been granted shall be unpaid without prejudice to the right of the Company to take any disciplinary action against him.
- (4) A critically ill person is defined as one who is warded in a Government or private hospital and who is on the dangerously ill list.

26. LONG-TERM SICK LEAVE

- (1) An employee who has completed twelve months' continuous service, if certified by a Government medical officer as having contracted a long-term illness shall on the recommendation of the medical officer in-charge of his case, be entitled to the following leave:
 - (a) First six months - full pay
 - (b) Second six months - half pay
 - (c) Third six months - no pay
- (2) An employee shall forfeit the above benefit if he misconduct himself by -

- (a) not following the prescribed treatment or medical advice of the relevant medical authority; or
 - (b) refusing to undergo x-ray or re-x-ray as required by the authority in charge of his case.
- (3) If an employee after having exhausted his long-term sick leave entitlement in accordance with sub-clause (1) of this clause, is finally certified by the medical officer concerned to be unfit for duty, he shall retire from the service of the Company on medical grounds.

27. OUTPATIENT TREATMENT

- (1) Every employee shall enjoy the privilege of free medical attention, treatment and medicine from the Company doctor. The Company shall reimburse the employee the medical expenses incurred as a result of consulting a Government medical officer.
- (2) For Outpatient Specialist treatment, reimbursement shall be in accordance with the Company Group Hospitalisation and Surgical Insurance guidelines as in Appendix III, if the consultations/treatments have been referred by Company-appointed doctor or a Government medical officer.

28. HOSPITALISATION BENEFIT

- (1) Every employee shall be eligible for the benefits of “B1” class ward accommodation in a Government-owned hospital, National University Hospital (NUH) or in any other approved private hospital, subject to the maximum number of days in any calendar year specified in the Company's Group Hospital and Surgical Insurance Scheme. A copy of the Schedule of Benefits for non-exempt employees is shown in Appendix III to this Agreement.
- (2) The benefits of “B1” class accommodation and ward charges shall be subjected to the limits covered by the Company's Group Hospital and Surgical Insurance Scheme.

- (3) In the event that the "B1" class accommodation is not available at the time of admission, the employee shall be given "B2" class accommodation.
- (4) In the event that if both "B1" and "B2" class accommodation are not available at the time of admission, the Company shall pay for "C" class accommodation and an allowance equivalent to fifteen dollars (\$15/-) per day up to a maximum number of days in accordance with sub-clause (1) of this clause.
- (5) The Company shall bear the costs of in-patient treatment such as x-ray, surgical and specialist fees in accordance with the Company's Group Hospital and Surgical Insurance Policy.
- (6) Exclusions:
The Company shall not bear -
 - (a) the cost of spectacles and eye-glasses;
 - (b) any cosmetic surgical expenses incurred unless deemed necessary by the medical doctor and optical charges;
 - (c) expenses in respect of pregnancy, confinement and abortifacient measures;
 - (d) expenses arising out of self-inflicted injury or illness or disease caused by misconduct;
 - (e) expenses for treatment in mental cases which have been certified; or
 - (f) expenses incurred in respect of illness or disablement arising from attempted suicide, performance of an unlawful act, exposure to any unjustifiable hazards, the abuse of drugs, breach of the peace or disorderly conduct.

29. DENTAL TREATMENT/LEAVE

- (1) Medical leave granted by a Government dental officer or any registered dental practitioner shall be treated as normal sick leave.

- (2) Every confirmed non-exempt employee is entitled to a maximum dental claim of up to \$150/- per calendar year from any registered dental practitioner.

30. GROUP TERM LIFE INSURANCE

The Company shall insure every employee for an amount equivalent to twelve months' basic salary.

31. GROUP PERSONAL ACCIDENT INSURANCE

The Company shall insure every employee for an amount equivalent to twelve months' basic salary.

32. UNIFORMS

- (1) Where an employee is required to wear uniform, when first hired he shall be issued without cost the uniforms as follows:
 - (a) uniform - three sets per annum;
 - (b) smock - two sets per annum.
- (2) Uniforms shall be replaced upon the return of the old, worn-out uniforms. Such replacement shall be issued as follows:
 - (a) uniform - not more than four sets per annum;
 - (b) smock - not more than three sets per annum.
- (3) All employees who are supplied with uniforms shall wear them at all times, while in the Company's premises.

33. PRODUCTIVITY IMPROVEMENT PROMOTION

The Union and the Company shall promote Quality Control Circle (QCC) actively through employees in promoting and planning for QCC activities.

34. SAFETY COMMITTEE

The Company shall in co-operation with the Union establish a safety committee in accordance with the Factories Act and Regulations.

35. SKILLS TRAINING

The Company shall provide skills training for its employees in order to upgrade the skills of the workforce and to raise their level of productivity.

36. EMPLOYEES' LIST

- (1) The Company shall, on the signing of this Agreement, submit to the Union a list of employees who are members of the Union showing the employees' -
 - (a) names;
 - (b) identification numbers;
 - (c) grades/classes;
 - (d) most recent rates of pay;
 - (e) service dates; and
 - (f) highest education standards.
- (2) The Company shall submit up-to-date lists as at 1st November of each year to reach the Union not later than 30th November of the same year.

IN WITNESS WHEREOF the parties hereto, have hereunto set their hands the day and year first above written.

Signed for and on behalf of

**AGERE SYSTEMS SINGAPORE
PTE LTD**

**UNITED WORKERS OF
ELECTRONIC & ELECTRICAL
INDUSTRIES**

JEFF MOWLA
Vice President &
Managing Director

TAN SOO LENG, CYRILLE
General Secretary

NEO BEE LIAN
Director, Finance

NG CHOON LUI, ROSE
Branch Chairman

MISNAYA BTE SHUNAY
Branch Secretary

ANISAH BTE ABDUL AZIZ
Branch Treasurer

In the presence of:

HO CHIN HWA
Director, Human Resources

TAN LEE KHENG, PEGGY
Industrial Relations Officer

Appendix I
(Clauses 13 & 15)

AGERE SYSTEMS SINGAPORE EMPLOYEES' AGREEMENT OF 2004

SNE & DL SALARY STRUCTURE

| SALARY GRADE | JOB TITLE | SALARY SCALE | |
|--------------|--|--------------|---------|
| | | MINIMUM | MAXIMUM |
| 7 | Assistant Product Specialist Assistant Maintenance Specialist Assistant Process Specialist Technician II | \$1,050 | \$1,800 |
| 6 | Technician I | \$930 | \$1,600 |
| 5 | Senior QA Auditor Elite Operator IV | \$850 | \$1,440 |
| 4 | QA Auditor Senior Inspector (QRA /QA) Senior Engineering Operator (QRA /Engg & Devt) Senior Maintenance Operator (Maint) Material Handler Elite Operator III Setup Operator II | \$800 | \$1,370 |
| 3 | Inspector II (QRA /QA) Engineering Operator (QRA /Engg & Devt) Maintenance Operator (Maint) Elite Operator II Setup Operator I | \$760 | \$1,315 |
| 2 | Inspector I (QRA /QA) Data Entry Operator Elite Operator I | \$730 | \$1,260 |
| 1 | Production Operator | \$700 | \$1,210 |

This salary structure is only applicable to employees on CPF Scheme.

Appendix II
(Clause 13)

AGERE SYSTEMS SINGAPORE EMPLOYEES' AGREEMENT OF 2004

SNE SALARY STRUCTURE

| SALARY GRADE | JOB TITLE | SALARY SCALE | |
|--------------|---|--------------|---------|
| | | MINIMUM | MAXIMUM |
| E | Senior Storekeeper Senior Scheduler Senior Document Control Assistant | \$1,260 | \$2,140 |
| D | Storekeeper II Scheduler II Document Control Assistant II Draughtsperson | \$1,120 | \$1,905 |
| C | Storekeeper I Scheduler I Document Control Assistant I Clerk III (Mfg /Maint /QRA) | \$990 | \$1,690 |
| B | Clerk II (Mfg /Maint /QRA /Invt Ctrl / Pdn Ctrl /MPS /Engg & Devt) Store Assistant | \$850 | \$1,440 |
| A | Clerk I | \$770 | \$1,310 |

AGERE SYSTEMS SINGAPORE EMPLOYEES' AGREEMENT OF 2004

GROUP HOSPITALISATION AND SURGICAL INSURANCE

SCHEDULE OF BENEFITS (NON-EXEMPT EMPLOYEES)

| | S\$ |
|--|------------|
| 1) Hospital Room and Board (Daily maximum up to 90 days) | 165 |
| 2) Per Diem Payment (Daily maximum up to 90 days) | 15 |
| 3) Intensive Care Unit (Daily maximum up to 90 days) | 10,000 |
| 4) Other Hospital Services | 2,500 |
| 5) Surgical Benefit (Subject to Surgical Schedule) | 4,500 |
| 6) In-Hospital Doctor's Visits (Daily maximum up to 90 days) | 60 |
| 7) Pre- and Post-Hospitalisation or Surgery Specialist Consultation, Diagnostic Tests and X-ray | 1,300 |
| 8) Emergency Accident Outpatient Treatment (Maximum of 90 days per disability) | 1,500 |
| 9) Non-Elective Miscarriage | 1,000 |
| 10) Outpatient Kidney Dialysis and Cancer Treatment (Per policy year) | 5,000 |
| 11) Outpatient Physiotherapy Treatment (Per policy year) | 500 |
| 12) Death Benefit | 3,000 |

NB: If the employee is hospitalised in a Government hospital or restructured hospital "B1" ward, all expenses will be reimbursed on an "as charged" basis, subject to the daily room and board limit of S\$165 (up to 90 days).