

**REGISTER OF
ENTERPRISE AGREEMENTS**

ENTERPRISE AGREEMENT NO: EA02/193

TITLE: Cochlear Limited Enterprise Partnership Agreement 2001

I.R.C. NO: IRC02/1767

DATE APPROVED/COMMENCEMENT: 4 April 2002

TERM: 30 March 2003

**NEW AGREEMENT OR
VARIATION:** New. Replaces EA00/107

GAZETTAL REFERENCE: 28 June 2002

DATE TERMINATED:

NUMBER OF PAGES: 31

COVERAGE/DESCRIPTION OF

EMPLOYEES: Applies to all permanent and part-time employees of Cochlear Limited employed in a classification covered by the Metals and Engineering Industry (New South Wales) Interim Award and the Metals Engineering and Associated Industries (State) Award.

PARTIES: Cochlear Limited -&- Australian Manufacturing Workers Union & individual employees



INDUSTRIAL RELATIONS COMMISSION OF NEW SOUTH WALES

Industrial Relations Act 1996

s34 - Application for Approval of Enterprise Agreement

Application No. IRC 1767 of 2002
(No. IRC N42 of 2001)

Cochlear Limited Enterprise Partnership Agreement 2001

Between

Cochlear Limited

And

The Australian Manufacturing Workers Union

And

The Employees of Cochlear Limited

Production Assemblers

Health Appliances Industry

MEMORANDUM OF AGREEMENT

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1. FORMALITIES OF AGREEMENT

1.1 Agreement Title

This Agreement shall be known as the Cochlear Limited Enterprise Partnership Agreement 2001. This Agreement supersedes the Cochlear Limited Enterprise Partnership Agreement entered into between the parties in April 1999.

1.2 Parties Bound

The parties bound by this Agreement are:

- Cochlear Limited (Cochlear)
- The Australian Manufacturing Workers' Union (AMWU) in respect of its members and
- The permanent and part-time employees of Cochlear employed in a classification covered by the Awards described in Clause 1.7 whether members of the Union or not.

1.3 Definition

- (i) In this Agreement, reference to the Commission shall mean the Industries Relations Commission of New South Wales
- (ii) In this Agreement, the Act shall mean the *Industrial Relations Act 1996*

1.4 Duration

This Agreement supercedes and replaces the Enterprise Bargaining Agreement entered into between the parties and ratified in the Industrial Relations Commission of New South Wales on 21st January 2000 . It shall operate from the first pay period to commence on or after the date of approval hereof by the Commission, by Justice Kavanagh on 4 April 2002, and shall remain in force until 30th June 2003 , unless varied or terminated under the provisions of the Act.

1.5 Declaration

This Agreement has been negotiated through extensive consultation between representatives of Cochlear management, employees and the AMWU. A Consultative Committee was constituted for the purposes of formal discussions. The content of the Agreement has been canvassed between the parties and the employees concerned, or potentially concerned. All parties entering into this Agreement, or affected by its coverage, have done so with full knowledge as to its content, the effect of implementation of its provisions and the effect of certification hereof.

The parties declare that this Agreement:

- (i) is not contrary to public interest
- (ii) is not unfair, harsh or unconscionable to any relevant person, or potential relevant person
- (iii) was at no stage entered into under duress; and

- (iv) Reflects the interests and desires of the parties and the persons covered by or potentially covered by the Agreement.

1.6 No Further Claims

Cochlear and the AMWU and the employees of Cochlear agree that they will not, for the duration of this Agreement pursue any extra claims for change in relation to matters dealt with by this Agreement.

1.7 Award Conditions

The underlying Awards with respect to this Agreement are the Metals and Engineering Industry (New South Wales) Interim Award and the Metals Engineering and Associated Industries (State) Award.

The provisions of this Agreement stand in place of the conditions set out in those Awards to the extent of any changes, and the Agreement applies in the event of there being any inconsistencies between the Award(s) and the Agreement.

Any condition or issue not directly covered in this Agreement will be referred to the Awards as mentioned above, for interpretation.

2 PARTNERS WITH EMPLOYEES

2.1 Business Environment

Cochlear Limited is world leader in the cochlear implant therapy market with anticipated growth of 20% pa. With the onset of competitors within the market, the challenge for Cochlear is to maintain leading edge design and improve and develop new process and strategies for manufacture, whilst maintaining and growing our customer base.

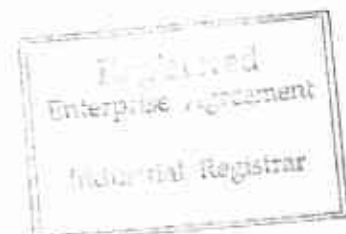
2.2 Company Mission Statement

Cochlear has adopted a Mission Statement, which sets out the objectives for Cochlear, and the manner in which those objectives have been achieved. The essence of the Mission Statement is that Cochlear will strive to improve the quality of life for the hearing impaired by providing the highest quality products and life-long support for our implant recipients.

In pursuit of this mission statement, Cochlear will continue to strive to improve. In that pursuit Cochlear will continue to strive for excellence, embracing a partnership philosophy, working with Cochlear's recipients, healthcare professionals, researchers, suppliers, distributors and service providers as partners in hearing for life.

2.2.1 Core objectives

- 2.2.1.1 The parties hereto agree to work together to remain the worldwide leader in the cochlear implant industry by maintaining our products and services as the gold standard.
- 2.2.1.2 The parties hereto agree to work together to secure a working environment that enables our employees to gain support for, and personal reward from, their efforts.



- 2.2.1.3 The parties hereto agree to work together to secure and maintain sustainable levels of good profitability, thereby providing a basis for shareholder loyalty as well as employee opportunity.

2.3 Our Values

The values outlined below explicitly describe the behaviours that are expected of participants in Cochlear's business. They help drive a code of conduct, and the parties to this Agreement acknowledge that each other's actions will be consistent with these values.

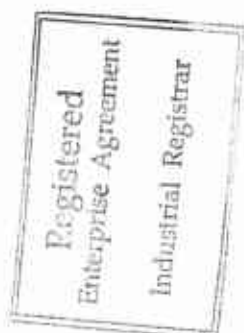
2.4 Cochlear agrees to commit itself to the following:

2.4.1 Integrity

- We act with integrity at all times so that our actions can withstand scrutiny, whether internal or external.
- We regard ethics to be the cornerstone of professional behaviour.

2.4.2 Quality and Reliability

- Our actions reflect the fact that the quality and reliability of our product is of paramount importance to us and our customers
- We use world class standards as the benchmark throughout our business activities.
- Action in response to known potential quality issues receives the highest priority.
- Quality is the responsibility of all employees, ie Plan [do [check [act.



2.4.3 Continuous Improvement in a Learning Organisation

- Continuous improvement is fundamental to our way of working.
- The best learning is achieved by understanding why things went wrong; that is, mistakes form the basis for learning.
- Personal development is enhanced by effective training, including on-the-job mentoring.

2.4.4 Open Communication

- We trust and respect fellow employee.
- Direct and unambiguous communication (an open door policy) at all times.
- Use of appropriate communication channels, in terms of medium and organisation structure, is emphasised.

2.4.5 Global Perspective

- We use every opportunity to draw on the benefits of Cochlear's global presence.
- We are alert and sensitive to the issues affecting all areas of the organisation.

2.4.6 Initiative and Opportunity

- All employees are encouraged and expected to use their initiative in addressing challenges; ie to focus on finding solutions.
- Employees are responsible for creating opportunities for themselves and to use initiative in carrying out their duties.

2.4.7 Responsibility and Accountability

- Each employee is individually responsible and accountable for achieving effective and efficient performance; never assume, always anticipate, be thorough and complete, and follow through.
- Good performance is recognised; consistently poor performance is addressed in a timely way to evaluate the cause and identify the support required to improve performance.

2.4.8 Altruism

- In addition to the above operational values, we aim to share the benefits of our experience through support for training within the cochlear implant industry and in the setting of standards that advance the industry.
- Cochlear strives to be a good corporate citizen and a contributor to the well being of society.

2.5 Employees

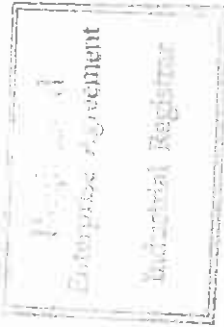
2.5.1 The employees agree to commit themselves and assist in the process of Cochlear's achieving its core values. In this respect the employees will always act with honesty and with a sense of duty to Cochlear and always strive for excellence in the performance of their duties, accepting responsibility for individual performance and output, and recognising the need to achieve excellence in group performance and output.

2.5.2 In order to achieve this, employees will always act with flexibility and preparedness to perform duties which are reasonably peripheral to themselves and which they can perform without endangering their own health and welfare or the health and welfare of others.

2.6 Partners with Employees

2.6.1 Aims and Objectives of the Agreement

It is the aim of the parties to this Agreement to develop and enhance the skills of the employees as well as the quality of working life of employees with a view to recognising the objectives and aspirations of Cochlear as stated in its Mission Statement.



The parties agree to work together to:

- Strengthen communication
- Develop the skills of Cochlear
- Create a sense of job satisfaction
- Create a flexible working environment

2.6.2 Communications

2.6.2.1 The parties agree to work together to listen to issues raised by the other party and to act on appropriate and reasonable suggestions in a reasonable timeframe. Cochlear will provide feedback on successes and failures and consultation on changes in the workplace.

2.6.2.2 The parties agree that:

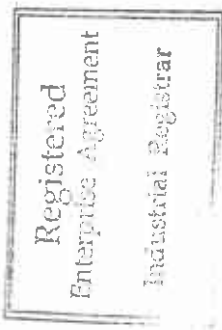
(i) Suggestions can come:

- from employees
- from supervisors
- from customers and even third party consultants
- from Cochlear through its executive structure.

(ii) Not all suggestions can be acted upon but it is important that feedback as to why is adequately communicated.

(iii) In the same way, not all directions can be complied with but employees agree that where this is so, there will always be a reasonable expectation or justification.

(iv) Changes in the work place are inevitable and we all accept our responsibility for continuous improvement and constructive communication when difficulties arise.



2.7 Flexibility

2.7.1 Cochlear's aim is to create a flexible working environment, which allows Cochlear to best utilise the talents of staff for the benefit of all. Cochlear recognises that employees seek to enter into stable and secure employment with regular and reliable working arrangements.

2.7.2 To achieve flexible working hours, the parties recognise the following factors as contributing to flexibility:

2.7.2.1 That the need for flexible hours in order to enhance efficiency will be identified in various circumstances, and the opportunity provided to employees to working flexible hours and adjust to the need of working flexible hours consistent with their own amenity.

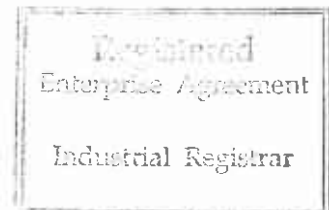
2.7.2.2 The employees agree to be prepared and willing to work flexible hours where the need is identified.

- 2.7.2.3 Cochlear will apply any necessary resources to meet the needs of the changing hours, and any problems, which arise either for Cochlear or the employees as a result of the working of flexible hours.
- 2.7.2.4 The objective of working flexible hours will be to achieve targets through more efficient and productive work performance, and to minimise the need to work overtime. The employees agree to constructively assist and work towards the achievement of these objectives
- 2.7.2.5 Reward mechanisms will appropriately benefit employees for productivity and efficiency improvements, which arise through the working of flexible hours.
- 2.7.2.6 The employees will take responsibility individually and collectively for the utilisation of time, the reduction in overtime worked and the working of flexible hours, particularly where such hours may be worked without regular supervision.
- 2.7.2.7 In the process of identifying the need for the working of flexible hours, and identifying targets which may be achieved through the working of efficient and productive work performance, Cochlear will discuss the proposals with the Consultative Committee, and with the employees who may be affected with a view to reaching consensus on any initiatives.

3 COACHING FOR EXCELLENCE

- 3.1 Coaching for Excellence is part of the Cochlear Performance Development Review process and extends across the organisation including those covered by this Agreement. The PDR process encompasses:

- Cochlear Values and Competencies
- Business drivers
- Development planning
- Appraising performance
- Rewarding performance



- 3.1.1 Through the Coaching for Excellence process all employees should have an understanding of what drives Cochlear's business and clear understanding of what their role is in making that a reality.

3.2 Learning and Development

- 3.2.1 Cochlear agrees to provide for the training and development of employees and the recognition of skills acquired by employees, thus to achieve job satisfaction and an acceptable quality of working life. To this end, it is agreed as follows:
- 3.2.1.1 Employees will be given the opportunity through encouragement and training to progress through the classification structure through the acquisition of skills.
- 3.2.1.2 Training both on site and off site will be made available to all employees covered by this Agreement especially where such training is designed to improve the specialised skills of employees.

3.2.1.3 On-site training will be largely provided by experienced staff, including leading hands.

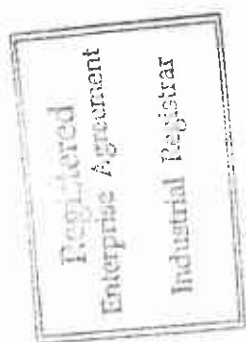
3.2.1.4 Cochlear will ensure that relevant and appropriate resources are applied to ensure that training plans are achieved and result in appropriate outcomes.

3.2.2 Cochlear will ensure that employees are assessed to determine their level of competency following training, their ability to demonstrate the skills achieved and such acquisition of skills is given appropriate recognition, including by way of qualifying the employee to be recognised through the reward mechanism.

3.2.3 Subject to the recognition of skills, employees will be eligible for advancement to higher levels in the classification structure subject only to the needs of Cochlear and vacancies in those higher levels.

3.2.4 Where training needs have been identified and training programmes provided, the employees agree that they will participate in such training in terms of the requirements of the training. It shall be the duty of each and every employee to satisfy such training requirements, and to demonstrate that they have acquired the skills and knowledge provided for under the training programme.

3.2.5 As part of the training, employees may be given the opportunity to undertake work at a higher level relevant to the skills matrix. In this event, employees will not be paid commensurate with the higher level but the employees agree that they will not be paid at a higher level but the work will be regarded as part of the training process.



3.3 Career Development Matrix

3.3.1 The Cochlear Career Development matrix is the system of ensuring opportunities and skill development for employees. It provides employees with an "Open" system of assessing skills and competencies.

3.3.2 The matrix is broken into two areas:

3.3.2.1 **Core Stream** – consists of competencies covering areas such as business knowledge, quality/GMP standards, interpersonal skills, problem solving, values, OH&S, educational levels.

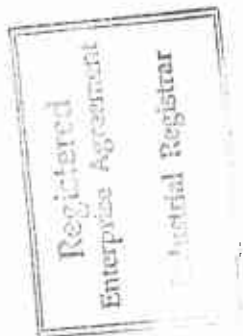
3.3.2.2 **Functional Stream** – consists of competencies covering areas such as production requirements and performance standards, computer operations and production flexibility, as well as indicative tasks.

3.3.3 The matrix will provide guidance for both staff and management in determining the appropriate level of recognition of acquired skills. The Career Development matrix will be overlaid with the salary ranges for each level of the matrix.

3.4 Performance Assessment

3.4.1 Commitment to Continuous Improvement

3.4.1.1 Employees will be graded by management into a classification identified under the matrix.



3.4.1.2 Once classified, an employee shall have the right to contest any classification or level and present any information in support of the employee's claim for re-classification, which shall be considered by management. Notwithstanding, the arguments presented by an employee shall not be used by that employee or other employees for the purposes of ratcheting the pay scale.

3.4.1.3 The parties recognise that in the course of continuous improvement, new technology and processes will be introduced.

3.4.1.4 Cochlear for its part, will ensure that such technology and processes will be optimised to meet operational needs.

3.4.1.5 The employees for their part, agree to recognise the need to adapt to such improvements in technology and processes.

3.5 Performance Criteria

3.5.1 Individual performance appraisals will be conducted regularly with a view to assessing individual performance and the contribution of that individual's performance, to the overall Cochlear outcomes.

3.5.2 There will be an annual assessment of individual's performance, and adjustments to the employee's classification may be made to reflect demonstrated changes to the employee's level of skills and competency, or to reflect failure by an employee to achieve an adequate level of competency. In addition, employees who achieve a level of competency, and can demonstrate that they can sustain that level of competency, by way of training, either in-house or externally, may seek a review and have their level of skills and competency assessed with a view to their being upgraded in their position. In addition, the present system where supervisors can assess the performance of employees at any time as meriting re-grading to a higher position will continue. An employee's re-grading to a higher position from level 3 to level 4 is, at all times, subject to a position of the higher level being available. Otherwise, the re-grading of employees to a higher level will be contingent upon the Company requiring an employee to perform the work at the higher level.


3.5.3 Transfer to lower paid duties

Where an employee is transferred to lower paid duties, by reason of an assessment that the employee is failing to perform at the level of skill and competence required for the position in which the employee has been graded, the employee shall be entitled to receive the same period of notice as the employee would have been entitled to if the employment had been terminated before the change is put into effect. Cochlear may, at its option, make payment in lieu thereof of an amount equal to the difference between the former ordinary rate of pay and the new ordinary time rate for the number of weeks of the notice.

3.6 Issues of Non-Performance

3.6.1 At all times whilst the procedure set out herein is being followed, employees will be subject to prescribed natural justice. As part of according the employee natural justice, warnings will not be issued without proper investigation and advice to the employee of the issue(s) of concern. No disciplinary action will be taken, by way

of warnings or otherwise, unless the employee has been given a full opportunity to explain or justify the actions or conduct complained of. During any discussion or counselling, the employee will be afforded the opportunity of having a representative appear with the employee.

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- 3.6.2 An employee who is assessed, during the year or during a Performance Development Review, as not having satisfied an appropriate level of skill, knowledge and competence, and/or whose overall behaviour to work is at, or below, an acceptable level, shall undergo a performance counselling procedure by Cochlear.
- 3.6.3 The performance counselling process will include a discussion interview with the individual and any other parties involved, the Supervisor and/or Line Manager and/or Human Resources. This may result in a verbal or written warning or file note. The performance counselling procedure will require that improvement in the areas of concern are met within a nominated period. The performance counselling procedure will set clear guidelines on the issues, expectations and timeframes for improvement.
- 3.6.4 If at the end of that nominated period, an improvement is not evidenced, disciplinary action will be taken, with the potential outcome of termination of the employee.
- 3.6.5 The result of performance assessments will be communicated to employees with emphasis both on areas where there has been achievement as well as areas where results have been less than satisfactory so that attention can be given to implementing necessary changes.
- 3.6.6 If the matter relates to the employee's work performance, should the employee be able to demonstrate a relative level of skill, knowledge and competence to perform work at a lower classification level, the employee may be re-classified to that lower classification level, on the basis of notice of such re-classification being given equal to the usual or normal notice provisions. If the employee is not able to demonstrate that he/she possesses such reduced level of skill, knowledge and competence then the employee may be terminated on the giving of such notice, provided that this action shall not be taken unless the employee is able to utilise the provisions of Employee Grievance Policy.
- 3.6.7 An employee who, having been issued a warning under this provision, responds to the warning and demonstrates that the employee is able to perform work in terms of the requirements and expectations of the Company for a period of no less than one year following the warning, may request to have the warning stricken from his/her file, and the Company will give proper consideration to such request.

3.7 Training

- 3.7.2 Cochlear will undertake a needs audit for in-house training and establish the structures for such training. As part of this audit, Cochlear will identify potential trainers within the manufacturing division who have the necessary skills and knowledge, and themselves undertake the training of new staff and the further training of existing employees.
- 3.7.3 As part of this training audit, Cochlear will investigate the possibility of establishing an internal training centre, equipped with appropriate tools and materials for conducting training courses, and the resources to effectively undertake in-house training.

- 3.7.4 Cochlear will also undertake to identify training needs which can be addressed through having employees undertake external courses, and acquire certified skills necessary to perform the job more productively and efficiently.
- 3.7.5 As part of the overall training initiative, employees undertaking external studies in appropriate courses, either through TAFE or other accredited educational institutions, will be supported by Cochlear with respect to assisting them with studies, undertaking examinations, and so on, and considering whether direct support can be given in relation to purchase of texts and equipment associated with their course. In this respect, Cochlear may impose conditions on providing direct support, including a requirement that after the person satisfactorily completes the course, the equipment or other materials and resources purchased then become the property of Cochlear and available generally to the in-house training resource, and so on.
- 3.7.6 As part of the ongoing process of consultation, the parties agree that matters relating to the identification of training needs, the actual carrying out of training, and the training plan will be advised to and discussed with the Consultative Committee and the employees.

4 WORK ORGANISATION

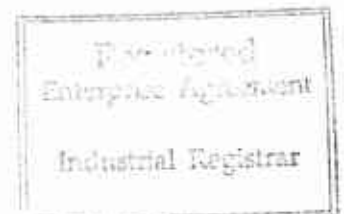
4.1 It is the intention of Cochlear, in seeking to reach an agreement on these matters, to bring about change in the way work is performed at the workplace. In order to do this, Cochlear recognises that there will need to be a change in work culture, both by Cochlear and by the employees. The Agreement seeks to reward employees for productive and efficient work performance, consistent with the objectives of the Mission Statement and to create job satisfaction for employees through the rewards mechanism and access to career opportunities.

- 4.1.1 In order to do this, Cochlear proposes that, during the life of this Agreement, the following changes may be made:
- (i) the adoption of flexible working processes;
 - (ii) having employees work as part of a production team
 - (iii) focus on achievement of production targets
 - (iv) varying hours of work;
 - (v) introduction of shift work.

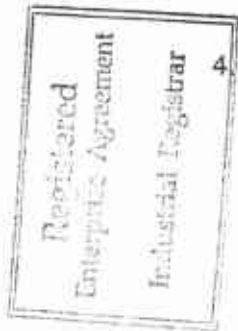
These are more fully explained in the following provisions.

4.1.2 Flexible Roles

- 4.1.2.1 The parties agree on the need for work to be undertaken in a flexible manner.
- 4.1.2.2 Accordingly, employees will undertake work which they are directed to undertake for which they have requisite level of skill, knowledge and competence, including work which may be prescribed for a classification less than that at which the employee is graded. This will involve the multi-skilling of employees



- 4.1.2.3 The only limitations to this provision are that no work shall be directed to be undertaken with the intention of de-skilling the employee or where the performance of the work by the employee may constitute a health or safety hazard to that employee, other employee or other persons.
- 4.1.2.4 It is expected that new starters will be able to achieve the work standards within a reasonable timeframe, provided sufficient training has been provided and that the natural aptitude of the individual matches. Close monitoring will occur to ensure that the individual can meet the work standards and any additional training will be provided.
- 4.1.2.5 Should the individual not be able to meet the work standards, they may be considered for transfer to another area or previous role, better meeting Cochlear's assessment of their skills and ability, or if this is not available, may result in termination of the employment contract.
- 4.1.2.6 It is expected that from time to time, individuals may be transferred either permanently or temporarily to other sections wholly at the discretion of the Production Manager to meet the needs of Cochlear at any time, or in the interests of multi-skilling the employee, but not to deskill the employee.
- 4.1.2.7 Employees will also, as part of the initiative to encourage team building and working together as a team, take responsibility for their own performance within the team, and the overall performance of the team. As part of working in the team environment it will be necessary from time to time to work in conjunction with industrial engineers and other experts regarding job design, work systems and so on. Employees will be expected to cooperate with professional advisers in order to optimise the performance levels expected under this Agreement. Employees who adopt a negative attitude towards development of the teams, and the results which flow from working in the team environment, will be regarded as being in breach of their obligations to Cochlear.
- 4.1.2.8 The Classification Structure set out in Appendix A to this Agreement has been developed to reflect the work and the nature of work performed at Cochlear. The said Structure is inherently different from the Classification Structure set out in the Metals and Engineering Industry (State) Award. The parties, nevertheless, recognise the Metal Industry Competency standards and the classification process set out in the Metal, Engineering and Associated Industries Award 1988. During the life of this Agreement, the parties agree to a periodic review of the Classification Structure set out in Appendix A hereof to ensure that that Classification Structure properly reflects the skills and competency levels anticipated for employees covered by this Agreement. In the event that anomalies are indicated, the parties agree to discuss such anomalies and determine the processes to address such anomalies.



4.1.3 Hours of Work

- 4.1.3.1 The basic ordinary hours of work will be an average 7.6 hours per day or 38 hours per week averaged over a four week period to be worked according to a roster drawn up for the purpose. Such ordinary hours of work shall be worked, subject otherwise to the provision of this Agreement, on any five days Monday - Friday **PROVIDED THAT**, where an employee and

Cochlear agree, Saturday may be worked as part of the ordinary hours for the week on the basis that such hours as are worked on a Saturday will be paid at the rate of time and one half. Overtime worked on Saturday will be as prescribed under the Award.

4.1.3.2 A flexible working arrangement may be agreed pursuant to which individual employees may agree with their supervisor varying methods of working their ordinary hours of work.

4.1.3.3 Such flexible working arrangement may be, but not limited to, any of the following:

- (i) a daily fixed commencement time not earlier than 6.00 am, or a finishing time not later than 6.00 pm, to be worked as ordinary hours;
- (ii) A variation to commencing and finishing times varying such time by up to two hours on any one day, except by agreement reached between an employee and the employee's immediate supervisor, subject to the approval of the Production Manager;
- (iii) Starting and finishing times for employees shall, subject to the provisions hereof, be set by Cochlear, and may be varied by Cochlear on the giving of 72 hours notice, or a lesser period of notice where agreement is reached between Cochlear and an employee, or otherwise to meet an emergency situation or specific work requirement.
- (iv) Provisions for employees to work up to ten hours on any one day, with adjustments for working ordinary hours of less than eight hours on any day or days during any two week period on the basis that ordinary hours over the two week period will not exceed 76.
- (v) Such other working arrangement which is consistent with the operational needs of Cochlear but consistent also with an individual amenity of an employee, particularly with respect to an employee's family obligations.
- (vi) Such working arrangements may be entered into to reflect existing practices whereby employees work flexible hours to enable them to take periodic time off. Under such arrangements employees are required to work a minimum of 76 hours over each consecutive two week period. Also, employees may work under an arrangement which enables them to take time off for personal purposes, and to make up such time at the employee's normal rate of pay during another work period. Employees who do seek to work under such arrangements must only do so with the approval of their immediate supervisor or manager and not do so if it constitutes a disruption to the work schedule. Accumulated make-up time shall not exceed 7.6 hours in total, at any one time, except by agreement between Cochlear and the employee.
- (vii) The provision for make-up time is not intended to replace the opportunities for employees to work overtime, subject to the



objective under this Agreement to ensure that production hours are worked so far as practicable as ordinary time.

Therefore, Cochlear will seek only to provide for work to be undertaken, consistent with the above provision, in essentially one off circumstances where it is consistent with efficient utilisation of resources to have work performed without the need to pay overtime provided that the equivalent time off is given to the employee.

Equally, from the employees point of view, it is intended that employees will only seek to work additional time to be made up for later, in one-off situations, such as where an employee has a particular need to take shorter periods of time off.

- (viii) A flexible working arrangement which allows for employees to make up for time on which they are absent from work attending to personal needs, or occasions when Cochlear agrees with the employee to work beyond the ordinary hours on a day in order to complete work requirements. **PROVIDED THAT:**



- (a) the incidence of such requests must be kept to a minimum
- (b) Cochlear shall not use such request in order to avoid overtime
- (c) under no circumstances are the hours to be made up to exceed 7.6 hours at any one time without the payment of overtime

- (ix) Cochlear will not require employees to work any hours as may be inconsistent with the health and welfare of the employee.

4.1.3.4 The method of working hours shall be discussed with the employee, and Cochlear shall use its best endeavours to accommodate the personal requirements of the employee, including, where necessary, any family obligations of the employee. To accommodate these needs, a provision for the employee to work ordinary hours may be agreed with an individual employee, which does not conform with the above prescriptors. No employee shall be disadvantaged by any arrangement entered into and, in particular, no arrangement of work shall be entered into which requires an employee to work more than an average of 38 hours per week or more than 76 hours over a two week period without payment of overtime, subject to Clause 4.2. All flexible working arrangements will be agreed between the parties, and may be subject to review by the Consultative Committee and/or work team. Either the Consultative Committee or the work team may make recommendations involving the work of certain employees in relation to the hours which an employee or employees may be required to work in order to improve the performance of the work team overall. All Agreements entered into for the working of flexible work arrangements shall be committed to writing and signed by the parties, and shall form part of this overall Agreement with respect to the particular employee.

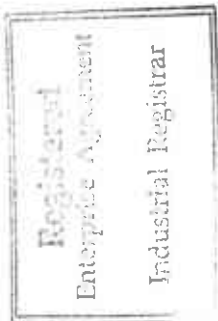
4.1.3.5 Employees will not vary their starting time from that shown on the roster, except with the specific approval of their supervisor. Employees who accordingly wish to start at a time earlier than that stated in the roster will only be recognised as having done so if such earlier starting time is approved by their immediate superior. Similarly, if an employee wishes to finish

earlier than their consequent finishing time, with a view to exercising the flexibility provisions of this Agreement, they must only do so with the approval of their immediate supervisor, and employees who seek to work beyond the finishing time for the purpose of working overtime must have such overtime approved by their immediate supervisor.

4.1.3.6 Any new method of working ordinary hours shall take effect from the 7th day following such notice and shall continue to operate unless Cochlear:

- agrees with any of the relevant employees a different method of working ordinary hours; or
- gives to the relevant employees notice of a change in the method of working ordinary hours in accordance with the previous paragraph.

4.1.3.7 Employees may be required to personally sign an attendance book or otherwise complete a process indicating their attendance at the workplace ready to commence a shift or to signify completing a shift. If so required, the employees will undertake the stipulated procedure. It will be misconduct by an employee to undertake the signing of an attendance book or process on behalf of any other employee.



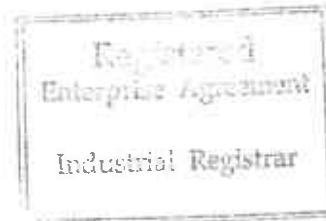
4.1.4 Shiftwork

In the event that Cochlear seeks to provide for work to be performed by way of shifts during the life of this Agreement, the following arrangements will apply:

- 4.1.4.1 Roster arrangements may, at the discretion of the Production Manager, provide for work to be undertaken by way of two shifts.
- 4.1.4.2 Such shifts shall be arranged in order to provide for two full shifts of work to be performed on each day of the week Monday to Friday, the first shift commencing at 6.00 am and concluding at 2.00 pm, with hours to be worked continuously except for a meal break, and the second shift commencing at 2.00 pm concluding at 10.00 pm, with hours to be worked continuously except for a meal break.
- 4.1.4.3 Alternative shift arrangements to those stated in 4.1.4.2, including for the working of shifts on a Saturday and for the working of different time prescriptors as those stated above, may be agreed between Cochlear and an employee or employees.
- 4.1.4.4 Employees may be required to work all of their shift hours on shift number one, or all of their hours on shift number 2, or all of their hours on a rotating cycle over a two week period on shift number one and shift number two.
- 4.1.4.5 In the event of the employees working their shift on number two, they shall, for all hours worked, be paid a loading of 15%, calculated on their ordinary rate of pay for the time ordinarily worked. In the event that employees work on a rotating shift arrangement on shift number one and shift number two they shall be paid for all hours worked on both shifts a loading of 10%, calculated on their ordinary rate of pay for the time ordinarily worked. The resultant pay shall be for all purposes.

4.1.4.6 The requirements for employees to work on shift work shall be determined by Cochlear to meet its needs. However, Cochlear agrees to have regard to any special circumstances of an employee in relation to employees being required to work on one or other of the shift arrangements.

4.1.4.7 An employee may be required to change a shift arrangement to meet the needs of Cochlear, in which event the employee will be given no less than fourteen days notice of the change, unless Cochlear reaches an agreement with the employee to vary that period of notice.



4.2 Overtime

4.2.1 As otherwise provided in this Agreement, the arrangements proposed to be entered into anticipate that overtime will be reduced. The employees agree to apply themselves to completing targeted work within the span of ordinary hours provided.

4.2.2 As otherwise provided in this Agreement, Cochlear aim to have overtime levels worked reduced to a maximum of 10%. Employees agree to co-operate positively to achieving this target.

4.2.3 Where overtime is required it will be worked solely at the direction of an authorised Cochlear Manager or Supervisor. The overtime will be allocated for employees to meet the needs of Cochlear and with a view to creating equity amongst the employees in terms of the overtime hours available. Where directed, reasonable overtime must be worked provided that an employee who has specific and personal reasons not to work overtime will be entitled to a sympathetic and considerate hearing from Cochlear.

4.2.4 Otherwise, overtime will be paid for all hours worked in excess of hours provided for the day, or which are outside the span of hours provided for the day (subject to any agreement which may have been entered into between Cochlear and an employee). Overtime will be paid after the conclusion of the additional hours worked at the overtime rate provided in the Award for all such hours worked.

4.2.5 Subject to Clause 4.1.3.1, where work is required to be performed on a Saturday, Sunday or Public Holiday, all such time shall be provided for as prescribed in the Award. Employees working on Sunday or Public Holidays will only be required to do so to meet specific work targets at the direction of the employee's manager and/or supervisor. The work target will be advised to the employees prior to their commencing work and the employees will be required to complete the assigned work for the day as a condition of their being paid at the overtime rate.

4.2.6 The parties to this Agreement commit to an ongoing process for consultation and communication regarding the overtime reduction initiative.

4.3 Other Absenteeism

- 9
- 4.3.1 Employees will be required to address workplace issues which lead to absences, and to circumstances where employees take unauthorised absences, or absences which are taken under circumstances where they could be avoided.
 - 4.3.2 In order to achieve this target, employees will be required to, both in direct consultation with management, and through the self-managing work team and through the Occupational Health & Safety (OH&S) Committee, identify areas of potential hazard in the workplace and employment and initiatives made at reducing the exposure of employees to potential injury or illness arising from the workplace.
 - 4.3.3 Employees who are sick or incapacitated on any one day are required to notify their inability to attend for work prior to the commencement of their normal work shift or so soon thereafter as is reasonably possible.
 - 4.3.4 Employees claiming to be absent on account of sickness or injury will be required, as a condition of sick leave being approved, to provide a Doctor's or other medical certificate for any absence of two days or more duration and for all but two single day absences during a twelve month period.

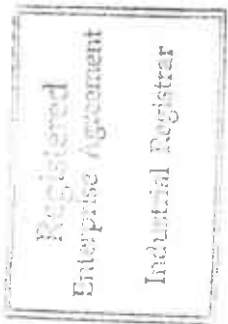
4.4 Achievement of Efficient and Productive Work Performance

As a result of measures in this Agreement, Cochlear envisages a continuing improvement in both the quality of product and the output of product per employee.

- 4.4.1 In addition, during the life of this Agreement, the Division within Cochlear covered by this Agreement is expected to institute informal arrangements for the self-management of its operations and to take overall responsibility for achieving the performance targets described in this Agreement. Initially, this operation will be described as self-management by work teams, and these teams will informally work to:

- (i) arrange for improved work flow and co-ordination
- (ii) employ suggestion schemes
- (iii) contribute to Consultative and Specific Issue Committees and arrange and conduct meetings, both internally between the team members and externally between management
- (iv) make recommendations for the re-design of jobs and the re-design of job rotation scheme. In considering issues relating to job design, work systems and so on, the team will receive advice from professionals in the area, including industrial engineers.
- (v) appraise peer and group performance and institute disciplinary measures for under-performing team members
- (vi) consider processes for solving problems autonomously
- (vii) set internal productivity and quality improvement targets.

4.5 Avoidance of Workplace Injury and Illness



- 4.5.1 Employees are required to positively contribute to the identification of issues which might lead to workplace injury or illness, and discuss at the team level, through the OH&S Committee and directly with managers and supervisors, measures designed to avoid or even eliminate workplace injury.
- 4.5.2 Consistent with management's objectives to reduce workplace illness and injuries, management has instituted a programme of Pause Gymnastics. Team leaders will be given training and instructions in conducting Pause Gymnastics sessions and will be responsible for nominating the times such sessions take place. Employees are required to comply with arrangements for the conduct of Pause Gymnastics sessions. No session will exceed ten minutes nor will there be any more than two sessions in any one day. Time engaged in the sessions will be regarded as time worked and no employee will lose pay in engaging in the session. However, an employee not engaging in a session will be counselled in relation to the Company's position on OH&S and then will be directed to participate. An employee who takes a break during a Pause Gymnastics session, but does not participate in the session, shall be regarded as having taken an unauthorised break and will be liable to either have pay docked for the time of the session or to make up time at the completion of the working day.
- 4.5.3 Employees are also encouraged to participate in Occupational Health and Safety Committee meetings either by offering themselves for membership of such Committees, or by a suggestion to the Committee in relation to the workplace. The time engaged by employees who are members of Committees will be regarded as time worked. For its part, the Company will ensure the adequacy of policies and programmes designed to protect the health and welfare of employees. In particular, the Company will arrange for annual eye checks for employees which will be paid for fully by the Company. Employees are required to attend for such eye checks when arranged and to work in accordance with any advice they may be given with respect to protecting their eyesight.



4.6 Settlement of Disputes Procedure

- 4.6.1 In order to promote speedy, effective and informal resolution of problems it is agreed that the employee(s) with a grievance will be first dealt with as provided in Cochlear's Grievance Policy. With respect to this Policy, the supervisor/manager to whom a grievance is referred will respond to the grievance raised as soon as possible, and unless there are exceptional circumstances, within 24 hours.
- 4.6.2 It is recognised that not all problems will be resolved by way of the process described in the Policy Statement. Therefore the following formal procedure for the resolution of problems is agreed.

Stage 1: If the issue is not resolved informally between the employee and the immediate supervisor, the employee may then seek advice from a third party, and together they may approach the immediate supervisor.

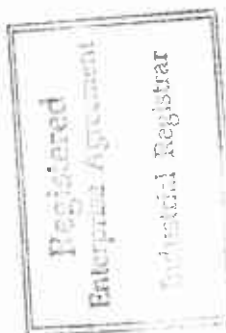
Stage 2: If the issues are not resolved at Stage 1, the employee, the employee's representative and the immediate supervisor will confer with the Production Manager. The employee may have assistance from a third party if the employee requires. At this level the parties shall discuss the issue with a view to resolving it on a basis suitable to all.

Stage 3: If the issue is still not resolved at Stage 2, the employee, the employee's representative, immediate supervisor and Production Manager will confer with the General Manager Manufacturing & Logistics.

Stage 4: If the issue remains unresolved, the Production Manager will refer the matter to Cochlear's Human Resource Manager who shall confer with the employee and/or the employee's representative with a view to reaching agreement.

Stage 5: Cochlear and the employee, totally commit themselves to resolving grievances within the above stages. However, if the matter cannot be settled by the parties they will agree to maintain the status quo and refer the matter to the Commission for a decision which will be binding on and accepted by all parties.

The parties will request the arbitrator to determine positively in favour of either Cochlear or the grievant, after taking into account any common ground achieved between the parties.



General

At each stage set out above, where the matter remains in dispute, the processes set out shall be conducted without delay and, in any event, so far as is practicable, each successive stage will be implemented within 48 hours after referral.

4.6.3 In making the above commitments the parties recognise that in exercising Cochlear's right to manage and to decide finally on the operation of the plant, it will take due account of undertakings of the Union and the employees to continue normal work while the matter in dispute is being resolved through the agreed procedures. Cochlear recognises and accepts that there will be circumstances when the implementation of a contested management decision may be delayed, pending the finalisation of the matter under the agreed procedures. The Union and employees recognise and accept that in some cases, dismissal for gross misconduct for example, implementation of the decision may occur prior to the commencement or finalisation of the agreed procedures. In these circumstances the dispute resolution procedure allows management's action to be reviewed promptly by the parties and, ultimately if necessary, by the Commission whose decision will be accepted by all.

4.6.4 Reference to a third party in this Clause, means a third party nominated by the employee.

4.6.5 While the processes outlined above are being followed, the parties shall be committed to avoid stoppage of work, lockouts or other bans or limitations on the performance of work and the employer shall ensure that all practices applied during the operation of the procedure are in accordance with safe working practices and consistent with established custom and practice at the enterprise.

4.7 Consultative Committee

4.7.1 A Consultative Committee, comprising an equal number of employees and management representatives, shall be formed to: