

REGISTER OF
ENTERPRISE AGREEMENTS

ENTERPRISE AGREEMENT NO: EA97/114

TITLE: Cochlear Limited Enterprise Partnership Agreement

I.R.C. NO: 97/2488

DATE APPROVED/COMMENCEMENT: 23 May 1997

TERM: Expires 30 June 1999

NEW AGREEMENT OR
VARIATION: New

GAZETTAL REFERENCE:

DATE TERMINATED:

NUMBER OF PAGES: 17

COVERAGE/DESCRIPTION OF

EMPLOYEES: To apply to Trainee Electronic Assembler Grade 1, Electronic Assembler Grade 2 level 1, Electronic Assembler Grade 3 level 2, Senior Electronic Assembler Grade 4

PARTIES: Cochlear Limited -&- The AWU - FIME Amalgamated Union, New South Wales



COCHLEAR LIMITED

ENTERPRISE PARTNERSHIP AGREEMENT

APRIL 1997

1. Agreement Title

This agreement shall be known as the Cochlear Limited Enterprise Partnership Agreement.



2. Parties Bound

The parties bound by this Agreement are Cochlear Limited (Cochlear), the Australian Workers' Union New South Wales Branch (the Union), and the employees of Cochlear who perform the work described in this Agreement.

3. Duration of the Agreement

This Agreement shall operate from the date of registration and shall remain in force until 30 June, 1999 unless varied or terminated by the provisions of the Act.

No later than 1 March, 1999, the parties will meet to review all provisions in this Agreement (including wage rates) with a view to implementing a new Agreement from 1 July, 1999.

4. Duress

This Agreement was not entered into by either party exerting duress on the other.

5. No Further Claims

The parties agree that no further claims will be made by either party throughout the life of the Agreement.

6. Award Conditions

The parties agree that the basis for employment conditions will be the Metals and Engineering (State) Award. Any variations to the award affecting employment conditions will be identified in this Agreement. If any inconsistencies exist between the Award and the Enterprise Agreement, the Agreement will prevail.

7. 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 the Company as stated in its Mission Statement which is appended to this Agreement as Appendix A.

8. Training, Multiskilling and Performance Criteria



The parties agree to provide for the training and development of employees, recognition of skills acquired, provision of appropriate reward mechanisms and the ability of employees to achieve job satisfaction and quality of working life. To this end, it is agreed as follows:

- * Employees will be given the opportunity through encouragement and training to progress through the classification structure through the acquisition of skills
- * Training both onsite and offsite will be made available to all employees covered by this Agreement especially where such training is designed to improve the specialised skills of employees. Onsite training will be largely provided by experienced senior staff. The Company will ensure that relevant and appropriate resources are applied to ensure that training initiatives are achieved and result in appropriate outcomes. The only perceived limitation to the allocation of such resources is that imposed by the needs of the Company to ensure continuing work practices and flow.
- * The Company will ensure that employees are assessed for their competency following training, their ability to demonstrate the skills achieved and such acquisition of skills is given appropriate recognition.
- * 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 the Company and vacancies in those higher levels.
- * Individual performance appraisals will be conducted regularly with a view to assessing individual performance and the contribution of that individual performance to the overall Company outcomes.
- * The result of such 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.

- * This agreement will provide for a mechanism to reward employees for productivity improvements.
- * The agreement also provides for underpinning pay increases to ensure wages paid to employees maintain market relative. Otherwise employees will be eligible for wage increases by way of progressing through the classification levels.



9. Flexible Roles

The parties agree on the need for work to be undertaken in a flexible manner. Employees will undertake any job or duties subject only to their level of skill, knowledge and competence and in accordance with safety, licensing, quality and legislative requirements.

10. Commitment to Continuous Improvement

The parties recognise that in the course of continuous improvement, new technology and processes will be introduced. Cochlear for its part, will ensure that such technology and processes will be optimised to meet operational needs. The employees for their part, agree to recognise the need to adapt to such improvements in technology and processes. The parties jointly agree to actively co-operate in the continuous improvement processes through supporting the implementation of change in the workplace.

11. Employee Grievance Procedure

11.1 Aim:

This procedure should act as a guideline for both staff and management in handling grievances in a fair and conciliatory manner. It should be read in conjunction with Cochlear's Employee Grievance Policy.

11.2 Guidelines

- 11.2.1 The affected individual should try to resolve the issues, initially directly with the person involved, if possible. If the matter cannot be resolved between the individuals, or it does not relate to another individual but is concerned with management, the supervisor should be contacted first. The individual making

the grievance may have, if they wish, a third party present during this discussion.

11.2.2 The supervisor may wish to investigate the complaint in detail, and/or seek guidance or advice on how to resolve the matter with Human Resources or senior management. Sufficient time should be allowed for this to occur.

11.2.3 When an individual does not wish to talk to his/her supervisor due to the delicate nature of the situation, then he/she should take the complaint to the next level of management and explain why the supervisor has not been directly approached.

11.2.4 Reaching Agreement

If resolution has been reached, both parties should check that the agreement is clear and fully understood.

If no resolution is achieved, the Department Manager is to be advised. They will then investigate the complaint and make suitable recommendations for action or a decision to settle the dispute. The department manager may wish to involve a third party (namely HR or a more senior manager) and confidentiality will be maintained.

11.2.5 If the employee wishes external third parties to be present or contribute to discussions (such as a Union Representative) then the Human Resources department will be notified and assist in resolving the dispute.

11.2.6 Appeals methods

If an employee believes that the grievance procedure was not followed properly, the employee may appeal to the next most senior manager or directly to the Human Resources Manager.

Further investigation will take place specifically analysing how the complaint was handled. If it becomes apparent that the issue was handled correctly, no further action will take place. The employee will be notified of such a decision. If the matter was not dealt with appropriately, a review of discussions and decisions will be held. This review will be carried out by an independent third party, who will be nominated to handle appeals.

11.2.7 External Tribunals

If the matter is still not resolved to the satisfaction of the individual and there is justification for taking the matter further, they may choose to contact an external appeal agency.



11.3 Industrial Action

Whilst the foregoing procedures are progressing, the parties agree that no industrial action shall be undertaken and the status quo which existed prior to the dispute shall continue.



12. Job Classifications & Wage Rates

12.1.1 Employees covered by this Agreement shall be classified in one of the following grades appropriate to their skill level and work performed. Employees shall be paid within the range of pay relevant to each classification as shown hereunder.

12.1.2 The pay range may be used at the discretion of the Company to reflect individual work performance in circumstances where advancement to a higher classification level may not be justified.

12.2 The classification of employees shall have regard to the matrix shown in Appendix B which also lists indicative tasks relevant to each skill level.

12.3 The pay rate determined for each employee shall be for all purposes.

12.4 The classification structure will reflect employees' current grade within the pay range, and provides for all employees to have received as at the date of implementation of this agreement, up to 5% wage increase provided from 1 July, 1996 and two (2) further incremental increases provided from 1 July, 1997 and 1 July, 1998. The payment of wage increases on account of productivity improvements will be applied from the relevant dates subject to confirmation of achievement of the productivity improvements.

12.5 Employees working in the Clean Room shall be paid an allowance of \$42-00 pw, such payment will be made for all hours worked in the Clean Room, inclusive of overtime hours and shall be paid pro-rata in increments of 15 minutes.

12.6 Subject other than the above variations, employees will not be entitled to wage increases within the range other than as provided in this agreement.

12.7 Wages Schedule:

The wage schedule shown below, does not include the provision for adjustment on account of productivity referred to in Clause 13. In the event that such a payment is made, the above Schedule will be revised to reflect the variation. The revised document will be agreed between the parties and will be incorporated as a variation to this agreement.



(WAGE RANGES)

GRADE	CURRENT WAGE RATE RANGE PW @ 1/12/96	WAGE RATE RANGE PW @ 1/7/97 – 3% SECURED	WAGE RATE RANGE P.W. @ 1/7/98 – 3% SECURED
Grade 1 Trainee Electronic Assembler	\$436-35 to \$447-10	\$449-45 to \$460-50	\$462-95 to \$474-30
Grade 2 Electronic Assembler Level 1	\$460-00 to \$472-10	\$473-80 to \$486-25	\$488-00 to \$500-85
Grade 3 Electronic Assembler Level 2	\$484-05 to \$559-60	\$498-60 to \$576-40	\$513-55 to \$593-70
Grade 4 Senior Electronic Assembler	\$546-16 to \$596-54	\$562-55 to \$614-45	\$579-40 to \$632-90

- 12.8 The amount of secured wage payment effective from 1 July, 1997 and 1 July, 1998 respectively will be paid to all employees.
- 12.9 The rates of pay in the above schedule include all payments provided under the September 1994 State Wage Case Decision and reflect wage variations to all employees of up to 11% provided to be applied as at 1 July, 1998.

The payments on account of productivity improvements referred to in Clause 13, subclause 13.4 and 13.5 provide for a further wage variation of up to 3% for employees to be applied, reflecting a total wage variation of up to 14% to be applied as at 1 July



13. Provision Relating to Wage Rate Increases

The wage rates set out in the matrix, clause 12.7 above, reflect the following wage variations:

- 13.1 The wage increase passed onto employees at 1 July, 1996 shall continue to apply in respect of the matters agreed under the terms of this Enterprise Agreement until 30 June, 1997.
- 13.2 A further guaranteed wage increase of 3% to be paid effective from 1 July, 1997.
- 13.3 A further wage adjustment of 3% effective from 1 July, 1998.

In addition to the guaranteed wage payments set out hereabove, there will be available a variation on account of productivity improvements as follows:

- 13.4 A payment of up to 1.5% available from 1 July, 1997.
This payment is for the period 1 January, 1997 to 30 June, 1997 based on the measurement detailed in Appendix B.
- 13.5 A further payment of up to 1.5% available from 1 July, 1998.
This payment is for the period 1 July, 1997 to 30 June, 1998 and is based on labour efficiency and productive time targets being achieved.
- 13.6 The basis upon which productivity improvements will be assessed and paid is set out in Appendix B.

14. Flexible Working Hours

14.1 The ordinary hours of work are 38 hours pw. Monday to Friday exclusive of meal breaks, to be worked between the span of 6.00 am to 6.00 pm.

14.2 A flexible working arrangement will enable individual employees to agree with their supervisor, the method of working the ordinary hours within the span of hours.

The flexible working arrangement may be:

- a daily fixed commencing and finishing time; or
- a commencing and finishing time which may vary by up to two (2) hours on any one day.

Any agreement reached will be subject to the operational requirements of the business.

14.3 The Company will negotiate the initial method of working or any varied method of working with each employee. If agreement cannot be reached on either of those occasions, that is initially, or when a variation is sought by the Company with the relevant employee concerned, the Company shall give each relevant employee 7 days notice of the new method of working ordinary hours.

The new method of working ordinary hours shall take effect from the 7th day and shall continue to operate unless the Company:

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



APPENDIX A

MISSION STATEMENT



'Partners in Hearing for Life'

We strive to improve the quality of life for the hearing impaired by providing, the highest quality products and life-long support for our recipients.

In our pursuit of excellence, we embrace a partnership philosophy, working with our recipients, healthcare professionals, researchers, suppliers, distributors and service providers as partners in hearing for life.

We aim

to remain the worldwide leader in the cochlear implant industry, by maintaining our products and services as the gold standard.

We aim

to secure a working environment that enables our employees to gain support for, and personal satisfaction from their efforts.

We aim

to grow, while maintaining sustainable levels of good profitability, thereby providing a basis for shareholder loyalty as well as employee opportunity.

Partners with Employees

Cochlear strives to support and maintain a partnership with our employees through an enterprise agreement which aligns employee's and company's' objectives for every one's mutual benefit.

In partnership with employees we will strive to:

- strengthen communication
- develop the skills of the company
- create a sense of job satisfaction
- create a flexible working environment

These goals form the basis of the employee - company partnership. This Enterprise Agreement provides a mechanism for implementation of programs to achieve our goals.

Objectives

Communications:

Our aim is to be listened to and have suggestions acted on in a reasonable time frame. We will provide feedback on successes and failures and consultation on changes in the workplace.

We agree that:

- Suggestions can come:

from employees.

from supervisors and managers.

from customers and even third party consultants.

- Not all suggestions can be acted upon but it is important that feedback as to why is adequately communicated. Changes in the work place are inevitable and we all accept our responsibility for continuous improvement and constructive communication when difficulties arise.



Flexibility

Our aim is to create a flexible working environment which allows us to best utilise the talents of staff for the benefit of all.

We agree that a flexible working environment is one where:

- There is an opportunity to work more flexible hours;
- We are willing to try new ways of doing things;
- We are able to apply resources to meet the problems that we encounter
- We are flexible in the duties which we perform and focus on achieving the target;
- Employees have the opportunity to benefit from efficiency improvements;

We take responsibility for the effective utilisation of our working time.

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 our actions are expected to be consistent with these values.

Cochlear's core values are:

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.

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 receive highest priority.
- quality is the responsibility of all employees:
ie. plan ⇒ do ⇒ check ⇒ act.



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.

Open Communication

- we trust and respect fellow employees.
- direct and unambiguous communication (an open door policy) is encouraged at all times.
- use of appropriate communication channels, in terms of medium and organisation structure, is emphasised.

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.

Initiative and opportunity

- All employees are encouraged and expected to use their initiative in addressing challenges; ie. to focus on finding solutions.
- we recognise that employees are responsible for creating opportunities for themselves.

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.

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.



APPENDIX B

PRODUCTIVITY MEASUREMENTS AND PAYMENT

1 July, 1997

A further increase of up to 1.5% shall be available for employees contingent upon achievement of both productivity measurements:

- The index of productive time is maintained at or above 75%
- Labour efficiency is maintained at or above the benchmark level (100%).
To achieve 100% labour efficiency or above, it is anticipated that volume targets of 1,850 or more will need to be achieved.

The period of measurement shall be 1st January, 1997 to the 30th June, 1997.

Productive time shall be measured by the number of hours worked relative to the number of hours which are paid by the company (paid hours include sick leave, annual leave and tea breaks). To ensure maximisation of productive time the employees commit to:

- reduced absences other than for annual leave, long service and maternity leave;
- staggering of working time within the span of hours to provide for better use of capital equipment, reduction in overtime hours and improved incidence of value added.

Labour efficiency shall be measured by the volume of production for a given period of hours relative to a standard benchmark adopted by the Company. All manufactured items have allocated standard costs and standard time. To maximise labour efficiency employees shall commit to:

- reduced production down time caused by disruption to production processes
- reduced instances of product error and rework
- More efficient allocation of employee work patterns (encompassing such things as annual leave).
- Multiskilling the workforce to enable more continuous flow of output with fewer interruptions.



1st July, 1998

A further increase of 1.5% shall be available to employees contingent upon achievement of both productivity measurements:

- Labour efficiency standards shall remain at 100% or above, however the volume targets for achievement of labour efficiency will vary from the standard adopted above to take account of changes and variations in the manufacture of the new products.
- Productive time standards will be a minimum of 75%.

The period of measurement shall be 1st July, 1997 to 30th June, 1998.

Labour efficiency and productive time methods will be based on the new product The Nucleus 24 System and will be agreed at 1st July, 1997 based on the previous 6 months of production data analysis.



Additional Key Factors

Additional key factors in achieving labour efficiency and productive time include, but not limited to:

- Employees undertaking training as deemed appropriate to increase their overall level of skills and knowledge. Such training is aimed at employees undertaking more complex tasks, a greater range of tasks or complete their work tasks more rapidly and efficiently with the same or improved quality output.
- Co-operation, consultation and communication to create an improved level of enterprise performance and an improved level of response to initiatives taken with a view to increasing the value of output relative to the cost of input.
- Employees commencing or leaving during the 6 month & 12 month productivity measurement periods, do not qualify for the productivity payment until and unless they have worked for a minimum of 3 months and/or 6 months respectively. Thereafter payment will be on a pro-rata basis.
- Productivity performance will be reviewed by the Consultative Committee having regard to all factors which may have affected the achievement of productivity improvements, including outside factors not directly controllable by employees.

APPENDIX C

SKILLS BASED CLASSIFICATION STRUCTURE

JOB GRADE

GRADE 1 - TRAINEE ELECTRONIC ASSEMBLER

Employees at this level have no previous training or experience, but can demonstrate skills to undertake routine tasks to specifications and follow work procedures under continual supervision. Limited decision making with respect to their duties. Some secondary school education eg Year 10 or equivalent. Generally on the job training of 6 months will be required to acquire the basic skills and knowledge of Cochlear's systems.

GRADE 2 - ELECTRONIC ASSEMBLER LEVEL 1

Employees at this level will have acquired the skills in Grade 1 above and are able to undertake more complex work requiring only routine supervision. They will have acquired a reasonable level of knowledge of Cochlear's systems, products and work procedures including quality requirements (eg. GMP, ISO9001) with scope to make decisions on quality of components according to specifications with reference to Level 3 or 4 employees. A minimum of 6 months on the job training required. Grade 2 employees may have limited training responsibility (buddy system) for employees at lower skill levels.

INDICATIVE TASKS

Entry Level point for Production Workers in Externals and Implants (Grey and Clean Room)

- Basic tasks / training of skills to reach Grade 2 level.



Production Workers in Externals and Implants (Clean Room and Grey Room) with a minimum of 6 months experience. Some of the tasks performed at this Grade (but not limited to) are:

- Packing/Cleaning
- Hand Soldering
- Training in advanced Electrode & Final Assembly
- General Product/Stimulator Basic Assembly
- Coils & Case Assembly
- Wire Coating and Finishing
- Laser Welding
- Moulding
- Grade 3 skills training
- Buddy training of lower level

GRADE 3 - ELECTRONIC ASSEMBLER LEVEL 2

Employees at this level will have acquired a minimum of 12 month's on the job experience. Employees will be able to demonstrate sound knowledge and understanding of work procedures and work flow within their section and have detailed understanding of specifications, based on experience, to enable them to make decisions on quality with only occasional reference to Level 4. Responsible for their own work performance and capable of checking work or training employees at lower skill levels in specific tasks. Undertake basic computer skills for data entry of production information. Employees at this level work under limited supervision. Progression to Grade 4 is dependent vacancy.

Production workers in
Externals and Implants (Clean
Room and
Grey Room)

Some of the tasks undertaken
in this Grade (but not limited
to) are:

- Data Entry
- Basic computer operation
- Electrode Assembly &
Final Assembly
- Electrical and Leak Testing
- Work Order Kitting
- Complex Mechanical
Assembly
- Operate SMT equipment
- Computer/preset testing
- Repair & replace
components
- Critical inspection to
specifications
- Grade 4 skills training
- Task training of lower
levels.



GRADE 4 - SENIOR ELECTRONIC ASSEMBLER

Employees at this level can make decisions with respect to their work area, schedule and supervise the work of other employees and perform their own tasks with a greater degree of skill and proficiency than employees at lower levels. They can accept greater responsibility and undertake a wider range of tasks based on work related training and 3-5 years experience and knowledge on the job. Must be able to demonstrate developed numeracy and literacy skills and more advanced computer skills

Leading Hand position in
Implants and Externals

- Technician/fault finding
tasks
- Complex Repairs
- Clinical Systems Testing
- Computer Operations
- Record Keeping
- Store Stock Control
- Supervision of section
- Training

SIGNED FOR AN ON BEHALF
OF COCHLEAR LIMITED
BY AUTHORITY OF THE BOARD

C. B. Runytee
Managing Director

W. M. Cull
In the presence of

SIGNED FOR AND ON BEHALF OF
THE AUSTRALIAN WORKERS'
UNION (NEW SOUTH WALES BRANCH)

R. K. Kollins
Secretary

[Signature]
In the presence of

