KLM

AGREEMENT

between

KLM ROYAL DUTCH AIRLINES
(United States Organization)

and

MAINTENANCE
EMPLOYEES

as represented by

Air Transport Division
TRANSPORT WORKERS UNION
OF AMERICA, AFL-CIO

AIR TRANSPORT LOCAL 504

Effective: July 1, 2016
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PREAMBLE

Agreement entered into this 1st day of July 2016 by and between KLM ROYAL DUTCH AIRLINES (United States Organization), a corporation organized and existing under and by virtue of the laws of the Netherlands (hereinafter referred to as the COMPANY) and the TRANSPORT WORKERS UNION OF AMERICA, A.F.L.-C.I.O. (hereinafter referred to as the UNION) as representative of the employees in the classifications listed herein.

Article 1
PURPOSE OF AGREEMENT

This Agreement is entered into, under the terms of the Railway Labor Act, as amended, in the mutual interest of the employees and of the Company, to promote the safety and continuity of air transportation, to further the efficiency and economy of operations, and to offer employment under reasonable hours, rates of pay, and working conditions. It is recognized by the Agreement to be the duty of the Company and the employees to cooperate fully, both individually and collectively, for the attainment of these purposes.

Article 2
RECOGNITION

(A) The Company hereby recognizes the Union as the sole and exclusive bargaining agent for those employees of the Company working at its San Francisco California Station, and comprising the craft or class of Airline Mechanics, whose classifications and qualifications are described in Article 12 hereof.

(B) 1. The Company agrees that the repairing of all machinery, mechanical equipment, engines and motors of all descriptions, including (1) all work involved in repairing, fabricating, assembling, welding and erecting, all parts of airplanes, airplane engines, radio equipment, electrical systems, heating systems, and hydraulic systems; (2) all maintenance, construction and inspection work in and around all shops, hangars and buildings on or adjacent to airports; and (3) the servicing and handling of all ground equipment, performed in and about Company Shops, Maintenance Bases, Line Service Stations or wherever performed within the geographical limits described in Paragraph (A) above, is recognized as coming within the jurisdiction of this Agreement. However, this Agreement shall not be deemed to prohibit supervisory personnel from conducting normal supervisory inspections and other incidental or attendant duties. It is agreed that when necessary, supervisors, flight crews, and other employees may perform or assist in performing any work that may be required to complete a particular operation or protect Company property.

2. The work of receiving, shipping, warehousing, storing, transporting, disbursing and recording parts, equipment, tools and supplies necessary for line station maintenance of KLM aircraft at stations or locations where the Company performs such line maintenance and where the work is sufficient to justify the employment of a full time stock clerk is recognized as coming within the jurisdiction of this Agreement.
Article 3
MANAGEMENT RIGHTS

Except as specifically and expressly stated to the contrary in this Agreement, the Union agrees that the management of the Company, the direction of its workforce and the exercise of ordinary and customary functions of management, whether or not exercised by the Company prior to the execution of this Agreement, shall be in the sole, exclusive and unfettered discretion of management. Such management rights retained by the Company include, but are not limited to, the right to hire, lay off, discipline for cause, discharge for cause, promote, assign duties, direct and schedule the workforce, to assign and distribute overtime, to determine the methods of operations, to plan, to determine processes, methods, techniques and means, the routes to be flown, the equipment to be used, the location of plants, hangars, facilities, stations and offices, the scheduling of airplanes, the scheduling of overhaul, repair and servicing of airplanes and equipment, and the methods to be followed in the overhaul, repair and servicing of airplanes and equipment, direct and control operations including the right to discontinue or reorganize any department, station, facility or segment thereof, to introduce new and improved methods of operations and equipment, to determine work or services to be subcontracted in whole or in part, at all or at some stations or facilities, regardless of whether or not the same may cause a reduction in the working force, to establish education and training requirements for employees, the right to establish facilities and new operations, to transfer and allocate work among stations and facilities, to reduce, discontinue or expand its facilities, stations and operations, to terminate, merge, sell or lease any or all of its facilities, stations and business or any part thereof; and to promulgate rules regulations, policies and procedures which are not contrary to the express terms of this Agreement.

Article 4
WORK WEEK

Full Time

(A) The work day shall consist of a twenty-four (24) hour period beginning at 0001, and a regular day work shall consist of eight (8) consecutive hours exclusive of a thirty (30) minutes unpaid meal period.

(B) The normal work week shall consist of seven (7) consecutive days beginning at 0001 on Monday, and the weekly work schedule shall consist of five (5) work days in the work week.

(C) The Company retains the right to establish and change shifts based on the operational needs of the business. If the Company elects to utilize rotating shifts it will use good faith efforts to provide substantially equal time for all employees on each shift providing that the operational needs of the business are met and the employees have the skill and ability to perform the available work.

(D) The parties recognize that operational needs of business may require overtime, with or without advance notice and that employees will be required to work mandatory overtime unless such work would be in violation of applicable law or would pose a health or safety risk to the employee or to others.
Part Time

(A) Only applies to employees in the Mechanic Classification.

(B) Employee can be scheduled to work at the company's discretion. There are no minimum guaranteed hours per week. Employee can be on call.

(C) Part time employees are not eligible for any company benefits, including vacation and holidays.

(D) If a part time employee works more than 1,000 hours in a year, they will receive .088 times their pay rate for all hours worked during the prior year.

Article 5
WAGES

(A) The rates of pay can be found in Appendix 1.

(B) After conferring with the Union, the Company retains the right, in its sole discretion, to pay post probationary employees merit wage increase(s) and/or lump sum bonus(es) based on the individual performance of each such employee.

Article 6
OVERTIME COMPENSATION

(A) No overtime shall be compensated for unless the work is performed at the direction of the authorized supervisory personnel of the Company.

(B) Time worked in excess of 8 hours in any day shall be considered overtime and be paid for at a rate of time and one-half.

(C) Time worked in excess of 12 hours in any day shall be paid for at the rate of double time.

(D) Time worked in excess of forty (40) credited hours in any work week, exclusive of daily overtime, shall be considered overtime and shall be paid for at the rate of time and one-half.

(E) In no event shall any employee, covered hereunder, receive more than double the applicable shift hourly rate under this Agreement. There shall be no pyramiding of overtime.
Article 7
HOLIDAYS

(A) The following holidays shall be granted with pay:

- New Year’s Day
- Martin Luther King Day
- President’s Day
- Good Friday
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day
- 3 Floating Holidays

(B) Floating Holidays are accrued on January 1st, May 1st and September 1st. Floating Holidays are accrued according to the employee’s regular scheduled hours. Floating Holidays cannot be used in advance of accrual. Floating Holidays days cannot be carried over into the next calendar year. Employees wishing to use a Floating Holiday must notify their supervisor at least 3 days in advance. Floating Holidays days are granted on the basis of operational and Company needs. They must be taken in whole days. All new employees will begin accruing Floating Holidays in accordance with their start date. Anyone hired prior to May 1st will receive 2 Floating Holiday; anyone hired between May 1st and September 1st will receive 1 Floating Holiday; anyone hired after September 1st will not receive any Floating Holidays for that calendar year.

(C) An employee required to work on any of the above holidays except for Floating Holidays shall have the option of either:

1. Receiving the regular rate of pay for the hours worked on the holiday and another day off with pay in lieu of the holiday. The “in lieu” day off shall be on a date which is mutually agreeable to the Company and the employee

   OR

2. Receiving two (2) times the regular rate as full compensation for all time worked on the holiday.

(D) Payment for a holiday as such, will not be made to an employee on a leave of absence, or to an employee scheduled to work on such holiday who is not excused from work and who fails to report to work as scheduled.

(E) An employee will not be eligible for holiday pay and will not be paid therefor unless the employee works all the assigned hours for the scheduled day before a holiday and for the day after a holiday unless the employee is on an approved vacation, jury duty or other approved paid leave other than sick leave.
Article 8
VACATIONS

(A) Based on an employee’s anniversary date of hire, an employee shall be granted vacation days off with pay according to the following schedule:

<table>
<thead>
<tr>
<th>Years of Employment</th>
<th>Amount of Vacation</th>
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<tr>
<td>Up to 5 years</td>
<td>3.08 hours per pay period (up to 80 hours or 10 days per year)</td>
</tr>
<tr>
<td>After 5 years</td>
<td>4.6 hours per pay period (up to 120 hours or 15 days per year)</td>
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<tr>
<td>After 10 years</td>
<td>6.15 hours per pay period (up to 160 hours or 20 days per year)</td>
</tr>
<tr>
<td>After 15 years</td>
<td>7.69 hours per pay period (up to 200 hours or 25 days per year)</td>
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(B) Vacation pay is computed based on the Employee’s regular base hourly rate of pay.

(C) Whenever a holiday recognized by this Agreement is observed during an employee’s vacation, such day is not counted in computing the number of vacation days taken by the employee.

Vacation for employees will accrue up to a maximum accrual limit of one and one-half times the annual vacation accrual level. For example, an employee with four years of service will have a maximum vacation accrual limit of 15 days or 120 hours (10 days x 1.5). Once an employee reaches the accrual limit, no further hours will accrue until the employee uses annual leave and the balance is reduced to bring it below the accrual limit. Accrued and unused vacation time for employees will carry over from year to year, but will be subject to the accrual limits set forth herein.

(D) Employees may not schedule vacation during the following periods: November 15 to November 31 and December 15 to January 8. The Company will make reasonable efforts to accommodate all other vacation requests. However, the parties recognize that operational needs of the business are controlling over any vacation scheduling preferences. In selecting vacations, all employees will have priority on a rotating annual basis. The initial selection will be made in order of seniority from the employee’s date of hire with the Company at its San Francisco station.

(E) If an employee is not paid for accrued vacation which was earned at the Company or related entities and the Company agrees to permit an employee to carry over such accrued
vacation, then the employee is required to take the accrued vacation by a date at least 9 months from the employee’s date of hire. If an employee’s previously accrued but unused vacation hours are not used on or before a date at least 9 months from the employee’s date of hire the employee will not lose those hours, but they will become part of that employee’s accrued vacation hours under the above-referenced schedule and will be counted toward the employee’s accrual limit set forth above in paragraph C. If the addition of any previously accrued but unused vacation hours causes the employee’s vacation time to exceed the accrual limit, no further vacation time will accrue until the employee uses vacation time and the balance is reduced to bring it below the accrual limit.

**Article 9**

**SENIORITY**

(A) Except as set forth below, an employee’s seniority for layoff and recall purposes shall be determined by the employee’s uninterrupted service with the Company in a job classification. Uninterrupted service is defined as the period from the employee’s latest date of hire with the Company.

(B) Employees shall lose their seniority and their status as an employee if:

1. the employee resigns or quits the Company;
2. the employee is terminated;
3. the employee has been on layoff more than one (1) year or a period equal to their seniority, whichever is less;
4. the employee fails to report to work within two (2) weeks of an offer of recall while on layoff or within two (2) weeks of any other offer of reinstatement;
5. the employee has been absent from work three or more consecutive days without notice to the Company unless the employee is physically unable to call in;
6. the employee retires; or
7. the employee transfers to a non-bargaining unit job for more than 1 year. Any seniority maintained may be used to move into vacant positions. There is not a right to "bump."

(C) Seniority for benefit purposes shall be determined solely in accordance with the terms of the applicable benefit plans.
Article 10
LAYOFF

(A) When the Company finds that conditions make it necessary to lay off bargaining unit employees, it will notify the Union in writing not less than 10 days before the layoff absent an emergency, unforeseeable event, strike, lockout or act of God. The notice will give the reason for the layoff and state the number of positions to be affected. In determining the order of layoff the Company will consider the following factors:

(i) Seniority;
(ii) Qualifications;
(iii) Ability;
(iv) Skills;
(v) Performance;
(vi) Geographic considerations; and
(vii) Training.

(B) The Company will make the final decision regarding the impacted employees. The Company agrees that any employee who is to be laid off will be given 2 weeks notice of the layoff, or pay in lieu thereof. Additionally, employees will receive two weeks pay for every year of company service less any years of service where an employee may have received a severance payment. The Company will pay medical coverage through COBRA for 6 months in case of layoff. The Union may challenge the Company’s decision through arbitration pursuant to the Grievance and Arbitration Procedure, Article 23, if it can demonstrate that the Company’s decision was arbitrary or capricious. The Union’s decision to seek arbitration will not prevent the Company from implementing its decision before an arbitration award is issued.

Article 11
RECALL

(A) When the Company requires additional employees in the bargaining unit within 2 years of the last layoff, it will offer employment in inverse order in which such employees were laid off, unless the Company determines that a junior laid off employee or job applicant has skills, qualifications, ability or training which will better assist the Company in servicing its customers’ needs. In such a case, the Company may skip the senior employee and recall the next employee who possesses the skills, qualifications, ability or training needed to do the available job. Notices of rehiring will be mailed by registered letter, return receipt requested, to the last known address of the laid off employee. The Union shall also be notified. The Union may challenge the Company’s decision through the Grievance Procedure, Article 23, if
it can demonstrate the Company’s decision was arbitrary or capricious. The Union’s decision
to seek grievance (arbitration) will not prevent the Company from implementing its decision
before an arbitration award is issued.

(B) The Company will assume that failure on the part of any former employee to notify the
Company within five (5) calendar days of an intent to return to work after mailing of a notice
of rehiring constitutes a rejection by the employee.

(C) It will be the responsibility of former employees to notify the Company of any change of
address while on recall.

(D) When an employee has been laid off for more than 1 year, the employee’s employment
will be terminated and the employee will have no right of recall and will no longer be entitled
to any benefits provided for in this Agreement.

**Article 12**

**CLASSIFICATIONS AND QUALIFICATIONS**

(A) The Classifications covered by this Agreement shall be as follows:

1. Support Staff
2. Mechanic 2
3. Mechanic 1
4. Certifying Mechanic
5. Ground Engineer
6. Senior Engineer
7. Duty Engineer

The Job descriptions for these positions are the generic KLM worldwide job descriptions
as published by Line Maintenance International.

**Article 13**

**PERSONAL LEAVE OF ABSENCE**

(A) Upon approval of the Company, a leave of absence without pay up to six (6) months may
be granted an employee. During such leave, the employee’s seniority will continue to accrue.
If such leave is extended by the Company, the employee will retain but will not accrue
seniority. An employee accepting gainful employment while on leave of absence
automatically terminates employment with the Company.

(B) Time spent on leave of absence without pay shall not count for vacation, sick leave or pay
review.
(C) An employee on leave of absence without pay shall report to the Company prior to the termination date of such leave the employee’s intention to return to employment. The employee’s failure to contact the Company and make such report or secure renewal of the leave of absence, will terminate the leave of absence and the employee’s employment.

Article 14
MILITARY LEAVE

The parties agree to comply with all federal and other applicable laws concerning service in the military, national guard and military reserves including but not limited to leaves of absences and re-employment.

Article 15
PAID SICK LEAVE

(A) Employees with more than three (3) months service with the Company shall be credited with .833 day sick leave credit for each month of continuous service up to a total credit of one hundred thirty-five (135) days. This is the equivalent of 10 sick days per year.

(B) In case of actual sickness, an employee shall be paid for time lost up to the number of days to his personal credit, provided that in case of continuous absence of three (3) days or more the employee will furnish to the Company a medical certificate in support of such absence and except that the employee shall remit to the Company any compensation with respect to which the Company has made contributions, received on account of his sickness during the time he receives paid sick leave.

(C) After a sickness, the number of days paid will be charged against the credited days and one-half (.5) day credit for each succeeding month of continuous service shall again be credited to the employee until the total credit again reaches one hundred thirty-five (135) days.

(D) The employees covered by this Agreement and the Union recognize their obligations of being truthful and honest in preventing unnecessary absences or other abuse of sick leave privileges, and pledge their whole-hearted cooperation to the Company to prevent abuses.

(E) If the Company, at any time in its discretion, grants additional paid sick leave or assistance to any employee it shall not constitute a precedent requiring additional paid sick leave or assistance in any other case.

(F) Employee will be paid $25 for each accrued and unused sick day up to a maximum of 135 days upon retirement or resignation with 2 weeks’ notice.

Article 16
( OCCUPATIONAL) ILLNESS OR INJURY

(A) The Company shall cover its employees with Workers’ Compensation Insurance in accordance with the laws of the State in which they are employed.
(B) In the event an employee is disabled by an occupational illness or injury which is recompensable under the applicable Workers’ Compensation Laws, the disabled employee may, at his option, draw to the maximum of his accrued sick leave at the rate of one-half regular pay per day from the onset of the absence and for the period of related absence only. In those cases where the weekly compensation benefit and sick leave pay combined would exceed the employee’s normal wage, the sick leave credit drawn shall be at such lower rate so as not to permit the employee to receive an amount in excess of his normal wage. Such credit drawn shall be computed to the nearest hour.

(C) In the event that an employee is disabled by an occupational illness or injury while on a foreign assignment, the Company shall pay the cost of the employee’s medical care until the employee’s return to the United States.

(D) The Company will provide or compensate an employee on a foreign assignment for the additional cost of medical care for non-occupational sickness or injury as a result of his being stationed outside the continental United States.

(E) In meritorious cases, the Company, at its discretion, may either make a outright payment or advance compensation payment of amounts equal to the full or partial wages of disabled employees for such periods as it deems proper over and above its obligations referred to above. Where the Company voluntarily advances compensation payments, nothing in this Article shall prevent the Company from seeking reimbursement of any of all of the voluntary compensation advances made by it from any Workers’ Compensation Board Award for either Temporary or Permanent injury. When the Company makes payments under this Section, the employee shall be advised in writing whether such money is an outright payment of salary, or whether it is advance compensation.

**Article 17**

**TERMINATION OF EMPLOYMENT**

(A) Employees shall give the Company two (2) weeks notice of resignation in writing.

(B) Employees who are laid off for lack of work shall be granted two (2) weeks notice in writing or pay in lieu thereof at the Company’s option.

(C) This requirement of notice set forth in (B) above shall not apply to a lay-off caused by an Act of God, or by a strike of the employees called without giving the notice required by the Railway Labor Act as amended.

**Article 18**

**PROBATIONARY PERIOD**

During the first six (6) months of employment, employees will be evaluated and are on probation. During the probation period, the Company, in its sole discretion, may discipline and/or terminate the employee’s employment at any time without further obligation under this Agreement, with or without advance notice to the employee or the Union and the employee shall have no re-employment rights and the employee and the Union shall have no right or recourse to the grievance and system board procedures herein.
Article 19
DISCIPLINE AND DISCHARGE

(A) It is understood that the Company has the right to discipline or discharge an employee for just cause.

(B) During the probationary period an employee may be discharged or disciplined at the Company's option without recourse to the grievance procedure.

Article 20
WORK CLOTHING AND TOOLS

(A) Work uniforms and specialized work clothing and foul weather gear shall be furnished by the Company. The employees shall be reimbursed for the reasonable cost of cleaning such uniforms and clothing; provided, however, that in no event will the cost of same exceed California requirements.

(B) Specialized tools shall be furnished by the Company.

(C) Such clothing, gear, and tools shall at all times remain the property of the Company.

(D) When an employee leaves the service of the Company, he shall return such clothing gear, and tools issued to him, replace same at his own expense or agree in writing that the Company may deduct the cost of the unreturned clothing, gear and tools from the employee's last pay check up to an amount which does not compensate the employee below the state and federal minimum wage requirements.

Article 21
MEAL PERIODS

(A) Employees who work in excess of five hours in any work day shall receive one unpaid meal period of thirty (30) minutes, except when varied by agreement between the parties. Meal periods shall be scheduled not earlier than 3 hours and not later than 5 1/2 hours after commencement of regular work period. If the meal period is not taken as outlined the employee shall be paid for 30 minutes at applicable rates. Employee has the obligation to inform the company if lunch window schedule is not met.

(B) If an employee works in excess of ten hours but less than twelve (12) hours in any work day, the employee shall receive an additional unpaid meal period of thirty (30) minutes unless the employee has taken the first meal period and agrees to waive the second meal period.

Article 22
ABSENCE FROM DUTY

(A) An employee hereunder shall not be absent from duty without the prior permission of the Company except for reason of sickness, injury, or other justifiable cause beyond the control of the employee.
(B) An employee hereunder who is prevented from reporting to duty by reason of sickness, injury or other justifiable cause beyond the control of the employee, shall promptly notify the designated company representative of the employee’s inability to report to work, giving reason for his absence. Such notice will not be considered if given less than two (2) hours prior to the employee’s regularly scheduled starting time, except when prevented by personal emergency.

Article 23
GRIEVANCE PROCEDURE

(A) The Union may select a representative among the employees hereunder at each station at which employees hereunder are based.

(B) The Union shall notify the Company, in writing, of the names of its representatives and any changes in the representatives. The Company shall notify the Union, in writing, of the management positions with whom said representatives shall deal.

(C) An employee hereunder who has completed her/his probationary period shall not be disciplined or dismissed from the service of the Company without just cause.

(D) Nothing in this Agreement shall extend to a probationary employee the right to present a grievance of her/his discipline and/or dismissal from service.

(E) A post-probationary employee hereunder who believes s/he has been unjustly dealt with, or that any provision of this Agreement has not been properly applied or interpreted, or against whom the Company has preferred charges in writing, may present her/his grievance in writing, either in person or through her/his representative, to her/his immediate supervisor if said grievance is presented within seven (7) days of the occurrence of the event upon which the grievance is based. Said immediate supervisor shall investigate and evaluate the grievance or complaint and render her/his decision in writing as soon as possible, but not later than seven (7) days after receipt of said grievance.

(F) If the decision of the immediate supervisor is not satisfactory to the employee whose grievance is being considered, it may be appealed by the employee, or her/his representative in writing within ten (10) days to the Director of Human Resources, or his/her designee, who shall evaluate the facts upon which said grievance is based and shall render a decision in writing thereon as soon as possible, but not later than ten (10) days following receipt of the appeal.

(G) If the decision of the Director of Human Resources, or his/her designee is not satisfactory to the employee, the grievance and the decision thereon may be appealed by the Union in writing to the System Board of Adjustment; provided, however, said appeal must be submitted within ten (10) days of receipt of the decision rendered by the Director of Human Resources or his/her designee.

(H) In the event that either the Union or the Company believes that any provision of this Agreement has not been or is not being properly applied or interpreted (other than Union grievances involving paragraph (C) in this Article which shall be processed as set forth above), such entity shall have the right within ten (10) days after such alleged misapplication or misinterpretation to object to such violation to the appropriate Company or Union representative who shall evaluate such objection and render a decision in writing within fifteen (15) days. If no settlement is reached under this Article, a Notice of Appeal by the Union or a Notice of
Submission by the Company may be made in writing within thirty (30) days to the Adjustment Board established under this Agreement.

(I) If, as a result of a decision in any of the above steps of the grievance procedure, as provided herein, an employee is exonerated, s/he shall, if s/he has been held out of service, be reinstated without loss of seniority and shall be paid at regular rates for time lost.

(J) If any decision made by the Company under the provisions of this Article are not appealed by the employee affected or objected to or processed by the Union within the time limit prescribed herein for such actions, the decision of the Company shall become final and binding.

(K) If any decision to be made by the Company under this Article is not made within the time limit prescribed herein, such grievance will be deemed denied.

**Article 24**

**SYSTEM BOARD OF ADJUSTMENT**

(A) In compliance with Section 204, Title II of the Railway Labor Act, as amended, there is hereby established a System Board of Adjustment for the purpose of adjusting and deciding disputes which may arise under the terms of this Agreement and which are properly submitted to it, which board shall be known as the “System Board of Adjustment,” hereinafter referred to as the “Board.”

(B) The Board shall have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving interpretation or application of this Agreement. The Board shall have no jurisdiction whatsoever over proposals or disputes relating to general changes in hours of work, rates of pay, rules or working conditions.

(C) The System Board of Adjustment shall be composed of two (2) members; one (1) selected by the Company, and one (1) selected by the Union.

(D) The members of each Board shall continue to serve until such time as the parties selecting the representative members shall select their successors, which may be at any time except during the consideration of a case.

(E) Each Board shall meet at the Field or System Headquarters of the Company, or other designated locations, as the case may be, provided that at such times there are any cases filed or pending before the Board. The Chairman or Vice Chairman may if circumstances require, call a special meeting at any other time. The date on which the Boards will meet shall be established by the Chairman and the Vice Chairman. In order to eliminate any possible conflict in meeting dates, the schedule will be coordinated by the Director of Human Resources for the Company and the local president or her/his designee for the Union.

(F) The members of the respective Boards shall select a Chairman and Vice Chairman whose terms of office shall be one (1) year, provided, however, that the offices of Chairman and Vice Chairman shall be filled alternately by a member representing the Company and a member representing the Union, that is, when a Union member is Chairman, a Company member shall be Vice Chairman, and vice versa.
(G) The Chairman, or in her/his absence, the Vice Chairmen, shall preside at meetings of the Board and shall have a vote on the adoption of all decisions of the Board.

(H) Within ten (10) days of the filing of a Notice of Appeal or Notice of Submission, the parties shall submit a joint submission agreed to by all parties and shall state:

1. The name of the employee or employees involved if the dispute grows out of grievances of individual employees;
2. A statement that an attempt has been made to obtain an adjustment of the dispute in the manner provided for in applicable System Agreements between the parties and that the parties have failed to reach in such manner a satisfactory adjustment;
3. A statement of the nature of the dispute (including question or questions at issue) and the basis for jurisdiction of the Board of Adjustment;
4. The position or contenttion of the Union and of the employee or employees; and
5. The position or contention of the Company.

(I) If all the parties to the dispute cannot agree on a joint submission, then and only in that event, either party to the dispute may submit the dispute by petition, which shall contain all the statements required in a joint submission. In all cases where a dispute is not submitted in the form of a joint submission, the party to the dispute who has not joined in the submission shall be served with a copy of the petition at least fifteen (15) days before the date set for the hearing and shall have the right within such fifteen (15) day period to file with the Chairman of the Board a written answer thereto.

(J) Seven (7) copies of each submission or petition, including all papers and exhibits in connection therewith, shall be delivered to the Chairman or Vice Chairman of the Board, who shall immediately transmit one (1) copy thereof to each member of the Board, one (1) copy to the Company and one (1) copy to the Union. If the Company member and the Union member of the Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing shall be scheduled within fifteen (15) days of their request.

(K) Upon request of either party to the dispute or of the Board members, the Board shall summon witnesses to testify at Board hearings. The number of witnesses who are employed by the Company shall not be greater than the number which can be spared without interference with the service of the Company.

(L) A majority vote of all members of a Board shall be competent to make a finding or a decision with respect to any dispute properly before it, and such finding or decision shall be final and binding upon the parties to such dispute.

(M) Upon failure of the Board to agree upon a finding or decision because of the inability to secure a majority vote, the party who submitted the petition under Paragraph I of this Article may elect in writing:

1. To immediately appeal or to withdraw the petition; or
2. To utilize a period of up to sixty (60) calendar days to decide whether:
   a) To withdraw the petition; or
   b) To appeal the case to arbitration.
If the petitioning party decides to appeal the case, it shall be to an impartial person to be known as the “Arbitrator” who will sit with the Board as an additional member thereof in the further hearing and determination of the case.

Within five (5) work days after the receipt of a written appeal, or the completion of the sixty (60) day calendar period during which the case has not been withdrawn the Director of Human Resources or her/his designee for the Company and the designated representative for the Union shall forthwith proceed to select an arbitrator to sit with the Board. If the parties are unable to agree upon the selection of such additional member within fifteen (15) calendar days, either party shall within 10 days request the American Arbitration Association to select an arbitrator in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules.

The arbitrator shall preside at all hearings and meetings of the System Board and guide the parties in conducting a fair and cost-effective hearing.

(N) Board findings and decisions shall be stated in writing and shall be rendered within thirty (30) days from the close of hearing, unless such period is extended by agreement of the parties to the dispute. In each case, a copy of the finding or decision shall be furnished to the Company, the Union and such employee or employees, as are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then upon request of the Company, the Union or such employee or employees as are parties to the dispute, the Board shall interpret the finding or decision.

(O) The Board shall keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at all Board's hearings will be taken if requested by either party to the dispute. In such case, the cost of such record shall be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of such record shall be borne equally by both parties to the dispute.

(P) All expenses of the Board, including those incurred by reason of the participation of an Arbitrator in the determination of the controversy as herein provided, shall be borne one-half (1/2) by the Company and one-half (1/2) by the Union. The salary or compensation of the members of the Board, if any, shall be paid by the parties selecting such member or members. Each party will assume the compensation, travel expense and other expenses of the Board members selected by it and of the witnesses called or summoned by it.

(Q) Every Board member shall be free to discharge her/his duty in an independent manner, without fear that her/his individual relations with the Company, the union or with the employees hereunder may be affected in any manner by any action taken by her/him in good faith in her/his capacity as a Board member. Each party shall specifically instruct each Board member selected that they shall at all times while serving in that capacity act not as a partisan or advocate of a partisan group or cause but shall act and serve solely to render impartial findings and just decisions.

(R) The Board shall meet in New York, New York unless the parties agree to a different location. Essential witnesses who are employees of the Company shall be furnished transportation in a manner agreeable to by both parties from the point of duty to the point of hearing and return, and such witnesses shall be granted leaves of absence without pay for sufficient time to permit them to appear as such witnesses. The number of witnesses who are employed by the Company shall not be greater than the number, which can be spared without
interference with the service of the Company. Witnesses who are not employees of the Company, who may be called by either party, shall be provided transportation by the party requesting their presence to the point of the hearing and return subject to Governmental regulations.

Article 25
NO STRIKES / NO LOCK-OUTS

(A) The Company agrees that it shall not lock out employees and the Union, on behalf of its officers, officials, agents and members, or any employee, whether on or off duty, will not directly or indirectly, engage in, authorize or threaten any mass absenteeism, work stoppages, strike, sit-down, sit-in, boycott, walkout, sick out, slow-down, sympathy strike, unfair labor practice strike, picketing, patrolling, hand-billing, including but not limited to informational picketing at non-work sites, refusal to cross a picket line at any KLM station, location, facility or affiliate, subsidiary or any other related entity, or in any other way interfere with or interrupt the Company’s operations for any reason until the procedures for settling disputes involving employees covered this Agreement and as provided by the Railway Labor Act have been exhausted.

(B) The Union, its officers, officials and agents, shall be accessible to the Company and shall take all prompt and effective measures to prevent and stop any acts described in paragraph (A) above, including, but not limited to, contacting by telephone, email, overnight mail, or any other manner which assures prompt contact with each individual engaged in such acts a notice signed by an authorized representative of the Union stating that the individual’s action is in violation of the Agreement and instructing all such individuals to cease those actions which are or may be a violation of paragraph (A) of this Article.

(C) An employee who engages in any conduct which violates the provisions of Section 1 shall be subject to discipline up to and including discharge.

Article 26
HEALTH AND WELFARE BENEFITS

(A) The following health and welfare benefits shall be the full and exhaustive benefit package offered to bargaining unit employees:

i. Medical - Employees will contribute 0% of the premium towards the cost of the company provided medical plan for employee only coverage. Effective September 1, 2016, employees will contribute 11% of the premium for employee plus children, and 13% of the premium for employee plus spouse and employee plus spouse and children. Effective September 1, 2017, employees will contribute 12% for employee plus children and 15% for employee plus spouse and employee plus spouse and children. These premiums are subject to change annually.

ii. Dental – Effective September 1, 2016, employees will contribute 11% for employee plus children, and 13% for employee plus spouse and employee
plus spouse and children. Effective September 1, 2017, employees will contribute 12% for employee plus children and 15% for employee plus spouse and employee plus spouse and children. These premiums are subject to change annually.

ii. Life insurance
iii. Supplemental life insurance
iv. Long-term disability benefits
v. Health Care Spending Account
vi. Dependent Care Spending Account
vii. Spouse Life Insurance

(B) No other health and welfare benefits shall be available to bargaining unit employees. No past practice shall be binding on the Parties as to any prior health or welfare benefits.

(C) Employees are required to pay a portion of the cost of providing certain employee benefits as described more fully in the Employee Handbook.

(D) During the term of this Agreement, the Company shall retain the right to design its health and welfare benefit package and all of the underlying provisions, to modify any benefits listed above, to terminate coverage options, and to modify associated costs, and employee contributions provided only that any such changes are applicable to similarly situated non-executive United States based KLM employees who are covered by the terms of the Handbook. The Company will give the Union twenty (20) days advance notice of any change occurring during the term of this Agreement. The Union agrees that after providing such notice, the Company may unilaterally change its health and welfare benefit plans, as mentioned above, including, but not limited to, changes to the cost of such plan and the amount of employee contributions. However, during the term of this Agreement, the employees covered by this Agreement will not be required to increase their contributions to such plans to an amount greater than ten percent of the cost of each plan.

(E) All applicable Plan documents for any such benefit are expressly incorporated by reference into this Agreement and shall be controlling as to such health and welfare benefits and shall be superior to any provision in this Agreement. A hard copy of the Summary Plan Description for the health and welfare benefits has been provided to the Union. Bargaining unit employees may also access the various Summary Plan Description on line.

(F) Any dispute concerning any benefit set forth above shall be governed by the applicable benefit plan document and any dispute resolution or appeal procedure set forth in the applicable benefit plan document shall be the sole and exclusive procedure applicable to such benefit, including any remedy or remedies contained in the plan or procedure. Conversely, the
grievance and arbitration provisions in this Agreement shall be inapplicable to such benefits and no arbitrator shall have jurisdiction to hear any grievance or other dispute concerning these benefits.

Where a benefit is provided by a third party provider, the Company’s sole obligation under this Agreement shall be to forward the monies agreed to in this Agreement to the appropriate benefit provider.

Article 27

RETIREMENT PLAN

(A) Bargaining unit employees are eligible to participate in the KLM Retirement Savings Plan pursuant to the terms of that Plan, which is incorporated by reference into this Agreement. This Plan document is controlling as to pension benefits and is superior to any provision in this Agreement except as set forth in this Article. A hard copy of the KLM Retirement Savings Plan has been provided to the Union. Bargaining unit employees may also access the Summary Plan Description on line.

(B) During the term of this Agreement, the Company has complete discretion to modify any or all provisions of the Plan which include, but are not limited to, selecting a trustee for the Plan, selecting investment options, investment advisors and setting contribution levels without bargaining with the Union provided only that as any such modifications, are applicable to similarly situated non-executive United States based KLM employees covered by the terms of the Employee Handbook. The Company will give the Union twenty (20) days advance notice of any change occurring during the term of this Agreement. The Union agrees that after providing such notice, the Company may unilaterally change the Plan, without bargaining.

(C) Any disputes regarding retirement benefits provided under the KLM Retirement Savings Plan will be governed by the Plan’s claim denial and appeal procedure, which is the sole and exclusive procedure for resolving such claims. The grievance and arbitration provisions in this Agreement shall be inapplicable to such claim and no arbitrator shall have jurisdiction to hear a grievance or other dispute concerning these benefits.

Article 28

SUPPLEMENTAL RETIREMENT BENEFITS

(A) Bargaining unit employees are eligible to earn the benefits of KLM’s retirement policies pursuant to the terms and conditions of the policies which are contained in KLM’s Employee Handbook and incorporated by reference into this Agreement. The terms of these Policies are controlling and superior to any provision in this Agreement, except those specifically stated in this Article. Bargaining Unit employees may access the current policies online.

(B) During the term of this Agreement, the Company shall retain the right to design its supplemental retirement benefits and all of the underlying provisions, to modify or terminate any benefits listed, to modify employee contributions provided only that as any such modifications are applicable to similarly situated non-executive United States based KLM employees covered by the terms of the Employee Handbook. The Company will give the Union twenty (20) days advance notice of any change occurring during the term of this
Agreement. The Union agrees that after providing such notice, the Company may unilaterally change the Plan without bargaining.

(C) Under its existing policies, which are subject to modification, change or elimination, employees are eligible to certain retirement benefits including but not limited to those which are commonly referred to as Plans I and II.

1. In sum and as stated more fully in the Employee Handbook, under Plan I employees who are 55 or older and have completed 25 years of continuous service with KLM may retire and receive:

   a) **Severance pay** – 16 weeks of pay at the employee’s regular base pay rate at the time of the employee’s retirement.

   b) **Unused vacation** – all accrued and unused vacation at the employee’s existing rate of base pay at the time of the employee’s retirement.

   c) **Unused sick days** – $25 for each accrued and unused sick day up to a maximum of 135 days.

   d) **KLM Group Health Insurance Program** – continued coverage under KLM’s active health insurance program subject to the terms and conditions described more fully in the Employee Handbook.

   e) **Life Insurance** – KLM will maintain a $3,500 life insurance policy for the retiree.

   f) **Travel Privileges** – discount travel privileges will continue under the terms and conditions that are applicable to KLM retirees and their dependents.

2. In sum and as stated more fully in the Employee Handbook, under Plan II, employees who are 50 or older and have completed 20 years of continuous service with KLM may retire and receive:

   a) **Severance Pay** – the employee at the time of retirement will be paid severance according to the following schedule:

   20 years of service, 8 weeks’ pay  
   21 years of service, 10 weeks’ pay  
   22 years of service, 12 weeks’ pay  
   23 years of service, 14 weeks’ pay  
   24 years of service, 15 weeks’ pay  
   25 years of service or more, 16 weeks’ pay

   Severance pay will be calculated at the employee’s regular base pay rate at the time of retirement.
b) Unused Vacation – all accrued and unused vacation days at the employee’s existing rate of base pay at the time of retirement

c) Unused Sick Days - $25.00 for each accrued and unused sick days up to a maximum of 135 sick days.

d) Travel Privileges – discount travel privileges continue under the terms and conditions that are applicable to KLM retirees and their dependent.

Article 29
REIMBURSEMENTS

The Company will reimburse employees for business related expenses such as transportation, lodging, meals, entertainment, communication and laundry in accordance with its policies for similarly situated non-executive United States based KLM employees who are covered by the terms of its Employee Handbook.

Article 30
BEREAVEMENT

(A) An employee will be entitled to a bereavement day off on the day of the death and three bereavement days following the death of the employee’s father, mother, spouse, child and siblings.

(B) An employee will be entitled to a bereavement day off to attend the funeral day of the employee’s grandparent, grandchild, aunt, uncle, niece, nephew, brother-in-law or sister-in-law.

(C) If any of the bereavement days set forth in paragraph (A) and (B) fall on the employee’s scheduled day or days off, such day or days shall count as a day or days off for the purposes of this provision and the employee will not receive bereavement pay for such days.

(D) An employee will be paid at the employee’s straight time rate for an eight hour day for each day of bereavement leave as set forth above which falls on the employee’s scheduled day of work.

Article 31
JURY DUTY

After one year of employment, KLM will pay an employee at the straight time rate for eight hours for each day of jury less the amount of any jury service fee to which the employee is entitled.

Article 32
UNION SECURITY

(A) Each employee in any classification covered by this Agreement, shall as a condition of continued employment, maintain membership with the Union as long as this Agreement
remains in effect to the extent of paying an initiation fee and membership dues (not including fines and penalties). Such employee may have his membership dues deducted from his earnings by signing the form “Assignment and Authorization for Check-Off of Union Dues” or if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(B) All new employees of the Company hired after the effective date of this Agreement, shall become members of the Union sixty (60) days after the date of employment with the Company, and shall as a condition of employment maintain membership in the Union as long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues.

(C) If any employee, who has resigned from the Company or has been terminated for any reason is re-employed such employee shall be considered as a new employee for the purposes of this Article and shall be governed by the provisions of Paragraph (B).

(D) Employees who are or become members of the Union under Paragraphs (A) or (B) above shall pay membership dues as set forth herein except that payment for membership dues shall not be required as a condition of employment during leaves of absence without pay or during periods of permanent transfer to a classification not covered by this Agreement.

(E) “Member of the Union,” where used herein, shall mean any employee who is a member of the Union and is not more than sixty (60) days in arrears in the payment of initiation fees and membership dues as specified herein.

(F) When an employee who is a member of the Union becomes delinquent within the meaning of Paragraph (E) hereof, the following shall apply:

1. The Union shall notify the employee in writing, registered mail, return receipt requested, copy to the Director of Labor Relations of the Company, Director of HR of the American, that he is delinquent in the payment of initiation fee and membership dues, as specified herein, and accordingly is subject to discharge as an employee; that he must remit the required payment within fifteen (15) days of the date of mailing of the notice, or be subject to discharge.

2. If, upon the expiration of the fifteen (15) day period, the employee still remains delinquent, the Union shall certify in writing to the Director of Labor Relations of the Company, Director of HR of the American, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Director of Labor Relations of the Company shall then take proper steps to discharge such employee from the services of the Company.

3. An employee discharged by the Company under the provisions of this Paragraph shall be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(G) Any discharge under the terms of this Article shall be based solely upon the failure of the employee to pay or tender payment of initiation fees and membership dues as specified herein, and not because of denial or termination of membership in the Union upon any other ground.
(H) Any grievance by an employee concerning the interpretation or application of the provisions of this Article shall be subject exclusively to the following procedure:

1. An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review in writing within five (5) days from the date the grievance arises, except that a grievance arising under Paragraph (F) (1) must be filed within the fifteen (15) day period specified therein. The request will be submitted to his immediate supervisor who will review the grievance and render his decision in writing not later than five (5) days following the receipt of the grievance.

2. The immediate supervisor will forward his decision to the employee with a copy to the Local Union accredited Representative. If the decision is not satisfactory to both the employee and Union, then either may appeal the grievance directly to the Board of Adjustment, established under Article 24 of this Agreement, within ten (10) days from the date of decision. The terms and provisions of such Article shall be applicable, except as otherwise specified herein.

3. If the Union should appeal the decision to the Board of Adjustment, it shall prepare a joint submission of the grievance setting forth the Union’s and the employee’s position and forward copies to the employee, the Personnel Manager of the Company and to the members of the Board of Adjustment. If the employee should appeal the decision, he may request the Personnel Manager to prepare the submission papers in his behalf for the Board of Adjustment. In this event, such request shall be made by the employee in writing to his immediate supervisor who will transmit, all facts, data, and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Director of Labor Relations of the Company will forward copies of the employee’s separate submission to the employee, the local Station Manager, the Director of the Air Transport Division of the Union and to the members of the Board of Adjustment.

4. During the period a grievance is filed under the provisions of this Section and until after the final award by the Board of Adjustment, the employee shall not be discharged from the Company because of non-compliance with the terms and provisions of this Article.

(I) The Union agrees that it shall indemnify the Company and save the Company harmless from any and all claims which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(J) The Union agrees that neither the Union nor its members will interfere or coerce any employee with respect to his right to work, or with respect to Union activity or membership, and further there shall be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(K) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-Laws of the Union and as prescribed by the Railway Labor Act.
as amended, provided such member of the Union voluntarily executes the agreed-upon form to be known as “Check-Off-Form”. This form shall be prepared and furnished by the Union.

(L) Upon receipt from an employee of a properly executed “Assignment and Authorization for Checkoff of COPE Contributions”, the Company will deduct the amount specified from the employee’s earnings and submit such contributions to the designated Committee on Political Education. Such authorization for and remittances to the Union of such deductions shall be in conformance with all applicable laws.

Article 33
SAVING CLAUSE

Should any part or provision of this Agreement be rendered invalid by reason of any existing or subsequently enacted legislation, such invalidation of any part or provision of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.

Article 34
EFFECT ON PRIOR AGREEMENTS

This Agreement shall supersede and take precedence over all Agreements, Supplemental Agreements, Amendments, Letters of Understanding and similar related documents executed between the Company and the Union prior to the signing of this Agreement except for the Maintenance Agreement dated March 1998, provided that all rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, shall be satisfied or discharged.

Article 35
DURATION

Except for the wage rates which shall become effective on the dates indicated in Appendix A, and except where specifically provided otherwise, the changes negotiated herein shall become effective as of the date the Company is notified that the Agreement has been ratified, and all terms shall thereafter remain in full force and effect until June 30, 2018 and this Agreement shall renew itself until each succeeding year thereafter, unless written notification of intended changes by either party hereto is served in accordance with Section 6, Title I of the Railway Labor Act, as amended, at least sixty (60) days prior to June 30, 2018 or any succeeding year.
IN WITNESS WHEREOF, the parties hereto have signed this Agreement effective 1st day of July 2016.

For KLM ROYAL DUTCH AIRLINES

Eric Caron
Vice President and General Manager, USA

For TRANSPORT WORKERS UNION OF AMERICA, A.F.L-C.I.O.

Dane Stricoff
President
# KLM SFO - Mechanic Classifications

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Mechanic upgrade to hire rate of new grade

# KLM SFO - Ground Engineer Classifications

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Engineer upgrade to lateral pay rate of new grade

First step increase is applied on April 1 if USA date of hire is on or before October 1 in previous year. If hire date is after October 1, first step increase will be applied when employee reaches 6 month anniversary.