

5.6 Generation pact

5.6.1 Objective and approach

- a. Under the Generation Pact Scheme:
 - an older employee may work fewer hours
 - for a certain percentage of the original salary
 - while still being entitled to full pension accrual over the original salary.
- b. This scheme is a pilot scheme in effect during the term of this Collective Agreement.
- c. The technical implementation of the Generation Pact is included in this Collective Agreement as Annex C: Generation Pact Scheme.

5.6.2 Variations

- a. An Employee who regularly works shifts* and who is aged 60 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 80/90/100 Variation. The Employer shall grant the request.

*Regular shift work' is deemed to mean shift work that has been performed over a period of at least one year and which is or must be performed according to a pre-arranged schedule.

- b. An Employee who does not regularly works shifts and who is aged 62 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 80/90/100 Variation. The Employer shall grant the request.
- c. An Employee aged 62 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 70/85/100 Variation. The Employer has the option to grant the request or reject it (dual optionality).
- d. An Employee aged 63 or older - or at a younger age if and as agreed within the company - with an Annual Salary of more than €70,000 gross may ask the Employer to have one of the Variations applied. The Employer has the option to grant the request or reject it (dual optionality).
- e. If, at company level, agreements that deviate in a positive sense are made for Employees with regard to the age at which the Employee can make use of this Generation Pact, the Pension Fund and/or the Insurer is mandated to implement this from a technical aspect.

Notes to 5.6.1

With the Generation Pact, older employees are given the opportunity to work fewer hours and reach retirement in good health while young people get the chance to enter the workforce. The guiding principle is that the hours that become available due to older employees working less are filled by new recruits with a contract of employment.

Annex C. Generation pact scheme (5.6 Basic Collective Agreement and Collective Agreement for Senior Staff)

1. Definitions

In this Annex, the following terms have the meanings ascribed to them below.

Annual Salary

The Annual salary as defined in the Collective Agreement for the Metalworking and Electrical Engineering Industry.

Collective Agreement

The Collective Agreement in the Metalektro 2018/2020 (effective from 1 June 2018 to 1 December 2020).

Employee

An employee as defined in the Collective Agreement in the Metalektro.

Employer

An employer as defined in the Collective Agreement in the Metalektro.

Insurer

The Insurer that administers the occupational disability insurance policies of the Employer and the Employee.

New Monthly Earnings

The Monthly Earnings the Employee receives once one of the Variations has come into effect.

New Monthly Earnings

The Monthly Earnings the Employee receives once one of the Variations has come into effect.

Original Monthly Earnings

The Monthly Earnings that applied to the Employee before one of the Variations came into effect.

Original Part-time Factor

The part-time factor that applied before one of the Variations came into effect. The Part-time Factor has a bearing on pension accrual and is defined in the pension scheme regulations.

Original Working Hours

The contracted Working Hours that applied before one of the Variations came into effect.

Pension Administrator

The organisation that administers the pension schemes of Employer and Employee.

Pensionable Salary

The Pensionable Salary as specified in the pension scheme regulations. The Pensionable Salary does not change after one of the Variations comes into effect

Pension Schemes / Pension Scheme Regulations

The applicable pension scheme and its regulations, including any supplemental arrangements agreed. For the Metalektro Pension Fund (PME) this is the basic pension scheme, the Voluntary Early Retirement, Pre-pension and Life-Course Savings (VPL) scheme, and any supplementary pension scheme arrangements contractually agreed by the Employer (i.e. Pension Accrual above the Salary Threshold, Pension Accrual

over Variable Salary, and the Work and Income [Capacity for Work] Act [WIA] shortfall insurance).

Supplemental contract of employment

The parties to this Collective Agreement recommend that agreements regarding the Generation Pact be set out in a supplemental contract of employment.

Variations

- 80% Original Working Hours for 90% Original Monthly Earnings with 100% Original Pension Accrual (i.e. the '80/90/100 Variation')
- 70% Original Working Hours for 85% Original Monthly Earnings with 100% Original Pension Accrual (i.e. the '70/85/100 Variation'.

2. General provisions

- 2.1. The scheme comes into force on 5 July 2019 and ends on 30 November 2020.
- 2.2. The Employer must initiate the request of an Employee who meets the conditions specified in 2.3 or 2.4 of this scheme within the term stated in the following table:¹

Table: Date of request and implementation of the provisions of the Generation Pact for employees entitled to participate in the scheme

<i>Date of request</i>	<i>implement within</i>	<i>implemented no later than</i>
July 2019	4 months	November 2019
August 2019	4 months	December 2019
September 2019	4 months	January 2020
October 2019	3 months	January 2020
November 2019	2 months	January 2020
December 2019	2 months	February 2020

From January 2020 the implementation term is two months.

The Employer and Employee can jointly agree a different period for initiating the requested Variation.

- 2.3. An Employee who regularly works shifts* and who is aged 60 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 80/90/100 Variation. The Employer shall grant the request.
- * 'Regular shift work' is deemed to mean shift work that has been performed over a period of at least one year and which is or must be performed according to a pre-arranged schedule.
- 2.4. An Employee who does not regularly works shifts and who is aged 62 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 80/90/100 Variation. The Employer shall grant the request.
- 2.5. An Employee aged 62 or older and who has an Annual Salary of not more than €70,000 gross may ask the Employer to apply the 70/85/100 Variation. The Employer has the option to grant the request or reject it (dual optionality).
- 2.6. An Employee aged 63 or older - or at a younger age if and as agreed within the company - with

¹ This table only applies to an employee who is entitled to participate in the scheme in accordance with the provisions of 2.3. and 2.4 and therefore not in cases of 'dual optionality'.

an Annual Salary of more than €70,000 gross may ask the Employer to have one of the Variations applied. The Employer has the option to grant the request or reject it (dual optionality).

- 2.7. If, at company level, agreements that deviate in a positive sense are made for employees with regard to the age at which the Employee can make use of this Generation Pact, the Pension Administrator and/or Insurer is mandated to implement this from a technical aspect.

3. Participation

- 3.1. Use of one of the Variations is only possible if the Employee actually works at least three full shifts per week on average. A derogation to this provision may be made if it has a positive effect for the Employee.
- 3.2. If one of the Variations is used and the Employee is entitled to additional leave for older employees pursuant to 4.1.5 of the Basic Collective Agreement (Transitional scheme for additional annual leave for older employees), the Employee's leave entitlement will be reduced by half; if the Employee is not entitled to this additional leave, this will not be set off in any other way.

- 3.3. If the Employee participates in the Generation Pact Scheme, the Employer and Employee will agree on the Employee's new work schedule, which should line up as much as possible with the Employee's original work schedule.
- 3.4. An Employee who opts to use one of the Variations may not initiate any outside occupational activities or extend any the Employee is currently involved in.
- 3.5. The Employer and Employee may jointly agree that the Variation the Employee has opted for will be changed.
- 3.6. If the Employee's contracted working hours have been increased less than one year prior to the Employee opting for one of the Variations, the contracted working hours that applied prior to the increase in working hours will be used when applying the Variation.

4. Pensions and occupational disability insurance

- 4.1. When an Employee opts for one of the Variations, the Employee will participate in the Pension Scheme on the basis of the Employee's Original Part-time Factor and the Pensionable Salary, meaning full pension accrual, cover for death and incapacity for work, and the contributions to be paid remain the same as in the original situation.

- 4.2. The Employer is entitled to continue deducting the usual pension contributions from the Employee's salary
- 4.3. If an Employee opts to use one of the Variations, the Employer must report this to the Pension Administrator/Insurer. In the case of Metalektro Pension Fund (PME), the Employer must report the Employee's participation using the relevant form on the Inzendportaal data submission portal.
- 5.4. For days off, days (hours) remain days (hours), and annual leave that has been or is to be accrued will be paid in cash - if and insofar as applicable and in accordance with the terms of the Collective Agreement - at the hourly rate of the Original Monthly Earnings plus the increases under the Collective Agreement and other increases.

6. Other provisions

5. Benefits

- 5.1. An Employee who opts to make use of one of the Variations becomes a part-time employee
- 5.2. Should an Employee opt to make use of one of the Variations, the percentage of working hours under the Variation is used when calculating time in lieu and/or leave.

For example, when opting for the 80/90/100 Variation, annual leave will accrue over 80% of the original hours.

- 5.3. Should an Employee opt to make use of one of the Variations, the New Monthly Earnings will be used when calculating pay-based benefits. For example, when opting for the 80/90/100 Variation, holiday pay will be based on 90% of the original hours.

- 6.1. An Employee who is already receiving pension benefits in full or in part may not make use of one of the Variations.
- 6.2. If an Employee makes use of one of the Variations during the term of this scheme, the Variation will remain in effect for the Employee even after the termination of the scheme, until the Employee's participation ends.
- 6.3. Participation in the scheme ends either on termination of the contract of employment, on the Employee's death, or when the Employer and Employee agree on terminating the Employee's participation in the scheme. Participation also ends on the date that the Employee starts receiving pension benefits (in full or in part).