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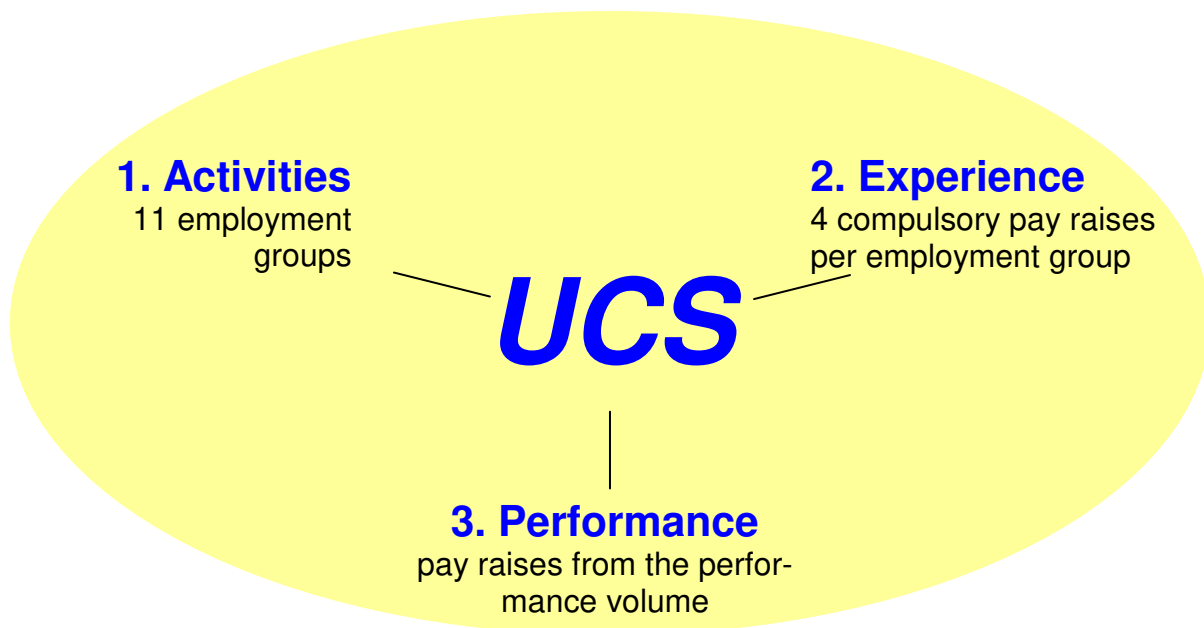
FEI
ASSOCIATION OF AUSTRIAN ELECTRICAL
AND ELECTRONICS INDUSTRIES

**Uniform Compensation System
for Wage-Earning and Salaried
Employees (UCS)**

May 2010

UCS AT A GLANCE

The 3 components



11 employment groups (“Beschäftigungsgruppen”):

In respect of classification into the employment groups, the focus is on the activity that is performed. Managerial functions and project management can also have effects on the classification.

4 compulsory pay raises (“Vorrückungen”):

There are 4 compulsory pay raises (CPR) per employment group both for employees with minimum wages/salaries and for higher paid employees. The amount of such a pay raise depends on the increase in experience, which is strong at the beginning of the activity and flattens out later on. In reflection of this, CPR 1 and 2 are twice as high as 3 and 4.

Individual pay raises from the performance volume (“Leistungsvolumen”):

Generally every year 0,35% of the total wage or salary payroll of September are used for pay raises for high-performance employees.

A UNIFORM SYSTEM FOR WHITE- AND BLUE-COLLAR WORKERS SINCE 2004.

Component 1 – ACTIVITIES

Employment groups A to K

Characteristics

The key factor for classifying employees is the activity that they perform. The higher the requirements, the higher the classification. The highest employment group for blue-collar workers is G due to their typical activities.

Training qualifications (for example vocational training, secondary colleges for engineering) are no criteria for classification in their own right, but they are mentioned in the definitions of the employment groups in order to provide a description of the typical requirements needed for the specific activities.

A	B	C	D	E	F	G	H	I	J	K
						management				
						project management				
						scope for decision-making				
						responsibility				
				independence						
				B H S**						
			BMS*							
	job training		vocational training							
					difficult activities					
simple activities										

* Secondary TVE School
 ** Secondary TVE College

THE ACTIVITY COUNTS.

Component 1 – ACTIVITIES

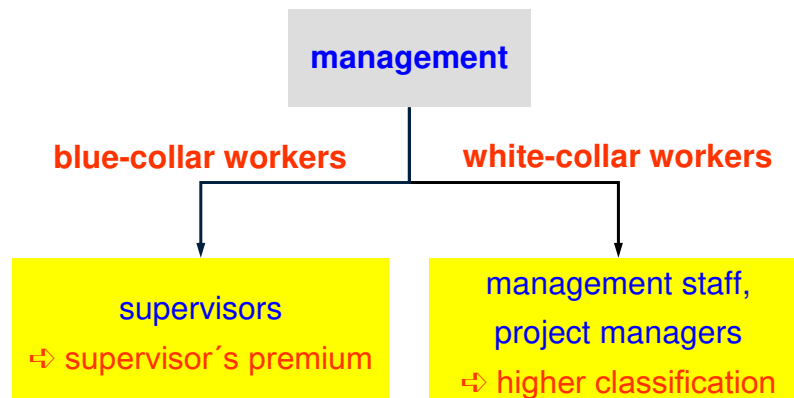
Personnel management

Supervisor's premium, classification due to management functions

Designated supervisors and **blue-collar workers**, who are or responsible for at least 3 employees outside of the plant or at least 6 employees inside the plant, are entitled to a **supervisor's premium** ("Vorarbeiterzuschlag") of 10% of their wages.

White-collar workers may be classified to a **higher employment group**, if they are permanently responsible for a certain number of employees with a specific classification (for example employment group G, if permanently responsible for at least 3 employees with at least 2 of them being in employment group F).

White-collar workers, who become project managers with significantly higher requirements than before, are to be reclassified into a higher employment group, if they are required to spend a considerable time for managing their projects.



EMPLOYMENT GROUP G OR HIGHER FOR WHITE-COLLAR WORKERS DUE TO MANAGEMENT TASKS.

Component 2 – EXPERIENCE

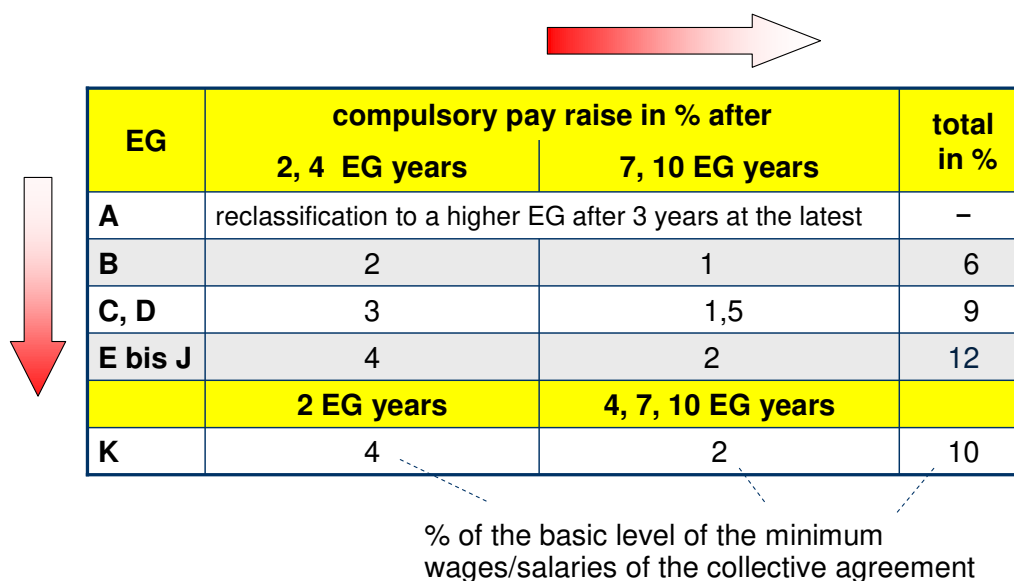
Compulsory pay raises

Up to 4 within an employment group

The compulsory pay raises come after 2, 4, 7 and 10 employment group years (EG years). They raise the minimum wages/salaries of the collective agreement as well as the wages/salaries individually paid above this level.

The more difficult the activity, the higher the classification and the higher the compulsory pay raises, due to the greater increase in experience.

Experience grows rapidly at the beginning of an activity and flattens off later. Accordingly, in most employment groups there are initially “large” compulsory pay raises after 2 and 4 EG years, followed by „small“ ones after 7 and 10 EG years.



EG	compulsory pay raise in % after		total in %
	2, 4 EG years	7, 10 EG years	
A	reclassification to a higher EG after 3 years at the latest		–
B	2	1	6
C, D	3	1,5	9
E bis J	4	2	12
	2 EG years	4, 7, 10 EG years	
K	4	2	10

% of the basic level of the minimum wages/salaries of the collective agreement

Blue-collar workers with performance-linked wages are paid a competence premium (“Kompetenzzulage”) instead of compulsory pay raises. The competence premium raises after 2, 5 and 8 EG years.

INCREASING EXPERIENCE IS COMPENSATED BY COMPULSORY PAY RAISES.

Component 2 – EXPERIENCE

Compulsory pay raises – modification options

Crediting agreements

The collective agreement makes it perfectly clear: It is possible to agree on crediting a voluntary pay raise against up to 2 upcoming compulsory pay raises.

classified in pay raise level („Vorrückungsstufe“)	⇒ voluntary pay raise can be credited to the compulsory pay raise(s) to the pay raise level
after 0 EG years	after 2 and 4 EG years
after 2 EG years	after 4 and 7 EG years
after 4 EG years	after 7 EG years
after 7 EG years	after 10 EG years

Please note: Crediting agreements are only effective when being concluded at least 6 months after the commencement of the employment relationship. Moreover, following a reclassification to a higher employment group with the pay raise level „after 2 EG years“ 6 months must pass before an agreement on crediting a voluntary pay raise towards upcoming compulsory pay raises can be concluded effectively.

VOLUNTARY PAY RAISES CAN BE CREDITED AGAINST FUTURE COMPULSORY PAY RAISES.

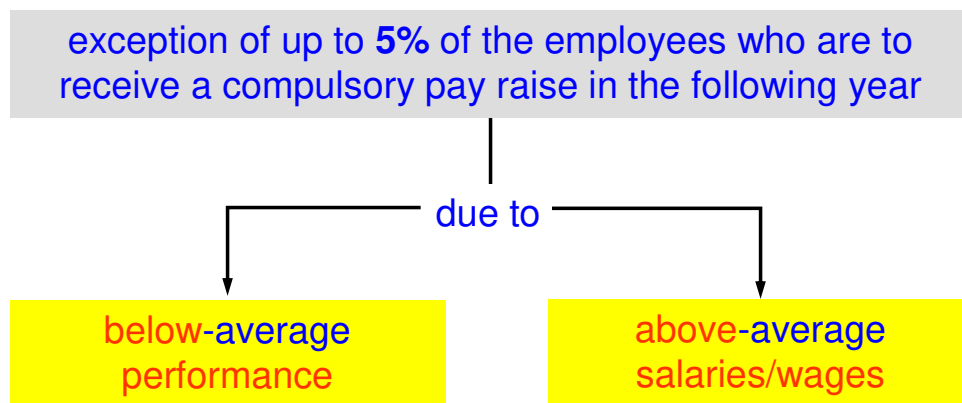
Component 2 – EXPERIENCE

Compulsory pay raises – modification options

„5% clause“, exception due to economic reasons

5% of all employees, who are to receive a compulsory pay raise within the next year, can be excepted from it, if the works council is informed in this regard before the end of the year. However, the minimum level salaries/wages of the collective agreement must not be undershot. Thus only compulsory pay raises of employees, who are paid more than the minimum level, can be cancelled.

Cancelling compulsory pay raises is bound to (compared to comparable employees) either below-average performance or receiving above-average salaries/wages. Employees excepted due to poor performance can nevertheless receive the compulsory pay raise, if their performance improves in the meantime.



In economically justified cases compulsory pay raises can be delayed, reduced or cancelled by way of a plant agreement. However, the minimum level salaries/wages of the collective agreement must not be undershot.

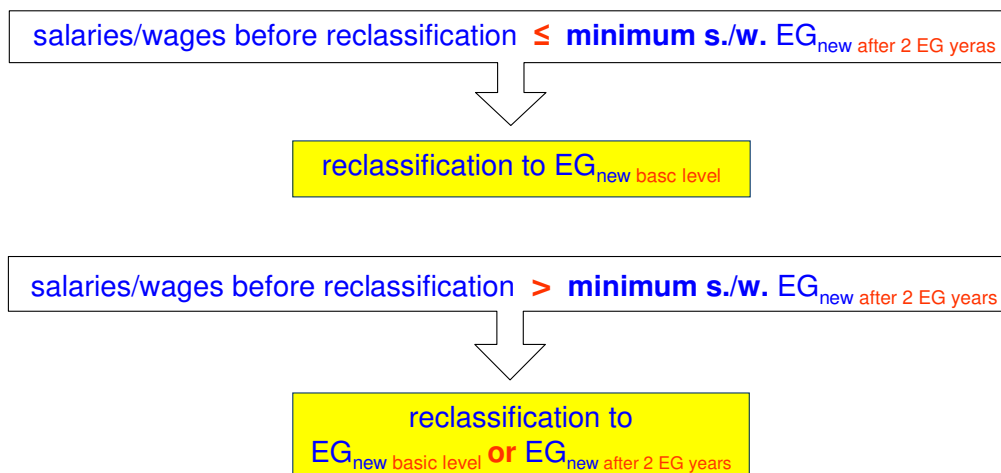
NO COMPULSORY PAY RAISE BECAUSE OF POOR PERFORMANCE, ABOVE-AVERAGE SALARIES/WAGES OR ECONOMIC PROBLEMS.

Component 2 – EXPERIENCE

Reclassification to higher employment group

Pay raise level – wage/salary comparison („Bezugsvergleich“)

Depending on the wages/salaries paid before the reclassification employees can be reclassified either to the basic level or to the pay raise level „after 2 EG years“. Employees cannot be reclassified to higher pay raise levels.



When employees are reclassified from

EG **C**_{after 7 or 10 EG years} to EG D,

EG **G**_{after 7 or 10 EG years} to EG H or

EG **I**_{after 7 or 10 EG years} to EG J

there is always a choice between the basic level and the pay raise level „after 2 EG years“.

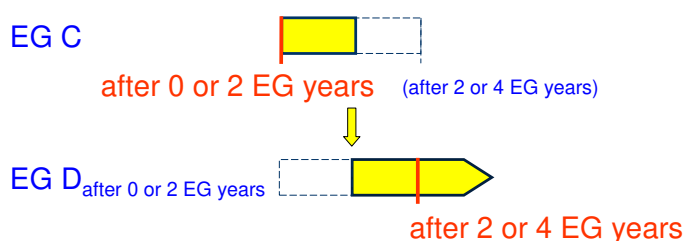
RECLASSIFICATION TO BASIC LEVEL OR PAY RAISE LEVEL “AFTER 2 EG YEARS” POSSIBLE.

Component 2 – EXPERIENCE

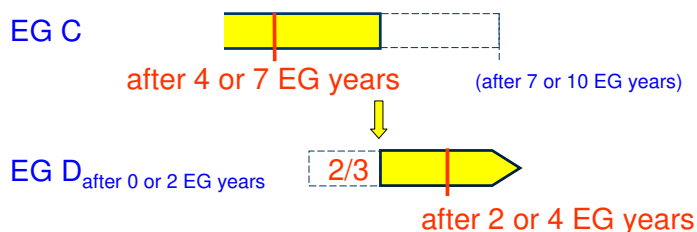
Reclassification to higher employment group

Date of next compulsory pay raise

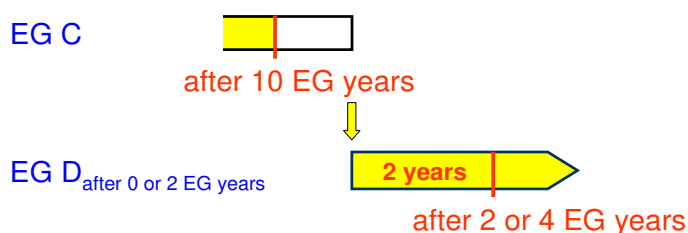
If the employee being reclassified is within a 2 years interval (basic level or pay raise level „after 2 EG years“) the EG years since the last compulsory pay raise are **fully** credited. Consequently the scheduled date of the upcoming compulsory pay raise does not change.



If the employee being reclassified is within a 3 years interval (pay raise level „after 4 EG years“ or „after 7 EG years“) **2/3** of the EG years since the last compulsory pay raise are credited. Thus the scheduled date of the upcoming compulsory pay raise changes.



If the employee being reclassified has already reached 10 EG years, the EG years since the last compulsory pay raise are **not** credited. The next compulsory pay raise is 2 years after the reclassification (on the first day of the month of the reclassification).



THE SCHEDULED DATE OF A COMPULSORY PAY RAISE MAY CHANGE DUE TO A RECLASSIFICATION.

Component 2 – EXPERIENCE

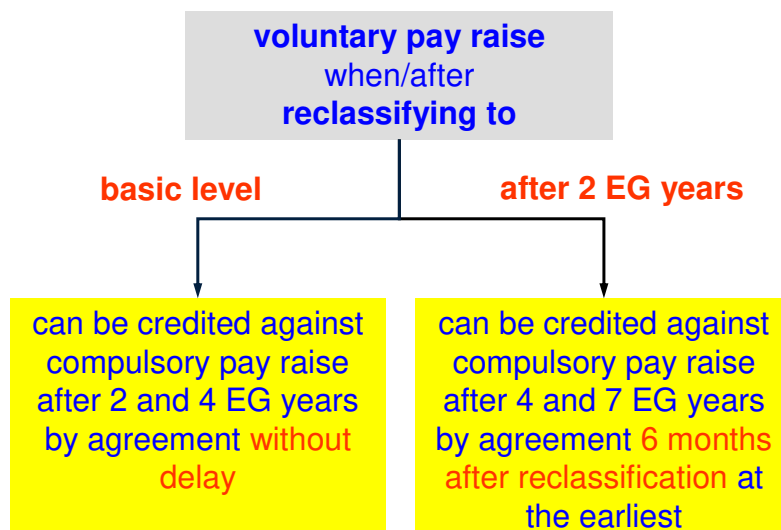
Reclassification to higher employment group

Voluntary pay raise, crediting agreement

As overpayment can be reduced in the event of reclassifications, employees may be reclassified with or without a voluntary pay raise.

Voluntary pay raises due to reclassification to the basic level may always be credited against the first and second subsequent compulsory pay raise.

However, at the earliest 6 months after a reclassification to the pay raise level „after 2 EG years“ an agreement on the crediting of a voluntary pay raise can be concluded effectively.



RECLASSIFICATION IS NOT NECESSARILY COMBINED WITH PAY RAISE.

Component 3 – PERFORMANCE

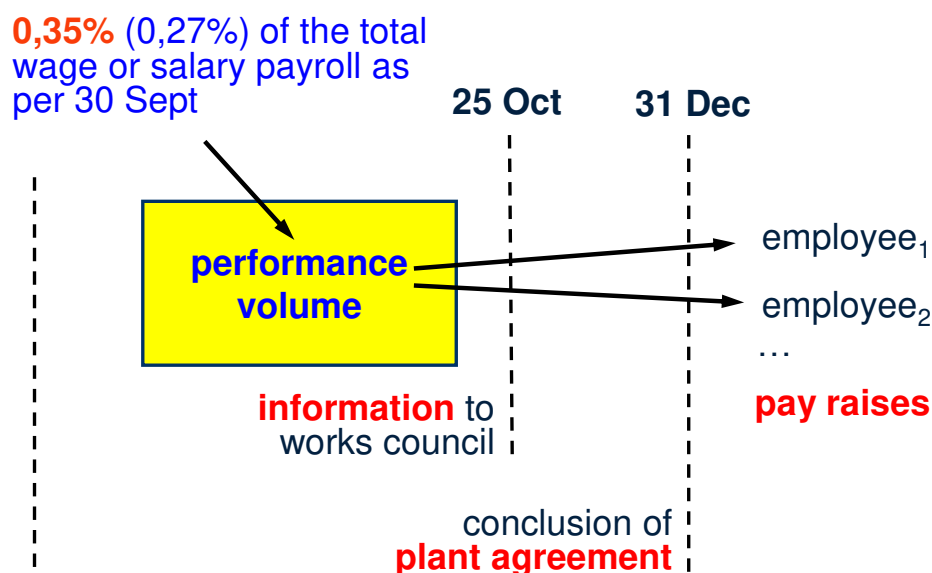
Pay raises from the “Performance Volume”

Up to 7% more.

Employees, who achieve outstanding performance, exhibit extraordinary commitment or develop innovative solutions, have better chances. They can receive pay raises from the Performance Volume (“Leistungsvolumen”).

The Performance Volume is determined separately for blue- and white-collar workers once every year. It amounts 0,35% of the total wage or salary payroll of September. For employees with performance-linked wages it amounts 0,27% of the average (July to September) total monthly wage payroll including the competence premium.

By the end of the year a plant agreement is concluded, which regulates the distribution of the Performance Volume. Performance (e.g. quantity, quality, social competence, management competence) and improvements to the compensation structure (e.g. equal treatment of men and women, consideration of lower incomes) can be applied as criteria for distribution.



Due to pressing economic reasons, the performance volume can be reduced or cancelled by way of a plant agreement. The pay raises can also be postponed.

PERFORMANCE PAYS OFF.



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For detailed information on the compensation system and the collective agreements of the Austrian Electrical and Electronics Industries please check: www.feei.at > Kollektivverträge.

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All references to persons in this brochure mean to include both genders.