

## **Directive S2022-02**

1 January 2022

### **Social Fund**

#### **Article 1 Preamble**

1. The Institute of Organic Chemistry and Biochemistry of the Czech Academy of Sciences (hereafter “IOCB” or “the employer”) shall create and use a social fund (hereafter “the social fund”) pursuant to § 27 of Act No. 341/2005 Coll. on public research institutions, as amended (hereafter “the Act”).
2. For purposes of specifying allowable expenses in research and development, the IOCB social fund is considered a fund for cultural and social needs.
3. The purpose of the social fund is to create a positive environment at IOCB and thereby ensure adequate conditions in which to pursue the principal activity of the employer.

#### **Article 2 Establishment of the Fund**

1. As defined by law, the source of income for the social fund is a basic allocation of 2% of the total annual volume of expenses incurred by the public research institution for wages, wage compensation, remuneration for on-call duty, and allocation of profits.
2. Other sources of income for the social fund may also exist in addition to the legally defined source, including:
  - a) allocation from improved financial performance, provided the social fund is to be used to support the principal activity as set forth in § 21, paragraph 6) of the Act;
  - b) grants intended for the social fund (in the context of Act No. 586/1992 Coll. on income tax, as amended, hereafter “the income tax act”);
  - c) repayment of loans from the social fund provided in compliance with Article 4.

#### **Article 3 Use of the Social Fund**

1. Use of the social fund is covered by the rules for managing IOCB funds authorized by the board of the institute in accordance with § 18, paragraph 2, letter d) of the Act and is subject primarily to the provisions of Act No. 262/2006 Coll., the Labour Code, as amended, and the income tax act. These acts define the scope and means by which assistance may be provided to IOCB employees.
2. The following rules shall be applied in the management of the social fund:

- a) In coordination with the trade union, the director of IOCB shall create a budget for the social fund and specify the ways in which its resources may be used (types of benefits) and submit it for approval to the board of the institute.
- b) The financial resources of the social fund are tracked in a separate analytical accounting system.
- c) The employer may use the social fund to provide nonmonetary assistance only for activities that it organizes or co-organizes or commissions from another organizational unit of the state or a juridical or natural person. Individuals in an employment relationship and their family members as well as pensioners who were employed by the employer at the time of their first old-age or full disability retirement will receive a contribution reduced by the sum of allowances provided to them from the social fund. The amount of the contribution to family members and pensioners is stipulated in a price list available to employees on the IOCB intraweb.
- d) A contribution from the social fund may also take the form of a full reimbursement of expenses.
- e) Points calculated according to employees' full-time equivalent and planned allocation from the social fund for the given calendar year will be posted to a non-transferable account allocated to each employee at the beginning of the given year and administered by the provider of employee benefit management services.
- f) In handling their employee benefit accounts, employees shall adhere to the provisions set forth in the Directive on the Provision and Use of Benefit Points.
- g) With the exception of allowances for meals, social aid, social loans, and monetary grants, all contributions to employees from the social fund will be provided in nonmonetary form.
- h) There is no legal entitlement for the provision of contributions or other allocation from the social fund.

3. The employer undertakes to manage the financial resources of the social fund as follows:

- a) The use of the collective part and positive balance of the IOCB social fund for the payment or provision of:
  - i. loans;
  - ii. social aid;
  - iii. operation of IOCB training facilities;
  - iv. camp recreation for children of employees;
  - v. cultural and social events as specified in Article 9 of this directive;
  - vi. care for working conditions as specified in Article 11 of this directive;
  - vii. procurement of tangible assets as specified in Article 12 of this directive;
  - viii. contribution for meals in the form of a lump-sum allowance;
  - ix. contribution for mass flu vaccination in cases where such vaccination is not covered at least in part by public health insurance or another person on the basis of an obligation arising from another applicable law.
- b) The use of a directly allocated (budgeted) and non-transferable balance in an individual employee account and current offer of the benefit management services provider for the payment or provision of:

- i. contribution to state-contributory pension plan or state-contributory pension savings plan;
- ii. contribution for culture;
- iii. contribution for sport;
- iv. contribution for recreation;
- v. vitamin supplements in cases where such supplements are not covered at least in part by public health insurance or another person on the basis of an obligation arising from another applicable law;
- vi. prescription glasses, contact lenses, or other optical aids in cases where such aids are not covered at least in part by public health insurance or another person based on an obligation arising from another applicable law;
- vii. printed books, including picture books for children (excluding books comprising more than 50% advertisement).

#### **Article 4** **Loans**

1. Individuals in an employment relationship can, on the basis of a written agreement, take loans from the social fund for:
  - a) the purchase of home furnishings, up to 50,000 CZK;
  - b) remodelling, modernization, or repair of their place of residence, up to 50,000 CZK;
  - c) mitigation of a difficult financial situation, up to 20,000 CZK.
2. Loans from the social fund are interest-free and provided according to the following terms:
  - a) Loans must be repaid within three years of the first payment, and the first payment may be stipulated in the agreement to take place three months from the date of signing.

Eemployees may take multiple loans, however the sum of all outstanding balances, including that of any new loans, must not exceed 50,000 CZK.
  - b) Loans are disbursed by means of cashless transfer to the provider's bank account on the basis of an invoice issued by the provider.
  - c) Loans according to point 1. c) will be provided only in extraordinary and urgent cases of social distress and shall be paid in cash.
  - d) Employees become eligible to take out a loan after one year of employment at IOCB.
  - e) Loans exceeding 5,000 CZK require a guarantee.
  - f) Two concurrent loans require a guarantee provided by the employee of the institute.
3. If an employee's employment relationship is terminated, settlement of the loan shall be due on the termination date unless stipulated otherwise in the loan agreement.
4. Loan applications must be recommended by the trade union prior to submission.
5. Loan agreements are prepared by the economics division.

6. Loan applications and/or agreements are authorized and signed by the director of IOCB.

#### **Article 5 Social Aid**

1. The social fund may be used to provide one-time social aid to individuals in an employment relationship in exceptionally serious cases or in the mitigation of difficult or unexpected social situations (death of a loved one, long-term illness, natural disaster, etc.). Social aid is provided in the form of a cash payment of up to 5,000 CZK.
2. Employees may request social aid in the form of a one-time grant by submitting an application with trade union opinion to the director of IOCB.

#### **Article 6 Meals**

The social fund can provide individuals in an employment relationship with a contribution for meals in accordance with the conditions set forth in the collective agreement.

#### **Article 7 Recreation at IOCB Facilities to Promote Employee Cultural and Social Development**

1. IOCB operates training centres located in Dolní Malá Úpa and Hojsova Stráž. The facilities may be used in compliance with the rules of operation and are intended to promote cultural and social development among employees and also their family members.
2. The prices of accommodation are provided in a price list available to employees on the IOCB intraweb.
3. If the facilities for employee cultural and social development are used for other activities, a proportional amount of the costs must be paid with resources set aside for this purpose.

#### **Article 8 Recreation for Employee Children**

1. The social fund can provide contributions for children's camps for children who are 15 years of age or younger in the previous calendar year. The contributions are:
  - a) 200 CZK/day, not to exceed 50% of the price of a voucher 1× per year for summer recreation;
  - b) 200 CZK/day, not to exceed 50% of the price of a voucher 1× per year for winter recreation.
2. Contributions shall be provided only for events that the employer can co-organize or for which it can repurchase vouchers.

## **Article 9**

### **Cultural and Social Events**

1. Meetings of senior citizens in an employment relationship and senior citizens who have ended their employment relationship with IOCB by retiring may be held once every two years with appropriate refreshments (without alcoholic beverages) at an expenditure of 400 CZK (incl. VAT) per person and not exceeding 50,000 CZK incl. VAT per year.
2. Employee Christmas gathering for individuals in an employment relationship may be held once per year with a cultural programme and appropriate refreshments (without alcoholic beverages) at an expenditure of 350 CZK (incl. VAT) per person and not exceeding 100,000 CZK incl. VAT per year.
3. A St. Nicholas Day programme for children of employees may be held annually. Refreshments and gifts must not exceed 400 CZK (incl. VAT) per child and not exceeding 45,000 CZK incl. VAT per year.
4. The scope of cultural and social events financed from the IOCB social fund can be, with agreement between the trade union and the director of IOCB, expanded once or repeatedly with other cultural and social events not specified in this article, provided general rules for financing them are observed, i.e. a maximum expenditure per person per event of 400 CZK incl. VAT and not exceeding 500,000 CZK incl. VAT per year.

## **Article 10**

### **Contribution to Supplementary Pension Plan or Supplementary Pension Savings Plan**

1. IOCB provides employees with a contribution to their supplementary pension plan or supplementary pension savings plan, with the amount set by the employees themselves though not exceeding the equivalent in points awarded to them for one calendar year.
2. The provision of the aforesaid contribution is subject to adherence to the following rules:
  - a) The contribution shall be provided upon completion of the trial period to an employee who has concluded a state-contributory supplementary pension contract pursuant to Act No. 42/1994 Coll. on state-contributory supplementary pension plans, as amended, or a state-contributory supplementary savings contract pursuant to Act No. 427/2011 Coll. on supplementary pension savings plans, as amended, and is paid by the employer to the employee's pension fund account.
  - b) The employee must submit a valid pension fund contract to the IOCB Payroll department and grant consent to the employer contribution in compliance with the aforesaid applicable laws, i.e. must request the contribution. The contribution will be provided to the employee beginning in the month following submission of the contract.
3. Upon suspension or a change to the supplementary pension contract or supplementary savings contract, or suspension of an employee's own payments, the employee is required to inform the Payroll department without undue delay.

## **Article 11 Employee Working Conditions**

In accordance with the budget of the social fund, contributions may be made towards the purchase of equipment intended to improve employee working conditions.

## **Article 12 Procurement of Tangible Assets**

In accordance with the budget of the social fund, financing may be provided for the procurement of tangible assets serving to promote cultural and social development among employees.

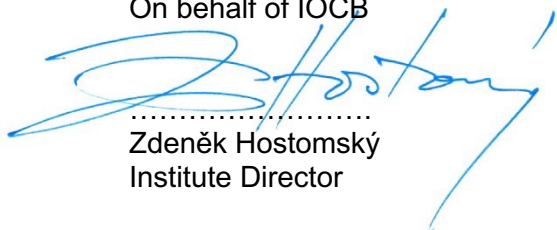
## **Article 13 Conclusion**

1. The use of financial resources from the social fund must be undertaken with consideration for maximum economy and appropriateness and, where relevant, the provisions of Decree No. 114/2002 Coll. on the Cultural and Social Needs Fund.
2. Use of the social fund must be undertaken in accordance with all applicable laws.
3. All events held in accordance with this directive in coordination with the trade union shall be organized by the trade union.
4. The term “family members” is understood to include husband, wife, and dependent children (§ 11–16 of Act No. 117/1995 Coll. on state social support, as amended).
5. Other family members are those not defined in point 4.
6. The following documents and directives have been issued for internal organizational purposes:
  - I. Loan Agreement Template
  - II. Price List for Accommodation at IOCB Training Centres
  - III. Directive on the Provision and Use of Benefit Points

## **Article 14 Force**

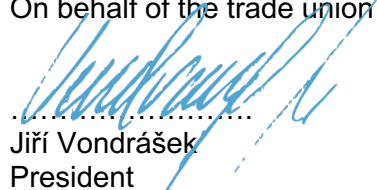
This directive comes into force on 1 January 2022.

On behalf of IOCB



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Zdeněk Hostomský  
Institute Director

On behalf of the trade union



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Jiří Vondrášek  
President