



JOINING THE FEDERAL SECTOR-BASED AGREEMENT FOR THE EXTENSION FOR 2014-2016 OF THE SECTOR-BASED AGREEMENT FOR MOTOR AND GROUND-BASED URBAN PASSENGER TRANSPORT FOR 2017-2019

FAO: CEOs of companies, specialists in legal departments and HR departments of companies engaged in motor and ground-based urban passenger transport

At the federal level, an agreement has been adopted to extend the sector-based agreement. The extension agreement sets additional obligations and automatically applies to companies in motor and ground-based urban passenger transport. To refuse to join the extension agreement, a well-grounded refusal in writing should be submitted to the Russian Ministry of Labour by 17 March 2017.

Pepeliaev Group advises that, on 17 February 2017, the Rossiiskaya Gazeta published a letter of the Russian Ministry of Labour and Social Welfare (the '**Ministry**') about joining Addendum No. 1 regarding the extension of the Federal sector-based agreement on motor and ground-based city passenger transport for 2014-2016 to the period from 2017 to 2019 (the '**Agreement**').

The Agreement has effect in relation to:

- companies that are members of the Not-for-Profit Organisation Russian Road Transport Union ('RTU') and took part in the conclusion of the relevant agreement,
- companies that are not members of the RTU, but that authorised the RTU to enter into the relevant agreement,
- other companies in the industry, unless such companies submit to the Ministry a well-grounded refusal to join the relevant agreement by 17 March 2017.

Below we set out some of the provisions of the Agreement which lay down additional requirements for employers.

- to use the consumer price index to revise tariffs (clause 3.4)
- an increased night differential of at least 40% of the tariff (clause 3.7)
- employers must ensure that hot food is available to their employees (clause 7.1);
- resolutions regarding the establishment of working conditions and salaries, specific tariffs (base salary) should be adopted in consultation with the elected trade union of the company (para 3 of clause 12 and clause 35).

Implications for companies

For companies which did not play a part in the Agreement being concluded (i.e. those which are not members of the RTU and did not authorise the RTU to enter into the Agreement), the only way to refuse to join the Agreement is to file with the Ministry a **grounded refusal in writing** and enclose with it the minutes of the negotiations with the elected body of the primary trade union organisation which represents the company's employees (*article 48(8) of the Russian Labour Code*).

We recommend considering whether it is prudent to join the Agreement, and, if the decision is taken to refuse to join, filing a well-grounded refusal with the Ministry. The time period for filing a well-grounded refusal is 30 calendar days after the agreement is published. To rule out disputes over whether the refusal to join the agreement was filed in due time, we recommend that you ensure that the refusal is filed with the Ministry **on or before 17 March 2017**.

If such well-grounded refusal is filed in breach of the deadline, the employees will have the right to claim (including through the court) that guarantees, compensations and benefits be granted to them in accordance with the Agreement. Labour inspectorates will have grounds to hold the company administratively liable for not complying with the Agreement.

Help from your advisers

Pepeliaev Group's experts will readily provide the necessary legal support when the documents are prepared which are required to refuse to join the Agreement, and on any other issues which relate to the Agreement being in effect.

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