



## JOINING THE AGREEMENT REGARDING THE EXTENSION OF THE SECTOR-BASED AGREEMENT FOR 2014-2016 FOR THE RUSSIAN AVIATION INDUSTRY TO 2017-2019

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*FAO: CEOs of companies, specialists of legal departments and HR departments of aviation companies*

Law firm Pepeliaev Group advises that an agreement has been adopted at the federal level to extend the sector-based agreement. The latter sets additional obligations and automatically extends to companies in Russia's aviation industry. To refuse to join the extension agreement, a well-grounded refusal should be submitted to the Russian Ministry of Labour by 14 April 2017.

On 17 February 2017, Rossiiskaya Gazeta published a Letter of the Russian Ministry of Labour and Social Welfare (the '**Ministry**') about joining a Supplemental Extension Agreement (the '**Extension Agreement**') to the sector-based agreement for 2014-2016 for Russian aviation industry (the '**Sector-Based Agreement**') to 2017-2019.

The Extension Agreement has effect in relation to:

- companies that are members of the All-Russian Industrial Association of Employers 'Russian Union of Machine Builders' (the '**Association**') and took part in the conclusion of the Extension Agreement,
- companies that are not members of the Association, but that authorised the Association to enter into the Extension Agreement,
- other companies in the Russian aviation industry, unless such companies submit to the Ministry a well-grounded refusal to join the Extension Agreement by **14 April 2017**.

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

- the rules of corporate labour regulations, the shift schedule, regulations on bonuses and some other local regulations are to be adopted after they have been approved by the elected body of the primary trade union organisation (clause 48);
- salaries are to be indexed by increasing the basic rates and basic salary at least once a calendar year for all categories of employees simultaneously by an amount not lower than the consumer price index for goods and services in the relevant constituent entity of the Russian Federation (clause 65);
- additional payments to employees for working in the evening are to be 20% of their hourly basic rate (basic salary) and 40% of their hourly basic rate (basic salary) for working at night (for each hour of work) (clause 66);
- the allocation of funds to the primary trade union organisation which such organisation is lacking, in order to pay to its members responsible for cultural, sports and recreational activities and members who are librarians in accordance with the approved budget, provided there are funds remaining after profit tax has been paid (clause 122.2).

### Implications for companies

For companies which did not play a part in the Extension Agreement being concluded (i.e. those which are not members of the Association and did not authorise the Association to enter into the Extension Agreement), the only way to refuse to join 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 Extension 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 14 April 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 Sector-Based Agreement. Labour inspectorates will have grounds to hold the company administratively liable for not complying with the Sector-Based 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 Extension Agreement, and on any other issues which relate to the Extension Agreement and Sector-Based Agreement being in effect.

### Contact details



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