



JOINING THE FEDERAL RADIO AND ELECTRONICS INDUSTRY AGREEMENT FOR 2015-2017

For the attention of company CEOs, in-house lawyers and HR specialists of companies in the radio and electronics industry

At the federal level, the industry agreement has been adopted which sets additional obligations and automatically extends to companies in radio and electronics industry in Russia. To refuse to join the agreement, a well-grounded refusal should be submitted to the Russian Ministry of Labour and Social Protection (the 'Ministry of Labour') by **1 July 2015**.

On 2 June 2015, Rossiyskaya Gazeta published a Letter of the Russian Ministry of Labour with regard to joining the Federal Radio and Electronics Industry Agreement for 2015-2014 (the 'Agreement').

The Agreement has effect in relation to:

- companies reporting to the Russian Ministry of Industry and Trade;
- companies that are members of the Nationwide 'Russian Union of Machine Builders' Industrial Association of Employers (the 'Association of Employers').
- other companies in the radio and electronics industry, unless such companies submit to the Ministry of Labour a well-grounded refusal to join the Agreement by 1 July 2015.

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

1. Once a year an employer together with the trade union must provide reports to the Sectoral Commission for Regulating Social and Labour Relationships, and Monitoring, Implementing and Amending Obligations under the Agreement. Such reports should describe how the Agreement and collective bargaining agreements are being implemented (clause 2.3.8).
2. The employer should obtain the trade union body's approval for (a) sample employment contracts signed with employees (clause 4.1.2), (b) internal labour regulations, (c) working hours, (d) benefits and other incentives established for employees (clause 4.1.6).
3. The trade union body's approval must be obtained for employees to be transferred to different shifts, to be engaged to work overtime and during weekends, to apply the system for keeping aggregate work time records, to set the order for granting vacation, to approve the compensation and benefits policy and occupational safety guidelines (clause 4.1.7).
4. The employer must make extra payments of the 20 percent of the hourly tariff rate (salary per hour) for each hour of work for evening shifts and of 40% for night shifts (clause 5.4.14).
5. A decision to lay off employees on a large scale should be made only after it has been discussed with the trade union body (clause 8.1.1).
6. The employer must provide motor vehicles free of charge to the elective body of the trade union for its use (clause 12.2.1).

If a company joins the Agreement, it will have the right to use the opportunity provided for by article 92 of the Russian Labour Code. It may increase up to 40 hours the reduced 36-hour work week established for employees working in a harmful environment (if the collective bargaining agreement makes provision for this and the written consent of the employees is obtained) (clause 4.1.13).

According to article 117 of the Russian Labour Code, the company will also be entitled to replace, for its employees who work in a harmful environment, a part of their additional annual paid vacation which exceeds 7 days with monetary compensation (if the collective bargaining agreement makes provision for this and the written consent of the employees is obtained) (clause 4.1.17).

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 Association of Employers and did not authorise it to enter into the Agreement), the only option for refusing to join is to file a well-grounded refusal with the Ministry of Labour, accompanied by the minutes of the discussions with the elective 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 Agreements, and, if the decision is taken to refuse to join, filing a well-grounded refusal with the Ministry of Labour. It is also necessary for the Ministry to **receive** a well-grounded refusal within 30 calendar days from the publication date, in other words **on or before 1 July 2015**.

If such well-grounded refusal is not filed with the Ministry of Labour or is filed after the specified date, the employees of the relevant company will have the right to claim (including by going to court) that guarantees, compensations and benefits be granted to them in accordance with the Agreement. State Labour Inspectorate bodies will have grounds to hold the company administratively liable for not complying with the Agreement.

Help from your adviser

Pepeliaev Group's lawyers 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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