



## JOINING THE FEDERAL INDUSTRIAL AGREEMENT FOR TEXTILE, CONSUMER GOODS AND PORCELAIN AND EARTHENWARE INDUSTRIES IN RUSSIA FOR THE YEARS 2015-2017

*For the attention of heads of companies, specialists of legal departments and human resources of companies from the textile, consumer goods and porcelain and earthenware industries.*

On the federal level<sup>1</sup>, an Industry Agreement for Textile, Consumer Goods and Porcelain and Earthenware Companies for the period 2015-2017 has been adopted. This Agreement sets out additional obligations. The Agreement automatically covers companies from the relevant industries.

The Agreement is effective for :

- member companies of the All-Russian Industrial Association of Employers "Russian Association of Employers in the Consumer Goods Industry" and the Association of Employers "Association of Employers in the Russian Textile Industry" (the "**Associations of Employers**").
- companies which are not members of Associations of Employers but are authorised to enter into the Agreement on behalf of these Associations;
- other companies from the industry if they do not submit to the Russian Ministry of Labour a grounded refusal to join the Agreement before 4 December 2015.

**Below you will find some provisions of the Agreement establishing additional obligations of the employers:**

- Once every six months the salaries of all the categories of employees are to be adjusted: on 1 February, by the level of the actual inflation for the previous year; on 1 August, by the level of the inflation forecast for the current year (clause 2.5).
- The tariff rates and official salary of the employees are to be adjusted on a yearly basis so that the proportion of the semi-fixed part of the employee's salary (the tariff rate (official salary) including any extra payment for the working conditions, multi-shift work, regional premium rates and other extras and allowances of a recurrent nature) is no less than 65% (clause 2.6).
- Employees who are engaged in heavy work are paid allowances for heavy work which may amount to 12% of the tariff rate (the official salary) (2.9.1).
- For each hour worked on a night shift (i.e. from 10 p.m. to 6 a.m.), the employees working in the principal shops (on the main grounds) of textile companies receive an extra payment of no less than 75% of the hourly tariff rate; the employees working in the consumer goods industry receive an extra payment of no less than 40% of the hourly tariff rate (official salary); the employees working in the support shops (on the support grounds) and the junior support staff receive an extra payment of no less than 35% of the hourly tariff rate (official salary) (clause 2.9.3).
- Allowances to employees engaged in hazardous work range between 4-8-12-24% of the tariff rates (official salary) and are paid in addition to such employees' tariff rates and official salaries based on an assessment of the workplaces or a special assessment of the working conditions (clause 2.9.4).
- All the work done within the time period exceeding the standard working hours at the employer's initiative (overtime work) should be paid at double rate (clause 2.9.5).

<sup>1</sup> <http://www.rg.ru/2015/11/05/soglasheniye-dok.html>

- In order to optimise the procedure for engaging foreign labour and to comply with the principle that Russian staff have priority, negotiations should be conducted with the relevant trade union for quotas to be set in relation to foreign labour being engaged and used depending on the staffing needs of each region and enterprises of the relevant industry (in terms of necessary qualifications) (clause 3.7.5).

### Implications for companies

For companies which did not take part in the conclusion of the Agreement (i.e. those which are not members of Associations of Employers and did not authorise them to enter into the Agreement), the only way to refuse to join the Agreement is to file with the Russian Ministry of Labour a grounded refusal 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 analysing whether it is prudent to join up to the Agreement and, if your company decides to refuse to join up, filing a grounded refusal with the Russian Ministry of Labour. Please bear in mind that the grounded refusal **must be received** by the Russian Ministry of Labour within 30 calendar days after the publication date, i.e. **by 4 December 2015, including that date**.

If the Russian Ministry of Labour does not receive the grounded refusal or if such refusal is received after that date, the employees of the relevant company will be entitled to claim (including with recourse to a court) guarantees, compensations and benefits in accordance with the Agreement, and the bodies of the State Labour Inspectorate will be entitled to impose administrative liability if the Agreement is not complied with.

### Help from your advisor

Pepeliaev Group's experts will readily provide you with legal assistance in drafting the documents necessary to refuse to join the Agreement as well as other issues connected with the scope of the above Agreement.

### Contact details



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