



## JOINING THE AGREEMENT TO EXTEND FOR 2017-2019 AND AMEND THE FEDERAL SECTOR-RELATED AGREEMENT FOR ROAD INDUSTRY CONCLUDED FOR 2014-2016

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*FAO company CEOs and specialists of legal and HR departments of companies in the road industry*

Law firm Pepeliaev Group advises that an agreement has been adopted at the federal level to extend the sector-related agreement. The sector-related agreement sets additional obligations and automatically extends to companies in the road industry sector. To refuse to join the extension agreement, a well-grounded refusal should be submitted to the Russian Ministry of Labour by 20 April 2017.

On 21 March 2017, Rossiiskaya Gazeta published a Letter of the Russian Ministry of Labour and Social Welfare (the '**Ministry**') about joining Supplemental Agreement No. 1 (the '**Extension Agreement**') to extend for 2017-2019 and to amend the sector-related agreement for the road industry concluded for 2014-2016 (the '**Sector-Related Agreement**').

The Extension Agreement has effect in relation to:

- companies that are members of: the Union of Employers 'All-Russian Industrial Union of Employers in the Road Industry 'ASPOR' (the '**Union**'), the Russian Association of Regional (State) Road Administrations 'RADOR' (the '**Association**'), and which took part in concluding the Extension Agreement;
- companies that are not members of the Union or of the Association, but that have authorised the Union or the Association to enter into the Extension Agreement on such companies' behalf;
- other companies in the road industry, unless such companies submit to the Ministry a well-grounded refusal to join the Extension Agreement by **20 April 2017**.

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

- the supplemental payment for night work should be no less than 40% of the tariff rate (clause 3.6);
- overtime work should be paid at no less than double rate (clause 3.6);
- employees may not be dismissed in connection with staff reductions and in connection with a one-time gross violation by the employee of his/her job duties without the trade union committee's consent (clause 8.3);
- decisions regarding the working conditions and salary being established (the payroll system, forms of material rewards, the tariff rates (salaries), job standards , etc.), should be made upon agreement with the organisation's elected trade-union body (clause 12.1);
- the heads and deputy heads of a number of trade-union bodies may be dismissed on the grounds specified in article 81(1)(2,3 and 5) of the Labour Code only subject to the trade union's consent (clause 12.1);
- the employer should each month allocate money to the primary trade-union organisation in the amount of at least 0.15% of the payroll fund for cultural and recreational activities (clause 12.8).

### Implications for companies

For companies which were not involved in the Extension Agreement being concluded (which are not members of the Union or of the Association of employers and did not authorise the Union and the Association to enter into the Extension Agreement), the only option for refusing to join is to file with the Ministry a well-grounded written refusal accompanied by the minutes of the discussions with the elected body of the primary trade-union organisation which represents the company's employees (*article 48(8) of the 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 20 April 2017.

If such well-grounded refusal is not filed or filed with the Ministry after 20 April 2017, the employees of the relevant company will have the right to claim (including through court proceedings) that guarantees, compensations and benefits be granted to them in accordance with the Sector-Related Agreement. Labour inspectorates will have grounds to hold the company administratively liable for failing to comply with the Sector-Related 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-Related Agreement being in effect.

### Contact details



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