

NB: Unofficial translation

Ministry of Labour, Finland

## **Act on Co-operation within Undertakings (334/2007)**

In accordance with the decision of Parliament, the following is enacted:

### **Chapter 1**

#### **General provisions**

##### **1**

##### **Purpose of the Act**

This Act promotes the undertaking's and its personnel's interactive co-operation procedures, which are based on timely provided sufficient information to the personnel on the state of the undertaking and its plans. The objective is to collectively develop operations of an undertaking and the employees' opportunities to exercise influence in the decisions made within the undertaking relating to their work, their working conditions and their position in the undertaking. The purpose is also to strengthen co-operation between the employer, the personnel and the employment authorities to improve the position of the employees and to support their employment in relation to changes in the operations of the undertaking.

##### **2**

##### **Scope of application**

This Act shall apply to undertakings normally employing at least 20 persons as parties to an employment relationship, subject to exceptions provided hereinafter.

Provisions of section 15, section 17(3) and (4), sections 18 and 19 and section 27(1)(2-4) only apply to undertakings normally employing at least 30 persons as parties to an employment relationship.

Provisions of chapter 9, sections 2 and 3 of the Employment Contracts Act (55/2001) apply to an undertaking, which normally employs less than 20 employees.

##### **3**

##### **Undertaking**

In this Act an undertaking refers to a corporation, foundation or natural person engaged in financial operation regardless of whether the operation is intended profitable or non-profitable.

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**Derogations from the scope of application**

This Act shall not apply to offices or public services as provided in section 2 of the Act on Co-operation within Government Agencies and Public Services (651/1988), unless otherwise provided in section 2(1) of the said Act. This Act shall not apply to offices and public services of municipalities, federation of municipalities, Evangelical Lutheran Church, Orthodox Church or Province of Aland or its municipalities or federations of municipalities.

If the undertaking is a non-profit organisation, artistic association, scientific society, religious community or other denominational organisation or if its purpose is mainly in industrial policy, labour policy, general political or humanitarian, the provisions of this Act shall not apply to decisions or their preparation regarding the purpose of the organisation or denominational or other similar objectives.

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**Other legislation on the employees' right of participation**

The Act on Co-operation within Finnish and Community-scale Groups of Undertakings (335/2007) provides on co-operation between employer and employees within groups of undertakings.

The Act on Personnel Representation in Company Administration (725/1990) provides on the right of the personnel to participate in the administration of companies.

The Act on Employee Involvement in European Companies (SE) and European Cooperative Societies (SCE) (758/2004) provides on the arrangement of employee involvement in European companies and European cooperative societies.

Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces (44/2006) provides on the co-operation on occupational safety and health.

Occupational Health Care Act (1383/2001) provides on co-operation between the employer and the employees in matters relating to the arrangement of occupational health care.

Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006) provides on the contractor's obligation to inform the employees' representative of any contract concerning temporary agency work or subcontracted labour.

The Securities Markets Act (495/1989) provides on informing the employees and consulting them in connection with a public takeover bid.

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**Labour Council opinion**

The Labour Council issues opinions on whether this Act applies to a particular company as provided in the Act on the Labour Council and Derogation Permits Concerning Labour Protection (400/2004).

## **Chapter 2**

### **Parties to co-operation**

7

#### **General provision**

The parties to the co-operation referred to in this Act are the employer and the personnel of the undertaking.

The co-operation negotiations shall take place between the employee, whom the matter handled in the co-operation negotiations concerns and his superior or the representative of the personnel group or part thereof or the representatives of the personnel groups concerned as well as the employer's representative competent in the matter handled.

In connection with a business transfer, merger or division, the transferee or the receiving undertaking may also be a party to the co-operation procedure as provided hereinafter.

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#### **Representatives of the personnel groups**

The representatives of the personnel groups are either a shop steward elected in accordance with the relevant collective agreement or an elected representative as referred to in chapter 13, section 3 of the Employment Contracts Act. If the matter dealt with in the co-operation negotiations also concerns the safety and health of the employees and the matter has not been and will not be considered in accordance with the Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces, the personnel group shall also be represented by the occupational safety delegate.

If a majority of any personnel group within the undertaking are not entitled to participate in the election of a shop steward referred to in subsection 1 above, the employees belonging to such majority shall be entitled to elect, on a majority decision, a co-operation representative from among their own number for a maximum of two years at a time. The election or other procedure for choosing the representative shall be organised by the employees belonging to the aforesaid majority so that everyone belonging to the aforesaid majority has an opportunity to take part in the election of the co-operation representative.

Employees of a personnel group have a right to choose from among their own number a co-operation representative for the period referred to in subsection 2 above if they have not elected a shop steward or elected representative as referred to in subsection 1 above even though they are entitled to do so under subsection 1 above. The election or other procedure for choosing the representative shall be so organised that all employees belonging to the aforesaid majority have an opportunity to take part in the election of the co-operation representative.

If the employees of a particular personnel group have not elected or as the case may be elect from among their own number a representative referred to in this section above, the employer may fulfil his co-operation obligation together with all the employees belonging to the said personnel group.

With regard to protection against arbitrary dismissal of the co-operation representative as referred to in subsections 2 and 3 above as well as a co-operation representative elected as a replacement for

one resigning in the middle of the term, the provisions of chapter 7, section 10 of the Employment Contracts Act on the protection against arbitrary dismissal of a shop steward and elected representative shall apply.

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**Joint meeting and committee**

If the matter handled in the co-operation negotiations concerns employees belonging to more than one personnel group, it shall be handled in a joint meeting of the employer and the representatives of the personnel groups concerned. The matter can also be agreed to be handled in a joint meeting of the employer and all the representatives of the personnel groups concerned.

The employer and the representatives of the personnel groups are entitled to agree that within the undertaking or various parts thereof the matters under the scope of co-operation referred to in this Act may be handled in a joint committee for the employer and the representatives of personnel groups.

The agreement on the committee shall indicate at least the matters to be handled by the committee, formation and the term of the committee. Term of personnel members in the committee is two years unless otherwise agreed.

The agreement on the committee can be concluded for a fixed period or until further notice. The period of notice of an agreement concluded until further notice is six months, unless otherwise agreed.

**Chapter 3**

**Information provided to representatives of personnel groups**

10

**Information on the financial position of the undertaking**

The employer shall provide the representatives of the personnel groups:

- 1) The undertaking's financial statements or revenue accounts referred to in the Securities Markets Act, immediately after their publication and the remaining financial statements once they have been audited at the latest and if the financial statements are not audited, once tax return becomes due; and
- 2) At least twice in the course of the accounting period a comprehensive report on the undertaking's financial situation, showing at least the development prospects for its production, service or other operation, employment, profitability and cost structure.

The employer shall on request of the representatives of the personnel groups present to the undertaking's entire personnel the development prospects available from the report referred to in subsection 1(2) above pursuant to the principals and practices of the undertaking's internal communication referred to in section 18 below. In an undertaking normally employing at least 20 but fewer than 30 employees in an employment relationship, employer may present the report referred to in subsection 1(2) above in a joint event arranged for the undertaking's entire personnel.

The employer shall, without delay, inform the representatives of the personnel groups or in the case referred to in subsection 3 above the entire personnel of any material changes to the development presented in the report as referred to in subsection 1(2) above.

### **Salary information**

The employer shall annually provide the representative of each personnel group with statistical data on the salaries paid to each employee in the personnel group he represents. The employer shall, on request of the representative of the personnel group, provide the salary information of the personnel group classified by occupational groups.

Personnel or occupational classification of the salary information provided to the representatives of the personnel groups has to be prepared so that it does not reveal the salary information of an individual employee.

Employer tied to collective agreement pursuant to the Collective Agreements Act (436/1946) is entitled to apply the provisions of the collective agreement on providing salary information.

### **12**

#### **Information on the undertaking's employment relationships**

The employer shall quarterly provide the representatives of the personnel groups, on their request, a report on the number of employees in fixed term and part-time employment relationships in the undertaking.

### **13**

#### **Report of the principles for use of external labour**

The employer shall annually present the representatives of the personnel groups, on their request, with a report of the principles applied within the undertaking on the use of subcontracted labour as referred to in section 2(1)(2) of the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006).

The report shall include workplaces and duties and the period or periods during which the said labour is used.

If the use of labour referred to in subsection 1 above affects the personnel of the undertaking the provisions of chapters 6 and 8 shall also apply.

### **14**

#### **Right of the representatives of the personnel groups to additional information**

After having received the information or reports referred to in sections 10—13, the representatives of the personnel groups are entitled to ask further questions from the employer. The employees have a similar right in the case referred to in section 8(4). The employer has to present his response to the aforesaid questions within a reasonable time.

## **Chapter 4**

### **Undertaking's general plans, principles and objectives**

15

#### **Principles and practices applied in recruitment**

The matters covered by the co-operation negotiations are:

- 1) general principles and methods applied in recruitment, if necessary, classified by personnel or occupational groups or by work tasks;
- 2) necessary information provided for the new employee to get oriented in the workplace and the undertaking; and
- 3) principles and practices followed by the undertaking on what information is collected of the employee at recruitment and during the employment relationship taking into account the provisions of the Act on the Protection of Privacy in Working Life (759/2004).

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#### **Plan regarding personnel and training objectives**

The undertaking shall annually prepare in the co-operation negotiations a plan regarding personnel and training objectives in order to maintain and improve the occupational skills of its employees.

In preparing the plan regarding personnel and the training objectives the foreseeable changes in the operation of the undertaking likely to be relevant for the composition, number or occupational skills of the personnel shall be taken into account.

The plan regarding personnel and the training objectives shall include taking into account the size of the undertaking at least the following:

- 1) the composition and number of personnel in the undertaking as well as an estimate of their development;
- 2) the principles of use of various forms of employment relationships;
- 3) assessment of the employees' occupational skills and any changes occurring in the skills' requirements and reasons thereto as well as the annual training objectives based on this assessment for each personnel group; and
- 4) the follow-up procedure for implementation of the plans and objectives referred to in subsections 1—3 above.

Personnel plans and training objectives shall take the particular needs of aging employees into account as well as measures and opportunities for the employees to balance work and family life.

In an undertaking normally employing at least 20 but under 30 employees in an employment relationship, it can be agreed with the representatives of the personnel group or groups that the aforesaid matters referred to in this section shall be handled in a joint event arranged for the company's entire personnel.

If an employer terminates the contracts of employees for financial or production reasons, the necessary changes shall be made to the plan regarding personnel and the training objectives in conjunction with the co-operation procedure on termination of contracts referred to in chapter 8.

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#### **Principles of the use of temporary agency, information and continued negotiation procedure**

Principles regarding the use of temporary agency force have to be handled in the co-operation procedure.

The employer shall inform the representatives of those personnel groups, whose employees' work would be influenced by the work of the temporary agency workers, if he contemplates a contract on the use of the work force prescribed in the first subsection above.

The information provided to the representatives of the personnel groups is to include the number of temporary agency workers engaged, their duties and work site, the duration of the contract and the period or periods when the said work force will be used.

The appropriate personnel representative, after having received the information referred to in subsection 2 above, has a right to request by the end of the second working day following the employer's communication, for the contract contemplated by the employer to be handled in the co-operation negotiations. The co-operation negotiations are to be conducted within a week from the submission of the request. During the co-operation negotiations the employer is not permitted to conclude the contract under discussion on the use of temporary agency workers.

The personnel representative is not permitted to request the co-operation negotiations referred to in subsection 3 above, if the intention is to have the temporary agency workers carry out work that it is not the established practice for the employees of the undertaking to perform or if the work in question is urgent and of short duration or involves installation, repair or maintenance tasks that cannot be performed by the employees of the undertaking.

## 18

### **Internal communication in the undertaking**

The principles and practices of internal communication in the undertaking are to be handled in the co-operation negotiations.

## 19

### **Handling plans, principles and practices based on other legislation**

In the co-operation negotiations the matters below are to be handled:

- 1) the equality plan for advancing equality between women and men as referred to in section 6 a of the Act on Equality Between Women and Men (609/1986), the intention being to ingrate the said plan into the personnel plan;
- 2) prior to the approval of a comprehensive action plan on alcohol and drugs referred to in section 11(4) of the Occupational Health Care Act, the work tasks referred to in sections 7 and 8 of the Act on the Protection of Privacy in Working Life of which the job applicant or employee is either obliged to provide, or may consent to provide, a drug test certificate to the employer;
- 3) the purpose, implementation and methods used in camera surveillance, access control and other technical employee monitoring;
- 4) the principles of use of electronic mail and data networks;
- 5) establishing a personnel fund referred to in the Act on Personnel Funds (814/1989) and a bonus profit system and discontinuance of the bonus profit system and dissolution of the personnel fund.

## 20

### **Co-operation negotiations**

Prior to implementing a plan, objectives, principles or any other arrangement referred to in this section or any amendment to the above within the undertaking, the grounds, objectives, purposes and effects thereof shall be handled in the spirit of co-operation with the representatives of the personnel groups concerned in order to obtain consensus.

If the matter handled concerns one personnel group only it shall be handled with the representative or representatives of the said personnel group.

If the matter handled affects more than one personnel group, it is to be handled in a joint meeting attended by the representatives of the personnel groups concerned. Such a matter can also be handled in another manner referred to in section 9 above.

## 21

### **Employer's initiative**

The employer shall take initiative in the matter referred to in this section in good time before commencement of the co-operation negotiations to enable the representatives of the personnel groups to sufficiently prepare for the said negotiations. If the matter in the initiative concerns more than one personnel group, the initiative has to be presented so that the representatives of the personnel groups concerned have an opportunity to handle the matter among themselves prior to commencement of the co-operation negotiations.

The employer shall at the same time inform of the commencement time and place for the co-operation negotiations.

## 22

### **Information provided for the representatives of the personnel groups**

Prior to commencement of the co-operation negotiations, the employer is to provide the representatives of the personnel groups concerned with available information necessary for handling the matter. The information is primarily to be attached to the employer's initiative referred to in section 21 above. It can also be given separately prior to commencement of the co-operation negotiations taking into consideration the provisions of section 21(1) on the opportunity of the representatives of the personnel groups to familiarise themselves with the matter unless otherwise agreed by the employer and the representatives of the personnel groups concerned.

## 23

### **Right of initiative of a representative of a personnel group**

If the representative of the personnel group requests the commencement of the co-operation procedure in a matter referred to in this section, the employer shall initiate the commencement of the co-operation negotiations as soon as possible on the requested matter abiding by provisions of sections 21 and 22 above or supply a written report without delay of the grounds on which the employer does not consider the co-operation negotiations necessary.

## 24



### **Registering the outcome of the co-operation negotiations**

Provisions on the minutes to be prepared of the co-operation negotiations, their inspection and confirmation are laid down in section 54.

25

### **Fulfilment of the co-operation obligation**

The employer is considered to have fulfilled his co-operation obligation referred to in this chapter if the employer has followed the provisions of this chapter.

26

### **Information**

The employer has a duty to inform of a matter handled in the co-operation negotiations on the basis of the consensus reached in the said matter or of the detailed content and time for entry into force of a decision reached otherwise after termination of the co-operation negotiations depending on the extent of the matter either the representatives of the personnel groups concerned or all those employees, concerned by the matter in question or by abiding by the principles and practises of the undertaking's internal communication referred to in section 18.

## **Chapter 5**

### **Agreement and decisions by personnel**

27

#### **Initiative for negotiations and matters to be handled**

The employer or representative of a personnel group can present an initiative for negotiations to handle and agree upon the following matters:

- 1) the amount, content and allocation of the co-operation training annually to each personnel group within the limits of the funds earmarked by the employer;
- 2) the working rules complied within the undertaking or in a part thereof and any amendments thereto;
- 3) rules for suggestion schemes and amendments thereto;
- 4) principles to be followed in the allocation of company accommodation, determination of shares by personnel groups and division of accommodation excluding accommodation intended for members of the management;
- 5) the use and planning of personnel rooms and other similar premises at the work place, the arrangement of childcare and catering at work within the limits of the funds earmarked by the employer; and
- 6) the general principles for allocation of contributions earmarked by the employer for hobbies, recreational and holiday activities of the personnel.

The initiative for negotiations has to contain a summary of the matters to be handled in the negotiations and the grounds for the initiative.

### **Negotiations and agreement**

After having presented or received an initiative for negotiations, the employer shall provide the representatives of the personnel groups concerned with all information necessary for handling of the matter. If the employer considers the negotiations presented in the initiative by a representative of a personnel group unnecessary, the representatives of the personnel groups concerned have to be informed thereof and of the grounds thereto without delay.

The invitation to negotiations is presented by the employer. The negotiations are conducted in the spirit of co-operation with the objective of reaching agreement on the matters handled.

Provisions on the minutes to be prepared of the co-operation negotiations, their inspection and confirmation are laid down in section 54.

Agreement made in the co-operation negotiations has to be in writing unless the content thereof is evident from the minutes or their appendices prepared in the negotiations. The agreement can be made for a fixed-term or until further notice. Each contracting party is allowed to serve notice of termination of an agreement made until further notice. The period of notice is six (6) months unless otherwise agreed.

### **Validity of the agreement**

Agreement on the working rules and rules for suggestion schemes and any amendments thereto are binding on the employer as well as those employees, within the scope of the agreement, whose personnel group representative has concluded the agreement. The agreement shall be followed as a part of each employee's contract of employment unless otherwise provided in the applicable collective agreement. However, the said agreement does not override an express provision, more favourable for the employee, of a contract of employment.

The employer has to inform of the concluded agreement and its content at the workplace in an appropriate manner. The agreement shall enter into force in a month from the provision of the information, unless otherwise agreed.

### **Decisions by the representatives of the personnel groups**

If agreement cannot be reached between the employer and the representatives of the personnel groups concerned on the content of the co-operation training and its application to each personnel group referred to in section 27(1)(1), on allocation of company accommodation referred to in section 27(1)(4) or the matters referred to in section 27(1)(5) or (6), the representatives of the personnel groups concerned shall decide the matters.

### **Decisions by the employer**

If agreement cannot be reached on the working rules or any amendments thereto referred to in section 27(1)(2), on the rules for suggestion schemes or any amendments thereto referred to in section 27(1)(3) or on the principles for allocation of company accommodation or determination of the shares for each personnel group referred to in section 27(1)(4) the employer shall within his power decide the matters.

The employer has no right to unilaterally confirm the working rules compiled within the undertaking or any amendments thereto.

## **Chapter 6**

### **Changes in business operations affecting the personnel and arrangement of work**

32

#### **Scope of application**

Matters affecting the personnel covered by the co-operation negotiations are caused by the following Affects on personnel shall be handled in the co-operation negotiations when they are caused by:

- 1) the closure of the undertaking or any part thereof, its transfer to another place or expansion or reduction of its operations;
- 2) acquisitions of machinery and equipment;
- 3) changes in the production of services or product range;
- 4) other similar changes in the business operations;
- 5) arrangement of work; or
- 6) use of external labour.

If the intended changes in the business operations referred to in subsection 1 above, are estimated to result in termination of the employee's contract of employment or lay-off or reduction of the employment contract into a part-time contract the provisions of section 8 shall be followed in the co-operation procedure.

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#### **Matters to be handled**

Any major changes in duties, working methods, arrangement of work and work premises, transfers from one duty to another, arrangements in the regular working hours and any planned amendments to them and the effects of the intended changes to the commencement and ending of the regular working hours as well as the times of rest and meal that affect the position of the employees caused by the measures within the scope of the employer's power of management referred to in section 32(1) shall be handled in the co-operation negotiations unless otherwise provided in the collective agreement binding on the employer.

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#### **Co-operation negotiations**

Before the employer decides the matter referred to in this chapter the grounds, effects and alternatives to the intended changes referred to in section 33 have to be handled in the spirit of co-operation to obtain consensus.

If the intended change only affects the position of one or a few employees, the co-operation negotiations are conducted separately with each employee unless otherwise agreed. Nonetheless, each employee has a right to request that the matter concerning him be also handled between his representative and the employer.

If the intended change affects employees of one or several personnel groups in general, the co-operation negotiations shall be conducted between the representatives of the personnel groups concerned and the employer. The co-operation negotiations can also be conducted in another manner referred to in section 9.

### 35

#### **Employer's initiative**

The employer shall initiate the co-operation negotiations as soon as possible taking into account the time-frame for implementation of the plan referred to in section 32(1) for changes in business operations and its affects on the personnel and the extent thereof.

The employer shall at the same time inform of the commencement time and place for the co-operation negotiations.

### 36

#### **Information provided for employees or representatives of the personnel groups**

Prior to commencement of the co-operation negotiations, the employer is to provide the employees or the representatives of the personnel groups concerned with information necessary for handling the matter. The information is primarily to be attached to the employer's initiative referred to in section 35 above. However, if the matter to be handled is extensive, the information can also be given separately prior to commencement of the co-operation negotiations so that the employees or representatives of the personnel groups concerned have an opportunity to familiarise themselves with the information obtained.

### 37

#### **Right of initiative of a representative of a personnel group**

If the representative of the personnel group requests the commencement of the co-operation negotiations in a matter referred to in this chapter, the employer shall initiate the commencement of the co-operation negotiations as soon as possible on the requested matter abiding by provisions of sections 35 and 36 above or supply a written report without delay of the grounds on which the employer does not consider the co-operation negotiations necessary.

### 38

#### **Fulfilment of the duty to negotiate**

The employer is considered to have fulfilled his duty to negotiate if the employer has followed the provisions of sections 34-36 and the matters have been handled in the spirit of co-operation to obtain consensus.

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#### **Registering the outcome of the co-operation negotiations**

Provisions on the minutes to be prepared of the co-operation negotiations, their inspection and confirmation are laid down in section 54.

40

#### **Information**

The employer has a duty to inform of a matter referred to in this chapter handled in the co-operation negotiations on the basis of the consensus reached in the said matter or of a decision reached otherwise after the termination of the co-operation negotiations and the time or times of implementation thereof either the representatives of the personnel groups concerned or all those employees concerned by the decision in question or by abiding by the principles and practises on the undertaking's internal communication referred to in section 18.

### **Chapter 7**

#### **Co-operation procedure in connection with a business transfer**

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##### **Provision of information to representatives of personnel groups**

The transferor and transferee shall inform to the representatives of the personnel groups affected by the transfer of the following:

- 1) time or intended time of transfer;
- 2) reasons for transfer;
- 3) legal, economic and social consequences to the employees due to the transfer; and
- 4) planned measures regarding the employees.

The transferor shall provide the representatives of the personnel groups with available information referred to in subsection 1 above in good time before completion of the transfer.

The transferee shall provide the representatives of the personnel groups with information referred to in subsection 1 above no later than in a week from the completion of the transfer.

If the business transfer affects the personnel as referred to in this Act, these issues shall be handled in a manner provided elsewhere in this Act.

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##### **Duty of the transferee to participate in dialogue**

After having explained the information referred to in section 41(1) to the representatives of the personnel groups the transferee has to provide them an opportunity to ask further questions and to answer to the questions posed.

On request of the representatives of the personnel groups the employer has to present the information referred to in subsection 1 above to the entire personnel of the undertaking in accordance with the principles and practices of the undertaking's internal communication referred to in section 18 above.

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#### **Merger and division**

The provisions on business transfers in this chapter shall also apply to mergers and divisions of undertakings.

### **Chapter 8**

#### **Co-operation procedure in reducing the use of personnel**

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#### **Scope of application**

The provisions of this chapter shall apply when the employer considers measures which may lead to notice of termination, lay-off or reducing a contract of employment to a part-time contract of one or several employees on financial or productive grounds. These provisions shall also apply if the employer intends to otherwise serve notice of termination, lay-off or reduce a contract of employment to a part-time contract of one or several employees on aforesaid grounds.

The provisions of this chapter shall not apply if the undertaking has been declared bankrupt or is in liquidation or if the parties to a deceased's estate consider termination of a contract of employment as provided in chapter 7, section 8(2) of the Employment Contracts Act.

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#### **Employer's proposal for commencement of the co-operation negotiations**

The employer shall issue a written proposal for negotiations in order to commence the co-operation negotiations and employment measures at the latest five days prior to commencement of the negotiations if the employer is considering to serve notice of termination, lay-off or reduce a contract of employment into a part-time contract of one or several employees.

The proposal for negotiations shall include at least the commencement time and place of the negotiations and an outline of the suggested agenda to be handled in the negotiations.

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#### **Parties to the co-operation negotiations**

Serving notice of termination, lay-off or reduction of a contract of employment into a part-time contract of employees is handled between the employer and the representatives of the personnel group or groups or they can be handled in a joint meeting referred to in section 9(1) above.

Serving notice of termination, lay-off or reduction of a contract of employment into a part-time contract of a single employee or specific employees may be handled between the employee or employees and the employer. The employee has a right to request that the matter concerning him is also handled between his representative and the employer.

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#### **Information provided by the employer**

if the employer is considering to serve notice of termination, lay-off for over 90 days or reduce a contract of employment into a part-time contract of over ten employees he is to provide the representatives of the employees concerned with information, in writing, available to him:

- 1) on the grounds for the intended measures;
- 2) initial estimate of the amount of terminations, lay-offs and reduction of contracts of employment into part-time contracts;
- 3) report of the principles used to determine which employees shall be served notice of termination, laid-off or their contract of employment or reduced to a part-time contract; and
- 4) time estimate for implementation of the said terminations, lay-offs and introduction of the said part-time contracts.

Information provided for the representatives of the personnel groups has to be attached to the proposal for negotiations. Information obtained by the employer after the proposal has been made can be given at the latest in the meeting commencing the co-operation negotiations.

if the employer is considering to serve notice of termination, lay-off or reduce a contract of employment into a part-time contract of under ten employees or lay-off of over ten employees for a period under 90 days he may provide the aforesaid information to the employees concerned or their representatives. The employer shall provide the information in writing on request of the employee or the representative of the personnel group concerned.

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#### **Informing the employment office**

When the employer proposes measures which may lead to termination, lay-off or reduction of a contract of employment into a part-time contract of an employee to be handled in the co-operation negotiations, the proposal for negotiations, referred to in section 45, or its material contents shall also be delivered, in writing, to the employment office no later than at the commencement of the co-operation negotiations unless the said information has been previously provided in some other context.

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#### **Plan and principles for action**

After having made the proposal for negotiations of his intention to serve notice of termination to at least ten employees due to financial or productive reasons, the employer shall at the commencement of the co-operation negotiations provide the representatives of the personnel groups with a report on a plan of action to promote employment. In preparing the plan of action the employer shall without

delay together with the employment authorities examine the public employment services supporting employment.

In using the services referred to in the Act on the Public Employment Service (1295/2002) and to advance education and applying for work the intended timetable for the co-operation negotiations, the procedures to be followed therein and the planned principles of action to be applied during the notice period shall all be evident from the action plan in the preparation of which the statutory provisions on reducing the number of workforce and what has been agreed in the collective agreements have to be taken into account.

If the intended terminations affect under ten employees at the commencement of the co-operation negotiations the employer has to present the principles of action according to which during the notice period the employer supports the employees' independently applying for other work or education and their employment with the services referred to in the Act on the Public Employment Service.

Chapter 7, section 12 of the Employment Contracts Act provides on an employee's right to employment leave during the notice period.

## 50

### **Duty to negotiate**

If the decisions relating to the business operations contemplated by the employer are indisputably estimated to result in termination of one or several employees' contracts of employment or lay-off or reduction of the employment contract into a part-time contract, the grounds and effects thereof, principles or plans of action referred to in section 49, ways to limit the number of people affected by reductions and alleviation of the consequences of the reductions to the employees have to be handled in the co-operation negotiations, in the spirit of co-operation to obtain consensus.

## 51

### **Fulfilment of the duty to negotiate**

If the employer is considering to serve notice of termination, lay-off or reduce a contract of employment into a part-time contract of under ten employees or lay-off for a period of a maximum of 90 days of over ten employees the employer shall be considered to have fulfilled his duty to negotiate referred to in this chapter once 14 days have elapsed since the commencement of the negotiations conducted in a manner referred to in this chapter unless otherwise provided in the co-operation negotiations.

If the employer is considering to serve notice of termination, lay-offs for a period over 90 days or reduce a contract of employment into a part-time contract of at least ten employees the employer shall be considered to have fulfilled his duty to negotiate referred to in this chapter once six weeks have elapsed since the commencement of the negotiations unless otherwise provided in the co-operation negotiations. However, the negotiation period is 14 days in an undertaking normally employing at least 20 but fewer than 30 employees in an employment relationship.

If the undertaking is under the restructuring procedure referred to in the Restructuring of Companies Act (47/1993), the negotiation period shall be 14 days from the commencement of the negotiations.



**Registering the outcome of the co-operation negotiations**

Provisions on the minutes to be prepared of the co-operation negotiations, their inspection and confirmation are laid down in section 54.

**Employer's report**

After having fulfilled his duty to negotiate referred to in this chapter, the employer shall within a reasonable time provide the representatives of the personnel groups with a general report on the decisions considered on the basis of the co-operation negotiations. The report shall provide, depending on the matters handled, at least the number of employees whose contracts will be terminated, who will be laid off, or whose contracts of employment will be reduced to part-time contracts in each personnel group, duration of the lay-offs and an estimate of the time during which the planned reductions are intended to be carried out.

On request of a representative of a personnel group the employer has to present the report referred to in subsection 1 above jointly to the employees of the personnel group concerned insofar as the report relates to them.

**Chapter 9****Miscellaneous provisions****Registering the outcome of the co-operation negotiations**

The employer shall, on request, ensure that the dates of and participants to the negotiations, the outcome of the negotiations or the dissenting opinions of the parties are noted down in the minutes prepared on the co-operation negotiations.

All the representatives of the employer and the personnel groups present at the negotiations inspect and confirm the minutes with their signature unless otherwise agreed on the inspection and confirmation of the minutes in the co-operation negotiations.

**Right to use experts**

The representatives of the personnel groups are entitled to consult and request information from the experts in the operational unit concerned and as far as possible from other experts within the undertaking when preparing for the co-operation procedure and in the co-operation negotiations when necessary for handling the matter. Such experts shall be released from their duties and compensated for the resulting loss of income as laid down in section 56.

### **Release from work and compensation**

A representative of a personnel group is entitled to be released from his or her work for such time as is required to carry out the duties referred to in this Act as well as for co-operation training. The employer and the representative of the personnel group have to agree upon the times for the co-operation training. The employer shall compensate any consequent loss of earnings due to release from work. Any other release from work and related compensation for loss of earnings shall be agreed upon case by case between the representatives of the personnel group concerned and the employer.

In so far as a representative of a personnel group takes part in co-operation negotiations referred to in this Act outside his working hours or discharges any other duty on which he has reached agreement with the employer, the latter shall pay him compensation for the hours used for carrying out the task in the amount corresponding to his salary for regular working hours.

### **Confidentiality**

An employee, a representative of a personnel group and an expert referred to in section 55 as well as the employees and their representatives referred to in subsection 2 have to keep confidential information obtained in connection with the co-operation procedure:

- 1) relating to business and trade secrets;
- 2) information relating to the employer's financial position, which is not public according to other legislation and dissemination of such information would probably be prejudicial to the employer or any of his business partners or contracting parties;
- 3) information relating to the security of the undertaking and the corresponding security system, the dissemination of such information would probably be prejudicial to the employer or any of his business partners or contracting parties; and
- 4) information relating to a private person's state of health, financial situation or concerning him personally in any other way unless the person, who the confidentiality provisions have been prepared to protect, has agreed for the said information to be revealed.

Provisions of subsection 1 above do not prevent an employee or a representative of a personnel group after having informed of the confidential nature of the information from disclosing the information referred to in subsections 1—3 above to other employees or their representatives to the extent necessary due to the role of the said employees in realising the purpose of co-operation.

A precondition for confidentiality is that:

1) the employer has indicated to the employee and the representative of the personnel group and to the expert referred to in section 55, what information shall be considered as business and trade secrets;

2) the employer has indicated to the employee and the representative of the personnel group and to the expert referred to in section 55 that the information referred to in subsections 1(2) and 1(3) is confidential; and

3) the employee and the representative of the personnel group have informed of the confidentiality to the employees or their representatives referred to in subsection 2 above.

The confidentiality shall continue during the entire duration of the contract of employment of the persons referred to in subsection 1 above.

58

#### **Relation of the co-operation negotiations to the provisions on negotiations in the collective agreement**

If a matter handled in the co-operation negotiations referred to in this Act also requires handling in accordance with the order of negotiation of a collective agreement binding on the employer on the basis of the Collective Agreements Act, the co-operation negotiations shall not be commenced or they have to be interrupted, if the employer or the shop steward representing the employees bound by the collective agreement requests for the matter to be handled in the order of negotiation pursuant to the collective agreement.

59

#### **Derogations from the employer's duty to inform**

The employer is not obligated to provide the employees or the representatives of the personnel group with such information that the dissemination thereof would without prejudice cause significant damage or harm to the undertaking or its operations.

60

#### **Derogations from the co-operation procedure**

The employer can decide upon a matter referred to in sections 32 and 33 and in 44(1) without prior co-operation negotiations, if there are particularly weighty unforeseen reasons harming the productive or service operations or the finances of the undertaking which hinder the co-operation negotiations.

When there are no more reasons to deviate from the co-operation obligations referred to in subsection 1 the employer shall without delay commence the co-operation negotiations, where the grounds for the unorthodox procedure shall be clarified.

61

#### **Right to conclude agreements**

Nationwide associations of employers and employees may conclude agreements in derogation to the provisions of chapters 3—6 and 8. However, agreements cannot be concluded in derogation from the provisions of sections 47 and 48 insofar as the said provisions apply to serving notice to terminate to at least ten employees.

The agreement referred to in this section can be concluded by and between the parties referred to in section 11(2) in respect of Social Insurance Institution in the Act on the Social Insurance Institution of Finland (731/2001).

Any agreement covered by sections 1 and 2 above shall have the same legal force and effect as a concluded collective agreement has under the Collective Agreements Act. The provisions of the agreement may also be applied by an employer bound by it to employees who are not bound by it but who are members of the personnel group to which it relates.

## 62

### **Indemnification**

Employer, who has deliberately or negligently failed to observe the provisions of sections 45—51 in respect of an employee, whose contract has been terminated or reduced to a part-time contract or who has been laid off shall be liable to pay to the employee, whose contract was terminated or reduced to a part-time contract or who was laid off a maximum indemnification amount of 30 000 euros.

When determining the amount of the indemnification, consideration shall be given to the degree of neglect in respect of the co-operation obligation, the general circumstances of the employer, the nature of the measure applied in respect of the employee and duration of his employment relationship.

If an undertaking in control as an employer has served notice to terminate to at least ten employees, the fact that the employer has not received adequate information required in the co-operation procedure from the controlling undertaking within the group of undertakings shall not be considered a factor to reduce the amount of indemnification.

If the employer's negligence, taking into consideration all relevant factors, can be considered insignificant, it is possible to refrain from imposing liability for indemnification.

The right of an employee to indemnification shall expire if no action is brought during the employment relationship within two years from the end of the calendar year during which the right to the said indemnification arose. The right to indemnification shall expire if no action is brought within two years from termination of the employment relationship.

## 63

### **Adjustment of the indemnification amount**

The maximum indemnification amount provided in section 62 above shall be adjusted in proportion to economic inflation every three years by a government decree.

## 64

### **Coercive measures**

If the employer fails to abide by the provisions of sections 10—13 on information to be provided for the representatives of the personnel groups, and therefore jeopardises the receipt of the said information, a court of law may on the request of a representative of a personnel group and after having given the employer an opportunity to be consulted in the matter obligate him to fulfil this duty within a specific time and set a fine to intensify that the order is complied with.

If the employer fails in his duty to prepare the personnel plan and educational objectives referred to in section 16, the Ministry of Labour may on the request of a representative of the personnel group request from a court of law an order referred to in section 1 above provided it is evident that the personnel plan and educational objectives cannot be handled in the co-operation procedure referred to in chapter 4.

## 65

### Availability

The employer shall keep this Act freely available and accessible to the employees at the place of work.

## 66

### Supervision

Supervision of compliance with this Act shall be exercised by the Ministry of Labour and by the employers', employees' and salaried employees' associations that have concluded a nation-wide collective agreement whose provisions are required to be observed in the employment relationships of the undertaking.

## 67

### Penalties

The employer or his representative, who intentionally or negligently fails to observe or violates the provisions of sections 17, 20 or 22, 28(1) or (2), sections 30, 31, 34, 36, 41, 43 or 55, 56(1) or section 65 with the exception of the provisions in section 55 or 56 on the employer's payment liability shall be imposed a fine for *violation of the co-operation obligation*. The liability of the employer and its representative, respectively, is determined on the basis of the grounds laid down in chapter 47, section 7, of the Penal Code (39/1889).

In imposing punishment for failure to fulfil the duties referred to in sections 34, 36 and 41, it shall not be considered a mitigating factor that the controlling undertaking has not provided the undertaking in control the information required for the fulfilment of the co-operation procedure.

Punishment for violation of the rights of the co-operation representative referred to in section 8(2) and (3) is prescribed in chapter 47, section 4 of the Penal Code.

Punishment for violation of the obligation of confidentiality as prescribed in section 57 is imposed pursuant to chapter 38, section 2(2) of the Penal Code, unless more severe punishment for the act is prescribed elsewhere than in chapter 38, section 1 of the Penal Code.

## **Chapter 10**

### **Transitional provisions and entry into force**

68

#### **Entry into force**

This Act enters into force on 1 July 2007.

This Act repeals the Act on Co-operation within Undertakings (725/1978) adopted on 22 September 1978 as subsequently amended.

If elsewhere in the legislation reference is made to any other provisions than those concerning national or international co-operation within group of undertakings in the Act on Co-operation within Undertakings in force at the time when this Act enters into force, this Act applies instead of the said provisions.

69

#### **Transitional provisions**

An agreement referred to in section 14 of the Act on Co-operation within Undertakings in force at the time of the entry into force of this Act can be applied notwithstanding the provisions of section 61 of this Act until the expiration of the term of the agreement.

The provisions of this Act apply to an undertaking normally employing at least 20 but fewer than 30 employees in an employment relationship for six months from the entry into force of the Act unless the undertaking is considering serving notice of termination to at least ten employees.

Employer's obligations provided in section 16 of this Act have to be fulfilled within six months from the entry into force of this Act.