

NB: Unofficial translation
Ministry of Labour, Finland

ACT ON CO-OPERATION WITHIN UNDERTAKINGS (725/1978)
(as amended by several acts, including No 457/2005)

Section 1 - *Purpose of the Act*

- (1) With the object of developing the operations of an undertaking, improving its working conditions and furthering co-operation between the employer and the staff and among members of the staff, increased opportunities shall be provided for the wage-earners and salaried employees concerned to exercise influence in the handling of matters relating to their work and to their workplaces, in the manner prescribed in this Act.
- (2) The purpose of co-operation to be observed within a business group, hereinafter 'group co-operation', is to promote interaction between the group management and the staff, and among members of the staff.
(614/1996)
- (3) The Act on Personnel Representation in Company Administration (725/1990) prescribes on the right of the personnel to participate in the administration of companies. (1195/1990)

Section 2 - *Scope of the Act*

- (1) This Act shall apply to undertakings normally employing at least thirty persons as parties to an employment relationship.
- (2) This Act shall apply, except for section 6 b(3), section 7 d(3), and sections 8 and 15 a, to the termination of contracts due to production and financial reasons referred to in section 6, paragraph 3 b, and to related arrangements for training and reassignments, also in an undertaking normally employing not more than thirty but at least twenty persons as parties to an employment relationship when the employer considers the termination of the contracts of at least ten employees. (457/2005)
- (3) This Act shall not apply to government offices or public services or state enterprises, or to the offices and public services of municipalities. This Act shall apply to a state enterprise which has so decided on the basis of section 18 of the State Enterprise Act. According to provisions agreed upon by decree, it shall apply to the businesses and industrial plants of municipalities or public corporations other than the Government. (236/1993)
- (4) Sections 11 b to 11 g contain provisions on group co-operation. The provisions about national group co-operation shall be applied to group co-operation in Finland and those on international group co-operation in the European Economic Area, with the exception of the United Kingdom of Great Britain and Northern Ireland. The area in which the provisions on international group co-operation apply is

referred to hereinafter as 'the European Economic Area'. The provisions on international co-operation shall also apply to undertakings and businesses inside the European Economic Area belonging to a group from outside the Area if the group has appointed a Finnish undertaking to represent it in the matter or, if no representative has been appointed, if a Finnish undertaking employs most of the group's workers in the European Economic Area. (614/1996)

- (5) If a court, the relevant ministry or the central organization of employers or employees so requests, the Labour Council shall issue an opinion on whether an undertaking or a service shall be considered subject to this. (857/1996)

Section 3 - *Parties to co-operation*

- (1) The parties to the co-operation referred to in this Act shall be the employer and the staff of the undertaking. The co-operation shall take place between the wage-earners or salaried employees concerned and their superiors or between the employer and the staff representatives.
- (2) For the purposes of this Act the expression "staff representatives" means any person elected in accordance with the relevant collective agreement as a senior shop steward, liaison officer, contact person, or shop steward for an occupational group or department of the undertaking, an elected representative as referred to in chapter 13, section 3 of the Employment Contracts Act (55/2001) or any

representative elected by the relevant staff group in the manner specified in section 5 of this Act and any labour protection representative. (67/2001)

- (3) In a matter concerning the effects of a business transfer, division or merger, the transferee or the receiving undertaking may also be a party to co-operation. (723/1997)

Section 4 - *Committees*

- (1) Where there is reason to do so, having regard to the circumstances and the number of staff representatives, the employer and the staff representatives may agree that co-operation within the undertaking or any part of the undertaking is to be arranged in the form of a committee as a joint body for the employer and the staff representatives. The representatives of each of the staff groups falling within the committee's jurisdiction shall elect the members of the committee from among their own number for one year at a time, the number of members elected corresponding to the size of the staff groups. Agreement shall be reached at the same time on the questions with which the committee is to deal.
- (2) The number of persons representing the employer on the committee shall not exceed one-half of the total number of persons representing the staff.

Section 5 - *Election of staff representatives in certain cases*

(1) Where any staff group has no shop steward, liaison officer or contact person or where said representative has been appointed on the basis of an election in which only members of a trade union were entitled to take part and the wage-earners or salaried employees not belonging to that trade union constitute the majority of the staff group concerned, such wage-earners or salaried employees shall be entitled, if a majority of them so request, to elect a person from among their own number for one year at a time to represent them for the purposes of the co-operation referred to in this Act. In addition to that which is provided in chapter 7, sections 1 to 4 of the Employment Contracts Act, chapter 7, section 10(1) shall be complied with upon the termination of the contract of a staff representative referred to above.
(139/2005)

(2) The wage-earners or salaried employees concerned shall arrange for the election to be held or for any other procedure to be adopted for the purpose of choosing their representative. Where no agreement can be reached on the procedure to be followed, the election shall be organised by the labour protection delegate referred to in section 10 of the Act (131/1973) on the Supervision of Labour Protection, representing the wage-earners or salaried employees concerned. The election or other procedure for choosing the representative shall be so organised that all wage-earners or salaried employees for whom

the representative is to be chosen have an opportunity of taking part.

Section 6 - *Matters covered by the co-operation procedure*

The matters covered by the co-operation procedure are as follows:

- 1) any major changes in duties, working methods or the arrangement of work that affect the position of the staff and any transfers from one job to another;
- 2) any major acquisitions of machinery and equipment, in so far as they affect the staff, and any major rearrangements of the working premises and changes in the range of goods and services provided, affecting the position of the staff; (724/1988)
- 3) the closure of the undertaking or any part of the undertaking, its transfer to another place or any major expansion or reduction of its activities;
 - 3 a) after the business transfer, division or merger, any ensuing reduction of contracts of employment into part-time contracts, lay-offs and termination of contracts, and the related arrangements for training and reassignments; (723/1997)
 - 3 b) reducing contracts of employment into part-time contracts, lay-offs and termination of contracts, due to production and financial reasons, and the related arrangements for training and reassignments, including above-mentioned staff arrangements in connection with

the procedure of reorganising the undertaking;
(51/1993)

- 4) periodical rationalisation schemes, plans regarding staff and training, and any relevant changes to be made to them during the period the plans cover, the action programme for labour protection and any measures to promote the attainment of equality between women and men in workplaces to be included in the plans regarding staff and training or in the action programme for labour protection; (906/1996)
- 5) any arrangements required for the purposes of paragraphs 1 to 4, if they affect the size of the staff employed on different duties;
- 6) the times for the beginning and end of normal hours of work and the times for breaks for rest or meals;
- 7) the principles governing recourse to labour from outside the undertaking; otherwise recourse to outside labour shall be dealt with as laid down in section 9; (906/1996)
- 8) the principles governing recruitment, the procedure to be followed, the data to be collected at recruitment and during the employment relationship, the information to be given to new recruits and the arrangements to be made for their familiarization with the work; (478/2001)
- 8 a) the purpose, implementation and methods used in camera surveillance, access control and other technical employee monitoring, and the use of electronic mail and data networks; (761/2004)
- 8 b) prior to the approval of a comprehensive action programme on alcohol and drugs referred to in section 11(4) of the Occupational Health Care

Act (1383/2001), the tasks referred to in sections 7 and 8(1) of the Act on the Protection of Privacy in Working Life (759/2004), about which the job applicant or employee is obliged to provide, or may consent to provide, a drug test certificate to the employer; (761/2004).

- 9) matters connected with internal information services (broadsheets, notice boards and the arrangement of information meetings);
- 10) the working rules of the undertaking, comparable rules of order, and rules for suggestion schemes;
- 11) budget estimates for training in co-operation and vocational training;
- 12) the organisation of training in co-operation;
- 13) the general principles to be followed in the allocation of service-related accommodation, and the determination of the shares to be enjoyed by the different groups of staff, but not in so far as such accommodation is allocated to members of the management; and
- 14) within the limits of the funds earmarked by the undertaking for various welfare purposes, the arrangement of works canteens and child-care facilities, the use and planning of works welfare premises, recreational and holiday activities, the grant of subsidies and donations to the staff and, subject to the principles referred to in paragraph 13, the fixing of grounds for the allocation of service-related accommodation and the allocation of such accommodation in accordance with those grounds.

Section 6 a - (723/1997) *Determining the obligation to negotiate following a business transfer, division or merger*

Following a business transfer, division or merger, it shall be determined through a co-operation procedure whether the transfer, division or merger has effects falling within the obligation to negotiate. (723/1997)

Section 6 b - *Plans regarding staff and training*

- (1) The undertaking shall adopt plans regarding staff and training every year prior to the beginning of the financial year.
- (2) The staff plan shall include such matters referred to in section 6 which are likely to be relevant for the composition, number or quality of the staff, as well as any changes expected to take place in the number and quality of the staff.
- (3) If an employer terminates the contracts of employees for financial or production reasons, the necessary changes shall be made to the plans regarding staff and training in conjunction with the co-operation procedure which applies to the termination of contracts (457/2005).
- (4) The training plan shall cover the general needs in training arising from the staff plan, and an annual action plan for training, by staff category.

- (5) Staff plans and training plans shall strive to take the particular needs of aging wage-earners and salaried employees into account. (723/1997)

Section 7 - (457/2005) *Co-operation procedure*

- (1) Before the employer takes a decision on any matter covered by section 6, he shall negotiate the reasons for the action envisaged, its effects and possible alternatives with the wage-earners or salaried employees concerned, or with their representatives.
- (2) Any matter affecting a particular wage-earner or salaried employee shall in the first instance be discussed between the employer and the person concerned. When the employer or the wage-earner or salaried employee concerned so requests, the matter shall also be discussed between the employer and the relevant staff representative.
- (3) When a matter falling within the scope of the co-operation procedure is of general concern to the wage-earners or salaried employees in a particular unit or department of the undertaking, it shall be discussed with the appropriate staff representatives. Where it is of concern to more than one staff group, the discussion referred to in subsection 1 of this section shall take place at a joint meeting attended by representatives of each such group. However, no such meeting shall be arranged where the matter is discussed in the committee referred to in section 4.

- (4) In addition to the foregoing provisions of this section, the co-operation procedure shall also imply that:
- 1) the working rules referred to in section 6, paragraph 10, and other comparable provisions do not become effective until agreement on the subject has been reached within the co-operation procedure referred to in this Act;
 - 2) action relating to the content and scope of the training for co-operation referred to in section 6, paragraph 12, is taken in accordance with the agreement on the subject reached within the co-operation procedure referred to in this Act; and
 - 3) decisions relating to matters falling within the scope of welfare activities covered by section 6, paragraph 14, are taken in accordance with the position adopted by the staff representatives or, where such decisions affect only one staff group, by the representatives of that group.
- (5) In conjunction with the co-operation procedure, the committee referred to in section 4 and the joint meeting referred to in subsection 3, and staff representatives are entitled to hear the views of any person working in an expert capacity in the operational unit concerned and to request information from other experts in the undertaking, provided there is no impediment to doing so. If so agreed with the employer, staff representatives shall have the same right when preparing for the joint meeting referred to in subsection 3, or for a meeting of the committee referred to in section 4. Such experts shall be released from their duties and

compensated for the resulting loss of income as laid down in section 13.

Section 7 a - (457/2005) *Proposal for negotiations*

- (1) Unless otherwise agreed, an employer shall submit a proposal for negotiations on a matter referred to in section 6, paragraphs 1 to 5, in writing at least three days before the negotiations begin.
- (2) An employer shall submit a proposal for negotiations at least five days before the negotiations begin, if a measure referred to in section 6, paragraphs 1 to 5, to be dealt with in the co-operation procedure is likely to lead to the termination of the contract or laying-off of one or more wage-earners or salaried employees, or the reduction of their contracts of employment to part-time contracts.
- (3) The proposal for the negotiations shall indicate the time and location at which negotiations will begin and the issues intended to be dealt with in the negotiations.
- (4) When a representative of the staff requests that a co-operation procedure shall be started in a matter referred to in section 6, paragraphs 1 to 5, the employer shall make available the proposal for negotiations referred to in subsections 1 to 3 above or a written communication indicating the grounds on which the co-operation procedure is not considered necessary.

- (5) A proposal for negotiations on a matter referred to in section 6 a shall be submitted within a week of the transfer, division or merger, provided that negotiations have not been entered into previously. The provisions of subsections 1 to 3 above shall apply to the submission of proposals and the commencement of negotiations.

Section 7 b - (457/2005) *Information to be provided by the employer*

- (1) Prior to initiating the co-operation procedure, the employer shall provide the wage-earners or salaried employees concerned and the relevant staff representatives with any information necessary with regard to the matters to be dealt with in the negotiations.
- (2) Upon considering a reduction of personnel, the employer shall provide the staff representatives concerned with the information necessary for dealing with the intended measures, such as information on the grounds for the measures, an estimation of the number of wage-earners and salaried 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 group, an estimate of the time during which the planned reductions are intended to be carried out, and information on the principles according to which the employees affected by the measures will be determined. The information shall be provided in writing whenever the employer is considering terminating the contracts of, or

laying-off for a minimum of 90 days, at least ten wage-earners and/or salaried employees, or reducing their contracts of employment to part-time contracts for financial or production reasons.

- (3) The information referred to above in subsections 1 and 2 shall be included in the proposal for negotiations or can be provided separately before the negotiations begin.

Section 7c - (457/2005) *Informing the employment office*

If the employer proposes measures for the reduction of personnel to be dealt with in the co-operation procedure, the proposal for negotiations or its material contents shall be brought to the knowledge of the employment office in writing at the beginning of the co-operation negotiations, provided that the corresponding information has not been provided previously in some other context.

Section 7 d - (457/2005) *Action plan and operating principles*

- (1) When an employer has drawn up a proposal for negotiations on his intention to terminate the contracts of at least ten wage-earners or salaried employees for financial or production reasons, he shall provide the representatives of wage-earners and salaried employees with a proposal for an action plan for the promotion of re-employment at the beginning of the co-operation negotiations. Upon preparing the action plan, the employer shall clarify, without delay, together with the manpower

authorities, the public labour services which support employment.

- (2) The action plan, the preparation for which shall take into consideration that which has been provided for in legislation and agreed upon by means of collective agreements on the reduction of personnel, shall indicate the planned timetable for the co-operation negotiations, the procedures to be complied with in the negotiations and the planned operating principles to be complied with within the period of notice, when using the services referred to in the Act on the Public Employment Service (1295/2002) and for the promotion of job-seeking and training. The action plan shall be negotiated upon with the staff representatives, notwithstanding the period of seven days laid down in section 8(3).
- (3) If the termination of contracts considered by the employer applies to less than ten employees, the employer shall present within the co-operation procedure the operating principles according to which, within the period of notice, employees are supported in seeking other employment or training on their own initiative and in their employment through services referred to in the Act on the Public Employment Service.
- (4) That which is provided in chapter 7, section 12, of the Employment Contracts Act applies to an employee's right to employment leave.

Section 8 - *The obligation to negotiate, and its fulfilment*

- (1) Where no agreement has been reached between the employer and the staff representatives on some other procedure, and unless otherwise provided in subsections 2 and 3, the employer shall be deemed to have fulfilled his obligation to negotiate, as referred to in section 7, if the matter has been dealt with in accordance with sections 7, 7 b and 7 d or within the committee referred to in section 4. The employer may initiate action on matters on which consensus has not been reached after informing the participants in the co-operation procedure of the action decided upon in the matter. (457/2005)

- (2) If a measure subject to negotiation under section 6, paragraphs 1 to 5, is likely to result in the termination of contracts, lay-offs, or the reduction of contracts of employment to part-time contracts, affecting one or more wage-earners or salaried employees, the employer shall be deemed not to have fulfilled his obligation to negotiate before
 - 1) in an effort to reach agreement, negotiations have been held first on the reasons and effects of the measure, and subsequently on ways to limit the number of people affected by reductions and alleviate the consequences of the reductions, and at least seven days have elapsed since the beginning of the negotiations;
 - or
 - 2) the termination of contracts, lay-offs or reduction of employment into part-time

contracts or fulfilment of the obligation to negotiate have been settled in the co-operation procedure. (457/2005).

- (3) If the measure referred to in subsection 2 is likely to result in the termination of contracts, lay-offs of more than 90 days, or reduction of contracts to part-time contracts affecting at least 10 employees, the negotiation period shall, however, be at least six weeks from the beginning of the negotiations, and the discussion of alternatives may not begin until at least seven days have elapsed from the time of the negotiation of reasons and effects, unless otherwise agreed. (457/2005).
- (4) If the co-operation procedure has been initiated before a transfer, division or merger, the negotiation period for the transferee and the receiving undertaking shall be deemed also to include the time they have been parties to negotiation. (723/1997)
- (5) The provisions in subsections 2 and 3 shall not apply if the undertaking is in liquidation or bankrupt. If the undertaking is covered by the procedure referred to in the Restructuring of Companies Act (47/1993), the negotiation period shall be seven days as from the beginning of the negotiations. (457/2005)
- (6) Where the co-operation procedure referred to in this section is related to a question that is supposed to be discussed in a manner specified by collective agreement, the shop steward, liaison officer or

contact person representing the wage-earners or salaried employees bound by the agreement may agree with the employer for the matter not to be discussed in accordance with the co-operation procedure. (906/1996)

Section 8 a - (906/1996) Registering the outcome of negotiations

The employer shall, on request, ensure that the dates of the meetings and the participants in the negotiations referred to in section 6, and the outcome of the negotiations or the opinions of the parties shall be noted down in the minutes. The negotiating parties shall inspect and sign the minutes.

Section 9 - Recourse to outside labour

- (1) The employer shall inform the representatives of any group of the staff working in the field concerned if he contemplates having recourse to outside labour under contract. When so doing he shall give details of the size of the work force expected to be involved, their duties and the period to be covered by the contract.
- (2) If the appropriate staff representative, after being informed in the manner prescribed in the first paragraph of this section, so requests by the end of the second working day immediately following the communication, the matter shall be discussed under the co-operation procedure, but not for more than a week after the request is submitted. During this

period the employer shall not be permitted to conclude the contract under discussion.

- (3) Provided that the staff representative is not permitted to request the discussion referred to in the second paragraph of this section if the intention is to have the outside labour carry out work that it is not the recognised practice for the relevant staff of the undertaking to do or if the work in question is urgent and of short duration or involves installation, repair or servicing jobs that cannot be entrusted to the undertaking's own staff.

Section 10 - *Departures from the co-operation procedure*

- (1) Where particularly important and unforeseeable circumstances that are detrimental to the undertaking's production or business constitute an obstacle to the co-operation procedure, the employer may take a decision in a matter covered by section 6 or section 9 without prior co-operation procedure.
- (2) Any matter covered by subsection 1 of this section shall be discussed without delay in the manner prescribed in section 7 as soon as there is no longer any reason to depart from the normal procedure. The employer shall at the same time report on the circumstances warranting the departure.

Section 11 - *Obligation of employers to provide information*

- (1) Repealed. (906/1996)

- (2) (906/1996) The employer shall present:
 - 1) the staff representatives with the undertaking's financial statements as soon as they have been drawn up and, at least twice in the course of the financial year, with a comprehensive report on the undertaking's economic situation, showing the prospects for its production, employment, profitability and cost structure;
 - 2) when opening an account, the person in charge of payroll accounts with a written report on any unsecured claims of the payroll accounts office and, at least once in the course of the financial year, with the information referred to in section 1;
 - 3) within the framework of the undertaking's wage statistics, the representatives of each group of the staff with wage statistics, which shall be prepared in accordance with the relevant provisions contained in the national collective agreement for the branch concerned and which shall be provided for the representatives of the group concerned; and
 - 4) without delay, any changes that are significantly different from the trends indicated in the documents referred to in paragraphs 1 and 2.

- (3) The transferor and transferee of the undertaking shall inform the staff representatives whom the transfer concerns of:
 - 1) the time or planned time for the transfer

- 2) the grounds for the transfer;
 - 3) the legal, financial and social consequences caused by the transfer to the employees; and
 - 4) the planned measures concerning employees.
(139/2005)
- (4) The transferor shall provide the staff representatives with the information referred to in subsection 3 in good time before the transfer shall be executed. (236/1993)
- (5) What is provided above on transfer shall also concern division and merger. (723/1997)
- (6) In bilingual municipalities the employer shall supply the information and documents referred to in subsections 1 to 5 of this section in both the national languages, in so far as there are at least ten persons in the linguistic minority and the number of such persons represents more than 10 per cent of the staff. (236/1993)

Section 11 a - *Repealed (906/1996)*.

Section 11 b - *(614/1996) Definition of a group*

- (1) In this Act, 'group' means a group according to the legislation on limited-liability companies, banks and insurance companies. If companies in a group have control in a corporation which does not belong to the group by virtue of ownership or agreement, the said corporation shall also be considered a

subsidiary of the group when this Act is applied. The provisions of this Act on groups shall also be applied to groups of undertakings comparable to groups in which the corporate form of the parent undertaking is other than one mentioned above. (614/1996)

- (2) The provisions of this Act on group co-operation shall also be applied to an undertaking which engages in business operations through operational units which are administratively independent and are situated in European Economic Area states or in different locations. What is provided regarding subsidiaries shall then apply to operational units. (614/1996)
- (3) If the sphere of operations of a group company is not connected with the productive operations proper of the group and the company is not significant in respect of the position of the staff, the provisions on group co-operation need not be applied in the company.

Section 11 c - (614/1996) Group co-operation based on an agreement

- (1) In a Finnish group where the number of staff regularly working in Finland is at least 500, what is agreed about national group co-operation between the group management and staff representatives for a fixed period or indefinitely shall be valid for those Finnish undertakings or independent operational units in the group that regularly employ

at least 30 workers. If consensus between the staff and group management in the matter cannot be achieved otherwise, the above-mentioned agreement can be concluded at a meeting at which the group management is represented and which is attended by staff representatives from each subsidiary.

- (2) If no agreement has been reached on national group co-operation as laid down in subsection 1 within a year of fulfilment of the preconditions for size of undertaking referred to in subsection 1, national group co-operation shall be arranged as provided in sections 11 d and 11 e below. The agreement on national group co-operation can however also be concluded even after the said obligations have come to be observed.
- (3) In a Finnish group with at least 1,000 workers in the European Economic Area and at least 150 workers each in an undertaking in at least two member states, what has been mutually agreed between the group management and the special negotiating body referred to in section 11 f shall apply concerning international group co-operation.
- (4) If agreement regarding international group co-operation has not been reached as referred to in subsection 3 within three years at the written request of at least one hundred workers or salaried staff, or their representatives or the group management at least two undertakings or businesses in two different member states, or if the group management has not started negotiations within six months of the said request for negotiations,

international group co-operation shall be arranged as provided in sections 11 d, 11 e and 11 g below. The agreement on group co-operation can also be concluded even after the said obligations have come to be observed.

Section 11 d - (614/1996) *Statutory group co-operation*

- (1) Unless otherwise agreed in accordance with section 11 c, in national group co-operation the staff employed by a group in Finland and in international group co-operation staff employed by a group in the European Economic Area must be given:
- 1) annually, a comprehensive financial report which includes the consolidated financial statements or, if no such statements are to be drawn up according to the law, a comparable available report and information on future prospects of the group's production, employment, profitability and cost structure, as well as an assessment of the changes expected in the number and type of personnel;
 - 2) information on any decisions to be made by the group management which concern a significant expansion, reduction or winding up of group operations; and
 - 3) information on any decisions to be made by the group management which concern an essential change in a group company in respect of the product range or service operations or another comparable production-related matter in a manner affecting the position of the staff.

- (2) In national group co-operation, a person who is a member of the group management or authorised by it and familiar with the matter to be reported on shall provide the information referred to in subsection 1 in such a manner that interaction between the group management and the staff and among the members of the staff can take place when the matter is being dealt with. Information on matters referred to in subsection 1(2) and (3), shall be given to the staff representatives whom the matter concerns and in such a way that the negotiations referred to in section 7 can be held in the undertaking in question. In addition, what has been prescribed in section 11(6) and section 12 shall be observed as appropriate when information is given and dealt with.
- (3) With respect to an undertaking operating outside Finland, only information related to the regular report referred to in subsection 1(1), and having fundamental significance for the staff in Finland shall be given in national group co-operation in addition to the consolidated annual accounts referred to in this section.
- (4) In international group co-operation, the group management shall give the information referred to in subsection 1(1) to a meeting of an works council in accordance with section 11g in such a way that interaction between the group management and staff, and among members of the staff can take place when the matter is being dealt with. Information on matters referred to in subsection 1(2) and (3) shall be given to the works council or its working committee, if such has been elected, when the

information concerns at least two undertaking or businesses located in two member states, in which case the works council or working committee can also convene with the group management or some other company management better suited to the purpose. The meeting can also be attended by the members of the works council who represent undertakings or businesses which will be directly affected by the measures in question.

Section 11 e - (614/1996) Staff representatives in group co-operation

- (1) Unless otherwise agreed on national co-operation in accordance with section 11 c, the staff of each Finnish group company are entitled to elect at least one representative among themselves for group co-operation. Staff representatives shall be elected in such a manner that all personnel groupings within the group are represented. If the company has several operational units, it suffices if a person represents the staff of units belonging to a given regional or operational entity.
- (2) In international group co-operation, the group staff in Finland are entitled to elect its representative to a special negotiating body, co-operation body based on an agreement or a works council through agreement or election. If the staff are unable to agree on the procedure to be observed, the labour protection delegates representing the highest number of workers and employees must organise the election or other selection procedure together in such a

manner that all staff members are entitled to participate in it. The staff representatives from other European Economic Area member states are elected in accordance with the national legislation of each unit. The provisions of this paragraph on the right of staff in Finland to elect representatives shall also apply when the obligation to arrange group co-operation is based on legislation of some European Economic Area member state other than Finland.

- (3) The provisions of chapter 7, section 10, of the Employment Contracts Act on giving notice of a shop steward's or an elected representative's employment contract shall correspondingly apply to protection against unilateral termination of the employment contract of a staff representative and his deputy elected for international co-operation in accordance with subsection 2. (67/2001)

Section 11 f - (614/1996) Special negotiating body in international group co-operation

- (1) The function of the special negotiating body is to negotiate with the group management on the arrangement of international group co-operation. The agreement on this must be approved by a majority of the negotiating body. The special negotiating body meets with the group management at the latter's invitation. The initiative can come either from the group management or from the group staff, in accordance with section 11 c. The special negotiating body shall have at least three and at most 17 members.

- (2) The special negotiating body shall include one representative elected by the staff from each of the European Economic Area member states in which the group has an undertaking or business. In addition, further members shall be elected in proportion to the number of workers and salaried staff working in the various countries. The group staff representatives from Finland and the group management shall jointly confirm the number of further members.
- (3) The special negotiating body can decide by at least a two thirds majority not to start negotiations on the arrangement of international group co-operation or to stop negotiations that have already begun. A new request to have the special negotiating body convened cannot be made any earlier than two years from the said decision, unless the group management and the special negotiating body agree on a shorter period.

Section 11 g - (614/1996) The works council in international group co-operation

- (1) The works council shall have at least three and at most 30 members. One representative elected by the staff shall be elected to the works council for each European Economic Area member state in which the group has an undertaking or business. In addition, further members shall be elected in proportion to the number of workers and salaried staff working in the various countries. The number of works council

members and any changes in this number shall be confirmed jointly by the council and the group management. The works council can set up a working committee from among its members, comprising not more than three members.

Section 12 - *Obligation to observe secrecy*

- (1) In so far as the wage-earners or salaried employees or staff representatives in an undertaking become acquainted in accordance with this Act with information relating to the employer's business or trade secrets and the dissemination of such information would probably be prejudicial to the undertaking or to any business relation of or contracting party to the undertaking, and the fact has been indicated by the employer, such information shall be discussed only by the wage-earners or salaried employees or staff representatives concerned in the matter and the information shall not be revealed to any other person.
- (2) Information relating to a private person's financial situation or state of health or concerning him personally in any other way shall also be kept secret if the person's permission to reveal the information has not been obtained.

Section 13 - *Release from work; compensation*

- (1) The employer shall release the staff representatives referred to in this Act from their normal work for

such time as they require for the co-operation procedure or group co-operation in accordance with this Act, and for any mutual preparations between staff representatives directly related to them, and compensate them for any consequent loss of earnings. Any other release from work and related compensation for loss of earnings shall be agreed upon case by case between the staff representative concerned and the employer. The employer shall also compensate for other costs arising from group co-operation in accordance with this Act. Such costs shall also be considered to include reasonable costs from use of experts that the special negotiating body or works council or its working committee uses as assistance for meetings with the group management. (614/1996)

- (2) In so far as a staff representative takes part in the co-operation procedure 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 a fee corresponding to the meeting fee payable under the provisions currently in force for Government commissions.

Section 14 - *Right to conclude agreements*

- (1) Nationwide associations of employers and employees may conclude agreements in derogation to the provisions in sections 3 and 4 (Parties to co-operation); section 6 (Matters covered by the co-operation procedure); section 6 a (Determining the obligation to negotiate following a business

transfer, division or merger); section 6 b (Plans regarding staff and training); section 7 (Co-operation procedure); section 7 a (Proposal for negotiations); section 7 b (Information to be provided by the employer); section 7 d (Action plan and operating principles); section 8 (The obligation to negotiate, and its fulfilment); section 8 a (Registering the outcome of negotiations); section 11 (Obligation of employers to provide information); sections 11 b to 11 e (Group co-operation); and section 13 (Release from work for staff representatives and the compensation therefor). (457/2005)

- (2) Any agreement covered by the first paragraph of this section shall have the same legal force and effect as a concluded collective agreement has under the Collective Agreements Act (436/1946). The provisions of the agreement may also be applied by an employer bound by it to wage-earners and salaried employees who are not bound by it but who are members of the staff grouping to which it relates.

Section 15 - (1195/1990) *Supervision*

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

Section 15 a - (724/1988) *Indemnification*

- (1) Where a matter referred to in section 6, paragraphs 1 to 5, deliberately or by gross negligence has been resolved without observing the provisions in section 7(1) to (3), section 7 a, section 7 b(3), or section 8, and the employee's contract has been reduced into a part-time one, or terminated, or he has been laid off, for reasons relating to that decision, he shall be entitled to receive the pay for a maximum of 20 months as indemnification from the employer.
(457/2005)
- (2) 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 and any other liabilities for indemnification arising from the same measures. Where the neglect, considering the circumstances, can be considered minor, it shall be possible to refrain from imposing liability for indemnification.
- (3) The right of an employee to indemnification shall expire if no action is brought within a year of the right's coming into existence.

Section 16 - (675/1995) *Penalties*

- (1) A person belonging to the group management, the employer, or the representative of either, who intentionally or through carelessness fails to

observe the provisions of section 7, 7 b(1) and (2), 9, 11 or 11 d, or those of section 13 other than concern duty to make payment, or who substantially fails to comply with the terms of the agreement referred to in section 11 c(1) or (3), shall be sentenced to a fine for violation of the co-operation obligation. How liability is shared between the employer and the employer's representatives shall be determined according to the principles laid down in chapter 47, section 7, of the Penal Code. (457/2005)

- (2) Punishment for violation of section 11 e is prescribed in chapter 47, section 5, of the Penal Code.
- (3) Punishment for violation of the obligation to observe secrecy as prescribed in section 12 shall be imposed in accordance with chapter 38, section 2(2) of the Penal Code, unless more severe punishment for the act than as provided in chapter 38, section 1, of the Penal Code is prescribed elsewhere.

Section 17 - *Entry into force*

- (1) This Act enters into force on July 1, 1979.
- (2) It repeals the Act of December 30, 1949 (843/1949) respecting production committees, as subsequently amended.
- (3) It also repeals the Act of June 1, 1922 (142/1922) respecting rules of employment, as subsequently

amended. Notwithstanding the foregoing, rules of employment that have been confirmed for an undertaking shall remain in force until amended in accordance with this Act, but not for longer than two years.

- (4) Where, according to the rules of a pension trust, it is the duty of a production committee to elect the Board members referred to in the Act on pension trusts, or to elect an accountant who represents the employees falling within the scope of the trust and referred to in the said Act, section 11, these duties shall be transferred to the representatives of the staff referred to in this Act, when it becomes effective. After this Act comes into force, the staff representatives shall also nominate representatives to the Board of the vocational education institution of the undertaking when that duty, before this Act came into force, belonged to the production committee.