

FINNISH NATIONAL LEGISLATION

Selected provisions of the Employment Contracts Act (55/2001)

Chapter 1

General provisions

Section 1. Scope of application

This Act applies to contracts (*employment contracts*) entered into by an employee, or jointly by several employees as a team, agreeing personally to perform work for an employer under the employer's direction and supervision in return for pay or some other remuneration.

This Act applies regardless of the absence of any agreement on remuneration, if the facts indicate that the work was not intended to be performed without remuneration. Application of the Act is not prevented merely by the fact that the work is performed at the employee's home or in a place chosen by the employee, or by the fact that the work is performed using the employee's implements or machinery.

Section 2. Derogations from scope of application

This Act does not apply to:

- 1) employment relations or service obligations subject to public law;
- 2) ordinary hobby activities;
- 3) such contracts on work to be performed which are governed by separate provisions by law.

CHAPTER 2

Employer's obligations

Section 1. General obligation

The employer shall in all respects work to improve employer/employee relations and relations among the employees. The employer shall ensure that employees are able to carry out their work even when the enterprise's operations, the work to be carried out or the work methods are changed or developed. The employer shall strive to further the employees' opportunities to develop themselves according to their abilities so that they can advance in their careers.

Chapter 7

Grounds for termination of the employment contract by means of notice

Section 1. General provision on the grounds for termination of an employment contract

The employer shall not terminate an indefinitely valid employment contract without proper and weighty reason.

Section 2. Termination grounds related to the employee's person

Serious breach or neglect of obligations arising from the employment contract or the law and having essential impact on the employment relationship as well as such essential changes in the conditions necessary for working related to the employee's person as render the employee no more able to cope with his or her work duties can be considered a proper and weighty reason for termination arising from the employee or related to the employee's person. The employer's and the employee's overall circumstances must be taken into account when assessing the proper and weighty nature of the reason.

At least the following cannot be regarded as proper and weighty reasons:

- 1) illness, disability or accident affecting the employee, unless working capacity is substantially reduced thereby for such a long term as to render it unreasonable to require that the employer continue the contractual relationship;
- 2) participation of the employee in industrial action arranged by an employee organization or in accordance with the Collective Agreements Act;
- 3) the employee's political, religious or other opinions or participation in social activity or associations;
- 4) resort to means of legal protection available to employees.

Employees who have neglected their duties arising from the employment relationship or committed a breach thereof shall not be given notice, however, before they have been warned and given a chance to amend their conduct.

Having heard the employee in the manner referred to in chapter 9, section 2, the employer shall, before giving notice, find out whether it is possible to avoid giving notice by placing the employee in other work.

What is provided in subsections 3 and 4 need not be observed if the reason for giving notice is such a grave breach related to the employment relationship as to render it unreasonable to require that the employer continue the contractual relationship.

Section 3. Financial and production-related grounds for termination

The employer may terminate the employment contract if the work to be offered has diminished substantially and permanently for financial or production-related reasons or for reasons arising from reorganization of the employer's operations. The employment contract shall not be terminated, however, if the employee can be placed in or trained for other duties as provided in section 4.

At least the following shall not constitute grounds for termination:

- 1) either before termination or thereafter the employer has employed a new employee for similar duties even though the employer's operating conditions have not changed during the equivalent period; or
- 2) no actual reduction of work has taken place as a result of work reorganization.

Section 4. Obligation to offer work and provide training

Employees shall primarily be offered work that is equivalent to that defined in their employment contract. If no such work is available, they shall be offered other work equivalent to their training, professional skill or experience.

The employer shall provide employees with training required by new work duties that can be deemed feasible and reasonable from the point of view of both contracting parties. If an employer which in fact exercises control in personnel matters in another enterprise or corporate body on the basis of ownership, agreement or some other arrangement cannot offer an employee work as referred to in subsection 1, it must find out if it is possible to meet the employer's obligation to provide work and training by offering the employee work in other enterprises or corporate bodies under its control.

Chapter 12

Liability for damages

Section 1. General liability

If the employer intentionally or through negligence commits a breach against obligations arising from the employment relationship or this Act, it shall be liable for the loss thus caused to the employee.

In derogation from the provisions of subsection 1 above, liability for termination of the employment contract contrary to the grounds laid down in chapter 1, section 4, or in chapters 7 or 8 is determined under section 2.

If the employee intentionally or through negligence commits a breach against, or neglects obligations arising from, the employment contract or this Act or at work causes a loss to the employer, the employee shall be liable to the employer for the loss thus caused in accordance with the grounds laid down in chapter 4, section 1, of the Tort Liability Act (412/1974).

The compensation for neglecting to observe the period of notice is determined under chapter 6, section 4. Chapter 5, section 7(3) lays down provisions on the entitlement of an employee who has been laid off for a minimum of 200 days, and who terminates the employment relationship, to receive compensation equivalent to pay or part of it for the period of notice.

Section 2. Compensation for groundless termination of an employment contract

If the employer has terminated an employment contract contrary to the grounds laid down in this Act, it must be ordered to pay compensation for unjustified termination of the employment contract. If the employee has cancelled the employment contract on the grounds laid down in chapter 8, section 1, arising from the employer's intentional or negligent actions, the employer must be ordered to pay compensation for unjustified termination of the employment contract. The exclusive compensation must be equivalent to the pay due for a minimum of three months or a maximum of 24 months. Nevertheless, the maximum amount due to be paid to shop stewards elected on the basis of a collective agreement or to elected representatives referred to below in chapter 13, section 3, is equivalent to the pay due for 30 months.

Depending on the reason for terminating the employment relationship, the following factors must be taken into account in determining the amount of compensation: estimated time without employment and estimated loss of earnings, the remaining period of a fixed-term employment contract, the duration of the employment relationship, the employee's age and chances of finding employment corresponding to his or her vocation or education and training, the employer's procedure in terminating the contract, any motive for termination originating in the employee, the general circumstances of the employee and the employer, and other comparable matters. In determining the compensation, account must be taken of any compensation adjudicated for the same act by virtue of the Non-discrimination Act. (1331/2014)

If the employer has terminated the employment contract contrary to the grounds laid down in chapter 7, sections 3 or 7, or cancelled it contrary to the grounds laid down in chapter 1, section 4, or solely contrary to the grounds laid down in chapter 8, section 1, the provision in subsection 1 on minimum compensation shall not apply.

[Selected provisions of the Collective Agreements Act \(436/1946\)](#)

Section 1.

A collective agreement within the meaning of this Act is any agreement concluded by one or more employers or registered associations of employers and one or more registered associations of employees, concerning the conditions to be complied with in contracts of employment or in employment generally. For the purposes of this Act, "association of employers" means any association whose specific objects include that of safeguarding the employers' interests in the matter of employment; and "association of employees" means any association whose specific objects include that of safeguarding the employees' interests in the matter of employment.

Section 2.

Every collective agreement shall be drawn up in writing. Such agreement shall also become effective if the content thereof is entered in the record drawn up during the negotiations between the parties and the said record is certified in a manner to be mutually agreed. The employer party to the agreement shall, within one month of the date on which the agreement was signed, deliver it as a paper copy and electronically to the ministry in charge of occupational safety and health and their supervision. In addition, an employer party to a national collective agreement shall provide the said authority with the number of its member companies and the number of their employees grouped according to the collective agreements that apply to their employment relationships. When an individual employer separately agrees in writing with an association of employees referred to in section 1, paragraph 2, that it will observe the regulations of a national collective agreement, it, too, shall provide the authority referred to above with the number of its employees that are covered by the agreement it has made.

If an employer, an employers' association or an employees' association later accedes to the collective agreement or a possessor of an undertaking becomes a party to it under section 5 or if the collective agreement expires in respect of some or all of the parties thereto, the employer party to the agreement shall notify the authority referred to in paragraph 2 within one month. An employee party to a national collective agreement shall provide the authority referred to in paragraph 2 with information on its employed members grouped according to the collective agreements that apply to their employment relationships.

Section 3.

Where a collective agreement is not concluded for a definite period, three months' notice of termination of the agreement may be given by any party at any time in default of a stipulation to the contrary as to the period of notice. Any collective agreement which is concluded for a period of more than four years shall be treated on the expiration of the four years as a collective agreement for an indefinite period.

Notice of termination shall be given in writing.

Section 4.

A collective agreement shall be binding on

- 1) the employers and associations who or which concluded the collective agreement or subsequently accede to the agreement in writing and with the consent of the parties;
- 2) registered associations which are subordinated directly or through one or more intermediaries to the associations mentioned in the preceding point; and
- 3) employers and employees who are, or during the period of the agreement were members of an association bound by the agreement; and the said employers and employees shall be required to observe the provisions of the collective agreement in all contracts of employment concluded between them.

Similarly, an employer bound by a collective agreement shall not conclude, within the area covered by the agreement, any contract of employment containing clauses which are at variance with the collective agreement with an employee who, though not bound by the said agreement, performs work covered by the collective agreement. The provisions of the first and second paragraphs shall not, however, apply to any association, employer or employee which or who is bound by an earlier collective agreement containing other conditions, or in so far as the scope of operation of a collective agreement is limited in the agreement itself.

Section 5.

If the possessor of an undertaking was a party to, or was otherwise bound by a collective agreement, his successor shall take over all the rights and obligations of the former possessor under the collective agreement.

Section 6.

Where any part of a contract of employment is at variance with a collective agreement applicable thereto, such part of the contract of employment shall be invalid and superseded by the corresponding provisions of the collective agreement.

Section 7.

If any employer or employee bound by a collective agreement wittingly violates, or should reasonably have known that he violates, any provision in the said agreement, he may be ordered to pay a compensatory fine not exceeding EUR 23,500 in the case of an employer and not exceeding EUR 230 in the case of an employee (864/2001).

The compensatory fine may be repeated until the circumstances which are contrary to the collective agreement cease to exist.

The above provisions may be excluded or varied in the collective agreement.

Section 8.

A collective agreement shall bind all employers and associations who and which are parties thereto or otherwise bound thereby, and likewise any associations whose members or subordinate associations mentioned in point 2 of the first paragraph of section 4 have concluded the agreement with the consent of the association, to refrain from any hostile action directed against the collective agreement as a whole or against any particular provisions thereof.

Furthermore, the associations which are bound by the agreement shall be required to ensure that the associations, employers and employees subordinated to them and covered by the agreement refrain from any such hostile action and that they do not contravene the provisions of the collective agreement in any other manner.

An association which is party to a collective agreement is regarded to have failed to fulfil its supervisory duty referred to in paragraph 1 if a clear and undisputed provision of the collective agreement has not been applied in accordance with the unanimous opinion of the associations which are parties to the agreement and if, taking account of the circumstances, the incorrect application is not adjusted quickly, when the association has received knowledge of it. (660/1984)

Section 9.

An association and employer, party to the collective agreement or otherwise bound by it, which does not fulfil its responsibilities under the agreement, as referred to in section 8, shall, unless otherwise stipulated in the collective agreement, pay a compensatory fine in lieu of damages. This fine may not exceed EUR 23,500. (864/2001)

If the contravention of the provisions of the collective agreement consists in the fact that a money payment provided for in the agreement was not made, the offender may also be required to pay the amount due.

Section 10.

When a compensatory fine is imposed, all the facts which have emerged, such as the extent of the damage, the degree of guilt, any cause given by the other party to the violation and the size of the association or undertaking, shall be taken into account. For a special reason, it shall be possible to refrain from imposing a compensatory fine.

Unless otherwise prescribed in the collective agreement, the compensatory fine imposed shall go to the injured party, if property loss has occurred, but otherwise to the party upon whose claim the judgment has been given. If there are several parties entitled to the amount of compensation, the judgment shall

determine, taking account of the extent of the loss suffered by each of them or their members and those represented, how the compensation imposed shall be divided among the parties mentioned.

Section 11.

Where the provisions of a collective agreement have been disregarded to such a material degree that the other parties bound thereby cannot reasonably be required to continue to abide by the agreement, the said agreement may forthwith be declared to be no longer binding. If there are two or more parties on either side to a collective agreement and the said agreement is declared to be no longer binding as a result of proceedings brought against any one of them, it may be also terminated against the remainder by giving them notice within two weeks. If a collective agreement is declared to be no longer binding and if there is another party to the agreement on the same side as the party who instituted proceedings, the said party shall be entitled to give notice of termination of the agreement within two weeks.

Any agreement in respect of which notice is thus given shall forthwith cease to have effect.

Section 12.

Every employer who is bound by a collective agreement shall post up a copy thereof in the workplace.

Section 13.

If any employer fails to discharge the obligations imposed upon him under section 12, he shall be liable to a fine [not exceeding ten day-fines].

Section 13 a.

The monetary amounts referred to in sections 7 and 9 above shall be revised by decree at threeyear intervals to correspond to any changes in monetary value.

Section 14.

This Act shall come into operation on 1 July 1946, and the Act of 22 March 1924 respecting collective agreements (No. 88 of 1924) is thereby repealed.

[Selected provisions of the Act on Co-operation within Undertakings \(334/2007\)](#)

Chapter 1

General provisions

Section 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.

Section 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, subsections 3 and 4, sections 18 and 19 and section 27, subsection 1, paragraphs 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.

Section 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.

Chapter 8

Co-operation procedure in reducing the use of personnel

Section 44. 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, subsection 2 of the Employment Contracts Act.

Section 45. 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.

Section 46. 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, subsection 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.

Section 47. 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.

Section 48. 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.

Section 49. (923/2012) 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 authorities providing employment and business services examine the public employment services supporting employment.

In using the services referred to in the Act on the Public Employment and Business Service (916/2012) 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 and Business Service.

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

Section 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.

Section 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.

Section 52. 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.

Section 53. 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

Section 54. 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.

Section 55. 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.

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.

Section 57. 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, paragraphs 2 and 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.

Section 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.

Section 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.

Section 60. Derogations from the co-operation procedure

The employer can decide upon a matter referred to in sections 32 and 33 and in section 44, subsection 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.

Section 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, subsection 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.

Section 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.

Section 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.

Act on Co-operation within Finnish and Community-wide Groups of Undertakings (335/2007)

Chapter 1

General provisions

Section 1. Purpose of the Act

This Act lays down provisions on the co-operation procedures between the undertaking's management and personnel of both Finnish and community-wide groups of undertakings utilised to ensure the exchange of opinions and dialogue between the employees' representatives and undertaking's management concerned. The purpose of the Act is to improve the rights of employees to obtain information and to be consulted with regard to operation of undertakings and groups of undertakings and their future prospects and in particular on matters the decisions of which affect the position of the employees and their employment within the group of undertakings or the undertaking. The purpose of the Act is also to promote joint interaction between the employees of the undertakings and the groups of undertakings.

Section 2. Scope of application

The provisions in chapters 1, 2, 4 and 5 of this Act apply to Finnish groups of undertakings referred to in section 7 and in undertakings, whose operations comprise of administratively independent operational units. The provisions in chapters 1 and 3–5 of this Act apply to community-wide group of undertakings and a community-wide undertaking referred to in section 13.

Section 3. Other legislation on the employees' rights of participation

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

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

Notwithstanding the provisions of this Act in co-operation between a Finnish undertaking and its personnel the provisions of the Act on Co-operation within Undertakings (334/2007) shall be applied.

Section 4. Group of undertakings and the controlling undertaking

Group of undertakings referred to in this Act means a group, which contains the controlling undertaking and the undertakings in control.

An undertaking, which has decisive influence in another undertaking by ownership, participation in the financing or on the basis of the articles of association or byelaws of the undertaking in control or in another similar way shall be considered as a controlling undertaking.

Unless otherwise established, the undertaking is considered to exercise control in another undertaking:

- 1) when it has the power to directly or indirectly appoint more than half of the members of the undertaking's board of directors or a similar organ;
- 2) when it holds a majority of the undertaking's voting rights on the basis of shares or interests; or
- 3) when it directly or indirectly owns more than half of the undertaking's shares or interests.

If two or more undertakings within the group of undertakings can be considered to exercise control, the control is primarily with the undertaking referred to in section 3(1) and secondarily with the undertaking referred to in section 3(2) unless it can be established that one of the undertakings exercises control on other grounds.

The law applicable to determination of control within a community-wide group of undertakings or an undertaking is laid down in section 16.

Section 5. Counting the number of employees

The number of employees referred to in sections 7 and 13 within a Finnish group of undertakings and an undertaking are calculated, taking into account part-time and fixed-term employees, as an average of the employees employed within the undertaking during the past two (2) years.

Chapter 2

Co-operation within a Finnish Group of Undertakings

Section 7. Group of undertakings and an undertaking

The provisions of this chapter shall apply to a Finnish group of undertakings, which has a total minimum of 500 employees in Finland. The provisions shall apply to those Finnish undertakings within a group of undertakings which have at least 20 employees.

If the group of undertakings consists of one or more groups of undertakings the provisions of this chapter shall only apply to the uppermost group of undertakings unless the management and employees' representatives of the latter otherwise agree on the arrangement of co-operation.

The provisions of this chapter shall also apply once the number of employees referred to in subsection 1 above is fulfilled to such Finnish undertaking the operations of which consist of administratively independent operational units located in different places in Finland. The provisions relating to an undertaking within a group of undertakings apply to the administratively independent operational units.

If the field of activity of an undertaking belonging to a group of undertakings or an operational unit of an undertaking is not closely connected to the productive or service operations the group of undertakings or the undertaking engages in and the operation of the said undertaking or operational unit is not significant for the position of the employees of the group of undertakings or the undertaking, the said undertaking can be excluded from the co-operation prescribed in this chapter.

Section 8. Agreement on co-operation

Management of a group of undertakings or an undertaking and the employees' representatives can notwithstanding the provisions of sections 9—12 agree on the content and the procedure of cooperation and the quantity and division of the employees' representatives by personnel groups.

Each personnel group of the group of undertakings or the undertaking is entitled to choose one representative among its number to the employees' negotiating body. The personnel groups can jointly agree

prior to election of the representatives that a maximum of three additional members are to be elected to the employees' negotiating body. It shall be agreed at the same time which personnel groups are entitled to choose the additional members.

Agreement on co-operation shall be made in writing. The agreement can be in force for a fixed-term or until further notice. The agreement in force until further notice can be terminated by the management of the group of undertakings or the undertaking and by each personnel group's representative referred to in the contractual co-operation. If the personnel group has more than one representative, their consensus is required for the agreement to be terminated. The right of the representatives of the personnel groups to terminate this agreement can be restricted by the agreement on co-operation. The period of notice is eight months unless otherwise agreed.

Once the agreement on co-operation ceases to be in force, the provisions of sections 9—12 shall apply.

Section 9. Standard rules on co-operation within a group of undertakings and an undertaking

The provisions of sections 10—12 shall apply to a group of undertakings and an undertaking, where no agreement has been concluded on co-operation between the management and the employees. Agreement on co-operation within a group of undertakings or an undertaking can be concluded at any time notwithstanding the provisions of sections 10—12.

In a group of undertakings or an undertaking, which fulfils the preconditions for application provided in section 7 after its number of employees has increased, however, the standard rules shall only be applicable after 12 months from the commencement of the negotiations referred to in section 8, nevertheless, at the latest within 24 months from the date the preconditions for application of the Act were fulfilled unless co-operation has been earlier agreed upon.

Section 10. Employees' representatives

The employees of each Finnish undertaking of the group of undertakings are entitled to choose one representative from among their number for the co-operation between the management and employees of the group of undertakings. The employees' representatives shall be elected so that all personnel groups in the group of undertakings have at least one representative.

Section 11. Matters informed of and handled in the co-operation procedure

The employees' representatives of the undertakings operating in Finland belonging to the group of undertakings shall be provided with:

- 1) A comprehensive report on the financial position of the group of undertakings together with the consolidated financial statements or if the group of undertakings is under law not required to prepare the consolidated financial statements a similar report available to the group of undertakings;
- 2) once during the accounting period information on the group of undertakings' prospects for production, employment, profitability and cost structure and an evaluation of probable changes in the number of personnel and the requirements for employees' occupational skills or competences in each personnel group;
- 3) information on the resolutions proposed by the management of the group of undertakings regarding material expansion, reduction or closure of the operations of a undertaking belonging to the group of undertakings; and

- 4) information on the resolutions proposed by the management of the group of undertakings which affect the position of the employees in materially changing the product range, services or other similar activity of the undertaking belonging to the group of undertakings.

An undertaking belonging to the group of undertakings but operating outside Finland shall be given in addition to the information evident from the consolidated financial statements or similar report only such information referred to in subsection 1(2) which has material significance to the position of the group of undertakings' employees working in Finland.

Section 12. Co-operation procedure

A person familiar with the matters informed about who belongs to the management of a group of undertakings or an undertaking referred to in section 7(3) or is appointed by the management, shall provide the information referred to in section 11(1) so that in discussing the matters the joint interaction between the management of the group of undertakings or the undertaking consisting of independent operational units and the employees' representatives can be realised as well as the joint interaction between the employees' representatives.

Information of the matters referred to in section 11(1)(3) and (4) shall be provided for the employees' representatives concerned. The said information shall be provided so that the cooperation procedures and negotiations referred to in chapters 6—8 of the Act on Co-operation within Undertakings can be applied in the undertaking or operational unit concerned.

[Working Hours Act \(605/1996\)](#)

Chapter 1

Scope of the act

Section 1. Scope

This Act applies to all work performed under an employment contract as referred to in section 1 (1), of the Employment Contracts Act (55/2001) or within a state civil servant's or municipal officeholder's service relationship, unless otherwise provided. In addition, the Act on Young Employees (998/1993) applies to work performed by persons under the age of 18. (64/2001)

What is prescribed in this Act concerning employees also applies to civil servants and officeholders, unless otherwise provided. Moreover, what this Act prescribes concerning collective agreements also applies to collective agreements for state civil servants and municipal officeholders.

Section 2. Derogations to scope

With the exception of section 15 (3), this Act does not apply: (634/2002)

- 1) to work which must be considered management of an undertaking, corporation or foundation or an independent part thereof by virtue of the relevant duties and of the employee's position otherwise, or independent work directly comparable to such management;
- 2) to employees who perform religious functions in the Evangelical-Lutheran Church, Orthodox Church or some other religious community;
- 3) to work performed by an employee at home or otherwise in conditions where it cannot be considered a duty of the employer to monitor arrangement of the time spent on said work;

- 4) to forest, forest improvement and timber-floating work or to related work, excluding mechanical forest and forest improvement work and short-distance timber transport performed off-road;
- 5) repealed (991/2010);
- 6) to work performed by members of the employer's family;
- 7) to reindeer husbandry;
- 8) to fishing and processing of the catch immediately connected therewith;
- 9) to work where the working hours have been separately prescribed or which is covered by another act on working hours, under which it has been exempted from working hour restrictions; or
- 10) to work performed by civil servants that is covered by the Act on the working hours of Defence Force civil servants (218/1970) or by civil servants of the Frontier Guards, unless otherwise prescribed by decree.

The provisions of section 28 (1) (2), and sections 29-32 of this Act do not apply to a motor vehicle driver's work as stipulated in Council Regulation on the harmonization of certain social legislation relating to road transport (EEC) No. [3820/85 repealed] (561/2006)

Chapter 2

Definition of working hours

Section 4. Working hours

The time spent on work and the time an employee is required to be present at a place of work at the employer's disposal are considered working hours.

Daily periods of rest as referred to in section 28 or based on agreement are not included in working hours if the employee is free to leave the place of work during these times.

Travel time is not included in working hours if it does not constitute work performance.

Section 5. Stand-by time

An employer and an employee can agree that the employee is required to remain at home or otherwise available to be called in to work when necessary. Stand-by time is not included in working hours. The length and frequency of stand-by time must not excessively disrupt the employee's free time.

Upon agreeing on stand-by, the employer and employee must also agree on remuneration for it. The restrictions imposed by stand-by on the employee's use of free time must be taken into consideration in the amount of the remuneration. At least half of the time the employee spends on stand-by at home must be remunerated either in pay or by corresponding free time during regular working hours.

If stand-by is necessary due to the nature of the work and for extremely compelling reasons, a civil servant or an officeholder in a public corporation cannot refuse to do it.

Chapter 3

Regular working hours

Section 6. General provision

Regular working hours shall not exceed eight hours a day or 40 hours a week. The regular weekly working hours can also be arranged in such a way that the average is 40 hours over a period of no more than 52 weeks.

Chapter 4

Exceeding regular working hours

Section 17. Additional work and overtime

Additional work refers to work done on the employer's initiative which does not exceed the regular working hours prescribed in sections 6 or 7, agreed under sections 9, 10 or 12, or referred to in section 14.

Overtime refers to work carried out on the employer's initiative in addition to the regular working hours referred to in subsection 1.

Section 18. Employee's consent

The specific consent of the employee is required each time overtime is required. Employees can, however, give their consent for short set periods if the nature of the work arrangements so requires.

Employees can be required to work additional hours only with their consent unless additional work has been agreed upon in their employment contract. In such cases, however, employees are entitled to refuse additional work on days which are entered as free time on the work shift schedule, provided they have a justifiable personal reason.

Upon agreeing to be on stand-by as referred to in section 5, an employee simultaneously consents to any additional work and overtime required during the stand-by time.

If the nature of the work and particularly compelling reasons necessitate additional work or overtime, civil servants or officeholders in a public corporation cannot refuse to do it.

Section 22. Remuneration payable on additional work and overtime

The remuneration paid on additional work must be at least as much as the wage paid for the agreed working hours.

When regular working hours are determined on the basis of the provisions of section 6, 9, 10, 12 or 13, the wage payable for the first two hours of overtime above the daily regular working hours shall be the regular wage plus 50 per cent, and for additional hours the regular wage plus 100 per cent. The regular wage plus 50 per cent is payable on hours exceeding the regular weekly working hours.

In the case of period-based work which has continued an entire two or three week period, the wage payable on the first 12 or 18 hours in excess of regular working hours, including preparation and completion work, shall be the regular wage plus 50 per cent, and that payable on any further hours is the regular wage plus 100 per cent. If the period has been interrupted because the employee's employment relationship has ended or because the employee has been unable to work due to leave, illness or some other valid reason, the average working hours in excess of 8 hours per work day during the interrupted period must be calculated. The wage payable on the first two of these average overtime hours is the regular wage plus 50 per cent and on the following hours, the regular wage plus 100 percent.

If regular working hours are based on the special permit or a collective agreement referred to in section 14, the permit or agreement must state how the increased wage payable on overtime is calculated.

Section 39. The preemptory nature of provisions. Derogations by employment contract



Any agreement whereby the benefits accruing to employees under this Act are restricted is void, unless otherwise provided herein.

Managerial employees and employees whose primary duty is to directly supervise or oversee work and who do not participate or participate only temporarily in the work of those whose work they supervise or oversee are, however, entitled to enter into an agreement whereby the remunerations referred to in sections 22 and 33 are paid as a separate monthly remuneration.

An employer and an employee can agree that the remuneration for the preparation and completion work referred to in section 20 (1), paragraphs 1 and 3, will be paid separately per wage-payment period. The said remuneration must correspond in level to the overtime remunerations determined as prescribed in section 22.