

## Legal Alert

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## New industry agreement for the oil and gas sector

Companies in Russia's oil and gas sector, including construction companies, have until March 5, 2020 to opt out of a new Federal Industry Agreement for the Oil and Gas Sector for 2020-2022 ("**Agreement**"), by submitting a motivated notice to the Ministry of Labor and Social Security ("**Ministry of Labor**").

A Federal Industry Agreement is a sector-specific regulatory act that establishes general terms for employee salaries, guarantees and benefits. These agreements, which are negotiated between trade unions and the Ministry of Labor, are binding on all companies, unless those who opt out by providing justified reasons.

### Provisions of the Agreement

The Agreement provides a number of significant additional guarantees to workers in the oil and gas sector over and above those provided by the Labor Code. In particular, companies are obliged to:

- pay an additional 40% of the wage rate (base salary) for each hour of night work (current legislation provides for an additional 20%)
- pay a one-off sum of compensation for injury caused by accidents at work or occupational diseases of up to 430 times the minimum wage (RUB 4,735,160 as of Q1 2020)
- make additional payments to employees in connection with retirement, vacation, etc.
- pay additional maternity and sick leave allowances in accordance with the collective agreement and local policies
- provide employees with additional paid days off for family reasons
- ensure financial support for children's recreational holidays, and pay for children to attend recreational camps and transportation costs to and from children's recreational camps
- provide voluntary medical insurance and non-state financial support for employees, depending on the company's financial situation
- provide additional social benefits to working women and other persons with family responsibilities, including the payment of a lump-sum allowance at the birth of a child
- provide additional guarantees to employees of pre-retirement age, including giving them a pre-emptive right to remain at work in the event of staff redundancy

Trade unions are given the following additional rights under the Agreement:

- Companies are obliged to allocate at least 0.3% of payroll to trade unions to fund cultural and health-related activities.
- Companies are obliged to consult trade unions in the event of any reorganization.



## Actions to consider

Companies that do not wish to join the Agreement should submit their reasoned refusals as soon as possible, together with records of consultations with the elected body of the primary trade union. The Ministry of Labor may require such companies and the relevant union representatives to attend further consultations.

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