

**Translation from Finnish****Legally binding only in Finnish or Swedish****Ministry of Economic Affairs and Employment, Finland****Co-operation Act**

*(1333/2021, amendments up to 91/2023 included)*

By decision of Parliament, the following is enacted:

**Chapter 1****General provisions****Section 1****Purpose of the Act**

The purpose of this Act is to promote a workplace culture of co-operation between employer and personnel, with each party respecting the rights and obligations and taking into account the interests of the other. It is also the purpose of this Act to ensure continuous development of the undertaking's operations and the workplace community, and to improve efficiency and well-being at work.

Furthermore, the Act aims to ensure the sufficient and timely flow of information between employer and personnel and to safeguard the personnel's possibility to influence decisions made by the undertaking relating to their work, working conditions or position in the undertaking. The purpose is also to enhance co-operation between the employer, personnel and employment authorities to improve the position of the employees as well as support their employment in the event of changes in the operations of the undertaking.

**Section 2****Scope of application**

This Act applies to undertakings and corporations carrying out an economic activity and regularly employing at least 20 persons with employment contracts. The Act also applies to a branch referred to in section 2 of the Freedom of Enterprise Act (122/1919), chapter 1, section 13 of the

Act on Credit Institutions (610/2014) and chapter 3, section 1 of the Insurance Companies Act (521/2008), in which the number of employees in regular employment relationships is at least 20. However, chapter 5 of this Act only applies to such Finnish limited liability companies, co-operatives and other economic societies, insurance companies, commercial banks, co-operative banks and savings banks that have a regular staff of at least 150 working in Finland.

### **Section 3**

#### **Derogations from the scope of application**

This Act does not apply to offices or public services as provided in section 2 of the Act on Co-operation within Government Agencies and Public Services (1233/2013), unless otherwise provided in section 2, subsection 1 of the said Act. This Act does not apply to offices and public services of municipalities, federation of municipalities, wellbeing services counties, joint county authorities for wellbeing services, Evangelical Lutheran Church, Orthodox Church or Province of Åland or its municipalities or federations of municipalities. (91/2023)

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

Chapter 2 of the Act does not apply to a bankruptcy estate.

### **Section 4**

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

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

The Act on Employee Involvement in European Companies and European Cooperative Societies as well as on Employer Obligations and Employee Involvement in Cross-Border Restructuring of Companies (758/2004) provides for the arrangement of employee involvement in the governance of European companies and European co-operative societies and cross-border mergers or divisions. (91/2023)

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

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

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

The Securities Markets Act (746/2012) provides for informing and consulting employees in connection with a public takeover bid.

## **Section 5**

### **Representation of personnel**

Personnel representative refers either to a shop steward elected in accordance with the relevant collective agreement or an elected representative as referred to in chapter 13, section 3 of the Employment Contracts Act (55/2001). If the matter to be handled also concerns the safety and health of the employees and the matter has not been and will not be considered in accordance with the Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces, personnel representative also refers to the occupational safety and health representative.

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

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

If the employees of a particular personnel group have not elected or in an individual case do not elect from among themselves a representative referred to in this section above, the employer may fulfil their co-operation obligation together with all the employees belonging to the personnel group mentioned.

Provisions on personnel representation in the undertaking's administration are laid down in chapter 5.

## **Chapter 2**

### **Dialogue for the development of the operations of the undertaking or corporation and for the development of the workplace community**

#### **Section 6**

##### **Obligation to engage in dialogue**

The employer shall engage in regular dialogue with the personnel representative in order to develop the operations of the undertaking or corporation and to develop the workplace community in matters falling within the scope of this Act.

*Dialogue* refers to the handling of matters by the employer and the personnel representative, which promotes the sufficient and timely flow of information between employer and employees, along with the opportunity of personnel to influence matters concerning their work, working conditions or position.

#### **Section 7**

##### **Implementation of dialogue**

The dialogue shall be implemented in a meeting between the employer and the personnel representative, with the employer responsible for its arrangements. Such meetings shall be held at least once every quarter or, if the employer has fewer than 30 employees, twice a year, unless otherwise agreed between the employer and the personnel representative. If the subject of the dialogue concerns more than one personnel group, the subject shall be discussed at a meeting with the representatives of all personnel groups concerned.

If the personnel do not have a representative, the employer may fulfil the obligation to engage in dialogue by discussing the matters referred to in sections 8 and 9 at a common event held at least once a year.

The dialogue shall be constructive in nature and the parties shall give due consideration to the interests, needs and position of each other.

## **Section 8**

### **Subject of the dialogue**

The employer and the personnel representative shall engage in regular dialogue on:

- 1) the development prospects and financial situation of the undertaking or corporation;
- 2) the rules, practices and policies applied at the workplace;
- 3) the use of personnel and the personnel structure;
- 4) the competence requirements of personnel and the development of competence;
- 5) the maintenance and promotion of well-being at work, to the extent that the matter is not dealt with in other legislation;
- 6) matters arising from other legislation laid down in section 12.

## **Section 9**

### **Workplace community development plan**

The employer shall draw up a workplace community development plan in co-operation with the personnel representative and maintain it to ensure systematic and long-term development of the workplace community. The workplace community development plan shall be drawn up and maintained as part of the dialogue referred to in section 8, subsections 3–5. If the employer dismisses employees for financial or production-related grounds, the necessary changes shall be made to the development plan in connection with the dialogue at the end of the change negotiations.

The workplace community development plan shall include:

- 1) the current state and foreseeable trends that may have an impact on personnel competence requirements or well-being at work;
- 2) objectives and measures for developing and maintaining the competence of personnel and promoting their well-being at work;
- 3) the division of responsibilities for the measures and a schedule for them; and
- 4) follow-up procedures.

The principles regarding the use of external labour shall also be recorded in the workplace community development plan.

When drawing up and maintaining the workplace community development plan, attention shall be paid as necessary to:

- 1) the impact of technological development, investments and other changes in the operations of the undertaking or corporation to the workplace community;
- 2) the specific needs of employees in different situations in life, in particular the need to maintain the working ability of employees who are at risk of incapacity for work and aged employees, and to improve the access to the labour market of employees at risk of unemployment; and
- 3) the management of the workplace community.

The plans referred to in section 6a of the Act on Equality between Women and Men (609/1986) and section 7, subsection 2 of the Non-Discrimination Act (1325/2014) can be implemented as part of the workplace community development plan.

## **Section 10**

### **Information to be provided for the dialogue**

The employer shall provide the personnel representative with all relevant information, which can be reasonably provided and which the employer has the right to provide, required for a fruitful dialogue. The information shall be provided no later than one week before the dialogue, unless otherwise agreed. After having received the information, the personnel representative shall have the right to obtain, upon request, further information on any matter relevant to the dialogue.

## **Section 11**

### **Information to be provided regularly**

Twice a year, the employer shall provide the personnel representative with:

- 1) information on personnel numbers broken down by business unit or other corresponding criteria;
- 2) information on the number of employees with fixed-term or part-time contracts;
- 3) a comprehensive report on the financial situation of the undertaking, indicating its development prospects regarding production, services or other operations, employment, profitability and cost structure.

Unless otherwise agreed, the employer shall annually provide the personnel representative with:

- 1) information on the salaries paid to the employees represented by the personnel representative, presented in such a way that it does not reveal the pay details of individual employees; this information shall be broken down by occupational group upon request;
- 2) information on the workplaces where and duties and periods for which external labour has been used, if the use has fallen within the scope of the Act on the Contractor's Obligations and Liability when Work is Contracted Out;
- 3) the financial statements and annual report, if the employer is obliged to prepare these.

The employer shall notify the personnel representative of significant changes to the information referred to in subsection 1.

If no representative has been elected for the personnel or personnel group, the employer may fulfil the obligation referred to in this section by providing only the information referred to in subsection 1, paragraph 3 at a common event arranged for all personnel or the entire personnel group.

## **Section 12**

### **Dialogue subjects arising from other legislation**

The following matters arising from other legislation shall be discussed in the dialogue referred to in section 8, subsection 6:

- 1) the collection of personal data during recruitment and during an employment relationship, as referred to in section 4, subsection 3 of the Act on the Protection of Privacy in Working Life (759/2004);
- 2) the duties referred to in sections 7 and 8 of the Act on the Protection of Privacy in Working Life, in which the job applicant or employee is either obliged to give or may consent to give a drug test certificate to the employer in accordance with section 11, subsection 4 of the Occupational Healthcare Act and the duties referred to in chapter 13, section 19a of the Seafarers' Employment Contracts Act (756/2011) where the employer may, without reasonable suspicion, oblige the employee to take a breath test; (499/2022);
- 3) the purpose, introduction and methods of camera surveillance, access control and other technical monitoring of employees, and the use of electronic mail and data networks and the processing of information pertaining to the employee's electronic mail and other electronic communications, as provided for in section 21, subsection 1 of the Act on the Protection of Privacy in Working Life;

- 4) the reasons and procedures referred to in section 148, subsection 2, paragraph 1 of the Information Society Code (917/2014), to be followed in traffic data processing referred to in sections 146–156 of the said Code;
- 5) the establishment of a personnel fund as well as the performance or profit bonus system accruing the personnel fund contributions, referred to in section 9 of the Act on Personnel Funds (934/2010), and the discontinuation of the said system and dissolution of the personnel fund under section 55 of the said Act; and
- 6) the matters referred to in section 70, subsection 4 of the Employees Pensions Act (395/2006); section 85, subsection 4 of the Public Sector Pensions Act (81/2016); section 78, subsection 4 of the Seafarers' Pensions Act (1290/2006); chapter 11, section 3, subsection 4 of the Health Insurance Act (1224/2004); section 81, subsection 4 of the Workers' Compensation Act (459/2015); and section 19, subsection 3 of the Act on the Financing of Unemployment Benefits (555/1998).

## **Section 13**

### **Proposal for dialogue**

The initiation of a dialogue on matters referred to in section 8 can be proposed by the employer or the personnel representative.

The employer shall discuss a proposal made by the personnel representative at the next meeting, unless otherwise agreed or required by a large number of proposals. If the personnel representative made the proposal less than two weeks before the meeting, the employer shall have the right to defer the matter to the meeting after that. The personnel representative who made the proposal shall be notified of such deferral.

## **Section 14**

### **Recording the dialogue**

At the request of the personnel representative, the employer shall ensure that a record is made of the matters discussed in the dialogue, indicating at least the date of the meeting, the persons in attendance, the main contents of the dialogue, and any results achieved in the matter or the differing views of the parties. The request to have the dialogue recorded shall be made no later than at the beginning of the meeting. The record shall be inspected and signed by the parties unless otherwise agreed.



## **Section 15**

### **Information**

To the extent necessary, the employer shall inform the personnel of the matters discussed in the dialogue and the measures found necessary based on the dialogue. The employer and the personnel representative shall endeavour to agree on the principles for informing the personnel. The nature and scope of the matter discussed in the dialogue, as well as the significance of the matter to the personnel, shall be taken into account in informing the personnel.

## **Chapter 3**

### **Change negotiations**

## **Section 16**

### **Matters subject to the obligation to negotiate on changes**

The employer is obliged to initiate change negotiations when considering the dismissal, lay-off, reduction to part-time employment or unilateral modification of an essential term in the employment contract of one or more employees for financial or production-related grounds. The obligation to negotiate on changes also includes significant changes in duties, working methods or arrangements related to work, work premises or regular working hours falling within the scope of the employer's power of management, when these are caused by:

- 1) the closure of the undertaking or corporation or any part thereof, its transfer to another location, or the expansion or reduction of its operations;
- 2) acquisitions of machinery and equipment or the introduction of new technology;
- 3) changes in the organisation or arrangements of work;
- 4) changes in service production or the product range;
- 5) the introduction of external labour or changes in its use; or
- 6) other changes comparable to those referred to in paragraphs 1–5.

The obligation to enter into negotiations on matters referred to in subsection 1 does not apply to an employer that has been declared bankrupt or is in liquidation, or to the parties to the decedent's estate of a natural person who are considering terminating a contract of employment as provided in chapter 7, section 8, subsection 2 of the Employment Contracts Act.

**Section 17****Timing of the change negotiations**

Change negotiations conducted on grounds provided for in section 16, subsection 1 shall be initiated when the employer is considering measures which may lead to the dismissal, lay-off, reduction to part-time employment or unilateral amendment of an essential term of the employment contract of one or more employees for financial or production-related grounds. Change negotiations on changes conducted on grounds provided for in section 16, subsection 2 shall be initiated when the employer is considering a significant change in duties, working methods, work arrangements or regular working hour arrangements which affects the status of the employee and is caused by a change referred to in section 16, subsection 2, paragraphs 1–6. The employer may resolve the matter without first conducting negotiations on changes if the negotiations are prevented by very serious, unforeseeable grounds that would cause damage to the company's production, service provision or finances. The employer shall initiate change negotiations without delay when the grounds for derogating from the negotiation obligation cease. The employer shall then explain the grounds for the exceptional procedure.

**Section 18****Parties to the change negotiations**

Change negotiations on changes shall be conducted between the employer and the personnel representative representing the employees affected by the negotiations. If the employees do not have a representative, the change negotiations shall be conducted with all of the employees affected by the negotiations.

If the measure being considered by the employer concerns an individual employee or individual employees, the negotiations may be conducted between the employer and the employee or employees concerned. In this case, however, the employee or employees have the right to demand that the negotiations be attended by a personnel representative or be conducted between the employer and the personnel representative.

In connection with a business transfer, merger or division, the transferee or receiving undertaking may also be a party to the negotiations on changes.

**Section 19**

## **Negotiation proposal and provision of information**

Before initiating change negotiations, the employer shall submit a written negotiation proposal, which shall indicate at least the starting time and place of the change negotiations and a proposal of the main points to be discussed in the negotiations.

If the change negotiations concern the dismissal, lay-off, reduction to part-time employment or unilateral amendment of an essential term of the employment contract of one or more employees within the meaning of section 16, subsection 1, the negotiation proposal shall be submitted at least five days before the start of the negotiations. In addition to the information referred to in subsection 1, the negotiation proposal shall indicate:

- 1) the planned measures and their grounds;
- 2) a preliminary estimate of the number of employees affected by the measures, broken down by personnel group and measure;
- 3) a description of the principles according to which the workers affected by the measure will be determined
- 4) an estimate of the schedule for implementing the measures.

If any of the information referred to in subsection 2 is not yet available at the time of submitting the negotiation proposal, the information shall be provided at the beginning of the change negotiations at the latest. If the missing information is significant with regard to the matter to be discussed at the first meeting, discussion of the matter shall be postponed at the request of the employee or personnel representative to give them the opportunity to prepare for discussing the matter.

The negotiation proposal concerning the matters referred to in subsection 2 shall also be submitted to the Employment and Economic Development Office no later than at the start of the negotiations on changes.

If the change negotiations concern a significant change affecting the status of the employee within the meaning of section 16, subsection 2, the employer shall, before initiating the change negotiations, provide the employees or personnel representatives concerned with the information necessary for discussing the matter.

## **Section 20**

### **Contents of the change negotiations**

The change negotiations shall address at least the grounds and impact of and alternatives for the measures targeting the personnel.

If the negotiations concern the dismissal, lay-off, reduction to part-time employment or unilateral amendment of an essential term of the employment contract of one or more employees within the meaning of section 16, subsection 1, the negotiations shall also address:

- 1) options for limiting the circle of personnel subject to the measure and mitigating its negative consequences for employees;
- 2) the proposals and alternative solutions submitted by a personnel representative or employee as referred to in section 22.

The negotiations on changes shall be conducted in a spirit of co-operation in order to reach a consensus. The parties shall act constructively and make efforts to contribute to the progress of the negotiations.

## **Section 21**

### **Plan and principles of action**

After submitting a negotiation proposal for a plan to dismiss at least ten employees for production-related and financial grounds, the employer shall submit a proposal at the start of the change negotiations for an action plan for the systematic conduct of the change negotiations and mitigation of the consequences of possible dismissals. The action plan shall be discussed as part of the negotiations on changes.

The action plan, which shall be supplemented during the negotiations if necessary, shall indicate:

- 1) the planned timetable for the negotiations;
- 2) the procedures to be followed in the negotiations;
- 3) the planned principles for supporting the use of public employment services and job seeking and training during and after the notice period.

When preparing the action plan, the employer shall, without delay and together with the authorities providing employment and business services, determine the public employment services referred to in the Act on Public Employment and Business Service (916/2012) that will support dismissed employees in finding employment.

If the employer is intending to dismiss under ten employees, the employer shall, at the start of the change negotiations, present the principles for supporting the employees in finding new employment or training on their own initiative and participating in the services referred to in the Act on Public Employment and Business Service during the notice period.

**Section 22****Proposals and alternative solutions to be presented in the negotiations**

A personnel representative or an employee participating in the negotiations shall have the right to submit written proposals and alternative solutions for consideration in the change negotiations. A proposal or alternative solution shall be submitted well in advance of the meeting at which the matter is to be discussed.

If the employer does not consider the proposal or alternative solution to be appropriate or feasible, it shall provide a written justification of sufficient length for its views during the negotiations.

**Section 23****Fulfilment of the negotiation obligation**

The employer shall be deemed to have fulfilled its negotiation obligation after the change negotiations concerning the matters referred to in section 16 have been conducted in accordance with the procedural provisions laid down in this chapter.

Unless otherwise agreed in the negotiations on changes, when negotiating on the matters provided for in section 16, subsection 1, the negotiation obligation cannot be deemed to have been fulfilled until six weeks have elapsed from the start of the negotiations. However, unless otherwise agreed in the change negotiations, this negotiation period shall be 14 days if:

- 1) the negotiations concern the dismissal, lay-off, reduction to part-time employment or unilateral amendment of an essential term of the employment contract of fewer than ten employees;
- 2) the negotiations concern lay-offs for a maximum of 90 days;
- 3) the number of personnel employed by the employer is regularly fewer than 30;
- 4) the employer is the subject of restructuring proceedings within the meaning of the Restructuring of Enterprises Act (47/1993).

**Section 24****Recording of negotiations**

Upon request, the employer shall ensure that a record is drawn up of the matters discussed in the change negotiations, which shall indicate at least the time of the negotiations, the persons who

participated in them, the results of the negotiations and any differing opinions. The record shall be inspected and signed by the parties unless otherwise agreed.

## **Section 25**

### **Employer's report**

After the negotiations on changes referred to in section 16, subsection 1 concerning the dismissal, lay-off, reduction to part-time employment or unilateral amendment of an essential term of the employment contract of the employees, the employer shall, within a reasonable time, provide the parties to the negotiations with an assessment of the following matters:

- 1) the content of the decision being considered by the employer;
- 2) the number of employees subject to the dismissal, lay-off, reduction to part-time employment or unilateral change of an essential term of the employment contract by personnel group or function;
- 3) the duration of any lay-offs; and
- 4) the period within which the employer intends to implement its decision.

Upon the request of a personnel representative, the employer shall present the information referred to in subsection 1, paragraphs 1–4 above jointly to all employees of the personnel group concerned, insofar as the information relates to them.

After negotiations on changes concerning the matters referred to in section 16, subsection 2, the employer shall provide, within a reasonable period of time, a report on the decision and the estimated date of the change to the negotiating party or, depending on the scope of the matter, to all employees affected by the change.

## **Chapter 4**

### **Business transfer, merger and division**

## **Section 26**

### **Informing personnel representatives**

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

- 1) time or intended time of transfer;
- 2) the reasons for the transfer;

- 3) the legal, economic and social consequences of the transfer to the employees; and
- 4) planned measures affecting the employees.

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

The transferee shall provide the personnel representatives with the information referred to in subsection 1 above within a week of the completion of the transfer. The transferor and transferee may also fulfil their obligation to inform personnel representatives jointly.

If the business transfer has results falling within the scope of the negotiation obligation provided for in section 16, negotiations on changes shall be conducted on these matters in accordance with chapter 3.

## **Section 27**

### **Obligation of the transferee to answer further questions**

After having provided the information referred to in section 26, subsection 1 to the personnel representatives, the transferee shall afford them the opportunity to ask further questions and shall answer such questions.

At the request of the personnel representatives, the employer shall present the information referred to in subsection 1 to the entire personnel.

## **Section 28 (91/2023)**

### **Merger, division and transfer of registered office**

The provisions on business transfers in this chapter shall also apply to mergers and divisions of undertakings. The Act on Employee Involvement in European Companies and European Cooperative Societies as well as on Employer Obligations and Employee Involvement in Cross-Border Restructuring of Companies lays down provisions on employee consultation in plans or reports on cross-border mergers, divisions and transfers of registered offices within the European Economic Area, and responses to employees' comments regarding the matter.

## **Chapter 5**

### **Personnel representation in the employer's administration**

## **Section 29**

## **Personnel representation in administration**

For the development of the employer's operations, improvement of co-operation between employer and personnel, and increasing the involvement of personnel in the affairs of the employer, the personnel shall have the right to participate in the discussion of important issues concerning the employer's business and finances and the position of the personnel in the employer's decision-making, executive, supervisory or advisory governance bodies (*personnel representation in administration*) as provided for in this chapter.

Personnel representation in administration shall primarily be agreed between the employer and personnel. If an agreement is not reached, personnel representation in administration shall be implemented under section 31 if so demanded by the personnel. Upon application, the Cooperation Ombudsman may grant permission to derogate from this method of implementing personnel representation in administration.

The Act on Employee Involvement in European Companies and European Cooperative Societies as well as on Employer Obligations and Employee Involvement in Cross-Border Restructuring of Companies provides for the arrangement of personnel representation in the administration of cross-border mergers, divisions or transfers of registered office. (91/2023)

### **Section 30**

#### **Contractual personnel representation in administration**

Personnel representation in administration may be implemented as agreed by the employer and at least two personnel groups, which together represent the majority of personnel, in a meeting of the employer and the personnel group representatives.

However, the agreement referred to in subsection 1 may not deviate from the provisions of sections 32, 37, 40 and 46 or from what is separately provided for the liability of a member of the relevant body. Furthermore, personnel representation in administration shall be implemented in a body that deals with important issues concerning business, finances and the position of the personnel.

The agreement on personnel representation in administration shall be made in writing. Such an agreement can be in force for a fixed term or until further notice. An agreement in force until further notice can be terminated by the employer and the aforementioned personnel groups.



If the undertaking is a group and the parties referred to in subsection 1 so agree, personnel representation in administration can be implemented at the group level. What is provided in this chapter on the employer and the undertaking also applies to the group.

## **Section 31**

### **Statutory personnel representation in administration**

If so demanded by two personnel groups which together represent a majority of the personnel, the personnel shall be entitled to appoint representatives and personal deputies for them to the administrative board, board of directors or such management teams or equivalent bodies, which together cover all of the employer's business units. Personnel representation in administration shall be implemented in a body that deals with important issues concerning business, finances and the position of the personnel.

Personnel representatives in administration shall be appointed in addition to the members of the relevant body appointed by the employer. The number of personnel representatives in administration may not exceed one quarter of the number of other members in the body in question, provided that there is always a minimum of one and a maximum of four representatives. The term of personnel representatives in administration shall be equal to that of other members of the body in question. If the maximum length of the term has not been specified, it shall be three years.

Unless otherwise agreed, personnel representation in administration shall be implemented within one year of the conditions laid down in section 2, subsection 2 being met and representation being demanded by the personnel. If changes are made to the administrative structure, representation shall be changed at the same time to reflect the new structure. If the change is due to a business transfer or a merger or division of undertakings, the change in personnel representation in administration may be implemented later, but no later than one year after a demand for changing personnel representation in administration has been made.

Notwithstanding the provisions of this section, changes to personnel representation in administration may be agreed on subject to the conditions laid down in section 30.

## **Section 32**

### **Eligibility and resignation of personnel representatives in administration**

A personnel representative in administration shall have full legal capacity in an employment relationship with the undertaking who is not bankrupt or prohibited from engaging in business activities. If the eligibility of a member of the body in question has been specifically provided for, those eligibility requirements shall also apply to the personnel representative in administration.

If the personnel representative in administration loses the eligibility referred to in subsection 1, resigns from their duties or is prevented from performing them, the representative shall be replaced by their personal deputy representative until a new ordinary representative has been appointed or the impediment of the personnel representative in administration to carrying out their duties ceases.

### **Section 33**

#### **Election of personnel representatives in administration**

If the personnel groups cannot reach agreement on the appointment of personnel representatives in administration, the representatives shall be elected in accordance with the provisions of section 30 of the Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces on the election procedure for occupational safety and health representatives.

The personnel groups shall nominate the candidates in the election referred to in subsection 1.

### **Section 34**

#### **Rights, obligations and responsibilities of a personnel representative in administration**

Personnel representatives in administration have the same rights, duties and responsibilities as the members appointed by the company to the body in question. However, personnel representatives in administration do not have the right to take part in the handling of matters that involve the election or dismissal of the undertaking's management, the terms of managerial contracts, the personnel's terms of employment or industrial action. The voting rights of personnel representatives in administration may be restricted by the agreement referred to in section 30. A personnel representative in administration shall be entitled to the training required for the performance of their duties as a personnel representative in the body in question.

Personnel representatives in administration and their deputies shall have the same access to the relevant materials concerning the issue under consideration as the other members of the body.

If only one personnel representative in administration is appointed to the undertaking's board of directors, the deputy representative shall also be entitled to attend its meetings and speak at them.

## **Chapter 6**

### **Miscellaneous provisions**

#### **Section 35**

##### **Release from work and compensations**

A personnel representative shall be entitled to be released from their work for such time as is required to carry out the duties referred to in this Act as well as for co-operation training. A personnel representative shall also be entitled to be released from their work for carrying out preparations directly related to their duties together with other personnel representatives. The employer and personnel representative shall agree on the training schedules. The employer shall compensate for any loss of earnings incurred from release from work. Any other release from work and compensation for loss of earnings shall be agreed upon between the personnel representative and the employer on a case-by-case basis.

Insofar as the personnel representative takes part in a dialogue or negotiations on changes referred to in this Act or performs any other duty agreed upon with the employer outside their working hours, the latter shall compensate the representative for the hours used for carrying out said duty as per the amount corresponding to the representative's salary for regular working hours.

The provisions of subsection 1 also apply to a personnel representative in administration. However, instead of co-operation training, the right to release from work applies to the training referred to in section 34. If a personnel representative in administration attends a meeting of a corporate body outside their working hours, the undertaking shall be obliged to pay the representative's meeting fees and appropriate costs incurred from attending the meeting.

#### **Section 36**

##### **Right to use experts**

Personnel representatives are entitled to consult the experts of the operational unit concerned and, as far as possible, other experts within the undertaking and request information from them when preparing for a dialogue on the development of the operations of the undertaking and the workplace community, and for preparing for negotiations on changes and during the negotiations themselves when necessary with regard to the matter being discussed. Such experts shall be released from their duties and compensated for the resulting loss of income according to section 35.

The provisions of this section do not apply to personnel representation in an administrative body of the undertaking under chapter 5.

### **Section 37**

#### **Protection against arbitrary dismissal**

The provisions of chapter 7, section 10 of the Employment Contracts Act on the protection against arbitrary dismissal of a shop steward and elected representative apply to the protection against arbitrary dismissal of a shop steward, elected representative or co-operation representative referred to in section 5, subsections 1–3 of the Act. The same applies to a personnel representative in administration and their deputy representative in the employer's administration referred to in chapter 5 of this Act.

### **Section 38**

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

Nationwide associations of employers and employees may conclude agreements to derogate from the provisions of chapters 2 and 3. However, the provisions of section 19, subsections 2 and 4 on the information included in a negotiation proposal or the obligation to inform the Employment and Economic Development Office cannot be derogated from by agreement, insofar as the provisions concern the dismissal of at least ten employees.

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

The agreements referred to in subsections 1 and 2 above shall have the same legal effects as a collective agreement under the Collective Agreements Act (436/1946). An employer bound by the

provisions of the agreement may apply them also to employees who are not bound by the agreement but are members of the personnel group referred to in the agreement.

### **Section 39**

#### **Relation to the provisions on negotiations in the collective agreement**

If a matter handled in a dialogue or negotiations on changes referred to in this Act also requires handling in accordance with the order of negotiation of a collective agreement binding on the employer under the Collective Agreements Act, the dialogue or negotiations on changes shall not be commenced or shall 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 40**

#### **Confidentiality**

An employee, a personnel representative and an expert referred to in section 36 as well as employees and their representatives referred to in subsection 2 of this section shall keep confidential the following information obtained in connection with a dialogue or negotiations on changes:

- 1) information relating to business secrets;
- 2) information relating to the employer's financial position, which is not public according to other legislation and the dissemination of which would be conducive to causing damage to the employer or its business partners or contracting parties;
- 3) information relating to corporate security and corresponding security arrangements, the dissemination of which would be conducive to causing damage to the employer or its business partners or contracting parties; and
- 4) information relating to a private person's state of health or financial situation or other personal information, unless the person for whose protection the confidentiality provisions have been enacted has agreed to the disclosure of the said information.

The provisions of subsection 1 do not prevent an employee or a personnel representative, after informing the recipient of the confidential nature of the information in question, from disclosing the information referred to in paragraphs 1–3 of the said subsection to other employees or their

representatives to the extent required by the role of such employees in realising the purpose of co-operation.

A precondition for confidentiality obligation is that:

- 1) the employer has indicated to the employee, the personnel representative and the expert referred to in section 36 what information shall be considered business secrets;
- 2) the employer has indicated to the employee, the personnel representative and the expert referred to in section 36 that the information referred to in subsection 1, paragraphs 2 and 3 is confidential; and
- 3) the employee and personnel representative have informed the employees or their representatives referred to in subsection 2 of the confidentiality obligation.

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

The provisions of subsections 1 and 3 of this section on the confidentiality obligation of a personnel representative also apply to the position of a personnel representative in administration referred to in chapter 5 in a corporate body, unless the confidentiality obligation of the members or deputy members of the body in question has been otherwise separately provided for.

## **Section 41**

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

The employer is not obligated to provide the employees or personnel representatives with information if its dissemination would, in an objective assessment, cause significant damage or harm to the undertaking or its operations.

The provisions of this section do not apply to personnel representation in an administrative body of the undertaking under chapter 5.

## **Section 42**

### **Labour Council opinion**

The opinion of the Labour Council on the application of this Act to an undertaking or corporation is provided for in the Act on the Labour Council and Derogation Permits Concerning Labour Protection (400/2004).

## **Section 43**

## **Supervision**

Provisions on the supervision of compliance with this Act are laid down in the Act on Cooperation Ombudsman (216/2010). Compliance with this Act is also supervised by those employer and employee associations that have entered into the national collective agreement comprising the regulations that the undertaking's employment relationships shall comply with according to the Collective Agreements Act.

## **Section 44**

### **Compensation to the employee**

An employer who has had an employee dismissed, laid off or reduced to part-time employment or made unilateral changes to an essential term of an employee's employment contract and deliberately or negligently failed to comply with the provisions of sections 17–23 shall be ordered to pay a compensation of up to EUR 35,000 to the employee dismissed, laid-off, reduced to part-time employment or subjected to an essential change to the term of their employment contract. When determining the amount of the compensation, consideration shall be given to the nature, extent and reprehensibility of the violation, the employer's efforts to rectify its practices, the nature of the measure employed against the employee, the general circumstances of the employer and other corresponding factors.

If the employer's negligence, taking into consideration all relevant factors, can be considered insignificant, the compensation may be waived.

If an undertaking under the control of another has, as an employer, dismissed least ten employees, the fact that the employer has not received sufficient information required in the co-operation procedure from the controlling undertaking within the group of undertakings shall not be considered a mitigating factor with regard to the amount of compensation.

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

## **Section 45**

### **Adjustment of the compensation sum**

The maximum amount of the compensation provided for in section 44, subsection 1 above shall be adjusted in accordance with the changes in the value of money every three years by government decree.

## **Section 46**

### **Penal provisions**

An employer or its representative who, in spite of a request by the Cooperation Ombudsman, intentionally or negligently:

- 1) fails to arrange the minimum number of dialogue meetings provided for in section 7, subsection 1;
- 2) fails to engage in dialogue on the matters referred to in section 8;
- 3) fails to draw up or maintain the workplace community development plan referred to in section 9;
- 4) fails to provide the relevant information required for the dialogue referred to in section 10;
- 5) neglects the obligation to provide information referred to in section 11, subsections 1–3; or
- 6) neglects to discuss the proposal referred to in section 13, subsection 2

shall be ordered, unless the act is deemed to be petty, to pay a fine for *violation of the co-operation obligation*.

A punishment for violation of the co-operation obligation shall also be imposed on the employer or its representative that intentionally or negligently:

- 1) fails to comply with or violates the obligation to inform laid down in sections 26 or 28 or its obligations under section 35 or 36, with the exception of the provisions of section 35 or 36 concerning the employer's payment obligation; or
- 2) violates its obligations laid down in sections 17–20, 22 or 23 otherwise than as provided for in section 44.

The penalty for violating the rights of a personnel representative referred to in section 5 and the personnel representative in administration referred to in chapter 5 is laid down in chapter 47, section 4 of the Criminal Code (39/1889). Chapter 47, section 7 applies to the allocation of liability between the employer and its representative.

The penalty for breach of the confidentiality obligation provided for in section 40 is provided for in chapter 38, section 2, subsection 2 of the Criminal Code unless a more severe penalty for the act is provided elsewhere in law than in section 1 of the said chapter.



## **Chapter 7**

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

#### **Section 47**

##### **Entry into force**

This Act enters into force on 1 January 2022.

This Act repeals the Act on Co-operation within Undertakings (334/2007) and the Act on Personnel Representation in the Company Administration (725/1990).

If the Act on Co-operation within Undertakings or sections 1–9 of the Act on Personnel Representation in the Company Administration in force at the time of the entry into force of this Act are referred to in another Act or Decree, this Act shall be applied instead. If sections 9a–9f of the Act on Personnel Representation in the Company Administration in force at the time of the entry into force of this Act are referred to in another Act or Decree, the Act on Employee Involvement in European Companies (SE) shall be applied instead.

#### **Section 48**

##### **Transitional provision**

Conducting a dialogue to address issues referred to in section 12 that have been discussed or adopted by the undertaking or corporation at the time of the entry into force of this Act is not required insofar as the issue has been discussed or resolved before the entry into force of this act, unless a proposal provided for in section 13 is made on the issue or unless otherwise provided in another Act.

If an initiative referred to in section 21, an initiative for negotiations referred to in section 27, an employer's initiative referred to in section 35, or an employer's proposal for commencement of the co-operation negotiations referred to in section 45 of the Act on Co-operation within Undertakings has been submitted before the entry into force of this Act, the Act in force at the time of the entry into force of this Act shall be applied to the relevant procedure.

The notice period of an indefinitely valid agreement made on matters referred to in section 27, subsection 1 of the Act on Co-operation within Undertakings in force at the time of the entry into force of this Act shall be six months unless otherwise agreed.

The personnel and training plans referred to in section 16 of the Act on Co-operation within Undertakings shall be brought into compliance with the requirements of section 9 of this Act within 12 months of the entry into force of this Act.

The personnel representation arrangements referred to in sections 1–9 of the Act on Personnel Representation in the Company Administration shall be brought into compliance with the requirements of chapter 5 of this Act within 18 months of the entry into force of this Act.

The agreement referred to in section 61 of the Act on Co-operation within Undertakings in force at the time of the entry into force of this Act may be applied until the expiry of the agreement regardless of this Act, provided that the agreement is not amended before that time.