LABOUR ACT

I. GENERAL PROVISIONS

Subject matter of the Labour Act

Article 1

This Act regulates employment in the Republic of Croatia, unless otherwise specified by another law or treaty concluded and ratified in accordance with the Constitution, and proclaimed.

Definition of terms: employee and employer

Article 2

(1) Within the meaning of this Act, an employee (throughout the Act the term employee shall be used to include gender-specific terms for employees or workers – hereinafter referred to as the "employee") is a natural person who, as part of his or her employment, carries out certain tasks for the employer.
(2) Within the meaning of this Act, an employer is a natural or legal person employing an employee and for whom an employee carries out certain tasks as a part of his or her employment.

(3) A natural person who as a member of the management board, chief executive officer or in another capacity pursuant to a special law, is authorised to, on its own and individually or together with another person and jointly, manage business activities of an employer, may as an employee as a part of his or her employment relationship carry out specific tasks for an employer.

(4) The provisions of this Act on the termination of an employment contract shall not apply to persons referred to in paragraph 3 of this Article.

Implementation restrictions

Article 3

(1) The provisions of this Act relating to working hours, rest breaks, daily and weekly rest periods shall not apply to employees on seagoing fishing vessels.
(2) The Minister responsible for labour affairs (hereinafter: the Minister) shall issue the Ordinance on working hours, rest periods and leaves for employees on seagoing fishing vessels.
(3) An employer who as managing personnel is authorised to manage business operations of the employer as defined in articles of association, incorporation deed or other employer rules and who makes decisions on the organisation of work and business of the employer independently, and an employer who is a family member of the employer who is a natural person, who lives in the same household with the employer and who, in the course of his or her employment relationship, performs certain jobs for the employer, shall not be subject to the provisions of this Act on working time, break and daily and weekly rest periods, where they agreed autonomy in planning these with the employer.

(4) Unless otherwise specified in a separate law, exemptions from the implementation of provisions relating daily and weekly rest periods may be determined by a collective agreement to adult employees, provided that such agreement ensures an alternative period of rest in line with paragraph 5 of this Article, in which the employer shall be obliged to ensure exercise of such right as follows:

1. if necessary due to the distance between the employee's place of work and his/her place of residence or due to the distance between the employee's different places of work,
2. in the case of security activities aimed at the protection of people or property,
3. in the case of activities involving the need for continuity of service or production, particularly:
    a. services relating to the reception, treatment and/or care provided by hospitals or similar establishments as well as services rendered at social care homes or other legal entities providing social care services and at prisons,
    b. activities of dock or airport employees,
    c. services related to press, radio, television, cinematography, post and telecommunications, ambulance, fire fighting and civil protection,
    d. gas, water and electricity production, transmission and distribution, household refuse collection and incineration plants,
    e. industries in which work may not be interrupted on technical grounds,
    f. research and development activities,
    g. regular urban transport services,
4. in the case of activities characterised by changing intensity, particularly:
    a. agriculture,
    b. tourism,
    c. postal services,
5. in the case of jobs of operating workers in the railway transport activity,
6. in the case of force majeure or the occurrence of extraordinary and unpredictable circumstances or events.

(5) The agreement referred to in paragraph 4 of this Article ensuring an alternative rest period, equivalent in length to the missed rest hours, may not stipulate a daily rest in the duration of less than ten hours a day and such employee must be provided with an opportunity to use a daily alternative rest period within each seven-day period; additionally, a weekly period of rest may not be stipulated in the duration of less than twenty hours and such employees must be provided with the possibility to use such alternative weekly rest periods in each four-week period.

Staff records

Article 4

(1) The employer shall keep records of employees employed by the employer.

(2) The records referred to in paragraph 1 of this Article must contain information on employees and working hours.

(3) Upon request of a labour inspector the employer shall provide the inspector with the data referred to in paragraph 1 and 2 of this Article.

(4) The Minister shall adopt an ordinance that will regulate the contents and the manner of keeping records referred to in paragraph 1 of this Article.

Basic obligations and rights arising from the employment relationship

Article 5

(1) The employer shall assign the employed employee a job and pay him or her a salary for the work carried out, whereas the employee shall personally perform the job assigned, following the employer's instructions given according to the nature and type of work.

(2) The employer has the right to specify the location and manner for carrying out the work in detail, while respecting the rights and dignity of the employee.

(3) The employer shall, in accordance with a separate law and other regulations, provide the employee with safe working conditions that are not hazardous to the health of employees.

(4) Direct and indirect discrimination in the field of labour and labour conditions shall be prohibited, which includes selection criteria and employment requirements, promotion requirements, vocational guidance, vocational training, additional training and retraining, in accordance with a special law.

(5) The employer shall protect employees' dignity during work from such treatment by superiors, peers and persons with whom employees come into regular contact during their work that is unwanted and contrary to a separate law.

Obligation to comply with regulations relating to the employment relationship

Article 6

(1) In employment, the employer and the employee shall comply with the provisions of this Act and other laws, treaties which are concluded and ratified in accordance with the Constitution and published and in force, other regulations, collective agreements and employment rules related to employment.

(2) Before the employee commences work, the employer must give him or her opportunity to familiarise himself or herself with employment regulations, and inform him or her about the organisation of work and occupational safety and health.

(3) The occupational safety and health regulations, collective agreements and employment rules must be made available to employees in an appropriate manner.

(4) The general provisions of the law of civil obligations shall apply to the execution, effect and termination of employment contracts and to any other issue in connection with such employment contract, collective agreement or agreement between the works council and the employer, in accordance with the nature of such agreement, provided such issues are not regulated in this Act or other laws.

Freedom of contract

Article 7

(1) Employers, employees and the works councils as well as trade unions and employers' associations may stipulate working conditions which are more favourable for the employee than those prescribed by this Act or another law.

(2) Employers, employers' associations and trade unions may stipulate, in a collective agreement, less favourable working conditions than those prescribed by this Act, only if they are expressly authorised to do so by this Act or another law.

(3) If a right arising from employment is differently regulated in the employment contract, employment rules, the agreement between the works council and the employer, collective agreement or law, the most favourable right to the employee is applicable, unless otherwise specified by this Act or another law.

II. THE CONCLUSION OF AN EMPLOYMENT CONTRACT

Commencement of employment

Article 8

(1) Employment commences by an employment contract.

(2) If the employer concludes with an employee a contract for the performance of work which, in view of the nature and type of the work to be carried out and the employer's powers in respect of this work, has characteristics of the work for which employment should commence, the employer shall be deemed to have concluded with the employee an employment contract, unless he or she proves the contrary.

Open-ended employment contract

Article 9

(1) Employment contracts are concluded for an indefinite period ("open-ended employment contract"), unless otherwise specified by this Act.

(2) The parties to an open-ended employment contract shall be bound by such contract until one of the parties cancels it or until it terminates in another way, as prescribed by this Act.

(3) If an employment contract does not specify the period for which it was concluded, it shall be considered to have been concluded for an indefinite period.

Fixed-term employment contract

Article 10

(1) As an exception, an employment contract may be concluded for a definite period of time ("fixed-term contract") for the establishment of an employment relationship whose termination is determined in advance as a result of objective reasons that are justified by a specific deadline, performance of a specific task or occurrence of a specific event.
(2) The employer shall not conclude one or more consecutive fixed-term employment contracts referred to in paragraph 1 of this Article on the basis of which employment commences with respect to the same work for a continuous period longer than three years.

(3) By way of derogation from paragraph 2 of this Article, a fixed-term contract may exceed three years in length, if, in order to replace a temporarily absent employee or for other objective reason, law or collective agreement so permits.

(4) An interruption of work shorter than two months is not considered to be an interruption of the three-year period referred to in paragraph 2 of this Article.

(5) If a fixed-term employment contract is concluded contrary to the provisions of this Act or if the employee continues working for the employer after the expiration of the period for which the contract is concluded, the employee shall be considered to have concluded an open-ended employment contract.

Working conditions for employees employed on the basis of a fixed-term employment contract

Article 11

(1) The employer shall provide the same working conditions for an employee employed on the basis of a fixed-term employment contract as for an employee with identical or similar qualifications and skills performing identical or similar tasks who concluded an open-ended employment contract with the employer’s undertaking, its establishment or group of undertakings.

(2) If there are no employees with an open-ended employment contract with identical or similar qualifications and skills performing identical or similar tasks for the employers referred to in paragraph 1 of this Article, such employer shall provide such working conditions for an employee who has concluded a fixed-term employment contract that are provided for an employee with an open-ended employment contract who has identical or similar qualifications and skills and who performs identical or similar tasks that are regulated in a collective agreement or another regulation that is binding for the employer.

(3) Where a collective agreement or another law that is binding for the employer does not regulate working conditions in line with the requirements referred to in paragraph 2 of this Article, the employer shall ensure adequate working conditions for employees with a fixed-term employment contract that are identical to the working conditions for employees an open-ended employment contract who perform similar tasks and have similar qualifications and

skills.

(4) The employer shall inform employees working for him or her under fixed-term employment contracts about any available jobs in respect of which these employees might conclude open-ended employment contract and provide them with further training and education under the same conditions as those provided to employees working under open-ended employment contracts.

The form of an employment contract

Article 12

(1) An employment contract is to be concluded in writing.

(2) A failure on the part of the contractual parties to conclude an employment contract in writing does not affect the existence and validity of this contract.

(3) If an employment contract was not concluded in writing, the employer shall give to the employee a written certificate on the conclusion of the contract, before the work commences.

(4) If the employer fails to conclude with the employee an employment contract in writing before the commencement of work, or fails to give him or her a written certificate on the conclusion of the contract, it shall be deemed that the employer has concluded with the employee an open-ended employment contract.

(5) The employer shall deliver the employee a copy of the registration form for the mandatory pension and health insurance scheme within 15 days of the date when the employment contract was concluded or of the date of delivery of the written certificate on the conclusion of the contract or of the commencement of work.

(6) Employment contracts for seamen and fishermen must be registered with county offices or the City of Zagreb office responsible for labour affairs.

(7) The Minister shall establish, by an ordinance, the procedure of registration of and the contents of the register of employment contracts for seamen and fishermen.

Mandatory contents of a written employment contract or a written certificate on the conclusion of an employment contract

Article 13

(1) An employment contract concluded in writing or a certificate on the conclusion of an employment contract referred to in Article 12, paragraph 3 of this Act must contain all essential elements, including but not limited to:

1. parties, their permanent residence or seat;
2. the place of work, and if there is no permanent or main place of work, then a remark stating that the work is carried out at various locations;
3. the name, nature or type of work for which the employee is employed; or a short list or description of tasks;
4. the date of commencement of work;

5. in case of a fixed-duration employment contract, the expected duration of the contract;

6. the duration of the paid annual leave to which the employee is entitled, and when such information cannot be given at the time the contract is concluded or the certificate issued, the manner in which the duration of this leave is to be determined;

7. the notice periods with which the employee and the employer must comply, and when such information cannot be given at the time the contract is concluded or the certificate issued, the manner in which the notice periods shall be determined;

8. basic salary, salary supplements and the periods in which payments to which the employee is entitled are to be made;

9. the duration of a normal working day or week.

(2) Instead of the provisions under subparagraphs 6, 7, 8 and 9 of paragraph 1 of this Article, a contract or certificate may make reference to respective laws, other regulations, collective agreements or employment rules governing these issues.

Mandatory contents of a written fixed-duration employment contract concluded for permanent seasonal jobs

Article 14

(1) If an employer predominantly operates on a seasonal basis, he or she may conclude fixed-duration employment contracts for permanent seasonal jobs, to provide for the performance of these permanent seasonal jobs.

(2) In case of the conclusion of a contract referred to in paragraph 1 of this Article, the employer shall be the one who is obliged to register the employee for extended pension insurance and to calculate and pay contributions for extended pension insurance, in accordance with the pension insurance regulations.

(3) In addition to the provisions referred to in Article 13 of this Act, a contract from paragraph 1 of this Act must also contain additional provisions on:

1. the conditions and period for which the employer will pay contributions for extended pension insurance,

2. the time limit within which the employer shall offer the employee to conclude an employment contract for the performance of work in the following season,

3. the time limit, which may not be shorter than eight days, within which the employee shall declare himself or herself about the offer from subparagraph 2 of this paragraph.

(4) If the employee declines the offer to conclude an employment contract from subparagraph 3 of paragraph 2 of this Article without legitimate reasons, the employer has the right to claim from the employee reimbursement of the contributions that have been paid.

(5) Instead of the provisions under paragraph 3, subparagraph 1 of this Article, the contract may make reference to respective collective agreements or employment rules governing these issues.

Mandatory contents of a written employment contract at a separate workplace

Article 15

(1) An employment contract concluded in writing or a certificate on the conclusion of an employment contract for the performance of work in the employee's home or on other premises other than the premises of the employer, must, in addition to the provisions from Article 13, paragraph 1, subparagraphs 1 to 8 of this Act, also contain the provisions on:

1. the duration of a normal working week,
2. daily, weekly or monthly period of the employee's obligatory presence at the workplace,
3. time limits, time and manner of supervision of work and of the quality of work performed by the employee,
4. machines, tools and equipment necessary for the performance of the work, which the employer is obliged to provide, install and maintain,
5. use of the employee's own machines, tools and other equipment and the coverage of costs thereof,
6. coverage of other costs to the employee concerning the performance of work,
7. methods for occupational training and further training of employees.

(2) The contract referred to in paragraph 1 of this Article is subject to the provision of Article 13, paragraph 2 of this Act, as appropriate.

(3) The salary of an employee with whom the employer concluded a contract referred to in paragraph 1 of this Article must not be established in an amount lower than the salary of an employee performing the same or similar job on the employer's premises.

(4) The contract referred to in paragraph 1 of this Article may not be concluded for the performance of jobs from Article 44, paragraph 1 of this Act, nor of other jobs for which this Act or another law provides so.

(5) The employer shall provide the employee with safe working conditions and the employee shall comply with all safety and health rules, in accordance with separate laws and other regulations.

(6) The employer shall notify the state administration body responsible for labour inspection about the conclusion of every contract referred to in paragraph 1 of this Article, within fifteen days of the date when the contract was concluded.

(7) The provisions of this Act on the working time schedule, shortened working hours, overtime hours, rescheduling of working time, night work and rest break shall also apply to the contract referred to in paragraph 1 of this Article, unless this is regulated otherwise in a special law, collective agreement, agreement between the works council and the employer or in an employment contract.

(8) The quantity of work and time limits for the completion of the work carried out under the contract referred to in paragraph 1 of this Article shall not prevent the employee from exercising his or her right to daily and weekly rest and annual leave.

Mandatory contents of a written employment contract or a written certificate
on the conclusion of an employment contract in case of posting of employees abroad

Article 16

(1) Where an employee is posted temporarily to another country, the employment contract in writing or a written certificate stating that the employment contract has been concluded before travelling to another country must, apart from the provisions of Article 13 of this Act, contain additional provisions on:

1. the duration of the work abroad;
2. the schedule of working hours,
3. non-working days and holidays on which such employee is entitled not to work and to receive a salary compensation,
4. the currency in which the salaries are to be paid;
5. other payments received in money and in kind to which the employee will be entitled during the work abroad; and
6. the conditions for repatriation.

(2) Instead of the provisions under subparagraphs 2 and 3 of paragraph 1 of this Article, a contract or certificate may make reference to respective laws, other regulations, collective agreements or employment rules governing these issues.

(3) The employer must give the employee a copy of the registration form referred in Article 12, paragraph 5 of this Act before the employee is posted abroad.

Minimum age of employment

Article 17

(1) A person under fifteen years of age or a person of fifteen years of age or above fifteen and under eighteen years of age, attending compulsory primary education, must not be employed.

(2) The labour inspector shall prohibit the work of a minor employed in contravention to paragraph 1 of this Article.

Legal capacity of minors to conclude employment contracts

Article 18

(1) If a minor with fifteen and over fifteen years of age is authorised by his or her legal representative to conclude a specific employment contract, except for a minor attending compulsory primary education, this minor shall have legal capacity to conclude and rescind the contract in question and to carry out all the legal actions related to the fulfilment of rights and obligations from this contract or in relation to this contract.

(2) The authorisation under paragraph 1 of this Article shall not apply to legal transactions for the performance of which the legal representative needs approval from a body responsible for social welfare.

(3) A dispute between legal representatives or one or more legal representatives and the minor over granting authorisation to conclude an employment contract is to be resolved by a decision by the body responsible for social welfare, taking into account the minor's best interests.

(4) The legal representative may withdraw or limit the authorisation referred to in paragraph 1 of this Article or terminate employment on the minor's behalf.

(5) The minor's guardian may give authorisation referred to in paragraph 1 of this Article to the minor only on the basis of a previous approval given by a body responsible for social welfare.

(6) The authorisation referred to in paragraph 1 of this Article shall be given in writing.

Prohibition of employment of minors in certain jobs

Article 19

(1) A minor must not be employed in jobs which may threaten his or her safety, health, morals or development.

(2) The Minister shall list, in an ordinance, the jobs referred to in paragraph 1 of this Article.

(3) The employer shall not recruit a minor, without a prior examination of his or her health capacities, to perform jobs which minors may perform only upon examination of their health capacities.

(4) The Minister shall list, in an ordinance, the jobs in which minors may work only upon examination of their health capacities to perform these jobs, and the Minister shall also list activities in which, subject the prior approval of the labour inspector, persons referred to in Article 17, paragraph 1 of this Act may be involved against remuneration.

(4) The ordinances referred to in paragraphs 2 and 4 of this Article shall be adopted by the Minister, with prior consent of the minister responsible for health.

(5) The labour inspector shall prohibit a minor from working in jobs referred to in paragraph 1 of this Article or in jobs referred to in paragraph 3 of this Article if these are performed without a previously established health capacity required for their performance or without the prior approval of the labour inspector.

(6) Upon the request of the minor, his or her parents or guardian, the works council, trade union or labour inspector, the employer shall, in the case referred to in paragraphs 1 and 3 of this Article, offer the minor employee to conclude an employment contract for the performance of other appropriate job and, if there is no such job, he or she may terminate the minor's employment in the manner and under the conditions prescribed by this Act.

Controlling employment of minors in certain jobs

Article 20

(1) If the labour inspector suspects that the job performed by a minor threatens his or her safety, health, morals or development, he or she may at any time demand from the employer that such employee who is a minor be examined by an authorised physician who should assess, in his or her expert report and opinion, whether the job performed by the minor threatens his or her safety, health, morals or development.

(2) In the case from paragraph 1 of this Article, the labour inspector shall fix a time limit within which the employer will have to obtain an expert report and opinion on whether or not the job performed by the minor threaten his or her health or development.

(3) The costs of the medical examination and expert report and opinion referred to in paragraph 1 of this Article are to be covered by the employer.

(4) On the basis of an expert report and opinion given by an authorised physician, the labour inspector may prohibit a minor from performing a specific job.

(5) The initiative for conducting the proceedings referred to in paragraph 1 of this Article may be given to the labour inspector by the minor, his or her parent or guardian, the works council or trade union.

(6) In the case from paragraph 4 of this Article, the employer shall offer the minor employee to conclude an employment contract for the performance of other appropriate job and, if there is no such job, he or she may terminate the minor's employment in the manner and under the conditions prescribed by this Act.

Special conditions for concluding employment contracts

Article 21

(1) If a law, other regulation, collective agreement or employment rules prescribe special conditions for the commencement of employment, an employment contract may only be concluded by an employee who meets these conditions.

(2) The Minister shall, with prior consent of the minister responsible for health, list in an ordinance the jobs which an employee may perform only upon prior and regular examinations of his or her health capacities to perform these jobs performed in accordance with a special regulation.

(3) The ordinance from paragraph 2 of this Article shall prescribe the manner for examination of health capacities, the intervals at which such examination must be repeated, the contents and procedure for issuing a certificate on health capacities, and other issues important for examination of health capacities to perform the jobs under paragraph 2 of this Article.

(4) A foreign national or stateless person may conclude an employment contract under the conditions prescribed by this Act and a separate law which regulates the employment of these persons.

Obligation of an employee to notify the employer about illness or other circumstances

Article 22

(1) When concluding an employment contract, the employee must notify the employer about any illness or other circumstances which prevent him or her from, or essentially interferes with his or her fulfilment of the obligations arising from the employment contract, or which endangers the life or health of persons with whom the employee comes into contact during the performance of the employment contract.

(2) For the purpose of determination of an employee's health capacities to perform certain jobs, the employer may refer the employee to undergo a medical examination.

(3) The costs of the medical examination referred to in paragraph 2 of this Article are to be covered by the employer.

Information which must not be requested

Article 23

(1) In the procedure for selection from among job candidates (interview, testing, carrying out surveys, etc.) or when concluding an employment contract, the employer must not request from the employee the information which is not directly related to his or her employment.

(2) Unpermitted questions referred to in paragraph 1 of this Article need not be answered.

III. TEMPORARY EMPLOYMENT

Temporary employment agency

Article 24

(1) A temporary employment agency (hereinafter: "the agency") is an employer who, under an employee assignment agreement, assigns employees (hereinafter: "the assigned employees") to another employer (hereinafter: "the user") for the performance of temporary work.

(2) The agency may carry out the activities of assigning employees to users, provided that it does this as its only activity, that is registered under special laws and regulations and

entered in the records of the ministry responsible for labour affairs (hereinafter: "the Ministry").

(3) The agency may not start performing the activities of assigning employees to users before it is entered in the Ministry's records.

Employee assignment agreement

Article 25

(1) An employee assignment agreement between the agency and the user must be made in writing.

(2) In addition to the general provisions of the agency's business operations, the agreement referred to in paragraph 1 of this Article must also contain provisions on:

1. the number of assigned employees needed by the user,

2. the period for which the employees are assigned,

3. the place of work,

4. the jobs that will be performed by the assigned employees and the skills and competences needed to perform them,

5. the working conditions at the workplaces where the assigned employees will perform their jobs,

6. the manner and the period in which the user must submit payroll accounts to the agency and the regulations applied by the user to calculate salaries, and

7. the person authorised to represent the user in relations with the assigned employees.

(3) Where employees are assigned to a user abroad, the agreement referred to in paragraph 1 of this Art must also, in addition to the provisions of paragraph 2 of this Article, contain the provisions on:

1. the legislation applicable to the employment relationship of an assigned employee,

2. the rights of assigned employees which are acquired pursuant to this Act or other laws of the Republic of Croatia and which the user is obliged to grant to assigned employees,

3. the obligation to cover the costs of returning to the home country.

(4) The agreement from paragraph 1 of this Article may not be concluded:

1. for assigning substitute employees to the user whose employees are on strike,

2. if the user has in the last 6 months, due to business reasons, cancelled employment contracts of employees who performed the same jobs for which the assignment of employees is currently requested,

3. for the performance of jobs referred to in Article 44 paragraph 1 of this Act,

4. for assigning employees to another agency,

5. in other cases specified in the collective agreement that is binding on the user.

Employment contract for temporary work

Article 26

(1) The agency may conclude with an employee a fixed-duration or open-ended employment contract for temporary work.

(2) In addition to the provisions from Article 13, paragraph 1, item 1 and items 4 to 7 of this Act, and Article 16, paragraph 1 of this Act, the contract referred to in paragraph 1 of this Article, when the agency is assigning an employee to the user abroad, must also contain the provisions:

1. stating that the contract is concluded for the purpose of assigning employees to the user for temporary work,

2. indicating the jobs for which the employee is assigned,

3. indicating the agency's obligations towards the employee during the time when he or she is assigned to the user.

(3) During the period when the employee is not assigned to the user, the employee who is employed with the agency is entitled to salary compensation in the amount established by Article 87, paragraph 5 of this Act.

(4) The contract referred to in paragraph 1 of this Article, concluded for a fixed period of time that is equal to the period for which the employee is assigned to the user, must contain provisions on:

1. the parties and their residence or seat,

2. the expected duration of the contract,

3. the user's seat,

4. the place of work,

5. the jobs that will be performed by the assigned employee,

6. the date of commencement and termination of work,

7. the salary, salary supplements and the intervals in which the salary is paid,

8. the duration of a normal working day or week.

(5) The contracted salary and other working conditions of the assigned employee may not be lower and less favourable, respectively, than the salary and other working conditions of an employee who is employed with the user in the same job, to which the assigned employee would have been entitled if he or she had entered into a contract of employment with the user.

(6) If the salary or working conditions may not be established pursuant to the provisions of paragraph 5 of this Article, they shall be established in the employee assignment agreement.

Cancellation of an employment contract for temporary work

Article 27

(1) Cancellation of an employment contract for temporary work shall not be subject to this Act's provisions governing redundancy social security plans.

(2) The agency may cancel an assigned employee's employment contract for temporary work by extraordinary notice if the reasons from Article 108, paragraph 1 of this Act have occurred during the work for the user and if the user notifies the agency thereof in writing, within eight days of the date of discovery of the fact on which the extraordinary notice is based.

(3) If the user ceases to need the assigned employee before the expiration of the period of the employee's assignment, this may not constitute grounds for cancelling the employee's employment contract for temporary work.

(4) The assigned employee who considers that any of his or her rights arising from employment were violated while he or she worked for the user may seek protection in respect of this violation from the employer, as established by Article 129 of this Act.

Limitation on the periods for which the employees are assigned

Article 28

(1) The agency may not assign an employee to the user to perform the same work for an uninterrupted period longer than one year.

(2) An interruption shorter than one month is not considered as an interruption of the one-year period referred to in paragraph 1 of this Article.

The agency's obligations towards the assigned employee

Article 29

(1) Before assigning an assigned employee to the user, the agency shall give the employee an employment contract from Article 26, paragraph 1 of this Act, or an assignment note in case it has concluded with the employee an open-ended employment contract or a fixed-duration employment contract for a duration longer that the time period for which the employee is assigned to the user.

(2) The assignment note from paragraph 1 of this Article must contain the information from Article 26, paragraph 2 of this Act.

(3) Before sending an assigned employee to the user, the agency shall acquaint such employee with special professional competences and skills needed to perform the job for the user and inform him or her about all occupational safety and health risks entailed by the work with the user and, to this end, it shall provide training for the employee according to occupational safety and health regulations, unless the employee assignment agreement provides that this obligation be performed by the user.

(4) The agency shall provide training to the assigned employee and keep informing him or her about new technology for the performance of the job for which the employee is assigned, unless this obligation has been assumed by the user under the employee assignment agreement.

(5) The agency shall pay the employee the contracted salary for the work performed for the user, even when the user fails to submit to the agency a payroll account for the contracted salary.

The user's obligations

Article 30

(1) With regard to the obligations relating to the application of the provisions of this Act and other laws and regulations that regulate protection of health, occupational safety and health and special protection of specific categories of employees, the user is to be considered as the assigned employee's employer.

(2) The user shall inform the works council, at least once a year, about the number of assigned employees it has hired and the reasons for their hiring, and the user shall also inform the assigned employees about any vacancies.

Compensation for damages

Article 31

(1) The damage caused by an assigned employee to third persons while working for the user or in relation to such work shall be compensated by the user, who is considered to be the employee's employer when it comes to the recourse liability.

(2) The damage caused to the user by the assigned employee at work or in relation to work shall be compensated by the agency pursuant to the general provisions of the law of civil obligations.

(3) If the assigned employee suffers damage at work or in relation to work, he or she may claim compensation for damages from the agency or from the user in accordance with the provision of Article 103 of this Act.

Records

Article 32

(1) A request to be entered in the records is submitted to the Ministry in writing.

(2) The agency must accompany the request to be entered in the records with the proof that it has been duly registered under the regulations on companies.

(3) Upon receiving the request to be entered in its records, the Ministry issues a certificate containing the number under which the agency was entered in the records and the date when it was entered.

(4) The agency shall indicate the number under which it was entered in the Ministry's records on every business document, letter or contract used in legal transactions.

(5) The Ministry issues the certificate referred to in paragraph 3 of this Article in three identical copies, one of which is forwarded to the state administration body competent for labour inspection affairs.

IV. PROTECTION OF LIFE, HEALTH AND PRIVACY OF EMPLOYEES

Employers' obligations in the protection of life, health and morals of employees

Article 33

(1) The employer shall provide for and maintain the machinery, instruments, equipment, tools, workplace, access to workplace, as well as organise work in a manner which guarantees the protection of life and health of employees in accordance with separate laws and other regulations and in accordance with the nature of the job being performed.

(2) The employer shall inform the employee of the dangers of the job performed by the employee.

(3) The employer shall train the employee for the work in a way which guarantees the protection of life and health of the employee and prevents accidents from occurring.

(4) If the employer assumed the obligation to provide lodging and food for the employee, in the fulfilment of this obligation he or she must take into account the protection of life, health and morals of the employee as well as his or her religion.

The protection of employees' privacy

Article 34

(1) Personal information about employees may be collected, processed, used and sent to third persons only if so provided for by this Act or another law, or if necessary for the exercise of rights and obligations arising from employment or related to employment.

(2) If personal information referred to in paragraph 1 of this Article have to be collected, processed, used or sent to third persons for the exercise of rights and obligations arising from employment or related to employment, the employer must establish in advance, by employment rules, the information which he or she will collect, process, use or send to third persons for this purpose.

(3) Personal information about employees may be collected, processed, used and sent to third persons only by the employer or by the person specifically authorised by the employer for this purpose.

(4) Inaccurate personal information must be corrected without delay.

(5) Personal information whose storage is without legal or factual basis any longer must be erased or removed in another way.

(6) The employer employing more than twenty employees shall appoint a person who would, in addition to him or her, be authorised to supervise whether the personal information about employees is collected, processed, used and sent to third persons in accordance with the law.

(7) The person referred to in paragraph 6 of this Article must enjoy the confidence of employees, and information which he or she gains knowledge of during the course of his or her duty must be carefully safeguarded by him or her.

V. TRIAL PERIOD, EDUCATION AND TRAINING FOR WORK

Stipulation and duration of a trial period

Article 35

(1) On concluding an employment contract, a trial period may be stipulated.

(2) The trial period referred to in paragraph 1 of this Article may not last longer than six months.

(3) If a trial period has been stipulated, the notice period may not be shorter than seven days.

Obligation to provide education and training for work

Article 36

(1) The employer shall make it possible for the employee, in accordance with possibilities and needs of the work, to receive schooling, education, training, and further training.

(2) The employee shall, in accordance with his or her abilities and needs of the work, take part in work-related schooling, education, training and further training.

(3) When changes are made or a new method or organisation of work introduced, the employer shall, in accordance with needs and possibilities of the work, make it possible for the employee to receive work-related training or further training.

Definition of apprentice and the period for which employment contracts may be concluded with apprentices

Article 37

(1) A person employed for the first time in the occupation for which he or she received schooling may be employed by the employer as an apprentice (trainee or another apprentice – hereinafter: apprentice).

(2) An apprentice referred to in paragraph 1 of this Article is trained for independent work in the occupation for which he or she received schooling.

(3) An employment contract may be concluded with an apprentice for a definite period.

The methods for training an apprentice

Article 38

(1) The methods for training an apprentice for independent work must be regulated by employment rules or employment contract.

(2) For the purposes of training for independent work, an apprentice may be sent to work for another employer on a temporary basis.

Duration of apprenticeship

Article 39

The training of an apprentice ("apprenticeship") may not last longer than one year unless otherwise specified by the law.

Occupational examination

Article 40

(1) After completing his or her apprenticeship, an apprentice takes an occupational examination, if so prescribed by a law, another regulation, collective agreement or employment rules.

(2) If the content and methods for taking an occupational examination are not laid out by a law, another regulation or collective agreement, the content and methods for taking an occupational examination shall be regulated by employment rules.

(3) The employer may give regular notice to an apprentice who has not passed the occupational examination.

Occupational training for work

Article 41

(1) If a law or another regulation provides that an occupational exam or work experience is a prerequisite for the performance of jobs within a certain occupation, the employer may admit a person who completed schooling for such an occupation into occupational training for work without establishing the employment relationship with him or her ("occupational training for work ").

(2) The time spent in occupational training for work referred to in paragraph 1 of this Article is to be counted as part of the apprenticeship and work experience prescribed as a prerequisite for working in a certain occupation.

(3) Occupational training for work referred to in paragraph 1 of this Article may not extend over a period longer than apprenticeship.

(4) Unless otherwise prescribed by this Act or another law, persons undergoing occupational training for work are subject to the provisions of this Act and other laws governing employment, with the exception of the provisions on concluding employment contracts, on salary and salary compensation, and on terminating employment contracts.

(5) A contract on occupational training for work must be made in writing.

VI. WORKING HOURS

Definition of working hours

Article 42

(1) Working hours are periods of time during which the employee is obliged to carry out tasks or during which he or she is ready (available) to carry out tasks at the workplace or another place defined by the employer following the employer's instructions.

(2) The period of time during which an employee is prepared to respond to the call of the employer to perform tasks, where such need arises, shall not be considered as working time if the worker is not at his or her workplace or another place defined by the employer.

(3) Preparedness referred to in paragraph 2 of this Article and the amounts of compensation for such preparedness are determined in an employment contract or collective agreement.

(4) The time an employee spends performing tasks after the call on the part of the employer shall be considered as working time, regardless of whether the tasks are performed at the place defined by the employer or at the place chosen by the worker.

(5) The period of time that, pursuant to paragraph 1 and 4 of this Article, is not considered to be working time, shall be considered to be the time of rest laid down in Title VII of this Act.

Full-time and part-time working hours

Article 43

(1) An employment contract may be concluded for full-time or part-time working hours.

(2) Full-time working hours must not be longer than 40 hours a week.

(3) Unless working hours are specified by a law, collective agreement, agreement between the works council and the employer or employment contract, full-time working hours are considered to be 40 hours a week.

(4) Part-time working hours are considered any working hours shorter than full-time working hours.

(5) The provisions of Article 11 of this Act apply *mutatis mutandis* to part-time employees.

(6) An employee shall not enter into part-time employment contracts with more than one employer that result in the total working hours lasting longer than full-time working hours.

(7) When entering into a part-time employment contract, the employee is obliged to inform the employer about the part-time employment contracts already entered into with another employer or employers.

(8) If the previous duration of employment with the same employer is important for the acquisition of certain rights, the periods of part-time employment shall be considered to be full-time employment.

(9) The employer shall consider an application submitted by an employee who is a party to a full-time employment contract to conclude a part-time employment contract or an application by an employee who is a party to a part-time employment contract to conclude a full-time employment contract, if there are possibilities for such work with the employer.

Shortened working hours

Article 44

(1) Working hours are shortened in proportion to the harmful effect of working conditions on the employee's health and working ability in jobs in which, despite the application of occupational safety and health measures, it is impossible to protect the employee from harmful effects.

(2) The jobs referred to in paragraph 1 of this Article as well as the duration of working hours in such jobs are established by a special regulation.

(3) If the jobs referred to in paragraph 1 of this Article as well as the duration of working hours in such jobs are not established by a special regulation, the Minister shall, upon the proposal of a person who may be a party to the collective agreement under this Act, and with prior consent of the minister responsible for health, adopt an ordinance which regulates these issues.

(4) The employee who works in jobs referred to in paragraph 1 of this Article must not work in such jobs longer working hours exceeding the working time laid down in paragraph 2 of this Article and must not accept additional employment in such jobs with another employer.

(5) It may be established by a collective agreement or employment contract that an employee who does not work full-time in jobs referred to in paragraph 1 of this Article may work part-time, but no longer than the full-time limit, in some other jobs not of the same nature as the jobs referred to in paragraph 1 of this Article.

(6) When it comes to exercise of the right to salary and other rights arising from employment or related to employment, shortened working hours referred to in paragraph 1 of this Article are considered to be equal to full-time working hours.

Overtime work

Article 45

(1) In case of force majeure, an extraordinary increase in the scope of work and in other similar cases of absolute necessity, the employee shall, at the employer's request, work longer than full-time working hours (overtime work), but no longer than a maximum of 8 hours a week.

(2) Overtime work for each individual employee must not exceed 32 hours a month or 180 hours a year.

(3) If overtime work by a particular employee lasts more than 4 consecutive weeks or more than 12 weeks during one calendar year, or if overtime work by all employees of a certain employer exceeds 10 percent of the total working hours in a particular month, a labour inspector must be notified of such overtime work within 8 days after the arising of any of the above circumstances.

(4) If the labour inspector has suspicions that overtime work may have harmful effects on the employees' health and working ability, he or she shall fix a time limit within which the employer must obtain an expert report and opinion on this from a physician authorised by a separate regulation.

(5) Overtime work by minor employees is prohibited

(6) A pregnant woman, a parent of a child under three years of age, a single parent of a child under six years of age or a part-time employee may work overtime only if he or she gives a written statement indicating voluntary consent to such work, except in the case of force majeure.

(7)The labour inspector shall prohibit overtime work if such work has harmful effects on the employees' health, his/her working ability and safety or if it is carried out contrary to the provisions of this Article.

Schedule of working hours

Article 46

(1) If daily and weekly schedules of working hours are not regulated by a regulation, collective agreement, agreement between the works council and the employer or employment contract, the schedule of working hours shall be determined by the employer in a written decision.

(2) The employer must notify the employees about the schedule or changes to the schedule of working hours at least one week in advance, except in cases of urgent overtime work.

(3) Where necessary on account of the work process organised in shifts with an employer, full-time or part-time work need not be distributed evenly by weeks; in such a case full-time or part-time working hours shall be determined as average weekly working time within a period of four months and any discrepancies from full-time working hours laid down in Article 43, paragraph 2, of this Act, may not amount to more than twelve hours a month.

(4) In the case referred to in paragraph 3 of this Article, an employee may work up to a maximum of 48 hours a week.

(5) If, after the lapse of the time period referred to in paragraph 3 of this Article, the average weekly working hours exceed the agreed full-time or part-time working hours, work in excess of the agreed full-time or part-time working hours is considered to be overtime work.

(6) The schedule of full-time working hours for a minor employee must not be determined pursuant to paragraph 3 of this Article if his or her working hours would, in accordance with such schedule, exceed 8 hours a day.

Rescheduling of working hours

Article 47

(1) Where the nature of work so requires, full-time or part-time working hours may be rescheduled so that in the course of one calendar year there may be a period of time with working hours that are longer and another period of time with working hours that are shorter than full-time or part-time working hours, provided that average working hours in the course of rescheduling may not exceed full-time or part-time working hours.

(2) Where rescheduling of working hours is not provided for in a collective agreement or an agreement concluded between the works council and the employer, the employer shall establish a plan of rescheduled working hours with an indication of jobs and number of employees included in such rescheduled working hours and submit such plan with rescheduled working hours to a labour inspector.

(3) Rescheduled working hours are not considered to be overtime work.

(4) If working hours are rescheduled, they cannot, including overtime work, exceed 48 hours a week during the period when they last longer than full-time or part-time working hours.

(5) As an exception to paragraph 4 of this Article, rescheduled working hours may, during the period when they last longer than full-time or part-time working hours, exceed 48 hours a week and may last up to a maximum of 56 hours a week on condition that this is provided for by a collective agreement and that a written statement about voluntary consent to such work is submitted to the employer by the employee.

(6) An employee who refuses to work for more than forty-eight hours a week in the course of rescheduled working hours shall not suffer any adverse effects as a result of such refusal.

(7) At the request of the labour inspector, the employer is obliged to enclose, with the plan referred to in paragraph 2 of this Article, the list of employees who have given a written statement referred to in paragraph 5 of this Article.

(8) Rescheduled working hours may, in the period when they last longer than full-time or part-time working hours, last up to a maximum of 4 months, unless otherwise provided in a collective agreement, in which case they cannot exceed 6 months.

(9) The duration of fixed-term employment contract for work carried out in rescheduled working hours cannot be shorter than the period referred to in paragraph 1 of this Article.

(10) It shall be prohibited for minors to work longer than eight hours a day in the course of rescheduled working hours.

(11) A pregnant woman, a parent of a child under three years of age, a single parent of a child under six years of age or a part-time employee may work overtime only if he or she submits to the employer a written statement indicating his or her voluntary consent to such work.

(12) The labour inspector shall prohibit or limit rescheduled working hours if they are contrary to the provisions of this Act or if it can be concluded on the basis of the report and opinion of an authorised physician, obtained in accordance with Article 45, paragraph 4 of this Act, that they have harmful effects on the employees' health, his or her working ability and safety.

Night work

Article 48

(1) Irrespective of its duration work between the hours of 10 in the evening and 6 in the morning of the next day and, for agriculture, between 10 in the evening and 5 in the morning of the next day, is considered night work, unless this Act or another law, another regulation, collective agreement or agreement between the employer and the works council specify otherwise for specific cases.

(2) For minors employed in industry, work between the hours of 7 in the evening and 7 in the morning of the next day is considered night work.

(3) For minors employed outside industry, work between the hours of 8 in the evening and 6 in the morning of the next day is considered night work.

(4) The Minister is authorised to determine, by an ordinance, which activities are classified as belonging to industry, within the meaning of paragraph 2 of this Article.

(5) Night worker is an employee who in one day, according to a working time schedule, works at least three hours during the hours of night work or who, in the course of a calendar year, works at least one third of his or her working time during the hours of night work.

(6) When establishing the daily schedule of working hours, the employer shall take into account that the duration of work by an employee referred to in paragraph 5 of this Article may not exceed eight hours.

Prohibition of night work

Article 49

(1) An employer shall not order a pregnant woman to undertake night work, unless the woman herself has so requested and the authorised physician has assessed that such work will not endanger her life or health or the life or health of the baby.

(2) Night work shall be prohibited for minors, unless it is, on a temporary basis, absolutely necessary to perform such work immediately due to force majeure, provided that adult employees are not available, in which case such night work shall not last longer than eight hours within a period of twenty-four hours and provided that minors do not work in the period from midnight to four in the morning.

(3) In the event of night work referred to in paragraph 2 of this Article, the employer shall ensure that such work is performed under the supervision on an adult person.

(4) A labour inspector may prohibit night work of persons referred to in paragraphs 1 or 2 of this Article, if such work is contrary to the provisions of this Act.

Work in shifts

Article 50

(1) Shift work means a method of organising work at an employer's workplace whereby employees take turns in the same job and at the same work site in accordance with a working time schedule, which may be continuous or discontinuous, rotating shifts included.

(2) Shift worker means an employee whose work schedule, with an employer using shift work pattern, performs his or her job in different shifts over a period of one week or one month.

(3) If work is organised in shifts, a change in shifts must be ensured, so that employees work in a night shift during consecutive nights for at most one week.

Obligations of the employer towards night and shift employees

Article 51

(1) In organising night or shift work, the employer shall invest particular efforts to organise work in a way that is adjusted to employees and take into account safety and health requirements in line with the nature of work performed during the hours of night work or in shifts.

(2) The employer shall provide safety and health protection for night and shift employees in line with the nature of work performed, including safety protection and prevention equipment that are relevant and applicable to all other employees and are available at any time.

(3) An employee who is, based on the working time schedule, assigned to perform his or her job as a night worker, shall, before commencing such work and on a regular basis during the work of night worker, be provided with a possibility to undergo medical examinations pursuant to a special law.

(4) The costs of the medical examination referred to in paragraph 3 of this Article shall be borne by the employer.

(5) If the medical examination referred to in paragraph 3 of this Article indicates that a night worker has health problems as a result of night work, the employer shall ensure that such employee receives a working time schedule allowing him or her to perform his or her job outside the hours of night work.

(6) Where it is not possible for an employer to ensure that an employee performs his or her job outside the hours of night work as referred to in paragraph 5 of this Article, the employer shall make an offer to such employee to conclude an employment contract for the performance of tasks outside the hours of night work which he or she is capable of performing and which, to the largest extent possible, must correspond to those jobs that the employee was assigned to earlier.

(7) The employer shall determine a schedule of working hours for a night worker, who is exposed to particular risks or severe physical or mental strains, enabling him or her to work no longer than 8 hours of night work in a period of 24 hours.

VII. REST PERIODS AND LEAVES

Break

Article 52

(1) An employee who works at least six hours a day has, each working day, the right to a rest period ("break") lasting at least 30 minutes, unless otherwise specified by a separate law.

(2) A minor working at least four and a half hours a day shall have the right to a rest period (break) in the duration of no less than 30 minutes without interruption every day.

(3) The time of the rest period referred to in paragraph 1 of this Article shall be included in the working hours.

(4) If the special nature of the job does not allow interruption of work for the purpose of taking a rest period referred in paragraph 1 of this Article, the time and manner of taking this rest period shall be regulated by a collective agreement, agreement between the works council and the employer or employment contract.

Daily rest

Article 53

(1) In the course of each time period of twenty-four hours, an employee shall be entitled to a daily rest of at least twelve consecutive hours.

(2) By way of derogation from paragraph 1 of this Article, an adult employee performing a seasonal job shall be entitled to a daily rest referred to in paragraph 1 of this Article in the duration of no less than ten consecutive hours, provided that such employee is provided with an alternative daily rest period equivalent in length to the missed rest hours in each eight-day period.

Weekly rest

Article 54

(1) An employee has the right to a weekly rest period lasting at least 24 consecutive hours, to which the daily rest referred to in Article 54 of this Act shall be added.

(2) A minor shall be entitled to a weekly rest in the continuous duration of no less than 48 hours.

(3) The right to a weekly rest shall be exercised Sundays and on the day immediately preceding or following Sundays.

(4) Where an employee may not exercise his or her right to a weekly rest as referred to in paragraph 3 of this Article, it shall be ensured that he or she exercises his or her weekly rest in the period stipulated in the collective agreement, an agreement entered into between the works council and the employer or in the employment contract, which may not exceed two weeks.

(5) By way of exception from paragraph 1 of this Article, for employees who, due to performing their job in different shifts, may not use the weekly rest referred to in paragraph 1 of this Article on account of objectively inevitable technical reasons or as a result of organisation of work, the right to weekly rest may be determined in the continuous duration of no less than 24 hours, to which the daily rest referred to in Article 53 of this Act shall not be added.

Minimum duration of annual leave

Article 55

(1) An employee has the right to paid annual leave in the duration of at least four weeks for each calendar year.

(2) A minor employee or an employee carrying out work at which workers cannot be protected from harmful effects despite the application of occupational safety and health measures has the right to paid annual leave in the duration of at least five weeks for each calendar year.

Determining the duration of annual leave

Article 56

(1) The duration of annual leave for a period longer than the minimum period prescribed under Article 55 of this Act and the number of working days calculated into the annual leave of an employee shall be established by a collective agreement, employment rules or employment contract.

(2) Holidays and non-working days established by law are not included in the duration of annual leave.

(3) A period of temporary inability to work, which was confirmed by an authorised physician, is not included in the duration of annual leave.

Nullity of waiver of the right to annual leave

Article 57

An agreement under which an employee waives his or her right to annual leave or accepts payment of compensation in lieu of annual leave is null and void.

Time limit for acquiring the right to annual leave

Article 58

(1) An employee who is employed for the first time or who has a period of interruption of work between two consecutive employments longer than eight days acquires the right to annual leave as determined under Article 55 of this Act after six months of uninterrupted work.

(2) Temporary inability to work, performing citizen duties in defence service or other situation of justifiable absence from work determined by law are not considered as interruption of work within the meaning of paragraph 1 of this Article.

Right to a proportion of annual leave

Article 59

(1) An employee has the right to one-twelfth of annual leave, as determined under Articles 55 and 56 of this Act, for each full month of work in the following cases:

- if, in the calendar year in which his or her employment commenced, he or she did not acquire the right to annual leave because the six-month time-limit referred to in Article 58, paragraph 1 of this Act did not expire;
- if employment terminates before the expiration of the six-month time-limit referred to in Article 58, paragraph 1 of this Act;
- if employment terminates before 1 July.

(2) When computing the duration of annual leave in the manner referred to in paragraph 1 of this Article, at least one-half of a day of annual leave is rounded up to a whole day of annual leave.

Salary compensation during annual leave

Article 60

(1) While on annual leave, the employee has the right to salary compensation in an amount determined by a collective agreement, employment rules or employment contract. The salary compensation may not be lower than the employee's average monthly salary in the preceding three months (also taking into account any other monetary or in-kind benefits, which represent remuneration for work done).

(2) The employer is not entitled to claim from the employee a refund of the salary compensation paid for annual leave which was taken before the conditions referred to in Article 59, paragraph 1 of this Act have been met.

Compensation for unused annual leave

Article 61

(1) Where an employment contract is terminated, the employer shall pay compensation to an employee who has not used his or her annual leave in full instead of such employee using annual leave.

(2) The compensation referred to in paragraph 1 of this Article shall correspond, pursuant to the provisions of Article 60, paragraph 1 of this Act, in proportion to the number of days of unused annual leave.

Taking portions of annual leave

Article 62

(1) An employee has the right to take annual leave in two portions, unless otherwise agreed with the employer.

(2) If the employee takes annual leave in portions, he or she must use the first portion, lasting at least two weeks without interruption, in the calendar year for which the right to annual leave is acquired, provided that the employee has acquired the right to an annual leave in the duration of no less than two weeks.

Carrying over annual leave to the next calendar year

Article 63

(1) Any outstanding annual leave in excess of the portion of annual leave referred to in Article 62, paragraph 2 of this Act may be carried over and must be taken no later than 30 June of the next year.

(2) The portion of annual leave referred to in Article 62, paragraph 2 of this Act may not be carried over to the next calendar year, provided that the employer enabled the employee to use such leave.

(3) By way of exception to paragraph 2 of this Article, the employee has the right to take annual leave or the portion of annual leave interrupted or not taken in the calendar year in which such right is acquired due to illness or maternity, parental or adoption leave by 30 June of the following year.

(4) A member of the crew of a ship, an employee working abroad or an employee who spent time in performing citizen duties in defence service may take annual leave in its entirety in the following calendar year.

Schedule for taking annual leave

Article 64

(1) The employer shall prepare a schedule for taking annual leave in accordance with a collective agreement, employment rules, employment contract and this Act no later than 30th June of the current year, and inform the employees about the schedule.

(2) Where an employee works part-time for two or more employers and such employers fail to reach an agreement on the simultaneous exercise of the right to annual leave referred to in Article 55 of this Act, the employers shall enable such employee to use annual leave in accordance with his or her request.

(3) When preparing the schedule for taking annual leave, account must be taken of the needs concerning the organisation of work and the possibilities for rest available to employees.

(4) An employee must be informed about the duration and schedule of annual leave at least 15 days before annual leave is to be taken.

(5) An employee has the right to take one day of annual leave whenever he or she wishes, provided that he or she informs the employer thereof at least three days in advance, unless a collective agreement specifies a different period of advance notification.

Paid leave

Article 65

(1) During the calendar year, an employee has the right to be free from work obligations and receive salary compensation ("paid leave") for important personal needs, and, in particular, those related to marriage, childbirth of the spouse, serious illness or death of a member of the immediate family.

(2) The employee shall have the right to a leave referred to in paragraph 1 of this Article of the total duration of seven working days a year, unless otherwise stipulated in a collective agreement, employment rules or employment contract.

(3) Members of the immediate family referred to in paragraph 1 of this Article include: a spouse, blood relatives in the direct line and their spouses, brothers and sisters, step-children and adopted children, parentless children in foster care, step-father and step-mother, adoptive parent and person to whom the employee is obliged to provide statutory maintenance, and a person with whom the employee lives in a common law marriage.

(4) The employee has the right to paid leave when receiving education or vocational education and further training as well as education for the needs of the works council or trade union work, under the conditions, for the duration and for remuneration determined by a collective agreement, agreement between the works council and the employer or employment rules.

(5) For the purpose of acquiring the rights arising from employment or related to employment, the periods of paid leave are considered as time spent at work.

(6) Employees – voluntary blood donors are entitled to one day off work on account of voluntary blood donation, which may be taken during the calendar year, subject to work obligations.

Unpaid leave

Article 66

(1) The employer may grant the employee unpaid leave, at his or her request.

(2) During unpaid leave, the rights and obligations arising from employment or related to employment are suspended, unless otherwise specified by the law.

VIII. PROTECTION OF PREGNANT WOMEN, PARENTS AND ADOPTIVE PARENTS

Prohibition of unequal treatment of pregnant women

Article 67

(1) The employer must not refuse to employ a woman because she is pregnant, nor shall the employer terminate an employment contract on account of pregnancy of an employee or make an offer to such employee to conclude a modified employment contract, except under the conditions of Article 68, paragraph 1 of this Act.

(2) The employer must not ask for any kind of information on the woman's pregnancy nor must he order another person to ask for such information, except if the female employee personally requests a specific right envisaged under law or another regulation for the protection of pregnant women.

Protection of pregnant employees or employees who are breastfeeding

Article 68

(1) The provisions of Article 67 of this Act shall not prevent the employer to make an offer to an employee who is pregnant or breastfeeding, at her proposal, to conclude an employment contract under modified conditions for the performance of other appropriate tasks.

(2) If an employee referred to in paragraph 1 of this Article performs tasks that pose a risk to her life or health, or the life or health of her child, the employer shall offer her to conclude an agreement assigning her to the performance of other appropriate tasks, which shall replace the relevant provisions of her employment contract for a specific period of time.

(3) In the event of a dispute between the employer and an employee concerned, only an authorised physician has the authority to determine whether the tasks offered in the case referred to in paragraph 2 of this Article are appropriate.

(4) If an employer is not able to proceed in the manner prescribed in paragraph 2 of this Article, the employee has the right to take a leave with a salary compensation pursuant to a special regulation.

(5) As soon as the period referred to in paragraph 1 of this Article expires, the agreement referred to in paragraph 2 of this Article shall expire and the employee shall return to the job she performed earlier on the basis of her employment contract.

(6) The agreement referred to in paragraph 2 of this Article may not result in any reduction of the salary of such employee.

Assumption of work in full-time working hours

Article 69

If prior duration of employment is important to acquire specific rights arising from employment or related to employment, periods of maternity leave, parental leave or leave of adoptive parents or work in shortened working hours shall be considered as work in full-time working hours.

Advance notification and the exercise of a right

Article 70

(1) An employee who during his or her exercise of a right to maternity or parental time off from work pursuant to a special law intends to change the manner of exercising such right or intends to re-establish a pertaining unused right shall notify his or her employer of this intention pursuant to a special law.

(2) The employer may, in case of an extraordinary increase in the volume of work, force majeure or other similar cases of absolute necessity, in a written statement and within a

period pursuant to a special law, suspend the beginning of the exercise of the right referred to in paragraph 1 of this Article, except in the case of the mandatory maternity leave.

(3) Where the employer does not issue a statement referred to in paragraph 2 of this Article within 15 days, it shall be deemed that the employer agrees with the intention expressed by the employee as referred to in paragraph 1 of this Article.

(4) Where the employer suspends the beginning of the exercise of the right referred to in paragraph 1 of this Article in the manner stipulated in paragraph 2 of this Article, the employee may renounce his or her advance notification for the exercise of a right referred to in paragraph 1 of this Article.

Prohibition of dismissal

Article 71

(1) During pregnancy, the exercise of maternity, parental or adoptive parent leave, half-time work, work with shortened working hours for the purpose of intensified child care, leave of a pregnant woman or a breastfeeding mother, leave or shortened working hours for the purpose of caring for or nursing a child with severe developmental problems or during a period of fifteen days after the cessation of pregnancy or the cessation of the exercise of these rights, the employer may not dismiss from work a pregnant woman or a person exercising one of the rights mentioned.

(2) A dismissal is null and void if, on the day of dismissal, the employer was aware of the circumstances referred to in paragraph 1 of this Article or if the employee notifies his or her employer, within a period of fifteen days following the receipt of the notice of dismissal, of the circumstances referred to in paragraph 1 of this Article, enclosing an appropriate certificate signed by an authorised physician or another authorised body.

(3) The circumstances referred to in paragraph 1 of this Article do not prevent termination of a fixed-duration employment contract, upon expiration of the period of time for which this contract was concluded.

The right of an employee to cancel an employment contract
by giving extraordinary notice

Article 72

(1) A pregnant women and an employee exercising the right to maternity, parent or adoption leave, half-time work, work with shortened working hours for the purpose of intensified child care, leave of a pregnant woman or a breastfeeding mother, leave or shortened working hours for the purpose of caring for or nursing a child with severe developmental problems or whose employment contract is suspended until his or her child reaches three years of age may, pursuant to a special regulation, terminate his or her employment contract by giving extraordinary notice.

(2) An employment contract may be cancelled as provided for under paragraph 1 of this Article no later than fifteen days prior to the date on which the employee is due to return to work.

(3) A pregnant woman may cancel her employment contract by giving extraordinary notice.

The right to return to previous or appropriate job

Article 73

(1) After the expiry of maternity, parental, adoption leave or leave for the purpose of caring and nursing a child with severe development difficulties and for the duration of the suspension of the employment relationship until the child reaches the age of three pursuant to a special regulation, the employee who has exercised one of the these rights has the right to return to the same job he or she performed before exercising this right, and if the need for such job no longer exists, the employer shall offer him or her to conclude an employment contract for the performance of other appropriate job with working conditions which shall not be less favourable than those he or she enjoyed before exercising the right in question.

(2) Where an employee ceases to exercise his or her right referred to in paragraph 1 of this Article, the employer shall return such employee to the job he or she performed before the exercise of a right referred to in paragraph 1 of this Article within a period of one month from the date on which such employee informed the employer about his or her ceasing to exercise such rights.

(3) An employee who exercised his or her rights referred to in paragraph 1 of this Article shall be entitled to additional vocational training in case any changes occurred in technology or working methods, and benefit from any improvement in working conditions to which he or she would be entitled during his or her absence.

IX. THE PROTECTION OF EMPLOYEES WHO ARE TEMPORARILY OR PERMANENTLY UNABLE TO WORK

Prohibition of dismissal if temporary inability is caused by an injury at work or an occupational disease

Article 74

(1) The employer must not dismiss an employee who has suffered an injury at work or has acquired with an occupational disease and is temporarily unable to work due to medical treatment or recovery as long as he or she is temporarily unable to work due to medical treatment or recovery.

(2) The prohibition referred to in paragraph 1 of this Article does not affect the termination of a fixed-duration employment contract.

Prohibition of harmful effects on the promotion or exercise of other rights

Article 75

An injury at work or an occupational disease must not have a harmful effect on the promotion of an employee or the exercise of other rights and privileges arising from employment or related to employment.

The right to return to previous or other appropriate job of an employee who was temporarily unable to work

Article 76

An employee who was temporarily unable to work due to an injury or an injury at work, a disease or an occupational disease and for whom, after treatment or recovery, an authorised person or body, under a separate regulation, establishes that he or she is able to work, has the right to return to the job he or she previously performed, and if the need for such job no longer exists, the employer shall offer him or her to conclude an employment contract for the performance of other appropriate job.

The obligation to inform the employer of temporary inability to work

Article 77

(1) The employee shall inform the employer of his or her temporary inability to work as soon as possible, and shall provide the employer, no later than within three days, with a medical certificate about his or her temporary inability to work and its expected duration.

(2) An authorised physician shall issue to the employee a certificate referred to in paragraph 1 of this Article.

(3) If, due to a legitimate reason, the employee was unable to fulfil the obligation referred to in paragraph 1 of this Article, he or she shall do this as soon as possible, and no later than within three days after the reason that prevented him or her from doing so ceased to exist.

(4) The Minister, with prior consent of the minister responsible for health, shall regulate, by an ordinance, the contents and method for issuing the certificate referred to in paragraph 1 of this Article.

The right to employment in other job

Article 78

(1) If an authorised person or body establishes that an employee has an occupational inability to work or that he or she is in immediate danger of disability, the employer shall, taking into consideration the expert report and opinion of the authorised person or body, offer the employee to conclude an employment contract in writing for the performance of job which he or she is able to perform and which must, to the greatest possible extent, correspond to the job previously performed by the employee.

(2) In order to provide such job, the employer shall adjust the work to the abilities of the employee, alter the schedule of working hours, and do his or her very best to provide appropriate job to the employee referred to in paragraph 1 of this Article.

Dismissal in case of occupational inability to work or immediate danger of disability

Article 79

(1) The employer may dismiss an employee who has an occupational inability to work or who is in immediate danger of disability, only with prior consent of the works council.

(2) The works council shall give the employer consent to cancel an employment contract if the employer proves that he or she has done his or her very best to provide appropriate job to the employee referred to in paragraph 1 of this Article or if the employer proves that the employee has refused an offer to conclude an employment contract for the performance of job suited to his or her abilities, in accordance with the expert report and opinion of the authorised person or body.

(3) If the works council refuses to give its consent to a dismissal or if no works council has been established at the undertaking and there is no shop steward enjoying all the rights and obligations normally pertaining to a works council, such consent may be replaced by a judicial decision or arbitration award.

Severance pay in case of injury at work or occupational disease

Article 80

(1) An employee who has suffered an injury at work or has acquired an occupational disease, and who is not returned to work after the completion of treatment and recovery, has the right to severance pay in an amount at least double the amount he or she would be entitled to otherwise.

(2) An employee who has unjustifiably refused to accept jobs offered as referred to in Article 78, paragraph 1 of this Act does not have the right to severance pay in a double amount.

Precedence for occupational training and schooling

Article 81

An employee who suffers an injury at work or an occupational disease is to be given precedence for occupational training and schooling organised by the employer.

X. SALARIES

Establishing salaries

Article 82

(1) An employer bound by a collective agreement must not calculate and pay to the employee a salary amounting to less than the amount established by the collective agreement.

(2) If the basis and criteria for salaries have not been established by a collective agreement, an employer employing more than 20 employees shall establish them in employment rules.

(3) If the salary has not been established by the methods described under paragraphs 1 and 2 of this Article, and the employment contract does not contain sufficient data on the basis of which it can be established, the employer shall pay the employee an appropriate salary.

(4) An appropriate salary is a salary regularly paid for equal work, and if it is impossible to establish such a salary, then a salary established by the court according to the circumstances of the case.

Equal pay for women and men

Article 83

(1) An employer shall pay equal salaries to women and men for equal work and for work of equal value.

(2) Within the meaning of paragraph 1 of this Article, two persons of different gender are considered to perform equal work and work of equal value if:

- they perform the same work in the same or similar conditions or they could substitute one another at the workplace,
- the work one of them performs is of similar nature to that performed by another, and the differences between the work performed by them and conditions under which it is performed have no significance in relation to the overall nature of the work or they appear so rarely that they have no significance in relation to the overall nature of the work,
- the work one of them performs is of equal value as that performed by another, if one takes into account the criteria such as qualifications, skills, responsibilities, conditions under which the work is performed and whether the work is of manual nature or not.

(3) The salary referred to in paragraph 1 of this Article includes the basic salary and all additional payments of any type made by the employer to the female or male employee for the work performed, either directly or indirectly, in cash or in kind, under an employment contract, collective agreement, employment rules or other regulation.

(4) Any provision in an employment contract, a collective agreement, employment rules, or any other legal act that contravenes paragraph 1 of this Article is null and void.

Payment of salaries and salary compensation

Article 84

(1) Salary is paid after the work has been performed.

(2) Salary and salary compensation is paid in the form of money.

(3) Unless otherwise specified by the collective agreement or employment contract, salary and salary compensation for the previous month shall be paid before 15th day of the following month at the latest.

(4) Within the meaning of this Act, salary and salary compensation mean gross salary and salary compensation.

Documents on salary, salary compensation and severance pay

Article 85

(1) The employer shall, within fifteen days at the latest from the day of payment of a salary, salary compensation or severance pay, give the employee a payroll account from which it is evident in which way calculations were made of the salary, salary compensation or severance pay.

(2) The employer who fails to make the payment of a salary, salary compensation or severance pay on their maturity dates, or who fails to pay them in the full amount, shall provide the employee with a payroll account for the amount owed by him or her, by the end of the month in which the salary, salary compensation or severance pay became due.

(3) The payroll accounts referred to in paragraph 1 and 2 of this Article are enforceable documents.

(4) The Minister shall determine in an ordinance the elements to be indicated in payroll accounts referred to in paragraphs 1 and 2 of this Article.

The right to an increased salary

Article 86

An employee has the right to an increased salary for arduous working conditions, overtime and night work, and for work on Sundays, holidays, and other days that are not working days according to the law.

Salary compensation

Article 87

(1) An employee has the right to salary compensation for periods in which he or she does not work due to legitimate reasons established by the law, another regulation or collective agreement.

(2) The period referred to in paragraph 1 of this Article for which compensation is to be paid at the expense of the employer is established by the law, another regulation, collective agreement or employment contract.

(3) An employee has the right to salary compensation during a period of time when work is interrupted due to the fault of the employer or due to other circumstances for which the employee is not responsible.

(4) An employee who refuses to work because the prescribed occupational safety and health measures regulations have not been implemented has the right to salary compensation equal to the salary he or she would have received had he or she worked, for the period until the prescribed measures are implemented, unless the employee has performed other appropriate job during this period.

(5) Unless otherwise specified by this Act or another law, another regulation, collective agreement, employment rules or employment contract, an employee has the right to salary compensation equal to the sum of the average salary paid to him or her over the preceding three months.

Prohibition of offsetting

Article 88

(1) The employer must not, without the consent of the employee, settle his or her claim against such employee by withholding payment of salary or part of salary, or by withholding payment of salary compensation or part of salary compensation.

(2) An employee may not give the consent referred to in paragraph 1 of this Article before the claim arises.

Protection of salary in case of forced withholding

Article 89

Salary or salary compensation may be withheld by force of law in accordance with a special regulation.

XI. INVENTIONS AND TECHNICAL INNOVATIONS MADE BY EMPLOYEES

An invention made at the workplace or in relation to the work

Article 90

(1) An employee shall inform his or her employer of his or her invention made at the workplace or in relation to the work.

(2) The employee shall treat all the information about the invention referred to in paragraph 1 of this Article as confidential business information and shall not pass it on to a third person without prior approval of the employer.

(3) The invention referred to in paragraph 1 of this Article is the property of the employer, and the employee has the right to compensation established by the collective agreement, employment contract or special contract.

(4) If compensation is not established in the manner referred to in paragraph 3 of this Article, appropriate compensation shall be established by the court.

An invention related to the employer's activity

Article 91

(1) An employee shall inform his or her employer about an invention that was not made at the workplace or in relation to the work, if such invention is related to the employer's activity, and shall make the employer a written offer to transfer to the employer his or her rights in relation to such invention.

(2) The employer shall respond to the employee's offer referred to in paragraph 1 of this Article within a period of one month.

(3) The provisions of the law of civil obligations governing the right of pre-emption shall apply, as appropriate, to the transfer of the right to an invention referred to in paragraph 1 of this Article.

Technical innovations

Article 92

(1) If the employer agrees to apply a technical innovation proposed by an employee, the employer shall pay to the employee the compensation established by the collective agreement, employment contract or special contract.

(2) If compensation is not established in the manner referred to in paragraph 1 of this Article, appropriate compensation shall be established by the court.

XII. PROHIBITION OF COMPETITION BETWEEN AN EMPLOYEE AND HIS OR HER EMPLOYER

Statutory prohibition of competition

Article 93

(1) An employee must not, without the approval of his or her employer, conclude business transactions, for his own account or for the account of another, in the field of activity of his or her employer ("statutory prohibition of competition").

(2) If the employee fails to comply with the prohibition referred to in paragraph 1 of this Article, the employer may claim compensation for damages from the employee or may require that the business transaction be considered as concluded for the employer's account, or

that the employee give the employer the profit earned from such transaction or transfer to the employer any claims for profits earned from such a transaction.

(3) The employer's right referred to in paragraph 2 of this Article ceases to exist three months after the date on which the employer learnt that the business transaction had been concluded, and in any case five years after the date on which the transaction was concluded.

(4) If, at the time of commencement of employment, the employer was aware of the fact that the employee was engaged in certain business activities, and did not require that the employee stop engaging in such activities, it shall be considered that the employer gave the employee approval for engaging in such activities.

(5) The employer may revoke the approval referred to in paragraphs 1 and 4 of this Article, complying in this respect with the time limit prescribed or agreed upon for cancelling an employment contract.

Contractual prohibition of competition

Article 94

(1) The employer and the employee may stipulate that, for a certain time after the termination of the employment contract, the employee must not enter into employment with another person who is competing on the market with the employer, and that the employee must not conclude business transactions that constitute competition with the employer, neither for his own account nor for the account of another ("contractual prohibition of competition").

(2) The contract referred to in paragraph 1 of this Article must not be concluded for a period longer than two years after the date of the termination of employment.

(3) The contract referred to in paragraph 1 of this Article may be an integral part of the employment contract.

(4) The contract referred to in paragraph 1 of this Article must be concluded in writing.

(5) The contract referred to in paragraph 1 of this Article is not binding on the employee if the aim of the contract is not to protect the legitimate business interests of the employer or if, taking into account the area, time and aim of the prohibition and in relation to the legitimate business interests of the employer, the contract disproportionately limits the work and promotion of the employee.

(6) The contract referred to in paragraph 1 of this Article is null and void if it is concluded by a minor employee or by an employee who, at the time the contract is concluded, is receiving a salary amounting to less than the average salary in the Republic of Croatia.

(7) In the case from paragraph 6 of this Article, the nullity of contractual prohibition of competition may not be invoked by the employer.

Salary compensation in case of contractual prohibition of competition

Article 95

(1) Unless this Act specifies otherwise for a specific case, the contractual prohibition of competition is binding on an employee only if the employer has undertaken a contractual obligation to pay compensation to the employee for the duration of the prohibition, amounting to at least half of the average salary paid to the employee in the period of three months prior to the termination of the employment contract.

(2) Salary compensation referred to in paragraph 1 of this Article shall be paid by the employer to the employee at the end of each calendar month.

(3) The amount of salary compensation referred to in paragraph 1 of this Article is adjusted to reflect the changes in the average salary in the Republic of Croatia.

(4) If part of the employee's salary is intended to cover certain costs related to the performance of work, the compensation may be proportionately reduced.

Termination of contractual prohibition of competition

Article 96

(1) If an employee cancels his or her employment contract by giving extraordinary notice because the employer has seriously violated an obligation from the employment contract, the contractual prohibition of competition shall cease to apply if the employee declares in writing, within a month of the date of termination of the employment contract, that he or she does not consider himself or herself bound by this contract.

(2) A contractual prohibition of competition shall cease to apply if the employer cancels the employment contract without having just cause under this Act, unless the employer notifies the employee, within fifteen days of the cancellation of the contract, that it shall pay to the employee, for the duration of the contractual prohibition of competition, compensation amounting to the average monthly salary paid to the employee in the period of three months prior to the termination of the employment contract.

(3) The amount of salary compensation referred to in paragraph 2 of this Article is adjusted to reflect the changes in the average salary in the Republic of Croatia.

Waiver of the contractual prohibition of competition

Article 97

(1) The employer may be released from the obligation to pay the compensation referred to in Article 95 of this Act, if he or she notifies the employee in writing that he or she waives the contractual prohibition of competition.

(2) A waiver of the contractual prohibition of competition referred to in paragraph 1 of this Article releases the employer from any obligation to pay compensation after three months have passed since the date on which the statement on waiver was served on the employee.

Contractual penalty

Article 98

(1) Where only a contractual penalty has been provided for the case of violation of a contractual prohibition of competition, the employer may, in accordance with the general provisions of the law of civil obligations, claim only the payment of this penalty, and not the fulfilment of the obligation or compensation for greater damages.

(2) The contractual penalty referred to in paragraph 1 of this Article may also be agreed upon for the case when the employer does not undertake to pay salary compensation for the duration of the contractual prohibition of competition.

XIV. COMPENSATION FOR DAMAGES

Employee's liability for damages caused to the employer

Article 99

(1) An employee who, at the workplace or in relation to the work, either intentionally or due to gross negligence, causes the employer to suffer damage shall compensate the employer for such damage.

(2) If the damage has been caused by several employees, each employee shall be liable for the part of the damage caused by himself or herself.

(3) If it is impossible to determine what part of the damage was caused by each employee, all the employees are considered to be equally liable and shall compensate for the damage in equal parts.

(4) If several employees have caused damage by a premeditated criminal offence, they shall be jointly liable for the damage caused.

Predetermined amount of compensation for damages

Article 100

(1) If determining the amount of damages would cause disproportionate costs, the amount of compensation for damages for certain harmful acts may be determined in advance.

(2) The harmful acts and compensation referred to in paragraph 1 of this Article may be provided for in the collective agreement or employment rules.

(3) If the damage caused by a harmful act referred to in paragraph 2 of this Article is much greater than the predetermined amount of compensation, the employer may claim compensation for the amount of the damage actually suffered and established.

Liability of an employee to refund compensation for damages ("recourse liability")

Article 101

An employee who at the workplace or in relation to the work, either intentionally or due to gross negligence, causes damage to a third person, and compensation for damages has been paid by the employer, shall pay to the employer the amount of compensation paid to the third person.

Reduction of compensation for damages or the exemption of an employee from paying compensation for damages

Article 102

Collective agreements or employment rules may establish the conditions and methods for reducing compensation for damages or exempting an employee from the obligation to pay compensation for damages.

Liability of the employer for damages caused to an employee

Article 103

(1) If an employee suffers damage at work or in relation to work, the employer shall compensate the employee for the damage according to the general provisions of the law of civil obligations.

(2) The right to compensation for damages referred to in paragraph 1 of this Article also refers to the damages caused by the employer to the employee by a violation of the employee's rights arising from employment.

XIV. TERMINATION OF AN EMPLOYMENT CONTRACT

Methods for terminating an employment contract

Article 104

An employment contract terminates:

1. upon the death of the employee,
2. upon expiration of the period for which a fixed-duration employment contract has been concluded,
3. when the employee has reached 65 years of age and 15 years of periods of insurance, unless otherwise agreed by the employer and the employee,
4. under an agreement between the employee and the employer,
5. upon the service of a legally effective decision on retirement due to general inability to work,
6. by cancellation (notice),
7. by a decision of the court having jurisdiction.

Form of an agreement to terminate an employment contract

Article 105

An agreement to terminate an employment contract must be made in writing.

Cancellation of an employment contract (Notice)

Article 106

An employer and an employee may give notice that they wish to cancel an employment contract.

Regular notice

Article 107

(1) An employer may give notice that he or she wishes to cancel an employment contract, subject to a prescribed or agreed notice period ("regular notice") if he or she has a legitimate reason for doing so, in the following cases:

- if the need for performing certain work ceases due to economic, technological or organisational reasons ("notice due to business reasons"),
- if the employee is not capable of fulfilling his or her employment-related duties because of some permanent characteristics or abilities ("notice due to personal reasons"), or
- if the employee violates employment obligations ("notice due to the employee's misconduct").

(2) Notice due to business and personal reasons is allowed only if the employer cannot place the employee in alternative employment.

(3) In making a decision about a notice due to business or personal reasons, the employer must take into account the length of service, age, disability and maintenance obligations lying upon the employee.

(4) Notice due to business or personal reasons is allowed only if the employer cannot train or qualify the employee for work at another job, or if the circumstances are such that it is not reasonable to expect from the employer to train or qualify the employee for work at another job.

(5) The provisions of paragraphs 2 to 4 of this Article do not apply to the notice of dismissal if the employer employs less than twenty employees.

(6) An employee may cancel his or her employment contract, subject to a prescribed or agreed notice period, without specifying any reasons for so doing.

(7) The employer who has given notice to an employee for economic, technological or organisational reasons must not employ another employee at the same job for the following six months.

(8) If, within the time limit referred to in paragraph 7 of this Article, a need arises for employing an employee to perform the same job, the employer shall offer the employee whom he dismissed for business reasons to conclude an employment contract.

Extraordinary notice

Article 108

(1) Employers and employees have just cause to cancel an open-ended or fixed-duration employment contract, without having an obligation to comply with a prescribed or agreed notice period ("extraordinary notice") if, due to an extremely grave violation of an employment obligation or due to any other highly important fact and recognising all the circumstances or interests of both contracting parties, continuation of the employment is not possible.

(2) An employment contract may be cancelled by giving extraordinary notice only within fifteen days of the day when the person concerned came to know about the fact which is claimed to be the basis of the extraordinary notice.

(3) A party to the employment contract who, in the case referred to in paragraph 1 of this Article cancels his or her employment contract by giving extraordinary notice, has the right to claim compensation for damages for non-performance of the obligations from the employment contract from the party who is responsible for the cancellation.

Reasons not constituting just cause for dismissal

Article 109

(1) Temporary absence from work caused by an illness or personal injury is not considered to be just cause for dismissal.

(2) Filing an appeal or complaint, or taking part in the proceedings against the employer on the ground of a violation of a law, another regulation, collective agreement or employment rules, as well as the employee's turning to the competent executive bodies, are not considered to be just cause for cancelling an employment contract.

(3) The employee's turning to responsible persons or competent state administration bodies or filing a bona fide application with these persons or bodies, regarding a reasonable suspicion about corruption, is not considered to be just cause for dismissal.

Cancellation of a fixed-duration employment contract

Article 110

A fixed-duration employment contract may be cancelled by giving a regular notice only if such a possibility was envisaged by the contract.

Pre-cancellation procedure

Article 111

(1) Prior to giving regular notice due to the employee's conduct, the employer shall draw the employee's attention, in writing, to his or her employment obligations and inform him or her about the possibility of dismissal if further violations occur, unless circumstances exist because of which the employer cannot be reasonably expected to do so.

(2) Prior to giving a regular notice or extraordinary notice due to the employee's conduct, the employer shall give the employee an opportunity to present his or her defence, unless circumstances exist because of which the employer cannot be reasonably expected to do so.

Form, reasons and service of notice of dismissal

Article 112

(1) A notice of dismissal must be made in writing.

(2) The employer must give reasons for dismissal in writing.

(3) A notice of dismissal must be served on the person to be dismissed.

Notice period

Article 113

(1) The notice period starts running on the day of service of the notice of dismissal.

(2) The notice period does not run during pregnancy, maternity, parental, adoption leave or work with shortened working hours pursuant to a special regulation, temporary inability to work, annual leave, paid leave, performing citizen duties in defence service, and other cases of the employee's justifiable absence from work, as prescribed by this Act or another law.

Minimum notice period

Article 114

(1) In case of a regular notice, the notice period is at least:

- two weeks, if the employee has continuously worked for the same employer for less than one year;
- one month, if the employee has continuously worked for the same employer for one year;
- one month and two weeks, if the employee has continuously worked for the same employer for two years;
- two months, if the employee has continuously worked for the same employer for five years;

- two months and two weeks, if the employee has continuously worked for the same employer for ten years;
- three months, if the employee has continuously worked for the same employer for twenty years;

(2) In case of an employee who has continuously worked for the same employer for twenty years, the notice period referred to in paragraph 1 of this Article is extended by two weeks if the employee has reached 50 years of age, and by one month if the employee has reached 55 years of age.

(3) In case of an employee whose employment contract is cancelled because of violation of an employment obligation ("notice due to the employee's misconduct"), the notice period is twice as short as notice periods established in paragraphs 1 and 2 of this Article.

(4) If an employee, upon the employer's request, ceases to work before the expiration of the prescribed or agreed notice period, the employer shall pay him a salary compensation and recognise all other rights as if the employee had actually worked until the expiration of the notice period.

(5) During the notice period, the employee has the right to be absent from work not less than four hours per week with salary compensation, for the purpose of seeking new employment.

(6) In case when an employment contract is cancelled by the employee, the collective agreement or employment contract may specify that notice period be shorter for the employee than for the employer, in comparison with the period specified in paragraph 1 of this Article.

(7) When an employment contract is cancelled by the employee, the notice period may not be longer than one month, if the employee has an especially important reason for this.

Dismissal accompanied by an offer to alter the terms of the employment contract

Article 115

(1) The provisions of this Act applicable to dismissal are also applicable to cases when the employer cancels an employment contract and simultaneously offers the employee to conclude an employment contract under different terms ("dismissal accompanied by an offer to alter the terms of the employment contract").

(2) Where, in cases referred to in paragraph 1 of this Article, the employee accepts the employer's offer, he or she retains the right to challenge the permissibility of such cancellation of contract before the court having jurisdiction.

(3) The employee must declare his or her acceptance or refusal of the offer to conclude an employment contract under different terms within the time limit specified by the employer, which may not be shorter than eight days.

(4) In case of cancellation referred to in paragraph 1 of this Article, the time limit from Article 129, paragraph 1 of this Act starts running on the day on which the employee declared his or her refusal of the offer to conclude an employment contract under different terms or, if the employee has not declared either his or her acceptance or refusal of the offer received or if he or she declared his or her acceptance or refusal after the expiration of the time limit that was set for him or her, the time limit starts running on the day of expiration of the time limit specified by the employer for declaration about the offer that was given.

Returning the employee to work in case of wrongful dismissal

Article 116

(1) If the court establishes that a dismissal was not permissible and that employment did not terminate, it shall order the employer to return the employee to work.

(2) An employee who has challenged the permissibility of dismissal may move the court to issue an interim measure ordering his or her return to work pending a final judicial decision on the merits.

Judicial rescission of an employment contract

Article 117

(1) When the court establishes that a dismissal given by an employer was not permissible, and that it is not acceptable for the employee to continue employment, the court shall, upon the employee's request, determine the date of termination of employment and award him or her damages in an amount not less than three and not more than 18 average monthly salaries paid to the employee over the preceding three months, depending on the length of employment, age and maintenance obligations lying upon the employee.

(2) The court may render the decision referred to in paragraph 1 of this Article also at the request of an employer, if circumstances exist which reasonably demonstrate that, in view of all the circumstances and interests of both contracting parties, the continuation of employment is not possible.

(3) Both the employer and the employee may file a request for rescission of employment contract in the manner referred to in paragraphs 1 and 2 of this Article, until the conclusion of the trial before the court of first instance.

Consultation with the works council regarding dismissal

Article 118

The employer shall inform the works council about his or her intention to cancel an employment contract, and shall consult with the works council about this decision, in cases, in the manner and under the conditions prescribed by this Act.

Severance pay

Article 119

(1) When the employer dismisses an employee following a two-year period of continuous employment, unless dismissal is given for the reasons related to the employee's conduct, the employee has the right to receive severance pay in an amount determined on the basis of the length of prior continuous employment with that employer.

(2) Severance pay for each year of employment with the same employer must not be agreed upon or determined in an amount lower than one-third of the average monthly salary earned by the employee in a period of three months prior to the termination of the employment contract.

(3) Unless otherwise specified by the law, collective agreement, employment rules or employment contract, the aggregate amount of severance pay referred to in paragraph 2 of this Article may not exceed six average monthly salaries earned by the employee in a period of three months preceding the termination of the employment contract.

Consultation on collective redundancies

Article 120

(1) Where the employer establishes a redundancy of at least twenty employees and where their employment contracts are to end within a period of ninety days, irrespective of the method of termination, and if at least five of these employees are to be dismissed for business reasons, the employer shall consult the works council in the manner and under the conditions provided for in this Act, with the aim of removing the need for dismissals.

(2) For the purpose of complying with the duty to consult referred to in paragraph 1 of this Article, the employer shall supply the works council in writing with all relevant information on the reasons for the projected redundancies, the total number and categories of employees, the number and categories of employees who are most likely to be made redundant and receive a termination of their employment contract, the time period over which the employment contracts are to be terminated, any additional criteria, in addition to those referred to in Article 107, paragraph 3 of this Act, which the employer shall take into account when deciding on redundancies, and on the amounts and the method for calculating severance pay and other payments, in addition to those referred to in Article 119 of this Act.

Redundancy social security plan

Article 121

(1) The employer who, after the consultation on collective redundancies, still intends to terminate employment contracts due to business reasons within the meaning of Article 120, paragraph 1 of this Act, shall develop a redundancy social security plan.

(2) When preparing the plan referred to in paragraph 1 of this Article, the employer shall consult the competent public employment service on the possibilities for retraining or additional training or employment of employees with another employer.

(3) In addition to the information referred to in Article 120, paragraph 2 of this Act, the redundancy social security plan shall include:

- the reasons for redundancies,
- the possibility of introducing changes in technology and organisation of work in order to provide for redundant employees,
- the possibility of assigning the employee to another job,
- the possibility of reducing working hours,
- the possibility of retraining or additional training for employees.

(4) In developing the redundancy plan the employer shall take position as to the objections and proposals made by the works council, in particular with regard to any measures to be taken to prevent or minimise the projected terminations of employment contracts and measures aimed at mitigating adverse effects of such terminations of employment contracts.

Information on the collective redundancy social security plan

Article 122

(1) The employer shall deliver the redundancy social security plan to the competent public employment service and the works council.

(2) The works council may deliver to the competent public employment service and the employer its objections and proposals concerning the submitted redundancy social security plan.

(3) The competent public employment service shall state its position concerning the redundancy social security plan within a period of 8 days from the receipt of such plan; where it does not state its position within this period of time, it shall be deemed that it has no objections or proposals.

(4) The employer shall not dismiss employees who are to be dismissed as redundant according to the redundancy social security plan within a period 30 days from the submission of the plan to the competent public employment service, within which period of time such employment service shall seek to find ways to redeploy employees covered by the redundancy social security plan.

(5) By way of derogation from paragraph 4 of this Article, the competent public employment service may in its position referred to in paragraph 3 of this Article order the implementation of dismissals of all or individual employees who are to be made redundant under the developed redundancy social security plan to be suspended for a maximum period of three months in case of important economic or social reasons or if during this suspended period of time such employees are to undergo retraining or additional training measures or if it may enable employment of such employees with another employer.

Special rights of employees posted abroad

Article 123

(1) The employer posting an employee to work abroad, in a business enterprise or other company owned by this employer shall, in the event of termination of the contract of employment concluded between this employee and the foreign business enterprise or company, except in case of dismissal due to the employee's conduct, compensate the employee for relocation costs and provide him or her adequate employment in the country.

(2) When determining the notice period and severance pay, the period spent by the employee referred to in paragraph 1 of this Article in employment abroad, is considered to be continuous employment with the same employer.

Issuing a certificate on employment and return of documents

Article 124

(1) The employer shall, within eight days from the request of an employee, issue a certificate on the type of job performed by such employee and the duration of the employment relationship.

(2) Within eight days of the termination of employment, the employer shall return to the employee all of his or her documents and a copy of the notice of cancellation from the mandatory pension and health insurance scheme, and, issue to the employee, at his or her request, a certificate setting out the type of job he or she performed and the length of his or her employment.

(3) Except for the information from paragraph 1 of this Article, the certificate must not contain any other information which would make the conclusion of a new employment contract for the employee more difficult.

XV. EMPLOYMENT RULES

Obligation to adopt employment rules

Article 125

(1) Any employer employing more than 20 employees shall adopt and publish employment rules regulating salaries, organisation of work, procedure and measures for the protection of employees' dignity and other issues important for his or her employees, except when such issues are regulated by a collective agreement.

(2) Specific employment rules may be adopted for employer's individual business enterprises and parts of enterprises, or for particular groups of employees.

(3) The Minister may, subject to obtaining prior opinion from trade unions and employers' associations, prescribe the issues to be regulated by employers in which way the employment rules referred to in paragraph 1 of this Article will be published.

The procedure for adopting employment rules

Article 126

(1) Employers must consult with the works council on the adoption of employment rules in the case, in the manner and under the conditions prescribed under this Act.

(2) The rules referred to in paragraph 1 of this Article must specify the date of their entry into force.

(3) The rules referred to in paragraph 1 of this Article may not enter into force before the eighth day after their publication.

(4) The Minister shall prescribe by an ordinance the manner of publication of rules referred to in paragraph 1 of this Article.

(5) Employment rules may be amended or supplemented in the manner prescribed by this Act for their adoption.

(6) The works council may move the court having jurisdiction to declare invalid the employment rules which are contrary to the law and any of their provisions.

XVI. EXERCISE OF THE RIGHTS AND OBLIGATIONS ARISING FROM EMPLOYMENT

Making decisions on rights and obligations arising from employment

Article 127

(1) An employer that is a physical person may, by virtue of a written power of attorney, authorise another adult person with legal capacity to represent him or her in the exercise of his or her rights and obligations arising from employment or related to employment.

(2) When the employer is a legal person, the authorities referred to in paragraph 1 of this Article are vested in a person or a body authorised by its statute, articles of association, or statement of incorporation, or other rules of this legal person.

(3) The person or body referred to in paragraph 2 of this Article may, by virtue of a written power of attorney, delegate its authority to another adult person with legal capacity.

Service of decisions on rights and obligations arising from employment

Article 128

The provisions on service of documents from the laws and regulations on civil procedure shall apply *mutatis mutandis* to the service of decisions on the termination of an employment contract and of decisions taken in procedures referred to in Article 129 of this Act, unless service of such decisions is regulated in a collective agreement, agreement concluded between the works council and the employer or in employment rules.

Judicial protection of the rights arising from employment

Article 129

(1) An employee who considers that his or her employer has violated any of his or her rights arising from employment may, within fifteen days following the receipt of a decision violating this right, or following the day when he or she became aware of such violation, request the employer to permit him or her to exercise this right.

(2) If the employer does not meet the employee's request within fifteen days from the date of serving of the request referred to in paragraph 1 of this Article, the employee may within another fifteen days seek judicial protection before the court having jurisdiction in respect of the right that has been violated.

(3) An employee who has failed to submit the employer a request referred to in paragraph 1 of this Article may not seek judicial protection before the court having jurisdiction in respect of the right that has been violated, except where an employee seeks damages or has other financial claims arising from employment.

(4) By way of derogation from paragraph 3 of this Article, an employee with a fixed-term employment contract, an employee posted to work abroad or an employee who is not subject to any collective agreements may take action before a competent court to protect his or her violated right within a period of 15 days from the delivery of the decision violating his or her right or from the date on which he or she became aware of the violation of his or her right.

(5) When a law, other regulation, collective agreement or employment rules provide for alternative dispute resolution, the time limit of fifteen days for filing a request with the court starts running on the date when the procedure for alternative dispute resolution was ended.

(6) The provisions of this Article do not apply to the procedure for the protection of employees' dignity referred to in Article 130 of this Act.

(7) Unless this Act or another law stipulates otherwise, the court having jurisdiction within the meaning of this Act shall be the court having jurisdiction for labour disputes.

The protection of employees' dignity

Article 130

(1) The procedures and measures for the protection of dignity of employees against harassment or sexual harassment shall be governed in a special law, collective agreement, agreement between the works councils and the employer or in employment rules.

(2) An employer employing more than 20 employees shall appoint a person who would, in addition to him, be authorised to receive and deal with complaints related to the protection of employees' dignity.

(3) The employer or person referred to in paragraph 2 of this Article shall, within the time limit prescribed by the collective agreement, the agreement between the works council and the employer or employment rules, and no later than within eight days of the date when the complaint was filed, examine the complaint and take all the necessary measures which are appropriate for a particular case, to stop the harassment or sexual harassment, if he or she has established that harassment has occurred.

(4) If the employer has failed to take measures for the prevention of harassment or sexual harassment within the time limit referred to in paragraph 3 of this Article, or if the measures taken by him or her are clearly inappropriate, the employee who is a victim of harassment or sexual harassment has the right to stop working until he or she is offered protection, provided that he or she seeks protection in the court having jurisdiction in the next eight days.

(5) If circumstances exist, which make it improbable to expect that the employer will protect an employee's dignity, the employee is not obliged to file a complaint with the employer and has the right to stop working, provided that he or she seeks protection in the court having jurisdiction and notifies the employer thereof, within eight days of the date when he or she stopped working.

(6) During the period of interruption of work referred to in paragraphs 4 and 5 of this Article, the employee has the right to receive salary compensation in the amount he or she would have received if he or she had actually worked.

(7) All the information collected in the procedure for the protection of employees' dignity are confidential.

(8) An employee’s conduct occurring with effect of harassment and sexual harassment constitutes an infringement of obligations arising from the employment relationship.

(9) An employee’s opposition to the conduct occurring with the effect of harassment or sexual harassment shall not constitute an infringement of obligations arising from the employment relationship and must not be grounds for discrimination of such employee.

Burden of proof in labour disputes

Article 131

(1) In case of a labour dispute, the burden of proof lies with a person who considers that one of his or her rights arising from the employment relationship has been violated or who takes legal action, unless this Act or another law stipulates otherwise.

(2) In case of a dispute relating to discriminating against an employee as a result of an action taken on account of a founded suspicion of corruption or a report on such suspicion addressed by such employee to responsible persons or competent authorities, which led to a violation of any of the rights of employees arising from the employment relationship, if such employee establishes facts from which it may be presumed that he or she has been treated less

favourably or that his or her rights arising from the employment relationship have been violated, the burden of proof shall be shifted to the employer who must prove that the employee has not been put at a disadvantaged position compared to other employees or that no right arising from the employment relationship has been violated with regard to such employee.

(3) Where an employer terminates an employment contract, in case of a dispute on account of such termination the burden of proof with regard to the existence of a justified reason for termination lies with the employer; the burden of proof lies with an employee only if an employee gives an extraordinary termination notice.

(4) In case of a dispute related to the working time if an employer does not keep records referred to in Article 4, paragraph 1 of this Act as prescribed, the burden of proof shall lie with the employer.

Arbitration and mediation

Article 132

(1) Parties to an employment contract may agree to refer a labour dispute to an arbitration or mediation body for settlement.

(2) A collective agreement may regulate the composition, procedure and other issues relevant for arbitration or mediation procedures.

Transfer of a contract to a new employer

Article 133

(1) If, as a result of a change in the status or as a result of a legal transaction, an undertaking, business or part of an undertaking or business, retaining its economic integrity, is transferred to another employer, all employment contracts of employees working in such undertaking or part of undertaking, or those involved in pursuing such business or part of business that is subject to be transferred shall also be transferred to another employer.

(2) The employee whose employment contract has been transferred as provided in paragraph 1 of this Article shall retain the rights he or she acquired as a result of employment until the date of transfer of the employment contract.

(3) The employer to whom employment contracts are transferred as provided in paragraph 1 of this Article shall assume, as of the transfer date, all the rights and obligations from the employment contract that has been transferred, in the identical form and scope.

(4) The employer who transfers an undertaking, business, or part of an undertaking or business to a new employer shall inform the new employer in writing, fully and accurately, about the rights of the employees whose employment contracts are being transferred.

(5) Where an employer fails to inform the new employer in writing about the rights of employees whose rights are being transferred, this shall not have any effect on the exercise of rights of employees whose employment contracts have been transferred.

(6) The employer shall notify the work council and all employees affected about the transfer of an undertaking, business, or part of an undertaking or business in writing and in due time before the date of the transfer.

(7) The notification referred to in paragraph 6 of this Article shall include the information on:

- the date of transfer of the employment contract,
- the reasons for the transfer of the employment contract,
- the legal, economic and social implications of the transfer for the employees,
- any measures envisaged in relation to the employees whose employment contracts are being transferred.

(8) The employment contracts referred to in paragraph 1 of this Article shall be transferred to the new employer as of the date on which legal effects are produced pursuant to the regulations on the legal transaction on the basis of which the transfer of an undertaking, business, or part of an undertaking or business takes place.

(9) If the transfer of an undertaking, business, or part of an undertaking or business is carried out during bankruptcy proceedings or rehabilitation process, the rights that are being transferred to the new employer may be reduced pursuant to a special law, collective agreement that has been concluded or agreement between the works council and the employer.

(10) Where a works council was established in an undertaking, business, or part of an undertaking or business that is transferred and that retained its autonomy, such works council shall continue its activities, but no longer than the expiry of the term for which it was elected.

(11) Where an undertaking, business, or part of an undertaking or business that is transferred does not retain its autonomy so that a works council may not continue its activities, the employees whose employment contracts are transferred shall reserve the right to representation until the conditions are in place to elect a new works council or until the expiry of the term of office of their former representative.

(12) If a collective agreement is concluded in an undertaking, business, or part of an undertaking or business which is subject to transfer, such collective agreement that was applied to employees before the change of the employer shall continue to be applied until the conclusion of a new collective agreement, but for no longer than one year.

(13) If an undertaking, business, or part of an undertaking or business is transferred to a new employer, the new employer shall have joint and several liability together with the employer who is transferring an undertaking, business, or part of an undertaking or business in respect of those obligations towards employees which arose before the date of transfer of an undertaking, business, or part of an undertaking or business.

(14) The provisions of paragraphs 1 to 10 of this Article shall also apply *mutatis mutandis* to institutions and other legal persons.

(15) The person who, by transferring an undertaking, business, or part of an undertaking or business or in another way, fraudulently avoids fulfilling his or her obligations towards employees, shall, based on the application of an employee, be ordered by the court having jurisdiction to fulfil his or her obligations, even if the employment contract was not concluded with this person.

Presumed consent with the employer's decision

Article 134

(1) If, in order to adopt a decision, the employer is obliged to obtain consent from the works council, trade union, labour inspector or competent public employment service, the works council, trade union, labour inspector or competent public employment service shall provide its observations about granting or denying such consent within fifteen days following the submission of the employer's request, unless this Act specifies otherwise for a specific case.

(2) If the works council, trade union, labour inspector or competent public employment service fail to provide to the employer their observations about granting or denying their consent within the time limit referred to in paragraph 1 of this Article, they shall be presumed to have consented to the employer's decision.

Statute of limitations in respect of claims arising from employment

Article 135

Unless otherwise specified by this Act or another law, a claim arising from employment shall be barred by the statute of limitations three years after it arises.

XVII. INVOLVEMENT OF EMPLOYEES

1. WORKS COUNCIL

Right to involvement of employees

Article 136

Employees employed with an employer, who employs at least 20 employees, with the exception of employees employed at state administration bodies, have the right to involvement of employees with regard to decisions on their economic and social rights and interests, in the manner and under the conditions prescribed by this Act.

Right to elect a works council

Article 137

(1) Employees have the right to elect, in free and direct elections, by secret ballot, one or more of their representatives (hereinafter: "the works council") which shall represent them before their employer in relation to the protection and promotion of their rights and interests.

(2) The procedure for the establishment of a works council is initiated upon the proposal of a trade union or at least 10 percent of the employees employed with an employer.

Number of members of the works council

Article 138

(1) The number of members of the works council is determined in accordance with the number of employees employed with an employer in the following manner:
- up to 75 employees: 1 representative,
- from 76 to 250 employees: 3 representatives,
- from 251 to 500 employees: 5 representatives,
- from 501 to 750 employees: 7 representatives,
- from 751 to 1,000 employees: 9 representatives.

(2) For each further 1,000 increment of employees, the number of members of the works council is increased by two.

(3) When members of the works council are elected, account must be taken of equal representation of all organisational units and groups of employees (by gender, age, qualifications, jobs they perform, etc.).

General works council

Article 139

(1) If the employer's operations are organised through several organisational units, employees may establish several works councils which would enable adequate involvement of employees.

(2) In the case referred to in paragraph 1 of this Article, a general works council is established, composed of representatives of works councils elected in organisational units.

(3) The composition, authorities and other issues important for the operation of the general works council are established by an agreement between the employer and works councils.

Electoral term

Article 140

(1) A works council is elected for a term of three years.

(2) Elections are regularly held in March.

Voting rights

Article 141

(1) All employees of an employer shall have the right to elect and be elected.

(2) Members of organs of the employer regulated by special laws and their family members, as well as employees referred to in Article 127, paragraph 1 of this Act do not have the right referred to in paragraph 1 of this Article.

(3) The provision of paragraph 2 of this Article does not apply to employees' representatives in the organs of the employer.

(4) An electoral committee establishes a list of employees having voting rights.

Lists of candidates

Article 142

(1) Lists of candidates for employee representatives may be proposed by trade unions whose members are employed with a respective employer, or a group of employees which enjoys the support of at least 10 percent of the employees employed with a respective employer.

(2) In order to ensure that the works council does not have any vacant posts when the mandate of one of its members terminates, where only one representative is to be elected, at least one additional deputy must also be proposed, and where three or more representatives are to be elected, at least three deputies must also be proposed.

(3) The number of candidates on each list of candidates must be equal to the number of vacant posts to be filled.

Electoral committee

Article 143

(1) An electoral committee is established to organise elections.

(2) The electoral committee is composed of at least three members.

(3) The electoral committee has an odd number of members.

(4) Each trade union and group of employees which has submitted its list of candidates designates one member of the electoral committee.

(5) An employee who is a candidate for member of the works council may not serve as a member of the electoral committee.

(6) An electoral committee shall be appointed by the works council when elections are called, and no later than five weeks before the expiry of the works council's mandate.

(7) If no works council has been established with an employer, an electoral committee shall be appointed by a meeting of employees.

Work of the electoral committee

Article 144

(1) The electoral committee organises and supervises voting.

(2) The electoral committee is responsible for the legality of elections and publishes the election results. Before publishing the election results, it may decide that a part of, or the whole election procedure be repeated, because of irregularities that have been established.

(3) A record of the electoral committee's work is kept and published after the elections.

(4) The electoral committee renders decisions by a simple majority.

Conduct of elections

Article 145

(1) Elections for works councils, nomination and election procedures must be open, free and fair, without any interferences and pressures whatsoever, and must be conducted in a way which guarantees that election results reflect genuine and freely expressed will of employees.

(2) Actions in violation of paragraph 1 of this Article may result in elections being declared invalid.

(3) Elections are valid when at least one third of the employees having voting rights have actually voted.

(4) Election costs are paid by the employer.

(5) The Minister shall specify, by an ordinance, the procedure for the election of works councils.

Determination of election results

Article 146

(1) Where one representative is to be elected, a candidate who has received the majority of votes cast shall be elected.

(2) If, in the case referred to in paragraph 1 of this Article, two or more candidates receive the same number of votes, a candidate who was employed with the employer for a longer continuous period shall be elected.

(3) Where three or more representatives are to be elected, the number of elected representatives from each list shall be determined in the following way:

The total number of votes cast for each list ("the electoral list aggregate") is divided into numbers from 1 to, inclusively, the number of representatives to be elected. The results obtained in this way are ordered in descending order. The result which according to the order corresponds to the number of representatives to be elected is the common dividend. The number of votes cast for each electoral list aggregate is divided by the common dividend. The result indicates the number of elected representatives from the respective lists. If votes are distributed in such a way that it is not possible to establish from which of the lists a candidate is to be elected, the candidate on the list which has received a higher number of votes shall be elected.

(4) The lists which receive less than five percent of the employees' votes cast are not included in the distribution of vacant posts.

(5) In the case referred to in paragraph 3 of this Article, elected candidates are those listed from ordinal number 1 to the ordinal number equivalent to the number of posts apportioned to their respective lists.

(6) Deputy representatives are those candidates who were not elected, beginning from the first non-elected candidate, up to the number equal to the number of elected representatives from their respective lists. When the list of candidates is exhausted, deputies are elected from the list of deputy candidates.

(7) The electoral committee provides information about the elections that have been conducted to the employer and the trade unions which proposed the lists of candidates.

Basic authorities of a works council

Article 147

(1) The works council protects and promotes the interests of employees employed with an employer, by providing advice, participating in decision-making and negotiating with the employer or the person authorised by the employer about the issues which are important for the employees.

(2) The works council pays attention to the compliance with this Act, employment rules, collective agreements and other regulations.

(3) The works council pays attention to whether the employer fulfils, in an orderly and complete manner, his or her obligations related to the calculation and payment of social security contributions pursuant to a special regulation, and for this purpose it has the right to inspect the relevant documentation.

(4) The works council must not participate in the organisation or performance of strikes, lock-outs or other industrial actions, nor must it in any other way interfere with a collective labour dispute which may result in such an action.

Duty to inform

Article 148

(1) The employer has a duty to inform the works council at least every three months about:

- business situation and results, and work organisation,
- expected development of business activities and their effects on the economic and social standing of employees;
- trends and changes in salaries,
- the extent of and the reasons for the introduction of overtime work,
- number and category of employees employed, employment structure and the employment development and employment policy,
- protection and safety at work and measures taken in order to improve working conditions,
- other issues bearing particular importance for the economic and social position of employees.

(2) The employer is obliged to inform the works council about the issues from paragraph 1 of this Article in due time, accurately and integrally.

Duty to consult before rendering a decision

Article 149

(1) Before rendering a decision which is important for the position of employees, the employer must consult the works council about the proposed decision and must supply the works council with the information important for rendering a decision and understanding its impact on the position of employees.

(2) In a case referred to in paragraph 1 of this Article, the employer shall enable the works council, at its request, before taking a final position on the proposed decision of the employer, to hold a meeting for the purpose of providing additional responses and explanations in relation to the opinion they presented.

(3) Important decisions referred to in paragraph 1 of this Article include in particular decisions on:

- the adoption of employment rules,
- plan and employment development and employment policy, relocation and termination of employment contracts,
- the expected legal, economic and social consequences for the employees in the cases from Article 133 of this Act,
- the measures related to the protection of health and safety at work,
- the introduction of new technologies and change of organisation and methods of work,
- annual leave plans,
- working hours schedules,
- night work,
- compensation for inventions and technical innovations,

- the adoption of a redundancy social security plans and other decisions which, under this Act or a collective agreement, must be rendered in consultation with the works council
- transfer of an undertaking, business or part of an undertaking or business and the transfer of employment contracts to a new employer and about the impact of such transfer on employees whose employment contract are not transferred to a new employer.

(4) The information related to the proposed decision must be forwarded to the works council integrally and in due time, so that the council may have an opportunity to put forward comments and proposals, in order to enable the results of discussion to have material impact on decision-making.

(5) Unless otherwise specified by an agreement between the employer and the works council, the works council shall forward its observations about a proposed decision to the employer within eight days. In case of an extraordinary notice, this time limit is five days.

(6) If the works council does not provide its observations about the proposed decision within the time limit referred to in paragraph 5 of this Article, it shall be presumed that it does not have any comments and proposals.

(7) The works council may oppose to a dismissal if the employer does not have just cause for the dismissal, or if the dismissal procedure under this Act was not conducted.

(8) The works council must give reasons for its opposition to the employer's decision.

(9) If the works council opposes to an extraordinary notice and the employee brings legal action to challenge the permissibility of dismissal and requests the employer to retain him at work, the employer must return the employee to work within eight days of the serving of the notice and proof of initiation of legal action and retain him or her at work pending a final judicial decision on the merits.

(10) In the case referred to in paragraph 9 of this Article, if the employer terminates an employment by giving extraordinary notice due to an extremely grave violation of an employment obligation by the employee, he or she may suspend the employee pending a final judicial decision on the permissibility of dismissal. In this case, the employer must pay the employee monthly salary compensation in the amount of one-half of the average salary paid to the employee in the preceding three months.

(11) If the works council's opposition to an extraordinary notice is manifestly not founded or in contravention of the provisions of this Act, the employer may move the court to issue an interim measure releasing him or her from the obligation to return the employee to work and to pay the employee salary compensation, pending a final judicial decision on the merits.

(12) A decisions rendered by the employer in violation of the provisions of this Act governing consultations with the works council is null and void.

Participation

Article 150

(1) The decisions an employer may render only subject to the prior consent of the works council shall be decisions on:

- dismissing a member of the works council,
- dismissing a candidate for the works council who was not elected, and a member of the electoral committee, in a period of three months following the determination of election results,
- dismissing an employee with a reduced ability to work or in immediate risk of disability, or dismissing an employee with disability,
- dismissing an employee over sixty years of age,
- dismissing an employees' representative on the supervisory board,
- including persons referred to in Article 71, paragraph 1 of this Act in the redundancy social security plan,
- collecting, processing and using data about an employee and sending such information to third persons;
- appointing a person authorised to carry out control as to whether personal data about employees are collected, processed, used or sent to third persons in accordance with the provisions of this Act.

(2) By way of exception, an employer may, with a prior consent of the works council, take a decision referred to in paragraph 1, indents 1 to 6 of this Article, if such decision relates to rights of an employee who is also a shop steward enjoying protection under Article 249 of this Act.

(3) Where the works council does not take position within eight days as to granting or refusing its consent, it shall be deemed that the works council has granted its consent to the employer's decision.

(4) If the works council refuses to give its consent, the employer may, within 15 days of the receipt of the statement on refusal to give consent, ask that such consent be replaced by a judicial decision or arbitration award.

(5) A court of first instance shall decide on the legal action brought by an employer in cases referred to in paragraph 4 of this Article within 30 days of the day when such action was filed.

(6) An agreement between the employer and the works council may also regulate other issues in which the employer may render a decision only subject to a prior consent of the works council.

Duty to inform employees

Article 151

The works council is obliged to regularly inform the employees and the trade union about its work and receive their initiatives and proposals.

Relations with trade unions

Article 152

(1) With a view to protecting and promoting the rights and interests of employees, the works council co-operates, with full trust, with all trade unions whose members are employed by the employer.

(2) A member of the works council may freely continue to work for a trade union.

(3) If no works council has been established with an employer, all the rights and obligations pertaining to works councils under this Act, other than the right to appoint employees' representatives into an organ of the employer referred to in Article 163, paragraph 2 of this Act, shall be assumed by a shop steward.

(4) If several trade unions operate with an employer, and these trade unions have not reached an agreement concerning one or more shop stewards who shall exercise the rights and obligations referred to in paragraph 3 of this Article, the dispute shall be resolved by applying this Act's provisions governing the elections for works councils, as appropriate.

Work of the works council

Article 153

(1) If the works council consists of three or more members, it works in sessions.

(2) The works council adopts its own rules of procedure.

(3) Trade union members whose members are employed with the employer may attend sessions of the works council, but have no right to participate in decision-making.

(4) The works council may consult experts regarding issues falling within its competence.

(5) The costs of expert consultations referred to in paragraph 4 of this Article are to be paid by the employer, in accordance with the agreement between the employer and the works council.

Judicial standing

Article 154

(1) The works council may sue and be sued subject only to the authority or obligations set forth by this Act or another law, another regulation or collective agreement.

(2) The works council may not acquire assets.

(3) The works council and its members shall not have civil liability for its decisions.

Conditions for the work of the works council

Article 155

(1) The works council holds sessions and pursues its affairs during working hours.

(2) Each member of the works council has the right to salary compensation for six working hours per week.

(3) Members of the works council may transfer their entitlement to working hours referred to in paragraph 2 of this Article to each other.

(4) If the number of available working hours so permits, the function of the president or a member of the works council may be carried out full time.

(5) The employer must provide the works council with the necessary premises, personnel, resources and other working conditions.

(6) The employer must permit members of the works council to undergo training necessary for work in the council.

(7) The employer also covers other costs incurred as a result of the works council's activities pursuant to this Act, another regulation or collective agreement.

(8) Following the expiry of his or her term of service, the president or a member of the works council who had worked in the works council full time is assigned to the job he or she previously performed, and if the need for such job no longer exists, the employer must offer him or her other appropriate job.

(9) The conditions for work of the works council shall be specified by an agreement between the employer and the works council.

(10) The relationship between the works council and the employer shall be based on trust and mutual co-operation.

Prohibition of unequal treatment of members of the works council

Article 156

The employer must neither favour nor disfavour members of the works council.

Prohibition of unequal treatment of employees by the works council

Article 157

In pursuance of its activities, the works council must neither favour nor disfavour any individual employee or any group of employees.

Nondisclosure of confidential business information

Article 158

(1) A member of the works council must not disclose confidential business information which he or she became aware of in the course of the exercise of his or her authority under this Act.

(2) The obligation referred to in paragraph 1 of this Article exists even after the expiry of their mandate.

Agreement between the works council and the employer

Article 159

(1) The works council may conclude a written agreement with the employer, which may contain legal rules governing employment matters.

(2) The agreement referred to in paragraph 1 of this Article is directly applicable and binding on all employees employed with the employer who entered into it.

(3) The agreement referred to in paragraph 1 of this Article must not regulate salaries, working hours and other matters which are, as a rule, regulated by a collective agreement, except when parties to a collective agreement have authorised parties to the agreement under paragraph 1 of this Article to do so.

Increase in membership and authority of the works council

Article 160

(1) The number of members of the works council may be increased to exceed the number prescribed by this Act by virtue of an agreement between the works council and the employer. The extent of paid working hours during which members of the works council may attend to council matters may also be increased.

(2) The authority of the works council may be expanded by virtue of an agreement between the works council and the employer, or by virtue of a collective agreement.

Invalidating elections, disbanding a works council and expulsion of its member

Article 161

(1) In case of a gross violation of this Act's provisions on conducting the elections for works councils which affected election results, the works council, electoral committee, employer, trade unions whose members are employed with the employer or candidate, may move the court having jurisdiction to invalidate the elections that have been conducted.

(2) If the works council or any of its members grossly violate obligations imposed on them by this Act, another regulation or collective agreement, or if, during the electoral period, obstacles for the membership of a particular member in the works council appear, trade unions whose members are employed with the employer may move the court having jurisdiction to disband the works council, or to expel a particular member. The same motion may be put forward by at least 25% of the employees or by the employer,

(3) Disbanding of a works council may be requested by at least twenty five percent of all employees employed with an employer also in the case when in the election of the members of the works council application of the provision of Article 138, paragraph of this Act has not been ensured.

(4) Judicial jurisdiction and time limits for rendering decisions invalidating elections, disbanding works councils and expelling any of their members are determined by appropriate application of the provisions of Article 283 of this Act.

2. MEETINGS OF EMPLOYEES

Meetings of employees

Article 162

(1) Meetings of employees employed with an employer must be held at least twice a year, at regular intervals, so that employees can be completely informed, and that they can discuss the situation and development of the business enterprise, and to discuss the work of the works council.

(2) If the size of a business enterprise, institution or another organisational form or other circumstances so require, the meetings referred to in paragraph 1 of this Article may be held in departments or other organisational units.

(3) Meetings of employees referred to in paragraph 1 of this Article are convened by the works council, upon prior consultations with the employer. The works council shall take care that the selection of time and place of such meeting is not prejudicial to the employer's business effectiveness.

(4) If no works council has been established with an employer, meetings of employees referred to in paragraph 1 of this Article shall be convened by the employer.

(5) Without prejudice to the works council's right to convene meetings of employees referred to in paragraph 1 of this Article, the employer may convene a meeting of employees, if he or she assesses that there is a need for that. In doing so, the employer shall take care that the works council's powers established by this Act are not restricted.

(6) The employer must consult the works council about the convening of the meeting from paragraph 5 of this Article.

3. EMPLOYEES' REPRESENTATIVE IN AN ORGAN OF THE EMPLOYER

Employees' representative in an organ of the employer

Article 163

(1) In companies or co-operative societies in which pursuant to special laws an organ set up for supervising business activities (supervisory board, management board or other

appropriate body) and in public institutions, one of the members of such organ of a company or a co-operative society supervising management of business activities or one member of a body of a public institution (steering committee or other appropriate body) shall be an employees' representative.

(2) Employees' representatives in the organ referred to in paragraph 1 of this Article shall be appointed and recalled by the works council.

(3) If no works council has been established with an employer, the employees' representative in the organ referred to in paragraph 1 of this Article is elected among employees employed with the employer and recalled by the employees, by direct and secret ballot, in the manner prescribed by this Act for the election of a one-member works council.

(4) The member of the organ referred to in paragraph 1 of this Article appointed in accordance with paragraph 2 or elected in accordance with paragraph 3 of this Article has the same legal position as other appointed members of the organ referred to in paragraph 1 of this Article.

4. EUROPEAN WORKS COUNCIL

Involvement of employees by means of a European Works Council

Involvement of employees

Article 164

(1) Employees employed with an employer who is a Community-scale undertaking or a Community-scale group of undertakings shall have the right to involvement of employees through the European Works Council or by means of one or more information and consultation procedures with regard to issues that might have an impact on the business of an undertaking or a group of undertakings and that might have an impact on economic and social rights of employees in at least two Member States.

(2) "Member States" within the meaning of the provisions of Item 4 of this Title of the Act means Member States of the European Union and of the states parties to the Treaty on the European Economic Area.

(3) A Community-scale undertaking is an undertaking or a group of undertakings who meet the conditions referred to in Article 167 of this Act.

Application of Title XVII, Item 4 of the Act

Article 165

(1) The provisions of Item 4 of the Act shall apply to employees employed with an employer who is a Community-scale undertaking and has a registered seat in the Republic of Croatia or with a Community-scale group of undertakings where a controlling undertaking has a registered seat in the Republic of Croatia.

(2) Where an undertaking or a controlling undertaking referred to in paragraph 1 of this Article does not have a registered seat in a Member State, the provisions of this Title of the Act shall apply under the following conditions:

1) if an undertaking or a controlling undertaking has authorised as its representative an establishment of the undertaking or its controlled undertaking that have a registered seat in the Republic of Croatia, or

2) if an undertaking or a controlling undertaking has not authorised its representative, and an establishment of the undertaking or a controlled undertaking with the largest number of employees compared to other undertakings from the group of undertakings has its registered seat in the Republic of Croatia.

(3) The provisions of Article 170 on the establishment of the number of employees, Article 171 on the liability of the employer from the Republic of Croatia, Article 174 on the employees' representative from the Republic of Croatia in the negotiating body, Article 183 on employees' representatives from the Republic of Croatia, Article 189 on the co-operation between the central management and the European Works Council, Article 190 on the protection of employees in the Republic of Croatia shall also apply in cases where the central management is situated in another Member State and where the conditions referred to in paragraph 2 of this Article have not been met.

Involvement of employees

Article 166

(1) Involvement of employees in decisions with regard to their economic and social rights and interests within the meaning of Article 4 of this Title of the Act includes information and consultation.

(2) Consultation referred to in paragraph 1 of this Article includes any exchange of views and establishment of a dialogue between employees' representatives and the central management or other appropriate level of management.

Community-scale undertaking and Community scale group of undertakings

Article 167

(1) Community-scale undertaking within the meaning of the provisions of item 4 of this Title of the Act means any undertaking with at least 1,000 employees within the Member States, of which at least 150 employees in each of at least two Member States.

(2) A group of undertakings within the meaning of Item 4 of this Title of the Act means a controlling undertaking and all of its controlled undertakings.

(3) A Community-scale group of undertakings within the meaning of the provisions of item 4 of this Title of the Act means at least two employers with a registered seat in different Member States of the European Union, employing at least 150 employees in each of them and who employ at least 1,000 employees within the Member States.

Controlling undertaking

Article 168

(1) A controlling undertaking within the meaning of the provisions of Item 4 of this Title of the Act means a legally autonomous undertaking that is associated with another or several other legally autonomous undertakings in a way enabling it to exercise, directly or indirectly, a dominant influence over such undertakings.

(2) An undertaking can exercise a dominant influence over another undertaking within the meaning of the provisions of Item 4 of this Title of the Act when an undertaking directly or indirectly:

- can appoint more than half of the members of the management, supervisory or administrative organ of a controlled undertaking, or

- controls a majority of the votes in a controlled undertaking, or

- holds a majority of the subscribed capital in controlled undertakings.

(3) Where several employers meet the requirements under paragraph 2 of this Article, it shall be presumed that the controlling undertaking is the undertaking that meets the requirement referred to in paragraph 2, subparagraph 1 of this Article.

(4) When determining the controlling undertaking, the rights as regards appointment and voting rights, referred to in paragraph 2, subparagraphs 1 and 2 of this Article, of the controlling undertaking shall include the appropriate rights of all controlled undertakings and the rights of any natural persons or legal entities acting in their own name but on behalf of the controlling undertaking or of subsidiaries.

(**5)** It shall not be deemed that an undertaking has a controlling influence over another undertaking, where their mutual influence, pursuant to a special law governing competition, is not considered to be a concentration of undertakings (see explanation attached – the Competition Act transposed the Regulation 139/2004 and defined the concentration of undertakings).

(6) The law applicable to determining dominant influence of an undertaking in a group of undertakings shall be the law of the Member State in which the registered seat of the controlling undertaking is situated, unless where the applicable law is not the law of a Member State, in which case the applicable law shall be the law of the Member State in which the authorised representative of the controlling undertakings has its registered seat or, where there is no such authorised representative, where the central management of a controlled undertaking with the largest number of employees is situated.

Central management

Article 169

(1) Central management means, within the meaning of item 4 of this Title of the Act, the central management of the Community-scale undertaking or the central management of a Community-scale controlling undertaking.

(2) The central management shall ensure pre-conditions and provide the necessary funds for the setting up of the European Works Council or the information and consultation procedure for the purpose of exercising of employees' rights in accordance with Article 164 of this Act.

(3) Persons authorised to represent an establishment or the management of a controlled undertaking with the largest number of employees in any one Member State compared to other controlled undertakings are also, in the cases and under the conditions laid down in Article 165, paragraph 2, of this Act, presumed to be the central management referred to in paragraph 1 of this Article.

Calculation of the number of employees

Article 170

(1) The number of employees employed with employers in the Republic of Croatia, within the meaning of the provisions of item 4 of the Act, shall be calculated on the basis of the average number of employees employed during the previous two years.

(2) Upon request of employees' representatives the central management shall provide the data on the total number of employees and the number of employees in individual Member States and on the number of employees and the structure of undertakings referred to in Article 167, paragraph 1 and 3 of this Act.

Liability of employers in the Republic of Croatia

Article 171

(1) Associated undertakings in the Republic of Croatia who are establishments of a Community-scale undertaking or subsidiaries of a Community-scale controlling undertaking shall ensure pre-conditions and provide funds for the exercise of employees' right to involvement of employees in line with Articles 164 and 165, paragraph 5 of this Act.

(2) Upon request of the central management, the undertakings referred to in paragraph 1 of this Article shall provide the data on the number of employees referred to in Article 170 of this Act.

Special negotiating body

Article 172

(1) Special negotiating body within the meaning of the provisions of item 4 of the Act means the body established to negotiate with the central management regarding the establishment of a European Works Council or a procedure for informing and consulting employees with a view to exercising employees' rights pursuant to Article 164 and 165, paragraph 3 of this Act.

(2) Employees employed with an undertaking or a group of undertakings shall have the right to initiate a procedure for setting up a special negotiating body referred to in paragraph 1 of this Article.

(3) The special negotiating body referred to in paragraph 1 of this Article shall be established at the written request of at least 100 employees or their representatives employed with at least two employers or two establishments in different Member States of the European Union submitted to the central management or on the initiative of the central management.

(4) Where several requests within the meaning of paragraph 2 of this Article are submitted, the total number of those submitting such request shall be calculated by adding up the number of employees from each individual request.

(5) Where the request is submitted to undertakings referred to in Article 171, they shall forward such request to the central management not later than eight days from the date of receipt of the request and inform thereof those who submitted it.

Number of members in the special negotiating body

Article 173

(1) The special negotiating body consists of representatives of employees from each Member State in which an undertaking, establishment or group of undertakings from the Community scale undertaking or group of undertakings has employees.

(2) Employees' representatives shall be elected or appointed to the special negotiating body in accordance with the law and practice of Member States, which also includes the existing negotiating rules.

(3) The negotiating body shall have a minimum of three and a maximum of such number of Member States.

(4) By way of derogation from paragraph 1 of this Article, the composition of the negotiating body shall include additional employees' representatives as follows:

- one additional representative from each Member State in which at least 25% of the total number of employees of the Community scale undertaking or group of undertakings are employed,

- two additional representatives from each Member State in which at least 50% of the total number of employees of the Community-scale undertaking or group of undertakings are employed,

- three additional representatives from each Member in which at least 75% of the total number of employees of the Community-scale undertaking or group of undertakings are employed.

Representative of employees from the Republic of Croatia in the special negotiating body

Article 174

(1) A representative of employees from the Republic of Croatia shall be elected to the special negotiating body by employees from all undertakings, establishments or groups of

undertakings in free and direct elections by secret ballot.

(2) Lists with candidates for employee representatives referred to in paragraph 1 of this Article may also be proposed by trade unions whose members are employed in an undertaking, establishment or group of undertakings or a group of employees that is supported by at least ten per cent of employees employed in an undertaking, establishment or group of undertakings.

(3) The Minister shall issue an Ordinance regulating in detail the election and repeal of a representative of employees from the Republic of Croatia.

Co-operation between the central management and the special negotiating body

Article 175

(1) The central management shall initiate the procedure for setting up a special negotiating body referred to in Article 172 of this Act.

(2) The co-operation between the central management and the special negotiating body shall be based on mutual trust.

(3) The special negotiating body shall, within a period of eight days from the date of appointment, inform the central management about the names of its members, their residence and the data on the undertaking or establishment in which they are employed.

(4) The central management shall submit the data referred to in paragraph 3 of this Article to the management of an undertaking or establishment that shall inform the works council about it.

(5) The central management shall, within a period of 30 days from the date of receipt of the information referred to in paragraph 2 of this Article, convene a constitutive meeting of the special negotiating body, at which the its chairman shall be elected, the rules of procedure adopted and at which, by agreement with the special negotiating body, the time, the duration and the completion of negotiations shall be determined.

(6) The central management shall convey the information relevant for the decision-making to the special negotiating body in time.

Participation of employees' representatives from the countries that are not Member States of the European Union in the activity of the special negotiating body

Article 176

Where the central management and the special negotiating body agree that Article 176 of this Act shall apply to employees employed in undertakings and establishments in countries that are not Member States, such agreement must include a provision on the method of involving employees' representatives from undertakings, establishments or groups of undertakings in

countries that are not Member States and on the method for determining their number and the legal status.

Termination of negotiations

Article 177

(1) The special negotiating body may decide, by at least two-thirds of votes, not to open negotiations or to terminate the negotiations already opened.

(2) The minutes shall be drawn on the decision and the voting procedure referred to in paragraph 1 of this Article, the minutes shall be signed by the chairman and a copy shall be submitted to the central management.

(3) A new request to convene a special negotiating body may be made at the earliest two years after the decision referred to in paragraph 1 above was adopted, unless the special negotiating body and the central management reach a different agreement in writing.

Working conditions for the special negotiating body

Article 178

(1) The central management shall bear the costs of the setting up and work of the special negotiating body.

(2) The special negotiating body may consult experts or request technical assistance from experts in connection with issues from its remit.

(3) The central management shall cover the expenses of one expert referred to in paragraph 2 of this Article.

(4) The necessary premises, staff, funds and other working conditions for the special negotiating body, which also includes funds for salary compensation, travelling expenses, accommodation and interpretation, shall be provided by the central management.

(5) The employer shall have joint and several liability for the obligations of the central management under Article 171 this Act.

Freedom to determine the method of involvement of employees

Article 179

(1) The central management and the special negotiating body shall negotiate in good faith in line with the principle of freedom to contract.

(2) The central management and the special negotiating body may agree upon the method of involvement of employees, that is they may take a decision, by a majority of votes, that a

European Works Council shall be set up or that one or more information and consultation procedures shall be set up.

(3) Where an agreement referred to in paragraph 2 of this Article is reached, its provisions shall apply regardless of the application of Article 7, paragraph 3 of this Act.

(4) The European Works Council that is established as a result of the agreement referred to in paragraph 2 of this Article or one or more information and consultation procedures that are governed by the agreement referred to in paragraph 2 of this Article shall not be subject to the provisions of Article 182 to 190 of this Act, unless such agreement provides otherwise.

(5) The agreement referred to in paragraph 1 of this Article shall apply to all employees employed in undertakings and establishments or in a Community-scale group of undertakings or to employees in undertakings and establishments or in a group of undertakings in countries that are not Member States, unless the agreement provides for a broader scope of application within the meaning of Article 176 of this Act.

Setting up a European Works Council by means of an agreement

Article 180

(1) The central management and the special negotiating body shall set up a European Works Council by means of conclusion of a written agreement on the establishment, powers and work of the European Works Council.

(2) Such agreement on the establishment of the European Works Council shall contain provisions on:

- the application of the agreement, i.e. the undertakings or establishments and groups of undertakings which are covered by the agreement and whether the undertakings and establishments referred to in Article 173 of this Act are also covered by the agreement,

- the composition of the European Works Council, the number of members and the term of office,

- the obligation and the procedure for information and consultation with the European Works Council,

- the functions of the European Works Council,

- the venue, frequency and duration of meetings of the European Works Council,

- the resources to be provided for the operation of the European Works Council,

- the duration of the agreement and the procedure for its renegotiation,

- any amendments to the agreement in case of extraordinary circumstances which significantly affect employees' interests.

(3) The provision of Article 174 shall apply to the election or appointment of members of the European Works Council from the Republic of Croatia.

Agreement on establishing the information and consultation procedure

Article 181

(1) The central management and the special negotiating body shall decide, in writing, to establish one or more information and consultation procedures.

(2) The agreement referred to in paragraph 1 of this Article must stipulate the conditions for meetings and consultation of employees' representatives to be held with the central management on any issues that affect employees' interests in all undertakings, establishments or groups of undertakings that are covered by the agreement.

European Works Council

Article 182

(1) The establishment, method of work and powers of the European Works Council shall be subject to the provisions of Articles 182 to 190 of this Act if:

- the central management and the special negotiating body reach a decision to that effect,

- the central management fails to commence negotiations within a period of six months from the date of request from Article 172, paragraph 2 of this Act,

- within a period of three years from the date of request referred to in Article 172, paragraph 2 of this Act, an agreement referred to in Article 180 or Article 181 of this Act is not concluded.

(2) By way of derogation from paragraph 1 of this Article, the European Works Council shall not be established if the special negotiating body reached a decision referred to in paragraph 1 of Article 177 this Law.

(3) The European Works Council shall be established at the level of a controlling undertaking, unless the agreement referred to in Article 180 provides otherwise.

Composition of the European Works Council

Article 183

(1) The European Works Council shall be composed of employees' representatives from the Community-scale undertaking or Community-scale group of undertakings.

(2) There shall be one member in the European Works Council for each Member States in which a Community-scale undertaking or Community-scale group of undertakings has employees, but the number of members shall not be less than 3 or more than 30.

(3) By way of derogation from paragraph 2 of this Article, the European Works Council shall have supplementary employees' representatives to whose election or appointment Article 173, paragraph 4 of this Act shall apply *mutatis mutandis*.

(4) Article 174 of this Act shall apply, *mutatis mutandis*, to employees' representatives from the Republic of Croatia in the European Works Council.

Information on the members of the European Works Council

Article 184

(1) The European Works Council shall inform the central management, not later than within 8 days from the date of election or appointment, about the names of its members, their residence and the data on the undertaking or the establishment in which they are employed, and the central management shall inform the works council about that.

(2) The central management shall convey the information referred to in paragraph 1 of this Article to the undertaking, the establishment or the group of undertakings.

Work of the European Works Council

Article 185

(1) The central management shall convene a constitutive meeting of the European Works Council, at which its members elect the chairman, deputy chairman and adopt the rules of procedure of the European Works Council.

(2) The European Works Council shall be represented by its chairman and, in his or her absence, by the deputy chairman.

(3) The rules of procedure of the European Works Council may provide for the establishment of a select committee.

(4) A select committee referred to in paragraph 3 of this Article shall be composed of three members who are employed in different Member States of the European Union and it shall replace the European Works Council in cases provided by this Act.

(5) Article 178 of this Act shall apply, *mutatis mutandis*, to the costs of establishment and operations of the European Works Council and its select committee.

Powers of the European Works Council

Article 186

(1) The European Works Council shall have the right to meet with the central management once a year, to be informed and consulted on the issues relating to the undertaking,

establishment or group of undertakings as a whole or at least to two undertakings or establishments that are situated in different Member States.

(2) The central management shall, at least once in a calendar year, inform and consult the European Works Council on business results and plans of the Community-scale undertaking or group of undertakings and provide a report thereon with the relevant documentation to the European Works Council in time and inform the undertaking, establishment or group of undertakings about such meeting.

(3) Business results referred to in paragraph 2 of this Article relate to:

- the status and operating results of the undertaking or group of undertakings,

- introduction of new technologies, development plans and their economic and social implications for employees,

- the number and structure of employees according to the categories of employment contracts and the employment plan,

- any projected redundancy plans,

- any changes concerning organisation and status of the undertaking, establishment or group of undertakings,

- any change of the seat of the undertaking, establishment or group of undertakings or transfer of undertakings, businesses or parts of undertakings or businesses.

(4) The European Works Council or its select committee shall inform employees' representatives in the undertakings, establishments or groups of undertakings about the elements and outcome of the information and consultation procedure or, if such employees' representatives have not been elected or appointed, they shall inform all employees employed in the undertaking, establishment or group of undertakings.

Information and consultation in specific circumstances

Article 187

(1) The central management shall inform the select committee referred to in Article 185, paragraph 3 of this Act or the European Works Council, if such select committee has not been established, in time about specific circumstances that significantly affect employees' interests and submit relevant documentation and consult them.

(2) In the case referred to in paragraph 1 of this Article, the select committee or the European Works Council shall be entitled to have a meeting with the central management.

(3) Specific circumstances referred to in paragraph 1 of this Article shall particularly be deemed cases involving:

- a change in the seat of the undertaking, establishment or group of undertakings and transfers of undertakings, businesses or parts of undertakings or businesses,

- status changes in the undertaking, establishment or group of undertakings, collective redundancies.

(4) Members of the European Works Council who are representatives of employees in an undertaking or establishment where a specific case referred to in paragraph 2 of this Article occurred shall have the right to participate in the activities of the select committee referred to in Article 185 paragraph 3 of this Act and to participate in the meeting referred to in paragraph 2 of this Article.

(5) Before the meeting referred to in paragraph 2 of this Article is held, the European Works Council or the select committee referred to in paragraph 4 of this Article shall be entitled to have a preparatory meeting with the central management without the presence of the management of the undertaking in which such specific case occurred.

(6) Information and consultation procedures in a specific case shall not diminish the obligation of the management organ of the undertaking, where such specific case occurred, to carry out an information and consultation procedure pursuant to laws of the Member State concerned.

Term of office of the European Works Council

Article 188

(1) The European Works Council shall be appointed or elected for a period of four years.

(2) A member of the European Works Council may be repealed.

(3) The central management shall communicate to the European Works Council, with the expiry of two years from the date of constitutive meeting of the European Works Council, the information on changes in the number of employees in Member States of the European Union and in an undertaking, establishment or group of undertakings.

(4) If the data on changes in the number of employees referred to in paragraph 3 of this Article indicate that it is necessary to change the number and the composition of the European Works Council, the number of members and the composition of employees' representatives in the European Works Council shall be determined again for the representatives of the Member State of the European Union in which the number of employees changed.

(5) The European Works Council that is set up pursuant to Article 182, paragraph 1 of this Act shall, six months before the expiry of its term of office at the latest, by a majority of votes, decide whether to open negotiations for the purpose of concluding the agreement referred to in Article 179, paragraph 2 of this Act.

(6) If the European Works Council decides to open negotiations referred to in paragraph 5 of this Article, it shall have the same rights and obligations as the special negotiating body.

(7) If an agreement on information and consultation with employees is concluded on the basis of Article 181 of this Act, the term of office of the European Works Council shall lapse.

Co-operation between the central management and the European Works Council

Article 189

(1) The central management and the European Works Council shall work on the basis of mutual trust.

(2) The mutual trust referred to in paragraph 1 of this Article shall apply to the co-operation between the central management and employees' representatives in the framework of an information and consultation procedure for employees.

(3) Even after the expiry of their terms of office, members of the European Works Council shall keep confidential information provided to them in the course of their exercising the powers afforded to them by this Act.

(4) The obligation to keep confidential information referred to in paragraph 3 of this Article shall also apply to:

- members of the special negotiating body,
- employees' representatives in the framework of an information and consultation procedure,
- experts and interpreters or translators,
- employees' representatives in the European Works Council in undertakings and establishments in the Republic of Croatia.

(5) The obligation to keep confidential information referred to in paragraph 3 of this Article shall not apply:

- with regard to an information and consultation procedure with other members of the European Works Council and with employees' representatives in undertakings, establishments and groups of undertakings,
- to relations with employees' representatives in organs of the employer,
- to interpreters or translators and experts assisting the European Works Council.

(6) The obligation to keep confidential information referred to in paragraph 4 of this Article shall not apply to:

- members of the special negotiating body with regard to experts and interpreters or translators,

- employees' representatives in the framework of an information and consultation procedure with regard to translators or interpreters and experts assisting them and with regard to employees' representatives who are employed in undertakings, establishments or groups of undertakings in the Republic of Croatia.

Protection of employees' representatives in the Republic of Croatia

Article 190

The provisions of Article 155 and Article 156 of this Act with regard to rights and protection shall apply, *mutatis mutandis*, to members of the European Works Council referred to in Article 180 and Article 182 who are employed in the Republic of Croatia.

5. EMPLOYEES' REPRESENTATIVE IN AN ORGAN OF A EUROPEAN COMPANY

Right to involvement of employees in a European Company

Article 191

Employees employed in a European Company or in an undertaking that as a participating undertaking, subsidiary or concerned undertaking of a European Company (Societas Europaea) has, or will have, its registered office in a Member States of the European Union or a state that is a party to the Treaty on the European Economic Area (hereinafter referred to as "Member State ") shall have the right to involvement of employees in a European Company.

Definition of a European Company

Article 192

(1) Within the meaning of Item 5 of this Title of the Act a European Company (*Societas Europaea*, hereinafter „European Company“) is a company established according to a special law. (not in compliance with the Croatian legislative drafting practice, as this is governed by the Act on Introducing a European Company that transposed the provisions of Regulation 2157/2001 – see explanation attached)

(2) Within the meaning of Item 5 of this Title of the Act a participating undertaking is an undertaking that is directly involved in establishing a European Company.

(3) Within the meaning of Item 5 of this Title of the Act a subsidiary is an undertaking over which the participating company can exercise dominant influence referred to in Article 168, paragraph 2 of this Act.

(4) A concerned undertaking is, within the meaning of Item 5 of this Title of the Act, a subsidiary or establishment of an undertaking which is proposed to become a subsidiary or establishment of the European Company upon its formation.

Application of Title XVII, Item 5 of the Act

Article 193

(1) The provisions of Item 5 of this Title of the Act shall apply to the European Company that has, or will have, its registered office in the Republic of Croatia.

(2) The provisions of Article 195, paragraph 1 and 3, on liability of employers from the Republic of Croatia, Article 196, paragraph 6, on establishing the number of employees, Article 197 on employee representative from the Republic of Croatia, Article 201 on protection of employee representatives from the Republic of Croatia, Article 206, paragraph 4, on the composition of the works council of a European company, Article 210 on the co-operation of the competent organ of the European company and the works council of the European company shall apply, regardless of the registered office of the European Company, to employees of the European Company who are employed in the Republic of Croatia with a participating undertaking, subsidiary or concerned undertaking of a European Company that has, or will have, its registered seat in another Member State.

Involvement of employees

Article 194

(1) Involvement of employees in a European Company, within the meaning of item 5 of this Title of the Act, means information and consultation procedure and participation procedure as well as any other regulated procedure through which employees may exercise an influence on decisions to be taken.

(2) Information referred to in paragraph 1 of this Article includes the information of the works council on issues which concern the European company and undertakings referred to in Article 192, paragraph 2, 3 and 4 of this Act that have a registered office in another Member State or on decisions which are not subject to the decision-making powers of the management organ in just one Member State, at the time and in a way which enables representatives of employees to assess potential effects and prepare for the potential consultation procedure.

(3) The consultation procedure referred to in paragraph 1 of this Article includes the exchange of views and establishment of dialogue between employees' representatives and the appropriate level of management, at the time and in a way enabling representatives of employees to express their opinion on any proposed measures, with a view to co-ordinating positions in the process of decision-making in the European company.

(3) Participation of employees referred to in paragraph 1 of this Article means the right to elect or appoint employees' representatives to become some of the members of the company's supervisory organ (supervisory board, management board or other appropriate organ) and the right to recommend and/or oppose the appointment of some or all of the members of the company's supervisory organ.

Negotiating procedure

Article 195

(1) All participating undertakings shall, within a period of eight days from the date of publishing the proposal to create a European Company, start negotiations with their employees' representatives and employees' representatives from undertakings referred to in Article 192, paragraph 2 and 4 of the Act, on arrangements for the involvement of employees in the European Company.

(2) For the purpose of conducting negotiations referred to in paragraph 1 of this Article, a special negotiating body shall be established.

(3) Prior to the start of negotiations referred to in paragraph 1 of this Article, employees' representatives shall be provided information about:

- legal status, association between companies, seat of the company referred to in paragraph 1 of this Article,

- number of employees employed in each individual company referred to in paragraph 1 of this Article,

- appointed or elected employees' representatives in companies referred to in paragraph 1 of this Article, and

- number of employees' representatives who have the right to involvement of employees in supervisory organs of the company (supervisory board, management board or other appropriate body) referred to in paragraph 1 of this Article.

(4) Where in companies referred to in paragraph 1 of this Article there are no employees' representatives, such company shall inform all employees about issues referred to in paragraph 3 of this Article.

(5) The negotiating procedure shall be subject to the law of the Member State in which the European Company will have its registered office.

(6) Employees' representatives shall be elected or appointed to the special negotiating body pursuant to the law of the Member State.

Special negotiating body

Article 196

(1) Special negotiating body within the meaning of Item 5 of this Title of the Act means the body established for the purpose of regulating the procedures for the involvement of employees within the European Company.

(2) The number of members in the special negotiating body referred to in paragraph 1 of this Article shall be determined in proportion to the total number of employees employed in participating companies, undertakings or concerned undertakings, by allocating in respect of each Member State one seat per portion of employees employed in that Member State which

equals 10%, or a fraction thereof, of the total number of employees employed by such companies in all Member States.

(3) In the case of a European Company that is formed by way of merger, employees from each Member State may have the right to one additional representative ensuring representation of employees employed by a participating company which will cease to exist as a separate legal entity following the registration of the European Company.

(4) The number of additional representatives referred to in paragraph 3 of this Article, with regard to the total number of members of the special negotiating body referred to in paragraph 1 of this Article, shall not exceed 20% and it shall not entail a double representation of the employees of the company that will cease to exist as a separate legal entity following the registration of the European Company, i.e. the employees may not be represented by virtue of this paragraph and by virtue of paragraph 2 of this Article.

(5) If the number of participating companies which will cease to exist as a separate legal entity is higher than the total number of additional seats pursuant to paragraph 4 of this Article, these additional seats shall be allocated to employees of the employers with a seat in different Member States employing the largest number of employees, including the employer whose rank, based on the number of employees, corresponds the number of additional representatives that may be elected.

(6) The number of employees in a participating company shall be established according to the number of employees employed on the day of publishing the proposal to form a European Company.

(7) For the election or appointment of the members of the special negotiating body, equal representation of all groups of employees should be aimed at (in terms of sex, age, qualifications, jobs and the like).

Representative of employees from the Republic of Croatia in the special negotiating body

Article 197

The provisions of Article 174, paragraphs 1 of this Act shall apply, *mutatis mutandis*, to the elections of employees from the Republic of Croatia into the special negotiating body of Article 196, paragraphs 1 of this Act.

Co-operation between employers and the special negotiating body

Article 198

(1) The participating companies shall inform the special negotiating body about a proposal to establish a European Company and about the implementation of the procedure for its establishment.

(2) The special negotiating body and participating companies may, unless they agree otherwise, negotiate on the achievement of a written agreement on the method of involvement

of employees in the European Company within a period of six months from the date of establishment of the special negotiating body.

(3) If the special negotiating body and the participating companies do not reach an agreement referred to in paragraph 2 of this Article, the negotiations may take no longer than one year from the establishment of the special negotiating body.

Working conditions for the special negotiating body

Article 199

(1) The participating companies shall bear the cost of establishment and work of the special negotiating body.

(2) The special negotiating body may request technical assistance or consult experts on issues from its remit and inform a trade union association about the start of negotiations.

(3) The participating companies shall enable persons from paragraph 2 of this Article to be present at the meetings of the special negotiating body and cover the expenses for one expert.

(4) The participating companies shall provide the special negotiating body with the necessary premises, staff, resources and other working conditions, including funds for remuneration, travel expenses and translation and interpretation costs.

Co-operation between employers and employees' representatives

Article 200

(1) The co-operation between the supervisory body of participating companies and employees' representatives shall be based on mutual trust.

(2) The provision of paragraph 1 of this Article shall also apply, *mutatis mutandis*, to the co-operation between the supervisory body of the participating companies and employees' representatives in the course of the information and consultation and employee participation procedure.

(3) Members of a special negotiating body have the obligation, also after the expiry of their term of office, to keep confidentiality of trade secrets they became aware of while exercising the powers granted by virtue of this Act.

(4) The confidentiality obligation referred to in paragraph 3 of this Article shall also apply, *mutatis mutandis*, to:

1) employees' representatives in the framework of procedures of information and consultation and participation of employees,

2) experts and interpreters or translators,

3) employees' representatives in the works council of the European Company.

(5) The confidentiality obligation referred to in paragraph 3 of this Article shall not apply:

1) with regard to the implementation of the procedures of information and consultation and participation of employees with other members of the works council of the European Company and with employees' representatives from participating companies, subsidiaries and establishments,

2) to the relations with employees' representatives in organs of the company,

3) to interpreters or translators and experts providing assistance to employees' representatives.

(6) The confidentiality obligation referred to in paragraph 4 of this Article shall not apply to:

1) employees' representatives with regard to experts and interpreters or translators,

2) employees' representatives in the framework of the procedures of information, consultation or participation of employees with regard to interpreters or translators and experts providing assistance or with regard to employees' representatives employed with participating companies, subsidiaries or establishments in the Republic of Croatia.

Protection of employees' representatives in the Republic of Croatia

Article 201

With regard to rights and protection, the provisions of Article 155 and 156 of this Act shall apply, *mutatis mutandis*, to employees' representatives involved in the procedures of information, consultation and participation of employees who are employed in the Republic of Croatia, including the right to participate in the meetings of the special negotiating body or the works council or meetings provided for in the agreement referred to in Article 204 of this Act.

Decision-making of the special negotiating body

Article 202

(1) The special negotiating body may decide by the majority of votes representing at the same time the majority of the employees employed in all the participating companies.

(2) A member of the special negotiating body who is appointed or elected in an individual Member State shall have one vote and represent all employees employed in the participating company in that Member State.

(3) By way of derogation from paragraph 2 of this Article, the majority required for the special negotiating body to take decisions leading to a reduction of participation rights shall be the majority of two thirds of the votes of its members, representing also two thirds of the employees in the participating companies employed in at least two Member States,

- in the case of a European Company to be established by way of merger, if participation covers at least 25% of employees of the participating companies, or

- in the case of a European Company to be established by way of creating a holding company or forming a subsidiary, if participation covers at least 50% of the overall number of employees of the participating companies.

(4) Reduction of participation rights referred to in paragraph 3 of this Article means the reduction of the proportion of the number of employees in the organs of the European Company compared to the highest proportion of the number of employees existing in the organs of the participating companies.

(5) If there is participation of employees in a company to be transformed into a European Company, the provision of paragraph 3 of this Article shall not apply.

(6) If there are different forms of participation of employees in the participating companies and if the special negotiating body takes no decision as to which form of participation of employees shall apply in the European Company, the method of participation of employees shall apply which applied to the majority of employees of all participating companies, and the special negotiating body shall inform all the participating companies about this within a period of eight days.

Termination of negotiations

Article 203

(1) The special negotiating body may decide, by the majority of at least two thirds of members representing also the majority of two thirds of employees employed in at least two Member States, not to open or to terminate negotiations.

(2) By way of derogation from the provision of paragraph 1 of this Article, the special negotiating body may not decide in the defined manner, if there is involvement of employees in the company to be transformed into a European Company.

(3) Where a decision referred to in paragraph 1 of this Article is taken, the provisions of item 4 of this Title of the Act shall apply to information and consultation.

(4) The special negotiating body shall be reconvened on the written request of at least 10% of the employees of the European Company or their representatives, at the earliest two years after the abovementioned decision, unless the parties agree to renegotiations being reopened.

Agreement on involvement of employees within a European Company

Article 204

(1) The special negotiating body and the participating companies shall regulate the procedure for involvement of employees within the European Company in a written agreement.

(2) The agreement referred to in paragraph 1 of this Article shall include provisions specifying:

- the scope of the agreement,

- the composition, number of members, allocation of seats and the term of office of members on the representative body for involvement of employees through information and consultation,

- the method and the procedure for the information and consultation of the representative body of employees in the European Company,

- the place, frequency and duration of meetings of the representative body of employees in the European Company,

- the resources to be allocated for the activity of the representative body,

- the duration of the agreement,

- cases and procedures for reopening negotiations on the agreement,

- the method to amend such agreement in case of extraordinary circumstances that significantly affect employees' interests.

(3) If the parties, by means of the agreement referred to in paragraph 2 of this Article, decide to establish one or more information and consultation procedures instead of a representative body, the agreement shall specify the arrangements for the substance and method of implementing such procedures.

(4) The agreement referred to in paragraph 2 of this Article may be used by the parties to negotiations to regulate arrangements for participation of employees, including the number of representatives of employees in the European Company's administrative or supervisory bodies and the right to elect or appoint members or the right to recommend or oppose the appointment of any or all members of the European Company's administrative or supervisory body.

(5) In the case of a European Company being established by way of transformation, the agreement referred to in paragraph 1 of this Article shall provide for at least the same level of employee involvement as the one existing within the company to be transformed into a European Company.

(6) The provisions of Articles 205 to 213 of this Act shall not apply to the procedures of involvement of employees in the decision-making process of a European Company regulated in the agreement referred to in paragraph 1 of this Article, unless otherwise provided in such agreement.

Works council of a European Company

Article 205

(1) The provisions of this Act on the works council of the European Company shall apply to a European Company with a seat in the Republic of Croatia:

1) in case the negotiating parties reach an agreement to that effect, or

2) in case that within the period referred to in Article 192, paragraphs 2 and 3 of this Act no agreement has been reached on the involvement of employees within the European

Company if the participating companies decide to apply the provisions of this Act on the works council of the European Company and continue the procedure to establish a European Company if the special negotiating body has not taken a decision referred to in Article 195, paragraph 1 of this Act.

(2) The provisions of this Act on the works council of the European Company shall not apply if after reopening the negotiations referred to in Article 195, paragraph 4 of this Act no agreement on the involvement of the employees within the European Company has been concluded.

(3) The works council of the European Company shall be established in order to ensure the involvement of employees within the European Company by means of information and consultation.

(4) The works council of the European Company shall have the right to involvement with regard to issues that concern the European Company and the undertakings referred to in Article 192, paragraph 3 of this Act that have a registered office in another Member State or with regard to issues that are not subject to decision-making powers of the management organ in just one Member State.

Composition of the works council of a European Company

Article 206

(1) The works council of the European Company shall be composed of representatives of employees in a European Company or in a participating company, subsidiary or establishment.

(2) The number of members of the works council referred to in paragraph 1 of this Article shall be determined in proportion to the number of employees employed in a participating company at the moment of information referred to in Article 195, paragraph 3 of this Act by allocating one seat per portion of employees employed in the European Company or in participating companies which equals 10% or a fraction thereof, of the number of employees employed by the participating companies taken together.

(3) The works council of a European Company shall, on the basis of an annual report on the number of employees in a European Company, adjust the number of its members pursuant to paragraph 2 of this Article.

(4) The provisions of Article 174 of this Act shall apply, *mutatis mutandis*, to the appointment or election of members of the works council of a European Company from the Republic of Croatia.

Work of the works council of a European Company

Article 207

(1) Appointed or elected members of the works council of the European Company shall inform about it the supervisory organ of the European Company no later than within eight days from the date of their appointment or election.

(2) The organ referred to in paragraph 1 of this Article shall, within 90 days from the receipt of the information referred to in paragraph 1 of this Article, convene a constitutive meeting of the works council of a European Company, at which members shall, by the majority of votes, elect a chairman, a deputy chairman and adopt the rules of procedure.

(3) The works council of a European Company shall be represented by its chairman and, in his or her absence, by the deputy chairman.

(4) The rules of procedure referred to in paragraph 2 of this Article may be used by the works council of a European Company, provided it has more than ten members, to regulate the establishment of a select three-member committee.

(5) The works council of a European Company shall, within a period of four years from its establishment, decide whether to open negotiations to conclude the agreement referred to in Article 196 of this Act or to continue working pursuant to this Act.

(6) If the works council of a European Company decides to open negotiations referred to in paragraph 5 of this Article, it shall have the same rights and obligations as the special negotiating body.

(7) If, within a period referred to in Article 192, paragraphs 2 and 3 of this Act, no agreement has been reached on the involvement of employees in the European Company, the works council of the European Company shall continue working pursuant to this Act.

Powers of the works council of a European Company

Article 208

(1) The works council or its select committee shall have the right to meet once a year with a supervisory organ of the European Company for the purpose of information and consultation with regard to issues relating to business operations and development plans of a European Company or an undertaking referred to in Article 192, paragraph 3 and 4 of this Act, that have their registered office in another Member State or on decisions that are not subject to the decision-making powers of the management organ in just one Member State.

(2) The supervisory organ of a European Company shall regularly send the works council of a European Company status reports on business operations of a European Company and development plans, the agenda of the meetings of the supervisory organ and the documentation on the activity of the general assembly of the founders of the European Company; it shall also inform thereof the management boards of the participating companies, subsidiaries and establishments.

(3) Business operations and development plans referred to in paragraph 1 of this Article relate to:

- the situation and operating results of the European Company,

- development plans and their effects on the economic and social situation of employees,

- the number and structure of employees by categories of employment contracts and employment plan,

- any projected collective redundancies ,

- any organisational and status changes in the European Company,

- any changes in the seat of the European Company or any transfer of business or part of business.

(4) The works council of a European Company or its select committee shall inform representatives of employees employed by the European Company about the substance and result of procedures of involvement of employees within the European Company or, if such representatives are not elected or appointed, it shall inform all employees in the European Company.

Involvement of employees in a European Company in specific cases

Article 209

(1) The supervisory organ of the European Company shall inform the works council of the European Company or its select committee, if it is established, in time about any specific cases that significantly affect the interests of employees and provide it with all relevant documentation and consult them at a special meeting.

(2) Specific cases referred to in paragraph 1 of this Article shall be in particular:

1) relocation of the seat of the European Company, transfer of business or a part thereof,

2) status changes in the European Company,

3) collective redundancies.

(3) If the management body of the European Company does not accept an opinion or a proposal of the works council of the European Company, the works council of the European Company shall have the right to a further meeting with the organ supervising management of business activities of the European Company with a view to seeking an agreement.

(4) Members of the works council of a European Company who represent employees whose interests are affected by specific cases referred to in paragraph 2 of this Article have the right to take part in meetings referred to in paragraphs 1 and 3 of this Article, if such meetings are held with a select committee.

(5) Before holding a meeting referred to in paragraphs 1 and 3 of this Article, the works council of the European Company or the committee referred to in paragraph 4 of this Article

shall be entitled to have a preparatory meeting without the presence of other members of the supervisory organ of the European Company.

Co-operation between the supervisory organ of a European Company and the works council of the European Company

Article 210

(1) The provisions of Article 198 of this Act shall apply, *mutatis mutandis*, to the co-operation between the supervisory organ of a European Company and the works council of a European Company.

(2) The provisions of Article 199 of this Act shall apply, *mutatis mutandis*, to the working conditions of the works council of a European Company.

(3) The provisions of Article 201 of this Act shall apply, *mutatis mutandis*, to members of the special negotiating body, members of the works council of the European Company, employees' representatives in supervisory organs of the European Company.

Participation of employees in a European Company

Article 211

(1) The provisions of Item 5 of this Title of the Act shall apply to the participation of employees in a European Company referred to in Article 194, paragraph 4 of this Act:

- in the case of a European Company established by way of transformation if employees had had the participation right in a management or supervisory organ before such transformation

    - in the case of a European Company to be established by way of merger, if participation covers at least 25% of the overall number of employees of the participating companies or also, where the special negotiating body so decides, if participation before the registration of a European Company covers less than 25% of the overall number of employees in one or several participating companies,

in the case of a European Company to be established by way of creating a holding company or forming a subsidiary if participation before the registration of a European Company covers at least 50% of the overall number of employees of participating companies or also, where the special negotiating body so decides, if participation covers less than 50% of the overall number of employees of the

(2) Participation of employees that applied before the transformation of participating companies into the European Company shall continue to be applied in the European Company referred to in paragraph 1, subparagraph 1 of this Article.

(3) In the European Company referred to in paragraph 1, subparagraphs 2 and 3 of this Article, where there were several employee participation procedures, the special negotiating body, works council in the European Company or employees of the European Company or of

undertakings referred to in Article 192, paragraph 2, 3 and 4 of this Act, shall select the participation procedure, including the appointment or election of their representatives in the supervisory organ of the European Company, and their share may not be lower than the share of employee representatives in the organs of participating companies.

(4) The special negotiating body, works council of a European Company or employees employed by a European Company shall, within a period of eight days from the decision on the selection of participation procedures inform the participating companies about that.

(5) By way of derogation from paragraphs 1, 2, 3 and 4 of this Article, it shall not be necessary to set up participation of employees in a European Company, if such right did not exist in any of the participating companies before the registration of a European Company.

Representation of employees in the organ supervising management of business operations of a European Company

Article 212

(1) The works council of a European Company shall decide on the allocation of seats between representatives of employees in the supervisory organ of the European Company by means of appointment or election of employees from different Member States of the European Union, in proportion to the share of employees employed by the participating companies in individual Member States of the European Union with regard to the overall number of employees employed by the European Company.

(2) If in the process of decision-making under paragraph 1 of this Article employees employed by a participating company from one Member State of the European Union were overrepresented and employees employed by participating companies from other Member States of the European Union were not represented, the works council of the European Company shall take a new decision on the allocation of seats between representatives of employees.

(3) In the process of taking a new decision on the allocation of seats between representatives of employees referred to in paragraph 2 of this Article it is necessary to ensure representation of employees employed by participating companies from Member States of the European Union who were not represented before.

(4) In the case referred to in paragraph 3 of this Article, it is necessary to ensure representation of employees employed by the participating companies from the Member State of the European Union in which the seat of the European Company shall be situated, and if such employees are already represented, it is necessary to ensure representation of employees employed by participating companies in a Member State of the European Union who were not represented before and who have the largest share of employees.

(5) If the composition or number of members in the supervisory organ of the European Company changes, the works council of the European Company shall take a new decision on the allocation of seats between representatives of employees.

(6) A representative of employees who is appointed or elected into the supervisory organ of the European Company shall have the same legal status as other appointed members of such organ.

Representative of employees from the Republic of Croatia in a supervisory organ of a European Company

Article 213

A representative of employees from the Republic of Croatia in the supervisory organ of the European Company with a seat in the Republic of Croatia shall be appointed or elected by the works council of the European Company in the manner provided for in Article 163 of this Act.

Prevention of abuse of the procedure for the establishment of a European Company

Article 214

(1) The right to participation of employees must not be revoked or denied to employees referred to in Article 190 of this Act as a result of the procedure for the establishment of a European Company.

(2) Where a competent court establishes in its decision that abuse of the procedure to set up a European company has led to the right to participation of employees being revoked or denied, such European company or participating companies shall, based on that decision and pursuant to the provisions of Item 5 of this Title of the Act, repeat the negotiation procedure.

(3) The provisions of Article 161, paragraph 3, of this Act shall apply *mutatis mutandis* to defining jurisdiction of courts and establishing deadlines for taking the decision referred to in paragraph 2 of this Article.

6. INVOLVEMENT OF EMPLOYEES WITHIN A EUROPEAN CO-OPERATIVE SOCIETY

Involvement of employees within a European Co-operative Society

Article 215

Employees employed in a European Cooperative Society or in a participating company, subsidiary or concerned undertaking of a European Cooperative Society that has, or will have, its registered office in a Member State of the European Union or a state party to the Treaty on the European Economic Area (hereinafter referred to as „Member State“) shall have the right to involvement of employees in a European Cooperative Society.

Definition of a European Cooperative Society

Article 216

(1) A European Cooperative Society (*Societas Cooperativa Europaea*, hereinafter referred to as „European Cooperative Society) is, within the meaning of Item 6 of this Title of the Act, a co-operative society established pursuant to a special law. (not in conformity with the Croatian legislative drafting practice, as the provisions of Regulation 1435/2003 have been transposed by means of the Act on Introducing the European Cooperative Society – see the attached explanation)

(2) A participating company is, within the meaning of Item 6 of this Title of the Act, a company or a co-operative society that is directly involved in the establishment of a European Cooperative Society.

(3) A subsidiary is, within the meaning of Item 6 of this Title of the Act, a company over which a participating company can exercise dominant influence referred to in Article 168, paragraph 2 of this Act.

(4) A concerned undertaking is, within the meaning of Item 6 of this Title of the Act, a subsidiary or establishment of a participating company that is proposed to become a subsidiary or establishment of a European Cooperative Society upon its formation.

Application of Title XVII, Item 6 of the Act

Article 217

(1) The provisions of Item 6 of this Title of the Act shall apply to the European Cooperative Society that has, or will have, its registered office in the Republic of Croatia.

(2) The provision of Article 195, paragraph 1 and 3, Article 196, paragraph 6, Article 197, Article 201, Article 206, paragraph 4, Article 210 of this Act, within the meaning of Article 219 of this Act shall apply, regardless of the registered office of a European Cooperative Society, to employees of a European Cooperative Society, who are employed in the Republic of Croatia with a participating company, subsidiary or concerned undertaking that has, or will have, its registered office in another Member State.

Employee involvement

Article 218

(1) Within the meaning of item 6 of this Title of the Act, employee involvement means any act, including information, consultation and participation, through which employees may exercise an influence on decisions to be taken.

(2) The information procedure referred to in paragraph 1 of this Article shall include information of the works council or other employees' representatives about issues relating to the European Cooperative Society and to undertakings referred to in Article 192, paragraph 2, 3 and 4, of this Act, that have their registered office in another Member State or on decisions that are not subject to the decision-making powers of the management organ in just one Member State, which shall be conducted at the time and in a way enabling employees' representatives to make an assessment of possible effects and to prepare for potential consultation.

(3) The consultation procedure referred to in paragraph 1 of this Article shall include an exchange of opinions and the establishment of a dialogue between the works council or other employees' representatives and the appropriate level of management, which shall be conducted at the time and in a way enabling employees' representatives to express their opinion on proposed measures with a view to co-ordinating positions in the decision-making process in a European Cooperative Society.

(4) The participation of employees referred to in paragraph 1 of this Article shall include the right to appointment or election of employees' representatives to a supervisory organ of a European Cooperative Society (supervisory board, management board or another appropriate organ) or the right to propose or oppose the election of individual or all representatives to the supervisory organ of the European Cooperative Society.

Application of provisions relating to involvement of employees

Article 219

(1) The provisions of Title XVII, Item 5 of this Act shall apply, *mutatis mutandis*, to involvement of employees in a European Cooperative Society, including:

1) the negotiating procedure with regard to the involvement of employees in the European Cooperative Society, the provisions of Article 195 of the Act,

2) the establishment of a special negotiating body, the provisions of Article 196 of this Act, ,

3) the election of the representative of employees from the Republic of Croatia to the special negotiating body, the provisions of Article 197 of this Act,

4) the co-operation between the employer and the negotiating body, the provisions of Article 198 of this Act,

5) the terms and conditions of work for the negotiating body, the provision of Article 199 of this Act,

6) the co-operation of employers and employees' representatives, the provision of Article 200 of the Act,

7) the protection of employees' representatives in the Republic of Croatia, the provision of Article 201 of the Act,

8) the taking of decisions by the negotiating body and the termination of negotiations, the provisions of Article 202 and Article 203 of the Act,

9) the agreement on the involvement of employees in a European Cooperative Society, the provision of Article 204 of the Act,

10) the works council in a European Cooperative Society, the provision of Article 205 of this Act,

11) the composition of the works council in a European Cooperative Society, the provision of Article 206 of the Act,

12) the work of the works council in a European Cooperative Society, the provision of Article 207 of this Act,

13) the authorisations of the works council in a European Cooperative Society , the provisions of Article 208 of this Act,

14) the involvement of employees in a specific case, the provisions of Article 209 of this Act,

15) co-operation of the competent organ of a European Cooperative Society and the works council of the European Cooperative Society, the provision of Article 210 of this Act,

16) employee participation in the European Cooperative Society, the provisions of Article 212 of this Act,

17) the representation of employees in the supervisory organ of the European Cooperative Society, the provisions of Article 212 of the Act,

18) representative of employees from the Republic of Croatia in the supervisory organ of the European Cooperative Society, the provision of Article 213 of this Act,

19) prevention of abuse of the procedure for the establishment of a European Cooperative Society, the provision of Article 214 of this Act.

European Cooperative Society established by natural persons or by a single legal entity and natural persons

Article 220

(1) In the case of a European Cooperative Society established exclusively by natural persons or by a single legal entity and natural persons, which together employ at least 50 employees in at least two Member States, all provisions of item 6 of this Title of the Act shall apply.

(2) In the case referred to in paragraph 1 of this Article, natural persons or one legal entity and natural persons shall be deemed participating companies referred to in Article 216, paragraph 2 of this Act.

(3) In the case of a European Cooperative Society with a registered office in the Republic of Croatia established exclusively by natural persons or by a single legal entity and natural persons, which together employ fewer than 50 employees, or employ 50 or more employees in only one Member State, items 1 to 3 of this Title of the Act shall apply *mutatis mutandis* to employee involvement.

(4) In the case of a European Cooperative Society established in accordance with paragraph 3 of this Article that has a registered office in another Member State, and that has a subsidiary or an establishment in the Republic of Croatia, items 1 to 3 of this Title of the Act shall apply *mutatis mutandis* to employee involvement.

(5) In the case of transfer from one Member State to another of the registered office of a European Cooperative Society referred to in paragraph 3 of this Article, where participation procedure is established, the same level of employee participation rights shall continue to apply after the transfer.

(6) If, after the establishment of a European Cooperative Society referred to in paragraph 3 of this Article, at least one third of the total number of employees of the European Cooperative Society and its subsidiaries and establishments in at least two Member States so requests, or if the total number of employees reaches or exceeds 50 employees in at least two Member States, the provisions of item 6 of this Title of the Act shall apply.

Involvement of employees in general or sectoral meetings of a European Cooperative Society

Article 221

(1) Employees have the right to involvement of employees in a general or sectoral meeting of the European Cooperative Society if it is agreed in the agreement on involvement of

employees in a European Cooperative Society that participation of employees shall take place by means of employees having the right to appointment or election of their employees' representatives to take part in general or sectoral meetings with a voting right, with a restriction that, pursuant to a special law, they may not control more than 15% of votes in its work (pursuant to the Croatian law-making practice, a special law in this case will be Regulation 1435/2003 that will be directly applicable on the territory of the Republic of Croatia as of the date of Croatia's accession to the EU)

(2) Apart from the case referred to in paragraph 1 of this Article employees shall also have the right to appoint or elect employees to the general or sectoral meeting in the case if:

1) a co-operative society where such participation form is already present is converted into a European Cooperative Society,

2) such participation form is already present in one of participating companies.

(3) The right referred to in paragraph 2 of this Article may be exercised by employees if:

1) the negotiating parties have failed to agree in the period referred to in Article 198, paragraph 2 and 3 of this Act or have failed to conclude an agreement but have agreed upon the application of the existing participation procedures, and

2) if the participating company with such form of participation has the largest ratio of involvement of employees' representatives in the participation procedure.

(4)The provisions of Article 174, paragraphs 1 of this Act shall apply, *mutatis mutandis*, to the elections of employees from the Republic of Croatia into the general, section or sectoral meetings of the European Cooperative Society

7. INVOLVEMENT OF EMPLOYEES WITH EMPLOYERS FORMED BY WAY OF CROSS-BORDER MERGER OR ACQUISITION

Involvement of employees

Article 222

Employees employed in a company formed by way of cross border merger or acquisition or with a participating company, subsidiary or concerned undertaking of a company that has, or will have, its registered office in a Member State of the European Union or the state party to the Treaty on the European Economic Area (hereinafter referred to as „Member State") shall have the right to involvement of employees in business activities of a company formed by way of cross-border merger or acquisition.

Definition of an employer formed by way of cross-border merger or acquisition

Article 223

(1) An employer formed by way of cross-border merger or acquisition is, within the meaning of Item 7 of this Title of the Act, a company established pursuant to a special law.

(2) A participating company is, within the meaning of Item 7 of this Title of the Act, a company participating in cross-border merger or acquisition.

(3) A subsidiary is, within the meaning of Item 7 of this Title of the Act, a company over which a participating company can exercise dominant influence referred to in Article 168, paragraph 2, of this Act.

(4) A concerned undertaking is, within the meaning of Item 7 of this Title of the Act, a subsidiary or establishment of the participating company that is proposed to become a subsidiary or establishment of the company formed by way of cross border merger or acquisition.

Application of Title XVII, Item 7 of the Act

Article 224

(1) The provisions of Item 7 of this Title of the Act shall apply to a company formed by way of cross-border merger or acquisition that has, or will have, its registered office in the Republic of Croatia.

(2) The provisions of Item 7 of this Title of the Act shall apply, regardless of the registered office of the company formed by way of cross-border merger or acquisition, to employees of such company who are employed in the Republic of Croatia with a participating company, subsidiary or concerned undertaking that has, or will have, its registered office in another Member State.

Application of provisions relating to involvement of employees

Article 225

(1) The provisions of items 1 to 3 of this Title of the Act shall apply to employee involvement in the case of an employer formed by way of cross-border merger or acquisition.

(2) By way of derogation from paragraph 1 of this Article, the provisions of item 5 of this Title of the Act shall apply to employee involvement in the case of an employer formed by way of cross-border merger or acquisition if employee involvement has been regulated in the manner provided for in item 5 of this Title of the Act in at least one of the merging employers that has, in the six months before the publication of the common draft terms of the merger under a separate law, an average number of employees that exceeds 500.

(3) By way of derogation from paragraph 1 of this Article, the provisions of item 5 of this Title of the Act shall apply *mutatis mutandis* to employee involvement in the case of an employer formed by way of cross-border merger or acquisition if:

1 the level of employee involvement is, as a result of the application of items 1 to 3 of this Title of the Act, with regard to the proportion of employees' representatives in bodies in charge of supervising business conduct of companies, lower than the previous level of employee involvement with individual employers having participated in cross-border mergers or acquisitions, or if

2 the level of employee involvement in a company or part of a company that in effect represents individual previous employers having participated in cross-border mergers

or acquisitions would, as a result of the application of items 1 to 3 of this Title of the Act, be lower that the level of employee involvement in the Republic of Croatia.

XVII. TRADE UNIONS AND EMPLOYERS' ASSOCIATIONS

1. GENERAL PROVISIONS ON ASSOCIATIONS

Right to associate

Article 226

(1) Employees have the right, without any distinction whatsoever, and according to their own free choice, to establish and join a trade union, subject to only such requirements which may be prescribed by the statute or internal rules of this trade union.

(2) Employers have the right, without any distinction whatsoever, and according to their own free choice, to establish and join an employers' association, subject to only such requirements which may be prescribed by the statute or internal rules of this association.

(3) The associations referred to in paragraphs 1 and 2 of this Article (hereinafter: "the associations") may be established without any prior approval.

Non-compulsory membership of associations

Article 227

(1) Employees and employers, respectively, may freely decide on their membership in an association and leaving such association.

(2) No one must be discriminated against on the ground of his or her membership in association or participation or non-participation in its activities.

(3) Any conduct contrary to the provisions of paragraph 1 or 2 of this Article shall be discrimination within the meaning of a special law.

Temporary and permanent prohibition of activities by virtue of a decision by executive authorities

Article 228

The operations of an association may not be prohibited nor may an association be disbanded by virtue of a decision by executive authorities.

Higher-level association

Article 229

(1) Associations may create federations or other forms of association in order to pursue their interests together at a higher level ("higher-level association").

(2) Higher-level associations enjoy all the rights and freedoms granted to associations.

(3) Associations and higher-level associations have the right to freely join federations and co-operate with international organisations established for the purpose of the promotion of their common rights and interests.

Authorities of associations

Article 230

(1) An association may be a party to a collective agreement only if it was established and registered in accordance with the provisions of this Act.

(2) An association may represent its members in employment-related disputes with the employer, before a court, a mediation or arbitration body or a state body.

Establishment of other legal persons

Article 231

In pursuance of their goals and tasks as provided under their statute or internal rules, associations may establish other legal persons, subject to separate regulations.

2. ESTABLISHMENT AND REGISTRATION OF ASSOCIATIONS

Establishment of an association

Article 232

(1) A trade union may be established by at least ten adult persons with legal capacity.

(2) An employers' association may be established by at least three legal persons or adult persons with legal capacity.

(3) A higher-level association may be established by at least two associations referred to in paragraphs 1 and 2 of this Article.

(4) The name of an association or higher-level association must be clearly distinguishable from the names of the already registered associations or higher-level associations.

The statute of an association

Article 233

(1) An association or a higher-level association must have a statute based and adopted according to principles of democratic representation and democratic exercise of its members' will.

(2) The statute of an association regulates its purpose, name, seat, area of work, logo, bodies, method for the election and recall of members of these bodies, authorities given to the association's bodies, procedure for acceptance to membership and termination of membership, methods for adopting and amending the statute, rules and other regulations, and termination of the association's operations.

(3) The statute of an association must include the provisions on the bodies authorised to conclude collective agreements and requirements and procedures for organising industrial actions.

(4) Entering into collective agreements must be specified in the statute as one of the purposes of an association.

(5) Authority to conclude collective agreements may be delegated to a higher-level association by virtue of the statute, certificate of establishment, or act of association with a higher-level association.

Legal personality of an association

Article 234

(1) An association and a higher-level association acquire legal personality as of the date of their registration in the register of associations.

(2) The statute of an association states whether an association has branch offices or other internal organisational forms, and specifies the authorities with which such branch offices or other internal organisational forms are vested for the purpose of legal transactions.

(3) A branch office or other internal organisational form acquires authorities to engage in legal transactions referred to in paragraph 2 of this Article as from the date indicated in the decision of its establishment, in accordance with the statute of the association.

Register of associations

Article 235

(1) Associations and higher-level associations which operate on the territory of a single county are registered in the register of associations at the state administration office in the county or in the City of Zagreb responsible for labour affairs.

(2) Associations and higher-level associations which operate on the territory of two or more counties are registered in the register of associations at the Ministry.

(3) The following information is entered in the register: date of establishment, name, seat, area of work, name of executive body, names of persons authorised to represent it, termination of operations of an association or a higher-level association.

(4) The Minister shall regulate, by an ordinance, the contents and methods for maintaining registers of associations.

Application for registration in a register of associations

Article 236

(1) An association is registered in a register upon the application of its founder.

(2) The application must be accompanied by the following documents: the certificate of establishment, the minutes taken at the founding assembly, the statute, the list of founders and members of the executive body, and names and family names of the person or persons authorised to represent the association.

(3) The founders shall file an application for registration in a register of associations within thirty days following the date of the founding assembly.

(4) The body responsible for registration shall issue a certificate stating that an application for registration has been received at a register of associations.

Decision on application for registration in a register of associations

Article 237

(1) A decision is issued on an application for registration of an association in a register.

(2) The decision referred to in paragraph 1 of this Article shall include: date of registration and registration number, name of association, seat, area of work; and name and family name of a person or persons authorised to represent the association.

Removal of deficiencies in the statute or procedure for establishment

Article 238

(1) If the body authorised for registration finds that an attached statute does not comply with this Act, or that the application does not contain the evidence of compliance with the requirements for the establishment of an association specified by this Act, it shall invite the applicants to bring the statute into conformity with this Act or to produce adequate evidence, and shall fix a time limit for this purpose which may not be shorter than eight days and longer than fifteen days.

(2) If, within the time limit referred to in paragraph 1 of this Article, the applicants fail to remove the deficiencies in the statute or produce evidence of compliance with the requirements for the establishment of an association specified by this Act, the body authorised for registration shall issue a decision rejecting the application for registration in the register of associations.

Time limit for issuing a decision on registration in a register of associations

Article 239

(1) The body authorised for registration shall issue a decision on an application for registration in a register of associations no later than within 30 days following the filing of a compliant application.

(2) If the authorised body does not issue a decision within the time limit referred to in paragraph 1 of this Article, it shall be considered that the association is registered as of the day following the expiration of this time limit.

(3) In cases referred to in paragraph 2 of this Article, the body authorised for registration shall issue a certificate of registration of an association, containing particulars set forth in Article 237, paragraph 2 of this Act, within seven days following the expiration of the time limit for issuing a decision.

Rejection of application for registration

Article 240

(1) If an association was not established in accordance with Articles 232 and 233, paragraph 2 of this Act, the body authorised for registration shall issue a decision rejecting its registration in a register of associations.

(2) Reasons must be given for a decision rejecting an application for registration.

(3) An appeal lodged against the decision of the state administration office in the county or in the City of Zagreb responsible for labour affairs shall be decided by the Ministry.

(4) If the Ministry issues a decision in the first instance, such decision is final and can be challenged before an administrative tribunal.

Registration in the event of change of information

Article 241

(1) Any change of the statute of the association, persons authorised to represent it, and termination of its operations must be registered in the register of associations.

(2) A person authorised to represent an association must report any changes referred to in paragraph 1 of this Article to the body maintaining the register of associations within 30 days following the occurrence of the change.

(3) The registration of change of information referred to in paragraph 1 of this Article is subject to this Act's provisions applicable to the registration of associations in a register.

3. ASSETS OF ASSOCIATIONS

Collection and protection of assets from enforcement

Article 242

(1) Associations may acquire assets by collecting enrolment and membership fees, by purchase, from donations or in any other legal manner, without any prior authorisation.

(2) Real estate and moveable assets of associations which are necessary for convening meetings, carrying out educational activities, and libraries may not be subject to enforcement.

Division of association's assets

Article 243

(1) If an association splits, or a substantial number of its members create a separate association, the assets of this association is divided proportionate to the number of former members of the original association who join the newly established entities, unless otherwise provided by the statute of the association, a contract or other agreement.

(2) If an association ceases to operate, its assets are dealt with in the manner prescribed by its statute.

(3) If an association ceases to operate, its assets may not be allocated to its members.

4. OPERATION OF ASSOCIATIONS

The prohibition of control

Article 244

(1) Employers and their associations must not exercise control over the establishment and operations of trade unions or their higher-level associations, nor must they finance or in another way support trade unions or their higher-level association in order to exercise such control.

(2) The prohibition of control referred to in paragraph 1 of this Article is also applicable to relations of trade unions and their higher-level associations with employers and their associations.

Judicial protection of membership rights

Article 245

A member of an association may seek judicial protection in the event of violation of his or her rights guaranteed by the association's statute or other rules.

Judicial protection of the right to associate

Article 246

(1) An association or a higher-level association may move the court to prohibit the operations violating the right of employees and employers to associate.

(2) An association or a higher-level association may claim compensation for damages suffered as a result of activities prohibited under paragraph 1of this Article.

Prohibition of unequal treatment on the ground of membership in a trade union or taking part in trade union activities

Article 247

(1) An employee must not be placed in a less favourable position in comparison with other employees on the ground of his or her membership in a trade union. It is, in particular, prohibited to:

- conclude an employment contract with an employee, under the condition that he or she does not join a trade union or that he or she leaves a trade union,
- rescind an employment contract or place an employee in a less favourable position in comparison with other employees in some other way because of his or her membership in a trade union or participation in trade union activities after hours, or during working hours subject to the consent of the employer.

(2) The employer must not take into consideration membership in a trade union and participation in trade union activities when rendering a decision whether or not to conclude an employment contract, on the change of job of an employee or a the place of work, on specialist training, promotion, pay, social benefits and termination of an employment contract.

(3) An employer, a chief executive or another body, and an employer's representative, must not use coercion in favour of or against any trade union.

Trade union representatives and shop stewards

Article 248

(1) Trade unions autonomously decide on the methods for their representation before the employer.

(2) Trade unions whose members are employed with a particular employer may appoint or elect one or more trade union representatives or shop stewards who shall represent them before this employer.

(3) A shop steward is an employee employed by the employer.

(4) Trade union representatives or shop stewards have the right to protect and promote rights and interests of trade union members in relations with the employer.

(5) The employer shall make it possible for a trade union representative or shop steward to exercise, in a timely manner and effectively, the right referred to in paragraph 4 of this Article, and to provide them access to information necessary for the exercise of this right.

(6) A trade union representative or a shop steward must exercise his or her right referred to in paragraph 4 of this Article in the manner which is not prejudicial to the employer's business effectiveness.

(7) The trade union must inform the employer about the appointment of a trade union representative or shop steward.

(8) A trade union representative has all the rights and obligations pertaining to shop stewards under this Act, except for shop stewards' rights and obligations arising from employment or related to employment.

Protection of shop stewards

Article 249

(1) During the shop steward's performance of his or her duty and six months after the termination of this duty it is not allowed:

- to cancel the shop steward's employment contract,
- to place the shop steward in a less favourable position compared to his or her previous working conditions and in comparison with other employees in other ways,

if the trade union has not given its consent to that effect.

(2) If the trade union does not give or deny its consent within eight days, it shall be presumed to have consented to the employer's decision.

(3) If the trade union refuses to give its consent to a dismissal, the employer may, within 15 days of the receipt of the trade union's observations, request that such consent be replaced by a judicial decision.

(4) The protection referred to in paragraph 1 of this Article is enjoyed by at least one shop steward, whereas the maximum number of shop stewards with an employer who enjoy protection is determined by applying this Act's provisions governing the number of members of the works council, as appropriate.

Trade union fees

Article 250

At the request of and in accordance with the instructions of the trade union, and with the prior written consent of the employee who is a trade union member, the employer shall calculate and withhold from the employee's salary trade union fees and regularly pay such fees to the trade union's account.

5. TERMINATION OF AN ASSOCIATION'S OPERATIONS

Methods for terminating an association's operations

Article 251

(1) An association may cease operating:

1. upon a decision by the association's body authorised by the statute to decide on termination of its operations,
2. if the highest body of an association has not convened during a period which is twice as longer as the period specified by the statute,
3. if the number of its members falls below the number prescribed for the establishment of an association by virtue of this Act;
4. if the court's operations are banned by the court.

(2) In cases referred to in subparagraphs 2 to 4 of paragraph 1 of this Article, a decision terminating the association's operations shall be rendered by the court having jurisdiction.

(3) Based on a final judicial decision, the body responsible for maintaining the register shall delete the association from its register.

Ban on an association's operations

Article 252

(1) The operations of an association shall be banned by a decision by a county court having territorial jurisdiction in the area where an association has its seat, if the operations of an association are contrary to the Constitution and the law.

(2) The proceedings to ban the association's operations are initiated upon a motion by the body authorised for registration or by the authorised public attorney.

(3) The judgement banning the operations of an association must include a statement of reasons indicating the activities because of which the association's operations were banned.

(4) The judgement banning the operations of an association must include a decision on the association's assets, in accordance with the association's statute.

(5) The enacting terms of a final judgement banning the operations of an association shall be published in the Official Gazette.

XIX. COLLECTIVE AGREEMENTS

Parties to a collective agreement

Article 253

Parties to a collective agreement may be, on the employer side, one or more employers, or their associations, and, on the employees' side, one or more trade unions or their associations, which are willing and able to use pressure to protect and promote the interests of their members in the course of negotiations on the conclusion of collective agreements in the area in respect to which the collective agreement is concluded.

Trade union collective bargaining committee

Article 254

(1) If more than one trade union or higher-level trade union associations are present in the area in respect of which a collective agreement is to be concluded, the employer or employers, the employers' association or higher-level employers' association is permitted to negotiate a collective agreement only with a bargaining committee composed of representatives of these trade unions.

(2) Trade unions decide on the number of members and the composition of the bargaining committee referred to in paragraph 1of this Article, by an agreement.

(3) If trade unions do not to reach an agreement about the number of members and the composition of the bargaining committee referred to in paragraph 1 of this Article, a decision about this is rendered by the Economic and Social Council or by the Minister, if the Economic and Social Council has not been established.

(4) In the case from paragraph 3 of this Article, the number of members and the composition of the bargaining committee is established in a way that the bargaining committee does not have less than three and more than nine members, taking into account the number of members of the trade unions represented in the area for which the collective agreement is to be concluded.

(5) The employer, the employers' association, or the higher-level employers' association, depending on the area in respect of which a collective agreement is to be concluded, shall provide the Economic and Social Council, on the basis of the information available to them, with a certificate showing the number of members of the trade unions represented in the respective area, within 15 days of the day when they received a request to do so.

(6) The bargaining committee establishes its own work and decision-making procedures.

The subject matter of a collective agreement

Article 255

(1) A collective agreement regulates the rights and obligations of the parties which have concluded this agreement. It may also contain legal rules which govern the conclusion, contents and termination of employment contracts, issues related to works councils, social security issues, and other issues arising from or related to employment.

(2) The legal rules contained in the collective agreement are directly applicable and binding on all persons who are subject to the collective agreement, in accordance with the provisions this Act.

(3) A collective agreement may contain rules related to the composition and methods of work of the bodies authorised for alternative collective labour dispute resolution.

Obligation of collective bargaining in good faith

Article 256

The persons who, under this Act, may be parties to a collective agreement, shall in good faith engage in bargaining over the conclusion of a collective agreement in relation to the issues which, under this Act, may be a subject of a collective agreement.

Persons bound by a collective agreement

Article 257

(1) A collective agreement shall be binding on all persons who have concluded it, and on all persons who, at the time of the conclusion of such an agreement, were or subsequently became members of the association which is a party to the collective agreement.

(2) A collective agreement shall also be binding on all persons who have acceded to this collective agreement and on all persons who have subsequently become members of the association which has acceded to this collective agreement.

(3) A collective agreement must define the area of its application.

Form of a collective agreement

Article 258

A collective agreement must be concluded in writing.

Obligation of good faith compliance with obligations arising from a collective agreement

Article 259

(1) The parties to a collective agreement and the persons to whom it applies shall in good faith comply with its provisions.

(2) An injured party or a person to whom a collective agreement applies may claim compensation for damages he or she suffered as a result of non-compliance with the obligations arising from the collective agreement.

Power of attorney for collective bargaining and concluding a collective agreement

Article 260

(1) Persons representing the parties to a collective agreement must have a written power of attorney for collective bargaining and concluding a collective agreement.

(2) If a party to a collective agreement is a legal person, the power of attorney referred to in paragraph 1 of this Article must be issued in compliance with the statute of this legal person.

(3) If one of the parties to a collective agreement is an employers' association or a higher-level employers' association, the persons representing it must, in addition to a written power of attorney referred to in paragraph 1 of this Article, also provide to the other party a list of employers which are members of the association on whose behalf they bargain or conclude a collective agreement.

Duration of a collective agreement

Article 261

(1) A collective agreement may be concluded for a definite or an indefinite period.

(2) A collective agreement concluded for a definite period may not be concluded for a period longer than five years.

Extended application of legal rules contained in a collective agreement

Article 262

Unless otherwise specified by the collective agreement in question, following the expiration of the period for which this collective agreement was concluded, the legal rules contained therein relating to the conclusion, the contents and termination of employment contracts shall continue to be applicable until a new collective agreement is concluded, as part of the previously concluded employment contracts.

Cancellation of a collective agreement

Article 263

(1) A collective agreement concluded for an indefinite period may be cancelled.

(2) A collective agreement concluded for a definite period may be cancelled only if it contains a cancellation clause.

(3) A collective agreement concluded for an indefinite period and a collective agreement concluded for a definite period containing a cancellation clause must also contain clauses on the reasons for cancellation and cancellation periods.

(4) If a collective agreement may be cancelled, but does not contain a clause on cancellation period, the cancellation period is three months.

(5) A notice of cancellation must be served on all the parties to a collective agreement.

(6) A collective agreement must contain the provisions on the amendment and renewal procedures.

Submission of a collective agreement to the competent body

Article 264

(1) Every collective agreement and every change (amendment, supplement, cancellation or accession) to a collective agreement must be submitted, depending on the area of its application, to the Ministry or to a county or the City of Zagreb office responsible for labour affairs.

(2) A collective agreement or a change to a collective agreement applicable in the territory of the entire Republic of Croatia, or in the territory of two or more counties is submitted to the Ministry. All other collective agreements and changes to collective agreements are submitted to county or the City of Zagreb offices responsible for labour affairs.

(3) A collective agreement or a change to a collective agreement is submitted to the competent body by the party which is listed first in this agreement and, in the case of cancellation, by the cancelling party.

(4) An employer's association or a higher-level employers' association shall provide the competent body with a list of employers bound by the collective agreement concluded by the employers' association or the higher-level employers' association, as well as all changes to the association's membership that may have occurred during the period of the collective agreement's validity.

(5) The Minister shall regulate, by an ordinance, the procedure for submitting collective agreements and changes thereto to the competent state body, as well as the methods for keeping records of the collective agreements and changes thereto that have been submitted.

Publication of a collective agreement

Article 265

(1) A collective agreement must be published.

(2) The Minister shall regulate, by an ordinance, the methods for publishing collective agreements referred to in paragraph 1 of this Article.

(3) The employer's failure to publish the collective agreement by which he or she is bound does not affect the fulfilment of his or her obligations arising from the collective agreement referred to in paragraph 1 of this Article.

Accession to a collective agreement

Article 266

(1) Persons who, under the provisions of this Act, may be parties to a collective agreement may subsequently accede to such an agreement.

(2) A statement of accession must be served on all the parties which concluded the collective agreement in question and on all the persons who subsequently acceded thereto.

(3) Persons who subsequently acceded to a collective agreement have the same rights and obligations as the parties which originally concluded it.

Extension of the application of a collective agreement

Article 267

(1) The Minister may, at the request of a party to a collective agreement, extend the application of a collective agreement concluded with an employers’ association or a higher-level employers’ association to persons who did not take part in its conclusion or who did not subsequently accede to it.

(2) The decision referred to in paragraph 1 of this Article may be taken by the Minister if the collective agreement, the application of which is to be extended based on the proposal submitted, was concluded by trade unions with the largest number of members and the employers’ association covering the largest number of employees in the area to which the collective agreement is to be extended and if the assessment of its effects indicates that there is public interest involved in its extension.

(3) The assessment of effects of the extension that is referred to in paragraph 2 of this Article shall be implemented and submitted to the Minister by the tripartite body of the Economic and Social Council within a period of 90 days from the date of submission of the proposal to extend the application of such collective agreement.

(4) In the decision referred to in paragraph 1 of this Article, which the Minister must issue within 15 days from the day the assessment of effect referred to in paragraph 3 of this Article was submitted, the Minister shall indicate the area of application of the collective agreement the application of which is to be extended.

(5) With the expiry of the term of the collective agreement whose application was extended its extended application shall cease, so that in the area to which it was extended its legal rules shall no longer apply within the meaning of the provision of Article 262 of this Act.

(6) Where the application of a collective agreement was extended and such collective agreement was subsequently amended or renewed, the provisions of this Article shall apply to the extension of such amended or renewed collective agreements.

(7) Any decision on the extension of the application of a collective agreement may be revoked in the manner prescribed for its adoption.

(3) A decision to extend the application of a collective agreement and the collective agreement that is extended or to revoke such extended application of a collective agreement shall be published in the Official Gazette.

Judicial protection of the rights arising from a collective agreement

Article 268

A party to a collective agreement may seek judicial protection of the rights arising from such an agreement, by a complaint filed with the court having jurisdiction.

XX. STRIKE AND COLLECTIVE LABOUR DISPUTE RESOLUTION

Strike and solidarity strike

Article 269

(1) Trade unions and their higher-level associations have the right to call and undertake a strike in order to protect and promote the economic and social interests of their members or on the ground of non-payment of salary or salary compensation within 30 days of their maturity date.

(2) A strike must be announced to the employer, or to the employers' association, against which it is directed, whereas a solidarity strike must be announced to the employer on whose premises it is organised.

(3) A strike may not begin before the conclusion of the mediation procedure, when such procedure is provided for by this Act, or prior to the completion of other alternative dispute resolution procedures agreed upon by the parties.

(4) A solidarity strike may begin even if the mediation procedure has not been conducted, but not before the expiration of two days of the date of commencement of the strike in whose support it is organised.

(5) A letter announcing the strike must state the reasons for the strike, the place, date and time of its commencement.

Disputes in which mediation is mandatory

Article 270

(1) In case of a dispute which could result in a strike or other form of industrial action, mediation procedure must be conducted as prescribed by this Act, except when the parties have reached an agreement on an alternative method for its resolution.

(2) The mediation referred to in paragraph 1 of this Article is conducted by the person selected by the parties to a dispute from the list established by the Economic and Social Council or determined by mutual agreement ("the mediator").

List of mediators

Article 271

(1) The Economic and Social Council keeps a list of mediators established by it.

(2) A decision on the level of mediators' fees is made by the Minister, with a prior opinion from the Economic and Social Council and consent from the minister in charge of financial affairs.

(3) The Economic and Social Council adopts an ordinance regulating the methods for the selection of mediators, conducting the mediation process and performing administrative work necessary for this procedure.

Time limit for the completion of the mediation procedure

Article 272

Unless otherwise agreed by parties to a dispute, the mediation provided by this Act must be completed within eight days following the submission of information about the

dispute to the Economic and Social Council, or to a county or the City of Zagreb office responsible for labour affairs.

An agreement made by the parties and its effect

Article 273

(1) The parties may conclude the mediation by an agreement.

(2) The agreement referred to in paragraph 1 of this Article reached in the case of a dispute over the conclusion, amendment or renewal of a collective agreement or a similar dispute that may result in a strike or other form of industrial action, has the legal force and effects equivalent to those of a collective agreement.

(3) The agreement referred to in paragraph 1 of this Article reached in the case of a dispute over the salary or salary compensation that were not paid after the expiry of 30 days from their maturity date, has the legal force and effects equivalent to those of a settlement.

Resolution of disputes by arbitration

Article 274

(1) Parties to a dispute may agree to bring their collective labour dispute before an arbitration body.

(2) The appointment of an individual arbitrator or an arbitration board and other issues related to arbitration procedure may be regulated by a collective agreement or by an agreement of the parties made after the dispute has arisen.

Issues to be decided by arbitration

Article 275

(1) In their agreement to bring a dispute before an arbitration body, the parties shall define the issue to be resolved.

(2) The arbitration body may decide only the issues brought before it by the parties to a dispute.

Arbitration award

Article 276

(1) If a dispute concerns interpretation or application of law, another regulation or collective agreement, an arbitration body shall base its decision on such law, another regulation or collective agreement.

(2) If a dispute concerns the conclusion, amendment or renewal of a collective agreement, the arbitration body shall base its decision on equitable grounds.

(3) Unless the parties to a dispute specify otherwise in a collective agreement or an agreement to bring a dispute before an arbitration body, an arbitration award must include the reasons for the award.

(4) No appeal is permitted against an arbitration award.

(5) If a dispute concerns the conclusion, amendment or renewal of a collective agreement, an arbitration award has the legal force and effects of such an agreement.

Lockout

Article 277

(1) Employers may engage in a lockout only as a response to a strike already in progress.

(2) A lockout must not commence prior to expiration of eight days from the date of the commencement of a strike.

(3) The number of employees locked out from work must not be higher than one half of the employees which are on strike.

(4) With respect to the employees who are locked out, employers must pay contributions prescribed by specific regulations on the base equivalent to the minimum salary.

(5) This Act's provisions applicable to strikes are also applicable, as appropriate, to the employer's right to lock the employees out in the course of a collective labour dispute.

Rules applicable to work assignments which must not be interrupted

Article 278

(1) Upon a proposal by the employer, the trade union and the employer shall prepare and adopt, by an agreement, the rules applicable to production maintenance assignments and essential assignments which must not be interrupted during a strike or a lockout.

(2) The rules referred to in paragraph 1 of this Article include, in particular, the provisions concerning assignments and the number of employees who must work on such assignments during a strike or a lockout, with the aim of enabling the restoration of regular work immediately after the strike ("the production maintenance assignments"), or with the aim of performance of work which is essential for the prevention of risks to life, personal safety or health of the population ("the essential assignments").

(3) The definition of the assignments referred to in paragraph 1 of this Article must not prevent or substantially restrict the right to strike.

(4) If the trade union and the employer do not reach an agreement on assignments referred to in paragraph 1 of this Article, within 15 days of the day when the employer's proposal was forwarded to the trade union, the employer or the trade union may, within the next 15 days, request that these assignments be defined by an arbitration body.

(5) The arbitration body referred to in paragraph 4 of this Article consists of one representative of the trade union, one representative of the employer and an independent chairperson who is appointed subject to an agreement between the trade union and the employer.

(6) If the trade union and the employer do not reach an agreement as to the appointment of the chairperson of the arbitration board, and these issues are not otherwise regulated by a collective agreement or an agreement between the parties, the chairperson shall be appointed by the president of the court which, according to the provisions of this Act, has first-instance jurisdiction to hear cases related to the prohibition of strike or a lockout.

(7) If one of the parties refuses to participate in an arbitration procedure for defining the assignments which must not be interrupted, the procedure shall be completed without the participation of this party, and a decision on assignments referred to in paragraph 1 of this Article shall be rendered by the chairperson of the arbitration board.

(8) The arbitration body must render a decision on the assignments referred to in paragraph 1 of this Article within 15 days following the institution of the arbitration procedure.

(9) If the employer did not propose the definition of the assignments referred to in paragraph 1 of this Article before the day when the mediation procedure commenced, the procedure for defining these assignments may not be instituted until the end of the strike.

Effects of organisation of a strike or participation in a strike

Article 279

(1) Organisation of a strike or participation in a strike which is organised in compliance with the law, collective agreement and trade union rules does not constitute a violation of an employment contract.

(2) An employee must not be placed in a less favourable position in comparison with other employees because of his or her involvement in organisation of or participation in a strike which was organised in compliance with the law, collective agreement and trade union rules.

(3) An employee may be dismissed only if he or she organised or participated in a strike which was not organised in compliance with the law, collective agreement or trade union rules, or if in the course of a strike he or she commits some other grave violation of an employment contract.

(4) An employee must not, by any means, be coerced to participate in a strike.

Proportional reduction of salary and salary supplements

Article 280

The employer may reduce the salary and salary supplements, except for child allowance, of an employee who has participated in a strike. The reduction must be proportionate to the time spent on strike.

Judicial prohibition of an illegal strike and compensation for damages

Article 281

(1) An employer or an employers' association may move the court having jurisdiction to prohibit the organisation and undertaking of a strike which is contrary to the provisions of the law.

(2) An employer may claim compensation for damages suffered as a result of a strike which was organised and undertaken contrary to the provisions of the law.

Judicial prohibition of an illegal lockout and compensation for damages

Article 282

(1) A trade union may move the court having jurisdiction to prohibit the organisation and undertaking of a lockout which is contrary to the provisions of the law.

(2) A trade union may claim compensation for damages suffered by this trade union or the employees as a result of a lockout which was not organised and undertaken in accordance with the provisions of the law.

Judicial jurisdiction to prohibit a strike or a lockout

Article 283

(1) If a strike or a lockout is undertaken on the territory of only one county, the first-instance jurisdiction to prohibit a strike or a lockout lies in the county court having jurisdiction, sitting as a chamber composed of three judges.

(2) If a strike or a lockout is undertaken on the territory of two or more counties, the first-instance jurisdiction to prohibit a strike or a lockout lies in Zagreb County Court, sitting as a chamber composed of three judges.

(3) An appeal against a decision rendered under the provisions of paragraphs 1 and 2 of this Article is decided by the Supreme Court.

(4) A first-instance decision on whether to prohibit a strike or a lockout or not must be rendered within four days following the filing of the request.

(5) A decision on the appeal referred to in paragraph 3 of this Article must be rendered within five days following the transmittal of the first-instance case.

Strikes in the armed forces, police, state administration and public services

Article 284

Strikes in the armed forces, police, state administration and public services are regulated by a separate law.

XXI. ECONOMIC AND SOCIAL COUNCIL

Powers of the Economic and Social Council

Article 285

(1) The Economic and Social Council may be established for purposes of defining and carrying out co-ordinated activities aimed at the protection and promotion of economic and social rights and interests of both the employees and the employers, in pursuance of co-ordinated economic, social and development policies, fostering the conclusion and application of collective agreements and harmonising these agreements with the measures of economic, social and development policies.

(2) The activities of the Economic and Social Council are based on the concept of tripartite co-operation among the Government of the Republic of Croatia (hereinafter: "the Government"), trade unions and employers' associations, aimed at solving economic and social issues and problems.

(3) The Economic and Social Council:

- monitors, studies and evaluates the effects of the economic policy and the measures undertaken in pursuance thereof, on the social stability and development,

- monitors, studies and evaluates the effects of the social policy and the measures undertaken in pursuance thereof, on the economic stability and development,

- studies and evaluates the effects of the fluctuation of prices and salaries on the economic stability and development,

- gives reasoned opinions to the Minister regarding any problems relating to the conclusion and application of collective agreements and provides its assessment of effects of any extensions of collective agreements,

- makes proposals to the Government, employers and trade unions, or to their associations and higher-level associations, aimed at achieving a co-ordinated price and salary policy,

- establishes a list of potential mediators,

- adopts an ordinance governing the methods for the election of mediators and procedure for conducting mediation,

- encourages alternative dispute resolution of collective labour disputes,

- gives opinions on draft legislation in the area of labour and social security,

- promotes the concept of tripartite co-operation among the Government, trade unions, and employers' associations for the purpose of resolving economic and social issues and problems,

- gives opinions and proposals to the Minister regarding other issues regulated by this Act.

(4) The Economic and Social Council is established subject to an agreement between the Government, trade unions and employers' associations.

(5) The powers of the Economic and Social Council are specified in more detail in the agreement on its establishment.

(6) The Economic and Social Council may establish commissions to deal with specific issues falling within its competence.

(7) The Economic and Social Council shall adopt rules of procedure in order to regulate the procedures for making decisions from its competence.

(8) Every member of the Economic and Social Council may make a proposal for discussing an issue or for making a decision falling within the competence of the Economic and Social Council.

(9) If the Economic and Social Council has not been established, or if the Council has not established a list of mediators, a list of arbitrators or arbitration board members, within thirty days of the day of filing an application, or if it has not adopted the ordinance governing the methods for the election of mediators and mediation procedure within the same time limit, these issues shall be regulated by the Minister within an additional time limit of thirty days.

The composition of the Economic and Social Council

Article 286

(1) The composition of the Economic and Social Council is determined by the agreement on its establishment.

(2) In determining the composition of the Economic and Social Council, account must be taken of an adequate representation of trade unions and employers' associations in the areas of industry and public services.

XXII. SUPERVISION OF THE APPLICATION OF LABOUR REGULATIONS

Administrative supervision

Article 287

(1) Administrative supervision of the application of this Act, and regulations adopted in pursuance thereof, as well as the application of other laws and regulations governing the relations between employers and employees is exercised by the state administration body responsible for labour inspection affairs, unless otherwise specified by another law.

(2) If access to a company or an institution is restricted for reasons of defence of the Republic of Croatia, the supervision referred to in paragraph 1 of this Article is carried out by the labour inspection, unless otherwise specified by another law.

Powers of the labour inspection

Article 288

(1) Inspectional supervision of the application of this Act, and regulations adopted in pursuance thereof, as well as the application of other laws and regulations governing the relations between employers and employees is exercised by the state administration body responsible for labour inspection affairs, unless otherwise specified by another law.

(2) In exercising supervision, a labour inspector has powers set forth by law or by a regulation enacted in pursuance thereof.

(3) An employee, a works council, a trade union and an employer may request from a labour inspector to undertake an inspection.

XXV. SPECIAL PROVISIONS

1. SPECIAL PROVISIONS ON DUTIES OF CITIZENS IN DEFENCE

Effects of performing citizen duties in defence service in defence on employment

Article 289

(1) The rights and obligations arising from employment are suspended during performing citizen duties in defence service.

(2) An employee who, following the fulfilment of performing citizen duties in defence service, wishes to continue to work for the same employer shall, as soon as he learns of the date on which his performing citizen duties in defence service is to cease, but no later than one month after the date on which his or her performing citizen duties in defence service ceases, communicate his intention to his employer.

(3) The employer must assign the employee who made a statement within the meaning of paragraph 2 of this Article to the job in which he worked prior to his or her performing citizen duties in defence service and, if the need for such job no longer exists, the employer shall offer him or her to conclude an employment contract for the performance of other appropriate job.

(4) If, in the case referred to in paragraph 3 of this Article, the employer is not able to return the employee to work, he must pay him or her salary compensation in the amount of his salary for a prescribed or agreed notice period, and if the required conditions are fulfilled, adequate severance pay.

(5) An employer shall admit the employee referred to in paragraph 1 of this Article to work within one month following the receipt of his or her statement of intention to continue to work for the same employer.

(6) An employee who cannot be returned to work within the meaning of the preceding paragraphs of this Article shall be given priority for employment by the same employer within one year following his or her performing citizen duties in defence service.

(7) Performing citizen duties in defence service does not constitute a just cause for cancellation of an employment contract.

(8) The employer may not dismiss an employee by giving regular notice, in the period in which this employee fulfils his or her citizen duties in defence service.

(9) If the employer terminates the employee's employment contrary to the provisions of this Article, the employee has all the rights provided for by this Act for cases of wrongful dismissal.

2. SPECIAL PROVISIONS APPLICABLE TO REPRESENTATIVES AND FUNCTIONARIES

Rights of candidates for President of the Republic of Croatia, members of Parliament, and representatives in assemblies and councils

Article 290

(1) During the time of electoral campaign, a candidate for President of the Republic of Croatia has the right to unpaid leave lasting not more than twenty working days.

(2) A candidate for a seat as representative in the Parliament of the Republic of Croatia has, during the time of the electoral campaign, the right to unpaid leave lasting not more than fifteen working days.

(3) A candidate for a seat as representative in a county assembly has, during the time of the electoral campaign, the right to unpaid leave lasting not more than ten working days.

(4) A candidate for a seat as representative in a city or a municipal council has, during the time of the electoral campaign, the right to unpaid leave lasting not more than five working days.

(5) The employee must inform his or her employer about the exercise of the right to leave referred to in paragraphs 1 to 3 of this Article at least 24 hours in advance.

(6) The leave referred to in paragraphs 1 to 3 of this Article may not be taken in portions shorter than one working day.

(7) Instead of taking the leave referred to in paragraphs 1 to 3 of this Article, the employee may, at his or her request and under the same conditions, take the annual leave in the duration to which he or she is entitled, until the first day of elections.

(8) If the previous duration of employment with the same employer is important for the acquisition of certain rights, the periods of unpaid leave referred to in paragraphs 1 to 3 of this Article are considered as equivalent to time spent at work and are added to the length of employment required for the acquisition of certain rights arising from employment or related to employment.

3. EMPLOYMENT BOOK

Employment book and administration of employment book
Article 291

(1) Employment book is a public document.
(2) On the day of commencement of work, the employee furnishes his or her employment book to the employer.
(3) On the day of termination of employment contract, the employer must return the employment book to the employee.
(4) At an employee’s written request, the employer must return the employment book to him or her even before the termination of employment contract.
(5) An employer who, following the termination of employment contract, is not able to return to the employee his or her employment book, shall forward it to the state administration office in the county or in the City of Zagreb that is responsible for labour affairs in the place of the employee's permanent residence or that is responsible for labour affairs in the place where the employment book has been issued if the employee's permanent residence is unknown.
(6) The contents, procedure for issuing, methods for entering data, procedure for replacing and issuing new employment books, methods for keeping the register of the employment books issued as well as the form, production and sale of employment books are regulated by an ordinance.

XXIV. PENAL PROVISIONS

Minor violations committed by employers

Article 292

(1) A fine in an amount ranging from HRK 10,000.00 to 30,000.00 shall be imposed on the employer-legal person:

1. for failing to give an employee an opportunity to familiarise himself or herself with employment regulations, and inform him or her about the organisation of work and occupational safety and health, before the commencement of work (Article 6, paragraph 2),

2. for failing to make occupational safety and health regulations, collective agreement and employment rules available to employees in an appropriate manner (Article 6, paragraph 3),

3. for failing to register an employment contract of a seaman or fisherman on fishing vessels with a state administration office in a county or in the City of Zagreb that is responsible for labour affairs (Article 12, paragraph 6),

4. for concluding an employment contract or issuing a certificate which does not contain the information required under this Act (Article 13),

5. for concluding an employment contract for permanent seasonal jobs which does not contain the information required under this Act (Article 14),

6. for failing to give the employee a copy of the employment contract or a written certificate on the conclusion of an employment contract or a copy of the registration form for the pension and health insurance scheme before sending him or her to work abroad, or if such contract or certificate does not contain the information required under this Act (Article 16, paragraphs 1 and 3),

7. for concluding an employment contract in which the duration of trial period is longer than permitted by law (Article 35, paragraph 2),

8. for concluding an employment contract in which the duration of apprenticeship is longer than permitted by law (Article 39),

(2) An employer-physical person and the responsible person in the employer-legal person shall be fined in an amount ranging from HRK 1,000.00 to 3,000.00 for a violation referred to in paragraph 1 of this Article.

(3) If a violation referred to in paragraph 1 of this Article was committed in respect of a minor employee, the fine is doubled.

Major violations committed by employers

Article 293

(1) A fine in an amount ranging from HRK 31,000.00 to 60,000.00 shall be imposed on the employer-legal person:

1. for concluding a fixed term employment contract in a case not provided for by law

or collective agreement (Article 10, paragraphs 1, 2 and 3),

2. for hiring a minor without the approval of his or her legal representative (Article 18, paragraph 1),

3. for concluding an employment contract with an employee who does not meet special conditions for employment, prescribed by a law or other regulation (Article 21),

4. for requesting from an employee, in the procedure for selection from among job candidates (interview, testing, carrying out surveys, etc) or when concluding an employment contract, the information which is not directly related to his or her employment (Article 23, paragraph 1),

4. for concluding an employment contract for temporary work which does not contain the information prescribed in this Act (Article 26, paragraphs 2 and 4),

5. for assigning an employee to a user for the performance of the same job for a continuous period longer than one year (Article 28),

6. for failing to inform the works council about the number and the reasons for taking assigned employees in the period prescribe in this Act or for failing to inform assigned employees about vacancies they are eligible for (Article 30, paragraph 2),

7. for failing to state a registration number in legal transactions under which it is recorded as an agency in the registry of the Ministry (Article 32),

8. for collecting, processing, using and sending to third persons, personal information about employees, contrary to the provisions of this Act or for failing to appoint a person who, in addition to the employer, shall be authorised to monitor collection, processing, use and delivery of such data to third persons (Article 34, paragraphs 1 and 6),

9. for failing to conclude a contract with an unpaid intern in writing (Article 41, paragraph 5),

10. for not allowing an employee to take a rest period, in the manner and under the conditions provided by this Act (Article 52),

11. for not allowing an employee to take a daily rest, in the manner and under the conditions provided by this Act (Article 53),

12. for not allowing an employee to take a weekly rest, in the manner and under the conditions provided by this Act (Article 54),

13. for not allowing an employee to take an annual leave in portions, under the conditions provided by this Act (Article 62),

14. for failing to prepare an annual leave schedule in compliance with the provisions of this Act or for failing to inform an employee within a prescribed period of time about the duration and the time period for the exercise of the right to annual leave or for failing to enable an employee working part-time for two or several employers who have not reached an agreement on simultaneous use of annual leave to use annual leave according to such employee’s request (Article 64),

15. for not allowing an employee to take a paid leave, in the manner and under the conditions provided by this Act (Article 65),

16. for asking information on a woman's pregnancy, or ordering another person to ask such information, except when the woman personally requests a specific right envisaged under law or another regulation for the protection of pregnant women (Article 67, paragraph 2),

17. for not allowing an employee after the expiry of a maternity, parental or adoptive parent leave, leave for caring and nursing a child with severe development difficulties and after the suspension of the employment relationship until a child reaches the age of three years pursuant to a special law to return to the job he or she performed before any exercise of such rights or not offering to conclude an employment contract for the performance of another appropriate job or if the employer, in case an employee ceases to exercise any such rights, fails to return such employee to the job he or she performed before such exercise of rights within a month from the date of notification on the termination of the exercise of such rights (Article 73, paragraphs 1 and 2),

18. for failing to offer an employee who suffered from temporary inability to work due to an injury or work-related injury, disease or occupational disease to return to the job he or she performed previously of for failing to offer such employee to conclude an employment contract for the performance of other appropriate job (Article 76),

19. for failing to make an offer in writing to an employee who suffers from occupational inability to work or who is in immediate danger of disability to conclude an employment contract for the job he or she is able to perform, provided that the employer has possibilities to offer the work that such employee is able to perform (Article 78),

20. for settling his or her claim against an employee by withholding the employee's salary or part thereof, or by withholding the salary compensation or part thereof, without the employee's consent (Article 88, paragraph 1),

21. for hiring another employee at the job declared redundant and for failing to offer to an employee whom he or she dismissed due to business reasons, to conclude a new employment contract before the expiration of the six month period (Article 107, paragraphs 7 and 8),

22. for failing to prepare a redundancy social security plan, when required to do so under this Act (Article 121),

23. for failing to submit a redundancy social security plan to the competent public employment service or the works council (Article 122, paragraph 1),

24. for dismissing as redundant employees for whom the redundancy social security plan was developed before the expiry of a period of 30 days or before the expiry of the period of suspension of such dismissals imposed by the competent public employment service (Article 122, paragraphs 4 and 5),

25. for failing to adopt or publish employment rules or for failing to regulate issues that must be regulated by employment rules (Article 125, paragraph 1),

26. for adopting employment rules before having consulted with the works council (Article 126, paragraph 1),

27. for failing to appoint a person who is, in addition to the employer, authorised to receive and deal with the complaints related to the protection of employees' dignity or for disclosing information obtained in the complaint procedure (Article 130, paragraphs 2 and 7),

28. for preventing employees from electing a works council (Article 137),

29. for failing to inform the works council on the issues about for which it is obliged to inform it (Article 148),

30. for failing to consult with the works council on the issues for which it is obliged to consult it (Article 149),

31. for rendering a decision without obtaining the works council's consent when such a decision may be rendered only subject to prior consent of the works council (Article 150, paragraph 1),

32. for failing to provide conditions for work to the works council (Article 155),

33. for failing to allow an appointed employees' representative to sit in an organ of the employer or other corresponding body in a company, co-operative society or public institution (Article 163),

34. for failing to provide at the request of an employees' representative information on the total number of employees and the number of employees in individual Member States of the European Union and with individual employers or on the structure of an employer (Article 170, paragraph 2),

35. for failing to convene a constitutive meeting of a special negotiating body within a specified time period (Article 175, paragraph 5),

36. for failing to deliver data to the special negotiating body which are relevant for decisions to be taken (Article 175, paragraph 6),

37. for failing to provide conditions required for the activity of a special negotiating body as prescribed by this Act (Article 178),

38, for failing to convene a constitutive meeting of the European Works Council (Article 185, paragraph 1),

39. for failing to provide conditions required for the activities of the European Works Council as prescribed in this Act (Article 185, paragraph 5),

40. for failing to inform and consult the European Works Council, at least once in every calendar year, on the operating results or to deliver relevant documentation in time (Article 186, paragraph 2),

41. for failing to inform the committee referred to in Article 185, paragraph 3 of this Act or the European Works Council, in case such a committee is not set up, about specific circumstances which significantly affect employees' interests or for failing to provide relevant documentation or to consult about such specific circumstances (Article 187, paragraph 1),

42. if, with the expiry of two years from the date of constitutive meeting of the European Works Council, the employer fails to deliver information on any changes in the number of employees in Member States of the European Union or with undertakings, establishments or groups of undertakings (Article 188, paragraph 3),

43. if the employer fails to open negotiations with employees' representatives on the arrangements for the method of involvement of employees in a European Company or involvement of employees in a European Cooperative Society or fails to inform employees' representatives about prescribed data (Article 195, paragraphs 1 and 3 and Article 219),

44. if the employer fails to provide conditions required for the activities of the special negotiating body as prescribed in this Act (Article 199 and Article 219),

45. if the employer fails to convene a constitutive meeting of the works council of a European Company and the works council of a European Cooperative Society (Article 207, paragraph 2 and Article 219),

46. if the employer fails to regularly provide the works council of a European Company or the works council of a European Cooperative Society with the agenda of the meetings of organs supervising the operations of a European Company or a European

Cooperative Society or fails to regularly deliver documentation on the work of the general meeting of the founders of a European Company or the sectoral or general meeting of a European Cooperative Society (Article 208, paragraph 2 and Article 219),

47. if the employer fails to inform the works council of a European Company or a European Cooperative Society or their select committee in time about specific circumstances that significantly affect employees' interest or fails to deliver relevant documentation or consult them about such specific circumstances (Article 209, paragraph 1 and Article 219),

48. if the employer fails to provide conditions required for the activities of the works council of a European Company or a European Cooperative Society or their select committee as prescribed in this Act (Article 210, paragraph 2 and Article 219),

49. for attempting to achieve or for achieving prohibited control over establishment and activity of a trade union or a higher-level trade union association (Article 244, paragraph 1),

50. for failing to calculate or deduct union membership fee and to pay into a specified account (Article 250),

51. for failing to submit a collective agreement or amendments thereto to the competent body, when required to do so (Article 264, paragraph 1 and 3),

52. for failing to publish a collective agreement in a prescribed way (Article 265, paragraphs 1 and 2),

53. for refusing to take part in a mediation procedure provided for by this Act (Article 270, paragraph 1),

54. for placing an employee involved in organisation or participation in a strike, organised in compliance with the law, collective agreement and trade union rules, in a less favourable position in comparison with other employees (Article 279, paragraph 2),

(2) An employer-physical person and the responsible person in the employer-legal person shall be fined in an amount ranging from HRK 4,000.00 to 6,000.00 for a violation referred to in paragraph 1 of this Article.

(3) If a violation referred to in paragraph 1 of this Article was committed in respect of a minor employee, the fine is doubled.

(4) The employer-legal person is liable for violations referred to in subparagraph 34, paragraph 1 of this Article even when the responsible person does not have misdemeanour liability.

(5) For a violation from paragraph 1 of this Article, the employer-legal person may be imposed a fine of HRK 10,000.00, whereas the employer-physical person and the responsible person in the employer-legal person may be imposed a fine of HRK 3,000.00.

(6) Legal persons referred to in Articles 4, 5, 6 and 7 of Tile XVII of this Act shall be considered to be employers for the purposes of this Article.

The gravest violations committed by employers

Article 294

(1) A fine in an amount ranging from HRK 61,000.00 to 100,000.00 shall be imposed on the employer-legal person:

1. for failing to keep records on employees and working time or failing to keep such records in a prescribed manner or for failing to provide information on employees and working time upon request of a labour inspector (Article 4),

2. if, in case when an employment contract is not made in writing, the employer fails to give the employee a written certificate about the conclusion of a contract before the work commences or if he or she fails to give the employee a copy of the registration form for the mandatory pension and health insurance scheme within the prescribed time limit (Article 12, paragraphs 3 and 5),

3. for concluding an employment contract at a separate workplace which does not contain the information required under this Act, or for concluding such contract for work for which it must not be concluded (Article 15, paragraphs 1 and 4),

4. for failing to notify the state administration body responsible for labour inspection about the conclusion of an employment contract at a separate workplace within the prescribed time limit (Article 15, paragraph 6),

5. for employing a person under fifteen years of age or a person older than 15 and younger than 18 attending compulsory primary education (Article 17, paragraph 1),

6. for failing to comply with an order of a labour inspector prohibiting work of a minor employee than 15 or a person older than 15 and younger than 18 attending compulsory primary education or prohibiting participation, (Article 17, paragraph 2),

7. for employing a minor in a job which may threaten his or her health, morals or development (Article 19, paragraph 1),

8. for employing a minor, before establishing his or her health capacity, in jobs that they may perform only after having established the required health capacity (Article 19, paragraph 3),

9) for failing to observe an order issued by a labour inspector prohibiting work by minors in jobs that may jeopardise his or her safety, health, morals or development or prohibiting participation in activities without a prior approval by a labour inspector (Article 19, paragraph 6),

10. for failing to offer the minor employee to conclude an employment contract for the performance of other appropriate job (Article 19, paragraph 7),

11. for failing to obtain an expert report and opinion on the impact of a job on the minor employee's health and development within the time limit set by a labour inspector (Article 20, paragraph 2),

12. for failing to comply with an order issued by a labour inspector prohibiting a minor employee from performing a specific job (Article 20, paragraph 4),

13. for failing to offer the minor employee to conclude an employment contract for the performance of other appropriate job (Article 20, paragraph 6),

14. for pursuing the activity of assigning employees to a user before registering such activity in the records of the Ministry (Article 24, paragraph 3),

15. for assigning an employee without having concluded an employee assignment agreement, for concluding an employee assignment agreement which does not contain the information required under this Act or for concluding such an agreement in situations when it cannot be concluded (Article 25),

16. for assigning an employee to a user without an employment contract or assignment note, or if the assignment note does not contain the information required under this Act (Article 29, paragraphs 1 and 2),

17. for concluding an employment contract in which full-time working hours are stipulated for longer than permitted by law (Article 43, paragraph 2)

18. for requiring employees to work longer than the shortened working hours in jobs where, even when occupational safety and health measures are undertaken, it is not possible to protect them from harmful effects (Article 44, paragraph 4),

19. for requiring employees to work in excess of full-time working hours ("overtime work") longer than the maximum number of hours permitted by law for such work (Article 45, paragraph 1),

20. for failing to inform a labour inspector about overtime work, when required to do so (Article 45, paragraph 3),

21. for failing to obtain a report and opinion on the impact of overtime work or work according to rescheduled working hours on the employee's health and working ability within the time limit determined by a labour inspector (Article 45, paragraph 4 and Article 47, paragraph 12),

22. for ordering a minor employee to work overtime (Article 45, paragraph 5),

23. for ordering a pregnant woman, a parent of a child under three years of age, or a single parent of a child under six years of age or an employee working part-time to work overtime without obtaining their written consent (Article 45, paragraph 6),

24. for failing to comply with a labour inspector's decision prohibiting overtime work which has harmful consequences on the employee's health and working ability, or which hinders the employment of unemployed persons (Article 45, paragraph 7)

26) for failing to inform an employee about the schedule of working hours or any rescheduling of working hours at least one week in advance, save in cases of urgent overtime work (Article 46, paragraph 2),

27) where, in case of organising a work process in shifts resulting in uneven distribution of full-time or part-time working hours by weeks leading to the establishment of working hours in terms of average weekly working hours within a period of four months, the discrepancy from the full-time working hours as defined in the Act amounts to more than twelve hours a month (Article 46, paragraph 3).

28. for scheduling full-time working hours for a minor, if his or her working hours would, in accordance with such schedule, exceed 8 hours a day (Article 46, paragraph 6),

29. for failing to prepare the plan of rescheduled working hours with the prescribed contents and failing to submit such plan of rescheduled working hours to the labour inspector (Article 47, paragraph 2)

30. if the rescheduled working hours are longer than that prescribed by law (Article 47, paragraphs 4, 5 and 8)

31. for failing, at the request of the labour inspector, to enclose the list of employees who have given a written statement about voluntary consent to work with rescheduled working hours (Article 47, paragraph 7)

32. for ordering a minor employee to work in rescheduled time working hours that would last more than eight hours a day (Article 47, paragraph 10)

33. for ordering a pregnant woman, a parent of a child under three years of age, or a single parent of a child under six years of age or an employee working part-time to work rescheduled, full-time working hours without obtaining their written consent or if such work lasts for more than forty-eight hours a week (Article 47, paragraph 11),

34. for failing to comply with the order of a labour inspector prohibiting or limiting rescheduled working hours (Article 47, paragraph 12),

35) for determining a daily working hours schedule of a night worker in the duration of more than eight hours (Article 48, paragraph 6),

36. for ordering, contrary to the provisions of this Act, an employee who is pregnant or breastfeeding or who is a minor to work night hours (Article 49 ,paragraphs 1 and 2),

37) for failing to ensure that night work by a minor is supervised by an adult employee or for failing to observe a decision of a labour inspector on the ban of night work in cases where such work is in contravention of the provisions of the Act (Article 49, paragraph 3 and 4),

38) for failing to ensure a change in shifts in cases where work is organised in shifts including night work, so that an employee works a night shift for no longer than one week (Article 50, paragraph 3),

39. for failing to provide a medical examination for an employee who is assigned on the basis of the working hours schedule to perform his or her job as a night worker before or while working as a night worker (Article 51, paragraph 3),

40) for failing to ensure in a working time schedule that a night worker, whose health check before starting such work or regular examination in the course of its duration established that such work causes health problems, may perform the same job outside night work (Article 51, paragraph 5),

41) for failing to offer a night worker, whose health check before starting such work or regular examination in the course of its duration established that such work causes health problems, where the performance of the same job is not ensured outside the night work by means of a schedule of working hours, to conclude an employment contract for the performance of jobs outside night work that such employee has the capacity to perform and which correspond as much as possible to the jobs such employee performed previously (Article 51, paragraph 6),

42. for failing to establish a working hours schedule for a night worker who is exposed to particular risks or hard physical or mental strains restricting his or her working hours to no more than eight hours in the period of 24 hours during which he or she works at night (Article 51, paragraph 7),

43. for failing to make it possible for an employee to take minimum annual leave, as provided by this Act (Article 55),

44. for concluding with an employee an agreement under which he or she waives his or her right to minimum annual leave, or accepts to receive payment of compensation in lieu of annual leave (Article 57),

45. for not allowing an employee to use a proportionate portion of the annual leave pursuant to this Act (Article 59),

46. for failing to pay an employee a salary compensation for annual leave in the amount and in the manner provided by this Act (Article 60),

47. for refusing to employ a woman on grounds of her pregnancy, cancelling a pregnant woman's employment contract or making an offer to such employee to conclude a modified employment contract, contrary to the provisions of this Act (Article 67, paragraph 1),

48. for dismissing a pregnant woman or a person exercising the right to maternity, parental, adoptive parent leave or half-time work, work with shortened working hours for the purpose of intensified child care, leave of a pregnant woman or a breastfeeding mother, leave or shortened working hours for the purpose of caring for or nursing a child with severe developmental problems or within a period of 15 days from the date of on which a women is no longer pregnant or from the date on which an employee terminates the period of exercising such rights (Article 71, paragraph 1),

49. for dismissing an employee who is temporarily unable to work due to injury at work or an occupational disease while he or she is temporarily unable to work (Article 74, paragraph 1),

50. for failing to give the employee, when making payment of a salary, salary compensation or severance pay, a payroll account from which it is evident how it was calculated or if such payroll account does not include all required elements (Article 85, paragraphs 1 and 4),

51. for failing to give the employee a payroll account of an outstanding salary that is due and payable, of salary compensation or severance pay, or if such payroll account does not include all required elements (Article 85, paragraphs 2 and 4),

52. for failing to give reasons for dismissal or for failing to serve a notice of dismissal on the employee (Article 112, paragraphs 2 and 3),

53. for failing to issue a certificate, at the request of an employee, on the type of job he or she performs or on the duration of his or her employment relationship (Article 124, paragraph 1),

54. for failing to return to an employee, after the termination of employment, all of his or her documents and a copy of the notice of cancellation from the mandatory pension and health insurance scheme or for failing to issue to the employee a certificate setting out the type of job he or she performed and the length of his or her employment (Article 124, paragraph 2),

55. for stating in a certificate on employment, apart from the information on the type of job and the duration of employment relationship, any other information that might make it more difficult for an employee to enter a new employment contract (Article 124, paragraph 3),

56. for failing to inform a new employer fully and accurately in writing, in case of a transfer of an employment contract to a new employer, about the rights of employees whose employment contracts are being transferred (Article 133, paragraph 4),

57. for failing to provide timely and complete information in writing about any transfer of an undertaking, business, or part of an undertaking or business to a new employer before the day of such transfer to the works council or to all employees affected by the transfer (Article 133, paragraphs 6 and 7),

58. for obstructing or attempting to obstruct a labour inspector in his or her supervisory activities (Article 288),

59. for refusing to return the employment book to an employee when required to do so (Article 291, paragraphs 3 and 4),

60. for failing to return the employment book to an employee within the prescribed period (Article 299, paragraph 2).

(2) An employer-physical person and the responsible person in the employer-legal person shall be fined in an amount ranging from HRK 7,000.00 to 10,000.00 for a violation referred to in paragraph 1 of this Article.

(3) If a violation referred to in paragraph 1 of this Article was committed in respect of a minor employee, the fine is doubled.

(4) For a violation from paragraph 1 of this Article, an employer-legal person may be imposed a mandatory fine of HRK 20,000.00, whereas the employer-physical person and the responsible person in the employer-legal person may be imposed a mandatory fine of HRK 6,000.00.

Violations by trade unions and higher-level trade union associations

Article 295

A trade union or a higher-level trade union association shall be fined by an amount ranging from HRK 5,000.00 to 20,000.00:

1. for not reporting a change of the statute of the association, persons authorised to represent it, and termination of its operations or authorisation in legal transactions, within thirty days following the occurrence of such change (Article 241, paragraph 2),

2. for not submitting a collective agreement or an amendment thereto to the Ministry or to a state administration office in a county or in the City of Zagreb that is responsible for labour affairs, when obliged to do so (Article 264, paragraph 1),

3. for not publishing a collective agreement in a prescribed way (Article 265, paragraphs 1 and 2),

4. for not announcing a strike (Article 269, paragraph 2),

5. for starting a strike prior to the completion of a mediation procedure subject to this Act, or prior to termination of another alternative dispute resolution procedure which may have been agreed to by parties (Article 269, paragraph 3),

6. for not having listed reasons for a strike, place, date and time of its commencement in a letter announcing the strike (Article 269, paragraph 5)

7. for refusing to participate in a mediation procedure prescribed in this Act (Article 270).

Violations committed by employers' associations and higher-level employers' associations

Article 296

An employers' association or a higher-level employers' association shall be fined in an amount ranging from HRK 5,000.00 to 20,000.00:

1. for not reporting a change of the statute of the association, persons authorised to represent it, and termination of its operations or authorisation in legal transactions, within thirty days following the occurrence of such change (Article 241, paragraph 2),

2. for not submitting a collective agreement or an amendment thereto to the Ministry or to a state administration office in a county or in the City of Zagreb responsible for labour affairs, when obliged to do so (Article 264, paragraph 3),

3. for not publishing a collective agreement in a prescribed way (Article 265, paragraphs 1 and 2),

4. for refusing to participate in a mediation procedure provided in this Act (Article 270),

5. for organising or engaging in a lockout which is not a response to a strike already in progress (Article 277, paragraph 1);

6. for starting a lockout before the expiration of the time limit prescribed by the Act (Article 277, paragraph 2);

7. for locking out employees in a number higher than permitted by this Act (Article 277, paragraph 3);

8. for locking out employees in violation of the provisions of this Act (Article 277, paragraph 5);

9. for preventing employees from working on assignments which must not be interrupted during a lockout (Article 278).

XXV. TRANSITIONAL AND FINAL PROVISIONS

Article 297

The procedures concerning the exercise and the protection of employees' rights initiated before the entry into force of this Act shall be completed under the provisions of the Labour Act (Official Gazette 38/95, 54/95, 65/95, 102/98, 17/01, 82/01, 114/03, 123/03, 142/03 and 30/04, 68/05- Decision of the Constitutional Court of the Republic of Croatia), unless this Act governs a particular right in a more favourable manner for the employee.

Article 298

(1) Employers shall harmonise their employment rules with the provisions of this Act within six months of the entry into force of this Act.

(2) The Minister shall, within six months of the entry into force of this Act, adopt the ordinances referred to in Article 3, paragraph 2, Article 4, paragraph 3, Article 12, paragraph 7, Article 19, paragraphs 2 and 3, Article 21, paragraph 2, Article 48, paragraph 4, Article 77, paragraph 4, Article 85, paragraph 4, Article 126, paragraph 4, Article 145, paragraph 5, Article 222, paragraph 4, Article 251, paragraph 5, and Article 252, paragraph 2.

(3) The Minister shall, within six months of the entry into force of Items 4, 5, 6 and 7 of Title XVII of this Act adopt the ordinance referred to in Article 174, paragraph 3, of this Act.

(4) Until the date of the adoption of the regulations referred to in paragraph 2 of this Article, the following regulations shall apply:

1) Act on Records Concerning Labour (Official Gazette 34/91 and 26/93),
2) Ordinance on the contents and procedure for registration of seamen's and fishermen's employment contracts (Official Gazette 8/96),
3) Ordinance on jobs not permitted for minor persons and jobs on which minor persons may be employed upon the pre-employment medical examination (Official Gazette 59/02),
4) Ordinance on the jobs in which an employee may work only the pre-employment medical examination (Official Gazette 59/02),
5) Ordinance on the activities that are classified as industry (Official Gazette 8/96),
6) Ordinance on a certificate on temporary inability to work (Official Gazette 11/96),
7) Ordinance on the procedure for publishing employment rules (Official Gazette 8/96)
8) Ordinance on conducting elections for works council (Official Gazette 12/02),
9) Ordinance on the registration of associations (Official Gazette 84/05),
10) Ordinance on keeping records of and publishing collective agreements (Official Gazette 14/96 and 76/01).

(5) Unless otherwise specified by a separate act, on the date of the entry into force of this Act, the following regulations shall cease to have effect:

1) Ordinance on the conditions and procedure for acquiring the right to take a leave by pregnant women or women who are breastfeeding (Official Gazette 103/96),
2) Ordinance on the conditions and procedure for acquiring the right to a break for breastfeeding (Official Gazette 103/96)
3) Ordinance on the conditions and procedure for acquiring the right to work shorter working hours for the purpose of taking care for a child who needs extra care and attendance (Official Gazette 64/98)
4) Ordinance on the right of parents of children with serious developmental problems to take a leave or to work one half of full-time working hours in order to take care of the child (Official Gazette 92/03)

(6) On the date of the entry into force of this Act, the Ordinance on jobs not permitted for women (Official Gazette 44/96) shall cease to have effect.

(7) Until the date of accession of the Republic of Croatia to full membership of the European Union, the Ordinance on the employment book (Official Gazette 14/96) shall apply.

Article 299

(1) On the date of accession of the Republic of Croatia to the European Union, the employment book shall cease to be a public document and shall no longer be issued.

(2) The employer must, no later than within three months from the date of accession of the Republic of Croatia to full membership of the European Union, return the employment book to the employee.

(3) Before returning the employment book, an authorised person of the employer shall cross all spaces in the employee’s employment book that have not been filled in, put his or her signature and seal and make an appropriate entry in the space marked as “Notes”.

(4) An employer who, within the period of time referred to in paragraph 2 of this Article, is not able to return to the employee his or her employment book, shall forward the employment book to the state administration office in the county or in the City of Zagreb that is responsible for labour affairs in the place of the employee's permanent residence or, if the employee's permanent residence is unknown, the state administration office in the county or in the City of Zagreb that is responsible for labour affairs in the place where the employment book has been issued.

(5) The employment book returned to the employee pursuant to this Article may be used by the employee for the purpose of providing evidence in proceedings with regard to establishing rights that arise out of pension, health and unemployment insurance.

(6) All proceedings pertaining to the issuing of an employment book, entering of data in an employment book and replacing an employment book that have not been definitely and finally completed by the date of accession of the Republic of Croatia to full membership of the European Union, shall be suspended by virtue of the office, and the employment book shall be returned to the employee pursuant to this Article.

Article 300

(1) On the date of the entry into force of this Act, the Labour Act (Official Gazette 38/95, 54/95, 65/95, 102/98, 17/01, 82/01, 114/03, 123/03, 142/03 and 30/04, 68/05 - Decision of the Constitutional Court of the Republic of Croatia) shall cease to have effect.

(2) On 31 May 2010 the Act on Records Concerning Labour (Official Gazette 34/91 and 26/93) shall cease to have effect.

Article 301

This Act shall be published in the Official Gazette and shall enter into force on 1 January 2010, except for items 4, 5, 6 and 7 of Title XVII of this Act as well as Article 293, paragraph 1, items 34 to 48 of this Act that shall enter into force on the date of accession of the Republic of Croatia to full membership of the European Union.