

Template

Employment agreement

PRIVATE SECTOR

Jusek

EMPLOYMENT AGREEMENT – PRIVATE SECTOR

- for individuals covered by the Employment Protection Act

What should you consider before you negotiate and sign such an agreement?

Even if you have some employment protection from the Employment Protection Act, you should ascertain whether the employer is bound by collective agreements. Collective agreements contain several employment terms and conditions that are not regulated under labour law or elsewhere. Examples include regulations relating to working hours, overtime remuneration, leave, parental pay, sick pay and occupational pensions. It is extremely important to negotiate and regulate all the employment terms and conditions that will apply to your employment. If a collective agreement exists or is applied, the employment agreement must, for the sake of order, refer to the fact that this applies or will be applied. If no collective agreement either exists or is applied, it is important to try to negotiate and regulate such terms and conditions in a written employment agreement. Although verbal agreements are valid, it is the party that asserts that the parties have agreed on a particular condition that has to prove this. If you are going to work in a leading management position or as a specialist at an executive level – for example in the Group management – on the private labour market, it might be uncertain whether or not you will be covered by the Employment Protect Act. Jusek recommends that you look at the examples and comments included in this sample CEO Agreement, produced by Jusek. As a member of Jusek, you can find this on Jusek's website.

Below is an example of an employment agreement along with comments for people who are not in a leading management position and therefore covered by the Employment Protection Act. You will receive some advice regarding how to structure your agreement and what pitfalls you should avoid. The example is not comprehensive. The idea is that you should be able to add and remove employment terms and conditions based on your personal needs and according to what is negotiable. You should not take up the position before you have agreed on the employment terms and conditions and the written employment agreement has been signed. If you do so, you will be in a significantly poorer bargaining position. Jusek would like to inform you about this as it is a situation that we regularly encounter. For the same reason, changes to the employment terms during the course of the employment should also be included in the employment agreement.

This sample employment agreement has been designed for use in the case of employment in the private sector in Sweden, at a Swedish legal entity, i.e. Swedish companies, financial associations and non-profit organisations. In the event of working abroad or having an employment with a foreign employer, different rules apply. This can also be the case in the event of a foreign company that is conducting operations in Sweden.

This employment agreement is not aimed at people who are considering taking up employment as a CEO or other employment where you will be in a leading management position. For such individuals, there is another sample agreement along with comments entitled "EMPLOYMENT AGREEMENT for CEO:s – and other employees in a leading management position" This can be found on Jusek's website. Please contact Jusek's Member's advice service for further information.

Stockholm, Februari 2018

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IMPORTANT STARTING POINTS

How is the employment affected by the presence or absence of a collective agreement?

If the employer is not bound by a collective agreement, Jusek recommends that all employment terms and conditions be regulated in the employment agreement. Terms and conditions relating e.g. to working hours, leave, occupational pension, overtime remuneration and sick pay are only regulated to a very limited extent – or not at all – in the legislation. The employer is, in principle, bound by a collective agreement if he is a member of a contracting employers' organisation or himself has entered into a local collective agreement with an employees' organisation. There are occasionally opportunities for the employer and the employee, within the frameworks specified by the collective bargaining agreement, to agree on different terms and conditions. No deterioration is normally permitted. Even if the employer is not bound by a collective agreement, the employer may undertake to apply a collective agreement, for example if the parties regulate this in the employment agreement. The employer will occasionally apply a collective agreement to all salaried employees. This occurs as a rule if the employee is working with duties that are covered by an existing collective bargaining agreement.

If collective agreements neither apply nor are applied to the employment relationship, it is important for all employment terms and conditions to be regulated in the employment agreement. Jusek makes the same recommendation if it is unclear whether a collective agreement applies or is otherwise applied.

Contact Jusek in the event of questions relating to collective bargaining agreements.

What types of employment exist?

An employment generally runs until further notice, although the parties can agree that an employment will be for a limited period. A permanent employment can be terminated by observing the period of notice from the employee's side. If the employer wishes to give notice of termination to the employee, however, objective grounds are required. This means, in simple terms, that the employer may not terminate an employment on arbitrary grounds. Case-law and preparatory work for the Employment Protection Act provide guidance as regards what may be considered objective grounds. This relates either to objective grounds regarding work shortage or objective grounds due to personal reasons. When it comes to fixed-term employment, where the parties have agreed on a notice period, the same applies in principle. However, some collective bargaining agreements contain a number of provisions that deviate from the Employment Protection Act. Further information about fixed-term employment can be found below.

The Employment Protection Act contains the following regulations:

According to the Employment Protection Act, agreements regarding fixed-term employment may be entered into

1. for general fixed-term employment
2. for substitute posts
3. for seasonal work, and
4. when the employee has reached the age of 67.

A general fixed-term employment switches to a permanent employment when an employee has been employed by the employer

1. for a total of more than 2 years over a 5-year period, or
2. during a period when the employee has had temporary employments with the employer in the form of general fixed-term employment, substitute posts or seasonal work and the employments have followed one another.

An employment is considered to have followed another if it has been taken up within 6 months following the final day of the previous employment.

A substitute post switches to a permanent employment when an employee has been employed by the employer in a substitute post for a total of more than 2 years.

These rules do not apply to an individual who has reached 67 years of age.

With regard to older employment agreements – entered into before 1 May 2016 – there are certain transitional rules in the Employment Protection Act.

The reason for the time restriction for the employment must be specified in the employment agreement. Temporary employment agreements cannot be terminated, unless otherwise agreed. Examples where it is possible to terminate the employment are where the agreement specifies a period of notice or that the employment applies until further notice although at most until a certain date. Objective grounds are required in such cases when the employer wishes to terminate the employment agreement early. Certain deviations may be present in collective agreements.

Under certain serious circumstances, for example where the employee has seriously neglected his/her undertakings in relation to the employer in a manner that corresponds to grounds for dismissal, a fixed-term employment may be cancelled. In practice, however, this is extremely uncommon.

Employment during a probationary period is a special form of employment. This is used to enable the employer to try out the employee for a certain probationary period.

The probationary period may be for a maximum of six months, unless otherwise agreed in a collective agreement. A trial employment may be interrupted before the period has ended and may be terminated before it turns into a permanent employment. The employer does not need to indicate any reason. However, it is important to know that the use and interruption of a probationary employment may not be discriminatory.

Trial employment should only be used restrictively. In the collective agreements where trial employment is regulated, various restrictions have been introduced regarding the opportunities for probationary periods, for example a requirement that the employee's qualifications within the position are untested.

Note that deviating rules regarding types of employment can be agreed between an employees' organisation and an employers' organisation through collective agreements. In such cases they are permitted. The employee and the employer may not deviate from the mandatory rules set out in the Employment Protection Act, however. The regulatory system is not exactly simple.

Please contact Jusek if you have any questions regarding types of employment.

EXAMPLE: EMPLOYMENT AGREEMENT, PRIVATE SECTOR

– for individuals covered by the Employment Protection Act

Below is an example of what an employment agreement might look like. The example is based on the situation where the employer is not formally bound by a collective bargaining agreement, but after negotiations with you accepts the application of the following terms and conditions. Many of the following terms and conditions can be found in the majority of collective bargaining agreements. This example and the comments must be read against the background of that stated above.

§1. Parties and type of employment

The Company (name, corporate reg. number and address) is employing (name and civic reg. number) as from (date of taking up employment) until further notice.

Comments:

Always check the legal person's identity and that the person who signs the agreement is actually an authorised company signatory. The employer's name, address and corporate reg. number must be set out in the employment agreement. The corporate reg. number is important. It identifies the legal entity, in the same way as a civic reg. number identifies a physical person. For this reason, your name and civic reg. number should also naturally be included. A legal entity can change its name as many times as it wants, but never its corporate reg. number. The corporate reg. number is vital in order to know who the employer is and hence to know with whom you have entered into the agreement.

Contact the Swedish Companies Registration Office for up-to-date information. Before you accept the employment, it is sensible to conduct a credit check on the company, to ensure that the company's financial status does not come as a surprise to you. This applies in particular if you are considering taking up employment in a smaller company.

Through this formulation, the employee is employed until further notice. This is the principle rule and that which generally applies to Jusek's member categories. It is possible, however, for the employer to only offer trial employment for a probationary period.

§2. Home base and place of work

(Name) is based at the head office in (place), which is NN's place of work.

Comments:

Home base and place of work should be specified in the employment agreement in order to clarify where the employee has his/her workplace, i.e. where the employee is obliged to carry out work. The workplace constitutes the starting point for any travel subsistence. Specifying the workplace is also important when applying the rotas in the event of any shortage of work.

§3. Work duties

(Name) is employed as (title of position) and will work with (description of work duties and areas of responsibility).

Comments:

The name of the position, areas of responsibility, authorisation and work duties should be specified in the employment agreement. This clarifies what is expected of the employee and what the employment entails. The duties also indicate the employee's employment obligations.

§4 Monthly salary etc.

At the start of the employment, (Name) receives a monthly salary of SEK .../month at ... (year) salary level. The salary is paid on the 25th of each month. Salary and other benefits will be reviewed annually on (date).

In addition to the monthly salary, NN receives a results-based remuneration (bonus or other similar remuneration) according to Appendix 1.

Comments:

It is important to regulate the time of the salary revision, particularly if the company is not bound by a collective bargaining agreement. Otherwise, the matter of the timing is unregulated. If collective agreements are in place, there are also times for salary revision. If you agree to a salary at the next year's salary level, you must be aware that you will not be covered by the salary revision that year.

Before you specify your salary request ahead of a new employment, you should find out as much as possible about the salary level for your profession, bearing in mind your education, professional experience and the relevant work duties. Obtain assistance from Jusek's salary statistics at www.jusek.se. There you will also find advice and suggestions about salary negotiation. If there is a local graduates' union at your future employer, it can be useful to make contact with the local union representative to get an idea of the salary levels at the employer. You can also call Jusek's members' advice service for individual salary advice. The agreed salary, and the year's salary level in which it applies, should be specified in the employment agreement. The salary should be revised annually. If there is no collective bargaining agreement, the time of the revision should be specified in the employment agreement.

The employer will often propose a salary model with both fixed and variable salary portions. Examples of variable salary portions include bonuses and commission. The variable salary portions are usually dependent on certain goals being achieved. It is worth noting that variable salary portions are not definite money. It may therefore be preferable to have as large a portion as possible of the salary as a fixed portion, and to allow the variable salary portions to be just a bonus. If a certain portion of the salary is variable, it is important with simple and clear regulations regarding when and how the variable salary is to be paid. Goals and other basis of calculations that generate the variable salary must be reasonable and measurable. Look out for imprecise terms such as "part of the profit or surplus". In all circumstances, you should have the opportunity to check the calculation data. Any offers from the employer regarding convertibles, options, etc., should not affect the salary

reasoning, as these are pure financial investments. Such contractual terms are not covered by the labour law service that Jusek provides.

When it comes to results-based remuneration and variable salary portions, there are many calculation methods and structures that tend to be adapted to the specific company. It is important to study the calculation grounds, before signing the agreement, in order to assess the potential for satisfying the specific requirements. Note that certain results-based salary portions are usually linked to your own performance, while others are independent and linked e.g. to a business group's performance or to the company's accounting results. Other results-based salary portions might include those that the employer pays out at its own discretion, such as when the Board decides that this is to occur as well as the amount. Look at the calculation structure. The terms commission and bonus are not used uniformly.

Due to the considerable variation in result-based remuneration, there is no Appendix 1 in this example. The reference to Appendix 1 is included in the agreement to point out that agreement regarding such remuneration, including its conditions, is part of the employment agreement and must be attached to this, as an appendix, if it is not written directly in the agreement. It is all too common for the appendices to which the agreement refers not to be present as appendices, and for the content of the appendices not to be discussed. Note that the employer often wants to make variable salary portions conditional, e.g. in such a way that they will only be paid out if you are still employed when payment is to take place, or only if you have not handed in your notice at this time. Jusek recommends that the parties should regulate what is to apply in the employment agreement. This eliminates uncertainty and both parties will then know what they need to comply with. Disputes relating to these issues are common when there are no regulations.

There are often no appendices. The parties often agree that they can be drawn up later. In the event of a dispute, this generally results in it being impossible to verify the benefit.

§5. Working hours and overtime compensation

The regular working hours are ... hours/week. Flexible working hours are applied as a starting point. However, the core working hours are between 09.30-16.30 every weekday. Between these times, it is assumed that the employee will be available and working. If the employer considers it necessary for business reasons, it may decide to deviate from that set out above.

Comments:

Working hours

The working hours per week were previously usually 40 hours. Nowadays it is not uncommon for the weekly working hours to be shorter, such as 38 hours. Unregulated working hours or flexible working hours are often applied, which mean that the employees has considerable freedom as regards when and where the work is to be performed, as long as the work is done. There is normally a core working period during which it is assumed that the employee will be available and working. The employer may cite business reasons to deviate from these regulations.

Overtime compensation

Overtime work is compensated only if this is regulated in a collective agreement or employment agreement. It is therefore important to regulate the entitlement to overtime compensation in the employment agreement if there is no collective agreement. In such cases, the calculation of the overtime remuneration can be performed on the basis of a collective agreement, which naturally must also be set out in the employment agreement.

As Jusek's members often have flexible and unregulated working hours, weekly working hours often play a less significant role. Overtime remuneration is usually not offered. It is common for an employer with a collective agreement to try to put in place an agreement with the employee whereby the employee will not be entitled to overtime compensation. The circumstances under which this can occur are set out in the collective agreement. If such an agreement is entered into, the employee is normally compensated with longer leave, commonly with five additional leave days. As there can be extensive overtime work, you should also try to ensure that you are compensated with a higher salary if overtime remuneration is not going to be paid. In order to calculate the value of overtime work, you can visit www.jusek.se.

§6 Holiday leave

Annual holiday leave is 30 paid leave days/year. NN receives advance leave without any deduction obligation.

Comments:

According to the Annual Leave Act, the leave entitlement is 25 days per leave year. Employees who agree to waive the entitlement to overtime remuneration normally receive an additional five days per leave year. Additional leave days can also be negotiated by the employee in conjunction with the salary revision.

Advance leave, i.e. paid leave that has not been earned by the employee, is often offered to salaried employees. Advance leave generally entails – both according to the Annual Leave Act and according to collective bargaining agreements – that the holiday pay that is paid in advance will be deducted from the employee's earned holiday remuneration. However, this does not apply e.g. if the holiday pay that was received in advance was paid out more than five years before the employment ceased. The employee and the employer can agree in the employment contract that advance leave will be granted without settlement.

§7 Car benefits

NN receives a brand new, free car from (fill incar make/model) or another car in a corresponding price class. The Company pays all costs for the car. NN is entitled to use the car without restriction for private driving in Sweden and abroad. The car may also be used by family members. NN is entitled to replace the car with a brand new car in the same price class every ___ years or after driving _____ kilometres. If the car benefit is no longer required or ceases to apply, NN will be compensated for this benefit with a monthly amount corresponding to the value of the benefit for a brand new car of the relevant car make/model or another car in a corresponding price class.

Comments:

All costs include repairs and fuel. According to the proposed agreement, the right to use the car privately also applies to foreign travel. If you are not using the proposed

agreement's formulation, you may assume that the entitlement is limited to Sweden. Whether this benefit is of interest or not depends on your income, travel habits, etc.

The car benefit is often regulated in the Company's car policy applicable at the time. Your potential to obtain special arrangements for yourself is therefore usually limited. It is not definite that the employer will offer car benefits.

Always check the tax consequences of this benefit with the Swedish Tax Agency, www.skatteverket.se.

§8 Healthcare

The Company takes out a separate medical care insurance for NN.

Comments:

This insurance is taken out in order for you to receive care rapidly in the event of illness and associated problems. Ultimately, medical care insurance is taken out to avoid absence due to slow or delayed healthcare or the absence of preventive care. Such insurance is taken out by the employer on your behalf with an insurance company. There are several insurance solutions in this area. Many employers offer such insurance schemes for all their personnel.

Contact the Swedish Tax Agency for relevant information about any tax on benefits, www.skatteverket.se.

§9 Travel expenses and subsistence etc.

Travel expenses, remuneration for accommodation and subsistence, etc., during business trips, is paid in accordance with the employer's travel rules/travel policy applicable at the time.

Comments:

If you travel on business, it should be specified in the employment agreement what remuneration will apply with regard to travel expenses, costs for accommodation, compensation for use of your own car for business, etc. Many companies have issued travel rules/a travel policy. In such cases, it is sufficient to refer to these. However, you should also study the content before you regulate this in the employment agreement. Collective agreements often contain rules regarding travel time compensation, specifying remuneration levels in the event of travel outside of regular working hours.

The Swedish Tax Agency's website, www.skatteverket.se, contains information about tax-free subsistence amounts, rules governing deductions, etc.

§ 10 Sick pay etc.

Due to his/her employment, NN is entitled to the following sick pay etc.

Alternative 1

The Company applies the rules regarding sick pay and disability pension arising from the applicable collective bargaining agreement.

Alternative 2

The Company undertakes to take out a separate health insurance, with the insurance company specified by NN.

Comments:

Regulations under Alternative 1 are based on the fact that the employer has a collective bargaining agreement, i.e. that the employer is bound by general employment terms and conditions and the ITP plan, etc. These regulations apply to all salaried employees at the Company.

Ahead of your negotiations with the employer, it can be useful for you to know that the collective bargaining agreement entitles you to the following remunerations:

The first sick day is a qualifying day on which sick pay is not paid out.

The Company pays sick pay as from day 2 up to and including day 14 at 80% of salary, by law and in accordance with the general employment terms and conditions in the applicable collective bargaining agreement.

The following currently applies. As from the 15th calendar day in the illness period, sickness benefit is paid by the Social Insurance Office. From day 15 to day 90, the employer also pays sick pay at 10% on salary below 7.5 price base amounts and at 90% on salary above 7.5 price base amounts, in accordance with the general employment terms and conditions in the collective bargaining agreement.

Disability pension is paid as from day 91. This is a collectively agreed disability pension, which is paid by Alecta in accordance with the ITP plan.

For further information, please visit PTK's website, www.ptk.se.

If the Company does not have a collective bargaining agreement, the Company may instead take out a separate health insurance, which e.g. pays compensation at 90% of the salary. However, you should be aware that the insurance company may demand a health check. You are recommended to check this before you submit such a request. You may instead want to try to negotiate some other benefit.

Contact the Swedish Tax Agency for relevant information about any tax on benefits, www.skatteverket.se.

§ 11 Parental leave etc.

An employee who is on leave due to pregnancy or in conjunction with a child's birth or adoption is entitled to parental salary from the employer if he/she has been employed by the Company continuously for at least one year, and the salaried employee's employment continues for at least three months after the leave period. However, the entitlement to parental salary ceases in conjunction with the employee giving/being given notice.

Parental salary is paid for a maximum of 180 calendar days, at which point the employee receives parental allowance. Parental salary constitutes 10% of the daily pay on an annual salary

within 10 price base amounts. On a fixed monthly salary exceeding 10 price base amounts, remuneration is paid with an amount corresponding 80% of the daily pay.

If the salaried employee has been employed continuously for one but not two years, the parental salary will be paid for 60 days.

If the salaried employee has been employed continuously for two but not three years, the parental salary will be paid for 90 days.

If the salaried employee has been employed continuously for three but not four years, the parental salary will be paid for 120 days.

If the salaried employee has been employed continuously for four but not five years, the parental salary will be paid for 150 days.

If the salaried employee has been employed continuously for five or more years, the parental salary will be paid for 180 days.

Parental salary is not paid for annual salary portions exceeding 15 price base amounts.

The payment of parental salary takes place with half the amount being paid at the start of the leave period and the remaining half after the salaried employee has continued his/her employment for three months after the leave period.

Comments: Regulations similar to these are contained in collective bargaining agreements. If the employer is bound by a collective bargaining agreement, the provisions in the collective bargaining agreement must be applied. The information in this § is designed to provide an insight into what can apply if the company has a collective bargaining agreement, as well as what you have to reach agreement on in the absence of a collective bargaining agreement.

§12 Pension and insurance

In addition to the benefits under the Swedish Act on Social Insurance, (name) is also assured the pension benefits set out under the current plans for ITP (occupational pension scheme), TGL (occupational group insurance) and TFA (occupational accident insurance) between the Confederation of Swedish Enterprise and PTK.

Alternative 1

1. NN receives pension benefits in accordance with the collective bargaining agreement for salaried employees in the private sector by which the company is bound, currently the ITP plan, the collective bargaining agreement between PTK and the Confederation of Swedish Enterprise. Regarding NN, (select) alternative ITP 1 (defined premium pension) or alternative ITP 2 (defined benefit pension) will apply.

In addition to this, the Company undertakes to pay in ___% of NN's monthly salary into an occupational pension insurance scheme specified by NN.

Alternative 2

2. As the company is not bound by a collective bargaining agreement, the company undertakes on NN's behalf instead to pay in ___% of NN's monthly salary into an occupational pension insurance scheme and health insurance specified by NN.

In addition to this, the Company undertakes to pay the premiums for the following insurance schemes.

Group life insurance (TGL).

Work Injury Insurance (TFA).

Business travel insurance, which provides insurance cover for all business trips, anywhere in the world.

Comments:

If there is no collective bargaining agreement regulating pensions and insurance schemes, these benefits must be regulated in the employment agreement. The employer may affiliate the employee to a pension plan that applies to the sector or offer a different pension solution via pension insurance with an insurance company. Life and work injury insurance on the employee's behalf may also be taken out with an insurance company.

In order to get things more or less right when it comes to pension benefits, it is necessary to contact a pension insurance expert. Jusek therefore only provides general information in this section. In other words, the information provided regarding pensions are only rules of thumb, which can help you to determine which pension solution would be suitable for you.

The ITP plan only applies at employers bound by collective agreements in the private sector. The employer may be bound either through membership of an employers' organisation or through a local collective agreement. The latter collective agreement is entered into directly between an employees' organisation and the employer. Similar pension plans exist – such as the BTP, FTP and KTP plans. These pension plans apply within the fields of banking, insurance and co-operatives respectively.

If the ITP plan otherwise applies to all salaried employees, the employer can also notify the CEO and other employees in leading management positions that they are also covered by this plan. Regardless of how you choose to negotiate your pension terms, you should ensure that, in any case, you receive pension payments and pension benefits corresponding to the ITP plan.

If you are already covered by an ITP1 solution, it can be difficult to get the Company to agree to switch pension plan. If you have previously been covered by a defined benefit ITP2, it can be more beneficial to keep this. However, this presumes that the company is covered by the ITP plan and the Company accepts this.

If you have previously had ITP2 and are covered by a ten-fold earner solution, this can also be retained in future if the Company is covered by the ITP plan. You should then check whether it is beneficial for you to ensure that the premium level corresponds to the payment the employer would have made if there had been a ten-fold earner solution. This is generally known as a cost-neutral premium or released premium.

It is sometimes possible, in addition to the above benefits, to negotiate an allocation to an extra occupational pension insurance scheme. This usually relates to key individuals. The major difference between ITP1 and ITP2 is that those born in 1979 or later generally have a defined premium occupational pension, while those born in 1978 or earlier continue to have a defined benefit pension and ITPK. Even if you were born in 1978 or earlier, you may be covered by a defined premium retirement pension if you switch employer and start a new employment.

For further information about the ITP plan, please refer to PTK's website, www.ptk.se or [Collectum's website, www.collectum.se](http://www.collectum.se).

If your employer is not bound by any collective bargaining agreement, you should ensure that the Company undertakes to pay a certain percentage of your monthly salary into an occupational pension insurance scheme specified by you. This percentage rate should not drop below the percentage rates specified in the collectively agreed ITP plan part 1. Alternatively, the pension payments should correspond to the premium and the conditions that would have applied if you had been covered by the defined benefit ITP plan part 2. Always contact a pensions and insurance expert in order to ascertain which pension solution is most beneficial for you. Influencing factors include what insurance cover you already have and what you want to achieve. The historic yield and, in particular, the fees can act as a guide when it comes to the choice of pension insurance.

Group life insurance (TGL) and Work Injury Insurance (TFA), which are mentioned under this point, are common insurance policies, regardless of what salaried post you hold and regardless of whether you have a collective bargaining agreement or not. Business travel insurance is relevant in the event of offices abroad. Jusek recommends that these benefits be included in the agreement, regardless of whether or not there is a collective bargaining agreement.

Please note that, in the event of a pension solution that is not based on a collective bargaining agreement, it is important to choose an occupational pension insurance scheme that has low fees, as this can significantly affect your final pension. Within the ITP plan, insurance options are procured at low fees and with pension products of a high quality. If you can be covered in some way by the ITP plan, you can benefit from these low fees, which is a major advantage for you. This also applies if you have a 'ten-fold earner' solution that you can continue to take out via the ITPK insurance. Collectum can provide you with more information about this.

For further information about the ITP plan, see PTK's website, www.ptk.se or Collectum's website www.collectum.se.

You should also be aware that there are a considerable number of hidden commissions and other remunerations that are paid by the insurance companies to the agents/advisors who propose pension solutions outside of the collective agreement areas. Such commissions are drawn directly from your pension capital.

§13. Period of notice

Both the employer and the employee have a mutual period of notice of 3 months.

Comments:

Periods of notice are regulated either through the Employment Protection Act, a collective agreement or the employment agreement.

If both the employer and the employee are bound by a collective agreement, the agreement's regulations regarding periods of notice apply. As a rule, the collective agreements often allow an individual agreement between the employee and the employer, as long as this does not contradict certain specified minimum rules according to the collective agreement. If the parties are not bound

by a collective agreement, there is freedom of contract regarding the period of notice, with the restriction that the employer may not have a shorter period of notice in relation to the employee than that set out in Section 11 of the Employment Protection Act. According to the Employment Protection Act, the minimum period of notice for the employee and the employer is one month. If notice of termination is given by the employer, however, the employee is entitled, according to the Employment Protection Act, to a period of notice that increases in relation to the length of employment; however, this is limited to a period of notice of 6 months in the event of 10 years' employment. Similar regulations are set out in collective bargaining agreements.

A frequently used arrangement is where the parties agree on a mutual period of notice of three months. As an employee, you should ensure that you are not given a shorter period of notice than that to which you are entitled according to the Employment Protection Act, in the event your employer subsequently wishes to give you notice of termination.

§14 Other general employment terms and conditions

General employment terms and conditions that are not regulated in this agreement follow the applicable collective agreements for the sector between (names of the parties to the collective agreements).

Comments:

It is not certain that the employer will agree to this terms.

Jusek can help you with arguments and with producing the collective bargaining agreement that is most appropriate.

§ 15 Disputes

Alternative 1: Disputes arising from this agreement must be settled by a Swedish court and Swedish law shall be applied.

Alternative 2: Disputes arising from this agreement must be settled by arbitration in accordance with the Arbitration Act and Swedish law shall be applied. All costs for the arbitration proceedings must be borne by the Company, regardless of the outcome of the dispute.

Comments:

Alternative 1

This alternative reflects the main rule, i.e. what applies if the parties have not regulated the issue at all. If the issue of dispute resolution is not regulated in an agreement, disputes arising from the agreement must be assessed by a court and in accordance with Swedish law. However, this presumes that the work is primarily being carried out in Sweden and that the work is being carried out for a Swedish employer, in this case a Swedish limited liability company.

Alternative 2

Employers often want any disputes to be resolved through arbitration as this is normally a faster procedure and more shielded from the general public. In principle, you should not accept this, as the costs for arbitration proceedings often greatly exceed the costs in the event of a judicial review. It is not uncommon for the costs to amount to several hundred thousand kronor. In such cases, you cannot therefore count on Jusek granting you legal assistance. If you are still considering accepting an arbitration clause, it is important for the clause to include an obligation for the employer to be liable for all costs for the arbitration proceedings, irrespective of the outcome of the dispute. Such a formulation can be found under Alternative 2.

Seek assistance from Jusek in the event of discussions concerning arbitration proceedings.

§ 16 Amendments and supplements

Amendments and supplements in respect of this agreement must be approved in writing by both parties.

Comments: This sets out a requirement that amendments and supplements to this agreement must be in writing. The provision has been added in the interests of both parties to avoid disputes.

This agreement has been drawn up in two and signed in two copies, with each party receiving one.

Place, date

The employer

The employee

MISCELLANEOUS

WRITTEN INFORMATION ABOUT ESSENTIAL TERMS AND CONDITIONS ACCORDING TO THE EMPLOYMENT PROTECTION ACT

Before taking up the employment a written employment agreement is extremely important for the reasons presented above.

Nevertheless, it is good to be aware that the employer, at the latest one month after the employee has started working, is obliged to provide written information to the employee regarding all the terms and conditions that are of material relevance to the employment agreement.

Below is an extract from the Employment Protection Act which describes the basis for this obligation.

The following list sets out what the employer must as a minimum provide information on, i.e. a minimum catalogue.

Extract from the Employment Protection Act (1982:80)

6 c § Not later than one month after the commencement of work by the employee, the employer shall provide written information to the employee of all the terms and conditions that are of material relevance to the employment contract or employment relationship. The employer is not bound to provide such information where the period of employment is less than three weeks.

2 st. The information shall contain at least the following particulars:

1. The names and addresses of the employer and employee, the commencement date of the employment and the workplace.
2. A short specification or description of the employee's duties, occupational designation or title.
3. Whether the employment is for a fixed or indefinite term or whether it is probationary, and
 - o a) with respect to indefinite-term employment: the periods of notice applicable,
 - o b) with respect to fixed-term employment: the final date of employment or the conditions governing its termination, and what form of fixed-term employment the employment refers to,
 - o c) with respect to probationary employment: the length of the probationary period.
4. The starting rate of pay, other employment benefits and the intervals at which the pay is to be paid.
5. The length of the employee's paid annual leave and the length of the employee's normal working day or working week.
6. The collective agreement applicable, where relevant.

The information referred to in [the second section, item 3 a](#) and 3 b, as regards the preconditions for the termination of the employment, item 4 and 5 may, provided it is appropriate, be provided in the form of references to acts, other enactments or collective agreements governing such issues. (*SFS 2006:440*).

Please note that you can request this information if you have been employed for more than three weeks. You should always ensure that these terms and conditions are regulated in your employment agreement. It is important for you and your employer to enter into an

employment agreement before you commence your employment. This is important to avoid disputes regarding which terms and conditions you have agreed on.

LOYALTY OBLIGATION, CONFIDENTIALITY AND COMPETITION CLAUSES

In an employment relationship, there is a mutual loyalty obligation. Occasionally the employer will insist that both confidentiality and competition clauses should be included in the employment agreement. In general terms, the following applies.

LOYALTY OBLIGATION

Due to the employment situation, you are already obliged to observe discretion and confidentiality regarding the company's affairs. The actual employment relationship means that the employee must place his/her skills at the employer's disposal, and in return receive salary and other employment terms that the employer has undertaken to pay. The employee must observe loyalty in relation to the employer during the period of employment. This means for example that the employee, during his/her period of employment, may not conduct activities that are competing with the company, either as an employee, as a self-employed or in any other sole trader basis. The employee must also observe professional secrecy in accordance with any confidentiality clauses and in accordance with the Trade Secrets Act. The professional secrecy obligation relates e.g. to production and development issues, client lists and other business secrets. For its part, the employer must observe good practice on the labour market and provide the conditions for the employee to be able to carry out his/her work duties optimally, as well as assist the employee in vulnerable situations.

As a result of your loyalty obligation, you may never conduct competing activities during your ongoing employment period. If you should wish to undertake an assignment or a secondary activity, you should therefore always consult with your employer first. In this way, you avoid discussions regarding disloyalty, which could potentially result in crises of confidence. Such disputes are common. The employer has a justifiable interest in you not undertaking assignments that have a detrimental impact on your work. In order to avoid future evidential problems, you should always ensure that the employer approves any secondary activities in writing.

CONFIDENTIALITY

When it comes to confidentiality, there is an act regarding trade secrets that applies under all circumstances. The regulations in this act are normally sufficient to satisfy the employer's interests regarding confidentiality.

An example of an acceptable confidentiality clause is as follows:

“CONFIDENTIALITY

NN undertakes not to disclose information regarding business or operating conditions within the Company that the Company keeps secret and whose disclosure is intended to harm the Company in terms of competition. Information is understood to mean such details that have been documented in some form, including drawings, models and other similar technical representations, and individual persons' knowledge about a particular situation, even if this has not been documented in any way.”

COMPETITION CLAUSES

When the employment has ceased, the obligations that the parties have had in relation to each other during the employment generally cease, i.e. also the employee's loyalty obligation. If the employer wishes to protect itself against competition after the employment period, this must take place through an agreement, known as a competition clause. The following information is primarily intended to increase your knowledge about competition clauses. As the material is complex, we advise you to make contact with Jusek's members' advice service before you accept such clauses.

It has become increasingly common that employers requests competition clauses. This is due to companies' operations increasingly being based on the specific knowledge possessed by the employees. The needs of companies can be summarised such that there are basically **three different objects of protection: 1) The company wishes to retain its clients and prevent former employees from attracting these clients to competitors or competing operations that the employees themselves have started up. 2) The company also wishes to protect company-specific knowledge and trade secrets, and prevent such information from being distributed to competitors. 3) Finally, the company wishes to retain key individuals, particularly if the company has spent not insignificant sums on training and educating them.**

The most common way of satisfying the employer's protection interests is to include a special provision in the employment agreement prohibiting the employee from taking up employment with a competitor or otherwise, directly or indirectly, participating in or conducting competing activities. The prohibition regarding competition is usually associated with provisions regarding the obligation of professional secrecy and sanctions in the event of transgressions, e.g. stipulated damages - in other words damages that are determined in advance without the employer needing to demonstrate any damage. The stipulated damages should bear a reasonable correlation to the employee's salary, but apply as a starting point.

There may occasionally be non-solicitation clauses, which often prohibit the employee – within a certain period of time after the cessation of his/her employment – from attempting directly or indirectly to recruit an employee to his/her new employer or his/her own operation. In such cases, these prohibitions are often combined with fines and/or damages clauses. In principle, Jusek advises against entering into agreements containing competition clauses and non-solicitation clauses.

The employer's wish to protect its business is contrary to the employee's interests in having the greatest possible freedom to utilise his/her knowledge and experience after leaving their employment. There is consequently a conflict of interests between the principle of freedom of occupation and the employer's interests in protecting its business. In this conflict, the interests of the employee are considered to carry significant weight. As opposed to that which applies to employees' loyalty obligation during their employment, the employer's interests in protection after the employment are not considered to weigh as heavily. A prohibition on competition must therefore be reasonable in order to be binding for the employee. The binding period must be in relation to the length of time the company requires protection.

Competition clauses are valid as a starting point.

Unreasonable competition clauses can, following judicial proceedings, be declared invalid by the court, but it can take several years before such a ruling is made. It is often difficult to predict how such a ruling may turn out. Until a ruling is made, you remain bound, unless you can come to another agreement with the employer.

Assessment of reasonableness

The assessment of the reasonableness of a competition clause is affected in part by the length of time the competition prohibition applies. The prohibition must be limited to the estimated lifetime of the knowledge the employer wishes to protect, but should in principle not exceed 18 months. In the event of a shorter lifetime – when it comes to the interest that is worthy of protection – the binding period should not exceed 9 months. Reasonableness is also affected by the size of the stipulated damages.

It is also necessary for the employee to receive reasonable compensation for this commitment. As you are in practice being subjected to a ban on pursuing your profession during the period the competition clause applies, it is reasonable for you to be compensated with full salary during this period. In any case, you should be compensated with at least 60% of your salary.

The company enjoys comprehensive protection through the Trade Secrets Act and/or through a confidentiality clause, which is fully sufficient.

Bearing in mind that Jusek advises against agreeing competition clauses, there is no proposed agreement for this situation. If this should still be relevant, you are welcome to make contact with Jusek's members' advice service.

WORKING ABROAD AND/OR WITH FOREIGN EMPLOYERS

If you are considering working abroad, you will need a different employment agreement. Jusek recommends that you read PTK's handbook "Working abroad". As a member, you can order the book via Jusek's members' advice service and also receive advice regarding your specific situation. Concerning employments with foreign employers, different rules and regulations apply and therefore have to be taken into consideration.

Feel free to make contact with Jusek if you have any questions prior to the negotiations regarding your employment agreement, before you accept the offer of employment and before you sign the employment agreement. Jusek will examine the proposed employment agreement and give its opinions for preventive purposes.

Good luck!

Jusek is the trade union for graduates of law, business administration and economics, computer and systems science, personnel management, social science and professional communicators. We are members of SACO (the Swedish Confederation of Professional Associations) and have no party political affiliation. We are one of the largest trade unions for graduates in Sweden, and our members can be found at many different workplaces in both the private and the public sectors. You can become a member of Jusek as an employee, manager, self-employed person or student. We will provide you with support throughout your career.

Jusek reinforces our members' competitive edge. We enter into collective bargaining agreements, represent you in various situations in relation to your employer and provide you with various tools so that you can influence your own salary, employment terms and your relationship with your employer. We also supply you with tools and advice to strengthen your employability.

Jusek always endeavours to identify the best possible solutions for each individual member. Our members should work in efficient, professional businesses that provide the potential for advanced work duties and ongoing skills development. In an efficient operation, wages are set close to the employee. The managers have to have a clear mandate in the salary discussion. Salaries must be based on responsibility, skills and performance. Women and men must be able to pursue careers on equal terms. Unjustified discrepancies in pay and all other forms of discrimination are unacceptable.