



THE INDUSTRIAL AGREEMENT

The Cooperation and Negotiation Agreement
of the Swedish Industrial Sector

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*Disclaimer. This is an unofficial English translation of the Industrial Agreement.
It is not a translation agreed between the parties of the Industrial Agreement.
The original version of the Industrial Agreement is drafted in Swedish. In case of
any discrepancies between the Swedish text and the English translation, the Swedish
text therefore prevails.*

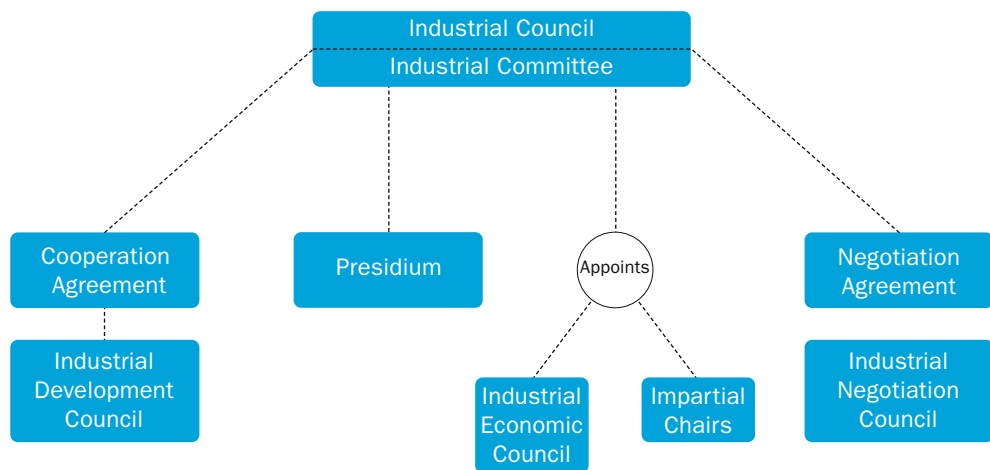
Introduction

The Industrial Agreement – namely, the Cooperation and Negotiation Agreement of the Swedish Industrial Sector – is a cooperation agreement among employers and unions within the industrial sector. The agreement was originally concluded in 1997 and a new one was made in 2011. The Paper Workers' Union elected not to be a party to the new Industrial Agreement. The Industrial Agreement has thereafter been amended in 2014 and 2016.

The agreement, which comprises development issues for the industrial sector as well as the negotiation procedure, have had great significance both for the competitiveness of the Swedish industrial sector and for the collective bargaining processes and has therefore affected the situation also in other sectors.

One important part of the Industrial Agreement is that it has structured the negotiation process for new collective agreements. The agreement provides that it is the industrial sector's conditions that serve as the starting point for negotiations and that the parties must consider the consequences of wage formation on inflation, employment and competitiveness. The agreement regulates how the negotiations are to be carried out - they must begin no later than three months before the old collective agreements expire. If the parties have not reached an agreement when one month remains, special mediators ("impartial chairs") must be appointed. They have the right to make their own proposals for solutions. They may also postpone any industrial action of which notice has been given.

The agreement is managed by the Industrial Council, which consists of representatives of the contracting parties, and which shall follow and promote the application of the agreement. The Industrial Council also appoints the impartial chairs as well as an economic expert council, the Industrial Economic Council, which is entrusted with the assignment of issuing statements and recommendations, for example on the industrial sector's competitiveness.



The Cooperation and Negotiation Agreement of the Swedish Industrial Sector

The Industrial Council

- The industrial parties have entered into cooperation and negotiation agreements. To follow and promote the application of these agreements, and otherwise consider matters with the aim of creating favourable preconditions for the industrial sector and its employees, the parties organise an industrial council (the "Industrial Council") consisting of leading representatives of all parties. Leading representatives primarily refer to a party's chair, vice chair, managing director and chief negotiator or negotiation secretary.
- Within the Industrial Council, a Presidium of six (6) persons shall be appointed, of which three (3) are representatives for the employee side and three (3) are representatives for the employer side. The term of office for members of the Presidium shall be two (2) years. Furthermore, within the Industrial Council, a committee, the Industrial Committee, shall be appointed, with one (1) representative for each party.
- The Industrial Council shall meet at least once (1) per year and additionally when the Presidium so decides. The Industrial Committee shall meet twice (2) per year and additionally when called by the Presidium. The Presidium is responsible for keeping minutes at the meetings which, after approval by the chair of the meeting, shall be sent to all members.
- The Presidium shall prepare the meetings of the Industrial Council and is otherwise the executive body for the activities set out in this agreement or that the Industrial Council has resolved. As part of the ongoing activities, the Industrial Committee is responsible for matters including appointment of the Impartial Chairs ("OpO"), in accordance with section 3 of the Negotiation Agreement, and the Industrial Economic Council. The Presidium shall assemble the Industrial Committee for these decisions and shall otherwise assemble the Industrial Committee when there is reason to do so. To the extent that the

Industrial
Council

Presidium and
Industrial
Committee

Meetings

Working
procedures

Industrial Committee decides to appoint working groups/projects, the Presidium shall be responsible for planning and coordinating these working groups. Moreover, the Presidium and the Industrial Committee shall be responsible for the development of the activities in accordance with the letter and spirit of this agreement.

Resources

- The point of departure of the agreement is that the industrial parties, by combining their efforts, can achieve better results to the benefit of the development of the industrial sector in Sweden. The work shall be based on innovative thinking, long-term perspective and perseverance. To achieve well-functioning activities, it is therefore expected that the parties devote the necessary resources to the work. The cooperation is voluntary but is based on all organisations contributing according to the best of their ability.

Costs

- The main resources required for this activity consist of the time devoted by the organisations' representatives to the council and to any working groups. Each organisation is also solely responsible for the out-of-pocket expenses of its personnel in connection with any travel, etc. Other costs incurred in the activities shall be determined within the framework of the Industrial Council's joint budget. The Presidium may propose/resolve that costs are to be allocated between the organisations according to a determined allocation principle.

The Industrial Economic Council and the cooperation of the party economists

Industrial
Economic
Council and
cooperation of
party economists

- To develop the cooperation of the parties in industrial development and negotiation matters, the parties have organised the Industrial Economic Council (“IEC”), which consists of four (4) economists who are not employed in any employer’s or employee’s organisation. Furthermore, the parties shall appoint four (4) party economists to fulfil tasks according to the Industrial Agreement.
- The party economists shall continuously cooperate as regards the economic conditions and other competitive conditions that apply to the Swedish industrial sector in a global economy and market. The party economists shall prepare an annual report to the Industrial Council on these issues. In case of material changes to the current circumstances, the party economists must immediately jointly assess the likely effects.
- The Industrial Economic Council shall issue statements and recommendations in economic issues at the request of the Industrial Council, the Industrial Development Council, the Industrial Negotiation Council, or the Impartial Chairs according to the Negotiation Agreement. The assignments must be designed after consultation with the party economists. Assignments determined by the Industrial Development Council or the Industrial Negotiation Council shall be confirmed by the Industrial Committee.
- The Industrial Economic Council is independently responsible for its statements and recommendations. However, during the work process, the council shall consult with and obtain opinions from the party economists.
- The compensation to the members of the Industrial Economic Council shall be regulated separately.

The Industrial Cooperation Agreement

Part I

Introduction – The purpose and direction of the agreement

Purpose of the agreement

- The purpose of the agreement is to unite the industrial parties (the "parties") in an effort to strengthen the competitiveness of the industrial sector and create good conditions for the companies' employees. The parties have a long tradition of successful and close cooperation in matters involving the conditions for industrial development. The collaboration is based on a common view of the role and importance of the industrial sector to the national economy. By this agreement, the parties wish to strengthen and broaden the cooperation and thereby promote continued good relations between the parties. The agreement also serves as a basis for a developed collaboration with other stakeholders who wish to promote a strong Swedish industrial sector.

The role of the industry

- The industrial sector plays a decisive role in the development and prosperity of Swedish society. The volume of Swedish exports has more than doubled in recent decades, and the industrial sector's export revenue corresponds to around half of Sweden's GDP. Exports are dominated by manufactured goods and services that to a varying degree are connected therewith. Considering direct and indirect employment, the industrial sector accounts for well over a quarter of the total employment.

- Wage formation is the responsibility of the parties. The industrial parties cooperate to ensure stable wage formation in Sweden, taking into account the effects of wage formation on inflation, employment and competitiveness. The exposure of the industrial sector to international competition means that any increases in labour costs must be in line with international developments in the long term, primarily in our most important competitor countries, in order not to undermine growth and employment. A healthy and sustainable wage formation requires that the national sectorial collective agreements within the industrial sector, which constitute the core of the sector exposed to international competition, constitute cost standards and guidance for labour costs in the Swedish labour market. A well-functioning wage formation is a precondition to combine increased competitiveness with a good wage development and otherwise good terms and conditions for employees.
- This agreement shall promote the joint activities of the parties to develop the conditions and opportunities for the industrial sector. The parties wish to act jointly for increased knowledge and insight concerning the industrial sector's importance for society and economic development in Sweden, as well as the need of good conditions for the competitiveness of the industrial sector. The parties are directing these efforts to decision makers, opinion makers and the public. Of particular importance is a close dialogue between the industrial parties and the Swedish government and the Swedish parliament.

Wage formation

Create insight

Part II

Industrial conditions

The industrial sector

- Sweden has a long industrial tradition that has created several world-leading companies within various industries. Although many of these currently have located a large part of their operations abroad, the head office, product development and advanced production are often located in Sweden. These companies contribute in a decisive manner to the industrial know-how and power of development in Sweden. At the same time, small and medium-sized industrial companies play an important role as developers of new industries and products and as suppliers and strategic partners to the large companies.

Globalisation

- The Swedish industrial sector is dependent on a global market characterised by tough competition from companies in both established and newly industrialised countries. On the demand side, a change has taken place where the emphasis on the market for many of the goods and services produced by the Swedish industrial sector has shifted away from Sweden and Europe towards new growth countries. An increased content of embedded and supplementary services is today important as a competitive factor when Swedish goods are sold abroad.

Transition

- Industrial companies and segments develop and change in step with the effects of globalisation. Together with changed demand, rapid technological development, climate threats and political and social changes in our surrounding world, it entails increased demands on the companies' and its employees' power of development and ability to make transitions. The skills of the personnel and how this is utilised in the companies play a decisive role in maintaining and developing competitiveness. Proper staffing and correct professional skills of the personnel is a strategic issue for the companies. This applies both to new recruitment and to downsizing.

- Political decisions are of great importance to the industrial sector. Important prerequisites are, for example, extended infrastructure, well-functioning energy supply at competitive prices, industry-relevant high-quality education, as well as issues related to taxation and conditions for business ownership. The fact that politics influence conditions and limitations for the industrial sector's operations underlines the need of a close dialogue between the industrial parties and the Swedish government and Swedish parliament.
- Sweden's membership in the EU means that many political decisions of importance to the industrial sector are made at a European level. The European single market enables a competition-neutral design of laws and regulations and facilitates harmonisation/standardisation of conditions, especially within the environmental area. In the European cooperation, it is also important to ensure that essential Swedish industrial interests are considered.

Politics

Europe

Part III

Agreement on cooperation for the development of the industrial sector

Cooperation

- The cooperation of the parties regarding the development of the industrial sector aims to create the best possible conditions for the long-term development of the industrial sector and to meet various needs that follows from a structural transformation. The industrial parties have long experience of handling these issues together with the aim of finding solutions that can meet both the employees' needs for good working and employment conditions and the companies' needs to strengthen their competitiveness. The parties are jointly keen to protect a favourable cooperation climate in these issues and a close dialogue with the state and the surrounding society.

Competitive advantages

- Sweden must develop an industrial environment that attracts companies to invest and relocate their operations here and to develop these in the long term. The parties want to work together to strengthen the competitive advantages Sweden has in terms of, inter alia, good conditions for energy production, access to raw materials, a high level of knowledge and a strong industrial culture. A high level of technology, creative and innovative work environments, investments in research in industry-relevant areas, a good ability to make transitions, well-developed service offerings and an advanced level of IT use are other examples of important competitive means.

Disadvantages

- The parties wish to cooperate to develop competitive factors with a special ability to develop in our country. The parties also have a common interest in highlighting and proposing measures to counter competitive disadvantages for companies operating in Sweden. This may include deficiencies in the skills supply, regulations that obstruct investments, shortages in infrastructure, non-competitive taxes etc.

- A particular consequence of the structural conversion is the need for the industrial sector to make transitions as regards capital as well as humans and physical resources to new or changed operations. This includes both meeting the needs in connection with close-down and winding up of operations and handling the supply of resources and competence needed to develop new operations. Transition may entail greater or smaller loss of value and it is desirable to minimise these costs both for individuals as well as for the companies and society. The industrial parties want an extended dialogue with the state and society with the aim to improve the ability to make transitions and innovative power of Swedish industry.
- The parties' cooperation will be adjusted to the development and transformation that the industrial sector is undergoing and the needs that arise in connection therewith. The organisations may suggest new areas of cooperation in addition to the ones mentioned in this agreement. The concrete matters of cooperation may therefore vary over time, but the parties have identified three areas where cooperation in different projects currently is of particular importance:

Adaptability

Areas of
cooperation

1. Education, research and innovation

The industrial sector's ability to develop is central to competitiveness. The most important aspects thereof are summarised in the so-called knowledge triangle (education-research-innovation). The industrial parties would like to work towards meeting the industrial sector's competence needs on all levels, where areas such as recruitment, educational content, labour market relevance and quality are significant. The industrial parties have a particular responsibility to protect education that is directed to future engineers and skilled workers.

The industrial parties place the greatest emphasis on developing the preconditions for research and innovation to function as a support to the development needs of the companies. A well-developed cooperation within these areas between academies, industrial research institutes and the industrial sector actively contribute to the ability of companies to be strong in the global competition. It should be easy for people to move between the academic and the industrial worlds, and the employees' engagement in improvement and innovation efforts is a crucial asset. Investments by the state and the EU in education, research with industry relevance and innovation (including innovation procurement) are central issues to focus on.

2. Strong industrial environments

Companies are dependent on several different preconditions to develop and to defend their competitiveness. Many of these factors are linked to the physical environment, in the region or nationally. Well-developed infrastructure with a favourable energy supply, well-functioning communications, etc. are decisive. Cooperation between companies within the same industrial segment and with other various players, companies within other industrial segments, public authorities, education providers and the public and private services sector should be facilitated. Many companies form part of such clusters, and an important aspect of improving the industrial environment in Sweden is to improve the opportunities for such contacts between players and between individuals.

The industrial parties will, inter alia, promote the development of industrial cooperation on a regional and national level, cooperation between other players and the industrial sector, investments in demonstrators and testing facilities, facilitation of industrial establishment, access to venture capital for the industrial sector, competition-neutral taxes and external environmental regulations, infrastructure extension and secure and environmentally-friendly access to energy at competitive prices.

3. Company productivity

On the global competitive arena, Sweden meets many countries that have access to very low labour costs. The Industrial Cooperation Agreement, inter alia, targets a wage formation that is compatible with the development of Sweden's competitiveness. Moreover, the industrial parties agree that the Swedish industrial sector must compete by creating high added value. The point of departure for a good development of wages in real terms is the development of company efficiency and ability to conduct rational operations. The parties see good conditions for developing the cooperation around productivity, working conditions and a sustainable working environment and thereby stimulating a creative innovative working environment with good leadership.

Cooperation in the companies around these goals is a joint task for the local parties, and the central parties may contribute by spreading good experiences and role models as well as by promoting research and development efforts within these areas. Efficient product development, process and production development and the development of the services content of the offering of the industrial sector are some of the affected issues.

Part IV

Forms of cooperation

– The Industrial Development Council

Development Council

- In order to develop the parties' cooperation around the development matters within the industrial sector, the parties have organised an Industrial Development Council (the "Development Council") consisting of an equal number of members from the union and the employer parties. The members should be appointed among leading representatives of the organisations. Within the Development Council, a chair and a vice chair shall be appointed, which are positions that shall alternate between the parties. The Development Council shall appoint a secretariat consisting of four (4) persons as a maximum from each side. The parties to the Cooperation Agreement may request the Development Council to handle a certain issue. Otherwise, the Development Council is responsible for the development of the activities in accordance with the content and spirit of the Cooperation Agreement.

Meetings

- The chair and the vice chair shall together with the secretariat prepare the Development Council's meetings and otherwise manage the activities that the Development Council has resolved. The Development Council may co-opt persons, both from the parties' organisations and others, to contribute to the activities. The Development Council shall normally meet four (4) times a year and will then consider current matters within the area and new matters that may arise. Minutes shall be kept of the Development Council's meetings, which shall be approved by the chair and the vice chair and thereafter be sent to the members of the Development Council.

- The day-to-day activities within the Development Council shall be conducted in working groups/projects in which persons from the parties will participate, based on the nature of the matter. External persons may also form part of such a working group. The Development Council shall decide on the working groups to be established, as well as on its tasks and duration. The Development Council's secretary shall be responsible for the planning and coordination of these working groups, which shall report on their activities at the meetings of the Development Council. The working groups shall strive for a confidential and informal co-operation form.
- The point of departure of the agreement is that the industrial parties, by combining their efforts, can achieve better results to the benefit of the industrial sector's development in Sweden. The work shall be based on innovative thinking, long-term perspective and perseverance. To achieve well-functioning activities, it is therefore assumed that the parties devote the necessary resources to the work. The cooperation is voluntary but is based on all organisations contributing according to the best of their ability.
- The main resources required for this activity consist of the time devoted by the organisations' representatives to the Development Council and to any working groups. Each organisation is also solely responsible for the out-of-pocket expenses of its personnel in connection with any travel, etc. Other costs incurred in the activities shall be determined within the framework of the Development Council's joint budget. In special cases, the Development Council may propose/decide that costs are to be allocated between the organisations according to a determined allocation principle.

Working
procedures

Resources

Costs

The Industrial Negotiation Agreement

Part I

Introduction – the purpose and direction of the Negotiation Agreement

Purpose and direction

- By this Negotiation Agreement, the industrial parties are manifesting their joint interest in promoting industrial development, profitability and strengthened international competitiveness in each agreement area within the industrial sector. The Negotiation Agreement will provide long-term stability and well-functioning wage formation.
- The parties agree that the purpose of the national sectorial collective agreements is to contribute to the improvement of the industrial sector's competitiveness, a good wage development and other good conditions for the employees.
- Industrial actions within the industrial sector area are harmful to a good development, both for the companies and the employees. Considering the parties' joint interest in having successful operations, it is crucial that agreements are made during industrial peace through constructive negotiations. The Negotiation Agreement creates good conditions for this.
- The terms and conditions of the industrial sector are the starting point for negotiations within the industrial sector, but due consideration must also be taken to the Swedish economy.

- Negotiations for new national sectorial collective agreements shall be coordinated in time. Negotiations shall be initiated in good time and concluded before the expiry of the national sectorial collective agreements.
- Sound and sustainable wage formation requires that the national sectorial collective agreements within the industrial sector constitute a wage norm and guidance for labour costs in the Swedish labour market.
- The industrial parties undertake, jointly and individually, to promote the “wage norm” within the industrial sector as the norm which other parties on the labour market are to abide by.
- Another basis for this agreement is the parties’ joint belief that regulation of wages and other employment terms should be made by agreements and that legislation should be avoided as far as possible.
- The parties undertake to follow this agreement in their negotiations for joint national sectorial collective agreements (collective agreements at the central organisation level) for their members.

Part II

Negotiation Procedure

Section 1 Purpose of the Agreement

The purpose of the agreement is for the parties to reach agreements at the national sectorial level that regulate industrial peace obligations, wages and employment terms. The Negotiation Agreement has priority, and any other agreement and cooperation that the parties may enter into must be compatible with the common interests forming the basis of this agreement.

The purposes of this agreement are:

- to strengthen industrial development, profitability and international competitiveness within each agreement area of the industrial sector and provide preconditions for good wage development and other good terms for the employees;
- to ensure constructive national sectorial collective agreement negotiations characterised by good order and that national sectorial collective agreements are made with a balanced result according to a predetermined time plan and without industrial actions;
- that the work organisation, wage setting and employment terms are designed to support good work results, developing work and improved competence;
- that the wage norm established by the national sectorial collective agreements within the industrial sector shall constitute the norm which other parties on the labour market are to abide by;
- to achieve a coordination of the negotiations for national sectorial collective agreements within the industrial sector when it comes to provisions regarding costs and to improve the normative effect of the industrial sector by several industrial national sectorial collective agreements being made close in time.

The industrial parties have a joint responsibility for these purposes being achieved and shall, jointly and individually, promote the normative role of industrial sector on the labour market.

Section 2 Time plan and rules for collective agreement bargaining

The national sectorial collective agreement parties shall plan and execute negotiations for new national sectorial collective agreements in order for these to be made before the expiry of the previous agreements.

If the national sectorial collective agreement parties do not agree otherwise, the national sectorial collective agreement parties shall present their agreement demands no later than three (3) months before the date of expiry of the previous national sectorial collective agreement. New or increased demands may be presented later than three (3) months before the date of expiry only if a national sectorial collective agreement party is able to refer to a material shift in conditions and that there has been an obstacle, objectively speaking, to make the demand in due time.

Agreement demands shall be drafted with such clarity and tangibility that the recipient may predict the type of agreement regulations that the demands refer to without any difficulty. A party's reactions to the other party's agreement demands must also be clear and tangible.

Impartial chairs appointed by the parties shall enter into the negotiations in accordance with the provisions of this agreement.

A national sectorial collective agreement party may not give notice regarding a primary industrial action during the validity of a national sectorial collective agreement.

Note.

With respect to the possibility to undertake a so-called collection blockade, the provisions of section 41, second paragraph, of the Swedish Co-Determination in the Workplace Act shall apply.

If the national sectorial collective agreement parties wish to prolong the national sectorial collective agreement after the date of expiry, the consent of the impartial chairs is required.

Section 3 Impartial Chairs (OpO)

When this agreement becomes effective, the parties to the Negotiation Agreement shall appoint a group – comprising of no less than two (2) and no more than ten (10) persons – to be impartial chairs (OpO) under the rules of this agreement.

A person appointed as OpO shall, in the execution of the assignment, be entirely objective in relation to the parties. It is thus incumbent on each OpO to carry out his or her assignment according to this agreement independently, impartially and in accordance with the purpose of the agreement.

OpO shall be appointed for a term of no more than two (2) years and any extension requires a new appointment. The parties shall ensure that the OpO function is staffed on an ongoing basis.

The parties shall jointly and by consensus determine the size of the OpO group and appoint the persons who will form part of the group. Considering the purposes forming the basis of this agreement, it is assumed that the parties will use their utmost efforts to reach consensus.

Nevertheless, if the parties at some point are unable to agree on whom to be appointed as OpO, the parties should agree on appointing the OpO group in another manner than by consensus.

Regardless of the manner of appointment of the OpO it is incumbent on the parties in their proposals and in their discussions regarding how to appoint the OpO group to take into consideration the assignment of the OpO in accordance with the Negotiation Agreement and the purposes of the agreement.

Among the appointed members of the OpO group, the parties shall appoint one chair who shall also be the executive member of the OpO group. If the parties cannot agree, the group itself shall appoint a member to be chair and executive member from among themselves. The chair shall lead and coordinate the work of the OpO group, whereby consensus shall be sought. If – despite thereof – there are any differences of opinion within the OpO group, the chair shall have the casting vote.

If any member of the OpO group leaves his or her assignment at own request or becomes prevented from continuing it when the national sectorial collective agreements are being negotiated, the group may, temporarily until the negotiations have been completed, be supplemented with additional persons. Such supplementation shall be resolved by the OpO group's chair after consultation with the affected parties.

Compensation to the persons appointed as OpO shall be regulated separately.

Section 4 Assistance by OpO

From and including the day that occurs one (1) month before the date of expiry of each national sectorial collective agreement, the affected national sectorial collective agreement parties shall be assisted by OpO, who at own initiative shall enter into the negotiations and at own discretion in accordance with this agreement shall take such actions as are needed in order for the national sectorial collective agreement negotiations to be timely concluded.

The OpO for a specific national sectorial collective agreement area shall be appointed by the executive member of the OpO group. The main rule is that OpO work in pairs.

If a party considers that it will not be possible to carry out real and constructive negotiations before OpO enters the negotiations, that party may request that the OpO assemble the parties within the agreement area with the aim to carry out constructive negotiations. At that meeting, the parties must account in detail for the reasons why they have not been able to enter real and constructive negotiations and make a proposal to OpO on how the parties may proceed in the negotiations. OpO shall keep minutes of the parts of the meeting where both parties have been present at the same time in the discussion with the OpO.

Section 5 Assignment and powers of the OpOs

It is the assignment of the OpO to ensure that the parties conclude an agreement in time with balanced results that are in accordance with the purpose of the Negotiation Agreement. In addition, the OpO are assigned to coordinate the industrial national sectorial collective agreement negotiations in accordance with the purpose of the Negotiation Agreement as stated in section 1.

Subject to their own assessment of what, according to the purpose of the Negotiation Agreement, is to benefit the negotiation efforts of the national sectorial collective agreement parties, the OpO responsible for the relevant agreement area may at their own initiative decide on the following actions:

- order the national sectorial collective agreement parties to investigate or specify individual negotiation issues;
 - make their own proposal for solutions of negotiation issues;
 - assemble the parties to final negotiations;
 - make their final tender, whereby the OpO's tender may only be adopted or rejected in its entirety;
 - postpone any industrial action that a national sectorial collective agreement party has given notice of until all thinkable possibilities for a solution have been finally exhausted, however not for more than seven or in certain cases fourteen (14) calendar days.¹
- A decision to postpone may be made once per notified industrial action. OpO shall to the affected parties account for the reasons for postponement of the notified industrial action;

¹ If a party notifies of any industrial action when joint consultations between the parties are ongoing according to section 6, the postponement time for each industrial action is 14 calendar days.

- Propose the parties to let the issue be settled by final offer mediation in accordance with Appendix 1;
- assemble the parties to meetings, whereby an invitation to such a meeting shall be binding on the parties.

Note

The goal of the final negotiation is that it should form the basis for the OpO to design the final tender. Thus, it is clear that the final negotiation must take place before the final tender is drawn up. Accordingly, the purpose of the final negotiation is that the final tender either can be considered anchored with the parties or that OpO has such a reliable basis for their assessment that the probability of the parties accepting the tender is extremely high.

A final negotiation requires that it can be conducted in confidential forms. It requires that only very few people from the parties may be present in the negotiation room.

It is up to and incumbent on each of the employee and employer parties to decide in good time, before a final negotiation may become relevant, how the parties are to be represented in the final negotiation. The decision must be notified to the OpO group as soon as possible so that the OpO may organise the final negotiation in good order. If no notification is made, OpO must request the respective parties to notify of their representatives. Such a request must be complied with by the parties without exception and a failure to do so is considered to be a violation to the aims and purposes of the Industrial Agreement.

Meetings assembled by an OpO shall be led by the OpO. The OpOs' assignment and powers under this Negotiation Agreement shall apply during the entire course of the negotiations and until a national sectorial collective agreement has been concluded between all the parties to this agreement.

Section 6 Joint consultations with the parties

If the national sectorial collective agreement parties have been unable to conclude a new national sectorial collective agreement at the latest by the date of expiry of the national sectorial collective agreement currently in effect, the national sectorial collective agreement parties shall immediately consult with the entire OpO group and in connection therewith account in detail for the reasons as to why a new agreement have not been concluded. If, at the time of such a meeting, new national sectorial collective agreements have been concluded between other industrial parties, the national sectorial collective agreement parties that have been unable to conclude an agreement shall clarify their opinion of such new agreements.

On the basis of the outcome at such a consultation, it rests on the OpO group to assemble the industrial parties to joint consultations to discuss how the parties that have been unable to conclude a new national sectorial collective agreement on their own should proceed in order to make such an agreement.

Note

Joint consultations may be held in two situations. One situation is that an agreement has been concluded within the Industrial Agreement that the other parties do not consider to be normative. The second situation is that agreements have been concluded that are to be considered normative between most parties, while one or more parties do not want to accept the agreements concluded as normative.

If the national sectorial collective agreement parties that have been unable to conclude a new national sectorial collective agreement want additional negotiation time before the joint consultations between the parties are carried out, the parties may prolong the term of the national sectorial collective agreement. Such a prolongation requires the consent of OpO according to section 2. The parties agree that an agreement for

prolongation may be made also after the expiry of the national sectorial collective agreement. An extension will in that situation be given retroactive effect as from when the national sectorial collective agreement expired.

It is incumbent on each industrial party, at such consultations, to constructively contribute to a solution of the situation in accordance with the parties' joint interests, as expressed in this agreement. The parties shall take into consideration that this agreement entails a requirement that real and constructive negotiations must have taken place in relation to the relevant negotiation issue. Whether constructive negotiations have taken place must be assessed on a case by case basis, but the assessment should always entail a comparison with the negotiation results of other negotiation parties in the same issue.

The joint consultations between the parties shall take place within seven (7) calendar days as calculated from the date of expiry of the current national sectorial collective agreement. The chair of the OpO group shall be responsible for keeping minutes of the consultations. The minutes shall be drafted no later than one (1) day after the conclusion of the consultations and shall thereafter immediately be sent to all the industrial parties.

The national sectorial collective agreement parties that have been unable to conclude a new national sectorial collective agreement shall after the joint consultations between the parties carefully consider the proposals that have been made at the consultations with all industrial parties and shall discuss, between themselves as well as with OpO, how these proposals may be applied to the agreement area. The chair of the OpO group is responsible for keeping minutes of the parts where both parties have been present at the same time in the discussion with OpO.

Section 7 Labour Conflict

If a labour conflict has erupted within a certain agreement area, the parties may procure a final recommendation to the national sectorial collective agreement parties within whose agreement area there is a conflict.

To make such an assessment, the OpO group shall assemble the Industrial Council. An invitation may be made at the own initiative of the OpO group or at the request of either the employer or employee party to the Negotiation Agreement. The meeting shall take place within ten (10) calendar days from the request.

The number of members of the Industrial Council entitled to vote shall be determined based on the employer or employee party of the Negotiation Agreement that has the least number of parties. The aim is that the employer side and the employee side, respectively, shall have an equal number of votes at the poll, with one (1) vote per party. In this calculation, absence from the meeting shall not be taken into consideration.² It rests on the employee parties and the employer parties to, at the meeting, identify the persons within the Industrial Council who will participate in the vote regarding the final recommendation. A member of the Industrial Council may not transfer his or her voting right to another party.

The meeting shall be led by the chair of the OpO group. In addition to the members of the Industrial Council, all OpO shall also attend the meeting. It is incumbent on everyone present to constructively contribute to a solution of the conflict situation in accordance with the parties' joint interests, as expressed in this agreement. Affected national sectorial collective agreement parties shall be heard at the meeting.

² A party who fails to attend the meeting, shall be deemed to have abstained at the vote. Provisions in legislation regarding valid excuse shall be applied.

When the chair of the OpO group, together with the rest of the OpO, considers that the meeting has provided a sufficient basis for a decision, the meeting shall be adjourned. The OpO group shall thereafter draft a final recommendation for a solution of the matters of the dispute, after which the meeting shall be resumed.

When the meeting has been resumed, the persons entitled to vote in the Industrial Council shall, as set out above, vote on whether the Industrial Council recommends the national sectorial collective agreement parties within whose agreement area there is a conflict, to adopt the final recommendation. The parties to the conflict are thereafter to consider the recommendation.

A decision regarding a recommendation shall be made by simple majority. The decision shall be delivered in conjunction with the meeting. The chair of the OpO group is responsible for minutes being kept of the meeting.

Section 8 Retroactivity

If any industrial action notified by a union organisation becomes effective, all claims for retroactive application of wages or other compensation shall be forfeited.

Section 9 The application of a national sectorial collective agreement and the industrial peace obligation

When a national sectorial collective agreement has been concluded, it is incumbent on the national sectorial collective agreement parties to supervise the compliance and proper application of the agreement in lawful order.

If an unlawful industrial action breaks out, any ongoing local negotiations within the affected company shall immediately cease. Only consultations under section 43 of the Swedish Co-Determination in the Workplace Act with the aim to restore industrial peace may be undertaken. If there is a question concerning the national sectorial collective agreement that lies behind the industrial action, any local negotiations regarding this issue shall be deemed to be concluded. If the issue has not been finalised according to the negotiation procedure, the national sectorial collective agreement parties may handle it.

The national sectorial collective parties may agree that a dispute shall be settled by arbitration rather than by the Swedish Labour Court.

Section 10 Notification of the agreement to the Swedish National Mediation Office for registration

This Negotiation Agreement shall apply instead of the provisions on mediation according to the Swedish Co-Determination in the Workplace Act (1976:580). The parties agree that this agreement constitutes such an agreement for negotiation procedures as is referred to in section 47 b, third paragraph, of the Co-Determination in the Workplace Act and that the agreement in accordance with the provisions of that legislative section shall be notified to the Swedish National Mediation Office for registration.

Part III

Cooperation in labour market matters

– The Industrial Negotiation Council

Negotiation Council

- To develop the parties' cooperation in negotiation matters and terms and conditions on the labour market within the industrial sector, the parties have organised an Industrial Negotiation Council (the "Negotiation Council"). The Negotiation Council consists of three (3) members from the employee parties and three (3) members from the employer parties. The members shall be appointed among chief negotiators or negotiation secretaries.
- The Negotiation Council shall meet as needed, however not less than twice (2) per year and will then consider current matters within the area and new matters that may arise. The Negotiation Council is responsible for making proposals to the Presidium of the Industrial Council regarding the current staffing of the OpO function. Minutes shall be kept of the Negotiation Council's meetings, which shall be approved by the chair of the meeting and thereafter be sent to the members of the Negotiation Council.

Meetings

The Negotiation Council shall once (1) per year and otherwise as needed arrange a meeting between all parties to the Negotiation Agreement, where each party shall be represented by a chief negotiator or negotiation secretary.

- To the extent the Negotiation Council decides to appoint wor-

king groups/projects, the Negotiation Council is responsible for the planning and coordination of these working groups. Moreover, the Negotiation Council is responsible for the development of the activities in accordance with the letter and spirit of the Negotiation Agreement.

Working
procedures

- The point of departure of the agreement is that the industrial parties, by combining their efforts, can achieve better results to the benefit of the development of the industrial sector in Sweden. The work shall be based on innovative thinking, long-term perspective and perseverance. To achieve well-functioning activities, it is therefore assumed that the parties devote the necessary resources to the work. The co-operation is voluntary but is based on all organisations contributing according to the best of their ability.
- The main resources required for this activity consist of the time devoted by the organisations' representatives to the council and to any working groups. Each organisation is also solely responsible for the out-of-pocket expenses of the personnel in connection with any travel, etc. Other costs incurred in the activities shall be determined within the framework of the Negotiation Council's joint budget. The Negotiation Council may propose/decide that costs are to be allocated between the organisations according to a determined allocation principle.

Resources

Costs

Term of the Industrial Co-operation Agreement and Negotiation Agreement

The stated and undersigned industrial parties below have, specifically within each agreement area, adopted this agreement. The parties agree that the agreement shall become effective on 13 June 2016 and shall apply until further notice, with a six-month mutual notice period for termination.

Stockholm on 13 June 2016

Arne Sehlström, CEO, Byggnadsämnesförbundet

Ravindra Parasnis, CEO, Grafiska Företagens Förbund

Per Hidesten, CEO, Industriarbetsgivarna

Jonas Hagelqvist, CEO, IKEM – Innovations- och kemiarbetsgivarna

Magnus Huss, förbundsdirektör, IKEM – Innovations- och kemiindustrierna

Bo-Erik Pers, CEO, Jernkontoret

Marie Söderqvist, CEO, Livsmedelsföretagen

Carina Håkansson, CEO, Skogsindustrierna

Lena-Liisa Tengblad, CEO, Skogs- och Lantarbetsgivareförbundet

Per Ahl, CEO, Svemin

Klas Wählberg, CEO, Teknikföretagen

Cecilia Tall, Secretary General, TEKO, Sveriges Textil- och Modeföretags Branschförening

Anders Weihe, CEO, TEKO, Sveriges Textil- och Modeföretag

David Johnsson, CEO, Trä- och Möbelföretagen

Per-Olof Sjö, Confederation Chair, GS Facket för skogs-, trä- och grafisk bransch

Anders Ferbe, Confederation Chair, IF Metall

Hans-Olof Nilsson, Confederation Chair, Livsmedelsarbetareförbundet

Ulf Bengtsson, Confederation Chair, Sveriges Ingenjörer

Martin Linder, Confederation Chair, Unionen

Rules regarding final offer mediation

If a national sectorial collective agreement party after joint consultations between the parties according to section 6 of the Negotiation Agreement have taken place still has not been able to conclude a new national sectorial collective agreement, the OpO group may decide to propose the parties to use final offer mediation according to the following provisions.

A proposal regarding final offer mediation should be made only regarding a negotiation issue which the parties have been ordered to investigate and specify and for which they have submitted documentation to the OpO showing that the issue is well delimited.

The parties shall within seven (7) days from the proposal of final offer mediation by the OpO group state whether they accept or reject the proposal. If the proposal is accepted, the final offer mediation shall be binding on the parties and there is an obligation to keep the industrial peace during the proceedings. The proceedings shall be concluded within two (2) weeks.

The final offer board is composed of five (5) members. The chair of the OpO group shall always be the chair of the final offer board. Of the other four (4) members, each national sectorial collective agreement party shall appoint two (2). These members shall be appointed from managing directors, chief negotiators, chairs or negotiation secretaries of the parties to this agreement.

The final offer board shall order each party to submit a proposal for a solution of the dispute matter and a detailed justification of the proposal, containing a declaration that and how the proposal is compatible with the purposes of this agreement. The board may decide that the parties must develop their positions before the board and submit draft agreement text.

The final offer board shall vote on the parties' proposals for a solution. Each member shall state the grounds on which he or she bases his or her opinion. The opinion that is supported by more than half of the members shall prevail.

Only such proposals by the parties that the final offer board finds compatible with this agreement may be accepted. If the final offer board finds that only one of the proposals by the parties fulfils these criteria, the final offer board shall decide in accordance with that proposal.

If the final offer board finds that none of the parties' proposals fulfils the requirements made, the parties shall be ordered to submit new proposals.

The final offer board's ruling is binding on the parties. The board shall no later than five (5) calendar days in advance notify the agreement parties when its ruling will be delivered.

The final offer board shall strive for unanimous rulings. These shall be made in writing and contain the reasoning for the conclusions reached by the board. In case the final offer board fails to reach unanimity, also dissenting opinions shall be accounted for in writing and with clear reasoning.

Until the ruling has been delivered, the parties may under the guidance of the impartial chairs make an agreement in the matters comprised by the final offer proceedings. The agreement shall be made in the form of a collective agreement and immediately be submitted to the final offer board. If the final offer board finds that the agreement comprises the issues submitted to the board, it shall resolve to dismiss the matter.

