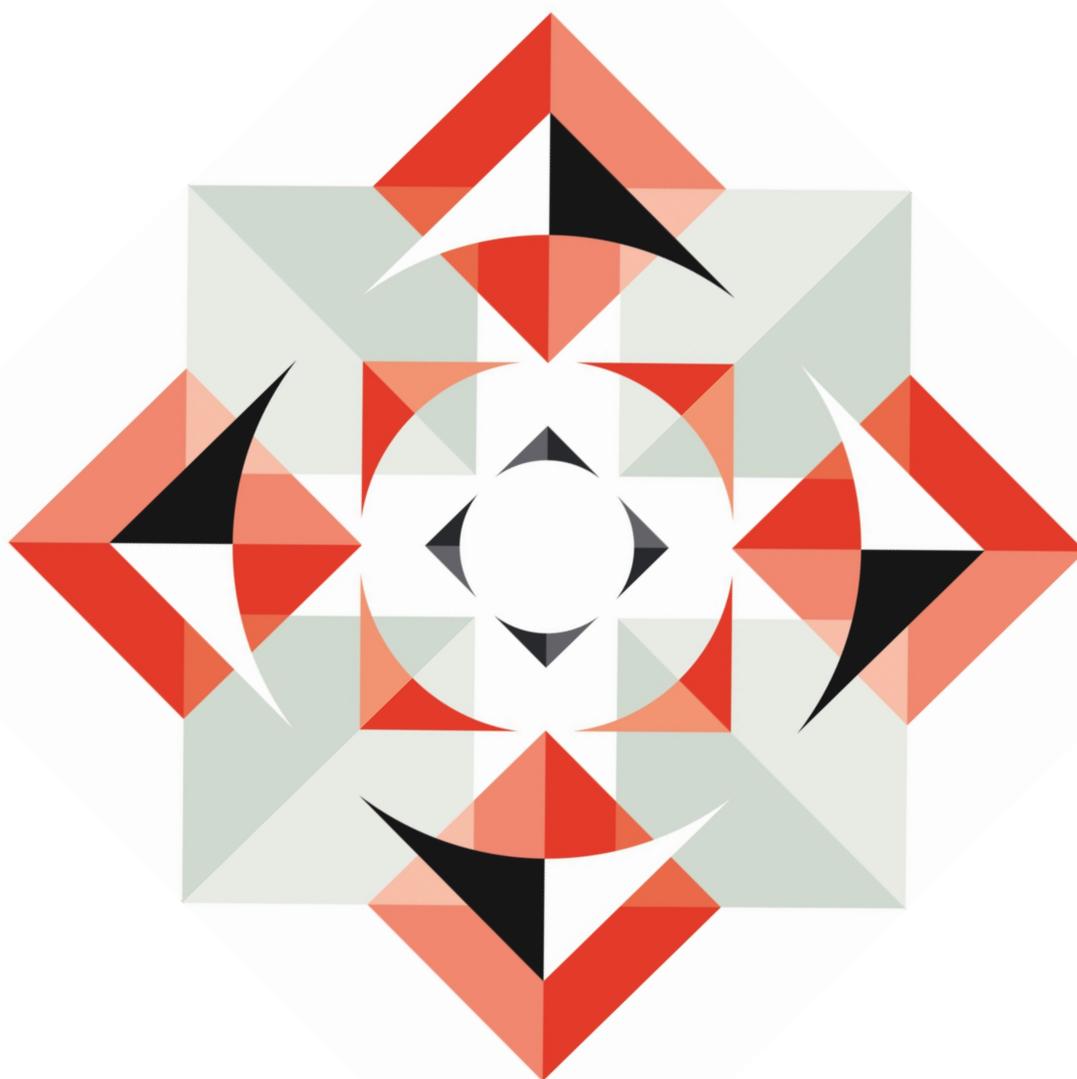


European Works Councils under Irish Law



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Introduction

European Works Councils are the only legally -mandated bodies for transnational information and consultation with employees in the world.

This Inbrief details which employers can be required to establish an EWC and the rules that apply to them. It also considers steps that they can take if they wish to move their EWC to Ireland in preparation for Brexit.

Background on EWCs

A European Works Council (a "EWC") is a body that facilitates information and consultation with European employees on transnational issues. EWCs are composed of employee representatives from each country that is a member of either or both of the European Union and the European Economic Area in which a business has employees (a "Member State").

EWCs operate separately from national information and consultation bodies. They derive from Directive 2009/38/EC (the "EWC Directive") as transposed into Irish law by the Transnational Information and Consultation of Employees Act 1996 (as amended) ("TICEA").

When do the EWC Directive and TICEA apply?

The EWC Directive applies to undertakings or groups of undertakings with at least 1,000 employees in Member States and at least 150 employees in each of two Member States.

Even if the EWC Directive applies then TICEA will only apply if an employer's central management is situated in Ireland as opposed to another Member State. Central management is the management that can exert control over an undertaking or group, or which acts as the representative agent of such management located outside of a Member State (such as in the United States).

Which rules apply?

The EWC Directive recast Directive 94/45/EC as extended to the UK by Directive 97/74/EC when the UK ended its opt-out from the Social Chapter. This means that there are three legal frameworks:

1. EWCs established prior to 22 September 1996 in advance of a business falling within the scope of Directive 94/45/EC (commonly known as "Article 13" agreements) or prior to 15 December 1999 in advance of falling within its scope as extended by Directive 97/74/EC (commonly known as "Article 3" agreements). These EWCs generally fall outside of the scope of the EWC Directive and TICEA although if a business's structure changes significantly or the agreement

terminates then management may need to negotiate a new agreement fully subject to both the EWC Directive and TICEA;

2. EWCs established or revised between 5 June 2009 and 5 June 2011. These EWCs generally fall outside of the scope of the EWC Directive and TICEA although if a business's structure changes significantly or the agreement terminates then management may need to negotiate a new agreement fully subject to both the EWC Directive and TICEA. However, unlike "Article 13" and "Article 3" agreements, these agreements are subject to Directive 94/45/EC and TICEA as in force prior to 5 June 2011; and
3. all other EWCs which are fully subject to both the EWC Directive and TICEA.

This guide focuses primarily on EWCs that are fully subject to both the EWC Directive and TICEA. These rules are nevertheless of relevance to all businesses in light of both Brexit and the rules on adaptation if a business's structure changes significantly or its existing agreement terminates.

Appointment of a representative agent and Brexit

If central management is located outside of a Member State or in the UK then it should carefully consider proactively appointing a "representative agent" in Ireland. A default "representative agent" will otherwise be deemed to exist in the Member State in which the group undertaking which employs the greatest number of employees is situated. Legislation significantly less favourable to employers than TICEA might then apply.

Central managements with an existing UK representative agent may appoint a replacement Irish one in preparation for Brexit or conditionally appoint one with effect from Brexit. We regularly advise employers on both types of appointment.

Central managements located in the UK may not yet appoint an Irish representative agent because the UK remains a Member State until Brexit. However, we regularly advise on conditional appointments that will take effect from Brexit.



Information requests

Employees and their representatives may request information for the purpose of determining whether TICEA applies to an employer. It must then provide specified information on its employee numbers and on the structure of its workforce. It may not simply confirm that TICEA applies to it.

Commencing the process to establish an EWC

An employer may choose voluntarily to establish an EWC but is under no obligation to establish one unless it receives a written request made by or on behalf of at least 100 employees from at least two Member States.

Establishing a special negotiating body

An employer must establish a special negotiating body (an "SNB") to negotiate an EWC agreement once it has chosen to establish an EWC or received a valid request. An SNB is a body of employee representatives that has the sole purpose of negotiating an EWC agreement. It does not have any information and consultation role.

An SNB must be composed to consist of one employee representative from each Member State in which an employer has employees and an additional employee representative from each Member State in respect of each tranche or fraction of 10% of employees who are employed in that Member State. Members of the SNB must be appointed or elected in accordance of the laws of the Member State in which they are employed and the employer must bear all costs involved in establishing the SNB.

Negotiations with an SNB

Employers must initiate negotiations with its SNB within six months of the commencement of the process for establishing an EWC. The employer and the members of the SNB must then work in a spirit of cooperation with a view to reaching a written agreement on the detailed arrangements for the information and consultation of employees. Negotiations may last for up to three years and a SNB's decisions must be made by a majority of its members.

Members of an SNB enjoy rights to assist them to negotiate an EWC agreement including:

- to meet without management before and after any meetings with management;
- to be assisted by experts of their choice and for management to pay for the reasonable costs of one such expert;
- to receive training to the extent necessary for the exercise of their duties;
- for management to pay for their reasonable and necessary costs relating to the negotiations such as travel expenses, accommodation expenses, and translation and interpretation support; and
- paid time off work for the performance of their duties.

EWC agreements

The SNB and management enjoy significant flexibility to negotiate the precise terms of an EWC agreement but it must detail the following:

- the companies covered by the EWC agreement;
- the composition of the EWC, the number of its members, the allocation of seats and the term of office of the members;
- the functions and the procedure for information and consultation of the EWC;
- arrangements to link information and consultation of the EWC with information and consultation of national employee representation bodies;
- the venue, frequency and duration of meetings of the EWC;
- the composition, procedure for appointment, function and procedural rules of any select committee of the EWC;
- the financial and material resources to be allocated to the EWC; and
- the date of entry into force of the EWC agreement, its duration, the arrangements for amending or terminating it, and the circumstances and manner in which it is to

be renegotiated including if the structure of the business changes significantly.

If it is not possible to conclude an EWC agreement within the three year negotiating period then an EWC must instead be established operating under the subsidiary requirements detailed in the schedule to TICEA. These provide a default set of provisions covering the matters detailed above. They provide for one annual meeting between the EWC and central management to facilitate information and consultation on the overall state of the business. They also provide for additional meetings in the event of exceptional circumstances affecting employees' interests to a considerable extent, such as in the event of significant collective redundancies in more than one Member State.

The SNB and management may also choose for the subsidiary requirements to apply before the end of the three year negotiating period and they apply by default if management fails to initiate negotiations within six months of receiving a valid request.

Operation of an EWC

The EWC agreement or the subsidiary requirements govern an EWC's operation. TICEA nevertheless imposes certain overarching obligations with which management must comply. These include:

- not dismissing or subjecting employees to any form of detriment in connection with an EWC;
- to work in a spirit of cooperation with its EWC having due regard for its rights and obligations;
- providing employee representatives with the means required for them to fulfil their duties;
- providing employee representatives with training to the extent necessary for the exercise of their duties; and
- providing employees with paid time off to perform their duties.

Confidentiality

Management may give information to an EWC on a confidential basis if it is commercially sensitive. It does not need to give information to employee representatives at all if that would be prejudicial to or otherwise seriously harm the interests of the employer.

Enforcement

Disputes regarding the confidentiality of information and regarding the interpretation or operation of EWC agreements are resolved by way of arbitration.

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