

Provisions on Collective Contracts of the People's Republic of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the Labor Law of the People's Republic of China, the Trade Union Law of the People's Republic of China and other relevant laws and regulations for the purposes of regulating collective consultation and the conclusion of collective contracts, and safeguarding the lawful rights and interests of workers and employers.

Article 2 — These Provisions shall apply to collective consultation and the conclusion of collective contracts between enterprises and their workers within the territory of the People's Republic of China.

Article 3 — Collective contracts as referred to in these Provisions mean written agreements concluded between workers and employers through collective consultation on matters such as labor remuneration, working hours, rest and vacations, labor safety and hygiene, occupational training, insurance and welfare benefits, etc.

Special collective contracts refer to written agreements concluded between workers and employers through collective consultation on specific matters such as labor safety and hygiene, protection of female employees' rights and interests, wage adjustment mechanisms, etc.

Article 4 — Collective consultation between workers and employers shall adhere to the principles of legality, fairness, equality and mutual respect, and consensus through consultation, and shall take into account the lawful rights and interests of both parties.

Article 5 — Trade unions shall represent workers in collective consultation with employers. Where a trade union has not been established, representatives elected by the workers shall conduct collective consultation with the employer.

Chapter II — Content of Collective Consultation

Article 6 — The content of collective consultation shall include:

1. Labor remuneration: wage levels, wage distribution forms, wage payment methods, wage increase and decrease ranges, wage adjustment methods, etc.; 2. Working hours: working hour systems, overtime limits, rest and vacation arrangements, etc.; 3. Labor safety and hygiene: labor safety and hygiene conditions, provision and use of labor protection articles, occupational health examinations, etc.; 4. Insurance and welfare benefits: types and coverage of social insurance, supplementary insurance and welfare benefit items, welfare facilities, etc.; 5. Special protection for female employees and underage workers; 6. Vocational training; 7. Labor discipline and assessment systems; 8. Rules and regulations of the employer; 9. Procedures for modification, rescission and termination of labor contracts; 10. Performance and supervision of the collective contract; 11. Dispute resolution in the conclusion and performance of the collective contract; 12. Other matters that both parties agree to include in the collective consultation.

Chapter III — Representatives for Collective Consultation

Article 7 — The number of representatives for collective consultation shall be equal on both sides, with at least three representatives on each side, and each party shall designate one chief representative.

Article 8 — The workers' representatives shall be elected by the trade union of the entity or by all workers. The chief representative of the workers shall be the chairperson of the trade union, or if the chairperson is unable to serve, a person authorized in writing by the chairperson.

Article 9 — The employer's representatives shall be designated by the legal representative of the employer. The chief representative of the employer shall be the legal representative of the employer or a person authorized in writing by the legal representative.

Article 10 — The term of office of representatives for collective consultation shall be determined by the party that appoints or elects them.

Article 11 — Representatives for collective consultation shall perform the following duties:

1. Participating in collective consultation; 2. Accepting inquiries from the personnel they represent and announcing the consultation situation in a timely manner; 3. Providing information and suggestions relevant to collective consultation; 4. Safeguarding the normal production and work order of the entity.

Article 12 — During the period of collective consultation, the employer shall not unjustifiably change the work position of workers' representatives or rescind their labor contracts, except where the workers'

representatives commit serious violations of labor discipline or the employer's rules and regulations, or serious dereliction of duty or engage in malpractice for personal gain, causing significant damage to the employer's interests, or are subject to criminal liability in accordance with the law.

Chapter IV — Procedures of Collective Consultation

Article 13 — Either party to the collective consultation may propose a request for collective consultation in writing. The other party shall respond in writing within 20 days of receiving the request.

Article 14 — Before the collective consultation, both parties shall prepare the matters to be discussed, familiarize themselves with relevant laws and regulations, understand the information related to the consultation and collect opinions of the relevant parties.

Article 15 — During the collective consultation, both parties shall fully express their opinions, explain their positions and hold discussions on an equal footing.

Article 16 — The consultation of the collective contract draft shall be conducted by the chief representative of each party taking turns as the moderator.

Article 17 — The employer shall provide the information and data related to the collective consultation and shall not withhold or provide false information.

Article 18 — The collective consultation shall be conducted in the form of consultation meetings. Where a consensus is reached on the draft of the collective contract through consultation, the chief representatives of both parties shall sign the draft.

Chapter V — Conclusion, Modification, Rescission and Termination of Collective Contracts

Article 19 — The collective contract draft that has been discussed and agreed upon by both parties shall be submitted to the workers' congress or all workers for discussion and adoption.

Article 20 — The collective contract shall become effective upon signature and seal by the chief representatives of both parties and submission to the labor security administrative department for review.

Article 21 — The labor security administrative department shall, within 15 days of receiving the text of the collective contract, complete the review. Where no objection is raised within the time limit, the collective contract shall take effect automatically.

Article 22 — The term of a collective contract shall be one to three years.

Article 23 — During the validity period of the collective contract, both parties may modify or rescind the collective contract through consultation under any of the following circumstances:

1. Where both parties reach an agreement through consultation;
2. Where a change in laws, regulations or rules renders the collective contract unenforceable or partially unenforceable;
3. Where the employer's business undergoes a significant change such as merger, division or dissolution, rendering the collective contract unenforceable or partially unenforceable;
4. Where force majeure renders the collective contract unenforceable or partially unenforceable;
5. Other circumstances stipulated in the collective contract.

Article 24 — The modification, rescission or termination of a collective contract shall be reported to the labor security administrative department for the record.

Chapter VI — Dispute Resolution

Article 25 — Disputes arising from collective consultation shall be resolved through consultation between the parties concerned; where consultation fails, either party may apply to the labor security administrative department for mediation; where mediation fails, the dispute may be resolved through arbitration or litigation

in accordance with the law.

Article 26 — Disputes arising from the performance of a collective contract shall be resolved in accordance with the Labor Law, the Labor Contract Law and relevant provisions.

Chapter VII — Supplementary Provisions

Article 27 — These Provisions shall apply by reference to collective consultation and the conclusion of collective contracts between public institutions and their workers.

Article 28 — Regional or industry collective contracts may be concluded through regional or industry collective consultation, and the specific measures therefor shall be formulated separately.

Article 29 — The labor security administrative departments shall be responsible for organizing and guiding collective consultation and supervising the conclusion and performance of collective contracts.

Article 30 — These Provisions shall come into force on May 1, 2004.

This translation is provided for informational purposes only. For legal matters, please consult the original Chinese text or seek professional legal advice. For assistance with collective contract negotiation and labor relations in China, please contact Dan Young Business Consultancy.