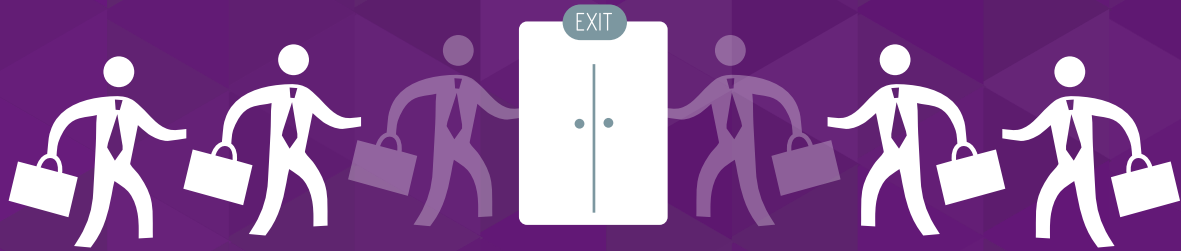


MAKING STAFF REDUNDANT



REDUCTION OF THE NUMBER OF EMPLOYEES

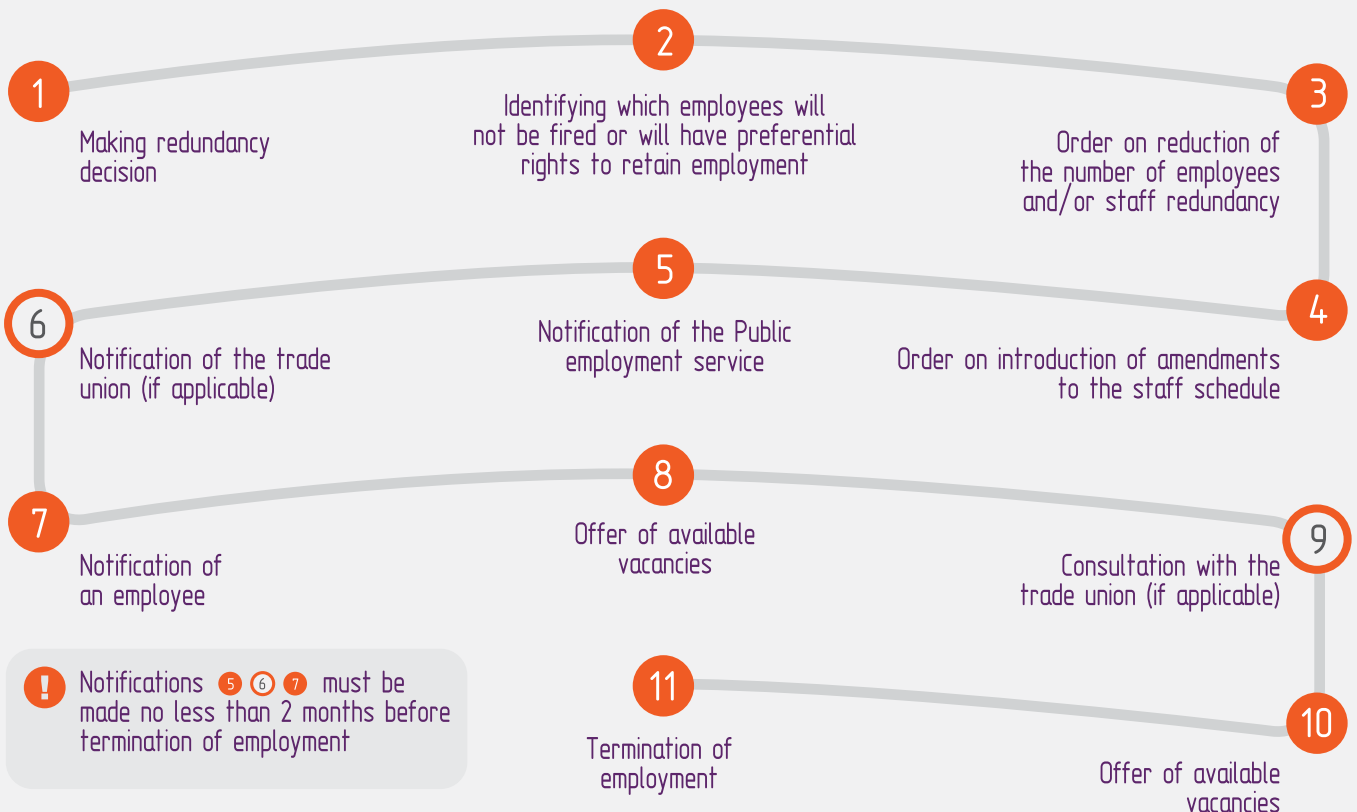
Reducing the number of employees who hold the same position

STAFF REDUNDANCY

Exclusion of certain job titles from the staff schedule



PROCEDURE



! Notifications 5 6 7 must be made no less than 2 months before termination of employment

BASIC RIGHTS OF THE EMPLOYEES

THE FOLLOWING TYPES OF EMPLOYEES CANNOT BE MADE REDUNDANT:



a woman having a child under 3 years old



a single mother bringing up a child under 14 years old (a disabled child under 18 years old)



any person bringing up a child under 14 years old (a disabled child under 18 years old) without a mother



pregnant



a parent (child's legal representative) being a sole breadwinner of a disabled child under 18 years old or a sole breadwinner of a child under 3 years old in the family bringing up 3 or more children under 14 years old if another parent (a child's legal representative) is unemployed



To be notified in person and against signature no less than 2 months before the employee is made redundant



To terminate the employment agreement before the expiry of a 2 months notification period with payment of additional compensation equal to the employee's salary which would have been paid if he/she had continued work before the date of making redundancy



To be notified of available vacancies by the employer during redundancy procedure



To receive redundancy payment (plus compensation if the employee agrees to terminate the employment contract before the expiry of 2 months notification period) which will not be subject to personal income tax in the part not exceeding 3 months average earnings



To have preferential right to retain employment if he/she has higher work productivity and skills in comparison with the employee having the same position



To be familiarized with the order on termination of employment against signature and to receive its copy as well as his/her employment book (if applicable) and settlement of account

MASS REDUNDANCY*

1 MONTH



50 EMPLOYEES

2 MONTHS



200 EMPLOYEES

3 MONTHS



500 EMPLOYEES

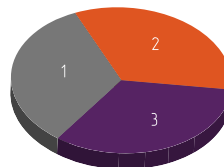


The trade union and the Public employment service shall be notified of mass redundancy no less than 3 months before the employees are made redundant

* Criteria of mass redundancy depend on kind of business of the employer and its region of incorporation in Russia

REDUNDANCY PAYMENT

Maximum amount of redundancy payment that shall be paid by the employer is equal to 3 months average monthly earnings



- 1 On the date of termination of employment
- 2 In two months after the employee is made redundant if he/she doesn't find employment
- 3 In three months after the employee is made redundant by decision of the Public employment service if the employee applied to that body within two weeks after termination of employment and that body failed to find employment for him/her

Redundancy procedure requires intense attention to documentation which shall be prepared in strict conformity with the Russian employment law regularly monitored by dedicated attorneys

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