

## Checklist - employment agreement

The following provisions should be included in your employment agreement.

### Parties

Who is the employer and who is the employee? Include full names, company registration number, personal identity number, addresses and contact information.

### Date of commencement

What date does the employment start? It is important to include the starting date of the employment in order to calculate employment time in the event of a termination by either party (11 § Employment Protection Act), or when a fixed-term employment shall be converted to a permanent employment (5 a § Employment Protection Act).

### Work Location

Where will you perform your work (location)? We recommend that the work location is specified to a certain geographically determined location, unless the parties due to the nature of the employment agree otherwise.

### Title

Title based on profession or position. Does the position include staff management? Include a short summary of tasks and responsibilities.

### Form of employment

Is the employment permanent, does it begin with a probationary period or is it a fixed-term employment? The length of an eventual probationary period should be specified, be aware that probationary employment is an insecure employment type. The employment agreement is valid indefinitely unless the parties have agreed otherwise.

### Notice period

Regardless of the form of employment, when and/or how the employment can be ended should be stated. Should you terminate your employment, your notice period is 1 month according to the Employment Protection Act, or the notice period stated in the collective bargaining agreement or your employment agreement. If the employer terminates the employment, the notice period is determined by the number of employment years or what has been agreed.

### Salary

What is your fixed salary? Do you have any variable salary? When is the annual salary revision? What salary year is applicable to your salary? Is the salary paid out monthly or in arrears?

### Equity compensation

The most common equity compensation plans are employee stock ownership and direct purchase plans. Check the provisions and, if applicable, the terms and conditions for the issue of the shares. How does the incentive program work? What are the financial consequences of the participation in the incentive program? Inform yourself about the tax consequences of this plan.

### Overtime compensation

The right to overtime compensation can be waived in advance, usually in exchange for a higher salary and/or five extra vacation days outside of the minimum amount required by law. Should you choose to waive the right to overtime compensation, Sveriges Ingenjörer still recommends you to keep track of any overtime hours. For newly graduated members, it can be advisable to refrain from waiving the

right to overtime compensation, as it can be extra difficult in the beginning of your career to foresee the amount of work and overtime hours required.

### Vacation

The minimum amount of vacation days required by law is 25 per vacation year. The number of vacation days you agree on should be included in your agreement. Advance vacation is possible for the first year of employment.

### Pension and insurance benefits

In addition to the general statutory pension, the employer should provide an occupational pension insurance. The insurance should include an Occupational Pension Plan, Disability Pension, TGL (Occupational Group Life Insurance), TFA (Work Injury Insurance) and a Premium Exemption Insurance. For advice on the level of insurance, we recommend you to visit [www.ptk.se](http://www.ptk.se) to see the insurance levels provided by companies that have the ITP-plan.

### Other benefits

Company car, subsidized lunches, wellness allowance, travel pass etcetera?

### Business trips

What are the company's rules for daily allowances during travel within and outside of Sweden and at what level? What mileage reimbursement applies for business trips within Sweden?

### Non-competition clause

Non-competition clauses should only be used in exceptional cases. The length of the clause should not exceed nine months after the end of the employment. During the period of validity of the clause, the employer must pay at least 60 % of your monthly salary, often provided that you have to apply for other employment and that the non-competition clause prevents you from taking employment.

A non-competition clause can affect your ability to take employment within the area you are educated in during the period the clause is applicable. Sveriges Ingenjörer therefore urges you to be careful and consider the consequences a non-competition clause can have in the future before signing your employment agreement.

### Inventions and intellectual property rights

Employees have a statutory right to reasonable compensation for inventions that the employer claims. The right to compensation cannot be waived in advance. Employment agreements often contain provisions regarding how intellectual property rights should be handled during the employment, and in some cases after the employment has ended. For the engineering collective, questions regarding intellectual property rights typically are more important than for other professions.

### Confidentiality agreements

It has become more common for employers to include different types of confidentiality provisions in employment agreements. These provisions are often valid for an indefinite period. Sveriges Ingenjörer's view is that confidentiality provisions should be limited in time. It can be argued that the Act on the Protection of Trade Secrets provides the employer with a sufficient protection of trade secrets, and that trade secrets lose their topicality over time.

## **Collective bargaining agreements**

Collective bargaining agreements contain provisions on occupation pension, sick pay, leave of absence, notice periods, overtime- and travel compensation, compensation for inventions, working hours etcetera.

If the employment is not covered by a collective bargaining agreement, the employment agreement should include provisions on all matters that are otherwise found in the collective bargaining agreement. The easiest way to do so is by having your employment agreement refer to the collective bargaining agreement which is currently applicable to your sector. You can compare with the collective bargaining agreements at [www.sverigesingenjorer.se](http://www.sverigesingenjorer.se).

## **Deductions**

The employer's right to make deductions is regulated through the Off-Set Act (1970:215). The Act gives the employer in certain cases the right to deduct a debt that an employee has to the employer against the employee's salary or other compensation connected to the employment. Giving the employer consent to make deductions can constitute a risk to you as an employee, since the employer's possibility to make deductions without consent from the employee or through an agreement is strictly limited otherwise. A consent

to make deductions, however, can always be rescinded by you during the employment.

## **Applicable law**

Swedish law applies unless the parties have agreed otherwise. If another country's law is to govern the employment, Sveriges Ingenjörer's ability to represent you in the event of a dispute is strictly limited. We therefore recommend that Swedish law applies to the employment.

## **Liquidated damages**

A provision on liquidated damages is a contractual penalty that applies if the employee breaches one or several parts of the agreement, and often corresponds to six months' salary. Sveriges Ingenjörer advises against agreeing on liquidated damages.

## **Dispute resolution**

It is Sveriges Ingenjörer's view that disputes regarding employment agreements should be settled by Swedish courts. However, in some cases the employer wishes to add a so-called arbitration clause to the employment agreement, primarily because arbitration results in the dispute not becoming public. Sveriges Ingenjörer's legal aid covers legal counsel's fees, but not the arbitrators' fees. If arbitration is the choice of dispute resolution, the employment agreement should include an obligation for the employer to bear the full cost of the arbitrators' fees.

For more information on employment conditions, please visit [www.sverigesingenjorer.se](http://www.sverigesingenjorer.se) and log on to the membership pages.