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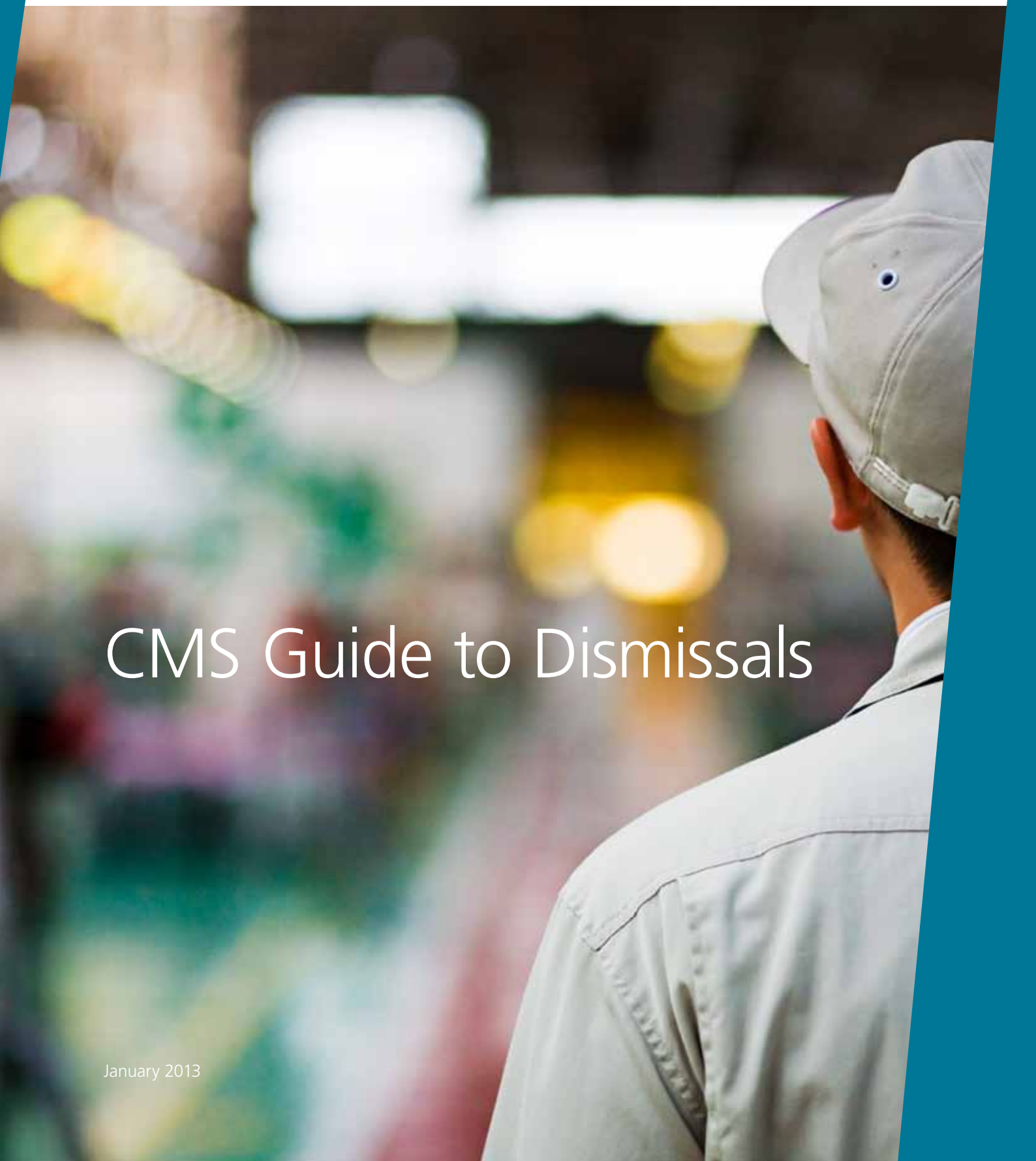

CMS Guide to Dismissals

January 2013

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Introduction

Although the European Union is underpinned by common principles, considerable differences remain even beyond simple linguistic barriers. These differences are particularly noticeable in the development and application of labour laws across the continent. Widening the focus beyond the EU and into non-EU states including China and Russia provides for even greater contrasts.

This Guide provides an overview of termination procedures for employees and managing directors in 22 European countries, plus Russia and China. The first part of the Guide deals with termination procedures for employees and the second part for managing directors. The Guide is intended to provide CMS's international clients, including those doing business across Europe and into Asia, with a summary of local laws across all 24 countries, making it easier to understand both the similarities and differences between each jurisdiction. The Guide has been written by the CMS Employment and Pensions Practice Area Group, which comprises over 250 lawyers with specific expertise and experience in employment and pensions law.

We are confident this Guide will help clients considering dismissals. If it encourages you to seek more detailed information, then please contact one of the members of the CMS Employment and Pensions Practice Area Group who will be happy to provide further advice. We have a proven track record in understanding our clients' needs, and in delivering a professional and seamless service.

Katja van Kranenburg-Hanspians and Fernando Bázan López
CMS Practice Area Group Employment and Pensions

CMS Employment and Pensions Group

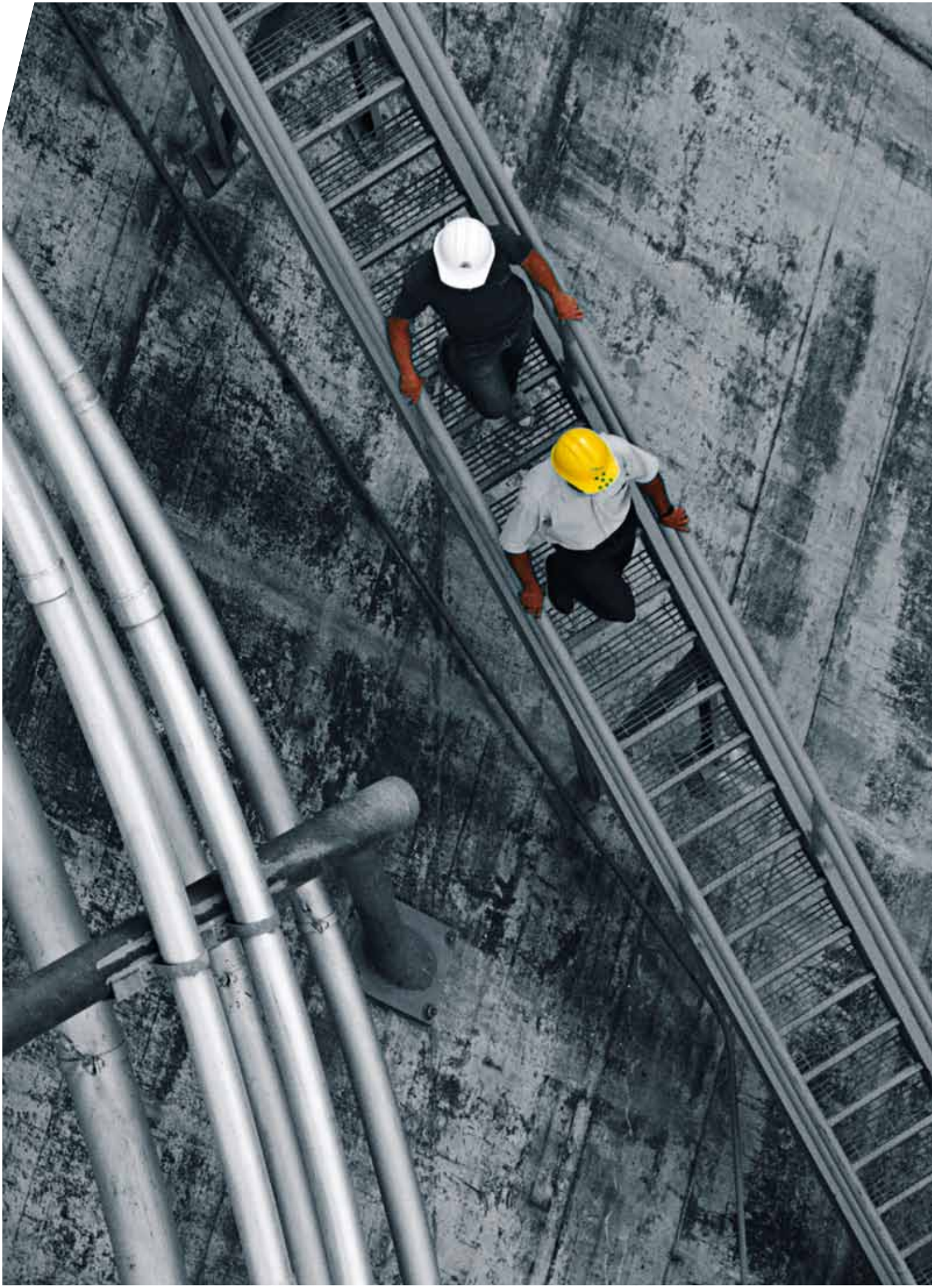
The CMS Employment and Pensions Group advises national and international organisations on the employment law issues which affect businesses operating across Europe and beyond. Our solutions are based on broad experience of specific business environments and industry sectors.

We offer coordinated advice through a single point of contact. This means clients can deal with a local firm in their own country in their own language, whilst at the same time benefiting from the integrated expertise of a wide multi-jurisdictional team of more than 250 practitioners.

Full range of employment law services

Our lawyers have specific expertise in the following areas:

— Compliance with national and international laws and standards
— Individual and collective dismissals
— Employee share/stock ownership
— Employee pension schemes
— Social security contributions
— Equal opportunities and discrimination
— Employee information and consultation
— Redundancy programmes
— Labour/trade union issues/disputes
— Employee and pensions aspects of mergers and acquisitions, outsourcing, nationalisation, privatisation
— Enforcement of restrictive covenants and confidentiality provisions
— Drafting employment contracts, company policies and collective agreements
— Works councils at company, national and international levels



Employees

Austria

Reasons for dismissal	As a general rule, employers in Austria are not required to justify ordinary dismissals *("Kündigungen").* They must, however, observe statutory notice periods. Employees that are members of protected classes such as women who are pregnant or have recently given birth, parents on parental leave, workers who are called up for compulsory military or community service, works council members, safety officers and employees formally classified as disabled persons *("begünstigte Behinderte")* enjoy additional protection and may only be dismissed for one of several due reasons, often only with the prior consent of competent authorities. Exceptions apply to "socially unjust" dismissals, which are challengeable by employees. If challenged, such dismissals may be justified for reasons related to employee capabilities, conduct or operational requirements such as restructuring measures.
Form	Unless otherwise stipulated by collective agreement or employment contract, dismissals do not require any particular form. For evidentiary reasons, we do, however, recommend giving notice in writing. Exceptions apply to the protected classes described below; such employees may only be notified of their dismissal in writing and may even be entitled to legal instructions beforehand.
Notice period	Although Austrian law does provide statutory minimum notice periods and dates, employers are free to designate their own notice regimes on the basis of collective agreements and employment contracts. In case of conflicting regulations, however, employees will always benefit from the most favourable rule, pursuant to the "favourability principle". Austrian employment law distinguishes between white-collar and blue-collar workers, providing separate notice models for each. White-collar workers are entitled to receive between six weeks' notice (after one year's employment) and five months' notice (after 25 years' employment). As mentioned above, employers are free to modify these terms, although no notice period may exceed six months. In addition, white-collar workers benefit from statutory notice dates, providing that all dismissals must be expressed at the end of any given annual quarter, unless contractually modified to allow dismissals on the 15th or last day of any given month.

	If not otherwise stipulated by collective agreement, blue-collar workers are subject to a notice period of at least 14 days. In practice, however, collective agreements often stipulate more generous notice periods. One possible way of avoiding notice periods is to incorporate probationary periods into employment agreements. Such probationary periods may be concluded for a duration of one month, and render the employment relationship terminable by either party at any time without cause. Employees hired for a specific duration may not be dismissed prior to its lapse, unless contractually agreed otherwise. Additionally, such notice periods must be proportionate to the limited duration.
Involvement of works council	Once five or more workers are employed at the same workplace, they are entitled to elect a works council. If a works council does exist, it must be informed of any designated dismissals at least one week in advance. Within this timeframe, the works council may object, explicitly approve or refrain from commenting on the dismissal. Any dismissal expressed without notification of the works council or within the seven-day notice period is void, unless the works council fails to provide a statement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Obligatory only for certain groups of employees, e.g. severely disabled persons, pregnant women, and employees on parental leave.
Collective redundancies	When collective dismissals *("Massenkündigungen")* are imminent, employers are required to notify the Austrian Employment Service 30 days in advance. For the sake of this notification procedure, collective dismissals are defined as employment terminations affecting: (i) more than five workers at an establishment of 21 to 99 employees; or (ii) 5% or more of workers at an establishment of 100 to 600 employees; or (iii) at least 30 workers at an establishment of at least 600 employees. The requirements of the notification procedure are met if the employer informs the competent agency in writing and waits for one month before carrying out the intended dismissals. Any failure to observe these rules will render all pertinent dismissals void.
Summary dismissals	Unlike its ordinary counterpart, an extraordinary dismissal *("Entlassung")* does not require observance of any particular notice periods, but may only be expressed as a result of a serious breach of duty for due reasons. Such reasons include extended absences from work or disloyalty for white-collar workers, or unauthorised absences from work or embezzlement for blue-collar workers. Summary dismissals must be expressed immediately once the employer has gained knowledge of the reason for dismissal. Summary dismissals remain effective, even if they do not meet the above-mentioned requirements. However, any such failure will result in the qualification of a summary dismissal as ordinary, resulting in the applicability of dismissal protection benefits otherwise awarded only in case of ordinary dismissals (see below).

Consequences if requirements are not met	Non-compliance by the terminating party with the prescribed or agreed periods or dates of notice constitutes untimely notice. Although such untimely notice remains effective, it entitles the employee to dismissal compensation *("Kündigungsentschädigung").* Such compensation consists of the remuneration that the employee would have received, had the dismissal been properly expressed, i.e. all due remuneration between the actual termination of employment and the date of termination prescribed by law, collective agreement, works agreement or employment contract. The employee is entitled to full compensation for notice, up to three month's salary.
Severance pay	Austrian statute distinguishes between two severance models; one is applicable to all employment relationships established prior to 1 January 2003 ("old model"), and the other to employment agreements signed after that date ("new model"). The old model awards multiples of monthly salaries, depending on the duration of service. After three years of service, employees receive a severance payment in the amount of two monthly salaries, increasing to three monthly salaries after five years, and so on. Those with more than 25 years of service receive 12 monthly salaries. These multiples are calculated on the basis of the last monthly salary including *pro rata* consideration of any other regular payments such as 13th and 14th annual salaries, average overtime, bonuses or commissions. Under this model, however, the severance payment requirement can be waived if the employee gives notices himself, resigns prematurely, or is extraordinarily dismissed by the employer for reasons attributable to the employee. Under the new model, a certain percentage of every monthly salary is paid into an employee severance fund *("Mitarbeitervorsorgekasse").* At the end of any given employment, the employee may then either request disbursement of the collected amount or simply invite a new employer to continue payments to the same fund.
Non-competition clauses	Non-competition clauses are only valid insofar as they are concluded for the duration of no more than one year after the termination of employment and restricted to the employer's line of business. The pertinent limits regarding duration and geographical area may not represent an undue hardship on the employee's career when weighed against the employer's justified business interests. Non-competition clauses are rendered void when dismissals are expressed by the employer or when the specificity of the employee's education only offers occupation opportunities in the pertinent sector.
Miscellaneous	Not applicable.

Belgium

In Belgium, a distinction exists between blue-collar workers and white-collar workers. The main difference is the length of notice periods that has to be taken into account, which is much lower for blue-collar workers. On 7 July 2011, the Constitutional Court decided that the distinction violates the Constitution. Therefore, the Court has given the Legislator until 8 July 2013 to harmonise the status of blue-collar and white-collar workers. Nevertheless, everyone expects that it will take much more time to harmonise the applicable rules.

Reasons for dismissal	Except in relation to certain protected employees (i.e. pregnant women, etc.), the employer doesn't need to provide specific reasons for termination. However, an employee may be able to claim a "complementary indemnity", such as an additional indemnity apart from the notice period or the termination indemnity, in respect of an "abusive dismissal". These claims are more common for blue-collar workers and are rarely entitled by Court to white-collar workers.
Form	Notice must be given in writing (either by registered letter or by a special public officer called bailiff or *"huissier de justice"*). The notice letter must specify the length of the notice period and the day on which the notice period will begin. For termination with immediate effect, there is no specific form of notice (except where dismissal is with serious cause). However, in this case a registered letter or a letter signed for receipt by the relevant employee is recommended for reasons of proof.
Notice period	Since 1 January 2012, new rules on notice periods have been introduced by law. A difference exists between employment contracts concluded before and after 1 January 2012. **Employment contract concluded before 1 January 2012** For white-collar employees earning no more than EUR 31,467 gross per year (for 2012), the notice is equal to three months for each commenced period of five years of service. For employees earning more than this sum, the notice period is determined by mutual agreement (at the earliest when the notice is given) or, in the absence of an agreement, by the Labour Court. Factors to be taken into consideration are the employee's age, annual salary, seniority and function at the time of dismissal. Only when employees earn more than EUR 62,934 gross per year (for 2012) at the beginning of their employment can the notice period be agreed upon in advance, with a minimum of three months per five years of service.

Employment contract concluded after 1 January 2012
For white-collar employees earning no more than EUR 31,467 gross per year (for 2012), the notice is equal to three months for each commenced period of five years of service.

For employees earning more than this sum, the following notice periods are applicable:

Seniority of higher white-collar employee	Notice by employer	
	As from 01.01.2012	As from 01.01.2014
Less than 3 y	91 calendar days (cld)	91 cld
3 y but less than 4 y	120 cld	116 cld
4 y but less than 5 y	150 cld	145 cld
5 y but less than 6 y	182 cld	182 cld
6 y or more	30 cld per started year of seniority	29 cld per started year of seniority

For blue-collar workers, the following notice periods are applicable:

Notice by	Seniority of blue-collar worker					
	< 6 months	6 months < 5 y	5 y < 10 y	10 y < 15 y	15 y < 20 y	20 y or >
Employer: Old	28 cld	35 cld	42 cld	56 cld	84 cld	112 cld
New	28 cld	40 cld	48 cld	64 cld	97 cld	129 cld

Involvement of works council	Except in particular circumstances (i.e. collective dismissal) the works council does not have the right to be informed prior to an individual dismissal. However, if the employee being dismissed is a member of the works council, the joint committee (which is a sectoral negotiating body) or the Labour Court has to approve the reasons for the dismissal. This specific procedure has to be followed prior to dismissal.
Involvement of a union	The trade union delegation does not have the right to be informed prior to an individual dismissal. However, if an employee who is a member of the trade union is dismissed, a specific procedure prior to the dismissal has to be complied with.
Approval of state authorities necessary	In case of a collective dismissal, the state authorities have to be involved in the information and consultation procedure, but state authorities must not approve the dismissal(s).

Collective redundancies	Specific rules apply to collective dismissals or closures. An information and consultation procedure has to be respected prior to the decision to carry out the collective dismissal or closure. The workers will be entitled to specific indemnities in case of closure. Although there is no legal obligation to do so, it is quite common for social partners to negotiate and conclude a social plan. Furthermore, the employer has to take measures to re-activate the workers affected by the collective dismissal.
Summary dismissals	Dismissals without notice are only possible when the termination is with "serious cause", such as fraud or theft. Notice of termination must be delivered by registered letter within three days. The three-day period commences when a representative of the employer with the authority to dismiss has sufficient knowledge of the reason for termination. The facts considered as serious cause must be notified by registered letter within three days of the date of termination. Therefore, the first letter has to mention that the employment contract is being terminated with serious cause, and the second letter must mention all the facts and the explanation of that serious cause. Sometimes the second letter is included with the first one.
Consequences if requirements are not met	Depends on which requirement has not been met. Belgian employment law favours a complementary indemnity (payment of damages) rather than an obligation to reinstall the employee.
Severance pay	In principle, the party terminating the employment contract chooses whether to end the contract by means of performance during the notice period or with immediate effect and payment of an indemnity in lieu of notice (severance pay).
Non-competition clauses	A non-competition clause in the employment contract of a 'normal' white-collar worker earning more than EUR 62,934 gross per year is only valid if: — the scope is limited to similar activities; and — the scope is limited to a well-defined geographic area in which concurrence may exist and is limited to the Belgian territory; and — the duration of the clause does not exceed 12 months after the termination of the employment agreement; and — the clause provides for the payment of an indemnity by the employer to the employee equal to at least 50% of the gross remuneration that the latter could have earned during the duration of the non-competition clause, unless the employer renounces from the applicability of the non-competition clause within a period of 15 days after termination of the employment contract. Other rules apply in the case of sales representatives. Unlike non-competition clauses included in the employment contract, post-contractual non-competition covenants are not subject to specific conditions. However, their duration, as well as the penalty in case of a breach, must be reasonable with regard to the circumstances (seniority, salary, etc.).
Miscellaneous	Not applicable.

Bosnia and Herzegovina

Reasons for dismissal	Under labour law, an employer can terminate an employment contract: — for economic, technical or organisational reasons, where the employer cannot be reasonably expected to offer the employee an alternative position, or provide any necessary training or equipment to perform an alternative role; or — if the employee is not capable of performing his contractual obligations; or — if the employee has committed a serious offence or serious breach of his contractual obligations (in these circumstances the employer can terminate the employment contract with immediate effect). Under the labour law of Republika Srpska, other reasons for dismissal include: — inability to perform employment obligations (bearing in mind the employee's professional and working abilities); and — a failure to return to work within five working days of the expiry of a period of unpaid leave.
Form	The employer must notify the employee in writing. The dismissal letter must include reasons for the dismissal and their statutory basis.
Notice period	In the Federation of Bosnia and Herzegovina, the statutory minimum notice periods are seven days (employee to employer) and 15 days (employer to employee). The actual notice period is normally determined by internal company regulations and collective agreements, or if these do not exist, the notice period is incorporated into the employment contract. The notice period commences on the day the employee is notified of the dismissal. In the Republika Srpska, the statutory minimum notice period given to the employee is 30 calendar days.
Involvement of works council	In the Federation of Bosnia and Herzegovina, following recent amendments to labour law, the works council does not have a significant role in the dismissal of workers. It has to be consulted in case of a dismissal of more than 10% of the employees based on the reasons in accordance with labour law. In the Republika Srpska, employers with 15 or more employees can establish a works council. However, the role of this body is purely advisory (in relation to all labour law aspects of the company, including dismissal of workers).

Involvement of a union	The union is involved in the negotiation of collective employment agreements and ensuring that employers obey labour law. Even though the union does not have any concrete powers in relation to the dismissal of workers, if there has been an unlawful dismissal or any irregularity in relation to a dismissal, the union can assist the employee in making his claims against the employer.
Approval of state authorities necessary	It is necessary to obtain the prior approval of the relevant labour ministry if an employer proposes dismissing a union commissioner (the employee's trustee) during and for a period of six months after his term of office.
Collective redundancies	Collective redundancies normally arise on termination of collective employment agreements. The reasons, conditions and notice period required for collective redundancies are normally regulated by contract. In the Federation of Bosnia and Herzegovina, the statutory minimum notice period is 30 days.
Summary dismissals	The employer can terminate the employment contract without notice if the employee has committed a serious offence or serious breach of his contractual obligations (in circumstances where it would be unreasonable to expect the employer to continue the employment relationship).
Consequences if requirements are not met	If the court determines that dismissal is unlawful, it can oblige the employer to: — reinstate the employee (at the employee's request) and compensate the employee for the loss of salary he would have received had he not been dismissed; or — compensate the employee for the salary he would have received had he continued employment, and for any type of damage incurred, and also make a severance payment (the amount will be prescribed by statute, collective agreement, byelaws or the employee's employment contract). It should be noted that the employee may request that the court make a temporary order reinstating the employee pending resolution of the dispute.
Severance pay	An employee with a contract of unfixed duration who has at least two years' continuous service has a statutory right to severance pay. The sum depends on the employee's length of continuous service. Severance payments are normally set out in collective agreements, employment contracts and internal company rulebooks ("rulebooks on severance payments" or "work rulebooks"). However, the statutory minimum payment is one-third of the employee's average monthly salary (calculated over the three months preceding dismissal) for each year of service. The method and deadline for payment is normally set out in a written agreement between the parties. It should be noted that the employer is not obliged to make a severance payment if the reason for dismissal is due to the employee's breach of contract or obligations arising out of the employment relationship.
Non-competition clauses	Non-competition clauses are permitted under labour law. In the Federation of Bosnia and Herzegovina, the parties can incorporate a restrictive covenant into the contract restricting the employee from working for a competing business, or from conducting business in competition with the employer on his own or a third party's account. The term of the covenant cannot exceed two years from termination. For a restrictive covenant incorporated in the employment contract to be valid, the employer must compensate the employee with at least 50% of his average salary (over the three-month period preceding termination) during the restricted period.

	Similar provisions apply in the Republika Srpska, with two key differences: (i) the maximum term of the restrictive covenant is limited to one year following termination; and (ii) the minimum compensation which must be provided to the employee is 50% of his average salary (calculated over the six-month period preceding termination).
Miscellaneous	Not applicable.

Bulgaria

Reasons for dismissal	An employment contract can be terminated at any time by an employee with notice, without having to justify the termination. Termination of employment contracts by an employer can only take place on the exhaustive grounds provided for in the Bulgarian Labour Code. Reasons relate to the employee (e.g. lack of efficient working performance), business (e.g. business closure, reduction of work volume), and conduct (e.g. disciplinary breaches).
Form	Must be in writing, signed by the employer. Must be registered with the National Revenue Agency within seven days of signature.
Notice period	For "unlimited" labour contracts: statutory minimum notice period of 30 days, statutory maximum of three months. For "limited" labour contracts: statutory minimum notice period of three months, but the notice period may not be longer than the unexpired term of the contract.
Involvement of works council	No works council involvement. If an employee is an elected employee representative, prior approval for his dismissal must be sought from the National Labour Inspection.
Involvement of a union	If an employee belongs to the management of an establishment-based union, or a national, territorial or branch union, prior approval for his dismissal must be sought from that union. This protection applies while the employee is a member of the union management, and for up to six months after he ceases to be a part of its management.
Approval of state authorities necessary	Obligatory for certain groups of employees: pregnant female workers; female workers in an advanced stage of in vitro treatment; mothers of children below the age of three years; occupational rehabilitees; employees suffering from diseases explicitly listed in a regulation of the Council of Ministers; employees on leave; elected workers' representatives; members of special negotiation bodies, European works councils or representative bodies of European companies or cooperatives.

	Employees on maternity leave (410 days, of which 45 days before giving birth) can only be dismissed in the event of closure of the whole business. This limitation is absolute and cannot be overcome with any approval of state authorities.
Collective redundancies	Collective redundancies are dismissals within 30 days performed at the sole discretion of the employer, for reasons not related to the dismissed employees, of the following numbers of people: (i) at least ten employees in establishments of more than 20 and less than 100 employees; or (ii) 10% of the employees in establishments of 100 to 300 employees; or (iii) at least 30 employees in establishments of more than 300 employees. If at least five dismissals have taken place within a period of 30 days, every new dismissal at the sole discretion of the employer for reasons not related to the dismissed employee shall be added up to the total number of dismissals for the purposes of evaluating whether a collective redundancy has taken place or not. Certain reporting and consultancy obligations exist for employees in the event of collective redundancies. Consultations with employees shall start at least 45 days before the collective redundancies. Thirty days before the collective redundancies, employers shall notify the Employment Agency.
Summary dismissals	Dismissal without notice is possible in the event of a serious breach of duty or for reasons related to the individual (e.g. deprivation of the right to exercise the job based on a court sentence or an administrative act).
Consequences if requirements are not met	If such a dismissal is challenged in court, it may be declared wrongful and repealed on these grounds, an employee may be reinstated to his previous job, and a court may award compensation (equivalent to no more than six months' salary for the period of unemployment resulting from the dismissal).
Severance pay	Statutory maximum severance payment of one month's salary for dismissals on specific grounds (e.g. closure of the establishment, partial closure of the establishment, staff cuts, etc.). Two months' salary for dismissal due to disability or hazard to the health of an employee, if the employee has worked for at least five years and has not received such severance pay in the last five years. Two months' salary for termination of the employment contract of an employee, whatever the grounds, who has reached the required retirement age and length of service; if the employee has worked for the last ten years with the same employer, the severance pay amounts to six months' salary. Where the employment contract is terminated by mutual agreement on the initiative of the employer and against payment of compensation, the severance pay is a minimum of four months' salary of the employee.
Non-competition clauses	Employees are entitled to work for other employers outside working hours under their basic employment contract unless stipulated otherwise in the contract. Post-contractual non-competition covenants are not regulated by statute. According to Bulgarian case law, such covenants are not considered valid.
Miscellaneous	Not applicable.

Reasons for dismissal	Employees can only be dismissed if one of the statutory reasons for termination is fulfilled. Such termination reasons include incompetence even after training or a transfer of position, non-work-related illness, and a change in the objective circumstances on which the labour contract was originally concluded.
Form	Written form, signed by a duly authorised representative of the employer. Must not be faxed or e-mailed. The employer bears the burden of proof that the employee has received it.
Notice period	The statutory minimum notice period is 30 days. Alternatively, one monthly salary can be paid in lieu of a prior notice period. If the employer has agreed a longer notice period with the employee, the employer shall comply. In case of extraordinary dismissal, termination without prior notice period is possible.
Involvement of works council	No involvement.
Involvement of a union	A trade union committee shall be established at company level if the company has more than 25 trade union members. If a trade union exists, then the employer shall inform the trade union of the reasons for termination in advance, but consent from the trade union is not required.
Approval of state authorities necessary	Not required.
Collective redundancies	Collective redundancies are defined as dismissals of large numbers of employees, i.e. 20 persons or more, or less than 20 persons but accounting for ten percent or more of the total number of employees of an employer due to the reasons of undergoing restructuring proceedings in accordance with the law, suffering serious operational difficulties, a change in the line of production or business mode, or other objective changes of the economic circumstances which were the basis for the conclusion of the labour contract, making the labour contract unable to be performed. Before collective redundancies are implemented, the employer shall explain the circumstances to the trade union, if any, or to all of its employees thirty days in advance, consult their opinions and report the workforce reduction plan to the competent labour administration authority.

Summary dismissals	Dismissal without notice is possible in the following cases: (i) if it is proved that during the probation period that the employee fails to satisfy the recruitment requirements; or (ii) the employee has seriously breached the employer's rules and regulations; or (iii) the employee has committed serious dereliction of duty or practiced graft and caused substantial damages to the employer's interests; or (iv) the employee has conducted a secondary occupation which materially affects the employer or has refused to rectify this even after the employer has requested that he do so; or (v) the employee has concluded the labour contract against the true will of the employer by way of deception or coercion, or taking advantage of the employer; or (vi) the employee has been accused of criminal liability in accordance with the law.
Consequences if requirements are not met	Upon the application of the employee, the labour arbitration commission may order the employer to reinstate the employee. If the employee does not ask for reinstatement or it is not practicable to reinstate the employee, the employer shall pay compensation to the employee in the amount of twice the statutory severance pay for the unjustified termination.
Severance pay	No severance pay for extraordinary dismissal. As to other dismissals, statutory severance pay is required. The amount is subject to the duration for which the employee has worked for the employer and shall be one month's gross salary for each working year. In case the actual working period of the employee is less than six months, the amount of severance pay shall be half of one month's salary. For the period after 1 January 2008, if the monthly salary of the employee exceeds three times the average monthly salary of employees for the previous year as stipulated by the local government, the amount of the severance payment shall be calculated with a cap of three times the average monthly salary of employees as stipulated by the local government.
Non-competition clauses	Post-contractual non-competition obligations can be agreed by the employer and an employee who is a member of senior management, a senior technician, or subject to confidentiality obligations in written form with a maximum period of two years. Such an obligation is only valid if the employer pays compensation to the employee on a monthly basis. The compensation amount is subject to the agreement of the parties. In some regions, local regulations exist which fix the compensation level at no less than one-fifth to one-half the monthly salary of the employee before leaving the employer.
Miscellaneous	Not applicable.

Croatia

Reasons for dismissal	The reasons for regular termination as set out in the Labour Act are as follows: — if the need for work ceases to exist for economic, technical or organisational reasons (“notice due to business reasons”);or — the employee is incapable of fulfilling his employment-related duties due to certain personal characteristics or qualifications (“notice due to personal reasons”); or — the employee intentionally breaches a contractual obligation (“notice due to misconduct”).
Form	Written form, including reasons for termination. Decision is to be delivered to the employee.
Notice period	Regular termination: notice period ranges from two weeks to three months, dependent on the employee’s length of service with the same employer. The three-month period is extended by an additional two weeks/one month for 50/55-year-old employees who have 20 or more years’ continuous service with the same employer. Extraordinary termination (summary dismissal): no notice period. Termination during probationary period: notice period of at least seven days. Termination by employee: notice period cannot be longer than one month if the employee has a good reason. If the employee intentionally breaches his contractual obligations, notice periods are halved.
Involvement of works council	The works council must be informed of the employer’s intention to dismiss. The works council‘s consent is required for dismissal of the following employees: — members of the works council; and — candidates running for works council positions and members of the election committee for a period of three months following the announcement of the results of the election to the works council; and — employee representatives in a body of the employer; and — employees with diminished ability to work and employees in immediate danger of physical disability; and — employees over 60 years of age.

Involvement of a union	If there is no works council, consent is given by the union commissioner (the union representative employed with the respective employer). The union's consent is required for the dismissal of a union commissioner during their period of office and for six months thereafter.
Approval of state authorities necessary	If there is no works council or union, and the dismissal of an employee is either (i) due to his occupational inability to work, or (ii) he is in immediate danger of physical disability, the consent can be substituted by a court or an arbitration decision.
Collective redundancies	Dismissals are classified as "collective redundancies" if they affect at least 20 employees within 90 days due to business-related reasons. The employer undertakes to prepare a redundancy social plan by consulting the works council and competent employment institution (the employment institution is to respond within eight days). In addition, workers need to be informed of the plan. The employment institution can postpone application of the plan for a maximum period of three months if there are important economic and social reasons for doing so.
Summary dismissals	Summary termination (summary dismissal) is defined as termination without notice, and is only lawful where there has been (i) a serious breach of employment obligations, or (ii) the employment relationship between the parties is no longer possible for another important reason (there are two possible reasons: (i) breach of employment obligations; or (ii) another important fact; in either case, the employment relationship must not be possible any longer). The employee is to be dismissed within 15 days of the day of becoming aware of the fact/reason for dismissal.
Consequences if requirements are not met	If it is decided the dismissal is illegal, the employee is to be reinstated. Reinstatement is possible even before the end of the court procedure to determine the legality of the dismissal if the employee so requests. If the parties do not wish to continue with their employment relationship, the court shall at the employee's request determine: (i) the date of termination of the employment contract; and (ii) compensation for damages, which ranges from three to 18 times the employee's average monthly salary over the previous three months (depending on the employee's age, length of contract and obligations in relation to supporting family members or other dependants as defined by family law.
Severance pay	An employee with an open-ended contract who has two years' continuous service with the same employer (and is not being dismissed due to an intentional breach of contractual obligation) is entitled to a severance payment. The statutory minimum severance payment is calculated by multiplying one-third of the average monthly salary in the preceding three months by the number of years' continuous service with that employer. The severance payment is capped at six times the average monthly salary, unless otherwise provided for by law, byelaw, collective agreement or work contract.
Non-competition clauses	Post-contractual non-competition clauses must last no longer than two years from the date of termination of the contract. The employer is obliged to pay compensation (at least one-half of the average monthly salary paid in the last three months of employment). The covenant will not be valid if the employee is a minor or if the employee's salary amounts to less than the average national salary.

	The non-competition clause does not apply if: (i) the employee terminates the contract without notice period (extraordinary termination) and states that he does not agree that the clause applies; or (ii) if the employee is dismissed without a justified reason, unless the employer undertakes to pay the employee's average monthly salary for the duration of the clause.
Miscellaneous	Not applicable.

Czech Republic

Reasons for dismissal	An employee may give notice of termination without stipulating a reason. An employer, on the other hand, may only give notice of termination for one of the reasons explicitly stated in the Labour Code, which are as follows: (i) organisational reasons – the employer's enterprise shuts down or relocates, or the employee is made redundant; or (ii) health reasons – the employee is no longer able to carry out his present work, if this is confirmed by a medical certificate issued by the occupational medical services provider or under a ruling of the competent administrative agency having reviewed the medical certificate; or (iii) an employee no longer meets the requirements for work; or (iv) reasons for immediate termination of the employment relationship – the employee has committed a gross breach of duty or has been lawfully sentenced to prison for a crime; or (v) the employee has seriously, or less seriously but repeatedly, breached a statutory duty relating to his work performance; or (vi) the employee grossly breaches his obligation to observe the prescribed regime of an insured person being temporarily unfit for work in the first 14 calendar days (until 31 December 2013: in the first 21 calendar days) of temporary incapacity for work due to sickness in an especially gross manner.
Form	Written form necessary; must be delivered to the other party (both employer and employee may terminate the employment relationship by notice of termination).
Notice period	Statutory minimum notice period of two months, starting on the first day of the month after the month in which the notice of termination was delivered. It is possible to agree upon a probationary period of a maximum of three months (six months in the case of managerial employees) with no statutory notice period. There is no notice period in cases of immediate termination of the employment relationship (i.e. in particular if an employee has committed a gross breach of duty or has been lawfully sentenced to prison for a crime).
Involvement of works council	No involvement in termination process except in collective redundancies.

Involvement of a union	Employer must discuss in advance any notices of termination and any immediate cancellations of employment relationship with the trade union. Trade union approval is only required where the employee is a trade union officer. Such approval can be substituted by a court decision if the approval was withheld and the employer cannot be justifiably required to continue employing the trade union officer.
Approval of state authorities necessary	Approval of the state authorities is not required. The Labour Office need only be notified of a collective redundancy or the dismissal of a disabled person or of an employee who is not a Czech citizen.
Collective redundancies	Collective redundancies are defined as dismissals within 30 days of: (i) more than ten employees in an establishment of 20 to 100 employees; or (ii) 10% or more of the employees in an establishment of 101 to 300 employees; or (iii) at least 30 employees in an establishment of 300 or more employees. The employer must inform the works council or trade union (or directly affected employees if there is no works council or trade union) of its intentions at least 30 days prior to giving notice of termination, and must enter into negotiations to reach a compromise or reduce the number of affected employees, etc. The employer must simultaneously inform the Labour Office in writing: (i) that it has informed the trade union/works council (or affected employees) of its intention to make collective redundancies; and (ii) of the actions it has taken in cooperation with the trade union/works council in relation to the collective redundancies; and (iii) of the number, characteristics, professional structure, etc. of the employees to be made redundant.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Termination will be invalid and the employment relationship reinstated as long as the affected party makes a claim to the court no later than two months after the date of the purported termination of the employment relationship, and the court confirms the invalidity of the termination.
Severance pay	Minimum statutory severance pay depends on the reason for dismissal and/or the length of employment, and ranges from one average monthly salary for dismissals for organisational reasons (including collective redundancies) of employees whose employment lasted less than one year, to 12 times average monthly salary for dismissals for health reasons. The parties may negotiate larger severance payments or the payment of severance pay in the case of dismissal for other reasons.

Non-competition clauses	Non-competition covenants must be in written form, and shall not last more than one year. Covenants of this kind can be included in an employment contract. Monetary compensation from the employer must, as a minimum, equal half the employee's average monthly salary (that the employee had prior to termination of the employment relationship) for each month of the duration of the clause. If the agreement sets out a financial penalty for breach of the clause by the employee, the employee's obligation not to compete is discharged upon payment of the penalty. The agreement is automatically terminated if the employer fails to pay the monetary compensation to the employee when it falls due. An employer may only withdraw from the non-competition clause during the term of employment. As far as case law is concerned, the withdrawal is only effective if it has been explicitly agreed upon, and such a provision is only enforceable if it contains reasons for withdrawal, provided, in addition, such reasons are legitimate.
Miscellaneous	The employer may not give notice of termination during a "protection period" (i.e. where an employee is temporarily unfit for work, a night-shift employee is temporarily unfit to do night work, an employee is conscripted or released from work to exercise a public office, or during pregnancy, maternity or paternity leave), unless the termination is for organisational reasons due to the closure or relocation of the enterprise.

France

Reasons for dismissal	The employer must establish a real and serious reason to dismiss an employee. These may be: — a personal reason, notably a fault (disciplinary ground), poor performance, disablement of the employee when the employer may not relocate/retrain him for another position or make reasonable adjustments to his post; or — an economic reason, such as economic difficulties, technological changes or the absolute necessity of restructuring to safeguard competitiveness.
Form	The stages in the individual dismissal procedure are as follows: — The employee is formally invited to a meeting. — At least five business days after the formal invitation, a preliminary meeting is held during which each party explains his position. The employee may be assisted by a third party (an employee of the company or an adviser of the employee mentioned on a list prepared by the Prefect, depending on the existence or not, of employee representative bodies in the company). — The dismissal letter must be sent to the employee at least two business days after the meeting (and within a month for a disciplinary dismissal). The dismissal letter must be a registered letter with return receipt requested, signed by either a legal representative of the firm or a person duly empowered by a legal representative, and must belong to the company. Applicable collective bargaining agreements can provide for more a favourable delay and/or procedure. The letter must notably mention the grounds for dismissal. Special procedure (possible involvement of the works council, see below, meeting and notification of the dismissal) applies in case of dismissal for economic motive.
Notice period	The notice period is set by the applicable collective bargaining agreement and the Labour Code, and generally lasts between one and three months. The contract may be terminated without notice in the event of gross misconduct.
Involvement of works council	The works council must be informed and consulted (with an advisory but formal vote of its members) when an economic mass redundancy is planned, or in the case of the planned dismissal of a staff representative.

Involvement of a union	No involvement.
Approval of state authorities necessary	This is required for dismissals of "protected employees" (e.g. employee representatives, members of the works council, and trade union delegates notably).
Collective redundancies	Main principles: — The employer has a duty to inform and consult the works council, involving at least one to three meetings (works council may be assisted by an accountant in some cases), depending on the number of dismissals being contemplated. — Where it is proposed to dismiss at least ten employees in a firm employing at least 50 employees, the employer must draft and implement an "employment saving plan" (a social plan providing real alternatives and social measures accompanying the redundancy, such as redeployment, redeployment leave, training, etc.). — All documentation relating to the collective redundancy must be sent to the state authorities.
Summary dismissals	The term "summary dismissals" has no real meaning in France. Dismissal without a notice period is only possible where there has been a serious breach of duty, but even in that case, the form described above for dismissal procedure, including the preliminary meeting and registered letter in particular, must still be applied. In case of dismissal without notice, the employee has no dismissal indemnity or notice period indemnity, as there is no notice period. Such dismissed employees are still entitled to unemployment insurance benefits, however. The dismissal procedure must begin within a few weeks of the employer becoming aware of the reason for dismissal and no more than two months after the discovering of the facts. A specific fixed-term employment contract can only be terminated in the event of gross misconduct or with the agreement of the employee.
Consequences if requirements are not met	Damages; the amount of these depends on the moral and material loss suffered by the employee, with a minimum of six months' salary for unfair dismissal when the employee has two or more years' service and was employed in a firm of at least 11 employees. In some circumstances, the dismissal will be revoked, allowing the employee to request reinstatement at the firm. (These circumstances may include collective redundancies without a social plan, dismissal after an occupational injury or in discriminatory dismissals, or dismissal of a protected employee without state authorities' authorisation).
Severance pay	Dismissal indemnity is payable unless the dismissal is due to gross misconduct on the part of the employee. The amount payable is set by the collective bargaining agreement, but must not be less than 20% of a month's salary for each year of service, plus a bonus of 2/15 of a month's salary for each year of service beyond ten years. Indemnity is also payable for unused accrued holiday entitlement.
Non-competition clauses	A non-competition clause is only valid if in the work contract, and if: — its scope is limited to a reasonable area, a reasonable period of time, and precise activities; and — the employee receives a monthly indemnity during the term of the clause (the amount of indemnity is set by the work contract or collective bargaining agreement, but is generally between 20% and 50% of the employee's monthly salary).

	This clause can be waived by the employer in the letter of dismissal or according to the provision of applicable collective bargaining agreement and/or the employment contract.
Miscellaneous	Specific and restrictive rules and procedures apply in the case of pregnant women, women on maternity leave, and employees recovering after a work-related accident or suffering from a work-related illness. Women on maternity leave cannot be dismissed during this period. Since 2008, there has been a new means of termination by which both parties can agree to termination of the employment contract *("rupture conventionnelle").* The employer does not need a real and serious reason for dismissal in this case; agreement of the employee is enough. The employee is entitled to unemployment insurance benefits and dismissal indemnity (or more if agreed). A strict procedure including preliminary meetings and consideration periods should be followed; a specific form must be filled and signed by both parties. The specific form must be sent to the state authorities for agreement (express or implicit, but only express concerning protected employees). Otherwise the termination would be null and void. Specific and restrictive rules and procedures apply for protected employees. This means of termination is not allowed for employees who are on maternity leave or suffering a work-related illness (notably), and is not advisable when there is a conflict with the employee.

Germany

Reasons for dismissal	Employees with more than six months' continuous service with an employer which employs more than ten employees (in exceptional cases: more than five) will fall under the Protection Against Dismissals Act. Dismissals must be justified for business-related reasons (e.g. business closure), conduct-related reasons (e.g. theft) or person-related reasons (e.g. health).
Form	Written form necessary, signed by a duly authorised representative of the employer. Must not be faxed or emailed.
Notice period	Statutory minimum notice period: four weeks to seven months, dependent on length of service. It is possible to agree upon a probationary period of a maximum of six months with a statutory notice period of only two weeks. Collective bargaining agreements may provide for variations.
Involvement of works council	Works council must be informed prior to dismissal of an employee (excluding executives). The works council must approve the dismissal of an employee who is a member of the works council.
Involvement of a union	No involvement.
Approval of state authorities necessary	Obligatory for certain groups of employees, e.g. the severely disabled, pregnant women, and employees on parental leave.
Collective redundancies	Collective redundancies are dismissals within 30 days of the following numbers of people: (i) more than five employees in an establishment of 20 to 60 employees; or (ii) 10% or more than 25 employees in an establishment of 60 to 500 employees; or (iii) at least 30 employees in an establishment of 500 or more employees. The employer must duly notify the employment agency, which is a state authority with local branches, of the proposed redundancies in writing prior to serving dismissal letters. However, the employment will not end before expiry of the waiting period after notification (in general one month, exceptions possible). Further, on condition that the employees of the establishment have elected a works council, the employer must prior to serving notice of termination engage in time-consuming negotiations with the works council to reach a reconciliation of interests *("Interessenausgleich"),* which is usually combined with negotiations regarding a social plan *("Sozialplan").*

Summary dismissals	Dismissal without notice is in general only possible where there has been a serious breach of duty. Notice must be delivered within two weeks after a representative of the employer with the authority to dismiss has gained knowledge of the reason for dismissal.
Consequences if requirements are not met	Employees are reinstated and awarded continued payment of salary. Employees at management level who themselves have authority to employ or dismiss a significant part of the workforce are not entitled to claim reinstatement if the employer does at least file a motion to terminate the employment combined with a severance. The court will in such cases terminate their employment and award severance pay of up to a maximum of 18 months' remuneration.
Severance pay	No statutory severance payment. But in case of dismissals for business-related reasons, severance payments may be due according to (i) a social plan *("Sozialplan")* to be agreed between the employer and the works council or determined by a conciliation board, or (ii) a collective bargaining agreement *("Sozialtarifvertrag")* to be agreed between the employer or relevant employers association on the one hand and the union on the other. Voluntary severance payments are also subject to negotiations between employer and employee, and especially common if the justification of a dismissal may be doubtful.
Non-competition clauses	Post-contractual non-competition covenants are only valid if the employer promises to pay at least half the usual salary for the term of the clause. However, compensation and other income must not exceed 110% (subject to a necessary relocation of the employee: 125%) of the former total remuneration. Dismissal will usually trigger this payment obligation.
Miscellaneous	Not applicable.

Hungary

Reasons for dismissal	The employer must provide a clear and causal ground (as detailed below) justifying the dismissal, unless the employee is: a) an executive employee; or b) a pensioner. Grounds for dismissal of permanent employees must be: (i) the employee's skills (capabilities); or (ii) his employment-related behaviour; or (iii) the employer's operational reasons (except for business transfer). Please note that for fixed-term employees, the reasons for termination are narrower, and special rules apply.
Form	The written form is required, signed by a duly authorised representative of the employer. It shall be noted, however, that the measure of an unauthorised person shall be deemed valid upon the subsequent approval of the person authorised to exercise the employer's rights (i.e. represent the employer). Notification must be in person or by registered post. However, under the Hungarian Labour Code effective as of 1 July 2012, it is also possible to serve notification by fax or e-mail. Notice must set out the procedure and deadline for seeking a legal remedy.
Notice period	The statutory minimum notice period for regular notice is 30 days, increasing to 90 days depending on seniority. The parties may agree on a longer notice period in their employment agreement, which may not exceed six months. Unless the parties agree otherwise, the notice period of the employee resigns is a set period of 30 days. Dismissal with regular notice is not permitted during protected periods, examples of which may include pregnancy, maternity leave, or during unpaid childcare leave. Dismissal is allowed, however, if the notice period only starts after the end of sick leave, childcare sick leave, or unpaid leave for the purpose of caring for relatives.

Involvement of works council	The president of the works council may not be transferred to another workplace or dismissed by regular notice unless the prior consent of the works council has been obtained. Until 31 December 2012, the same shall apply to members of the works council elected prior to 1 July 2012.
Involvement of a union	A representative trade union may request information from employers on all issues concerning the economic interests and social welfare of employees relating to their employment. Employers are obliged to provide this information and justify their actions. A representative trade union is also entitled to inform the employer of its opinion concerning any employer actions (decisions) and to initiate consultation in connection with such actions. Prior consent is required from a superior trade union body for the ordinary dismissal of an elected trade union official. Failure to obtain prior consent renders the dismissal invalid.
Approval of state authorities necessary	If the employer and works council conclude an agreement during collective redundancy-related consultation, the agreement must be sent to the relevant Labour Centre.
Collective redundancies	The rules on collective redundancy are triggered by the regular notice within 30 days of: (i) ten or more employees in a workforce of between 21 and 99 people; or (ii) at least 10% of a workforce of between 100 and 299 people; or (iii) 30 or more employees in a workforce of at least 300 people. Before passing a decision on collective redundancy, the employer must initiate a consultation procedure with the works council. The consultation procedure must cover the principles of collective redundancy, methods of reducing exposure, and mitigating consequences.
Summary dismissals	Any employment contract can be terminated in writing with immediate effect if the other party wilfully breaches or commits a grossly negligent breach of key employment obligations, or otherwise demonstrates behaviour rendering their employment impossible. Notice of such summary dismissal must contain information regarding the procedure and deadline for seeking legal remedy. The right to terminate with immediate effect must be exercised within 15 days of the day on which the other party becomes aware of the reason for the termination and within one year of the actual occurrence of such reason (or in the event of a criminal offence, for the duration of the statutory period of limitation).
Consequences if requirements are not met	If it is determined by the competent court that the employer has terminated an employment relationship contrary to the Labour Code, the court may decide on the following consequences based on the request of the employee: (i) compensation for lost earnings capped by 12 months' absence fee; or (ii) compensation for damages in addition to lost earning caused by the unfair dismissal; or (iii) payment of the absence fee for the notice period and redundancy payment if the employment has not been terminated with regular notice.

Severance pay	Employees with at least three years' service who are dismissed by regular notice will receive a severance payment of at least one month's absence fee. The amount of severance increases with length of service, up to a maximum of six months' absence fee for an employee with 25 years' service. An additional severance payment of up to three months must be made if the dismissal happens within five years prior to retirement age. The employee may not be entitled to severance pay if (i) he is deemed to be a pensioner for employment law purposes at the time the termination notice is delivered or at the time of the dissolution of the employer without legal successor; or (ii) his employment is terminated with a termination notice due to his work-related behaviour/conduct or an ability not related to health status.
Non-competition clauses	During the employment relationship, employees must not engage in any conduct which is contrary to the reasonable economic interests of the employer. Employees remain subject to this obligation post-termination if they enter a separate agreement in exchange for an appropriate consideration (which is 1/3 of the employee's salary for the term of the agreement). The term of the non-competition agreement cannot exceed two years.
Miscellaneous	Not applicable.

Italy

Reasons for dismissal	The employee may be dismissed: (i) with just cause: when the employment relationship cannot be continued, even temporarily, either because of a material breach of contract or another reason causing a deterioration of the relationship between the parties; or (ii) for a justified subjective reason: in case of a material breach of the employment contract (less serious than the case of justified cause); or (iii) for a justified objective reason: where the company is either closing, is being restructured, or there is no longer a need for the individual's position or division. Notice served at the end of a disciplinary procedure (a "disciplinary dismissal") is classified either as a dismissal with just cause or for a justified subjective reason.
Form	Must be in written form (with the exception of domestic help and employees subject to a probationary period), signed by the employer's legal representative. Notice may be served by telegram.
Notice period	Other than in fixed term contracts, the length of the notice period is set by national collective contracts and varies according to the length of service and the qualification of the employee. No notice period is needed for dismissal with just cause. In dismissals for a justified objective reason and/or a justified subjective reason, the employer may renounce the notice period and pay the employee compensation in lieu of notice. Notice is not required for dismissals during fixed-term contracts or during probationary periods.
Involvement of works council	Works council members may not be dismissed within a year of the termination of their appointment. The union need not be notified prior to the dismissal of an employee. The employer must notify the works council *("Rappresentanze Sindacali Unitarie"* and *"Rappresentanze Sindacali Aziendali")* of any intention to make collective redundancies.
Involvement of a union	If there is no relevant works council, the employer must notify the most representative unions of its intention to make collective redundancies.
Approval of state authorities necessary	Not required.

Collective redundancies	Collective redundancy is the dismissal by an employer employing more than 15 workers of five or more employees in the same establishment, or at different establishments located in the same province within a period of 120 days. The employer must notify the works council and the Employment Office of its intention to make collective redundancies. Unions may ask for a joint examination in order to reach an agreement; failing this, the employer may notify the dismissal one by one with notice. To initiate a redundancy, the employer must inform employee representatives and the appropriate industry union in writing of its intention. Where there are no local representatives, the company must notify full-time officials in the relevant union(s). The company must also notify the labour authorities. Within seven days of union representatives being informed, the parties must conduct a joint examination of the reason for the surplus labour and the proposed dismissal, of the possibility of redeployment, and of the use of solidarity contracts or the introduction of flexible working time to forestall dismissals. Should the union not ask for a joint examination, the employer has to notify the competent local job office to continue the procedure.
Dismissal for an economic reason – conciliation procedure	If it intends to dismiss an employee for an economic reason, an employer with more than 15 employees must first make a statement to the local Directorate of Labour (DTL) with responsibility for the place where the employee works. Such a statement must also be forwarded to the worker in person. Within a deadline of seven days of receiving the statement, the DTL proceeds to convoke the employer and the employee before the provincial commission of conciliation. The procedure must be completed within 20 days following the convocation, unless both parties declare their intention to extend it. If the mandatory conciliation attempt is unsuccessful or the Directorate of Labour does not convoke the parties within the deadline of seven days mentioned above, the employer may proceed to communicate the dismissal to the employee, but always observing the period of notice.
Summary dismissals	Not applicable.
Consequences if requirements are not met	**Employer with more than 15 employees** In this respect, it must be considered that the reform implemented by Law 92/2012 has introduced different systems for the protection of workers, applicable dependent upon the type of dismissal imposed and the reason for its unlawfulness: *Disciplinary dismissal* — Unlawful because the act does not exist or is one of the acts for which the national collective bargaining agreement or disciplinary codes provide for a conservative sanction: • reinstatement of the employee and payment of a "reinstatement indemnification" (a maximum of 12 months' salary). — Unlawful in all other cases: • no reinstatement, but only payment of a "reinstatement indemnification" (set at between a minimum of twelve and a maximum of twenty-four months' salary). The dismissal is then effective.

— Unlawful because of the lack of required motivation or failure of the disciplinary procedure:
  - no reinstatement, but only payment of a "reinstatement indemnification" (set between a minimum of six and a maximum of twelve months' salary). The dismissal is then effective.

Dismissal for a justified objective reason

— Unlawful (i) because of a lack of justification consisting of the physical or mental unfitness of the employee; or (ii) because it is ascertained that the dismissal was ordered before the retention period of the job had passed; or (iii) because the productive or organisational fact used as the basis for manifestly does not exist:
  - reinstatement of the employee and payment of "reinstatement indemnification" (a maximum of twelve months' salary).

— Unlawful for any other reason:
  - no reinstatement, only payment of a "reinstatement indemnification" (set at between a minimum of six and a maximum of twelve months' salary). The dismissal is then effective.

— Unlawful because it has actually been ordered for discriminatory or disciplinary reasons:
  - reinstatement of the employee (also if a manager) and payment of a "reinstatement indemnification" (of at least five months' salary). Alternatively, the employee may opt to receive an indemnification equal to 15 months' salary ("alternative indemnification").

— Unlawful because of a lack of the required motivation or if dictated by economic reasons, without having first complied with the required conciliation procedure:
  - no reinstatement, merely payment of a "reinstatement indemnification" (set at between a minimum of six and a maximum of twelve months' salary). The dismissal is then effective.

Employer with 15 or fewer employees

Re-employment of the employee or payment of an indemnification of between two-and-a-half and six months' salary (indemnification can be increased to up to 12 months' salary in the case of an employee with long service).

Regardless of the number of the employees, in case of a discriminatory dismissal or oral dismissal

Reinstatement of the employee (including a manager) and payment of a "reinstatement indemnification" (of at least five months' salary). Alternatively, the employee may opt to receive an indemnification equal to 15 months' salary ("alternative indemnification").

Severance pay

In any termination of an employment contract, the employee is entitled to a severance payment *("trattamento di fine rapporto").* This is a deferred salary payment calculated as a percentage of the annual salary (including any amounts paid by the employer as fringe benefits and other special indemnifications).

The amount of the severance payment therefore increases year-by-year: when the employment terminates (whether on a voluntary basis or as a consequence of a dismissal), the employee has the right to receive the total relevant amount.

The employee is also entitled to an indemnity for unused holiday, compensation in lieu of notice, and other accrued and pro rata payments.

Non-competition clauses	A post-contractual non-competition clause is valid if it has been agreed between the parties and: (i) it is in writing; and (ii) the restriction imposed on the employee refers to a specific object, within a specific area and for a time-limited period (maximum of three years); and (iii) an indemnity is paid to the employee while the clause is in force. The indemnity may be paid during, at the end of, or after termination of the employment contract.
Miscellaneous	It is prohibited to dismiss certain categories of employees whose condition is considered particularly weak (i.e. due to marital status – please note that the ban on dismissal remains in place bans for up to one year after the marriage – pregnancy, disease, injury, military service, trade union appointments, public appointments, strike, etc.).

Luxembourg

In the past, the law in Luxembourg distinguished between "workers" and "employees". This distinction no longer exists. Luxembourg Labour Law now provides the legal framework for the dismissal of an employee.

Reasons for dismissal	The employer needs to provide specific reasons for termination in case of dismissal with immediate effect for serious misconduct. Reasons for the dismissal must be indicated in the registered letter. The employee may be able to claim "indemnity" in respect of an "abusive dismissal". In case of a dismissal with notice, the employer is not obliged to indicate a specific reason for the dismissal in the registered letter unless the employee officially requests this. If the employment contract is terminated during the probationary period, the employer is not obliged to provide specific reasons for the dismissal.
Form	In both cases of dismissal with notice and dismissal with immediate effect for serious misconduct, notice must be given in writing (either by registered letter or by giving the letter to the employee, who then acknowledges receipt by countersigning a copy of the letter). In case of dismissal with notice, the notice letter must specify the length of the notice period, and the day on which the notice period begins.
Notice period	The notice period is the same for all employees. The following notice periods are applicable to all employees according to their seniority:

Employee's seniority	Notice period	
	By employer	By employee
Less than 5 years	2 months	1 month
More than 5 years but less than 10 years	4 months	2 months
More than 10 years	6 months	3 months

Involvement of works council	The works council must be informed prior to an individual dismissal. However, if the employee being dismissed is a member of the works council, the employer has to follow a specific procedure.
Involvement of a union	The trade union delegation has no right to be informed prior to an individual dismissal.
Approval of state authorities necessary	In case of a collective dismissal, the state authorities have to be involved in the information and consultation procedure, but state authorities do not have to approve the dismissal(s).
Collective redundancies	Specific rules apply to collective dismissals or closures. An information and consultation procedure has to be respected prior to the decision to carry out the collective dismissal or closure. Employees are entitled to specific indemnities in case of a closure. There is a legal obligation for social partners to negotiate and conclude a social plan.
Summary dismissals	Dismissals with immediate effect are only possible when the termination is the result of serious misconduct, such as theft, insult, etc. The employer can decide to place the employee on "gardening leave", which means that the employee does not have to attend work. During gardening leave, the employer continues to pay the employee until he is notified of his dismissal. The dismissal notification can be given the day after the gardening leave has begun at the earliest, and eight days after the gardening leave has begun at the latest.
Consequences if requirements are not met	This depends on which requirement has not been met. Luxembourg employment law can grant an indemnity, but can also reinstate the employee.
Severance pay	In principle, the party terminating the employment ends the contract by means of performance during the notice period.
Non-competition clauses	A non-competition clause in the employment contract is only valid if: — the scope is limited to similar activities; and — the scope is limited to a well-defined geographic area in which concurrence may exist within the Luxembourg territory; and — the duration of the clause does not exceed 12 months after termination of the employment agreement.
Miscellaneous	Not applicable.

The Netherlands

The Netherlands is the only country in the European Union with a system of "a priori" control of dismissals. With regard to the termination of employment, a distinction must be made between employment agreements that have been entered into for a definite period and those that have been entered into for an indefinite period. The first (and in principle also the second and third) employment agreement for a definite period terminates by operation of law upon the expiry of that period.

During the employment period, neither party can terminate the agreement, unless this has been explicitly provided for in the employment agreement. Premature termination by the employer by giving notice is only possible once permission has been obtained from the *UWV WERKbedrijf.* Furthermore, a court can be requested to rescind the employment agreement. This is called the "dual system".

On 29 October 2012 a new coalition agreement was presented, entitled 'Building Bridges'. In this coalition agreement, drastic changes are envisaged with regard to Dutch dismissal law. For example, a new and bigger role is intended for the Employee Insurance Agency (UWV) and the role of the sub district courts seems to be reduced. In addition, termination benefits will be maximized and trade unions can have a stronger role in dismissal proceedings. At this moment, it is unclear whether and in which format these (and other) alterations will take place.

Reasons for dismissal	Court and UWV WERKbedrijf: termination is permitted for serious reasons which constitute a change of circumstances justifying the termination. These reasons can be business-related, conduct-related or person-related. An employment agreement can be terminated at any time by mutual agreement between the employer and the employee. There are no specific rules as to the form of such mutual agreement. However, it should be clear that parties have reached an agreement on all relevant issues. The employee will have to agree clearly and unambiguously on the termination.
Form	Court: court order UWV WERKbedrijf: permit
Notice period	Court: no notice period. UWV WERKbedrijf: once a dismissal permit has been obtained from the UWV WERKbedrijf, the employer has to give notice of termination to the employee with due observance of the agreed (or, in the absence thereof, the statutory) notice period. The statutory notice period for the employee is one month, regardless of the number of years of employment. The statutory notice period

	for the employer depends on the duration of the employment agreement at the moment of termination. The following scheme will then apply: (i) one month for employees with under five years' service; (ii) two months for employees with 5 to 10 years' service; (iii) three months for employees with 10 to 15 years' service; and (iv) four months for employees with 15 or more years' service. The period of notice may, for the employee, be extended contractually up to a maximum of six months. In the event the period of notice of the employee is extended, however, the period of notice for the employer may not be less than twice that of the employee.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	An employer can opt for either a court procedure or request a dismissal permit from the UWV WERKbedrijf.
Collective redundancies	If more than 20 employees are being dismissed within a three-month period, the employer must notify the UWV, the unions and the works council (if any) and discuss the consequences of any reorganisation with the trade unions. As of 1 March 2012, for the purposes of calculating the termination of 20 or more employment contracts within three months, those employment contracts terminated by mutual consent will also be included. If trade unions are not consulted and the employer goes ahead with the termination of the employment contracts on the basis of a consensual agreement that determines the legal relationship between both parties, these agreements are subject to annulment. This may have far-reaching consequences, since redundancy pay will have to be paid back in the event of annulment and the employment contract will have remained valid throughout. Generally, if more than 20 employees are involved, a social plan between the trade unions, the company and the works council is prepared (although there is no statutory obligation to agree upon a social plan).
Summary dismissals	The employer may only dismiss an employee without notice or compensation in case of "urgent" reasons to do so (such as theft, fraud or other unacceptable behaviour). The employer must inform the employee of the reasons for dismissal as soon as possible after the circumstances giving rise to the dismissal become known to the employer.
Consequences if requirements are not met	UWV WERKbedrijf/court: if a contract is terminated without the consent of the UWV WERKbedrijf or permission of the court, the contract did not end. Even where a permit has been granted by the UWV WERKbedrijf, followed by termination of the employment with due observance of the applicable notice period, the employee may file a claim against the employer afterwards. The employee may claim damages on the grounds that the termination was "manifestly unreasonable". If the agreed or statutory notice period is not observed, the termination of the employment agreement is deemed "irregular". An irregular termination does not affect the validity of the termination itself, but it entitles the other party to claim statutory damages or compensation for the damages actually incurred.

Severance pay	Court: there are no statutory regulations in the Netherlands for the calculation of compensation with respect to the termination of an agreement with an employee. However, judges usually apply the Cantonal Court Formula to determine the amount of compensation to be granted to an employee. The formula is as follows: **Compensation = A x B x C:** A = number of years of service related to the age of the employee: — each year of service until the age of 35 counts for 0.5; — each year of service from the age of 35 to the age of 45 counts for 1; — each year of service from the age of 45 to the age of 55 counts for 1.5; and — each year of service above the age of 55 counts for 2. **B = monthly gross salary:** Gross salary means gross salary, including: (i) all agreed and fixed elements of remuneration (such as holiday allowance and 13th month); and (ii) all variable but structural elements of remuneration (such as a structural bonus). Other elements of remuneration are not usually taken into account. **C = correction factor:** The multiplier correction factor C is an element for the purpose of weighting any special circumstances of the case. This correction factor will, in general, be set at one when neither the employer nor the employee is to be blamed for the termination or the grounds for it. The correction factor will be adjusted upwards if the employer is to be blamed for the termination, and downwards if the employee is to be blamed for the termination. If an employee becomes redundant due to a reorganisation, this will usually be considered as a neutral termination ground (C = 1). UWV WERKbedrijf: no compensation awarded.
Non-competition clauses	A non-competition clause may be inserted into the employment, but will only be valid if it was set out in writing with an of-age employee.
Miscellaneous	**Special protection** Dutch employment law provides for a prohibition against giving notice in respect of certain categories of employees, such as pregnant women, members and former members of the works council, and employees who are absent due to illness (at least during the first two years of illness). In cases where the illness has commenced after the employer has filed his application for dismissal to the UWV WERKbedrijf, the employer will still be allowed to give notice of dismissal to the employee. This provision is inserted to prevent an employee reporting that he is ill in order to avoid dismissal. The rules for special protection do not apply in cases of termination of employment by the court. However, the court must verify that the reason for the requested termination is not related to illness or any other reason which grants the employee special protection in the UWV WERKbedrijf procedure. This may be another reason why employers prefer the Cantonal Court route instead of the UWV WERKbedrijf procedure.

Holiday legislation

New holiday legislation came into force on 1 January 2012. The most significant change relates to the introduction of the six-month expiry date for statutory holiday. The five-year time limit still applies to holiday entitlement accrued prior to 1 January 2012 and holiday over and above the statutory minimum. Keeping track of entitlement accrued prior to 1 January 2012 and holiday over and above the statutory minimum. Keeping track of these various expiry dates and time limits for holiday entitlement requires well-organised records on leave.

Poland

Reasons for dismissal	Reasons for dismissal must be provided if a contract is terminated without notice or if a contract of unfixed duration is terminated with notice. The reason must be real and specific, so the employee can easily understand the grounds for dismissal. The reasons for termination with notice may be attributable to the employee (e.g. non-performance or improper performance of the employee's duties), or not attributable to the employee (e.g. redundancy). The Polish Labour Code does not specify such reasons. Termination without notice (summary dismissal) may be justified for a number of reasons, but is only permitted when certain statutory conditions are met.
Form	Similar rules apply to both ordinary termination with notice and summary dismissal without notice. The employee must be served with the original letter of dismissal, and not an electronic file, e-mail, fax or photocopy. The letter of dismissal must be in Polish, and signed by someone authorised to act on behalf of the employer. It is possible to request that the employee signs other language versions of the letter, in addition to the Polish version. The letter of dismissal must include information about the employee's right to appeal to a labour court.
Notice period	Statutory notice periods vary depending on the type of employment agreement and the length of service with a given employer. For a contract of unfixed duration, the notice period is: (i) two weeks for an employee with less than six months' service; or (ii) one month for an employee with at least six months' but less than three years' service; or (iii) three months if the employee has been employed for three years or more. Employees employed under fixed-term contracts of more than six months' duration may only be dismissed before the expiry of the fixed term if the contract provides for early termination. In this case the notice period is two weeks. Probationary period employment contracts have shorter notice periods, of three working days to two weeks, depending on the agreed length of the probationary period contract. Polish law recognises probationary period contracts as a

	separate type of employment contract, and not as an initial period of an indefinite term employment contract. After the probationary period, a new agreement can be agreed. Notice periods of a week or multiple weeks always end on a Saturday, and notice periods of a month or multiple months always end on the last day of the month. The contractual or statutory notice period need not be observed in a summary dismissal without notice.
Involvement of works council	The employer must notify/consult a works council of any matters relating to employment status and structure, any predicted or proposed changes in this respect, and actions taken to maintain the current level of employment. However, this will only be necessary where the anticipated changes are permanent or significant (in relation to the employer's size). A single dismissal for employee-related reasons (e.g. performance-related dismissal) is not subject to any collective notification or consultation requirement. Only group dismissals or significant reductions of the workforce undertaken as a part of a restructuring trigger the notification and consultation requirement. It should be noted that works council members may not be dismissed involuntarily (either with or without notice) during their term of office without the prior consent of the works council.
Involvement of a union	Notification is required if the employer wishes to dismiss with notice a permanent employee (employed under an employment contract for an unfixed duration) who is a trade union member, or whose rights and interests the trade union has agreed to defend. The trade union must be informed in writing, including the reasons for termination, at least five days before the employee receives the letter of termination. If the trade union decides that the dismissal is unjustified, it may present the employer with substantiated objections in writing. An employer may proceed to dismiss having considered the opinion of the trade union (although this opinion is not binding). In the absence of a trade union opinion or a delay in submission of the opinion, the employer may proceed without any additional consideration. Notification is also required if the employer wishes to dismiss an employee without notice. In such a case, the trade union has three days to express its opinion in writing. Trade union officers, or other employees named in a special resolution of the trade union's board of management, are protected against involuntary dismissal and may not be dismissed without trade union consent. The number of employees protected under a special resolution depends on the number of employees who are members of the trade union or the number of the company's officers (depending on the trade union's board of management's choice).
Approval of state authorities necessary	Not generally required. However, employers have certain obligations in relation to informing the Labour Offices of a group redundancy procedure, in particular in case of large-scale redundancies.

Collective redundancies	A group dismissal occurs when an employer employing at least 20 employees terminates the employment relationships of at least the following numbers of employees within 30 days, with notice, and for non-employee-related reasons: (i) ten employees – if the employer employs less than 100 employees; or (ii) 10% of the total workforce – if an employer employs at least 100 but less than 300 employees; or (iii) 30 employees – if the employer employs at least 300 employees. These thresholds include terminations on mutual agreement if at least five such terminations have been initiated by the employer. Small companies (employing less than 20 employees) are not subject to the group dismissal procedure, and may proceed without any prior notification of/consultation with employee representatives or local authorities.
Summary dismissals	Dismissal without notice is only permitted in specified circumstances. An employee may be summarily dismissed (disciplinary dismissal) if he: (i) commits a serious breach of his basic employee's duties; or (ii) commits a crime while employed (the offence must be obvious or confirmed by the judgment of a final court), provided that such crime makes his further employment impossible; or (iii) through his own fault loses a license necessary for the performance of duties connected with the post. Summary dismissal may only be exercised within one month of the employer becoming aware of the reasons for dismissal. It is also possible for the employer to summarily dismiss an employee without fault due to long-term absence from work, where: 1) the employee is unable to work by reason of illness: (i) for a period longer than three months, if the employee has less than six months' service with a given employer; or (ii) for a period longer than the period the employee has been receiving sick pay and sick benefit (typically 182 days) and the first three months of rehabilitation benefit (additional 90 days); and 2) the employee's justified absence from work for other reasons lasts longer than one month.
Consequences if requirements are not met	If the termination of a contract without notice, or termination of a contract of unfixed duration with notice, is unlawful the employee may claim reinstatement or compensation. Reinstatement cannot be claimed in an unlawful termination with notice of a fixed-term or probationary contract. If the contract is of unfixed duration, compensation of between two weeks' and three months' salary (and not less than the employee's salary during the notice period) may be awarded. In an unlawful termination without notice, an employee may in general claim only compensation of up to three months' salary. However, according to a recent Supreme Court ruling, further entitlement can be claimed on the basis of general civil law rules.

Severance pay	If an employer employs more than 20 employees, and dismisses an individual solely for non-employee-related reasons (e.g. due to a reduction in the workforce or redundancy of a work post), it must pay a severance payment equivalent to: (i) one month's salary – for employees with less than two years' service with a given employer; or (ii) two months' salary – for employees with between two and eight years' service; or (iii) three months' salary – for employees with more than eight years' service. However, severance pay is capped by statute at 15 times the national minimum monthly salary (capped at PLN 22,500 in 2012, equivalent to approx. EUR 5,500).
Post-contractual non-competition clauses	Post-contractual non-competition restrictions are permitted when an employee has access to confidential information, disclosure of which could cause damage to the employer. The parties should in this case enter into a separate post-termination non-competition agreement. This should specify the restricted time period and compensation due to the employee (which must not be lower than 25% of the employee's salary for the duration of the agreement). Compensation may be paid in monthly instalments.
Miscellaneous	Not applicable.

Portugal

Reasons for dismissal

A) Dismissal with just cause: may occur whenever an employee commits a disciplinary offense that is serious, and its consequences make it immediately and practically impossible for the employment contract to remain in force.

Disciplinary offenses that may be deemed as reasons sufficient for the employee´s dismissal with just cause are, but not limited to, the following:

a) illegitimate non-obedience of instructions or orders given by any responsible person in a hierarchically superior position; or
b) breach of the company's rights and warranties; or
c) instigation of repeated conflicts with company employees; or
d) repeated indifference regarding fulfilment of the employee's obligations inherent to his work post or job position, with the required degree of diligence; or
e) serious damage to patrimonial interests of the company; or
f) false declarations regarding justification for any absences from work; or
g) non-justified absences from work that directly determine serious damage or risk to the company, or if the employee is absent from work, without justification, for five days in a row or ten individual days, in each civil year, regardless of the damage or risk caused; or
h) non-observance of work safety and health rules; or
i) physical violence, verbal abuse or any other offences punished by law towards an employee of the company, a member of the company's corporate bodies or an individual employer that is not a corporate body, its delegates or representatives; or
j) kidnapping in general or any crime performed against the liberty of any of the people identified in the previous paragraph; or
k) non-compliance with the fulfilment of any court or administrative entity decision/ruling; or
l) abnormal reduction of performance levels.

B) Dismissal for objective reasons (collective dismissal or job position termination procedure)

The dismissal of employees for objective reasons may occur for market-related, structural or technological reasons as follows:

— market-related reasons – reduction of the company's activity due to the predictable decrease of demand for goods or services or by subsequent impossibility of placing such goods or services in the market; or

	— structural reasons – economic or financial imbalances, change of activity, restructuring of the productive structure or substitution of dominant products; or — technological reasons – changes to techniques and production processes, automation of production, construction or cargo movement tools, as well as computerisation and automation of services and communication methods.
Form	**i. Dismissal with just cause** The dismissal of the employee with just cause involves the promotion of a disciplinary proceeding with the notification of the employee of a detailed description of the facts that constitute the disciplinary infraction and that attributed to the employee *("Nota de Culpa").* The employee may respond to the notification within ten business days, stating his defence, submitting documents and requesting the hearing of witnesses. The employer or an appointed instructor will assure that all requested actions regarding the production of proof are met, and will issue a final decision within 30 days, counting from the last event executed for the production of proof. The dismissal decision must be justified and submitted in writing to the employee. **ii. Dismissal for objective reasons** The dismissal of an employee for objective reasons involves the notification of the employee in writing of the following information: — reasons that justify the dismissal for objective reasons; and — a list of all company staff; and — selection criteria used to determine the employee to be dismissed; and — the number of dismissed employees and their respective professional categories; and — indication of the length of time in which the dismissal will be effected; and — a calculation method to determine the severance payment to be granted to the employees to be dismissed, notwithstanding the legal minimum as established under Portuguese law. On the five days following the above referred notification to the employee, the employer must promote an information and negotiation phase with employees in order to agree upon the effects and dimensions of measures to be applied, as well as any other measures that may reduce the number of employees to be dismissed. Such meeting must involve the participation of a representative from the Portuguese Labour Directorate. Once the parties have reached an agreement, or after 15 days counting from the initial notification of the collective dismissal/job position termination procedure, the employer may issue its final dismissal decision.
Notice period	Disciplinary dismissal: no notice period is required. The employee is considered to be dismissed as soon as he is effectively notified of the dismissal decision. Objective dismissal: the notice period varies according to the employee's seniority within the company, as follows: — less than a year working for the company: 15-day notice period; — more than one year and less than five years: 30-day notice period; — more than five years and less than ten years: 60-day notice period; — more than ten years: 75-day notice period.

Involvement of works council	**A) Dismissal with just cause:** — works council must be submitted a copy of the description of the facts attributed to the employee *("Nota de Culpa");* — once all witnesses have been heard and all documents submitted, a copy of the disciplinary proceeding must be submitted to the works council, which may issue a justified legal opinion; — the final decision of the disciplinary proceeding must be notified to the works council. **B) Dismissal for objective reasons:** The initial notification of the promotion of the collective dismissal/procedure for terminating a position must be sent to the works council. The works council or another employee representative body must participate in the information and negotiation phases of both a collective dismissal and a job position termination procedure. The works council or any other employee representative body must be notified of the final decision of the disciplinary proceeding.
Involvement of a union	Disciplinary and objective dismissal: no union involvement unless the employee is a member of, or affiliated to, a trade union.
Approval of state authorities necessary	Disciplinary dismissal: no approval required. Objective dismissal: no approval, although the Portuguese Labour Directorate will participate in the dismissal procedure in order to verify fulfilment of all substantive and procedural requirements, and will have the power to issue a warning to the employer in case any irregularity is observed.
Collective redundancies	A collective dismissal procedure must be followed, as established by the Portuguese Labour Code: (i) if the dismissal is for financial, technical, organisational or production-related reasons; and (ii) the number of employees affected, within a period of 90 days, is at least: a) two employees at companies with up to 50 employees; or b) five employees at companies with 50 employees and above. On the five days following the initial notification, the employer must promote an information and negotiation phase with the employees in order to agree upon the effects and dimensions of any measures to be applied as well as any other measures that may reduce the number of employees to be dismissed. Such meetings must involve the participation of a representative from the Portuguese Labour Directorate. Although the parties are under an obligation to negotiate in good faith, this does not mean that they are obliged to reach an agreement. Once the parties have reached an agreement, or after 15 days counting from the initial notification for the collective dismissal, the employer may issue its final dismissal decision. The employee shall be considered to be effectively dismissed as soon as the notice period described above has been observed.

Summary dismissals	Dismissal due to maladjustment: the employer may dismiss an employee due to maladjustment to his work post for reasons that occur subsequently to the employee's hiring. Maladjustment to the work post will be considered to have occurred if it makes it practically impossible for the employment contract to continue, namely any of the following conditions are verified: — sustained reduction of the productivity and/or quality levels of the employee´s performance; or — the employee causes repeated malfunctions to the work instruments that are made available to him; or — the security or health of the employee, or of any other employees or third parties, are at risk. The maladjustment will also be considered to exist in the case of employees who have been allocated to positions of high technical complexity, and/or management positions, and do not fulfil goals previously set down in writing between the employee and the employer.
Consequences if requirements are not met	General dismissal reasons: dismissal shall be considered to be unfair in the following circumstances: — if the dismissal has been made for political, ideological, ethnic or religious reasons, even where the other reasons are invoked; or — if the reason that justified the dismissal is declared unfounded by the labour court; or — if the dismissal is not preceded by the correspondent disciplinary procedure; or — if a previous legal opinion is not requested by the competent authority in the area of equality of opportunities between men and women, if the dismissed employee is pregnant, has recently given birth, is breastfeeding or on initial parental leave. Dismissal with just cause: such dismissals shall be considered unfair in the following circumstances: — if a circumstanced description of the relevant disciplinary infringement has not been submitted, in writing, to the employee *("Nota de Culpa");* or — if the initial description *("Nota de Culpa")* does not describe the intention of the employer to dismiss the employee with just cause; or — if the right of the employee to consult the disciplinary procedure and to respond to the initial description *("Nota de Culpa")* has been refused; or — if notification of the dismissal decision to the employee has not been made in writing and with the observance of the requirements established by the Portuguese Labour Code for the issuance of the final dismissal decision. Collective redundancies: such dismissals shall be considered unfair in the following circumstances: — if the initial notification of the collective dismissal procedure has not been properly submitted to the representative employee structure, or where such a representative structure does not exist, directly to the employees included in the collective dismissal procedure; or — the established period to issue the final decision of the collective dismissal has not been observed; or — the severance compensation, as established by the Portuguese Labour Code, as well as any other due or demandable labour credits arising from the termination of the employment contract has not been made available to the employee up to the end of the notice period.

Severance pay	Disciplinary dismissal: if the dismissal is declared or recognised as being unfair or wrongful, the employer will have to: a) reinstate the employee; or b) pay the employee an indemnity: The employee may choose to receive an indemnity in lieu of the reinstatement of between 15 and 45 days' salary per year of service, to be determined by the court pursuant to the seriousness and degree of wrongfulness of the dismissal. In any case, the employee will be entitled to receive the non-earned salaries between the dismissal date until the final decision by the labour court and may claim an indemnity for all damages caused. Objective dismissal: compensation of 20 days' salary for each full year of service (pro rata per month for periods of less than one year), up to a maximum of 12 months' salary. This means that if you have one year five months of service, you will receive 20 days plus 5/12 x 20 days. If the objective dismissal is declared unfair or wrongful (because the objective grounds are not proven), or the collective dismissal procedure has not been correctly followed, the employer must reinstate the employee according to the terms established above.
Non-competition clauses	Non-competition clauses may be negotiated and entered into during the professional relationship. The non-competition clause is also valid if entered into at the moment of termination (but actually just before termination), so that the employment relationship is in force.
Miscellaneous	Not applicable.

Romania

Reasons for dismissal	There are two alternative sets of reasons for dismissal of employees: (i) employee related reasons: disciplinary misconduct, physical/mental incapacity, professional inability, being in police custody for more than 30 days; or (ii) reasons not related to the employee: reorganisation of the employer's corporate or organisational structure (by way of individual or collective dismissals).
Form	Written form necessary. Employer must provide at least the following information: (i) the legal and factual grounds for dismissal; (ii) the notice period to which the employee is entitled; (iii) the dismissal priority criteria (in case of collective dismissals); (iv) a list of all available positions at the employer's level, in case of dismissal for physical/mental incapacity or professional inability; (v) the term during which the dismissal decision may be challenged; and (vi) the competent court before which the dismissal decision may be challenged. In case of dismissal due to disciplinary misconduct, physical/mental incapacity and professional inability, the employer must conduct a prior evaluation procedure with respect to the employee.
Notice period	The statutory minimum notice period is 20 working days, where the dismissal is due to physical or mental incapacity, professional inability or restructuring (where the employer is undertaking individual or collective dismissals), with the exception of dismissal for professional inability where the employee is serving a probation period.
Involvement of works council	The works council is not regulated by Romanian labour law as it presently stands.
Involvement of a union	No statutory involvement in ordinary dismissals. However, in case of disciplinary dismissals, the employee has the right to be assisted by its trade union representative during the preliminary disciplinary evaluation. Union consultation is required for collective dismissals, and can propose methods of mitigating the impact of the collective dismissals. Within five days, the employer must only give a reply to the union regarding the proposals, setting out justifications for the measures to be taken.

Approval of state authorities necessary	Not required, except for collective dismissals at state-owned companies.
Collective redundancies	The employer must notify the union or employee representatives, the labour inspectorate and the employment agency where it proposes making dismissals within 30 days of: (i) more than ten employees at an establishment of 20 to 100 employees; or (ii) at least 10% of employees at an establishment of 100 to 300 employees; or (iii) at least 30 employees at an establishment of at least 300 employees.
Summary dismissals	Termination without notice (summary dismissal) is only lawful if there is a severe or repeated breach of the employee's duties or in cases where the employee is put under preventive arrest for more than 30 days. If there is a valid reason for a summary dismissal, the employer should not wait more than 30 days after becoming aware of the reason for dismissal before declaring the dismissal.
Consequences if requirements are not met	Dismissal will be invalid. Employee will be reinstated and paid compensatory damages, to include unpaid wages and benefits. Moral damages (damages that aim at repairing a moral prejudice sustained by the employee who is a victim of an illegal dismissal and are separate from material damages(the European Court of Human Rights has awarded moral damages of up to EUR 5,000 for the stress felt by the employee going through a court trial, for example), and court expenses may also be awarded, depending on the evidence before the court.
Severance pay	No statutory severance payment. However, employees may be entitled to severance payments pursuant to their individual or collective labour contracts.
Non-competition clauses	Post-contractual non-competition clauses are only valid if the labour contract specifies: (i) the prohibited activities; and (ii) the amount of the monthly indemnification (at least 50% of employee salary); and (iii) the duration of the non-competition clause (maximum two years); and (iv) the third parties by whom the employee is prohibited from being employed; and (v) the restricted geographical area.
Miscellaneous	If the reason for a collective dismissal is change of control or transfer of undertakings, the court may invalidate any dismissals.

Reasons for dismissal	Unsatisfactory performance during a probationary period; failure to meet the requirements of the job due to lack of qualifications (confirmed by an appraisal); repeated failure to perform duties without justifiable reasons following a reprimand; liquidation of the company; redundancy or staff cuts; change of company's proprietor (with respect to the dismissal of the company's executive, his deputies or the chief accountant); a single severe breach of duty including absence from the workplace without good reason for a whole working day (irrespective of the length of that working day), and absence from the workplace without good reason for more than four consecutive hours during the working day; attending work in a state of alcoholic, narcotic or other intoxication; disclosure of secrets protected by law (state, commercial, service and other) made known to the employee during the course of his employment, including the disclosure of another employee's personal data; committing pilferage, including theft, in the workplace of others' property, embezzlement, wilful destruction or damage to property as confirmed by a decision of a court, judge or other authorised body or an official empowered to hear administrative offence cases; violation (as established by a labour protection commission) of labour protection requirements, if this results in severe consequences (industrial accident, disaster) or is known to have created a real hazard with these consequences; commission of culpable actions by an employee directly handling money or valuables if these actions provide grounds for the employer to lose confidence in him; immoral deed committed by an employee engaged in educational functions that is incompatible with his duties; adoption of an unjustifiable decision by the executive of a company, his deputies or the chief accountant that results in losses to the company's property, its illegal use or other damage to the company's property; a single severe breach of duty by the company's (or branch/representative office's) chief executive officer or his deputies; presentation of forged documents by the employee upon the conclusion of the employment agreement; other cases envisaged in the employment agreement with the chief executive officer of the company, members of the collegial executive body of the organisation; in other cases specified by federal laws (e.g. a special ground for dismissal of a chief executive officer if a decision is passed by the authorised body of the company).
Form	Order for the dismissal (written form, hard copy), signed by a duly authorised representative of the employer and signed by the employee to confirm familiarisation with the order.

Notice period	Statutory minimum notice period of up to two months, depending on the reason for dismissal. If dismissal is due to unsatisfactory performance during the probationary period (which can last a maximum period of three months for ordinary employees and six months for executive positions), the statutory notice period is only three days.
Involvement of works council	Works councils (or other employee representative bodies, except for trade unions) are not to be involved in employment termination issues unless stipulated in a collective bargaining agreement. However, under Russian law, employees may either be represented by trade unions, or (where there is no trade union or less than half of company employees are members of an established trade union) elect other employee representatives. Other employee representatives cannot be involved in the protection of an employee's individual rights, but only in the collective relationship with the employer (e.g. negotiating collective bargaining agreements).
Involvement of a union	Under Russian law, the primary trade union organisation is a voluntary association of trade union members, who generally work at the same company. This association operates on the basis of the provisions adopted in accordance with its charter, or on the basis of the general provisions of the primary trade union organisation of the corresponding trade union. The elective body of the primary trade union organisation must be informed prior to a dismissal of its members, if the reason for dismissal is redundancy or staff cuts, no later than two months prior to the dismissal (three months in the case of mass dismissals). The elective body of the trade union must also be consulted on the dismissal of an employee (who is a member of the trade union) for a failure to meet the requirements associated with his position or job due to insufficient qualifications, as confirmed by the results of an appraisal; or for repeated failure to perform his duties without justifiable reasons following a reprimand (or other disciplinary sanctions). If the employee being dismissed is a member of the union, the primary trade union organisation must give its reasoned opinion if the reason for dismissal is: redundancy or staff cuts; the employee's failure to meet requirements associated with his position due to insufficient qualifications (confirmed by an appraisal); or for repeated failure to perform duties without justifiable reasons following a reprimand.
Approval of state authorities necessary	Termination by the employer of an employment agreement with an employee under the age of eighteen will only be permitted with the consent of the corresponding state labour inspectorate and the commission for children and the protection of their rights (except in the event of the liquidation of the company).
Collective redundancies	The criteria for large-scale dismissals are provided in industry sector and/or territorial agreements. An industrial agreement is entered into by authorised representatives of employees and employers at an industrial level to regulate social and employment relations, and sets out the general principles for the regulation of economic relations between employers and employees. Usually the main criteria for a "mass personnel reduction" are indicators such as the number of employees dismissed in connection with the liquidation of a company, or the reduction of a number of employees over a certain calendar period. The following criteria for mass redundancy are currently applied: liquidation of a company with a staff of 15 or more persons; reduction of 25% of the staff within 30 calendar days; reduction of a company's staff of 50 or more persons within 30 calendar days; 200 or more persons within 60 calendar days; or 500 or more persons within 90 calendar days.

	Employers must notify the state employment service and the relevant trade union bodies of a potential mass personnel reduction well in advance (at least three months before the reduction is proposed to take effect). The employer must notify the elected body of the primary trade union organisation in writing of a decision to reduce staff at least three months in advance, if the decision could lead to a mass reduction in personnel.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Reinstatement, continued payment of salary, and civil, administrative and criminal liability under Russian labour law.
Severance pay	On a termination due to reduction of personnel, an employee is paid a severance payment equivalent to one month's average salary, and also receives salary during the two-month notice period. The notice period can be ignored with the employee's consent and the employee instead paid two months' average salary. After having been terminated for redundancy, an employee is eligible to receive his average monthly salary whilst looking for employment for no more than for two months (severance pay included), with an additional third month's payment if the employee applied to the employment service within the first two weeks after termination but failed to obtain any job.
Non-competition clauses	Non-competition clauses are not recognised in Russia.
Miscellaneous	The employer cannot terminate employment agreements with pregnant women except in the event of liquidation of the company. There are also restrictions on termination by the employer with respect to other categories of employee, e.g. women who have children up to three years of age, single mothers bringing up children aged up to 14 years (in the case of a disabled child, aged up to 18 years) and other persons bringing up children without a mother.

Serbia

Reasons for dismissal	The employer may dismiss the employee for reasons related to the employee's ability, his behaviour at work and the needs of the employer, including if: a) the employee: (i) fails to fulfil his duties or does not have the necessary qualifications and ability to perform the work; or (ii) breaches duties and obligations set out in the employment agreement; or (iii) does not respect discipline, so that it is impossible for him to continue working for the employer; or (iv) commits a criminal offence at work or in relation to work; or (v) does not return to work within 15 days of the expiry of a period of unpaid leave or suspended employment; or (vi) abuses sick leave; or (vii) refuses to sign an annex to the employment agreement on changed work conditions; or (viii) refuses to sign an annex to the employment agreement regarding the harmonisation of the agreement with the law; or b) the employee's job becomes redundant due to technological, economic or organisational changes.
Form	Termination needs to be in written form, and given to the employee in person. This must contain the reasons for termination, and set out the employee's right of appeal. In certain cases, the employer must give written notice to the employee of the reasons for termination, the facts on which the decision to terminate is based, and the time limit for submitting the employee's response prior to terminating the employment. The employer must forward the notice to the trade union for its opinion.
Notice period	If the employee is dismissed for failing to fulfil his duties or not having the qualifications and ability necessary to perform his duties, he has the right to continue working for a notice period of between one and three months. This notice period depends on the period for which he has paid pension insurance, and varies as follows: (i) for ten years' paid pension insurance, the notice period is one month; (ii) for between 10 and 20 years' paid pension insurance, the notice period is two months; (iii) for more than 20 years' paid pension insurance, the notice period is three months.

	In all other cases, the notice period is usually defined in the individual employment contract.
Involvement of works council	The employer cannot terminate the employment of a member of the employees' council or a representative of the employees in the employer's supervisory board during his period of office or for one year thereafter, if the representative has performed his work in accordance with the law.
Involvement of a union	The employer cannot terminate the employment of the president of the trade union or a nominated or elected trade union representative during his period of office or for one year thereafter, if the representative has performed his work in accordance with the law.
Approval of state authorities necessary	In certain cases, an employer may terminate the employment of a trade union or employee representative after consultation with the Labour Ministry. The employer may not terminate a contract of unfixed duration under any circumstances if the employee is pregnant, on maternity leave, or on leave nursing or taking special care of a child.
Collective redundancies	An employer must undertake a redundancy programme if it proposes dismissing the following numbers of employees employed on contracts of unfixed duration by reason of redundancy: a) within a 30-day period: 1) ten employees where the employer employs more than 20 and less than 100 employees with contracts of unfixed duration; or 2) 10% of employees where the employer employs 100 to 300 employees with contracts of unfixed duration; or 3) 30 employees where the employer employs more than 300 employees with contracts of unfixed duration; or b) 20 employees within a 90-day period, regardless of the total number of employees employed. The redundancy programme is issued by the board of directors or the company director.
Summary dismissals	Serbian Labour Law does not permit dismissal without notice.
Consequences if requirements are not met	If a court finds that the employment has been wrongfully terminated, the employee has a right to request reinstatement. The court decides whether the employee will be reinstated. The employer must also pay damages to the employee equivalent to lost salary and other entitlements under Labour Law, the collective agreement or employment contract, and mandatory social insurance. Damages will be reduced by the amount of any income earned from any other source following termination of the employment agreement.
Severance pay	If the employee is dismissed for failing to fulfil or not having the necessary qualifications and ability to perform his duties, he has the right to continue working for a notice period of between one and three months. The employee may agree to stop working prior to expiry of the notice period on payment of compensation for salary, the amount being determined by the General Act and the employment contract. On redundancy, the employee is entitled to a severance payment for an amount determined by the company's internal acts and employment agreement. The severance payment cannot be lower than one-third of the employee's salary for each full year of service during the first ten years of employment, and a quarter of the employee's salary for each year of service thereafter.

Non-competition clauses	Post-contractual non-competition restrictions may last for a maximum of two years after the termination of employment. However, such restrictions are only valid if the employer undertakes to pay monetary compensation to the employee in the employment agreement.
Miscellaneous	Not applicable.

Slovakia

Reasons for dismissal	The employer may dismiss an employee with notice for statutory reasons, including the winding-up or relocation of a business or a part thereof, the redundancy of the employee, inability to perform work due to health reasons, unsatisfactory performance, or disciplinary breaches. An employer may terminate an employment relationship with immediate effect if the employee is lawfully sentenced for committing an intentional crime (crime caused not by negligence, but by intention), or has committed a serious breach of discipline. *Note: it is proposed that, as of 1 January 2013, it shall only be possible to use relocation of a business or a part thereof as a statutory reason for dismissal if the employee does not agree with the relocation.*
Form	Notice must be given in writing (not by e-mail or fax), and signed by the employer's representative in order to be valid.
Notice period	The general notice period is one month. In case of dismissal where the reasons are the winding-up or relocation of a business or a part thereof, redundancy of the employee, or inability to perform work due to health problems, the notice period is two months if the employment has lasted for at least one year, and the notice period is three months if the employment has lasted for at least five years. Where the dismissal is due to reasons other than those stated above, the notice period is two months if the employment has lasted for at least one year. If the notice is given by the employee, the notice period is two months if the employment has lasted for at least one year. If the dismissal occurs during a probationary period, a minimum of three days' notice should be given to the other party. The statutory maximum of a probationary period is three months, and a maximum of six months in the case of managing employees. The probationary period can be extended by the collective agreement to six months, or nine months (in the case of managing employees. The probation period, and its length thereof, are subject to agreement between the parties. *Note: it is proposed that, as of 1 January 2013, it will no longer be possible to extend the probationary period in the collective agreement.*
Involvement of works council	Dismissal of a member of the works council will be invalid if the works council's prior approval has not been obtained. Employee representatives are protected against dismissal for six months following the expiry of their term of office.

	Note: it is proposed that, as of 1 January 2013, the employer shall be required to negotiate all dismissals with employee representatives before making those dismissals. If this is not done, the dismissals shall be invalid. The employer shall be required to negotiate the dismissal of each individual employee, but if employee representatives do not agree with the dismissal, the dismissal shall still be valid. The dismissal shall be invalid if the employee has not discussed the dismissal with employee representatives. *If there are no employee representatives, then this requirement does not apply.*
Involvement of a union	Dismissal of a trade union member is invalid if the trade union's prior approval has not been obtained. Trade union officers are protected against dismissal for six months following the expiry of their term of office.
Approval of state authorities necessary	Obligatory for disabled employees.
Collective redundancies	A collective redundancy occurs when the employer dismisses more than ten employees within thirty days, if the employer employs less than hundred but more than twenty employees. If it employs more than one hundred but less than three hundred employees, termination of at least ten percent of the workforce is considered a collective redundancy. If the employer employs more than three hundred employees, then termination of thirty employees is considered a collective redundancy. At least one month prior to commencement of collective redundancies, the employer must negotiate measures to avoid collective redundancies with employee representatives. The employer must provide employee representatives with all the information necessary to facilitate these negotiations. The Office of Labour, Social Affairs and the Family must be provided with written details of the negotiations, with which measures to avoid collective redundancies are to be negotiated. *Note: it is proposed that, as of 1 January 2013, the current legislative gap if the employer employs exactly one hundred or three hundred employees shall be filled by new wording in the relevant section.*
Summary dismissals	Not applicable.
Consequences if requirements are not met	Reinstatement (unless the court decides that reinstatement cannot be reasonably required of the employer). The employer must compensate the employee with his average salary for the period between the date on which he first requested reinstatement to the actual date of reinstatement, or until such time as the court rules on termination of the employment relationship. If total period of time for which the compensation shall be awarded exceeds nine months, the employee is entitled only to compensation in the amount for nine months. *Note: it is proposed that, as of 1 January 2013, a new total period of time for which the compensation can be awarded shall be set at 36 months. The court shall be able, as it deems appropriate, to reduce the compensation if the period covered exceeds 12 months.*
Severance pay	Severance pay is only payable if the employment has been terminated by agreement between the employer and the employee for organisational reasons or bad health. If the employee is dismissed for the same reasons, the employee is entitled to ask the employer for termination of the employment by agreement (the employer must comply with this request).The amount of severance pay is equal to the length of potential notice period multiplied by the average monthly earnings of the

	employee. If the employee has been dismissed due to an injury at work, the payment is ten times his average monthly earnings, unless the injury has been caused by the employee breaching health and safety regulations or being under the influence of alcohol or drugs. *Note: it is proposed that, as of 1 January 2013, the requirement to terminate employment by agreement as a condition for gaining entitlement to severance pay shall be cancelled. The employee shall be entitled to severance pay if dismissed due to winding-up or relocation of a business or a part thereof, the redundancy of the employee or inability to perform work due to health problems if the employee has been employed for at least two years. The amount of severance pay increases in proportion to the duration of the employment by up to four times the average salary if the employment has lasted at least twenty years.* *If the employment has been terminated by an agreement for the reasons stated above, the employee is entitled to severance pay in proportion to the duration of the employment of up to five times average salary if the employment has lasted at least twenty years. If the termination of the employment is by agreement, the employee is entitled to severance pay in the amount of his average salary even if the employment has lasted for two years or less.*
Non-competition clauses	The court may consider non-competition clauses to be invalid if, for example, one of the parties sues the other party before a court because such a clause is invalid. However, it is more likely that the court will consider such a clause to be invalid, because such competition clauses are usually concluded to the disadvantage of the employee.
Miscellaneous	An employer cannot dismiss an employee within a protected period, i.e. within a period during which the employee is acknowledged to be temporarily incapable of working (due to disease or an accident, during pregnancy or military service, whilst having been released to perform a public function, or if the employee is medically acknowledged to be temporarily unable to perform night shifts).

Slovenia

Reasons for dismissal	The Employment Relationship Act (*"Zakon o delovnih razmerjih"* or "ZDR") distinguishes between ordinary and summary termination of the employment contract. Ordinary termination is termination with notice, which is only possible for a business-related reason, a reason of fault, of incapacity or of inability to work due to disability, all of which render continuation of the employment under the conditions of the existing employment contract impossible. Reasons of incapacity are: non-achievement of expected work results because the worker has failed to carry out the work in due time, professionally and with due quality, or non-fulfilment of the conditions for carrying out work as stipulated under the law and executive regulations issued on the basis of law due to which the worker fails to fulfil or cannot fulfil the contractual or other obligations arising out of the employment relationship. Summary termination is termination without notice and is only possible if: — it is based on one of the exhaustively provided reasons in ZDR; and — taking into account all the circumstances and interests of employer and employee, continuation of the employment to the end of the notice period or the end of the employment contract is considered impossible; and — it is given within 30 days of establishing the reason for summary termination, and within six months of the emergence of that reason.
Form	Notice must be given in writing, providing for an explanation of the reasons for termination and pointing out possible legal remedies available to the employee and his rights arising out of unemployment insurance. Before the ordinary termination of employment contract based on a reason of fault, the employer must give employee a warning in writing regarding fulfilment of his obligations and the possibility of termination if he fails to comply. Such warning must be given within 60 days of establishing the breach and within six months of the emergence of the breach. Before the employer may give an ordinary dismissal (due to a reason of fault on the part of the employee or a reason of incapacity) or a summary dismissal, it must give the employee the opportunity to defend himself within a reasonable period and must invite him in writing to do so.

	An employer must also inform an employee in writing if he intends to give the employee an ordinary dismissal for a business-related reason. If the employment contract is terminated for a business-related reason or for a reason of incapacity, the employer must examine the possibility of the employee being employed under different employment conditions or in an alternative position, or being given additional training for the current position or training for an alternative position. If such a possibility is established, then the employer must offer the employee a new employment contract. If the employee refuses to enter into a suitable new employment contract, then the employment contract is terminated and he loses his right to severance payment.
Notice period	Ordinary termination The notice period depends on the length of service. As a general rule, the statutory minimum notice periods (unless otherwise determined by a collective bargaining agreement) are: (i) 30 days for employees with less than five years of service; (ii) 45 days for employees with 5 to 15 years of service; (iii) 60 days for employees with 15 to 25 years of service; and (iv) 120 days for employees with 25 or more years of service. If the employment contract is terminated due to a reason of fault of the employee, the statutory notice period is one month. Summary termination: there is no notice period. Bankruptcy, liquidation proceeding, or a compulsory settlement A bankruptcy administrator or liquidator may terminate a contract of employment with 15 days' notice to those employees whose work has become redundant due to the commencement of bankruptcy or liquidation proceedings. In the event of confirmed compulsory settlement, the employer may terminate a contract of employment with 30 days' notice only to those employees whose redundancy is determined in the programme upon termination of the employment relationship due to financial restructuring. Compulsory settlement (or compulsory composition) is a proceeding upon insolvent debtor in which: (i) financial reorganisation of the debtor is enabled; and (ii) partial payment of the creditor's claim is assured, all aiming at ensuring the further operation of the debtor.
Involvement of works council or workers' representative	The employer must inform and consult the works council or workers' representative in relation to the collective dismissal of a large number of employees.
Involvement of the trade union	If the employer intends to dismiss an employee who is a trade union member, the employer must, at the employee's request, notify the trade union in writing of its intention to terminate (ordinary or summary termination) the employee's employment contract. The trade union must give its opinion within eight days. Silence is deemed as meaning the union is not opposed to the termination. It may oppose the termination if it considers there are no substantial reasons for the termination or the termination procedure has not been carried out in accordance with the ZDR. An employer cannot dismiss an appointed or elected trade union representative without the prior consent of the trade union. The trade union is involved in collective redundancies (see below).

Approval by the state authorities necessary	The employer may only dismiss an employee who is pregnant, during breastfeeding or on parental leave, and for one month thereafter, with the prior consent of the labour inspector, if there are reasons for a summary termination of the employment contract, or if proceedings for terminating the employer's business have been instituted.
Mass redundancies	The employer must prepare a redundancy programme if it is established that, for business-related reasons, the work done by a number of workers will be rendered unnecessary in the next 30 days. The numbers of workers who need to be made redundant for this to apply are as follows: (i) at least ten workers where the employer employs more than 20 and less than 100 workers; or (ii) at least 10% of workers where the employer employs at least 100 workers but less than 300 workers; or (iii) at least 30 workers where the employer employs 300 or more workers. The employer must also prepare a redundancy programme if the work of 20 or more workers is to become unnecessary within a three-month period for business-related reasons. In determining which workers are to be made redundant, the employer must take the following criteria into consideration: the employee's qualifications, work experience, performance, length of service, medical health and social status, whether the employee is a parent of three or more minors, or if the employee is the sole provider for a family with minors. The employer must inform and consult trade unions, the works council and the National Employment Office *("Zavod za zaposlovanje Republike Slovenije")* regarding its intention to instigate mass redundancies for business-related reasons and a redundancy programme. The employer cannot terminate employment contracts until 30 days after the National Employment Office has been informed in details of the mass redundancy. The National Employment Office may increase this period to 60 days.
Consequences if requirements for dismissal are not met	If the court finds that the employer has failed to comply with statutory requirements, it will declare the termination illegal and reinstate the employee with retroactive effect *("ex tunc"),* recognising the employee's period of service and other rights arising from the employment relationship. If the worker does not wish to be reinstated, then the court may, at his proposal: (i) determine that the termination was invalid and that the employment relationship lasted until the first instance judgment was issued; or (ii) recognise the employee's period of service and other rights arising out of the employment relationship – the employee is then given the rights arising out of the employment relationship as if the employment contract had not been terminated; or (iii) award appropriate monetary compensation of a maximum of 18 months' salary, calculated on the basis of the average monthly salary received in the final three months preceding the termination. The employee may seek legal protection from dismissal within 30 days of being served with the dismissal notice.
Severance pay	An employee whose employment contract has been terminated due to a business-related reason or reason of incapacity is entitled to a severance payment. The amount depends on the number of years of service (including the employment

	with the employer's legal predecessors). The basis for calculation is the average monthly salary received in the final three months preceding termination. Severance pay is calculated as follows: — 1/5 of the average monthly salary for each year of employment with the employer if the duration of the employment is between one and five years; or — 1/4 of the average monthly salary for each year of employment with the employer if the duration of the employment is between 5 and 15 years; or — 1/3 of the average monthly salary for each year of employment with the employer if the duration of the employment exceeds 15 years. The amount of the severance payment may not exceed ten times the average monthly salary received in the final three months preceding the termination unless an applicable collective bargaining agreement stipulates otherwise. The same provisions apply to workers whose employment contract has been terminated in a bankruptcy/liquidation or compulsory settlement proceeding. In a compulsory settlement proceeding, however, the employer and worker may stipulate in writing the manner, form or reduction of the severance payment if a greater number of jobs with the employer would be jeopardised by a full payment.
Non-competition clause	A non-competition clause is only valid if included in the employee's employment contract. The clause can only last up to two years following termination. The clause must provide for a method of calculating the compensation to be given to the employee, otherwise it is invalid. The employee must receive at least one-third of his average monthly salary (calculated over the three months immediately preceding termination) for each month of the restricted period. If the clause does not enable the employer to pay a comparable salary, the employee is entitled to compensation during the restricted period. A non-competition clause can protect the employer in circumstances where there is agreement on cessation of the employment contract or an extraordinary termination of contract, or if the contract is terminated due to fault on the part of the employee, and the employee has gained technical, production or business know-how and business connections in the course of his employment and related to his employment. However, the non-competition clause must not prevent the employee from obtaining appropriate employment.
Miscellaneous	The employer cannot, without the prior consent of the relevant organisation, terminate the employment contracts of members of works councils or supervisory boards representing workers, workers' representatives (including those on the council of an institution), or appointed or elected trade union representatives. Other categories of protected workers include older workers, parents, disabled persons and persons absent from work due to illness. The employer may not terminate the employment contract of an older employee for a business-related reason without the written consent of this employee until this employee completes the minimum conditions for receiving an old-age pension. This protection does not apply if: (i) the employee is assured a right to unemployment benefit until he fulfils the minimum conditions for receiving an old-age pension; or (ii) appropriate new employment is offered to the employee; or (iii) proceedings have been instituted for terminating the business of the employer.

The employer may not terminate the employment contract to parents during the period when they are pregnant, during breastfeeding, or during parental leave in the form of full absence from work, and for one month thereafter. This notwithstanding, the written employment contract can be terminated with the approval of the state – see above.

The employer may terminate the employment contract of a disabled person:

(i) due to his incapacity to perform work subject to the conditions set out in the employment contract; or
(ii) due to business-related reasons; or
(iii) in cases subject to the conditions set out in legislation governing pension and disability insurance or work rehabilitation, and the employment of disabled persons.

This does not apply if proceedings have been instituted for terminating the business of the employer.

Spain

Reasons for dismissal	Disciplinary dismissal: if the employee commits a serious and negligent breach of contract. This may include: a) repeated and unjustified absenteeism or lack of punctuality; or b) a lack of discipline or disobedience at work; or c) a verbal or physical offence against the employer, fellow employees or their relatives; or d) a breach of contractual good faith; or e) a continued and wilful reduction in normal or agreed efficiency and output; or f) regular drunkenness or drug addiction if this has a negative effect on the employee's work. Objective dismissal may be due to: a) ineptitude, be this manifest or supervening subsequent to his effective placement in the company. (The ineptitude has to become known or take place after the employee is given the job); or b) a lack of adaptation to technical modifications relevant to his role; or c) redundancy due to financial, technical, organisational or production-related reasons; or d) absenteeism, even if legitimate and intermittent, when the degree of absenteeism reaches certain legal quotas.
Form	Disciplinary dismissal: notification must be in writing, explain the reasons for the dismissal, and state the date on which it will take effect. Objective dismissal: notification must be in writing, explain the reasons for the dismissal, state the date on which it will take effect, and give the employee legal compensation at the same time as the letter is given.
Notice period	Disciplinary dismissal: no notice period is required. Objective dismissal: 15 days' notice. The employer may make a payment in lieu of notice, either in part or in full.
Involvement of works council	Disciplinary and objective dismissal: the works council must be informed if: (i) the employer is a member of the works council or an employee representative; or (ii) a relevant collective bargaining agreement sets out a notification requirement; or

	(iii) it is an objective dismissal for financial, technical, organisational or production-related reasons; or (iv) the dismissal is a consequence of a very serious infringement.
Involvement of a union	Disciplinary and objective dismissal: no union involvement, unless the employee is a member of, or affiliated to, a trade union.
Approval of state authorities necessary	Disciplinary dismissal: no approval required. Objective dismissal: no approval required.
Collective redundancies	A redundancy proceeding ("Employment Regulation Case File" or "ERCF") must be followed: (i) if the dismissal is for financial, technical, organisational or production-related reasons; and (ii) the number of employees affected within a period of 90 days is at least: 1) ten employees at companies with less than 100 employees; or 2) 10% of the workforce at companies with 100 to 300 employees; or 3) 30 employees at companies with 300 employees or more; or 4) the entire personnel of the company if this is more than five employees. The ERCF must be communicated to the employment authorities. The procedure begins by notifying employee representatives of the initiation of the ERCF and a consultancy period, which may not last longer than one month. Although the parties are under an obligation to negotiate in good faith, they are not obliged to reach an agreement. An agreement on compensation may be reached between the employer and employee representative (normally around 25–35 days' salary per year of service). If the parties do not reach an agreement, the company may implement the dismissals without agreement with a compensation of 20 days' salary per year of service (pro rata per month for periods of less than one year), up to a maximum of 12 months' salary.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Disciplinary dismissal/objective dismissal: dismissal is considered to be unfair if notice of dismissal is not given in writing. Disciplinary dismissal/objective dismissal: dismissal is considered void if: a) statutory notice of the dismissal is not given in writing; or b) compensation is not offered to the employee at the same time as the communication is given, or the legal representatives are not informed of an objective dismissal for financial, technical, organisational or production-related reasons (in the event of objective dismissal); or c) the reason for dismissal is discriminatory under Spanish law or the Spanish Constitution; or d) the reason for dismissal is a breach of any public freedom of rights or fundamental rights; or e) the dismissal takes place as a consequence of and during maternity leave, child adoption or suspension of the contract due to risk during pregnancy or breastfeeding; or f) dismissal of an employee takes place as a consequence of and after having taken maternity leave, paternity leave or a leave of absence for child adoption, and for nine months before the time of the birth or adoption; or

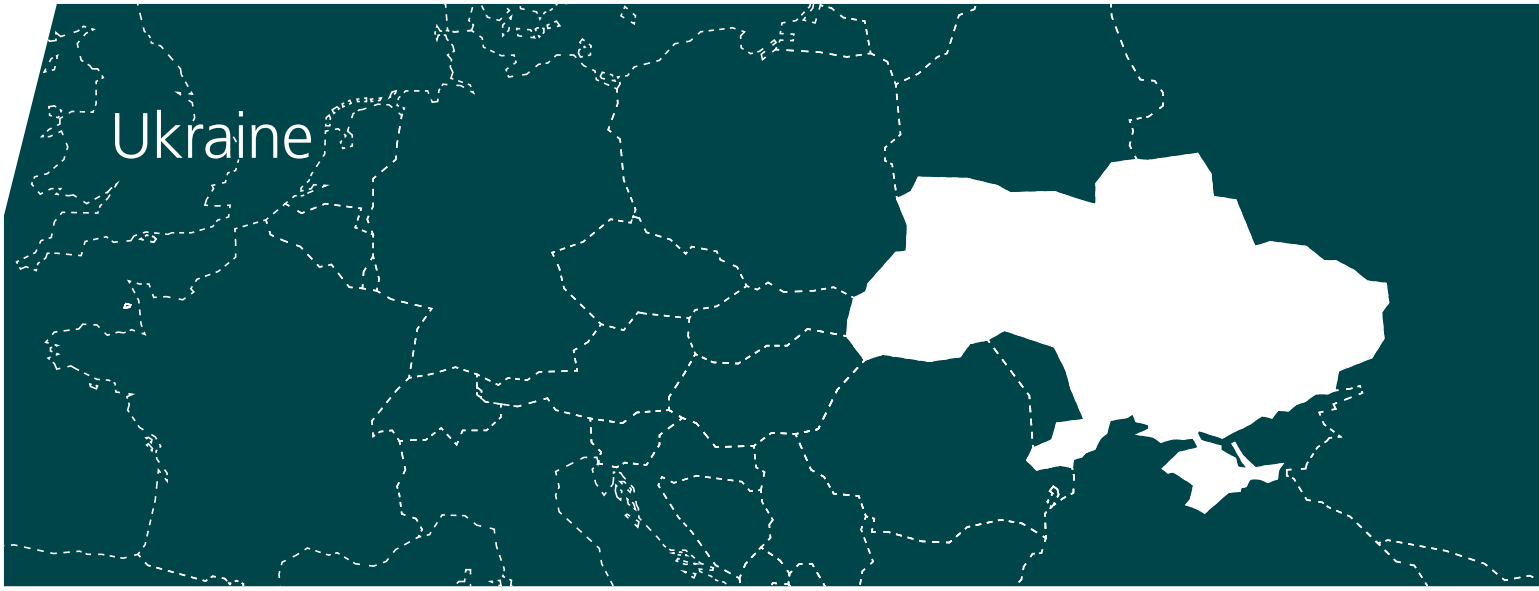
	g) the dismissal is of a pregnant woman or an employee whose working time has been reduced to take care of children (up to eight years of age). A declaration of invalidity immediately reinstates the employee, and entitles the employee to payment of any salary not received between the date of dismissal and the date of reinstatement.
Severance pay	Not applicable.
Non-competition clause	Not applicable.
Miscellaneous	Not applicable.

Switzerland

Reasons for dismissal	Notice may be given without providing any reason *("Kündigungsfreiheit").* Both employer and employee may end the employment relationship without providing reason or cause. However, a dismissal must not be abusive (wrongful or unlawful dismissal). Subject to certain exceptions, such a notice is unlawful where issued: — by one party due to an inherent personal quality of the other party (skin colour, nationality, sexuality); or — because the other party exercises a constitutional right; or — solely in order to prevent claims under the employment relationship from accruing to the other party; or — because the other party asserts claims under the employment relationship in good faith; or — because the other party is performing military service or a non-voluntary legal obligation; or — because the employee is or is not a member of an employees' organisation or because he carries out trade union activities in a lawful manner; or — while the employee is an elected employee representative on the works council and the employer cannot cite just cause to terminate his employment; or — by the employer in the context of mass redundancies if the consultation process is not observed. In any of the above-mentioned circumstances, the notice remains valid, but the party abusively giving notice may be obliged by the court to pay an indemnity of up to six months' salary. The employer may not terminate the employment relationship during the following periods, and any notice given during these periods is void: — while the other party is performing Swiss compulsory military service, and – where the service lasts for more than 11 days – during the four weeks preceding and following the service; or — while the employee, through no fault of his own, is (partially) prevented from working due to illness or accident, for up to 30 days in the first year of service, 90 days in the second to fifth years of service, or 180 days thereafter; or — during the pregnancy of an employee, and for 16 weeks following the birth.
Form	There is no specific requirement. Notice of termination may be given orally or even by conclusive behaviour. For evidentiary purposes, it is strongly recommended that any notice be issued in writing.

Notice period	The statutory notice periods are: one month in the first year of service; two months from the second to ninth year of service; and three months thereafter. The notice period may be varied by written individual or collective employment contract; however, the notice period may be reduced to less than one month only by collective employment contract and only for the first year of service. The notice period must be the same for both parties. The parties may agree on a probationary period of up to three months with a notice period of seven days.
Involvement of works council	Except for mass dismissals, there is no statutory requirement to involve a works council.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	The statutory provisions regarding mass dismissals apply where the employer – within a time period of 30 days – gives notice for reasons unrelated to the person of the employees and affecting: (i) at least ten employees at a business normally employing between 21 and 99 employees; or (ii) at least 10% of the employees at a business normally employing between 100 and 300 employees; or (iii) at least 30 employees at a business normally employing more than 300 employees. Prior to giving notice, the employer has to consult the employee's representative body or the employees, and at the same time notify the cantonal labour office in writing of the planned mass dismissal. There are only consultation rights. Neither the employees nor the cantonal labour can block a mass dismissal.
Summary dismissals	Both the employer and employee may terminate the employment relationship with immediate effect at any time for cause. The requirements for a termination for cause are high. There must be a severe breach of contract and – except for very serious cases (e.g. theft) – a clear warning, which is then ignored by the other party. The notice must be given within three days of the party becoming aware of the serious breach allowing termination for cause.
Consequences if requirements are not met	In case of ordinary dismissals: — in case of unfair dismissal, the notice remains valid, but the party abusively giving notice may be obliged by the court to pay an indemnity of up to six months' salary. — The employer must not terminate the employment relationship during certain protected periods, as mentioned above under "Reasons for dismissal"; any notice given during these periods is void. If any of these circumstances apply after notice has been given, then the notice remains valid but is extended accordingly. Where a termination is made with immediate effect for cause but the requirements are not met (e.g. no serious breach, no (sufficient) warning, notice issued too late), the employee is entitled to the salary for the period until his contract expires or could have been ordinarily terminated. In addition, the court may require the employer to pay an indemnity of up to six months' salary.

	In a case of mass dismissal, a notice of termination given without or before completion of the consultation process is deemed abusive. The notice of termination remains valid, but the employer is obliged to pay an indemnity to the employee of a sum fixed by the court not exceeding two months' salary.
Severance pay	Employees are entitled to a severance payment if they are over 50 years old and with 20 or more years' service. If there is no contractual severance payment, an amount equal to between two and eight months' salary will be awarded by the court. However, the employer's contributions to the employee's pension fund over the entire period of service may be deducted from the severance payment. As a result, mandatory severance payments are rare.
Non-competition clauses	The parties to an employment agreement may agree on post-termination restrictive covenants prohibiting competitive activity by the former employee. Such covenants are subject to a number of requirements and restrictions, including the following. (i) A post-termination restriction on competition is only valid and enforceable if it is limited to a specific activity, a reasonable geographic area, and a reasonable period of time (maximum three years, unless there are exceptional reasons for a longer period). (ii) In addition, a non-competition restriction is only enforceable in those cases where the employee has had access to the employer's customers or to manufacturing or business secrets during the term of the employment, and the use of such knowledge could significantly damage the employer. (iii) The non-competition restriction has to be agreed upon in writing. (iv) The restriction does not apply if the employer terminates the employment relationship without the employee having given him any good cause to do so, or if the employee terminates it for good cause attributable to the employer. (v) Where an employee infringing the restriction is liable to pay a contractual penalty, the employee may exempt himself from the prohibition by paying the penalty; however, he remains liable in damages for any further damage. Only where expressly so agreed in writing, in addition to seeking the agreed contractual penalty and any further damages, the employer may insist that the employee continues to observe the non-competition restriction.
Miscellaneous	Not applicable.



Reasons for dismissal	Generally, it is difficult to terminate an employee without the employee's consent under Ukrainian law. Valid grounds for termination may be divided into those related to the employee's breaches of employment duties ("termination with cause on the part of the employee") and those not related to the employee's actions ("termination without cause"). Termination is not generally allowed while an employee is on annual or sick leave. An employer may unilaterally terminate an employee with cause in the following cases: — systematic unjustified failure to fulfil employment obligations; or — unjustified absence from work for more than three hours during one day; or — appearance at work while under the influence of alcohol or drugs; or — misappropriation of property; or — a single gross violation of employment obligations; or — actions of a company head causing delayed or reduced payment of wages; or — immediate subordination to a related party contrary to the Ukrainian law "On Principles of Preventing and Counteracting Corruption"; or — actions of an employee entrusted with company assets (cash or property) that result in the loss of the employer's trust; or — immoral conduct. Termination in most of these cases is regarded as a disciplinary sanction and must be imposed following special procedures prescribed by law. An employer may terminate an employee without cause in the following cases: — changes in organisation of work and production (redundancy); or — employee unsuitability for the job or position; or — reinstatement of an employee who previously occupied the position; or — absence from work due to sickness for more than four continuous months. Other than when an employee is absent for four months due to sickness, termination without cause is only allowed if the employee cannot be transferred to another position or job.
Form	In all cases, a decision regarding dismissal shall be made in the form of a written order, signed by a duly authorised representative of the employer. The employee is to be provided with a copy of the dismissal order on the last day of his employment.

Notice period	This depends on the grounds for dismissal. The statutory minimum notice period is two months if the case involves redundancy. In certain cases (e.g. where there has been a single gross violation of employment duties), notification is not required.
Involvement of works council	No involvement.
Involvement of a union	In cases involving redundancies, the employer shall notify and consult with the trade union at company level (if such a union operates at the employing company). In some cases, moreover, the employer shall be required to obtain prior consent from the trade union at company level (if one operates) to terminate the employment of trade union members. Such cases can include redundancy (with the exception of cases in which the redundancy is caused by the liquidation of the employing company).
Approval of state authorities necessary	Not required.
Collective redundancies	Currently there are no specific rules for collective redundancies in Ukraine, i.e. the redundancy procedure is the same irrespective of the number of people being made redundant. In cases of redundancy, the employer shall comply with the following notification and consultation requirements: — it shall inform the trade union at company level (if one such operates within the seller's organisation) about the redundancies being considered. The notice shall be given within three months following the date on which the decision on the redundancies was adopted, but no later than three months before the date being considered for the redundancies to take place. In light of the aforementioned time requirements, it is advisable to notify the trade union promptly after the decision on redundancies has been taken; — it shall give the employees notice of the redundancy two months in advance; — it shall give the State Employment Centre (in this text, the "Agency") notice of the redundancies being considered, two months in advance. From 1 January 2013 onwards, this notification shall only be required if the redundancies qualify as a "collective redundancy"; — it shall notify the Agency of the completed redundancies within ten days following its completion (this legal requirement shall no longer apply from 1 January 2013 onwards). It should be noted that the new Ukrainian Employment Law, which becomes effective from 1 January 2013, introduces a legal definition of "collective redundancies" and changes redundancy procedure concerning the Agency notification requirement (see above). Under the new law, "collective redundancy" is defined as a one-time dismissal or series of dismissals following a decision by the employer made within (i) one month, if • ten or more employees have been dismissed from a company employing 20 to 100 individuals; or • 10% or more of the workforce of the company have been dismissed from a company employing 101 to 300 individuals; or (ii) three months, if • 20% or more of the workforce of the company have been dismissed, irrespective of the total number of staff.

Summary dismissals	Generally, dismissal without notice by an employer is only possible with respect to certain categories of employees (i.e. the general management of the company) in cases where there has been a serious breach of duty.
Consequences if requirements are not met	Employees are reinstated, and/or awarded continued payment of salary.
Severance pay	A statutory severance payment of one average monthly salary is only required if the decision regarding the dismissal has been taken by the employee on the following grounds: — changes in organisation of work and production (redundancy); or — employee unsuitability for the job or position; or — reinstatement of an employee who previously occupied the position. In all cases of dismissal, an employer shall pay an employee being terminated all payments due under his employment agreement (e.g. salary and compensation for any of the employee's annual vacation accumulated but unused during his term of employment with the employing company). Voluntary severance payments are also subject to negotiations between employer and employee. These are especially common if the justification for a dismissal may be doubtful.
Non-competition clauses	Post-contractual non-competition covenants are non-enforceable in Ukraine.
Miscellaneous	The employment of certain categories of employee cannot be terminated by an employer without their prior consent. This 'protected' category of employee includes: — pregnant women; and — women with children under the age of three, or under the age of six if a registered medical practitioner certifies that home care is necessary; and — single parents or the legal guardians of a child under the age of 14 or a handicapped child. The law only allows the employment of 'protected' employees to be terminated if the employer is liquidated without legal succession. Under these circumstances, the law requires that they be paid their average wages for three months following the termination.

United Kingdom

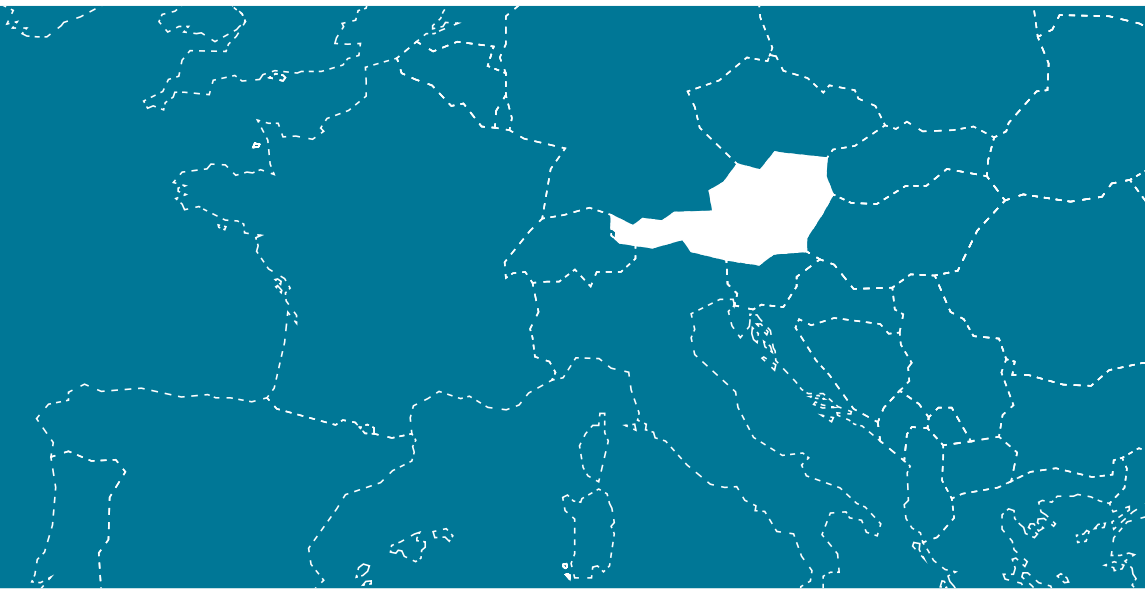
Reasons for dismissal	All dismissals in the UK are valid, irrespective of the reason. However, not every dismissal will be 'fair', and an unfair dismissal (or dismissal on discriminatory grounds) can result in financial compensation (or occasionally reinstatement or re-engagement). A claim for unfair dismissal can be made if the reason for dismissal was not one of a number of 'fair reasons' (e.g. conduct, capability or redundancy). Most employees need a particular length of service to bring a claim for unfair dismissal. At present this is either one or two years' service, depending on the date of commencement of employment. However, all employees can bring a claim for unfair dismissal if the reason for dismissal is deemed to make the dismissal automatically unfair (e.g. for family reasons such as dismissals for reasons connected to pregnancy, parental leave, or requests for flexible working). Even if the dismissal is deemed to be for a fair reason, to avoid a successful claim for unfair dismissal the employer must still follow a fair procedure and act reasonably in dismissing the employee. If the reason for the dismissal involves discrimination against the employee (because of a protected characteristic such as sex, race, age or disability), employees may make a discrimination claim irrespective of their length of service. Employees with sufficient length of service have the right to request a written statement of reasons for dismissal. Employers must provide the statement within 14 days of the request. Irrespective of length of service, employees dismissed during pregnancy or maternity or adoption leave are automatically entitled to a written statement of reasons for dismissal without having to request it.
Form	Employees may be dismissed orally or in writing.
Notice period	There is a statutory minimum notice period of between one and 12 weeks, dependent on length of service.

	The contract of employment can provide for a longer notice period. Failure by the employer to comply with the notice period can result in a claim for "wrongful dismissal".
Involvement of works council	No general legal requirement for involvement, but staff forums may be involved in the case of collective redundancies (see below).
Involvement of a union	No involvement other than in the case of collective redundancies (see below).
Approval of state authorities necessary	Not required.
Collective redundancies	If 20 or more employees are proposed to be made redundant within a period of 90 days or less, consultation with employee representatives (who may be trade union representatives) must begin at least 30 days (or 90 days if 100 or more employees are to be made redundant) before the first dismissal takes effect. Employers are obliged to notify the Secretary of State where they are proposing to dismiss as redundant 20 or more employees within a 90-day period. The Secretary of State must receive notification at least 30 days (or 90 days if 100 or more employees are to be made redundant) before the first dismissal takes effect. A copy of the notification must also be provided for the employee representatives.
Summary dismissals	Summary dismissal (dismissal without notice) is only lawful where the employee has committed a breach of contract that is sufficiently serious to entitle the employer to treat the employment contract as terminated with immediate effect. A typical example is where the employee has committed gross misconduct.
Consequences if requirements are not met	The employee may have various claims, such as an unfair dismissal claim. Most employment-related claims are made in employment tribunals.
Severance pay	The employment contract may provide for the employer to make a payment in lieu of notice, for example, equal to the salary that the employee would have earned during the notice period. If this is not provided for in the contract, the parties can agree for such a payment to be made, for example, as "damages" for breach of contract. If an employee with two years' continuous service has been made redundant, he will be entitled to a statutory redundancy payment. The amount is calculated according to a statutory formula based on the employee's age, length of service and weekly pay (capped at GBP 430 as at September 2012), up to a maximum of GBP 12,900 (as at September 2012). The employment contract may provide for an enhanced redundancy payment. If the employee has been unfairly dismissed, he may be able to claim a "basic award" calculated according to the same formula as the statutory redundancy payment (but employees cannot usually recover both a statutory redundancy payment and a basic award), and a "compensatory award" of up to GBP 72,300 (as at September 2012).

Non-competition clauses	Restrictive covenants will be void for unlawful restraint of trade and so are unenforceable unless they protect the legitimate business interests of the employer and go no further than is necessary to provide that protection, in terms of activity, duration and geographical area.
Miscellaneous	Not applicable.

Managing Directors

Austria



Reasons for dismissal	Company may revoke the appointment/terminate the service contract without cause, unless agreed otherwise in the service contract.
Form	Valid shareholder's resolution on revocation of appointment as managing director and on termination of the service contract. Managing director has only to be notified in writing, if so agreed in the service contract.
Notice period	Revocation of appointment: possible without notice. Termination of the service contract: managing directors generally have fixed term contracts or long contractual notice periods.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Summary dismissals	Termination without notice: only where there has been a serious breach of duty.
Consequences if requirements are not met	If there is no valid shareholder resolution or important reason, contrary to requirements in the service agreement or under Austrian labour law, the revocation of appointment as managing director will be invalid. It is possible for the revocation to be valid, but for the termination of the service contract to be invalid. If this is the case, the managing director is entitled to continued payment of salary and adequate employment.
Severance pay	Employees whose employment contracts started before 1 January 2003, are entitled to receive a severance payment *("Abfertigung")* if they have three or more years' service. The amount due depends on length of service, and is calculated as a multiple of the salary of the last month of employment, increased pro rata by any other payments of which the employee has been in regular

	receipt, such as the "13th and 14th month" salary, regular commission or bonus payments, regularly-paid overtime, etc. The severance payment is a "loyalty bonus". As a matter of general principle, a severance payment is not applicable if the employee has given notice, resigned prematurely without cause, or been dismissed by the employer for a good reason attributable to him (e.g. material breach of duty or gross misconduct). The severance payment calculated according to the above formula is therefore due to all employees whose employment started prior to 1 January 2003. According to the new severance payment system, the reason for termination of the service contract by the managing director or employer is not applicable to the right to a severance payment. From 1 January 2003, a new severance payment system has been established in Austria which affects all employment contracts concluded after 31 December 2002. Under the new system, the employer pays a certain amount to the employee's severance fund *("Mitarbeitervorsorgekasse").* This sum is carried forward to the potential new employer.
Non-competition clauses	A non-competition clause will only be valid where the restricted activities are the employer's lines of business and the prohibited period does not exceed one year. The subject matter, time limit and geographical area must not constitute an undue hardship on the employee's career in comparison with the degree of protection afforded to the business interests of the employer. Non-competition clauses are generally construed strictly, although any ambiguity is construed against the employer, i.e. it is assumed that the employee has agreed to a less stringent restriction.
Miscellaneous	Not applicable.

Belgium

In the Belgian Code on Companies, the "managing director" mandate is used for directors of a private company limited by shares (a so-called "BVBA" or "SPRL"), as appointed by the shareholders of such a company. "Managing director" is also used as a title for the director of companies limited by shares (a so-called "NV" or "SA") who has been given the mandate of day-to-day management.

It is normal practice in Belgium for a managing director to have an employment contract within a company for the execution of certain specific tasks, combining this employment relationship with a non-remunerated mandate within the company as managing director. The mandate of managing director itself could also be exercised under an employment agreement, but this is not possible for the sole managing director of a BVBA.

This table differentiates between; (i) the managing director of a BVBA, appointed by a general meeting of shareholders; and (ii) the managing director of an NV, appointed by a board of directors.

Reasons for dismissal	(i) The mandate of managing director of a private company limited by shares can be revoked *ad nutum* by the general shareholders meeting. This is normally done without justification, unless the articles of association provide otherwise, or the managing director has been appointed in the articles of association, in which case a serious cause should be present. (ii) The mandate of managing director of a company limited by shares can be revoked by the board of directors in accordance with the articles of association. If these remain silent on the issue, the revocation of the mandate is governed by the rules of mandate meaning that the mandate can be revoked *ad nutum.*
Form	A decision from the general shareholders meeting or the board of directors is required. The revocation must be published in the Official Belgian State Gazette (the *Belgisch Staatsblad* or *Moniteur Belge).*
Notice period	Normally none, unless such a notice period is set out in a contract.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.

Summary dismissals	Not applicable.
Consequences if requirements are not met	A company can still be considered to be bound by actions of a dismissed managing director until and unless such a dismissal has been officially published in the Official Belgian State Gazette.
Severance pay	None, unless such a severance payment is foreseen in a contract.
Non-competition clauses	None, unless such non-competition clauses are foreseen in a contract. Such non-competition clauses are only valid if they meet certain requirements (i.e. they are of limited duration, cover a limited geographical area, and the competing business is clearly identified).
Miscellaneous	Not applicable.

Bosnia and Herzegovina

It should be noted that in Bosnia and Herzegovina, the business activities and actions of a company are governed by its management. Management may consist of a company director, or of a company director and one or more executive directors. Although not explicitly provided for under the law of the Federation of Bosnia and Herzegovina, directors are treated in the same way as other employees in terms of standard labour law principles. In practice, therefore, the individuals forming the management of the company are also the employees of the company, with the same rights and obligations under labour law as other employees.

However, it should also be noted that in the Republika Srpska, directors can either be employed by the company under a standard employment contract or under a "special" type of contract regulating all their obligations, rights and employment conditions, including termination. If this is the case, then standard labour law principles do not apply.

Therefore, general labour law principles will apply to a director unless the director has a "special" contract with a Republika Srpska entity.

The table below only deals with directors who have "special" contracts with Republika Srpska entities. Directors of entities of the Federation of Bosnia and Herzegovina, and those with standard contracts with Republika Srpska entities are dealt with in the "Dismissal of employees" table.

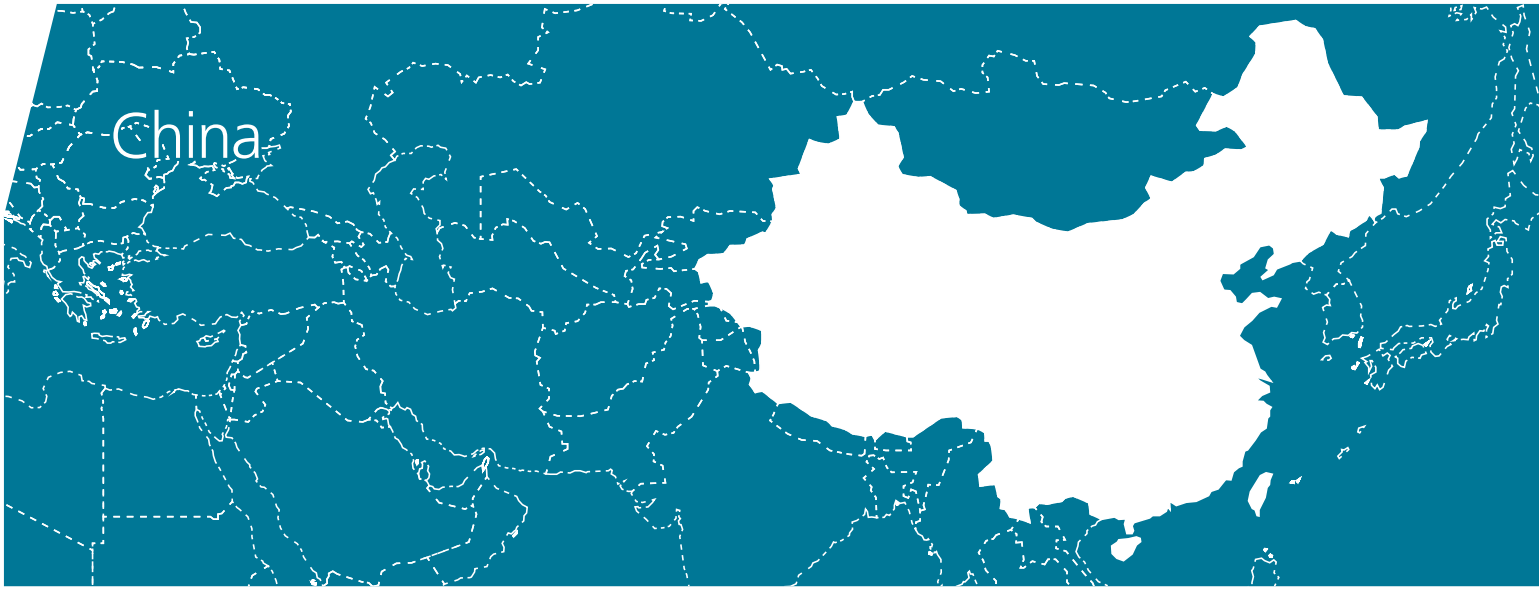
Reasons for dismissal	The labour law principles of the Republika Srpska do not apply to directors with "special" contracts. The special contract will set out the reasons for dismissal.
Form	The form will depend on the provisions of the special contract, although it is highly likely that notification of dismissal will be required to be in writing and delivered to the director.
Notice period	This will depend upon the provisions of the special contact.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.

Summary dismissals	Not applicable.
Consequences if requirements are not met	Depends on the provisions of the special contract.
Severance pay	If the director has a special contract, any severance payment will be as provided for in the service agreement This will usually provide for a large sum.
Non-competition clauses	The company director and executive directors are obliged to inform the company supervisory board if they have any direct or indirect interest in a legal entity with which the company has entered into or intends to enter into business. They may only participate in the proposed business transaction with the approval of the supervisory board. As the parties negotiate the terms of special contracts, they may agree to the inclusion of non-competition clauses.
Miscellaneous	Not applicable.

Bulgaria

Reasons for dismissal	A company may revoke the appointment of a managing director and terminate his service contract without cause at any time. Managing directors are hired under service contracts (called management and representation contracts), and not employment contracts.
Form	Valid shareholders' resolution on revocation of appointment as managing director. Termination of the contract must be in writing.
Notice period	Revocation of appointment by the company: possible without notice. A managing director can request that the company release him from office. If the company fails to do so within one month (for limited liability companies) or six months (for joint stock companies), the managing director is entitled to deregister himself as a managing director from the Bulgarian Commercial Register, regardless of the lack of revocation of appointment. Termination of the service contract: no statutory regulation of the notice period; depends on the agreement between the parties.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Summary dismissals	Not applicable.
Consequences if requirements are not met	The revocation of an appointment as managing director is invalid without a valid shareholder resolution.
Severance pay	No statutory severance pay. Severance pay is subject to negotiation.

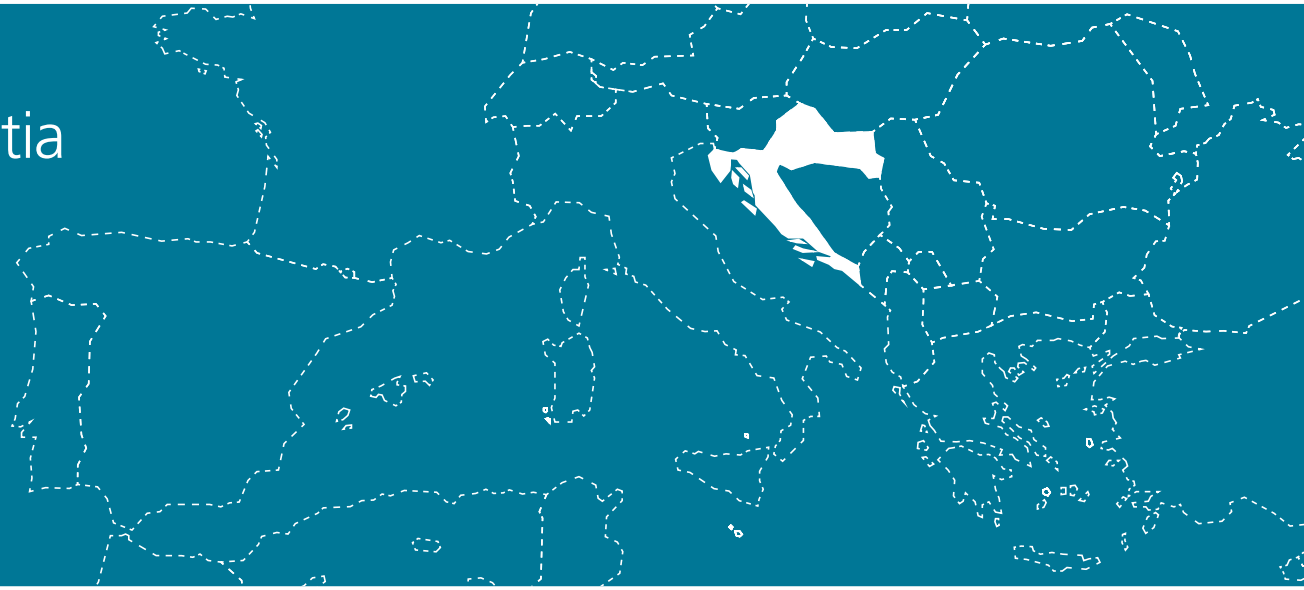
Non-competition clauses	Unless explicitly waived by the company, non-competition restrictions apply to managing directors for the period of their mandate. Post-contractual non-competition clauses are not explicitly regulated by statute. Such covenants may be agreed upon in a service contract but their enforceability may be arguable.
Miscellaneous	Not applicable.



Reasons for dismissal	A managing director can be removed from his corporate position at any time without prior notice by a relevant resolution subject to the Articles of Association of the employer. Removal from a corporate position has no effect on the labour relationship. As to his labour relationship, a managing director can only be dismissed if one of the statutory termination reasons is fulfilled. Such termination reasons include incompetence even after training or a transfer of position, non-work-related illness, and a change in objective circumstances based upon which the labour contract was concluded.
Form	Must be in the written form, and signed by the legal representative of the employer. For removal from the corporate position, a board resolution or decision by the shareholder is necessary, which must comply with the Articles of Association of the employer. This must not be faxed or e-mailed. The employer bears the burden of proof that the managing director has received it. If the managing director is also a member of the board of directors of the employer, the removal from the board must be registered with the competent Administration for Industry and Commerce.
Notice period	Statutory minimum notice period is 30 days or paying one monthly salary in lieu of prior notice period. If the employer has agreed a longer notice period with the managing director, the employer shall comply. In case of extraordinary dismissal, termination without prior notice period is possible.
Involvement of works council	No involvement.
Involvement of a union	A trade union committee shall be established at company level if the company has more than 25 trade union members. If a trade union exists, the employer shall inform the trade union of the termination reasons in advance, but no consent of the trade union is required.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.

Summary dismissals	Dismissal without notice is possible in the following cases: (i) if it is proved that the managing director does not satisfy the recruitment requirements during a probationary period; or (ii) the managing director seriously breaches the employer's rules and regulations; or (iii) the managing director commits a serious dereliction of duty, or practiced graft, and causes substantial damage to the employer's interests; or (iv) the managing director conducts a secondary occupation which materially affects the employer or refuses to rectify this after the employer requests that he do so; or (v) the managing director concludes a labour contract against the true will of the employer by way of deception or coercion, or by taking advantage of the employer; or (vi) the managing director is accused of criminal liability in accordance with the law.
Consequences if requirements are not met	Upon the application of the managing director, the managing director's labour contract can be reinstated by the labour arbitration commission. If the managing director does not ask for reinstatement or the reinstatement is not practicable, the employer shall pay compensation in the amount of double the statutory severance pay to the managing director for the unjustified termination.
Severance pay	No severance pay for extraordinary dismissal. As with other dismissals, statutory severance pay is required. The amount is subject to the length of time for which the managing director has worked for the employer, and is one monthly gross salary for each working year. If the managing director has been working for the company for less than six months, the amount of severance pay is half of one monthly salary. For the period after 1 January 2008, if the monthly salary of the managing director exceeds three times of the average monthly salary of employees for the previous year as stipulated by the local government, the amount of the severance payment shall be calculated with a cap of three times the average monthly salary of employees as stipulated by local government.
Non-competition clauses	Post-contractual non-competition obligations can be agreed between the employer and the managing director in written form with a maximum period of two years. Such an obligation is only valid if the employer pays compensation to the managing director on a monthly basis. The compensation amount is subject to the agreement of the parties. In some regions, local regulations exist which fix the compensation level at no less than 1/5 to 1/2 the monthly salary of the managing director before leaving the employer.
Miscellaneous	Not applicable.

Croatia



It should be noted that the title "managing director" is not recognised under the Croatian Companies Act or other relevant applicable legislation. The Croatian Companies Act recognises only a "director", who is authorised to represent the company and obliged to be registered as a member of the management board with the respective commercial court.

A managing director need not have an employment agreement with the company, or any other type of agreement, in order to be able to represent the company.

Where a managing director has a managing/service agreement which falls under the regulation of Croatian obligatory law, only the provisions of the managing/service agreement apply. If aspects of the relationship are not dealt with in the managing/service agreement, the relevant provisions of the Croatian Obligations Act will apply.

Where a managing director does not have any employment or managing/service agreement with the company, he shall be treated as a member of the management board only.

The table below sets out the position under Croatian law with respect to the managing directors of a limited liability company, with and without service agreements.

Reasons for dismissal	No special reasons required (unless otherwise specified within the statute of the company). Where the managing director has a service agreement, the provisions of that service agreement (and consequently the Croatian Obligations Act) will apply. If the managing director is a member of the management board according to the statute of the company (and not only appointed by resolution of the shareholders), the company statute may set out that revocation is only possible for special reasons.
Form	Valid shareholders' resolution on revocation of appointment as member of the management board. Registration of this revocation with the court registry. Termination of the service agreement in the same form in which the agreement has been signed (Obligations Act provisions shall apply).
Notice period	According to the Croatian Companies Act, the appointment of a director of the company can be revoked at any time without notice (for no special reason). Some restrictions (not strictly defined) can be set out within the statute of the company. If the director has a service agreement, the notice period will be as set out in the service agreement.

Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Respective commercial court brings a resolution on registration of the resolution in the court registry. The court's resolution and registration are declaratory.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	If there is no valid shareholder resolution, the revocation will be invalid and the court will refuse to register it in the court registry. Where the managing director has a service agreement, he could claim (i) compensation for damages; or (ii) fulfilment of contractual obligations in accordance with the provisions of the Croatian Obligations Act.
Severance pay	Severance pay may be specified in the managing director's service agreement (this is usually a large sum).
Non-competition clauses	The managing director, as a member of the management board, is prohibited from doing the following without the approval of the supervisory board: (i) being a member of the supervisory board or management board of another company with the same business activities; or (ii) performing business activities equal to those of the company for his or somebody else's account; or (iii) using the company's premises for performing business for his own or somebody else's profit. The company is entitled to compensation for any damage caused.
Miscellaneous	Not applicable.

Czech Republic

Reasons for dismissal	An appointment as managing director (as a statutory body or a member of a statutory body of an entity, i.e. not as an employee) may be revoked without stating any reason.
Form	A valid shareholder resolution at general meeting is required. There must be a simple majority of shareholders present, unless agreed otherwise or provided otherwise in the relevant company's statutory documents. Apart from cases when entities have a sole shareholder, revocation of an appointment as managing director must be on the programme of the invitation to the general meeting. If not, the appointment may only be revoked if all shareholders are present and agree to change the programme to include the revocation.
Notice period	None.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Revocation of appointment as managing director must be filed in the Commercial Register as soon as possible. The Commercial Register may review the revocation in order to verify whether the revocation was done in accordance with applicable laws and the relevant entity's statutory documents.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Invalidity of revocation.
Severance pay	No statutory severance pay.
Non-competition clauses	Not applicable.
Miscellaneous	Not applicable.

France

Reasons for dismissal	The company may generally revoke the appointment of the managing director without cause, unless stated otherwise in the byelaws of the company or the resolution of appointment. However, a fair reason is legally required in certain forms of companies (e.g. the civil form or commercial forms such as certain limited companies ("SA") or limited liability companies ("SARL")).
Form	A resolution by the shareholders or board of directors, depending on the form of the company and the organisation of the management. The revocation must be notified in writing to the managing director, and the change of managing director must be published in a public Corporate Register.
Notice period	No notice period, except where one is provided by the byelaws of the company or in the resolution of appointment of the managing director.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Damages may be payable to the managing director. The amount of these depends on the moral and material loss or tort suffered by the managing director. Damages may mainly be claimed: — for lack of fair reason, in companies where such a reason is legally required to revoke a representative; or — if the revocation is notified in hurtful circumstances (e.g. is very sudden and unexpected, or is publicly announced before the director is informed), or if the managing director has not been granted a reasonable opportunity to make his point before the decision to dismiss him is made (absence of due process).

Severance pay	No mandatory severance pay, unless stated otherwise in the byelaws of the company or in the resolution of appointment of the managing director.
Non-competition clauses	The terms of a non-competition clause must be agreed between the parties. If the scope of the clause is too wide (according to its geographic area, its length, or the activities it concerns), its validity may be challenged.
Miscellaneous	Not applicable.

Germany

Reasons for dismissal	Limited companies ("GmbH"): the company may revoke the appointment/ terminate the service contract without cause, unless the articles of association or the contract provide otherwise. Stock corporation companies ("AG"): revocation of appointment/termination of service contract only with important reason. Withdrawal of confidence by resolution of the shareholders may be an important reason to revoke the appointment as such, but it does not justify a termination of the service agreement.
Form	By valid shareholders' resolution or, if a supervisory board is established, a valid supervisory board resolution on revocation of appointment as managing director and on termination of the contract; both must be delivered to the managing director in written form (signed by the representative of the shareholders' meeting/ supervisory board). *Note:* a supervisory board is mandatory at companies with limited liability with more than 500 employees, and at stock corporations.
Notice period	Revocation of appointment: no statutory notice period (true for both limited companies ("GmbH") and stock corporation companies ("AG")). Termination of the service contract: — GmbH: managing directors usually have fixed-term contracts or long contractual notice periods. The statutory minimum notice period is four weeks, and may be extended depending on the length of service. — AG: a managing director's service contract must be a fixed-term contract (max. five years, min. one year), and only summary dismissal – generally without notice – is possible.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.

Collective redundancies	Not applicable.
Summary dismissals	Generally only possible in case of a serious breach of duty. Notice must be delivered within two weeks of the shareholders' meeting/ supervisory board's meeting at which the shareholders/supervisory board members were informed of the reasons which will justify the termination.
Consequences if requirements are not met	The revocation of an appointment as managing director and/or termination of the service contract will be invalid. It is possible for the revocation to be valid, but the termination of the service contract invalid. In such cases, the managing director is entitled to continued payment of salary.
Severance pay	There is no statutory severance payment. Severance payments are subject to negotiation, but amounts granted by a supervisory board are limited by the criminal offence of "fraudulent breach of trust".
Non-competition clauses	Post-contractual non-competition clauses are only valid if the company promises to pay a reasonable compensation (generally half the fixed salary) for the term of the clause. There is no statutory limit which must not be exceeded by the compensation and other income generated by the former managing director during the term of the covenant not to compete, but the parties may agree on a limit according to the law relating to applicable employees. Termination of the service contract will usually trigger this payment obligation.
Miscellaneous	Not applicable.

Hungary

Reasons for dismissal	A company may revoke the appointment/terminate the service contract or employment agreement without cause, unless the articles of association or contract provide otherwise.
Form	By valid shareholders' resolution on revocation of an appointment as managing director and on termination of the service/employment contract; both must be delivered to the managing director in written form (signed by the representative of the shareholders).
Notice period	In case of an employment agreement, the statutory notice period shall apply, unless otherwise agreed by the parties. In case of a service contract, the regulations set out therein shall apply.
Involvement of works council	In case of a service agreement, not applicable. In case of an employment agreement, the general rules apply.
Involvement of a union	In case of a service agreement, not applicable. In case of an employment agreement, the general rules apply.
Approval of state authorities necessary	In case of a service agreement, not required. In case of an employment agreement, the general rules apply.
Collective redundancies	In case of a service agreement, not applicable. In case of an employment agreement, the general rules apply.
Summary dismissals	Any employment contract can be terminated in writing with immediate effect if the other party wilfully breaches or commits a grossly negligent breach of a material employment obligation, or otherwise demonstrates behaviour rendering their employment impossible. Notice of such an extraordinary dismissal must contain information regarding the procedure and deadline for seeking legal remedy.

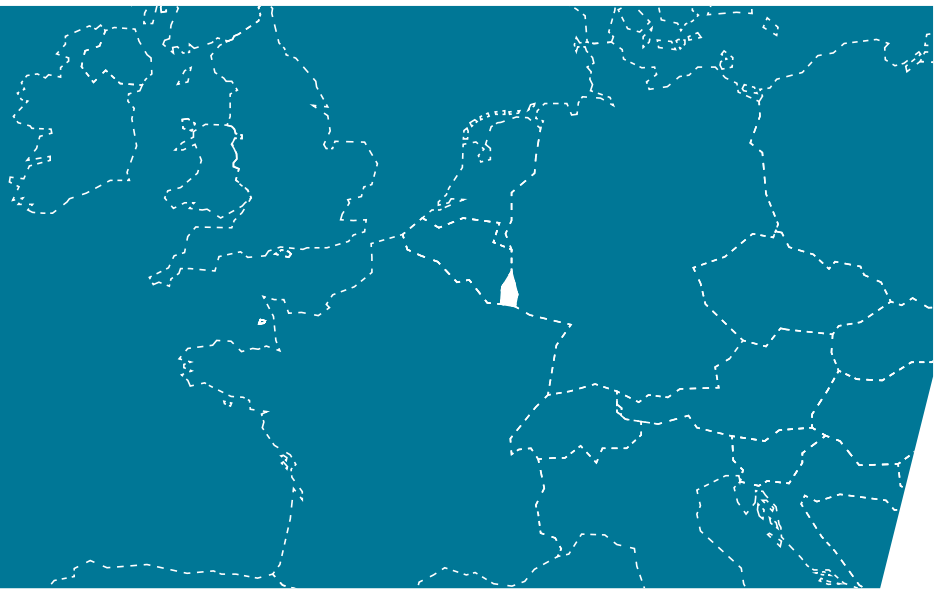
	The right to terminate the employment of an executive employee with immediate effect must be exercised within three years of the actual occurrence of such reason (or in the event of a criminal offence, up to the statutory limitation).
Consequences if requirements are not met	If a valid shareholders' resolution has not been delivered to the managing director in written form signed by the representative of the shareholders, the revocation of appointment of the managing director is invalid. It is possible for the revocation to be valid but for the termination of the service contract to be invalid. If this is the case, the managing director shall be entitled to continued payment of remuneration in accordance with the service agreement. The consequences of the unfair termination of the employment of an executive employee trigger the provisions of unfair termination in case of non-executives; however, the cap on the employee's liability is higher if the executive employee terminates his employment in breach of the Labour Code.
Severance pay	Statutory severance payment, unless agreed otherwise in the employment agreement of the parties. In case of a service agreement, no statutory severance payment.
Non-competition clauses	Post-contractual non-competition clauses may be included in a service contract without limitation. In case of an employment agreement, the general rules of non-competition shall apply, i.e. a non-competition obligation requires a specific agreement and consideration.
Miscellaneous	Not applicable.

Italy

Reasons for dismissal	At a limited liability company by shares (i.e. *"Società per azioni"),* or a limited liability company by quotas (i.e. *"Società a responsabilità limitata")* where a managing director is appointed for a fixed period, a shareholders' meeting may revoke appointment as managing director where there is just cause. According to case law, this is generally the case where there has been a breach of legal or statutory obligations, or where the managing director has breached duties of loyalty, fairness, diligence and honesty. At a limited liability company by quotas where a managing director is appointed for an open-ended period, quota holders meeting may revoke the appointment as managing director without just cause at any time, even though the managing director will then be entitled to damages unless proper notice is given.
Form	In the case of a liability company by shares, where the managing director does not have an employment contract, the appointment as managing director may be revoked by resolution at the ordinary shareholders' meeting. The resolution must be signed by the chairman and secretary, and any required notice be given.
Notice period	According to the Italian Civil Code, the company must give the managing director adequate notice of the revocation. If the annulment is with just cause, no notice is required. At a limited liability company by quotas where a managing director has been appointed for an open-ended period, the company may revoke him at any time, without just cause, but giving proper notice.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.

Summary dismissals	Not applicable.
Consequences if requirements are not met	If the appointment as managing director is revoked without just cause, the revocation is valid, but the managing director is also entitled to damages. A decision to revoke an appointment as managing director is invalid if it is made for a fraudulent purpose.
Severance pay	The managing director is only entitled to receive payment for the activities he has carried out, and to reimbursement for any expenses incurred in relation to his office prior to revocation of his appointment as managing director.
Non-competition clauses	A post-contractual non-competition clause is valid on condition that: (i) it is set out in writing with the consent of both parties; and (ii) the restriction imposed refers to a specific object, within a specific area, and for a time-limited period (maximum five years); and (iii) an indemnity is paid by the company during the period of enforcement of the clause.
Miscellaneous	According to the Italian Civil Code, if there is well-founded suspicion that the managing director has committed serious irregularities in the course of his management causing damage to the company, the court may annul the appointment of the managing director: 1) in case of a limited liability company by shares, upon request by shareholders representing one-fifth of the company capital; 2) in case of a limited liability company by quotas; upon request of every quota holder.

Luxembourg



In the Luxembourg Company Law, the mandate "manager" is used for the directors of a private limited liability company ("SARL") as appointed by the shareholders of such company. "Managing director" is also used as a title for the director of a public limited liability company ("SA") who has been given the mandate of day-to-day management.

In Luxembourg, the managing director can have an employment contract within a company for the execution of specific tasks combining this employment relationship with a non-remunerated or remunerated mandate within the company as managing director.

This table differentiates between (i) a manager of a SARL, appointed by the general meeting of shareholders, and (ii) a managing director of an SA, appointed by the board of directors.

Reasons for dismissal	(i) The mandate of the manager of a SARL can only be revoked for legitimate reasons by the general meeting of shareholders, unless the articles of association provide otherwise. (ii) The mandate of the managing director of an SA can be revoked by the board of directors in accordance with the articles of association. If the latter remain silent on the issue, the revocation of the mandate is governed by the rules of mandate, meaning that the mandate can be revoked *ad nutum* (i.e. at any time and for any reason).
Form	A decision from the general meeting of shareholders or board of directors is required. The revocation must be published in the Luxembourg Register of Commerce and Companies.
Notice period	Normally none.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Summary dismissals	Not applicable.

Consequences if requirements are not met	A company can still be considered as bound by the actions of a dismissed managing director (SA) or manager (SARL) unless the dismissal is officially published in the Luxembourg Register of Commerce and Companies.
Severance pay	None.
Non-competition clauses	None, unless such non-competition clauses are provided for in a contract. Such non-competition clauses are only valid if they meet certain requirements (i.e. they are of limited duration, limited geographical area and the competing business is clearly identified).
Miscellaneous	Not applicable.

The Netherlands

Reasons for dismissal	Company may revoke an appointment as managing director or terminate a service contract without cause, except where the articles of association or the contract provide otherwise.
Form	A valid shareholders' resolution is necessary. The dismissal must be effected during a shareholders' meeting, to which the managing director has been invited, and during which he has the opportunity to speak. There must be at least 15 days between the invitation and the meeting. If the managing director is ill before he actually receives the invitation to the meeting, termination of the employment agreement cannot take place. Consequently, the invitation is usually handed over and sent by (registered) mail afterwards.
Notice period	The Dutch Supreme Court has ruled that (unless the managing director is ill as described above) when the corporate position of the managing director is terminated, the employment agreement ends automatically as well. While the corporate position may end immediately on the date of the meeting, the employment agreement ends in accordance with the contractual notice period (unless this is void, in which case the statutory notice period applies). However, the managing director may claim that the termination was 'manifestly unreasonable' and seek damages through the court. Such a claim can be made even if the company has met all formal (dismissal) requirements (e.g. if the company has failed to offer an adequate severance package).
Involvement of works council	If the company has a works council, then both the dismissal and the hiring of a managing director are subject to the advice of the works council. In practice, because the element of surprise is sometimes needed and for tactical reasons, the works council is informed on the same day as the managing director receives the invitation.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.

Summary dismissals	Not applicable.
Consequences if requirements are not met	If the legal form requirements are not met or the dismissal is contrary to the articles of association, the dismissal of the managing director is invalid.
Severance pay	No statutory severance pay. Severance pay is subject to negotiation.
Non-competition clauses	It is possible to agree upon a non-competition clause.
Miscellaneous	Not applicable.

Poland

Reasons for dismissal	A management board member may be dismissed from the office without cause, unless the company deed or articles of association provide otherwise. In civil law relationships, if the civil (e.g. commission) contract under which the management board member received remuneration is terminated without significant reason, the company should cover any loss incurred by the management board member. Further entitlements may be provided for in individual contracts. A management board member may also be employed under an employment contract. Similarly to the civil law contract, the employment contract must be terminated separately to the dismissal from the office. If this is the case, our remarks in Dismissals of Employees, Poland apply. Further entitlements may be provided for in individual contracts.
Form	In the case of limited liability companies *("spółka z ograniczoną odpowiedzialnością"),* management board members may be dismissed from the office by a resolution of shareholders unless the company deed states otherwise. In case of joint-stock companies *("spółka akcyjna"),* a management board member can be dismissed by the supervisory board, unless the articles of association state otherwise. The shareholders can also dismiss a management board member at any time. The management board member concerned and court register should then be notified of the decision regarding the dismissal, but the dismissal is valid from the date of the relevant resolution (unless the resolution itself states otherwise). If a management board member has an additional civil contract (e.g. a commission contract), this must be terminated separately as it does not automatically expire upon the management board member's dismissal from the board. In dealings with a company's management board member, the company should be represented by the supervisory board (if any is present) or an attorney-in-fact appointed by a resolution of shareholders or the supervisory board. These rules do not apply to a former management board member deemed to be an ordinary worker from the time of his dismissal from the board. Any additional contracts with the former management board member may be terminated by the board.

Notice period	A management board member may be dismissed from the office without any notice period. However, notice periods may be stipulated in civil contracts.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Not applicable.
Severance pay	Not applicable.
Non-competition clauses	Not applicable.
Miscellaneous	Not applicable.

Portugal

Under Portuguese law, the managing director and other members of the board of directors have a commercial relationship, and are beyond the scope of employment law. The table below deals with a "director", who has been appointed for the directorship mandate in accordance with the Portuguese Commercial Companies Code. It should be noted that senior managers are exclusively those who, on behalf of the legal owners of a company, have independent authority (reporting directly to the board of directors) and full responsibility for the company's general objectives.

Reasons for dismissal	The company may request the dismissal of the director with just cause whenever a serious breach of the director´s duties towards the company has taken place, affecting the director´s liability to fulfil normal performance of his duties.
Form	Just cause: a resolution to dismiss a director with just cause may be passed by shareholders by a simple majority. Where there is just cause, any of the shareholders may request that the director will be suspended and dismissed, by means of a legal action to be submitted to the company. Where there is no just cause, the company´s contract may determine specific majority rules for the director´s dismissal.
Notice period	Just cause: no notice period. Dismissal takes effect when the director is notified.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.

Consequences if requirements are not met	The Portuguese Commercial Companies Code does not foresee any specific consequences if any requirements are not met. Contractual and legal penalties may be applicable, however.
Severance pay	If a resolution to dismiss a director is passed without just cause (or deemed by a court as to be without just cause following a legal challenge by the director), then the director is entitled to compensation for the damages suffered. When calculating such severance for damages, the law states that we should consider that the director would not continue his mandate for more than four years, or for the time remaining in the mandate currently in force.
Non-competition clauses	Non-competition clauses may be negotiated and entered into during the professional relationship. The non-competition clause is also valid if entered into at the moment of termination (but actually just before termination), so that the employment relationship is in force.
Miscellaneous	Not applicable.

Romania

Under Romanian Company Law, the equivalent of the position of "managing director" may be the position of "director" at a joint-stock company ("SA") or limited liability company ("SRL") (in Romanian, *"administrator"*), but also the position of "general manager" in at an SA or SRL (in Romanian, *"director general"*). For the sake of clarity, this role is referred to below as "managing director". The managing director is appointed, has his powers established by, and is revoked by, the general meeting of shareholders of the employer. If concluded, contracts entered into between the managing director and an SA or SRL are considered to be management contracts, governed by the Romanian Civil Code, and not individual labour contracts, governed by Romanian Labour Code.

Reasons for dismissal	Provided a management contract has not been entered into between the managing director and the SA or SRL, the managing director may be dismissed without cause, pursuant to a resolution by the general meeting of shareholders of the employer. Where a management contract has been entered into, dismissal must be for one of the reasons set out in the contract.
Form	If a management contract has not been entered into between the managing director and the SA or SRL, only a resolution by shareholders is necessary to revoke the appointment of the managing director. If a management contract has been entered into, the managing director must additionally be provided with formal notice of the revocation in accordance with the provisions of the management contract.
Notice period	No statutory notice period. The notice period will be set out in any management contract.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable in the absence of a labour contract.

Summary dismissals	Not applicable in the absence of a labour contract.
Consequences if requirements are not met	The managing director may challenge his dismissal in a court of law, and seek reinstatement and/or compensation.
Severance pay	No statutory severance payment, unless provided for in the shareholders' resolution and/or management contract.
Non-competition clauses	Non-competition clauses may be set out in the management contract and are in general enforceable.
Miscellaneous	In the case of a general manager (in Rom. *"director general"*) of an SRL, an individual labour contract may also be concluded (please see above).

It should be noted that, under Russian law, all employees, including the managing director, must sign an employment agreement.

Reasons for dismissal	(i) In addition to the reasons for dismissal which apply to common employees, an employment agreement with an executive is terminated: (ii) upon removal of the executive of a debtor company under insolvency legislation (bankruptcy); or in connection with the taking of a decision by an empowered body of a company or owner of property of a company regarding termination of an employment agreement. Consequently, the authorised management body of a company, e.g. the general meeting of shareholders or board of directors (as specified in the company's charter), can take a decision regarding the dismissal of a managing director. Some specific entity forms, such as state enterprises, do not have shareholders, and their property is owned not by themselves, but by the founder which is also the owner of their property and which is commonly authorised to take such a decision; or (iii) on other grounds stipulated in the employment agreement.
Form	In the case of limited liability companies and joint stock companies, managing directors may be dismissed from office by a resolution of shareholders (participants) unless the company charter states otherwise (i.e. the company charter can state that such resolution shall be passed by the board of directors rather than by the shareholders). The decision on dismissal should then be notified to the managing director, but it is valid from the date of the relevant resolution (unless the resolution itself states otherwise). In addition to the above decision there should be issued an order on termination of employment and the relevant record should be made in the managing director's personal labour book. In dealings with a company's managing director, the company should be represented by a person appointed by a resolution of shareholders or the board of directors. As a matter of practice, it is strongly advisable to appoint a new managing director by the resolution dismissing the "old" one as a Russian company would face numerous practical problems operating without a managing director.
Notice period	Statutory minimum notice period: up to two months, dependent on the reason for the dismissal. It is possible to agree upon a probationary period of up to six months with a statutory notice period of only three days.

Involvement of works council	Work councils are not involved in a managing director dismissal unless this is stipulated in a collective bargaining agreement.
Involvement of a union	Under Russian law, employees may either be represented by trade unions or (where there is no trade union or less than half the company employees are members of an established trade union) elect other employee representatives. However, such other employee representatives cannot be involved in the protection of an employee's individual rights, but only in the collective relationship with the employer (e.g. negotiating collective bargaining agreements).
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	Reinstatement, continued payment of salary, civil, administrative and criminal liability under Russian labour law.
Severance pay	If an executive's employment agreement is terminated by the company's empowered body or the owner of a company's property in the absence of any culpable action by the employee, then compensation is payable to the executive at the rate set by the employment agreement but in any case not lower than three times average monthly earnings. This concerns lump sum compensation payable to the managing director in case the employment agreement is terminated in connection with a decision as above by the company's empowered body or the owner of company's property.
Non-competition clauses	Not recognised in Russia.
Miscellaneous	A new managing director is to be appointed as noted above at the same time as a managing director is dismissed, as otherwise the company will not be able to operate normally.

Serbia

Serbian Labour Law stipulates that a director may enter into two types of agreement:
(i) an employment contract; or
(ii) a management contract without the establishment of employment.

It should be noted, however, that there is no statutory procedure for dismissing a company director, i.e. the procedure for dismissing an employee applies equally to company directors.

Slovakia

Reasons for dismissal	A company may dismiss its managing director (as a statutory body or a member of a statutory body of an entity, i.e. not as an employee) without cause, unless the articles of association provide otherwise.
Form	Valid shareholder resolution required for revocation of the appointment of the managing director, and for termination of any agreement setting out the terms of appointment. The managing director is to be provided with a copy of the resolution, or information regarding the dismissal. The company has only to inform the managing director that the general meeting of shareholders has decided about the dismissal.
Notice period	Dismissal is possible without notice, and will be valid from the date of adoption of the shareholders' resolution.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	If no shareholders' resolution has been adopted, or the dismissal has failed to comply with any requirements set out in the articles of association, then the revocation of appointment will be invalid.
Severance pay	No statutory severance payment; severance pay is subject to negotiation.

Non-competition clauses	Under Slovakian law, a managing director is bound by a non-competition clause during performance of his function. A post-contractual non-competition clause may be considered invalid if the contractual clause refers to the time after dismissal from the function, in which case the court may find it to be invalid. Such clauses are common in practice, and provide the managing director with compensation. It is less likely – that a contractual party will sue the other party before the court on the basis of such a clause being invalid.
Miscellaneous	Not applicable.

Slovenia

Reasons for dismissal	The managing director of a limited liability company may have his appointment revoked at any time by a resolution by a general meeting of shareholders, irrespective of whether the managing director has been appointed for a fixed or indefinite period. The conditions for the revocation of the managing director are to be determined in the contract concluded between the managing director and the company (management agreement). If the company has a supervisory board, then the supervisory board appoints and dismisses the managing director. At joint stock companies, the supervisory board may (prior to the end of a manager's term of office) dismiss members of the management board for the following reasons: (i) if the member is in serious breach of his obligations; or (ii) if the member is incapacitated; or (iii) if the general meeting of shareholders has passed a vote of no confidence in the member (unless the vote of no confidence has been passed on the basis of clearly unsubstantiated reasons); or (iv) if other economic and business reasons exist (e.g. significant changes in shareholder structure, reorganisation, etc.).
Form	At limited liability companies, managing directors may be dismissed by shareholder resolution. At joint-stock companies, members of the management board can be dismissed by the supervisory board. In a one-tier system, the board of directors recalls the executive directors (if appointed). The manager/managing director must be notified in writing of the revocation of his appointment.
Notice period	No statutory notice period. The notice period depends on the provisions of the management contract or other contract setting out the legal basis for the (contract/letter of) appointment of the manager.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.

Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	The managing director cannot be reinstated (even where revocation of his appointment was unjustified). However, the managing director has the right to compensation or reimbursement for damages in accordance with the general principles of civil law. There is no statutory compensation. Compensation is based on income, and provisions for its calculation are to be set out in the management contract or other contract setting out the legal basis for the appointment of the manager.
Severance pay	Compensation is not regulated by statute. Compensation is set out in the articles of association of the company or in (the managing director's) contract.
Non-competition clauses	The articles of association of the company may require non-competition clauses for managing directors. To be valid, the prohibition on competition must not last more than two years, unless either the member of the management board has been recalled (for the reasons set out above), or the managing director has been dismissed by shareholder resolution. In these circumstances, the prohibition must not last more than six months. Prohibition on competition may last longer than two years in the following cases: 1) if he is in serious breach of obligations; or 2) he is incapable of business conduct; or 3) the general meeting passes a vote of no confidence in him, unless the vote of no confidence in him has been passed for clearly unsubstantiated reasons; or 4) other economic and business reasons exist (e.g. significant changes in shareholder structure, reorganisation, etc.).
Miscellaneous	Not applicable.

Spain

Under Spanish law, the managing director and other members of the board of directors have a commercial relationship, and are beyond the scope of employment law. The table below deals with a "senior manager", who possesses the special employment relationship governed by the Royal Decree 1382/1985 of 1 August. It should be noted that senior managers are exclusively those who, on behalf of the legal owners of a company, have independent authority (reporting directly to the board of directors) and full responsibility for the company's general objectives.

Reasons for dismissal	Disciplinary dismissal: whenever a serious and negligent breach of contract is committed by the employee. Withdrawal: no reason required (lack of confidence).
Form	Employer may choose between: i) dismissing the employee or ii) withdrawing him/her. In both events it is necessary to notify the employer's decision in writing. In the event of dismissal, the employer must explain the reasons and stating the date on which it will take effect.
Notice period	Disciplinary dismissal: no notice period. Withdrawal: minimum of three months' notice period, unless the parties agree a higher notice period of up to six months.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	Not applicable.
Consequences if requirements are not met	In the event of a disciplinary dismissal or withdrawal, failure to comply with the formal requirements above may imply that the dismissal was unfair (see below).

	If a notice period is not stipulated, the employee is entitled to receive an equivalent of the salary payment not received between the date of withdrawal and the end of the notice period not provided for.
Severance pay	Disciplinary dismissal: if the dismissal is declared to be, or recognised as being, unfair or wrongful, the senior manager is entitled to a severance compensation of 20 days' salary in cash per year of service, with a maximum of 12 monthly payments, unless the parties agree otherwise in the employment contract. Withdrawal: severance compensation of seven days' salary in cash per year of service, with a maximum of six monthly payments, unless the parties agree otherwise in the employment contract.
Non-competition clauses	1) A non-competition clause during the term of the employment contract: provides various employers with employment services, without prejudice to the fact that it is forbidden for all employees; in the event of unfair competition, both parties can agree a full dedication in one employment through specific economic compensation. 2) A non-competition clause after termination of the employment contract: A non-competition clause after termination of the employment contract can be agreed at any moment of the relationship, or even at the moment of its termination. The following limitations and requirements apply: • the obligation may not last longer than two years for technicians, and six months for other workers; and • the employer must have an effective industrial or commercial interest in such a non-competition obligation; and • the employee must receive adequate economic compensation for applying this clause.
Miscellaneous	Not applicable.

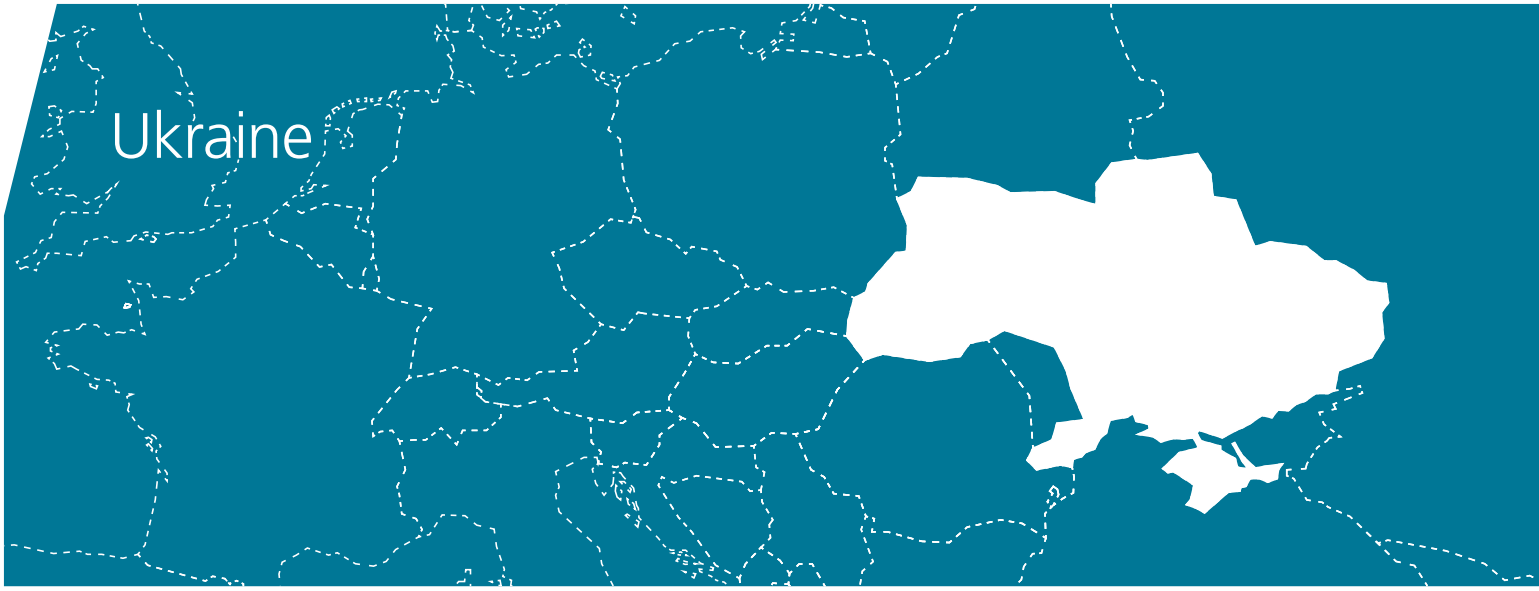
Switzerland

In general, the managing director is an employee of the company. In certain situations and subject to the prohibition of circumventing employment law, the managing director might be a self-employed person who has entered into a service agreement with the company.

The following comments relate to situations whereby the managing director is an employee of the company.

Reasons for dismissal	Swiss employment law does not set any special provisions relating to the dismissal of a managing director. The same rules apply as for any other employee. For the reasons for dismissal, cf. the Swiss chapter "Dismissal of employees", above.
Form	The same rules apply as they would to any other employee: Swiss employment law does not require a specific form. Notice of termination may be given orally, or even by conclusive behaviour. For evidentiary purposes, it is strongly recommended that any notice be issued in writing. The provisions set forth by Swiss Company Law must also be taken into account for managing directors. For example, in a company limited by shares *("Aktiengesellschaft"),* the appointment and dismissal of persons entrusted with managing and representing the company is part of the non-transferable and inalienable duties of the board of directors.
Notice period	
Involvement of works council	
Involvement of a union	
Approval of state authorities necessary	
Summary dismissals	

Consequences if requirements are not met	
Severance pay	
Non-competition clauses	



Ukraine

The legal requirements applicable to dismissal of general managers of Ukrainian companies are the same as for all other employees. It should be noted that Ukrainian law allows a company to enter into an employment contract with the company's general director. (For certain types of the companies, i.e. joint stock companies, the law also explicitly allows for employment contracts to be concluded with management board and supervisory board members). An employment contract is a specific form of employment agreement which, unlike a regular employment agreement, may provide for additional grounds for dismissal comparable to those available under the law. As a result, a company director may also be dismissed on grounds and subject to procedures provided by his employment contract (if one is concluded).

Reasons for dismissal

Generally, it is difficult to terminate an employee without the employee's consent under Ukrainian law. Valid grounds for termination may be divided into those related to the employee's breaches of his employment duties ("termination with cause on the part of the employee") and those not related to the employee's actions ("termination without cause"). Termination is not generally allowed while an employee is on annual or sick leave.

An employer may unilaterally terminate an employee with cause in the following cases:

- systematic unjustified failure to fulfil employment obligations; or
- unjustified absence from work for more than three hours during one day; or
- appearance at work whilst under the influence of alcohol or drugs; or
- misappropriation of property; or
- a single gross violation of employment obligations; or
- actions by a company head causing delayed or reduced payment of wages; or
- immediate subordination to a related party contrary to the Ukrainian law "On Principles of Preventing and Counteracting Corruption"; or
- actions of an employee entrusted with company assets (cash or property) that result in the loss of the employer's trust, and
- immoral conduct.

Termination in most of these cases is regarded as a disciplinary sanction and must be imposed following special procedures prescribed by law.

An employer may terminate an employee without cause in the following cases:

- changes in organisation of work and production (redundancy),
- employee unsuitability for the job or position,
- reinstatement of an employee who previously occupied the position, and
- absence from work due to sickness for more than four continuous months,
- on grounds provided in the employee's employment contract (provided the law allows entering into the employment contract with such an employee).

	Termination without cause (except when an employee is absent for four months due to sickness) is only allowed if an employee cannot be transferred to another position or job.
Form	In all cases, decisions regarding dismissal are to be made in the form of a written order signed by a duly authorised representative of the employer. The employee is to be provided with a copy of the dismissal order on the last day of his employment.
Notice period	This depends on the grounds for dismissal. The statutory minimum notice period in case of redundancy is two months. In certain cases (e.g. where there has been a single gross violation of employment duties), notification is not required.
Involvement of works council	No involvement.
Involvement of a union	In cases of redundancy, the employer shall notify and consult with the trade union at company level (if such an organisation operates at the employing company). In some cases, moreover, the employer is required to obtain the prior consent of the company-level trade union (if one operates) to terminate the employment of trade union members. Such cases can include redundancy (with the exception of cases when the redundancy is caused by the liquidation of the employing company).
Approval of state authorities necessary	Not required.
Summary dismissals	In general, dismissal without notice by the employer is only possible with respect to certain categories of employee (i.e. general management of the company), in cases where there has been a serious breach of duty.
Consequences if requirements are not met	Employees are reinstated and/or awarded continued payment of salary.
Severance pay	A statutory severance payment of one average monthly salary is required only if the decision on dismissal is taken by the employee on the following grounds: — changes in organisation of work and production (redundancy); or — employee unsuitability for the job or position; or — reinstatement of an employee who previously occupied the position. In all cases of dismissal, an employer shall pay an employee being terminated all payments due under his employment agreement (e.g. salary and compensation for any of the employee's annual vacation accumulated but unused during his term of employment with the employing company). Voluntary severance payments are also subject to negotiations between employer and employee. These are particularly common if the justification for a dismissal may be doubtful.
Non-competition clauses	Post-contractual non-competition covenants are non-enforceable in Ukraine.
Miscellaneous	Not applicable.

United Kingdom

In the United Kingdom (UK), the rights and obligations of a "director" are the same whether they are for a "managing director" or any other type of director. However, not all directors are employees. "Managing directors", for example, are employees of the company, but "non-executive directors" are not employees. Normal practice is for a managing director to have a service agreement combining his contract of employment with his obligations as a director. Normally the managing director would resign his directorship at the time his employment was terminated, so his directorship and employment terminate simultaneously. This table only covers termination of the managing director's rights as a director, and does not cover termination of any contract of employment or other employment issues.

Reasons for dismissal	Subject to a statutory right of removal (see below), the company may remove the director for any reason, unless the articles of association of the company or any other agreement between the director and the company provide otherwise.
Form	The Companies Act 2006 gives shareholders a statutory right to remove a director by 'ordinary resolution' (i.e. a simple majority of the shareholders attending and voting) at a meeting notwithstanding any other agreement between the director and the company. At least one of the shareholders must give at least 28 clear days' notice in writing before the meeting of an intention to move the resolution at the meeting; that notice must be copied to the director. The director has the right to be heard at the meeting and to make written representations. Directors may also be removed by other means set out in the articles of association of the company.
Notice period	Removal as a director is immediate unless otherwise specified in the articles of association of the company.
Involvement of works council	No involvement.
Involvement of a union	No involvement.
Approval of state authorities necessary	Not required.
Collective redundancies	Not applicable.
Summary dismissals	No special rules apply.

Consequences if requirements are not met	The removal of the director is void.
Severance pay	The director may be entitled to a payment under the terms of any service contract (for example a payment in lieu of notice), or as an employee under statute (for example a statutory redundancy payment).
Non-competition clauses	Restrictive covenants may be included in any service agreement. However, they will be void for unlawful restraint of trade and therefore unenforceable unless they protect the legitimate business interests of the employer and go no further than necessary to provide that protection in terms of the activities covered, duration and geographical area.
Miscellaneous	Not applicable.

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