

Agreement on Conditions of Employment for Bank Staff 2010

between

The Employers Organisation of the Banks in Switzerland¹

and

The Swiss Bank Employees Association

and

The Swiss Association of Commercial Employees

English translation of the official text with latest amendments. The original text is binding.

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¹ comprising the Association of Zurich Credit Institutes and the equivalent organisations in Basle, Berne, Neuchâtel, St. Gallen and the Banking Association of Ticino.

A Scope

1. Scope of the Agreement

The agreement applies to employment relationships for regular employment contracted for a duration of more than three months.

B Provisions relating to terms of employment

I. Commencement and termination of the employment relationship

2. Conclusion of employment contracts

The employment relationship is governed by an individual written employment contract. The Agreement on Conditions of Employment for Bank Staff (VAB) is to be issued to each employee, or included in an up-to-date form in the bank regulations, and forms an integral part of the individual employment contract.

3. Termination of the employment relationship

The provisions governing termination of the employment relationship are set out in Art. 334–337d of the Swiss Code of Obligations (see Appendix).

4. Dismissal without notice

Any breach of business or banking secrecy, engagement in prohibited personal transactions, or violation of the regulations concerning the safeguarding of the equal interests of the customer constitutes a valid reason for immediate dissolution of the employment relationship in the sense of Art. 337 of the Swiss Code of Obligations.

II. General rights and duties of employees and employers

5. Duty of loyalty

The employee must carefully perform the work assigned to him in accordance with both the general and specific instructions of the bank and loyally safeguard the legitimate interests of the bank.

6. Other paid employment

6.1 The employee may only provide services in a professional capacity for the bank. For the duration of the employment relationship, the employee may not, without the bank's permission, undertake any paid work for a third party if to do so impinges on the employee's working hours or compromises his performance or obligation of good faith towards the bank. No work may be carried out in the interests of a competing institution.

6.2 Members of staff wishing to perform functions in a professional association during working hours or to hold public office, in so far as this affects the employment relationship, must first obtain the approval of the bank. This approval may not be withheld without valid reason.

7. Business and banking secrecy

7.1 The employee is bound to secrecy vis-à-vis all parties with respect to information gained during the course of his or her duties at the bank (business secrecy).

7.2 The employee must maintain absolute secrecy with respect to all business relations with customers of the bank (banking secrecy). Breaches of banking secrecy will be punished according to the federal law on banks and savings banks. The obligation to maintain secrecy applies after the employee has left the bank.

8. Safeguarding the interests of the customer; gifts

8.1 It is the duty of the employee to safeguard and represent the interests of all customers of the bank equally within the scope of the applicable regulations.

8.2 The employee may not accept any gifts or receive any benefits, direct or indirect, in connection with his or her professional activities.

9. Personal banking and financial transactions; guarantees

9.1 The employee is essentially treated on an equal basis with the customers of the bank in his own banking transactions. Personal transactions must be in reasonable proportion to the financial situation of the employee and must not place excessive demands on the employee's time. The bank designates certain personal transactions as prohibited transactions.

9.2 The employee must have the permission of the bank before entering into any guarantee.

10. Further professional training

10.1 The bank supports and encourages any employee undertaking further professional training.

10.2 As agreed between the bank and the employee, the employee must attend such courses to further his or her career and to maintain his or her competitiveness in the labor market. The bank stipulates how much working time may be set off against time spent working and determines its contribution to the costs.

11. Introduction of new technology

11.1 When new technology is introduced, the bank must ensure that operations and procedures are rational and safe, and that the motivation and job satisfaction of employees are duly taken into account.

11.2 Where new technology is having a detrimental effect on the health of employees, general or individual medical examinations may be carried out.

11.3 Where medical factors mean that an employee's original duties can no longer be carried out after working procedures have been modified, the bank will make special efforts to assign equivalent alternative duties to employees prepared to accept such duties.

III. Working hours

12. Normal working hours

12.1 Normal working hours are calculated on the basis of 42 hours a week. This must be adhered to on average over the year as a whole. The bank sets the annual prescribed working hours.

12.2 The working hours of members of staff whose hours include long periods for which they are merely required to be present, such as porters, etc., may if the employment relationship so

demands, exceed normal working hours; they may not, however, exceed 47 hours a week on average over the year as a whole.

13. Individual working hours

13.1 Within the framework of the provisions of Swiss labour law, normal working hours of 42 hours per week will, as a rule, be spread over five days followed by two consecutive days off. Employees may be required to work regularly on Saturdays only with their written consent.

13.2 Flexi-time applies as a rule. The bank stipulates the hours of work according to operational needs and the needs of the employee taking into account local conditions.

13.3 If the bank does not draw up any regulations in respect of recording working hours, the employee may record his or her hours worked and keep a balance. The bank will provide suitable tools for doing so.

14. Overtime

14.1 Hours worked in excess of the annual prescribed working hours, and explicitly requested or subsequently approved by the bank, are designated as overtime.

14.2 The employee is obliged to work overtime (e.g. in case of extraordinary work load, work backlogs or absences) as far as he is able and can be expected to do so in good faith.

14.3 In the event of overtime exceeding 50 hours, the employee decides whether to compensate through time off or by means of a payment. As a rule, compensation through time off is on a day-to-day basis. If no time off is taken, the bank pays the employee for the overtime worked in accordance with the rates listed in a special table, which include a supplement of 25%, or makes a corresponding compensation payment as per a written agreement.

15. Overtime for part-time employees

15.1 A supplement of 25% will be paid to part-time employees to compensate for hours worked over and above the agreed prescribed working hours, provided compensation cannot be made and only if hours worked exceed prescribed full-time working hours.

15.2 For overtime paid for work between the contractually agreed hours of work and the annual working hours for normal full-time work, the supplement in lieu of holiday pay will be applied.

16. Special working hours

Occasional work on Sundays and public holidays and in the night may only be required under exceptional circumstances and only with the consent of the employee; for work at night (as defined by Swiss labour law) a supplement of 25% is paid and for work on Sundays and public holidays a supplement of 50% is paid.

IV. Holiday and paid leave

17. Entitlement

17.1 The yearly entitlement to paid holiday is 25 working days.

17.2 Upon reaching the age of 60, employees receive an additional day's holiday and a further day for each subsequent year. The total amount of holiday may not exceed 6 weeks (30 working days).

17.3 Members of the bank's middle management are entitled to a sixth week's holiday from the year in which they reach the age of 60.

17.4 Increased holiday entitlement becomes effective at the beginning of the year in which the employee reaches the relevant age.

17.5 For employees on full-time contracts, one day of holiday is equivalent to 8.4 working hours. Employees who join or leave the bank during the course of the year receive holidays on a pro-rata basis.

18. Holiday arrangements

18.1 The bank stipulates when holidays may be taken, taking into account the wishes of the employee, as far as operational requirements allow. Employees with children at school are entitled, where this is operationally possible, to take their holidays during the school holidays.

18.2 As a rule, holidays are to be taken by 30 April of the calendar year following the year in which the entitlement is earned. Holiday entitlements not taken up by this date must, by arrangement with the bank, be taken by 31 December of the same year.

18.3 Employees are entitled to at least two weeks' uninterrupted holiday per year, and are obliged to take this holiday time.

18.4 The bank reserves the right, under exceptional circumstances, to direct employees to postpone holidays already booked, or to recall employees from holiday in urgent cases. In such cases the employee must be reimbursed for costs incurred as a result of the postponement or interruption of the holiday. The employee retains the entitlement to the unused holiday.

18.5 Should the employee fall ill or sustain any injury during the holiday through no fault of his or her own, days when, on the evidence of a doctor's certificate, the member of staff would have been completely unable to work, will not count as holidays.

19. Reduction of holiday entitlement

19.1 Should an employee be prevented from working as a result of sickness or injury for a total of more than one month during any calendar year, the bank may reduce his or her holiday entitlement by 1/12 for every further full month of disability. When a female member of staff is prevented from working as a result of pregnancy or lying-in, no reduction of entitlement is made for the first two months' absence.

19.2 Should an employee be prevented from working as a result of military service (including compulsory civil defence duties, women's military service, or Red Cross service) for more than one month, the bank will reduce his or her holiday entitlement by 1/12 for each full month's absence.

20. Paid leave

20.1 The employee receives the following paid leave in addition to holiday entitlements:

a) Marriage. registration of partnership	1 to 3 days
b) Attendance at the wedding of a child, brother, sister or parent	1 day
c) Bereavement	
– of spouse, registered partner, child or parent living in the same household	3 days
– of child or parent not living in the same household	2 days
– of a close relative not living in the same household	1 day
d) Moving house	up to 2 days
e) Moving rooms	1/2 day
f) Release from military service on reaching the relevant age	1 day
g) Municipal weapon and equipment inspection	1 day
h) Active participation in official national celebrations	1 day
i) Participation as an elected member of central organs of the Swiss Bank Employees' Association or the Swiss Association of Commercial Employees	up to 5 days

j) Brief absences, which cannot be postponed, for medical, dental reasons or appointments with authorities, as well as for physician prescribed treatments the time necessary

20.2 In the event of the birth of a child, the bank grants paternity leave of five working days with continued payment of salary in full. This leave must be taken within a period to be defined by the bank.

V. Remuneration

21. Payment of salaries

21.1 The contractually salary will be a yearly salary and will be paid to employees in 13 parts, of which 12 parts will be paid at the end of the month and the thirteenth (13th month's salary) half yearly, half in June and half in December. For employees who have not worked the full calendar year, the 13th month's salary will be paid on a pro-rata basis.

21.2 The yearly salary can also be paid to employees in twelve equal instalments each at the end of month.

22. Salary System

The bank, depending on its size, may draw up a salary system which provides the framework for function-based market salaries and is the basis for the salary of each employee subject to the Agreement on Conditions.

23. Performance appraisal

23.1 The performance appraisal is used to review the employee's performance of his or her contractual duties, taking into account his or her personality.

23.2 The employee is assessed at regular intervals. He or she has a right to discuss his or her appraisal in person. He or she may, on request, inspect his or her appraisal.

24. Granting of salary increases

Salaries are determined by performance based on regular performance appraisals.

25. Minimum salaries

25.1 The social partners establish a minimum salary applicable to all contracts of employment subject to the Agreement on Conditions. They regularly negotiate an adjustment of the minimum salaries, taking into account salary developments, and an adjustment to the family allowance.

25.2 The minimum salary may be reduced if, after consultation with the social partner, the performance of an employee is proven to be below the required standard.

26. Family allowance

26.1 The bank provides members of staff with family allowance in an amount determined collectively by the social partners. Family allowance may be claimed by members of staff who are in receipt of child allowance or education allowance under cantonal law and Section 28 of this Agreement on Conditions of Employment for Bank Staff (VAB) for children born after 1 January 1993. Family allowance is paid only as long as child allowance is drawn.

26.2 Should the member of staff receive only a reduced amount of child allowance, family allowance is reduced accordingly. Part-time members of staff receive family allowance in proportion to their percentage contractual hours.

27. Child allowance

As a rule, the bank provides employees with child allowance for each child under the age of 18. For children who can be shown to be in continuing education, child allowance is paid until they have completed their education, up to the age of 25. Individual claims for child allowance are to be assessed according to the relevant legal provisions.

VI. Continued payment of salary in case of prevention from working

28. Illness, accident, pregnancy, legal obligations, maternity

28.1 If an employee is unable to work through no fault of his own as a result of illness, accident, pregnancy, compliance with legal obligations or exercise a public function, he is entitled to continued payment of his full salary as detailed below:

1st year of service	1 month
2nd – 4th year of service	3 months
5th – 10th year of service	6 months
11th – 14th year of service	8 months
15th year of service onwards	12 months

28.2 The bank will not pay the absentee's salary if there is a claim for continued payment against a third party, which is not based on premium payments on the part of the employee.

28.3 Paid absences are always calculated on the basis of 12 consecutive months.

28.4 In the event of pregnancy and maternity, the bank grants leave of 14 weeks with continued payment of salary, starting from the date of childbirth at the latest.

29. Accident insurance

29.1 The bank insures the employee against the economic consequences of both occupational and non-occupational accidents, in accordance with the accident insurance legislation.

29.2 Premiums for obligatory insurance against occupational accidents and illnesses are paid by the bank. Premiums for obligatory insurance against non-occupational accidents are paid by the employee.

30. Military, civil defense and civilian service

30.1 If an employee does compulsory Swiss military or civil defense service, Swiss civilian service or Red Cross service, the bank continues to pay his or her salary as follows:

- a) For compulsory courses, provided these do not exceed four weeks in any given year: 100% of salary is paid.
- b) For all other service (including service as a single-term conscript), those employees who receive a child or family allowance receive 90% of their salary, while all other employees receive 80% of their salary.

30.2 Payment of salary beyond the first four weeks of service can be made dependent on an undertaking by the employee not to hand in his or her notice of termination within an appropriate period after release from the service.

30.3 The employee is obliged to inform the bank as soon as he or she knows the date on which he or she will be undertaking the service. At the request of the bank, the employee is required to take

all necessary steps to have the period of service rescheduled, if the assumption of these duties is particularly disruptive to the bank's operations.

VII. Pension and related provisions

31. Posthumous payment of salary

31.1 If the employee dies, the bank will pay the salary to his survivors for the remainder of the month in which he died. The deceased's survivors are additionally entitled to a further three months' salary (or six months' salary if the employee worked for the bank for more than three years).

31.2 Surviving dependents are defined as: spouse, registered partner, children under the age of 18 who live in the same household and who do not earn their own living, other children, a partner who lives in the same household, and parents, grandchildren and siblings who were dependents of the deceased.

32. Staff pension schemes

The bank arranges occupational pension and social insurance cover for its employees with legally binding payments for old age, disability and death. This is regulated by the federal law on the occupational old age, survivors and disability benefit plan.

C Employee participation

The following guidelines apply to the promotion of employee participation:

33. Objectives of employee participation

Employee participation has the following main objectives:

- to further the personal and professional development of all staff and increase their job satisfaction
- to encourage shared responsibility and active participation in the organisation
- to foster interest in the work and in the company's performance
- to promote partnership and cooperation between employer and employee
- to promote a healthy working climate.

34. Area of application, scope of authorisation, authorised persons

34.1 Employee participation essentially covers matters of a general nature, both welfare-related and work-related, which directly affect bank staff and are of direct relevance to the employer-employee relationship.

34.2 There are three types of rights in connection with employee participation: the right to be informed ("right to information"), the right to express an opinion and the right to take an active part in decision-making ("right to codetermination"). The actual scope of the entitlement is to be determined by the individual banks.

35. Participation by individual members of staff

35.1 General

The management of the individual banks are to tell employees promptly and fully about decisions which affect staff, setting out the main reasons for such decisions. In addition, employees are to be informed on a regular basis of the course of the bank's business.

The information provided should cover the following areas in particular:

- retirement provisions, pension fund

- health care/health insurance
- sport and leisure facilities
- canteen facilities, etc.
- in-house magazine
- internal regulations
- the organisation of the employee's own working area.

Each individual employee has the opportunity to express an opinion in personal matters, for example: timing of holidays, the organisation of his or her own working area, training, individual performance appraisals. Each member of staff may also put forward suggestions using the staff suggestions scheme.

35.2 Introduction of new technology

Employees are to be fully involved at an early stage whenever new computer-assisted working procedures (new technology) are to be introduced.

Employees are to be familiarised with new working procedures in a careful and thorough manner; appropriate training must be given. The function of the working area and its relation to the bank's activities is to be explained.

35.3 Banks' internal regulations

The participation rights of individual employees are determined by the banks themselves taking into account operational requirements.

36. Participation of staff representatives (staff council)

36.1 Establishment, organisation of staff representation

Within banks – at head offices and branches – staff representative bodies are to be established wherever there are enough staff to justify this. Such bodies are to be set up, regardless of the numbers involved, whenever a majority of staff requests this. Representation may take the form of one or more staff councils or – where a council is not appropriate given the small number of staff – of a single representative.

Voting rights – both active and passive – may only be exercised by employees of the bank.

The provisions of the Swiss Federal Act on Employees Representation of 17 December 1993 govern the establishment of staff representation.

36.2 General duties, status

The staff representatives represent the interests of the employees vis-à-vis the bank's management insofar as this function is not reserved for other bodies.

Staff representatives may not be subjected to any discrimination in connection with the proper exercise of their duties. They are to be allowed sufficient time in which to perform these duties and are to be given administrative support by the company's management.

The obligations of staff representatives in respect of confidentiality are set out in Art. 14 of the Swiss Federal Act on Employee Representation. Confidentiality both within and outside the bank is to be observed. Where statements are made on the nature or results of discussions, managements and staff representatives are to make such statements jointly, including ones made to the employer associations and trades unions.

36.3 Participation rights of staff representatives

36.3.1 Right to information

- issues which are to be decided on in conjunction with the Executive Board
- general course of business

–other important matters with far-reaching implications, such as the introduction of new technology, which directly affect bank staff and which relate directly to the employer-employee relationship.

36.3.2 Right to express an opinion

The scope of the right of staff representatives to express an opinion is determined by the individual banks on the basis of mutual agreement between employees and employer. In the context of the present guidelines, general questions relating to the following topics are particularly eligible for inclusion under this right:

- accident prevention, occupational disease and health protection; security measures in respect of bank robberies
- social welfare provisions and pension arrangements (in so far as participation is not already regulated by the law, by the articles of association or by other regulations, etc.)
- holiday and leave arrangements
- arrangement of working hours, etc.
- canteen facilities, rest rooms, cloakrooms, recreation areas
- systems for evaluating individual working areas
- systems for assessing job performance
- alterations to premises; furnishing and equipping of premises
- organisation of working areas
- staff suggestions scheme
- professional training
- sports and cultural matters
- measures to be taken in the case of large-scale redundancies.

36.3.3 Right to codetermination

The staff representatives are authorised to conduct salary negotiations with the management of the company.

Of those areas covered by the right to express an opinion, individual banks may, on the basis of mutual agreement between employer and employee, designate certain areas in which staff representatives have a right to participate in management (codetermination). Particular tasks and responsibilities may be wholly delegated to staff representatives.

37. Classification of employee participation rights

Employee participation rights may be classified according to three different criteria:

According to the sphere of action concerned:

- social/welfare sphere
- operational sphere
- commercial sphere

According to those authorised:

- direct involvement by all employees
- involvement by employee representatives (staff councils, possibly special councils)

According to the scope of authorisation:

- Right to information

The right of employees to appropriate, timely and comprehensive information about important facts, occurrences and plans.

- Right to express an opinion

A right to participate which does not confer on the employee any decision-making authority but allows him or her to exercise an influence of varying degree (right to express an opinion, right to initiate action, right to consultation, right of appeal, right to confer).

- Right to codetermination

The right to codetermination, which includes decision-making authority on the part of the employee and allows him or her to exercise an active influence of varying degree (minority, parity, majority codetermination).

D Failure to reach agreement in salary negotiations

38. Procedure in the case of failure to reach agreement

38.1 Negotiations between the social partners

If staff representatives and management fail to reach agreement in the salary negotiations, the staff representatives may call in representatives of the Swiss Bank Employees Association and the Swiss Association of Commercial Employees. For their part, management may call in representatives of the Employers Organisation of the Banks in Switzerland.

38.2 Conciliation board

If it is not possible to reach agreement through the procedure described in 39.1, the employee representatives or the trades unions may refer the case to a joint conciliation board.

This conciliation board comprises four members appointed for a term of four years and a chairperson. None of these may be party to the negotiations involving the employer associations and trade unions. The Swiss Bank Employees Association and the Swiss Association of Commercial Employees together appoint two members and one deputy, as does the Employers Organisation of the Banks in Switzerland. The members of the conciliation board elect the chairperson and his or her deputy.

The conciliation board prepares a mediation proposal. The provisions relating to the conciliation proceedings of the Swiss Federal law governing the Federal Conciliation Office (Arts. 3 and 4) apply *mutatis mutandis*.

E Procedures in cases of bank closures and layoffs of bank staff

39. Purpose

The purpose of this paragraph is to outline the measures to be taken in the case of termination of all, or a significant number of staff, as a result of the full or partial closure of a bank, or due to far-reaching corporate restructuring. Such layoffs are equivalent to notices of termination that employees are forced to submit for reasons of distance in cases of business relocation.

40. Information

The affected employees, the staff council and the social partners must be informed of such measures at an early stage.

The information should be as comprehensive as possible. This applies especially to the reasons that led to the decision, the planned measures, their organization, and the time frame for the process.

41. Collaboration

The banks must discuss the results of such measures with the employees and the social partners. There must be in-house negotiations conducted with the staff council with regard to the social plan. In cases where no staff council exists, the social partners have to be consulted. The same applies if the employee wishes to involve the social partner immediately.

42. Measures

In implementing the measures, the following points must be particularly observed:

42.1 Legal and contractual requirements and obligations such as:

- notice periods
- obligation to pay salary including supplementary benefits
- staff pension fund
- severance pays, as long as it is not replaced by vested benefits.

42.2 As measures in reducing the impact of job cuts, the following must be checked:

- temporary reduction in working hours, with resultant salary reduction aimed at maintaining jobs
- avoidance of regular and recurring overtime
- promotion of part-time work.

42.3 As additional measures aimed at avoiding or reducing human or corporate hardship, the following must be checked:

- the offer of other vacancies in the bank
- bank-internal retraining
- assistance from the bank in job searching
- extension, or if the employee wishes, reduction of notice periods
- facilitation of moving
- early payment of anniversary bonuses within the 12-month period after employment ceases
- concessions given on existing loans
- waiver of exclusivity clauses
- early retirement with supplementary benefits
- increased vested benefits from the occupational staff pension fund up to full policy reserve
- additional benefits in individual cases of hardship
- special circumstances bonuses for employees who are obliged to continue the employment relationship beyond length of the notice period.

F Final provisions

43. Co-operation between the social partners

43.1 The social partners form a joint committee in which both are represented equally and over which each presides in turn.

43.2 The purpose of the joint committee is to track developments in the labour market for the banking sector, to discuss general questions relating to the terms and conditions of the employment of bank staff and to carry out preparatory work in connection with the negotiations.

43.3. Every two years, in consultation, the joint committee will clarify the situation in relation to salary systems and salary developments as they affect the bank employees subject to the Agreement on Conditions. The banks may involve the social partners, if so required, in introducing the function-based salary systems.

43.4 The banks will provide the social partners in justified cases with an insight into the compensation procedures as they affect functions or salary systems.

43.5 In the event of major operational changes which will result in the loss of jobs, in particular in the case of mergers, management undertakes to enter into talks with the social partners with a view to preserving jobs on a transitional basis and minimising social and economic hardship.

44. Court of arbitration

44.1 The social partners agree to submit any disputes arising from this agreement to a court of arbitration in Zurich, the decision of which court is final. The court comprises a president and four arbitrators, two appointed by each party. The arbitrators are to be named within 20 days of this being requested.

44.2 The president is elected by the unanimous vote of the arbitrators. If a unanimous decision cannot be reached, the president is to be designated by the appropriate legal authority in accordance with the (Swiss) concordat governing arbitration. The president can order that oral conciliation proceedings be carried out. In all other respects the concordat governing arbitration is binding.

45. Coming into force and duration

This agreement enters into force on January 1, 2009.

Provided no notice is received in the six months prior to December 31, this agreement will be renewed for another one-year period.

G Provisions governing the termination of the employment relationship

The legal provisions governing the termination of the employment relationship (Art. 334–337d of the Swiss Code of Obligations) constitute the Appendix to this agreement.

Zurich 10 November 2009

The Employers Organisation of the Banks in Switzerland
The Swiss Bank Employees Association
The Swiss Association of Commercial Employees

Appendix

Extract from the English translation of the official text of the Swiss Code of Obligations (Obligationenrecht) produced by the Swiss-American Chamber of Commerce.

Art. 334–337d (Termination of the employment relationship)

	Art. 334
G. Termination of the employment relationship	1 An employment relationship for a fixed period of time ends without notice of termination.
I. Employment relationship for a fixed period of time	2 If an employment relationship for a fixed period of time is tacitly continued after the expiration of the agreed period, it is deemed to be an employment relationship without definite period of time. 3 After ten years, each contractual party may terminate an employment relationship for a fixed period of time which has been entered into for a longer period with a notice period of six months effective at the end of a month.
	Art. 335
II. Employment relationship without definite period of time	1 An employment relationship without definite period of time may be terminated by either contractual party by giving notice.
1. Notice of termination in general	2 The party giving notice shall, upon the request of the other party, state the reasons for the giving of notice in writing.
	Art. 335a
2. Notice periods	1 Notice periods shall not differ for the employer and the employee. In case of an agreement to the contrary, the longer period shall be valid for both parties.
a. In general	2 In case the employer has given notice of termination of the employment agreement for economic reasons, or has expressed an intent to this effect, shorter notice periods for the employee may be agreed upon by agreement, standard employment contract or collective employment contract.
	Art. 335b
b. During the period	1 During the probation period, the employment relationship may be probation terminated at any time with a notice period of seven days; the first month of the employment relationship is deemed to be the probation period. 2 Deviating provisions may be agreed upon by written agreement, standard employment contract or collective employment contract; however, the probation period may be extended only to a maximum of three months. 3 In the case that a probation period is interrupted due to sickness, accident or the performance of a legal duty which is not voluntarily assumed, the probation period shall be prolonged correspondingly.
	Art. 335c
c. After the expiration of the probation period	1 The employment relationship may be terminated at the end of a month, during the first year of service with a notice period of one month, in the second and up to and including the ninth year of service with a notice period of two months, and thereafter with a notice period of three months. 2 These periods may be altered by written agreement, standard employment contract or collective employment contract. They shall, however, be reduced to less than one month only by collective employment contract and only for the first year of service.

	Art. 335d
Ibis Mass dismissal	Mass dismissals are deemed to be notices of termination in enterprises given by the employer within 30 days for reasons unrelated to the person of the employee and which affect:
1. Definition	<ol style="list-style-type: none"> 1. at least 10 employees in enterprises usually employing more than 20 and less than 100 persons; 2. at least 10% of all employees in enterprises usually employing more than 100 and less than 300 persons. 3. at least 30 employees in enterprises usually employing at least 30 persons.
	Art. 335e
2. Scope of application	<ol style="list-style-type: none"> 1 The provisions governing mass dismissals shall also apply to employment relationships for a fixed period of time if they are terminated before the expiration of the agreed period. 2 They shall not apply to the termination of business operations as a result of a court order.
	Art. 335f
3. Consultation with the employees' representative body	<ol style="list-style-type: none"> 1 If the employer plans a mass dismissal, he shall consult with the employee representative body or, if there is none, the employees. 2 He shall give them at least the possibility to make suggestions on how to avoid the dismissals or to limit the number of dismissals and to alleviate their consequences. 3 He shall provide all pertinent information to the employees' representative body or, if there is none, the employees. In any case, he must inform them in writing on: <ol style="list-style-type: none"> a. the reasons for the mass dismissal; b. the number of employees to be dismissed; c. the number of persons usually employed; d. the time period within which the notification of the dismissals is to be given. 4 He shall send to the Cantonal Labor Office a copy of the notification in accordance with paragraph 3.
	Art. 335g
4. Procedure	<ol style="list-style-type: none"> 1 The employer shall notify the Cantonal Labor Office in writing of every planned mass dismissal and send a copy of the notification to the employees' representative body or, if there is none, to the employees. 2 The notification shall include the results of the consultation with the employees' representative body (Art. 335f) and all pertinent information on the planned mass dismissal 3 The Cantonal Labor Office shall seek solutions to the problems arising from the planned mass dismissal. The employees' representative body or, if there is none, the employees, may submit their comments to the Labor Office. 4 If notice of termination of the employment relationship has been given in connection with a mass dismissal, it shall end 30 days after notification of the planned mass dismissal to the Cantonal Labor Office unless the termination will become effective at a later time in accordance with contractual or legal provisions.
	Art. 336
III. Protection from termination by notice	1 The notice of termination of an employment relationship is abusive if a party gives it:
1. Abusive notice of termination	<ol style="list-style-type: none"> a. because of a quality inherent in the personality of the other party, unless such quality relates to the employment relationship or significantly impairs cooperation within the enterprise; b. because the other party exercises a constitutional right, unless the exercise of such right violates a duty of the employment relationship or significantly impairs cooperation within the enterprise;
a. Principle	

- c. to solely frustrate the formation of claims of the other party arising out of the employment relationship;
 - d. because the other party asserts in good faith claims arising out of the employment relationship;
 - e. because the other party performs compulsory Swiss military service or civil defense service, alternative non-military service or a legal duty not voluntarily assumed.
- 2 The notice of termination of the employment relationship by the employer moreover, abusive, if it is given:
- a. because the employee belongs, or does not belong to an employee association, or because he lawfully exercises a union activity;
 - b. during the period the employee is an elected employee representative in a company institution or in an enterprise affiliated thereto, and, if the employer cannot prove he had a justified motive for the termination;
 - c. in connection with a mass dismissal without prior consultation with the employees' representative body or, if there is none, the employees (Art. 3335f).
- 3 The protection of an employees' representative according to paragraph 2, subparagraph b, whose mandate ends as a result of the transfer of the employment relationship (Art. 333), shall last as long as the mandate would have lasted if the employment relationship had not been transferred.

Art. 336a

- b. Sanctions
- 1 The party which abusively gives notice of termination of the employment relationship shall pay an indemnity to the other party.
 - 2 The indemnity shall be determined by the judge considering all circumstances. It shall, however, not exceed the employee's wages for six months. Claims for damages based on other legal grounds are unaffected.
 - 3 If the termination according to Article 336, paragraph 2, subparagraph c is abusive, the indemnity may not exceed two months' wage of the employee.

Art. 336b

- c. Procedure
- 1 Whoever, based on Articles 336 and 336a, wants to claim an indemnity, shall file a written objection against the termination with the party who gave notice of termination no later than by the end of the notice period.
 - 2 If the objection is validly made and if the parties cannot agree on a continuation of the employment relationship, the party who has received notice of termination may assert his claim for indemnity. The claim is forfeited if no legal action is taken within 180 days after the employment relationship has ended.

Art. 336c

2. Notice of termination at an improper time
- a. By the employer
 - 1 Upon expiration of a probation period, the employer shall not terminate the employment relationship:
 - a. during the other party's performance of compulsory Swiss military service or civil defense service, Swiss civilian service and, in case such service lasts more than eleven days, during the four weeks prior to and after the service;
 - b. during the period that the employee is prevented from performing his work fully or partially by no fault of his own due to sickness or accident for 30 days in the first year of service, for 90 days as of the second year of service until and with the fifth year of service, and for 180 days as of the sixth year of service;
 - c. during pregnancy and during the 16 weeks following lying-in of a female employee;
 - d. during the employee's participation with the agreement of the employer at a foreign aid service assignment abroad ordered by the competent federal agency.
 - 2 Notice given during one of the forbidden periods in paragraph 1 shall be void. If the notice is given prior to the beginning of such period, however, and if the notice period has not expired prior to such period, the expiration shall be

suspended and shall continue only after the termination of the forbidden period.

3 If, for the termination of the employment relationship, a final date is fixed, such as the end of the month or of a working week, and if such date does not coincide with the end of the continued notice period, the notice period shall be extended until the next following final date.

Art. 336d

b. By the employee

1 Upon expiration of a probation period, the employee shall not terminate the employment relationship if a supervisor, whose functions he is able to perform, or if the employer himself under the conditions determined by Article 336c, paragraph 1, letter a, is prevented from exercising his activity, and the employee must perform this activity during such period.

2 Article 336c, paragraphs 2 and 3, is accordingly applicable.

Art. 337

IV. Termination without notice

1. Preconditions

a. For valid reasons

1 For valid reasons, the employer, as well as the employee, may at any time terminate the employment relationship without notice. He shall justify the termination of the contract in written form if so requested by the other party.

2 A valid reason is considered to be, in particular, any circumstance under which, if existing, the terminating party can in good faith not be expected to continue the employment relationship.

3 The judge shall decide in his own discretion on the existence of such circumstances. In no event shall he consider the fact that the employee is prevented from performing work without his own fault to be a valid reason.

Art. 337a

b. In case of wage impairment

If the employer becomes insolvent, the employee may terminate the employment relationship without notice unless he is furnished security for his claims arising from the employment relationship within an adequate period of time.

Art. 337b

2. Consequences
a. In case of justified termination

1 If the valid reason for the termination of the employment relationship without notice is one party's conduct contrary to the agreement, this party shall fully compensate for damages, taking into account all claims arising from the employment relationship.

2 In all other cases, the judge decides in his discretion on the financial consequences of a termination without notice, taking into account all circumstances.

Art. 337c

b. In case of unjustified dismissal

1 If the employer dismisses the employee without notice in the absence of a valid reason, the latter shall have a claim for compensation of what he would have earned if the employment relationship had been terminated by observing the notice period or until the expiration of the fixed agreement period.

2 The employee must permit an offset against this amount for what he saved because of the termination of the employment relationship, or which he earned from other work, or which he has intentionally failed to earn.

3 The judge may obligate the employer to pay an indemnity to the employee which he may determine in his discretion taking into account all circumstances. Such indemnity may not, however, exceed the employee's wage for six months.

Art. 337d

c. In case of unjustified

1 If the employee, without a valid reason, does not appear at the working place, or if he leaves it without notice, the employer shall have a claim for

non-appearance
at or leaving of the
working place

compensation equal to one quarter of the wage for one month and moreover he shall be entitled to compensation for additional damages.

2 The judge may reduce the compensation in his discretion if no damage was caused, or if the damage was less than the compensation provided for in the foregoing paragraph.

3 If the claim for compensation is not extinguished by set-off, it shall be asserted by legal action or by debt enforcement within thirty days from the failure to appear at or the leaving of the working place; otherwise the claim is forfeited.