



VERBAND ZÜRCHER HANDELSFIRMEN
ARBEITGEBER-ORGANISATION FÜR HANDEL,
DIENSTLEISTUNGEN, INDUSTRIE UND GEWERBE

Collective Employment Contract

for commercial and commercial-technical employees and
sales personnel in the retail trade

concluded by and between the

Association of Zurich Trading Companies (VZH)
as the employers' organisation and the

Commercial Association Zurich (KVZ)
as the employees' association

Valid from 1 January 2015

Translation: In the event of a dispute, the German version is binding.

GOOD REASONS FOR THE COLLECTIVE EMPLOYMENT CONTRACT

What is a good social partnership worth? For an answer one merely has to look at other countries with traditionally confrontational and conflict-rich cultures, or crisis-ridden countries such as Greece. The value of a culture of dialogue and mutual willingness to engage in discussion cannot be overestimated.

Peaceful working

In its capacity as the employees' association, the Commercial Association Zurich represents first and foremost the interests of employees. As the employers' association, by contrast, the Association of Zurich Trading Companies represents the interests of employers. The respective fields of interest and the negotiating positions are clearly defined. Style and good interpersonal relations are crucial. In our view, it makes sense to conduct direct negotiations on the basis of positive long-term relationships, and to endeavour to reach constructive solutions collectively. This is normal in a democracy, and corresponds to Switzerland's political culture. As a rule, after all, the interests of employees and of employers are by and large the same. This means win-win situations can be realised.

Dependable operating conditions for all

The same standards apply to everyone. This is an important criterion in a highly competitive economy and particularly important against the backdrop of rivalry between different business locations and the forces of globalisation, because competition is healthy, provided the competition is fair. The Collective Employment Contract makes a key contribution towards this by setting parameters which employers have collectively defined and have then negotiated with employees. The Collective Employment Contract is binding for a specific period, and can therefore offer the security needed for long-term planning and strategies. For this reason the Collective Employment Contract protects the location for business and is a stabilising factor. The Collective Employment Contract helps ensure order and legal certainty. The solving of crises and interventions are regulated and institutionalised in partnership.

The state is not involved

If the social partners discuss matters openly and are jointly responsible for the decisions which they have mutually defined as binding, then as a rule this will suffice. Statutory provisions will of course be respected, but the state is not directly involved. This means self-regulation can be amended autonomously, rapidly and flexibly should this be desired by both sides. By contrast, statutory regulations would be very difficult to amend, not to mention abolish. At any rate, the collective will of the social partners is preferable. Social partnership arbitration panels ensure that disputes do not clutter up the courts. In general terms, these arbitration panels enjoy strong support amongst the social partners.

Promising synergy effects

There are no limits to the cooperation between the social partners. Collaboration may take place at different levels on the basis of a sustainable Collective Employment Contract, thereby helping to strengthen both sides. This may concern pension schemes or organisations for vocational training and further training. Such cooperation may benefit a particular sector or industry, or alternatively a commercial sector, business location or new field of business. Of increasing importance in this conjunction are the credibility which a company enjoys and the trust of the markets. These may be safeguarded or jeopardised. In times of aggressive media operators, a company's good reputation is an extremely important commodity, and must be protected under all circumstances. Social partners can help support each other effectively.

Our goals

The social partners jointly undertake

- to strengthen and to extend their cooperation
- to strengthen Zurich as a place to do business
- to nurture and promote a positive and business-friendly climate
- to respect the interests of their associations and to support each other to the best of their ability
- to support and to continue developing the dual education system
- to facilitate and to promote the vocational training of young commercial employees
- to propagate and to support the lifelong further training of their employees

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PREAMBLE

In order:

- to establish modern working conditions and to maximise legal certainty for employees and employers;
 - to contribute towards the interests and further development of a competitive business location which is attractive for companies and employees alike;
 - to promote responsible, sustainable social welfare as well as the self-regulating activities of employees and employers;
 - to nurture and promote cooperation and dialogue based upon trust and respect between the social partners in accordance with the principle of good faith;
 - to support the vocational training and further training of employees, and specifically to continue promoting, strengthening and developing the dual educational system;
- the Commercial Association Zurich (KVZ) and the Association of Zurich Trading Companies (VZH) shall conclude the following Collective Employment Contract:

GENERAL PROVISIONS

1. Purpose

In the interest of employers as well as of commercial and commercial-technical employees and sales personnel in retail trade, hereinafter called “employees”, this Collective Employment Contract aims at

- maintaining and furthering good relations between employers and their employees,
- establishing modern employment relationships,
- strengthening cooperation between the employers and employees.

The signatory associations strive to ensure that the provisions set forth in this Collective Employment Contract are complied with.

2. Scope of Application

This Collective Employment Contract regulates the employment relationships between companies which are members of the Association of Zurich Trading Companies and have not declared in writing that they are not subject to this Collective Employment Contract on the one hand, as well as the trained commercial and commercial-technical employees, the trained retail sales personnel and the academically trained employees of all faculties employed by these companies on the other hand.

Companies who are members of the Association of Zurich Trading Companies have the option of declaring in writing by 31 March with effect to 30 June or by 30 September

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with effect to 31 December, respectively, that they are not subject to this Collective Employment Contract and shall thereafter no longer be obliged to adhere to this contract (opt out).

During the first three months of their membership, new members of the Association of Zurich Trading Companies may declare in writing that they are not subject to this Collective Employment Contract with effect from their joining the Association of Zurich Trading Companies, and shall thereafter not be obliged to adhere to this contract (opt out).

The secretariat of the Association of Zurich Trading Companies shall maintain a register of its members who are not subject to this Collective Employment Contract, and who are consequently not obliged to adhere to this contract. The Commercial Association Zurich shall be provided with an updated list by 30 June or by 31 December of each calendar year, which has been updated with effect from 1 July or 1 January respectively.

Companies which are members of the Association of Zurich Trading Companies and which on the basis of their written declaration are not obliged to adhere to this Collective Employment Contract are recommended to adhere, in general terms, to the employment conditions contained in this Collective Employment Contract insofar as no other collective employment contract is applicable.

The term “employee” is not gender-specific.

Employees who, based on their educational training, can neither be classified as commercial or commercial-technical employees nor as sales personnel in retail trade, but who have fulfilled the respective duties independently for a minimum of two years, shall be treated equally.

The provisions of this Collective Employment Contract shall apply by analogy to employees regularly performing part-time work.

3. Duty to Preserve Good Industrial Relations

The contracting parties recognize the importance of good industrial relations and commit themselves to unconditionally preserve these and, if necessary, to influence their members accordingly. For the duration of this Collective Employment Contract, they shall refrain from any feuding, also with regard to questions which are not covered by this Collective Employment Contract. This ban does not include unbiased reports with no reproaches.

The unlimited duty to preserve good industrial relations also applies to individual employers and employees.

Disagreements shall be settled by direct negotiations between the two associations or by the Commission (cf. Article 5) on a parity basis.

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4. **Employees' Representations in the Company**

The contracting parties strive to further mutual good understanding and cooperation in the company between employers and employees including their representatives. Their duties include, in particular, monitoring of compliance with and adherence to the Collective Employment Contract as well as supporting the company's in-house training and the employees' continuing education.

The members of employee representations enjoy a position of trust committing them to act in good faith. On the other hand, they shall not be disadvantaged because of properly exercising their activity.

The appointment, activity and powers of employees' representations are governed by the Federal Act on Information and the Right to Participate in Decision-Making in Companies of 17 December 1993 (Participation Act – "MWG").

5. **Joint Commission**

For the implementation of this Collective Employment Contract and for furthering cooperation, a Joint Commission shall be appointed. This Commission shall comprise an equal number of employer and employee representatives. The chairmanship shall alternate between an employee and an employer representative.

The partners commit themselves to discuss basic issues concerning employer-employee relations in the Commission when such issues are raised by a contracting partner. In the case of disagreements concerning the interpretation of the Collective Employment Contract or in the case of an alleged violation by a partner, reconciliation shall be sought in the Commission.

Disputes arising from individual employment contracts between employers and employees shall be settled by direct negotiations between the parties involved. Secondly, the ordinary judge shall decide.

6. **Court of Arbitration**

For the settlement of disputes arising out of this contract, the contracting parties shall be submitted to a court of arbitration which shall have the final decision. The court of arbitration shall consist of the president and of two arbitrators appointed by each of the parties.

The president shall be elected by the parties' arbitrators, whereby unanimity is required. If no agreement can be reached, the president shall be appointed by the President of the Court of Appeal of the Canton of Zurich.

The president may conduct an oral arbitration procedure. In other respects, the Swiss Code of Civil Procedure of 19 December 2008 (Code of Civil Procedure – "ZPO") Art. 353 ff. ZPO shall apply.

EMPLOYMENT CONTRACT PROVISIONS

BEGINNING AND TERMINATION OF EMPLOYMENT RELATIONSHIP

7. **Conclusion of Employment Contract**

The employment relationship shall be governed by an individual employment contract. The provisions of this Collective Employment Contract shall be observed. It is recommended to conclude the contract in writing.

8. **Probation Period**

If the employment relationship is not entered into for a limited period of time, the first month shall be deemed to be the probation period according to Article 335 b of the Code of Obligations unless otherwise agreed upon in writing. The probation period may not exceed three months.

In case the probation period is shortened due to illness, accident or performance of a legal obligation which is not voluntarily assumed, the probation period shall be prolonged accordingly.

9. **Notice of Termination**

9.1 The following notice periods shall be observed for the notice of termination:

- during the probation period, seven days, effective at the end of a working week;
- after termination of the probation period or if the probation period has been waived by written agreement:
 - during the first year of service with a notice period of one month, effective at the end of the month following the notice of termination,
 - from the 2nd through the 9th year of service with a notice period of 2 months, effective at the end of the second month following the notice of termination,
 - as of the tenth year of service with a notice period of 3 months, effective at the end of the third month following the notice of termination.

These notice periods may, by written agreement, be extended or shortened but not to less than one month.

9.2 The party giving notice shall, upon request of the other party, state the reasons in writing.

9.3 The notice of termination shall reach the party being given notice of termination at the latest on the last day of the month in which the notice is being given. If it is being given in writing, which is recommended, it is not sufficient to give it to the post office on the last day of the month the notice is being given (the date of the postmark is not the determining factor).

9.4 No differing notice periods for employer and employee may be agreed upon. In case of an agreement to the contrary, the longer period shall apply to both parties.

EMPLOYMENT CONTRACT PROVISIONS

9.5 Unless otherwise agreed upon, the employment relationship is not automatically terminated when the employee reaches the age of entitlement to retirement benefits under the Federal Social Security AHV/AVS.

9.6 Abuse of Termination Notice

The notice of termination of the employment relationship is wrongful, according to Article 336 Code of Obligations, if it is given by a party:

- 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;
- c) to solely frustrate the establishment of claims by the other party arising out of the employment relationship;
- d) because the other party in good faith asserts claims arising out of the employment relationship;
- e) because the other party performs compulsory Swiss military or civil protection service or Swiss civil service or a legal duty not voluntarily assumed.

Furthermore, the notice of termination of the employment relationship by the employer is wrongful 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 institution affiliated thereto and if the employer cannot prove that 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.

The protection of an employee representative according to paragraph 2, sub-paragraph b whose mandate ends because of a transfer of the employment relationship shall last as long as it would have lasted if the employment relationship had not been transferred.

9.7 The party wrongfully giving notice of termination of the employment relationship shall pay compensation to the other party according to Article 336a of the Code of Obligations.

The compensation 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 any other legal grounds remain reserved.

If the notice of termination is wrongful according to Art. 336, paragraph 2, subparagraph c, the compensation may not exceed the employee's wages for two months.

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9.8 Who, based on articles 336 and 336 a, Code of Obligations, wants to assert his claim for compensation shall file a written objection to the termination with the party who gave notice of termination no later than by the end of the notice period. The objection must be received by the party giving notice by the end of the work relationship, at the latest (the postmark is therefore not the determining factor).

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 compensation. The claim is forfeited if no legal action is taken within 180 days after the employment relationship has ended.

9.9 Termination without notice

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

Good cause is deemed to be, in particular, any circumstance under which, if existing, the terminating party may in good faith no longer be expected to continue the employment relationship.

The judge shall decide at his own discretion on the existence of such circumstances. In no case, however, shall he consider the fact that the employee is prevented, with no fault of his own, from performing work to constitute good cause.

If the employer dismisses the employee without notice in the absence of good cause, the latter shall have a claim to compensation for 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.

The employee must accept a set-off against this amount for what he saved because of the termination of the employment relationship, or for what he earned from other work or for what he intentionally failed to earn.

According to Article 337c, paragraph 3 of the Code of Obligations, the judge may oblige the employer to pay compensation to the employee which he may determine at his discretion, taking into account all circumstances. Such compensation may not, however, exceed the employee's wages for six months.

10. Protection from Termination by Notice

Upon expiration of the probation period, the employer, according to article 336c, Code of Obligations, may not terminate the employment relationship:

- a) during the other party's performance of compulsory Swiss military or civil protection service or Swiss civil 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 by no fault of his own from performing his work fully or partially due to illness or accident for 30 days in the first year of service, for 90 days as of the second year of service until and including the fifth year of service, and for 180 days as of the sixth year of service;

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- c) during pregnancy and during the 16 weeks following delivery of a female employee;
- d) during the employee's participation, with the agreement of the employer, in a foreign aid service assignment abroad ordered by the competent federal authority.

Notice given during one of the prohibited periods in paragraph 1 shall be void. If, however, notice is given prior to the beginning of such period and if the notice period has not expired prior to such period, the expiration shall be suspended and shall continue only after termination of the prohibited period.

If a final date is fixed for the termination of the employment relationship, such as the end of a 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.

GENERAL RIGHTS AND DUTIES OF THE EMPLOYEES

11. Continuing Vocational Education

After one year of service at the latest, all interested employees shall be given, upon request, the opportunity to attend, for at least five working days, generally recognised courses, conferences, public addresses, etc., designed to improve vocational skills or to train for tasks in professional associations and company commissions. The same shall apply for language trips abroad of apprentices, beginning from the commencement of the apprenticeship. Instead of working hours, employees may be granted an equivalent sum for the cost of the aforementioned vocational further training.

Such absences shall not result in a reduction of wages or vacation entitlement. The employees shall provide evidence of their attendance at such educational functions. The time of their attendance shall be fixed with due consideration of the interests of employer and employee.

12. Exercise of Public Office

The consent of the employer is required for the exercise of a public office, to the extent the employment relationship is affected thereby. Such consent may only be denied for valid reasons. No wage reduction shall occur as long as no substantial loss of working time is caused thereby.

13. Duty of Care and Loyalty

The employee shall carefully perform the work assigned to him, and loyally safeguard the employer's legitimate interests.

He shall operate the employer's machinery, tools, technical equipment, installations, and vehicles in a workmanlike manner, and handle them carefully, as well as any materials given to him for the performance of his work.

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During the employment relationship, the employee may not perform work against remuneration for third parties to the extent such work violates his duty of loyalty, or, in particular, to the extent it competes with his employer.

In the course of an employment relationship, the employee may not make use of or inform others of any facts to be kept confidential, such as, in particular, manufacturing or business secrets that come to his knowledge while in the employer's service. Also, after termination of the employment relationship, he shall continue to be bound to secrecy to the extent required to safeguard the employer's legitimate interests.

14. **Duty to Render Accounts and to Make Restitution**

The employee shall render an account to the employer for everything he receives for the employer from third parties in the course of his contractual activity, such as, in particular, amounts of money, and he shall immediately remit all to the employer.

In particular, at the termination of the employment relationship, he shall immediately return everything he produced in the course of his contractual activity, or was entrusted to him or obtained by him during the employment relationship.

15. **Treatment of Personal Data**

The employer may treat data of employees only to the extent they concern the employee's qualification for the employment relationship or are necessary for the execution of the employment contract (article 328b OR). Furthermore, the provisions of the Federal Act on Data Protection ("DSG") of 19 June 1992 shall apply.

WORKING TIME, OVERTIME, VACATION

16. **Working Time**

- 16.1 The usual weekly working time is 40 to 42 hours. Different company work time designs are possible. In any case, the usual working time for full time employees shall add up to 40 to 42 hours per week or 2080 (52 x 40 hours) to 2184 (52 x 42 hours) per year, breaks not included.
- 16.2 Working time is deemed to be the time during which the employee is to be at the disposal of the employer. For sales personnel, working time includes the time used for preparatory work and clearing up as well as the serving of clients after closing time. The time used to get to and from work is not deemed to be working time.
- 16.3 The following days are public holidays on which no work is performed: New Year's Day, Good Friday, Easter Monday, First of May, Ascension, Whit-Monday, 1 August, Christmas Day (25 December), and Boxing Day (26 December).

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The same applies to local holidays (e.g. in the city of Zurich, Berchtoldstag (2 January) as well as the afternoons of the Mondays of “Sechseläuten” and “Knabenschies-sen”). An equivalent different solution is possible.

16.4 In addition to the weekly day off (usually Sunday), the employee is entitled to another full or two half days off. This entitlement is dropped if a public holiday according to Article 16.3 falls on the weekday on which a half day or a full day off is usually granted.

On the days on which a half day off is granted, the working time shall not exceed half of the regular daily working time.

16.5 Employees working during evening sales hours until at least 8:00 p.m. are entitled to a meal break of at least 30 minutes if they begin work by 4:30 p.m. If the working time including evening sales amounts to more than 8 hours on this day, then employees shall, in addition, be entitled to an adequate meal at the employer’s expense on or off the company’s premises.

Due consideration shall be given to convenient public transport services for employees living out of town and working during evening sales hours.

17. Overtime

17.1 Unless otherwise provided for in writing in the individual employment contract, ordered or operationally necessary overtime shall be separately compensated each month on the basis of

- 182 working hours in case of a 42 hour week
- 178 working hours in case of a 41 hour week
- 174 working hours in case of a 40 hour week.

17.2 The employee shall be obligated to perform overtime work to the extent he is able and can be expected in good faith to do so. Overtime work is deemed to be that time exceeding the company’s regular working time. Claims for payment of overtime shall be asserted at the end of each month at the latest.

17.3 The employer shall compensate overtime performed until 11:00 p.m. with a supplement of 25%, and, for overtime between 11:00 p.m. and 6:00 a.m. as well as on Sundays and public holidays according to article 16.3, paragraph 1, with a supplement of 50% per hour.

17.4 As a matter of principle, overtime is compensated by equivalent time off, taking into account a time supplement of 25% or 50%, respectively. If operational reasons do not allow for such compensation, it shall be paid out.

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18. Vacation

- 18.1 For a five-day working week, the annual entitlement to paid vacation shall be:
- five weeks (25 working days)
from the beginning of the calendar year of the sixtieth birthday, an additional vacation day shall be granted and, subsequently, an additional day in each additional further year. The employer is not obligated to grant more than six weeks vacation (30 working days) if the previous entitlement already exceeded five weeks;
 - young employees and apprentices are also entitled to five weeks vacation (25 working days), until and including the calendar year in which they complete their twentieth year of age;
 - vacation of employees in managerial positions shall be given special attention with due consideration of their performance, function and responsibility.
- 18.2 For part-time employees, the wage payment during vacation is calculated on the basis of regularly performed working hours during the respective calendar year.
- If the calculation is made on the basis of working days, part-time employees are entitled to the respective share of the annual paid vacation according to the extent of their employment.
- 18.3 Vacation should, to the extent possible, be granted uninterruptedly - once a year for at least two weeks. As a rule, a division of vacation time into less than one week periods should be avoided. The employer determines the time of the vacation taking into account, to the extent possible, the employee's preferences.
- 18.4 Public holidays according to article 16.3, paragraph 1 falling on working days during the employee's vacation are not to be counted as vacation days.
- 18.5 In the case of company vacation shut-downs, no deductions shall be made for employees who are not entitled to as many vacation days as they are granted by the company vacation, taking into account the annual vacation entitlement.
- 18.6 In case of illness or accident during an employee's vacation, days of full incapacity to work, caused by no fault of his own and certified by a physician, are not considered to be vacation days. The employee shall notify the employer immediately thereof.
- 18.7 In the case of absences caused by illness (except for occupational diseases), pregnancy, maternity leave, and non-occupational accident exceeding three months during the calendar year, vacation time may be reduced. For the period during which maternity allowance is drawn pursuant to the Swiss Substitute Remuneration for Employees and Maternity Act of 25 September 1952 (Erwerbsersatzgesetz ("EOG")), the vacation entitlement shall not be cut.

The same applies to military and civil protection or civilian service exceeding three months during the calendar year.

For each further month of absence, the vacation entitlement is reduced by one twelfth; fractions of 15 and more calendar days are counted as a full month.

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- 18.8 Short-time absences for valid reasons (cf. Article 19) as well as working time used for the exercise of public office duties (cf. Article 12) are not counted as vacation.
- 18.9 Employees entering or ending an employment relationship during the year are entitled to a pro rata share of vacation. It is possible to require compensation for excess vacation days taken.
- 18.10 The vacation shall be taken as time off during the respective calendar year. Compensation in money is usually

19. Time Off

- 19.1 Upon request, the employee shall be granted the following hours or days off without wage reduction if they have to be taken during working time:
- Marriage of the employee 2 days
 - Marriage in the family or of a relative 1 day
 - Birth of own child (paternity leave, within the first 3 months after the birth of the child) 3 days
 - Death of a family member
 - in the own household 3 days
 - outside of the own household up to 3 days
 - Death of other relatives or close acquaintances time for participation at the funeral
 - Military recruitment or inspection time required
 - Change of own residence
 - in the area of former residence 1 day
 - to a more distant place (80 km or more) up to 2 days
 - Physician's and dentist's visits time required
 - Caretaking of ill family members in the same household, if such caretaking cannot be arranged otherwise up to 3 days
 - Higher vocational examinations, public or publicly subsidized school examinations up to 6 days
 - Search for employment after notice of termination has been given time required
- 19.2 Members of religious minorities shall, on their religious holidays, be granted the time required to attend religious services.

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REMUNERATION

20. **Wages and Wage Adjustments**

Wages shall be individually fixed between employer and employee and shall be reviewed periodically and in accordance with the circumstances. Wage fixing and adjustments shall primarily be based on performance and, furthermore, on function and job requirements as well as on changes in the cost of living. Furthermore, the duration of employment may be taken into account.

Under equal conditions, male and female employees shall be equally compensated.

21. **Minimum Starting Wages and Apprentices' Remuneration**

The minimum starting wages of commercial and commercial-technical employees and sales personnel in retail trade as well as the minimum remuneration for apprentices in these categories shall be fixed in wage regulations which are part of this Collective Employment Contract, but which may be terminated or changed separately.

22. **Family Allowances**

Employers are obligated to pay their employees' family allowances at least in the amount of the legal provisions applicable at the time.

23. **Assignment of Wages**

The employee may assign or pledge rights to future wages as security for alimony and support obligations arising under family law to the extent that these can be the subject of attachment. Upon the request of an interested party, the Office for Debt Collection at the employee's domicile shall determine the amount which cannot be subject to attachment pursuant to article 93 of the Federal Act on Debt Collection and Bankruptcy of 11 April 1889 ("SchKG").

Assignment and pledging of future wages as security for other obligations are null and void.

24. **Loyalty Bonuses**

It is recommended that employees be paid after completion of

- 10 years of service one quarter of a monthly salary
- 15 years of service half a monthly salary
- 20 years of service three quarters of a monthly salary
- 25 years of service one full monthly salary
- and, after each completion of an additional 5 years, one full monthly salary, unless there are other comparable benefits.

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CONTINUATION OF WAGE PAYMENT IN THE EVENT OF INABILITY TO WORK

25. **Sickness, Pregnancy and Maternity Leave**

25.1 Provided that the employment relationship has existed for more than one month, the employee, in the case of inability to work by no fault of his own due to illness as well as pregnancy and maternity leave, insofar as Art. 25.2 is not applicable, is entitled to the payment of full wages as follows:

- during the second month of employment 1 week
- during the third month of employment 3 weeks
- during the fourth through the 12th month of employment 5 weeks together, however, a maximum of 5 weeks during the first year of employment
- during the second and the third year of employment 9 weeks
- during the fourth year of employment 10 weeks
- during the fifth year of employment 11 weeks
- during the sixth year of employment 12 weeks
- during the seventh year of employment 13 weeks

per year of employment. In case of longer employment duration, wages shall be paid accordingly (calculation: number of years of employment plus 6 = number of weeks of continuation of payments).

25.2 Maternity allowance during the maternity leave shall be in accordance with the statutory provisions of the Swiss Substitute Remuneration for Employees and Maternity Act of 25 September 1952 (Erwerbsersatzgesetz – “EOG”).

25.3 If the employment relationship has been established for a fixed term of more than one month, the right to salary payments begins on the first working day and amounts to three weeks up to and including the third month of employment.

25.4 The employer’s obligation to pay wages according to Article 25.1 is fulfilled upon payment of the insurance benefits if the employee is insured against the consequences of illness during 720 days within 900 days in the amount of 80% of the salary subject to Old Age and Survivors’ Insurance and if the employer pays at least half of the premiums. Equivalent insurance schemes are possible.

25.5 If the incapacity to work lasts more than three days, the employee shall, without being requested to do so, submit a medical certificate. The employer may request that a medical certificate be, as a matter of exception, provided as of the first day of illness. In all cases of incapacity to work, the employer may, at his own cost, request the examination by a medical examiner.

26. **Military Service, Civil Protection or Civilian Service**

26.1 During compulsory Swiss military or civil protection service or Swiss civilian service, wages shall be paid as follows:

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- a) During the basic training as a recruit:
 - 80% to apprentices pursuant to the Swiss Substitute Remuneration Act (“EOG”)
 - 60% to single persons without children
 - 80% to married persons or single persons with children.
 - b) During other service within one calendar year:
 - 100% for up to four weeks;
 - for service exceeding this time pursuant to the Swiss Substitute Remuneration Act (“EOG”):
 - 60% to single persons without children
 - 80% to married persons or single persons with children.
- 26.2 Continued wage payment beyond the first four weeks may be made dependent upon a written reimbursement agreement by the employee. An agreement of this nature may stipulate that wage payments made in addition to the provisions of the Swiss Substitute Remuneration for Employees and Maternity Act of 25 September 1952 (Erwerbsersatzgesetz – “EOG”) may be reclaimed if the employee terminates his employment contract within 6 months of the completion of the service, or causes the employment contract to be terminated.
- 26.3 Above rates include the legal payments from the Wage Substitution System to persons subject to military and civilian service.
- 26.4 The payment of wages during military service performed in a single block as well as during active military service is subject to separate agreements.

PERSONNEL WELFARE PROVISIONS

27. **Payments in the Case of Death**

If the employment relationship is terminated by the death of the employee, the employer shall pay, in addition to the wages for the month in which the employee passed away, wages for an additional month and, after an employment relationship of over five years, for an additional two months if the employee leaves a spouse or registered partner or children under age or, in the absence of such heirs, other persons for whom he had fulfilled an obligation of support.

28. **Pension Plan Scheme**

The employers shall establish, on an insurance basis, a sufficient occupational welfare protection for their employees with legally binding benefits for old age, disability, and death. In other respects the provisions of the Federal Law on Occupational Old Age, Survivors’ and Disability Benefits of 25 June 1982 (“BVG”) shall be applicable, as well as the further decrees, in particular the Swiss Federal Act concerning Vested Occupational, Survivors’ and Disability Benefits of 17 December 1993 (Vested Benefits Act – “FZG”).

EMPLOYMENT CONTRACT PROVISIONS

29. Severance Pay where a Pension Plan is Lacking or Insufficient

- 29.1 If the employment relationship has lasted for at least ten years and is terminated without any serious fault of the employee and if the employer does not run into serious difficulties thereby, the employee is entitled to the following severance pay:
- commercial and commercial-technical employees:
 - in the 11th through the 15th year of service: 3 months' wages
 - in the 16th through the 20th year of service: 6 months' wages
 - in the 21st through the 25th year of service: 12 months' wages
 - in the 26th through the 30th year of service: 15 months' wages
 - after the 31st year of service: 18 months' wages
 - Sales personnel in the retail trade:
 - in the 11th through the 15th year of service: 1 month's wages
 - in the 16th through the 20th year of service: 2 months' wages
 - in the 21st through the 25th year of service: 4 months' wages
 - in the 26th through the 30th year of service: 6 months' wages
 - after the 31st year of service: 8 months' wages
- 29.2 The maximum monthly wages of commercial and commercial-technical employees to be taken into account shall be calculated on the average of the last five years prior to the termination of the employment relationship. They shall amount, however, to a maximum of CHF 4,000.00 on average. Bonuses, 13th month salaries, etc., are not included in this calculation.
- 29.3 If the employee receives benefits from a personnel welfare institution, such payments may be deducted from the severance pay to the extent that such benefits have been funded by the employer or, based on his allowances, by the personnel welfare institution.
- The employer shall also not be obligated to give severance pay insofar as he undertakes the obligation to grant the employee future welfare payments, or has them guaranteed by a third party.

30. Performance of the Obligation Prior to Retirement

- 30.1 Severance pay by the employer as well as payments from a personnel welfare institution shall be used for personnel welfare purposes of the employee who is leaving and
- be transferred to the personnel welfare institution of the new employer with the condition that they shall be used for continued welfare purposes of the employee, or
 - be transferred into a vested policy which may neither be pledged nor assigned and which is not eligible to serve as collateral. The provisions of the Federal Law on Occupational Old Age, Survivors' and Disability Benefits of 25 June 1982 ("BVG") shall be reserved.
- 30.2 Severance pay in cash as well as payments from a personnel welfare institution are subject to the legal restrictions provided for within the Swiss Federal Act concerning Vested Occupational, Survivors' and Disability Benefits of 17 December 1993 (Vested Benefits Act – "FZG").

FINAL PROVISIONS

31. More Favourable Agreements

This Collective Employment Contract establishes the minimum standards of the employment relationship. Agreements between individual employers and employees (e.g. individual employment contracts, company regulations) which are more favourable for the employee shall not be restricted by this Collective Employment Contract.

The latest valid version shall apply. The employer may refer to the provisions of this Collective Employment Contract in his own favour only if he can prove that the employee knew them.

32. Entry into Force of this Collective Employment Contract

This Collective Employment Contract replaces those of 17 December 1948 and 20 February 1973, last amended 1 January 2013. The contract enters into force on 1 January 2015, and shall be valid for an unlimited period of time. It may be terminated by both contracting parties effective 31 December of each year, subject to a three-month period of notice.

Zurich, October 2014

Association of Zurich Trading Companies

President: Dr. Andres Iten
Legal Secretary: Hans Strittmatter

Commercial Association Zurich

President: Rico Roth
Managing Director: Rolf Butz

FINAL PROVISIONS

33. Table of Contents of the Articles of the Code of Obligations concerning the Individual Employment Contract

If an employment relationship is not regulated through this Collective Employment Contract, the provisions of the Swiss Code of Obligations (“OR”), in particular the terms governing individual employment contracts, as well as further relevant federal (e.g. Employment Act – “ArG”, Equality Act – “GIG”, and Participation Act – “MWG”) as well as cantonal regulations shall apply.

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