

Table of Contents

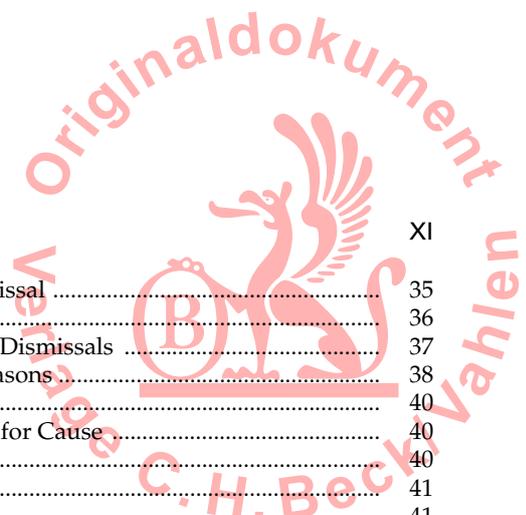
Part I: Overview

A. Fundamentals	1
I. History and Introduction	1
II. Players	1
1. Employees and Employers	2
2. Works Councils	2
3. Trade Unions	3
4. Employers' Associations	3
III. Employment Agreement, Works Agreements, Collective Bargaining Agreements and other Legal Sources	4
1. Legal Sources	4
a) Employment Agreement	4
b) Works Agreements	4
c) Collective Bargaining Agreements	4
d) Statutes	4
e) Company Practice	5
f) Directives by the Employer	5
g) Equal Treatment	5
h) Constitution	6
i) European Law	6
j) International Law	6
k) Case Law	7
2. Order of Precedence	7
a) Hierarchy	7
b) Specificity	7
c) Replacement	7
d) Favorability	7
IV. Social Security	7
V. Tax Law	8
VI. Conflict of laws	8
B. Employment Law	9
I. The General Equal Treatment Act	9
1. Scope of Application	9
2. Prohibition of Adverse Treatment	9
3. Organizational Duties of the Employer	10
4. Rights of the Employees	11
5. Legal Consequences	11
6. Consequences for Practice in the Workplace	12
II. Conclusion of Employment Agreements	12
1. Application	12
a) Prohibition of Discrimination	12
b) CV and References	12
c) Interview – What Questions Can Be Asked	14
d) Employment Questionnaire	14

e) Medical Examination	14
f) Interview Costs	14
g) Participation of the Works Council	14
2. Content of Employment Agreements	15
a) Conclusion of the Agreement	15
b) Limitation of Term	15
c) Part-Time Contract	16
d) Leasing of Employees	17
e) Foreign Employees	18
f) Prohibition of Discrimination	18
3. Control of General Terms and Conditions	18
a) Review of Subject Matter	19
b) Specific Clauses	20
4. Form	21
5. Invalid Employment Agreements	22
a) Minors	22
b) Fraudulent Misrepresentation	22
c) Error	22
d) Lack of Residence or Work Permit	22
III. Rights and Duties	22
1. Duty to Work/Right to Work	22
2. Remuneration	23
a) Minimum Remuneration	23
b) Bonus	23
c) Stock Options	23
d) Company Pension Plans	24
e) Capital Formation Benefits	25
3. Sick Pay	26
4. Working Time	26
5. Vacation	27
6. Maternity Protection – Parental Leave and Parental Benefits	27
a) Maternity Protection	27
b) Parental Leave and Parental Benefits	28
7. Confidentiality	29
8. Restrictive Covenant	29
9. Data Protection	30
a) Data Storage with the Consent of the Employee	30
b) Data Storage without the Consent of the Employee	30
10. Liability	30
11. Inventions	31
IV. Codes of Conduct/Ethics Codes	31
V. Termination of Employment Relationships	32
1. General Points	32
a) Declaration of Dismissal	32
b) Form	32
c) Delivery	32
d) Dismissal by Authorized Representatives	33
e) Dismissal Notice Periods	33
f) Calculating the Notice Periods	34
2. Consultation of the Works Council	34

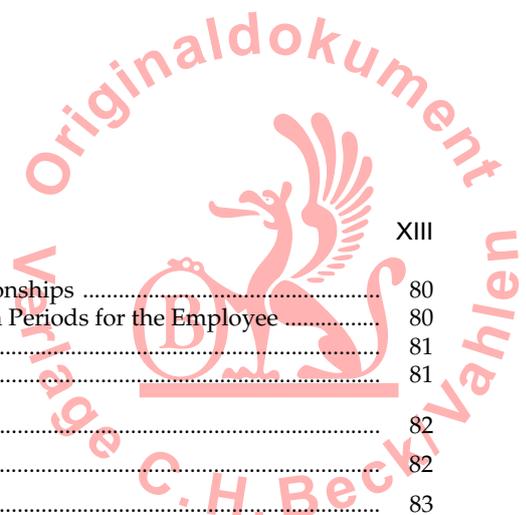
Table of Contents

	XI
3. General Protection Against Dismissal	35
a) Conduct-Related Dismissals	36
b) Dismissal for Person-Related Dismissals	37
c) Dismissal for Operational Reasons	38
d) Constructive Dismissal	40
4. Ordinary Dismissal or Dismissal for Cause	40
a) Good Cause	40
b) Two-Week Period	41
c) Resignation for Good Cause	41
d) Employees Protected Due to Age	41
e) Tactical Advice	42
5. Special protection Against Dismissal	42
a) Maternity Protection	42
b) Parental Leave	42
c) Protection of Persons with Severe Disabilities	42
d) Works Council Members and Other Officers under the Works Constitution Act	43
e) Mass Layoffs	43
6. Termination Agreement	44
VI. Transfer of Business and Transformation	44
1. Transfer of Business	44
a) Introduction	44
b) Prerequisites	45
c) Passing of the Employment Relationships as a Legal Conse- quence	46
d) Information Requirements and Right of the Employees to Ob- ject	46
e) Distribution of Liability	47
f) Impact on the Employee Representative Bodies	47
g) Continued Application of Collective Norms	47
2. Transformations	48
VII. Assignment to Foreign Countries	50
1. Employment Law Issues	50
2. Social Insurance Issues	50
3. Tax Law Issues	51
C. Labor Law	52
I. Laws Governing Works Councils	52
1. Works Councils	52
a) Workplaces That Can Have Works Councils	52
b) Election of the Works Council	52
c) Election Committee	52
d) Election and Costs	53
e) Works Council Members	53
f) Joint Works Council	55
g) Group Works Council	55
h) European Works Council	55
i) Economic Committee	55
j) Youth and Trainee Representation	56
k) Spokespersons Committee for Managerial Employees	56
l) Severely Disabled Employees' Representation	56
m) Other Representative Bodies	56



2. Rights of Participation and Codetermination	57
a) Information and Consultation Rights	57
b) Codetermination Rights	57
c) Exercising Codetermination Rights	60
3. Works Agreements	61
a) Typical Content	61
b) Conclusion	61
c) Effectiveness	61
d) Termination	62
4. Disputes between Employer and Works Council	63
a) Suits before a Labor Court	63
b) Cease and Desist Claims	63
c) Temporary Hirings and Transfers	64
d) Conciliation Board	64
e) Other Remedies	64
5. Transfer of Business, Transformation and Restructuring	64
II. Collective Bargaining Agreements Law	65
1. Collective Bargaining Agreements	65
a) Typical Content	65
b) Conclusion	66
c) Effect	66
d) Termination	66
2. Labor Disputes/Industrial Action	67
a) Strike	67
b) Conduct of the Strike	67
c) Reaction of the Employer	67
III. Corporate Codetermination	68
D. Employee Protection Laws	69
I. Laws Governing Working Hours	69
II. Shop Closing Hours Act	70
III. Maternity Protection Act	70
IV. Federal Parental Allowance And Parental Leave Act	71
V. Young Persons' Protection in Employment Act	72
VI. Laws Regarding Employees with Disabilities	72
E. Social Insurance Laws	73
I. Statutory Social Insurance	73
1. Pension Insurance	73
2. Unemployment Insurance	74
3. Health Insurance	75
4. Home and Institutional Care Insurance	76
5. Employee Accident Insurance	76
II. Social Insurance Obligations	77
1. Total Social Insurance Contribution	78
2. Freelance Workers and Self-Employed Personnel	79
3. Pseudo-Independence	80

Table of Contents	XIII
III. Termination of Employment Relationships	80
1. Blocking Periods and Suspension Periods for the Employee	80
2. Employer's Duty to Reimburse	81
3. Severance Pay	81
E. Tax Laws	82
I. Withholding Tax on Wages	82
II. Special Issues	83
1. Company Car	83
2. Stock Options	83
3. Severance Payment	84
G. Labor Court Proceedings	85
I. Courts	85
II. Protection Against Dismissal Proceedings	85
1. Out-of-Court Negotiations	85
2. Three-Week Period for Filing Complaints	85
3. Course of Dismissal Proceedings and Tactical Considerations	85
4. Judicial Dissolution of Employment Relationships and Severance Pay	86
5. Remuneration Claims and Default in Acceptance	87
6. Right to Employment	87
H. Managing Directors, Management Board Members	88
I. Managing Directors of Limited Liability Companies	88
1. Appointment of Managing Directors	88
2. Removal of Managing Directors	88
3. Service Contract	89
4. Duties and Responsibilities of the Managing Directors	89
a) Managing the Business of the Company	89
b) Diligence	90
c) Organisation Duties	90
d) Duty to inform Shareholders	91
e) Accounting	91
f) Insolvency	91
g) Raising and Maintenance of Capital	91
h) Fiscal Obligations	91
i) Social Security Obligations	92
II. Management Board Members of Stock Corporations	92
1. Appointment of Management Board Members	92
2. Removal of Management Board Members	92
3. Service Contract	92
4. Duties and Responsibilities of the Management Board Member	92
a) Not bound by Directives	92
b) Diligence	93
c) Organisation Duties	93
d) Information Duties	93
e) Accounting	93
f) Insolvency	93
g) Raising and Maintenance of Share Capital	94



XIV

Table of Contents

h) Fiscal Obligations	94
i) Social Security	94

Part II: Statutory Material

I. Civil Code (excerpts)	95
II. General Equal Treatment Act	123
III. Part-Time and Limited Term Employment Act	145
IV. Continuation of Remuneration Act	158
V. Protection Against Unfair Dismissal Act	169
VI. Federal Vacation Act	189
VII. Act for the Improvement of Company Pension Plans	197
VIII. Commercial Code (excerpts)	242
IX. Treaty Establishing the European Community (excerpts)	248
X. Works Constitution Act	250
XI. Collective Bargaining Agreements Act	356
XII. Act on the Co-Determination of the Employees	365
XIII. One-Third Participation Act	393
XIV. Hours of Employment Act	401
XV. Maternity Protection Act	426
XVI. Federal Parental Benefit and Parental Leave Act	444
XVIa. Federal Educational Allowance Act	452
XVII. Social Security Code III	453
XVIII. Social Security Code IV	464
XIX. Social Security Code IX (excerpts)	484
XX. Law Pertaining to Companies with Limited Liability (excerpts)	507
XXI. Stock Corporation Act (excerpts)	516
XXII. Labor Court Act (excerpts)	554
XXIII. Act Regulating the Commercial Leasing of Employees (excerpts)	569
XXIV. Law on Documenting Essential Applicable Conditions for an Employment Relationship (excerpts)	578
Glossary of Key Words English/German	581
Glossary of Key Words German/English	585