



# ICLG

The International Comparative Legal Guide to:

## **Employment & Labour Law 2012**

A practical cross-border insight into employment and labour law

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# Greece

Effie Mitsopoulou



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## KGDI Law Firm

### 1 Terms and Conditions of Employment

#### 1.1 What are the main sources of employment law?

The main sources of employment law are:

- (a) the Greek constitution;
- (b) the Greek Civil Code;
- (c) laws, legislative decrees, presidential decrees and ministerial decisions; and
- (d) case law.

#### 1.2 What types of worker are protected by employment law? How are different types of worker distinguished?

Greek labour law distinguishes employees as blue-collar or white-collar according to the nature of the work performed. The practical scope of said distinction refers mainly to:

- (a) severance payments;
- (b) the payment of salaries (i.e. daily wage or monthly salary); and
- (c) compensation under Article 5 of Law 435/1976 due to retirement.

Furthermore, executive employees are not subject to working hours or working days and, therefore, they are not entitled to payment of any overtime, work during Sundays, holidays etc. Executives are defined as those who possess certain specific powers and responsibilities such as representing the employer, hiring and dismissing employees and influencing the financial results of the sector he/she is responsible for.

#### 1.3 Do contracts of employment have to be in writing? If not, do employees have to be provided with specific information in writing?

The employment agreement does not have to be in writing, except for part-time or temporary employment agreements and the renewal of fixed-term employment agreements. However, the employer must provide the employees with the main terms of their employment in writing, i.e.:

- the full particulars of the contracting parties;
- the place of work and the job position;
- the duration of the contract;
- the annual leave entitlement;
- severance and notice obligations;
- basic salary;

- bonuses and other fringe benefits;
- the working hours; and
- the applicable collective labour agreement.

Said written terms must be provided:

- (a) within 2 months of the starting date for indefinite duration employment agreements;
- (b) within 15 days for part-time employment agreements; and
- (c) within 5 days for fixed-term employment agreements.

#### 1.4 Are any terms implied into contracts of employment?

In addition to the above explicit terms, the following implicit terms are applied in an employment relationship:

- (a) the employee has a duty of loyalty and trust;
- (b) the employer and employee have a duty of care towards each other and other employees;
- (c) the employee has a duty to follow any lawful and reasonable instructions given by the employer;
- (d) the employee must exercise reasonable care and skill in the performance of the work; and
- (e) the employer has a duty to pay the employee's salary, provide a safe work environment and provide the necessary guidance to the employee and respect the employee's personality.

#### 1.5 Are any minimum employment terms and conditions set down by law that employers have to observe?

The following terms are implied by law into employment contracts:

- (a) the employer must abide by the legal working hours;
- (b) the employee may not work on Sundays or public holidays and is entitled to an annual vacation;
- (c) the employee is entitled to take a leave of absence under certain circumstances (e.g. maternity leave, sick leave, marriage leave, educational leave);
- (d) the dismissal of an employee must be in writing and the legal severance pay must be paid in accordance with the employee's length of service; and
- (e) the employer must follow all applicable provisions regarding collective labour agreements.

#### 1.6 To what extent are terms and conditions of employment agreed through collective bargaining? Does bargaining usually take place at company or industry level?

The main levels of collective bargaining in Greece are:

- national level (i.e. the National General Collective Labour Agreement);
- industry/occupation level, covering specific industrial sectors/occupations; and
- company level.

A collective labour agreement may regulate all matters relating to the employment relationship, i.e.: the minimum wages of the employees; the employment terms and conditions; social security issues, excluding those relating to pensions; issues relating to the implementation of an internal working regulation; the exercise of trade union rights in the enterprise; the provision of facilities to union officials, etc.

According to the new Law 4024/2011, a company-level Collective Labour Agreement prevails over the relevant sector-level Collective Labour Agreement. That means that under a company-level Collective Labour Agreement, remuneration and employment terms may deviate from the relevant sector-level Collective Labour Agreement up to the level of the National General Collective Labour Agreement.

## 2 Employee Representation and Industrial Relations

### 2.1 What are the rules relating to trade union recognition?

Trade union organisations are divided into first-level, second-level and third-level organisations. First-level unions are:

- (a) trade unions (either on an industry/occupational level or a company level);
- (b) local branches of unions with a broader regional or even national coverage as provided for in their standing rules; and
- (c) associations of persons.

Second-level trade union organisations are federations and Labour Centres. Third-level trade union organisations are confederations of federations and of Labour Centres.

All employees who have worked for 2 months have the right to become a member of one union within the enterprise and one second-level trade union in the industry or sector in which they are working, provided that they fulfil the criteria set by the union's articles of association. Moreover, an association of persons may be incorporated in a company-level by the 3/5 of the total number of the employees of the company.

### 2.2 What rights do trade unions have?

Trade union representatives have information, consultation and negotiation rights. More specifically, they should be consulted in advance regarding issues relating to collective dismissals, changes in the legal form of the business, transfer, expansion or limitation of the company's operations, introduction of new technology, annual planning of investments in health and security measures, restructuring or any other changes in the employment conditions. They have also the right to negotiate with the employer for the conclusion of a collective labour agreement.

### 2.3 Are there any rules governing a trade union's right to take industrial action?

Greek Constitution and Law 1264/1982 safeguard the employees' right to strike. The decision to declare a strike is subject to the authority of the General Assembly of the union members. The union declaring the strike should provide the necessary personnel

for the safety of the firm's premises and the prevention of damage or accidents. The union is also obliged to give to the employer or his professional association 24-hour advance notice about the strike. In case of a lawful strike, the employer is prohibited from operating its facilities with union members, who break the strike, or to declare a lockout or to prevent the strike by an injunction. However, if by a court ruling the strike is declared as illegal, the union leaders are obliged to call-off the strike, otherwise they are liable to various penalties, including termination of their employment.

### 2.4 Are employers required to set up works councils? If so, what are the main rights and responsibilities of such bodies? How are works council representatives chosen/appointed?

Works councils may be set up by the employees in companies which employ at least 50 employees, where a trade union already exists in that company or at least 20 employees, if there is no such trade union. Works councils have 3-7 members who are elected by the employees during a general assembly convocation. They have an advisory role contributing to the improvement of working conditions and the development of the company. They possess rights relating to information, consultation and participation in decision-making.

In terms of information and consultation rights, the employer should inform the works council before implementing any decisions regarding matters such as:

- (a) changes to the company's legal status;
- (b) the removal, expansion or downsizing of all or part of its installations;
- (c) the introduction of new technology;
- (d) any change in the staff structure;
- (e) any increase or decrease in the number of employees, lay-offs or subsidised short-time work;
- (f) the annual budget for company health and safety measures; and
- (g) the scheduling of overtime exceeding maximum working hours.

Where there is no company trade union, the works council must be consulted by the employer in cases of collective redundancies and/or in any other circumstances where national legislation provides for mandatory consultations with employees.

### 2.5 In what circumstances will a works council have co-determination rights, so that an employer is unable to proceed until it has obtained works council agreement to proposals?

Works councils have the right to make joint decisions with the employer on the following matters:

- drafting of the internal regulation of the company;
- health and safety regulations;
- planning holidays;
- relocation of employees disabled by work accidents to appropriate posts; and
- planning and managing cultural, entertainment and social events.

### 2.6 How do the rights of trade unions and works councils interact?

Works councils can exist alongside the primary level unions;



however, their position is less powerful than that of a trade union (e.g. only in case of the absence of a trade union does the works council have the right to be informed and consulted regarding collective redundancies, transfers of undertakings, etc.).

That is the main reason why they have not been widely set up in Greece, other than in larger companies.

### 2.7 Are employees entitled to representation at board level?

There is no legislative basis for employee representation at board level in the private sector.

## 3 Discrimination

### 3.1 Are employees protected against discrimination? If so, on what grounds is discrimination prohibited?

Any direct or indirect discrimination on grounds of sex, race, national origin, age, disability, religion or belief or sexual orientation in the field of employment is prohibited. The foregoing provisions apply to all persons, whether in the private or public sector, and apply to work access, all types of vocational training, vocational guidance, working conditions, involvement in workers' and employees' organisations, social protection, etc.

### 3.2 What types of discrimination are unlawful and in what circumstances?

Direct discrimination occurs when a person is treated less favourably than another of the same or comparable employment status. Indirect discrimination occurs when a provision, practice, or criterion puts a person at a disadvantage as compared with other people of the same employment status. Harassment occurs where an undesirable conduct is expressed in order to offend a person's dignity.

Indirect discrimination can be justified only by a legitimate purpose and where the means of achieving the purpose are appropriate and necessary.

### 3.3 Are there any defences to a discrimination claim?

The violation of the principle of equal treatment renders the discriminatory treatment of an employee null and void and the employee may claim the benefits associated with the application of said principle.

### 3.4 How do employees enforce their discrimination rights? Can employers settle claims before or after they are initiated?

Any employee who believes that he/she has been unfairly discriminated against is entitled to bring a lawsuit against the employer before the competent Courts. An employment agreement, which is unlawfully terminated for discrimination reasons, may be reinstated by Court order. The relevant employee may be entitled to back pay and compensation (measured by the amount of monthly salary or wage).

Alternatively, the employee may file a complaint before the Labour Inspection Authority, in order to settle the issue.

It goes without saying that employer may proceed with the settlement of discrimination claims either before or after they are

initiated. Said settlement may take place before the Court or extra-judicially.

### 3.5 What remedies are available to employees in successful discrimination claims?

As mentioned under question 3.4 above, the employees may be awarded with the compensation or benefits related to the discriminatory behaviour of the employer and/or compensation for moral damages, according to the facts of each case.

Furthermore, the Labour Authorities may impose administrative sanctions on the employer.

### 3.6 Do "atypical" workers (such as those working part-time, on a fixed-term contract or as a temporary agency worker) have any additional protection?

"Atypical" workers enjoy the same level of protection against discrimination claims as the regular employees.

## 4 Maternity and Family Leave Rights

### 4.1 How long does maternity leave last?

Female employees are entitled to 17 weeks of maternity leave -8 weeks before the baby is born and 9 weeks afterwards-

In addition, new mothers, insured to IKA-ETAM, following the grant of the aforementioned maternity leave are entitled to special leave for the protection of maternity. Said leave can have a maximum duration of six months. In case the employee does not wish to use the totality of said leave, the rest of the days/months cannot be transferred to another time period.

### 4.2 What rights, including rights to pay and benefits, does a woman have during maternity leave?

An employee on maternity leave is entitled to receive her regular salary from the employer for a period up to 15 days (in the case that she has not completed 1 year of service in the company) or for up to 1 month (in the case that she has completed 1 year of service). During the maternity leave, the employee receives the following benefits from the social security and labour authorities:

- Maternity benefit provided by IKA which is equal to 50% of the imputed social security regulation daily salary of the insurance range, which applies to the average of her remuneration for the last 30 working days of the calendar year before the potential date of birth.
- Birth expenses subsidy provided by IKA.
- Additional maternity benefit provided by OAED, which is equal to the difference between the maternity benefit already received by IKA and the salary paid by the employer during the period of maternity leave.

In addition, the employee is paid the legal salary as set by the National Collective Labour Agreement by OAED (Labour Force Employment Organisation) during the said special leave for the protection of maternity.

### 4.3 What rights does a woman have upon her return to work from maternity leave?

New mothers are entitled to return to their duties after the lapse of the maternity leave, under no less favourable terms and conditions.

Furthermore, new mothers, adoptive mothers included, after the end of maternity leave, are also entitled to work one hour less each day with no decrease in regular pay for a period of 30 months from the date of delivery. Alternatively, provided that the employer agrees, new mothers may work two hours less each day for a period of 12 months and one hour for the following six months, with no decrease in regular pay.

Another option is for the new mother to receive the abovementioned hours as paid leave, following the prior consent of her employer. In addition, the new mother may “gather the hourly entitlements” and take same as days-off, following the prior agreement of the employer.

#### 4.4 Do fathers have the right to take paternity leave?

The father of a new born is entitled to special paid leave of two days due to the birth of his child.

Furthermore, the father of a new born is entitled to work reduced hours per day, for the purposes of child care, with no decrease in regular pay, provided that his wife works under a dependant employment relationship and does not make use of the relevant law provisions.

#### 4.5 Are there any other parental leave rights that employers have to observe?

Employees who have completed 1 year of service in the company are entitled to receive 3.5 months of unpaid leave for the period after the lapse of the maternity leave and until the child becomes 3.5 years old. In addition, full time employees with children of up to 16 years old are entitled to receive additional unpaid leave of 6 working days per calendar year, in the case of their child falling ill.

Employees with children up to 16 years old, who are students at school, are entitled to be absent from their work for either a few hours or the whole working day, provided that the employer agrees, in order to visit their children’s school and talk to their teachers. Such leave amounts to 4 working days maximum per calendar year and is paid by the employer.

#### 4.6 Are employees entitled to work flexibly if they have responsibility for caring for dependents?

Employees with children with disabilities, who work in enterprises employing at least 50 employees, are also entitled to work 1 hour less per day and receive a proportionally decreased salary.

## 5 Business Sales

### 5.1 On a business sale (either a share sale or asset transfer) do employees automatically transfer to the buyer?

In case of a share sale, there is no change in the identity of the employer; consequently, the rules of the transfer of undertakings do not apply. All rights, duties and liabilities owed to, or by, the employees continue to be owed to, or by, that company, and the buyer therefore inherits all those rights, duties and liabilities by virtue of being the new owner of the company.

In case of an asset deal, if there is a transfer of an undertaking (i.e. a transfer of an economic entity that retains its identity), the employees are automatically transferred to the buyer, under the same terms and conditions.

### 5.2 What employee rights transfer on a business sale? How does a business sale affect collective agreements?

According to Greek Law, all the acquired rights of the employees in case of a transfer are protected, such as the remuneration status (salary and benefits), the internal working regulation status (positioning in the job hierarchy, promotions, secondments, disciplinary measures, etc.), termination rights (early retirement right, severance packages, etc.), recognition of previous employment, recognition of all “internal practices” of the previous employer and any existing company policies, etc. It is important to note that Greek law provides that the transferor and the transferee remain jointly and severally liable for all claims arising out of the employment relation up to the date of the transfer.

Further, the transferee must conserve the terms and conditions stipulated in any collective labour agreement applicable to the transferred employees (if such an agreement exists).

### 5.3 Are there any information and consultation rights on a business sale? How long does the process typically take and what are the sanctions for failing to inform and consult?

The seller’s and the buyer’s employees’ representatives must be informed in due time as of the realisation of the transfer, on the exact or the eventual date of the transfer, the reasons for the transfer, the legal, financial and social consequences of the transfer as far as the employees are concerned and the measures to be taken regarding the employees.

In case the two employers intend to take measures, which will amend the status of the employees, the employees’ representatives need to be consulted, in order to reach an agreement. The results of said consultation are drafted in minutes, which can either be an agreement or the final position of the two parties involved (employees – employers).

There is no specific timetable for the information/consultation process to take place. However, the total duration of the procedure could vary according to the facts of each transfer: if the employees’ acquired rights are respected, the information procedure will be short (e.g. in practice, a period of 20 days is considered as reasonable for the conclusion of the information process). It is prudent to inform the employees immediately upon the local management becoming aware of the prospect of any partial transfer.

In case of a breach of the information/consultation process of the employees’ representatives, Greek law provides only for a fine, which can vary between €147 up to €8,804 per violation.

### 5.4 Can employees be dismissed in connection with a business sale?

The actual business transfer does not constitute in itself a ground for dismissal, the law, however, provides for the exception of dismissals that need to be realised for technical, financial and organisational reasons, under the condition, though, of non-violation of Greek employment law and of the non-abuse of rights.

### 5.5 Are employers free to change terms and conditions of employment in connection with a business sale?

As mentioned under questions 5.1 and 5.2 above, in the case of a transfer, the buyer is bound to respect the terms and conditions of the employment agreements in force at the time of the transfer. No harmful modification of the employment agreements can take place,

without their written consent. The only exception concerns the private pension schemes, where the buyer has 3 options, namely:

- accept to continue the same pension plan, in which case it is renewed (transferred to the new employer);
- amend the existing pension plan, in which case the new employer should enter into negotiations with the employee’s representatives regarding the changes, in order to reach an agreement; or
- decide not to continue the application of said plan; in which case, it will be terminated and liquidated, i.e. each employee will receive what he/she is entitled to at the date of liquidation. In the latter case, neither the seller (under the condition that he has fulfilled his obligations) nor the buyer will be liable regarding the terminated pension scheme.

## 6 Termination of Employment

### 6.1 Do employees have to be given notice of termination of their employment? How is the notice period determined?

The employer is not obliged to terminate the employee with prior notice; it remains at its absolute discretion.

The employer has the option to notify the employee before the dismissal or not to notify and to terminate immediately. In the latter case, the totality of the legal severance is due, whereas in the case of giving the legal notice, only half of the statutory severance is due.

The following table provides the statutory notice periods in case of termination of the employment agreement by the employer:

Years of service	Statutory notice period (months)
1-2	1
2-5	2
5-10	3
10-15	4
15-20	5
Over 20 years	6

### 6.2 Can employers require employees to serve a period of “garden leave” during their notice period when the employee remains employed but does not have to attend for work?

The term “garden leave” is not provided by Greek law; therefore, the employee should continue to provide his/her services in the workplace during the whole notice period.

### 6.3 What protection do employees have against dismissal? In what circumstances is an employee treated as being dismissed? Is consent from a third party required before an employer can dismiss?

The law does not require the existence of a “serious cause” for the termination of indefinite-term contracts. However, the employee may challenge the validity of the termination in case of an abuse of the employer’s rights.

An employee is considered as being dismissed in case of termination of his/her employment agreement by the employer for any reason.

The consent from a third party before the dismissal is not required, except for employees who enjoy special protection against dismissal (e.g. trade union officials, war veterans, etc.).

### 6.4 Are there any categories of employees who enjoy special protection against dismissal?

There are special protection procedures against dismissal for employees such as:

- (a) war veterans and disabled people with a mandatory employment relationship;
- (b) members of the BoD of a union (for the period during their office and one year after);
- (c) employees in military service; and
- (d) pregnant employees and new mothers (during the pregnancy and for a period of 18 months as of the birth date).

### 6.5 When will an employer be entitled to dismiss for: 1) reasons related to the individual employee; or 2) business related reasons? Are employees entitled to compensation on dismissal and if so how is compensation calculated?

A fixed-term employment agreement is terminated automatically when the period of time agreed on expires. By way of exception, unilateral termination is possible in the event of a “serious cause”, i.e. if an important reason exists, without prior notice or severance compensation. In the absence of a “serious cause”, the termination is invalid and the employer must accept the services of the employee or pay the employee all remaining salaries until the expiry of the contract.

The law does not require the existence of a “serious cause” for the termination of indefinite-term contracts; therefore, the employer may dismiss the employee for performance or behaviour reasons.

Redundancy (i.e. dismissal due to business reasons) is a potentially fair reason for dismissal. However, a dismissal for redundancy can still be unfair if:

- (a) the employee’s job position is not genuinely redundant;
- (b) the employee is unfairly selected for redundancy (in case the employer does not respect the social economic criteria set by law);
- (c) the employer does not consider the employee for other positions; or
- (d) the employer fails to follow a fair procedure, according to the principle of good faith.

In order for the termination to be valid, it must be in writing and the legal severance amount should be paid to the employee, according to the years of his/her previous service in the company.

Severance payments are calculated based on the monthly base salary of the employee at the date of termination, multiplied by 14 (so as to take into account the Christmas and Easter bonus and the annual leave bonus, as per the Greek legislation), and divided by 12, in order to produce a monthly average.

Such average salary is increased by all the fringe benefits the employee receives on a regular basis (such as a car allowance or the value of a car, housing allowance, mobile telephone, insurance coverage, commissions – if the commission plan or variable pay scheme forms part of his/her individual agreement or is covered by a collective agreement, bonuses – if given by the employer on a regular basis and on a predetermined percentage, etc.).

The below table provides the statutory severance amounts in case of termination with and without prior notice:

Years of service	Severance amount (termination with prior notice) - monthly salaries	Severance amount (termination without notice) - monthly salaries
1-2	1	2
2-4	1	2
4-5	1.5	3
5-6	1.5	3
6-8	2	4
8-10	2.5	5
10	3	6
11	3.5	7
12	4	8
13	4.5	9
14	5	10
15	5.5	11
16	6	12
17	6.5	13
18	7	14
19	7.5	15
20	8	16
21	8.5	17
22	9	18
23	9.5	19
24	10	20
25	10.5	21
26	11	22
27	11.5	23
28 and above	12	24

#### 6.6 Are there any specific procedures that an employer has to follow in relation to individual dismissals?

The formal requirements for the valid termination of an indefinite-term employment contract are the following:

- written notification to the employee;
- payment of the severance amount; and
- registration of the employee with the competent social security fund.

The termination of an employment agreement should be announced to O.A.E.D. within 8 days. This procedure must be followed as a minimum for all dismissals whether individual or collective, or whether it refers to indefinite duration contracts or definite duration contracts' termination.

#### 6.7 What claims can an employee bring if he or she is dismissed? What are the remedies for a successful claim?

In any case of termination, the employee is entitled to contest the validity of his dismissal within 3 months as of the termination date; in addition, he/she is entitled to claim an additional severance amount within 6 months as of the termination date, in case he/she claims that the severance amount paid to him/her was not correctly calculated.

In the case of the court considering that the termination was invalid, then the employee will be entitled to receive salaries due as of the termination date, as well as compensation for moral damages; in addition, the employee shall be reinstated to the company, due to the invalidity of the termination.

#### 6.8 Can employers settle claims before or after they are initiated?

The employer may validly proceed with the settlement of such claims either before or after they are initiated.

#### 6.9 Does an employer have any additional obligations if it is dismissing a number of employees at the same time?

Specific provisions exist for collective redundancies. If an employer employs between 20 and 150 employees in any calendar month, the collective dismissal procedure will apply if the employer dismisses more than 6 employees per calendar month and for companies with over 150 employees, more than 5% of the total workforce and in total more than 30 employees per calendar month.

In cases of collective redundancies, consultation and negotiations with the representatives of the employees, as well as with the Ministry of Labour, must take place and alternative solutions must be proposed to the employees' representatives so as to minimise the impact of the dismissals.

#### 6.10 How do employees enforce their rights in relation to mass dismissals and what are the consequences if an employer fails to comply with its obligations?

In case of violation of the provisions regarding the collective dismissals procedure, the dismissals will be considered as null and void.

## 7 Protecting Business Interests Following Termination

#### 7.1 What types of restrictive covenants are recognised?

The restrictive covenants used in employment agreements refer to the non-competition obligation and the confidentiality obligation of the employee.

#### 7.2 When are restrictive covenants enforceable and for what period?

In order for the employer to enforce a non-compete clause, the following requirements must be met:

- (a) the employer should be able to prove that it has a legitimate business interest to protect the clause;
- (b) the scope of the restrictions must be reasonable; said requirement applies to the job position, the needs of the company to provide for the covenant, its term, its geographical limit, the business activity, etc.; and
- (c) the employee must receive consideration for his loss caused by agreeing to the non-compete clause.

#### 7.3 Do employees have to be provided with financial compensation in return for covenants?

In order for a non-compete clause to be valid, the employer must offer a "reasonable" compensation to the employee, which must be in relation to the restriction imposed (duration, geographic area, activity/business sector, etc.). There is no specific formula or amount provided by law, the only condition, which case law provides for, is that the compensation must be "reasonable", which is judged on a case-by-case basis. In practice, said compensation



varies between 50% and 100% of the monthly salary of the employee, multiplied by the number of months the restriction clause lasts.

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#### **7.4 How are restrictive covenants enforced?**

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The employer may file a law suit against the employee and claim money damages. Furthermore, if provided by the relative clause, the employer has the right to demand the restitution of any amounts paid to the employee, as well as the payment of a penal clause.

## **8 Court Practice and Procedure**

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### **8.1 Which courts or tribunals have jurisdiction to hear employment-related complaints and what is their composition?**

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Justice of Peace and Court of First Instance constitute the competent courts for employment-related claims.

### **8.2 What procedure applies to employment-related complaints? Is conciliation mandatory before a complaint can proceed?**

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The filing of a lawsuit before the competent court and the serving of same to the defendant is required in order to initiate the procedure. The conciliation before such litigation procedure is not mandatory by law.

### **8.3 How long do employment-related complaints typically take to be decided?**

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Unfortunately, a lawsuit takes at least 1-2 years to be heard. Furthermore, in order for a court to issue a decision, it takes at least 8-10 months after the hearing date.

### **8.4 Is it possible to appeal against a first instance decision and if so how long do such appeals usually take?**

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The employer or the employee may file an appeal against the decision of the Court of First Instance within 30 calendar days as of the date of serving of the decision. Usually, an appeal takes at least 12 months to be heard.

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