

**SETTLEMENT AGREEMENT**

Between the undersigned:

Mrs./Mr. ... residing in ... ,

hereinafter referred to as "the employee",

and

the company ... with its registered office in ... , entered in the Luxembourg Trade and Company Register under number B..,

hereinafter referred to as "the employer"

Given the fact

- that the employee was hired by the employer based on a contract of employment dated ... with effect from ... by the employer,

- that the employer sent a registered letter from ... *(or by a hand-delivered letter signed on ...)* to invite the employee to a dismissal interview *(if applicable)*

- that the dismissal interview was scheduled for the … at … *(if applicable)*

- that the employer has dismissed the employee without notice *(or with notice)* by registered letter of ... *(or by a letter sent by hand with the signature of ...)*

- that the employee has requested by registered letter dated ... the reasons for his ordinary termination *(if applicable)*

- that the employer has stated the reasons for the ordinary termination by registered letter dated ... *(if applicable)*

- that, by registered letter dated ..., the employee formally contested *(if applicable)* the reasons for his dismissal and considered that the dismissal was unlawful

- that the employee, during an interview that took place on ... at … , formally contested the reasons for his dismissal *(if applicable)* and considered the dismissal to be unlawful

- that negotiations have taken place between the parties with a view to reaching an amicable agreement

- that the employee has expressed his intention to appeal against the dismissal, the parties decided to put an end to this legal dispute once and for all in order to save themselves a lengthy and costly legal procedure with an uncertain outcome

- that the undersigned parties have therefore decided to make mutual concessions and have agreed as follows:

**TRANSACTIONAL AGREEMENT**

**1. Transaction compensation**

As part of this settlement agreement and following negotiations between the parties, the employer undertakes to pay the employee a gross transaction compensation in the total amount of ... €, which is composed as follows:

*(Please indicate the various amounts allocated to the employee, e.g. the termination indemnity, the severance payment, the balance of unused annual paid leave, etc.)*

**2. Application for tax exemption**

Within fifteen days of signing this settlement agreement, the employer shall send a copy of the signed settlement agreement to the national tax authority *(Administration des contributions directes)* in order to request tax exemption for the transactional indemnity in accordance with article 115-9 of the amended Income Tax Act of 4 December 1967 (LIR).

Payment of the amount reduced under the proposed settlement agreement will be made within fifteen days of receipt of the tax authority's reply by transfer to the employee's bank account n° ... (or to a lawyer's bank account) at the bank ... after deduction of the statutory deductions.

The employee expressly acknowledges that he/she bears the risk of partial or total refusal of the tax exemption applied for with the tax authority.

**3. Mutual concessions**

Each party acknowledges that this settlement agreement is the result of mutual concessions within the meaning of article 2044 of the Civil Code.

Given the reciprocal concessions contained in this settlement agreement, the latter is final and irrevocable. Both parties waive their right to invoke any errors of law or fact or omissions regarding their rights.

**4. Good faith**

Each Party shall execute this agreement in good faith.

The employee undertakes to respect his obligations in good faith which will continue beyond the end of the employment relationship.

The employee undertakes not to make any negative statement to the employer, its partners, employees, members of its bodies and customers in any way whatsoever. Likewise, the employer undertakes not to make any negative statement in any form about the employee.

The employee confirms that he/she has returned to the employer all documents and other general objects belonging to the employer and handed over to him/her in the course of his/her duties.

**5. Waiver of all legal action**

By executing this settlement agreement, the parties agree not to assert any further claims and waive any and all present and future legal actions with respect to the execution and termination of the employment contract from … .

**6. Confidentiality**

The employee undertakes not to disclose to any person, company or commercial organisation any trade secret concerning the habits, business relations or transactions of the employer and/or the group of the employer, his clients or the names and addresses of these clients obtained during his work for the company.

The parties undertake to maintain the confidentiality of this settlement agreement, with the exception of public administrations, in particular the tax authority, to the extent necessary.

**7. Clear consent**

The parties declare that they have had enough and adequate time for reflection and consultation prior to signing this transaction and expressly reject that additional time for reflection is required. The parties confirm that their consent to this transactional agreement is free and clear.

**8. Applicable law and Luxembourg jurisdiction**

This agreement shall be governed by the laws of Luxembourg and in the event of a dispute, the courts of Luxembourg shall have exclusive jurisdiction.

Issued in two copies, of which each party has received a copy, and signed on ... in ... .

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Signature of the employee Signature of the employer