**EMPLOYMENT AGREEMENT**

This employment agreement (the“**Agreement**”) is dated [insert] and is between [Company's name], registry code: [insert],address [insert],e-mail address [insert] (the “**Company**”) and [employee's name], personal identification code: [insert], address [insert], e-mail address [insert] (“**You**”) (collectively the “**Parties**”, each individually a “**Party**”). This Agreement comprises the Outlined Termsin Section 1, the Detailed Terms in Section 2 and other Schedules attached to the Agreement.

# OUTLINED TERMS

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| --- | --- |
| * 1. Job title and reporting | |
| [CHOOSE EITHER] [OPTION 1:] [You are employed as [add brief job description where this is not self-explanatory].][OPTION 2:] [You are employed as [add position], but the Company may change Your duties due to its operational needs on the condition that You have the relevant skills and competence. The specific instructions for each project will be sent to You by email.]You must report to [insert] (“**Company’s Representative**”). | |
| * 1. Commencement of employment | |
| Your employment with the Company and Your period of continuous employment commences on [date]. | |
| * 1. Probationary period | |
| [CHOOSE EITHER] [OPTION 1:] [The first [insert period (maximum 4 months)] months of Your employment is a probationary period (the "**Probationary Period**").]  [OPTION 2:] [No probationary period applies to Your employment.] | |
| * 1. Place of work | |
| [CHOOSE EITHER] [OPTION 1:] [Your normal place of work is at [insert location - town or rural municipality (Est. vald))]. Unless otherwise agreed, You are not required to work outside Your place of work for a continuous period exceeding 30 days.]  [OPTION 2:] [You will work remotely. Terms and conditions of remote work are set out in Schedule to this Agreement and/or in the Rules of Working Order][[1]](#footnote-2). | |
| * 1. Working time | |
| You are employed by the Company [CHOOSE EITHER] [OPTION 1:] [full time (40 hours per week)] [OPTION 2:] [part time [insert] hours per week]. The beginning and the end of working hours as well as the breaks therein are established in the Rules of Working Order. | |
| * 1. Salary and other benefits | |
| Your basic salary is EUR [insert salary] gross per month (“**Salary**”) which will be paid monthly no later than on the [insert] day of each month, by credit transfer into Your nominated bank. You must notify the Company if Your bank account number changes.  Pursuant to the law, the Company deducts the income tax, Your share of the unemployment insurance premium and, if applicable, the funded pension premium, from the Salary, and pays social tax and the Company’s share of the unemployment insurance premium on the Salary, in accordance with the procedure and rates provided by law.  [OPTIONAL:] [In addition to the Salary, You are entitled to earn bonuses in accordance with the bonus scheme[[2]](#footnote-3) established by the Company from time to time.]  [OPTIONAL:] [In addition to the Salary, You are entitled to the following benefits[[3]](#footnote-4): [add list of benefits and conditions of use, for example mobile phone, laptop].] | |
| * 1. Expenses | |
| You will be reimbursed for all reasonable travel and other expenses incurred in the performance of Your duties upon production of valid receipts and submission of properly completed expense reports. You must always comply with the Company's current policies on expenses. Any credit card supplied to You by the Company may be used only for expenses incurred in the performance of Your duties. | |
| * 1. Holiday | |
| You are entitled to [insert period (minimum 28 days)] paid holiday in each calendar year. | |
| * 1. IP, Confidentiality, Non-Competition and Non-Solicitation | |
| Intellectual Property | To be assigned or licensed to the Company as provided in Section 2.9. |
| Confidentiality | You are subject to confidentiality obligation both during and after the termination of this Agreement as provided in Section 2.8.  The penalty for the breach of this clause is EUR [insert] per breach[[4]](#footnote-5). |
| Non-competition and non-solicitation | [CHOOSE EITHER] [OPTION 1:] [You are subject to non-competition obligation as provided in Section 2.10 during the term of the Agreement.]  [OPTION 2:] [You are subject to non-competition obligation as provided in Section 2.10 during the term of the Agreement and for [insert period (maximum 12 months)] months after the termination of the Agreement. For the non-competition obligation after the termination of the Agreement the Company will pay You monthly compensation equal to [insert] % of the Salary.]  You are subject to non-solicitation obligation as provided in Section 2.10 with respect to Restricted Persons during the term of the Agreement and for [insert period (maximum 12 months)] months after the termination of the Agreement.  The penalty for the breach of this clause is EUR [insert] per breach[[5]](#footnote-6).  “Competing Business” is any business in the Territory which competes or proposes to compete with the Company in the field of [insert description of Company's business].  “Territory” is [insert] or such other part of the world in which the Company carries on business or proposes to carry on business.  “Restricted Person” means [insert]. |
| * 1. Termination | |
| The termination of this Agreement is subject to the provisions of the Estonian Employment Contracts Act. | |

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# Detailed TERMS

* 1. Definitions

### In this Agreement the following capitalized terms have the following meanings:

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| --- | --- |
| “Group Company” | the Company and any of its subsidiaries or parent undertakings from time to time. |
| “Rules of Working Order” | rules for the local organisation of the work (internal work procedure rules) as well as any other rules, regulations, policies and procedures etc. established by the Company and/or applicable to all Group Companies |

* 1. General terms and nature of the work

### More detailed description of Your job, procedure of giving orders by the Company and the working relations in the Company are specified in Your job description applicable specifically to You or to employees performing similar duties as You. If Your work is project-based, the description of Your duties and orders is given to You on a case-by-case basis by the Company.

### You are subject to the management and control of the Company.

### You must immediately notify the Company of an impediment to work or threat thereof and, if possible, eliminate such impediment or threat without a special instruction.

### In addition to Your normal duties the Company may require You to perform other duties consistent with Your position or skills.

### During the term of the Agreement You must devote all Your working time and attention to Your duties under this Agreement, and may not, without prior written notification to the Company’s Representative, engage in any other business or occupation if these would hinder the performance of Your duties under this Agreement during Your normal working hours.

* 1. Rules of Working Order

### You must comply with the Rules of Working Order.

### In addition to the Rules of Working Order, You must also follow any custom and practices applied in the Company, if such custom or practices are not in contradiction with this Agreement or the Rules of Working Order.

### You are aware that the Company may make amendments to the Rules of Working Order or establish new Rules of Working Order in case there is a change in the Company’s needs, restructuring of the Company’s work and/or changes in the duties and tasks of the employees. The Company must notify You of any such amendments or new rules together with the time when any of the foregoing enter into force and must, if necessary, introduce the respective amendments or new rules to You.

* 1. Working time

### You are employed by the Company either full-time or part-time as set out in the Outlined Terms.

### The beginning and the end of working hours as well as the breaks therein are established in the Rules of Working Order.

* 1. Holidays

### Upon termination of Your employment You are either entitled to money for outstanding holiday or are required to repay to the Company any money received in respect of holiday taken in excess of Your proportionate holiday and any sums repayable by You may be deducted from any outstanding salary or other payments due to You.

* 1. Data protection

### For the purposes of ensuring the performance of this Agreement, the Company processes certain personal data about You. You hereby confirm that You have read and understood the Company’s privacy policy regarding processing of employees’ personal data[[6]](#footnote-7). The Company may change its data protection policy at any time and will notify You in writing of any changes.

### In the course of performing Your duties, You must comply with the Company’s data processing rules when handling personal data relating to any other employee, client, supplier or partner of the Company.

* 1. Termination

### Upon termination of the Agreement, the Parties will be guided by the termination notification regulation set out in Articles 96-98 of the Employment Contracts Act.

### On termination of Your employment You must immediately return to the Company all correspondence, documents, papers, memoranda, notes, records such as may be contained in magnetic media or other forms of computer storage, videos, tapes (whether or not produced by You) and any copies thereof, charge and credit cards and all other property belonging to the Company which may be in Your possession or under Your control.

### After the termination of the Agreement You may not represent Yourself as connected with the Company in any capacity, other than as a former employee or (if that is the case) shareholder, or use any registered business names associated with the Company.

* 1. Confidential information

### The confidentiality obligation includes Your obligation not to, either during Your employment or at any time after its termination, directly or indirectly use or disclose to any person or enable any person to become aware of, any Confidential Information, except, in each case, if it is directly related to the proper performance of Your duties.

### For the purposes of this Section 2.8, Confidential Information includes, in respect of any Group Company:

#### its financial data, including budgets, regular financial reports, balance sheets, income statements, cash-flow statements, KPIs and other business and financial metrics and targets, performance against targets, progress;

#### its business strategies and plans, marketing and sales strategies and plans, expansion strategies and plans, market research and surveys, customer feedback, market and business opportunities, research and development, other sales and marketing information;

#### its existing and planned products and services, including product and service roadmaps, concepts and models, pricing models and structures, price lists (including discounts, special prices or special terms offered to or agreed with customers);

#### names, addresses, contact details and other information of its customers or potential customers as well as its suppliers or potential suppliers, licensors, licensees, agents, distributors and other contractors;

#### its agreements, including the fact that any such agreements have been signed as well as their terms, conditions and other content;

#### its prospective agreements and transactions, including information relating to any offers made to or received from any party, ongoing negotiations with any party, the terms, conditions and other content of any drafts of agreements;

#### its current and prospective Intellectual Property Rights (as defined below in Section 2.9) as well as its technology relating to products and services as well as techniques, methods and processes used for development of concepts, products and services, any other know-how, methods, processes, techniques and technical data;

#### its IT systems (including websites) as well as software and technical information (including passwords) necessary for the operation, maintenance and/or development of IT systems;

#### members of its management board, supervisory board and advisory board and any similar governing body, its employees, consultants and advisors, including (in respect of each aforementioned person) their remuneration and salaries, bonuses and bonus systems, option and other incentive and motivation schemes and other terms on which such persons are employed or engaged;

#### its investors and shareholders;

#### meetings of management board, supervisory board, advisory board, shareholders and any other similar governing body as well as any matters discussed in any such meetings and any resolutions adopted by any such body (whether at meeting or otherwise);

#### information concerning or provided to third parties, in respect of which a Group Company owes a duty of confidence.

### Without prejudice to any other provisions, Confidential Information includes also any other information relating to any Group Company that You receive in connection with the performance of Your duties (a) that is marked, or at the time of disclosure is otherwise designated, as being confidential or (b) that would be regarded as confidential or commercially sensitive by a reasonable business person, irrespective of whether it is marked confidential or identified or treated by the Group Company as being confidential.

### Confidential Information does not, however, include information that:

#### is already in, or becomes available to the general public other than through Your unauthorised disclosure;

#### is, at the time of disclosure, already known to You without restriction on disclosure;

#### is explicitly approved for disclosure by the Company’s Representative in a form reproducible in writing;

#### You are required to disclose by law or by any court order.

### In case of doubt as to the confidentiality of certain information, such information is presumed to be Confidential Information for the purposes of this Section.

### Information that is deemed to be Confidential Information of any Group Company pursuant to this Section 2.8 is also considered to be a business secret of such Group Company within the meaning of Restriction of Unfair Competition and Protection of Business Secrets Act. In case it is ascertained that the information (previously) qualified by the Company as business secret does not constitute a business secret (any longer), then such information will be regarded as other Confidential Information of the Company.

### You must use Your best efforts to protect the confidentiality of the Confidential Information and must inform the Company’s Representative immediately on becoming aware or suspecting that any third party may know or has used any of the Confidential Information.

### You may not make copies of any document, correspondence, computer disk, CD-Rom, memory stick, video tape or any similar matter (including in any electronic format) or remove any such items from the premises of the Company other than in the proper performance of Your duties under this Agreement except with the written authority of the Company’s Representative, which authority will apply in that instance only.

### You may not make any public statement (whether written or oral) to media or otherwise relating to the affairs of the Company and may not write any article for publication on the matter concerned with the business or other affairs of the Company without the prior consent of the Company’s Representative.

### During Your employment and at any time after its termination You may not do anything which might damage the Company’s reputation. For that reason, You may not participate in any act in any media whatsoever that might reasonably be expected to damage the business, interests or reputation of any Group Company. This includes making any direct or indirect references to any Group Company or any of its directors and employees that might reasonably be expected to damage their business, interests or reputation in any online blog, or on any social or professional networking site or social media site.

### Upon the breach of the confidentiality obligation, the Company may claim from You contractual penalty in the amount specified in the Outlined Terms for each individual case of breach.

* 1. Intellectual property rights

### In this Agreement “**Intellectual Property Rights**” or “**IPR**” mean all intellectual and industrial property rights and similar rights of whatever nature anywhere in the world whether currently existing or coming into existence at some future time and all rights pertaining thereto, whether recorded or registered in any manner or otherwise, including (but not limited to) any copyrights and related rights, industrial design rights and other design rights, registered designs, patents, utility models, inventions (whether or not patentable), trademarks, service marks, database and software rights, semiconductor topography rights, trade secrets, know-how, confidential information, business names, trade names, brand names, domain names and all other legal rights anywhere in the world protecting such intangible property including, where applicable, all renewals, extensions and applications for registration and the right to sue for damages for past and current infringement in respect of any of the same.

### If, during the term of this Agreement (whether or not during working hours and/or using Company premises, equipment, know-how and/or other resources and whether or not recorded in material form) You create or develop, whether alone or jointly with any other person(s), anything being the object of Intellectual Property Rights and which is in any way connected with or applicable to any business or operation of the Company (“**Company Intellectual Property**”), You must disclose it to the Company immediately together with all relevant details.

### To the extent not already assigned under applicable law, You hereby assign to the Company with full title all Intellectual Property Rights to the Company Intellectual Property. All such IPR are deemed automatically transferred to the Company from the moment of their creation for the whole period of validity of the respective IPR.

### To the extent it is impossible as a matter of law to transfer the IPR specified in Section 2.9.3 to the Company, for example the moral rights of the author, You hereby grant to the Company, to the maximum extent possible under law, an ex­clusive, transferable, fully paid-up, world-wide and unlimited right (license) to use, exploit and exercise such IPR for the whole period of their validity.

### At the request of the Company You must take all necessary actions to transfer the title to the IPR specified in Section 2.9.3 to the Company, and do all such acts as may be necessary or proper to obtain the acceptance of any applications for such IPR and for procuring the grant of such IPR pursuant to any such applications as well as for the registration of the Company as the sole proprietor of such IPR.

### You must exercise Your rights in a way that does not hinder the Company in exercising the rights that have been transferred or licensed to it hereunder. You may not use the Company Intellectual Property and not exploit any rights that have been transferred or licensed to the Company hereunder in any way other than (a) for performing Your obligations to the Company or (b) in any manner expressly approved by the Company in writing in advance.

### All embodiments of Company Intellectual Property in whatever form and all records relating to such Company Intellectual Property (in all media) are the property of the Company. You must surrender these to the Company either on the termination of this Agreement, or at the request of the Company at any time during this Agreement, and may not keep any copies.

### The provisions of this Section 2.9 have been taken into account upon agreeing Your remuneration in the Agreement and You may not receive additional payment or remuneration for the assignment and license of rights as set forth in this Section 2.9.

* 1. Non-competition and non-solicitation

### The non-competition obligation includes Your obligation not to take any of the following actions, directly or indirectly, on Your own behalf, or in conjunction with any other person during the validity period of the non-competition obligation:

#### work for or provide any services to any person engaged or about to become engaged in the Competing Business;

#### otherwise be engaged, concerned or interested, whether as consultant, advisor, agent, representative, investor, joint venture, owner, partner (including silent partner), shareholder or in any other capacity, in the Competing Business, except that You may hold up to 5% of any class of securities of a company listed or dealt in on a regulated market;

#### on behalf of Competing Business, be involved with the provision of goods or services or otherwise have any business dealings with any customer or prospective customer of the Group Company with whom you dealt during Your employment or to whom you had access to through Confidential Information;

#### on behalf of Competing Business, entice or solicit, or endeavour to entice or solicit, any customer or prospective customer of the Group Company with whom you dealt during Your employment or to whom you had access to through Confidential Information, in each case, to provide custom or business;

#### on behalf of Competing Business, have any business dealings with any person which has provided goods or services (other than utilities or administration-related supplies) to any Group Company and with whom you dealt during Your employment or to whom you had access to through Confidential Information;

### If, according to the Outlined Terms, the non-competition obligation remains in force after the termination of the Agreement, the Company will pay You compensation for complying with such obligation in the amount specified in the Outlined Terms. Such compensation will be paid monthly during the validity of the non-competition obligation by the same due date that is established for the payment of Salary.

### The non-solicitation obligation includes Your obligation not to take any of the following actions, directly or indirectly, on Your own behalf, or in conjunction with any other person during the validity period of the non-solicitation obligation:

#### entice or solicit, or endeavour to entice or solicit any Restricted Person away from any Group Company;

#### take any other action or make any other contacts with any Restricted Person which may result in termination of his employment or other contractual relationship with the Group Company or taking up a position with any third person;

### Upon the breach of the non-competition obligation or non-solicitation obligation, the Company may claim from You contractual penalty in the amount specified in the Outlined Terms for each individual case of breach.

### Before accepting any offer of future employment with another employer received during the employment or before the expiry of the non-competition obligation, You must disclose a copy of the whole of Section 2.10 and relevant Outlined Terms to the person making the offer and the prospective employer and must disclose the identity of that person to the Company as soon as possible.

### You must immediately inform the Company’s Representative if any person who is or was formerly an employee or member of the management body of any Group Company solicits, induces or endeavours to solicit or induce you to leave the employment of the Company with an intention of taking up a position in any capacity in any Competing Business.

### During the validity period of the non-competition obligation You must inform the Company, at its request, about Your professional and financial activities to the extent this is relevant for monitoring Your compliance with the non-competition obligation.

### You hereby represent that any information about working for or providing services to any other persons and about Your financial activities that You presented to the Company in connection with the entry into this Agreement is true and complete in all respects.

### The Company may terminate the non-competition clause provided above at any time on the terms and conditions provided by law.

* 1. Contractual penalties[[7]](#footnote-8)

### Each contractual penalty set forth in this Agreement operates as a measure for achieving the performance and not as a substitute for the performance of the Agreement. Therefore, the payment of any penalty set forth herein will not release the breaching Party from the obligation to perform the relevant obligations.

### In case You breach this Agreement, the Company may claim, in addition to the contractual penalty, compensation for any damages (including direct patrimonial damage and loss of profit) caused by the breach to the extent not covered by the contractual penalty.

* 1. Entire agreement and amendment

### This Agreement and the documents referred to or incorporated in it constitute the entire Agreement between the Parties relating to the subject matter of this Agreement and supersedes and extinguishes any prior drafts, agreements, and arrangements of any nature whatsoever between the Parties in relation to the subject matter of this Agreement.

### No amendment of this Agreement will be valid unless it is in writing and signed by both Parties.

* 1. Conflicts between the terms

### If there is a conflict between the Detailed Terms and the Outlined Terms, the Schedules or any other document incorporated by reference into the Agreement, then the conflict will be resolved by giving precedence to the different parts of the Agreement in the following order: (i) the Outlined Terms; (ii) Schedules; (iii) any other document incorporated by reference; and (iv) Detailed Terms.

* 1. Rules of interpretation

### References to the word “include” or “including” (or any similar term) are not to be construed as implying any limitation and general words introduced by the word “other” (or any similar term) are not given a restrictive meaning because they are preceded or followed by words indicating a particular class of acts, matters or things.

### References to “writing” or “written” include electronic form (as defined in Estonian law); and references to “form reproducible in writing” include facsimile and electronic mail (including pdf).

### References to “persons” include private individuals, legal entities, unincorporated associations and partnerships and any other organisations, whether or not having separate legal personality.

### Except where the context specifically requires otherwise, words referring to one gender are treated as referring to any gender, words importing individuals are treated as importing corporations and vice versa, words referring to the singular are treated as referring to the plural and vice versa, and words importing the whole are treated as including a reference to any part thereof.

### The section and paragraph headings used in this Agreement are inserted for ease of reference only and do not affect interpretation.

### In this Agreement, any reference to a Section or a Schedule means a reference to the relevant Section or Schedule of this Agreement.

* 1. Governing law

### This Agreement is governed by and construed in accordance with the laws of the Republic of Estonia.

**PARTIES’ SIGNATURES:**

|  |  |  |  |
| --- | --- | --- | --- |
| **COMPANY:** | **Signature** | **You:** | **Signature** |
| Representative: [insert], Title: [insert] |  |  |  |

1. NOTE TO DRAFT: The terms and conditions for remote work must be specified in the Schedule (annex to the agreement) or in the Rules of Working Order or in both, e.g. specific terms and conditions agreed with particular employee in a Schedule and more general terms and conditions applicable to all teleworkers in the Rules of Working Order. Instructions for arranging remote work are available here: <https://www.tooelu.ee/en/Employer/Working-environment/Organizing-working-environment/Teleworking> [↑](#footnote-ref-2)
2. NOTE TO DRAFT: If applicable, the bonus scheme should be established only for a certain period of time and with the possibility not to pay bonuses. [↑](#footnote-ref-3)
3. NOTE TO DRAFT: Note that the benefits may be considered as fringe benefits in the meaning of § 48 (4) of the Income Tax Act (fringe benefits are any goods, services, remuneration in kind or monetarily appraisable benefits which are given to an employee in connection with an employment relationship, regardless of the time at which the fringe benefit is granted). An employer must pay income tax on fringe benefits granted to employees. More information on fringe benefits is available here:

   <https://www.emta.ee/eng/business-client/income-expenses-supply-profits/fringe-benefits>. [↑](#footnote-ref-4)
4. NOTE TO DRAFT: The amount of contractual penalty may be either a fixed sum or a multiple of the respective employee’s monthly salary. Note that when setting the amount of the contractual penalty in the agreement, the possible damage arising from the breach to the company should be taken into account. Furthermore, the employee’s position and also his/her knowledge of the confidential information should be taken into account. Note that the employee may dispute the amount of contractual penalty in the court and the court may decrease the amount if it is unreasonably high. In case the contractual penalty is agreed in standard terms, any contractual penalty that is unreasonably high may be deemed void. [↑](#footnote-ref-5)
5. NOTE TO DRAFT: Note that the lawfulness of contractual penalty for breaching the non-solicitation obligation is not entirely clear under Estonian law and might be disputed. [↑](#footnote-ref-6)
6. NOTE TO DRAFT: Note that each company should have internal data protection documents which concern processing of employees’ personal data. [↑](#footnote-ref-7)
7. NOTE TO DRAFT: Please note that, according to law, the employer must submit its claim for contractual penalty within four months after becoming aware of the respective breach and must as soon as possible notify the employee of its intention to submit such claim. [↑](#footnote-ref-8)