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Summary of Reductions in Force by Jurisdiction: Redundancy or Collective Termination Procedures in Applicable Law	
Argentina	Dismissals without cause or due to economic reasons of force majeure are transitorily prohibited until May 29, 2020. Despite that, Decree 265/02 established that the Preventive Crisis Procedure described in our previous Lawflash (which was created for suspensions or dismissals for economic reasons or force majeure) will also be applicable to dismissals without cause.
Brazil	Subject to specific rights against termination (stability in case of pregnancy, disease, union participation, etc.), an employer can terminate any employee in Brazil without cause subject to payment of mandatory severance pay. While there is no legal definition of "collective termination" under Brazilian law (it is generally understood that terminations of more than 5% of the workforce may qualify), Brazilian case law precedents traditionally required that employers engage in negotiations with the applicable union prior to conducting collective terminations. However, with the advent of 2017 Brazilian labor reform, Article 477-A was introduced to the Brazilian Labor Code expressly setting forth that collective terminations would not require prior negotiation with employees' union. Despite very clear statutory guidance in this regard, there still are a few post-labor reform court decisions recognizing under different rationales the need for union negotiation prior to effecting collective terminations. It is expected that this issue will be resolved once the subject is analyzed by the Brazilian Supreme Court, thus fully harmonizing Brazilian case law with respect to this subject.
Chile	Chilean law does not provide for collective termination procedures. The Labor Code establishes provisions regarding the termination of the labor contract and employment stability. Under this statute, the labor contract may only be terminated by agreement of both employer and worker, by the worker's resignation, the death of the worker, the expiry of the fixed term agreed upon in the contract, the completion of the work for which the worker was hired, an act of God or force majeure (please note that the law currently provides that workers cannot be dismissed on the grounds of force majeure or force majeure as a result of the health emergency caused by the COVID-19 pandemic), and upon dismissal by the employer. If the employer dismisses the worker based on the general grounds known as "company's needs," such as changes in economic conditions, downsizing of the company, or in the case of termination at will (when law permits it), the following severances will be awarded to the worker: **(i)** Severance pay for years of service: amounting to one month's remuneration for each year or fraction thereof in excess of six months spent in the service of the same employer, with a limit of 330 days' worth of remuneration. However, for the purposes of calculating this severance, the law stipulates that the basic monthly remuneration cannot exceed a maximum of 90 "Unidades de Fomento" (approximately $3,100). **(ii)** Severance pay in lieu of notice: if the dismissal notice is not given 30 days in advance, the worker will be entitled to receive a severance equivalent to one month's remuneration (the same cap of approximately USD $3,100 applies). Nevertheless, if the worker is dismissed for cause, i.e., serious breach of contract by the worker, material misconduct, etc., no right to severance arises for the worker. The parties may, by written agreement, exempt the worker from the application of one or all of the caps on severance. It is also important to note that the severance regime described above constitutes the legal minimum. In other words, there is nothing to prevent the parties from agreeing on a more favorable severance regime for the worker (over and above the legal limits).

<table>
<tr><td></td><td>To make the termination of the labor contract effective, the employers must comply with the following:

(i) Delivery of termination letter to the worker personally or by mail to the worker’s address. The letter must be accompanied by a copy of the certificate of social security contributions paid for the entire period worked. Additionally, a copy of the letter should be sent digitally to the Department of Labor’s website.

(ii) Signing of a “release settlement.” This document records the termination of the employment relationship and the payments that are made to the worker. The release settlement must be signed and ratified personally by the worker before a minister of faith, who for this purpose may be a Notary Public. The minister of faith, prior to the ratification of the release settlement by the worker, must request a copy of the certificate of social security contributions paid for the entire period worked by the worker. The release settlement shall be granted by the employer and made available to the worker within 10 business days after the separation.</td></tr>
<tr><td>Colombia</td><td>In Colombia, the current state of emergency due to COVID-19 is not a fair ground to terminate employment agreements; therefore, all terminations would be without cause. The main risk of termination of employments without cause is to incur in a collective dismissal. A collective dismissal is deemed to exist when an employer terminates without cause (redundancy) a number of employees equal to or above the legal limits established according to the headcount of the company (number of employees) within a period of six months. Below you will find the limits to consider terminations without cause as collective dismissal:

<table>
<tr><th>Headcount of Company</th><th>% of Dismissed Employees in a Period of 6 Months</th></tr>
<tr><td>10 or more but less than 50</td><td>30% or more</td></tr>
<tr><td>50 or more but less than 100</td><td>20% or more</td></tr>
<tr><td>100 or more but less than 200</td><td>15% or more</td></tr>
<tr><td>200 or more but less than 500</td><td>9% or more</td></tr>
<tr><td>500 or more but less than 1,000</td><td>7% or more</td></tr>
<tr><td>1,000 or more</td><td>5% or more</td></tr>
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Terminations due to the expiration of the term agreed upon, terminations of employment agreements for the duration of the specific job hired, terminations with cause, or terminations by mutual agreement, are not included in the limits for collective dismissal. Considering the above, the company must obtain an authorization from the Ministry of Labor for dismissing the employees without cause (redundancy) if the terminations exceed the mentioned threshold within the appointed timeframe. Furthermore, the company should inform the employees about the authorization filed before the Ministry of Labor as a mandatory requirement to conduct the process.</td></tr>
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If a collective redundancy is approved/authorized by the Ministry of Labor, along with the applicable payments of the final assessment of the employment agreement, the legal indemnification established in Article 64 of the Colombian Labor Code must be paid to the employees. Such indemnification is calculated as follows. In the case of indefinite term agreements, the following table indicates the amount of the indemnification to be paid to employees upon termination:
<table>
<tr><th>NUMBER OF YEARS WORKED</th><th>AMOUNT PAYABLE
(expressed in days)</th></tr>
<tr><td rowspan="2">1 year or less</td><td>30 days of salary if the employee’s salary is below 10 minimum monthly wages (MMW) (€2,068).</td></tr>
<tr><td>20 days of salary if the employee’s salary is 10 or more MMW.</td></tr>
<tr><td rowspan="2">More than 1 year</td><td>20 days of salary per year or proportionally for fraction thereof, in addition to the 30 days of the first year, if the employee’s salary is below 10 MMW.</td></tr>
<tr><td>15 days of salary per year or proportionally for fraction thereof, in addition to the 20 days of the first year, if the employee´s salary is 10 or more MMW.</td></tr>
<tr><td colspan="2">For employees who as of December 27, 2002 have completed 10 or more years of continuous service to the employer, the indemnification will be equivalent to: For the first year: 45 days of salary. More than 1 year: 40 days of salary per year or proportionally for fraction thereof, in addition to the 45 days of the first year.</td></tr>
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In the cases of fixed term or for the duration of a job’s hired agreements, the indemnification will be equivalent to the salary corresponding to the time remaining until the completion of the fixed term or the hired job. In case the company exceeds the threshold incurring in a collective dismissal, the Ministry of Labor could declare the existence of a collective dismissal and a labor judge may declare null and void the termination of the employment agreements ordering the reinstatement of the affected employees. Such reinstatement will include the payment of salaries, fringe benefits (when applicable), vacations, social security contributions and payroll taxes accrued between the termination date and the reinstatement date (including late payment interests).

Please bear in mind that the Ministry of Labor is reluctant to grant this type of authorization due to the social implications for affected employees. Therefore, we would recommend evaluating the alternative of implementing a retirement plan to terminate the employment agreements by mutual consent and enter into a settlement agreement to formalize such terminations.
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<td>Costa Rica</td>
<td>There are no requirements or special procedures for the implementation of collective terminations under applicable law in Costa Rica. As such, if terminations are deemed to be terminations without cause, employees are entitled to full statutory severance payment under the law. Here, regardless of whether the company is shutting down, all employees have the right to their full severance packages. There is no exception for shutting down, even in light of the COVID-19 emergency. Severance may not be negotiated and any negotiation will most likely be disregarded by a judge. In Costa Rica, there are no unions in the private sector, with very few exceptions.</td>
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Ecuador	There are no redundancy or collective termination procedures in Ecuador. In case the need of the business for certain employees ceases or diminishes due to a duly evidenced event of force majeure, an employer may be entitled to individually terminate each employee on the basis of force majeure. Such cause for termination is strictly monitored by the labor authorities, and conflicting judicial precedents exist as to the sufficiency of determined force majeure events.
Mexico	Collective terminations (or reductions in force) are only permitted under certain circumstances under Mexican law and require the authorization of the applicable labor board. As a practical matter, the request for authorization is burdensome and impractical, and direct negotiation with the employees and unions is customarily recommended. Reductions in force must be carefully analyzed with local counsel to assess risks of direct negotiation with the employees and, where applicable, with any existing union(s).
Panama	Article 213 of the Labor Code allows the possibility of termination due to economic reasons. Under this provision, the company will need to request authorization for termination of employment from the Ministry of Labor. The company will need to sufficiently prove that there are extreme economic reasons that prevent the company from being able to keep employments. If the Ministry of Labor authorizes the terminations, such terminations are not decided by the company. Rather, the Ministry of Labor will decide which employees to terminate according to the following: **(i)** Termination of employees with less seniority **(ii)** Termination of foreigners before Panamanians **(iii)** Termination of nonunionized before unionized employees **(iv)** Termination of employees with maternity protection or other special protection (i.e., union protection, sick protection, or the like). The economic termination commented on above is not the best approach as the Ministry of Labor takes a significant amount of time on whether to authorize dismissals. Similarly, they procure not to authorize dismissals as it is a political cost for the government. Due to the above, market practice is the termination of employments directly with employees by means of an employment termination agreement. In a termination agreement, both parties agree to terminate the employment relationship. In such agreements, the employer agrees to pay the severance that the employee would have otherwise received had the employee been wrongfully terminated.
Peru	Redundancies can be carried out according to one of the following causes provided by law. The process varies depending on the reasons that justify the redundancy: **(i) Due to economic, technological, structural, or similar reasons (applicable if the employer reduces at least 10% of its payroll):** **(a)** Notify the union (or employees involved if there is no union) and provide them with the relevant information regarding the reasons of the redundancy and the names of the affected employees. A communication must be sent to the Labor Administrative Authority to open the corresponding file.

	(b) The union (or employees involved) and the employer must undertake a negotiation in order to determine the conditions in which the employment contracts will be terminated or on the possible alternatives to avoid dismissals (suspension, reduction of working hours, modification of working conditions, review of existing collective working conditions and any others). If an agreement is entered into, it will be binding. However, there is no obligation to reach an agreement. **(c)** Simultaneously or successively after consultations with the union (or employees involved), the employer is obliged to file an application (sworn statement) before the Labor Administrative Authority based on an expert report justifying the need for the redundancy grounded on economic, technological or structural reasons. The employer may also request the suspension of the employees during the redundancy procedure. Once the employees or their representatives have reviewed the report filed by the employer (which must be sent by the Labor Administrative Authority to the employees within 48 hours of its submission), they have 15 business days to present their own expert reports. **(d)** A meeting between the employer and the union (or employees involved) under the auspices of the Labor Administrative Authority must be held within three business days in order to try to reach an agreement on the redundancy's modalities. **(e)** If no agreement is reached, the Labor Administrative Authority must issue a binding decision accepting or denying the employer's request within five business days. **(f)** The parties can appeal the decision within three business days. The Labor Administrative Authority must issue the final decision within five business days. If no decision is issued in this term, the appealed resolution will be deemed as confirmed. **(ii) Due to fortuitous case and/or force majeure:** If the employer suffers a fortuitous case and/or force majeure event that results in the disappearance of all or part of the workplace, or that requires terminating employees who have already been suspended without pay, the employer must follow the process detailed in the previous section, with the following differences: **(a)** It must substitute the expert report and conciliation period detailed in subsections **(c)** and **(d)** for an inspection of the workplace to be carried out by the Ministry of the economic sector to which the employer belongs. **(b)** The result of said inspection must be sent to the Labor Administrative Authority, which should issue a decision according to the procedure already explained in subsections **(e)** and **(f)**. In any of the aforementioned procedures, if the redundancy is approved by the Labor Administrative Authority, no severance payment applies to the terminated employees. However, employers must inform the affected employees and make available to them their salary payments and their corresponding accrued benefits. It must be noted that redundancy procedures are usually very long and their results are unpredictable. In the past few years, the Labor Administrative Authority has approved very few redundancy cases. Employers tend to use this mechanism as a way to pressure employees in the corresponding negotiation. Finally, redundancies also apply due to the dissolution and liquidation of a business, in which case the following procedure must be used: **(i)** The employer must adopt a resolution approving its dissolution, designating liquidators and authorizing them to terminate the employment relationships with its employees. The liquidation decision shall be incorporated into a public deed in Peru and recorded with the company's registry.

	(ii) The designated liquidator should send a letter to the affected employees, notifying them about the termination of their employment relationship and making their statutory benefits available to them. The letters should be sent through a Notary Public 10 days before the actual termination date. The employer may substitute this prior notice with the payment of the remuneration for those 10 days. **(iii)** The employer must advise the Labor Administrative Authority about the termination of its employees by sending a certified copy of the resolution with the dissolution's approval, the list of the affected employees, the date of termination and the amount of social benefits due to the employees. No authorization or permit is required. **(iv)** In the case of dissolution and liquidation of the company, employers have the right to acquire the company's assets in order for them to be able to continue or replace their source of income. These assets can be bought with their owed remuneration and benefits.
Puerto Rico	Subject to specific rights against termination (e.g., discrimination on the basis of protected categories, retaliation of the basis of protected activity), an employer can terminate any employee in Puerto Rico without cause subject to payment of mandatory severance pay per the statutory formula under Puerto Rico Law 80. (Unjust Dismissal Act). Puerto Rico Law 80, as amended by Law 4 of January, 26 2017 (Labor Transformation and Flexibility Act, or Law 4), requires that there be termination for "just cause" (or the payment of a statutory severance). A termination is for "just cause" if it is not motivated by legally prohibited reasons or the product of the employer's caprice. "Just cause" is understood as those reasons affecting the good and normal operation of the establishment, including the following "business necessity" reasons: **(i)** Full, temporary, or partial closing of the operations of the establishment **(ii)** Technological or reorganisation changes as well as changes of style, design, or the nature of the product made or handled by the establishment, and changes in the services rendered to the public **(iii)** Reductions in employment made necessary by a reduction in the anticipated or prevailing volume of production, sales, or profits at the time of the discharge or with the purpose of increasing the establishment's productivity or competitiveness If the employer relies on any of these three causes, it must retain employees of greater seniority on the job, provided there are positions that are vacant or filled by employees of less seniority within their occupational classification ("order of retention analysis"), except in those cases in which there is a reasonably clear or evident difference in favour of the capacity, productivity, performance, competency, efficiency, or record of comparable employees, in which case the employer may choose based on those criteria. Under Law 4, employers with multiple locations in Puerto Rico must, in general, consider the employees within the particular location that is to be impacted for the order of retention analysis after the Act. However, occupational classifications in other locations should be considered for the order of retention analysis if, during the year prior to the termination the employees within the impacted occupational classification transferred usually or regularly from location to location; and the employees are under direct common supervision with respect to day-to-day personnel administration. The fact that the employees in the various locations are covered by common policies or participated in common benefits is irrelevant. Only the locations that fit within these characteristics have to be considered, as opposed to all locations in the island. Law 80 also provides certain recall rights for six months following a group layoff if the same or similar work is needed during that time.

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<td>For employees hired after January 26, 2017 (when Law 4 was signed) who are discharged without "just cause," the severance pay is: an amount equivalent to three months' salary (as defined under Law 80); plus an amount equivalent to two weeks' salary for each year of service. For employees hired after January 26, 2017, the severance is capped at nine months. Employees hired before Law 4's effective date are not subject to the cap, and severance pay is based on years of service (YOS) and highest salary in the previous three years:

<table>
<tr><td></td><td>Part A</td><td>Part B</td></tr>
<tr><td>0–5 years</td><td>2 months</td><td>1 week/YOS</td></tr>
<tr><td>5–15 years</td><td>3 months</td><td>2 week/YOS</td></tr>
<tr><td>15+ years</td><td>6 months</td><td>3 week/YOS</td></tr>
</table>

Any voluntary payment made by the employer to the employee solely because of the termination of employment can be credited to the Law 80 severance obligation.

Note also that the United States Worker Adjustment and Retraining Notification Act (WARN) applies in Puerto Rico to mass layoffs requiring advance notice under certain circumstances. Under WARN, pay in lieu of notice may be provided in certain circumstances.</td>
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<td>Uruguay</td>
<td>Uruguayan law does not regulate the figure of collective layoff. As dismissal is free in Uruguay, a company can dismiss all or some of its employees without having a just cause to justify the termination. There are no special formalities to dismiss an employee, but it must be expressly notified to him/her, preferably in writing, in order to have written proof of the effective date of separation. In all cases, the employer must pay amounts due to an employee upon separation within 10 calendar days from the day following termination. Failure to do so will give rise to a penalty of 10% of the amounts owed.</td>
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