SUMMARY OF 2016 IN EMPLOYMENT LAW AND TRENDS TOWARDS 2017

Employment Law Department – Herzog Fox & Neeman

Dear Clients and Friends,

The field of employment law and labour relations is characterized by frequent and challenging developments, whether in legislation, case law or within the framework of general and industry collective agreements. Equally in 2016, as before, the field of employment law has been stormy and provided challenges, innovation and much interest.

During the year we updated you on an ongoing basis of the major changes in legislation and important judgments handed down by the labour courts. With the start of 2017, we have chosen to bring you a concise overview of the significant and central new developments that we have seen in legislation and case law in 2016 which we expect to continue in 2017.

We are happy to assist you in providing legal advice in relation to each of the issues below, their ramifications on the workplace and the practical steps that may be taken as a result.

From "women's" or individual rights to those of "parents"

Last summer, we updated you about a raft of amendments to the Employment of Women Law 1954, which reflected a move away from women only rights to the rights of parents, granted to the family unit, whereby one family member can take advantage of them at his/her choice, subject to conditions.

As such, the historic "Breastfeeding Hour" (the right to be absent for one hour a day for four months from the end of maternity leave) has changed to the "Parenting Hour". This right, which was previously only for women, has changed to a right which both parents can utilize at their choice, subject to conditions prescribed by law. Likewise, "Maternity Leave" has changed to "the Birth and Parenting Period".

In addition, and in accordance with this trend, the legislature has extended the rights of fathers to be absent after the birth of their child. The amendment entitles an employee to be absent from work for five days from the day after his spouse or partner gives birth. The first three days of absence are on account of the employee's annual leave, with the remaining two

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days of absence being considered "sick leave", in accordance with the rules and conditions set out in the amendment.

A further amendment relating to the family unit is under the **Sick Pay Law (Absence for Illness of a Child) 2016,** which was passed on 16 August 2016. The amendment states that the days of absence used for the purpose of calculating the rate of sick pay when absent to care for an ill child, shall be calculated according to the joint household and not for each parent separately. This amendment changes the situation that existed previously, whereby counting days of absence for this purpose was done separately, which caused financial harm to both parents who would each not receive sick pay for the first day of absence, and only partial payment for the second and third days of absence.

- ✓ These amendments express not only a change in legislation, but also a change in outlook. The amendments place before us new and interesting questions that require a process of adaptation within the employment agreements and employment practices of organisations.

The legislature and the labour courts are continuing and deepening the move towards integrating employees with disabilities in the workplace.

In the past year, continued steps have been taken to promote the employment of people with disabilities:

- The publication of Amendment 15 of the **Equal Rights for People with Disabilities Law 1998 ("Equality Law")**, defines the obligation of fair representation of employees with disabilities in public sector workplaces. The amendment defines this obligation for such employers and provides that, amongst other matters, a large public employer (i.e. an employer with 100 employees or more, apart from government offices and supporting units in respect of which section 15a of the State Services (Appointments) Law 1959 applies) is required to provide fair representation of persons with significant disabilities (as defined) amongst its employees. The representation required by large public employers is at least 5% of its employees. An amendment in a similar vein has also been made to the State Services (Appointments) Law 1959.

- **The Labour Court ordered the return to work of an employee with disabilities who was required to take early retirement and was awarded compensation**: In September 2016, the Regional Labour Court in Be'er Sheva gave judgement in the case of **Yehudit**

Borochov.[1] This matter was regarding an employee with hidden disabilities who worked for Tircovot Brom for 25 years and was dismissed within the framework of a collective agreement due to redundancy. In this case, the Labour Court held that the employer knew of the medical disabilities of the employee; that they were disabilities that should be considered in a dismissal process in accordance with the Equality Law; and that the conduct of the employer, who chose to ignore the medical disabilities, was contrary to the Equality Law and the signed collective agreement. The court ordered the cancellation of the employee's early retirement; she was to be allowed to immediately return to the company, and was awarded damages in respect of salary from the date of the termination of her employment until the time of serving the claim, compensation for non-financial loss and emotional distress, and expenses, all totaling NIS 300,000.

The court noted that for a decision to dismiss on grounds of redundancy, it is enough for the employee to show that he/she has disabilities such that the burden passes to the employer to prove the legitimacy of the motives that brought about the termination of employment. The employer can ward off discrimination claims if it can show that the decision was relevant and took into account the employee's disabilities, that it made **active and sincere efforts** to find a suitable alternative role and if necessary, even made adjustments. The employer was obliged to **join the employee into the process,** find work to offer the employee, recognize her abilities and the way in which she could be integrated into work despite the disabilities. **The court emphasized that the ruling was a message to employers reflecting the rejuvenated attitude of companies in Israel towards those with disabilities**.[2]

✓ We again encourage employers to consider taking active steps with regard to the integration of employees with disabilities in the workplace, including adopting an annual program to promote the employment of those with disabilities.

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1 LD (Be'er Sheva) 48656-10-15 **Yehudit Borochov v Tircovot Brom Ltd**. (published in Nevo on 22.9.16) – appeal on the judgement is pending.

2 Notably, the court referred to the fact that the defendant was a big company, part of the conglomerate employing thousands of employees, and therefore should serve as an example to other employers.

2016 – A year of pension reform

As mentioned in our previous updates, during the past year a large amount of pension reforms have been implemented. Such reforms have had a direct influence on Israeli workers' pension entitlements, and on employer obligations, both from an employment relations perspective, and from an operational perspective.

- As we previously updated, an Extension Order was published on 1 July 1 2016, **extending the provisions of the General Collective Agreement (Framework) for the Increase in Contributions for Pension Insurance in the Market, to all of the employees in Israel**. In general, the Extension Order increased the pension contribution rates of both employers and employees, in two stages, and set a unified minimum contribution rate for all types of provident funds. The Extension Order, together with a legislative amendment, (almost) clarified the obscurity regarding the implementation of Amendment 12 to the Supervision of Financial Services (Provident Funds) Law – 2005, although there are still some open questions in this regard. Furthermore, the "General Order and Confirmation Regarding Payments of Employers to Pension Funds and Insurance Funds instead of Severance Pay" by virtue of Section 14 of the Severance Pay Law, 1963, still needs to be adapted to the terms of the Extension Order.

- During 2016, the **Default Funds** reform was implemented. These funds are intended to enable employers to meet the requirement of making pension contributions for new employees, in cases where employees fail to notify the employer of their choice of pension product for such contributions (after the employees were given the opportunity to do so).

  In August 2016, the Supervisor of Capital Markets, Insurance and Savings Division, completed the competitive process of choosing comprehensive pension funds which will constitute "default funds" for employers. Accordingly, as of 1 November 2016, employers were permitted to select one of two such funds, which were chosen in the above mentioned process, for use as a default fund. **Employers are required to notify their employees, in advance, of the default fund which they select, and of the maximum management fees which are charged for joining such a fund**[3].

[3] We note that the Circular issued by the Capital Markets, Insurance and Savings authority on 13 March 2016, as amended on 3 July 2016 (that deals with "instructions for selecting a provident fund"), which describes the selection of the above default funds, provides employers with additional tools for independently selecting the default fund.

- In 2016, the "**Employer Interface**" was also implemented with respect to employers of over 100 employees, constituting a unified record, to be used as a reporting format between the employers and the institutional bodies for reporting employer contributions. Over the past year, all of the players in the market (employers, institutional bodies, pension arrangement managers, operating bodies, and license holders in the pension field), are dealing with the challenge of attributing the contributions to the employee accounts in the various provident funds, as a part of the implementation of the operational reform.

- Over the past year, implementation began for the **reform regarding pension arrangement managers, who supply operational services to employers, while simultaneously marketing pension services to their employees.** In the amendment to the Control of Financial Services (Pension Counselling, Marketing and Pension Clearing System) Law, 2005, which was adopted in late 2015, the terms were set for providing both of the above services simultaneously. Such terms include the agent's obligation to charge payment from the employer, on account of the operating services it provides, and decreasing the operating charges paid by the employees to the institutional bodies. Over the past year, the terms of engagement between operational bodies (including pension arrangement managers) and employers were anchored in written agreements, and several matters were discussed in this regard. In addition, instructions have been published (in publications by the Capital Markets, Insurance and Savings Division) regarding the implementation of the provisions and terms of the above legislation, and such instructions are expected to continue to be issued during 2017.

✓ The comprehensive reform in the field of pensions requires employers to prepare themselves, both from an employment and an operational perspective. The frequent changes, and the fact that the last word has yet to be said on the matter, requires employers to be alert.

The Labour Courts continue to protect employees against workplace bullying whilst the process of passing legislation in this respect is not progressing

The Labour Courts continue to recognize claims of workplace bullying and award compensation in respect of them, despite (and even because) appropriate legislation has not yet been passed and the bill on the matter is still pending.

- In February 2016, an opening shot was made by the Regional Court in Jerusalem in the case of **Meni Naftali**[4]. In this case, the court awarded the claimant damages of NIS 80,000 for bullying at work and emotional distress caused to him as a result. The court held that "workplace bullying" is behaviour that from an objective point of view would be considered harmful. In this case, it was shown that the employment was harmful, including excessive demands, repeated rebukes over marginal issues and the attacking and insulting of employees. It was also demonstrated that the working hours were long and unreasonable, as shown by the high turnover of staff, from which one can learn of the difficult working conditions. The court held that an employer is obligated to ensure the welfare of its employees and provide a working environment that protects their dignity as people and as employees, allowing work to be carried out in a calm atmosphere, without abuse.

- Since this judgement, additional rulings have been made in the same vein where compensation was awarded for workplace bullying without the need to prove financial loss. For example, in the case of **Dr Avi Avital**[5] compensation of NIS 60,000 was awarded for emotional distress caused by a breach of the obligation to act in good faith, with fairness and reasonableness, whilst respecting the rules of natural justice. A judgement along similar lines was given in the case of **Ruby Kefer**[6].

- In the case of **Yael Weiss**[7], the court rejected the employer's request (the defendant) to dismiss the cause of action since as the "Law for the prevention of Workplace Bullying" was not in force. The court held that although this law was not yet in force, the court has authority to give judgement in respect of damaging employment that constitutes an expression of conduct in bad faith in employment relations, which is a contract based ground over which the court has authority and can award damages.

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4 LD (Jerusalem) 38335-03-14 **Menachem Naftali v The State of Israel, Prime Minister's Office** (published in Nevo, 10.2.2016) – an appeal by both sides is pending.

5 LD (Nazareth) 35082-03-12 **Dr Avi Avital v The Academic College of the Jezrael Valley** (published in Nevo 10.2.2016) – an appeal was served which was settled.

6 LD (Tel Aviv) 25725-05-14 **Ruby Kefer v Scan Doc Ltd**. (published in Nevo, 29.05.2016)

7 LD (Tel Aviv) 53849-07-15 **Yael Weiss v Risco Ltd**. (published in Nevo 16.6.2016)

- The judgement in the case of **Guy Eliyahu**[8] was regarding the employment of an employee who worked in the Prime Minister's residence as an employee of a contractor company "Klinor". It was held that the employment of the claimant was damaging and he was awarded compensation for emotional distress. The court referred to the responsibility on the service user in this case, and held that despite the fact that Klinor was the employee's employer, responsibility was imposed on the service user (here – the State). The court insisted that **when dealing with weak employees, and where there is harm to an employee's dignity as a person and as an employee, it is necessary to impose responsibility on the service user**. In the circumstances of the case, it was found that the State had not made sure to provide the claimant with a fair working environment and therefore it was required to pay compensation of NIS 65,000. Klinor was required to pay compensation for emotional distress of NIS 10,000.

  We recommend engaging in discussion regarding the various measures that can be taken to prevent the phenomenon of workplace bullying in organizations, for example, the adoption of a code of ethics, providing training, etc.

The Labour Courts continue to advance and develop the right to equality for weaker groups

Also this year the Labour Court has continued to develop the laws on equality though rulings that provide meaning to the provisions of these laws and outline norms of employer conduct.

- **Equal pay of male and female employees employed "in the same work"**: In December 2016, the National Labour Court ruled in the **Jerusalem Municipality**[9] case, that the appellants (women employed by the Jerusalem Municipality) **were entitled to full equal pay with two male employees employed "in the same work"**. In this case, a group of female and male employees were employed in roles with responsibility for manpower in the sanitation department of the Jerusalem Municipality. However, while the male employees were included in the "Garage and Transportation Workers" group and received a special salary increment, the female employees were included in the "Administrative Workers" group, whose special salary increment was substantially lower.

  The court deliberated in depth on the Equal Pay Law for Male and Female Employees 1996 ("**Equal Pay Law**"). In its comments, it referred to both this and the

8 LD (Jerusalem) 16783-04-14 **Guy Eliyahu v Prime Minister's Office** (published in Nevo (31.5.2016)

9 LA 1842-05-14 **Jerusalem Municipality v Galit Kedar** (published in Nevo, 28.12.2016)

Equal Opportunities at Work Law 1998 ("**Equal Opportunities Law**"), and the different burdens of proof imposed by each of them. The court held that the legislature saw particular importance in correcting the wage gaps between men and women and therefore found it necessary to enact specific legislation dealing with wage disparities, and was not satisfied with the provisions of the Equal Opportunities Law. The National Labour Court accepted the decision of the Regional Labour Court that the claimants received a lower salary than male employees for equal work, but – as opposed to the Regional Labour Court – rejected the Municipality's claim that, amongst others, the wage gaps resulted from payments that were found to be exceptional by the Salary Commissioner and "allowed" in relation to the specific group of employees, of which the claimants were not a part, under a collective agreement. The court relied in its reasoning on, amongst others, the principal that a collective agreement cannot derogate from the provisions of law, and in addition, that many collective arrangements and agreements lead to the creation of wage disparities, and are sometimes part of the historic-structural gender discrimination which the Equal Pay Law was designed to handle. As such, the provisions of the collective agreement could not take precedence over the provisions of the Equal Pay Law and the Equal Opportunities Law. The National Labour Court further clarified that section 29 of the Budget Foundations Law, 1985 does not prevent payments that the Municipality is required to pay by law (in this regard, under the Equal Pay Law).

Therefore, in accordance with the provisions of the Equal Pay Law, the National Labour Court ordered the Municipality to change the rank and salary of the female employees to equalize the salary of employees that carry out the same work. Likewise, in accordance with the finding that it also breached the Equal Opportunities Law, the court held that the appellants were each entitled to compensation for non-financial loss of NIS 75,000.

- **It is necessary to refer to the employee's age in considering support for retaining the employee at work, including in cases of redundancy**: In December 2016, the Regional Labour Court in Tel Aviv held in the case of **Bat Sheva Simchi**[10] that also in the case of the redundancy of the employee's specific role, it is necessary to consider age and examine the possibilities of alternative employment for an employee of an advanced age. The court emphasized that **since this was a matter of a redundancy that was not a result of the employee's conduct but rather of the employer's needs, the employer was required to consider the employee's age in**

[10] LD (Tel Aviv) 49821-01-16 **Bat Sheva Shimchi v Ma'abarot Products Ltd**. (published in Nevo 4.12.2016)

her favour, and it was not enough that the employee's age was not considered negatively. Not relating to the issue of age, or relating to it neutrally makes the decision discriminatory. In these circumstances, the employer was obliged to pay damages of 12 months' salary, in addition to NIS 50,000 compensation without proof of loss. This is relatively high compensation, reflecting a trend and outlook that should be given attention.

✓ **We recommend integrating in a company's decision making processes orderly and documented deliberations, taking into account all pertinent considerations on the matter, including financial, organizational, legal and others, before making decisions.**

Public debate continues over the issue of retirement age in general and the retirement age of women in particular

- **The High Court of Justice rejected a petition on the unconstitutionality of the forced retirement model as found in the Retirement Age Law:** As we have updated in the past, in May 2016, the High Court of Justice rejected the petition on the unconstitutionality of the provisions of the Retirement Age Law 2004, that give employers the right to require an employee to retire at the age of 67. The High Court of Justice held that the provisions indeed violate the right of equality and human dignity of older employees, but the harm caused by the law is proportionate, reasonable, necessary and for a proper purpose. In examining the reasonableness of the model, the High Court of Justice considered the rules that were set by the National Labour Court in the **Libby Weinberger**[11] case in 2012, according to which an employer must specifically consider an employee's request to continue working beyond the age of 67, taking into account all the relevant circumstances and examining both organizational and personal considerations.

- **Retirement age of women:** According to the Retirement Age Law 2004, whilst the age of compulsory retirement is the same for men and women, the age at which a female employee may choose to retire is 62 and the age that a male employee may do so is 67. In view of the persistent increase in life expectancy, there is a keen debate as to the question of the retirement age in general, and for women in particular. The Retirement Age Law, from its outset, provided a mechanism by which, if not determined otherwise by the Finance Committee of the Knesset (following the recommendation of the Minister of Finance on the basis of recommendations of the public committee on the subject), by the date set by law,

11 LA 209-10 **Libby Weinberger v Bar Ilan University** (published in Nevo, 6.12.2012)

the retirement age for women will be updated and automatically increase in stages up to 64. The above committee was appointed and gave its recommendations, but due to the fierce prevailing dispute, including a prominent minority opinion, the Minister of Finance has yet to give his recommendations on the matter. Eventually, in order to prevent the entry into force of the existing automatic update mechanism in the law, the Retirement Age Law was amended and the Finance Committee's decision was postponed again until 31 July 2017.

✓ **We continue to monitor developments on this important topic and will update you. Note that if the Finance Committee does not make a decision on the matter in time (or will not accept an amendment to the law), the retirement age for women will be updated from 1 August 2017 and will increase gradually up to age 64**.

Continuing developments in the law on initial unionization – awards of substantial compensation for attempts by employers to thwart unionization, internal committees and organizational stability

- **Employers being required to pay significant compensation for actions and expressions regarding initial unionization, taking note of a "step up" in actions taken by employers to thwart unionization**: Over the past year, the Labour Court's trend has continued, and it applies the rule set in the **Pelephone** case, according to which actions and expressions by employers that are intended to thwart initial unionization in the workplace, justify imposing punitive and deterrent compensation, in significant amounts. In this context, the Labour Courts have emphasized that currently, four years after the **Pelephone** ruling, "it is appropriate to be stern with employers who are caught blatantly violating their employees' basic right to unionize". Prominent rulings on this matter include **Cal Auto, Shlomo Insurance Company and Bayit Balev**,[12] that required employers to pay hundreds of thousands of New Israeli Shekels, due to violations that were intended to damage and thwart unionization – amounts that were obviously set in accordance with the severity of the violation.

- **Internal Committees – an authentic and legitimate employee organization or an "organization on behalf of"**: In July 2015, we provided you with an update on the

12 Collective Dispute (National) 2764-09-15 **Cal Auto Ltd., v. The National Employee Histadrut in Israel** (published in Nevo, 21.3.2016); Collective Dispute (Regional Tel Aviv) 52024-03-16 **The New General Employee Histadrut, the department for employee organization v. S. Shlomo Insurance Company Ltd**., (published in Nevo, 1.8.2016). Collective Dispute (Regional Tel Aviv) 49105-08-16 **The New General Employee Histadrut, v. The Medical Rehabilitative Center Bayit Balev Bat Yam**, (published in Nevo, 27.11.2016) – appeal on the judgement is pending.

phenomenon of attempts to establish "internal committees" in a variety of workplaces. This phenomenon raised the question of whether, and under which terms, could an "internal committee" be considered an authentic and legitimate employee organization. Over the past year, the Labour Courts have heard a number of cases in which an employee organization has argued that the establishment of an internal committee in the workplace was made on behalf of the employer and with the employer's support, in order to thwart an attempt to unionize. Thus, in the matters of **Amdocs and Menora**,[13] the Regional Labour Courts ruled that the internal committees that were established were not authentic, since among other things, they were established in order to thwart unionization or oppose the signing of an agreement, rather than to establish collective relations. In light of these rulings, it seems that the trend of establishing internal committees is expected to weaken.

- **There is no place to determine a defined period of "Organizational Stability" during which the employer cannot deny the status of an upcoming employee organization as the "employee representative" body**: In July 2015, we provided you with an update on the matter of **Z.L.P Industries Ltd.**,[14] in which the Regional Labour Court in Beer Sheva ruled, for the first time, that during initial unionization, when there is no competing employee organization, the "upcoming" employee organization should be granted a "period of grace" of no less than one year, during which the employer will not be permitted to deny the representation of the employee organization. On appeal, the National Labour Court ruled[15] that in such cases, there is no need to set a period of "organizational stability". Rather, as a rule, the employer should not re-examine the upcoming employee organization's representation during the period of collective negotiations, unless there is a tangible concern that the organization has lost its representative status (not due to an event resulting from the employer's direct or indirect actions against the organization). In such a case the employer may approach the organization and ask for updated data regarding its representation. If the employer realizes that the representation has expired, then the requirement to manage collective negotiations will also expire, and there will not necessarily be a need for a judicial decision on the matter. In addition, the National Labour Court ruled that the obligation of good

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13 Appeal on Collective Dispute (Regional Tel Aviv) 28033-09-15 **Amdocs Employee Organization v. Amdocs Israel Ltd.**, (published in Nevo, 22.2.2016); Appeal on Collective Dispute (National) 7731-10-15 **The National Employee Histadrut in Israel v. Menora Mivtahim Insurance Ltd.,** (published in Nevo, 31.1.2016);

14 Collective Dispute (Regional Beer Sheva) 27328-05-14 **Koah Laovdim – Democratic Employee Organization v. Z.L.P Industries Ltd., and others** (published in Nevo, 30.6.15).

15 Appeal on Collective Dispute (National) 51407-07-15 **Koah Laovdim – Democratic Employee Organization v. Z.L.P Industries Ltd.,** (published in Nevo, 7.10.16)

faith in collective employment relations imposes a duty on an employee organization to notify the employees and the employer if it is aware that it has lost its representative status, and not to continue the collective negotiations.

And this was also a year of change for…

- **An employee earning above NIS 32,000 per month will be taxed on severance contributions:** On 21 December 2016, an amendment to the Income Tax Ordinance was accepted, within the framework of the Arrangements Law[16], that the tax benefit for employer severance contributions will be limited to a ceiling of NIS 32,000, or the employee's salary, the lower of the two, **with effect from 1 January 2017**.

  With regard to current contributions, according to law, amounts paid to the employee by the employer for the severance component of the pension funds, and are over the severance ceiling, will be seen as work income at the time it is paid into the pension fund. In cases of supplementation of severance pay (for employees without a section 14 arrangement), it is provided that the amounts paid for the employee by the employer on account of the supplementation of severance in the pension fund, and that are above the Severance Supplementation Ceiling, will be regarded as work income at the time of payment into the pension fund. The "Severance Supplementation Ceiling" is the amount obtained by multiplying the Severance Ceiling by the years of service at the same employer, less accumulated amounts that are taxed at the time of receipt and paid by all of the employee's employers for such years of work.

- **The right to privacy in light of the Issakov rules:**[17] In August 2016, the Supreme Court gave a decision in an application for leave to appeal in the case of **Rami Shamir**[18]. In this decision, the right to privacy was widened in connection with private email correspondence of a person proving services to an "employer" (and not an employee). In this case, it was discussed whether personal correspondence that was copied from the email account placed at the individual's disposal within the framework of a business relationship between the parties, is acceptable evidence in a case conducted between them. The Supreme Court held that **despite there being no employment relationship between the parties**, in examining all the circumstances, and mainly the

16 Economic Efficiency Law (Legislative Amendments to Achieve Budget Goals for 2017-2018) - 2016

17 LA 90/08 **Tali Issakov Inbar v State of Israel – the Commission of the Employment of Women Law** (published in Nevo 8.2.2011)

18 Civil Leave to Appeal 3661/16 **Ramat Company Ltd. v Rami Shamir v Civil Engineering Ltd**. (published in Nevo, 23.08.2016)

structure of the arrangements between them - within which the service provider was allocated a room at the service user's offices, a computer, and a personal email account – the conclusion is that the principles of the **Issakov** decision applied. This means that the starting point is that an employer is not permitted to inspect or monitor information found in the email communications of a service provider, even where this is the employer's email account that has been given to the service provider for the purpose of providing the services, unless there are very exceptional circumstances and subject to the most limited conditions.

- **Liability of an employee for compensation of NIS 100,000 for misappropriation of transactions**: In November 2016, the National Labour Court ruled in the case of **Chava Nachmani**[19]. This case was regarding an employee that moved to work for a competitor and then completed a transaction with which she had dealt as part of her work at her former employer. The National Labour Court ruled that the employee's relationship with the former employer's customer, in transactions with which she had dealt within her work for that company, amounted to a breach of her obligations of trust, loyalty and fair conduct within the employee-employer relationship. The court remarked that this did not mean that an employee could never have a relationship with a supplier or customer known from his work at a former employer, **but in the circumstances of this case, providing services to a customer that the employee knew from her work with a previous employer, and the completion of a transaction with which she dealt or for which she had direct or indirect responsibility within her work for that employer and had then yet to be finalized, amounts to such misappropriation**. Although the company had not proved damage, the court held that the employee was required to pay compensation of **NIS 100,000** for her conduct, together with linkage and interest on this amount from 2007 until its actual payment. In addition, the employee was liable for the employer's legal expenses of NIS 15,000.

The above does not substitute legal advice

We would be happy to provide you with any further information or assistance.

Sincerely,
Labour and Employment Department
Herzog Fox & Neeman

[19] LA 35403-12-11 **Country Floors Ltd. v Chava Nachmani** (published in Nevo, 29.11.2016)