On your radar

Key employment issues to be aware of internationally

Welcome to the latest edition of CMS On your radar

If you want to get in touch to find out more about a development in a particular country please do speak to your usual contact within CMS or alternatively email employment@cmslegal.com. The majority of the input was obtained in early June 2024, except where countries supplied updated content.

The CMS Employment team

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Belgium

Development and date	Description	Impact and risk	Future actions
Reform of the Social Criminal Code On 8 May 2024, the Federal Parliament approved a legislative proposal amending the Social Criminal Code. The aim is to improve the way social fraud (e.g. non-compliance with the rules regarding prevention advisors and persons of trust, illegal employment without social security notification, absence of occupational accident insurance, non-compliance with collective dismissals information rules, etc) is tackled by introducing three main changes: • Higher fines for level 3 and 4 sanctions • Stronger punishment for certain breaches • Introduction of new social crimes The legislative proposal amending the Social Criminal Code has yet to come into force.	Certain breaches will be sanctioned more severely: e.g. non-compliance with the rules regarding prevention advisors and persons of trust (from level 2 to level 3), illegal employment without social security notification (from level 1 to level 3), absence of occupational accident insurance (from level 3 to level 4), non-compliance with collective dismissals information rules (from level 1 and 2 to level 3) etc, New social crimes include, for example, the absence or late payment of eco vouchers, failure to provide or pay for necessary work instruments, not issuing or incorrectly drafting a holiday certificate, etc.	Employers may face higher sanctions. Employers also need to pay particular attention to these new crimes if they wish to avoid being sanctioned.	To ensure compliance with the Social Criminal Code, employers should check their current policies, procedures, and practices in order to identify areas needing improvement in light of the new regulations.
Protection against dismissal in cases of infertility treatment Since 28 April 2024, employees undergoing infertility treatment or medically assisted reproduction, such as artificial insemination and in vitro fertilisation, benefit from a special protection against dismissal. In addition, absences from work related to these medical treatments are better protected under the new regulations.	An employer cannot dismiss an employee undergoing these treatments, except for reasons unrelated to the employee's absences for these medical procedures. The protection period starts when the employer is informed, through a medical certificate. This period lasts for two months after the treatment ends. If the medical treatment exceeds 2 months, the employee can provide additional medical certificates, each initiating a new two-month protection period.	Unless there are valid reasons unrelated to the employee's medical treatment, the employer is not allowed to terminate the employee's employment contract. If dismissal occurs without a valid reason or without any reason at all, the employer is obliged to compensate the employee with a lump-sum protection indemnity equivalent to six months' gross pay.	Employers should inform their employees about these new rules, particularly those in management positions. The dismissal of employees undergoing infertility treatment or medically assisted reproduction should be approached with caution to prevent any risks.

Bosnia and Herzegovina

Development and date	Description	Impact and risk	Future actions
Student jobs – amendments to the FBiH Labour Law On 16 May 2024, the Parliament of the Federation of Bosnia and Herzegovina (FBiH) adopted the long-awaited Law on Amendments to the FBiH Labour Law. The latest amendments have finally legalised the possibility of student work, allowing students to gain work experience before they finish their studies.	According to the new regulation of student work, an employer may agree a contract with a student for temporary and periodic work, provided that their employment does not exceed 180 days in a calendar year. The provisions governing student work apply only to students - persons (18-26 years of age) enrolled at an accredited higher education institution, regardless of the type of study that the student is pursuing. According to the new amendments, students may only be employed in jobs that are not classified as high-risk jobs and in jobs where a fixed-term employment contract is usually concluded with the employer (seasonal and auxiliary jobs), full-time or part-time.	Until these recent amendments were brought in, Labour Law did not recognise the possibility of employing students. In the absence of a clear legal framework in FBiH, it was difficult, if not impossible, to employ students as long as they were part of the higher education system. Students looking for additional income and experience were often forced to enter the 'black labour market'. New amendments to the Labour Law are a response to this rapidly growing problem. The amendments are expected to produce multiple benefits to both interest groups. Students will finally be able to gain some work experience and financial benefits, while employers, especially in places where seasonal jobs are needed, will be able to reach the workforce required for these jobs.	Even though the amendments were warmly welcomed, employers have called for further actions in softening the rules regarding student jobs. It remains to be seen how the newly adopted amendments will affect the labour market.

Brazil

Development and date	Description	Impact and risk	Future actions
Labour alternatives in a state of public calamity On 27 May 2024, a Regulation was published establishing occupational health and safety measures in the state of Rio Grande do Sul, Brazil, aimed at dealing with the state of public calamity resulting from recent climate events involving severe flooding.	The Regulation establishes the suspension of several labour laws related to occupational health and safety in the state of Rio Grande do Sul, for a period of 90 consecutive days. The suspended laws include periodic examinations of employees, elections of the Internal Accident Prevention Commission (CIPA), a review of risk assessments and periodic face-to-face training for employees.	The Ministry of Labour and Employment's measures aim to provide flexibility and mitigate the economic impact, by providing temporary relief to companies and workers. These actions have been implemented because of the challenges faced during this period of public calamity, as well as the losses resulting from this situation.	Companies in the region affected by the public calamity will still be able to contact their unions to find alternatives that will allow them to keep their employees during the period in which their operations or production are unfeasible or partial. According to the Regulation these negotiations are essential to find viable solutions that guarantee the continuity of employment and economic stability, despite the challenges posed by the public calamity situation.

Bulgaria

Development and date	Description	Impact and risk	Future actions
Residence and work permit legislation New amendments to the Foreigners in the Republic of Bulgaria Act have recently been made. The main purpose is to introduce a simpler procedure for seasonal workers from third countries to obtain a residence permit for Bulgaria.	The core changes relate to the procedures for granting residence permits to seasonal workers who are third-country nationals (nationals of countries other than Bulgaria or another EU Member State, or a state party to the Agreement on the EEA, or the Swiss Confederation). The amendments include: • where the foreigner has initially been granted a short-term residence permit for seasonal work of up to 90 days, they can extend their stay for up to 180 consecutive days in any 12-month period from the initial registration, without having to leave the country; • after the expiry of the maximum period of residence, the foreigner may continue to reside in Bulgaria by applying for a new residence permit on a different ground without the need to leave the country.	The amendments are expected to facilitate the hiring process for employers in the tourist industry or who are involved in seasonal work, especially in cases where the foreigners were initially hired for a shorter term.	No specific action is required. Employers who use seasonal workers should ensure they understand the new procedures and timescales.

China

Development and date	Description	Impact and risk	Future actions
Employee representatives on boards On 29 December 2023, the PRC government adopted a substantive revision of the PRC Company Law, which will enter into effect on 1 July 2024. The new law requires that a limited liability company with at least 300 employees must have employee representative(s) in its board of director or supervisory board.	According to Article 68 of the new law, unless a supervisory board is set up and includes at least 1/3 employee representative(s), a limited liability company with at least 300 employees must have employee representative(s) in its board of directors. The employee representative(s) in the board shall be elected by the employees through the employee representative congress or all staff meeting or other forms of democratic elections.	In the past, only the wholly State-owned enterprises or companies established by two or more State-owned enterprises were required to have employee representatives in the board of directors. As for other limited liability companies, if they only had a supervisory board, they were required to have at least 1/3 of employee representative(s) in the board. However, most limited liability companies may avoid this by setting up a supervisor rather than a supervisory board. Now, the situation will be changed by the new law. As required by law, the board of directors or supervisory board of a company shall have at least three members. This means that a company with more than 300 employees must have at least one employee representative either in its board of directors or supervisory board. This will substantially change the current company board and corporate governance. Employees will have more power and influence in the management of the company.	Companies with more than 300 employees may want to consider in advance (of the new law) if they want to include the employee representative (s) in their board of directors or supervisory board, change the corporate governance structure and amend the Articles of Association accordingly. In relation to the election of employee representative(s), currently there are no clear rules yet. These companies may wish to pay close attention to future implementing regulations or interpretations which may provide for details and guidance.

Colombia

Development and date	Description	Impact and risk	Future actions
Pension reform			
On 22 March 2023, the government proposed to reform the pension system, which is economically unsustainable in the long term. The intention is to move from a dual and exclusive system to a 4-pillar system that concentrates the current subsidies and economic benefits.	The 4-pillar system is composed of: (1) solidarity, for people in conditions of poverty, extreme poverty and vulnerability, to provide them with a basic rent; (2) semi-contributory, for those who have not been able to contribute for the full amount of time to provide them with a financial benefit; (3) contributory, for those who have the capacity to pay and will receive an old-age pension; and (4) voluntary savings for those who can and want to supplement the amount of the old-age pension.	Although the pension reform proposal is not perfect, there is also a view that the current dual system could be sustainable in the long term. For the time being, the Ministry of Finance has indicated that the reform will cost 0.3 point of the gross domestic product, in other words, approximately USD 5 billion each year between 2025 and 2069.	One year after its presentation, the pension reform proposal was approved with changes by the Senate of the Republic and sent to the House of Representatives for the final debate. In principle, the Chamber will have until 20 June 2024, when the current legislature ends, to debate the proposal. On the other hand, if the pension reform bill does not materialise by this date, it will be shelved.
Limits on the use of collective bargaining agreements			
Several citizens have raised legal proceedings challenging Article 481 of the Substantive Labour Code and Article 70 of Law 50 of 1990 which enables employers and non-unionised employees to enter into a collective agreement on extra-legal benefits in addition to the minimum rights established by law. It is alleged that the rules infringe international agreements on freedom of union association and collective bargaining.	The claim of unconstitutionality is to challenge the use of collective bargaining agreements in companies where there are trade unions, since they have the exclusive right to collective bargaining. This type of agreement would be allowed in companies in which there are no unions.	This case will mean the end of entering into collective agreements directly with employees where there is a union in the workplace.	On 17 January 2024, the Constitutional Court admitted the unconstitutionality claim, which is still under review.
Reduction in working hours			
Law 2101 of 2021 reduced the length of the ordinary working week. This law modified article 161 of the Substantive Labour Code, which originally included a maximum of 48 hours per week, to gradually reduce it to 42 hours per week over the next few years.	On 15 July 2024, the limit in ordinary working hours will be reduced to 46 hours per week.	From 15 July 2024, all hours exceeding 46 hours per week will be considered as overtime, therefore, must be paid in accordance with the provisions of the Law. Likewise, employers will have to adjust their operations to comply with the reduction in working hours, which could also mean increases in the amount of the monthly payroll.	By 15 July 2025, employers will have to reduce working hours to 44 hours per week, which will mean a total reduction of 2 hours per week and an adjustment for employers in their business units and production systems.

Czech Republic

Development and date	Description	Impact and risk	Future actions
Amendment to the Employment Act With effect from 1 July 2024, an amendment to the Employment Act will alter certain rules concerning the vacancy register, the employment of foreigners and the posting of workers from other EU countries to the Czech Republic. These changes are a further transposition of the EU Directive on the posting of workers. The main aim of the amendment is to open the Czech labour market to foreigners and to simplify administrative requirements for employers employing foreigners and for foreign employers posting their workers to the Czech Republic. This also includes changes to the manner in which employers must fulfil their information obligations regarding the employment of foreign nationals. Another aim of the amendment is to slightly modify the vacancy register rules.	Firstly, the amendment cancels the labour market test, which previously extended the process of filling vacancies with foreigners, who applied for an employee card. The amendment also fully opens the Czech labour market to foreigners from selected countries (Australia, Japan, Canada, the Republic of Korea, New Zealand, Singapore, Great Britain and Northern Ireland, United States of America and Israel), removing the requirement for any work permit for them. From 1 July 2024, employers must inform the Labour Office of the employment of foreign nationals via a data mailbox or an online system. The amendment introduces further changes to cross-border posting from another EU country to the Czech Republic. The posting employer has a redefined obligation to inform the State Labour Inspectorate about the posting via the online information system and to attach the employment contracts of the posted workers to the notification. Consequently, the amendment cancels the obligation of the posting employer to keep records of the posted employees with specific content, as well as copies of employment contracts at the place of work in the Czech Republic. Lastly, the amendment introduces an obligation to specify the type of work by CZ-ISCO classification when registering vacancies and expands grounds for removing a vacancy from the register.	The cancelation of the labour market test speeds up the process for the employment of third country nationals and unifies the process for blue and employee card holders. Although foreigners from selected countries no longer need any work permit to work in the Czech Republic, they will still need a residence permit to stay in the Czech Republic. If employers notify the Labour Office of the employment of foreign nationals in a different manner than the data mailbox or an online system (e.g. they deliver a hard copy of the notification form), the Labour Office will disregard the notification. According to the amendment, the posting employer shall submit the employment contracts of the posted workers together with the notification through the online information system, and are no longer obliged to keep copies of the employment contracts at the place where the posted workers work or to keep records of the posted workers with specific content (the posting employer will notify the relevant information to the State Labour Inspectorate). As of 1 July 2024, the Labour Office automatically removes vacancies that remain unfilled for 6 months after their notification from the vacancy register. Furthermore, the employer's lack of cooperation with the Labour Office when filling vacancies may also result in the removal of the vacancy from the register.	As of 1 July 2024, employers must fulfil their information obligations regarding employment of foreign nationals only via their data mailbox, or by filling in an online form. Alternatively, the employer may fully integrate its information system with the online interface of the Czech Ministry of Labour and Social Affairs. From 1 July 2024, the posting employer shall submit the respective notification to the State Labour Inspectorate (instead of the regional Labour Office) via the online information system. This eliminates the need to identify the correct regional branch of the Labour Office and makes it easier for labour inspectorates to verify compliance with the rules for posted workers. Finally, the amendment clarifies and simplifies the notification process and the information and documents required for posting, making it easier for the posting employer.

France

Development and date	Description	Impact and risk	Future actions

Impact on employment legislation following the dissolution of the National Assembly and an early election in France

Following the results of the European elections, on 9 June, the President announced, in a televised address, the dissolution of the National Assembly under article 12 of the Constitution.

Although such a decision had already been taken 5 times under the Fifth Republic, this is the first time that a dissolution has been decided since the introduction of the five-year presidential mandate.

Subsequently, two decrees were published in the Journal Officiel of 10 June 2024:

- the decree dissolving the National Assembly signed by the President of the Republic;
- and the decree convening the electorate, signed also by the Prime Minister, specifying that the legislative elections would be held on 30 June and 7 July 2024 (the Constitution provides for a period of between 20 and 40 days).

Due to the dissolution of the National Assembly, the ordinary session has been interrupted and all parliamentary business in progress has been suspended.

All bills and proposals currently under consideration by the National Assembly had been considered abandoned, i.e. null and void: this marked the end of the XVIth Legislature.

On 10 June, the Senate also decided to suspend its public session.

The dissolution therefore had a significant impact on employment legislation.

Among the parliamentary projects on hold, are the following:

- In labour law, the simplification bill, which will not be put to the Senate vote on 12 June;

- The bill to protect the unemployment insurance model and support the employment of senior citizens, whose amendments were due to be examined from 13 June;

- the high-profile end-of-life bill, article 5 of which, introducing assisted dying, had just been adopted;

The results of the elections held on 30 June and 7 July show that :

- Three political blocs of very comparable size have emerged;
- None of these blocs has an absolute majority enabling it to govern;
- The President of the Republic is therefore looking for a coalition to form a new government.

Gabriel Attal’s government resignation, presented twice, was accepted by the President on Tuesday 16 July.

In the meantime, of the nomination of a new government, the resigning government is now in charge of “handling current affairs”.

According to his declarations, President Emmanuel Macron could wait until the end of August to appoint a new government and maintain therefore Gabriel Attal's government over the summer and the Olympic Games to manage current affairs.

In the field of unemployment insurance, following the dissolution of the National Assembly, a decree published in the Journal Officiel on 1 July extended the rules currently in force until 31 July.

A new decree is due to be published shortly to maintain the current regime until 30 September 2024.

Germany

Development and date	Description	Impact and risk	Future actions
Co-determination regarding number of mobile working days			
With the enactment of the Works Council Modernisation Act in 2021, the catalogue of co-determination rights of the works council under Section 87 of the German Works Constitution Act was expanded. The newly added Section 87(1) No. 14 of the German Works Constitution Act stipulates that the works council has a right of co-determination in the design of mobile work performed using information and communication technology. The decision as to whether mobile working is offered by the employer at all lies indisputably at the sole discretion of the employer. However, it is controversial whether the number of days that can be used for working from home can be determined unilaterally by the employer or if co-determination rights of the works council apply. While the Federal Labour Court has not yet taken a position on the issue, the Munich Regional Labour Court and the Berlin-Brandenburg Regional Labour Court have reached different decisions.	The works council's right of co-determination only extends to the organisation, i.e. to questions of 'how', but not to the 'if' of the introduction of mobile working. The explanatory memorandum to the law states that this includes, for example, regulations on the time scope of mobile work, the start and end of the daily working time in relation to mobile work or the location from which mobile work can and may be carried out. In its ruling, the Munich Regional Labour Court stated that 'the fundamental assessment of the mobile working quota is also part of the "if"." Accordingly, the determination of the days on which mobile working can take place would not be subject to co-determination. In contrast, the Berlin-Brandenburg Regional Labour Court took the position in its decision that the employer cannot unilaterally determine how many working days can be used for mobile working, as the specific arrangement concerns a question of 'how' mobile working is organised, which is subject to co-determination.	In the case to be decided by the Berlin-Brandenburg Regional Labour Court, the parties to the works agreement had concluded a works agreement on mobile working. In this works agreement, the time quota for mobile work was not specifically defined. In the opinion of the Berlin-Brandenburg Regional Labour Court, the employer interfered with the works council's right of co-determination of Section 87(1) No. 14 of the German Works Constitution Act by unilaterally stipulating - not regulated in the works agreement - that more than one day of mobile work per week was only to be granted upon separate justification and that presence at the plant was to be guaranteed first and foremost. With this order, the employer unilaterally regulated the time scope of mobile working and the attendance requirements at the plant. Since the Covid-19 pandemic, mobile working works agreements have become standard practice. If the strict view of the Berlin-Brandenburg Regional Labour Court is followed and no rules are made regarding the number of mobile working days, there is a risk that the works agreement will be invalid in this regard.	Both the decision of the Munich Regional Labour Court and that of the Berlin-Brandenburg Regional Labour Court are final, as neither regional labour court has allowed an appeal. A decision by the Federal Labour Court therefore has to wait. Until then, employers and works councils will have to deal with these differing points of view. It is therefore advisable for employers to reach an amicable solution with the works council on the subject of mobile working days before attempting to unilaterally enforce such regulations. Even though there are good reasons to consider the quota of mobile working days as exempt from co-determination rights of the works council, employers will have to wait for a decision by the Federal Labour Court in order to obtain a higher degree of legal certainty.

Hong Kong

Development and date	Description	Impact and risk	Future actions
Hong Kong Statutory Minimum Wage formula The Statutory Minimum Wage (SMW) first came into force in Hong Kong on 1 May 2011 at the rate of HKD37.50 per hour. For the first time in 13 years, the Hong Kong SAR government has updated the SMW to HKD40 per hour with effect from 1 May 2023. The modifications were implemented following a study conducted in January 2023, which explored methods to enhance the SMW review process and offer improved safeguards for low-income workers. In April 2024, the Chief Executive has announced the acceptance of the Minimum Wage Commission's recommendations on enhancing the review mechanism for the SMW which include reviewing the SMW rate once a year.	The changes include annual reviews of the SMW rate, a new adjustment formula and a review of the mechanism 5-10 years after implementation. The new formula considers the following factors: 1. Inflation. To prevent SMW adjustments from falling below the Consumer Price Index A (which covers approximately 50% of households in Hong Kong). This ensures that the purchasing power of the SMW is protected. 2. Economic Growth. When the economy performs well, SMW increases shall be able to exceed inflation. Economic growth in the latest year will be compared against the growth trend over the previous 10 years. Importantly, if the new formula yields a negative number, the SMW for the relevant year will be frozen. In other words, the new formula guarantees that the SMW will either increase or remain the same, without any reduction.	The government said in its press release statement that the changes strike "*an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, while giving due regard to sustaining Hong Kong's economic growth and competitiveness*". Chris Sun, Secretary for Labour and Welfare, agreed that the adoption of a formula for adjusting the SMW rate will enhance predictability and transparency. This, in turn, will help to reduce the contention of the community over the rate of each SMW adjustment, and help foster harmonious labour relations.	The first SMW rate using the new formula will be effective from 1 May 2026. Given the more frequent review of the SMW following the implementation of the new SMW review mechanism, employers should consider reviewing their existing payroll systems. This ensures that any adjustments to the SMW rate are promptly reflected in their payroll processes, facilitating compliance with SMW obligations.

Italy

Development and date	Description	Impact and risk	Future actions
Liability for work-related stress The protection of workers' health should not be limited to preventing mobbing (hostile behaviour similar to bullying and harassment) but extends to all possible situations of work-related stress. This principle has been affirmed by the Italian Supreme Court in several recent rulings, starting with ordinance 2084/2024.	The dispute involved a worker who sued their employer for compensation for the psychological suffering endured. The Supreme Court declared that the employer is required to refrain from initiatives, choices, or behaviours that could harm the mental wellbeing of the worker, primarily by the adoption of stressful working conditions or failing to provide the appropriate ergonomic requirements. This is in addition to more severe behaviours such as mobbing, straining, burnout, harassment, or stalking. Moreover, the Court went further, stating that the employer must abstain not only from behaviours like mobbing, straining, burnout, harassment, or stalking but also from any initiatives or choices that, in any way, harm the physical integrity and mental wellbeing of the worker.	Based on these principles, judicial oversight becomes more extensive and common. The judge must evaluate any possible omissions by the employer, including negligent ones, that failed to prevent harm to the worker's health. Therefore, it is not just about actions which amount to harassment. In this regard, it should be noted that the worker will have the burden of presenting the facts that caused the stressful situation, the damage suffered, and the causal link between the harmfulness of the work environment and the damage itself.	Employers will need to demonstrate that any potential damage suffered by an employee resulted from a cause not attributable to it. Additionally, the company will have to prove that it correctly fulfilled its duty of safety by adhering to the established regulations related to the activity performed. This includes implementing all direct and indirect measures suitable to prevent the damage and subsequently monitoring their compliance. Appropriate monitoring and supervision systems should be established by companies.

Luxembourg

Development and date	Description	Impact and risk	Future actions
Transparent and predictable working conditions The Chamber of Deputies has voted on Bill 8070, amending the Labour Code. The purpose of this bill is to transpose the Directive on transparent and predictable working conditions. The publication date will be communicated after the vote. Then, it will come into force 4 days after publication in the Journal Officiel.	The Bill includes, among other things: • Changes to the Labour Code, introducing a system to protect employees from all forms of reprisal, including dismissal with notice, in the event of an action aimed at enforcing rights that are provisions of public order. • Changes to the rules governing apprenticeships. • Changes to the compulsory clauses in an employment contract. • An addition to the Labour Code which prohibits (except on objective grounds), a clause in an employment contract that prevents an employee from working for another employer outside the hours worked for the employer. • Modifications concerning fixed-term employment contracts. • Regarding part-time contracts, changes saying that on expiry of the trial period, an employee who has been working for at least 6 months may submit a written request to their employer, once every 12 months, either to take up or return to full-time work, or conversely to part-time work. The employer is obliged, within 1 month, to make the change by mutual agreement, or to state the precise reasons for refusal in writing.	Failure to comply with the new provisions of the Labour Code may result in a fine of between EUR 251 and EUR 5,000 per employee. The fine may be doubled in the event of a repeat offence within 2 years.	In future, employers will need to be vigilant and pay particular attention to : • The coming into force of this bill in the next few weeks. • The new wording of employment contracts, whether open-ended or fixed-term, full-time or part-time. • The use of open-ended contracts and part-time contracts, with good reasons.

Mexico

Development and date	Description	Impact and risk	Future actions
Potential employment law reform The newly elected-president of Mexico, Dr. Claudia Sheimbaum, has expressed her willingness to send initiatives to reform the Federal Labour Law to the Congress. The initiatives include: a reduction in working hours, increase in public holidays, increase in Christmas bonus and increase in seniority premium. The initiatives could be approved before the end of President Andres Manuel Lopez Obrador's term or during the administration of new President Claudia Sheinbaum Pardo, who will take office on 1 October 2024. There is a high probability that these initiatives will be approved since the new President will have a qualified majority in Congress.	**Reduction in working hours** It is proposed to reduce the working shift from 48 to 40 hours per week. This initiative proposes that employees have two days off for every five days worked. **Increase in holidays** It is proposed to increase the number of public holidays to 8 (Holy Thursday, Holy Friday, 5 May (Batalla de Puebla), 10 May (Mother's Day) 15 May (Masters' Day), 1 and November (Day of the Death) and 12 December (Guadalupe Virgin Day). It is likely that not all the proposed days become public holidays, but some of them certainly will. **Christmas bonus increase** The purpose of the initiative is for employees to receive 30 days' salary instead of 15 days' salary. **Increase in seniority premium** The purpose of the initiative is to increase the seniority premium from 12 to 15 days of salary for each year worked.	In the event that the reduction in working hours is approved, this could result in a decrease in efficiency and production, which in turn could affect the productivity of the companies. This may lead to an increase in costs related to the need to hire more employees, pay overtime and compensate for days off work. On the other hand, reducing working hours could have a positive impact on the health and well-being of employees, reducing stress and allowing a better work-life balance. In the case of increased public holidays, Christmas bonus and seniority premium, companies should review the timing of increasing these benefits to their employees and assess the economic impact such measures will have.	Companies should be attentive to the new President's initiatives and bills in México.

Monaco

Development and date	Description	Impact and risk	Future actions
Teleworking legislation The government has ratified Sovereign Order 10.558 of 16 May 2024 which brings into force Amendment no. 1 to the General Agreement on Social Security between the Principality of Monaco and the Republic of Italy. As a result of this order since 1 June 2024, Monegasque employees (i.e. teleworkers working for a company based in the Principality) living in Italy may benefit from the teleworking scheme: they can work from their main residence in Italy or from a third location (at the employer's discretion) while remaining subject to Monegasque legislation in relation to social security cover. Before this recent agreement, it was strictly forbidden for employees' resident in Italy to telework - except for the period linked to the health crisis (Covid 19) when remote work (not to be confused with teleworking) was temporarily accepted in view of the health constraints imposed on employers and employees in the Principality of Monaco. In other words, they had to go to their place of work in Monaco every day, unlike their salaried colleagues living in France.	This significant update has been anticipated for almost 10 years, as employees living in Italy, due to the proximity of the border, have a strong presence in Monaco. It wasn't just a question of Italian nationality, but simply of residence. Now all Italian residents (regardless of nationality) can benefit from teleworking. As the current agreement is like the one ratified between France and Monaco since 2016, this category of employees will be subject to the same substantive principles that apply to employees who telework. As usual, the right to telework will require an amendment in the work permit and an amendment to the employment contract. Failure to do so would constitute a breach of the provisions of Law 1.429 on teleworking, which is a matter of public order (Cf. “Impact and Risk”)	Practical implications **-** If the framework provision is drafted in such a way as to exclude Italian residents (unless this is justified) or is not sufficiently general to allow its extension to another jurisdiction that has signed a social security agreement with Monaco for the introduction of telework, it will have to be amended. This amendment will require the usual formalities to be repeated (i.e., the framework provision will have to be resubmitted to the Labour Directorate for validation). Failure to amend the framework agreement could be construed as a breach of Law 1429 on teleworking (the company would be liable to a fine for each offence - between EUR 1,000 and 2,250 although this sum can be increased fivefold for legal entities) and could open the employee to a claim for breach of equal treatment if the failure to include Italian residents is not objectively justified. Legal risk - two major risks were identified prior to the agreement with Italy: • A social risk with undeclared work: before that, teleworking in Italy was a violation of Law 1.429 and carried the risk of undeclared work, this risk has been eliminated by the new regulations. • A tax risk with the risk of being reclassified as a permanent establishment abroad: It should be noted that this risk has not been addressed by the law and is therefore still in existence. It requires the advice of a lawyer specialising in Italian law.	Future actions for Monegasque companies with a teleworking policy: It is advisable to inform employees resident in Italy internally about this new option and to communicate the company's intentions: • Amend the framework agreement if it is too restrictive and sign an amendment to the employment contract for employees (residents in Italy) who may be affected by the measure. • Remind employees that teleworking is not a right and is at the discretion of the employer – taking care to ensure that any refusal is justified and does not discriminate or breach equality. Global expectation: we can expect teleworking to increase and become the norm, as it is a major economic advantage for everyone: For the Monegasque government*:* the development of teleworking is a vector for economic development, which means that it will make it possible to counteract the problems linked to the small size of the territory. For the companies*:* it means that they can work in rotation and have smaller premises with the same number of staff, thus reducing the costs associated with premises, which are exorbitant in the Principality. For employees: this is an attractive aspect when negotiating employment contracts as it offers time savings (less commuting time) and a better quality of life.

The Netherlands

Development and date	Description	Impact and risk	Future actions
How to implement an AI-policy AI and especially Generative AI nowadays is part of almost every company. Whether you actively encourage employees to use AI or not, many of them will use AI-tools while performing their work. Some may even do so without informing their employer. To ensure that the use of Generative AI at work is done in a responsible, compliant and transparent manner, a growing number of employers are introducing an AI-policy. The introduction may require the engagement of individual employees and the works council and is often part of a wider plan to encourage employees to increase their digital skills and knowledge. Under the AI-Act employers who create and use AI have an obligation to train employees and ensure AI-literacy. We will address this in the next edition of OYR.	Many employers start by making an assessment how and by whom AI is, can or should be used in daily work. The assessment can consist of the AI-tools employees are obliged to use and how to work with these tools. The following topics are relevant when preparing your company AI-policy: • what (paid) AI-tools to use and which ones are not permitted (and why); • which tasks can be done with the help of AI and which tasks cannot; • who is allowed to work with the tool; • support and training on how to use an AI-tool; • how to handle confidential information; • four eyes principle, how to verify the output of the tool; • organise a team that manages the use of AI and evaluates the output.	Using free tools at work can lead to risks in terms of confidential information being made public. This can lead to liabilities and reputational damage. Introducing AI in the workplace can bring a positive impact, especially if this is done in a constructive and well-organised manner. It allows companies to determine which activities can be done in a more efficient manner, how processes can be structured, and it enables employees to focus on other tasks. Companies that embrace AI, understand what activities can be done by AI and ensure that their staff are well-trained can gain a competitive advantage in their industry.	Make an assessment about the types of paid AI-tools that can be used at the workplace. Assess what type of work can be done with the help of AI. Some companies start with a pilot with one or two tools and with a limited group of employees and develop further steps based on first findings. Verify if employees are using AI in their daily work and maybe better, assume that they do. Introduce a first version of an AI-policy that can be amended over time based on the learnings of the company. Instruct employees to not use free AI-tools. Assess whether the use of AI-tools requires amendments to the privacy policy of the company and if the introduction requires the advice of the works council and/or consent. We can support you with the preparation of the first draft and assessment about the role of the works council to ensure compliance with legislation. We can share our own lessons learned on working with AI-tools and other learnings from organisations in your industry.

Peru

Development and date	Description	Impact and risk	Future actions
Dismissal of employees in a position of trust A recent decision of the Supreme Court has ruled that employees who hold a position of trust can be dismissed by their employer not only without invoking a fair cause reason such as capability or conduct, but without paying them any compensation for their dismissal. In Peru a person of trust is an employee who works in close contact with senior staff (referred to by law as "*management personnel*"), and who has access to the company's confidential information. As a result of this ruling the claim to be reinstated was held to be unfounded, despite the fact that she had been dismissed without cause and despite the fact that the applicant disputed her classification as an employee in a position of trust.	This decision once again confirms the position that employees in positions of trust, as well as management employees, can be freely dismissed by their employers without the need to invoke any justification and without the need to pay them any compensation as reparation for their dismissal. For these purposes, it is important to mention that, according to law, management employees are those employees who are the general representatives of the company in charge of its administration and control. Although the law does not regulate this matter and only establishes the requirements for an employee to qualify as a person of trust or management personnel, for many years the jurisprudence of labour courts and judges has recognised the right of employers to freely dismiss management and trust employees. In this respect, their situation is totally different from that of the vast majority of employees, who enjoy job stability and cannot be dismissed without fair cause expressly provided for by law, and who are entitled to reinstatement if the employer does not adequately justify its decision to dismiss them.	The novelty of this and other recent rulings in this matter is that despite the fact that management and trustworthy employees were originally granted the right to receive compensation for dismissal, the recent Supreme Court decisions, as well as this latest ruling, deny them this right, provided that they are employees who have held a management or trustworthy position from the beginning of their work. The significance of this ruling lies in the fact that it ratifies the current criterion applied by the Supreme Court Judges that in the case of dismissal of management or trustworthy employees based solely on the loss of the trust placed in them by the employer, they are not entitled to reinstatement or compensation for dismissal.	From this new Supreme Court ruling, we can see that although labour judges are still quite strict in relation to employment stability with most employees, it is possible to state that, at least with regard to the termination of employment contracts of managerial and trusted personnel, the judiciary is being somewhat more flexible in favour of employers. It is also important to mention that although in this judgement, the Supreme Court considered the claimant as a trusted employee, without analysing too much in depth the fulfilment of the legal requirements that must be met to be legally qualified as such, in other judgements the labour courts have been more demanding in this respect, so we believe that it is preferable for employers to continue to be careful with the requirements for qualification.

Poland

Development and date	Description	Impact and risk	Future actions
Whistleblower Act After almost 3 years of delay, Poland has adopted the Act on Whistleblowers to implement the EU Directive. Companies must establish internal reporting procedures and channels by 25 September 2024.	Whistleblowers will have access to both internal and external reporting channels, and employers need to consult with employee representatives about internal reporting procedures. Whistleblowers will be shielded from dismissal, disciplinary action, specific legal proceedings, and informal retaliatory actions. They will also be entitled to compensation for any violation of their rights. The protection does not extend to breaches of labour law. The Polish government initially planned to include breaches of labour law within the scope of the Act, e.g., mobbing, non-compliance with working time etc. This could have caused problems in the relationship between the whistleblowing policy and other internal labour law policies. The EU Directive did not require breaches of labour law to be included and Poland eventually decided not to include this, but while the issue was being considered it was a hot topic.	For companies, the changes amount to extra responsibilities. Companies must assess their worldwide internal notification policies to ensure they align with local requirements. Breaches may lead to penalties, including fines and imprisonment.	The company must implement an internal procedure for making reports and taking subsequent actions. The company must communicate the content of this procedure to its employees. It will then come into effect 7 days after communication. Job applicants must receive information about this procedure at the very beginning of the recruitment process. The company must establish internal reporting channels. The whistleblowers must have the opportunity to make reports orally or in writing.
Information on AI for trade unions Members of Parliament have proposed an amendment to the Trade Union Act to allow trade unions to obtain more information on AI from employers. The draft law is at a very early stage, and we do not yet know when this amendment will come into force.	Trade unions will be able to request information from employers on the parameters, rules and instructions on which AI systems that influence employment-related decisions operate.	Employers will have to be more transparent with trade unions. This change could lead to potential disputes and questioning of employer practices, as unions will likely want to scrutinise the AI systems used by employers.	If the Act is implemented, it will be helpful to identify the AI systems used for work-related purposes in the organisation. This will prepare the company to answer any questions from trade unions, if they are present.
Extended maternity leave The Polish government plans to extend maternity leave for parents of pre-term babies and children hospitalised after birth. The draft law is at a very early stage, and we do not yet know when this amendment will come into force.	The length of additional maternity leave will be up to 8 or 15 weeks, depending on the child's hospitalisation duration, birth week, or birth weight. Standard maternity leave lasts between 20 and 37 weeks depending on the number of children born at one birth.	Employers must prepare for the possibility that some employees may take extended leave due to issues with their child's health.	Update HR departments that additional changes have been made regarding maternity leave if this change comes into force.

Portugal | 1

Development and date	Description	Impact and risk	Future actions
Digital platforms Amendments made to the Labour Code in 2023 involving measures to recognise employment contracts involving digital platforms has resulted in an increase in the number of legal cases. Multiple recent decisions have established that relationships between digital platforms and its' couriers are genuine service provision contracts, rather than employment contracts. Despite this, a decision from Évora's Court of Appeal recently recognised the existence of employment contracts between digital platform and its couriers – in this specific case, the Court focused its decision on the following circumstances, namely: • the digital platform ownership of the courier's working tools; • the couriers mandatory working outfit; • the knowledge of the courier's location by the digital platform; and • the obligation to communicate whenever the courier's cannot provide work.	Although we are still within first instance decisions, these rulings have a significant impact, and differ depending on the economic model of the digital platform activity, namely, respective different interaction with the courier's performance of work . An important aspect that the Court considers in several cases, is the fact that the Article 12-A, which establishes a presumption of an employment relationship, cannot be applied to a working relationship with couriers initiated before the amendment to the Labour Code came into force. In the majority of cases where the Courts have recognised the existence of an employment contract, the main factors have been the existence of direction/control by the platform company on the working performance of the couriers; their lack of autonomy when it comes to organising their work, as well as the company being the owner (or provider) of their work equipment.	The main impact of these first instance rulings is the impact they will have on the remaining cases. In situations where the Court recognises the existence of an employment contract, the company will be automatically liable for: (i) social security contributions for the period of the relationship and (ii) the eventual payment of fines for labour offences over the last five years regarding each employment contract that is recognised. In addition, where an individual is recognised as an employee they may bring additional claims to be reintegrated in the company and/or claim all employee payments, such as overtime work, holiday etc..) from the initial date the contract started.	The majority of the existing claims are still within the period in which the Public Prosecutor's Office can appeal the first instance decision. Although we are aware of a number of rulings, there are still many hearings and proceedings underway in the courts. The importance of these cases is heightened by the political and social media exposure and by the potential effect on the business model of the large digital platforms currently operating in Portugal. Digital platform companies should review their operating models looking at how they organise the work and the ownership of work equipment in a way that enables the company to protect the relationship from being considered an employment relationship.

Development and date	Description	Impact and risk	Future actions
Return of compensation following a dismissal A recent appeal case (17 April 2024 but available in May) made it clear to employers in Portugal that employees only have to return the compensation they receive when they decide to take legal action to challenge their dismissal if the case has involved a collective dismissal or where a process has been followed with an individual dismissal by a “job position termination procedure” or “manifest unsuitability”. Employees have the same deadline to return the compensation as they do to contest it: six months in the case of a collective dismissal, dismissal as a result of the dissolution of the job post or dismissal of a probationary worker for poor performance. If the dismissed employee does not return the compensation within the period of 6 months, then the dismissal is deemed to be accepted by the employee and therefore valid and legal for all due legal purposes.	In the specific case that led to this decision, three dismissed employees of an “IPSS” (a type of non-profit organisation) had their attempts to rebut the presumption of acceptance of their dismissal rejected by both a court of first instance and the Porto Court of Appeal, which held that the return of compensation "19 days after" the dismissal was an action "contradictory to the purpose of refusing the dismissal". Article 366(4) of the Labour Code states that it is presumed that "the employee accepts the termination when he receives from the employer the full amount of the compensation provided for in this article", but paragraph 5 goes on to say that "the presumption referred to in the preceding paragraph may be breached provided that, at the same time, the employee delivers or otherwise makes available to the employer the full amount of the compensation paid by the employer". Thus, according to the interpretation of the Supreme Court of Justice, the same time limits apply for the return of compensation as for contesting the dismissal: six months. The judges explain that this allows the employee to take advice and consider whether or not to contest the dismissal.	The lack of a defined deadline in the past - especially given the term "at the same time" used by the legislator - led to divergent interpretations in the courts, making it difficult for employees to challenge the decision. The decision comes after cases in which the non-immediate return of compensation was considered acceptance of the dismissal, and a more flexible approach has now been determined to protect employee right to challenge. This case makes it more difficult for employers to invoke the presumption provided for in Article 366(4), reducing the possibility for the employer to use all the arguments in its favour in court to legally validate the dismissal of the employee.	As a result of the decision of the Supreme Court of Justice, employers must now take into account that the return of the compensation amount can be made by the employee within 6 months, instead of immediately, which can potentially impact employers in two ways: On the one hand, the non-availability of credit to the employer during this period, which in practice has a financial impact particularly in collective dismissals which, as a general rule, involve large number of employees and, consequently, decrease the money available by the employer, often already in a difficult economic situation. On the other hand, the decision of the Supreme Court of Justice will mean that employers will find it more difficult to have a dismissal validated by the court, since, as a general rule, the non-return of compensation by workers necessarily meant acceptance of the dismissal. In this way, the probability of winning the legal action is also reduced, as the arguments that could once be used will no longer be so. Therefore, employers should be advised that there is less chance that a dismissal will be validated by the courts.

Singapore

Development and date	Description	Impact and risk	Future actions

Tripartite Guidelines on Flexible Work Arrangement Requests (TGFWAR)

In April 2024, the Tripartite Workgroup announced the TGFWAR, setting out guidance on how employers are to fairly process formal requests by employees for flexible work arrangements (FWA).

The Tripartite Workgroup was convened in September 2023 to develop a set of guidelines for FWA requests to be considered in a practical manner. After consultations with a range of stakeholders (employees, employers, and human resource professionals), it was agreed that communication and trust between employers and employees is necessary for FWAs to be effective and sustainable.

The TGFWAR sets out the minimum expectations that all employers must adhere to and recommends other good practices employers should consider in relation to formal FWA requests.

Employers are expected to abide by the TGFWAR when it comes into effect on 1 December 2024.

The TGFWAR sets out certain principles that employers and employees should abide by for the proper consideration of FWA requests.

For instance, when requesting for and using FWA, employees are expected to do so responsibly and to consider the arrangement's impact on their team, clients, workload, and performance.

In addition, employers are also expected to explore ways to accommodate FWA requests (for e.g., reviewing work processes or re-assigning work across team members), so as to ensure that client needs can still be met, and that the company remains productive.

The TGFWAR also sets out the process for submitting formal FWA requests. This includes guidance on:

- who is entitled to make formal FWA requests (such as employees who are not on or have completed their probation);
- how a formal FWA request is to be made (employers should have a process for employees to submit formal FWA requests);
- how employers should handle formal requests from employees (discussing FWA requests properly, and in an open and constructive manner); and
- how decisions on formal FWA requests should be communicated to employees (within two months).

Where an employer fails to adhere to a formal FWA request as set out in the TGFWAR, the employee can seek assistance from the Tripartite Alliance for Fair and Progressive Employment Practice (TAFEP), or the National Trades Union Congress (NTUC) for advice and assistance.

However, because the TGFWAR is only meant to guide the process of requesting FWAs and not the outcomes of FWA requests, the TAFEP will not arbitrate on the outcomes of requests.

Employers should be mindful that they are expected to abide by the requirements under the TGFWAR, and that the Ministry of Manpower and TAFEP will refer to the TGFWAR when handling cases related to FWAs.

From a risk perspective, employers can expect that non-compliance with the TGFWAR's guidance may give rise to an increased number of complaints from employees. This may disrupt the overall productivity of the workplace, or result in significant negative publicity if a serious contravention is discovered.

Employers must be in a position to abide by the TGFWAR's requirements by 1 December 2024.

To do so, employers may begin formulating internal policies that address the following:

- the employer's position on whether employees that are on probation can make formal FWA requests (on a discretionary or case-by-case basis);
- developing a process for employees to submit formal FWA requests (e.g., via work portals or emails to supervisors). In this respect, the TGFWAR's recommendations and good practices can be referred to;
- the grounds for which FWA requests may be rejected (e.g., reasons of costs or risk of detriment to productivity); and
- incorporating the recommended template forms under the TGFWAR for employees to submit formal FWA requests or employers to respond to formal FWA requests.

Slovak Republic

Development and date	Description	Impact and risk	Future actions
The state has launched a new tool to support the employment of the long-term unemployed and people with disabilities			
A new mechanism has recently been launched in the Slovak Republic, which offers employers the possibility to apply for a grant to support selected groups of disadvantaged jobseekers in acquiring professional skills and practical work experience.	The grant is provided as part of one of the sub-activities of the national project, Financial Incentives for Employment aimed at promoting work experience. The new allowance is intended for the unemployed who have been registered with the Labour, Social Affairs and Family Office for at least 12 consecutive months as jobseekers and for jobseekers with disabilities. The main requirement is that they perform work on a trial basis with the employer. Employers apply for the allowance at the relevant Labour, Social Affairs and Family Office. In the application they submit, they indicate the names of the jobseekers they have selected for the trial work. If the employer does not have specific workers selected, the Labour, Social Affairs and Family Office will offer them applicants from the register.	Once the agreement has been concluded and all conditions have been met, the employer is paid an allowance of 15% of the total cost of the work, up to a maximum of EUR282.54 per month for 2024, and the jobseeker is paid a minimum living wage allowance for a period of three months. During the trial work, workers remain registered as jobseekers with the Office of Labour, Social Affairs and Family	In April, the Labour, Social Affairs and Family Offices registered 68 511 jobseekers who had been registered for more than 12 months and 5102 jobseekers with disabilities.

South Africa

Development and date	Description	Impact and risk	Future actions
The new Prevention and Combating of Hate Crimes and Hate Speech Act was promulgated			
The Hate Crimes Act criminalises conduct falling within the definition of a hate crime or hate speech.	Hate speech is considered to be when a person spreads or encourages hatred towards another person based on any ground of unfair discrimination. A hate crime occurs when a criminal act is driven by bias or lack of tolerance based on any ground of unfair discrimination. This includes a range of digital activities.	In South African employment law, behaviour classified as hate speech and/or hate crimes may now not only result in disciplinary action and dismissal but may now also constitute a crime. The Hate Crimes Act not only criminalises prejudicial conduct, but also broadens the scope of unacceptable actions within the workplace.	Implementing proactive measures to observe and report instances of hate speech or hate crimes in the workplace can help in quickly identifying and dealing with such situations. It is crucial for employees to receive training on the implications of the Hate Crimes Act to maintain a respectful workplace and reduce potential legal and reputational risks.

Spain

Development and date	Description	Impact and risk	Future actions
Breastfeeding and parental leave The EU Directive on work-life balance for parents and carers mandates measures like non-transferable parental leave with compensatory benefits to encourage male participation in caregiving. On 21 May 2024, Spain enacted RDL 2/2024, with the aim of aligning its laws with the Directive. This legislative decree introduced urgent measures to simplify and enhance the level of protection provided by employment benefits, reflecting Spain's commitment to European standards.	In order to comply with the Directive in this respect, RDL 2/2024 introduced two main changes: • On the one hand, it reforms article 37.4 of the Spanish Workers' Statute Law, which previously allowed for a 1-hour absence from the workplace each day, that could also be accumulated in full days if and only if it was permitted by means of the collective bargaining agreement (the so called "breastfeeding leave"). The new article eliminates this restriction, allowing the accumulation based on the choice of the employee. • On the other, and because of the previous change, it strengthens the newly created parental leave (RDL 5/2023), since the reform increases the level of recognition and protection of family leave. Parental leave, as understood by article 48 of the Workers' Statute Law, is an exclusive and non-transferable right of each parent, that establishes the right of a worker-parent to take family related leave until their child is 8 years old, for a time no longer than 8 weeks.	The RDL 2/2024 will allow new parents to enjoy up to 15 days off after 16 weeks of parental leave. Furthermore, employees with children under 8 years old, will be able to enjoy up to 8 weeks of leave. During this time, the employee will not receive their salary, but the company will have to pay their Social Security contributions (but at the minimum legal base). However, the Directive's requirements are not entirely met by the Spanish labour legislation, since parental leave is not currently classified among paid types of leave, thus failing to comply with the provisions of the Directive. Nevertheless, it is expected that the future Families Law (not yet enacted) will formalise measures such as paying 4 of the 8 week period of leave.	As a starting point, employers should take into account these new types of leave as they will extend a new parent's absence from work. Employers should also take into consideration if the employee has taken the new parental leave before taking any disciplinary action as it can be seen as a discriminatory measure. If the fundamental right to not being discriminated is violated, the dismissal would be declared null and void, meaning the employee would have to be reinstated.

Sweden

Development and date	Description	Impact and risk	Future actions
Pay Transparency Directive In this year's first On your radar we reported that the Swedish government had appointed a Special Inquiry Officer to examine what measures, if any, Sweden needs to take to implement Directive (EU) 2023/970 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms. The Special Inquiry Officer submitted the report to the Swedish government on 29 May 2024. The report proposes a number of changes to Swedish legislation in order for Sweden to implement the Directive.	The inquiry proposes a number of changes to the legislation, including the following: • The current threshold of twenty-five employees for an employer to be required to document its pay survey will be reduced to ten employees. The required content will be more comprehensive than the current survey. • Employers will be obliged to inform their employees of the terms and practices relating to their salaries and of the rules governing pay surveys. At the request of an employee, an employer must also provide certain information on the employee's salary and the employer's average salaries. An employer will also be prohibited from preventing employees from disclosing their own salaries to others. • It is proposed that employers will be required to provide applicants with information on the starting salary or range of salaries and the collective agreement provisions applicable to the position in question. Employers will also be prohibited from asking about the current salary of applicants. • In addition, employers with more than 100 employees will be required to report regularly on pay to the Equality Ombudsman.	The next stage in the legislative process is for the Swedish government to consider the proposals in the inquiry and propose legislation to parliament. It is not certain that the legislation will be as proposed. However, we do not expect any major amendments to the proposed changes to the legislation. The new legislation is proposed to come into force on 1 June 2026, but certain obligations will come into force gradually in accordance with the transitional provisions. When the proposed changes come into force, they will affect all employers in one way or another, regardless of the number of employees they have. For larger organisations, the proposed legislation will require the employer to put in place processes and procedures to comply with the pay surveys, reporting and transparency requirements. Smaller organisations will be most affected by the transparency requirements and the various prohibitions. The main risks of non-compliance with the proposed new obligations and prohibitions once they come into force are liability for damages and sanction fees.	All employers should anticipate that the new legislation will have an impact. Employers should already be considering how the proposed changes may affect their business and how they can prepare their business to adapt to the new legislation. For larger organisations, they should start planning on implementing workflows and processes in order to be compliant once the new legislation comes into force.

Switzerland

Development and date	Description	Impact and risk	Future actions
Dismissal and sickness absence On 26 March 2024, the Swiss Federal Supreme Court issued a landmark decision concerning the validity of a notice of termination issued to an employee on sick leave. In reaching its decision, the Court had to assess whether an illness of an employee that solely relates to the specific job of the employee triggers a protection against a notice of termination.	As a general rule, an employee on sick leave is protected against being issued with a notice of termination from the employer. Such protection applies during a certain protection period, which depends on the length of service of the employee (30 days in the first year of service, 90 days from the second until the fifth, and 180 days as of the sixth year of service). However, according to the recent decision of the Swiss Federal Supreme Court, such protection does not apply with regard to an illness that is merely related to the specific job of an employee (in German: "arbeitsplatz-bezogene Arbeitsunfähigkeit"). This is the case if the employee cannot work at their current position with their current employer (usually due to a conflict situation at the workplace) but would be fit for any other job. A general burn-out or similar illnesses affecting the general ability of an individual to work does not fall under such a category.	An illness that is merely related to the specific job of an employee does not trigger a blocking period. Accordingly, the employment of such an employee can validly be terminated, and a corresponding illness occurring after the receipt of the notice of termination does not trigger an extension of the notice period.	In cases where an employer intends to dismiss an employee who is on sick leave, the employer should verify whether there are any indications that the illness is solely related to the specific job of an employee.

Development and date	Description	Impact and risk	Future actions
Regulation on the Procedures and Principles Regarding Short-Time Working and Short-Time Working Allowance			
On 11 June 2024 the Regulation on the Procedures and Principles Regarding Short-Time Working and Short-Time Working Allowance was published in the Official Gazette.	An employer requesting short-time work due to economic, sectoral, regional crises, epidemics, or force majeure must submit the request to the relevant institution and notify the trade union, if applicable. The short-time work period is limited to three months from the start date of the first request. The Agency evaluates the reason for the request in the form, and reasons are given by the Board of Directors. For short-time work due to natural disasters or similar situations, the Board's decision is not needed. The daily short-time work allowance is 60% of the average daily gross earnings from the last twelve months, capped at 150% of the gross monthly minimum wage. The allowance duration matches the short-time work period, up to three months. The regulation is effective from 1 March 2024.	The recent Regulation on Short-Time Working and Short-Time Working Allowance in Turkiye introduces structured procedures for employers to make a request to operate reduced working hours during economic downturns, crises, epidemics, or force majeure. Key impacts include a streamlined administrative process, a three-month cap on short-time working periods from the first application, and financial relief for employees through a 60% allowance of average daily earnings, capped at 150% of the minimum wage. Employers should ensure that there are clearly substantiated reasons when making a request, address the impact of the larger financial gap for higher earners, ensure they meet their compliance obligations, and consider the impact of challenges that may arise if crises persist beyond the short-time working period.	Future actions should focus on refining eligibility criteria, improving compliance guidance, monitoring implementation effectiveness, and fostering stakeholder collaboration to better manage economic downturns and crisis situations.

Development and date	Description	Impact and risk	Future actions

The Supreme Court of Appeals' Decision on "Collusive Subcontracting"

On April 3, 2024, the Supreme Court of Appeals rendered a decision on collusive subcontracting.

Collusion in Turkish law is a type of sham contract - where a contract purports to describe the relationship in one way, but the reality is different, with the aim of hiding the true relationship from a third party.

According to the decision of the 9th Civil Chamber of the Supreme Court of Appeals, it was determined that if a principal employer, possessing superior technological facilities and equipment for tasks conducted in the workplace, outsources work that could be performed using its own technology, this subcontracting arrangement would be deemed collusive.

Consequently, employees hired under such collusive subcontracting become employees of the principal employer from the time the collusive relationship is established. Additionally, the court ruled that employees who fail to inform the principal employer of their union membership cannot avail themselves of the benefits outlined in the collective bargaining agreement binding the principal employer.

The decision by the 9th Civil Chamber of the Supreme Court of Appeals clarifies that subcontracting by a principal employer, when it could feasibly be performed with the employer's own technological resources, may be deemed collusive. This reclassifies subcontracted employees as employees of the principal employer from the start of the collusive subcontracting relationship. Additionally, employees must notify their union membership to the principal employer to benefit from collective bargaining agreement provisions.

With respect to risks, principal employers face heightened liabilities for wages, benefits, and rights of subcontracted employees reclassified as their own. Ensuring compliance with the collusive subcontracting definition and union notification requirements is also essential to avoid legal disputes and penalties. Restrictions on subcontracting certain tasks could limit operational flexibility, impacting workforce management strategies. Additionally, mismanagement of union notifications may strain employer-union relations, potentially leading to grievances or disputes.

In light of the recent court decision regarding subcontracting and union membership notification requirements, employers should consider taking the following actions to navigate potential risks and ensure compliance:

- Review practices: Assess subcontracting arrangements to align with the definition of collusive subcontracting. Ensure tasks outsourced could not feasibly be performed with the employer's own resources.
- Enhance compliance: Develop clear protocols for subcontracting decisions and ensure adherence to union membership notification requirements. Conduct regular audits to verify compliance.
- Classification and training: Review worker classifications based on legal criteria. Provide training to employees and managers on subcontracting rules and union notification obligations.
- Legal guidance: Seek counsel from labour law experts to interpret and navigate legal implications effectively. Stay informed about industry standards and best practices.
- Engage with unions: Foster transparent communication with unions to address concerns and uphold collective bargaining agreement provisions. Maintain proactive dialogue to mitigate disputes.

Ukraine

Development and date	Description	Impact and risk	Future actions
Changes to the reservation (exemption) of employees			
On 18 May the Law proposing amendments to the rules concerning army mobilization came into effect (the text of the law in Ukrainian is available here). This Law has been followed by different by-laws influencing the labour market in Ukraine. In particular, on 5 June, the government adopted the resolution, which establishes the reservation (exempting) of employees from mobilisation via the Diia e-portal, as well as introducing certain changes to the general reservation procedure (link to the resolution, in Ukrainian).	An alternative for employers to reserve their employees electronically via the Diia portal was launched in July. By mid-July the first companies tested the system and were able to reserve about 1,000 workers. The current existing traditional method of filing paper reservation applications remains to be available in parallel. Also, the new rules cancel the limitation to reserve employees with so-called 'deficit' military specialties, meaning that employers are now able to reserve their conscript-employees regardless of their military specialties. The new rules open new opportunities in terms of reservation for some entities supporting the army, like the charity organisations. The new rules forbid employers from reserving employees who already have another deferment from mobilisation. In case an individual gets a different deferment after he was reserved (e.g. due to study), such reservation is subject to annulment.	The new electronic reservation system via the Diia portal provides employers with a more streamlined and convenient method to reserve their employees from military mobilisation. This allows employers to check the number of its conscript-employees, which is calculated automatically by the system, reserve employees within the quota limit and submit the list of selected employees through the Diia portal. If successful, the data about reservation of an employee is then automatically reflected in Ukrainian military registers (Oberig register and in Reserve+ app) as well as in Diia portal where the reservation was made. It is also possible to obtain paper confirmation if an employee wishes so. For the time being, on average the process of reservation via Diia portal took up to an hour. The removal of limitations on reserving employees with specific "deficit" military specialties allows employers to reserve a broader range of critical personnel, which could help maintain operational continuity.	The martial law related legislation as well as mobilisation specific regulation remains to be very dynamic and unpredictable. Employers therefore should closely monitor any further updates or changes to the reservation regulations, military conscriptions rules, etc. Employers should also consider how to deal with mobilisation of employees as well as their reservation taking into account new rules.

United Kingdom

Development and date	Description	Impact and risk	Future actions
Significant employment law reform As a result of the change in government and the Labour Party winning a majority in the UK General Election on 4 July, a significant programme of employment law reform has been proposed. This was confirmed by the addition of two Bills related to employment law in the Kings Speech on 17 July, which sets out the government's legislative programme for the parliamentary term. Key areas of change include: • An increase in day 1 employment rights • Reform of trade union legislation • Ethnicity and disability pay gap reporting Numerous additional changes were also mentioned in the briefing notes to accompany the Kings Speech, where the new government will replace the code of practice on fire and rehire, ban "exploitative" zero hours contracts, make changes to statutory sick pay, and make flexible working the default where employers will be required to accommodate requests "as far as is reasonable."	**Day 1 rights** Currently in the UK an employee requires 2 years' service before they can claim ordinary unfair dismissal. The plan is to remove this 2-year qualifying period so that employees can claim unfair dismissal from day 1. Employers will still be able to use probationary periods; it remains to be seen how this will operate in practice. Parental leave will also be available from day 1. **Reform of trade union legislation** Recent legislation on minimum employee levels during some strikes, and other legislation setting out requirements for statutory recognition will be repealed. Trade unions will have increased rights of access, making it easier to gain recognition. **Ethnicity and disability pay gap reporting** Employers with more than 250 employees will be required to collect and report on their ethnicity and disability pay gap. At the moment large employers are required to report their gender pay gap but going forward will also be required to publish a gender pay gap action plan.	Abolishing the 2-year qualifying period for unfair dismissal while allowing the use of probationary periods is likely to involve changes to disciplinary, performance, absence and probationary policies. Overall probationary periods will become far more important, and it will be important for managers to operate them effectively. Arguably the most significant trade union changes will be the right of access by a trade union to a workplace if there is sufficient support, combined with an easier process to gain recognition. Employers will be under a duty to inform staff of their right to join a union in the written statement. Employers should assess what diversity data they gather from their employees - in particular their ethnicity and disability data. Both of these protected characteristics are also special category data meaning there are enhanced data protection requirements to comply with.	The Kings Speech contained an Employment Rights Bill which will be introduced within the first 100 days of government. While the exact way the new rights will be introduced under the Bill is not totally clear, the briefing notes to accompany the Kings Speech indicate it will include the changes to day 1 rights and the reform of trade union laws. Reference to a draft Equality (Race and Disability) Bill was also included in the Kings Speech. This will introduce mandatory ethnicity and disability pay gap reporting and the right to equal pay for ethnic minorities and disabled people. At the time of writing, the Bills have yet to be published, and therefore the detail is not yet known. We expect that there will be consultation before the changes are put in place to give employers time to prepare. One development that was not covered in the Kings Speech is the proposed changes to employment status. The Labour Party previously said there will be consultation on this issue, which may explain why it was excluded from this legislative programme. Employers should keep a watching brief on developments and consider the impact on internal policies and processes.

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