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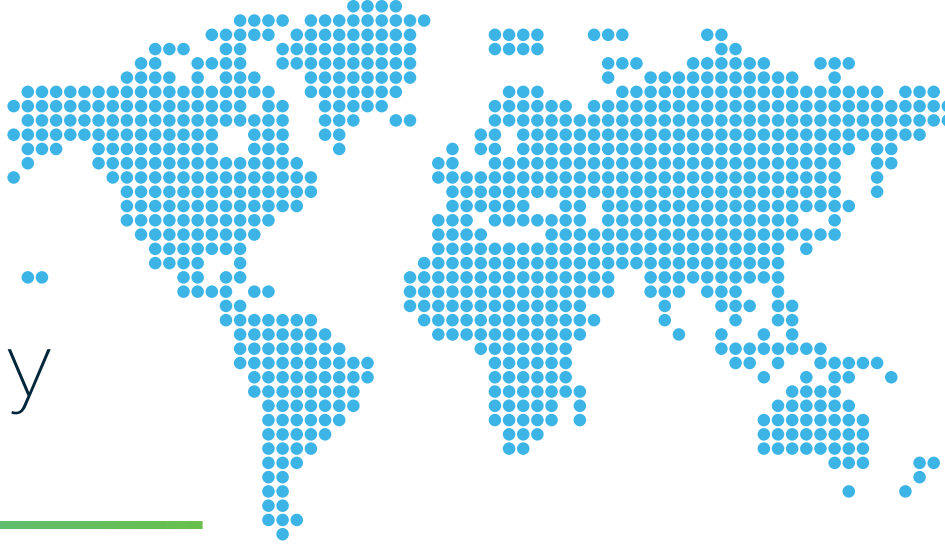

LABOR AND EMPLOYMENT LAW UPDATES FROM AROUND THE GLOBE

QUARTER 2, 2025

Geida D. Sanlate, Littler Editor

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Angola

New Regulatory Framework for Non-Bank Financial Institutions in Angola's Capital and Investment Markets

New Legislation Enacted

Authors: Elieser Corte Real, Partner and Head of Employment, and Nuno Gouveia, Partner and Head of Employment – Fatima Freitas & Associados

In alignment with international standards and with the aim of strengthening the regulation and supervision of Angola's securities and derivatives markets, the Capital Market Commission (*Comissão do Mercado de Capitais* – CMC) issued Regulation No. 2/25, of June 24, 2025.

This new regulation establishes the framework for the authorization, registration, and supervision of non-bank financial institutions operating within the capital and investment markets. It outlines the procedures for authorization and registration of these institutions; the duties and obligations applicable to them; the rules governing their operations and organizational structure; and the supervisory mechanisms to be applied by the CMC.

Additionally, Regulation No. 2/25 sets forth the registration process for financial institutions seeking qualification as intermediaries in the provision of investment services and activities involving securities and derivative instruments and acting as correspondents in these markets.

This regulation repeals Regulation No. 1/15, of May 15, 2015, and went into effect on June 25, 2025, the day following its publication. A 90-day transitional period has been granted to currently authorized and registered intermediary agents to bring their operations into compliance with the new regulatory requirements.

Australia

Increases to High Income Threshold, Minimum Wage and Modern Award Rates

New Order or Decree

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

On June 3, 2025, the Fair Work Commission announced a 3.5% increase to the national minimum wage and the minimum rates of monetary entitlements in all modern awards. Effective July 1, 2025, the new National Minimum Wage rises to AUD $948.00 per week or AUD $24.95 per hour (approximately USD $625.00 per week or USD $16.45 per hour) based on a standard 38-hour work week.

Additionally, effective July 1, 2025, the Fair Work Commission increased the high-income threshold from AUD $175,000 to AUD $183,100 per annum (approximately USD $121,000 per annum). Employees who earn at, or above, this threshold, and who are not covered by a modern award or enterprise agreement, are not eligible to bring an unfair dismissal claim. The award or agreement can be excluded by offering covered employees a "guarantee of annual earnings" of at least the high income threshold.

Increase to Minimum Superannuation Contributions

New Order or Decree

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

On July 1, 2025, the Superannuation Guarantee rate increased from 11.5% to 12%. Importantly, this new rate applies to all wages paid on, or after, July 1, 2025, regardless of whether the payment relates to work performed before July 1. This change marks the final scheduled increase in the Superannuation Guarantee rate.

Austria

Supreme Court: Freelance Contracts Excluded from Extended Notice Periods Under Section 1159 ABGB

Precedential Decision by Judiciary or Regulatory Agency

Authors: Patricia Dasch, Associate, and Armin Popp, Partner – Littler

Freelance service providers occupy a unique position in Austrian labor law, offering services for a defined or indefinite period in exchange for remuneration, without entering into a relationship of personal dependence as seen in traditional employment. This independence is characterized by the absence of binding instructions regarding working hours, location, or conduct, and by the lack of integration into the client's business operations. As a result, freelance service providers enjoy a high degree of autonomy in how they organize their work. While Austrian labor law does extend certain protections to these providers in specific contexts, they remain fundamentally distinct from employees in terms of legal status and the nature of their working relationships.

In a recent decision, the Austrian Supreme Court (OGH) confirmed that the extended notice periods introduced under Section 1159 ABGB in 2021 do not apply to freelance service contracts. The Court emphasized that these provisions are designed to protect employees who are particularly vulnerable due to their personal dependence on employers. Since freelance service providers operate with greater independence, the Court found no objective basis for extending these protections to them. Consequently, it is legally permissible to agree on shorter notice periods—such as four weeks instead of six—for freelance engagements. However, if a freelance arrangement closely resembles an employment relationship, such as through regular integration into the client's operations, the protective intent of Section 1159 ABGB may still apply, potentially requiring a six-week notice period to uphold the law's social protection goals.

No Withdrawal from a Time-Off-in-Lieu Agreement Due to Employee Illness

Precedential Decision by Judiciary or Regulatory Agency

Authors: Patricia Dasch, Associate, and Armin Popp, Partner – Littler

Time-off-in-lieu of work performed on public holidays or as overtime generally requires an explicit agreement between the employer and the employee. According to established case law, both parties are generally bound by time-off-in-lieu agreements (just as with vacation agreements). Deviation from these agreements is only permissible in exceptional cases, such as when operational necessities require it.

Thus, the Austrian Supreme Court recently ruled that employees cannot revoke an already concluded time-off-in-lieu agreement due to illness. This applies even when the time-off was intended to compensate for a particularly demanding workload, such as additional hours worked during night shifts or beyond the regular weekly working time.

Belgium

Federal Learning Account Obligations Postponed

New Legislation Enacted

Authors: Julie Rousseau, Partner, and Lotte Kempeneers, Associate – Littler

As part of the so-called Labor Deal, employers are required to register employee training via the Federal Learning Account (FLA), an online platform developed by the Belgian government. The FLA aims to give employees a clear overview of their training rights and completed courses, while enabling the government to monitor compliance with training obligations.

Although the tool is now operational, it has faced criticism for technical flaws and the significant administrative burden it places on employers. As a result, the registration deadline, originally set for November 2024, was first postponed to April 1, 2025.

A new postponement has now been announced: employers will have until September 1, 2025, to register training data. Ultimately, however, the intention is to completely phase out the FLA and replace it with a system that imposes less administrative burden.

Belgium's 2025 Program Law: Key Labor and Social Law Updates

Proposed Bill or Initiative

Authors: Julie Rousseau, Partner, and Lotte Kempeneers, Associate – Littler

A newly adopted Belgian program law—an instrument bundling fiscal, social, and economic measures to support the federal budget—introduces several notable changes to labor and social legislation.

Overtime

The law temporarily extends existing tax and social security provisions on overtime. The tax exemption for 130 hours of paid overtime, increased to 180 hours under the interprofessional agreement, is now extended until December 31, 2025. Additionally, the system of "recovery hours" (*relance-uren*) allows employees to perform 120 extra voluntary overtime hours—raising the total to 220 hours annually—exempt from income tax and social security contributions. This measure, initially valid through June 30, 2025, is pending extension through year-end.

Sick Leave

Employers must now include procedures for contacting sick employees in their work regulations. The waiting period to initiate a medical force majeure procedure is reduced from nine to six months. Employers may face financial penalties for failing to begin a reintegration process within six months of an employee's incapacity. The relapse period for guaranteed salary entitlement is extended from 14 days to eight weeks. Starting in 2026, only two one-day absences per year will be allowed without a medical certificate (down from three).

Parental Leave for Foster Parents

Foster parents in long-term placements will now be entitled to the same parental leave rights as biological parents—up to four months per child—provided the child is officially registered in their household.

Please note: The above measures are not yet in force. Most are still part of draft legislation or royal decrees currently under review or submitted to the Council of State.

Brazil

Brazil Reinstates eVisa Requirement for U.S., Canadian, and Australian Citizens

New Order or Decree

Author: Renata Neeser, Shareholder – Littler

Effective April 10, 2025, Brazil will require citizens of the United States, Canada, and Australia to obtain an electronic visa (eVisa) for tourism or business travel. The application must be submitted online, and applicants should allow approximately 10 business days for processing.

Although the eVisa process is straightforward, companies should advise employees to begin applications well in advance of any planned travel to Brazil to avoid delays.

Fine for Late Delivery of Termination Documents

Precedential Decision by Judiciary or Regulatory Agency

Author: Renata Neeser, Shareholder – Littler

The Brazilian Superior Labor Court (TST) recently reaffirmed that employers must pay a fine if they fail to submit termination documents to the relevant authorities within ten days of an employee's dismissal—even when severance payments are made on time.

In addition, the TST clarified that the fine must be calculated based on the employee's total compensation, not just their base salary, reinforcing the importance of full compliance with post-termination obligations.

Brazilian Superior Labor Court (TST) Reaffirms Its Position on 17 New Topics

Precedential Decision by Judiciary or Regulatory Agency

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Chiode Minicucci Abogados

On May 16, 2025, the Brazilian Superior Labor Court (TST) held a ruling session to consolidate its position on 17 recurring legal theses. The goal was to standardize case law and provide clear guidance to lower courts and litigants in similar disputes.

Among the topics addressed were:

- The validity of unsigned timekeeping records
- Refusal to reinstate pregnant employees
- Recognition of habitual working hours by judicial decision
- Compensation for pain and suffering due to delayed or unpaid termination funds

Brazilian Supreme Court (STF) Resumes Trial on Union Contribution

Trend

Authors: Marília Nascimento Minicucci, Shareholder, and Pâmela Almeida da Silva Gordo, Senior Associate – Chiode Minicucci Abogados

As of June 13, 2025, the Brazilian Supreme Court (STF) has resumed its trial on the union contribution, a compulsory deduction equivalent to one day's wages, regardless of union affiliation, as outlined in Article 579 of the Labor Code (CLT).

Following the 2017 Labor Reform (Law No. 13,467/2017), this deduction became conditional on the employee's prior and express consent. In 2018, the STF ruled to end the mandatory nature of the contribution. However, in September 2023, the Court reversed its position, upholding the charge for all employees—unionized or not—provided they retain the right to object (ARE 1018459).

The Attorney General's Office filed a motion for clarification, raising concerns about retroactive collection and third-party interference in the objection process. In the resumed trial, Justice Gilmar Mendes voted to prohibit retroactive charges, citing legal certainty, and emphasized that any interference by unions or employers in the employee's right to object is improper. He also noted that contribution amounts must be reasonable and proportionate to employees' financial capacity.

The trial remains ongoing, and further developments are being closely monitored.

Canada

Ontario Introduces New Long-Term Illness Leave

New Legislation Enacted

Authors: Monty Verlint, Partner, and Katherine Ford, Knowledge Management Counsel – Littler

Effective June 19, 2025, an Ontario employee with at least 13 weeks of employment will be entitled to an unpaid long-term illness leave of up to 27 weeks in a 52-week period if:

- The employee is unable to perform their duties due to a serious medical condition, and
- A qualified health practitioner issues a certificate confirming the condition and the expected duration of absence

The Ontario Employment Standards Act, 2000, does not expressly define what will, and will not, be considered a "serious medical condition" but does state that it may include a condition that is either chronic or episodic.

New Restrictions on the Use of Replacement Workers in Federal Workplaces

New Legislation Enacted

Authors: Monty Verlint, Partner, and Katherine Ford, Knowledge Management Counsel – Littler

As of June 20, 2025, employers in federally regulated workplaces are prohibited from using replacement workers to perform the duties of bargaining unit employees during a legal strike or lockout. The ban applies to:

- Any member of the bargaining unit (with limited exceptions)
- Any employee, manager, or confidential industrial relations staff hired after notice to bargain was issued
- Any contractor (except dependent contractors) or employee of another employer—unless they were already performing the same or similar duties before the notice to bargain, and only under the same terms
- Any employee transferred from another workplace after notice to bargain, or whose usual workplace is elsewhere
- Any volunteer, student, or member of the public

Exceptions are allowed only in cases involving imminent or serious threats to life, health, safety, property, or the environment. Even then, the work must first be offered to striking or locked-out employees.

Noncompliance may result in penalties of up to $100,000 per day.

Ontario: Court of Appeal Confirms Employer Duty to Investigate Off-Duty Sexual Harassment

Precedential Decision by Judiciary or Regulatory Agency

Authors: Monty Verlint, Partner, and Katherine Ford, Knowledge Management Counsel – Littler

In *Metrolinx v. Amalgamated Transit Union*, Local 1587, 2025 ONCA 415, the employer terminated five employees after discovering they had exchanged derogatory and sexist messages about colleagues in a private WhatsApp group. Although the messages were sent off-duty using personal devices, one of the targeted employees received screenshots and became visibly upset at work. Despite her reluctance to file a formal complaint or otherwise participate, the employer initiated an investigation and ultimately dismissed the employees involved for cause.

An arbitrator reinstated the employees. The Divisional Court overturned this decision, and the Court of Appeal affirmed that ruling. The Court held that, under Ontario's Occupational Health and Safety Act, employers have a statutory obligation to investigate both "incidents and complaints" of workplace harassment, even if the employee who would have been the complainant declines to participate or file a complaint. Further, employers may discipline employees for off-duty conduct if it has a real and demonstrable impact on the workplace. The private nature of the WhatsApp group did not shield the employees from accountability once the messages entered the workplace and affected an employee.

Ontario: Court of Appeal Confirms a Clear and Unambiguous Termination Clause Can Oust Common Law Entitlements

Precedential Decision by Judiciary or Regulatory Agency

Authors: Monty Verlint, Partner, and Katherine Ford, Knowledge Management Counsel – Littler

In *Bertsch v. Datastealth Inc.*, 2025 ONCA 379, the Ontario Court of Appeal affirmed the enforceability of a termination clause that limited an employee's entitlements on dismissal to the statutory minimums under the Ontario Employment Standards Act, 2000 (ESA), thereby precluding common law notice. The appellant, a senior executive terminated without cause after eight and half months of service, argued that the clause was void for ambiguity and noncompliance with the ESA. The Court rejected this argument, holding that the clause was clear, unambiguous, and did not contravene the ESA or its regulations. Notably, the clause explicitly referenced termination "with or without cause" and included a failsafe provision ensuring ESA compliance.

The Court emphasized that ambiguity requires more than the possibility of competing interpretations and must be assessed based on how the agreement can be reasonably interpreted, not on how a layperson might misunderstand it. The Court distinguished this case from those involving ambiguous or ESA-offending language, reaffirming that properly drafted ESA-compliant termination clauses can validly oust common law entitlements.

China

New Labor Capacity Appraisal Measures to Streamline Workplace Injury Evaluations

New Legislation Enacted

Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

On May 13, 2025, the Ministry of Human Resources and Social Security, in collaboration with the National Health Commission, issued the Labor Capacity Appraisal Management Measures—a comprehensive framework aimed at standardizing the evaluation of labor workplace injury and illness cases.

Effective July 1, 2025, the measures are designed to streamline the appraisal process by:

- Reducing the appraisal period from 20 to 15 days
- Clarifying procedures for both initial and re-appraisals
- Mandating inter-agency data sharing to minimize duplication

The framework also emphasizes the use of technical and institutional safeguards, along with expert oversight, to better protect employee rights while easing administrative burdens on employers.

Shanghai Clarifies "Objective Changes" in Employer-Initiated Termination

Precedential Decision by Judiciary or Regulatory Agency

Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

In April 2025, the Shanghai No. 2 Intermediate People's Court, in collaboration with the Human Resources and Social Security Authority, released 10 representative cases. One case offers important clarification on the application of the "objective changes" doctrine in the context of employer-initiated unilateral terminations.

In the case, an employee hired in 2021 to work on a client-specific software project was informed that the project would conclude in June 2024. Despite multiple efforts by the employer to reassign him or offer internal transfer opportunities, the employee declined all alternatives. The company subsequently terminated his contract, citing "significant objective changes," and provided statutory severance and notice pay. The employee challenged the termination through labor arbitration, alleging it was unlawful.

The Shanghai Jiading District Arbitration Commission upheld the termination as lawful, finding that the project's closure constituted an objective change under applicable law. The employer had fulfilled its obligation to negotiate in good faith, and the employment contract could no longer be performed as originally agreed.

Shanghai Court Invalidates Department-Specific Pay Cuts

Precedential Decision by Judiciary or Regulatory Agency

Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

In one of 10 representative cases released in April 2025, the Shanghai No. 2 Intermediate People's Court addressed the legality of a unilateral pay cut imposed on a company's IT department. An employee challenged a 20% salary reduction implemented in mid-2023, arguing it violated his labor contract and lacked his consent.

The Putuo District Labor Arbitration Commission ruled in the employee's favor, finding that the employer's actions breached contractual terms and fairness principles. Despite union consultation and a worker representative meeting, the tribunal held that such procedures cannot override individual consent without a signed contract amendment. The employer's reliance on pandemic-era policies was also rejected. The company was ordered to pay the wage differential for August to December 2023.

Shanghai Court Clarifies Employers Must Pay Noncompete Compensation Despite Reporting Breach

Precedential Decision by Judiciary or Regulatory Agency

Authors: Grace Yang, Shareholder, and Jerry (Gongyu) Zhang, Pre-Bar Associate – Littler

Among the ten representative cases released in April 2025 by the Shanghai No. 2 Intermediate People's Court, in collaboration with the Human Resources and Social Security Authority, one case addressed an employer's obligation to pay noncompete compensation when an employee breaches a reporting obligation under a noncompete agreement.

In this case, a former algorithm engineer had signed a noncompete agreement requiring him to avoid working for competitors for six months after resignation and to submit monthly reports on his employment status. The agreement provided for a monthly noncompete payment of RMB 10,000. After resigning at the end of 2023, the employee failed to submit the required reports, citing privacy concerns, and the company withheld the payments. The employee maintained that he remained unemployed throughout the noncompete period.

The Shanghai Arbitration Commission ruled in favor of the employee, holding that while he had breached the reporting obligation, this did not amount to a breach of the noncompete itself. Since the company could not prove that the employee had engaged in competitive employment, it remained obligated to pay the agreed compensation. The tribunal emphasized the distinction between a reporting clause (a collateral obligation) and the core noncompete restriction, affirming that noncompete compensation is the lawful exchange for limiting an individual's employment freedom, not contingent on compliance with reporting requirements.

Colombia

Ruling T-023 of 2025: Constitutional Protection of Conscientious Objection in the Workplace

Precedential Decision by Judiciary or Regulatory Agency

Author: María Paula Monroy, Associate – Godoy Córdoba | Littler

In Ruling T-023 of 2025, Colombia's Constitutional Court affirmed that employees may invoke conscientious objection when workplace directives conflict with their religious beliefs, worship practices, or moral convictions. The Court upheld the worker's fundamental right to religious freedom after an employer required participation in "active breaks" involving music and movements that were incompatible with the employee's faith.

Resolution 010 of 2025: Bogotá Launches Hiring Incentives for Inclusive Employment

New Order or Decree

Author: María Paula Monroy, Associate – Godoy Córdoba | Littler

Under Article 96 of Agreement 927 of 2024, part of the "*Bogotá Camina Segura*" District Plan, Resolution 010 of 2025 establishes an economic incentive program for private employers who hire individuals facing structural barriers to employment.

The incentive includes two payments: 800,000 pesos in the first month and 1,200,000 pesos in the fourth month of continuous employment. An additional 500,000 pesos is granted if the hired worker is a woman (cis or trans) or if it is their first job. Eligibility requirements include Bogotá residency, no prior employment relationship between the parties, proper documentation, and a sworn statement.

While the program promotes formal employment and adopts a differential approach, legal uncertainties remain—particularly regarding how prior dismissals unrelated to the incentive are treated and who bears the burden of proof for eligibility.

Resolution No. 1843 of 2025: New Rules for Occupational Medical Evaluations

New Order or Decree

Author: María Paula Monroy, Associate – Godoy Córdoba | Littler

The Colombian Ministry of Labor issued Resolution No. 1843 of 2025 to regulate occupational medical evaluations. It sets technical standards for six types of evaluations: (i) pre-employment, (ii) periodic (scheduled or due to job changes), (iii) exit, (iv) post-disability, (v) return-to-work, and (vi) follow-up or control. It also outlines the responsibilities of employers, workers, medical providers, and Occupational Risk Administrators.

The Resolution prohibits certain tests—such as pregnancy, HIV, alcohol, and psychoactive substance tests—unless specifically authorized by law, to prevent discriminatory practices. Non-compliance may trigger inspections and sanctions by the Ministry of Labor, Ministry of Health and Social Protection, or the National Health Superintendency.

Ruling SL520-2025: Supreme Court Upholds Dismissal for Failure to Meet Targets

New Order or Decree

Author: María Paula Monroy, Associate – Godoy Córdoba | Littler

In Ruling SL520-2025, the Colombian Supreme Court upheld the dismissal of an employee for repeatedly failing to meet commercial targets. The Court found the termination justified, as the employee acknowledged her underperformance, and the employment contract and internal regulations clearly defined such failure as a serious offense warranting dismissal.

The Court also rejected the employee's claim for employment protection based on a medical condition, citing a lack of conclusive evidence. Although she presented proof of lumbar issues, the Court found no serious impairment or medical restrictions that would require her continued employment. As a result, the appeal was dismissed, and the legality of the termination confirmed.

Croatia

New Pension Insurance Act

New Legislation Enacted

Authors: Marija Gregoric, Partner, and Matija Skender, Senior Associate – Babic & Partners Law Firm

In late June 2025, the Croatian Parliament enacted the new Pension Insurance Act, which took effect on July 1, 2025, with certain provisions scheduled to come into force on January 1, 2026. Key reforms include an increase in the minimum pension, the doubling of the additional service period credited per child—which may now also apply to traditional, and kinship foster parents under specific conditions—and the introduction of an annual pension supplement (commonly referred to as the 13th pension) for all pensioners, regardless of pension amount. The Act also introduces enhanced financial incentives for deferring retirement and partially eliminates early retirement penalties starting in 2026. Additionally, the pension adjustment formula has been revised to reflect a more favorable blend of the consumer price index and wage growth index.

To promote labor market flexibility, the Act now allows individuals aged 65 or older with at least 15 years of pensionable service to work full time while receiving 50% of their pension. Previously, such individuals were limited to part-time work of up to 20 hours per week under the same pension arrangement. This change is expected to help address labor shortages, improve pension adequacy and income security for older workers, and ease the transition from employment to retirement. However, it also presents new challenges for employers, particularly in adapting internal policies and occupational health and safety practices. With over 30,000 pensioners already participating in this scheme as of 2024—and that number expected to rise—many employers may begin considering how to adapt workplace practices to better support the needs of an aging workforce.

Czech Republic

Legislative Update: Flexible Labor Code Amendment Now in Effect

New Legislation Enacted

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

Effective June 1, 2025, the so-called Flexible Amendment to the Labor Code introduced significant changes to several key areas of employment law. Key changes include those affecting employment termination, probation periods, fixed-term contracts, working conditions for parents, and payroll. These changes may require employers to revisit employment contracts, HR policies, and payroll systems to align with the new legal framework.

Abolition of Entry Medical Examinations for Low-Risk Positions

New Legislation Enacted

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

As of June 1, 2025, entry medical examinations are no longer required in the Czech Republic for low-risk positions, such as administrative roles. This change eases both administrative and financial burdens on employers. Internal policies and procedures should be updated to reflect this amendment.

New Obligations for Employers Regarding Radio and Television Fees

New Legislation Enacted

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

As of May 1, 2025, an amendment to the Czech Act on Radio and Television Fees (the Act) introduces major changes for employers. Company devices that can receive broadcasts via the internet (e.g., cell phones, computers, and tablets) are now subject to fees under the Act. A key change is that the fee is no longer based on the number of devices, but on the number of employees. The fee obligation applies to all companies with 25 or more employees.

New Changes Ahead to Streamline Employer Reporting Duties

Proposed Bill or Initiative

Authors: Tomáš Procházka, Partner and Head of Employment, and Kateřina Demová, Senior Associate – Aegis Law

A new legislative proposal, the Employer's Unified Monthly Reporting Act, aims to simplify how employers report data to government authorities. The draft law introduces a single, centralized monthly report, replacing the current system that requires multiple separate submissions. If passed, the law will take effect on January 1, 2026.

Denmark

New Act on Public Employees' Freedom of Expression Adopted

New Legislation Enacted

Author: Bo Enevold Uhrenfeldt, Partner – Littler

On May 20, 2025, the Danish Parliament passed the Act on Public Employees' Freedom of Expression, which took effect on July 1, 2025. The Act codifies existing principles regarding public employees' right to express personal views, providing a clearer legal framework to support participation in public debate without fear of disciplinary consequences. This reflects a broader commitment to workplace freedom of expression and democratic transparency.

The Act affirms that public employees may express personal opinions, provided it is clear they are not speaking on behalf of their employer. It applies to all public administration employees, as well as certain self-governing and private institutions performing public functions. However, the right is limited in cases involving the disclosure of confidential information, defamatory or offensive remarks, clearly false claims about the employee's own work, or statements that significantly disrupt internal operations. The Act also includes discretionary elements that will be further clarified through case law and administrative practice.

A Fall While Working from Home Recognized as an Occupational Injury

Precedential Decision by Judiciary or Regulatory Agency

Author: Bo Enevold Uhrenfeldt, Partner – Littler

On May 2, 2025, the Danish Supreme Court issued a significant ruling regarding the scope of accidents covered by Section 5 of the Danish Workers' Compensation Act.

The case involved an employee who was working from home. During her workday, she left her desk to make coffee. On her way back, she tripped over a personal storage box on the floor and was injured. Although the parties agreed that the coffee break was reasonably work-related, they disputed whether the injury qualified as a work accident since the box was not related to the employee's work duties.

The Supreme Court held that the injury occurred during work hours and was therefore covered by the Danish Workers' Compensation Act, even though the fall was caused by a personal household object. The Court emphasized that employers are responsible for ensuring a safe and healthy work environment, regardless of where the work is performed.

The ruling affirms that employees may be entitled to compensation under mandatory workers' compensation insurance when working from an employer-approved location, such as their home. The case solely concerned liability under the Danish Workers' Compensation Act and did not address potential claims under general tort law.

Dismissal Due to Upcoming Fertility Treatment Violated the Equal Treatment Act

Precedential Decision by Judiciary or Regulatory Agency

Author: Bo Enevold Uhrenfeldt, Partner – Littler

On April 15, 2025, the Danish Supreme Court ruled that the dismissal of a female employee shortly after she informed her employer of her intention to undergo fertility treatment violated the Danish Equal Treatment Act. The employee, who had been permanently employed since May 2020, notified her manager and team in late June of her upcoming egg retrieval procedure. She went on vacation shortly after and was dismissed without written explanation upon her return in July. Although the fertility treatment had not yet begun at the time of dismissal, the Court found that the timing of the termination raised a presumption of sex-based discrimination under Section 4 of the Act.

The Court clarified that Section 9 of the Act—which protects against dismissal due to pregnancy or ongoing fertility treatment—did not apply, as the treatment had not yet commenced. However, the employee's disclosure of her treatment plans and the immediate termination triggered protection under Section 4, which prohibits discrimination based on sex. The burden then shifted to the employer to prove that the dismissal was unrelated to the planned treatment, which it failed to do. As a result, the employee was awarded compensation of DKK 150,000, equivalent to six months' salary.

Ecuador

Employer Obligations to Ensure Equal Pay for Men and Women

New Regulation or Official Guidance

Authors: Víctor Daniel Cabezas Albán, Partner, and Gabriela Anahí Jácome Aguirre, Associate – Godoy Córdoba | Littler

On January 8, 2025, the Ministry of Labor issued Ministerial Agreement No. MDT-2025-006, mandating both public and private sector employers to adopt specific measures to promote inclusion, ensure equal opportunity, and eradicate gender-based discrimination and violence.

For the private sector, key obligations include:

- Providing mandatory training of at least 40 hours per year for all employees, including the board of directors, legal representatives, or delegated personnel, as applicable
- Implementing actions that promote the value of work from a gender-equality and nondiscrimination perspective
- Reporting training and awareness activities to the Ministry of Labor each January
- Noncompliance may result in fines ranging from three to twenty times the unified basic salary

The Court Requires Disability Compensation for Abrupt Dismissals, Even Without Employer's Prior Knowledge of the Disability

Precedential Decision by Judiciary or Regulatory Agency

Authors: Víctor Daniel Cabezas Albán, Partner, and Gabriela Anahí Jácome Aguirre, Associate – Godoy Córdoba | Littler

In Ecuador, terminating an employee who has a disability or is legally responsible for a person with a disability is particularly costly. In addition to the standard severance payment for abrupt dismissal, employers must also pay special compensation equivalent to 18 months of the employee's highest salary.

This requirement has become especially problematic for employers following the issuance of Resolution No. 001-2025 by the National Court of Justice of Ecuador on January 8, 2025. The Court established that this special compensation must be paid even if the employer was unaware that the dismissed employee had a disability or was legally responsible for someone with a disability. To qualify for this compensation, only two conditions must be met: (i) The termination must be abrupt and without justification; and (ii) The dismissed employee must either have a disability or be legally responsible for a person with a disability.

This ruling significantly increases the legal and financial risk for employers, as it removes any requirement of prior knowledge about the disabling condition.

Fixed-Term Contracts Can No Longer Be Unilaterally Terminated Before Expiration

Precedential Decision by Judiciary or Regulatory Agency

Authors: Víctor Daniel Cabezas Albán, Partner, and Gabriela Anahí Jácome Aguirre, Associate – Godoy Córdoba | Littler

During the COVID-19 pandemic in 2020, the National Assembly passed legislation allowing fixed-term hiring for one year, renewable once. A subsequent regulation issued by the president permitted early unilateral termination of these contracts by employers.

However, on February 14, 2025, the Constitutional Court ruled that such unilateral termination violates the constitutional right to job stability. As a result, the following rules now apply:

- Fixed-term contracts remain valid and can still be executed, provided there is proper justification
- Contracts must now be honored for their full duration
- Fixed-term contracts may be signed for a maximum of one year, renewable once for the same period, not exceeding a total of two years. Renewals must match the original term
- The ruling has prospective effect and is now in force

New Calculation Method for Unjustified Dismissal Compensation

Precedential Decision by Judiciary or Regulatory Agency

Authors: Víctor Daniel Cabezas Albán, Partner, and Gabriela Anahí Jácome Aguirre, Associate – Godoy Córdoba | Littler

In Ecuador, when an employment relationship is terminated, the employer must pay severance compensation. Previously, this compensation was calculated based on the employee's salary during the month of dismissal.

However, on January 22, 2025, the National Court of Justice clarified that, for the purpose of this compensation, the calculation must use the highest salary between the month of dismissal and the month immediately prior to the dismissal.

Legal Concerns Over Biometric Systems for Attendance Control

Legal Compliance

Authors: Víctor Daniel Cabezas Albán, Partner, and Gabriela Anahí Jácome Aguirre, Associate – Godoy Córdoba | Littler

Under Ecuador's Personal Data Protection Law (LOPDP), biometric data is considered sensitive information. In June 2025, the Superintendency for Data Protection stated that using biometric systems for attendance tracking is disproportionate and unnecessary. Although tracking attendance is a legal requirement under the Labor Code, the authority considers biometric methods to infringe on data protection rights. While this statement is not legally binding, it sets an important precedent for employers using biometric systems in their workforce management.

Egypt

Labor Law No. 14 of 2025 Replaces 2003 Framework, Effective September 1

New Legislation Enacted

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

On May 3, 2025, the President of Egypt approved Labor Law No. 14 of 2025, which fully replaces the previous Labor Law No. 12 of 2003. The new legislation will come into force on September 1, 2025, providing a transition period for employers and employees to adjust. According to the Minister of Labor, the law was developed in line with international labor standards and reflects a broader effort to modernize employment regulations in response to evolving work patterns, technological change, and global best practices.

Key provisions include the formal recognition of nontraditional work models such as remote work and job-sharing, expanded leave entitlements—including longer maternity and childcare leave—and a revised resignation process requiring administrative ratification. The law also introduces updated rules on employer liability in terminations, a restructured contribution model for the Training and Rehabilitation Fund, and specific compliance deadlines for updating employment agreements and submitting workforce data.

In summary, the New Labor Law marks a significant step toward a more structured and transparent employment framework in Egypt. For employers, it presents not only a compliance requirement but also an opportunity to align internal practices with modern labor standards. With further ministerial guidance expected, early preparation and proactive adaptation will help ensure a smoother transition and long-term compliance.

New Labor Law No. 14 of 2025: Practical Implications for Employers

New Legislation Enacted

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

The New Labor Law No. 14 of 2025, effective September 1, 2025, introduces several compliance requirements for employers.

Key provisions of the New Labor Law include:

- **Compliance Deadlines:** (1) By September 30, 2025, submit a data statement indicating the number of employees, their qualifications, occupations, age groups, nationalities, gender, and their salaries by no later than; (2) By October 30, 2025, adopt and ratify the statutory internal regulations; and (3) Ongoing update of the template employment agreements.
- **New Work Models:** The New Labor Law recognizes several nontraditional work models, including remote work, part-time arrangements, flexible work and job-sharing. Employees under these new work patterns enjoy the same rights and obligations as traditional employees. However, the New Labor Law lacks clear definition for nontraditional roles, which may lead to misclassification risks, especially for independent contractors.
- **Leave Policy Changes:** (1) Maternity leave is now increased to four months with no minimum restriction on the service period at the employer. (2) Childcare leave has increased to three times per employment for employees working in an establishment with 50 or more employees, provided that the employee has been employed by the employer for at least one year. The period between two leaves cannot be less than two years. (3) Paternity leave is capped at three days. (4) Sick leave compensation and rules have also changed.

New Labor Law No. 14 of 2025: New Resignation Process, Employer Liability in Terminations, and Training Fund Implications

New Legislation Enacted

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

The New Labor Law No. 14 of 2025, effective September 1, 2025, introduces several compliance requirements for employers.

Key provisions of the New Labor Law include:

- **New Resignation Process:** (1) Resignations must be written, signed, and ratified by labor authorities; (2) Employers have 10 days to respond, otherwise the resignation is deemed as accepted; and (3) Employees may withdraw resignations within 10 days of acceptance notice.
- **Employer Liability in Terminations:** Employers face stricter obligations when terminating employment. If a definite-term contract is renewed beyond five years and then terminated by the employer, the employee is entitled to compensation equal to one month's salary for each year of service. This marks a shift from the previous law, which restricted early termination of such contracts. For indefinite-term contracts, termination for inefficiency is no longer permitted, and severance pay—now limited to cases of unfair dismissal—must be no less than two months' salary per year of service.
- **Training Fund Contributions Simplified:** The statutory contribution to the Training and Rehabilitation Fund has been restructured to ease employer compliance. Instead of the previous 1% of net profits, employers with 30 or more employees must now contribute a flat 0.25% of the minimum social insurance wage per employee, capped between EGP 10 and EGP 30 monthly. This shift offers greater predictability, especially for businesses with tight margins. Additionally, all unresolved legal disputes related to the former 1% contribution are dismissed—unless employers choose to pursue them.

Statutory Increase of Pensions

New Order or Decree

Authors: Alia Monieb, Partner and Head of Employment, and Nada Khaled, Senior Associate – ADSERO - Ragy Soliman and Partners

On June 24, 2025, the President of the Arab Republic of Egypt issued Presidential Decree No. 325 of 2025 (the Decree) providing for a 15% increase in pension benefits. This increase aligns with earlier governmental initiatives aimed at enhancing social protection and supporting citizens in meeting the rising cost of living. The Decree went into effect on July 1, 2025.

The increase aligns with the annual statutory pension adjustments stipulated under Law No. 25 of 2020, which governs the increase of variable wage pensions related to special allowances. These allowances were determined as of July 1, 2006 and had not been included as part of the basic wage in accordance with the provisions of the Social Insurance and Pensions Law No. 148 of 2019.

The statutory increase of 15% is calculated based on the total pension amount, including all prior increments, allowances, and adjustments added to the pension t up to that date.

Notwithstanding the foregoing, the increase shall not exceed 15% of the maximum monthly salary subject to social insurance contributions as of June 30, 2025.

Finland

Parliament Approved Amendments to the Act on Cooperation within Undertakings

New Legislation Enacted

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

Parliament approved amendments to the Act on Cooperation within Undertakings in a plenary session on April 23, 2025. The amendments went into effect on July 1, 2025. The scope of the Act is extended from employers with at least 20 employees to those who regularly employ at least 50 employees. Employers with 20–49 employees will retain the obligation to conduct change negotiations (the so-called consultation process) if, within a 90-day period, they consider terminating, laying off, or substantially modifying the terms of employment for at least 20 employees on production-related or economical grounds under the Employment Contracts Act.

The minimum consultation periods of 14 days or six weeks will be halved. In addition, a new provision introduces a 30-day standstill period for assessing public employment services, during which employment contracts may not be terminated.

Legislation on Safeguarding Protective Work During an Industrial Action

New Legislation Enacted

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

New legislation ensuring the continuity of critical societal functions during an industrial action went into effect on June 16, 2025. Employees' associations are responsible for ensuring that industrial actions do not pose a serious risk to life, health, workplace equipment, or the environment. The employer must promptly notify the association of such risks, and the parties must negotiate appropriate measures to prevent harm. Certain tasks may be excluded from industrial actions entirely, or sufficient protective work must be arranged. If necessary, the employer may request a court prohibit industrial action to the extent strictly necessary, and emergency work may only be assigned if serious harm cannot otherwise be prevented.

The Supreme Administrative Court Rules Food Couriers to Be Employees Rather Than Independent Entrepreneurs

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

The Supreme Administrative Court examined whether food couriers working for a platform-based food delivery company were employees or independent entrepreneurs. The Court found that platform-based monitoring and the company's unilateral control of compensation and contract termination were features of an employment relationship. It emphasized that the terms of work were dictated by the company and the couriers' work was digitally supervised. These elements showed that the couriers' independence was largely superficial and concealed a real employment relationship. However, since the couriers could freely choose when to work, the Working Hours Act did not apply, and the company had no obligation to track working hours.

The Supreme Court Rules Employer Did Not Discriminate Against Job Applicant Excluded Due to Excessive Salary Request

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

The Supreme Court reviewed a case in which the employer excluded a male applicant from further stages of the recruitment process before conducting interviews, and subsequently hired a female candidate for the position. The Supreme Court found that this situation gave rise to a presumption of gender-based discrimination under the Act on Equality between Women and Men. However, the Court found that the employer's decision was justified by a legitimate reason within the meaning of the Equality Act — specifically, that the excluded applicant's salary request was clearly disproportionate to the typical pay level for the role. Consequently, the Court held, the employer's conduct did not constitute unlawful discrimination.

Proposed Extensive Amendments to the Employment Contracts Act

Proposed Bill or Initiative

Authors: Samuel Kääriäinen, Partner, and Severi Nordlund, Associate – Dottir Attorneys Ltd.

The Government has proposed legislative amendments to the Employment Contracts Act to allow fixed-term employment contracts without a justified reason when the employee is entering into their first employment relationship with the employer. The proposal also includes shortening the layoff notice period to seven days (now 14 days). In addition, the scope of the rehire obligation would be limited so that it applies only to employers with at least 50 employees, instead of the current requirement which applies to all employees. The proposal is currently under consultation, which will continue until July 28, 2025. The amendments are intended to go into effect on January 1, 2026.

France

Right of Employees to Access Emails Sent and Received on their Professional Email

Precedential Decision by Judiciary or Regulatory Agency

Author: Guillaume Desmoulin, Shareholder – Littler

This case concerned an employer's practice of systematically blocking access to employees' work email upon dismissal. After being terminated for misconduct, the employee challenged his dismissal before the employment tribunal and sought damages for the employer's refusal to disclose emails he had sent or received during his employment.

The Court of Appeal upheld the claim, finding that the employer's failure to provide both the metadata (*e.g.*, timestamps, recipients) and access to the emails was wrongful and prejudicial.

The French Supreme Court affirmed the decision, emphasizing that emails sent or received via a work email account constitute personal data. Employers must provide both the content and metadata of such emails unless disclosure would infringe on the rights and freedoms of others. In this case, the employer failed to demonstrate such a risk and instead provided unrelated documents. The Court ruled that this refusal breached the employee's rights and freedoms.

A Dismissal Based on the Existence of a Romantic Relationship Is Null and Void

Precedential Decision by Judiciary or Regulatory Agency

Author: Guillaume Desmoulin, Shareholder – Littler

In this matter, an employee was dismissed for gross misconduct without any valid ground. The employee filed a claim before the employment tribunal, asserting that the actual reason for the termination was a romantic relationship with the CEO of the company, and that the dismissal therefore violated the right to privacy and was null and void.

The French Supreme Court emphasized that employees are entitled to respect for their private lives and cannot be dismissed for actions related to that privacy. The Court noted that the dismissal letter did not cite any instances of misconduct and found that the real cause of the dismissal was the discovery of the relationship by the CEO's spouse, who was also the managing director. The Court ruled that the dismissal was based on a private matter and was therefore null and void.

Employer's Failure to Conduct Background Checks and Verify Diplomas Before Hiring

Precedential Decision by Judiciary or Regulatory Agency

Author: Guillaume Desmoulin, Shareholder – Littler

An employee hired as a pharmacy assistant was dismissed for serious misconduct after the employer discovered they did not hold the required pharmacy technician diploma. The employee filed a claim for unfair dismissal, which the Court of Appeal rejected, citing the employment contract's explicit diploma requirement and the employee's failure to disclose the lack of qualification.

However, the French Supreme Court overturned the decision. It held that serious misconduct must render continued employment impossible, yet the employer had maintained the contractual relationship for several years without verifying the employee's qualifications. The Court ruled that the employer could not rely on a regulation they had disregarded or on their own negligence to justify dismissal for serious misconduct. The dismissal was therefore deemed unlawful.

Bill to Simplify Economic Life

Proposed Bill or Initiative

Author: Guillaume Desmoulin, Shareholder – Littler

The bill to simplify economic life was adopted on first reading by the National Assembly. One of the provisions requires the administration to assess in advance the specific impact on SMEs (Small and Medium-sized Enterprises) of any new legislative or regulatory provision in the economic field.

The bill also provides for:

- The obligation to set up a staff representative body (CSE) in companies that employ 11 employees for 12 consecutive months will no longer apply. If a company subject to this obligation has not yet set up a representative body but can prove that it has taken steps to organize it, the financial penalty is reduced from 2% to 0.5% of payroll.
- The creation of a social compliance examination. This new voluntary mechanism will enable companies to have legal compliance of their employment practices verified by a third-party expert or labor authority prior to an audit.

Deputies and senators must now meet in a joint committee to agree on a final version of the text in September 2025.

Gabon

New Quotas for Foreign Workers

New Legislation Enacted

Author: Nuno Gouveia, Partner and Head of Employment – Miranda Alliance

Decree No. 0150/PR/MTLCC, issued on March 21, 2025, and published in Official Gazette No. 61 BIS on April 2, 2025 (released publicly on April 29), introduces new rules for employing foreign nationals in Gabon.

The decree sets mandatory quotas for foreign employees in private companies:

- 10% for executive or managerial roles
- 15% for supervisory and senior technical staff
- 2% for manual or operational positions

These quotas are calculated based on the number of Gabonese employees in each respective category. Exemptions may be granted by the Minister of Labor for roles requiring highly technical expertise, for a renewable two-year period, provided a Gabonese counterpart is assigned and trained. Renewal of a foreign worker's authorization now depends on at least 80% implementation of the counterpart training plan. A nonrefundable administrative fee of XAF 500,000 applies to both initial and renewal applications.

The decree may prompt companies to assess their workforce composition and training programs in light of the new requirements.

Germany

New Maternity Protection Regulation for Miscarriages

New Legislation Enacted

Author: Kaya Räuker, Senior Associate – Littler

Effective June 1, 2025, Germany's Maternity Protection Act (MuSchG) was amended to provide paid leave for employees who experience a miscarriage between the 13th and 23rd week of pregnancy. The duration of leave depends on the stage of pregnancy:

- Two weeks for miscarriages between weeks 13–16
- Six weeks for weeks 17–19
- Eight weeks for weeks 20–23

Previously, maternity protection only applied after stillbirths occurring from the 24th week onward. The amendment acknowledges the physical and emotional toll of earlier pregnancy loss and allows affected employees to recover without relying on standard sick leave.

To access this leave, employees must notify their employer and provide medical documentation. The leave is optional and may be taken in full, in part, or waived entirely. Consent to return to work can be revoked at any time during the protection period. During leave, employees are entitled to maternity benefits, with employers eligible for reimbursement through the U2 compensation scheme.

Employing someone in a manner that does not align with these protections—whether knowingly or through oversight—may lead to administrative consequences. As such, it is important that any return to work following a miscarriage is based on the individual's explicit and documented consent.

Damages for Unlawful Data Processing within the Group

Precedential Decision by Judiciary or Regulatory Agency

Author: Julia Simon, Senior Associate – Littler

On May 8, 2025, the German Federal Labor Court (*Bundesarbeitsgericht* or BAG) ruled that an employee is entitled to compensation for nonpecuniary damages if the employer exceeded the limits of a works agreement and forwarded additional personal data to the parent company for the purpose of testing software.

During the trial of the software, the employer shared additional employee data, such as the employee's private home address, date of birth, marital status, and social security number, with the parent company beyond what was expressly agreed upon in the works agreement. The Court ruled that the sharing of this data was not "necessary" and therefore a violation of the Article 6(1)(f) of the General Data Protection Regulation. The Court found the employee was damaged by the loss of control over the data.

Although the court granted the plaintiff limited compensation of only EUR 200.00, the ruling makes clear that employers should exercise caution when sharing personal data of employees, even within the group.

Landmark German Court Ruling on Virtual Stock Option Vesting and Forfeiture

Precedential Decision by Judiciary or Regulatory Agency

Author: Lucas A. Gropengiesser, Associate – Littler

In case 10 AZR 67/24, published on June 10, 2025, Germany's Federal Labor Court invalidated clauses in virtual stock option plans (VSOPs) that require employees to forfeit vested options immediately upon voluntary resignation. The court overturned its 2008 precedent, ruling that vested virtual options constitute earned compensation for work already performed, rather than rewards for loyalty.

While this ruling does not render VSOPs unenforceable in Germany, companies must revise broad forfeiture and accelerated expiration (devesting) clauses to align with the new standards. The legal status of "bad leaver" clauses remains uncertain. In the present matter, the clause was invalidated due to multiple unlawful elements, such as immediate forfeiture and a lack of gradual vesting, which were not clearly defined in the contract.

"Digital Native" as Job Prerequisite Found to Be Age Discrimination

Precedential Decision by Judiciary or Regulatory Agency

Author: Philipp Schulte, Senior Associate – Littler

In a decision dated November 7, 2024, the Regional Labor Court of Baden-Wuerttemberg found that a job advertisement referencing "digital natives" could indicate age discrimination, potentially supporting compensation and damages claims by unsuccessful applicants. While the employer argued that the phrase referred to digital fluency unrelated to age, the court noted that "digital native" typically refers to individuals born after 1980, suggesting a generational bias.

This ruling highlights the importance of exercising caution when drafting job advertisements and defining hiring criteria. Terms that may imply age-related preferences—even unintentionally—can be interpreted as discriminatory, unless there is an objective necessity for such actions.

Hungary

Trade Union Litigation Against a Collective Bargaining Agreement

Precedential Decision by Judiciary or Regulatory Agency

Author: Zoltán Csernus, Attorney-at-Law – VJT & Partners Law Firm

The Hungarian Supreme Court held that if a trade union is not eligible to conclude a collective bargaining agreement (CBA), or did not participate in the conclusion of the CBA, then the trade union cannot initiate litigation to invalidate the CBA. However, if the trade union was previously a party to the CBA, it can launch such litigation.

Delayed Termination with Immediate Effect is Unlawful

Precedential Decision by Judiciary or Regulatory Agency

Author: Zoltán Csernus, Attorney-at-Law – VJT & Partners Law Firm

The Hungarian Supreme Court held that if an employer delivers an immediately effective termination notice but does not remove the employee from the payroll until several months later, the termination is invalid and unlawful. The purpose of an immediately effective notice of termination is to terminate the employment immediately, and there are lawful reasons for the termination, the employer cannot delay removal of the employee from the payroll for months.

India

Haryana Notification on the Employment of Women during Night Shifts

New Legislation Enacted

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

A notification was issued under the Punjab Shops and Commercial Establishments Act, 1958, prescribing revised conditions for employing women from 08:00 p.m. to 06:00 a.m. (Night Shift) in industries including IT, ITeS (Information Technology Enabled Services), banking, three-star or above hotels, 100% export-oriented establishments, logistics and warehousing.

Some of the conditions for employing women on Night Shift include:

i. Every employer must submit a declaration stating that they have the consent of every female employee to work the Night Shift with sufficient security (including one female security guard) being provided during the shift.

ii. The employer must provide transportation to and from the employees' residences unless the employee opts out of the arrangement in writing. The employer may pool the transportation with external transporters.

iii. The employer must ensure that women are employed in groups of at least. This requirement may be relaxed for women in the IT/ITeS industry in senior positions (i.e. earning more than INR 100,000 per month).

iv. Employers must engage a doctor or nurse, pool ambulance and other medical services with nearby hospitals during Night Shift.

v. Any boarding and lodging arrangements for the women provided by the employer shall be exclusively for the women, and under the control of female wardens or supervisors.

Employer Compliance Requirements under the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025

New Legislation Enacted

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

The Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025 (Ordinance) was issued and provides for the welfare and social security of gig workers engaged through digital platforms. The ordinance requires the state government to establish a Karnataka Gig Workers Welfare Board (Board) and a Social Security and Welfare Fund to be funded by aggregators, gig workers and the government. The Ordinance applies in Karnataka state to (i) every aggregator and platform operator providing services listed in the Ordinance, such as ridesharing, food delivery, logistics, e-marketplace, and healthcare, (ii) every platform as defined under the Ordinance and (iii) to every gig worker registered with the Board.

Key compliance requirements include:

- Aggregators, platforms and gig workers are required to register with the Board.
- Gig workers must be engaged by fair and transparent contracts with terms including payment cycles (at least once per week week), incentives, and reasonable deductions. The contracts must also provide for the right to refuse tasks, and receive performance ratings, information about automated decision-making processes, the grounds for termination, and 14-day notice of any changes to the contract. Gig workers must also be provided with reasonable working conditions including intervals of rest and sanitation facilities.
- Aggregators and platforms may terminate or deactivate a gig worker with valid reason and a minimum of 14-days' notice.
- Aggregators and platforms to set up a grievance redressal mechanism for grievances against the aggregator, platform or the Board.
- Aggregators and platforms are required to pay a welfare fee of 1 - 5% of the payments to gig workers, which has to be tracked in the "Payment and Welfare Fee Verification System."

Legality of Minimum Tenure Clauses in Employment Contracts

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

In *Vijaya Bank v. Prashant B. Narnaware* (2025 INSC 691), the Supreme Court of India (SC) upheld the enforceability of a minimum service clause in an employment contract. The case involved an employee who was promoted to Senior Manager at a bank in 2008, subject to a condition requiring a minimum service period of three years. The contract stipulated that if the employee resigned prematurely, they would be liable to pay INR 200,000 as liquidated damages. In 2009, the employee resigned to join another bank and paid the amount under protest. The employee subsequently challenged the clause, arguing that it violated Sections 23 and 27 of the Indian Contract Act, 1872, as well as Articles 14 and 19(1)(g) of the Indian Constitution.

The Karnataka High Court held that the clause amounted to an unlawful restraint of trade and directed the employer to refund the amount. However, the SC reversed this decision, ruling that the minimum service clause did not constitute a restraint of trade, as it applied only during the term of employment and did not restrict future employment opportunities. The Court further held that the clause was neither unconscionable nor contrary to public policy. It emphasized that public sector banks face significant challenges in recruitment, which is both time-consuming and costly. Given the employee's senior middle management position, the Court found the INR 200,000 fee to be reasonable.

Employer Liability for Nonremittance of Contributions for Employee State Insurance

Precedential Decision by Judiciary or Regulatory Agency

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

In *Ajay Raj Shetty v. Director and Anr.* (2025 INSC 500), the Supreme Court of India (SC) held that the term "principal employer" includes any individual who exercises supervisory and managerial control over an entity, including the owner or occupier of a factory or a managing agent. Regardless of official designation, such individuals can be held liable for the nonremittance of deducted contributions under the Employees' State Insurance Act, 1948 (ESI Act).

The case involved the conviction of a company employee for failing to deposit employees' contributions with the Employees' State Insurance Corporation. The appellant challenged the conviction before the SC, arguing that they were employed only as a 'Technical Coordinator'. However, the SC interpreted the definition of "principal employer" to include any personnel exercising supervision and control over an entity, and upheld the conviction issued by the lower court.

UK-India Double Contributions Convention

New Regulation or Official Guidance

Authors: Vikram Shroff, Partner, and Nipasha Mahanta, Associate – AZB & Partners

As part of a free trade agreement negotiation, India and the UK have agreed to negotiate a reciprocal Double Contributions Convention (DCC). The DCC will benefit business and trade by ensuring that employees moving between the UK and India, and their employers, will be liable to pay social security contributions only in one country. The DCC will ensure that employees working in another country on a temporary basis for a period up to three years shall continue paying social security contributions in their home country.

Indonesia

Indonesia Revamps Work Visa Rules Under New 2025 Immigration Decree

New Order or Decree

Author: Stephen Igor Warokka, Partner – SSEK Law Firm

Indonesia has overhauled its visa framework with MOIC Decree No. M.IP-08.GR.01.01 of 2025, which was effective June 2, 2025, streamlining visa categories for greater clarity and efficiency. For employers and foreign workers, key changes include the consolidation of numerous sector-specific work visas and stricter limits on foreign investment and education-related activities under general work permits. The decree also merges digital sector roles, making compliance easier but requiring closer attention to permitted activities.

Understanding Indonesia's Seafarers Employment Agreement (PKL)

New Regulation or Official Guidance

Author: Indrawan Dwi Yuriutomo, Senior Associate – SSEK Law Firm

Indonesia's Seafarers Employment Agreement (PKL) governs maritime employment and ensures legal protection for seafarers, with mandatory clauses, specific formats, and clear dispute resolution guidance. Unlike general employment agreements, the PKL includes additional safeguards tailored to the unique risks of seafaring, such as limits on service duration, repatriation rights, and compensation in cases of shipwreck. A recent Supreme Court decision confirmed that ship masters must be engaged under permanent contracts, and Circular Letter No. 2/2024 clarifies labor court jurisdiction for PKL-related disputes.

Termination During Probation May Now Require Court Approval

Precedential Decision by Judiciary or Regulatory Agency

Author: Indrawan Dwi Yuriutomo, Senior Associate – SSEK Law Firm

Under Indonesian law, probation periods of up to three months are allowed only for indefinite-term employees and must be stated in writing. While termination during probation was previously exempt from court approval, a recent Constitutional Court decision (No. 168/PUU-XXI/2023) suggests that such termination may now require a final ruling from an industrial relations dispute resolution institution, aligning probationary dismissal with general employment termination procedures. No official guidance yet confirms how this applies in practice.

Ireland

Gender Pay Gap Regulations Published

New Regulation or Official Guidance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner – Littler

The 2025 gender pay gap regulations have been published which confirm that employers with 50 or more employees will be required to publish a gender pay gap report for the 2025 reporting period. Under the regulations, employers must now publish the report in November (previously December) based on their chosen snapshot date. (S.I. No. 212/2025 - Employment Equality Act 1998 (Section 20A) (Gender Pay Gap Information) (Amendment) Regulations 2025)

Statutory Sick Pay

New Regulation or Official Guidance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner and Head of Employment – Littler

The Minister for Enterprise, Tourism and Employment has recently announced that the anticipated increase of Statutory Sick Pay (SSP) from five to seven days will not commence in 2025. This is intended to provide a measure of relief to business owners who have raised concerns about the cumulative impact of such measures in light of rising labor, input and energy costs.

Auto-Enrollment Pension System Postponed

New Regulation or Official Guidance

Authors: Lisa Collins, Associate, and Niall Pelly, Partner and Head of Employment – Littler

The introduction of the auto-enrollment pension system has been postponed to January 1, 2026 to align with the tax year. This means that contributions to the program will be required for eligible employees from the first payroll run following January 1, 2026. The program will be administered by the National Automatic Enrollment Retirement Savings Authority (NAERSA).

Employment (Contractual Retirement Ages) Bill 2025

Proposed Bill or Initiative

Authors: Lisa Collins, Associate, and Niall Pelly, Partner and Head of Employment – Littler

This proposed new legislation states that that an employer may not enforce a contractual retirement age which is below the State Pension Age (currently 66), if the employee does not consent to retire. If enacted, this will create a new employment right for employees, and a failure to respond to an employee's request to work until the State Pension Age will be a criminal offence.

Protection of Employees (Employer's Insolvency) (Amendment) Bill 2025

Proposed Bill or Initiative

Authors: Lisa Collins, Associate, and Niall Pelly, Partner and Head of Employment – Littler

This Bill seeks to remedy current legislative deficiencies in "informal" insolvency scenarios, i.e. situations where companies have ceased trading but have not gone through a formal winding up process in the courts.

The Bill would allow for a two-year claim period for workers affected by informal insolvency to recoup money owed to them for what are termed "historical deemed insolvencies" within a period stretching back to 1983.

Under this Bill, an employee will be able to apply to have their employer deemed insolvent for the purpose of accessing the insolvency payments. An employee will be able to serve formal notice on their employer and give them a reasonable period to pay any moneys due. If the employer fails to pay, the employee can then apply to have the employer deemed insolvent. When an application for deemed insolvency is received, the employer will be notified and given a chance to participate in the process. The test used to deem employer's insolvency is whether they have ceased trading.

The Bill will also correct a legislative deficiency for people who are owed compensation from an informally insolvent employer for findings of gender discrimination.

Employment Permits Online System (EPOS) Is Live

Important Action by Regulatory Agency

Authors: Lisa Collins, Associate, and Niall Pelly, Partner and Head of Employment – Littler

On April 28, the Department of Enterprise, Trade and Employment (DETE) launched a new Employment Permits Online System (EPOS) which is expected to significantly change the way employment permits are submitted, processed and issued.

The new portal allows submissions for employment permits by employers, employees or agents. Registration is required to access the portal, which for employers includes providing key documents such as Revenue and Companies Registration Office (CRO) details. Requests from DETE will be issued via email from the EPOS. The portal can be used to submit requests relating to a particular application. For employers who need to access the EPOS, early registration is important to avoid delays in processing applications. Employers should interact with the system's features and functionalities to ensure familiarity and update internal procedures to align with the new system. Staff members should be trained on how to navigate the platform and perform critical tasks.

Israel

Installing Surveillance Cameras in the Workplace in Light of Employees' Right to Privacy

Precedential Decision by Judiciary or Regulatory Agency

Author: Michal Feinberg Doron, Partner – N. Feinberg & Co.

In a recent ruling, the Israeli National Labor Court addressed the balance between an employee's right to privacy and an employer's authority to install surveillance cameras. The case involved an employee who resigned after cameras were placed near their workstation, claiming this constituted a substantial deterioration in working conditions and justified severance pay. The employer argued the cameras were installed in response to a sexual harassment complaint and served a legitimate purpose.

The Court established a five-part test to assess the legality and proportionality of workplace surveillance: legitimacy of purpose, relevance of method, proportionality of intrusion, due process including consultation, and informed consent. It emphasized that meaningful consent requires transparency and a clear policy. Applying these principles, the Court found the camera placement near the employee's workstation to be a significant change in working conditions, rendering the resignation equivalent to dismissal and entitling the employee to severance pay under Israeli law.

Compensation Granted to Female Employee for Gender Discrimination and Equal Pay Violation

Precedential Decision by Judiciary or Regulatory Agency

Author: Michal Feinberg Doron, Partner – N. Feinberg & Co.

The Regional Labor Court upheld a female employee's claim of gender discrimination and violation of the Equal Pay for Female and Male Employees Law (the Equal Pay Law). The employee, a blood-donation technician, argued that she was assigned fewer opportunities and less desirable work compared to her male colleagues, who were assigned to roles such as ambulance driving, even though she held the necessary driver's license and was available for work. She claimed this impacted both her salary and promotion opportunities.

The court found that the plaintiff's work was of equal value to that of her male peers under the Equal Pay Law, as it involved the same responsibilities, effort, and skill. Data revealed a consistent and significant disparity in workload and pay between the plaintiff and the male employees. Accordingly, the burden shifted to the employer to justify the pay gap with objective reasons. However, the employer failed to provide sufficient justification for the gap: It did not provide explanations for the differences in shifts, did not bring testimony from the direct supervisor, and failed to show that the employee refused shifts or driving duties. Moreover, evidence supported the existence of a gender-biased approach by the supervisor, who preferred assigning driving tasks to men.

The court emphasized that under the Equal Employment Opportunities Law, discriminatory intent is not required—only a discriminatory outcome. The employee was awarded compensation under both the Equal Pay Law and the Equal Employment Opportunities Law.

Italy

Privacy Authority: Employer May Not Use Fingerprints for Employee Attendance

Precedential Decision by Judiciary or Regulatory Agency

Authors: Carlo Majer, Partner, and Alessandra Pisati, Associate – Littler

On March 27, 2025, the Privacy Authority issued a ruling, published in Newsletter No. 536 of June 25, 2025, affirming that the use of biometric data in the workplace is only allowed if it is provided for by a specific rule that protects employees' rights. The use of the biometric data must respond to a public interest and meet criteria of necessity and proportionality with respect to the objective pursued.

On this premise, the Privacy Authority sanctioned a company for employing a biometric recognition system that, for the purpose of confirming attendance and preventing damage and vandalism, required the use of fingerprints of administrative staff. The employees involved were those who had given their consent and did not intend to use traditional ways of confirming attendance.

In noting the violation of Italian and European privacy legislation, the Privacy Authority established that the systematic, generalized and undifferentiated use of biometric attendance detection systems may not be considered proportionate, due to the invasiveness of these forms of verification and the implications arising from the particular nature of the data. The lack of a suitable legal basis for the processing of biometric data, may not be overcome by the consent of employees, which is not, as a rule, a valid basis for the processing of personal data in the workplace, whether public or private, because of the asymmetry between the parties to the employment relationship.

Supreme Court: No Monthly Advance of TFR (end-of-service allowance)

Precedential Decision by Judiciary or Regulatory Agency

Authors: Carlo Majer, Partner, and Giorgia Imperatori, Senior Associate – Littler

In judgment no. 13525/2025 dated May 20, 2025, the Italian Supreme Court ruled that employers cannot advance severance pay (TFR) to employees on a monthly basis through regular payroll.

TFR is governed by Article 2120 of the Civil Code, which provides that this amount—excluded from social security contributions—is accrued throughout the employment relationship and paid upon termination, except in specific one-time situations where a single advance is allowed for extraordinary reasons, such as major medical expenses or purchasing a first home. The same article allows for "more favorable conditions" to be agreed upon by the parties. However, the Court clarified that this flexibility may only extend to broadening the legal grounds for a single advance of up to 70% of the accrued TFR and within statutory limits. It does not authorize ongoing, monthly payments without a specific and justified reason. According to the Court, such a practice would distort the deferred nature and legal function of TFR.

Importantly, the Court also stated that even if monthly TFR advances occur without legal basis or specific cause, they cannot automatically be reclassified as regular wages subject to social security contributions. Instead, they may be considered undue payments, which the employer could potentially recover from the employee.

The Italian Data Protection Authority Rules on the Unlawful Retention of Corporate Email Metadata and Internet Browsing Logs

Legal Compliance

Authors: Carlo Majer, Partner, and Debhora Scarano, Associate – Littler

In Decision No. 243 of April 29, 2025, the Italian Data Protection Authority (*Garante Privacy*) reaffirmed that employers may collect employees' internet browsing logs and email metadata only under specific conditions and with proper safeguards. Consistent with a 2024 decision, the Authority reiterated that such data may be retained for a maximum of 21 days unless extended under Article 4 of Law No. 300/1970, which requires either a union agreement or authorization from the local Labor Inspectorate. In this case, the employer retained email metadata for 90 days and browsing logs for 12 months, resulting in significant financial penalties.

Metadata includes details such as sender and recipient addresses, IP addresses, timestamps, message size, and potentially subject lines. Browsing logs track visited IPs and URLs. The Authority emphasized that employers must inform data subjects, assess legitimate interest, and conduct a data protection impact assessment to evaluate and mitigate risks.

Kenya

Key Employment Law Updates: Disability Inclusion and Immigration Reforms

New Legislation Enacted

Authors: Sonal Tejpar, Partner and Head of Employment, and Edwina Warambo, Senior Associate – ALN Kenya

Kenya has seen two major employment law developments in 2025. The Persons with Disabilities Act, effective May 27, 2025, requires employers with 20 or more employees to reserve at least 5% of positions for persons with disabilities. To support this mandate, private employers may claim a 25% tax deduction on wages paid to such employees, along with additional deductions of up to 50% for workplace modifications or special services. This Act replaces the 2003 version, which did not impose a mandatory quota.

Separately, the Kenya Citizenship and Immigration (Amendment) Regulations, 2024, became operational in May. The State Department for Immigration introduced new work permit categories, including the Class N Digital Nomad Permit. This permit allows remote workers employed by foreign companies to live and work in Kenya, provided they earn at least USD 24,000 annually and do not engage in any income-generating activities for Kenyan entities.

A new Class P Permit was also introduced for staff of accredited international organizations, including the UN and diplomatic missions, assigned to neighboring hardship countries. This permit allows such individuals to reside in Kenya with their families while working across the border.

Kingdom of Saudi Arabia

Ministerial Resolution: Saudization for the Tourism Sector

New Legislation Enacted

Authors: Sara Khoja, Partner, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co.

The Ministerial Resolution No. 137440 mandates increasing the employment of Saudi nationals in various tourism roles, aligning with broader goals to match workforce development with academic output.

The resolution applies to all private tourism-sector entities licensed by the Ministry of Tourism. It introduces a three-phase Saudization schedule. Phase 1, effective April 22, 2026, requires 100% Saudization for front desk and administrative roles, 70% for strategic positions like tour guides and PR specialists, and 50% for operational roles such as ticket sellers. Phase 2 begins on March 1, 2027, mandating 30% Saudization for specialized chef positions. Phase 3 starts on 1 January 2028, requiring 50% Saudization for senior management roles, including hotel managers and F&B directors.

Saudization targets are calculated by job role, not job title, and employers must meet the quotas by each phase's deadline. While grace periods are provided before enforcement, companies are expected to comply or face penalties, which also apply to outsourced roles. To support implementation, the Ministry of Human Resources and Social Development (MHRSD) offers recruitment assistance, training programs, and incentives.

MHRSD Decision on Controls for Announcing Job Vacancies and Conducting Job Interviews

New Legislation Enacted

Authors: Sara Khoja, Partner, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co.

The Saudi Ministry of Human Resources and Social Development (MHRSD) issued ministerial decision No. 45328 Dated 1446/04/03 titled "Controls for Announcing Job Vacancies and Conducting Job Interviews." This decision aims to regulate the process of job vacancy announcements and interview procedures in private sector establishments subject to the labor law in the Kingdom of Saudi Arabia.

Key Highlights:

- **Scope:** The decision applies to all private employers and recruitment platforms (e.g., TAQAT, the Human Resources Development Fund's online national jobs portal)
- **Job Ads Must Include:** Job title, qualifications, location, salary range (if applicable), benefits, hours, and clear application deadlines
- **Ads Must Be:** Nondiscriminatory and published on licensed platforms, prioritizing Saudi applicants
- **Interview Process:** Must be merit-based, documented, and fair; candidates must be notified of outcomes, with reasons for rejection provided if requested
- **Enforcement:** The Ministry may audit compliance. Violations could lead to warnings, fines, recruitment suspension, or blacklisting

New Employer Obligations and Fines under Ministerial Decision No. 75913

New Legislation Enacted

Authors: Sara Khoja, Partner, and Sarit Thomas, Knowledge Management Counsel – Clyde & Co.

The Saudi Ministry of Human Resources and Social Development (MHRSD) has introduced three new labor violations and updated penalties for existing ones. Employers must now disclose contracts with government entities or companies that are over 51% state-owned within six months of award. They are also required to update employee and contract data every six months and comply with MHRSD rules on job advertising and interviews to ensure fair hiring practices.

Fines for noncompliance vary by company size:

- SAR 5,000 (Category A – 50+ workers)
- SAR 3,000 (Category B – 21–49 workers)
- SAR 1,000 (Category C – ≤20 workers)

Fines for failure to update contract and employee data semi-annually: SAR 3,000 (A), SAR 2,000 (B), SAR 1,000 (C).

Fines for noncompliance with job advertising and interview rules: SAR 3,000 (A), SAR 2,000 (B), SAR 1,000 (C).

Lebanon

Labor Law Definitions Expanded to Cover Informal and Nontraditional Work

New Legislation Enacted

Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

On May 9, 2025, Lebanon enacted Law No. 3/2025, amending Articles 1 and 2 of the 1946 Labor Law to broaden the definitions of "employer" and "worker." The revised definition of "employer" now includes any natural or legal person employing a worker under a written or verbal contract, with compensation in any form—including monetary, in-kind, or profit-sharing. This change ensures that informal and non-standard employment relationships are legally recognized.

Article 2 now defines a "worker" as any individual, including minors, performing wage-based work—whether full-time, part-time, seasonal, or remote—regardless of whether they use their own tools or equipment. These amendments extend legal protections to freelancers, remote workers, and others previously excluded from the law's scope, enhancing clarity and coverage across diverse employment arrangements.

Flexible Work Models Legalized with Clear Protections

New Legislation Enacted

Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

The amendment to Article 12 introduces a legal framework for flexible work arrangements, including remote work, compressed schedules, and part-time employment. Employment contracts are now valid regardless of work location, and compressed schedules are allowed by mutual agreement, provided weekly hours do not exceed 48. Part-time work is defined as one-third to two-thirds of full-time hours, with clear terms required for job duties, hours, and pay.

Part-time workers may work overtime up to 10% beyond agreed hours, with a 50% pay premium. Full-time employees may temporarily shift to part-time for study or post-maternity leave, with employer consent. Part-time workers also have priority for full-time roles when available. These changes offer employers greater flexibility while safeguarding employee rights.

New Protections for Remote, Seasonal, and Part-Time Workers

New Legislation Enacted

Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

The amendment to Article 12 of the Lebanese Labor Law introduces a comprehensive framework for flexible employment arrangements. It formally recognizes remote work, allowing employment contracts to remain valid regardless of work location. Compressed work schedules are permitted by mutual agreement, provided weekly hours do not exceed 48 and daily breaks are maintained. Part-time employment is now defined as working between one-third and two-thirds of full-time hours, with employers required to clearly outline job duties, hours, and wages.

Additional provisions support adaptability for both employers and employees. Part-time workers may work up to 10% beyond agreed hours, or more if mutually agreed, with a 50% pay premium. Full-time employees may temporarily shift to part-time status for up to two years for study or one year following maternity leave, subject to employer consent. Part-time workers are also given priority for transitioning to full-time roles when available. Seasonal work is defined as employment tied to business needs over a period not exceeding six months and is treated as a fixed-term contract.

Remote and seasonal part-time workers are entitled to the same rights as full-time on-site employees under the Labor Law and Social Security Law, with benefits calculated on a pro-rata basis. Employers must maintain accurate records of employee details, including contract type, hours, and job functions, which serve as verification tools for labor inspectors. Future decrees will regulate labor inspections for remote work and define social security benefits and financing methods for part-time seasonal remote workers, ensuring compliance and equitable treatment across all work arrangements.

Amendment of Family Allowances and Maximum Earning Limits for Calculating NSSF Contributions

New Order or Decree

Authors: Fadi Nader, Partner, and Maya Moughanni, Partner – Bridge Legal Group

Effective July 19, 2024, Decree No. 422 issued by the Council of Ministers on June 10, 2025, introduced key changes to the National Social Security Fund (NSSF) provisions governing family and school allowances. These amendments aim to align benefit structures and contribution calculations with current economic conditions and cost-of-living realities.

Under Article 68, Section 2 of the National Social Security Law, the maximum earnings used to calculate contributions for the Family and School Allowance Branch have been raised to LBP 18,000,000. Additionally, Articles 46 to 48 revise monthly family allowances, now capped at LBP 4,500,000. This includes LBP 1,200,000 for a spouse and LBP 660,000 per child, up to five children.

These updates are intended to enhance financial support for families while ensuring the sustainability of the NSSF system. These changes may require updates to payroll systems and internal processes to reflect the revised thresholds and benefit caps.

Malaysia

Holding Companies and Directors May Be Joined in Unjust Dismissal Claims

Precedential Decision by Judiciary or Regulatory Agency

Author: Adryenne Lim Sue Yee, Associate – Skrine

In *Goh Shu Wei & Ors v. Natasya Elmi bt Mohd Nawam* [2025] MLJU 1537, the respondent filed an unjust dismissal claim after alleging constructive dismissal. When the employer company was later dissolved, the respondent applied to the Industrial Court to join the company's holding entity and its directors as parties to the proceedings. The Industrial Court allowed the application, and the High Court upheld the decision on appeal.

The High Court, relying on precedent, found that the legal requirements for joinder were met. It held that there was a sufficient factual and legal nexus between the respondent, the holding company, and its directors, who owned and controlled the dissolved company. The court also found that the joinder was necessary to ensure the enforceability of any Industrial Court award.

The High Court rejected the argument that lack of privity of contract shielded the directors and holding company from liability. Since the original employer had been dissolved and could no longer comply with any award, the court concluded that without piercing the corporate veil, the proceedings would be ineffective unless the additional parties were joined.

Retirement Age Currently Under Review

Proposed Bill or Initiative

Author: Adryenne Lim Sue Yee, Associate – Skrine

The Ministry of Human Resources has announced that it is currently reviewing a proposal to raise the retirement age in Malaysia from 60 to 65 years.

Certain Provisions of the Personal Data Protection (Amendment) Act 2024 Now in Effect

Legal Compliance

Author: Adryenne Lim Sue Yee, Associate – Skrine

As of April 2025, Sections 2, 3, 4, 5, 8, 10, and 12 of the Personal Data Protection (Amendment) Act 2024 have come into force. Among the key changes relevant to employers is the expanded definition of "sensitive personal data," which now includes biometric data. This refers to personal data derived from technical processing of physical, physiological, or behavioral traits—such as fingerprints. Employers processing such data must meet stricter requirements, including obtaining explicit consent from employees.

The amendments also permit cross-border transfers of personal data, provided certain conditions are met. These include ensuring that the receiving jurisdiction has data protection laws substantially similar to Malaysia's Personal Data Protection Act 2010 (PDPA).

Mexico

New Law on Personal Data Protection

New Legislation Enacted

Author: Estefanía Rueda García, Shareholder – Littler

On March 20, 2025, the new Federal Law on the Protection of Personal Data Held by Private Parties (FLPPD) was published. This law went into effect on March 21, and contains important changes in terms of privacy, including the elimination of the National Institute of Transparency, Access to Information and Protection of Personal Data, the responsibilities of which will now be assumed by the Anti-Corruption and Good Government Ministry.

The FLPPD now includes the following new obligations for those responsible for processing personal data:

1. A simplified version of the privacy notice must now be provided to data owners when their information is obtained through electronic or technological means. The privacy notice must also reference how data owners may consult the full version of the privacy notice.
2. Controls or mechanisms must be established to ensure that third parties involved in the processing of personal data keep the information confidential, even after the relationship between the controller of the data and the third party has ended.
3. The protection of personal data must be promoted within the organization.

The changes also include data owners' rights to update their personal data, as well as the right to object to the automated processing of personal data when it significantly affects their rights.

Lastly, the law also requires the establishment of district courts and specialized courts in data privacy matters within 120 calendar days of the law's effective date, in order to resolve the requests for constitutional remedies (amparo petitions) filed by individuals.

New Zealand

Proposed Bill Seeks to Redefine "Employee" Status

Proposed Bill or Initiative

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

The Employment Relations Amendment bill, introduced in June 2025, proposes a clearer distinction between employees and independent contractors. A new category—"specified contractor"—would be excluded from the definition of "employee" if certain conditions are met. These include having a written agreement, freedom to work for multiple clients, flexibility in scheduling, and the ability to subcontract work.

To qualify, the contractor must also be given a reasonable opportunity to seek independent advice before entering the arrangement. This change aims to provide legal clarity for non-traditional work relationships while maintaining safeguards for genuinely independent contractors.

The bill was introduced to the New Zealand Parliament on June 17, 2025 and is currently under parliamentary consideration.

High Income Employees May Lose Right to Challenge Dismissals

Proposed Bill or Initiative

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

The Employment Relations Amendment bill introduces a high income threshold of NZD $180,000 (approx. USD $110,000), above which employees would generally be excluded from bringing personal grievances for unjustified dismissal. Employers would not be required to provide reasons for dismissal or offer an opportunity to respond unless otherwise agreed in the employment contract.

A 12-month transition period would apply to existing agreements, and the threshold would be indexed annually. However, employers and employees could still choose to retain grievance protections contractually, regardless of income level.

Proposed Reforms to Personal Grievance Process

Proposed Bill or Initiative

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

The Employment Relations Amendment bill proposes significant changes to how personal grievances are assessed. Remedies would be denied in cases of serious misconduct, and reinstatement or compensation would not be available if the employee contributed to the grievance. The Employment Relations Authority and courts would have the discretion to reduce remedies by up to 100%.

Additionally, procedural flaws in the dismissal process would not automatically render a dismissal unjustified unless the employee was treated unfairly as a result. These changes aim to shift focus toward substantive fairness over procedural technicalities.

Proposed Changes to Employer Obligations in Union Bargaining

Proposed Bill or Initiative

Authors: Michael Whitbread, Of Counsel, and Naomi Seddon, Shareholder – Littler

The Employment Relations Amendment bill proposes to remove the "30-Day Rule," which currently requires nonunion employees to be employed under collective agreement terms for their first month. Instead, employers would need to inform new hires of any applicable collective agreements and how to contact the relevant union.

Employers would no longer be required to distribute union materials or collect "active choice" forms from new employees. Trade unions would also lose the authority to dictate what information employers must provide to new hires. These changes aim to streamline employer obligations while preserving employee access to union information.

Nigeria

Pension Clearance Required: New Compliance Obligations for Employers in Commercial Transactions

New Regulation or Official Guidance

Authors: Ugonna Ogbuagu, Partner, and Tanimola Oyekan, Associate – ÆLEX

On May 22, 2025, the National Pension Commission (PenCom) issued a circular requiring all Licensed Pension Fund Operators (LPFOs) to ensure that their vendors, service providers, and business counterparts are compliant with the Pension Reform Act 2014 (PRA), particularly with respect to the statutory obligation to remit pension contributions for employees. The directive covers both operational contracts and financial transactions, and mandates that employers doing business with LPFOs must also obtain and submit an annual Compliance Attestation, confirming adherence to their pension obligations under Section 2 of the PRA.

In an addendum to the circular, PenCom clarified that a valid Pension Clearance Certificate (PCC) will now serve as the primary proof of compliance. This requirement applies not only to vendors but also to parent companies, subsidiaries, and institutional shareholders. For employers, this underscores the growing legal and reputational risks of non-compliance with employee pension obligations. Beyond financial transactions, the directive marks a broader regulatory shift by establishing pension compliance as a foundational requirement for doing business across both public and private sectors. A six-month transition period has been provided, following which full enforcement will take effect.

The Informal Sector Employment Agents (Registration & Licensing) Bill

Proposed Bill or Initiative

Authors: Ugonna Ogbuagu, Partner, and Adejumoke Ademola, Senior Associate – ÆLEX

In May 2025, the Nigerian Senate passed the Informal Sector Employment Agencies (Regulation) Bill through second reading. The Bill proposes a regulatory framework for individuals and entities engaged in placing workers, such as domestic staff, apprentices, and casual laborers, into informal roles, through mandatory registration, licensing, and compliance with defined labor standards.

The proposed Bill addresses systemic gaps in legal protection for informal workers and seeks to introduce enforceable obligations on employment agents to provide fair and transparent contract terms, ensure timely payment of wages, maintain grievance resolution mechanisms, and uphold minimum workplace standards. Oversight and enforcement responsibilities would be vested in the National Directorate of Employment (NDE), which would be empowered to maintain a national register of licensed agencies and deploy compliance monitoring systems.

Although the National Industrial Court of Nigeria has increasingly affirmed the rights of domestic and informal workers, the establishment of a statutory framework would meaningfully bridge the gap in visibility and protection by extending formal regulatory oversight to a historically unregulated segment of the workforce.

The bill is currently under committee review, with strong support from labor advocates and civil society stakeholders.

Norway

General Age Limit Raised to 72

New Legislation Enacted

Authors: Ole Kristian Olsby, Partner, and Kamilla Marthinsen, Associate – Littler

Effective January 1, 2026, the age when a public sector employer can legally terminate an employee will be increased from 70 to 72. The ability to set lower company-specific age limits under the Working Environment Act will be abolished.

Ruling by Oslo District Court on Platform Workers

Precedential Decision by Judiciary or Regulatory Agency

Authors: Ole Kristian Olsby, Partner, and Kamilla Marthinsen, Associate – Littler

Oslo District Court has delivered a ruling in a case concerning couriers for a digital food delivery platform are employees or independent contractors. The decision was divided, with a majority (2) and a dissenting minority (1). The majority concluded that the couriers were subject to the company's control and management to such a degree that they required the protection provided by the Working Environment Act. The court did not consider it decisive that the couriers were free to choose when to work, that they could log on and off the app at will, or that they had no obligation to accept assignments while logged in. The decision is not final and has been appealed.

Ruling by the Supreme Court on Pensionable Income in the Public Sector

Precedential Decision by Judiciary or Regulatory Agency

Authors: Ole Kristian Olsby, Partner, and Kamilla Marthinsen, Associate – Littler

The Norwegian Supreme Court has delivered a judgment on the rules governing the determination of pensionable income in the public sector, cf. HR-2025-625-A. The ruling clarifies the distinction between income classified as "fixed" earnings and "variable income" or "supplements to income". The latter two are only included in the pension base if expressly provided for in a collective bargaining agreement.

Peru

Law for the Formalization, Development and Competitiveness of Micro and Small Companies

New Legislation Enacted

Authors: César Gonzáles Hunt, Partner, and Amable Vasquez Baiocchi, Associate – Philippi Prietocarrizosa Ferrero DU & Uría

On May 27, 2025, Peru enacted Law No. 32353, the "Law for the Formalization, Development, and Competitiveness of the Micro and Small Enterprise (MYPE)", establishing a new regulatory framework to support the growth and formalization of micro and small businesses. While labor rules for MYPEs remain largely aligned with those for other companies, the law introduces a key change regarding labor regime transitions.

Under the new provision, a micro or small company that exceeds the maximum sales threshold for its current special labor regime may remain under that regime for up to three additional years before transitioning to the general labor regime. This grace period aims to ease the administrative and financial burden of sudden regulatory shifts. Additionally, companies may revert to the special regime if their sales fall back within the qualifying limits.

Modification of the Compensation for Time of Services Law

New Legislation Enacted

Authors: César Gonzáles Hunt, Partner, and Amable Vasquez Baiocchi, Associate – Philippi Prietocarrizosa Ferrero DU & Uría

Law 32322 published on May 8, 2025 modifies the Supreme Decree 650, Law for the Compensation for Time of Services (CTS). This benefit serves as a form of unemployment compensation that employees can withdraw only at the time of termination of the employment relationship. The new law allows an employee who has been diagnosed with a terminal disease or cancer to withdraw the CTS funds if the diagnosis has been substantiated to the employer.

The law also allows all employees who own a CTS account to make a one-time withdrawal until December 31, 2026.

Repeal of the Obligation to Have a Social Worker

New Order or Decree

Authors: César Gonzáles Hunt, Partner, and Amable Vasquez Baiocchi, Associate – Philippi Prietocarrizosa Ferrero DU & Uría

Supreme Decree 005-2025-TR, published on June 14, 2025 repeals Supreme Decree 009-65 which required employers with over 100 employees to hire a licensed and registered social worker and provided that not having a social worker constituted a serious infraction.

This repeal is a consequence of Supreme Decree 059-2025-PCM, published in May, 2025, which required all government entities to repeal or modify all legal provisions that were declared illegal bureaucratic barriers by the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI).

Modification of Life Insurance for Former Employees

New Order or Decree

Authors: César Gonzáles Hunt, Partner, and Amable Vasquez Baiocchi, Associate – Philippi Prietocarrizosa Ferrero DU & Uría

Supreme Decree 003-2025-TR published on May 7, 2025, modified the Regulation of Law 29549 regarding mandatory life insurance for ex-employees. The new Decree provides that the conditions for the insurance will be established by the Superintendency of Banking, Insurance and Private Pension Fund Managers.

It also eliminates the following:

- The requirement to maintain the life insurance policy only until the person has a new employer
- The requirement that the life insurance obtained by ex-employees who were hired before Law 29549 will be maintained as originally obtained
- That the lack of timely payment of the insurance premium results in the loss of the insurance

Philippines

New Occupational Health and Safety Rules

New Regulation or Official Guidance

Authors: Emerico O. de Guzman, Of Counsel, and Franchesca Abigail C. Gesmundo, Senior Associate – Angara Abello Concepcion Regala and Cruz Law Office

The Department of Labor and Employment (DOLE) issued Department Order No. 252-25 (DO 252-25) or the Revised Implementing Rules and Regulations of Republic Act No. 11058 which mandated compliance with updated occupational health and safety (OSH) standards, effective May 16, 2025. The order (1) requires compliance with OSH requirements based on economic activity, industry, and establishment size; (2) addresses OSH gaps for emerging work and employment arrangements; (3) recognizes equivalencies on OSH personnel, training, and reports, and (4) provides graduated penalties and a mechanism to determine willful violation of OSH standards.

Puerto Rico

Puerto Rico Executive Order 2025-015 Targets Pilot Program for the Incorporation of Project Labor Agreements

New Order or Decree

Author: Jeylimar Fuentes Rivera, Associate – Schuster LLC | Littler

On March 19, 2025, Puerto Rico Governor Jennifer A. González issued Executive Order 2025-015, repealing parts of a previous order (EO-2022-014) that had required Project Labor Agreements (PLAs) for federally funded construction projects over $5 million. PLAs are labor contracts that set terms for employment and dispute resolution on construction projects. Under the new order, PLAs are no longer mandatory for government contracts. Contractors are free to choose their own labor arrangements, as long as they comply with the law. The governor stated this change aims to reduce bureaucracy and accelerate reconstruction efforts. The new order effect immediately.

Romania

REGES-ONLINE Compliance Required by September 30, 2025

New Order or Decree

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

Government Decision No. 295/2025 on the General Register of Employees, Romania's national employee records database known as "REGES-ONLINE," came into force on March 31, 2025. On May 9, 2025, Order No. 1107/2025 issued by the Ministry of Labor, Family, Youth and Social Solidarity also took effect, approving the access procedures for completing, submitting, and retrieving data in/from REGES-ONLINE.

The platform is mandatory for all employers and will gradually replace the existing REVISAL system. A six-month transition period has been established, during which both systems will operate in parallel. Employers must complete the transition to REGES-ONLINE by September 30, 2025.

REGES-ONLINE is a centralized digital platform for managing employment-related data in compliance with the General Data Protection Regulation. It enables the completion, transmission, consultation, and processing of employee records online.

Key features of REGES-ONLINE:

- Fully digital, centralized platform accessible via reges.inspectiamuncii.ro; no local software needed
- Enhanced data security through modern infrastructure and cybersecurity tools
- Mandatory reporting of employment contract suspensions (e.g., medical leave, absences, force majeure)
- Employees and former employees can access and download their own records via web or mobile app
- Real-time access to employment data for employers, employees, and authorities
- Stricter reporting deadlines and penalties to prevent retroactive data manipulation

New Incentive Measures Aimed at Encouraging Employers to Hire Unemployed Individuals Aged over 45 Years and Other Categories

New Legislation Enacted

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

On April 7, 2025, Law 45/2025 on amending and supplementing Law no. 76/2002 on the unemployment insurance system and employment stimulation, went into effect. The new act introduces new incentive measures for employers to employ unemployed individuals over age 45, and other categories of unemployed persons:

- Employers who employ unemployed over 45-year-olds for an indefinite period receive a monthly payment of LEI 2,250 (approx. EUR 450) for a 12 month-period, with the obligation to maintain employment or the work relationship for at least 18 months from the date of employment
- The incentive shall also be granted to employers who employ other categories of unemployed people, such as unemployed persons who are single parents, long-term unemployed persons, NEET (Not in Employment, Education, or Training) young people or persons who have not been able to work and are victims of domestic violence protected by a protection order or victims of human trafficking
- The incentive shall be granted for each employed person in any of these categories

The incentives will be granted to employers if the individuals in the above categories are registered as unemployed in the bookkeeping of the county employment agencies, of the municipality of Bucharest.

Suspension of Employment Contracts during Strikes

Precedential Decision by Judiciary or Regulatory Agency

Author: Corina Radu, Partner – SCA Magda Volonciu & Associates

On May 5, 2025, in a ruling by the High Court of Cassation and Justice established that an employee's participation in a strike automatically suspends the employment contract or the work relationship, for the duration of the employee's participation in the strike without the need for additional formalities.

The decision of the High Court of Cassation and Justice is binding on all courts from the date of its publication in the Official Gazette of Romania.

South Africa

Publication of Employment Equity Regulations

New Regulation or Official Guidance

Author: Tracy van der Colff, Partner and Head of Employment – OWP Partners

On April 15, 2025, the Minister of Employment and Labour repealed the 2014 Employment Equity Regulations and published the Employment Equity Regulations, 2025. The new Employment Equity regulations provide standardized reporting forms, templates for Employment Equity Analysis and Employment Equity plans, and enforcement tools and templates for the Employment Equity Certificate of Compliance. The Regulations provide guidelines on implementation to assist employers and employees in interpreting and applying the provisions of the Employment Equity Amendment Act.

Publication of Regulations on Sector Numerical Employment Equity Targets

New Regulation or Official Guidance

Authors: Tracy van der Colff, Partner and Head of Employment, and Tracy van der Colff, – OWP Partners

On April 15, 2025, the Minister of Employment and Labour published a notice identifying national economic sectors and the applicable sectoral numerical targets for employment of designated groups, defined by the Employment Equity Act as black people, women and people with disabilities. The regulations establish the five-year targets across eighteen economic sectors for the four upper occupational levels, Top Management, Senior Management, Professionally Qualified/Middle Management, and Skilled Technical/Junior Management. Employers who employ 50 or more employees are required to align their Employment Equity Plans with these targets and report progress annually.

South Korea

Occupational Safety and Health Act – New Employer Obligations in Korea

New Legislation Enacted

Author: Hoin Lee, Senior Attorney-at-Law, and Dahae Ku, Attorney-at-Law – Kim & Chang

Mandatory Reporting of Safety Personnel Dismissals

Effective April 29, 2025, a partial amendment to the Enforcement Decree of the Occupational Safety and Health Act (OSHA) requires employers to report the dismissal of safety officers, health officers, and occupational medicine physicians to the local labor office. Previously, only appointments were reportable. This change aims to improve oversight and ensure accurate tracking of essential safety personnel at industrial sites.

Heat and Cold Wave Protections for Workers

Starting June 1, 2025, employers must implement measures to prevent health disorders caused by prolonged work during extreme temperatures. For heatwave conditions—defined as work in environments at or above 31°C—employers must monitor and record perceived temperatures, provide clean drinking water, educate workers on heat-related illness, and respond promptly to suspected cases. Indoor workplaces must offer climate control, adjusted hours, or rest breaks; outdoor sites must provide adjusted hours or rest. If perceived temperatures reach 33°C or higher, a 20-minute break every two hours is mandatory.

Spain

New Paid Leave for Live Donors of Organs or Tissues for Subsequent Transplantation

New Legislation Enacted

Author: Raquel Romero González, Associate – Abdón Pedrajas | Littler

As of March 3, 2025, Law 6/2024, dated December 20, 2024, has introduced a new paid work leave for live donors of organs or tissues for subsequent transplantation. This leave is designed to protect the donor's health and ensure they do not suffer a loss of income during the recovery period.

Specifically, it provides for paid leave, with prior notice and substantiation, for the time necessary to prepare for the donation of organs or tissues, during working hours.

In addition, organ or tissue donors who experience temporary incapacity and are unable to work during the medical preparation for surgery, or from their hospital admission until they are discharged will receive 100% of the worker's regulatory base salary from the first day of leave.

New Interprofessional Minimum Wage for 2025

New Legislation Enacted

Author: Raquel Romero González, Associate – Abdón Pedrajas | Littler

On February12, the new professional minimum wage for 2025 was published, set at €1,184 per month in 14 payments, amounting to €16,576 annually. This represents an increase of €700 per year in the minimum wage since 2024, and a 61% rise since 2018.

The minimum wage for work in agriculture, industry and services, irrespective of the sex or age of the workers, is set at €39.47 per day or €1,184 per month, depending on whether the wage is fixed by days or months. Household employees working by the hour must receive a minimum of €9.26 for each hour worked. For casual and seasonal workers, the minimum wage is €56.08 per day when working less than 120 days for the same employer.

This new regulation will directly benefit 2.4 million workers, 65.8% of whom are women. By sector, 31% of beneficiaries are employed in agriculture, 14.3% in services, 5.9% in industry, and 3.4% in construction.

Reform of Contract Termination in Cases of Permanent Incapacity under Law 2/2025

New Legislation Enacted

Author: Martina Pérez Vergnaud, Associate – Abdón Pedrajas | Littler

On April 30, 2025, Law 2/2025 went into effect, abolishing the automatic termination of employment contracts in cases of permanent incapacity (whether total, absolute, or severe disability), repealing the former Article 49.1.e) of the Spanish Statute of Employees. Now, an employer may only terminate an employment contract where it is not feasible to implement reasonable adjustments to the employee's role or to redeploy them to a suitable position compatible with their new condition, or where the employee rejects the alternative role offered. This reform responds to recent European case law requiring reasonable accommodation prior to ending an employment relationship on the grounds of newly acquired disability.

The new Article 49.1.n) of the Statute introduces a specific procedure: the employee has ten calendar days to formally request reasonable accommodation. This triggers a three-month period during which the employer must explore reasonable adjustments or redeployment options. During this period, the employment contract is suspended. If the employer demonstrates that accommodation would entail a disproportionate burden, or that no suitable vacancies exist, the contract may be terminated without severance, by a written decision, subject to legal challenge for dismissal.

Supreme Court Confirms Right to Stock Awards in Case of Unfair Dismissal

Precedential Decision by Judiciary or Regulatory Agency

Author: Maria Luisa Riu, Associate – Abdón Pedrajas | Littler

In its recent ruling (STS 1678/2025, April 9, 2025), the Spanish Supreme Court reaffirmed that employers may not deny employees the right to receive time-based stock awards when their employment ends due to an unfair dismissal.

The case concerned a senior executive dismissed shortly before the vesting of various long-term stock awards. The Supreme Court distinguished between two types of awards: (i) those subject solely to a time-based vesting period, and (ii) those also subject to performance conditions set by the company. The Court held that the former could not be forfeited where the dismissal was declared unfair, as this would unlawfully place the fulfilment of the contract at the employer's sole discretion in breach of Article 1256 of the Civil Code.

The judgment reinforces that time-vested awards may not be invalidated by unilateral employer action, and that only performance-based incentives may if conditions are unmet, provided that these conditions are lawful and clearly set forth in the employment contract or employee handbook.

Sweden

Employee's Claim for Unpaid Vacation Pay

Precedential Decision by Judiciary or Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In AD 2025 no. 38, the Swedish Labor Court issued a ruling regarding an employee's claim for unpaid vacation pay (*semesterlön*) from their former employer who was in bankruptcy. The key legal issue concerned the allocation of the burden of proof: Specifically, whether the employer or the employee bore the responsibility to prove whether payment of vacation pay had been made to the employee.

The employer argued that the correct amount had been paid, while the employee denied receipt and claimed the outstanding amount. The Court held that, generally, the burden of proof lies with the party making the claim (*i.e.*, the employee in this case). However, the Court concluded that, in this instance, the burden rested with the employer to prove that payment had been made to the employee. The Court emphasized that the employer was in a superior position to furnish evidence of payment, compared to requiring the employee to prove that no payment had been made, which the Court recognized typically poses practical difficulties.

As the employer failed to substantiate its assertion, the Court ruled in favor of the employee. The employer was consequently ordered to pay the outstanding vacation pay as well as the employee's litigation costs.

Involvement of Safety Representatives during Business Sale and Organizational Changes

Precedential Decision by Judiciary or Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In AD 2025 No. 44, the Swedish Labor Court addressed a union's claim that a company violated the Work Environment Act by excluding safety representatives from the planning of a business sale, organizational changes, and staff reductions. The central issue was whether the employer had breached its duty to involve safety representatives in decisions affecting the work environment.

The Court found that although the parent company had planned and executed the sale, there was no evidence that the subsidiary had initiated any work environment-related changes at that time. Regarding the subsequent reorganization and redundancies, the Court held that the employer had involved safety representatives early enough—before key decisions on the new structure were made—thus meeting its legal obligations.

The Court also noted that the initial risk analysis was a draft and that conducting preliminary assessments before involving safety representatives was not unreasonable. This approach was seen as a way to support more informed discussions. As a result, the Court concluded that the company had not obstructed the safety representatives in performing their duties. The union's claim for general damages for itself and on behalf of the safety representatives was dismissed, and the union was ordered to reimburse the employer's litigation costs.

Question Regarding Employer's Breach of the Whistleblowing Act

Precedential Decision by Judiciary or Regulatory Agency

Author: Anna Jerndorf, Partner and Head of Employment – TM & Partners

In case AD 2025 no. 47, the Swedish Labor Court examined a dispute concerning whether a specialist clinic in the field of plastic surgery had violated the Whistleblowing Act (2021:890) and was liable for damages.

A plastic surgeon employed by the clinic had submitted both written and oral internal reports regarding concerns in the clinic's operations, including issues involving an anesthesiologist working at the clinic. The parties disputed whether the reported information constituted misconduct and whether it was in the public interest to disclose the information. They also disagreed on whether the employer had attempted to obstruct the reporting, whether the reporting employee had suffered retaliation, and whether the employer had failed to comply with its obligations under the Whistleblowing Act.

The Labor Court emphasized that the burden of proof lies with the claimant to demonstrate that a report regarding misconduct in the public interest, as defined by the Act, had taken place. The Court concluded that the reported concerns did not qualify as misconduct in the public interest within the meaning of the Act. Consequently, any potential attempts by the employer to prevent such reporting did not fall within the scope of the Act.

In summary, the Labor Court held that the provisions of the Whistleblowing Act were not applicable in this case and therefore dismissed the claim.

Switzerland

Unconditional Nature of the Salary and Salary Components

Precedential Decision by Judiciary or Regulatory Agency

Authors: Samuel Turtschi, Attorney-at-Law, and Dr. Ueli Sommer, Attorney-at-Law – Littler

The Swiss Federal Supreme Court recently issued a ruling on the invalidity of conditions salary components and held that a sign-on bonus qualified as fixed salary. The case in question concerned a sign-on bonus amounting to CHF 700,000, payable in three equal installments: upon hiring, 12 months after hiring and 24 months after hiring. According to the employment agreement, the sign-on bonus was subject to the condition that the employee was still employed on the due dates of the installments. In other words, the employee was only entitled to receive an installment of the sign-on bonus if his employment relationship had not been terminated at the due date. In this, case, however, the employment relationship was terminated by the employer one day before the due date of the second installment payment. Consequently, the employer refused to pay the second and third installments of the sign-on bonus.

The Federal Supreme Court ruled that the sign-on bonus was a salary component, the payment of which, unlike a "gratification" (discretionary bonus), did not depend on the employer's discretion but was contractually agreed upon as an obligation. Unlike a discretionary bonus, salary components cannot be made subject to any conditions because they are a mandatory consideration for the work performed.

As a result, the condition for payment of the sign-on bonus was deemed to be null and void and the sign-on bonus had to be paid to the employee on a pro rata basis up to the date of termination. The result is surprising because sign-on bonus payments could also be qualified as damage indemnification for loss incurred due to leaving the former employment or as an incentive to sign an employment agreement. Consequently, it is important to address the nature of sign-on bonus payments in agreements and try to make it clear that it is not consideration for any work performed. This may help to reduce the risk that clauses like the one in this case are overruled by courts.

United Kingdom

Data (Use and Access) Act 2025

New Legislation Enacted

Authors: Deborah Margolis, Senior Counsel, and Hannah Drury, Associate – Littler

On June 19, 2025, the Data (Use and Access) Act 2025 (the Act) received Royal Assent. The Act amends the UK's data protection laws and makes a number of changes, many of which will be relevant for employers, including in relation to automated decision-making, individuals' data rights, lawful processing of data and international data transfers. Although it is not a full-scale transformation, there are nonetheless some important changes of which employers should be aware. In addition, although the core principles and protections of EU GDPR (which were largely replicated in UK law at Brexit) remain, there are now some differences. Most of the changes are subject to secondary legislation and will go into effect over staggered implementation dates, although some changes are already in effect.

Supreme Court Ruling In For *Women Scotland Ltd v. The Scottish Ministers*

Precedential Decision by Judiciary or Regulatory Agency

Author: Ben Rouse, Associate – Littler

In *For Women Scotland Ltd v. The Scottish Ministers*, The UK Supreme Court ruled that the terms "sex," "man," and "woman" in the Equality Act 2010 refer to a person's biological sex (i.e., the sex of a person at birth). The court unanimously decided, having undertaken an exercise in statutory interpretation, that these terms do not extend to include the acquired sex or gender of trans men and trans women who have obtained a Gender Recognition Certificate (GRC) under applicable law. The court, however, noted, "the decision does not cause disadvantage to trans people, with or without a GRC," and that trans men and trans women would have other protections under the legislation.

This is a significant decision, which may impact employers regarding certain workplace facilities or related policies.

New Restrictions on Use of Confidentiality Provisions Become Effective on October 1, 2025

New Regulation or Official Guidance

Author: Jenny Allen, Associate – Littler

Effective October 1, 2025, Section 17 of the Victims and Prisoners Act 2024 will void any contractual clause that restricts a "victim"—or someone who reasonably believes they are a victim—from disclosing information to specified individuals or organizations. These include police, qualified lawyers, victim support services, and others, for defined purposes. The list of permitted recipients may be expanded through regulations. The Act defines "victim" broadly to include anyone who has experienced physical, emotional, mental, or economic harm as a direct result of criminal conduct, including those who witnessed or otherwise directly experienced its effects. "Criminal conduct" refers to any offense, regardless of whether it has been reported or prosecuted.

The government has issued nonstatutory guidance to support understanding of these changes. Organizations that use confidentiality provisions or non-disclosure agreements may wish to review their templates and practices to ensure they align with the new requirements.

Upcoming Immigration Changes: Key Impacts for Employers

New Regulation or Official Guidance

Authors: Vanessa Ganguin, Partner (Consultant), and Ben Maitland, Associate (Consultant)– Littler

In May 2025, the UK Government released its Immigration White Paper outlining major reforms to the immigration system. The first wave of changes, set out in the Statement of Changes in Immigration Rules, will take effect on July 22, 2025, and will significantly impact hiring practices across sectors.

Key updates include:

- Social care providers will no longer be able to recruit care workers from overseas However, visa extensions and in-country switching will remain available until July 22, 2028, for eligible workers already in the UK
- The Skills Threshold for Skilled Worker visas will be raised, removing 111 occupations from eligibility unless the worker is already in the UK
- Immigration Salary List will be retained temporarily, alongside a new Temporary Shortage List (TSL)
- Sectors will be required to invest in domestic skills development to reduce reliance on the TSL
- in TSL-listed roles will no longer be allowed to bring dependents or receive salary and visa fee discounts
- The general salary threshold for Skilled Workers will increase from £38,700 to £41,700, in line with inflation

UK Government's Call for Evidence on Equality Law Reform

Proposed Bill or Initiative

Author: Georgia Fisher, Associate – Littler

Further to the UK Government's commitment to a new draft Equality (Race and Disability) Bill (Equality Bill) and the recent consultation on reforms to ethnicity and disability pay gap reporting, the government has now launched a wider call for evidence on proposed reforms to UK equality law. Responses to the call for evidence are likely to help shape the Equality Bill.

The call for evidence focuses on seeking views from stakeholders on the following key areas:

- Equal pay, including extending the equal pay program to ethnic minorities and disabled people, and improving equal pay enforcement
- Improving pay transparency, including considering some measures similar to those set out in the EU's Pay Transparency Directive, such as ensuring salaries are provided to candidates pre-hire, and providing employees with information on their pay level and how their pay compares to those doing the same role or work of equal value
- Strengthening protections against combined discrimination
- Creating and maintaining workplaces and working conditions free from harassment

Policy is in the early stages of development, but this is a good indication of some of the reforms that may be coming in this area. Please review our articles on the plans to reform equality laws and improve pay transparency for more detail.

United States

July Is the New January – 2025

New Legislation Enacted

Authors: Joy C. Rosenquist, Shareholder, and Bruce J. Sarchet, Shareholder – Littler

States and cities are as busy as ever passing new workplace regulations throughout the calendar year. Here is our mid-year report summarizing the notable labor and employment laws that take effect from roughly July through October.

Washington state has the newest laws taking effect this summer, ranging from fingerprint-based background checks for certain employees working in home care and long-term care to expansion of the state's paid sick leave benefits. A number of other states and cities also have expanded paid and unpaid leave benefits, including Alaska, Colorado, Nevada, New York City, Oregon, and Vermont. Other common themes include pay transparency laws, as well as further limitations on noncompete agreements in the healthcare industry.

Please review our article, which provides a general snapshot of generally applicable labor and employment laws taking effect soon.

Update on E-Verify Issuing Notices of Termination for the CHNV Parole Program

New Regulation or Official Guidance

Authors: Bruce E. Buchanan, Senior Counsel, and Tasneem Zaman, Senior Counsel – Littler

The U.S. Citizenship and Immigration Services (USCIS) has issued new guidance requiring E-Verify employers to regularly generate and review "Status Change Reports" to identify employees whose Employment Authorization Documents (EADs) have been revoked by the Department of Homeland Security (DHS). This action primarily affects individuals who entered the U.S. under the CHNV parole program (for Cubans, Haitians, Nicaraguans, and Venezuelans), which was terminated effective April 24, 2025. Employers must interview affected employees and, if alternative valid documentation is available, complete Supplement B of the I-9 form to reverify employment eligibility. If no valid documentation is provided, the employee must be terminated. The lack of a defined timeframe for compliance and the complexity of identifying affected employees have raised concerns, prompting many employers to seek legal counsel.

The revocation of EADs follows a series of legal and administrative developments, including a Supreme Court decision allowing DHS to proceed with terminating CHNV parole. While some employees have proactively informed employers of their revoked status, many may not, leaving employers uncertain about their workforce's authorization status. Complicating matters, not all employers are enrolled in E-Verify, and even those who are may not receive direct notifications. Employers not immediately terminating employees but rather verifying if they possess other valid work authorization, such as asylum-based or family-based EADs. Since not all C11-category EADs are tied to the CHNV program, employers are encouraged to consult immigration counsel to navigate these evolving requirements.

Please review our article for more details.

DOJ Expands Corporate Whistleblower Program to Include Immigration Law Violations

Important Action by Regulatory Agency

Authors: Greg Keating, Shareholder, and Jorge R. Lopez, Shareholder – Littler

The stakes for noncompliance with federal immigration law have just increased exponentially. On May 12, 2025, the U.S. Department of Justice's Criminal Division unveiled its new White Collar Enforcement Plan (Enforcement Plan) titled, "Focus, Fairness, and Efficiency in the Fight Against White-Collar Crime." The Enforcement Plan amended the Division's Corporate Whistleblower Awards Pilot Program (CWAPP) to include "violations by corporations of federal immigration law." The newly unveiled Enforcement Plan amends CWAPP to reflect "priority areas of focus." One of those areas of focus is "violations by corporations of federal immigration law." This is a significant expansion of liability risk for employers. Whistleblowers, including current and former employees who may be disgruntled, can now file a tip with the DOJ regarding immigration non-compliance and potentially recover a substantial bounty award should the DOJ obtain a successful prosecution.

Employers should consider investing in verifying their compliance with all federal immigration laws by conducting immigration audits. Employers can also have multiple reporting channels and robust investigation protocols in place to proactively resolve any potential compliance concerns. And they should consider investing in training front-line managers on compliance and management of employee concerns so the employer can become aware of and remedy any potential violations *before* the employee turns to the DOJ. Employers can also ensure that any employee who does raise concerns about potential violations of federal immigration law are protected from retaliation, whether the employee raises their concerns internally or directly with the DOJ.

Please review our article for more details.

DOL Hits Pause on Enforcement of Biden-Era Independent Contractor Rule, Suggests New or Changed Rule Forthcoming

Important Action by Regulatory Agency

Author: Michael Gotzler, Shareholder – Littler

In a Field Assistance Bulletin on May 1, 2025, the Trump DOL announced that it will no longer enforce a 2024 Biden-era independent contractor rule under the Fair Labor Standards Act (FLSA). While this announcement does not formally rescind the Biden-era rule, the DOL explained that it will be reconsidering the rule, and it is virtually certain that the DOL will dramatically change or replace the rule when its review is completed.

Followers of contractor and employee classification legal developments will recall that the first Trump administration issued an independent contractor rule in its final days that significantly clarified the standards for determining contractor status and generally expanded the instances in which a worker could be deemed an independent contractor. Very soon after taking office, President Biden initially attempted to delay implementation of that rule, but a federal court found that action violated the Administrative Procedure Act. The Biden administration then sought to create its own rule, which ultimately led to the rule at issue here being finalized in January, 2024. The Biden-era rule reversed much of what that first Trump administration rule had changed and generally made it harder to classify workers as independent contractors. Within days of the Biden-era rule being finalized, various businesses and freelancers initiated litigation challenging the rule, with many of those lawsuits still pending. When President Trump recently returned to the White House, the DOL's position in defending those lawsuits understandably changed, with the DOL asking just weeks ago to place most of that litigation on hold.

Please review our article for more details.

The Littler Annual Employer Survey 2025

Trend

Authors: James A. Paretti Jr., Shareholder, and Jorge R. Lopez, Shareholder – Littler

As U.S. employers adapt to wide-ranging executive orders, sweeping changes at federal agencies and a growing patchwork of state and local regulations, they are bracing for significant challenges over the next year, both from a workforce management and legal perspective.

Littler's 13th Annual Employer Survey draws on insights from nearly 350 in-house lawyers, business executives and human resources professionals—36% of whom hold C-suite positions—to understand the most pressing concerns among executives and how they are navigating them.

This year's survey finds employers anticipating a substantial impact on their workplaces due to recent policy shifts in areas like immigration and inclusion, equity and diversity. While federal agency enforcement is expected to loosen in other areas, such as enforcement by the National Labor Relations Board and surrounding AI use in the workplace, state and local policymakers are expected to fill the gap. These changes are taking place against a backdrop of a renewed push for in-person work and an uptick in employee accommodations requests involving remote work, mental health and religious beliefs.

View The Littler® Annual Employer Survey, 2025 Report

Venezuela

SENIAT Raises Tax Unit for National Tax Calculations Only

New Order or Decree

Author: Daniela Arevalo, Associate – Estrategia Legal

On June 2, 2025, Official Gazette No. 43.140 published Administrative Regulation SNAT/2025/000048, issued by the National Integrated Service of Customs and Tax Administration (SENIAT), raising the value of the Tax Unit from VES 9.00 to VES 43.00.

This updated value applies exclusively to the calculation of national taxes under SENIAT's jurisdiction. It cannot be used by other public authorities for unrelated purposes. The applicable Tax Unit will depend on the tax period: for annual taxes, the unit in force at the end of the fiscal year applies; for other periods, the unit in force at the start of the period is used.

Supreme Court Clarifies Limits on Foreign Currency Payments in Employment Obligations

Precedential Decision by Judiciary or Regulatory Agency

Author: Daniela Arevalo, Associate – Estrategia Legal

In Decision No. 134 dated May 9, 2025, the Social Cassation Chamber of the Supreme Court of Justice reaffirmed that payment in foreign currency is only valid when expressly agreed upon by the parties. The Court clarified that such an agreement cannot be inferred from a debtor's conduct, such as making partial or repeated payments in foreign currency, including for wages.

The ruling also confirmed that social benefits, vacation pay, and profit sharing must be calculated in foreign currency, with the final amount converted into Bolivars at the exchange rate on the payment date. Indexation does not apply, as it would effectively require payment in foreign currency based on the rate at the time of judgment, which the Court does not permit.

Supreme Court Rules "Economic War Bonus" Is Not Part of Salary

Precedential Decision by Judiciary or Regulatory Agency

Author: Daniela Arevalo, Associate – Estrategia Legal

In Decision No. 218 dated June 26, 2025, the Cassation Chamber of the Supreme Court of Justice ruled that the "economic war bonus," a benefit intended to help employees purchase food, does not constitute salary. The Court emphasized that this type of benefit, even when regularly granted by an employer, does not automatically become part of an employee's salary.

Although the decision did not specify that the bonus is primarily a government initiative for public sector workers, it clarified that private employers are not obligated to provide it. In the case at hand, the Court rejected an employee's claim that a similar benefit provided by their employer should be treated as salary.

Vietnam

Vietnam Issues New Decree on Compulsory Social Insurance Contributions

New Order or Decree

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC.

On June 25, 2025, the Government of Vietnam issued Decree No. 158/2025/ND-CP (Decree 158), implementing provisions of the 2024 Law on Social Insurance. Effective July 1, 2025, the decree outlines who is subject to compulsory social insurance contributions, including employees on definite-term contracts of one month or more and foreign nationals working in Vietnam under contracts of at least 12 months.

The decree also clarifies that foreign employees remain subject to contributions even when temporarily abroad, provided their salary is paid in Vietnam. Certain exemptions apply, such as for intra-company transferees and those who have reached retirement age.

Expanded Coverage and Calculation Rules Under Decree 158

New Order or Decree

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC.

Decree No. 158/2025/ND-CP, issued on June 25, 2025, provides detailed guidance on registration, salary determination, and contribution calculations for compulsory social insurance. It specifies how to calculate the contribution base, the applicable rates, and the deadlines for payment. Temporary suspension of contributions is allowed if an employee is off work for 14 or more working days in a month.

The decree also outlines eligibility for pensions, one-time benefits, and death benefits, along with transitional provisions for employees whose employers could not contribute before July 1, 2024. These updates aim to streamline compliance and ensure broader coverage under the social insurance system.

Foreign Employees Now Covered by Labor Accident Insurance

New Order or Decree

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC.

In addition to social insurance, Decree 158 amends Decree 88/2020/ND-CP to extend compulsory labor accident and occupational disease insurance to foreign nationals working in Vietnam. This aligns with the Law on Labor Safety and Hygiene and marks a significant shift in employer obligations.

With the new decree in effect, several earlier regulations are repealed, including Decrees 115/2015/ND-CP, 143/2018/ND-CP, and parts of Decree 135/2020/ND-CP. Employers should review their compliance frameworks to align with the updated legal requirements.

Please review our update regarding the Social Insurance Law, which took effect on July 1, 2025.

Decentralization and Delegation in State Management of Labor and Related Issues

New Regulation or Official Guidance

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC.

Following recent government restructuring, Vietnam has merged the Ministry of Labor, War Invalids and Social Affairs (MoLISA) into the Ministry of Home Affairs (MoHA), transferring responsibility for labor and related matters to the MoHA. This shift is part of a broader move to streamline state management, including the adoption of a two-tier local authority system—provincial and communal levels—while phasing out the district level.

Under this new framework, various labor-related responsibilities have been reassigned. Provincial authorities now oversee tasks such as labor regulation registration, foreign labor management, and employer reporting. Communal authorities handle workplace closure notices and occupational safety incidents. The MoHA retains authority over occupational safety certifications and insurance contribution adjustments. These changes are outlined in Decree 129/2025/ND-CP and related decisions issued in 2025.

New Salary Range for Domestic Experts as the Basis for Determining Bidding Package Prices

New Regulation or Official Guidance

Authors: Bernadette Fahy, Special Counsel, and Tran Thi Kim Luyen, Senior Associate – APFL & Partners Legal Vietnam LLC.

On May 7, 2025, the Ministry of Home Affairs (MoHA) issued Circular No. 004/2025/TT-BNV, establishing salary ranges for domestic consulting experts. These salary levels serve as the basis for preparing and approving cost estimates in bidding packages across various sectors, including public services, infrastructure, healthcare procurement, and technology projects.

Circular 004 outlines four salary tiers based on consultants' qualifications and experience. Monthly salary caps range from VND 30 million for entry-level consultants to VND 70 million for senior experts or team leaders. The circular also provides formulas for calculating weekly, daily, and hourly rates. For complex or remote projects requiring specialized expertise, salaries may exceed the standard rates by up to 1.5 times, subject to approval by the relevant authority.

For bidding packages approved before the circular's effective date of July 1, 2025, any adjustments due to the new salary levels must comply with the Law on Bidding, the Law on Construction, and related regulations.

Zambia

Employers Unable to Invoke Notice Clause Following Institution of Disciplinary Process

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao-Luchembe, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On April 15, 2025, in *Citibank Zambia Limited v Suhayl Dudhia* (Appeal No.16/2020) [2025] ZMCA 60, the Court of Appeal upheld an award of 38 months' salary as damages for unfair and wrongful dismissal. The Court held that once disciplinary proceedings had commenced, an employer could not invoke the notice clause to terminate the employment relationship. The option to invoke the notice clause is only available before disciplinary proceedings are invoked.

The Court also held that the court has power to look beyond the contract's notice clause under Section 85 (5) of the Industrial and Labour Relations Act, to determine the real reason for the termination and whether or not it was predicated on malice. This is part of the court's mandate to do substantial justice. The Court further upheld the position that a court may depart from the normal measure of damages in situations where this is justified based on the employee's senior position, economic conditions, limited employment opportunities and the circumstances of termination. The Court clarified that for cases brought under the Industrial and Labour Relations Act, an award for costs can only be inflicted on an erring party who is guilty of vexatious or unreasonable conduct and that in the absence of evidence proving this, each party must bear their own costs.

Arbitration Not Available for Employment Discrimination Disputes

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao-Luchembe, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On April 16, 2025, in *Hambani Ngwenya and Another v. Lubambe Copper Mine Limited* (Application No. SP 49/2024) [2025] ZMCA 72, the Court of Appeal ruled that claims of unfair discrimination under the Employment Code Act No. 3 of 2019 cannot be settled through arbitration. The Court was of the view that arbitration, being a private process, should focus on disputes arising from the contract between the parties and cannot be used to address discrimination claims or public law matters. In the Court's view, issues of discrimination under the Employment Code Act or the Constitution fall within the sphere of public law and must be determined by the courts.

Pension Disputes Amendable to Arbitration

Precedential Decision by Judiciary or Regulatory Agency

Authors: Hope Ndao-Luchembe, Partner, and Peter Chomba, Senior Associate – Mulenga Mundashi Legal Practitioners

On May 30, 2025, in *Gitrine Sakala Ncube & Another v. Kwacha Pension Trust Fund & Another* (CAZ Appeal No. [insert number]) [2025] ZMCA, the Court of Appeal dismissed an appeal of a High Court decision to stay proceedings and refer a pension dispute to

arbitration. The appellant employees argued that they had not been properly heard before the stay was granted, that arbitration did not apply because they were no longer employees or members of the fund, and that the matter raised constitutional issues under Article 189 of the Constitution which an arbitrator could not decide.

The Court held that the arbitration clause in the pension fund rules were valid and binding, and expressly covered disputes arising from the employment relationship, including those involving former employees. The Court stated that it will enforce an arbitration agreement in pension fund rules provided that the arbitration agreement is not null and void and is not inoperative or incapable of being performed. Further, the Court held that a dispute relating to pension benefits remains subject to arbitration even after employment ends if it relates to rights or obligations from the period of employment. The Court also found that merely referring to constitutional provisions does not by itself remove the matter from arbitration or divest an arbitrator of jurisdiction to determine the matter. The appeal was dismissed, and the parties were directed to proceed to arbitration as that was their agreed method of resolving the dispute.

Clarification on Wrongful Versus Unfair Dismissal and Exceptional Damages

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On April 15, 2025, in Zambia National Commercial Bank Plc v. Martin Tembo and Another (Appeal No. 98/2023) [2025] ZMCA 59, the Court of Appeal reviewed an employment dispute arising from the dismissal of two employees accused of negligence and held that there can be no claim for wrongful dismissal where an employer adheres to its disciplinary process and affords an employee a fair hearing.

The Court found that although the dismissal was unfair because the alleged negligence was not proven and the incident arose from a defective IT system rather than employee fault, a finding that the dismissal was unfair did not also mean that the dismissal was wrongful. The two concepts are different with wrongful dismissal focusing on procedure and unfair dismissal on the merits of the dismissal. The Court upheld an award of 36 months' salary as damages, noting the exceptional harm caused to the employees' reputations and their limited re-employment prospects. It also clarified that pension benefits for the notice period require evidentiary support and cannot simply be assumed.

The decision highlights the importance of both procedural compliance and a well-founded basis for termination when managing employee dismissals. Employers may wish to review their internal processes to ensure alignment with these principles.