European Employment Insights

> “The challenge of the Pay Transparency Directive lies in its practical implementation.”

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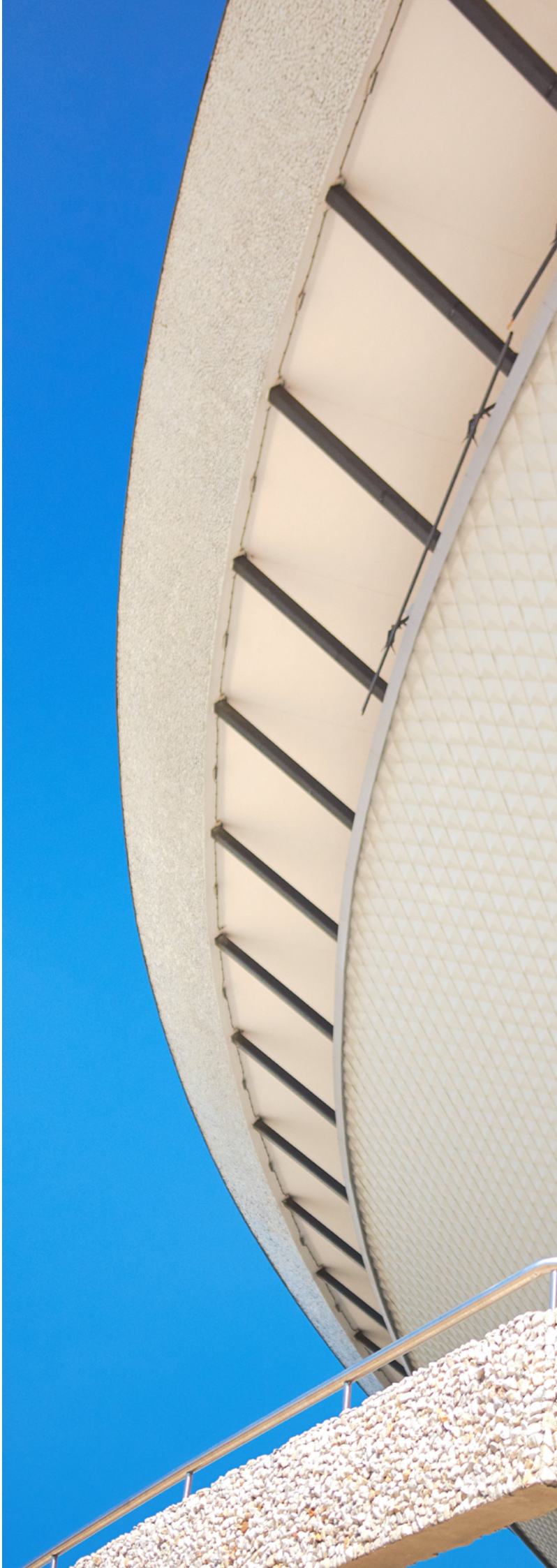

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Gender equality in Europe - from reporting obligations to strategic priority

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As EU Member States continue to implement the Pay Transparency Directive, employers face new obligations, legal uncertainties and practical challenges. In this Partner Spotlight, **Marlene Wachter** of CHG Czernich Rechtsanwälte (collaborating firm of Andersen in Austria) in conversation with **Uberto Percivalle**, Andersen in Italy) discusses what organizations should be doing now to prepare for the new era of pay transparency.

Q: Many employers support the principle of equal pay, yet the Pay Transparency Directive is often described as one of the most challenging employment law developments in recent years. Why is that?

MW: In economically challenging times, many companies are under particular pressure. This makes committed and highly qualified employees even more important, especially as attracting and retaining skilled workers is becoming increasingly difficult.

At the same time, recent legislative developments are introducing additional requirements. New rules are limiting the degree of flexibility employers previously enjoyed in certain areas and are obliging them to implement new measures. This creates challenges that not only make legal compliance more complex but are also often associated with significant organizational and administrative effort.

Q: Companies are facing a major (bureaucratic) challenge with the requirements of the Pay Transparency Directive, even though they do not in any way question the principle of equal pay for men and women. Why is that?

MW: Most companies do not question the principle of equal pay for equal or work of equal value. The challenge of the Pay Transparency Directive lies rather in its practical implementation. Particularly demanding is the required classification of employees and the assessment of which activities are to be considered “of equal value”. This requires companies, in many cases for the first time, to develop

systematic and transparent job evaluation criteria and to analyse existing remuneration structures in detail.

This increased transparency makes historically or structurally driven pay gaps visible that were previously not always recognised. Eliminating such disparities can – especially in economically challenging times – represent a significant financial effort. Companies are therefore faced with the task of making justified adjustments without jeopardising their economic stability.

In addition, there is considerable legal uncertainty. The Pay Transparency Directive contains numerous undefined legal terms, particularly in relation to the assessment of work of equal value. Many of these issues will only be clarified through national implementation and future case law. Complicating matters further is the fact that the Directive has not yet been fully implemented, or in many cases not implemented at all, in most EU Member States. Companies must therefore prepare for new requirements without knowing in all respects how they will ultimately be transposed into national law. This leads to uncertainty regarding the design of remuneration systems, the implementation of internal processes, and the assessment of potential liability risks.

The main challenge is therefore less the objective of the Directive than the complexity of its implementation: creating transparency, establishing objective evaluation systems, and potentially adjusting existing pay structures requires significant human, organisational, and financial resources.

Q: Can dealing with this challenge also have positive effects for companies?

MW: Yes, absolutely. However challenging the implementation of the Pay Transparency Directive may be, it also offers companies the opportunity to critically review and future-proof their remuneration structures. Many companies gain, for the first time through the required analysis, a comprehensive overview of their pay and career systems. This allows not only gender-specific pay gaps to be identified and eliminated, but also other inconsistencies or historically developed inequalities.

Transparent and comprehensible remuneration systems also strengthen employee trust and can improve employee satisfaction and retention. In times of skilled labor shortages, fair and objectively understandable pay structures can be an important competitive advantage in attracting new employees.

Furthermore, engaging with the concept of equal value of work often leads to a professionalisation of job evaluation, career paths, and HR processes. This not only creates greater legal certainty but also improves the transparency and consistency of personnel decisions overall.

Ultimately, the Directive can be seen as an impetus to make remuneration systems more transparent, fair, and strategically aligned. Companies that address the new requirements early and systematically will not only reduce regulatory risks but also enhance their attractiveness as employers in the long term.

Q: What does it mean for companies that the Pay Transparency Directive has not yet been (fully) implemented in many Member States?

MW: The fact that the Pay Transparency Directive has not yet been implemented, or not fully implemented, in many Member States leads to significant legal uncertainty for companies. While many practical issues have not yet been regulated at national level, employees may, under certain conditions, rely on sufficiently clear provisions of an EU directive. In addition, there is the question

of indirect horizontal effect, meaning the requirement for directive-consistent interpretation of existing national law. Companies are therefore faced with the challenge of preparing for new requirements even though their precise legal form has not yet been fully defined.

The question of horizontal direct effect is currently one of the key areas of uncertainty. According to established case law of the Court of Justice of the European Union, directives generally do not have direct horizontal effect between private parties. Employees can therefore usually not rely directly on unimplemented directive provisions against private employers. However, national courts are obliged to interpret existing national law in conformity with EU directives. In addition, the Pay Transparency Directive is based on the fundamental EU principle of equal pay for men and women, enshrined in Article 157 TFEU, which may in certain circumstances have direct effect. Companies should therefore not assume that the Directive is legally irrelevant until it has been fully implemented at national level.

Q: How will the Pay Transparency Directive shape recruitment in the future?

MW: The Pay Transparency Directive will noticeably change recruitment practices. In the future, companies will be required to provide significantly more transparency about remuneration already during the recruitment process and will generally no longer be allowed to ask candidates about their previous salary. This shifts the focus more strongly towards the objective value of the position and the candidate's qualifications, rather than individual salary negotiations based on past earnings.

For companies, this means that remuneration structures must be more clearly defined and transparently justified. At the same time, this also offers the opportunity to make recruitment processes fairer, more transparent, and more attractive. In a highly competitive labor market, a transparent and comprehensible pay policy can strengthen the trust of potential candidates and enhance employer attractiveness.

Marlene Wachter is a partner at the Austrian law firm CHG Czernich Rechtsanwälte and specializes in employment and labor law. Together with her team, she advises domestic and international employers on all aspects of employment law and represents them before courts and administrative authorities.

Belgium

The night work reform – a particularly important development for employers operating in the retail, wholesale, logistics, and e-commerce sectors.

LAW

Belgium confirms major night work reform - new rules effective from 1 June 2026

In our contribution to the April edition, we highlighted the Belgian government's plans to modernize labor law and relax the existing restrictions on night work. We can now confirm that these measures have been definitively adopted and entered into force on 1 June 2026, bringing significant changes for employers across all sectors, and particularly for businesses active in retail, logistics, distribution and e-commerce.

The reform abolishes the general prohibition on work performed between 8:00 p.m. and 6:00 a.m. As a result, employers may organize work during these hours without relying on one of the previously required statutory exceptions. The longstanding prohibition on carrying out construction works between 6:00 p.m. and 7:00 a.m. has also been removed. Special protective rules for young workers remain unchanged. A particularly important change concerns employers operating in the retail, wholesale, logistics and e-commerce sectors. To strengthen the competitiveness of Belgian businesses, the legislator has redefined “night work” in these sectors as work performed between 11:00 p.m. and 6:00 a.m. As a result, employees hired on or after 1 June 2026 will, where a night premium applies, only be entitled to such premium for hours worked during that period. Existing employees remain protected under the current arrangements. This measure is expected to reduce labour costs and facilitate the organization of evening and night operations in sectors facing increasing international competition.

The legislation also simplifies the procedures for introducing night work schedules, reducing administrative burdens and providing employers with greater flexibility in organizing work. These changes form part of the broader effort to enhance the competitiveness of Belgian businesses while adapting labor law to modern economic realities.

LAW

A new era for flexi-jobs: wider access and greater flexibility

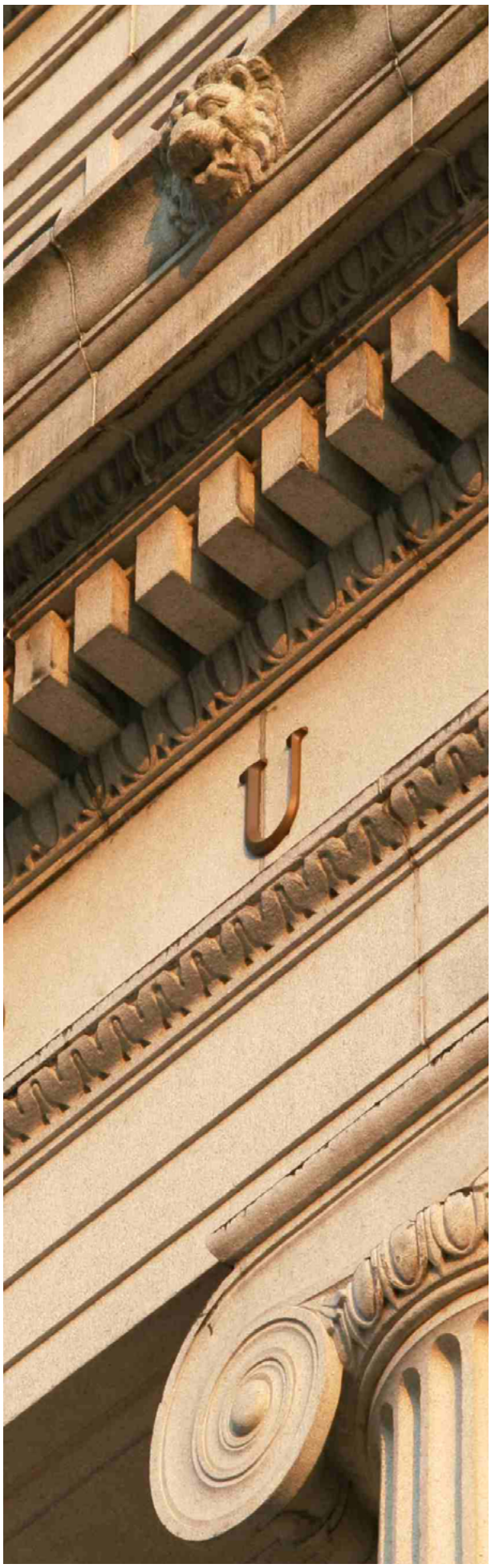
Flexi-jobs, a uniquely Belgian form of flexible employment benefiting from favorable tax and social security treatment, may soon become available in almost all sectors under a far-reaching legislative reform currently under consideration. If adopted, the new rules are expected to enter into force on 1 July 2026.

The most significant change is the extension of the flexi-job system to almost all sectors of the economy, both in the private and public sectors. While artistic functions will remain excluded, sectors will continue to have the possibility to opt out through sector-level collective bargaining arrangements.

The bill also revises the current remuneration framework. The existing salary cap of 150% of the applicable minimum wage would apply only to the base salary, allowing statutory or collectively agreed premiums, such as night work allowances, public holiday compensation and end-of-year bonuses, to be paid on top without affecting the cap.

In addition, the proposed reform introduces greater flexibility for temporary agency workers and employees working within affiliated companies, removing certain restrictions that currently limit the use of flexi-jobs within corporate groups.

Although the legislation has not yet been approved by Parliament, employers should already assess the opportunities and compliance implications that this major expansion of the flexi-job regime may create for their workforce planning.



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Bosnia and Herzegovina

Hiring a replacement employee does not deprive a dismissed employee of legal protection or reinstatement rights.

COURT

Hiring another employee during the dispute does not affect the employment status of the employee who prevails in the dispute

The Supreme Court of the Federation of Bosnia and Herzegovina has taken the position that the fact that an employer, during the course of court proceedings concerning a decision on termination of an employment contract, hires another employee for the position of the employee who initiated the dispute, cannot affect the position and employment-law protection of the employee who succeeds in the litigation.

In the specific case, the employee initiated civil proceedings to protect his employment rights, challenging the legality of the termination of his employment contract with an offer of an amended contract, under which he was reassigned to a different, lower-valued position. The employee argued that there were no justified grounds for such termination within the meaning of the Labor Law, and requested a declaration that the termination was unlawful, reinstatement to his previous position of "Head of Department" (or another equivalent position of the same value), as well as payment of the salary difference and corresponding social contributions.

During the proceedings, it was established that the employee had entered into employment in the aforementioned position after the previous employee of the same employer had been dismissed. However, that former employee, in separate court proceedings, obtained a final and binding judgment establishing that the dismissal was unlawful and ordering his reinstatement to work in the same position. Acting upon that final judgment, the employer fulfilled its obligation by reinstating the former employee, and due to the position being filled, terminated the employment contract of the current employee while simultaneously offering him an amended contract for another position.

The first-instance and second-instance courts upheld the employee's claim, taking the view that the existence of a final and binding judgment ordering the reinstatement of another employee does not necessarily imply reinstatement to the identical position, but may also mean placement in other suitable positions. They concluded that there were no justified organizational reasons on the part of the employer for the termination of the employment contract, declared the termination unlawful, and ordered reinstatement along with the corresponding monetary claims.

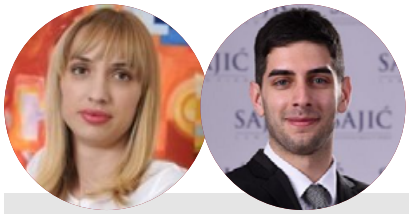
Deciding on the employer's revision, the Supreme Court allowed the revision for the purpose of harmonizing case law and adopted a contrary legal position. It emphasized that a final court decision establishing the unlawfulness of a dismissal creates an obligation for the employer to reinstate the employee to the position previously held, and only exceptionally to other suitable positions, where there is an

objective impossibility of reinstatement to the former position. In the present case, such impossibility did not exist.

Starting from the binding nature of final court decisions, the Supreme Court concluded that the employer was obliged to enforce the judgment and reinstate the former employee to the specific position. As a result, the need for the current employee's work in that position ceased to exist, which constitutes a justified organizational reason for termination of the employment contract within the meaning of the relevant provisions of the Labor Law. Since the employee was simultaneously offered an amended contract for another suitable position, the termination was deemed lawful.

In light of the above, the Supreme Court upheld the employer's revision, overturned the decisions of the lower courts, and dismissed the employee's claim in its entirety, including claims for reinstatement, payment of salary differences, payment of contributions, and reimbursement of litigation costs.

Decision of the Supreme Court of the Federation of Bosnia and Herzegovina, No. 127 0 Rs 080877 26 Rev, dated January 20, 2026



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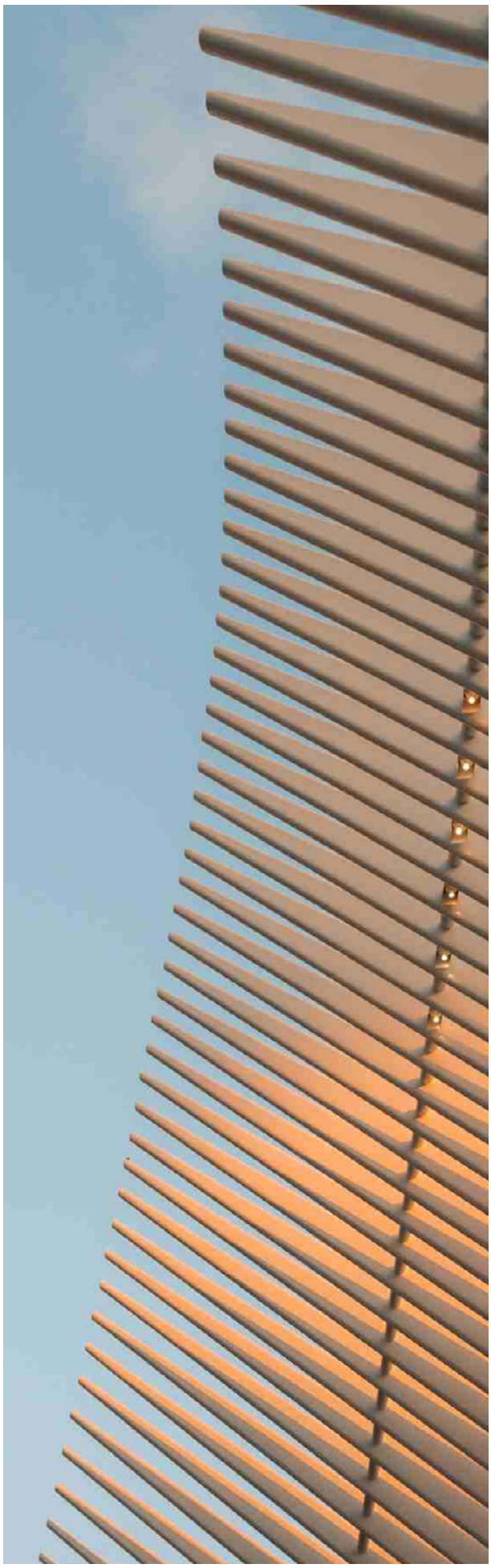

Croatia

The proposed reform strengthens Croatia's enforcement framework against undeclared work through higher penalties, stricter consequences for non-compliant employers, and enhanced electronic monitoring mechanisms.

LAW
New undeclared work suppression act submitted to Parliament

- **Higher penalties for repeat offenders**

The Croatian Government has submitted a new proposal for the Undeclared Work Suppression Act to Parliament, introducing a revised enforcement framework and significantly stricter financial penalties for employers who engage undeclared workers, particularly in cases of repeated violations.

The Government has submitted the bill under an expedited legislative procedure ahead of the tourist season and to align it with recent amendments to the Foreigners Act. One of the most significant changes is the introduction of stricter penalties for repeat offenders. In addition to the existing fines of EUR 2,650 and EUR 6,630, a new penalty of EUR 8,000 per undeclared worker will apply to employers found to have engaged in undeclared work for a third time within a three-year period.

- **Blacklist rules tightened**

The proposal also revises the so-called "blacklist" of employers for whom the State Inspectorate has established undeclared work violations. The period during which employers remain publicly listed will be reduced from six years to one year.

At the same time, the consequences of being listed will become more stringent, as employers on the blacklist will no longer be eligible to access active labor market support measures.

- **Faster removal from the blacklist**

In addition, an accelerated procedure for removal from the blacklist is being introduced. The Ministry will be required to process removal requests within three days of receiving proof that the imposed fine has been paid or a final court decision annulling or invalidating the inspection ruling.

However, the option of early removal through payment of the prescribed fine will not apply to employers for whom undeclared work has been established for a third or subsequent time.

Before the expiry of the one-year publication period, the Ministry will also remove employers from the list in cases where a business ceases operations, a self-employed activity is terminated, or the entity is removed from the relevant court or trade register.

- **White list to be abolished**

Conversely, the amendments abolish the so-called "white list", namely the register of employers in respect of whom no undeclared work has been identified.

- **New protections for employers of foreign workers**

Another important change concerns employers hiring third-country nationals. To protect employers from administrative delays in permit renewal procedures, work performed after the expiry of a work permit will not be considered undeclared work, provided that the application for renewal was submitted before the permit's expiration in accordance with the regulations governing the residence and employment of foreign nationals.

- **Part-time employees and undeclared work**

The proposed legislation also addresses situations where an employee is already registered for part-time work with one employer. If that employee performs undeclared work for another employer, the second employer will be required to register the worker up to full-time working hours.

- **Expansion of electronic work records**

Furthermore, the scope of the JEER (Unified Electronic Work Records System) will be expanded beyond digital labor platforms to cover additional sectors and activities.

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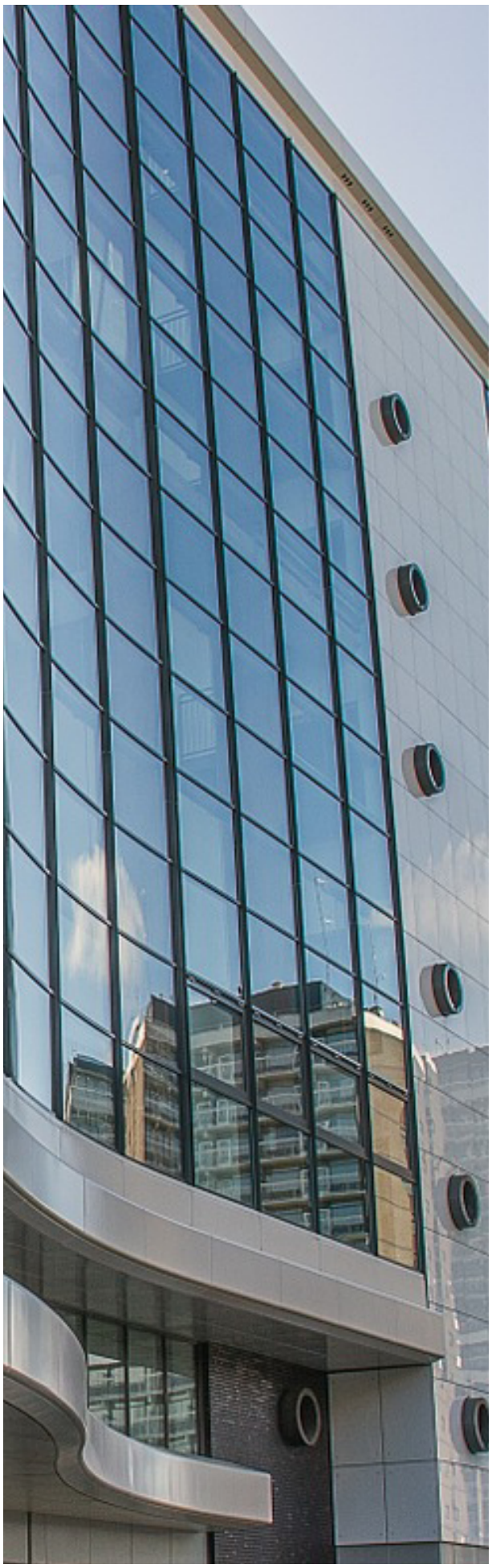

Cyprus

A finding of unfair dismissal does not automatically lead to reinstatement – courts must assess a number of statutory and practical considerations.

LAW
The remedy of reinstatement in employment claims

An order for reinstatement comprises a remedy that may be awarded to an employee where a court has made a finding of unfair dismissal, whereby the employer is compelled to reinstate the employee to the position from which the employee was dismissed. The court enjoys a wide discretion in deciding whether a reinstatement order is appropriate, but Law 24/1967 identifies three factors the court must consider, namely that:

- the employer's workforce comprises of more than nineteen employees; and,
- the employee has expressly requested reinstatement as a remedy; and,
- the termination of employment was unfair and made in bad faith.

In addition to arrears of pay and benefits to the employee for the period between the date of termination of employment and the date of reinstatement, on making an order for reinstatement the court can specify a compensatory award payable by the employer to the employee that is capped to an amount not exceeding twelve salaries.

The court is likely to consider a reinstatement order inappropriate where, amongst others, trust and confidence between either (or both) parties to the employment relationship has been lost.

While employer notices must be given in writing, the rules governing employee resignations leave several practical questions unanswered.

LAW
Minimum notice periods on termination of employment

Employees with continuous employment of at least six months but less than one year are entitled to at least one week's notice from the employer. Employees with one years' continuous employment or more are entitled to one week's notice for each complete year of employment from the employer, up to a maximum of eight weeks' written notice.

The parties may validly agree in writing to longer notice periods, if they are not shorter than the statutory minimum prescribed by Law 24/1967 above. The notice must be in writing to be valid. The notice period runs from the day after it is communicated unless the parties have expressly agreed otherwise in the employment contract.

In comparison, the minimum notice due to be given to an employer by an employee intending to resign with at least:

- six months of continuous employment but less than one year is one week;
- one year's continuous employment but less than five years is two weeks;
- five years or more of continuous employment is three weeks.

It should be noted that Law 24/1967 does not require such notices to be communicated in writing to be valid and it remains silent as to whether a clause in an employment contract providing for a longer notice period will be valid.

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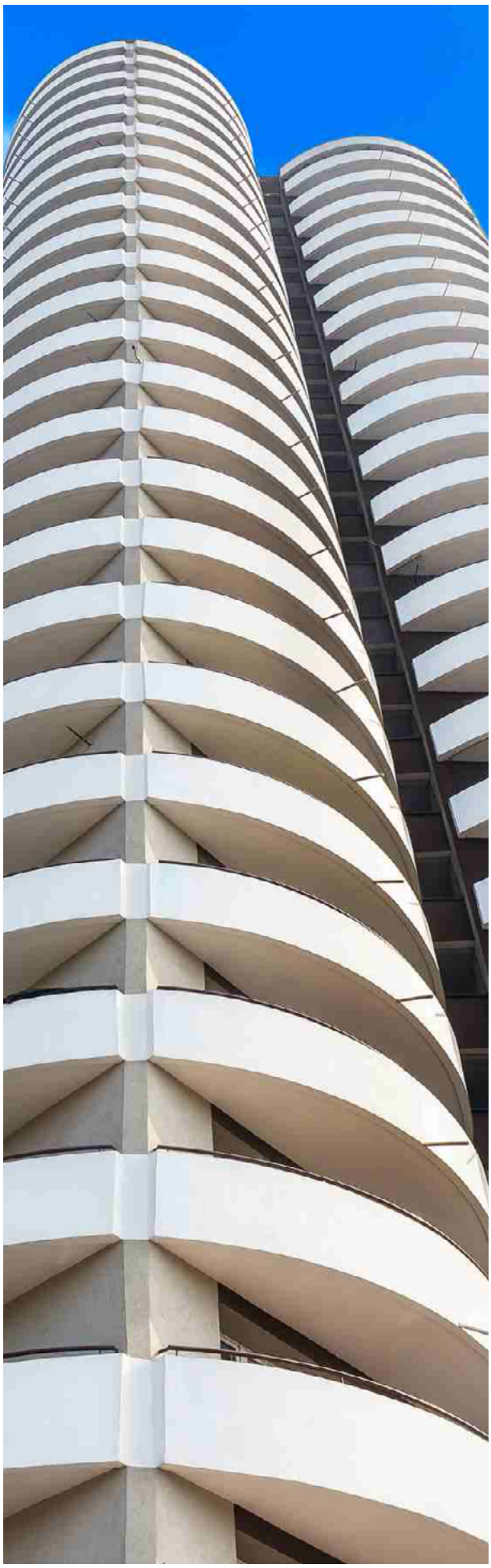

Finland

New rules effective from 1 June 2026 provide employers with greater flexibility in hiring and workforce adjustments.

LAW

Amendments to the Employment Contracts Act

The Finnish Parliament adopted amendments to the Employment Contracts Act on 20 May 2026, which entered into force on 1 June 2026. The changes cover three main areas: fixed-term contracts, lay-off notice periods, and re-employment obligations.

Under the new rules, a fixed-term employment contract may be concluded without a justified reason either when the parties are entering into their first employment relationship or when at least five years have passed since their previous one. The maximum duration of such a contract is one year. Either party may terminate it after six months, and the employer must assess whether continuing the relationship on an open-ended basis is feasible. In certain circumstances, the employer must also offer the employee further work if new recruitment is considered.

The notice period for temporary lay-offs has been reduced from 14 to 7 days. Employers and employee representatives may locally agree in writing to apply this shorter period instead of a longer period provided for in a collective agreement. Finally, the re-employment obligation, which applies when employment is terminated on financial or production-related grounds, has been narrowed. It now only applies to employers with at least 50 employees, though collective agreements may provide for different arrangements.

COURT

New judgement from the Kymenlaakso District Court

The Kymenlaakso District Court issued two decisions on 20 May 2026 where it dismissed wage claims arising from political strikes. The claims were brought by members of the Finnish Paper Workers' Union (Paperiliitto) employed at UPM's mills. The claimants had sought wages for up to seven days during which their work was prevented in March 2024 by political strikes organized by six other trade unions affiliated with the Central Organization of Finnish Trade Unions (SAK). The strikes formed part of SAK's campaign against the labor market reforms proposed by Prime Minister Orpo's government. Although Paperiliitto did not organize or financially support the March 2024 strikes, the court found that the union shared a common interest in achieving the strikes' objectives alongside SAK and the participating unions.

The court held that Section 12(2) of Chapter 2 of the Employment Contracts Act which

concerns employees' entitlement to pay when work is prevented due to circumstances beyond their control is applicable to political industrial action.

Crucially, the court concluded that the March 2024 strikes had the requisite "dependency relationship" with the working conditions of the non-striking Paperiliitto members, since the strikes aimed to influence legislation affecting employment conditions and social security more broadly. Accordingly, the claimants had no entitlement to wages for the period during which they were unable to work. The individual claim amounts varied between claimants. In addition to dismissing the claims, the court ordered the claimants to pay UPM's legal costs in both cases. The judgments are not yet final and may be subject to appeal.

GUIDELINES

Employer's obligation to pay wages if an external threat prevents access to the workplace

Following an emergency warning issued by Finnish authorities on 15 May 2026 instructing residents of the Uusimaa region to stay indoors due to a potential drone threat, a debate has arisen between labor unions and employer organizations over wage payment obligations during such disruptions.

Employment Minister Matias Marttinen has called on central labor market organizations to develop common workplace guidance in collaboration with the authorities. Unions argue that employees unable to travel to work because of a drone threat should still be entitled to pay, while employer groups contend that no such obligation exists, as the disruption affected the commute rather than the workplace itself.

Under Finnish employment law, wages are generally paid only for work performed. An employer's obligation to continue wage payments for up to 14 days arises only when a disruption prevents actual work, targets the workplace specifically, and is independent of both parties. The drone threat did not meet the first two conditions, and therefore no wage payment obligation arose. While employees are entitled to follow official guidance and cannot be sanctioned for absences resulting from compliance with it, their decision to stay away from work remains ultimately voluntary. The Occupational Safety and Health Act covers the performance of work itself and does not extend to the commute, meaning employees had no grounds to refuse work on occupational safety grounds.

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Germany

Failing to set performance targets on time may expose employers to liability for the full amount of a bonus.

COURT
A returning ghost - no targets set out by employer

If an employer fails to set performance targets in a timely manner or fails to set them at all in the context of variable compensation, this gives rise to a claim for damages. In its ruling of February 19, 2025 (10 AZR 57/24), the German Federal Labor Court (BAG) further tightened its case law on variable compensation. If an employer sets agreed-upon targets late or fails to set them at all, this may give rise to a claim for damages in the amount of the full bonus. In the underlying case, an employer had not set the targets for an employee until near the end of the current fiscal year. In the court's view, the employer thereby culpably breached its contractual obligation to set targets in a timely manner. The decisive factor is that variable compensation systems are intended to serve a motivational and steering function. If targets are set too late, or not at all, this function can no longer be fulfilled.

The BAG generally assumes that the employee would have achieved the targets had they been set in a timely manner. The employer is therefore generally liable for damages in the amount of the full target achievement. The court expressly rejected the possibility of subsequent judicial determination of the targets. The ruling once again highlights the significant importance of well-structured bonus and target systems. Employers should set targets early on, consistently adhere to deadlines, and carefully document all target agreements to avoid costly disputes.

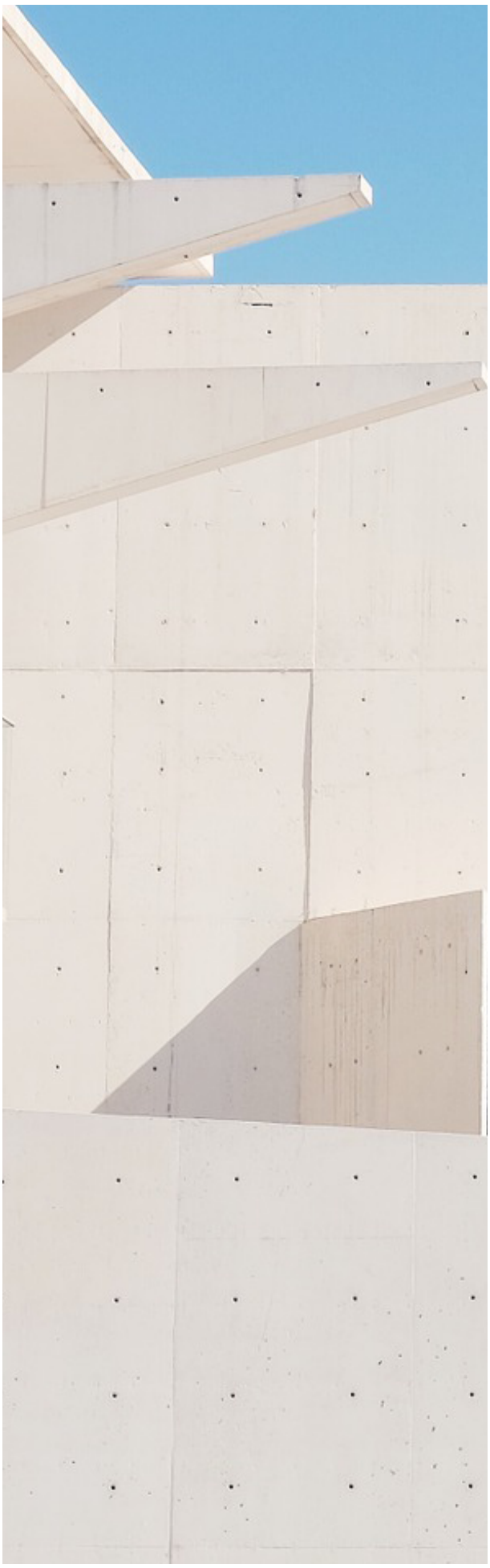
LAW
Draft legislation to implement the Platform Work Directive in Germany

With the Platform Work Directive (EU) 2024/2831, published on 11 November 2024, the European Union has established a comprehensive legal framework for digital platform work. The Directive aims to improve the working conditions of platform workers while increasing the transparency in the use of algorithmic management and monitoring systems. Member States are required to transpose the Directive into national law by 2 December 2026. The scope of the Directive is intentionally broad. It applies to all individuals who provide services to third parties via digital platforms, regardless of whether they are formally employed as workers or self-employed/freelancers. In doing so, the EU is responding to the legal uncertainty surrounding platform work that has been criticized for years.

According to estimates, as early as 2022, around 28 million people in the EU were

working via digital platforms. The legal classification of platform workers remains highly contentious. The Federal Labor Court also emphasized in its "Crowd worker" ruling that an employment relationship may well exist in individual cases. Whereas other countries already implemented the directive, the German government now works on its draft law. Article 3 of the Directive is particularly relevant in this context: According to this provision, Member States must take appropriate measures regarding subcontractors employed by work platforms.

According to the Federal Government, the BMAS is examining all implementation options, explicitly including a possible requirement for direct employment. This could have significant consequences for platform operators in terms of labor law, organizational structure, and liability.



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Ireland

The WRC awarded compensation exceeding the statutory cap for recruitment discrimination, finding that EU law required a more effective and dissuasive remedy.

COURT
Noel O'Connell v National Council for Special Education (ADJ-00042837)

In Noel O'Connell v National Council for Special Education (ADJ 00042837), the Workplace Relations Commission (WRC) held that the National Council for Special Education (NCSE) indirectly discriminated against the Complainant in his application for the role of Advisor Deaf/Hard of Hearing (ISL) by requiring a formal Irish Sign Language (ISL) qualification.

The complainant, a native ISL user with a PhD in Deaf Education, was not shortlisted because he lacked an academic ISL qualification, despite being otherwise highly qualified. An internal review upheld his complaint and accepted that he met the essential criteria, but the NCSE failed to reopen the process or provide any remedy. The Adjudication Officer upheld the complaint, finding that the qualification requirement placed deaf candidates at a particular disadvantage and was not objectively justified.

The significance of the decision lies in the approach to redress. While section 82(4) of the Employment Equality Act 1998 caps compensation for access to employment claims at EUR 13,000, the Adjudication Officer disapplied this limit, awarding EUR 40,000 instead. Relying on Article 17 of Directive 2000/78/EC and CJEU authority, the Adjudicator found that compensation must be "effective, proportionate and dissuasive" and that national provisions must be set aside where they conflict with EU law.

This decision indicates a willingness by the WRC to disapply statutory compensation caps where they are contrary to EU law, significantly increasing potential exposure in recruitment related discrimination claims.

COURT
European Working Council in Ireland and Jean-Philippe Charpentier v Verizon Ireland Limited

Since Brexit, more than one hundred European Works Councils ("EWCs") have relocated from the UK to Ireland, resulting in increased attention being paid to Ireland's Transnational Information and Consultation of Employees Act 1996 ("TICEA"), which implements Directive 2009/38/EC ("Directive").

The decision in Jean-Philippe Charpentier v Verizon Ireland Limited [2025] IEHC represents the first Irish judicial analysis of TICEA. As EWCs established in Ireland do not have separate legal personality, Mr. Charpentier brought the proceedings in a representative capacity on behalf of the Verizon EWC.

The case centered on Article 10(1) of the Directive, which provides that members of an EWC must be given the means necessary to exercise the rights arising under the Directive. Mr. Charpentier sought reimbursement of training costs incurred through the EWC Academy (approximately EUR 11,200), together with certain additional expenses which had not received Verizon's prior approval but which he argued were necessary for the effective functioning of the EWC. Verizon maintained that equivalent training had already been provided and offered partial reimbursement of the expenses. The proceedings also addressed the issue of legal costs.

In its judgment, the High Court clarified that the "means required" under Article 10(1) may include both financial and material resources. The Court emphasized that EWC members cannot effectively exercise their rights or represent employees' interests without being provided with the resources necessary to do so.

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Italy

LAW
EU Pay Transparency Directive implemented in Italy

On June 1, 2026, the Italian Official Gazette published Law No. 96 of May 7, 2026, implementing the EU Pay Transparency Directive (Directive (EU) 2023/970) in Italy.

(1) The law establishes the principle that legislation and national collective agreements must ensure remuneration systems and job classification schemes that are objective and gender-neutral, thereby guaranteeing equal pay for equal work or work of equal value.

(2) Employees are entitled to pay transparency both before and after hiring. Once employed, they must have access to the criteria used to determine remuneration, pay levels and, for employers with at least 50 employees, pay progression. Employers applying national collective agreements signed by the most comparatively representative trade unions may satisfy this requirement by referring to those agreements.

(3) No more than once per year, employees have the right to request and receive, either directly or through their representatives, written information on average pay levels, broken down by sex, for categories of workers performing the same work or work of equal value. Such information must be provided within two months of the request.

(4) Employers will be required to conduct a joint pay assessment together with workers' representatives where reporting reveals an unjustified pay gap of at least 5% that remains unaddressed.

(5) The law defines the key concepts underlying the Pay Transparency Directive, including "equal work" and "work of equal value", drawing on the framework established by national collective agreements.

GUIDELINES
Ebola screening measures for travelers arriving in Italy

With order of May 29, the Ministry of Health established the screening procedures to prevent the spread of the Ebola virus to Italy, an issue that had already been addressed in the guidelines of May 18 and further detailed with guidelines of May 29. For now, these provisions apply to individuals entering Italy who have been in the Democratic Republic of the Congo or Uganda within the 21 days prior to their arrival. The Ministry has established the information that air and sea carriers must provide to arriving passengers, the obligation for those coming from said countries to self-report to health authorities, the information that must be collected from them for risk assessment and contact tracing purposes, the criteria for risk assessment, the identification of the airport where flights carrying symptomatic passengers must land, the management of reported cases, depending on the risk level, up to the bio-confinement protocol

for probable cases of the disease at the Spallanzani Hospital in Rome, designated also as the national reference healthcare facility on this matter for all other healthcare facilities. The provisions also established the obligation to report all cases of disease (or suspected/probable cases) to the PREMAL national infectious disease surveillance system.

GUIDELINES
New standard for AI professional profiles

On April 30, the Department for Digital Transformation of the Prime Minister's Office announced the publication of the UNI 11621-8:2026 standard, which defines job profiles in the field of Artificial Intelligence (UNI is the Italian standards' non-profit company). The document was developed by UNI, under the coordination of the Department for Digital Transformation of the Presidency of the Council of Ministers and identifies 12 professional profiles (along with their missions, main duties, expected outcomes, competencies, knowledge, skills, and Key Performance Indicators).

GUIDELINES
Risks of an artificial intelligence system that measures psychological stress levels

With decision No. 342 of May 14, 2026, the Italian Data Protection Authority issued a warning against a company regarding the risks potentially arising from a plug-in product, meant to be installed and used with two chat applications to perform a sentiment analysis of the messages sent by users with the two apps. The Authority verified that the use of the plug-in was voluntary by the employees and that their employer could, upon request, obtain a report of the aggregate stress level, provided that the number of respondents was sufficient to prevent their individual identification and anyway excluding the possibility by employers to access and process individual employees' data.

Even if the Authority concluded that at the moment the product did not breach any privacy laws, the authority stressed that the AI Act prohibits AI systems that may infer employees' emotions and in any event that AI systems may evolve and make it possible to infer circumstances that had not been originally intended. Hence, considering the risk to breach privacy laws, the Authority issued a warning that the seller of the plug-in should prevent companies from being able to access the user-employee's data.

COURT
Unlawful dismissal of an employee on illness leave who engages in other activities

The Italian Court of Cassation upheld the unlawfulness of the dismissal of a female employee who had been absent on illness leave and, that during that period, had carried out occasional amateur activities for a social-cultural association.

According to the Court, the performance of activities unrelated to work duties, during an illness leave, does not automatically constitute a disciplinary breach: dismissal is lawful only if the employer proves either the fraudulent simulation of illness or the actual (even merely potential) capacity of the activity to delay or compromise recovery.

In the case at hand, these conditions were not proven: the employee's activities were classified as occasional and non-professional and, according to the court-appointed expert, were even consistent with an improvement in her clinical condition.

The Court further reiterated that the burden of proof regarding the grounds for dismissal lies entirely with the employer, thereby confirming the protection afforded to the employee and rejecting the appeal.

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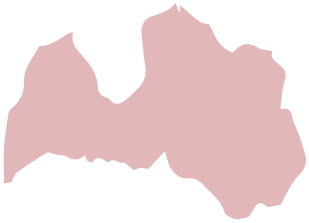
Latvia



Proposed amendments in Latvia would expand pay transparency obligations and introduce administrative penalties for non-compliance with equal pay requirements.

LAW
Draft Law on EU Pay Transparency Directive

The European Union's Pay Transparency Directive (Directive (EU) 2023/970) must be transposed into national law by 7 June 2026. In Latvia, however, only a draft law has been published yet. The proposal is still subject to review and approval by the Parliament and may therefore be amended before its final adoption.

Based on the current draft, Latvia appears to be implementing the Directive's core requirements largely in line with the EU framework, mostly without any additional obligations.

A key element of the proposed legislation is the obligation for employers to establish remuneration systems that ensure equal pay for men and women performing the same work or work of equal value. The draft requires employers to implement pay structures that make it possible to assess whether positions are comparable based on objective and gender-neutral criteria. "Work of equal value" is defined as work that is considered equally valuable according to non-discriminatory and objective gender-neutral criteria.

The draft specifies that job evaluation criteria should include factors such as skills, effort, responsibility, and working conditions. Employers may also take into account other factors relevant to a particular role or position, provided they are objective and gender neutral. In addition, employers are expected to ensure an appropriate assessment of general skills and competencies.

The proposed amendments may also expand transparency obligations during recruitment. While Latvian law currently requires salary ranges to be included in job advertisements, the wording of the draft suggests that employers may need to disclose not only the salary range but potentially other elements of remuneration as well, including bonuses, allowances, variable pay components, and other employment-related benefits.

Another significant requirement concerns transparency of remuneration systems. The draft provides that employers must ensure that all employees have easy access to information regarding the criteria used to determine remuneration and remuneration levels. Notably, this obligation would apply to all employers, regardless of workforce size. The draft also introduces employee information rights and reporting obligations. To support compliance, the draft establishes a system of administrative penalties. The proposed maximum fines for legal entities include:

- up to 220 penalty units for failing to provide employees with information on individual and average pay levels;

- up to 220 penalty units for failing to provide employees or employee representatives with gender pay gap information;
- up to 2800 penalty units for failing to submit required gender pay gap reports to public authorities;
- up to 700 penalty units for refusing to carry out a joint pay assessment where required; and
- up to 700 penalty units for failing to ensure equal pay for the same work or work of equal value.

Given that one penalty unit currently equals EUR 5, the highest proposed administrative fine would amount to EUR 14 000.

Although the legislative process is still ongoing, the draft clearly signals the direction of future regulation. Employers should begin reviewing their remuneration structures, job evaluation methodologies, recruitment practices, and pay transparency procedures to prepare for the new requirements. While certain details may change during the parliamentary process, the fundamental principles of pay transparency and equal pay are unlikely to be substantially altered before implementation.

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Lithuania

LAW

Lithuanian employers get more time to comply with EU pay transparency rules

The Seimas of the Republic of Lithuania has approved amendments to the Lithuanian Labor Code concerning pay transparency; however, it has postponed until the beginning of next year the obligations requiring employers to submit data to Sodra (the State Social Insurance Fund Board) and to publicly disclose average salaries by gender as well as the pay gap between comparable positions. Accordingly, the following requirements under the European Union Pay Transparency Directive are deferred until January 1, 2027:

- employers are not yet required to submit detailed data to Sodra;
- employers are afforded additional time to bring their compensation structures into compliance; and
- employees' right to obtain information regarding their own average remuneration and that of employees within the same job category is temporarily suspended.

In addition, employers are granted a transitional period, during which they must adopt an employee compensation policy no later than December 31, 2026. Where a compensation policy is already in effect within a given company, institution, or organization, such policy must be reviewed and, where necessary, revised accordingly. The remaining amendments to the Labor Code enter into force on June 7, 2026.

Read More

GUIDELINES

First summer job - what minors and their parents need to know

As summer approaches, many students are looking for opportunities to earn their first paycheck or gain work experience. However, this creates a new problem: some minors are working illegally in unsafe conditions or in violation of labor and rest requirements.

According to the State Labor Inspectorate, there are two main issues regarding the employment of minors. One of the biggest problems is the improper scheduling of minors' working hours. Children aged 14 to 16 are prohibited from working between 8 p.m. and 6 a.m., and adolescents aged 16 to 18 are prohibited from working between 10 p.m. and 6 a.m. A minimum rest period is also mandatory.

The second problem is illegal work or improper documentation. In some cases, minors begin working without signing an employment contract, their employment is not reported to SODRA and parental consent or medical certificates have not been obtained. The State Labor Inspectorate notes that employment is permitted only from the age of 14, but children aged 14–16 may only perform light work that does not endanger their health, safety, or education. A minor's first job must be safe, hazardous

work, work involving alcohol, or work that is harmful to health is prohibited.

Read More

Employers relying on seasonal workers should be aware that seasonal employment contracts are subject to specific rules on termination and leave entitlements.

GUIDELINES
Seasonal employment contracts

Seasonal employment contracts are important for employers whose operations are seasonal and whose need for workers arises only temporarily. Approved seasonal jobs include outdoor construction and roadwork, agricultural and forestry activities, harvesting and related work, service jobs in the tourism sector that are not performed year-round, water body management, and fishing and similar activities.

According to the Labor Code, a seasonal employment contract can be signed for one or several consecutive seasons. However, these contracts are subject to the specific provisions governing seasonal work. Employees have the right to terminate seasonal employment contracts before they expire by providing written notice five calendar days in advance. Employers must comply with the general notice periods set forth in the Labor Code when terminating contracts. There are also specific provisions regarding leave. Employees who work for a single season are not granted annual leave, however, monetary compensation must be paid upon termination of the employment relationship. Unlike employees who work for several consecutive seasons, annual leave must be granted during the off-season.

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Moldova

LAW

Moldova introduces mandatory mediation for employment disputes

The Republic of Moldova is reforming its dispute resolution framework through the new Law on Mediation and the Status of the Mediator, which introduces mandatory preliminary mediation, including for certain employment disputes, before court proceedings may be initiated.

Under the new regime, effective from March 2027, parties involved in individual employment disputes will be required to attend at least one mediation session prior to filing a court claim. This requirement will apply, inter alia, to disputes concerning reinstatement at work, salary guarantees, compensation for forced absence from work, as well as disputes related to the conclusion, performance, amendment, suspension, termination, or invalidity of employment contracts. Collective labor disputes may also be subject to mediation where conciliation procedures fail.

The first mediation session will have an informational character, allowing the parties to decide whether to continue the mediation procedure or pursue litigation.

The reform aims to reduce court caseloads, encourage amicable settlements, lower litigation costs, and promote faster dispute resolution. The new law is also intended to align Moldova's mediation framework with European standards, in particular the Directive 2008/52/EC.

Read More

A recent court ruling highlights that claims arising from workplace accidents may depend on whether a valid employment relationship can be established.

COURT

No employer liability for workplace accidents where no valid employment contract exists

A final ruling upheld by Moldovan Supreme Court of Justice clarifies that claims for employment-related accident indemnities and social insurance payments depend on the existence of a proven employment relationship. In this case, the injured person had allegedly worked for the defendant company through a contractor performing cable installation works. However, the courts found that the claimant failed to prove the essential elements of an employment relationship with the company, including subordination, job function, remuneration, and admission to work under the applicable labor law rules. As a result, the company could not be ordered to pay the statutory death indemnity and related social insurance payments arising from the accident.

The ruling also illustrates the importance of properly structuring and documenting contractor relationships. Properly structured contractor agreements that genuinely reflect the commercial reality of the relationship may provide meaningful legal protection. However, employers should exercise caution: courts will look beyond the label of an agreement to its actual substance. Where undeclared employment is established, exposure to compensation claims remains significant.

Read More

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Poland

GUIDELINES

Consent to longer working time for employees with disabilities

The National Labor Inspectorate (PIP) has confirmed that an occupational health doctor may consent to the application of standard working time limits to an employee with a disability already at the stage of initial medical examinations. This applies to employees with a severe or moderate degree of disability, who are generally subject to reduced working time limits of 7 hours per day and 35 hours per week.

According to PIP's position, a request to waive the reduced working time limits may be effectively submitted no earlier than upon the establishment of the employment relationship, i.e. on the date indicated in the employment contract as the start date of work. This means that the physician's consent may be obtained during the initial medical examination, provided that the examination takes place no earlier than on the date on which employment begins.

This position allows employers who hire people with disabilities to plan working hours from the very start of employment. However, the application of longer working hours still depends on the employee's request and the approval of an occupational health doctor.

LAW

Simplified residence permit procedure for nationals of selected countries

The Ministry of the Interior and Administration is working on amendments to the Act on Foreigners, aimed at reducing the processing time for applications for temporary residence permits submitted by nationals of selected third countries. The amendments are intended to apply to nationals of countries whose citizens benefit from visa-free travel within the European Union.

The proposed simplification would introduce a mechanism of tacit consent. In practice, this means that an application for a temporary residence permit could be deemed to have been approved if the authority does not raise any objections within the statutory time limit. Under the draft, this time limit would be 60 days from the date of submission of the application or, in the event of formal deficiencies, 60 days from the date on which they are rectified.

This mechanism would not apply in all cases. Tacit consent would be excluded, for example, where the foreign national's details appear in the Schengen Information System or on the list of foreign nationals whose presence in Poland is undesirable, or where there are concerns regarding public security or public order. The draft is expected to be adopted by the Council of Ministers in 2Q 2026.

Read More

LAW
New applications for interpretations regarding forms of employment

From 8 July 2026, businesses will be able to submit applications to the National Labor Inspectorate (PIP) for individual interpretations regarding forms of employment. This new tool will enable them to assess whether B2B contracts or civil law contracts used in practice meet the criteria for an employment relationship.

The new service will be available to entrepreneurs, employers and other entities employing staff within the meaning of the Act on the National Labor Inspectorate. The application fee will be PLN 40, and the PIP will have a maximum of 30 days to issue an interpretation.

Read More

COURT
Managers may be entitled to overtime pay

In principle, employees who manage the workplace on behalf of the employer and managers of separate organizational units carry out work outside normal working hours as required, without being entitled to remuneration or an overtime allowance. However, this rule is not absolute.

The Supreme Court has indicated that an employer may not organize work in a manner which, by its very nature, requires employees in managerial positions to work overtime on a continuous basis. Overtime work by managerial staff should be exceptional in nature and should not result from a permanent and flawed organization of work.

This means that a manager may claim overtime pay if the systematic exceeding of working time limits is not due to an ad hoc need, but to the way in which the employer organizes work.

Decision of the Supreme Court of 17 September 2025, ref. no. III PSK 10/25.

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Slovakia

GUIDELINES
The report of labor protection in Slovakia in 2025

The National Labor Inspectorate (NLI) has published its Report of labor protection in Slovakia in 2025 (Report), providing a comprehensive overview of the status of the employment law compliance, illegal employment, and other areas of the labor market.

The Report maps the results of inspection activities carried out by labor inspectorates and identifies the most common recurring problems in Slovak workplaces.

In 2025, labor inspectorates carried out inspections at 21,253 entities, representing a year-on-year decline compared to 2024. A total of 41,338 violations of regulations were identified, representing a slight reduction compared to the previous year. According to the Report, the decline in inspections was also linked to procedural changes and the introduction of new tools within the functioning of the labor inspectorate. Overall, however, a lower number of inspections does not automatically mean a significant improvement in the situation - it may also be a consequence of a reduced scope of inspection activity.

The NLI identified the following violations:

1. Employment law - a significant portion of inspection activity was also focused on compliance with employment law regulations. The most frequently occurring violations related to:

- incorrectly concluded or incomplete employment contracts,
- deficiencies in the recording of working hours,
- violations of rules on working time and rest periods,
- ambiguities in remuneration and working conditions;

These violations recur regularly, particularly in sectors with high staff turnover;

2. Illegal employment - one of the most significant findings of the Report is the decline in illegal employment; the number of illegally employed persons fell to 1,211, and the number of entities engaged in illegal employment fell to 693; although this represents a positive development, the report indicates that the problem persists and remains one of the priorities of inspection activity.

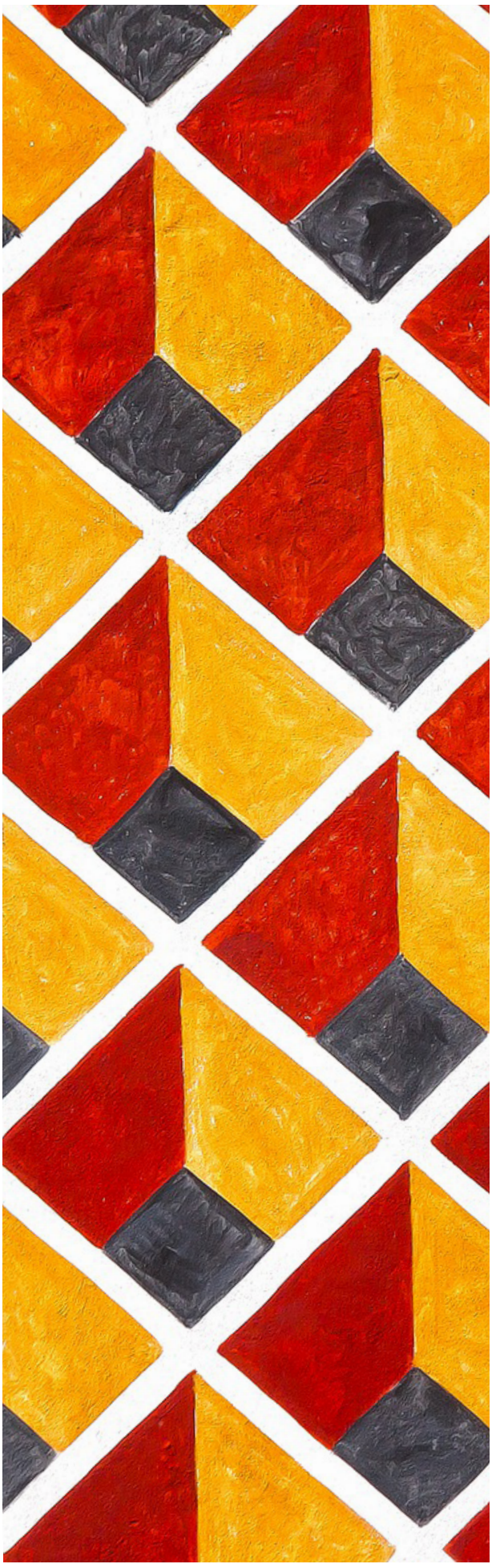
The NLI Report does not merely present statistics - the most common violations are recurring and systemic.

From an employer's perspective, it is clear that it is worthwhile to invest in prevention, particularly in reviewing employment contracts and ensuring their completeness, maintaining accurate records of working hours, strict compliance with employment rules (particularly in relation to agency workers, work agreements and rules on working time and rest periods). For many companies, violations do not arise intentionally, but rather from unclear

processes, weak internal systems, or an underestimation of administrative obligations.

The Report points to modestly positive trends, particularly in illegal employment. At the same time, however, it shows that workplaces in Slovakia continue to struggle with recurring problems in employment law documentation. The main message of the Report is that the greatest risks do not arise from exceptional situations, but from everyday oversights - missing records, weak monitoring of working conditions, or improperly concluded contracts.

If Slovakia is to reduce workplace violations and raise the standard of working culture, it will be essential to strengthen not only inspection activity, but also preventive measures and systematic education for both employers and employees.



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Slovenia

LAW
The new Intervention Act in Slovenia

The new Intervention Act for the Development of Slovenia was adopted by the Slovenian National Assembly in May 2026 as part of broader economic reforms. The Act introduces a wide package of measures in the areas of taxation, the economy, healthcare, and the pension system, representing one of the largest interventions in the Slovenian economy in recent years.

An important labor law change concerns retirement and employment termination. Under the amended Employment Relationships Act, an employment relationship will terminate automatically once an employee fulfils the conditions for an old-age pension. However, employees may request the continuation of employment. The new measure will also allow retired employees who continue working to hold the status of both insured persons and pension beneficiaries, while receiving 100% of their pension.

Another important measure is the introduction of a cap on social security contribution bases. The new Article 6.a of the Social Security Contributions Act states that the monthly contribution base may not exceed EUR 7,500 for all contributors and all types of contributions.

This measure will enter into force on 1 July 2026.

Slovenia's newly adopted sick leave regulations impact employer obligations regarding employee conduct, travel restrictions, and mandatory electronic notifications.

LAW
New rules on sick leave in Slovenia

The Slovenian Health Insurance Institute adopted new Rules on instructions for insured persons during temporary absence from work.

The new regulation introduces important changes for both employees and employers by providing clearer rules on employee conduct during sick leave and the communication of medical instructions.

The Rules define how insured persons must behave during temporary absence from work according to their health condition in order to support recovery and return to work. They also regulate the place of residence during sick leave, movement

restrictions, and conditions for travelling abroad. Permission for travel to another country generally requires approval from an appointed doctor, except in cases of approved medical treatment abroad.

In addition, the Rules introduce clearer obligations regarding written notification. Employees and employers must be informed about medical instructions electronically, including through the zVEM portal and digital information systems. These measures are intended to improve transparency, legal certainty, and monitoring during sick leave procedures.

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Spain

LAW

EU fund support extended to workers facing redundancy

The European Union has broadened the scope of the European Globalization Adjustment Fund (EGF) to enable its resources to reach workers before redundancy occurs, and not just afterwards.

Until now, the EGF funded support measures (training, career guidance, outplacement assistance) once workers had already been made redundant. The new provision is that, under this Regulation, these same measures may be implemented from the pre-redundancy phase, where there is a planned collective redundancy in a company undergoing restructuring, even before contracts are terminated. The aim is for those affected to acquire the necessary skills to take on a different role within their current company or to find alternative employment, thereby facilitating a smoother transition and reducing the period of actual unemployment.

For measures aimed at workers at risk of imminent redundancy to be eligible, there must be a collective redundancy plan affecting at least 200 workers facing imminent redundancy within a single company undergoing restructuring and in a single Member State.
The company's decision to apply for EGF support and the design of the coordinated package must be taken into consultation with the intended beneficiaries, their representatives and the social partners, as appropriate, to ensure that workers' rights to information and consultation are respected in accordance with EU and national legislation.

The Regulation entered into force on 21 May 2026 (the day following its publication in the Official Journal of the European Union), being binding in its entirety and directly applicable in every Member State, including Spain. It therefore does not require transposition into national law: Spanish companies, workers and authorities are subject to it from that date.

COURT

The absence of a time record does not automatically prove all the overtime claimed.

The Supreme Court has examined the impact of the absence of a complete record of working hours when an employee claims payment for overtime. The case concerned an employee of a butcher's shop who claimed to have worked beyond his usual working hours and sought financial compensation for this. The company did not have a complete time record, although it acknowledged the existence of a limited amount of overtime and agreed to pay EUR 1,000 for overtime.
The main issue was to determine whether the lack of an adequate record implies that all the overtime claimed by the employee must be considered proven.

The Supreme Court concluded that there is no automatic reversal of the burden of proof. The judgment distinguishes between two situations: on the one hand, those roles with variable or difficult-to-predict working hours, and on the other, those with a fixed timetable known to both parties.

In cases of irregular working hours, the absence of a time record takes on particular importance, as it is the primary means of proving the working time actually worked. However, where there is a pre-established timetable, the employee must provide evidence to demonstrate that this timetable was not adhered to and that overtime was in fact worked.

In this case, the employee did not provide sufficient evidence or indications to support his claim, and the Supreme Court therefore upheld the dismissal of it.

Judgment of the Supreme Court (Labor Chamber), No. 372/2026 of 15 April 2026 (Appeal No. 674/2025).

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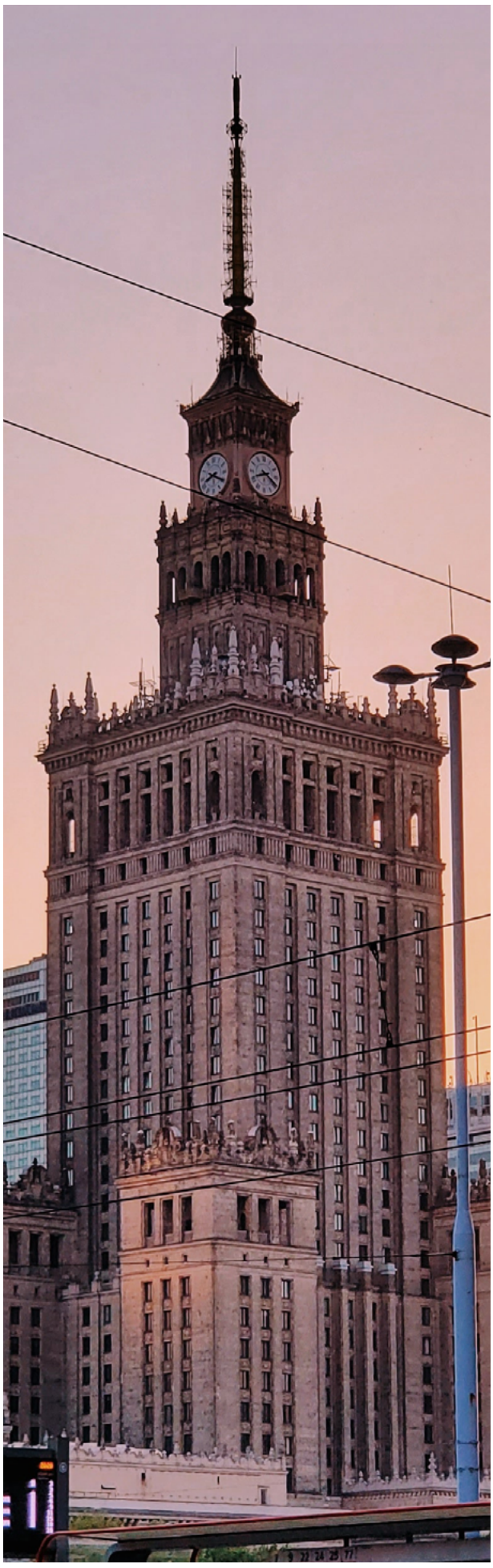

Ukraine

COURT

The Supreme Court of Ukraine has adopted a new legal stance on cases related to the suspension of employment agreements

- **The substance of the dispute**

A claimant challenged actions of the state enforcement service, that had calculated child support allowance arrears based on the average salary for the relevant region. The claimant argued that his employment agreement had been suspended based on the employer's order and not terminated, and therefore the calculation should not have been made using the model applicable to an unemployed person, but should have taken into account his salary provided for in his employment agreement.

- **The court's previous legal stance**

In previous similar cases, courts have ruled that suspending an employment agreement does not make a person unemployed under the terms of the Family Code of Ukraine. Consequently, applying the average salary for the relevant region is unlawful. Under labor laws in the event of the suspension of an employment agreement an employee retains their job and position. The obligation to compensate for lost earnings during the suspension period is imposed by law on the aggressor state. Therefore, the application of the regional average salary figure to calculate the amount of a child support allowance is inappropriate. Such calculation should be based on the salary that would have been accrued had the work been performed normally.

- **The court's new legal stance**

In March 2026, when reviewing the case, the Joint Chamber of the Civil Cassation Court of the Supreme Court of Ukraine determined that the previously established practice should be deviated from, since the Law of Ukraine "On Organization of Labor Relations under Martial Law" does not establish specific provisions on the payment of a child support allowance by a person whose employment agreement is suspended, nor does it provide for either the automatic deduction of the allowance payments or the accrual of arrears by an employer during the period of such suspension. Therefore, arrears in allowance payments calculated as a percentage of earnings (income) of an employee whose employment agreement is suspended and who has not received any earnings (income) during the relevant period shall be calculated based on the average salary in the relevant region.

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This newsletter provides an overview, compiled by the member and collaborating firms of Andersen Global.

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