European Employment Insights

“As temperatures rise, employers are reminded of their obligation to protect employees from heat-related risks at work.”

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Cord Vernunft
European Employment and Labor Law Coordinator
cord.vernunft@de.andersen.com

Magdalena Patryas
European Employment and Labor Law Sub-coordinator
magdalena.patryas@pl.andersen.com

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April Issue | **May Issue** | **June Issue**

INDEX

AI in the workplace - what employers need to know

Matteo Amici, Partner
matteo.amici@it.Andersen.com
Andersen in ITaly
Member firm of Andersen Global

In this interview, Uberto Percivalle speaks with **Matteo Amici** (Partner at Andersen in Italy) about how AI is changing the workplace, the new obligations under the AI Act, and what employers should prepare for next.

Q: Why should artificial intelligence be a strategic priority for European employers, rather than merely a compliance matter?

MA: The AI Act (Regulation (EU) 2024/1689) marks a paradigm shift. It does not regulate technology in the abstract, but the conditions under which an employer may use it for decisions that affect people. The question for European businesses is no longer whether to adopt AI, but how to integrate it while retaining meaningful human oversight. Organizations investing in AI governance today do so from a strategic standpoint: the quality of the internal framework becomes a factor of reputational appeal, of reduced litigation risk and, increasingly, of ESG positioning.

Q: What concrete obligations does the European framework place on employers?

MA: The cornerstone of the framework is the principle of meaningful human oversight. The employer is generally regarded as the AI system's deployer and is therefore responsible for how it integrates AI systems into its internal processes. This gives rise to transparency obligations towards employees and workers' representatives whenever AI systems are used in recruitment, performance evaluation, task allocation or termination decisions. The information provided must be sufficiently detailed to explain the purpose of the system, the categories of data processed, the criteria and metrics used, and the human oversight and control measures in place. Several Member States are now translating these principles into national law. In Italy, for example, Law No. 132/2025, in force since last October, has extended the framework to self-employment and the intellectual professions, introducing a duty to inform clients whenever AI systems are used in the provision of professional services.

Q: How are multinational groups operating across multiple European jurisdictions navigating the interaction between the AI Act's harmonised framework and the national legislation implementing it?

MA: This is probably the issue that concerns international clients the most. The AI Act guarantees a uniform baseline of common rules, but the various Member States are adopting national legislation that specifies how it applies to the employment relationship, with differing solutions: specific information obligations toward employees and unions, extension of the scope to self-employment, and their own rules governing the deployer's liability. For a multinational group, the principal risk is regulatory fragmentation - bespoke policies to be adapted country by country, with rising compliance costs and potential inconsistencies in application. The approach emerging among the more advanced organizations is a dual one: a centralized AI-governance framework that safeguards the common European principles, combined with a local-adaptation layer that captures the specific obligations of each jurisdiction. It is the same architecture that worked for the GDPR and for ESG obligations - a single standard, with tailored local implementation.

Q: Which risks need to be addressed most urgently, and what do the first enforcement actions by the authorities teach us?

MA: Among the most immediate risk areas, three stand out. The first is bias in recruitment systems, where poorly trained algorithms can result in discriminatory outcomes on grounds of gender, age or origin - and here Article 5 of the AI Act prohibits biometric categorization aimed at inferring political opinions or trade-union membership. The second is intrusive performance surveillance, which must also be assessed in light of national rules on remote monitoring. The third, and increasingly significant, is the inference of workers' emotional states through sentiment-analysis tools embedded in corporate platforms. A recent Italian case illustrates the reach of the European prohibition: by Decision no. 342 of May 14, 2026, the Italian Data Protection Authority (Garante per la protezione dei dati personali) examined whether the use of a plug-in designed to analyze employees' communications on Slack and Microsoft Teams was compatible with Italian data protection and employment law. The assessment was based on Article 5(1)(f) of the AI Act, which prohibits systems designed to infer emotions in the workplace. National authorities, in other words, are beginning to use the AI Act as a benchmark for regulatory enforcement.

Q: Looking beyond the regulatory framework, what does the data tell us about the transformation under way?

MA: The most recent picture comes from a study published by Anthropic on 5 March 2026, which introduces the notion of "observed exposure" - a measure that combines technical feasibility with real-world usage data. The findings are striking although no wave of unemployment has materialized in the most exposed professions, hiring of 22-to-25-year-olds in those same professions has fallen by 14%. Moreover, compared with previous technological revolutions, the profile of the exposed worker is reversed - not low-income manual workers, but educated, well-paid professionals, most of them women. The legal sector is a paradigmatic case: while, in theory, AI could perform 89% of legal tasks, in practice it covers around 20%. The gap reflects the cost of verification, professional accountability and regulatory compliance, which together represent the added value of an experienced lawyer.

Q: Considering this, what should European employers' priority be in the coming months?

MA: From an employment-law perspective, the data tells a clear story. AI is not emerging as a specific ground for dismissal - where

European protections are strong and well established - but rather as a barrier to entry into the labour market, where those protections are structurally weaker. It is a quiet but systemic shift. For employers, the challenge is to rethink the architecture of entry routes - traineeships, apprenticeships, tutoring - alongside the framework of obligations that the AI Act imposes. The regulatory and economic dimensions must be read together. Employers that successfully address both dimensions can turn a compliance obligation into a competitive advantage by attracting talent, reducing litigation risk and strengthening their ESG reputation. Those who continue to treat regulation and economic transformation as separate issues - or merely as compliance exercises - risk falling permanently behind the curve.

Matteo Amici is an employment lawyer at Andersen Italy, focusing on employment law, industrial relations and commercial contracts. He advises Italian and international companies on all aspects of employment law, cross-border employment matters, agency agreements and M&A transactions, with expertise in the European regulatory framework governing AI in the workplace.

Austria

The Austrian Supreme Court has held that repayment claims arising from invalid employment agreements are subject to a three-year limitation period.

COURT
Limitation period for repayment claims

The Austrian Supreme Court (OGH) has clarified the limitation period applicable to employers' repayment claims arising from agreements that violate the prohibition of preferential treatment of works council members under Section 115 of the Austrian Labor Constitution Act (ArbVG).

The case concerned excessive remuneration paid to a released works council member under an agreement that was void because it infringed the statutory prohibition of preferential treatment. While claims for restitution under Section 877 of the Austrian Civil Code (ABGB) are generally subject to a 30-year limitation period, the OGH held that a different rule applies in this context.

According to the Court, Section 1486 ABGB provides a special three-year limitation period for certain employment-related claims. Although restitution claims are not expressly listed, established case law extends this provision to repayment claims arising from invalid employment agreements. As a result, an employer's claim to recover overpaid remuneration is subject to the shorter three-year limitation period. The OGH further confirmed that the limitation period begins when each overpayment is made. Filing a lawsuit interrupts limitations only for the specific amounts expressly claimed.

Employers should identify and quantify potential repayment claims at an early stage. Delays or subsequent increases of the claimed amount may result in parts of the claim becoming time-barred.

Decision of the Austrian Supreme Court (OGH), no. 9 ObA 39/25p of 27 January 2026

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Employee non-solicitation clauses may be enforceable independently of the statutory rules on post-employment non-compete clauses.

COURT
Employee non-solicitation clauses and post-employment restrictions

The Higher Regional Court of Linz (OLG Linz) has held that employee non-solicitation clauses are generally not subject to the statutory restrictions governing post-contractual non-compete clauses under Sections 36 et seq. of the Austrian Salaried Employees Act (AngG).

The case concerned a clause prohibiting a former employee, for twelve months after termination, from contacting, hiring or soliciting employees of the former employer.

The court of first instance found the clause unenforceable because the employee's remuneration did not exceed the statutory threshold applicable to non-compete clauses.

The OLG Linz reversed that decision, holding that Sections 36 et seq. AngG apply only where a non-solicitation clause substantially restricts the former employee's professional freedom. In such cases, the statutory limitations may apply by analogy.

The OLG Linz granted leave to appeal to the Austrian Supreme Court (OGH), citing inconsistent case law and differing academic views. A clarification by the OGH is therefore likely.

Accordingly, employee non-solicitation clauses may remain enforceable even where the statutory remuneration threshold for post-contractual non-compete clauses is not met, provided that they do not substantially restrict the former employee's professional freedom.

The forthcoming decision of the Austrian Supreme Court is expected to provide further guidance on the scope of this principle.

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Marlene Wachter, Partner
wachter@chg.at
Carlos Kammerlander, Senior Associate
kammerlander@chg.at
CHG Czernich Rechtsanwälte
Collaborating firm of Andersen Global

Belgium

LAW
AI Act update - new transparency rules for employers

The EU AI Act is being introduced in phases. While several of its requirements have been postponed, new transparency rules will apply from 2 August 2026.

For employers, the message is simple: if your organisation uses certain AI tools, people should know when AI is involved.This is particularly relevant if you use AI-powered chatbots, AI-generated content, or AI tools in areas such as recruitment, HR, customer service or internal communications.

Employees, job applicants and other users must be clearly informed when they are interacting with AI or when content has been created or significantly modified using AI. The new rules also cover AI systems that use emotion recognition or biometric categorisation. Where these technologies are used, individuals must be informed, and any processing of personal data must remain compliant with the GDPR.

To support organisations, the European Commission has published practical guidance, including a Code of Practice and a set of standard icons that can be used to identify AI-generated content. While many of the AI Act's obligations for high-risk AI systems have been postponed until 2027 or 2028, the transparency requirements are not. Now is the time for employers to identify where AI is being used within their organisation and ensure that the necessary transparency measures are in place before 2 August 2026.

GUIDELINES
Working in hot weather

In light of the several heat waves experienced this season, employers should pay particular attention to the impact of high temperatures on employees' health and wellbeing. Employers are required to assess the risks associated with heat exposure and take appropriate preventive measures where necessary.

Under the Belgian Well-being at Work Code, action thresholds are based on the WBGT index, which takes into account temperature, humidity and radiant heat. Once these thresholds are exceeded, employers must provide protection from direct sunlight, ensure access to free refreshing drinks, install adequate ventilation where required and, if the heat persists, introduce appropriate rest breaks.

In practice, employers should not wait until these thresholds are reached. Adjusting working hours, scheduling physically demanding tasks during the cooler morning hours, providing shaded areas and encouraging regular breaks can help prevent heat-related illnesses and maintain productivity.

Employees who believe that excessive heat poses a risk to their health may raise the issue with their employer, the Committee for

Prevention and Protection at Work or the occupational physician.

Periods of hot weather may also lead to increased ozone levels, particularly affecting outdoor workers. Taking organisational measures and providing additional protection for vulnerable employees can significantly reduce these risks.

Prevention remains the best way to protect both employees and business continuity.

Leila Mstoian, Partner
leila.mstoian@be.andersen.com
Andersen in Belgium
Member firm of Andersen Global

Bosnia and Herzegovina

COURT

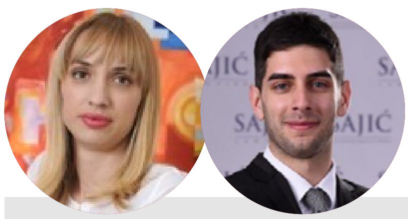
Time and place of a breach of employment obligations

In its judgment, the Supreme Court of the Federation of Bosnia and Herzegovina has held that a breach of an employee's work-related obligations is not limited, either temporally or geographically, to the workplace where the employee performs duties for the employer. Rather, an employee may be held accountable for the failure to perform duties and obligations arising from employment or connected with the employment relationship, regardless of the time or place at which such conduct occurs.

Indeed, contrary to the position advanced in the revision, a breach of employment obligations is not limited, either temporally or spatially, to the premises where the claimant performs work duties as an employee of the respondent. Article 88 of the Labor Law of the Federation of Bosnia and Herzegovina provides that an employee is liable for the non-performance of duties and obligations at work or in connection with work. Accordingly, an employee is not accountable solely for breaches of employment obligations committed during working hours or within the workplace, but also for conduct occurring outside such time or premises, if it relates to the employment relationship. This requirement was satisfied in the present case. Furthermore, the lower courts correctly concluded that the comment posted by the employee on 20 September 2020 on the employer's official social media profile was inappropriate. The statements used in the comment, such as "nepotism," "poor management structure," "rewarding the favored rather than the competent," "the departure of employees who had previously been scholarship recipients of the respondent due to a lack of challenges in the workplace," and "limited opportunities for career advancement," were formulated in a manner detrimental to the reputation of the employer as a public enterprise. This is particularly so where such a comment is posted by an employee in response to an official publication intended to promote the employer and enhance its public image in the marketplace.

Contrary to the position advanced in the revision, the employee's comment cannot be regarded as the expression of an opinion protected under Article II(3)(h) of the Constitution of Bosnia and Herzegovina, since the right to freedom of expression is subject to limitations, including those aimed at protecting the reputation and rights of others. Only reasoned and substantiated public criticism, expressed through petitions, complaints, proposals, or other similarly well-founded forms of communication, excludes liability for a breach of employment obligations. Such circumstances were not established in the present case.

Decision of the Supreme Court of the Federation of Bosnia and Herzegovina, No. 65 0 Rs 895539 25 Rev, dated January 6 , 2026



Sanja Djukic, Senior Partner
sanja@afsajic.com
Igor Letica, Partner
igor@afsajic.com
Law Firm Sajić
Member firm of Andersen Global

Croatia

LAW

Occupational diseases and employer liability in Croatia

Three regulations published in the Official Gazette of the Republic of Croatia No. 48/2026 are of significant relevance for labor law, occupational health protection and employer liability:

- The Act on the List of Occupational Diseases,
- The Act Amending the Act on Mandatory Health Surveillance of Workers Occupationally Exposed to Asbestos, and
- The Act Amending the Act on Compensation for Workers Occupationally Exposed to Asbestos.

Together, these instruments further develop the legal framework governing the recognition of occupational diseases and the legal consequences arising from such recognition.

Recognition of occupational diseases

The Act on the List of Occupational Diseases establishes which diseases are recognized as occupational diseases and under what conditions. It introduces a dual structure: a substantive element defining which diseases may qualify as occupational, and an evidentiary element regulating how the causal link between disease and work must be demonstrated. The mere inclusion of a disease on the List is not sufficient; it must still be proven that the disease is connected to exposure to workplace hazards. This requires a structured approach combining occupational history, clinical findings, diagnostic methods, risk assessment, and reliable evidence of exposure conditions.

This approach reinforces the idea that occupational disease is not only a medical diagnosis but also a legal and organizational issue. The existence of a clear evidentiary chain—hazard identification, exposure intensity and duration, and medical outcome—becomes crucial in determining responsibility. In this context, deficiencies in risk assessment, missing measurements, or incomplete documentation of working conditions may place the employer in a weaker evidentiary position.

Risk assessment and employer responsibility

The new framework also serves as a practical guideline for employers, indicating which workplace hazards must be identified, assessed, and controlled. It includes diseases caused by chemical, physical, and biological agents, as well as other conditions linked to occupational exposure. Accordingly, it functions not only as a classification tool but also as a preventive instrument directing employers toward appropriate risk management measures.

In practice, the employer is the starting point of prevention, documentation, and proof. Under the Occupational Safety and Health Act, the employer is responsible for organizing and implementing occupational safety measures across all aspects of work organization, regardless of whether these tasks are delegated to safety specialists or external providers. Delegation does not relieve the employer of ultimate responsibility.

Risk assessment plays a central role in this system. It must accurately reflect actual working conditions, including hazards, exposure duration, measurement results, and protective measures. Where risks are not properly identified or documented, the assessment loses its evidentiary value in proceedings concerning occupational disease.

New asbestos-related measures

The amendments concerning asbestos further strengthens worker protection by expanding the scope of recognized asbestos-related diseases and aligning national law with EU standards. They also introduce improved compensation mechanisms for affected workers.

Practical implications

The new legal framework highlights the importance of effective occupational health and safety management. For employers, this means ensuring that workplace risks are properly identified, documented and monitored on an ongoing basis, as compliance will increasingly be assessed not only through formal policies but also through the ability to demonstrate that occupational risks have been effectively managed in practice.

Ivan Matić, Partner
ivan.matic@kallay-partneri.hr
Kallay & Partners, Ltd.
Member firm of Andersen Global

Cyprus

The value of an employee's claim determines which court has jurisdiction over disputes arising from the termination of employment in Cyprus.

LAW
Appropriate venue for employment disputes

The parties to an employment agreement may privately negotiate an out-of-court settlement for any (or all) claims arising from termination of employment. In accordance with its terms, such private settlement will amount to an estoppel for all matters therein agreed, prohibiting claims from being litigiously pursued by any party to the employment agreement.

In the absence of an out-of-court settlement, the Industrial Disputes Tribunal has exclusive jurisdiction to determine matters arising from the termination of employment (such as payment of compensation, payment in lieu of notice, compensation arising out of redundancy, other payments arising out of the employment agreement, claims arising under the enactment for the protection of maternity, unequal treatment or sexual harassment in the workplace, as well as disputes between provident funds and their employee members), provided always that the amount claimed as compensation by the employee does not exceed the equivalent of two years' salary.

Where the amount claimed as compensation by the employee exceeds the equivalent of two years' salary, or the employee pursues claims that are outside the termination of employment, proceedings may be instituted by civil action at the District Court. Claims pursued with the Industrial Disputes Tribunal must be filed by application not later than twelve (12) months from the date of dismissal.

LAW
Consultation for collective dismissals

An employer in the private sector who intends to lay-off a group of employees should hold consultations in good time with the employees' representatives when the minimum number of employees dismissed by redundancy over period of thirty days in the establishment are:

- at least 10, where 21 – 99 employees are employed;
- at least 10% of the workforce, where 100 – 299 employees are employed;
- at least 30, where 300 or more employees are employed.

With a view to reaching a consensus, the employer must provide the employees' representatives with written particulars concerning:

- the reasons for the contemplated redundancies;
- the number and categories of the employees to be made redundant;
- the number and categories of employees normally employed;

- the period over which the contemplated redundancies are to be implemented;
- the selection criteria proposed to identify employees to be shortlisted for redundancy; and
- the method for calculating any further payments to be made to the employees as a result of the redundancy.

The employer must provide advance notice of at least one month to the Ministry of Labor and Social Insurance before any contemplated collective redundancies are implemented, annexing further thereto the aforesaid written particulars.

Nick Tsilimidos, Counsel
legal@cy.Andersen.com
Andersen in Cyprus
Member firm of Andersen Global

Finland

Employers must treat employees on maternity leave equally when recalling staff from lay-off.

COURT
Maternity leave and discrimination during lay-off

The Helsinki Court of Appeal has ruled that an employer breached the Finnish Equality Act by discriminating against an employee on maternity leave.

The employee had been laid off in March 2020. Before their maternity leave began in July 2020, all other laid-off employees had returned to work. When the last remaining laid-off colleague declined an offer to return, the claimant became the only employee still on lay-off. Although work was available, the employer did not offer it to them, and their lay-off continued until November 2020. As a result, they lost their collective agreement entitlement to salary or the difference between salary and maternity allowance during the first three months of their maternity leave.

The Court held that these circumstances created a presumption of sex discrimination under the Finnish Equality Act. Once work became available, the employer was required to offer it to the claimant or provide any necessary training.

As the employer failed to justify why the work was not offered, the Court concluded that the continued lay-off constituted unlawful discrimination on the grounds of pregnancy.

Helsinki Court of Appeal, Judgment No. 393, Case No. S 23/1372, 23 June 2026.

COURT
Collective agreements applicable to temporary agency workers

The Finnish Supreme Court has clarified which collective agreement applies to temporary agency workers where the staffing agency is bound by a normally binding collective agreement that differs from the generally binding collective agreement applied by the user undertaking.

The case concerned temporary agency workers employed by a staffing company and assigned to work at the distribution centers of a user undertaking. The staffing company applied the normally binding collective agreement applicable to distribution work, while the user undertaking applied a different, generally binding collective agreement to its own employees performing the same work, which provided more favorable remuneration. The agency workers argued that the collective agreement applied by the user undertaking should also apply to them, relying in part on the principle of equal treatment under the Temporary Agency Work Directive.

The Supreme Court held that the staffing company was entitled to apply the normally binding collective agreement to the agency workers' employment relationships under the Finnish Employment Contracts Act. The Court further confirmed that the Temporary Agency Work Directive does not have direct horizontal effect between private parties and therefore could not override the clear wording of the national legislation.

Finnish Supreme Court, Judgment of 12 June 2026, Case No. KKO:2026:45.

LAW
Amendments to the Annual Holidays Act

The Finnish Government has proposed new legislation to the Annual Holidays Act concerning the timing of carried-over holiday (säästövapaa). Carried-over holiday entitlement, or saved leave, means the days of leave to be taken later, during the next holiday year.

Currently, an employee may choose when to take carried over holiday if the employee and employer cannot agree on the timing. If it is not possible to agree on a more precise timing for carried-over holiday, the employee must give notification about taking the holiday no later than four months before it starts.

Under the proposed amendments, agreement between employees and employers on when the holiday is taken would remain as the default. However, the employer could refuse an employee's request for a specific date where this would disrupt production or service operations or prevent the fair scheduling of annual leave and carried over holiday. In the future, employers will decide when employees may take their carried-over holiday entitlement, the same way as in the case of other annual holidays, unless otherwise agreed.

The amendments are intended to enter into force on 1 January 2027.

GUIDELINES
New workplace guidance on drone threat situations

Finland's Ministry of Economic Affairs and Employment, Ministry of Social Affairs and Health, and Ministry of the Interior have jointly developed recommendations for workplaces on how to respond to drone threat situations. The guidelines were drawn up together with the main labor market organizations and are based on the current threat assessment.

The recommendations set out that official emergency alerts must be followed. Where a warning advises people to shelter indoors, workplaces should comply, however, with a limited exception for functions whose interruption would immediately endanger life or health.

A key element is the recommendation to pay wages. Although the labor market parties interpret existing legislation on wage obligations differently, they jointly recommend that employers continue to pay employees who are prevented from working due to an official drone threat alert. It should be noted, however, that these remain non-binding recommendations and the legislation does not currently require employers to pay wages in such situations.

Workplaces are encouraged to agree on procedures in advance, minimizing risks to employees while limiting operational disruption. Workplace accidents arising in drone threat situations will be assessed under the normal occupational accidents and diseases legislation.

COURT
Snow removal from a work vehicle may constitute work-related activity

The Finnish Supreme Court has clarified whether an injury sustained by a taxi driver while clearing a work vehicle from snow at home between shifts constitutes a compensable occupational accident.

After finishing their evening shift, the claimant returned home, where the employer's taxi was kept overnight. Upon receiving their schedule for the following morning, showing an early start, they began clearing the vehicle from snow. However, the car slid on the icy driveway and ran over their left foot.

The insurance company denied compensation, treating the incident as a private domestic activity. Although the Accident Appeal Board found in the claimant's favor, the Insurance Court reversed that decision on the basis that the accident lacked sufficient temporal connection to either the preceding or the following shift.

The Supreme Court overturned the Insurance Court's decision. It held that clearing and freeing a work vehicle from snow constitutes part of a taxi driver's actual work duties, as it amounts to preparing the vehicle for the next journey. The fact that this took place between shifts and on the claimant's private property did not break the connection to work. The accident therefore occurred in the course of employment under the Finnish Occupational Safety and Health Act and is compensable accordingly.

Finnish Supreme Court, Judgment of 3 June 2026, Case No. KKO:2026:41

Johanna Haltia-Tapio, Partner
johanna.haltia-tapio@merilampi.com
Merilampi Attorneys Ltd
Collaborating firm of Andersen Global

Germany

The German government plans to introduce a new dismissal regime for high earners, combining greater flexibility for employers with statutory severance protection for employees.

LAW
Planned employment law changes due to German “reform package”

In light of Germany’s weak economic performance, the German Government has recently presented a “reform package” containing several measures with implications for the labor market, inter alia:

Easier termination of high earners

Protection against dismissal for high earners shall be reduced (see further article).

Longer fixed-term employment

Until 2030, fixed-term contracts without objective grounds shall be permitted for up to 48 months and be extended up to six times, compared with 24 months and three extensions at the moment. The written form requirement for fixed-term employment contracts shall be abolished with effect from 1 January 2027.

Co-determination in the field of AI

The introduction of AI in companies with a works council shall be simplified while upholding existing co-determination rights. To this end, the Trade unions and employers’ organisations are to draw up specific proposals on how cooperation can be simplified and accelerated.

Sick leave

Medical certification shall become mandatory from the first day of illness, and telephone-based sick notes shall no longer be possible. The German Government aims here is to reduce the current high level of sick leave in Germany.

Reduction of Western Balkans scheme

The contingent under the Western Balkans, which grants nationals of West Balkan countries preferential access to the German labor market, shall be reduced from 50,000 to 25,000 people per year due to rising unemployment in Germany.

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LAW
Easier termination of high earners

The German government plans to limit dismissal protection for employees earning more than 1.75 times the pension insurance contribution ceiling - currently EUR 177,450 annually.

If a high earner challenges a dismissal, the employer shall have the possibility in the future to seek judicial dissolution of the employment relationship instead of fully defending the termination. Employers shall be able to unilaterally terminate the employment relationship upon request, even in the absence of grounds for dismissal. The labor court would then have to terminate the employment relationship and order the employer to pay severance pay. The statutory cap of the severance would generally be 12 months' pay and could rise to 18 months depending on age and length of service.

Even though a significant number of dismissal protection proceedings are ultimately resolved by way of settlement in return for the payment of severance compensation by the employer, German dismissal protection law is primarily aimed at preserving existing employment relationships rather than providing employees with severance protection or an entitlement to severance pay in the event of an unfair dismissal.

Nevertheless, comparable severance pay concepts already exist for certain risk takers in the financial sector and for senior executives with independent hiring or dismissal authority. As labor courts set high standards regarding the hiring or dismissal authority, this legislative change would not only make it easier to dismiss high earners but also but also make later separations from such employees more predictable.

Lucas Mühlenhoff, Senior Associate
Andersen in Germany
Member firm of Andersen Global
lucas.mühlenhoff@de.Andersen.com

Hungary

Hungary has suspended new applications for guest worker residence permits while maintaining other employment-related immigration routes, requiring employers to reassess their recruitment and mobility strategies.

LAW
Hungary changes the rules for employing third-country nationals

In June 2026, Hungary introduced a significant change to its immigration framework governing the employment of third-country nationals. As of 6 June 2026, it is no longer possible to submit new applications for a guest worker residence permit. At the same time, other residence permit categories allowing the employment of third-country nationals remain available.

What has changed?

The change does not result from the abolition of the guest worker residence permit as a legal category. Government Decree No. 450/2024 (XII. 23.) on the Employment of Guest Workers in Hungary remains in force and continues to regulate this residence permit category. The practical effect stems from the withdrawal, effective 6 June 2026, of the ministerial notice designating the third countries whose nationals were eligible to apply for a guest worker residence permit. Since no new list of eligible countries has been issued, there are currently no designated third countries whose nationals may apply for this type of residence permit.

The amendment is limited to this specific permit category. Applications submitted before 6 June 2026 continue to be processed under the previous rules, while holders of existing guest worker residence permits remain entitled to stay in Hungary under their permits and may continue to apply for extensions or reissuance in accordance with the applicable transitional provisions.

Immigration routes that remain available

Imortantly, other residence permit categories remain available where the applicable statutory requirements are met, including employment residence permits where legally applicable, the EU Blue Card, the ICT Permit, and other residence permits for highly qualified professionals.

Practical implications for employers

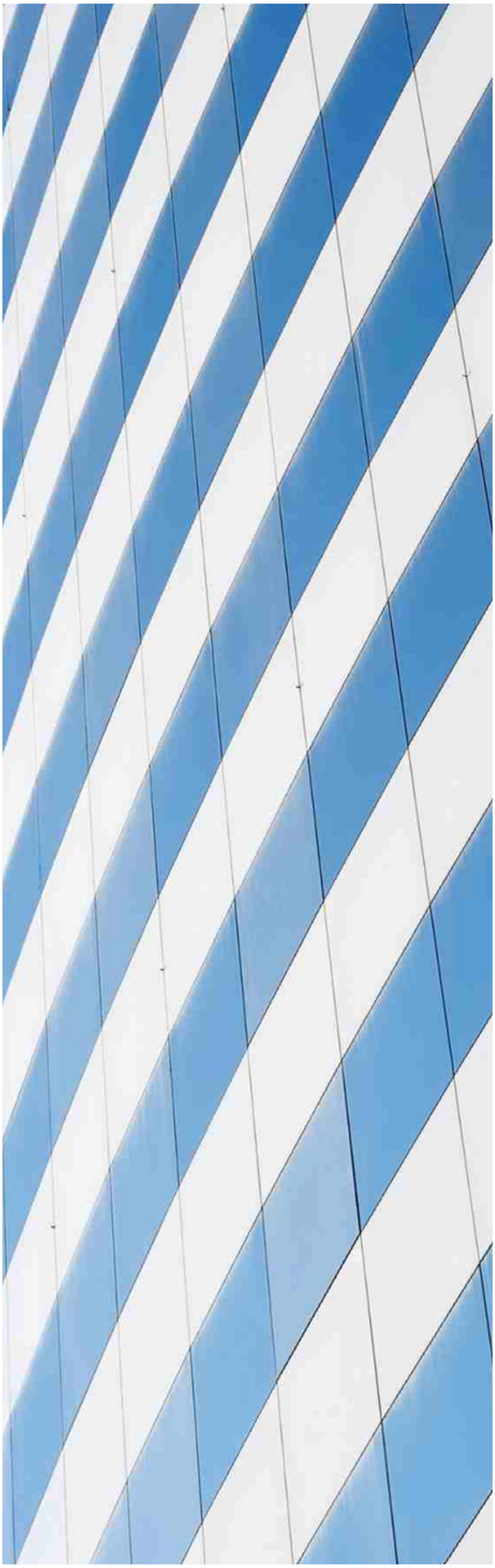
From a practical perspective, the amendment requires employers recruiting third-country nationals for positions in Hungary to reassess their mobility and recruitment strategies. While the guest worker residence permit no longer provides a pathway for new applicants, employers may continue to rely on other residence permit categories where the relevant legal requirements are satisfied.

Further legislative developments are expected. The Hungarian Government has already ordered a comprehensive review of the legal framework governing the employment of third-country nationals, suggesting that the current measure forms part of a broader reform of Hungary's labor migration policy. International employers operating in Hungary, as well as professionals involved in global mobility and immigration compliance, should therefore closely monitor future legislative developments.

Hungary's current regulatory framework demonstrates that the employment of third-country nationals has not been brought to a halt. Rather, the available immigration pathways have become more differentiated, making the selection of the appropriate residence permit category an increasingly important element of workforce planning and international mobility management.

The information contained in this overview reflects the legal framework in force as at the date of writing the present article. As the application of immigration rules may vary depending on the circumstances of each case, specific legal advice should be sought by the employers before taking action.

Ilona Boros , Partner
Ilona.Boros@hu.AndersenLegal.com
Andersen in Hungary
Member firm of Andersen Global



Ireland

A reform of Irish employment law limits employers' ability to enforce contractual retirement ages below 66.

LAW
Employment (Contractual Retirement Ages) Act 2025

The Employment (Contractual Retirement Ages) Act 2025 (the "Act") commenced on 29 June 2026, marking a significant development in Irish employment law - employees whose contractual retirement age is below the Irish State pension age (currently 66) now have a statutory right to notify their employer that they do not consent to retiring at that earlier age.

Under the Act, eligible employees may submit a written notification to their employer, stating that they do not consent to the contractual retirement age – this must be done within one year, but not less than three months (or, if the employee has a contractual notice period greater than three months, no less than the shorter of that period or six months) prior to reaching their contractual retirement age.

Once such a notification is made, an employer cannot enforce the contractual retirement age unless it can objectively and reasonably justify the retirement by reference to a legitimate aim, which is appropriate and necessary, and a reasoned written response must be provided within one month.

An employee can bring a claim to the Workplace Relations Commission (WRC) where an employer contravenes the Act, including for any penalization of the employee for exercising their rights under the Act.

Alongside the Act, the WRC has published an updated Code of Practice on Longer Working, providing practical guidance for employers and employees navigating retirement and longer working arrangements.

LAW
Disability discrimination and an employer's duty to assess fitness for work

The Workplace Relations Commission (WRC) awarded the Complainant compensation of EUR 50,000 for discrimination on the grounds of disability, highlighting the high standard expected of employers when assessing fitness for work and reasonable accommodation.

The Complainant was found to be medically fit to work with certain restrictions by both his GP and on foot of an occupational health assessment. Despite this, the Respondent made a decision that he was unfit for work and could not return to his duties.

While claims of harassment and victimization were not upheld, the Adjudication Officer found that not involving the Complainant in the risk assessment (which instead, was paper-based and did not involve a practical assessment), delaying his return to work, and failing to consult with him properly amounted to discrimination on the grounds of disability.

The case is an important reminder for employers – when dealing with employees who have a disability, they must be mindful to:

- Carefully consider any medical evidence available;
- Consult with the employee;
- Consider practical assessments if possible/appropriate;
- Explore and document consideration of reasonable accommodations;
- Decisions must be evidence based, and made in a timely manner; and
- Deal in a consistent manner with such matters as they arise - comparisons between cases can be powerful evidence in court.

Workplace Relations Commission, Adrian O'Hara v CHC Ireland DAC, Case Court Ruling June 2, 2026 No. ADJ-00056002.

Cian Moriarty, Partner
cmoriarty@philiplee.ie
Catriona Walsh, Senior Associate
cwalsh@philiplee.ie
Philip Lee
Collaborating firm of Andersen Global

Italy

Italy's May Day Decree has been converted into law, with Parliament expanding and refining several key employment law measures.

LAW
May Day Decree converted into law with amendments

In the May issue of our Andersen Employment Insights we had reported the enactment of the May Day Decree (Law Decree No. 62/2026 the “Decree”) on a variety of employment matters. The Decree was temporary but needed to be converted into law by Parliament, to continue to be effective. It was converted into law, with law of June 27, 2026 (“Law”). The conversion came with relevant amendments and new provisions.

The Law deals with a number of very important matters, including:

- the determination of the “fair wage” to be used as a benchmark for assessing whether employment remuneration is adequate under Article 36 of the Italian Constitution.
- delivery work performed by bike-riders through digital platforms, including the ongoing debate regarding their classification as employees or self-employed contractors, as well as the use of algorithms and technological tools in employment relationships. The Law narrowly specified the scope of work of relevant provisions, that should only apply to delivery riders.
- incentives aimed at promoting the employment of women and young people, supporting employment in Special Economic Zones, encouraging the conversion of fixed-term contracts and fostering gender equality and family friendly measures (the Law confirmed the provisions outlined in the Decree: see our May newsletter).
- special collective agreements that may derogate from the law and the national collective agreements: this provision was added by the Law.
- the use of secondment agreements to save jobs: this provision was added by the Law.
- cap to the total period of assignments to the same user, of an employee hired by a temporary agency for an indefinite term.

LAW
Fair wage

The Law confirmed that the benchmark of fair compensation shall be the “total compensation established by national collective bargaining agreements" entered into by the unions and employers' associations that are "comparatively more representative at the national level". The Law also confirmed that subsequent regulations by the Ministry of Labor shall regulate the collection and analysis of data whose transparency will make it possible to verify the constitutional adequacy of wages established through collective bargaining.

The Law confirmed the crucial role of CNEL (the Council for the Economy and Labor), that shall maintain a repository of company and regional-level collective agreements, and extract the total compensation from the collective agreements filed with CNEL. The Law better specified which remuneration components should be taken into account in order to calculate said total compensation.

The Law provided a tighter measure if collective agreements are not timely renewed: after 9 months (previously 12) after their expiry, wages shall be increased by an amount equal to 50% (previously 30%) of the HICP-NIE (Harmonized Index of Consumer Prices Net of Imported Energy costs).

LAW
Special collective agreements that may derogate from the law and the national collective agreements

Italian law provides that companies may conclude collective agreements with the local representatives of comparatively more representative unions or their works councils and derogate from certain mandatory provisions, regarding specific, limited matters and pursuing certain goals. Now the law of June 27, 2026, in an effort to ensure that such special collective agreements safeguard the employees, provided that:

- all such special collective agreements have to be filed with the Ministry of labor and with CNEL (the Council for the Economy and Labor);

- employers with an headcount up to 15 may only conclude such special collective agreements in front of local labor inspectorates;

- to the extent said special collective agreements provide detrimental treatments, employers must inform the affected employees.

LAW
Secondments to save jobs

One of the statutory requirements to have a valid employment secondment under Italian law is that the seconding company must have a legitimate interest in organizing the secondment. Law 112 of June 27, 2026 provided that no evidence or allegation of the existence of such an interest will be needed in case a secondment has been organized in order to safeguard jobs, business continuity, business skills or to prevent or minimize furloughs, working time reductions, or redundancies.

Such provision will apply also if a secondment takes place between companies of different business fields and that implement different collective agreements, but keeping the same employee's working duties. The new provisions will remain in place until December 31, 2029.

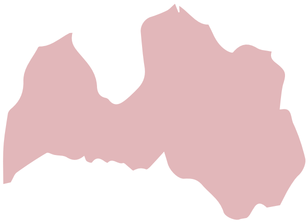
LAW

Cap to the total periods of assignment to the same user, of an employee hired by a temporary agency for an indefinite term

Law 112 of June 27, 2026 clarified a controversial issue often arising with regard to the supply of employees by a temporary work agency, in case said agency had hired the employee for an indefinite term (as opposed to the more frequent fixed term). Until now there seemed to exist no statutory maximum duration to the length of the assignment of such an employee by the temporary work agency and case law was not always consistent. The law now provides that the total periods of assignment to the same user company, cumulated together, for duties of the same category/grade, may not exceed 36 months. The assignments may also be non-consecutive ones. Collective agreements may provide a shorter or longer maximum period. The new law does not specify the consequences of a breach, that might result in a claim of direct employment of the temporary employee with the user company.

Uberto Percivalle, Partner
uberto.percivalle@it.Andersen.com
Andersen in Italy
Member firm of Andersen Global

Latvia



The Latvian Supreme Court has clarified that employees dismissed during the probationary period cannot seek reinstatement, while confirming that employers may terminate employment before work begins if the employee is found unsuitable.

COURT

Termination of employment during the probationary period

The Supreme Court of Latvia (Senate) has clarified several important issues concerning termination of employment during the probationary period, including the validity of probationary dismissal, employees' remedies, and an employer's right to terminate employment before work begins.

The Senate reaffirmed that dismissal during probation may be based on subjective considerations. As the law does not require employers to state the reasons for terminating employment during the probationary period, employees are not entitled to challenge such dismissals by seeking invalidation of the notice, reinstatement, or compensation. However, employees remain protected where a dismissal is discriminatory or constitutes retaliation for exercising their legal rights. In such cases, they may seek compensation for the harm suffered. Although the employer is not required to state the reason for termination in the notice, it must nevertheless be able to demonstrate that the dismissal was not based on discriminatory or retaliatory grounds if challenged.

In reaching this conclusion, the Senate departed from its previous case law by confirming that, even where a probationary dismissal breaches the prohibition of discrimination or retaliation, the appropriate remedy is compensation rather than reinstatement or invalidation of the dismissal. The Senate also clarified that an employer may terminate employment before the employee's first working day. It considered probation to be a broader process of assessing an employee's suitability, which may begin before the statutory probation period formally starts. During this process, the employer may assess qualifications, professional competence, statutory eligibility and other information relevant to the employee's suitability for the position.

Accordingly, where information obtained after the employment contract has been concluded demonstrates that the employee is unsuitable—for example due to statutory disqualifications, false information or forged qualifications—the employer may lawfully terminate the employment relationship before the employee has commenced work.

Judgment of the Supreme Court (Senate) of the Republic of Latvia, 10 June 2026, Case No. C33485923, SKC-35/2026

Read More

Kristīne Pulkstene, Senior Associate
kristine.pulkstene@widen.legal
WIDEN in Latvia
Collaborating firm of Andersen Global

Lithuania

As temperatures rise, Lithuanian employers are reminded of their obligation to protect employees from heat-related risks at work.

GUIDELINES
Work must be organized safely during heat waves

The State Labor Inspectorate reminds employers and employees that work must be organized safely during the hot season, as high temperatures can endanger workers' health. Heat can cause overheating, sunstroke, or heatstroke, especially during outdoor work in direct sunlight, in hot indoor spaces, or while performing physically demanding tasks.

Employers must assess risks and take preventive measures, including ensuring adequate ventilation and air conditioning, providing drinking water, allowing employees to rest in cooler areas, and scheduling additional breaks.

During the warmer months, office temperatures should not exceed 28°C, and temperatures during physically demanding work should not exceed 26°C. For outdoor work, if the temperature exceeds 28°C, employees must be given special breaks at least every 1.5 hours, totaling at least 40 minutes during an 8-hour workday. The most hazardous period for outdoor work is between 11 a.m. and 5 p.m., so the most strenuous tasks should be scheduled outside these hours.

Employees must also look after their own safety by drinking water, wearing appropriate clothing, avoiding direct sunlight, and monitoring how they feel. If they experience weakness, dizziness, nausea, or a rapid heartbeat, they must stop working immediately and notify their supervisor.

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GUIDELINES
Easier communication with the State Labor Inspectorate

Starting June 1, 2026, employers can report the rectification of violations identified by the State Labor Inspectorate more easily through the Electronic Services for Employers (EPDS) system. This change eliminates the need for employers to submit certain information on paper or via email, ensuring that all data related to the rectification of violations is submitted in one place.

After logging into their EPDS account on the Labor Inspectorate's website, employers can select the "Requirements to Rectify Violations R1" section and submit information on how they have fulfilled the requirements. Using the system allows for faster submission of information, along with the ability to track whether a report has been received and is being processed. It also consolidates all related documents in one place.

A transition period will be in effect until December 31, 2026, during which employers may use either the EPDS or traditional channels. Starting January 1, 2027, information must be submitted exclusively through the EPDS. This new procedure applies only to claims filed after June 1, 2026.

Read More

GUIDELINES
Post-employment non-competition agreements

Post-employment non-competition agreements are intended to protect an employer's confidential information, client relationships, and other legitimate business interests. Such agreements may only be concluded with employees who have access to confidential information or specialized knowledge that could adversely affect the employer's interests. The agreement must define the restricted activities, geographical scope, and duration, which may not exceed two years after the termination of employment.

During the non-competition period, the employer must pay the employee monthly compensation of at least 40% of the employee's average remuneration. If the employee breaches the agreement, the employer may claim repayment of the compensation paid and seek compensation for losses incurred.

In practice, disputes often arise over contractual penalties. The Labor Code provides that pre-agreed penalties may not exceed three months' non-competition compensation. Employers may also claim compensation only for actual losses and must prove their extent. Both employers and employees should therefore carefully review the terms of non-competition agreements before concluding them.

Read More

Aistė Mačiulaitė, Partner
aiste.maciulaite@widen.legal
Monika Sipavičiūtė, Senior Associate
monika.sipaviciute@widen.legal
WIDEN Legal
Collaborating firm of Andersen Global

Moldova

LAW

Moldova to ratify the ILO Convention on Workers with Family Responsibilities

Moldovan Government has approved a draft law on the ratification of the 1981 International Labor Organization (ILO) Workers with Family Responsibilities Convention No. 156 (the Convention), marking a significant step toward strengthening equality in the labor market.

The Convention will enter into force 12 months after the date on which its ratification is registered with ILO's Director-General. It applies to all sectors and categories of workers and seeks to ensure equal opportunity and equal treatment for individuals with family responsibilities. A key principle of the Convention is that responsibilities such as caring for children or dependent relatives must not constitute grounds for discrimination or dismissal.

The Convention further requires States to adopt policies enabling workers to reconcile professional and family responsibilities while freely choosing employment. It also encourages measures such as the development of childcare and family support services, vocational guidance and training, and the reintegration of workers returning to employment after family-related absences.

Ratification is expected to be followed by legislative amendments aimed at aligning Moldova's labor legislation with the Convention. These may include further development of flexible working arrangements, family-friendly employment policies, childcare support measures, and enhanced protection against discrimination for workers with family responsibilities.

Overall, the ratification of the Convention would represent another important step toward aligning Moldova's labor legislation with international labor standards while promoting greater work-life balance and equal treatment in the workplace.

Read More

LAW

New gender quotas set to reshape corporate boards

A new law transposing Directive (EU) 2022/2381 has been adopted, introducing mandatory gender balance targets for listed companies incorporated in Moldova whose securities are admitted to trading on a regulated market in Moldova or in the European Union. The reform aims to improve the representation of the underrepresented gender at board level and further align Moldova's corporate governance framework with EU standards.

By 1 July 2028, listed companies must meet one of two targets: at least 40% of non-executive director positions must be held by the underrepresented gender, or at least 33% of all board positions, including both executive and non-executive directors. Companies opting for the 40% non-executive target must also establish individual quantitative objectives to improve gender balance among executive directors. For the purposes of the law, non-executive directors are members of the supervisory board, while executive directors are members of the management board.

The law also introduces enforcement mechanisms. As of 1 January 2028, the failure to establish individual quantitative objectives for executive directors will constitute a contravention sanctioned with fine imposed on the legal entity.

Ultimately, the reform represents an important step toward more inclusive corporate governance, greater transparency in board appointments, and increased accountability for listed companies.

Read More

LAW
Government proposes reform of the annual leave regime

Moldovan Government has launched an initiative to modernize the annual leave regime by proposing amendments to the Labor Code to replace calendar days with working days as the basis for calculating annual leave. If adopted by Parliament, the reform would take effect on 1 January 2027, replacing the current statutory minimum entitlement of 28 calendar days of annual leave with 22 working days.

The proposal would preserve additional annual leave entitlements for certain categories of employees, including parents with two or more children under the age of 14 or children with disabilities, persons with severe visual disabilities, employees working under harmful or hazardous working conditions, and employees under the age of 18.

The draft law would also revise several related rules governing annual leave. In particular, employment contracts would be required to specify the employee's annual leave entitlement, the minimum uninterrupted portion of annual leave would be expressed as two uninterrupted working weeks instead of 14 calendar days, and additional paid annual leave could be taken only after the employee has used at least two uninterrupted working weeks of annual leave during the relevant year.

According to the explanatory note accompanying the draft law, the initiative aims to simplify the calculation and administration of annual leave while aligning Moldova's labor legislation more closely with the approach followed in most European Union Member States, where annual leave is expressed in working days.

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Iulia Furtuna, Partner
Iulia.Furtuna@TurcanLaw.md
Turcan Cazac in Moldova
Collaborating firm of Andersen Global

Poland

LAW

Amendments to mobbing (workplace bullying) regulations adopted by the Sejm

The government's bill simplifying the definition of mobbing and the process for pursuing related claims has been adopted by the Sejm. Lawmakers adopted several amendments. A provision was added expressly allowing employers to pursue recourse claims against the mobber, and counteracting mobbing will now be required to be "systematic" rather than "constant and active." The bill will now go to the Senate, which will be able to propose its own amendments. The bill provides for a three-month vacatio legis (period before entry into force).

LAW

New workplace temperature limits under consultation

The Ministry of Family, Labor and Social Policy has prepared a draft of new regulations on temperature limits in the workplace. The draft provides for the introduction of temperature thresholds above which employers will be required to apply measures reducing employees' heat exposure, such as additional breaks, shortened working hours, or remote work. In extreme cases, the possibility of a temporary suspension of work is also envisioned – at temperatures above 35°C indoors and 32°C for heavy work performed outdoors. The changes are intended to fill a gap in the current regulations, which do not specify a maximum permissible workplace temperature, and are planned to take effect at the beginning of 2027.

LAW

Government adopts draft law on increasing women's participation in the governing bodies of listed companies

The government has adopted a bill implementing the EU directive on gender balance among directors of listed companies. Under the proposed rules, individuals belonging to the under-represented sex are to hold at least 33% of positions on management boards and supervisory boards. Poland is implementing the new rules later than the transposition deadline set by the European Union – December 28, 2024.

LAW

Work underway in the Sejm on changes to sick leave for pregnant women

Work is underway in the Sejm on a bill providing for significant changes to the rules governing sickness benefit payments for pregnant women. Under the proposal, the benefit would be financed by ZUS (the Social Insurance Institution) from the very first day of sick leave, rather than — as is currently the case — by the employer for the first 33 days. For the women themselves, the amount of the benefit will not change and will remain at 100% of wages.

COURT

Supreme court: marriage does not preclude the existence of an employment relationship

In the case, spouses had entered into an employment contract, but the Social Insurance Institution (ZUS) challenged the wife's coverage under social insurance, arguing that a relationship of employer superiority cannot exist between spouses and that the marital bond therefore precludes employee subordination. Courts of both instances held, however, that the law does not prohibit the employment of spouses and that what matters is the actual performance of work under conditions characteristic of an employment relationship. The Supreme Court emphasized that the decisive factor is the genuine employment relationship, not the personal relationship between the parties, and that family law provisions do not preclude the possibility of employing a spouse.

Supreme Court ruling of April 21, 2026, case no. I USK 82/26.

Katarzyna de Rosset, Senior Associate
katarzyna.derosset@pl.Andersen.com
Andersen in Poland
Member firm of Andersen Global

Portugal

A recent Supreme Court ruling confirms that even repeated misconduct will not necessarily justify dismissal if the statutory threshold for just cause is not met.

COURT
When misconduct does not justify dismissal

Portugal's Supreme Court issued a unanimous ruling in March 2026 with a clear message for employers: dismissal is the most serious measure a company can take, and the bar is deliberately high.

The case involved a production technician with nearly 24 years of service, dismissed after two incidents: driving a company van without a license in the employer's parking lot, causing minor damage, and shouting at his manager during a routine performance review. The driving occurred off public roads and caused only superficial damage, and intoxication was never proven: a manager's suspicion and the employee's acknowledgment of alcohol consumption fell short without a breathalyzer test. On the shouting episode, the court found a breach of workplace civility but decided against treating it as grounds for dismissal, noting that the language was crude but not insulting to the employer, and that the employee's anxiety disorder since 2017 was a relevant mitigating factor.

Moreover, the Supreme Court's reaffirmed that a prior disciplinary record, while relevant to assessing proportionality, does not lower or displace the threshold for just cause. Dismissal still requires conduct so serious that continuing the employment relationship becomes immediately and practically impossible.

For every company operating in Portugal, this ruling is a timely reminder: before reaching for the most severe disciplinary sanction, a careful, well-documented assessment of the conduct - its gravity, its consequences, and the full circumstances - is not optional. In Portuguese employment law, that analysis is the foundation on which any defensible dismissal must rest.

Portuguese Supreme Court, Judgment of March 18, 2026Case No. 19799/22.7T8PRT.P1.S1.

José Mota Soares, Partner
jose.soares@pt.Andersen.com
Beatriz Reis Jacinto, Associate
beatriz.jacinto@pt.Andersen.com
Andersen in Portugal
Member firm of Andersen Global

Slovakia

Employers in Slovakia should monitor proposed Labor Code changes that would expand the protection of employee representatives.

LAW
Draft amendment strengthens protection of employee representatives

The Slovak Government has launched a legislative process to amend the Labor Code with the primary objective of strengthening the legal protection of employee representatives. The draft amendment is currently undergoing the inter-ministerial consultation procedure and may still be modified before submission to Parliament.

The proposal focuses on increasing safeguards for elected employee representatives, including trade union officials, work council members and employee trustees. According to the explanatory memorandum, the amendment aims to reinforce the effective exercise of employees' collective rights by limiting the possibility of retaliatory measures against individuals performing representative functions. The Government considers stronger protection of employee representatives to be an important element of ensuring meaningful social dialogue and compliance with constitutional and international labor standards.

Although the final wording of the amendment remains subject to the legislative process, employers should closely monitor their progress, as the proposal is likely to affect employment termination procedures and other employment decisions concerning protected employee representatives. If adopted, employers may need to review their internal HR procedures to ensure compliance with the enhanced statutory protection.

COURT
Rules on successive fixed-term employment contracts

The Supreme Court of the Slovak Republic considered a dispute concerning the repeated use of fixed-term employment contracts and the circumstances under which such employment may be deemed to have become an employment relationship for an indefinite period. The employee argued that the employer had repeatedly concluded fixed-term contracts in breach of the statutory conditions set out in the Slovak Labor Code. As a result, the employee sought a declaration that the employment relationship should be regarded as one of indefinite duration and requested that the employer continue assigning work.

The Supreme Court analyzed the legal framework governing fixed-term employment relationships, including the statutory limitations on their renewal and extension.

The judgment confirms that employers must strictly comply with the Labor Code requirements when repeatedly engaging employees on a fixed-term basis. Where the statutory conditions are not met, employees may successfully challenge the nature of their employment relationship before the courts.

The decision serves as an important reminder for employers, particularly those who regularly rely on fixed-term employment, to carefully review their employment practices and ensure compliance with the legal restrictions designed to prevent the misuse of successive fixed-term contracts.

The Supreme Court of the Slovak Republic, Judgement of October 30, 2025, file no. 2CdoPr/2/2025

Read More

JUDr. Vladimír Grác, Partner
grac@clscp.sk
CLS Čavojský & Partners
Collaborating firm of Andersen Global

Spain

Spain has introduced enhanced workplace heat protection measures, accompanied by targeted labor inspections during the summer season.

LAW
Spain adopts summer workplace heat protection measures

The Spanish Council of Ministers has approved a package of labor measures for the 2026 summer season aimed at protecting workers' health and safety during periods of high temperatures.

The National Institute for Health and Safety at Work will launch an information campaign aimed at businesses and workers, whilst the Labor and Social Security Inspectorate will carry out specific monitoring campaigns, coordinated with the autonomous communities.

Efforts will be stepped up in sectors most exposed to heat, such as agriculture, construction and other activities particularly affected during the summer period, with priority also being given to complaints relating to heat stress.

The Labor Inspectorate will send electronic communications to companies to inform them of the mandatory regulations and the necessary preventive measures against heat exposure, accompanied by technical materials produced by the National Institute for Safety and Health at Work on occupational risks arising from or exacerbated by climate change. Furthermore, monitoring of compliance with obligations regarding registration and contributions to Social Security, as well as regulations relating to the employment of foreign nationals, will be stepped up, particularly in sectors that see increased activity during the summer, such as agriculture, the hospitality industry and retail.

COURT
Medical evidence is sufficient to justify leave to care for a sick child

The High Court of Justice of the Canary Islands has recognised an employee's right to paid leave under Article 37.3.b) of the Workers' Statute to care for her fifteen-month-old child. The employee had submitted a medical report issued by the public health service confirming that the child required maternal care for three days. However, the employer refused the leave because the report did not specify the child's illness or its severity.

The Court held that medical evidence confirming the need for care was sufficient and rejected the employer's argument that the employee should disclose details of the child's medical condition, noting that such information constitutes specially protected personal data. It also interpreted the statutory leave provision from both a gender equality and child-centred perspective, considering the particular vulnerability of infants and the best interests of the child.

The judgment concludes that the employer's refusal constituted discrimination on the grounds of sex and, by extension, infringed the child's rights. The Court therefore declared the employer's decision null and void, granted the requested leave, ordered reimbursement of EUR 84.12 deducted from the employee's salary, and awarded compensation of EUR 1,500 to the employee and EUR 1,500 to the child for non-material damage.

High Court of Justice of the Canary Islands (Labor Chamber), Judgment of 11 June 2026, Case No. 156/2026 (Judgment No. 848/2026).

COURT
Management and control determine unlawful labor supply

The Supreme Court has confirmed the existence of an unlawful labor supply involving delivery drivers employed by several subcontracting companies. Although the subcontractors provided the vehicles, managed vacation entitlements, and formally exercised disciplinary authority, the principal company was responsible for organizing the service. It allocated parcels and routes, provided training, supplied uniforms and work equipment, and issued instructions through electronic devices that enabled real-time monitoring of each driver's work and location.

The Court concluded that the subcontractors were essentially limited to supplying labor and vehicles, while the effective management and control of the workforce rested with the principal company.

The Court, however, partially upheld the appeal regarding the amount of the penalty. It found that the contracts concluded with the various subcontractors did not constitute separate infringements but rather a single continuing infringement, as they all followed the same pre-designed business model. Accordingly, the Court upheld the classification of the conduct as a very serious infringement for unlawful labor outsourcing but reduced the fine from EUR 185,800 to EUR 50,000, taking into account the continuing nature of the conduct and the large number of workers affected.

Supreme Court (Labor Chamber), Judgment of March 27, 2026, Case No. 231/2024 (Judgment No. 331/2026).

Clara Marin Hernandez, Director
clara.marinhernandez@es.Andersen.com
Andersen in Spain
Member firm of Andersen Global

Ukraine

LAW
Cancellation of the extension of temporary residence permits for foreigners during martial law

Under Resolution of the Cabinet of Ministers of Ukraine No. 141 dated 5 February 2026, valid from 7 May 2026, foreigners and stateless persons (excluding citizens of the Russian Federation), holding temporary residence permits which renewal period occurred after 24 February 2022, must apply to the State Migration Service of Ukraine by 4 August 2026 (inclusive) to exchange such temporary residence permits for new ones.

Foreigners and stateless persons (including citizens of the Russian Federation) who hold temporary residence permits that have not yet reached their renewal date may apply for renewal under the standard procedure no later than the last day of a temporary residence permit's validity.

After 7 May 2026, only permanent residence permits for foreigners and stateless persons that have expired or are subject to renewal in accordance with the law after 24 February 2022, will be extended for the duration of martial law

LAW
The list of documents confirming length of service is expanded

Prior to 10 June 2021, the principal document confirming a Ukrainian employee's length of service, necessary, in particular, for awarding social security allowances and pensions, was the labor book. Starting from 10 June 2021, accounting of employees' working experience is made electronically in the register of insured persons of the State Register of Mandatory State Social Security (the "Register").

During the interim period of 5 years until 10 June 2026, employers were required to transfer information from their employees' labor books to the Register. However, this process appeared to be complicated, including due to the absence of certain information in labor books or mistakes made by previous employers when completing thereof. The Pension Fund of Ukraine in charge of the Register's maintenance, refuses to validate labor books' records that are incomplete or contain mistakes, even those of a technical nature. This means that many employees in Ukraine were at risk of losing years of service and, consequently, their right to a pension.

To remedy this situation, amendments to the Law of Ukraine on the Mandatory State Pension Insurance were adopted stating that where the Register does not contain electronic records of a person's employment history, the labor book serves as the primary document confirming the length of service for the period prior to 10 June 2021.

In the absence of the labor book, or if it lacks necessary records or contains incorrect or inaccurate records, the following documents are accepted to confirm the length of service: data contained in the register of insured persons of the State Register of Mandatory State Social Insurance; extracts or certificates from information systems of employers, extracts from internal orders, payroll records, documents confirming bank transactions, written employment agreements; other documents issued by employers or archival institutions; testimony from at least two witnesses who were employed alongside the individual in question; a court decision establishing the period of employment and the nature of the work performed.

Iryna Bakina, Counsel
ib@sk.ua
Sayenko Kharenko
Collaborating firm of Andersen Global

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

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