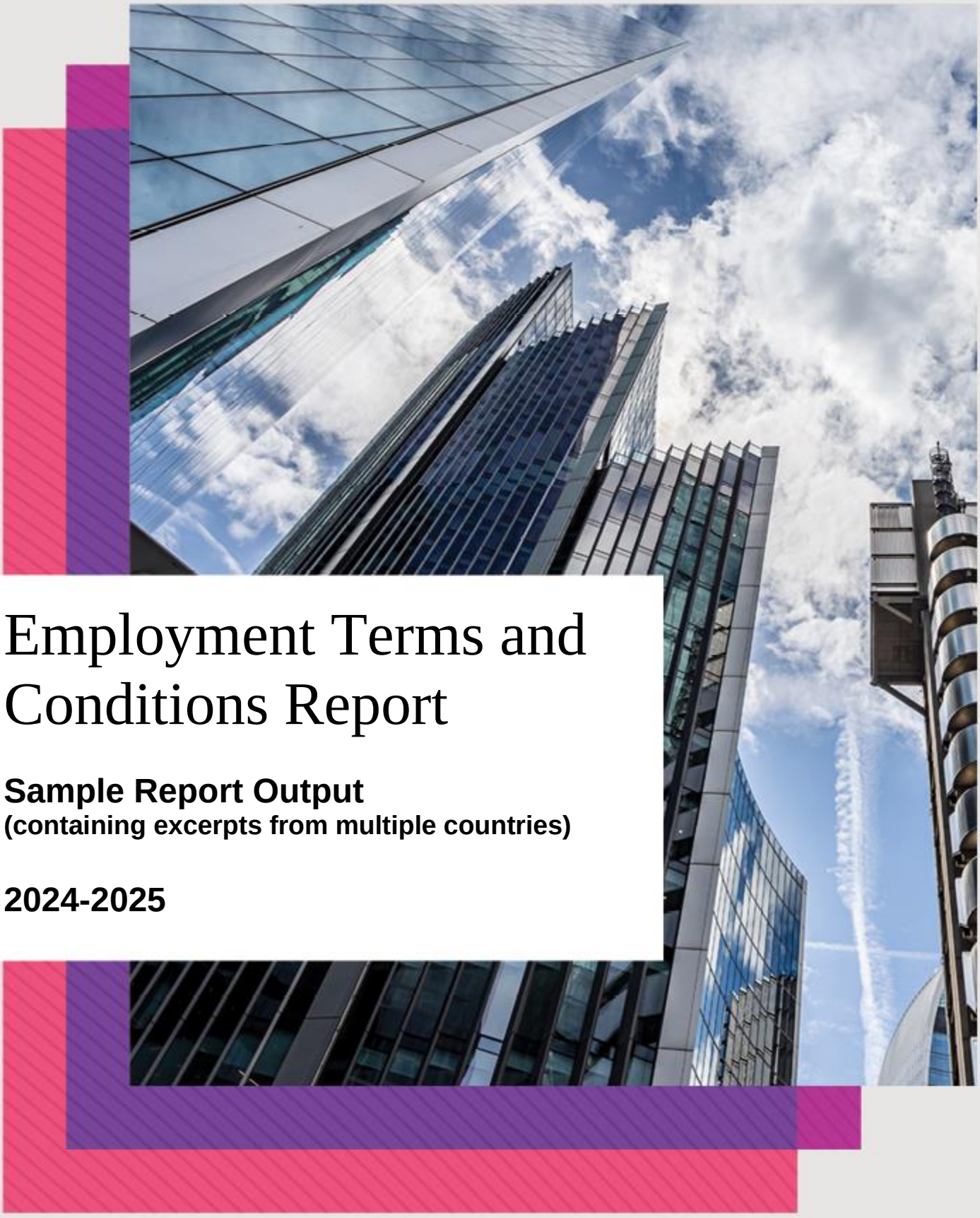

Employment Terms and Conditions Report

Sample Report Output
(containing excerpts from multiple countries)

2024-2025

Last Update: October 2024

General Terms and Conditions

WTW's surveys and the results of such surveys, including (i) participation materials, comparative databases, related reports/products, the online data delivery platform ("**Online Platform**"); and (ii) the skills, know-how and methodologies used by WTW to provide such surveys (including but not limited to WTW's proprietary Global Grading System and Career Level methodologies) (collectively referred to hereafter as "**Surveys**") are made available by local WTW affiliated companies which are directly or indirectly controlled by Willis Towers Watson PLC (collectively referred to hereafter as "**WTW**") on the following terms and conditions ("**Agreement**"). For purposes of these Terms and Conditions and the Participation Terms below, references to "**You**", "**Your**", "**Your Company**" and/or "**Client**" shall mean the company submitting data to and/or purchasing the Surveys. In this Agreement, WTW and You will each be referred to as a "**Party**" and collectively as the "**Parties**".

Service Quality. WTW will collect relevant data and conduct the Surveys with reasonable care. While WTW cannot be responsible for verifying the accuracy and completeness of each data submission, a WTW associate will review each data submission for overall reasonableness. WTW provides the Surveys on an "as is" basis and does not provide a warranty or guarantee of any kind as to the accuracy or completeness of the Surveys or the data or information contained therein and specifically disclaims the implied warranties of merchantability and fitness for a particular purpose. Surveys will be available only if there are sufficient participants in the applicable Survey.

Intellectual Property Rights. WTW and/or its third-party licensors retain all intellectual property rights in the Surveys. Unauthorized use or duplication without prior written permission from WTW is prohibited. You shall not refer to WTW or include any of WTW's work product (including, without limitation, the Surveys and the information they contain) in any shareholder communication or in any offering materials (or fairness opinion provided by Your professional advisers) prepared in connection with the public offering or private placement of any security, unless otherwise agreed in writing. Notwithstanding the foregoing, You retain all intellectual property rights in the participant data that You submit to the Surveys and You represent that WTW is authorized to receive and use any such participant data as described herein. In the event You purchase WTW's Analytics & Design and/or Global Grading System hereunder, You and/or Your third-party licensor shall retain all intellectual property rights in any third-party surveys and/or additional employee data provided by You or on behalf of You to WTW hereunder, including but not limited to data from Your Company's Human Resources Information System. You are responsible for obtaining all license rights necessary to use any such third-party surveys, including any rights that may be necessary to load third-party surveys onto WTW's Online Platform.

Use of Surveys. You may use the Surveys only within Your own organization for internal human resources planning and may not modify, sell or transfer the Surveys. Compensation Surveys may not be reproduced in employee newsletters or posted on Your Company's intranet. Benefits Design Practices ("**BDP**") Surveys may be used in employee presentations only in aggregated form. In the event You purchase North America BDP Surveys that identify companies by name, however, BDP Surveys may only be used in presentations with human resources staff and senior management. Under no circumstances may You make access to the Online Platform available to any third party, or share the Surveys with any third party, including, without limitation, subsidiaries or affiliates that are controlling, controlled by, or under common control with Your Company, WTW's competitors and/or independent contractors working solely for Your Company without WTW's prior written consent. Any use of the information contained in the Surveys is not a substitute for seeking expert legal, consulting or other advice on the reasonableness or appropriateness of compensation and/or benefits levels and practices.

Limitation of Liability. The aggregate liability taken together of WTW, its affiliates, joint venture companies' and WTW's and its affiliates' and joint venture companies' respective employees, directors, officers, agents and subcontractors (the "**Related Persons**") whether in contract, tort (including, without limitation, negligence), or for breach of statutory duty or otherwise for any losses under or in connection with the Surveys or this Agreement shall not exceed in aggregate the greater of (a) $25,000 USD or (b) the total annual fees paid to WTW for the particular Survey(s) giving rise to such claim, unless otherwise agreed in writing. Notwithstanding the above, the foregoing shall not limit the liability of WTW or its Related Persons in the case of: (i) death or personal injury resulting from WTW's or WTW's Related Person's negligence; (ii) willful misconduct; (iii) fraud; or (iv) other liability to the extent that the same may not be excluded or limited as a matter of law. In no event shall WTW or any of the Related Persons be liable for any incidental, special, punitive, or consequential damages of any kind (including, without limitation, loss of income, loss of profits, or other pecuniary loss), except to the extent that such liability may not be excluded as a matter of law. Where WTW or any of the Related Persons are jointly liable to You with another party, WTW shall to the extent permitted by law only be liable for those losses that correspond directly with WTW's or the Related Persons' proportionate share of responsibility for the losses in question.

Termination. If either Party fails to perform any of its obligations under this Agreement and does not remedy its failure within thirty (30) days after written notice from the other Party, then such other Party may terminate this Agreement immediately and the Client's access to the Surveys shall be terminated. Notwithstanding the foregoing, if the Client violates any of the license and usage restrictions in this Agreement, then WTW may immediately suspend the Client's access to the Surveys without notice. You will compensate WTW for all services provided through the effective date of termination. You will be responsible to pay WTW for any multi-year discount differential, if applicable. Any of these terms that would be reasonably intended to apply after termination or expiration will do so.

Payment Terms. Fees will be invoiced upon receipt of the Client's order. For multi-year orders fees will be invoiced annually thereafter in the first quarter of the following calendar year(s). Invoices shall be paid within 30 days of receipt. In the event that invoices are not paid within that time, WTW shall be entitled to charge a late payment fee of the lesser of 1.0% per month or the maximum allowed by law. Any fees or rates quoted or estimated shall be exclusive of income tax or of any sales, ad valorem, value added tax or any similar tax unless such tax is required to be included pursuant to a statutory requirement. If required, WTW will add the relevant tax to the invoice, separately stated, and remit such tax to the appropriate authority. Access to survey results may be delayed or suspended in the event that invoiced amounts are not paid when due.

General. Any controversy, dispute or claim of any kind between the Parties shall be governed by and interpreted in accordance with the laws of the state of New York, without regard to any provisions governing conflicts of laws. The Parties agree that any and all disputes, suits, actions or other proceedings arising from or relating to this Agreement shall be brought exclusively in the federal or state courts within the County of New York in the state of New York, and the Parties hereby submit to the exclusive jurisdiction of such courts, and expressly waive any objection to venue in such courts, provided that WTW shall have the right to initiate proceedings in any court of competent jurisdiction in the event of breach of WTW's proprietary rights. To the fullest extent permitted by applicable law, the Parties hereby irrevocably waive any right they may have to demand a jury trial. These terms will apply to purchase orders generated by Your Company for Surveys provided hereunder. In the event of a conflict or inconsistency between the terms and conditions of such purchase orders and the terms of this Agreement, this Agreement will prevail. WTW will deliver the Surveys by providing Your Company access (via the internet) to WTW's Online Platform. Separate, supplemental terms and conditions apply to use and access of the Online Platform. To the extent there is a conflict, this Agreement takes precedence over such separate, supplemental terms and conditions. You shall not assign or otherwise transfer any rights or obligations under this Agreement without WTW's prior written consent.

Participation Terms and Conditions

By participating in WTW's Surveys, You will be deemed to have agreed to the following participation terms and You represent that You have authority to submit data. As a participant, Your Company's name will be included on survey participant lists. Survey participants must submit data on a timely basis and provide an accurate and complete data submission for all of Your employees for the country (or countries) for which You are submitting data, including completion of all sections of the participant materials (e.g., HR Policies & Practices ("**HRP**") sections, BDP sections, individual employee compensation data and long-term incentive information). BDP and HRP data submitted may be used in current and future BDP and HRP surveys. If Your Company's data submission is late or does not meet the requirements for a particular Survey, WTW may, at its discretion, limit/deny access to such Surveys. For select Surveys, participants must submit executive data to purchase executive products, middle management, professional and support data to purchase non-executive products and industry-specific functions/disciplines/positions to purchase associated industry-specific Surveys.

Confidentiality and Use of Data. Participant data submitted to the Surveys will be held in confidence. WTW takes reasonable security precautions, including the same precautions WTW takes to protect its own confidential information, to prevent unauthorized access. Participant data will be used by WTW for purposes of creating aggregated compensation Surveys and/or anonymized benefits Surveys which are presented in a manner that protects individual company confidentiality. In the event You participate in North America BDP Surveys, however, Your BDP data may be used for comparative benefits analysis (quantitative and qualitative) with results identified by company name. WTW reserves the right to use participant data in multiple Surveys, where relevant, which may be available to participants and non-participants. Participant data and Surveys may be used by WTW for training, quality assurance, research and development, trends analysis and consulting services (e.g., market/job pricings) that are provided to Survey participants and other selected clients of WTW. Where WTW processes participant data in such a manner which is not permitted by a Data Processor, WTW acts as a separate, independent Data Controller for purposes of this limited processing activity only.

Data Protection. In the course of providing the Surveys, the Parties acknowledge that You may provide WTW with information about an identifiable individual or information which relates to a natural person and allows that person to be identified, including Your employee information, or any personal information/personal data as defined in applicable data privacy laws ("**Personal Data**"). It is further acknowledged that WTW is a global business and that WTW may transmit Your information, including Personal Data within its global network of offices to its affiliates and providers of IT outsourcing who will be subject to the safeguards required by the applicable laws. You represent that WTW is authorized to receive and process any such Personal Data and that You have obtained all rights, licenses, directives, and consents from, and/or provided any required notices to, data subjects, that may be required for WTW to process the Personal Data for the purpose of providing the Surveys. WTW will take appropriate technical, physical and organizational/administrative measures to protect Personal Data against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure, or access. Each Party shall comply with the provisions and obligations imposed on it by applicable data privacy legislation and regulations. Where and to the extent that You act as the "Business" or "Data Controller" and WTW acts as a "Service Provider" or "Data Processor", as those terms are defined by applicable privacy law, WTW shall process Personal Data; (i) only at Your direction and in accordance with Your instructions as Data Controller; (ii) only for the performance of this Agreement and as set forth herein; and (iii) then only in accordance with WTW's applicable Data Processing Protocols ("**Protocols**") available at https://www.willistowerswatson.com/en-gb/notices/global-data-processing-protocol. Where WTW acts as Data Processor: You have approved Microsoft Corporation as a subprocessor for the provision of cloud services located in the EEA and US. In the event no such Protocols apply, WTW will process all such Personal Data in accordance with all applicable data protection laws. In the event of any conflict between the terms and conditions set out in this Agreement and the Protocols, the Parties agree that the terms and conditions set out in this Agreement shall prevail. You represent and warrant that You shall provide to WTW only Personal Data which is adequate, relevant and limited to the minimum that is necessary for the purposes of this Agreement and the provision of Surveys hereunder.

Table of Contents

Sample Country

Welcome to the 2024 WTW Employment Terms and Conditions for Sample Country.

WTW's Benefits Profiles and Employment Terms and Conditions Reports are well established as the preferred guide for companies seeking to operate effectively globally. These reports provide high-quality, up-to-date insights into local employment legislation and the employee benefits environment, as well as market practice.

Benefits Profiles cover the local legal and fiscal environment for both mandatory and non-mandatory employee benefits, including:

- Overview of the Benefits Environment;
- Key Changes and Proposed Reforms;
- State/Mandatory Programs (retirement, death and disability benefits, workers compensation, health benefits, family leave and family allowances, unemployment benefits and social security contributions);
- Supplemental Programs (retirement, death and disability benefits, health and wellbeing, other company benefits); and
- Financial Summary (accounting and reporting, taxation of benefits).

Employment Terms and Conditions Reports cover information on legislation and market practice for collective and individual employment relationships, including:

- Overview of the Employment Environment;
- Key Changes and Proposed Reforms;
- Legal requirements and market practice as they relate to the employment life cycle, including recruiting and contractual requirements, reward and compensation plans, working time, leave, industrial relations and termination.

Geographical Coverage

WTW's **Benefits Profiles and Employment Terms and Conditions Reports** are available for the following countries:

- **Asia Pacific**: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam
- **Western Europe**: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom
- **Central and Eastern Europe**: Bulgaria, Croatia, Czechia, Greece, Hungary, Israel, Poland, Romania, Russia, Slovakia, Slovenia, Türkiye, and Ukraine
- **Middle East and Africa**: Algeria, Egypt, Qatar, Saudi Arabia, South Africa, and the United Arab Emirates
- **The Americas**: Argentina, Brazil, Canada, Chile, Colombia, Mexico, and the United States

Note about market practice data

All references in this report to market practice prevalence data are based on WTW's Benefits Design Practices and HR Policies and Practices reports, as of October 2024, unless otherwise stated.

Overview of the Employment Environment

The terms and conditions of employment are generally established by the Labor Code, individual employment contracts, and in some cases by collective bargaining agreements (CBAs) or similar ‘collective pacts’ which may be entered into by an employer and a group of employees only if there is no union present. The statutory workweek is currently 47 hours spread over six days, although a five-day workweek is the norm among the majority of companies surveyed. An amendment to the Labor Code is effecting a gradual reduction of the statutory workweek to 42 hours between July 2023 and July 2026. Subject to authorization by the Labor Ministry, employees may work overtime, up to two hours per day or 12 hours per week. Overtime compensation is 125% of normal pay for work in excess of normal work time and 175-250% of normal pay for overtime on Sundays, public holidays and at night.

The minimum monthly wage (MMW) is typically adjusted by the government on an annual basis, in January, based on changes in the cost of living, productivity, target inflation and other economic conditions. As of January 1, 2024, the MMW is COP 1.3 million. Employee compensation includes a variety of mandatory cash reward elements. Employees whose monthly base salary is at least 10 times the MMW may opt to receive the value of all the mandatory cash reward elements (including mandatory end-of-service benefit accruals, but excluding vacation pay) as part of their monthly salary payment under the 'Integral Salary System' if the monthly value of such reward benefits is at least equal to three times the MMW (and so integral salary is at least 13 times the MMW).

Employees are generally free to organize and join labor unions; however, the level of unionization has been steadily declining for years. The unionization rate is estimated at 5-10% of the labor population (OECD data). The law gives employees the right to engage in , but it is not widely practiced; around 16% of the formal workforce are estimated to be covered by a CBA or collective pact (OECD data).

Key Changes

August 2024: EU Minimum Wage Directive transposed	The Czech Republic transposed EU Directive 2022/2041 on Adequate Minimum Wages with effect from August 1, 2024. From 2025, the current eight levels of guaranteed minimum wages for the private sector will be replaced by a single minimum monthly rate based on projected national average gross monthly wages for the coming calendar year multiplied by a government-determined coefficient.
July 2024: Employment of foreign workers	Since July 1, 2024, citizens of Australia, New Zealand, U.S., Canada, U.K., Israel, Japan, South Korea and Singapore are no longer required to have a work permit to be employed in the Czech Republic (including intra-company transfers).
September 2023: EU Directives transposed	The amendments to the Labor Code were approved in September 2023 with an effective date of October 1, 2023, for the most part, with some provisions effective January 1, 2024. The Work/Life Balance Directive, among other things, sets minimum standards for paternity, parental and carer leave and encourages flexible work arrangements. The Directive on Transparency in Employment is intended to improve employee protections and increase labor market transparency. The amendments also regulate remote work for the first time.

Proposed Reforms

Proposed Labor Code reforms	Proposed reforms to the Labor Code are aimed at increasing the flexibility of labor relations for both employers and employees. The proposed effective date of the amendments is January 2025: • Probationary Period - The maximum duration of probationary employment would be increased from three to four months (from six to eight months for managers), and there would be a new option to extend an existing probationary period (subject to the maximum limit). • Working Hours - Employees would be permitted to set their working hours schedule, subject to employer consultation and written agreement (extending the existing flexibility available to remote workers). • Family Leave - Employees on parental leave (until the child reaches age two) would be entitled to reinstatement to their same job and workplace after leave ends (similar to entitlement of women on maternity leave). • Termination - The two-month notice period for normal termination by the employer would start on the day notice is provided rather than the first day of the calendar month following provision of the notice. The notice period for dismissal for cause would be reduced from two months to one month. For termination due to long-term ill health or disability (from occupational or non-occupational causes), the existing employer compensation payment would be reimbursable by workers compensation insurance.
EU Pay Transparency Directive	The Pay Transparency Directive will affect all private and public employers in the EU. The Directive aims to ensure equal pay for equal work or work of equal value between men and women by giving employees extensive new rights to information about their own pay and the pay of their peers. Formal adoption of the Directive took effect on March 30, 2023. Under its terms, member states have up to three years to transpose the requirements into local law, with another year for employers to comply, so there is at most a four-year window for employers to prepare their reward arrangements for a significantly higher level of transparency.
EU Directive on gender balance of boards	EU Directive 2022/2381 on improving the gender balance among directors of listed companies took effect at the end of 2022. Member states have two years to adopt conforming legislation, if necessary, to require in-scope companies to meet gender representation quotas on their boards by the end of June 2026.

For the latest updates on benefits and employment developments around the world see WTW's Global News Briefs.

Key Breakpoints Related to Number of Employees

Employee Numbers	Action
Under 10	Limited obligation of the employer to inform employees and consult with them.
25	Duty to employ disabled persons at a minimum rate of 4% of total staff.
20 - 100	Dismissal of 10 employees within 30 days defined as collective dismissal.
50	In joint stock companies the employees may elect one-third of the members of the supervisory board.
	Employers must establish a designated whistleblowing and ethical policies unit, as well as secure communication channels and procedures to enable internal reporting by whistleblowers and documentation of the timely handling of reporting. Programs must be set up no later than December 15, 2023, for companies with 50-249 workers, by August 1, 2023, for companies with 250 or more workers.
101 - 300	Dismissal of 10% or more of staff within 30 days defined as collective dismissal.
301	Dismissal of at least 30 employees defined as collective dismissal.

N.B. This list highlights key statutory breakpoints and is not exhaustive.

Start of Employment

Contract of Employment

Legislation

The prime legislation governing employment terms and conditions is the 2003 Labor Law and its implementing regulations and official guidance. Ministerial and Presidential decrees may also have a significant impact on employment standards.

Other Sources of Influence

Other influences on the employment relationship include the constitution, which contains provisions highlighting the rights of employees, particularly those working in the agricultural industry, as well as provisions with regard to the activities of the labor unions.

Custom plays a very important role in the labor environment and may govern informally the employer-employee relationship. For example, during Ramadan people leave work early based on custom. This is not written in the law and yet this practice is applied almost universally. The workplace environment is also deeply influenced by social as well as religious traditions and customs.

Work Rules

Companies with 10 or more workers must establish internal work rules regulating the terms and conditions of employment, working conditions and disciplinary sanctions and procedures which may apply for violations of work rules. The work rules must be clearly displayed for all employees in the workplace.

Categories of Employees

The Labor Law does not distinguish between different types of workers such as hourly-paid or salaried employees.

Types of Contracts

Overview

The provisions of the Labor Law on employment contracts are fairly limited, stipulating only that contracts must be in writing, in Arabic and requiring few key elements in the contract. The use of temporary or seasonal contracts is rare, most typically they are used in the agricultural sector. Part-time contracts are virtually non-existent.

For certain sectors (e.g., tourism, banking, public-private joint ventures), governmental approval of employment contracts is required. In these sectors, most organizations have one industry contract covering all employees which must be approved only once by the Ministry of Labor. Therefore, individual contracts and collective agreements at the company level are virtually non-existent in these sectors.

Fixed-Term Contracts

Fixed-term contracts are usually subject to the same rules as indefinite-term contracts. A fixed-term contract can have any agreed duration, though they are often limited to one year. The Labor Law also refers to task-dependent contracts, but these are rare in practice. A fixed-term contract may be renewed by express agreement between its two parties for one or more periods. If the period defined in the contract expires and the two parties continue to execute it, it shall then be considered an indefinite employment contract; this provision does not apply to foreign employees.

Part-Time Employment

Part-time work is defined as being no more than half of the full-time working week (typically 40 hours among surveyed employers). Part-timers do not enjoy the same legal protections as full-time employees. Thirty-seven percent of surveyed companies employ part-time workers.

Temporary Work

Temporary and seasonal work is most common in the agriculture and construction sectors and is not governed by the provisions of the Labor Law, as these workers do not enjoy the legal protections or rights of full-time workers. In most cases, temporary and seasonal workers are not issued contracts and their employment can be terminated without notice.

Formalities

Form and Content

Employment contracts must be provided in writing and include the following information:

- Identity of the parties, including address and social security identification number of the employee;
- Place of work (registered business address of the employer) and the employee's registered residence;
- Terms of salary or wage payments, including the pay schedule (daily, monthly, quarterly);
- Employee’s qualifications and the nature and type of work to be performed;
- Compensation package, including bonuses, fringe benefits, and other reward elements.

Other provisions which may be addressed by the contract include:

- Type of contract;
- Possibility of amendment of basic job duties and obligations;
- Date of commencement of work;
- Duration of contract (fixed-term or open-ended must be stated clearly);
- Duration of daily and weekly work;
- Paid and unpaid leave;
- Notice period for termination of contract; and
- Special considerations based on religion, ethnicity or gender.

Language

By law, contracts must be written in Arabic in order to be valid. Three copies must be prepared: one for the employee, one for the employer, and one for the Office of Social Insurance.

Talent Management

Non-Compete Agreements

Non-compete clauses are commonly incorporated into individual employment contracts but are generally unenforceable as the Contracts Act explicitly provides that any agreements which restrain an individual's exercise of a trade or profession are void. Despite that fact, they are seen as having some deterrent value as good faith statements of intent.

Diversity, Equity and Inclusion

Equal Treatment

Although the Constitution in principle prohibits discrimination "on the ground only of religion, race, descent, place of birth or gender", the only legislated protections against discrimination relating to employment are for labor union members and for local employees relative to foreign employees (and vice versa). Court rulings have sometimes taken a narrow view with regard to applying the constitutional discrimination principles to the workplace. However, acts of victimization may be deemed as unfair labor practices, based on relevant circumstances. Employers are required to post notices in the workplace to raise employee awareness about sexual harassment.

Equal Pay

There are no statutory requirements on the provision of equal pay for equal work.

Protection of Certain Groups of Employees

Minors

In general, individuals age 16 or above may be employed (age 15 in the case of apprenticeships) under the Children and Young Persons Employment Act. In peninsular Malaysia, children (defined by the Act as those under age 15) may undertake certain types of light physical work, apprenticeships, and work approved or sponsored by the government. In Sabah and Sarawak, children may not be employed in any industrial undertaking unless permitted by the Labor Commissioner, while minors may work in most industrial undertakings and in light employment.

Women

In general, female workers may not be employed in any industrial or agricultural undertaking between the hours of 22:00 and 05:00. However, the Director General of Labor may provide a written exemption from this restriction for a single or group of employees. A female employee may not be terminated if she remains absent from work after her pregnancy because of illness or condition arising from the pregnancy leaving her unable to work (as certified by a registered medical practitioner) up to 90 days after the expiry of her maternity leave.

Civil Partnership and Same-Sex Marriage

Malaysia does not recognize same-sex marriage. Same-sex sexual activity is illegal, punishable by up to 20 years' imprisonment.

Recruiting

Attraction and Retention

Thirty-five percent of surveyed companies use sign-on bonuses as a talent attraction tool. Where programs exist, bonuses are typically offered to senior professional staff and above with particularly desired skill sets or experience. The median bonus value is 10% of annual base salary.

Twenty-three percent of surveyed companies pay referral bonuses, with all staff typically being eligible. The standard referral bonus is EUR 1,500 at the median.

The most common tools used to retain staff are career counseling, retention bonuses and education assistance. The median bonus is 15% of annual base salary.

Trial Periods

Both fixed- and indefinite-term contracts may provide for a trial period. If employment continues past the agreed trial period, it is regarded as permanent, backdated to its original starting date. Trial periods may not last for less than two weeks. The maximum duration allowed varies according to earnings and qualification. The maximum trial period for individuals earning EUR 5,062.14 or more per month (as of January 1, 2024, subject to indexation) is 12 months. Below this amount, the maximum is reduced to six months for skilled staff in possession of a *Certificat d'Aptitude Technique et Professionnel* (certificate for completion of theoretical and practical studies) and three months for unskilled staff. Trial periods of less than a month must be expressed in whole weeks; longer ones must be in whole months.

The maximum trial periods for temporary work agency or interim contracts differ from the above, ranging from three days for contracts valid for one month or less, increasing to five days for contracts of over one month, and to eight days for contracts lasting over two months. For interim contracts that do not have a set duration, the trial period may not exceed three days. During the trial period, either party can end the contract without notice.

Other Important Employment Considerations

People with Disabilities

Private-sector companies with at least 25 employees must hire at least one worker with disabilities. The requirement is increased to 2% of headcount for companies with at least 50 employees and 4% for 300 or more. This obligation is calculated for each establishment in the event an employer has multiple sites. An employer failing to comply can be required to pay 50% of the current minimum wage per month to the state for each post unfilled. Employers who exceed their quota may receive credits toward their social security contributions equal to half the minimum wage per disabled employee.

Companies with 25 or more employees are also subject to ‘internal professional reintegration’ requirements (*reclassement professionnel interne)* and must provide a suitable alternative job to employees who, due to illness or disability, can no longer perform their former role, but who are capable of doing other types of work (and are not entitled to social security disability benefits). Internally reintegrated employees do not count towards the quota for workers with disabilities.

Medical Exams

By law, an employer-paid medical exam is obligatory for all employees within two months of hire. For interim contracts and fixed-term contracts of less than two months as well as for employees who previously worked in a similar role and still have a valid medical exam certificate, this obligation is waived. For those hired for high-risk positions (*poste à risques*) as well as night workers, the medical exam must be taken before the employee starts work. The definition given of a high-risk position is quite broad and is open to interpretation. Employers are not entitled to know the results in detail, merely whether the person is fit for the job.

Medical exams may also be required in other specific situations, including when an employee has been on sick leave for more than six weeks (if requested by an occupational physician), in the event of professional reclassification due to disability, and for employees under the age of 21 (requirements vary with age).

Data Privacy and Protection

EU Regulation 2016/679, known as the General Data Protection Regulation (GDPR) established a single EU-wide set of data protection rules in place of the various rules across member states and came into force in all EU member states on May 25, 2018. The core pre-existing data protection and privacy principles were generally retained under the GDPR. One of the key changes introduced by the GDPR was the statutory requirement for data processers to ensure that personal data handled on behalf of businesses conforms to legal standards, rather than relying on businesses to manage their responsibilities with national data protection authorities. Companies are not absolved of responsibility to ensure that protections are enforced and need to examine their relationships and agreements with data processers closely. Data processers and data controllers (i.e., entities such as employers that keep or process information on individuals) are jointly and severally liable for damages caused by violations of data privacy protections. Companies found to be in violation may be subject to penalties of up to EUR 20 million or 4% of their total worldwide revenue for breaches of core obligations of the GDPR regime.

EU Whistleblower Protection Directive

Under the 2019 EU Whistleblower Protection Directive, member states must enact legislation requiring, among other things, that employers with at least 50 workers establish secure communication channels and procedures to enable internal reporting by whistleblowers and documentation of the timely handling of such reporting. Companies must provide information to the local competent authorities on their reporting channels and procedures. Luxembourg enacted conforming legislation on May 21, 2023. Companies with between 50 and 249 employees had until December 17, 2023, to conform to the new requirements.

Work With Display Screen Equipment

Under the 1990 EU Directive on the minimum safety and health requirements for work with display screen equipment (90/270/EEC), as clarified by a 2022 ruling by the European Court of Justice, employees who ‘habitually use display screen equipment as a significant part of their normal work’ are entitled (at employer expense) to eyesight tests before commencing display screen work, at regular intervals thereafter, if they experience any visual difficulties which may be due to display screen work, and to a general ophthalmological exam if called for. Employers must provide or meet the cost of special corrective lenses appropriate for the work concerned if needed and if normal corrective lenses are inadequate.

Employment of Foreign Workers

Overview

The Immigration Control and Refugee Recognition Act constitutes the basic legal framework for foreigners' entry and residence, as enforced and administered by the Immigration Bureau of Japan. Due in part to the aging of Japanese society (currently the world's oldest with a third of the population age 60 or older), there is an increasing need for foreign workers; although a variety of historical, geographic, societal and linguistic reasons have somewhat hindered immigration. That said, the number of foreign workers has continued to grow in recent years. There were just over two million foreign workers in the labor force as of the end of October 2023 according to the MHLW, with workers from Vietnam, China, and the Philippines accounting for around 55% of all foreign workers.

Obligations for the Employer

Employers are not subject to special rules on the employment of foreign workers (such as employer-paid repatriation) beyond the normal sponsorship requirements for work and residence visas.

Work Permits

Foreign nationals must have a ‘Working Visa’, which serves as both a work permit and basis for residency. Visa applications must be accompanied by a certificate of eligibility. Employers must apply for the certificate in Japan. Residence cards are issued upon arrival to foreigners who intend to stay in Japan for more than three months.

In order to apply for a standard work visa, the proposed activities must fall under any one of 16 categories for status of residence (each category constitutes its own visa type with specific requirements and duration limits). The most common activity areas which would apply to multinational employers include Business Manager, Legal/Accounting Services, Engineer, Specialist in Humanities/International Services, and Inter-company Transferee. The duration of the visa in most cases may range from three months to five years. The certificate of eligibility proves that the foreigner's activities meet the requirements for the status of resident. Visas may be renewed locally through local immigration offices. There is no limitation on the number of times a visa may be renewed as long as all requirements continue to be met.

In addition to standard visas, there is also a separate visa category known as the Highly Skilled Foreign Professional Visa (HSFP) which is reserved for applicants with a high level of expertise and experience in the areas of research, science and business. To qualify, a point system is used based on the applicant's education, experience, pay level, age and language ability - favoring younger employees with Japanese language skills. The program provides numerous benefits versus a standard work visa, such as streamlined processing times and preferential treatment for family members under certain conditions. In addition, HSFP visa holders also enjoy preferential treatment for obtaining permanent residency with the standard five-year waiting period reduced to as little as one year or possibly waived based on the number of points the applicant has and other conditions.

A separate visa status for foreign skills trainees is established under the Immigration Control and Refugees Act. The maximum period of stay for foreign skills trainees is three years. During the first two months, foreigners with this status of residence undergo Japanese language lessons and basic skills training in the classroom. Thereafter, training, including on-the-job training, can be carried out under the labor contract. Consequently, foreign skills trainees are covered by the minimum wages and minimum labor conditions set out under the LSA. After the end of one year's training, they are required to pass a basic training test in order to progress to a higher level of training for two years.

Intra-Company Transfers

Japanese immigration law defines an intra-company transferee as simply any existing foreign employee transferred to work at a branch office in Japan for a defined period of time who does not qualify for a more role-specific visa (e.g., business manager). To be eligible, the employee must have worked for the employer for at least one year abroad prior to application and be paid more than JPY 200,000 a month while in Japan. The application process, requirements and duration are not differentiated from those of other standard work visa types.

Managerial Staff

There is no special immigration regime for top staff or managers (although a specific work visa for this type of employee should be specifically requested) nor special tax regime for expatriates.

Social Security Totalization Treaties

Japan has bilateral social security totalization agreements in effect with the countries listed below. Most agreements are intended to eliminate dual coverage and fill gaps in social security coverage for people covered by the systems of their home and host locations. However, four of the agreements (those with the United Kingdom, South Korea, Italy and China) only eliminate dual coverage. The agreement with Italy is effective April 1, 2024.

Countries			
Australia	Belgium	Brazil	Canada
China	Czech Republic	Finland	France
Germany	Hungary	India	Ireland
Italy	Luxembourg	Netherlands	Philippines
Slovakia	South Korea	Spain	Sweden
Switzerland	United Kingdom	United States	

Active Employment

Pay

Overview

Labor law only offers a broad framework regarding pay. Wages are defined in the Payment of Wages Act as any sums payable by the employer as compensation for the execution of duties during normal employment or while on paid leave, including base salary, short-term incentives, allowances, overtime, and compensation paid at termination in lieu of notice. In practice, compensation terms and conditions are generally established through employment contracts. Minimum pay rates and compensation entitlements may be established by CBA (which cover a third of the workforce) as well as collectively bargained Employment Regulation Orders (ERO) or Labor Court recommended Sectoral Employment Orders (SEO) which apply to the construction, contract cleaning, security, and childcare sectors. Employee wages must be paid at least once a month.

Cash compensation packages are typically comprised of 12 monthly salaries and a variable short-term incentive opportunity.

Minimum Wage

Effective January 1, 2024, the national minimum wage for workers aged 20 or older is EUR 12.70 per hour. Reduced rates apply for workers aged 19 or younger. The national minimum wage is reviewed on an annual basis. CBAs, EROs and SEOs may have separate requirements.

In response to some of the highest inflation levels in decades, the Living Wage Act was enacted by the government in 2022 to gradually align the national minimum wage with the government-defined “living wage” for an adult without dependents (currently EUR 14.80). The alignment is scheduled to be completed in 2026, at which time the living wage will replace the minimum wage. From 2026 onward, the living wage will be set at 60% of the average national earnings. The government has voiced its longer-term intent to eventually raise the living wage to 66% of average national earnings.

Base Pay Increases

Employers are not required to regularly review or increase wages. The salary budget increases across all employee categories among companies surveyed are as shown below. The change in the consumer price index for 2023 was 6.3% according to Oxford Economics.

Year	25th Percentile	Median	75th Percentile
2023 Actual Increase %	3.4	4.0	5.0
2024 Projected Increase %	3.2	4.0	4.5

Further information on salary increases can be found in WTW's Salary Budget Planning Report.

Guaranteed Payments

There is no statutory requirement to pay additional months of salary or cash living allowances. The voluntary provision of such payments is rare.

Short-Term Incentives

Overview

Among surveyed companies, 89% offer short-term incentive (STI) plans (excluding sales incentive/commission plans). Around three-quarters of STI plans include new hires from the start of employment (where waiting periods exist, they are three months at the median). The percentage of surveyed plans that extend STI eligibility to staff who take family or personal leave during the year is shown in the table below. Among these plans, the percentage where concerned staff are eligible for full STI payouts (subject to other conditions) is shown in the final column.

Leave Type	Eligible for STI	Eligible for Full Payout
Maternity	88%	75%
Paternity	89%	76%
Parental	86%	71%
Long-term sickness	61%	54%
Other leaves (caregiver, sabbatical etc.)	61%	62%

Performance Bonuses

Prevalence	Plan Design (% of Plans)
Widespread - 82% of companies. Typically, all employee categories are eligible.	• Formula-driven - 88% • Discretionary - 12% Median annual bonus targets (expressed as a percentage of annual base salary) range between: 10% for support staff, and 30% for general management.

Profit-Sharing Plans

There is no statutory requirement for employers to offer profit sharing, and there are no tax incentives for profit-sharing plans. Established voluntary plans among surveyed companies are as follows:

Prevalence	Plan Design (% of Plans)
7% of companies.	• Cash only - 85% • Shares/stock only - 4% • Cash and shares - 11%

Where offered, plans are most commonly offered in combination with a performance bonus plan.

Long-Term Incentives

Prevalence	Plan Design (% of Plans)	Eligibility (% of Plans)
Common - 53% of companies.	• Stock options/Stock appreciation rights - 35% • Performance awards - 22% • Restricted stock - 86% Companies may have more than one plan type.	Ninety-two percent determine eligibility by employee category, while 35% establish a minimum salary level. Eligibility for performance awards is commonly restricted to executives. Eligible employee categories for restricted stock include: • General management - 86% • Other executives - 79% • Middle managers and senior professionals - 53%

Total Reward Package

Pay

- Commonly, cash compensation packages among surveyed companies include 13.12 monthly base salaries (inclusive of statutory bonus of one month's salary, and interest (12%) on the end-of-service benefit annual contribution of one month's salary) as well as an annual performance bonus opportunity. Employees who participate in the integral salary regime are also entitled to one additional month (representing the amount employers would otherwise have had to contribute to employees' end-of-service benefit account).
- Compensation for highly paid employees (base salary of at least 10 times the MMW and total integral salary of at least 13 times the MMW) arranged under the integral salary regime is payable in 12 equal payments that integrate all mandatory payments (annual vacation pay excluded).

Car Benefits

- Sixty percent of surveyed companies have car benefit plans, for all levels of senior management as a perquisite and for client-facing sales staff according to business need.
- The most common benefit form is a company-owned vehicle. The provision of car allowances is not common.

Mandatory and Supplemental Benefits

- Supplemental retirement benefit plans are rare, due in part to the mandatory provision of an end-of-service benefit, amounting to one month’s salary for each year or service.
- Eighty percent of companies provide risk benefits; primarily supplemental group life insurance benefits, usually with riders for accidental death and disability and total permanent disability coverages.
- Health and wellbeing benefit plans are similarly very common, each provided by 82% of companies surveyed.

Fringe Benefits

- Fringe benefits are generally categorized as earned income and taxable to the employee. Some specified fringe benefits (e.g., meal benefits, travel expenses, professional club memberships and mobile phones) are non-taxable, provided they are used/offered for work purposes and meet certain conditions.
- Meal benefits are provided by 65% of companies surveyed, most commonly in the form of meal vouchers (44% of plans). Meal vouchers with a value of up to COP 1,929,665 per month are tax-free to employees with monthly earnings of less than COP 14,590,150. The benefit is taxable as income for employees earning in excess of the ceiling.

Working Hours

Overview

Normal Workweek

The statutory workweek is 45 hours, normally spread over five or six days, from Monday to Saturday. In practice, companies commonly operate a five-day workweek of 40 hours in offices and 45 hours in plants (where workweeks may be increased to six days).

The maximum number of hours that employees can be requested to work underground are 7.5 hours per day and 37.5 hours per week.

Employees working a 7.5-hour workday are entitled to a 30-minute meal break, increased to 60 minutes if work time exceeds 7.5 hours. Such break periods do not count as work time.

In situations where the employer is forced to suspend activities and reduce the normal working time for reasons of force majeure (such as bad weather or other circumstances which result in the suspension of normal work activity), the employer may require employees to make up for the lost time by what is known as 'compensatory work'.
The employer may only call for compensatory work within 60 days of the event that prevented normal working hours from taking place and is obliged to provide employees with the reasons why compensatory work is required and the dates on which the work must be performed. Compensatory work is not considered overtime and must not be performed on weekends or public holidays or exceed three hours per day.

Normal Workday

In general, the statutory workweek is divided equally by the number of days worked in a week, but the Labor Code allows the employer and employee to agree on an alternative distribution. The normal workday is generally eight hours for workplaces observing a 40-hour workweek, but 31% of office-based companies surveyed observe a 45-hour workweek.

Maximum Working Week (Including overtime)

The full workday cannot exceed 11 hours, including overtime or compensatory work.

Overtime

Legal Provisions

All work performed in excess of the normal workweek (45 hours unless otherwise stipulated) or the normal workday is considered overtime.

Employees cannot be compelled to work overtime, except in the case of either a breakdown in operations or measures to prevent such an occurrence, urgent maintenance or other cases of force majeure.

Employers are required to obtain written consent from employees to work overtime hours, either at the start of employment or ad hoc when the need arises. Written consent should be stored in the employee's personal file. Employees may withdraw their consent by providing their employer with 30 days' written notice.

Statutory Maximum

Overtime work is limited to three hours per day and 270 hours per year.

Compensation

Normal overtime must be compensated at a minimum of 150% of normal pay, increased to 200% on Sundays and public holidays. Alternatively, employees receive paid leave in lieu of pay, at a rate equal to 1.5 hours for every overtime hour worked. Companies do not typically enhance statutory entitlements. Most commonly, eligible staff may opt between enhanced pay or time-off in-lieu, although policies which only provide enhanced pay are also common.

Exceptions

The law does not expressly exempt any category of employees from the limits on working time and overtime pay but by custom and case law, executives and employees with high levels of autonomy with regards to their work do not receive overtime compensation, provided they are well compensated. Overtime is not allowed in underground work (in mining, for instance) and pregnant employees are prohibited from working more than 7.5 hours per day (thus are not allowed to work overtime). Prior approval for overtime must be obtained from the Regional Labor Office. It is not uncommon for companies to apply to the local labor authority for an extension of statutory limits.

Rest Days and Public Holidays

Legal Provisions

All employees are entitled to a weekly rest period of at least 24 hours. The normal day of rest is Sunday, but if it is not possible to grant a weekly rest day on a Sunday, then another full day must be provided.

Work is generally prohibited on public holidays unless it is provided for by CBA or individual employment contract.

Compensation

Employees who work on a public holiday are entitled to an additional day's wages in addition to their normal pay for a public holiday, plus overtime if applicable. Employees covered by the Labor Code are entitled to at least one weekly day of rest, payable at the employee's normal rate of pay. Employees working on their normal weekly rest days should receive double their normal rate of pay, plus overtime.

Flexible Working Arrangements

Provided that the employee and employer agree, working hours can be spread unevenly over a predefined reference period under which working hours may exceed 45 hours for a given week without requiring payment of overtime compensation, as long as the average workweek over the reference period is 45 hours or less. The maximum reference period is two months, four in the case of collective bargaining. Daily working hours should not exceed 11 hours.

Fifty-three percent of companies have an established program for flexible working hours (which may or may not take advantage of the provisions on workweek averaging), while 65% have a formal work-from-home policy (see Telecommuting section). There is no legislation on the right of employees to ‘disconnect’ from work.

Night Work

Legal Provisions

Work between 20:00 and 06:00 is defined as night work. Night work is limited to 7.5 hours per day, subject to an overall maximum of 11 hours of work time, although employees working in tourism, private security and health services are permitted to work longer than 7.5 hours at night, provided that the employer has obtained the employee's prior written consent.

Provided an agreement is reached with their employees, firms that by their nature require continuous operation may work a seven-day week with shifts arranged so that a worker is on night shifts for no more than one week before rotating to day shifts. This period can be extended to two weeks with the permission of the Regional Labor Office. There is no general legal requirement for night shift pay premiums, but collective agreements normally provide for them.

Minors (under age 18) may not work at night in industrial workplaces. Women require special permission, subject to Ministry of Labor and Social Security regulations, to perform any night work in industrial workplaces. It is prohibited for pregnant employees and new mothers to work at night.

Compensation

There is no statutory requirement to pay a night work pay premium, but one may be payable by collective agreement or practice.

Holidays and Statutory Leave

Public Holidays

The dates of public holidays shown below are those known at the time of publication. Dates for the coming year are displayed where known but may be subject to change.

The public holidays with fixed dates are:

Day	Date
New Year's Day	January 1
Labor Day	May 1
Hong Kong SAR Establishment Day	July 1
National Day	October 1
Winter Solstice Festival (*Dongzhi*) or Christmas Day (at employer's discretion)	Either December 22* or December 25

**Variable date.*

The public holidays with variable dates are:

Day	2024	2025
Lunar New Year	February 10-13	January 29-31*
Ching Ming Festival (Tomb-Sweeping Day)	April 4	April 4*
Buddha's Birthday	May 15	May 5*
Tuen Ng Festival (Dragon Boat Festival)	June 10	May 31*
Day after the Mid-Autumn Festival	September 18	October 7*
Chung Yeung Festival	October 11	October 29*
First Weekday after Christmas Day	December 26	December 26

**Tentative date.*

The first three days of the Lunar New Year are statutory holidays; if one of these days falls on a Sunday, the fourth day of the New Year becomes a statutory holiday. If an employee is required to work on one of the 14 statutory holidays, the employer must provide an alternative holiday within the 60 days either preceding or following the date of the statutory holiday. Labor legislation enables employees to choose, in agreement with their employer, on whether to take the Winter Solstice on December 22 or Christmas Day on December 25, as a paid holiday.

Public holidays falling on a normal rest day are observed on the following Monday.
Amendments to the EO will gradually add each of the following 'general holidays' to the list of statutory holidays and statutory holidays will be increased progressively to 17 days by 2030. 'General holidays' are additional dates when banks, educational establishments, public offices and government departments are closed (all variable dates). While these holidays have customarily been observed by custom or practice in the private sector historically there was no legal requirement to grant general holidays as paid days off.

Day	2024	2025	When Added to Statutory Holiday List
Good Friday	March 29	April 18	2028
Day following Good Friday	March 30	April 19	2030
Easter Monday	April 1	April 21	2026

Annual Vacation

Statutory Annual Leave

Employees with at least one year of service are entitled to seven workdays' leave with pay. From the third year of service, this entitlement increases progressively, with an extra day for every subsequent year of service up to 14 workdays for those with at least nine years' service. Employees with a leave entitlement of up to and including 10 days may only request three days to be taken separately with the remainder having to be taken on consecutive days, employees with 11 or more days' leave are required to take at least seven days consecutively but the remainder of leave may be taken either separately or consecutively.

Annual leave dates are fixed by the employer after consultation with the employee or their representatives.

Annual Leave Compensation

Annual leave pay is calculated by reference to an employee's average daily wages in the 12 calendar months preceding the day (or first day, if more than one day is taken) of annual leave. There is no statutorily required holiday bonus nor is voluntary practice common.

Carry Forward and Termination

Leave must be taken within 12 months after the end of the leave year unless the employer observes a common leave year for all employees.

Employees who are unable to take annual leave may elect to receive pay in lieu of unused leave, provided the employee is entitled to more than 10 days of leave per year or to carry the leave forward to the following year. The leave must be taken on dates fixed by the employer if there is no agreement on dates.

At termination the employee is entitled to payment in lieu of any unused annual leave (prorated for service in the case of individuals employed for at least three months but less than one year).

Company Practice

Companies usually offer a more generous vacation schedule to employees, which is virtually always tied to length of service. The median entitlement after one year of service is 16 workdays, increasing to a maximum of 20 workdays after eight years' service.

Seventy-one percent of surveyed companies allow employees to carry forward leave, up to seven days at the median, although some require this to be taken within a defined period (median of four months). Although the EO applies only to statutory leave, this policy may also be applied to additional (i.e., non-statutory) leave, depending on the terms of the contract and the practice of the employer.

Among companies surveyed, 10% have fixed closing periods, generally around major public holidays. The EO stipulates that where an employer has a fixed closing period the maximum amount of annual leave that the employer can require their employees to take during the period of the closure is equal to their specified period for ‘consecutive leave’ which varies depending on the employee's annual leave entitlement (see Statutory Annual Leave). Three-quarters of employers with fixed closing periods do not require employees to use their annual leave during the shutdown.

Sick Leave

Employees are entitled to at least 1.5 days of employer-paid sick leave for each month of service, up to 90 days per period of absence, subject to presentation of a medical certificate. Days used are deducted from the total entitlement accrued by the employee. Under the Sick Leave Law, the first day of absence is not payable. The benefit is payable at 50% of salary for the second and third day of absence, and 100% of pay from the fourth day of absence up to the exhaustion of the accrued entitlement. Employers typically don't enhance company-paid sick leave benefits in excess of statutory requirements with one exception, the level of sick pay provided. Fifty-six percent of surveyed companies provide sick leave at 100% of pay for days one to three. Legislation permits a share of the sick leave entitlement to be taken by the employee in the event of ill-health on the part of an employee's family member as follows:

Family Member	Leave Entitlement (Workdays Annually)
Spouse	6
Parent or parent-in-law age 65 or above	6
Employee's child up to age 16. The right may be enjoyed by one, not both, parents	8 - 16
Employee's child age 18 or under with cancer	Up to 90 (110 in certain cases), provided the employee has at least one year of service
Employee's spouse undergoing a check-up or treatment related to pregnancy or birth	7

For further information on sickness or long-term disability benefits from social security, please refer to WTW's Benefits Profile - Israel.

Maternity Leave

Employees are eligible for 26 calendar weeks of maternity or adoptive leave. The first 15 weeks are paid by social security at 100% of the insured average net daily income over the three-month period prior to leave (capped at ILS 1,655 per day), with the remaining 11 weeks being unpaid. Eligibility rests on the condition that the mother has at least 10 months of insured employment in the 14 months prior to the start of leave (or 15 months in the prior 22 months). Only 1% of the employers surveyed offer paid maternity leave in excess of statutory requirements. Maternity leave and benefits are available for same-sex couples on the same basis as heterosexual couples.

Paid leave is extended by three weeks for each additional child in the case of multiple births (two weeks for staff with reduced entitlements). Leave is extended by four weeks if the mother is hospitalized for 15 days or more during maternity leave and by up to 20 weeks if the child is hospitalized (reduced to two weeks and 12 weeks, respectively, for staff with reduced entitlements). Up to 28 days (53 days if recommended by a doctor) of leave may be taken before the expected date of birth.

Employers are required to continue pension contributions, and if relevant also to the educational fund, including employee salary deductions (even though the employer is not paying salary during maternity leave) and must therefore recoup from the employee for the period of such leave. Employers may not prejudice or terminate a pregnant employee's employment or income during pregnancy or maternity leave, or within 60 days after the end of maternity leave without special permission from the government.

For further information on maternity or other family leave benefits from social security, please refer to WTW's Benefits Profile - Israel.

Adoption Leave

Adoptive parents (including same-sex couples) are entitled to the same leave provisions as apply for maternity leave when adopting children under age 10. Leave may be taken by either parent or shared between both parents (subject to a minimum of 21 consecutive days of leave per parent). The duration of leave may be extended if more than one child is adopted at the same time. Only 1% of companies surveyed offer adoption leave in excess of statutory requirements.

Paternity Leave

There is no specific statutory requirement for employers to provide paid paternity leave. New fathers are entitled to six workdays of leave starting from the date of birth, with days one, five and six being categorized as sick leave which is unpaid for day one and paid by the employer at 50% of pay for the other two days, deducted from the employee's annual sick leave entitlement. Days two, three and four are taken from the employee's paid annual leave allotment and so are fully paid by the employer.

New employees who haven't yet accrued paid sick or annual leave are ineligible for pay replacement benefits but can take the leave as unpaid. In addition, fathers may take up to eight weeks of the mother's leave entitlement from the sixth week after birth, subject to employer authorization and the mother's consent, and provided the mother returns to work. One week from the total maternity leave entitlement can be relinquished by the mother, allowing the father to be with his spouse during the first week after the birth. Paternity leave and benefits are available for same-sex couples on the same basis as heterosexual couples.

Of companies surveyed, 6% provide enhanced paternity leave benefits. It should be noted that 56% of the organizations surveyed provide sick leave at 100% of pay from day one which would also enhance an employee's paternity leave benefit.

Parental Leave

Unpaid parental leave can be taken by either parent until the child reaches age one. Such leave can be taken in up to two intervals. The maximum leave period varies with the length of service with the current employer; only up to a quarter of the length of service can be taken. Both parents are eligible but only one parent may be on leave at a time. Only 8% of surveyed companies offer paid parental leave at 100% of pay for 10 weeks.

Other Leaves

Bereavement Leave

Employees with at least three months of service are entitled to paid bereavement leave for the death of a close relative (child, spouse, parent, or brother/sister) of up to seven days.

Short-Term Leave

Parents may use part of their sick leave entitlement to take care of a sick child. There are no other statutory short-term personal leaves, but CBAs may have provisions in this regard. The only short-term leave commonly provided by employers in excess of statutory requirements is for the employee's wedding, offered by 42% of companies (three days at the median).

Training

Overview

Under the LFT, employers are required to provide training to employees. Collective or individual contracts must include clauses on the employer's obligation to provide training to workers. Such training must aim to:

- Improve the knowledge and skills of workers in their field of activity;
- Provide them with specific information on the application of new technology;
- Prepare workers to fill vacancies or newly created positions;
- Prevent work risks; and
- Increase productivity.

Joint Work Committees of Training, Education and Productivity

The LFT provides that in companies with more than 50 employees, Joint Work Committees of Training, Education and Productivity should be established with the authority to suggest, design and monitor the implementation of training programs. The Joint Committee should comprise an equal number of employee and employer representatives charged with monitoring the implementation and operation of the system, procedures to be pursued to improve the training and instruction of workers, and to suggest measures to refine them. They should further consult on organizational and labor relations changes that may improve a company's productivity.

Training plans must adhere to the following rules:

- The duration of the training period should be under two years;
- Plans should address employees of all ranks and positions in the company;
- They should have clear and definitive timeframes for training; and
- The process of selection for training should be defined.

Employers must register their training plans with the authorities. It should be noted that for the purposes of worker health and safety, the employer has an obligation to train workers about the risks inherent in their work and about preventive measures to avoid them, including specialized training in the use of machinery and equipment, tools and use of personal protection equipment, among others.

Companies with fewer than 50 employees are provided with training programs directly by the Ministry of Labor and Social Welfare and the Ministry of Economy, based on specific requirements.

Company Practice

Fifty-three percent of employers surveyed have formal training and development programs to contribute towards the cost of education, training or professional development of their employees. The most common types of education/training available to all employees are language training programs (74%), followed by support for advanced degrees and professional or technical qualifications/certifications (67% each). The cost of tuition is the most commonly covered type of support provided by far. Around 30% of programs supporting language training and qualifications or certifications are provided by in-house courses.

Social Security

Overview

The social security system provides retirement, death, disability, workers compensation (for work-related illnesses), health, and parental leave benefits, as well as unemployment and family allowances. All residents are covered for medical care through the National Health Service (*Sistema Nacional de Saúde*), which is financed by the state through general taxation rather than by social security contributions from participants and employers.

For further information on social security benefits please refer to WTW's Benefits Profile - Portugal.

Normal Retirement Age

The normal retirement age (NRA) is currently 66 years and four months. At the start of each year an adjustment to NRA may be made incorporating the ratio between average life expectancy at age 65 in the first two of the previous three years and in the year 2000. NRA is scheduled to increase to age 66 and seven months from January 1, 2025.

Industrial Relations

Framework for Employee Participation and Representation

Overview

The Labor Relations Act is the basic statute dealing with labor relations, laying out provisions for the establishment of labor unions and employer organizations. Unions are most likely to be found in private-sector employers in the capital, Bangkok, and the surrounding provinces where the labor market is the deepest and most highly developed.

Employers' Associations

Similar to a labor union, an employers' association may be set up by employers with the objective of protecting their interests relating to the conditions of employment, and to promote better relations between employers and employees, and among employers. As of April 2024, 306 employers' associations are registered in Thailand, of which 70% are located in the Bangkok conglomeration.

In principle, a collective bargaining agreement (CBA) signed by the employers' association and the labor union, or by more than two-thirds of the total number of employees in the same business sector, shall be binding on all employers and employees in the same sector, but there are no industry CBAs.

Labor Unions

Private-sector workers have the right to form and join labor unions under the LPA. A minimum of 10 employees is required to establish a labor union. Management or supervisory employees with responsibility for recruitment, promotion, reduction of wages and termination of employment cannot be a member of the labor union.

Committee members of a labor union are eligible for leave to perform their duties, such as negotiation, conciliation and labor disputes arbitration, and to attend meetings as specified by a government agency, provided that the employer has been notified in advance and adequate documentation justifying the need for leave has been submitted.

According to the Labor Relations Bureau of the Department of Labor Protection and Welfare, as of April 2024 there are a total of 1,306 unions operating, of which 59% are located in and around Bangkok. Total labor union membership nationally is 386,369. The automotive industry is one of the more unionized sectors, with union members accounting for a third of workers in the industry according to a 2024 ILO report on the sector. Ultimately, less than 5% of the total workforce are unionized.

National Level

There are 21 national labor federations and 16 national labor union councils, but none of these organizations has any real influence on labor policy or bargaining. Three congresses - the Labor Congress of Thailand, the Thai Trade Union Congress and the National Congress of Private Industrial Employees - have joined the International Trade Unions Congress, along with the State Enterprises Workers' Relations Confederation, to improve their influence, but without any immediate evidence of success.

Co-Determination and Board Level Representation

Thai law does not provide employees with a right to elect or appoint representatives to the boards of directors.

Labor Welfare Committee

The LPA established the Labor Welfare Committee at the national level (not to be confused with Welfare Committees at company level (see Health and Safety Representatives section)). The Labor Welfare Committee is a tripartite body with representatives from the government, employers and employees, all appointed by the Minister of Labor. It functions in close cooperation with the Ministry, and its duties include commenting, advising, evaluating and reporting on policies, guidelines and measures related to labor welfare.

Occupational Safety, Health and Environment Committee

The Occupational Safety, Health and Environment Act established the Occupational Safety, Health and Environment Committee, comprising government officials, employers' and employees' representatives, and specialists appointed by the Labor Minister. Its task is to administer health, safety and environmental issues.

Works Council/Employee Representatives

There is no system of works councils or comparable bodies in Thailand. Companies with 50 or more employees must establish an Employees' Committee. The number of members of an Employees' Committee varies from five (for workforces of up to 100 employees) to 21 (2,500 or more employees). Members of a Committee are protected from dismissal, reduction of wages, discipline, etc., unless permission has been obtained from the Labor Court. Members are elected (or appointed in the case of union members) to three-year terms. Note: unions representing at least 20% of all workers in an enterprise have the right to appoint the majority or all employee representatives, depending on the total percentage of unionized staff. The main responsibility of the Committee is to meet with the employer at least every three months to:

- Discuss issues of employee welfare;
- Consult and discuss with the employer in order to stipulate the terms and conditions of the rules of employment which shall be beneficial to both the employer and employees;
- Settle disputes; and
- Consider employees' grievances.

Health and Safety Representatives

Companies are required to appoint one or more Safety Officers. In certain high- and medium-risk industries specified by the Ministry of Labor (such as mining, oil, and manufacturing), this requirement applies to companies with at least two employees; otherwise it applies if there are at least 20 employees. The exact requirements on the number and level of Safety Officer(s) depends on the company size and industry sector. In addition, in certain high- and medium-risk industries (such as mining and oil), companies with at least two employees must establish a Safety Department; for other companies the threshold is 200 employees.

Companies with 50 or more employees may also be required to set up Health and Safety Committees, comprising five to 11 employees' representatives, based on the number of employees. The Ministry of Labor defines the industries that are required to set up Health and Safety Committees, including, among others, mining, oil, manufacturing, hotels, hospitals, banking and insurance. Health and Safety Committees are required, among other things, to:

- Consider policies and workplans on occupational safety, including outside the workplace, to prevent and reduce accidents, danger, sickness and annoyance resulting from work, and to propose the same to the employer;
- Report on and propose to employers measures or guidelines for improvement in occupational safety and safety standards in order to comply with related laws for the safety of employees, contractors and third persons working or receiving services in the place of business;
- Consider projects or plans for training employers in occupational safety, including training with regard to responsibilities for the safety of employees, foremen, executives, and all levels of personnel.

Companies with 50 or more employees should also set up Welfare Committees comprising at least five employees' representatives selected in accordance with the rules and procedures prescribed by the Director-General. Welfare Committees' main responsibilities are to:

- Jointly consult with the employer for the purpose of promoting the welfare of employees;
- Give advice and make recommendations to the employer regarding the promotion of welfare for employees;
- Inspect, control and supervise the welfare arrangements provided for employees; and
- Make comments and propose guidelines on the welfare arrangements for the benefit of employees to the Labor Welfare Committee.

The employer is required to meet with the Welfare Committee on a quarterly basis or in the event of a request, with appropriate reasons, by more than half of the total number of members of the Welfare Committee, or upon the request of the labor union.

Collective Bargaining

Overview

Collective agreements can only be concluded with a labor union, although employers are not obliged to reach an agreement. Roughly a quarter of the total labor population is covered by a collective agreement (OECD data).

The Collective Bargaining Act No. 2/1991 establishes procedures for collective bargaining and disputes.

Levels of Bargaining

Collective bargaining may be conducted at two levels, either at the enterprise level or at the sector/branch level. Lower-level enterprise agreements can only deviate from higher-level sector/branch agreements to the benefit of employees.

Scope and Content

The Act provides that collective agreements regulate individual and collective relations between employer and employee, and the rights and duties of the parties concerned. Collective agreements can focus on a number of issues such as employment and working conditions (e.g., contracts, termination, redundancy issues, leave, working time), wages and remuneration, occupational health and safety and human resource development. Agreements may only improve on employment terms and conditions provided by the law or a higher-level collective agreement.

Duration

Collective agreements that do not specify their duration are presumed to last for one year.

Extension

Higher-level sector/branch collective agreements must include a classification of economic activity code for all the employers attached to the agreement. Employers with identical classifications which are members of the same association that negotiated a higher-level agreement are automatically covered if they are not already covered by another higher-level agreement.

The ability of the Ministry of Labor, Social Affairs and Family to make higher-level collective agreements binding for non-signatory employers was abolished in 2021. Previously, one or both of the parties to a collective agreement could request the Ministry to extend the agreement to cover employers that were not members of the employers' organization concluding the agreement, based on those employers' predominant economic activities. Existing collective agreements binding non-signatory employers remain in force until the agreement's expiration date.

Termination of Employment

Types of Termination

Overview

Both the employer and the employee can terminate a service contract without giving a specific reason for termination. Any notice period required varies depending on the length of service and how the employee is paid.

At termination of an indefinite service contract, the employee is entitled to notice or payment in lieu as well as compensation for unused leave; and an employer-paid end-of-service benefit (subject to a minimum service of one year) and repatriation expenses (for foreign workers).

Grounds for Termination

Termination Without Notice

The Labor Law has specific grounds for which the employer may terminate the services of an employee without notice and without paying end-of-service benefits. These include:

- Falsification of documents;
- Gross negligence;
- Violation of safety regulations;
- Disclosure of company secrets or confidential information;
- Being drunk or under the influence of drugs;
- Assault on the employer or a fellow employee;
- Unjustified absence for more than seven consecutive days or a total of 15 days in a single year; and
- Committing a dishonest or immoral crime.

A foreign employee dismissed on one of these grounds may not take up employment with another company in Qatar before a period of four years.

The QFC Employment Regulations have similar provisions to the above.

With Notice

Service contracts can be terminated by mutual agreement. The end-of-service benefit is payable in such circumstances.

In the case of local nationals, employers must give permission to be absent from work for a reasonable amount of time to register themselves with the MADLSA in order that the employee can try to find alternative employment. The employee must notify the employer of their new employment immediately on obtaining it and must continue working for the employer until the expiry of any notice period.

Termination During the Probationary Period

During the probationary period an employee can only be dismissed if the employer can demonstrate that the employee is not capable of carrying out the work. One month's notice must be given to the employee in this circumstance.

Employees wishing to terminate employment during the probationary period must give one month's notice if changing their employer. The new employer is obliged to compensate the previous employer for hiring and inbound travel fees, as well as to pay a lump sum equal to up to two months' base wage of the employee in question. Whereas if the employee is resigning in order to exit Qatar, a notice period of maximum two months is applicable.

The provisions are the same in the QFC, except that the minimum notice period is two weeks and is applicable only to the employer.

Termination of Fixed-Term Contracts

Fixed-term contracts automatically expire upon reaching term or may be terminated (with written notice) before reaching term by either party after the probationary period (if any). The minimum notice requirement is the same as for other employment contracts (see “Notice” for more details).

Resignation

Employs who resign are required to provide written notice and are subject to the same minimum requirements as employer-initiated terminations (see “Notice” for more details). Resigning employees who serve their notice period are entitled to their normal end-of-service benefit

Under the Qatari Labor Law, an employee may claim constructive dismissal and resign without notice (while retaining their full right to obtain the end-of-service benefit, as long as the agreed notice period is served) in the following cases:

- If the employer commits a breach of its obligations;
- If the employer commits a physical assault or immoral act upon the employee or their family members;
- If there has been a misrepresentation of the employment terms and conditions; and
- If the work endangers the health and safety of the employee, and the employer has not taken any steps to eliminate this.

Under QFC Employment Regulations, an employee may resign, and they must give notice. See below under Notice - QFC Employment Regulations.

Protected Categories

Employees' service contracts may not be terminated during periods of leave. Special provisions apply regarding sick leave. Female employees are protected from dismissal during pregnancy and during maternity leave.

Unfair Dismissals

In the case of unfair dismissal, the employee may appeal to the MADLSA against the decision within seven days. The Ministry must decide on the employee's appeal within seven days of the date of the registration of the appeal. The decision, which is usually final in all other conflicts, can be appealed in the case of unfair dismissal in front of the competent court.

If the court decides that the dismissal is arbitrary or in violation of the law, it can annul the dismissal and order the return of the employee to work and payment of wages for the period concerned or order payment of suitable compensation. Such compensation will include wages and other benefits denied as a result of dismissal.

Information and Consultation

An employee may not be dismissed until after the employee has been notified in writing of the reasons for the dismissal, the employee's statements have been heard, the employee has been allowed to defend him/herself and the foregoing has been entered in a report placed in the employee's personal file.

The employer must notify the MADLSA of all hiring, termination, dismissal, etc. There is no statutory requirement to notify the Joint Committee or the Workers' Committee, however in the event of a conflict or dispute, they may be involved.

Under QFC Employment Regulations, the employee may request a written statement of the reasons for the dismissal, but it is not obligatory to provide the statement.

Notice

There is no statutory requirement for either the employer or the employee to provide individual notice of termination. Company policy on notice requirements for one or both parties may be stipulated by company work rules, individual employment contract or CBA.

Severance

Overview

There is no federal right to severance, but it may be payable by individual employment contract or CBA. As a matter of company practice, employers may provide severance benefits on involuntary termination, but the amount payable varies considerably based on a variety of factors, particularly employee category and length of service.

Severance Packages

Most employers do not have formal severance plans but rather develop severance packages as economic conditions and business circumstances warrant. Formally established severance plans are categorized either as welfare plans or pension plans under ERISA. As such, they are subject to the respective reporting, disclosure and administrative requirements for those types of plans. One advantage of classification under ERISA is that it pre-empts all state laws related to the plan.

Employers should be aware that a routine policy or practice of providing severance benefits may give inadvertent rise to the creation of an ERISA plan with all the attendant requirements. The determination of what makes severance pay arrangements an ERISA plan is based on a Supreme Court decision and case law and is, therefore, not clear cut. As a rule of thumb, severance arrangements which require an ongoing administrative program are generally considered to be ERISA plans.

Due to the high cost of healthcare and medical insurance, severance packages often include coverage under the employers' group healthcare plan for a limited period of time after separation from service. Under COBRA, employees are entitled to continue medical coverage under their former employers' group health plan for up to 18 months (or longer in certain instances) after termination, provided they pay 102% of the total premium. As premiums for family coverage can easily exceed USD 1,000 per month, a waiver of the cost for a set duration can be a valuable element of severance packages.

In general, severance may be payable as a lump sum or in installments, but state law may require otherwise. By common practice, employers categorize payment of any post-employment compensation as severance pay, not pay in lieu of notice. The distinction is important as state unemployment laws commonly distinguish between the two and normally restrict access to unemployment benefits for periods when the individual was receiving wages in lieu of notice.

Severance, pay in lieu of notice, and compensation for unused annual leave or sick leave (as well as unemployment compensation) are subject to personal income tax. In most cases, severance (and other forms of cash compensation) is also subject to withholding for Social Security taxes.

Just over half of surveyed companies have formal severance policies which are generally applicable to most staff categories irrespective of length of service. Severance amounts after one year of service range from approximately two weeks of pay for non-exempt staff to four weeks for exempt staff and general management, at the median, gradually increasing to 22 weeks and 40 weeks, respectively, after 20 years of service. Severance is most commonly based on base salary only and paid out as a lump sum, although about 30% of employers with policies provide salary continuation. Around one-quarter of surveyed employers include the continuation of employer paid health benefits premiums in their severance package. The duration of health benefit continuation after one year of service varies from four weeks for non-exempt staff to six weeks for general management, at the median, gradually increasing to 16 weeks and 23 weeks, respectively, after 20 years of service. Thirty-two percent of employers also provide outplacement counseling or career transition services, usually for all staff categories, for eight to 12 weeks at the median depending on employee category.

Separation Agreements

For a variety of reasons, such as the wide ambit of legal protections against discrimination in employment, differences in state law, and the litigious reputation of U.S. society, there is a broad market perception that employment terminations can be at high risk of being challenged in court. Some employers therefore try to get employees to sign separation agreements on termination of employment in return for severance and/or other post-employment benefits to which the individual is not already entitled. The agreements offer to provide these benefits in return for the employee agreeing to waive their rights for all claims related to the employment relationship including claims for wrongful or discriminatory dismissal. Agreements may also have separate release of age discrimination claims under the ADEA as amended by the Older Workers Benefit Protection Act (OWBPA).

The validity of such agreements can, of course, still be challenged in court. According to the EEOC, the validity of a general waiver broadly requires that the employee knowingly and voluntarily consents to the waiver; however, the rules which apply to the standard of knowing and voluntary consent depend on the statute under which a lawsuit may be brought. Agreements cannot require employees to waive future rights. OWBPA release claims are subject to separate and distinct requirements by the OWBPA for the determination of knowing and voluntary consent. Among other things, the OWBPA requires that the waiver be written in clear and plain language commensurate with the average level of comprehension and education for the staff concerned. Agreements must provide at least 45 days (21 days for individual terminations) from the date of the offer for employees to consider the agreement. In the event of any material changes to the terms and conditions of the offer, the clock is restarted. The waivers must also provide a window of seven days to revoke the agreement.

Individuals who have signed such agreements can still file charges with the EEOC alleging discrimination during employment or wrongful dismissal.

Termination at Retirement

Overview

The ADEA generally prohibits the imposition of a mandatory retirement age on employees. However, the Act provides for certain limited exceptions. Employers can establish a mandatory retirement age of 65 for bona fide executives and so-called high policymakers who are entitled to an annual employer-provided pension benefit of USD 44,000 or more.

The imposition of a mandatory retirement age is also generally permissible for certain professions with bona fide occupational qualifications that evidence shows are related to age and ability to do the job or which could present a danger to society. Airline pilots, policemen and firemen are the most common examples of these professions.

Severance

There is no law mandating the provision of a retirement termination indemnity nor is there any practice of providing such payments.

Organizational Change

Alternatives to Layoffs

There are no statutory measures which employers can use as an alternative to layoffs, but employers generally have considerable latitude to unilaterally change the terms and conditions of employment to lower employment costs, absent any provisions of a CBA, individual employment contract or other binding law. In practice, options commonly used by employers include:

- Reductions in work hours (for non-exempt employees);
- Unpaid or partially paid leave, furloughs and sabbaticals;
- Early retirement; and
- Reducing or freezing pay and benefits.

Collective Dismissals

Overview

In Germany, collective dismissals are referred to as mass dismissals (*Massenentlassungen*). The criteria for a collective dismissal depend on the size of the plant or company involved and on the number of employees to be dismissed within any 30-day period. These are as follows:

Size of Workforce (before dismissals)	Minimum Number of Employees to be Dismissed
21 - 59	5
60 - 499	Lesser of (25 or 10% of employees)
500 or over	30

Certain employees are not considered when calculating the size of the workforce: senior executives or managers, heads of businesses and chief executive officers.

Information and Consultation

Employers planning collective dismissals must notify the Works Council in advance, giving the reasons, the numbers of employees involved and the planned date(s) of termination, selection criteria and the proposed severance payment calculations. The employer must also consult with the Council about opportunities to avoid dismissals as much as possible.

Selection Criteria

The criteria used to select employees for redundancy must be reasonable, and alternatives to dismissal must be considered. The criteria for social protection are based exclusively on:

- Seniority;
- Age;
- Responsibility for dependents; and
- Disability (if any).

In some cases, the continuing needs of the business can outweigh the criteria described above. Employers can retain those employees who would otherwise be dismissed under the criteria, but who have certain know-how or ability or are needed to balance the personnel structure. As a general rule, staff who would be the most harmed by dismissal should be the last persons selected while conversely those who are least disadvantaged should be selected first.

Works Councils have co-determination rights in establishing the criteria by which employees are chosen for redundancy. Lists of those to be dismissed can be voluntarily agreed with Works Councils.

Notice

Employers must next notify the local Labor Office in writing, attaching a copy of the opinion of the Works Council. The so-called notification of collective dismissal must be reported before the notices of dismissal are actually given. In any event, dismissal notices cannot be given until one month after application to the Labor Office, pending its approval. The Labor Office can extend the waiting period to two months, if it feels that the interests of the local employment market and more general public interests would otherwise be prejudiced. If the Labor Office refuses to give permission for a collective dismissal, the employer may go ahead after the one or two months' waiting period, provided the employer has notified and consulted with the Works Council and observed the legal notice requirements and procedures, including, where applicable, drafting a social plan to minimize hardships for individual employees.

Social Plans

Social plans generally cover such matters as wage guarantees and early retirement, as well as lump sum awards. The Works Constitution Act instructs arbitration tribunals that the financial cost of implementing a plan should not jeopardize the future operations of the company nor the remaining jobs. It stresses that the form and level of compensation to individual employees should be related to their specific circumstances, and that the plan should also take into account the job prospects of redundant employees. Continued employment should be preferred to dismissals whenever the opportunity exists. Workers refusing a reasonable offer of alternative employment can lose their entitlement to compensation.

Even if the only relevant changes are actual redundancies (e.g., not a transfer of business or a change of work conditions or a shutdown), a social plan has to be agreed if the scale of the redundancies exceeds the thresholds based on the number of affected employees relative to the enterprise's workforce, as follows:

Size of Workforce (Before Redundancies)	Minimum Number of Redundant Employees
21 - 59	Lesser of 6 and 20% of employees
60 - 249	Lesser of 37 and 20% of employees
250 - 499	Lesser of 60 and 15% of employees
500+	Lesser of 60 and 10% of employees

The requirement to develop a social plan applies if a Works Council is present, regardless of whether or not the number of workers dismissed meets the minimum criteria for collective dismissal.

Severance

Severance payable in the case of collective dismissals for reasons of urgent operational requirements is the same as for individual dismissals. There is otherwise no statutory minimum severance for collective dismissals. That said, social plans normally include provisions for severance.

Operational Changes (Betriebsänderungen)

Companies with more than 20 employees must inform the Works Council of plans to implement any operational changes that would be of material disadvantage to the employees. The types of actions deemed to be operational changes are listed in the Works Constitution Act. An operational change is always initially deemed to exist in any case of a cutback, shutdown or relocation of the work (or significant parts thereof), split-up, or amalgamation with other work. Employers planning for operational changes must attempt to agree on a reconciliation of interests with the Works Council before implementing the change. The Council cannot, however, force the employer to agree on a reconciliation of interest.

In order to compensate employees for the disadvantages of the operational change, employers must agree on a social plan with the Works Council. In companies with more than 300 employees, the Works Council may make use of an external advisor (*Berater*) to facilitate the process. While there is no obligation to agree on a reconciliation of interest, the conclusion of a social plan is obligatory. If agreement cannot be reached on a social plan, the matter is submitted to mediation. If this fails, either party is entitled to invoke an arbitration tribunal, which in the last resort can decide the plan's content.

Managerial Dismissals

Overview

The Labor Code does not distinguish between different categories of employees with regard to termination and extends the same protection to top executives as it does to rank-and-file employees. Nevertheless, there has developed a body of jurisprudence relating to the employer's loss of confidence in the employee as constituting just cause for dismissal.

In the case of managerial employees, the application of the 'loss of confidence' doctrine has meant that the employer has a much freer hand in terminating their employment, subject, of course, to any relevant provisions in their individual contracts of employment.

The Supreme Court has consistently held that in cases of dismissal for breach of trust and confidence, proof beyond reasonable doubt of an employee's misconduct is not required. However, such a loss of confidence on the part of the employer must rest on some basis - that is, actual breach of duty committed by the employee - and not merely on the employer's impression.

Severance

There is no difference between the statutory entitlements for top staff with regard to severance and those of other employees.

Useful Websites

Ministry of Labor and Social Affairs *Arbeids-og sosialdepartementet*	www.regjeringen.no/no/dep/asd/id165
Labor and Welfare Administration *Arbeids-og velferdsetaten* (NAV)	www.nav.no
Labor Inspectorate *Arbeidstilsynet*	www.arbeidstilsynet.no
Directorate of Immigration *Utlendingsdirektoratet* (UDI)	www.udi.no
Confederation of Norwegian Business and Industry *Naeringslivets Hovedorganisasjon* (NHO)	www.nho.no
National Federation of Trade Unions *Landsorganisasjonen i Norge* (LO)	www.lo.no

Contact Us

For further information, please email us:

Administrative questions:

Asia/Australasia
wtwapdata@wtwco.com

Europe, Middle East or Africa
wtwemeadata@wtwco.com

South and Central America
wtwladata@wtwco.com

North America
US: wtwusdata@wtwco.com
Canada: wtwcadata@wtwco.com

Technical questions on report contents:
global.research@wtwco.com

Consulting support

Wherever you are in the world, our Integrated & Global Solutions consultants are ready to help address issues or opportunities relating to local operations in different countries. Please contact your usual consultant or - if you are located in:

Asia/Australasia
massimo.borghello@wtwco.com

Europe
maud.mercier@wtwco.com

Great Britain
mark.cook@wtwco.com

Central and Eastern Europe, Middle East and Africa
steve.clements@wtwco.com

North America
rick.sherwood@wtwco.com

South and Central America
alberto.mondelli@wtwco.com

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximize performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success - and provide perspective that moves you. Learn more at wtwco.com.

wtwco.com/social-media