Bird & Bird

Horizon Scanning

EMEA and Asia-Pacific HR & Employment Law
Horizon Scanning & Update

2025/2026

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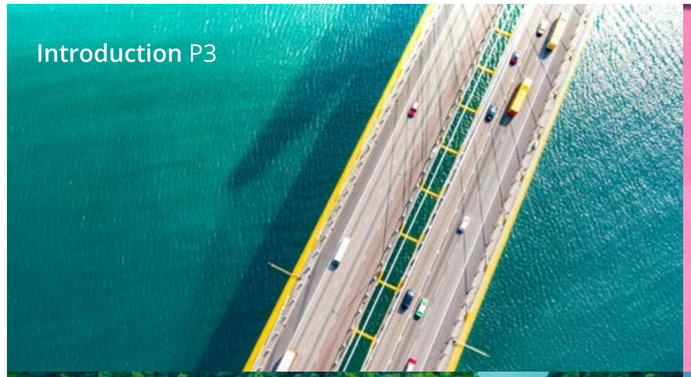

Welcome to the 2025/ 2026 edition of Bird & Bird Horizon Scanning

2025 has reshaped the global order. Heightened geopolitical tensions, market instability, and disrupted supply chains are forcing businesses to tackle unprecedented challenges ahead. This will inevitably have an impact on the workforce with a potential rise in redundancies and job relocations.

Yet uncertainty breeds opportunity. Emerging regions are positioning themselves in the new global landscape, with Saudi Arabia and UAE establishing themselves as "super-connector hubs" for business, trade and investment—particularly in the tech sector. This marks an interesting turning point for the region and is one to watch more broadly, with a likely impact on job creation driving employment opportunities and development in the area. Bird & Bird is planning to open its own office in Saudi Arabia soon, which will join Dubai and Abu Dhabi in the region to become our 34th global office.

The new US administration has dramatically shifted the DEI landscape which is having a ripple effect globally. Organisations are recalibrating their approaches—some scaling back initiatives while others maintain commitments under different labels. Global businesses, particularly those with US operations, face complex decisions about their DEI strategies amid conflicting rights and generational perspectives.

Our latest Horizon Scanning report reveals interconnected global workplace trends, with AI as the common thread—transforming employee wellbeing tools, driving restructuring, influencing workplace activism, modernising unions, and creating more inclusive environments for neurodivergent talent.

The digital transformation of the workplace also continues at breakneck speed. By 2030, 92 million jobs may disappear while 170 million new roles emerge—driven by technology, sustainability initiatives, demographic shifts, and economic fragmentation. Organisations and employees must adapt, or risk being left behind.

In today's hyper-connected world, employment trends are increasingly interlinked. Successful navigation requires balancing organisational needs with evolving employee expectations and growing labor relations complexities. As always, our team are here to help – please do reach out to your Bird & Bird contact to discuss any of the topics in this report.

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Technology and *Communications* sector

The technology sector has seen continued disruption this year. At the centre of political pressure and facing legal challenges from employees and activist groups alike, tech companies have been forced to change and adapt at pace, both in terms of their culture, risk appetite and business priorities.

Against the backdrop of large-scale restructurings, there seems to be an apparent shift in the balance of power. Some tech employers are increasingly taking decisions that are less likely to be popular with their workforces. This includes mandating a return to the office, reducing employee perks / benefits, abolishing DEI initiatives, cutting back on ERG groups and adopting a significantly tougher stance on whistleblowers and employee activists.

However, the fierce competition for talent remains a recurring issue. The right technology skills remain in high demand and despite ongoing reductions in force, top talent seems to be as sought after as it ever was. While some companies remain cautious of the over-hiring that plagued the pandemic, there is no doubt that existing employees are having to make way for innovation, growth and greater efficiencies.

Restructuring on Repeat

Restructuring seems be here to stay for tech businesses, who are now becoming more accustomed to annual reductions in force and other, more regular, change management exercises. Responding quickly to rapid technological developments and changing priorities gives companies the competitive edge, and many businesses within the sector are therefore still striving for more agile and flexible working models / practices.

Beyond headcount reduction, tech companies are pushing for persistent growth and greater efficiency. We have seen that performance management is therefore high on their agenda; poor performance is often targeted during redundancy programmes, while salary, bonus and incentive structures are also being reworked to realign employee compensation with evolving business priorities.

The Rollback of DEI

Historically the DEI agenda has been at the heart of the tech industry - perhaps unsurprisingly given that, on average, its workforce is younger and more diverse with greater expectations from their employer.

However, it is the larger tech giants in the US that were some of the first to roll back diversity

measures through late 2024 and early 2025. As a result of a combination of political pressure, the risk of legal challenges and a broader re-evaluation of business priorities, in the last twelve months, save for some notable exceptions, we have seen most tech companies eliminate DEI roles / teams, minority representation and hiring targets, disband ERG groups and reverse DEI pay incentive targets for executives. DEI webpages have also been revamped with an increasing focus on collaboration and inclusion and references to diversity have been largely eliminated.

Not only are prominent US-HQ tech companies more vulnerable to litigation by interested groups following the US Supreme Court decisions in June 2023 with regard to affirmative action[1], but for those who are federal contractors (as most of the larger tech companies are) the continuation of DEI programmes may also make them enforcement targets for the Department of Justic (DOJ) following: the President's Executive Order, Ending Illegal Discrimination and Restoring Merit-Based Opportunity[2] . Further, the US Attorney General has also instructed the DOJ to investigate, eliminate and penalise DEI programmes deemed illegal amongst private sector companies that receive federal funds.

Even for those US tech businesses that do not engage in federal contracting and grants, the provisions of the Executive Order require the US Attorney General to identify “the most egregious and discriminatory DEI practitioners in each sector of concern” within the private sector suggesting heightened scrutiny of all such initiatives across the board. With tech companies having led the way for progressive DEI policies

1 Students for Fair Admissions Inc. v. President & Fellows of Harvard Coll., 599 U.S. ___ 1 (2023) and Students for Fair Admissions Inc. v. Univ. of N. Carolina, 599 U.S. ___ (2023)

2 Ending Illegal Discrimination And Restoring Merit-Based Opportunity – The White House

and initiatives for over a decade it is no wonder that they anticipate being targeted first by the new administration / DOJ.

The ripple effects of the DEI rollback are already being felt across the UK and Europe when it comes to US tech multinationals. However, there is an inherent tension yet to be grappled with as Europe moves towards greater pay transparency, the UK seeks to introduce mandatory ethnicity and disability pay gap reporting and many countries outside of the US are looking to implement new harassment and discrimination protections. It remains to be seen how tech businesses will navigate these local law requirements in an era where they may be trying to actively and publicly distance themselves from DEI altogether.

The Rise of Collective Representation

A number of years ago the idea of the unionisation of tech workers was somewhat laughable; large salaries, countless employee perks, job security and a powerful collective voice meant that such workers had little to advocate for. However, with the rapid pace of change within the industry, fears about the advent of AI and automation and recurring layoffs, it is perhaps unsurprising that tech is now a much more fertile ground for union activity.

While collective employee action (open letters, walkouts, sit-ins etc.) has always been a key feature of the workplace in tech companies, workers are now increasingly looking to more formal and traditional structures to represent them including trade unions and works councils (as well as European Works Councils, where applicable). Even in countries like the UK, where unions have traditionally focussed their efforts on blue collar industries, they are now turning their attention to the tech workforce and to issues such as pay and benefits, reorganisations and restructuring, new technologies and automation, ethical business concerns and employee surveillance.

Across the EU, works councils are now much more active and prominent within the tech industry and we expect most tech businesses will be proactively considering their labour relations strategy for 2025 and beyond, not only to help streamline the introduction of new technologies and support ongoing change management but also to consider greater engagement and cooperation ahead of the implementation of the pay transparency rules.

War for (AI) Talent Intensifies

Despite the ongoing restructuring and cultural shifts discussed above, in some parts of the tech industry the fight for top talent continues unbated. In fact, as skills in new technologies such as AI are in short supply, the stakes have never been higher as many tech firms see such hires as critical to their longer-term success. Superstar “ICs” or individual contributors are now seen as being able to make or break companies.

As a result, many businesses within the tech sector have intensified their focus on talent attraction and retention for business-critical roles in areas such as AI. Unlike before however, recruitments efforts go much beyond employee perks and benefits. In addition to the rise of tech “acqui-hire” deals (which are not escaping the purview of regulators it seems - discussed here) and companies simply now offering even more cash and equity, there is a growing emphasis on company / founder loyalty and the overall cultural mission.

However, tech companies are also increasingly looking at more defensive business protection strategies too, including how best to enforce their non-competes, hold employees to lengthy notice periods, protect against aggressive poaching from their direct competitors and safeguard their confidential information when exits get messy. There now seems to be a greater impetus and willingness of tech organisations to take firmer action against their competitors as the war for talent intensifies.

Furat Ashraf
Partner, UK

The Bird & Bird Tech & Comms Co-Heads comment that the AI regulatory landscape will develop quickly on a worldwide basis over the next 12-24 months. *"Virtually every country around the world is looking at either an AI law or a national policy for the implementation of AI.* For multinational companies, compliance will become a real challenge due to the likely wide divergence of approaches that are being considered to the regulation of AI. It seems clear that the EU AI Act is likely to be the "high water mark" for AI regulation. Companies will be faced with adopting either the EU AI Act approaches on a world-wide basis - with the consequent lack of flexibility that could be adopted in countries with a more flexible AI regulatory environment - or adopting a more complex country-by-country or regional AI compliance regime. Each approach will have its challenges."

Roger Bickerstaff, Tech & Comms Sector Co-head

Global Trends: Horizon Scanning 2025

1. Is it the end of the road for DEI?
2. Pay: an era of greater transparency
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7. Workplace activism
8. Navigating the multi-generational workforce
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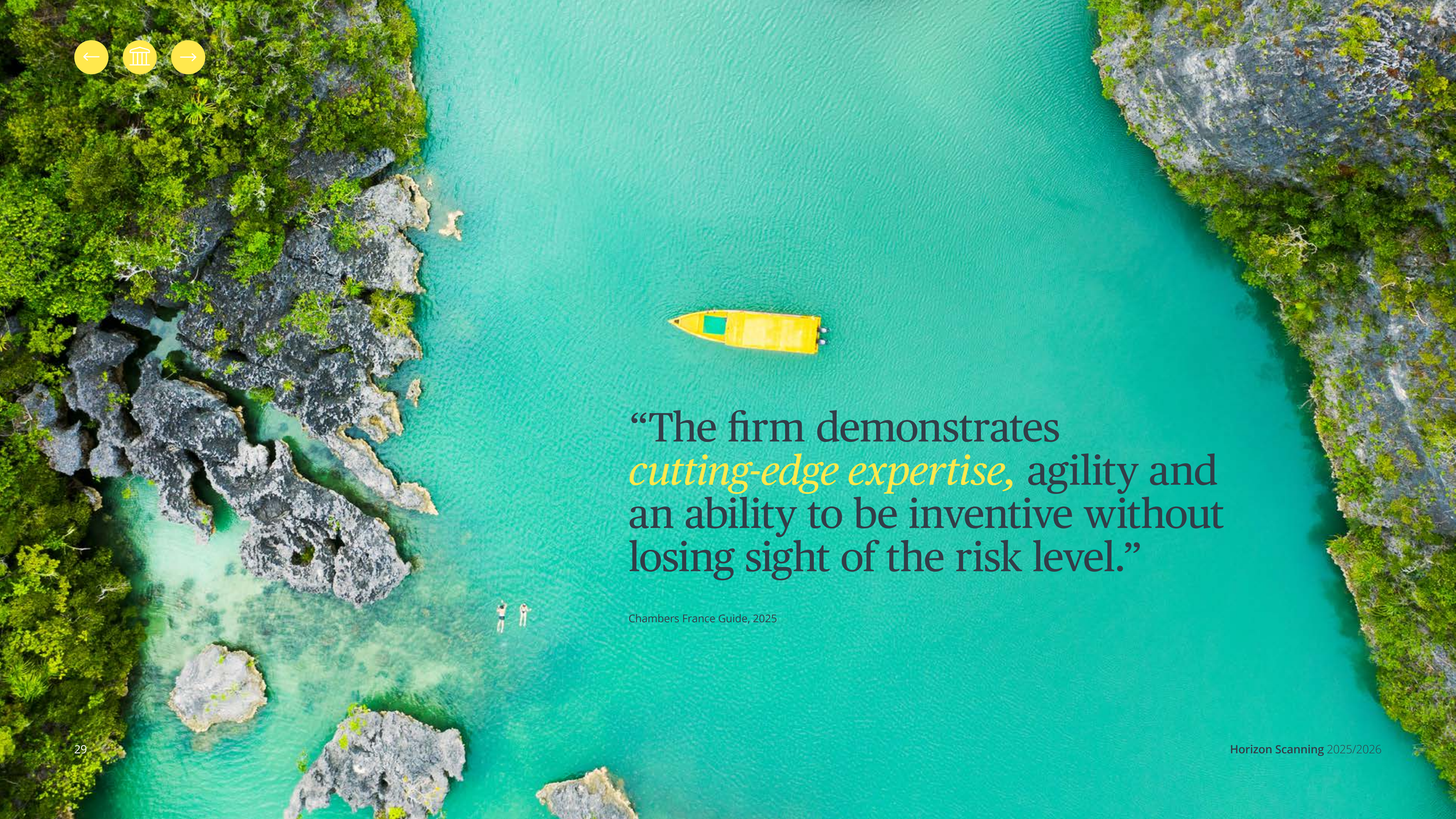
12. HR Data



“The firm demonstrates *cutting-edge expertise,* agility and an ability to be inventive without losing sight of the risk level.”

Chambers France Guide, 2025

1 Is it the end of the *road* for DEI?

Triggered by the shifting legal and political landscape in the US, high-profile companies have been scaling back their DEI commitments and shifting their strategies in this area. It is hard to predict with any certainty what path DEI will take in the year ahead, but it will continue to dominate the global business agenda. The US is a significant influencer on global employment law and the expectation is that this shift could have a worldwide ripple effect. Businesses will need to navigate a divided DEI landscape on both an international and local level, with potentially divisive political and social expectations. We may see talent shift direction in response, away from employers retracting DEI policies, and towards competitors or smaller businesses openly embracing a diverse workforce and remaining DEI-committed.

Internationally, the approach is currently varied. Some companies are publicly shutting down DEI initiatives and removing DEI roles while others are redefining their scope or rebranding DEI programmes with a greater focus on compliance alongside inclusion and belonging. Global businesses operating in Australia will find it more difficult to unwind DEI initiatives to the same degree as in the US due to the legal framework. Surveys in the UK indicate that most companies are maintaining DEI as an integral part of their strategy, protecting budgets and embedding goals into their core business. In some countries where DEI has not yet reached its full potential (for instance in some Central and Eastern European countries) there is not yet space for a sense of DEI fatigue. In Singapore, new discrimination protections (expected to come into force in 2026/27) signal DEI progress, rather than scaling back. Hong Kong also remains committed to enforcing existing DEI laws, though these do not include specific protections for LGBTI individuals. In addition, with effect from 1 January 2025, listed companies in Hong Kong are no longer permitted to have single-gender boards and in the UAE, private joint-stock companies must include at least one woman on their board of directors since January this year.

“The Bird & Bird team give very good and practical employment advice which is *critical to ensure smooth outcomes.*”

Chambers Global Guide, 2025

While the US might be stepping back, Europe also seems to be pressing forwards. This is evident in legislative and policy changes including the EU Gender Balance on Company Boards Directive coming into force and the Swedish government releasing an action plan this year to strengthen LGBTI rights, coupled with Denmark and Sweden witnessing an increasing focus on DEI initiatives and policies. Ireland’s latest Programme for Government aims to promote targets on gender representation on boards and improve access to employment of people with disabilities on an equal basis to others, including plans to develop a Code of Practice to support the hiring of workers with a disability. In addition, the UK plans to expand pay gap reporting obligations to cover disability and ethnicity.

DEI is a divisive topic within a polarised political landscape, and global businesses will face internal challenges, workplace tensions and potential employee unrest and activism against the changing global discourse. Recently, the UK Supreme Court ruled that the definition of “woman” and “man” for the purposes of the UK’s equalities legislation is limited to biological (rather than certified) sex, which has the potential to impact gender identity in the workplace as well as broader DEI initiatives and goals. Employers must now manage complex and sensitive issues as they navigate legal compliance and inclusion. Companies will need to reassess their diversity agendas to ensure they align with the business agenda and the DEI landscape, balancing potential legal, cultural and social risks when deciding whether and how to adjust their DEI commitments.

2 *Pay:* an era of greater transparency

Fuelled by regulatory changes across the globe, we forecast that equal pay, pay transparency and other pay disputes will present an increasing global dispute risk in 2025. Pay is therefore a firm priority topic on the business agenda for 2025 and beyond. The conversation is also being pushed forwards by younger generations: 44% of Gen Z workers compared to just 20% of Baby Boomers would rank pay transparency and equity as the most important job factor.

Europe is leading the way on transformative pay transparency rules under the EU Pay Transparency Directive, which introduces a range of pay transparency measures, gender pay gap reporting and will require companies to grapple with the "work of equal value" concept – something the UK retail sector continues to experience first-hand in ongoing litigation.

Pay: an era of greater transparency (cont)

At the time of writing, many EU countries are drafting legislation to implement the Directive (by June 2026) but progress is slow and there are mixed levels of proactiveness by businesses to prepare. Swedish legislation has been a leader in promoting pay transparency and gender equality, with Sweden being one of the first to introduce a proposed law to implement the Directive and many companies in Sweden awaiting a final version of the local law before taking steps towards full compliance.
See our post-event notes covering the topic here.

The incoming regulatory changes are expected to create significant administrative burdens on employers. Businesses can get ahead of the curve by actioning internal strategic preparations, such as auditing current pay practices, identifying any pay differentials, reviewing recruitment practices and building transparency into pay structures, as well as making necessary changes to pay reporting requirements.

Many multinationals want to take a global "one size fits all" approach to pay transparency and set a common minimum standard across the organisation. This approach has benefits (e.g. uniformity and administrative ease) but also challenges due to differences in local laws that would need to be built into a global approach.

These developments are reflective of an overarching global trend in increasing pay transparency. In the US, pay transparency is now a requirement in many states, such as New York and California, requiring pay scales to be disclosed in job adverts. New reforms in Australia have given employees a right to disclose their pay or information related to their remuneration conditions. Employers are also banned from directing employees not to share pay-related information with third parties and pay secrecy clauses that do so are void. Similarly, in Asia Pacific there is a recognition that there is a cultural shift required in pay transparency, mostly being led by young workers. The 2024 Asia Pay Equity Survey Report found that the practices in Europe and the US are beginning to influence behaviour in Asia, with 86% of publicly listed organisations now adopting pay transparency practices. However, we are yet to see any regulatory changes in this region.

Pay transparency is a vital aspect of the "S" in ESG for promoting social equity and enhancing employee trust. Despite the additional administrative onus, a stronger focus on pay transparency can positively impact employer brand and reputation, especially among the younger generations who will make up an increasing proportion of the workforce. Complying with and going beyond the regulatory requirements will likely help to attract and retain talent.

“Bird & Bird provide very thoughtful advice and prompt responses. They are always able to *highlight the risk for the client* and provide sound solutions.”

Chambers Greater China Region, 2025

3 AI and the *digital evolution* in the workplace

AI continues to reshape many aspects of the workplace, including recruitment, learning and development, workforce planning and employee engagement. One of the benefits of AI already being reported is in transforming the workplace experience for neurodivergent and disabled employees in a positive and more inclusive way.

A study suggests that HR itself will be 30-70% AI-based in the future, which highlights the potential for huge changes in the future for the HR function. The future rise of agentic AI – technologies capable of performing complex tasks autonomously – will likely further pressure HR departments to prepare the wider workforce for this evolution through constant training to keep pace with the changes and through embedding a culture of adaptability.

According to a McKinsey 2025 study, 92% of companies plan to increase their AI investments over the next three years. However, just 1% believe they are at full AI maturity. Interestingly, according to McKinsey, "the biggest barrier to scaling is not employees – who are ready – but leaders, who are not steering fast enough". This year we expect to see business leaders harness this employee eagerness by investing more in AI training and support, involving employees in developing GenAI tools in the workplace, and empowering employees to be champions of transformative change. These strategic AI priorities resonate for many companies, but the challenge we see lies with regulation and compliance. The regulation of AI in a work context is slow and the global regulatory AI landscape is a complex patchwork:

- In Europe, the EU AI Act (the world's first landmark AI legislation) came into force on 1 August 2024 with a two-year staged implementation. Adopting a risk-based approach, it brings a significant sanction regime and will impact non-EU businesses. It sets out comprehensive rules on the development and use of AI technologies with a focus on safety, transparency, accountability and ethics. This specifically includes HR tools that are likely to be high-risk systems and subject to greater compliance obligations.
- In contrast, there is currently no AI-specific legislation in the UK. It has adopted a pro-innovation, regulator-led approach, relying on existing regulators to produce non-statutory guidance on AI with a focus on safety and responsible AI use.

- In Hong Kong, the Digital Policy Office published an Ethical AI Framework in July 2024 to provide practical operational guidance to technology developers, service providers and users in the development and application of GenAI. In order to assist organisations in developing internal policies for the ethical and responsible use of AI in the workplace, on 31 March 2025, the Privacy Commissioner for Personal Data published its Guidelines for the Use of Generative AI by Employees.
- In the US, the recent shift in AI policy highlights a move towards a framework of deregulation and advancing AI innovation, with reduced ethical safeguards.
- Australia is expecting greater AI regulation within the next 12 to 24 months and a likely expectation that business will need to comply with minimum standards of AI behaviour.

Reports indicate that, at the turn of 2025, at least 69 countries had proposed over 1,000 AI-related policy initiatives and legal frameworks. This is a challenging landscape and many global businesses are questioning how to future proof their compliance strategies in light of this constantly developing regulatory landscape. Many companies want to avoid adopting different approaches to AI in every country where they operate. Whilst the challenge lies in effectively implementing a unified strategy across diverse regulatory environments, the same AI-related themes are evident – transparency, safety, accuracy, compliance, discrimination and bias in the employment space and the importance of testing tools.

4 Focus on wellbeing to *attract* talent

The World Economic Forum's Future of Jobs Report 2025 identifies supporting employee health and wellbeing as a top focus for talent attraction. High levels of absenteeism due to illness affects many businesses across the globe but also has a broader impact in terms of productivity and competitivity. UK data shows that working days lost due to ill health have increased by a third since 2010.

The Covid pandemic shone a light on mental health and wellbeing. However, the growth in the trend of "wellbeing washing", or "all talk and little action" highlights a disconnect between employers publicly being seen to support employee wellbeing, yet failing to back that up with the needed resources and support. We expect to see a rise in companies adopting a more proactive approach to employee wellbeing in the year ahead.

A 2025 State of Work-Life Wellness Report identified that work stress is the most common cause of declining mental wellness and recent legislative developments in this area are seeking to address this. Bolstering existing working time regulations, Australia and European countries such as Belgium, Italy, France and Spain have introduced the right to disconnect which aims to protect employee mental health in a 24/7 digital remote world and avoid burnout. In Australia, a regulatory obligation since 2023 requires employers to manage psychosocial risks in the workplace, highlighting the focus that is being placed on the topic more broadly and the risks to mental health as a safety issue generally, with an active obligation on employers to prevent burnout. Conversely, the UK has recently scrapped the proposed right to switch off, although this will not prevent individual companies or trade unions from moving forward with their own equivalents.

We may also see AI start to play a key role in this area, with recent commentary highlighting how AI-powered mental health assessments have been used to identify leadership depression and business risk. However, a generic approach to wellbeing no longer reflects the diverse range of needs of today's workforce. Businesses may therefore need to adapt their wellbeing approach and AI tools may help personalise wellbeing offerings to the needs of individual employees.

5 The *evolving* work relationship

2025 may be the year to realise that hybrid working is here to stay and flexibility is the norm. Ranstad's 2025 Workmonitor survey reported a significant global shift in employee priorities: for the first time in the survey's 22-year history, work-life balance overtook pay as the top motivator for workers. This is a clear sign that the cultural shift is still firmly heading in the direction of hybrid working and flexibility around when and how work gets done.

Despite this shift towards greater flexibility, we are seeing an increasing focus on qualitative output. Employers are adopting a more structured and systematic approach to how they monitor and manage such output to drive fairness, performance culture and mitigate any potential associated legal risks. In addition, return to office ("RTO") mandates are increasing, with many companies publicly recalling employees back for 100% in-office attendance in recent months. Whether the office mandate is full or part-time, where we see the challenges arise for organisations is enforcement. Employees, unions and worker representatives are not afraid to push back and challenge RTO requirements. In Australia, the right to work from home is becoming a direct issue in employer-employee negotiations in an enterprise (or collective) bargaining context. Flexible working is therefore increasingly becoming a topic that companies have to address in the context of their RTO mandates. Ireland's Workplace Relations Commission has consistently held that new rights to request remote and/or flexible working do not give employees any automatic right to such arrangements. Even so, tight labour markets continue to counterbalance the shift back to offices.

Applying a RTO mandate globally is a particular challenge, where local variations in protected

groups arise, and we foresee litigation to come on this topic. Employers face the decision of standing behind the mandate and risking potential litigation, or finding a compromise position. Organisations need to assess the widespread impact the mandate may have on their existing employee population and look ahead to the future state of the business and what their needs look like going forward. It may be a question of balancing the short-term impacts from standing behind RTO mandates, such as potential talent loss, to achieve the longer-term working culture that the business is seeking to achieve.

Some companies are wielding the stick rather than the carrot, using office attendance as a performance metric and weaving this into bonus and other considerations. This approach is not without risk – valuable employees who prefer the flexibility may walk away and businesses must also be alive to potential discrimination claims from certain groups such as parents, carers or employees with disabilities.

Conversely, other companies are recognising the significant role that the working environment can play as the carrot. Poor office conditions, inadequate space or desks, and limited onsite amenities can undermine RTO mandates, leading them to backfire. There is an increasing trend towards a healthier and “hygge” office space to ensure that employees enjoy being in the office for their daily work and feel better there than they would in a co-working space or at home. Some business leaders are therefore recognising that the in-office experience needs to be more inviting.

RTO mandates therefore bring potential increased cost pressures to transform the in-office experience with better tech integration, multi-use spaces and environmentally-friendly buildings, which needs to be balanced against the potential turnover costs if employees do not want to return to the office. This year, we will see the increasingly important role of the physical office in business strategy, which has the potential to transform workplace culture and employee engagement.

6 A *rise* in global redundancies and restructuring

Increased restructuring and potential redundancies look set to shape 2025, as many organisations aim to streamline costs and optimise performance in response to challenging economic pressures. Businesses are expecting periods of intense restructuring ahead and in some sectors (e.g. tech and pharma), the driver for restructuring may be to "right-size" the business (an approach more often seen and familiar to organisations in the financial services sector) rather than due to lack of profit. A slowdown in hiring in Ireland is already increasing challenges when implementing redundancies. Employers are likely to be criticised for not exploring viable alternatives, such as retraining, redeployment, part-time work, sabbaticals, pay-cuts, outplacement or offering enhanced voluntary redundancy packages.
See our global restructuring guide here.

Related legislative change is expected in the UK this year, which will impact employers planning restructures in the year ahead. Specifically, the changes in relation to fire and rehire are expected to make it harder for employers to change contractual terms and conditions. In addition, changes are also proposed to the collective redundancy framework, which may trigger the need for employers to carry out collective consultation more frequently. In the EU, the Employment and Social Affairs Committee is calling for a new law to protect workers from job losses stemming from ongoing digital and green transitions, which would require businesses to focus on upskilling and reskilling existing employees before turning to layoffs.

"Work 4.0", or the fourth industrial revolution, continues to shape the world of work, and our German teams anticipate that there will be less focus on workforce reductions and increased focus on transforming the workplace in the face of digitalisation of the economy, AI and structural changes across industries. Global enterprises will need to concentrate on navigating the drivers of the future of work. Those drivers include digitalisation, globalisation, the future labour supply and cultural change, to determine what work will look like for their business in the short term and how to stay competitive in that future. From a workplace perspective, this will require a focus on flexibility as well as reskilling and upskilling, which reflects the view of the World Economic Forum that skill gaps will be the biggest barrier to business transformation.

7 Workplace activism

Workplace activism continues to be a defining aspect of the workplace. Employees are impacted by what goes on around them and 2024 was a volatile year with changing political landscapes, global conflicts, trade wars and economic pressures, extreme climate change events and emerging new technologies. These factors contribute to the increased potential for workplace conflicts to arise. For example, a 2024 US survey revealed that 45% of employees reported an increase in workplace conflicts related to politics and social identities. We expect to see the responsible use of AI as a prominent topic within workplace activism in the year ahead.

Global social movements and political change play significant roles in prompting employees to speak up more. As the demographic of the workforce continues to develop and is formed of individuals with differing views, we expect that to continue to increase. A survey by Indeed found that 40% of Gen Z and Millennial workers in the US would leave a job due to political differences in the workplace and would seek out employers that align with their own political values.

Companies are taking varied approaches to activism – some embracing it as a positive force for change, others restricting it due to concerns about corporate reputation and productivity. Many companies have measures in place to control or limit their workers' public comments and prevent activism supporting specific political views. The extent to which an employer may take disciplinary measures against an employee for their private conduct or privately expressed views or publications is an increasingly important issue for employers across the globe. Case law in the UK continues to develop in relation to gender identity and philosophical beliefs, highlighting the challenges for employers in balancing competing and often conflicting rights in the workplace. Poland is also seeing increased conflicts regarding politics, social identity and religion, impacting workplace relationships.

Outside of Europe, Australia is witnessing a rise in workplace activism, driven by a focus on ESG, diversity and inclusion, and the use of monitoring software. ESG activism is expected to continue to be a pressure point for employers this year, as well as the emergence of the anti-ESG movement, which continues to rise in the US and elsewhere, creating additional pressures for corporate brands and workplace culture strategies.

8 *Navigating* the multi-generational workforce

Today's workforce is diverse and multi-generational with Baby Boomers, Gen X, Millennials and Gen Z working side by side. As already highlighted throughout this report, each generation brings a different viewpoint, different motivations and different needs - the UK Burnout Report 2025 highlights that there is a generational divide in levels of stress experienced at work. The role of work for each generation is nuanced and employers will have to balance these differing needs across the age groups to foster a culture that respects the generational differences. Employers across many countries face similar issues in practice and are proactively looking for tools to improve communication between generations in the workplace, or are leaning in to adopting a wider range of

communication methods to accommodate the different preferences of all.

Employers are also facing skills attrition as skilled employees, born in the 1960s, are about to retire. Questions need to be considered as to how those skills and valuable knowhow can be maintained and replicated in the workforce going forward, or – as a stopgap – how to motivate such older generations in the workforce to stay and train younger employees, helping to keep the workforce stable.

A common theme across the globe is that many individuals within the younger generations view work as a source of income, and are "working to live" instead of "living to work". They therefore have fewer concerns with quickly quitting and finding another job, and the buzzword "quiet quitting" continues to hold water. At the most extreme, revenge quitting is becoming a more common phenomenon, referring to acrimonious resignations, often abrupt and dramatic, by disillusioned employees who intentionally carry out retaliatory action, such as IT damage or deleting sensitive data, before quitting. This is often linked to burnout, with employees pushed to breaking point and possibly symptomatic of broader workplace issues such as lack of career progression or general disengagement. At the other end, we see "revenge applying", where disgruntled employees fire off multiple job applications in quick succession, often doing so within work hours and with the use of AI.

The multi-generational workforce also poses a particular challenge for global businesses who need to operate on a "follow the sun", "always open" basis. The younger demographics are reportedly more likely to seek out work that aligns with their social values and offers work-life balance over pay. These competing challenges may lead businesses towards alternative ways of working, such as adopting a four-day or condensed work week, or reinforcing right to disconnect legislation, which allows employees to refuse employer or third-party contact outside of working hours.

9 Increasing worker *protections*

2025 is expected to be a dynamic year for employment law developments across the globe, reflecting a trend towards enhanced worker protections and suggesting a potential gradual shift in the balance of power in the employment relationship towards employees.

The enhanced protections are varied, ranging from a reduced working week (down to 37.5 hours) and a new right for employees to defend themselves before a disciplinary dismissal relating to conduct or performance in Spain, to greater flexibility around retirement in China. In the UK, the Employment Rights Bill is set to transform the employment and HR landscape with a vast range of reforms to enhance workers' rights, including the right not to be unfairly dismissed becoming a day one (rather than two-year) right.

Many countries are actively introducing new harassment and discrimination protections. Singapore is introducing a landmark workplace discrimination law which is expected to come into force in 2026 or 2027. Denmark has new guidance on anti-discrimination and Ireland has a new law regulating the use of NDAs connected to allegations of discrimination, victimisation, harassment or sexual harassment. In addition, the UK is due to further enhance its new duty on employers to prevent sexual harassment in the workplace.

There is also an increasing focus on protections for freelancers. Reports predict that, by 2025, high-skilled freelancers in areas including AI, cybersecurity and healthcare are expected to form a larger part of the workforce, seeking autonomy and diverse opportunities. This reflects the evolution of the gig economy away from primarily lower-skilled roles.

Significant legislative developments across the globe therefore reflect this growing trend towards individuals carrying out work in alternative engagement models. Across Europe, the Platform Workers Directive will ensure the correct classification of platform workers. As companies increasingly use these types of workers, this Directive is expected to have a significant impact, with the potential for litigation to arise around worker classification. Australia also has new reforms in this area, which are expected to make it harder for platform businesses to arbitrarily terminate a contractor's engagement without justifiable and lawful reason, and Singapore has similar new legislation to strengthen rights and protections of platform workers.

10 Greater employer collaboration with the collective worker voice

In times of economic uncertainty, support for a unionised workforce often increases. 2025 may therefore bring an uptick in proactive employer engagement and collaboration with trade unions, worker representatives and other employee forums or channels which provide workers with a collective voice in the workplace.

Legislative and social developments in some jurisdictions reflect this potential dynamic. The new rise and the development of the European Works Council (EWC) is a significant topic across Europe, where a new directive in the pipeline aims to strengthen the rights of workers and EWCs. In Ireland, an Action Plan for collective bargaining is expected to be published in 2025 in line with the Government's commitments under the EU Directive. Australia has seen a decline in union membership, yet a marked uplift in union activism and employee industrial action, particularly in the healthcare and public transport sector. The UK is expecting radical transformation to its industrial relations framework that will impact the way businesses interact with unions, including a new right of access allowing unions to enter workplaces for recruiting and organising, as well as changes that will make union recognition easier to secure. We are expecting to see an increase in union membership, negotiating power and more effective engagement with workers.

Trade unions and works councils are slowly becoming more modern. Nevertheless, they are still the most conservative parts of the HR landscape and need to prove their relevance and value to the modern workforce. An important topic in the year to come is expected to be digitalisation and digital access rights. In Germany, there are current proposals to permit virtual works council meetings and works assemblies and, similar to the UK, there are also proposals to grant trade unions a digital right of access to the workplace.

We expect to see a shift towards employers developing strategies for engagement with unions or other employee forums. Employers may not have historically needed to adopt a proactive industrial relations strategy or necessarily prioritise these relationships, but we expect this to change. Across Europe, the Pay Transparency Directive is going to require much greater engagement and cooperation between employers and worker representatives.

Strategies will need to encompass open lines of communication, developing solid foundations with the union or other body, and fostering a collaborative environment with genuine investment in the relationship. In addition, employers will need to focus on upskilling managers and HR teams on dealing with increased union or worker representative presence and how to manage challenging situations, and mitigate any potential legal risks.

11 Business immigration & global mobility

Business immigration is rapidly evolving due to the digitalisation of border controls, a global clamp-down on immigration and the prioritisation of highly skilled workers. Along with the unpredictability of current global politics, further restrictions may be imposed, making it more difficult for businesses to attract and retain key talent.

Some jurisdictions, such as the UK, have significantly tightened the requirements for sponsorship. Sponsors are experiencing increased compliance measures and harsher punishment for non-compliance. The minimum salary thresholds have significantly increased, certain immigration costs can no longer be passed on to employees, while immigration costs have risen significantly over the years.

Whilst the digitalisation of immigration systems should in theory make the immigration process more streamlined and cost-efficient, we foresee more delays to the immigration process, additional legal costs, and confusion amongst users due to teething issues stemming from inadequate training and technical issues. Business travel will also be subject to heightened scrutiny as countries introduce their own pre-departure clearance system, such as Electronic Travel Authorisation in the UK, and the anticipated introduction of ETIAS (European Travel Information and Authorization System) in late 2026. As business immigration continues to be a hot topic, and as sponsors in some jurisdictions increasingly need to invest time and money to secure their global talent, some countries may seize this opportunity to help equalise missing specialists and employees from countries with a high unemployment rate.

The recent tariffs and US onshoring has created uncertainty in relation to supply chains for many countries. In Australia for example, it could impact job security for people in those industry-specific workforces. However, while some global businesses are withdrawing from the Australian market, many others are seizing this opportunity to send personnel from their overseas bases to enhance their market presence in Australia and promote growth within the region.

Similarly, some countries are becoming immigration destinations. Poland, for example, is attracting workers not only from Ukraine, Belarus or Georgia but also from further afield including India, Bangladesh, Uzbekistan, and the Philippines. The government is working on new immigration strategies to curb this, aimed mostly at limiting immigration, though, the Polish economy lacks workers and there are job vacancies.

Meanwhile, in Hong Kong, the Immigration Department has implemented several initiatives to attract global talent. This includes the Top Talent Pass Scheme which aims to expedite the visa process for highly skilled professionals. In embracing digitisation, it also announced on 14 January 2025 that many types of visa applications can now only be submitted online through its electronic platform.

Key takeaways

- Companies are prioritising long-term moves to align with ESG goals and reduce frequent travel.
- Employer of Record solutions remain a flexible option for testing markets and hiring internationally but require careful implementation to ensure that all legal issues and risks are addressed.
- Political shifts and elections are driving changes in global relocation patterns.
- Financial motivations are increasingly influencing relocation decisions across income levels.
- Gen Z and diverse families are reshaping mobility policies and driving remote work trends, requiring companies to update mobility policies accordingly.
- AI and automation are streamlining both mobility programs and visa processing.

Yuichi Sekine
Head of Business Immigration, UK

Jonathan Goldsworthy
Partner,UK

12 HR data – a common denominator

Most of the trends examined above have significant implications for HR data and the data-related activities of HR teams. Whether navigating shifting DEI strategies, engaging with trade unions and works councils, monitoring office attendance to inform (and then enforce) return-to-office mandates, or deploying AI in the workplace, organisations are increasingly reliant on a foundation of often sensitive employee data to underpin their decision-making and operational strategies.

For instance, employers are increasingly monitoring attendance, output and performance metrics to support RTO mandates. In some cases, this includes using surveillance tools, which raises important questions around proportionality, transparency, and compliance with global data protection laws, such as the EU GDPR.

AI is perhaps the most prominent driver of data complexity. The use of AI tools in hiring, performance management, training, and employee engagement is becoming more widespread, but often involves highly-regulated concepts such as automated decision-making and profiling. These practices trigger enhanced obligations at the intersection of data protection laws and newer AI regulation - especially where high-risk AI systems fall under the scope of legislation like the EU AI Act. These challenges extend beyond the borders of typical HR processes, with most companies now at least considering how far they should be permitting the use of AI tools such as agentic and generative AI to increase productivity in the workplace. This raises issues in relation to the potential use of employee data to train those models, as well as a proliferation of data collection via automated note-taking. Employers will need to think carefully about the additional transparency required here, and the potential knock-on effects for data processes such as data subject access requests (DSARs) – which show no sign of slowing down or going away any time soon. In fact, EU and UK case law only seems to extend the use of this right as a tool for disgruntled or exiting employees, with the continued potential for substantial cost.

In addition, we are seeing the increasing convergence of data protection and cybersecurity in the employment space, particularly in light of current geopolitics. These risks, along with high-profile data breaches, such as those in Australia and other parts of the Asia Pacific region, have prompted employers to reassess their security posture. In response, many are introducing enhanced identity verification tools, investing in cyber infrastructure, and adopting more rigorous background screening practices. These measures often rely on large-scale processing of employee data and identity documentation, raising complex compliance issues under local and international data regimes. On the regulatory side of this, multinational employers will need to keep an eye on increasing enforcement of cross-border data transfer rules (a focus particularly for EU data protection authorities, but likely to follow in other regions with more nascent data transfer restrictions of their own), as well as increased data localisation measures requiring data to be retained in-country.

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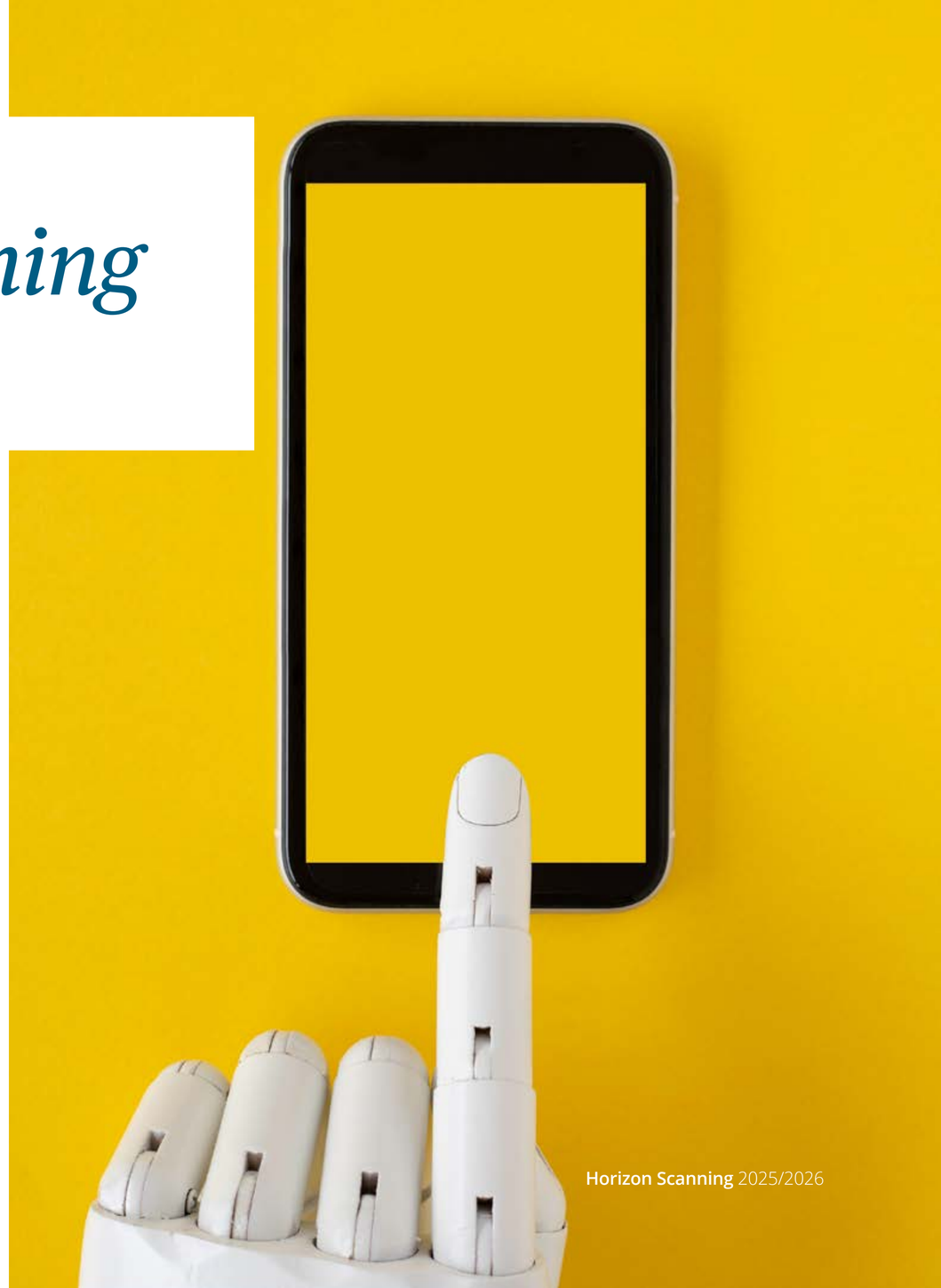
AI in the Workplace: *Transforming Employment Law* Globally

Artificial Intelligence (AI) is reshaping the global employment landscape. As AI tools become increasingly integrated into workplace practices and daily routines, they are altering how companies operate, how employees perform their tasks, and how legal systems must adapt to these changes. In this article, we explore the megatrend of AI in employment, focusing on its impact on employment law, the challenges it poses, and the opportunities it offers.

The rapid introduction of AI tools in the workplace and the change in many working environments are undeniable. In 2024, 71% of employees were using AI in their professional practices, with most having started in 2023 or later. AI technologies, such as generative AI and large language models, are now commonplace in larger organisations (usually through customised internal applications, rather than allowing use of the public tools). However, neither legal nor workplace-specific regulations can keep up with this accelerated transformation to the way we work.

In addition, employers are increasingly using AI-based tools to manage their workforce in the areas of recruitment, performance management, redundancy selection and talent management, to name just a few examples.

For employers, a comprehensive understanding of the legal frameworks as well as how these tools operate is crucial to mitigate potential legal risks, maintain compliance, and safeguard both the interests of the company and the employee. The use of AI can of course be regarded as an opportunity, allowing numerous work processes to be simplified - in the longer term, this may even become necessary for companies to remain competitive.



Legal *Challenges* and *Compliance*

The accelerated use of AI presents a number of legal challenges for employers, including:

- **Regulatory compliance:** Different geopolitical regions are adopting differing approaches to AI regulation, presenting challenges for companies to ensure their compliance and governance strategies align with the varied and constantly developing legal and regulatory frameworks.
- **Bias:** A key concern is the potential for AI tools to inherit biases from inadequate data sets and algorithms, leading to discriminatory outcomes or other infringements that may breach equalities legislation.
- **Transparency:** Lack of transparency in AI decision-making is another issue, as the processes behind AI results are often unclear, and the data used is not always disclosed. This can lead to inaccuracies, demonstrated by cases where attorneys in the US submitted briefs created with AI, only to find that the technology had fabricated most of the cases cited. It is therefore necessary to ensure that all AI-generated results allow for a degree of human oversight as a matter of course.
- **GDPR compliance:** In the EU, GDPR compliance is crucial when AI systems in the workplace process personal data. Biased data contradicts the GDPR's fairness principle, and the lack of transparency and accuracy in AI outputs could violate GDPR regulations. Employers must also ensure that AI systems do not engage in constant surveillance, which is typically prohibited.

Implementation and Governance

In view of the above, it is crucial to ensure that AI is used in a compliant manner. As the process for implementing AI tools is multi-practice and not one but many departments and legal areas are touched by it, implementing AI in the workplace therefore requires a structured approach.

Typically, this approach involves various stakeholders and can be split into the following phases:

- Technical evaluation
- Data protection analysis
- Co-determination, Guidelines and Policies
- Implementation and Training

Technical Evaluation

In practice, employers should first conduct a comprehensive technical evaluation to understand existing tools, algorithms and systems. This is important to understand exactly what each tool does, what data it accesses, how it was trained, etc., in order to better deal with the legal challenges. The same assessment should be conducted with historical AI systems. This is the only way to determine what obligations a company has and to ensure they are satisfied. This is especially relevant in light of the EU AI Act that has recently come into force.

Data Protection Analysis

This should be followed by a profound data protection analysis to ensure data protection law compliance to identify and mitigate any risks. This requires not only a thorough understanding of the AI system used, including the data it processes, the models used and its practical integration, but also of the principles for processing personal data, the legal bases for processing and data subject rights.

Co-determination, Guidelines and Policies

In most jurisdictions, employers are entitled to either allow or prohibit the use of AI. They may exercise their right to issue instructions to stipulate the parameters for the use of AI by employees or specific teams. Particular emphasis should be placed on instructing employees to observe data protection principles" and to handle confidential data, particularly customer data, with the utmost diligence. AI governance plays a critical role in this context, providing a structured framework to guide the responsible use of AI systems. Clear policies are a fundamental part of AI governance, ensuring compliance, aligning the use of AI with company values, and mitigating potential risks while still maximising the value of AI to the organisation.

Co-determination rights, particularly in jurisdictions including Germany, France and Spain, require employers to inform and consult with employee representatives about AI systems in the context of implementation and utilisation. The right of co-determination of the works council (or sometimes trade unions in other jurisdictions) is of major importance for the introduction and use of AI. For example, in line with German case law, an employer must involve the works council as it has a right of co-determination in the introduction and use of technical devices suited to monitor the behaviour or performance of employees (even if this is only in theory and employees are not being monitored in practice). As a general rule, whenever individual data is processed by a tool or software, co-determination rights are triggered, as well as broad information rights in relation to the tool or software.

Implementation and Training

Challenges may arise when dealing with the implementation and use of AI. Early engagement will be important with employee representative bodies or works councils to identify any particular issues that concern them, gain their support, educate about the organisation's AI strategy and, where relevant, involve them in the development of internal AI related policies. In this regard, we are frequently seeing employers implement an AI framework agreement with works councils or other representative bodies covering matters including consultation and co-determination, monitoring, training and reskilling. When the business seeks to implement a new AI tool or system, there is therefore a common, agreed framework in place to build on with employee representatives, ensuring a transparent and collaborative approach to implementation and AI use.

Finally, training and education are essential to ensure employees understand AI tools, the practical application of an AI system and the implications of using AI. Regular training should also cover technical and data protection issues, as well as the ethical implications of AI use.

European Trends in AI Regulation

The EU AI Act, which entered into force on 1 August 2024, aims to promote trustworthy AI systems while protecting EU citizens. It follows a risk-based approach, classifying AI systems as low, limited, or high risk, with strict requirements for high-risk systems. AI systems for recruitment and human resource management, i.e. for example decisions that affect the terms and conditions of employment, promotions and terminations of employment contracts, are generally considered high-risk AI systems for the purposes of the EU AI Act. AI systems are not considered high-risk if they do not pose a significant risk to health, safety or fundamental rights, including cases where they do not materially influence decision-making outcomes. For high-risk AI systems, however, strict requirements apply. Employers must implement technical and organisational measures to ensure safe use and inform employees about the effects of AI systems.

Bird & Bird's detailed overview of the EU AI Act can be accessed here.

Country-Specific Developments

Different EU countries are adopting unique approaches to AI regulation:

Spain

Spain has adopted strong measures in alignment with the general global trend towards AI regulation. Notably, it has established the Agencia Española de Supervisión de la Inteligencia Artificial (AESIA), the first national agency in Europe to supervise and control AI technologies. It has also introduced new labour laws targeting algorithmic transparency, particularly for the gig economy, meaning online platforms that broker services to customers. The government has also presented a first draft bill for the good use and governance of AI, which aims to develop the EU AI Act in Spain.

Belgium

Belgium focuses on ethical AI and transparency, with recent legal requirements requiring employee notification about automated decision-making processes. In 2019, the "AI4Belgium" initiative was launched, creating different work groups with government and private industry stakeholders to ensure ethical and lawful AI developments. Within this framework, the "SmartNation" platform was created – a team of 22 experts from various backgrounds in charge of analysing and optimising the impact of digital projects in Belgium, with a view to boosting economic growth.

In 2024, a new consultative committee was set up. While this committee's vocation is to support government bodies on the proper use of AI in the workplace, its "Charter On Responsible Use of AI" (currently under consultation) may become a source of inspiration, if not a future (soft law) model, for private entities.

Finally, as a general rule under Belgian law, if a company has 50 or more employees during a calendar year, it must inform and consult with the works council or the employee representatives when implementing new technologies that could affect employees. This includes informing employees about the use of AI, ensuring transparency and compliance with existing legal obligations.

France

France has no specific labour legislation on the use of AI within the workplace, but general legal regulations and principles apply.

From an individual perspective, notably related to hiring employees, AI must not lead to discriminatory selection of candidates, and use of AI is not a justification for discriminatory measure(s).

From a collective perspective, in particular for companies with 50+ employees, the works council must be informed and consulted prior to the introduction of new technologies. According to recent case law, the works council must be informed and consulted to implement AI use in the workplace, even during the test phase. Also, an additional information-consultation of the works council would be required if AI use involves other issues in the workplace, such as the control of employees' activity or if work conditions are deeply affected by AI implementation.

An AI policy in companies could constitute an important tool for good practice, but also to take disciplinary measures, if employees use AI in breach of that policy. To use an AI policy as a disciplinary tool, it must be attached to internal regulations and subject to information-consultation with the works council.

Germany

Besides the EU AI Act and general principles, Germany has no comprehensive separate legislation on AI. However, parts of other legislation remain relevant. For example, under the Works Constitution Act (and other legislation), works councils can appoint an expert to better understand the tools or to inform the works council about new work methods, including AI. As any software that processes individual data is subject to strong co-determination rights in any event, it has not (yet) been considered necessary to further update the laws, as many aspects of the effects of AI tools are co-determined already under the existing legal framework. The works councils also have an important voice in the implementation process.

UK

The UK currently adopts a pro-innovation, regulator-led approach to AI regulation, relying on existing regulators to produce non-statutory guidance on AI – meaning the UK does not currently have specific legislation governing its use in the workplace. The use of AI therefore needs to be assessed in the context of existing UK employment, equality, data protection, and intellectual property legislation, which may indirectly impact AI use in the workplace. This means, for example, that employers need to be alive (amongst other issues) to the potential biases and discriminatory outputs from using AI in a work context, and how to mitigate those risks.

However, this approach may change as awareness grows around how AI will radically change the workplace, and that regulation will be needed to balance the benefits with the legal risks. A legislative framework for regulating AI at work has been proposed by an AI taskforce commissioned by the UK Trades Union Congress, to regulate high-risk uses of AI in the work environment. It remains unclear for now whether the current UK government will take this forward.

In addition, an Artificial Intelligence (Regulation) Bill has recently been re-introduced to parliament as a Private Members' Bill. It was first introduced in November 2023 but was not taken forward by the previous government. It seeks to establish a central AI Authority to oversee the regulatory approach to AI, with a focus on promoting transparency, freedom from bias, and responsible use of AI.

Private Members' Bills rarely become law, but they are tools to exert pressure and influence on particular issues. Its reintroduction under the current government highlights the tension between innovation and regulation, and may indirectly influence any future AI legislation in the UK.

Looking Ahead: Future Trends and Conclusions

It is important for employers to be aware of the obligations arising from the new EU AI Act, which will be fully implemented by 2 August 2027. Some provisions have been in force since 2025, such as those on AI literacy, prohibited practices and the ban on emotion recognition systems. Employers must adapt quickly to these changes to avoid significant sanctions and exploit AI's potential safely without exposing the business to legal risks.

We may start to see other countries adopting a similar regulatory approach to AI, while others continue to take a lighter touch approach with fewer restrictions on new technologies. As AI technologies evolve and more employees and businesses use AI tools, greater regulation is expected, and we also anticipate seeing more AI-related court decisions.

Clear guidelines, human-supervision and monitoring are essential and there is no one-size-fits-all approach. The implementation and use of AI in workforce management requires a joint approach from a range of internal stakeholders and departments within an organisation. The approach and the specific stakeholders may vary for each individual tool used by the company.

Whilst AI can enhance business productivity and decision-making, its integration must be carefully managed to comply with evolving legal frameworks as well as the practical risks. Employers must ensure transparency, fulfill information obligations, train their employees and mitigate risks such as bias and discrimination or infringement of IP rights. By adopting responsible AI practices and staying informed about legal developments, employers can maximise the benefits of AI while ensuring compliance and ethical standards.

Benjamin Karcher
Partner, Germany

EU regulatory developments – *present* and *future trends*

(1) Published Directives & Acts

(A) Gender Pay Transparency Directive: Directive 2023/970 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

Status:

- The Directive has been in force since **May 2023** and will have to be implemented by Member States **by 7 June 2026.** Employers with 250+ workers will be required to submit their first annual gender pay gap reports in 2027. Those with 150-249 workers must submit their first triannual report in 2027 and those with 100 to 149 workers will be required to report every three years from 2031.

Summary:

- This Directive seeks to enhance the principle of equal pay for equal work by means of (i) increased transparency through pay gap reporting measures and (ii) stringent enforcement mechanisms as well as (iii) an obligation to remedy pay gaps of 5% or more. Employers shall be required to provide more transparency on wages, both to prospective and current employees.

present trends

(B) Platform Workers Directive: Directive 2024/2831 on the improvement of working conditions at work on platforms.

Status:

- Directive 2024/2831 of 23 October 2024 has been in force since **December 2024 a**nd Member States will have to implement this Directive **before 2 December 2026.**

Summary:

- The main aim of the Platform Workers Directive is to ensure that platform workers are correctly classified. Most platform workers in the EU currently do not work as employees but rather as self-employed or freelancers, depriving them of the protection employment legislation usually offers.
- The Directive introduces a (rebuttable) legal presumption of employment for platform workers, although the criteria to trigger the presumption will be determined by Member States through domestic law. The general principle is that the platform worker will be deemed an employee if the employer exercises the control and direction of the activity.
- The Platform Workers Directive furthermore provides specific rules on algorithmic management. When an automated monitoring or decision-making system is used, the platform needs to ensure human oversight over important decisions that directly affect the platform worker. Moreover, when significant decisions are taken by the system, such as a promotion or a dismissal, human review before implementing the decision is required.
- The Platform Workers Directive also introduces: (i) systems of joint and several liability of platforms and intermediaries in case of non-compliance with labour and Social Security obligations and (ii) specific transparency obligations for platforms using automated monitoring or decision-making systems.
- Finally, the Platform Workers Directive prohibits the processing of certain personal data such as private conversations, the emotional or psychological state of the platform worker or data generated when the person is not working on the platform.

(C) AI Act: Act 2024/1689 laying down harmonised rules in the field of artificial intelligence.

Status:

- Act 2024/1689 laying down harmonised rules in the field of artificial intelligence was published on **12 July 2024.**
- Chapters I and II of the EU AI Act (General Provisions and Prohibited Practices) have been in force since **February 2025.**
- Although the regulation will generally apply from **August 2026,** Article 113 of the regulation provides for the following exemptions:
  - Section 4 of Chapter III (Notifying authorities and notified bodies), Chapter V (General-purpose AI models), Chapter VII (Governance) and Chapter XII (Penalties), as well as Article 78 (Confidentiality) shall apply from August 2025, with the exception of Article 101 (Fines for providers of general-purpose AI models); and
  - Section 1 of Article 6 (Classification rules for high-risk AI systems related to product safety) and the corresponding obligations shall apply from August 2027.

Summary:

- The EU AI Act is a significant legal framework that aims to regulate the use of AI systems within the European Union.
- The regulatory framework is determined by the system's risk classification. AI systems deemed to pose an unacceptable risk are entirely prohibited, while those categorised as high-risk are subject to stringent requirements. Meanwhile, AI systems that do not fall into these categories generally remain unregulated.
- The placement on the market, use or deployment of AI systems intended to infer emotions in workplaces is prohibited, except in cases where such use is deemed to be medically necessary or for safety purposes.
- Many AI systems that can be used in an employment context are categorised as high risk. This is the case for AI systems used for recruitment or selection, particularly targeted job ads, analysing and filtering applications, and evaluating candidates. The same applies to AI systems that make decisions on promotions and contract terminations, AI systems that allocate tasks based on personality traits, characteristics or behaviour, and applications and systems used for monitoring and evaluating performance.
- The applicable requirements for these AI applications and systems include setting up a risk management system, drawing up technical documentation, providing user instructions, keeping records, implementing the possibility of human oversight, and establishing a quality management system to ensure compliance.
- The Act imposes obligations not only on AI providers and developers but also on deployers, which includes employers using AI tools. Employers will therefore need to carefully consider how AI is used in the workplace, especially for high-risk applications.

Please see the Bird & Bird guide to the EU AI Act here.

present trends

(D) Health & Safety: Directive 2024/869

Status:

- Directive 2024/869 was adopted on 13 March 2024, amending Directives 2004/37/EC and 98/24EC as regards the limit values for lead and its inorganic compounds and for diisocyanates. The Directive has been in force since April 2024, and Member States must transpose it before 9 April 2026.

Summary:

- The Directive includes provisions related to:
  - Exposure and biological limits: Exposure and biological limit values established at EU level are revised in relation to the prior Directives.
  - Risk assessment: Employers are obliged to assess and manage risks on a regular basis.
  - Prevention measures: employers are obliged to implement prevention measures, to eliminate or reduce exposure to CRM and chemical agents.
  - Training and information: Employers are required to organise appropriate training on health risks, precautions, hygienic requirements, protective equipment and steps to be taken in case of incidents. They are also obliged to inform workers about the presence of CRM and/or chemical agents and abnormal exposure incidents, among others.
- Medical surveillance: Medical surveillance should be organised by employers. Special attention should be given to female workers of childbearing age.

future trends

(2) Draft Directives in the pipeline

The European Commission presented on 26 February 2025 several Omnibus packages of proposals to simplify the European regulatory framework for business. The two main regulatory proposals in the area of employment law, under the “Omnibus I” package, are the following:

(A) Proposed amendment to the Corporate Sustainability Reporting Directive (CSRD)

Status:

- Directive 2022/2464 of 14 December 2022 (CSRD) has been in force since **January 2023** and should have been transposed by Member States before **6 July 2024**.
- The Commission has tabled a proposal to amend the Directive.

Summary:

- The proposed amendment includes:
  - Sustainability reporting would only be mandatory for large companies with up to 1,000 employees and 50 million turnover or a balance sheet of more than 25 million euros.
  - Removal of the commission's power to issue sector-specific standards.
  - Delaying the entry into force of the reporting requirements for large companies that have not yet started to implement the CSRD and for listed SMEs by 2 years.

future trends

B) Proposed amendment to the Corporate Sustainability Due Diligence Directive (CSDDD or CS3D)

Status:

- Directive (EU) 2024/1760 of 13 June 2024 on Corporate Sustainability Due Diligence has been in force since **July 2024** and must be transposed by Member States **before 26 July 2026.**
- The Commission has tabled a proposal to amend the Directive.

Summary:

- The proposed amendments include:
  - Postpone the deadline for transposition to **26 July 2027,** and for the first phase of implementation for large companies to **26 July 2028**.
  - Extend the period between periodic reviews from one to five years.
  - Limit reporting by SMEs to companies that are subject to this due diligence Directive.

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Head of Employment, Belgium

Cecilia Lahaye
Counsel, Belgium

Jorge Sanz
Counsel, Spain

future trends

(C) Draft Directive for the revision of the EWC Recast Directive 2009/38

Status:

- On 3 February 2023, the EU Parliament adopted a report and recommendation (on the basis of an article 225 TFEU procedure) calling for a thorough revision of EU Directive 2009/38 (on the EWC).
- The EU Commission's proposal for a revised Directive was tabled on 24 January 2024, calling for substantive comments on all sides of the spectrum (European Parliament and the social partners).
- The EU Parliament issued its final mandate on 19 December 2024 to start the so-called 'trilogue' negotiations (between the European Parliament, the EU Commission and the EU Council) on the definitive text of the revised Directive, which are ongoing and scheduled to end by mid-May 2025.
- The timing for finalising the legislative process is unpredictable. If it is not finalised in the first half of 2025, then it is expected that the Danish presidency will most certainly finalise the task in the second half of 2025.

Summary:

- The draft proposed by the EU Commission seeks to amend the current Directive 2009/38 on a number of key aspects, including:
  - Phasing out legacy agreements (about 35% of current EWC agreements)
  - Stricter definitions of 'transnational' and 'consultation', including stricter rules on confidentiality of data
  - More onerous financial obligations of management
  - Strong enforcement and remedy mechanisms, leaving ample room for Member States to introduce measures and sanctions
- In its position, the EU Parliament wants to go much further than the EU Commission, essentially on the following points:
  - Abolishing legacy EWC agreements
  - Stricter rules on the set-up process
  - Enforcement with injunctive relief and suspension of management decisions
  - Financial sanctions similar to GDPR sanctions (2% to 4% of worldwide turnover)
- Content-wise, it is generally expected that the final text of the revised Directive will lean more towards the EU Commission's proposal rather than the EU Parliament's proposal, because of the impact of the EU Council (which has already submitted amendments to the EU Commission's proposal leaning towards the business position), the more business friendly composition of the European Parliament in general, and the widely recognised (and feared) draconian nature of some of the European Parliament's proposals.

"Bird & Bird provide very thoughtful advice and prompt responses. They are always able to *highlight the risk for the client* and provide sound solutions."

Chambers Greater China Region, 2025

Country issues

Country issues overview

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Australia (p.68)

- Right to disconnect
- Gig economy workers – unfair deactivation disputes
- New pathway from casual to permanent employment
- Change to minimum superannuation contributions

On the horizon

- A (qualified) ban on non-competition obligations
- Workplace safety - Increased regulatory focus on psychosocial risk

Belgium (p.70)

On the horizon

- Belgian government agreement – large reform of labour market

China (p.73)

- Extended retirement age in China

Czech Republic (p.74)

- Flexible amendment to the Labour Code
- Cancellation of entry medical examinations for non-risk categories of employees
- New act on the entry and residence of foreigners

Denmark (p.76)

- The Pay Transparency Directive
- New Danish Act on Gender Balance in private public listed companies
- The Danish Stock Option Act

Finland (p.78)

- Ensuring essential work during industrial action
- Unemployment and residence permit rules
- Changes to Co-operation Act (1333/2021)
- Termination of employment: changes to ground of dismissal
- Changes to Co-operation Act (1333/2021)

On the horizon

- National legislative developments and implementation of EU Directives

France (p81)

- Organized bullying and employer criminal liability
- French language training for foreign employees
- Management package
- Profit-sharing for small businesses

On the horizon

- Implementation of legislation from the unions' two national inter-sectorial agreements

Germany (p.84)

- Overtime pay for part-time employees

On the horizon

- New Employment Regulations expected to be introduced by the new coalition

Hong Kong (p.86)

- Abolition of the MPF offsetting mechanism
- Amendment of 418 Rule

Hungary (p.88)

- Tightened rules regarding simplified employment (‘egyszerűsített foglalkoztatás’)

On the horizon

- New tax exemption for mothers of two or more children

Ireland (p.89)

- Pay transparency and equality
- Retirement and Pensions

On the horizon

- New programme for Government 2025-2029 improved protections for workers

Italy (p.93)

- Protections applicable in the event of unlawful dismissal for ‘organisational’ reasons

On the horizon

- De facto resignation

Country issues overview

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Netherlands (p.94)

- New Pension Act
- Legislative proposal on modernisation of contractual non-compete restrictions
- Legislative proposal on clarifying the employment relationship (Wet verduidelijking beoordeling arbeidsrelaties en rechtsvermoeden)

Poland (p.96)

- Christmas Eve – new bank (public) holiday 2025
- Trade unions and new technologies (AI) used by employers
- New definition of “mobbing” in the Polish Labour Code
- New rules on sick leave

On the horizon

- Equating civil law contracts with employment contracts under Polish Law
- Introduction of an anti-hate law to the Polish Civil Procedure Code

Saudi Araba (p.99)

- Saudi Labor Law new amendments

On the horizon

- Vision 2030 Employment Initiatives

Singapore (p100)

- Workplace Fairness Act 2025
- Review of Employment Act

Slovakia (p.101)

On the horizon

- Work instead of the benefit in material need

Spain (p.102)

- Reduction in statutory working week to 37.5 hours
- Digital and remotely accessible working time records
- LGTBI protocols
- Potential overhaul of statutory severance compensation
- Transparent and predictable working conditions

On the horizon

- Trainee statute
- Increase in maternity and paternity leave

Sweden (p.105)

- Practical application of the Temporary Agency Work Act amendments
- New immigration policies
- Emerging case law on “just reasons” for termination

On the horizon

- Implementation of the Pay Transparency Directive
- New regulations on security clearances

United Arab Emirates (p.107)

- New ADGM Employment Regulations

On the horizon

- Update and clarification of certain rules concerning employment

United Kingdom (p.108)

- Failure to prevent fraud offence for large employers
- Employment Rights Bill
- Paternity leave for bereaved parents

On the horizon

- Equality (Race and Disability) Bill

Australia

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Right to disconnect

As a result of recent law reforms, all Australian employees now enjoy a (conditional) 'right to disconnect'.

Employees' have the conditional right to ignore attempts to be contacted by their employer and clients of their employer outside of ordinary business hours. Employees may only exercise this right legitimately and where it is 'reasonable' in all the circumstances, which is determined by giving due consideration to their employer's legitimate business needs, including if it is a global business, the employee's level of seniority and pay. The employee's personal circumstances must also be considered.

Next steps

Employers should ensure that people managers are educated about the right to disconnect and, the limited circumstances in which it can be legitimately exercised.

When is the change coming into effect?

The right to disconnect took effect on 26 August 2024 for organisations with 15 or more employees.

For organisations with 14 or less employees (such as small start-up employers), the (conditional) right to disconnect comes into effect on 26 August 2025.

Gig economy workers - unfair deactivation disputes

Gig economy workers (i.e. not employees) who do paid work through a digital labour platform now have the right to commence 'unfair deactivation' proceedings in Australia's workplace tribunal, the Fair Work Commission.

This is a quasi-unfair dismissal jurisdiction for employee-like workers. Similar disputes can also be brought by some road transport contractors, who can bring unfair termination proceedings (as distinct from unfair dismissal proceedings) if they meet applicable eligibility criteria.

To bring a claim, the worker must:

- Do paid work through a digital labour platform or otherwise be a regulated road transport contractor working in the road transport industry.
- Have been allegedly 'unfairly deactivated' or 'unfairly terminated' on or after 26 February 2025.
- Earn a salary less than the high income threshold. This threshold is adjusted annually (1 July).
- Commence proceedings within 21 calendar days of the deactivation or termination taking place.

Next steps

Employers who engage gig economy workers /employee-like workers through a digital labour platform, or who engage road transport contractors on a regular basis, should review their deactivation processes to ensure that they are fair, reasonable and capable of being relied on in proceedings at the Fair Work Commission.

When is the change coming into effect?

The change took effect from 26 February 2025.

New pathway from casual to permanent employment

From 26 February 2025, there is a new legal pathway for casual employees to request that their casual (i.e. ad hoc) employment be converted to permanent part-time or full-time employment, provided that certain eligibility criteria are met.

Statutorily mandated processes must be followed by employers in response to these requests. Where there is no agreement, requests can be escalated to the Fair Work Commission (Australia's workplace tribunal) for arbitration.

Next steps

Employers who employ casual employees as part of their Australian workforce should note these new changes (or seek legal advice). Potential for claims to result in litigation if incorrectly handled.

When is the change coming into effect?

26 February 2025 for organisations with 15 or more employees.

26 August 2025 for organisations with 14 employees or less.

Australia (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Change to minimum superannuation contributions

The minimum superannuation contribution rate in Australia will increase from 11.5% to 12%.

Next steps

Employers should ensure that their payroll processes are adjusted on and from 1 July 2025 to ensure that the minimum superannuation contributions are being paid to employees' nominated superannuation contribution funds.

When is the change coming into effect?

1 July 2025

A (qualified) ban on non-competition obligations

The incumbent federal government vowed, if re-elected in May 2025, to implement a ban on non-competition clauses in limited circumstances.

It is proposed that the ban will only extend to employees' contracts if they earn a salary above the high income threshold, currently $175,000 AUD, (adjusted annually).

A transitional period for employers to make appropriate changes, will be in place. It is intended that the ban will take effect in 2027.

Next steps

Employers with Australian workforces should carefully observe the outcome of the Q2 2025 Australian federal election. If the incumbent government is returned to power, it will be necessary for many businesses to review their use of non-competition clauses, and to consider other options to safeguard their commercial interests.

Workplace safety - increased regulatory focus on psychological risks

Workplace safety regulators in Australia are increasingly scrutinising hazards and risks in white collar workplaces – particularly hazards and risks related to psychological safety.

In New South Wales, for example, SafeWork NSW is increasing planned inspector compliance visits (specifically those involving psychosocial WHS checks) by 25%, per year, until 2026.

Employers found to be non-compliant with work health and safety ("WHS") obligations will face regulatory action and, in the case of serious or repeated breaches, potential prosecution.

Next steps

It is essential for employers to prepare for the risk of an inspection occurring, People managers should receive appropriate training, including how to respond to a regulatory inspection.

Employers should also:

- Revisit the adequacy of the measures currently in place to manage risks to health and safety in the workplace – including risks to psychological safety.
- Ensure existing policies meet statutory duty of care under applicable WHS legislation.

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Belgium

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Belgian government agreement - large reform of labour market

Recently announced labor market reforms, (contained in the coalition agreement concluded end-January 2025), are expected to significantly impact employers with major changes in workforce flexibility, long-term sick leave management, unemployment benefits, and administrative simplification:

- **Increased employment and reduced income taxes:** the government will introduce a fiscal reform to raise net wages, particularly benefiting low-income workers. This reform aims to alleviate social charges and improve the financial situation for employees in lower salary brackets. If this should not result in a drop of employers' social charges, the employees' net gain should be factored in future merit increases. In particular, the framework for non-recurring result-linked benefits (CBA 90) shall also be revised. It currently allows employers to grant tax-advantaged bonuses based on collective performance targets. While details remain unclear, the objective is to increase transparency and ensure better alignment with social and fiscal policies.
- **Towards more flexibility:** the reforms include the annualization of working hours from 30 June 2025, after consultation with social partners. This change will allow employers to allocate working hours flexibly over an annual period, offering greater scheduling options for both full-time and part-time employees, once certain conditions are met. Additionally, the reintroduction of probationary periods will enable employers to terminate employees within the first six months of employment by serving employees with a one-week notice. The rules on student work will also be relaxed, increasing the annual maximum hours to 650 and lowering the minimum age for student employment to 15. Finally, flexi-jobs will be extended to all sectors, with an annual earnings cap raised to €18,000.
- **Reintegration of long-term sick employees:** a major focus of the reform is the reintegration of long-term sick employees. Employers (except SMEs) will be required to contribute 30% to the sickness benefits after an employee has been absent for two months. Companies with 20+ employees will be obligated to implement reintegration plans within six months of a prolonged absence, with penalties for non-compliance.
- **Unemployment benefits:** will also be reformed, and capped at two years, with exceptions for specific cases. Employees who voluntarily quit their jobs will still be eligible for unemployment benefits for up to six months, and this period can be extended if they undertake training in shortage professions. This change aims to make it easier for employees to transition between jobs, potentially increasing voluntary resignations and shifting the dynamics of employer-employee.

Next steps

None of the coalition agreement's proposed measures have yet been implemented into law. Employers should closely monitor the evolution and implementation of these changes as the legislative process progresses. Some measures are subject to social partner consultations, such as the reintegration of the probationary period, which could delay their implementation. Notably, discussions on eliminating the Federal Learning Account and ending early retirement schemes have advanced faster than expected, with concrete changes anticipated as early as July 2025.

Belgium (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Belgian government agreement - large reform of labour market (cont)

- **Administrative simplification:** plans to reduce administrative burdens for employers by eliminating certain obligations include; the removal of the first-job hiring requirement, the Federal Learning Account, and the cessation of the mandatory annual renewal of risk assessments (unless working conditions change).
- **Digitalisation measures:** are being implemented, including the introduction of automated sick leave filings through a dedicated platform, and the creation of a central register to track social benefits and prevent fraudulent claims. Part-time work and flexible four-day workweek agreements will also be easier to implement.
- **Pension reform:** early retirement conditions will gradually be tightened towards a more transparent and financially sustainable pension system. Employees will need 42 years of career contributions to retire at the age of 60. Several special pension schemes and exemptions will be phased out as from June 2025. Employers may face higher costs for early retirement packages and will be encouraged to implement phased retirement models, allowing employees to transition into retirement through part-time work. These reforms will require businesses to adapt workforce planning as early exits become more restricted, potentially increasing the retention of older employees in the workforce.
- **Automatic wage indexation:** the automatic wage indexation systems will be maintained, ensuring that salaries continue to adjust in line with inflation. However, by the end of 2026, social partners must provide recommendations on potential reforms to both the indexation mechanism and wage-setting framework.
- **Anti-Social fraud & dumping:** the government is stepping up its fight against social fraud and social dumping by strengthening controls on posted workers and undeclared work. Penalties for violations will be more severe, with fines increased by up to 50% in cases of serious infractions.

These reforms are designed to improve employer flexibility, streamline administrative processes, enhance the reintegration of long-term sick employees, and modernize social security systems. Employers will face increased responsibilities, particularly in managing absenteeism and reintegration, while benefiting from reduced administrative burdens and greater flexibility in workforce management.

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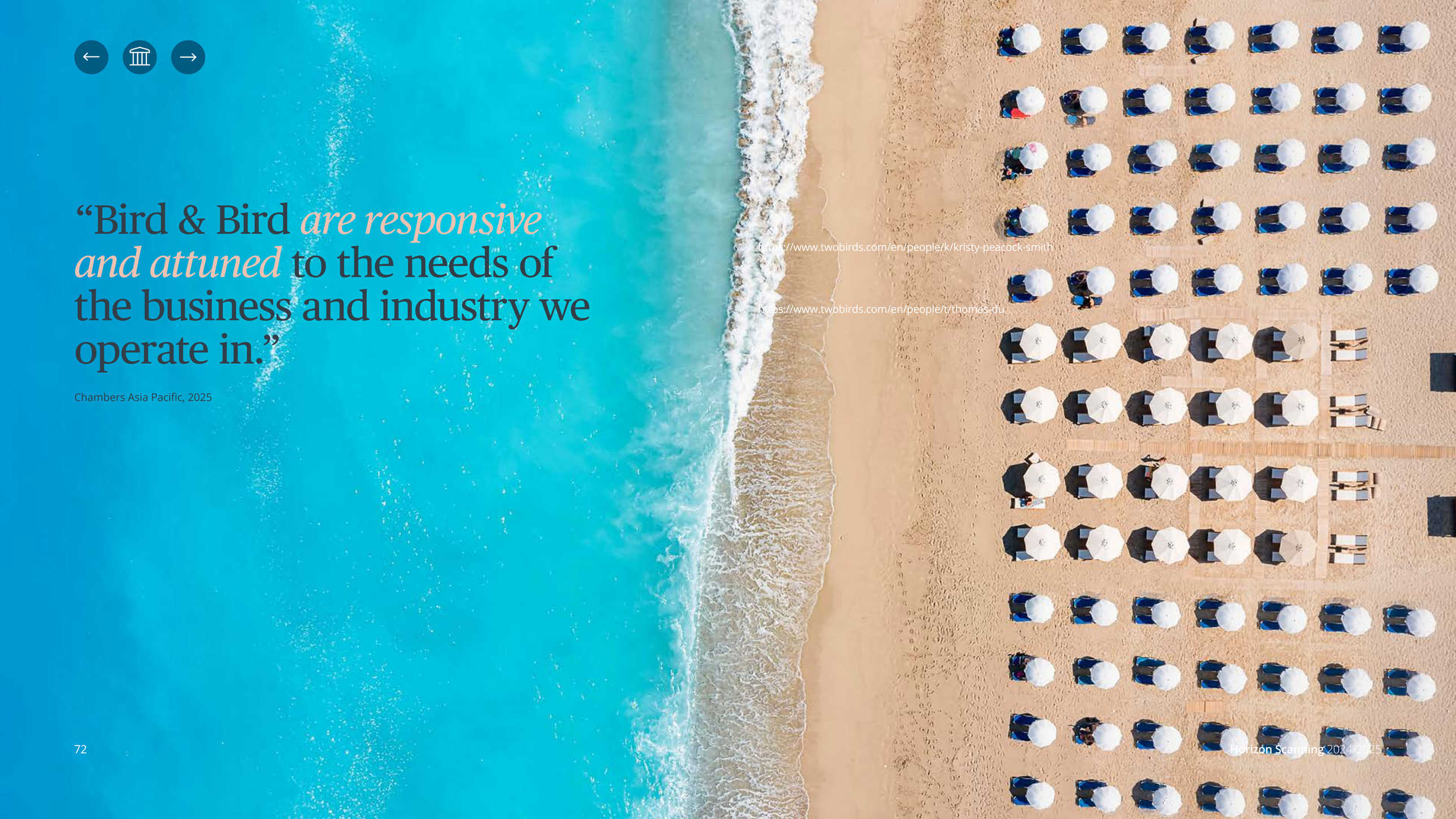
“Bird & Bird *are responsive and attuned* to the needs of the business and industry we operate in.”

Chambers Asia Pacific, 2025



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China

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Extended retirement age in China

The Chinese government has approved and implemented a policy to extend the statutory retirement age in China. The extended retirement age applies to all employee (including part-time employees). Under existing labour laws, an employee's employment contract terminates automatically upon reaching the statutory retirement age. At that point, individuals who have fulfilled the minimum statutory social insurance contribution period may begin receiving pension benefits.

Before the change:

Previously, the statutory retirement age applicable in China was (i) 60 for males, (ii) 50 for female non-managerial employees and (iii) 55 for female managerial employees.

After change:

With the implementation of the extension policy, employees' statutory retirement age in China will gradually increase as follows:

- **Male employees:** increase from 60 to 63 years, with a one-month increment every four months.
- **Female employees:** (i) Managerial roles: increase from 55 to 58 years, with a one-month increment every four months, and (ii) Non-managerial roles: increase from 50 to 55 years, with a one-month increment every two months.

Flexible early retirement: Employees who have met the statutory minimum contribution period may choose flexible early retirement. However:

- The early retirement period must not exceed three years, and
- The retirement age must not fall below (i) 60 for male employees, (ii) 55 for female managerial employees, and (iii) 50 for female non-managerial employees.

Impact on employers:

- Extended employment duration: Employers will need to retain older employees for longer periods, which could affect workforce planning, career progression for younger employees, and succession planning.
- Increased labor costs: Longer employment periods mean prolonged salary payments and continued contributions to social security.

Next steps

It is recommended that employers review and update their employment contracts, internal policies and retirement provisions to incorporate the extended retirement age. It may also be necessary to adjust payroll and HR systems or practices to accommodate extended employment and continued social security contributions.

When is the change coming into effect?

1 January 2025

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Czech Republic

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Flexible amendment to the Labour Code

In 2025, the so-called flexible amendment to the Labour Code will introduce significant changes to the probationary period and employment termination. The key updates include the following:

- The maximum permissible length of the probationary period is to be extended from the current three months to four months; with managerial employees from the current six months to eight months.
- The employee and the employer will be allowed to subsequently extend the agreed probationary period within the maximum statutory limits.
- The notice period is to commence on the day the termination notice is delivered to the other party. It should end on the day corresponding in number to that date.
- If an employee is served with a termination notice due to unsatisfactory performance, breach of work duties, or breach of a regime of temporary incapacity to work, the notice period will be shortened from two months to one month.
- The employer should be entitled to unilaterally terminate the employment due to the employee's breach of work duties within three months from the date the employer learns about the breach but within 15 months at the latest.

Additionally, the bill mitigates certain statutory rules in favour of working parents, makes partial changes to remuneration, and prohibits confidentiality clauses regarding employee salaries.

Next steps

Employers are advised to update their employment documentation templates and review existing hiring and termination procedures and policies.

When is the change coming into effect?

The bill is expected to enter into force in the first half of 2025.

New act on the entry and residence of foreigners

The main purpose of the new act on the entry and residence of foreigners is to make residence procedures more efficient. However, the bill is very comprehensive and, in addition to changes in residency procedures, it should also include substantial changes in the employment and insurance of foreigners and the resulting obligations for employers.

It should also make the requirements for the employment of foreigners more transparent for both the employer and the employee. For example, an employer who provides accommodation to a foreign employee for a fee will not be able to deduct the fee directly from the employee's salary. This will ensure transparency in the cost of accommodation, which will help to prevent unfair practices.

Next steps

No action is required at this time, as the bill is still in the legislative process and its contents are subject to change. It is advisable to monitor the status of the bill.

When is the change coming into effect?

It is expected to enter into force in January 2026.

Czech Republic (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Cancellation of entry medical examinations for non-risk categories of employees

The Government is proposing an amendment to the Act on Specific Health Services that aims to eliminate the requirement for compulsory entry medical examinations for job applicants applying for positions classified as first-category jobs (non-risk).

Under the proposed bill, entry medical examinations for first-category job applicants should be optional. This means that it will be up to the employer to decide whether the entry medical examination will be conducted in each case. However, if the employee requests an entry medical examination, it will need to be carried out.

Next steps

No immediate action is required. The bill aims to reduce the administrative burden on employers and to streamline the hiring process.

When is the change coming into effect?

The proposed effective date is 1 July 2025. However, the bill is expected to enter into force in the first half of 2025.

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Denmark

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

The Pay Transparency Directive

Today, in companies with more than 35 employees, gender pay data is as a rule automatically collated by Statistics Denmark and there are no general reporting requirements or requirements to share specific information on salary with employees.

If no gender pay report is generated by Statistics Denmark and sent to the employer before 1 September, eligible employers must no later than 31 December collate gender pay data into a report and share this with the employees or their representatives.

When the Pay Transparency Directive is implemented into Danish law, all companies, regardless of size, must actively share information on salary and be able to categorize different positions into groups that perform the same work or work of equal value. In addition, companies must describe the objective and gender-neutral criteria and other job-relevant factors that form the basis for salary formation at the company. The Directive also brings a number of additional obligations, e.g.:

- Employees will get the right to – on a yearly basis – receive information about their individual salary levels and the average salary levels, broken down by gender, of categories of employees doing the same work as them or work of similar value to theirs.
- If a company report shows a pay gap of more than 5 per cent between men and women without the company being able to justify this difference in objective gender-neutral terms, a joint salary review with the company's employee representatives will be required.
- Applicants have the right to receive information from the potential employer on the initial salary level or salary range and such information must be shared without the applicant having to request it.
- Companies with more than 100 employees must report on the pay gap between men and women doing the same work or work of equal value. Companies with more than 250 employees must report this every year, while companies with between 100 and 249 employees must report the pay gap every three years. It is still unclear how this will align with the current reporting requirement described above.
- If an employee raises a claim regarding equal pay, the directive introduces a reverse burden of proof onto the employer. Further, employees who have been subject to discrimination in relation to the equal pay rules have the right to claim and obtain compensation.

Next steps

It is expected that the Danish government's implementation of the Pay Transparency Directive will be almost identical to the current wording of the directive.

Therefore, all employers should consider the content of the directive now, as there is a risk that the directive may cause significant administrative burdens when implemented under Danish law.

When is the change coming into effect?

Upon implementation of the Directive in Denmark on 7 June 2026 at the latest.

New Danish Act on Gender Balance in private public listed companies

The Danish Act on Gender Balance in private public limited companies (the "Act") is based on the EU Directive on Gender Balance (EP/Rdir 2022/2381/EU). The Act (as well as the directive) aims to promote gender equality on management level of private listed companies.

The Act applies to listed companies, except for those with fewer than 250 employees and a specific financial threshold (annual turnover of 50 million euros or an annual total balance of 43 million euros).

The Act sets targets for underrepresented genders in board and executive positions, with a goal of 40 % representation for the underrepresented gender.

Companies must establish targets for gender representation and work towards achieving these targets by 30 June 2026.

When determining or adjusting the processes for selecting candidates for nomination for election to the top management body, clear, neutrally formulated, and unambiguous criteria must be established. The criteria must be established prior to the selection process and must be used throughout the entire selection process.

The top management body shall ensure that candidates for election to the top management body are selected based on a comparative assessment of each candidate's qualifications based on the established criteria set out as mentioned above. In the assessment, the criteria must be applied in a non-discriminatory manner.

If the assessment shows that candidates are equally qualified in terms of suitability, competencies, and professional achievements, preference shall be given to the candidate of the underrepresented gender. However, this does not apply if more compelling legal reasons than gender balance are invoked based on an objective assessment using non-discriminatory criteria, and this assessment favours a candidate who is not of the underrepresented gender based on the candidate's specific situation.

In the previous Danish legislation on gender balance, no concrete targets were required to be achieved for private public limited companies. These previous rules only referred to boards and other collective management organs in the public sector.

Next steps

The targets must be achieved by 30 June 2026.

To achieve the targets, the company is legally required to set a goal to achieve gender balance and if the company has established an employee representation, the goal should apply separately for the members as well.

In this connection, the company is legally required to set out the criteria as described above.

When is the change coming into effect?

28 December 2024

Targets must be achieved by 30 June 2026

Denmark (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

The Danish Stock Option Act

Changes to the Danish Stock Option Act (in Danish: Aktieoptionsloven) came into effect on January 1, 2019. This resulted in greater contractual freedom in relation to the terms of a share option program - especially by removing the distinction between so-called Good Leaver and Bad Leaver.

If an employee, who was covered by a share option program from before 2019, was dismissed (and thus was a Good Leaver) before the employee could exercise granted share options, the employee retained the right to exercise these options as if the employee were still employed. This could not - under the old rules - be derogated derogated to the disadvantage of the employee. However, with the adoption of changes to the Danish Stock Option Act in 2019, this protection was removed.

On February 21, 2025, the Danish Supreme Court ruled on which set of rules a stock option program is subject to, if the stock option program itself is from before January 1, 2019, but the granting of share options took place after January 1, 2019.

The judgment concludes that it is not the establishment date of the stock option scheme that is essential in determining whether the scheme is subject to the new or old rules. Instead, it is the point in time at which the employer has made a legally binding promise - which will often be at the time of the grant.

Next steps

If a company has established a stock option program before 2019 which applies to employees employed both before and after 1 January 2019, it is advisable to update the terms for future employees to comply with the newer and more liberal rules in the (new) Danish Stock Option Act.

When is the change coming into effect?

With immediate effect

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Finland

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Ensuring the continuation of essential work during a period of industrial action

In Finland, essential work typically refers to work that is crucial to prevent harm to life, health, machinery, equipment, or the environment during industrial action.

Currently, there is no legislation in place to regulate essential work performed by employees in an employment relationship during industrial action. Instead, the decision about essential work is made by the employees' association involved in the industrial action, and if necessary, it is negotiated between the employee and employer sides. The proposed legislation would ensure that employee associations taking part in industrial action would have a statutory duty of care to ensure that the industrial action does not endanger life, health, the employer's property, the environment, or any of the functions necessary to safeguard them.

Proposed legislative amendments also include the following legislative changes:
1) Employers would be obliged to promptly address any issues regarding essential work or industrial action limits with the responsible association and notify the association of risks to necessary functions to initiate negotiations.
2) Employers will also be able to apply for a court order to prohibit industrial action if an employee association fails to limit the industrial action or carry out essential work as required by law.
3) Employers can direct employees to perform the essential work in cases where the threat of damage is so immediate that it could not be mitigated by statutory measures or any other reasonable means.

Next steps

The government proposal was submitted on 13 March 2025, and the parliament has accepted the changes to legislation. Changes are expected to enter into force shortly, and most likely during summer.

When is the change coming into effect?

The government proposal was submitted on 13 March 2025. The changes to legislation are scheduled to enter into force as soon as possible after parliamentary consideration.

Unemployment and work-based residence permit rules

Currently, a residence permit can be cancelled when the employment relationship ends, as the condition for the permit which has been granted for work no longer exists. The regulations do not provide for any timeframe for when a permit must be cancelled following the unemployment.

The proposed legislation will introduce a new provision, that in circumstances where an employee loses their job prematurely, they will have three months to secure new employment before their residence permit is cancelled. The proposed legislation will also allow for persons working in certain professions (for example, as specialists), an extended period of six months to obtain new employment instead of three months.

Increased notification obligations will be placed on employers. Employers will be required to notify the Finnish Immigration Service that the employment of a work-based permit holder has ended prematurely. This is a new obligation placed on employers and a failure to comply may result in a fine or restriction order. The existing sanctions under the Aliens Act will apply, which include a fine or a restriction order. A fine may be imposed if the employer intentionally or through gross negligence fails to fulfil the notification obligation. The fine would typically be estimated to be equivalent to a few or several tens of day fines. A restriction order means that the employer would be prohibited from recruiting new employees from abroad for a period ranging from a minimum of three months to a maximum of 12 months. The threshold for a restriction order is high, requiring that the employer or their representative has provided incorrect or misleading information to authorities on regulated matters.

Next steps

Employers should ensure that they are in compliance with the new obligations and in particular the notification requirement and relevant processes. The recommended way of submitting the notification is by using the e-service of Enter Finland.

When is the change coming into effect?

11 June 2025.

Finland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Changes to Co-operation Act (1333/2021)

The changes to the Co-operation Act were approved by Parliament in April 2025. As we alerted last year, the legislative changes expand the scope of the Co-operation Act from covering companies and organisations that regularly employ 20 employees to those with 50 employees.

However, certain obligations, such as the duty of continuous dialogue and holding change negotiations will still apply to companies employing 20-49 employees, but in a lighter manner. This means that continuous dialogue requirements remain, but with flexibility for workplace-specific practices. Similarly, change negotiations for these smaller companies are now required only when the employer plans to reduce workforce within a 90-day period affecting at least 20 employees. Temporary lay-offs of up to 90 days will not require change negotiations. Previously, these smaller companies were obliged to hold change negotiations also where the aim was not to reduce workforce.

The minimum duration of change negotiations concerning the reduction of workforce will be halved to either three weeks or seven days, depending on the issues and number of staff, compared to the previous six weeks or 14 days. This will apply to all companies and organisations within the scope of application of the Act.

A new provision for time reserved for determining the availability of employment services is also introduced. If an employer proposes to dismiss at least ten employees on financial and production-related grounds, the contracts cannot be terminated until 30 days after submitting the negotiation proposal to the employment authority.

The changes aim to remove barriers to employment and strengthen conditions for small and medium-sized enterprises in particular.

Next steps

As the enforcement date is soon, employers should keep in mind the upcoming legal changes regarding matters such as the minimum duration of change negotiations and the new deadline for terminating employment of at least ten employees on financial and production-related grounds.

Employers should note that while the scope of the Co-operation Act is to be raised to apply to companies and organisations regularly employing at least 50 employees, the changed legislation will still provide certain obligations for companies employing more than 20 employees, such as change negotiation procedure in certain situations and the simplified duty of continuous dialogue.

While shorter negotiation periods will soon enter into force, employers should still ensure the contents of the collective agreements, as some unions may have negotiated longer negotiation periods and obligations in accordance with the current Co-operation Act in the collective agreements.

When is the change coming into effect?

Estimated 1 July 2025

Implementation of the EU Pay Transparency Directive (EU) 2023/970

The implementation of the EU Pay Transparency Directive has progressed in Finland. A draft government proposal was published on 16 May 2025. The national implementation will mainly require updating the Finnish Act on Equality between Women and Men (609/1986). The Directive is set to be implemented at a minimum level in Finland. Member States must enact the necessary laws, regulations, and administrative provisions to comply with the directive by 7 June 2026.

Changes to the Act on Equality between Women and Men would include new additional obligations particularly to larger companies with at least 100 employees. This includes reporting gender pay gaps and fixing unjustified disparities within reasonable time. Additionally, such companies would also have to conduct joint pay evaluations with employee representatives in specific circumstances.

The planned changes also include employees right to request information about average salary levels of employee groups performing the same or equivalent work. Further, employers would be obliged to ensure transparent salary negotiations by providing job applicants with information on the starting salary or its range, and when necessary, relevant provisions of the applicable collective agreement, in a timely manner.

Next steps

No immediate action is required for employers. The final government proposal is estimated to be submitted during fall 2025.

When is the change coming into effect?

Estimated 18 May 2026.

Finland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Termination of employment - changes to the threshold to dismiss for person related grounds

Currently, a 'proper and weighty reason' is required/threshold to dismiss an employee for "person-related grounds" (as set out in the Employment Contracts Act (55/2001)). Legislation is expected that will lower this threshold, and that in the future, employers will be able to dismiss an employee for a 'proper' reason. The change would particularly impact situations where an employee has previously acted unacceptably, and a subsequent similar act is repeated by an employee. Similarly, less serious violations could more clearly form grounds for dismissal when occurring repeatedly. Proposal also includes grounds for termination of employment due to continuous underperformance of the employee.

Currently and prior to termination of employment on "person related grounds", an employer is obliged to investigate possibilities to offer an employee alternate work in order to avoid dismissal. The proposed legislation would change this and employers would only be obliged to investigate possibilities to offer alternate work where an employee is unable to perform their duties, such as due to a long-term illness (this redeployment obligation remains widely applicable in financial, production-related and restructuring terminations).

Next steps

No immediate action is required for employers. The final government proposal is expected in summer 2025.

When is the change coming into effect?

Estimated 1 January 2026.

National legislative developments and implementation of EU Directives

Preparations for the national implementation of the EU Platform Work Directive (EU) 2024/2831 have commenced in Finland. This Directive aims to clarify the status of platform workers by helping to determine whether they are regarded as employees or independent contractors, and to enhance transparency in the use of automated decision-making and monitoring systems in platform work, among other things. Implementing the Directive will require entirely new regulations for platform work and potentially changes to existing labour and other legislation in Finland. The Directive must be implemented by 2 December 2026.

The national legislation aimed at lowering the threshold for dismissal has received criticism from the employees' side, since it has been seen as significantly weakening the position and job security of employees, especially when taken simultaneously with recent reductions in unemployment benefits in Finland.

Next steps

Employers should monitor any legislative developments, although no immediate action is required.

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France

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Organized bullying and employer criminal liability

The French Supreme Court has recognized the concept of "institutional bullying", marking a historic precedent in corporate liability. The case arose from France Télécom's restructuring following its 2004 privatization, which led to massive job cuts and a wave of employee suicides between 2007 and 2009.

The Court upheld the criminal convictions of former directors, ruling that corporate policies designed to degrade working conditions—whether for financial, managerial, or economic reasons—can constitute bullying. This decision establishes that company leaders can be held criminally liable for workplace suffering resulting from their strategic decisions, not just direct interactions with employees.

Next steps

Ensure regular training/ awareness campaigns are held regarding harassment & bullying.

Ensure that an anti-harassment and bullying policy/code of conduct/ internal regulations is in place and available in French to all employees based in France.

When is the change coming into effect?

Immediately (including potential litigation in respect of past events

French Language Training for Foreign Employees

A new law aimed at regulating immigration and promoting inclusion came into force in 2024. Starting in 2025, foreign employees who have signed a "Republican Integration Contract" will be entitled to up to 80 hours of French language training, as part of their working hours (without exceeding 10% of their weekly working time).

If the employee chooses to use their personal training account for this language training, only 28 hours will be considered as working time.

Employers should be aware that hiring foreign workers without proper authorization can result in fines of up to €20,750 per unauthorized employee. This penalty also applies if an employee has a valid work permit but is working in a region not covered by it.

Additionally, to obtain a work permit, employers must provide proof, dated within the past six months, that they have fulfilled their social security contribution obligations.

Next steps

Ensure non-French speaking employees have access to French language training.

Regularly check validity of work permits for non-EU employees.

When is the change coming into effect?

1 January 2025

Management package

Until now, there was no specific legal framework governing management packages, leaving uncertainty regarding their tax treatment. Case law had established that capital gains when equity granted in such packages was sold should be taxed in the same way as salary, if linked to the holder's status as an employee. However, this interpretation left room for uncertainty.

With the introduction of the new Finance Law, the taxation of these gains is now expressly defined. Capital gains resulting from the sale of equity by employees or directors (beyond a portion corresponding to a maximum of 3 times the company's financial performance, which remains subject to the flat tax) are taxed in the same way as salary, i.e. based on income tax rates and bands, on the basis that these capital gains are part of the consideration paid for the individual's role as an employee or director.

Next steps

Employers should ensure compliance by reviewing existing management package structures, assessing tax implications, and adjusting agreements if necessary to align with the new Finance Law.

When is the change coming into effect?

To date

France (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Profit-sharing for small businesses

Previously, employers with fewer than 50 employees were not required to establish a profit-sharing scheme.

On an experimental basis for a period of five years, employers with at least 11 employees that were not previously required to establish profit sharing schemes, are required to establish a profit sharing arrangement if they generate a net profit of at least 1% of their turnover for three consecutive years.

These companies must:

- Establish a profit-sharing (participation) or incentive (intéressement) agreement,
- Implement a profit-sharing bonus (PPV), or
- Contribute to an employee savings plan (PEE, PEI, Perco, or Pereco).

Companies that have already implemented one of these measures for the financial year following this three-year period are not affected by this requirement.

Next steps

Check whether net profit in France was at least equal to 1% of turnover over the previous 3 consecutive years (2022-2023-2024). If so, implement a profit-sharing scheme.

When is the change coming into effect?

1 January 2025

New Law Related to Maintaining Senior Employees in Employment is Envisaged"

On 14 November 2024, unions negotiated two national inter-sectorial agreements on senior employees and social dialogue, including the removal of the three-term limit for CSE representatives. These agreements must now be transposed into legislative proposals.

Next steps

Employers should monitor the legislative process and implementation.

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“They are *quick to respond* and understand the heart of the matter, balancing the legal requirements and the needs of our business.”

Chambers UK, 2025

Germany

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Overtime pay for part-time employees

In line with the opinion of the European Court of Justice, the Federal Labour Court (decision from 15 December 2024, 8 AZR 370/20) has ruled that a collective bargaining agreement provision which stipulates that the regular working hours of a full-time employee must be exceeded in order to receive overtime pay, irrespective of the individual's working hours, puts part-time employees at a disadvantage compared to comparable full-time employees. This is a violation of Section 4 Part-Time and Limited Term Employment Act (TzBfG) unless the unequal treatment is justified by objective reasons. In addition, the Federal Labour Court found that this provision constituted unlawful indirect discrimination, on gender grounds, as there were significantly more women than men in the company's group of part-time employees.

It is expected that similar rulings for other collective bargaining agreements and for works agreements will follow this decision in the coming months.

Next steps

Employers should review employees' contracts of employment in light of this decision. If existing contractual arrangements contain these provisions and are not justified on objective grounds, these provisions, if challenged will likely be deemed invalid by the Federal Labour Court and affected collective agreements may be terminated. However, the provisions of the collective agreement continue to apply to existing employment relationships until they are replaced by a new agreement.

We anticipate that parties to the agreements will adjust the regulations on overtime pay as a whole following this decision.

When is the change coming into effect?

The ruling of the Federal Labour Court has immediate effect only for the parties to the legal dispute. Beyond the parties, the ruling has no legal force. This decision will act as a guidance for lower courts and decisions made in future legal disputes concerning other collective agreements.

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

New Employment Regulations expected to be introduced by the new coalition

As part of the coalition agreement from 9 April 2025, the leaders of the coalition parties have agreed to changes and new regulations they intend to implement, including:

- **The implementation of the Pay Transparency Directive:** employers across the board will have to introduce remuneration systems. Employers will also have to ensure that all their employees fit into these systems.
- **Implementation of the EU Platform Directive**: It is under discussion whether only the minimum requirements of the directive should be implemented (presumption rule only for employment law), or whether comprehensive new regulations should be introduced for the self-employed in this context and for example whether the presumption rule should also apply to social and tax law. There is agreement that the process for determining the status of a worker should be reformed.
- **Working Hours Records:** The creation of a weekly, instead of a daily maximum working time in accordance with the European Working Time Directive. Also under consideration is the introduction of a requirement to record working hours (to be agreed). However, trust-based working hours without time tracking shall remain possible in accordance with the European Working Time Directive.
- The coalition parties also plan to create tax incentives to make paid overtime more worthwhile by making overtime pay for hours worked over and above the collectively agreed or tariff-based full-time hours tax-free. Furthermore, they would like to create a new tax incentive to expand the working hours of part-time employees.
- Additional financial incentives are also to be created for ‘retirees’ to make it more worthwhile to work longer on a voluntary basis. Those who reach the legal retirement age and continue to work voluntarily shall receive up to EUR 2,000 per month tax-free. In addition, returning to a previous employer after reaching the standard retirement age is to be made easier by lifting the ban on previous employment and thus enabling employees to continue working for a limited period.
- The coalition parties plan on including all new self-employed persons who are not assigned to a mandatory pension system in the statutory pension insurance. Other forms of private pensions that provide reliable security for the self-employed in old age remain in place.
- To strengthen collective bargaining coverage, a Federal Collective Bargaining Compliance Act will be introduced, which will apply to federal procurement contracts worth EUR 50,000 or more.
- Co-determination (employee representation) in the workplace will be further developed. Online works council meetings and online staff meetings are to be made possible as an equivalent alternative to face-to-face formats. In addition, the option of online voting is to be enshrined in the Works Constitution Act. Trade unions' access rights to companies are to be extended to include digital access. Furthermore, tax incentives are to be introduced to promote membership of trade unions.

Next steps

The members of both coalition parties have agreed on the final coalition agreement end of April 2025. However, changes are still possible.

Consequently, there is no immediate need for action. However, it is advisable to monitor developments closely and to initiate appropriate internal processes/policies as soon as things become more concrete.

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Hong Kong

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Abolition of MPF Offsetting Mechanism

The following rules apply to employers who have the practice of offsetting the accrued benefits from the employer's mandatory contributions into an employee's Mandatory Provident Fund against a statutory severance payment ("**SP**") or long service payment ("**LSP**"). With effect from 1 May 2025 ("**Transition Date**"), the following transitional arrangements apply to this offsetting mechanism:

- If an employee's last day of employment occurred before the Transition Date, the offsetting mechanism will still apply.
- Where an employee commenced employment before the Transition Date and ceases employment after the Transition Date, any SP/LSP payable will be split into two categories, namely: (i) the SP/LSP attributable to the employment period up to the day preceding the Transition Date ("**Pre-Transition Payment**"), and (ii) the SP/LSP attributable to the employment period from the Transition Date ("**Post-Transition Payment**").
- The offsetting mechanism Pre-Transition Payments and Post-Transition Payments are summarised below:

Type of Payment	Offsetting Mechanism	Calculation of SP/LSP
Pre-Transition Payment	The offsetting mechanism will apply to the portion of the SP/LSP payable before the Transition Date. The SP/LSP can be offset against the accrued benefits derived from the employer's mandatory and voluntary MPF contributions.	2/3 of last full month's wages immediately preceding the Transition Date (capped at HK$22,500) x years of service before the Transition Date.
Post-Transition Payment	The portion of SP/LSP payable from the Transition Date cannot be offset against accrued MPF benefits derived from the employer's mandatory MPF contributions. However, this portion of the SP/LSP can be offset against the accrued benefits derived from the employer's voluntary MPF contributions.	2/3 x last full month's wages before termination of employment (capped at HK$22,500) x years of service from the Transition Date.

The government recognises that the abolition of the MPF offsetting mechanism will have a financial impact on employers who have previously used the offsetting mechanism to effectively reduce their liability for SPs and LSPs. The government will therefore launch a 25-year subsidy scheme to support employers with the costs associated with SPs and LSPs.

Next steps

Employers should familiarise themselves with the MPF subsidy scheme and, if needed, amend their contracts, policies and offboarding procedures to comply with the new arrangements.

Employers should assess the potential financial impact of this change and make appropriate contingency plans.

When is the change coming into effect?

1 May 2025

Hong Kong (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Amendment of 418 Rule

Employees who are employed under a "continuous contract" are entitled to certain statutory benefits and entitlements under the Employment Ordinance, such as statutory sickness allowance, paid annual leave and paid statutory holidays, subject to them working for specified periods **("Continuous Contract Benefits"**).

Under current law, an employee is deemed to be under a "continuous contract" if he/she has been employed for at least 4 consecutive weeks and has worked at least 18 hours in each of those weeks (commonly referred to as the "418 Rule").

The Hong Kong government plans to introduce a Bill in 2025 to replace the 418 Rule with the "468 Rule". Under the 468 Rule, employees who have worked for an aggregate of at least 68 hours within a period of 4 consecutive weeks will be deemed to be under a "continuous contract".

As a result, a larger percentage of Hong Kong's workforce may benefit from enhanced entitlements and protections under the Employment Ordinance.

For example, an employee who currently works 17 hours per week would not meet the minimum threshold of working 18 hours for 4 weeks in order to receive Continuous Contract Benefits under the 418 Rule. However, under the 468 Rule, this employee would be performing an aggregate of 68 hours over 4 weeks, meaning the employee would be under a "continuous contract" and would therefore be entitled to receive Continuous Contract Benefits.

Next steps

Employers should (i) review the working hours of their part-time and casual employees; (ii) evaluate the potential implications of the 468 Rule on their future payroll obligations; and (iii) plan accordingly.

When is the change coming into effect?

Expected in 2025

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Hungary

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Tightened rules regarding simplified employment (‘egyszerűsített foglalkoztatás’)

Simplified employment (“SE”) is a popular form of employment in certain sectors in Hungary due to favourable taxation and reduced administrative burden. Currently, an individual may be employed in SE for a maximum of 120 days in a calendar year, with this limit restarting at each new employer. However, going forward the 120-day limitation will be calculated on an aggregate basis for each calendar year, meaning that, overall, employees will be able to spend fewer days in SE.

Next steps

Going forward, prior to hiring in SE, companies must check the number of days a candidate has been employed in SE in the given calendar year. The Hungarian Tax and Customs Authority will provide an online database from which employers can check the candidate’s name, tax number and social security number to verify the above information.

When is the change coming into effect?

1 July 2025

New tax exemption for mothers of two or more children

Starting from October 2025, mothers of three children will be exempt from paying personal income tax (PIT) on their salaries, and mothers of two children will gradually benefit from the same exemption starting in 2026. The tax exemption will be automatically applied to the salary of eligible mothers. However, it will only apply to income from employment. The specific legal details and regulations for this exemption are expected to be finalised and made public soon.

Next steps

Employers must prepare for the implementation by monitoring the exact regulations regarding the PIT exemption and ensuring they understand the full details of the exemption, including any eligibility criteria and how it affects payroll processing. Identifying eligible employees and possibly requesting necessary documentation to confirm their eligibility (such as a child’s birth certificate or adoption papers). Once the legal framework is established, employers will need to ensure their payroll systems can automatically apply the tax exemption to qualifying employees.

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Ireland

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Pay Transparency and Equality

In February 2025, Ireland's new three-party coalition Government published an extensive legislative agenda. Notable plans for employers include:

1) EU Pay Transparency Directive (EU 2023/970) implementation

This Directive will be implemented on a piecemeal basis as follows:

- Draft heads of legislation outlining provisions on pay transparency prior to employment - the General Scheme of the Equality (Miscellaneous Provisions) Bill 2024 ("General Scheme") - is at an early stage of the legislative process.
- Gender Pay Gap ("GPG") reporting has been a legal requirement for in scope employers on a phased basis since 2022. GPG legislation and related guidance will need to be amended to transpose applicable changes imposed by the Directive.
- Remaining provisions of the Directive will be transposed in a Pay Transparency Bill that has not yet been drafted.

2) Disability

The new Government has made several commitments to ensure equality and inclusion in employment and wider society for people with disabilities. The General Scheme aims to remove an existing provision that allows differential pay rates to be paid to disabled persons. Among other measures, a Code of Practice will be developed to support the hiring of workers with a disability. Although it may not be legally binding, compliance with such Codes of Practice could be taken into consideration by the Workplace Relations Commission in claims related to disability discrimination.

3) Employment Equality Act and Equal Status Acts

Reform of equality legislation is awaited, including proposals to examine the cap on the current compensation payable for claims brought under the Equal Status Act 2000 (currently €15,000). The General Scheme aims to extend maximum compensation to someone who has left their employment prior to taking a claim without necessarily being dismissed. It also seeks to extend time limits for discrimination claims to 12 months (and up to 18 months) and to ensure that remedies are effective, proportionate and dissuasive.

4) Launch of the Irish Gender Pay Gap ("GPG") Government Portal

The GPG portal will be launched in advance of the publication date for the 2025 GPG reporting cycle. In scope employers will be required to upload their GPG report to this central database. The portal will be searchable and reports will be accessible to the public/stakeholders/employees.

Next steps

Recommendations pending implementation of applicable legal requirements:

Pay Transparency – Review recruitment processes, job descriptions, performance assessments, and promotion criteria and documentation to ensure they are objective and gender-neutral. Identify and take steps (or review existing initiatives) to eliminate GPG. Monitor developments on the proposed legislation.

Legal Requirement

GPG - Pending confirmation about the operation of the portal, in scope employers should plan to publish their GPG report on their company website/make it available to employees and the public to ensure compliance with the legislative publication obligation.

When is the change coming into effect?

Heads of legislation are being prepared. The expectation is that legislation will come into force at some point in 2026.

GPG Portal – it is anticipated that the Portal will be launched in autumn 2025. The reporting/ publication deadline has been brought forward for the 2025 reporting cycle and employers are required to produce the GPG report in November (instead of December). This means that if an employer selects 1 June as the snapshot date, the reporting deadline is the 1 November 2025.

Ireland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Retirement and Pensions

Mandatory Contractual Retirement Age ("CRA")

The Employment (Contractual Retirement Ages) Bill 2025 proposes to introduce measures allowing employees to notify employers that they wish to remain in employment after the CRA and up to the Irish State Pension age (currently 66 years). Employees will be required to comply with the proposed legislative notification requirements when seeking to work beyond their CRA. The bill does not prohibit CRAs. When responding to a request to work beyond CRA, employers will be required to adhere to the equality/non-discrimination law, including the requirement to objectively justify any decisions. Employers should also comply with the Code of Practice on Longer Working in relation to such requests.

Employees will be able to refer alleged breaches to the Workplace Relations Commission. The bill also makes it a criminal offence where an employer fails to provide a reasoned reply (without reasonable cause) to an employee's request to work beyond CRA. Potential penalties on summary conviction and conviction on indictment include imprisonment and/or fines (up to €5,000).

Pension Auto-Enrolment

All eligible employees will be automatically enrolled in a State operated retirement savings scheme. Employees qualify for auto-enrolment if they:

- are aged between 23 - 60 years.
- earn a basic salary.
- are not currently a member.

Auto-enrolment contributions will need to be made by employers, employees and the State. Employees can choose to opt-out or suspend contributions after initial six-month period.

Failure to comply with auto-enrolment requirements and pay applicable contributions could result in fines.

Next steps

CRA – Review current contractual retirement age and policy. Employers could review existing contracts' mandated CRAs and retirement policies to align to State retirement age. Put in place measures to comply with the legislation and ongoing obligations under the Code of Practice on Longer Working.

Pension Auto-enrolment - Review existing employee pension arrangements and consider whether to plan for compliance with auto-enrolment requirements and/or encourage all employees to join occupational pension scheme.

When is the change coming into effect?

- CRA - This bill has completed the first stage of legislative scrutiny and is at committee stage. It is intended to be enacted in 2025.
- Pension Auto-enrolment –Starts on 1 January 2026. The original operation date of 30 September 2025 was postponed by the Government in April to allow employers additional time to prepare.

Ireland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

New Programme for Government 2025-2029 Improved Protections for Workers

The Programme for Government ("PfG") includes increased protections for workers with families. Also of note is the Ministerial approval of the working programme for the newly established Employment Law Review Group.

Further Family-Related Leave

The PfG proposes two legislative measures to support workers with families through the following:

- Introduction of paid surrogacy leave. The Summer Legislative Programme 2025 includes the Equality and Family Leaves (Miscelleaneous) Provisions Bill, which provides for paid surrogacy leave and paid leave for pregnancy loss.
- Examination of the extension of parents leave and additional flexibilities. This potential expansion follows an increase in parents leave from seven to nine weeks in 2024.

While these proposals will help support parents, employers will be impacted through additional costs, reduced headcount, and strain on resources. These proposals build upon the cumulative and increased costs borne by employers because of increased protection introduced by the previous Government (e.g. statutory sick pay, domestic violence leave, increase in protective leave entitlements and national minimum wage).

Employment Law Review Group ("ELRG")

A newly established ELRG was formed to monitor, review and advise on employment and redundancy law. The first Ministerial approved work programme of the ELRG 2025-2026 will focus on and review the following: (i) Unfair Dismissals Acts 1977-2015; (ii) Minimum Notice and Terms of Employments Act 1973; and (iii) determination of employment status. The employment status review follows the five-factor test to determine employee status outlined by the Supreme Court in the 2003 case of Revenue Commissioners v. Karshan (Midlands) Ltd. t/a Domino's Pizza and updated Code of Practice on Determining Employment Status.

Next steps

Increased family-related leave - No immediate action required. This bill is included in the priority drafting list, in the Government approved Summer Legislative Programme 2025. Monitor legislative developments, plan for increased financial and organisational impact, and update applicable policies in due course.

ELRG - Await the outcome of working programme in 2026 to assess proposals for legislative reform.

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Chambers Asia Pacific, 2025

Italy

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Protections applicable in the event of unlawful dismissal for ‘organisational’ reasons.

The Italian Constitutional Court, in its judgment no. 128/2024, stated that reinstatement of employees to the workplace - which is a remedy provided by article 3, paragraph 2, of Legislative Decree No. 23/2015 in cases of unfair dismissals for disciplinary reasons, applicable to employees hired since 7th March 2015 - should also apply to cases of unfair dismissal where the reason for dismissal is a ‘technical, organisational and/or productive’ reason.

Therefore, where there is an insufficient organisational reason for dismissal, employees are entitled to reinstatement to the workplace. This applies to employees hired both before and after 7 March 2015.

Next steps

Dismissals for objective reasons must be properly justified and supported by genuine organisational reasons.

When is the change coming into effect?

Applicable as of 16 July 2024.

De facto resignation

The employment relationship is terminated at the employee's will if the employee's unjustified absence lasts longer than the period provided for by the applicable NCBA or - in the absence of a contractual provision or whether the NCBA provides for a lower term - for a period longer than fifteen days, provided that the employer notifies the territorial Labour Inspectorate.

Given the above, as recently clarified by the Ministry of Labor and Social Policies, the 15-day term indicated above is to be considered a minimum period, resulting in the prohibition for the NCBA to provide for a lower term.

The employee may prevent termination of the employment relationship by proving that he was unable, by ‘force majeure’ or due to a circumstance attributable to the employer, to communicate the reasons justifying the absence.

Next steps

This is an alternative route to initiating disciplinary proceedings for unjustified absence that the employer may take. However, it is advisable to wait for further clarification from the Ministry of Labour.

When is the change coming into effect?

12 January 2025.

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Netherlands

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

New Pension Act

The 'Future Pension Act' (Wet Toekomst Pensioen) will lead to a major reform of the Dutch pension system. 'Defined Benefit schemes' will be abolished and accruing a pension will only be possible through age-independent (i.e. flat rate) contributions under a 'Defined Contribution scheme'.

The minimum age for participation in a pension scheme will be reduced from 21 to 18 years.

Consultation

Please note that the introduction, amendment or cancellation of a pension scheme is subject to the Works Council's ("WC") consent. If the company does not have a WC but has a Personnel Representative Body or 'baby WC' ("**PRB**"), the PRB has a right to provide advice, if the implementation/ amendment/cancellation of a pension scheme will affect at least 25% of the workforce (which threshold will usually be met). If there is neither a WC nor a PRB, a Town Hall consultation (right of advice) will be required.

Next steps

Employers should consult a specialised pension consultant to develop a conversion plan. They should also involve an employment lawyer for advice on consultation and the legal aspects of making changes to an existing pension scheme.

When is the change coming into effect?

Companies have until 1 January 2028 to fully implement. However, please note that any conversion plan from defined benefits to defined contribution (including any related customised offer) must be submitted to the pension provider on or before 1 October 2027 (meaning the consultation process with the respective employee representative body must be completed by then).

Legislative proposal on Modernisation of contractual non-compete restrictions

The main goal of the legislative proposal on modernising the non-compete clause (the **"Proposal"**), is to restrict the use of non-compete clauses as a standard provision in employment contracts, and thus to prevent the unjustifiable limitation of employees' labour mobility.

The Proposal intends to amend the existing legislation in the following key areas:

- The company must justify a non-compete clause in both fixed term and indefinite term contracts, by citing compelling business interests. Currently, a written justification only has to be included in fixed term contracts. Case law has shown that courts are strict in evaluating whether the company's business interests are clearly defined. If the company's justification is vague or insufficient, the clause can be annulled. If the company fails to specify compelling business interests, the clause will be invalid.
- Non-compete clauses will be limited to a maximum duration of 12 months. Any non-compete clause exceeding that period, or lacking a specified duration, will be considered invalid.
- Companies will be required to provide compensation to employees for each month the non-compete clause is enforced, amounting to 50% of the employee's monthly salary. This payment must be made on the employee's last day of employment. If the company fails to pay the compensation, the employee will not be bound by the non-compete restrictions.
- Companies must notify employees in writing if and for which period the non-compete clause will be enforced, at least one month prior to the termination of the employment agreement. Failure to (in a timely fashion) notify will lead to the company being unable to enforce the non-compete restrictions. Currently, no such notification requirement exists. There are a few exception to this rule: (a) in company-initiated terminations (e.g., collective or individual dismissals), the non-compete must be invoked at the time notice is issued, even if that is more than one month prior to the termination date; and (b) instant dismissal or court-rescission, in which the company has two weeks after issuing notice or receipt of the court-ruling to decide on enforcing the non-compete clause.

Please note that the same rules apply to non-solicitation of customer clauses. It is still unclear whether the above restrictions would also apply to non-poaching of employees' clauses.

Next steps

Companies are not required to renew existing non-compete clauses once the Proposal comes into force. However, from that point onward, companies must comply with the new rules regarding the enforcement of non-compete clauses.

When is the change coming into effect?

Not yet known (still needs to be adopted)

Netherlands (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Legislative proposal on clarifying the employment relationship

Many working arrangements exhibit characteristics of both employment and independent contractors. As the employment-related consequences of one or the other deviate, the Legislative Proposal on Clarifying Assessment of Employment Relations and Legal Presumption (the "Proposal") intends to clarify criteria on whether the individual engaged is an employee or an independent contractor:

- Indicator of employment relationship: does the company exercise supervision and control over the worker? Key considerations will include: receiving instructions regarding work tasks, monitoring of work, integration into the organization, working on a consistent basis, and performing the same duties as regular employees.
- Indicators of independent contractor status: bearing financial risk, using personal tools or equipment, possessing specialized expertise not available within the provider's organization, working independently or for short periods of time and having an own legal entity.

The Proposal also introduces a legal presumption of employment for workers earning less than EUR 33 per hour. This presumption aims to help vulnerable, low-paid workers more easily claim employee status and thereby access the rights and protections that come with being classified as an employee.

Next steps

Company to assess whether it exercises (or will exercise) supervision and control over the worker, and to enter into the appropriate agreement, to avoid the risk of requalification (with retroactive effect), both from an employment and (payroll) tax perspective.

When is the change coming into effect?

Not yet known (first chamber has to still adopt the Proposal) but planned for 1 January 2026.

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Poland

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Christmas Eve -new bank (public) holiday 2025

Christmas Eve (24 December) will be a new bank holiday as of 2025 in Poland, increasing the number of bank holidays to 14 days per annum.

Settlement periods and related negotiations will also be impacted where employees are required to work on this new public holiday. Employees who work night shifts will also be impacted and salary calculations for night work allowance will require amendment.

Next steps

Employers should actively monitor holiday planning and usage to ensure a balanced working environment.

When is the change coming into effect?

The new bank holiday came into force on 1 February 2025 and it will be effective on 24 December 2025.

Trade unions and new technologies (AI) used by employers

The draft bill to the Trade Unions Act increases the information points that employers are obliged to provide to trade unions, including the parameters, rules and instructions underlying the algorithms or artificial intelligence systems that influence decisions affecting working and pay conditions, and employment access and retention.

Currently, employers are obliged to provide the information necessary for the conduct of trade union activities, in particular concerning: (i) working conditions and remuneration rules; (ii) the employment state and structure, any changes anticipated, and measures to maintain the level of employment; and (iii) activities that may cause significant changes in the organisation of work or the basis of employment.

The changes are designed to avoid the potential risk of employees being discriminated against or treated unfairly because of, e.g., algorithmic errors (such as in the recruitment process regarding gender, age, disability, race, religion, nationality; or relating to employee performance appraisals.).

Next steps

We recommend that employers monitor the legislative process to ensure compliance.

When is the change coming into effect?

The changes are expected to come into force before the end of 2025 and the operational date is awaited.

New rules on sick leave

Changes to sick leave and medical examinations will affect both employees and employers.

The proposed changes in the draft regulations include (i) increased flexibility in employees' daily activities (for example employees carrying out minor tasks or incidental work-related activities, such as accepting invoices), (ii) the possibility of staying abroad (for example, for a "therapeutic" trip to a warmer country), and (iii) the possibility of being declared unfit for one job while being able to do another (for example, a person who is unable to do physical work may be able to work with documents if a doctor confirms this).

Next steps

Employers should monitor developments. Once the legislation enters into force, employers will need to closely monitor employees' use of sick leave and review existing policies to ensure compliance with new regulations

When is the change coming into effect?

As the legislation is still in its early stages, the most optimistic prediction is that the new rules will come into force by the end of 2025.

Poland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

New definition of “mobbing” in the Polish Labour Code

The draft bill that will amend the Polish Labour Code is at first reading in the Polish Parliament. The draft law harmonises the definitions of various forms of workplace abuse, including mobbing.

Currently, “mobbing” is defined as any act or behaviour relating to an employee, or targeted against an employee, that involves persistent, long-term bullying or intimidation resulting in the employee having a lower self-evaluation of their professional abilities, with the purpose or effect of humiliating or ridiculing the employee or isolating or eliminating them from the team.

The new proposed definition is shorter and only involves the persistent harassment of an employee. Persistent is defined as recurring or constant.

Additional proposed changes to the Polish Labour Code include:

- Defining employee claims in relation to harassment.
- Shifting the burden of proof to the employer in cases of unequal treatment.
- An obligation for employers to take preventive and remedial action.
- An extension of employers’ duties to include the protection of dignity.
- An employee who has been the victim of mobbing will be able to claim compensation of at least six months’ salary from their employer.
- A provision exempting the employer from liability for mobbing if it was not perpetrated by the employee's direct superior.

Next steps

Employers should review their current anti-mobbing policies and practices to ensure full compliance.

When is the change coming into effect?

The changes are expected to come into force before the end of 2025 and the operational date is awaited.

Poland (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Equating civil law contracts with employment contracts under Polish law

The Ministry of Family, Labour and Social Policy is planning to introduce new regulations to the Polish Labour Code which will provide that the period of work performed under contractually mandated working hours or certain B2B contracts (i.e. civil law arrangements), will also count towards employment seniority.

This will improve access to additional benefits (such as number of days of annual leave) for employees who previously had a civil law contract with their current employer.

Also proposed are the compulsory social security contributions (health, pension, disability, accident) on civil law contracts. This will increase costs for employers employing workers under mandate contracts, from 19.48% to 22.14%, depending on the Social Security accident contribution.

This will further equalize employment and non-employment contracts under Polish law and improve social protection for civil workers.

Next steps

As the changes are expected to come into force in 2026, employers should monitor the legislative process.

Introduction of an anti-hate law to the Polish Civil Procedure Codee

A new draft law to be included in the Polish Civil Procedure Code introduces a new claim which allows employers/ individuals to file a "blind lawsuit" for a violation of rights (name and reputation) against a person whose identity is unknown, if the violation occurred on the Internet. This new claim is separate from protections provided in the draft legislation that will implement the EU Digital Services Act, (which is currently being prepared by the Polish Ministry of Digitalisation)

The new law will provide employers with the tools they need to combat, for example, false and damaging opinions posted by disgruntled employees.

Next steps

As the changes are expected to come into force in 2026, employers should monitor the legislative process and review their current media use policies.

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Saudi Arabia

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Saudi Labor Law New Amendments

The Saudi Ministry of Human Resources and Social Development (MHRSD) has introduced significant amendments to the Saudi Labor Law.

The amendments aim to enhance job stability, protect the rights of all parties in contractual relationships and support the development of HR. They also focus on improving training opportunities for workers and increasing employment opportunities for Saudi citizens.

The amendments include adjustments to 38 articles, the removal of 7 articles, and the addition of 2 new articles to the Labor Law.

Next steps

Employers in Saudi Arabia need to review and update their employment contracts, internal work regulations and HR policies to ensure compliance with the new amendments.

When is the change coming into effect?

It's been in effect since February 22, 2025.

Vision 2030 Employment Initiatives

As part of Saudi Arabia's Vision 2030, the government is considering additional labor reforms that may include new regulations for gig economy workers, expanded Saudization requirements and a comprehensive social insurance scheme to potentially replace the current end-of-service benefits system.

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Singapore

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Workplace Fairness Act 2025

The Workplace Fairness Act 2025 was passed in January 2025, and this marks the first time that discriminatory employment practices are legislated in Singapore. The new legislation also codifies the Fair Consideration Framework and imposes an obligation on employers to put in place a framework to review and inquire into employee grievances.

Additional legislation will be introduced later this year (2025) which will set out the process for filing an anti-discrimination claim.

Next steps

Employers should review all workplace documents / policies and ensure they are prepared for and compliant with the new legislation (when the legislation comes into effect within the next two years).

When is the change coming into effect?

2026 / 2027

Review of Employment Act

The Manpower Minister announced in March 2025 that the Ministry of Manpower, together with its Tripartite Partners, the Singapore National Employers Federation and the National Trade Unions Congress will commence a review of Singapore's main employment legislation, the Employment Act, later this year.

The last review of the Employment Act was done in 2019.

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Slovakia

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Work instead of the benefit in material need

The Minister of Labour, Social Affairs and Family has proposed the introduction of a new law, which aims to promote the active approach and to motivate beneficiaries in material need to accept suitable job offers, instead of receiving social monetary support from the state.

The basic principle of this proposal is that any person who is able to work and refuses a suitable job offer from the competent Office of Labour, Social Affairs and Family will lose all or part of their material need benefit.

Next steps

Employers should monitor any legislative developments, although no immediate action is required.

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Spain

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Reduction in statutory working week. New lower 37.5 hour statutory working week.

An agreement has been reached between the Spanish Ministry of Labour and the main trade unions to reduce the maximum working week from the current statutory 40 hours per week to an annual average of 37.5 hours by 2025 (with no reduction in salaries). The relevant adjustments to these working hours must be made before 31 December 2025.

Next steps

Employers should monitor any new developments and potential amendments during the legislative parliamentary process and plan ahead to implement any relevant changes that will be included in the bill's scope.

When is the change coming into effect?

The Council of Ministers approved the draft bill in February 2025; however, the bill is pending as parliamentary approval is awaited. The bill may be subject to some modifications during parliamentary debate, as it currently lacks the required majority to pass.

Digital and remotely accessible working time records.

Companies will be required to have digital and remotely accessible time records for all employees' working hours. These records should be available to the Labour and Social Security Inspectorate and to employees' representatives. These records must show the start and end of working hours and include pause/rest in working hours.

Sanctions for non-compliance will change from a company basis to sanctions being imposed on an individual violation basis (i.e. per employee record). Sanctions will be substantially increased from up to €7,501 per company to a sanction of up to €10,000 per employee.

Next steps

Employers should monitor any new developments and potential amendments during the legislative parliamentary process. Employers should plan ahead to implement any relevant changes that will be included in the bill's scope.

When is the change coming into effect?

The Council of Ministers approved the draft law in February 2025; however, the bill is pending parliamentary approval. The bill may be subject to some modifications during parliamentary debate, as it currently lacks the required majority to pass.

LGTBI Protocols

All companies with more than 50 employees must have a set of measures to guarantee and promote real and effective equality for LGTBI employees in the workplace, including a protocol that prevents harassment.

Royal Decree 1026/2024 contains these new measures and requires that the changes must be agreed at the sector-wide CBA level or, alternatively, at the company-CBA level if there is a company CBA.

Next steps

If the company has its own company-CBA, it should initiate collective negotiations of LGTBI protection measures immediately.

If the company does not have its own company-CBA, monitor the sector-wide applicable CBA to check if it has incorporated LGTBI measures. If it has not, proceed to adopt unilaterally the Royal Decree measures as minimum protections until the sector-wide CBA incorporates its own set of measures.

When is the change coming into effect?

The CBA Negotiation Commissions and companies with their own CBAs should have started collective negotiation by 10 January 2025 (or by 10 April 2025 if the company does not have workers' representatives).

However, for companies without their own company CBA (most cases), if the sector-wide CBA has not developed its own LGTBI measures by 10 January 2025, they must implement the Royal Decree measures unilaterally by this date, as minimum protections until the sector-wide CBA incorporates its own measures.

Spain (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Potential overhaul of statutory severance compensation

On 29 July 2024, the European Committee of Social Rights (ECSR) published its decision providing that the system for calculating severance pay in Spain does not comply with the European Social Charter (more specifically, that the caps in compensation scales included in Spanish Law limit judges' ability to award adequate compensation for all the damage suffered by employees).

To date, the Spanish Supreme Court has not ruled whether it will consider if the European Social Charter is directly applicable in Spain and increase statutory compensation in application of the Charter.

The Spanish Labour Ministry has already committed to introduce reforms that will establish a new severance system. It is intended that severance payments will be negotiated on a case-by-case basis and not on a pre-existing/pre-determined formula. This reform encourages employers to engage in termination negotiations on an individual employee basis.

Next steps

Employers should monitor legislative developments, as well as court decisions.

In cases where statutory severance is particularly low (e.g., low salary or short length of service), or where the employee may suffer special damage as a result of termination (e.g., right after assuming relocation costs to Spain), employers should consider where appropriate budgeting for additional/increased severance payment during negotiations with employees and/ employees' representatives.

Transparent and predictable working conditions

Spanish Parliament must hold a vote on the bill amending the Workers' Statute and other provisions on labour matters to comply with EU Directives on working conditions.

Even though many of the proposed changes were already part of Spain's employment framework (due to relevant case law or previous legislative reforms), there are several other other several changes to be implemented:

- Collective Bargaining Agreements will not increase the probationary periods laid out in the Spanish Workers' Statute.
- Employees with a length of service of six months or more will be eligible to apply for vacant positions in their company that require full-time or longer working hours. Employers will be expected to provide a reasoned written response within 15 days to an employee's application (employers may face administrative sanctions should they fail to issue a written response in accordance with the legislative requirements).

Next steps

Monitor any new developments and possible amendments that may be brought during the legislative process.

When is the change coming into effect?

The bill was introduced into Parliament in February 2024, but a Parliamentary vote has not been called. The final approval will depend on internal legislative deadlines (although it is expected that it will be approved at some point in 2025).

Spain (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Trainee statute

This draft bill includes (among other provisions): (i) the regulation of the number of trainees that a company may have (less than 20% of the workforce), (ii) the setting of limits on traineeship hours, and (iii) the compensation of expenses (e.g., travel, accommodation or meal expenses).

Trainees are defined in Spanish law as "Persons who do not have an employment relationship with the company. Instead, they are usually students who have a training relationship with the Company, structured through a collaboration agreement between the company and the trainee's educational institution. Their primary functions are formative so they can acquire professional experience, under the supervision of a tutor, and with no salary (although some sort of stipend is usually agreed)."

Next steps

Monitor any new developments and possible amendments that may be brought during the legislative process.

When is the change coming into effect?

The draft bill is currently awaiting approval by the Council of Ministers, although it is expected that it will be approved during 2025.

Increase in maternity and paternity leave

The Spanish Government has proposed extending parental leave from 16 weeks to 20 weeks.

However, this increase would be conditional on the approval of the General State Budget, which is still pending parliamentary negotiation.

The first 6 weeks would remain compulsory for each parent, while the remaining 14 weeks would be divided flexibly between the parents.

Next steps

Employers should monitor any legislative developments.

No immediate action required.

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Sweden

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Practical Application of the Temporary Agency Work Act Amendments

Companies are now required to comply with the legislative changes in the Swedish Agency Work Act (SFS 2012:854). The changes mandate that client companies must offer - until further notice - employment to agency workers who have been assigned with them for more than 24 months within a 36-month reference period. Alternatively, client companies can opt to compensate the worker with an amount equal to two months' base salary.

The amendment also presents challenges for temporary work agencies and consultancy firms, as it may lead to the loss of consultants to client companies. The law applies specifically to temporary work agencies, however as the difference between temporary work agencies and consultancy companies has become more diffuse and difficult to distinguish, it may require individual assessments to determine applicability. These assessments will consider the actual work circumstances, regardless of how a company classifies itself.

Next steps

Employers should diligently track the assignment durations of consultants and staffing agency workers across various client companies. It is also recommended that consultancy firms conduct thorough reviews of their employment contracts with consultants and service agreements with client companies. This strategic evaluation will help in mitigating the risks associated with the application of the law and ensure compliance with evolving legal standards.

When is the change coming into effect?

The changes have been in force since 1 October 2022, but the practical effects could be seen as of 1 October 2024, so the legal precedents are continuously evolving.

New Immigration Policies

The track change system (Sw. spårbyte) for residence permits has been removed. This means that it is no longer possible to apply for a work permit during the asylum application process or after an asylum application was rejected. More specifically, persons who have been granted a work permit during their asylum application process or after their asylum application was rejected, are not able to apply for a renewal of their work permit.

This change will reduce the pool of potential employees who can transition from asylum seekers to work permit holders in Sweden and may affect the ability of employers to recruit non-EU nationals. Additionally, employers who rely on international talent may have personnel being affected.

Next steps

Employers should assess potential risks by reviewing current work permit holders, and where applicable review recruitment strategies

When is the change coming into effect?

1 April 2025

Sweden

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Emerging case law on “just reasons” for termination

With the recent amendments to the Swedish Employment Protection Act (SFS 1982:80), which introduced "just reasons" as the standard requirement for terminations (as opposed to the previous "just cause"), we witness the first emerging case law interpreting this new standard. Hopefully such rulings from the Swedish Labour Court will provide guidance on the new boundaries between lawful and unlawful terminations and clarity on what constitutes "just reasons".

Next steps

Employers should pay close attention to these legal developments, as analysing relevant case law will help in understanding the practical application of the new rules.

When is the change coming into effect?

The legal standard changed on 1 October 2022, but we are now seeing the first case law relating to this change.

Implementation of the Pay Transparency Directive

The Swedish Government has released an official report on the implementation of the Pay Transparency Directive.

Swedish employers have long been required to conduct pay gap surveys. Consequently, many of the existing rules will remain unchanged, albeit with some additional tweaks and assessments.

Notably, it is proposed that employers with 100 or more employees will be required to submit gender pay gap reports to the Swedish Discrimination Ombudsman, the public authority responsible for overseeing this legislation. Other proposals include mandating that employers provide job candidates with salary ranges and relevant collective agreement provisions before salary negotiations commence.

The new pay transparency rules are proposed to take effect on June 7, 2026. It is important to note that amendments and additions may still be made to the current legislative proposal, as we are still in the early stages of the process.

Next steps

Employers should review their current pay structures, develop processes for providing salary information to applicants, and ensure they have systems in place to conduct thorough gender pay gap analyses.

New regulations on security clearances

The Swedish Government has issued an official report proposing new regulations on security clearances under the Protective Security Act (Sw. säkerhetsskyddslagen (2018:585)). The proposed changes will affect employers by introducing stricter evaluation criteria and allowing for appeal procedures of decisions on security clearance.

The new rules on security clearances are proposed to enter into force on 1 June 2026, and it should be noted that amendments and additions may be made to the current legislative proposal.

Next steps

Employers active in sectors like defence, aviation, and public services, are recommended to prepare for these changes as they will have implications on recruitment, employment contracts, and personnel management.

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United Arab Emirates

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

New ADGM Employment Regulations

The Abu Dhabi Global Market (ADGM) have issued the Employment Regulations 2024 which replace the regulations from 2019.

The new regulations clarify and expand certain rights and obligations of both employers and employees. They also introduce the concepts of remote and part-time employment.

Next steps

Employers in ADGM need to review and update their employment contracts, policies and HR practices.

When is the change coming into effect?

1 April 2025

Update and clarification of certain rules concerning employment

The UAE may update and clarify rules concerning the classification of an employee (vs. an independent contractor), work models (such as, for example, remote and hybrid), the replacement of the end-of-service gratuity model and generally a drive towards more compliance of employment and related regulations.

Next steps

Recommend monitoring official announcements on the introduction of new rules.

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United Kingdom

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Failure to prevent fraud offence for large employers

Under the Economic Crime and Corporate Transparency Act 2023, large employers that do not have reasonable preventative processes in place, may face criminal liability where an employee, agent, subsidiary or other associated person engages in fraud intending to benefit the employer.

Next steps

Assess whether your current fraud prevention policies and procedures are adequate in advance of the new offence coming into force and review the Home Office guidance, which sets out procedures that employers could put in place and how to develop or update existing policies, including risk assessments, training and reviewing whistleblowing procedures.

When is the change coming into effect?

1 September 2025

Employment Rights Bill

On 10 October 2024, the Bill (and the accompanying Next Steps to Make Work Pay policy paper) were published and set out a vast framework of enhanced employment law reforms to be delivered by the UK Government. The Bill proposes over 28 different reforms

The key proposals include:

- **Unfair dismissal protection**: no earlier than Autumn 2026, the two-year qualifying period for unfair dismissal protection will be removed, granting day-one "ordinary" unfair dismissal protection to employees. This is subject to an "initial period of employment", potentially simplifying certain dismissal processes during that period. The Government favours a nine-month initial period which will be subject to consultation during 2025.
- **Fire and rehire**: dismissals to be automatically unfair if the reason for the dismissal is an employee's refusal to accept changes to their terms and conditions, or if the employer intends to hire someone else on varied terms for the same role, unless exceptional circumstances apply, such as extreme financial difficulties.
- **Collective redundancy consultation:** will be required if there are either 20 or more redundancies at one establishment or a new higher threshold trigger (to be defined in regulations) is met, possibly based on a percentage or a higher number of employees across the business as a whole. In addition, the maximum protective award for employees will increase from 90 days to 180 days' full pay for each affected employee.
- **Guaranteed hours contracts:** zero and low hours workers and agency workers working regular hours over a defined period will have the right to be offered a guaranteed hours contract, reasonable notice of shifts and shift changes and compensation if shifts change with little notice.
- **Enhanced family-friendly rights:** including parental and paternity leave to become day-one rights; statutory bereavement leave to be available to all workers; miscarriage bereavement leave (for loss before 24 weeks' pregnancy); and enhanced protection against dismissal during pregnancy, maternity leave, and six months post-return from maternity or other statutory family leave.
- **Enforcement body**: a new body (expected to be called the Fair Work Agency) will be established with wide powers to enforce various worker rights including holiday pay, national minimum wage, and statutory sick pay.
- **Equality action plans**: to be published and implemented by employers with 250 or more employees showing steps taken to address the gender pay gap and support employees through the menopause.
- **Harassment:** liability for third-party harassment will be introduced and the duty to prevent sexual harassment broadened to "all reasonable steps".
- **Statutory sick pay:** will be available from day one of absence, and all employees will be entitled to the lower of the SSP weekly flat rate or 80% of average earnings.
- **Trade union and industrial relations:** significant reforms to trade union, industrial action and statutory recognition legislation.

Next steps

The Bill contains significant changes. It presents challenges for companies in determining how to prepare and assess the potential impact, given the timing for implementation remains uncertain, and many of the key proposals require details to be set out in further regulations and/or are subject to government consultation. It is important for employers to therefore closely monitor developments, as certain provisions may have quicker implementation than others, and to consider if any initial preparatory actions can be taken.

When is the change coming into effect?

An exact date is awaited. The Bill is currently progressing through the UK Parliament and is expected to receive Royal Assent by July 2025. With some possible exceptions that may come into effect sooner, the majority of the reforms are not expected to take effect until 2026.

United Kingdom (cont.)

High priority	Immediate action may be required
Medium priority	Action within the coming months
Low priority	Monitor developments
On the horizon	Monitor developments

Paternity leave for bereaved parents

The Paternity Leave (Bereavement) Act 2024 received Royal Assent in May 2024. However, there is not yet a date for this new right to come into force.

The Act introduces a day-one statutory right for fathers and partners to take up to 52 weeks' paternity leave if the child's mother, adoptive parent, or intended parent in a surrogacy arrangement passes away shortly after the child's birth. Previously, employees in such circumstances were limited to choosing between paternity leave or shared parental leave. Under the Act, bereaved fathers or partners are entitled to take both types of leave separately.

Further regulations are needed to bring the new right into force and to clarify various aspects including notification requirements, the duration of the permitted leave and any pay during the period, and employer duties and responsibilities in accommodating and supporting employees taking such leave.

Next steps

Once the date for the new right to come into force is established, update your workplace documentation including:

- Policies: ensure that your paternity leave and/or other family leave policies reflect the new right and provide clear guidance on how employees can request bereavement leave.
- Handbooks and company intranet: where appropriate, update employee handbooks and/or the company intranet to detail the process for requesting bereavement leave and any related procedures.

When is the change coming into effect?

An exact date is awaited. The Government has not indicated a possible timeframe, and the required regulations are still awaited. The timeline and pace of bringing this right into force could be affected by the broader legislative developments in employment law (see above).

Equality (Race and Disability) Bill

This Bill is expected to (i) extend the right to equal pay for ethnic minorities and disabled workers and (ii) introduce mandatory reporting on ethnicity and disability pay gaps for organisations with 250 or more employees. At the time of writing, the Government has opened a consultation to seek views on how ethnicity and disability pay gap reporting should be implemented. It is expected to use a similar framework to that currently in place for gender pay gap reporting, noting the specific challenges that arise in relation to collecting data and reporting on ethnicity and disability. The consultation closed on 10 June 2025 and is expected to shape the provisions in the Bill.

It is anticipated that the Bill will be published following the consultation. The exact date is unknown, however, it is expected by Summer or Autumn 2025, with the above provisions coming into force at some point in 2026.

Next steps

To prepare for the upcoming reporting requirements, employers may consider proactive steps including auditing and reviewing data collection on ethnicity and disability within the workforce; assessing the quantity and quality of current data collection; and identifying and addressing any potential pay disparities.

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