



Pay equity and transparency

Pay transparency is now a central compliance priority for EU employers, with focus intensifying around the EU Pay Transparency Directive's 7 June 2026 transposition deadline.

The Directive introduces the following key requirements: gender pay gap reporting for employers with 100+ employees in one EU country (including by category of worker), with reporting obligations phased depending on employer size; obligations to address unjustified pay gaps, including joint pay assessments where gaps of 5% or more are not remedied; and individual rights to pay information – such as providing the starting salary or range sufficiently early to allow a transparent and informed negotiation on pay, a ban on salary history questions, and the right to average pay data for comparable roles by sex - as well as a prohibition on pay secrecy clauses. Workers' representatives play a central role in consultation, data validation, and remediation.

Despite the 7 June 2026 transposition deadline having now passed, Member States are at varying stages of transposition. While some may have hoped for a delay to the deadline, this will not happen. On 22 May 2026, the European Commission confirmed there will be no pause, and it does not envisage the Directive being included in any future simplification package. With the deadline unchanged, Member States that fail to comply risk infringement proceedings.

Only **Italy, Lithuania, Malta** and **Slovakia** have fully transposed the Directive. Even so, Lithuania and Slovakia's transposing laws do not all implement the rights by the effective dates envisaged by the Directive.

Most other Member States are delayed but progressing, with draft legislation or consultations underway in **Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Latvia, the Netherlands, Poland** and **Romania**. Several of these are adopting phased or partial approaches, or targeting implementation in 2027, or later. While Estonia originally said it would rather accept a fine than transpose the Directive, it has since decided to transpose parts of it relating to pre-employment transparency.

A further group has yet to begin formal legislative processes, being **Austria, Croatia, Hungary, Luxembourg, Portugal, Slovenia and Spain**.

Finally, **Sweden** has postponed transposition entirely, stating that the Directive is "far too administratively burdensome" and giving no clear timeline for implementation.

Looking beyond the **EU, European Economic Area** jurisdictions look set to transpose the Directive. While **Norway** has yet to begin the formal legislative process, **Iceland** and **Lichenstein** are expected to transpose, although their timelines remain unclear. **Montenegro** has also transposed the Directive, effective from April 2026.

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Pay equity and transparency

Although the Directive does not apply in the UK, from April 2027, employers who report their gender pay gap will be required to produce and publish “equality action plans” covering the steps taken to reduce the gender pay gap and support employees through the menopause. This signals a philosophical shift from a requirement only to publish towards an active obligation to take action, as employers must choose what measures they implement.

Overall, the direction is clear: pay transparency and gender pay gap reporting obligations are expanding not just across **Europe** but worldwide. The Organisation for Economic Co-operation and Development (OECD), comprising 38 member countries across Europe, the Americas, Asia and Oceania, noted in April 2026 that gender pay gap reporting is becoming standard practice. Currently, 21 countries mandate such reporting for private sector employers, which is expected to rise to 31 by the end of 2026.

Further afield, significant developments continue. **Brazil** now requires companies with 100+ workers to submit pay information to a government portal and the relevant ministry publishes gender pay gap reports and **Japan** has expanded its public reporting obligations for gender wage gaps to companies with 101+ employees, down from 301+ employees.

In the **US**, although asking salary history questions is already unlawful in a number of states, a new wave of pay transparency is emerging in Democratic-run areas. A growing number of states and cities require employers to include salary ranges in job postings or to comply with new reporting obligations. For example, **New York City** voted in December 2025 to require annual pay data reporting for employers with 200+ employees, although these obligations are not expected to take effect until January 2028.

For multinational employers, the challenge lies in navigating increasingly complex and divergent legal requirements across jurisdictions, while also meeting growing employee expectations for transparency and fairness.



Diversity, equity and inclusion (DEI)

A defining feature of DEI globally is increasing divergence, with regulatory expansion in **Europe** and parts of **Asia**, political and legal retrenchment in the **US** at federal level and in Republican-run states and a growing employer shift away from headline DEI programmes towards approaches built into core HR processes, policies and compliance frameworks. In **Europe**, DEI is increasingly embedded in binding legal frameworks. The **EU's** Women on Boards Directive requires listed companies to meet gender balance targets by June 2026 - 40% of non-executive directors or 33% of all directors must be women. A further **EU** Directive aiming to prevent and combat violence against women and domestic violence is due to be transposed by June 2027.

The **EU's** Gender Equality Strategy 2026-2030, adopted in March 2026, also expands the scope of DEI by linking it to economic competitiveness and labour market resilience. It also highlights emerging risks, including AI bias, cyberviolence and women's health, signalling a move into adjacent areas such as algorithmic management, AI governance and psychosocial and digital workplace safety.

National reform is also advancing, with proposed anti-discrimination law changes in **Germany** which would extend limitation periods for discrimination claims and introduce formal mediation processes. In **Ukraine**, updated quota rules require employers to revisit how disability employment targets are calculated, reinforcing the need for accurate workforce data and ongoing compliance monitoring.

Singapore's Workplace Fairness Act (expected to apply from late 2027) will codify anti-discrimination protections and require compulsory mediation for disputes before claims can proceed.

In contrast, the **US** presents a more fragmented picture. Executive Orders issued in early 2025 marked an initial rollback of federal DEI mandates. Subsequent litigation and enforcement have produced diverging approaches across the country. For multinational employers, the result is a patchwork: the rules on DEI programmes currently vary by state, and the position remains unsettled.

Further executive action has added compliance obligations on federal contractors. This is aimed at curbing DEI programming among employers that do business with the federal government. At state-level, the Attorneys General for **Florida** and **Texas** each issued guidance in January 2026 advising that many DEI and affirmative action measures in both the public and private sectors may breach race-based discrimination under federal and state law.

Global regulation of workplace sexual harassment continues to tighten. In **India**, the mandatory SHE-BOX portal (an online government portal for filing, registering, and monitoring workplace sexual harassment complaints) requires all public and private establishments employing 10 or more employees to register their organisational details. **Japan** has introduced stronger harassment prevention duties and expanded workforce disclosure requirements and in **South Korea**, proposed reforms expand liability for workplace sexual harassment.



Diversity, equity and inclusion (DEI)

Poland is set to tighten workplace bullying rules under upcoming Labour Code amendments, with minimum compensation for bullying claims rising to six times the statutory minimum wage. In the **UK**, the duty to take reasonable steps to prevent sexual harassment will be strengthened to take “all” reasonable steps and employers will also be liable for third party harassment (unless all reasonable steps were taken to prevent this) from October 2026.

Restrictions on non-disclosure agreements (NDAs) are also tightening. In **Australia, Victoria** has passed legislation to limit the use of NDAs in workplace sexual harassment cases, ensuring that where used, confidentiality arrangements do not unnecessarily restrict a complainant’s ability to speak about their experiences. In the **UK**, NDAs will be tightened up with any provision in an agreement that prevents a worker from making allegations/disclosures about harassment or discrimination classed as void. In the **US, Illinois** amendments to the Workplace Transparency Act, which took effect in January 2026, also add restrictions to NDAs, requiring that any confidentiality clause in a settlement or termination agreement must expire within five years of the incident in question.

Alongside these developments, DEI is increasingly shaped by systems, technology and demographics.

Ageing workforces, caregiving responsibilities and women’s health (including menopause) are increasingly treated as structural issues linked to retention, productivity and labour shortages. AI-driven decision-making is also recognised as a key source of potential bias, with the EU AI Act explicitly linking AI governance to discrimination risks and pushing employers towards data governance and auditability.



Artificial Intelligence in the workplace

Under the **EU AI Act**, AI used in the employment context is classified as high risk, including across the employment lifecycle, from recruitment to termination. Deployers are subject to requirements including assigning trained and competent human oversight, ensuring data relevance and representativeness, and informing individuals and workers' representatives about the use of AI. These high-risk obligations were due to take effect in August 2026; however, the Council Presidency and European Parliament recently struck a provisional deal to streamline parts of the Act and delay certain provisions. Under the revised timetable, high-risk AI rules now won't apply until December 2027 for standalone high-risk AI systems and August 2028 for high-risk AI systems embedded in products.

The European Commission has recently published draft guidelines on the classification of high-risk systems, to help providers and deployers assess whether enhanced compliance obligations apply. It has also launched a major consultation on potential **EU** legislative action on algorithmic management and other AI-related workplace issues, with a focus on maintaining job quality.

National implementation of the EU AI Act is accelerating across **Europe**. **Germany** presented a draft bill in February 2026, implementing the EU AI Act and designating federal and state level authorities responsible for market surveillance.

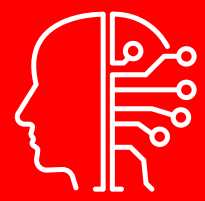
Ireland published the General Scheme of the Artificial Intelligence Regulation Bill 2026 in February, introducing a regulatory model with thirteen existing sectoral authorities to supervise AI systems within their industries, with the National AI Office acting as the coordinator of the national approach. Fines for violations of prohibited AI practices could reach up to EUR 35 million or 7% of worldwide turnover, and EUR 15 million or 3% of global turnover for non-compliance with obligations applicable to high-risk AI systems.

Italy's new AI framework does not introduce any new obligations beyond those provided for in the EU AI Act but encourages responsible AI use to improve working conditions and requires employers to inform employees about any automated decision-making or monitoring systems.

Similarly, **Slovenia** has enacted a law (effective November 2025) establishing competent authorities, enforcement and fines under the EU AI Act, including penalties where employers fail to inform employees about the use of high-risk AI systems.

Aside from the EU AI Act, in **France**, the data protection authority has identified the use of automated decision-making tools in recruitment as one of its enforcement priorities this year.

Turning to Asia Pacific, in **Australia**, Microsoft has entered into a framework agreement with the Australian Council of Trade Unions to promote responsible AI use in workplaces. At a policy level, Australia's AI regulatory framework is still being developed. detailed regulation.



Artificial Intelligence in the workplace

Japan has enacted its first AI legislation, which came into full effect in September 2025. The framework takes a pro-innovation approach, with no monetary penalties and reliance on government-issued guidelines. Similarly, **Malaysia** established its AI Office in October 2025, which has developed its first AI Governance Bill and is expected to develop guidelines on the responsible use of AI in employment decisions. **India** is taking a broad, innovation-led approach to AI, supported by national guidance rather than detailed regulation.

The **UK** and **US** are also adopting pro-innovation approaches. In the UK, changes are being introduced through amendments to existing laws and sector specific guidance rather than comprehensive AI legislation. The Regulating for Growth Bill will introduce regulatory sandboxes, allowing businesses to live-test new technology in a controlled regulatory environment. Another significant UK development is the move to regulate Automated Decision Making through a permission-with-safeguards regime, rather than the **EU's** prohibition-with-exceptions approach (unless special category data is involved). This will make the technology easier to use in the UK, albeit under intense scrutiny from the Information Commissioner's Office.

In the **US**, President Trump signed an Executive Order aiming to challenge state AI laws inconsistent with the Order, working with Congress to develop a national AI policy that sustains “global AI dominance through a minimally burdensome national policy framework.” In contrast to the UK, California has introduced new AI rules restricting how employers use automated tools in hiring and workplace decisions, with employers mandated to retain all Automated Decision System records for four years. Illinois has banned the use of zip codes as a proxy for protected classes in predictive analytics and now requires employers to notify employees about AI use in employment decisions.



Working hours and arrangements

Hybrid and remote working are now embedded in the employment relationship, but tension remains between employee expectations of flexibility and employers' need for in-person collaboration and control.

In **Ireland**, the right to request remote and flexible working has been criticised as lacking teeth due to limited scrutiny of employer refusals; however, a statutory review found the regime fit for purpose, with updates limited to the existing Code of Practice and a targeted awareness campaign. **Cyprus** is expected to issue a decree specifying the minimum amount employers must cover for remote working arrangements and in **France**, the Supreme Court confirmed that remote workers are entitled to the same benefits as on-site employees, including meal vouchers.

In **Latin America**, many jurisdictions are reducing statutory maximum working hours to promote employee wellbeing and work-life balance. **Mexico's** landmark constitutional reform will reduce weekly working hours from 48 to 40 by 2030 through phased two-hour annual reductions. Brazil is considering lowering the maximum weekly working hours from 44 to 40. **Chile** reduced its standard working week from 44 to 42 hours from April 2026, and **Colombia** is reducing its weekly limit to 42 hours from July 2026. The right to disconnect has become a legislative priority in many countries.

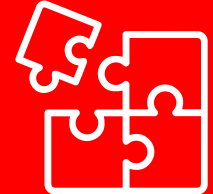
At EU level, a consultation concluded in October 2025 on exploring soft-law or legislative initiatives on the right to disconnect and remote work.

Australia's new right to disconnect extended to include small employers in August 2025 and **Mexico** is progressing a broader right to disconnect for all employees, extending beyond the current protection limited to remote workers.

Belgium plans to introduce a general working time recording obligation from January 2027, requiring all employers to implement an objective, reliable and flexible system, while retaining discretion over the method. In **Mexico**, employers will be required to maintain electronic records of each employee's working hours from January 2027 and in **Spain**, the government is finalising the technical regulations to make time recording 100% digital.

In **Hong Kong**, the new continuous contract test broadens access to statutory benefits for irregular-hours workers. There have been several developments in **India**, including **Haryana** laying down specific conditions for employing women during night shifts, and **Maharashtra** extending 24/7 operating permission for larger establishments. Across **India**, states are increasingly moving towards more flexible working hours and rostering arrangements. In **South Korea**, the government is supporting a four-and-a-half-day work week pilots rather than mandating shorter hours.

Meanwhile, **Luxembourg's** law on Sunday working, which came into force in January 2026, has doubled the permitted hours from four to eight, subject to appropriate agreements being in place.



Restructuring, redundancy and termination

Recent developments across multiple jurisdictions show a continued focus on collective redundancy consultation obligations, alongside new measures aimed at mitigating job losses and broader reforms to termination laws.

Collective consultation rules have been refined in several countries. A September 2025 **European Court of Justice** ruling confirms that dismissals arising from employees' refusal to accept changes under a collective mobility agreement can count towards collective redundancy thresholds under the EU Collective Redundancies Directive. It also clarifies that consultation must begin once redundancies are reasonably foreseeable.

Finland has raised the scope of its Co-operation Act from 20 to 50 employees (from July 2025), easing obligations for smaller employers, while retaining limited obligations for those with 20 to 49 staff. It has also shortened mandatory consultation periods for workforce reductions by half.

In the **UK**, the maximum protective award for collective consultation failures doubled from 90 to 180 days' pay per employee in April 2026. An Employment Appeal Tribunal decision also narrowed the scope of collective consultation by holding that obligations are triggered by future redundancy proposals, making it less likely earlier proposals will be aggregated to meet thresholds.

Some jurisdictions are introducing measures to avoid redundancies. **Luxembourg** has strengthened its employee retention regime, promoting tools such as training, redeployment, staff loans and state aid.

Slovenia has introduced a scheme allowing employers to partially recover wage costs for employees on reduced hours due to economic or crisis-related conditions.

On termination reforms, **Finland** has lowered the threshold for dismissal on individual grounds. In **Italy**, limits on compensation for unlawful dismissal in small businesses have been partly struck down as unconstitutional. In **Spain**, the European Committee of Social Rights found the unfair dismissal regime non-compliant with the European Social Charter, although the Supreme Court has rejected additional compensation for unfair dismissal.

The **UK** is also making significant changes. The qualifying period for unfair dismissal protection will be reduced from two years to six months, and the current cap on unfair dismissal compensation will be removed. In addition, employers' use of "fire and rehire" dismissals from January 2027 will also be significantly restricted for core contractual changes, with only a limited exception where the change is necessary to avoid impending financial collapse. In **Australia**, workplace safety regulators are placing increased scrutiny on psychosocial risks arising from organisational changes and restructuring, particularly where consultation and risk planning fall short. Employers are therefore expected to manage psychosocial risks, such as uncertainty, role ambiguity and inadequate consultation, with the same rigour as physical hazards. A similar trend is emerging in the **UK**, with growing focus on safeguarding employee wellbeing during restructuring.

Elsewhere, in **New Zealand**, a proposed bill will introduce protected termination discussions between employers and employees, while **Uruguay** is considering a significant shift towards requiring notice and justification for dismissals, alongside greater trade union involvement.



Non-competes

Post-employment restrictive covenants face increasing scrutiny globally. In the **US**, the Federal Trade Commission (FTC) has abandoned its plans for a blanket ban on non-compete agreements as of September 2025 and will instead take a case-by-case enforcement approach. Employers should continue to monitor developments at state level, where restrictions on post-employment covenants are expanding. For example, in March 2026, Washington State enacted legislation effectively banning most non-competes for employees and contractors, with retroactive effect.

In **Australia**, the government announced in mid-2025 that it intends to introduce new legislation to limit the use of post-employment restraint of trade clauses, particularly for lower- and middle-income employees. While the detail and timing of these reforms remain to be seen, the announcement signals increased scrutiny of non-compete arrangements as a matter of labour mobility and competition policy.

In August 2025, **China's** Supreme Court issued a new judicial interpretation clarifying the rules on non-compete restrictions. It confirms that the scope of restricted activities, geographic reach and duration may all be assessed for “excessiveness”. It also limits enforceability to employees with access to trade secrets or IP-related confidential information, marking a shift from the previous approach, which permitted non-competes for any employee who had agreed to them.

In **India**, the **Delhi** High Court confirmed in June 2025 that post-employment non-compete clauses are void unless narrowly tailored to protect legitimate proprietary interests such as trade secrets or confidential information. Although **Singapore** has confirmed that it is not currently considering a ban on non-compete agreements, the government is working to develop a set of tripartite guidelines to shape norms and provide employers with further guidance on the inclusion of non-compete clauses in employment contracts. The **UK** government published a working paper in November 2025 seeking views on potential reforms to non-compete clauses in employment contracts. The consultation closed in February 2026.



Wages

Minimum wage and pay-related developments remain a priority across multiple jurisdictions, with a continued trend towards increased statutory intervention, enhanced enforcement and a focus on fairness and transparency.

At **EU** level, the Court of Justice upheld most provisions of the Adequate Minimum Wage Directive in November 2025, despite a recommendation for its annulment. This ruling confirmed that Member States must create frameworks and action plans to promote collective bargaining where coverage falls below 80%, whilst retaining their own wage-setting models. The **UK** has created the Fair Work Agency, a state enforcement body which has taken over national minimum wage enforcement and will also be able to enforce payment of certain statutory payments to workers, including holiday pay and sick pay.

Outside of **Europe**, legislative responses to “wage theft” continue to gain momentum.

In October 2025, **South Korea** introduced significant legislation to strengthen wage theft penalties, including enhanced financial penalties, credit sanctions, restrictions on government support, disadvantages in public procurement, stronger criminal liability, and travel bans for non-compliant employers. Saudi Arabia has clarified enforcement under its Wage Protection Program, with wage delays beyond 20 days triggering inspection and delays beyond three months potentially leading to full suspension of the employer's activities. Wage reform is also taking shape in **India**, flowing from its new Labour Codes, with related rules issued in May 2026 impacting wage calculation, deduction limits and bonus payment timelines.

In the **US**, the One Big Beautiful Bill (OBBB) Act introduced tax exemptions on tips, with the Treasury publishing a list of 68 tipped occupations eligible for the “No Tax on Tips” provision.

Meanwhile, in August 2025, **Malaysia** extended minimum wage entitlements to apprentices for the first time.



Trade union and collective rights

Periods of economic uncertainty often drive increased employee activism and stronger support for unionised workforces. Amid growing disruption from geopolitical and technological change, a clear trend has emerged at both EU and national level towards strengthening collective worker rights and trade union protections. This is likely to translate into more proactive engagement by employers with trade unions, worker representatives and other mechanisms that give employees a collective voice.

Sweeping reforms to the European Works Council (EWC) Directive were adopted in December 2025, removing long-standing exemptions, expanding scope, and strengthening enforcement, with transposition required by January 2028 with the majority of provisions taking effect from January 2029. The amendments make EWCs easier to establish, better funded and more legally protected. Key revisions include removing exemptions for pre-1996 agreements, clarifying what constitutes transnational matters, introducing stronger legal protections for EWC members including coverage of legal costs, and financial penalties that must be effective and dissuasive. The changes are also reflective of European objectives to promote gender balance and transparency. National developments also reflect similar patterns of expanding worker representation mechanisms.

France has expanded the right to bring class actions allowing trade unions to bring suits against employers on behalf of multiple employees. In **Germany**, 2026 has seen the introduction of laws requiring companies entering into and/or carrying out federal public contracts to comply with working conditions set out in sector-specific collective agreements with the intention of curbing wage dumping and strengthening collective bargaining coverage. In **Greece**, collective bargaining has been strengthened by lowering the extension threshold to 40%, enabling broader application of agreements, and restoring their terms until replaced.

In **Italy**, a new law, effective from June 2025, introduces a framework for employee participation in governance, including representation on corporate bodies and profit-sharing arrangements. This aligns with recent clarification from the Constitutional Court on the rules governing the establishment of workplace trade union representation.

Poland has enacted a comprehensive new law on collective labour agreements, expanding the permissible subject matter to include artificial intelligence and gender equality, and broadening potential coverage to include non-employees. It also proposes greater flexibility in how information is exchanged between employers and trade unions or works councils, allowing it to be provided in written, documentary or electronic form.



Trade union and collective rights

The **UK** is undergoing a radical transformation of its industrial relations framework through the Employment Rights Act. From October 2026, a statutory right for trade unions to access workplaces, including both physical and digital access, for organising and campaigning is expected to take effect, along with a new duty on employers to notify workers of their right to join a union. Measures which will make union recognition easier to achieve took effect in April 2026.

Ireland, by contrast, confirms its commitment to a voluntarist model under the Action Plan to Promote Collective Bargaining 2026–2030, meaning employers will not be compelled to recognise trade unions but may do so voluntarily, although the Government has committed to engaging with social partners on workplace access by unions.

Beyond **Europe**, significant legislative reforms are reshaping the collective rights landscape.

Canada has introduced a ban on using replacement workers during federal labour disputes, with penalties of CAD 100,000 (approximately GBP 55,000) per day for non-compliance.

In **Australia**, the current focus has shifted to the practical operation of its recent collective bargaining reforms implemented over the last several years, particularly the expanded multi-employer bargaining framework, with early case law beginning to shape how it will operate in practice.

In Hong Kong, amendments to the Trade Unions Ordinance took effect in January 2026, tightening national security controls over union registration, funding and leadership, although the practical impact is likely to be limited given generally low levels of union activity. **South Korea's** “Yellow Envelope Act” broadens “employer” to include entities with substantial control over working conditions, meaning that major clients or customers may be treated as employers of a contractor’s workforce, potentially requiring collective bargaining and prohibiting them from using replacement workers during lawful industrial action.

In **India**, a new February 2026 law consolidates and clarifies key aspects of industrial relations, including trade union recognition, strike and lockout notice requirements, and dispute resolution. This is complemented by May 2026 industrial relations rules (introduced as part of the implementation of the new Indian Labour Codes), which establish a comprehensive framework for trade union registration, recognition of negotiating bodies, standing orders, and dispute resolution processes.

Arising from a review by the International Labour Organisation, both **Kazakhstan** and **Uruguay** have proposed changes to domestic legislation regarding the right to strike.



Leave and entitlements

Family-related leave entitlements are continuing to expand globally, with many jurisdictions increasing leave or widening eligibility.

Indonesia's new comprehensive Labour Law, which came into force in April 2026, introduced expanded family-related leave including enhanced maternity and paternity leave entitlements. In South Korea, significant amendments have been made to family leave including enhanced maternity leave and doubled paternity leave.

Spain has extended parental leave to 19 weeks per parent, with two additional weeks in cases of disability or multiple births and additional provisions for single-parent families. In the UK, paternity and parental leave are now day-one rights for employees. A wider review of the family leave system is also facing calls to extend paternity leave.

The **Indian** Supreme Court has ruled that adoptive mothers are entitled to 12 weeks of maternity leave, regardless of the child's age. **Thailand** has increased maternity leave to 120 days and introduced 15 days of paid paternity leave. **Turkey** has also doubled the length of its post-natal maternity leave period to 16 weeks bringing the total maternity leave entitlement to 24 weeks.

Recognising the need for flexibility, **Belgium** is continuing to pursue legislative change to allow maternity leave to be transferred to partners whilst **Japan** now requires employers to implement at least two flexible working measures for employees with children under the age of three

until elementary school entry, such as flexible start/finish times or shortened working hours. **South Korea** has also introduced greater flexibility around shared parenting and reduced working hours for childcare.

Many jurisdictions have introduced neonatal leave for parents with newborn babies who are required to stay in hospital. **Thailand** also offers a further 15 days for infant care leave following on from maternity leave where a newborn has health complications.

In **South Korea**, infertility treatment leave is also being strengthened, with paid leave increasing from two to four days out of a six-day entitlement.

There continues to be a growing recognition of the importance of bereavement leave. **Spain** is planning to extend paid bereavement leave to ten working days and the **UK** is introducing unpaid bereavement leave for employees next year.

Malta has introduced paid parental bereavement leave of up to seven days for parents who lose a child under the age of 18. **Northern Ireland** has gone a step further and introduced statutory miscarriage leave for both parents.

With growing numbers of workers on long term sick leave, some jurisdictions are looking at new ways to support. **Italy** has introduced a new 24-month period of unpaid leave for workers with serious illnesses such as cancer, and from January 2026, affected workers will receive 10 hours of paid leave per year for medical treatment. The **UK** has reformed statutory sick pay (SSP) with effect from April 2026, making SSP payable from day one of sickness (instead of day four) and widening entitlement to very low earners.



Leave and entitlements

In **Japan**, major Labour Standards Act reform is on the horizon, alongside new obligations to support employees balancing medical treatment and work.

Meanwhile, earlier this year, **Belgium** enacted legislation introducing measures aimed at preventing long-term sick leave such as requiring stricter follow-up on long-term incapacitated workers and sanctions for those who do not engage with occupational physicians.

Last year, **Karnataka** in **India** joined several other jurisdictions recognising menstrual leave, granting women one paid day of menstrual leave per month.

New Zealand has announced plans to repeal and replace the Holidays Act with a new Employment Leave Act based on an hours-based system for accruing leave.

In the **US**, mandatory insurance programmes providing partial wage replacement during family or medical leave are becoming increasingly common. **Virginia** is the latest state to enact a comprehensive paid leave scheme, allowing eligible employees to take up to 12 weeks of protected paid leave, with wage replacement of up to 80% of average weekly earnings, subject to a cap.

Finally, in **Mexico**, a bill introduced in January 2026 proposes a new statutory right for employees, on their birthday, to choose between a paid day off or double pay for working subject, to 15 business days' notice, with an unjustified refusal by the employer constituting a labour violation.



Platform workers and employment status

The **EU** Platform Work Directive, which must be transposed by December 2026, introduces a rebuttable presumption that platform workers are employees where elements of control and direction are present, together with strict rules on algorithmic management. It also imposes rules on human oversight and data governance, placing constraints on automated decision-making in platform work. Parallel national reforms, including in **Italy**, reflect this approach through strengthened employment presumptions and enhanced transparency and record-keeping where algorithmic control is used.

At national level, misclassification enforcement activity is accelerating. In **Poland**, from 2026, labour inspectors can reclassify civil law contracts (including mandate contracts, contracts for specific work and business-to-business (B2B) arrangements) as employment contracts through administrative decisions with immediate effect, including retroactive impact for up to three years, with associated financial penalties. This signals a shift towards enforcement-led regulation.

The **Netherlands** is also at the forefront. From January 2026, full enforcement of false self-employment rules has resumed, including retroactive payroll tax assessments. A partial ‘soft landing’ limits penalties in 2026 to cases of intent or gross negligence, with full enforcement from January 2027.

Draft legislation is progressing to clarify employment status and introduce a presumption of employment for lower-paid workers, shifting the burden of proof onto engaging entities.

In **Asia Pacific**, regulation and protection of gig workers continues to expand. Australia has established a framework for extending targeted protections (such as minimum standards and unfair deactivation rights) to certain “employee-like” platform workers. China has introduced comprehensive new labour rules for over 200 million gig workers, marking the first formal extension of protections to platform workers. The measures mandate minimum wages, cap working hours through app-based controls, and require algorithm transparency, with full compliance by 2027 as part of a broader strategy to support both worker protection and consumer-driven growth. In **India**, **Telangana** state has introduced the country’s first state-level bill for gig and platform workers, requiring platform registration, worker database maintenance and ongoing compliance obligations aimed at extending social security and welfare measures. In **Japan**, freelancers are gaining protection under the Freelance Protection Act and broader workers’ compensation coverage, and from October 2026 employers must inform certain non-regular workers at hiring of their right to request explanations for differences in treatment versus regular employees, reinforcing transparency at the outset.



Platform workers and employment status

Malaysia's Gig Workers Act 2025 (in force from March 2026) regulates service terms, introduces just-cause protections against termination and establishes a Gig Workers Tribunal and a Consultative Council.

In **Latin America**, the **Brazilian** Supreme Court is considering a potentially landmark ruling on the employment status of app-based drivers that could set a binding national precedent.

More broadly, jurisdictions are exploring wider reforms to employment definitions and liability frameworks. This includes proposals to broaden the concept of “employer” and strengthen liability for indirect engagement in **Thailand** and clarify distinctions between employment and self-employment in **Germany**.

At international level, the International Labour Organisation (ILO) agreed in June 2025 to begin work on binding standards for decent work in the platform economy. The ILO intends to produce an industry standard for platform work in June 2026.

Environmental, social, and governance considerations remain firmly on the agenda, but in the current economic climate, competitiveness often takes priority. What we are seeing is not a full retreat from ESG, but a recalibration.

The **EU's** Omnibus Simplification Package, adopted in February 2026, substantially reformed both the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive, amending thresholds and timelines to reduce the burden on businesses. Member states must transpose the reporting provisions by March 2027 and the due diligence provisions by July 2028.

The **EU** Forced Labour Regulation will take effect in December 2027, placing a comprehensive ban on products made with forced labour being sold, offered, or exported from the **EU**, applying across a product's entire supply chain.

Turning to climate, this continues to be a national priority in many jurisdictions, particularly where it touches employee-related carbon emissions and environmental responsibility. In **Spain**, the Sustainable Mobility Law has tightened deadlines, now requiring large companies to develop sustainable mobility plans, negotiate them with workers' representatives, and consider offsetting carbon emissions, all by December 2026.

China has issued new ESG disclosure guidelines aligned with global standards, with full implementation by 2030. The **Philippines** is moving forward with mandatory ESG reporting aligned with ISSB standards, starting in 2026 for large-listed companies and phasing in full compliance by 2030.

In **Latin America**, **Brazil's** requirement for 30% female board representation in public companies is closely linked to growing ESG-related investor pressure.

In **Australia**, as noted above, workplace health and safety regulation is seeing a significant shift, with psychosocial risk now treated as a board-level priority.

Hong Kong is expanding its Mandatory Reference Checking Scheme. Phase two broadens scope beyond senior management to regulated roles such as risk and compliance staff, with potential expansion to insurance and securities sectors, aimed at preventing “rolling bad apples” across the financial sector. Finally, **Japan** has amended its Whistleblower Protection Act to empower the Consumer Affairs Agency to issue non-compliance orders and establish criminal penalties for retaliatory action against whistleblowers.



Retirement and pensions

Pension reform is one of the defining themes of the current legislative cycle, as governments continue to grapple with ageing populations, shrinking workforces and fiscal sustainability pressures.

Auto-enrolment is emerging as the policy tool of choice for broadening pension coverage. Ireland's "My Future Fund", launched in January 2026, automatically enrolls eligible employees not already in an occupational scheme, with contributions starting at 1.5% and rising to 6% over ten years, which will be matched by employers. **Malta** is following suit, with an auto-enrolment regime proposed for June 2026 requiring a minimum employee contribution of EUR 50 per month.

Several jurisdictions are raising retirement ages. **Sweden** increased its official retirement age from 66 to 67 in January 2026, with draft legislation proposing to align the employment protection age limit dynamically with the national retirement age. **South Korea** continues to debate raising the mandatory retirement age from 60 to 65, though no bill has yet secured majority support. In Ireland, employees can refuse to retire at a contractual retirement age below the State pension age (66).

Phased and partial retirement models are gaining traction. **Austria** introduced partial pensions from January 2026 for employees entitled to an old-age pension who reduce working hours by 25–75%, while tightening part-time pre-retirement rules. In **France**, a decree effective from July 2025 allows phased retirement from age 60, regardless of the rising legal retirement age (now increasing from 62 to 64), and a “Seniors” law is expected to limit employers' ability to reject such requests.

In the **Netherlands**, the temporary exemption removing the levy on early retirement arrangements agreed before January 2026 is being phased out. For 2026, the levy increases to 57.7% and the threshold to EUR 2,357 gross per month. The simplified WIA assessment for employees aged 60+ has also been reintroduced. **Slovenia's** "80/90/100" scheme allows workers aged 58 and above to reduce working time while maintaining nearly full pay and full pension contributions.

Contribution obligations are rising across the board. **Australia** will require employers to pay superannuation at the same time as wages from July 2026, with new penalties for non-compliance. In **Bahrain**, social insurance contribution rate increases have been implemented as part of broader pension system reform. **Cyprus** is implementing social contributions regulation amendments and pension reform measures in 2026. The **Czech Republic** now requires employers to make 4% contributions to retirement savings for employees in hazardous work. In **Hong Kong**, the Mandatory Provident Fund Authority is considering a 33% MPF contribution hike to match rising costs of living. **Germany's** Second Occupational Pension Strengthening Act and Active Pension Act took effect in January 2026, expanding social partner pension coverage. **Luxembourg** has raised its pension insurance contribution rate from 24.0% to 25.5% and is gradually increasing the mandatory contribution period from 480 to 488 months by 2030. In **New Zealand**, KiwiSaver contribution rates rise from 3% to 3.5% in April 2026 and to 4% in April 2028.



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Several jurisdictions are pursuing broader reform packages. **Belgium** is abolishing its current pension bonus for salaried and self-employed workers, replacing it with a system rewarding work beyond statutory retirement age and penalising early retirement. **Italy's** 2026 Budget Law increases minimum pensions and strengthens supplementary pension provision. Meanwhile, **Slovenia** has introduced new pension and social security obligations for employers with 10 or more employees in 2026. Implementation has not been even across all jurisdictions. In **Colombia**, the Constitutional Court has suspended the pension reform pending a ruling on its constitutionality.

In **Asia Pacific**, **India** opened a temporary EPF amnesty window (until April 2026) to allow employers to enrol previously omitted employees without penalties, while also simplifying administrative processes on the Employees' Provident Fund Organisation (EPFO) portal to ease compliance. **Thailand's** Employee Welfare Fund has been deferred to October 2026, when employer and employee contributions of 0.25% will begin. In **South Korea**, the Supreme Court clarified in early 2026 which performance bonuses constitute “wages”, which is significant for calculating severance pay and retirement pension benefits.