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Global Snapshot

Hot Employment Law Topics for 2026

Labour & Employment

We know that for many of our clients and contacts with a multijurisdictional mandate, horizon-scanning and trend spotting is critical to allow for forward planning and to avoid surprises. With this in mind, at the start of this year, we asked the partners across our global Labour & Employment practice to identify the key employment law topics for 2026 in their respective jurisdictions.

Here is what they shared with us to help you in your decision making for 2026 and beyond.

We consider that staying ahead will be more important than ever in 2026 – as can be seen from the "at a glance" table on pages 2 and 3, a key theme for 2026 is "change", with many of the jurisdictions covered in this guide introducing local legislation on a variety of different issues this year. Although there appears to be a real "mixed bag" of new legislation, it is notable that many of the legislative changes will mean improved rights for workers and greater obligations for employers, with the potential downside risks of legal liability for the employer, financial cost and potential reputational damage for getting it wrong. This continues the trend of recent years, but will no doubt continue to present challenges for employers due to the additional cost and time required, in already tricky economic conditions for many.

Pay Transparency

Pay equity and pay transparency will continue to be a global hot topic in 2026. As of year-end 2025, there are 25 US state or local jurisdictions where pay transparency laws have been enacted and are either currently effective, or will become effective in the next two years. Similarly, one of the key legislative changes that will apply across the EU is the Pay Transparency Directive. With just over six months to go until it comes into force, we are finally starting to see some more steps being taken in some EU member states to prepare for its implementation. Progress is, however, still rather slow. This is not a reason for employers not to take action! We would continue to urge affected companies to be taking steps now to comply with the requirements of the Directive. It looks like most member states will not issue any draft legislation until late in the day, which means that if companies wait for local implementing legislation, they will not have sufficient time to ensure their business is compliant with the new obligations. Ensuring compliance is likely to require a great deal of work by most employers – this is not something you are going to be able to achieve in a few months. As the minimum requirements in the Directive are clear, employers should be using these as the framework for their preparations. It is also likely that local implementing legislation/guidance may not necessarily add much to what is already set out in the Directive, as member states seem unwilling to go further than the minimum requirements set out there.

For more information, please visit our Pay Transparency Directive and Pay Equity Resource Hub.

We can support you in relation to all aspects of preparing for implementation of the EU Pay Transparency Directive, as well as your broader pay equity strategy – from reviewing your current pay structures and practices to identify potential areas of challenge, to supporting with "dry runs" of your gender pay gap reporting in individual EU member states.

Our global footprint and extensive experience of delivering global projects for clients means we can provide joined-up support to ensure your pay practices and structures align with the requirements of the Directive, as well as any local implementing legislation across all your affected markets.

Global Edge also provides up to date information and a tracker of member state implementation of the Pay Transparency Directive.

Global Edge is our award-winning subscription-based product that gives instant access to the latest global employment law developments in 38 countries, direct to a mobile device or desktop. It is an invaluable tool for in-house counsel and HR professionals in global organisations, providing up to date, clear guidance on 29 key employment law topics and upcoming legislation. If you need more comprehensive information and support, please visit our Global Edge page or contact us on global.edge@squirepb.com.

Our Employment Law Worldview Blog aims to interest and educate, to stimulate discussion, to provoke and sometimes just to amuse. Through contributions from our own Labour & Employment lawyers, along with occasional guest writers, it provides a unique global insight into practical and legal HR issues relevant to employers everywhere.

At a Glance – Hot Employment Law Topics for 2026

The headlines are highlighted below. More detail can be found in the fuller commentaries specific to each jurisdiction – simply click on the relevant flag for more information.

Australia

- Significant court decision impacting the use of set-off clauses for award covered employees
- Introduction of a new privacy tort
- Potential changes in relation to non-compete clauses
- Continuing focus on the use of artificial intelligence (AI) in the workplace
- Introduction of "payday" superannuation obligations

Belgium

- New national government – important employment reforms ahead
- Preparation for the EU Pay Transparency Directive
- Legislative measures to reduce long-term absences

Brazil

- Various legislative changes that relate to worker rights
- Key rulings from the Brazilian Supreme Court, including on the employment status of platform workers
- New focus on mental health by labour authorities

China

- Various legislative changes, many of which relate to worker rights
- New Compliance Guide for employers on implementing non-compete restrictions

Czech Republic

- Unified monthly employer reporting
- Mandatory employer contribution to supplementary pension savings
- Qualified employee stock options
- Unemployment benefits reform
- Obligations arising from the EU Pay Transparency Directive
- Continuing focus on the use of AI in the workplace

France

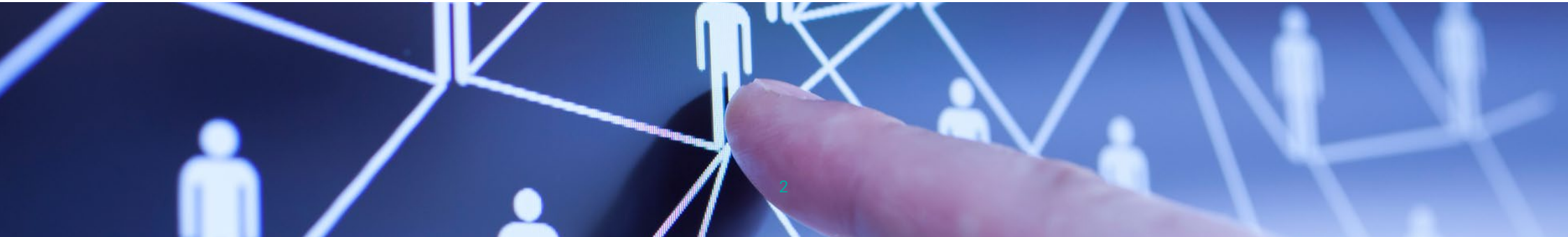
- Changes to business immigration rules concerning sanctions, language requirements for foreign workers and flexibility to the EU Blue Card
- Environmental, Social and Governance (ESG) reporting – EU Corporate Sustainability Reporting Directive (CSRD)
- Scope of class actions' regime is significantly extended
- Changes due to the New Social Security Financing Act in force since 1 January 2026 (LFSS 2026)
- Preparation for the EU Pay Transparency Directive
- Leave of absence for approval to adopt
- Mandatory negotiations on employment of experienced employees

Germany

- Labour Market Strengthening Act – Changes have been made to encourage individuals to remain in the workforce after the standard retirement age
- Works Council elections will take place between 1 March and 31 May 2026
- Preparation for the EU Pay Transparency Directive

Hong Kong

- Change to the definition of "continuous contract"
- Increase in number of statutory holidays
- Review of statutory minimum wage



Italy

- Preparation for EU Pay Transparency Directive
- Various legislative changes which relate to worker rights
- 2026 Budget Law
- Key case law developments – Constitutional Court's intervention
- Improvements to collaboration between employers and employees
- ESG reporting – EU CSRD
- Strict judicial scrutiny of non-compete covenants
- Law on AI regulation

Netherlands

- Equivalent employment conditions for temporary agency workers
- New pension system
- Delayed implementation of EU Pay Transparency Directive
- Local legislative proposals, including an authorisation requirement for temporary employment agencies, a limitation of the statutory severance compensation scheme and stricter rules for non-compete clauses
- Increase of the tax-free home working allowance.
- Indexation of the minimum hourly wage

Poland

- Various legislative changes, many of which relate to worker rights
- New regime for the employment of foreign employees
- Comprehensive implementation of EU Pay Transparency Directive

Republic of Ireland

- Ongoing expansion of gender pay gap reporting and preparation for EU Pay Transparency Directive implementation
- Trend of "quiet redundancies" and closer scrutiny of collective redundancy process
- Increase in claims of discrimination, whistleblowing, bullying/harassment claims and procedural unfairness, especially in investigations
- Increased scrutiny on use of post-termination restrictions
- Increase in numbers of complex investigations

Saudi Arabia (KSA)

- Changes to KSA labour law
- New three-year Saudisation plan
- Increased flexibility for the engagement of foreign nationals
- Regional Headquarters (RHQ) programme – update
- New Saudi Personal Data Protection Law
- New Unified Employment Contract
- AI-driven labour compliance and enforcement: increasing use of AI-enabled digital platforms.

Singapore

- First Anti-Discrimination Legislation passed
- Tripartite Advisory on providing accommodations for persons with disabilities
- Tripartite Guidelines on the use of restrictive covenants
- Further enhancement of shared parental leave

Slovak Republic

- Transposition of EU Pay Transparency Directive
- Dependent work: New definition
- Prevention and suppression of illegal employment
- Increase in social security and health insurance contributions, and changes in sick leave compensation
- Changes related to public holidays

Spain

- Various legislative changes, many of which relate to worker rights
- Preparation for EU Pay Transparency Directive
- ESG reporting – EU CSRD

United Arab Emirates

- Minimum wage for Emiratis in private sector
- Updates to the Wage Protection System
- Emiratisation rules
- UAE Data Protection Law – further details due to be published in Q1 2026
- AI-driven employment and immigration enforcement
- Individuals and entities convicted of financial fraud
- ADGM Employment Regulations 2025

United Kingdom

- The new Employment Rights Act 2025
- Workplace investigations
- Continuing focus on the use of AI in the workplace

USA

- Various US Supreme Court decisions, including in "reverse discrimination" case
- New pay transparency laws
- Restructurings/Layoffs
- Developments in restrictive covenant enforcement
- State developments in paid sick and family leave
- Developments in AI laws in various states
- Increased immigration workplace enforcement, visa scrutiny and travel restrictions

Jurisdiction	Hot Topics for 2026
Australia	• **Annualised salaries and set-off** – On 5 September 2025, the Federal Court of Australia handed down a decision against two leading supermarket retailers, which held that payments made to an employee in one pay period that exceed an employer's minimum payment obligations could not be used to discharge minimum payment obligations in another pay period (i.e. set-offs could only occur within the same pay period). This means that an employee must be paid their minimum entitlements under an applicable industrial instrument in full in each pay period, and any shortfall in a pay period must be topped up by the employer, even if the employee's annual salary is sufficient to cover their entitlements at law over the course of a year. The court also clarified what will be considered a genuine agreement in which an employee agrees to vary an award entitlement (e.g. agreeing to a monthly pay where the employee is entitled to a fortnightly pay under the relevant award), and what is required of an employer to adequately discharge its record keeping obligations under the Fair Work Regulations 2009 (Cth). Employers should seek advice on how to practically manage the impacts of this decision. The decision is expected to be appealed. • **Privacy Tort** – On 10 June 2025, the Privacy Act 1988 (Cth) (Privacy Act) was amended to introduce a new statutory cause of action (or tort) for serious invasions of privacy. While employers are exempt from the application of the Australian Privacy Principles under the employee records exemption, this exemption will not protect an employer from the application of the tort. In practice, it may be difficult for an employee plaintiff to satisfy the elements of the tort, given the high thresholds that must be satisfied (e.g. invasion of privacy must be serious). That said, the statutory tort makes available new avenues for employees to seek redress against employers for invasions of their privacy that were not previously available under the Privacy Act. Employers should take proactive measures to address risks, including updating their privacy and workplace surveillance policies, as well as implementing appropriate staff training. • **Non-compete clauses** – As part of its 2025/2026 federal budget, the recently elected federal government announced plans to "ban" non-compete clauses for "most" workers in Australia. This commitment came in light of concerns that non-compete and related clauses were potentially hampering job mobility, innovation and wage growth in industries where they are prevalent. The federal government has indicated its plans to ban non-compete clauses for those workers earning under the high-income threshold (currently AU$183,100 but adjusted annually on 1 July each year). The federal government has now completed consultation on the proposal, and any new legislative changes are anticipated to come into effect from 2027.

Jurisdiction	Hot Topics for 2026
	• **AI** – It will be no surprise that, as is the case in other jurisdictions, AI continues to be a hot topic for 2026. For now, it seems that Australia has decided against adopting a standalone comprehensive AI Act. Following the release of a National AI Plan on 2 December 2025 Australia has opted for a "regulation where necessary" approach that utilises existing laws and targeted voluntary guidance. There may however be updates to employment related legislation to address, for example, the impact on the rights of employees at work and the extension of workplace health and safety legislation to include the workplace risks posed by AI, e.g. in relation to the psychosocial hazards. This is a rapidly evolving space, and businesses will need to ensure that they keep abreast of any new developments. • **Payday superannuation changes –** The federal government has recently introduced significant changes to Australia's superannuation (i.e. pension) regime. Under the new regime, which takes effect from 1 July 2026, employers will be required to make superannuation guarantee contributions at the same time as they pay salary and wages to employees (rather than on a quarterly basis). While the superannuation guarantee rate will remain at 12%, contributions will be calculated by reference to an employee's "qualifying earnings", which include ordinary time earnings and certain other payments. Superannuation guarantee contributions must be received by the employee's nominated superannuation fund within seven days of each payday. If contributions are not received within this timeframe, a superannuation guarantee charge will apply. Penalties will apply for late payment of superannuation contributions. Employers should start consulting internally, and with any payroll providers to ensure that they are prepared to transition to the new regime and comply with their obligations under the new law.
Belgium	• **Employment reform** – A new Belgian federal government was formed in January 2025, and some important changes have been announced on the employment law front: – The principle of automatic indexation of wages, by which wages rise with the cost of living, will be retained for the time being, but the social partners have been asked to prepare an opinion on the issue by the end of 2026. Meanwhile, both in 2026 and 2028, only wages up to €4,000 will be indexed (the salary above €4,000 will not be increased). Companies will have to transfer half the benefit they derive from this measure to the state. This €4,000 ceiling will only apply to the first 2% of the index in a year. It will affect employees with a gross salary above €4,000, which is about 40% of Belgian employees. – The new government is also focussed on (abusive) short-term absences and long-term illness. Employees on long-term sick leave who do not cooperate with reintegration efforts risk losing part of their benefits. – The new government also aims to make labour law more flexible. The ban on night work will be scrapped completely. Night work, which is already allowed in many sectors under certain conditions, should henceforth only start at midnight instead of 8 p.m. Furthermore, holidays would become transferable to subsequent years, and overtime, limited to 360 hours per year, would be exempt from tax and social security. – The total maximum value of meal vouchers has increased from €8 to €10 per voucher. Other vouchers, such as eco vouchers, consumption vouchers, sports and culture vouchers, will be abolished. – The coalition agreement also talks about far-reaching pension reforms. The reforms aim to keep the pension system affordable in the long-term. Phased retirement and respect for acquired rights are central. The agreement also includes a measure on early retirement which, going forward, would be possible as soon as an employee can prove 42 career years effectively performed, whether or not this was in a heavy-duty profession. – The so-called bridge pension arrangement came to an end in 2025. Under this arrangement, older employees who were made redundant were allowed to go into semi-early retirement, on a combination of unemployment benefits and an allowance paid by their last employer. – Reform of unemployment benefits should encourage non-working people to take steps to get a (new) job. Those who lose their job will receive higher unemployment benefits for the first three months. After that, benefits will gradually decrease and will stop after two years. Conversely, employees will be allowed to resign once in their careers and still claim unemployment benefits for a limited period, provided they have worked for a year. This should prevent those who do their job reluctantly from staying in such a job. – The government wants to ensure that forms of employment such as digital nomads, cross-border teleworking and seasonal workers remain equally flexible or even more flexible, while European standards are observed and respected.

Jurisdiction	Hot Topics for 2026
	• **Preparation for EU Pay Transparency Directive** – The fact that the EU's Pay Transparency Directive does not have to be implemented by local member states until 2026 (and Belgium is notoriously late!), coupled with the fact that Belgium already has legislation in place that at least partially meets the objectives of the directive means that this has not been a hot topic in Belgium in 2025. Depending on the current level of pay transparency, and the specific needs and goals of the company, it would however be more than prudent for employers to start preparing for compliance with the directive. • **Increase in "burnout" and other long-term absences –** As the number of employees on long-term absence continues to rise, more measures are being introduced to force employers to address the situation at a company level. Conversely, we are seeing (the start of) a trend where former employees claim damages from their employer for not having taken sufficient measures to prevent their long-term illness. Employers should therefore review their numbers and the steps they currently take to prevent burnout type situations, as well as consider whether they might need to do more to satisfy their duties with respect to health and safety. An update of the employee handbook is required to include regular check-ins with absent employees. For more information, please see our recent blog Belgium's action plan to combat long-term absence requires employers to take action too.
Brazil	• **Legislative discussions on changes to the working week** – Brazilian legislation currently allows employees to work six days per week with one day of rest, and the Constitution establishes that the working week should be up to eight hours per day and 44 hours per week. Proposed Constitutional Amendment (PEC) 8/2025 seeks to reduce the standard working week from 44 to 36 hours (distributed over four days), without any corresponding salary reduction, thereby eliminating the six-day working week. The proposed amendment is currently at the initial stage of the legislative process, pending analysis by the competent committees prior to any plenary vote. To date, the proposal has not been approved by any committee, nor has it advanced to deliberation by the full Chamber. Additionally, an amendment to PEC 145/2015 was approved by the Senate's Constitution and Justice Committee on 10 December 2025, also focusing on ending the 6×1 schedule, by gradually reducing the weekly workload from 44 to 36 hours over five years, while guaranteeing two consecutive rest days. Both PECs aim to end the 6×1 work schedule and reduce the weekly work week, differing in the mode of implementation. It remains to be seen which, if any, of the two will pass the legislative process. • **Key rulings from the Brazilian Supreme Court** – Several important labour issues are expected to be reviewed by the Brazilian Supreme Court in 2026. – Regulation of work through digital platforms – The Brazilian Supreme Court will judge a leading case to decide whether drivers and delivery workers providing services on digital platforms should have employment status or not. This decision will have general repercussions and will be binding on all similar ongoing cases. In addition, legislative bills regulating work through electronic platforms are pending in Congress and may be approved in 2026. – The Brazilian Supreme Court is also expected to rule on the legality of service provision contracts entered into between companies and individuals through their legal entities. Recently, Justice Gilmar Mendes of the Supreme Court suspended all active lawsuits in the country until the Court's final decision on the matter, which will be binding on appellate courts and lower labour courts. – Additionally, the Brazilian Supreme Court is expected to address the enforcement of awards against group companies. The current position requires demonstrating abuse of the legal entity (deviation from purpose, asset confusion or creditor fraud) to hold companies within the same conglomerate jointly liable if they were not included in the claim during the discovery stage, although this position is not yet definitive. • The Superior Labour Court (TST) is also expected to decide when and how non-unionised workers can exercise their right to opt out of paying trade union contributions, a matter that would directly affect union funding. • **New focus on mental health by labour authorities –** Amendments to Labor Regulation No. 1 (NR-1) came into effect on 26 May 2025, requiring companies to include psychosocial risk mapping within the scope of their Occupational Risk Management (GRO) by 26 May 2026. These changes include new obligations for mapping and managing psychosocial risks within the scope of the Occupational Risk Management (GRO), in addition to the traditional physical, chemical, biological, psychosocial and accident-related risks already managed by companies due to their activities and the extent of their risks. NR-1 expressly expands companies' responsibilities to identify, assess and manage risks that may affect workers' mental health. Enforcement of the new rules will begin in May 2026, which means that no fines will be imposed for non-compliance until then. Compliance with new NR-1 poses a complex challenge for employers, requiring a multidisciplinary approach and in-depth technical and legal knowledge. Companies must balance compliance with the standard, despite the lack of objective criteria for many of the required actions, and the mitigation of legal and reputational risks.

Jurisdiction	Hot Topics for 2026
China	• **Supreme Court Judicial Interpretation II on labor dispute cases** – This Interpretation II, effective from 1 September 2025, provides authoritative guidance for courts on handling labor dispute cases. It aims to unify the application of law nationwide by clarifying contentious issues, including but not limited to: the circumstances that should be recognised as "consecutive conclusion of two fixed-term labor contracts"; the situations where an employer is not required to pay double wages despite the failure to conclude a written labor contract; the consequences of agreements to waive social insurance contributions; and the circumstances under which the labor contract cannot continue to be performed, etc. Businesses must closely review their HR practices and dispute resolution strategies to ensure compliance. • **Revised Occupational Disease Catalogue recognises new occupational diseases** – Effective 1 August 2025, the revised catalogue expands the official list of recognised occupational diseases in China. Two new categories have been added to the catalogue: Occupational Musculoskeletal Disorders, and Occupational Mental and Behavioural Disorders, with one newly added disease designated under each category. The revisions demonstrate a broadening of understanding of workplace-related health risks. However, the revisions appear to be sector specific. For example, Post Traumatic Stress Disorder (PTSD) has been added to the catalogue under the category of Occupational Mental and Behavioural Disorders, but only for those in emergency services (such as the police, healthcare workers and fire and rescue personnel involved in handling emergencies). Additionally, manufacturing workers who suffer from carpel tunnel syndrome as a result of prolonged repetitive or forceful wrist activities may qualify for occupational disease certification under the category of Occupational Musculoskeletal Disorders, but those who work in white-collar jobs do not. The catalogue also re-categorises certain diseases and reorganises the order of relevant disease categories and conditions. Employers should review health and safety protocols to ensure that workplace safety policies align with the new classifications. • **Ministry of Human Resources and Social Security (MOHRSS) Opinions (III) on implementing the "Work-Related Injury Insurance Regulations"** – Effective 13 November 2025, the Opinions (III) provide detailed clarifications on the practical application of the Work-Related Injury Insurance Regulations. It addresses long-standing ambiguities, covering scenarios such as injuries occurring during business travel, commuting or at flexible/remote workplaces. It also clarifies coverage for non-standard workers, the procedures for injury reporting and certification, and the sharing of costs between the insurance fund and employers. Employers are recommended to review their internal reporting procedures and workplace safety management to align with these rules. • **Compliance Guide for employers on implementing non-compete restrictions** – On 4 September 2025, MOHRSS issued this Compliance Guide to offer practical guidance for employers on legally enforcing non-compete agreements. The guide clearly stipulates the preconditions for implementing non-compete restrictions, requiring employers to first confirm the content and scope of trade secrets, as well as prohibiting the inclusion of workers who do not know or have no access to trade secrets. It details permissible scope, duration and geography of non-compete restrictions, and provides explicit guidance on payment of financial compensation during the non-compete period, including calculation methods and payment timelines. It also clarifies dispute resolution channels, guiding employers to implement non-compete systems in a compliant manner while protecting workers' right to employment and career development. • **MOHRSS Draft Provisional Rules on Protecting Basic Rights and Interests of Over-Age Workers** – Released on 31 July 2025 for public consultation, this draft regulation is a landmark initiative aimed at protecting workers who continue to work beyond the statutory retirement age. It addresses the legal grey area where such workers are often excluded from standard labor law protections. Key provisions focus on ensuring basic rights of these workers including workplace safety, protection against discrimination, timely payment of wages, etc. The draft regulation aims to adapt the legal framework to an aging workforce. The feedback from the consultation process will shape the final version of the regulation, indicating a significant forthcoming change in how businesses manage this growing segment of the labor force.

Jurisdiction	Hot Topics for 2026
Czech Republic	• **Unified Monthly Employer Reporting (JMHZ)** – As of 1 January 2026, a new unified employer reporting system has been introduced, replacing dozens of existing submissions to tax authorities, social security offices and labour authorities. The new report will consolidate detailed information on employers, employees, employment relationships, remuneration, taxes and social security contributions. The reported data will be shared among public authorities, significantly increasing transparency and regulatory oversight. The actual electronic filing will start in April 2026, with the first report covering April 2026 and required to be submitted by 20 May 2026. Reports for January-March 2026 must be submitted retroactively, separately for each month, no later than 30 June 2026. Employers will be required to update payroll systems and internal processes to ensure compliance with the new reporting format and applicable deadlines. It is also important to emphasise that health insurance contributions continue to be reported under the existing rules, albeit exclusively electronically as of 1 January 2026. • **Mandatory employer contribution to supplementary pension savings** – From the beginning of 2026, employers will be newly required to make monthly contributions to supplementary pension insurance for employees performing hazardous work classified in risk category III, but only where such work involves the following specific risk factors such as vibrations, exposure to cold, exposure to heat or overall physical strain. The contribution will generally amount to 4% of the employee's assessment base for social security purposes, provided that the employee performs at least three qualifying shifts of such hazardous work in a given month. The legislation aims to support employees in physically demanding roles by building additional retirement savings, in line with the broader pension reforms adopted in 2024. Employers will be required to identify affected positions, implement appropriate administrative processes for the contributions and inform eligible employees of their entitlement. • **Employee share and option plans (qualified employee stock options/ESOP)** – From 1 January 2026, a new preferential tax regime for qualified employee stock options is introduced, aimed primarily at smaller innovative companies and startups. Provided statutory conditions are met (on the option itself as well as on the qualified employer and qualified employee), the "benefit" is designed to follow a "no tax before cash" approach, i.e. no taxation at grant or exercise, with taxation generally triggered only upon the employee's monetisation (sale) of the acquired share/interest. In addition, the income from the qualified regime is treated as other income (rather than employment income), and should not be subject to social security and health insurance contributions. • **Unemployment benefits reform** – From 1 January 2026, the unemployment benefit system became more generous in the early phase of unemployment. In the initial months, unemployed individuals will be entitled to benefits of up to 80% of their previous average net earnings, compared to the current 65%, followed by a gradual decrease over time to encourage a return to work. Eligibility conditions will be tightened through a longer required insurance period, and age thresholds determining the duration of benefit entitlement will be shifted upwards. The maximum unemployment benefit will also increase, as it will be calculated from a higher proportion of the national average wage. • **Pay transparency** – Given the upcoming deadline for the implementation of the EU Pay Transparency Directive, significant legislative changes in this area are expected. Employers should anticipate new obligations relating to access to pay information, reporting requirements and internal remuneration structures. Although detailed implementing rules are still pending, companies are already advised to review pay-setting mechanisms, internal data availability and potential gender pay gaps to prepare for the upcoming requirements. • **AI** – Even though no specific regulation regarding AI has been adopted yet, the use of AI in Czech companies is increasing dramatically and remains a highly debated topic. Furthermore, with the EU AI Act, businesses must ensure compliance with strict requirements for transparency, accountability and risk management when deploying AI tools in human resources (HR) processes such as recruitment, monitoring or performance evaluations. Employers should also proactively prepare internal policies to regulate the use of AI, ensuring the protection of client and customer data while addressing potential risks of discrimination or privacy breaches.

Jurisdiction	Hot Topics for 2026
France	• **Changes to business immigration rules** – A new law to control immigration and support inclusion came into force during 2024. Foreign employees now have up to 80 hours of training to learn French, and such hours will count towards their effective working time. On a weekly basis, such training should not exceed 10% of the employee's weekly working time and the employees should have signed a Republication Integration Contract. If the employee uses their own personal training account for such training, only 28 hours of training will count towards their effective working time. Employers should be aware that hiring foreign employees who are not authorised to work in France means they run the risk of a fine of up to €20,750 per illegal employee. This also applies to foreign employees who hold a work permit, but who are employed in a region of France that is not covered by their work permit. Moreover, to apply for a work permit, an employer should be able to provide recent proof (from within the last six months) that it has paid all its social security contributions to the state. A new law came into force from 2 May 2025, introducing some changes to the EU Blue Card to try and attract more international talent, including making key changes to eligibility criteria, contract length and mobility requirements. • **EU CSRD** – This directive has been implemented in France and came into force on 5 January 2024. As from 1 January 2025, it was supposed to apply to non-European companies listed on an EU stock exchange and to European companies if they meet two of the following three criteria: (i) more than 250 employees on average; (ii) a balance sheet above €20 million; and (iii) a net turnover above €40 million. These companies will have to issue a report considering ESG criteria such as factors relating to social and human rights, including, in particular, working conditions, but also governance factors, including the presentation of internal control systems and sustainability risk management. Such a report was supposed to be issued in 2026 for the year 2025. Since 1 January 2025, there is also an obligation to inform and consult the Social and Economic Committee on sustainability in the course of the annual mandatory consultations. A new law came into force from 2 May 2025, which clarifies that such information and consultation obligations must take place in the course of one of the mandatory consultations: strategic orientations of the company, financial and economic situation of the company or social policy of the company. Such an agreement should be agreed during 2025, prior to the period during which the mandatory consultations must take place. For companies for whom the changes were due to be implemented from 1 January 2026, these have been postponed until 1 January 2028 (for financial year 2027). New information obligations for small- and medium-sized companies listed on a stock exchange will apply as from 1 January 2029 (for financial year 2028). • **Class actions regime –** On 2 May 2025, France introduced significant changes to its class actions regime. These changes affect class actions in a variety of areas, including consumer, environmental and employment law. Crucially, from an employment law perspective, they expand the type of claims that can be brought. Trade unions and certain associations that meet specific criteria to be approved by the French administration have the right to bring class actions on behalf of employees. They will be able to bring claims in a wider variety of circumstances, including where they allege that an employer has breached its contractual obligations towards its employees. Previously, class actions against employers were limited to discrimination and data protection law. The new regime also introduces new penalties, a specific amicable procedure to put an end to class actions, as well as greater scope for cross-border class actions. Listen to the recording of our previous webinar on these changes. • **Changes due to the New Social Security Financing Act in force since 1 January 2026 (LFSS 2026) –** Contribution rate for Mutual Termination Agreements and Employer-initiated Retirements is now 40% (vs 30 % previously), effective immediately for the fraction of the severance that is exempted from social security contributions. A new birth leave right will be in force from July 2026 that will allow each parent to take up to two months of additional paid absence at 70% of their net salary for the first month and 60% for the second month. To be eligible, the child or children must be born from 1 January 2026. It also applies to parents who adopt a child that arrives from 1 January 2026. • **Leave of absence for approval to adopt –** Introduced by the decree No. 2025-1439 of 31 December 2025, an employee who applies for approval to adopt a child is entitled to leave authorisations to attend mandatory interviews required to obtain approval. The maximum number of absences authorisations is five per approval procedure. The count of absences is reset whenever a new approval procedure is initiated by the employee. • **Preparation for EU Pay Transparency Directive –** Although the EU Pay Transparency Directive should only take effect on 7 June 2026, the French Parliament has resumed consultations on 15 January 2026, after four months of interruption due to political context. A new session is scheduled for 29 January and could be conclusive.

Jurisdiction	Hot Topics for 2026
	• **Mandatory negotiations on employment of experienced employees –** Introduced by the Law No. 2025-989 of 24 October 2025, social dialogue in sectors and companies on the employment of older workers is strengthened, with the obligation to negotiate at least once every four years within the professional sector. However, companies with at least 300 employees must negotiate separately. If not, a penalty will be applied to the employer's contributions for retirement and widowhood insurances. Moreover, a new contract promoting experience will be trialled for five years to encourage the recruitment of older workers. This permanent contract will be open to job seekers aged 60 or over. It will be open to job seekers over 57 or over if a collective agreement stipulates it. Nevertheless, an employer cannot recruit an employee who has worked for the company or within the same group during the previous six months.
Germany	• **Changes made to encourage individuals to remain in the workforce after the standard retirement age** – On 1 January 2026, the so-called "active pension" came into effect, to encourage individuals to remain in the workforce after reaching the standard retirement age. Employees who have reached the statutory retirement age and who choose to continue working will now be entitled to earn additional income without having to pay income tax, thanks to the so-called "active pension". Additional income of up to €2,000 per month is generally income tax-free. However, contributions to health and nursing care insurance must be paid. On earnings exceeding €2,000 per month, income tax must be paid. The active pension does not apply to self-employed individuals, farmers and foresters, mini-jobs or civil servants. – To facilitate the active pension for employees who seek to remain in their organisation, the ban on pre-employment in the Part-Time and Limited Term Employment Act was also lifted from 1 January 2026. Previously, the Part-Time and Fixed-Term Employment Act (*Teilzeit-und Befristungsgesetz, TzBfG)* stipulated that a fixed-term employment contract without objective grounds was not permissible, if a fixed-term or permanent employment relationship had already existed with the same employer in the past. This effectively blocked companies from allowing employees to work past their retirement age. However, the maximum duration of the fixed-term contract is eight years in total. • **Works council elections** – Between 1 March and 31 May 2026, works council elections, which are held every four years in Germany, will take place in all companies that already have a works council. Moreover, if a company has several operations, each with its own works council, an election campaign and works council election will be held in each individual operation. Employers who plan restructuring exercises need to be aware of the timing of that restructuring since the works council election can trigger special dismissal protection to employees involved in the election. Please also see our blog in this regard. • **Pay Transparency Act *(Entgelttransparenzgesetz)*** – The EU Pay Transparency Directive must be implemented by 7 June 2026 at the latest – this will likely be achieved in Germany by amending the existing Pay Transparency Act. An expert commission has developed proposals for a "low-bureaucracy" implementation that provides extensive rights to information for applicants and employees (including salary ranges in job advertisements), reporting obligations for larger companies (with 100 or more employees), as well as a reversal of the burden of proof in cases of discrimination. • **Minimum wage** – On 1 January 2026, the statutory minimum wage was raised from €12.82 to €13.90 gross per hour worked. In 2027, it has already been decided that the minimum wage will increase to €14.60. **Other legislative changes on hold:** • **Working time recording** – Recording working hours (the start, end and duration of daily working hours) is already an obligation for employers – this has been ruled by both the European Court of Justice and the Federal Labour Court (*Bundesarbeitsgericht*). However, numerous questions remain, such as how exactly this should be done and whether there are any exceptions. This is because there is still no legal framework in place, despite promises from the government to address this issue. As the law has not yet specified, there is considerable freedom in this regard. Whether the hours are recorded using an app, an Excel spreadsheet or in the traditional manner on paper is of secondary importance, as long as the system is tamper-proof and objective. • **Works council elections in digital form** – The legislative amendment is being discussed but remains on hold. It is certain that the current works council election period in 2026 will not yet be digital. However, the 2030 election could potentially take place digitally.

Jurisdiction	Hot Topics for 2026
Hong Kong	• **Change to the definition of "continuous contract"** – Currently, employees who work for the same employer for four or more consecutive weeks, with 18 hours or more in each of the consecutive weeks, are regarded as being employed under a continuous contract. This definition will be relaxed with effect from 18 January 2026 as follows: – The weekly working hours threshold shall be lowered from 18 hours to 17 hours – There shall be an alternative of using the aggregate working hours in four weeks as a counting unit, in which a week with less than 17 working hours be counted towards a continuous employment period provided the sum of the working hours of that week and those of the three weeks immediately preceding that week reaches 68 hours A change in the definition of "continuous contract" will impact whether an employee is entitled to rights such as rest days, annual leave with pay, etc. • **Increase in number of statutory holidays** – The number of statutory holidays in 2026 has increased from 14 to 15, with the addition of the Easter Monday as a statutory holiday in Hong Kong. • **Review of statutory minimum wage** – The statutory minimum wage in Hong Kong is reviewed annually based on a specific formula. Change to the minimum wage, if any, is expected to take effect on 7 June 2026.
Italy	• **Preparation for EU Pay Transparency Directive** – While Italy is already partly in line with the provisions in the EU Directive, some modifications may be necessary concerning the principle of equal pay for work of equal value and pay transparency in the employment relationship and during the selection process. According to current Italian legislation, employees with similar roles may not necessarily receive the same level of compensation, since the employer has a certain degree of discretion. The implementation of the EU Pay Transparency Directive may change this situation. Moreover, significant modifications may be foreseen regarding pay transparency – employers will be obliged to make accessible to workers the criteria used to determine pay, pay levels and pay progression, which must in any case be gender neutral. Moreover, during staff selection, applicants will have the right to receive information about their initial pay and they will not be obliged to disclose their current pay or prior pay history. The Ministry of Labor has initiated the formal consultation phase as provided by Law no. 15/2024. A first round of meetings has already taken place with trade unions and social partners to begin drafting the Legislative Decree. This work is being carried out with the technical support of Inapp (the National Institute for Public Policy Analysis). From these initial meetings, a few key policy directions have emerged: • **Role of Bargaining Agreements** – Employers' associations, led by Confindustria, are pushing to maintain the levels' classifications and tasks of equal value definitions already established in current national collective bargaining agreements. Both employers and unions seem to agree on leveraging these existing frameworks. • **Focus on conciliation** – There is a shared intent to prioritise the conciliation procedures, to resolve disputes through mediation with unions and equality bodies, thereby minimising the risk of extensive litigation in labour courts. Over the coming weeks, further meetings will take place to finalise the text before it is presented to the Council of Ministers for preliminary approval. After that, the parliamentary process can begin. The final version is expected to be officially enacted well before the 7 June 2026 cut-off date.

Jurisdiction	Hot Topics for 2026
	• **Various legislative changes** – On 11 December 2024, the draft law "*DDL Collegato Lavoro*" was approved by the Italian Parliament. The law, which was published in the Italian Official Journal on 28 December, and became effective from 12 January 2025 (Law No. 203/2024), makes several changes to Italian labour legislation. – **Absences –** If an employee takes an unjustified absence lasting longer than the term provided for by the collective agreement or, in the absence of such a provision, longer than 15 days, the employment relationship will be treated as terminated at the employee's will and the employee will not be entitled to any unemployment benefit (so-called "Naspi"). This rule, however, does not apply if the employee can prove that the failure to communicate the reasons for the absence was due to force majeure or to circumstances attributable to the employer. – **Probationary periods –** The new law establishes that the probationary period must amount to one actual working day for every 15 days of the contract's duration. In any event, the probationary period must not be less than two days or more than 15 days for contracts lasting no more than six months, and not more than 30 days for those contracts lasting more than six months, but less than 12 months. More favourable provisions under collective agreements remain unaffected. According to the Ministry of Labour, collective agreements may derogate from the minimum, but not the maximum duration. – **Remote working** – The already prescribed notification to the Ministry of Labour must be submitted within five days from the actual commencement of the remote working activity. As clarified by Circular No. 6/2025, this deadline begins on the date the employee effectively starts working under the remote working arrangement. Any subsequent modifications, whether relating to the duration or early termination of the remote working period, must also be communicated to the Ministry within five days from the date the change occurs. – **Fixed-term contracts** – Law no. 18/2024, converting Law Decree No. 215/2023, made it possible, in the absence of specific provisions provided by collective agreements, to exceed the usual duration of 12 months (but still within the maximum 24-month timeframe limit) on technical, organisational or productive grounds identified by the parties, until 31 December 2024. This term was extended until 31 December 2025 by Law Decree No. 202/2024 (so called "*Decreto Milleproroghe*"), and it has been further extended until 31 December 2026 by Law No. 118 of 8 August 2025. • **2026 Budget Law** – The law introduces targeted measures designed to stimulate employment, support families and enhance flexibility: – **Electronic meal vouchers: increased the tax-free threshold –** To enhance non-taxable corporate welfare tools, the daily tax-free threshold for electronic meal vouchers increases from €8.00 to €10.00 from 1 January 2026. – **Contribution exemptions for hiring mothers –** Employers hiring women with at least three children (under 18), who have been unemployed for at least six months will receive a 100% exemption from social security contributions (up to €8,000/year). The duration of such exemption varies: 12 months for fixed-term, 18 months if the (fixed-term) employment contract is converted into a permanent one and 24 months for permanent contracts. – **Incentives for converting full-time to part-time employment** – To promote work-life balance, parents of three or more children (with the youngest under 10 years or without age limit if disabled) have priority for shifting from full-time to part-time, or in remodulating the percentage for part-time work (with a reduction of at least 40%). Employers facilitating this are granted a 100% social security exemption for 24 months (up to €3,000/year). – **Parental leave extension –** The eligibility for parental leave is extended until the child's 14th birthday (previously 12th). – **Sick child leave-two new features –** The age of the child, for which it is possible to take sick leave, has been increased from 8 to 14 years, and the maximum number of days of leave for each parent has been increased from five to 10 working days per year, for each child between the ages of three and fourteen.

Jurisdiction	Hot Topics for 2026

- **Key case law developments – Constitutional Court's intervention:**
  - **Removal of the six-month cap on unlawful dismissal compensation –** Under the previous framework, employees of small companies (those with fewer than 15 employees per branch or 60 in total) who were dismissed without a valid reason were subject to a statutory compensation cap of six months' pay. However, with ruling no. 118 of 2025, the Constitutional Court declared the cap unconstitutional, finding it to be detrimental to worker's rights and in breach of Articles 3 (Equality) and 35 (Protection of Labor) of the Italian constitution. The effect of the above ruling is that the six-month salary cap no longer applies to dismissals for small companies. However, the legislator has not yet intervened to amend the legislation, creating a gap that, at present, must be filled by case law.
  - **Union Representation (RSA) –** With ruling no. 156 of 2025, the Constitutional Court addressed the need to objectify the criteria for admission to second-level union protection and declared the unconstitutionality of Article 19, paragraph 1, of Law no. 300/1970 (Worker's Statute), ruling that company union representatives (RSA) can be established at the initiative of employees, in each production unit, not only within associations that have participated in the negotiation of the applied collective agreements, but also within the comparatively most representative trade union associations at a national level.
  - **Improvements to collaboration between employers and employees –** Law no. 76 of 15 May 2025, which entered into force on 10 June 2025, introduces a comprehensive framework regarding employees' participation in the management, capital and profits of companies. Implementing Article 46 of the constitution, the law regulates various forms of participation; managerial, economic, financial and organisational. Its primary objective is to strengthen collaboration between employers and employees, safeguard employment levels and enhance the social and economic value of labour, thereby fostering processes of "economic democracy" and corporate sustainability.
  - **Strict judicial scrutiny of non-compete covenants –** Throughout 2024-2025, the Italian Supreme Court has consistently ruled that non-compete clauses are null and void if they are deemed excessive in terms of scope or geographical territory, to the extent that they effectively prevent the employee from earning a living or finding new employment. Furthermore, recent rulings have reiterated that the consideration paid to the employee must be congruous and not merely symbolic; failure to provide fair compensation relative to the extent of the restriction renders the covenant unenforceable. Employers are therefore advised to carefully review their standard clauses to ensure specific, reasonable limits and adequate compensation.
- **EU CSRD** – The CSRD has been implemented in Italy by Legislative Decree No.125/2024, which was published in the Italian Official Journal on 10 September 2024. According to the CSRD, companies will have to prepare the sustainability report (which will replace the current "non-financial disclosure") in compliance with the European Sustainability Reporting Standards (ESRS). The CSRD has not only extended the scope of non-financial reporting, but also the list of affected entities. Labour law and HR professionals will be particularly interested in the "S", i.e. social initiatives within corporate strategies, comprising the following three main areas: client-facing communications, business partner relations and employment terms. The new Legislative Decree encourages dialogue and an exchange of views between worker representatives and the company, as it requires employers (in compliance with the relevant applicable law and agreements) to inform the worker representatives at the appropriate level and discuss with them relevant information and the means of obtaining and verifying sustainability information. However, Law No. 118 of 8 August 2025 (converting Law Decree No. 95/2025) has postponed the reporting obligations set by Legislative Decree No. 125/2024 by two years: the deadlines have shifted to 1 January 2027 for large companies and 1 January 2028 for listed small- and medium-sized enterprises (SMEs).
- **Law on AI Regulation** – In March 2025, the Italian Senate approved a draft enabling law that lays the groundwork for future legislation on AI. The legislative process has concluded with the publication of Law no. 132 of 23 September 2025, entitled "Provisions and delegated powers to the Government on artificial intelligence," which has been effective since 10 October 2025. The Law contains several provisions specifically focused on the use of AI in the employment context. The general objective is to promote the responsible and human-centric adoption of AI in the workplace, with particular attention on improving working conditions, safeguarding workers' mental and physical well-being and enhancing productivity, all while ensuring full respect for human dignity and fundamental rights. To support this transition, the Law also provides for the establishment of a national observatory under the Ministry of Labour. This body will monitor the spread and impact of AI systems in professional environments and help manage potential risks associated with their use. The Law further introduces safeguards regarding the use of AI in regulated professions, limiting its role to support functions and requiring transparency towards clients. In the context of public administration, it affirms key principles such as the traceability and knowability of AI-based decision-making processes, reaffirming that ultimate responsibility for decisions must always remain with human officials.

Jurisdiction	Hot Topics for 2026
Netherlands	• **Equivalent employment conditions for temporary agency workers –** As of 1 January 2026, the Collective Labour Agreement for Temporary Agency Workers for the period 2026-2028 took effect. From that moment onward, the total set of employment conditions offered to agency workers must be comparable in value to the terms enjoyed by employees who are directly employed by the hirer in the same or a comparable position. This does not require a one-to-one alignment of each individual condition; rather, equivalence must be achieved when the employment package is considered as a whole. Looking ahead, this principle will also be enshrined in statutory law through the More Security for Flexible Workers Act, with the relevant provisions currently expected to come into force on 1 July 2026. • **New pension system –** On 1 January 2026, a sweeping change has taken effect as more than 9.5 million pensions will shift into the new pension regime created by the Future of Pensions Act (Wtp), marking one of the largest overhauls of the system in decades. The Future of Pensions Act fundamentally reshapes the Dutch pension system by replacing defined-benefit schemes with defined-contribution arrangements based on a flat contribution rate. Pension accrual will no longer focus on a guaranteed retirement benefit, but on the contributions paid and their investment returns, with accrual becoming degressive as participants age. For pension funds, this reform generally also involves converting previously accrued pension rights into the new system. This conversion does not apply to pension arrangements insured with an insurer, or administered by a premium pension institution (PPI). In addition, the partner's pension is redesigned, and employers are required to draw up a transition plan to manage and justify the move to the new pension framework. • **Delayed implantation Pay Transparency Directive** – The Dutch government has set a new target date of 1 January 2027 for introducing national legislation to implement the EU Pay Transparency Directive, instead of the 7 June 2026 deadline stipulated by the Directive. A formal request to delay implementation was submitted to the European Commission. However, on 18 December, the Commission confirmed that the request would not be granted. All member states are still required to implement the directive by June 2026. The Commission stressed that pay transparency is vital for achieving gender-equal compensation, and warned that non-compliance could trigger infringement proceedings. No response to the Commission's decision has been issued yet. • **Local legislative proposals** – Anticipated locally-driven legislative proposals include: – **Authorisation requirement for temporary employment agencies** – To prevent improper practices in the temporary staffing sector, especially affecting migrant workers, the Dutch government will introduce the Labour Provision Admission Act (*Wet toelating terbeschikkingstelling van arbeidskrachten*, Wtta). The Act takes effect on 1 January 2027. Agencies that want to continue supplying workers must register with the Netherlands Authority for the Temporary Staffing Market (*Nederlandse Autoriteit Uitleenmarkt*) before that date. Enforcement begins on 1 January 2028, when the Netherlands Labour Authority can impose fines on unauthorised agencies and on companies using workers from such agencies. – **Limitation of the statutory severance compensation scheme** – The statutory severance (*transitievergoeding*) compensation scheme introduced in 2020 will most likely be abolished as of 1 July 2026 for employers that employ 25 or more people. If the scheme is abolished, employers will again be confronted with (substantial) costs in the event of dismissals for long-term sickness after two years of illness. The limitation of the compensation scheme is expected to lead to an increase in the number of dormant employment contracts, whereby the employment contract of an employee who has been sick for two years remains in place, but the employer does not pay wages (because the obligation to pay wages has lapsed) and the employee does not work. Following the Supreme Court's Xella-ruling of 2019, employers are currently obliged to agree to a proposal from an employee to terminate a dormant employment contract with the award of a statutory severance payment, if that payment is eligible for compensation by the Employee Insurance Agency (UWV). If the statutory scheme will no longer be eligible for compensation by UWV, it raises the question of whether employers will still be obliged to cooperate in terminating the employment contract.

Jurisdiction	Hot Topics for 2026
	– **Stricter rules for non-compete clauses** – The government's legislative proposal provides for stricter rules in respect of non-compete clauses, with the aim of achieving a balance between the free choice of employment of employees and protection of the employer's business. The most important proposed changes are the following: (a) The maximum duration of a non-compete clause will be 12 months. (b) The geographical scope of a non-compete clause must be specified when entering it. (c) The compelling business or service interest (*zwaarwegende bedrijfs- of dienstbelangen*) for a non-compete clause must be included in writing in all employment contracts (not only in fixed term employment contracts, as is currently the case). (d) The employer must invoke the non-compete clause timely and in writing, stating the number of months for which it will be invoked. (e) The employer is obliged to pay the employee compensation if it invokes the non-compete clause. The compensation amounts to 50% of the last monthly salary earned for each month that the clause operates. • **Increase of the tax-free home working allowance –** In 2026, the tax-free homeworking allowance will rise slightly to €2.45 per day, up from €2.40 in 2025. • **Indexation of the minimum wage** – As of 1 January 2026, the statutory minimum hourly wage has been increased from €14.40 to €14.71 gross.
Poland	• **Various legislative changes** – There are various legislative changes due to come into force in 2026 for employers to be aware of. Key changes include: – **Pay transparency in recruitment –** The partial implementation of the Pay Transparency Directive, in force from 24 December 2025, has imposed additional obligations on recruiters in terms of ensuring gender-neutral recruitment, a ban on asking questions on past or current salaries, plus an obligation to inform the candidate about the starting salary or salary range for the position and to share with them information on relevant provisions of the collective bargaining agreement or remuneration policy. – **Increase of Minimum Wage and new Minimum Wage Act –** With the increase of the Minimum Wage effective from 1 January, we have seen the government restarting works on the newly proposed Minimum Wage Act. It aims to change the definition of minimum wage and exclude certain benefits from calculation of minimum wage compliance. – **New sick leave rules** – From April 2026, certain sporadic, incidental or circumstance-inducted professional activities will be permitted by employees during sick leave without resulting in a loss of social insurance benefits, e.g. signing incidental invoices or shipping documents. Also, undertaking ordinary daily activities when sick (e.g. visiting the doctor, pharmacy or grocery store) or other necessary activities will not lead to a loss of sickness benefits. Detailed rules on sick notes have been introduced from January 2026. From 1 January 2027 employees employed at multiple employers or undertaking other paid activities, will be able to continue working for select employers while being on a sick leave for others. – **New length of service calculation rules** – From 1 May 2026, when calculating employees' length of service, employers will need to include certain non-standard work periods, such as periods where the individual was deemed to be self-employed or performed work under civil law contracts (e.g. agency contracts). Employees will have 24 months to provide documentation for these periods. This may affect, in particular: notice periods, annual leave entitlements or severance payments (in respect of both collective and individual redundancies).

Jurisdiction	Hot Topics for 2026
	– **New rules on collective bargaining –** From 13 December 2025 a new act on collective bargaining defines new areas which a collective bargaining agreement (CBA) may cover, including prevention of violations of dignity and other personal rights, breaches of equal treatment in employment and mobbing; professional development and training leaves; work–life balance; age management, active ageing and the rules of conduct of social dialogue. Further, new registration procedures apply to CBAs with the newly created National Register of Collective Labour Agreements (KEUZP). A new obligation to register certain agreements with trade unions in KEUZP has been introduced and it concerns, e.g. agreements concerning collective redundancies or remote work. Trade unions have gained additional rights of access to the workplace for persons not employed by the employer (up to five persons) acting for the purpose of negotiating a company CBA, preparing for negotiations, or conducting periodic assessments of compliance with an existing CBA. – **Further digitalisation of documents** – From 27 January 2026, an increased number of documents will be permitted to be provided in electronic form (rather than paper form). An exhaustive list of such documents has been provided and includes e.g. information on workplace monitoring or information on a planned transfer of an undertaking to another employer. The change will be particularly important to employers with trade unions as consultation with the union about the intention to terminate a member's employment contract will no longer be required to be in paper form. – **Redefining "mobbing" –** The works on redefining "mobbing" (sometimes known as bullying) continue, following concerns that the current legislative definition is convoluted and prevents victims from asserting their rights. Once these changes become effective, the burden of proof will be reversed and it will be for the employer to prove there was no mobbing (rather than the individual being required to prove that there was). It is also expected that mobbing prevention policies will become obligatory and employers will have six months to adjust their CBAs, or internal policies to ensure that they include rules, procedures and the frequency of preventive actions addressing violations of dignity and personal rights, unequal treatment and discrimination or mobbing. – **State Labour Inspection actions** – According to the State Labour Inspections 2025-2027 programme, it will be focusing chiefly on the legality of employing Polish and foreign nationals, as well as their working conditions. Inspectors will be investigating whether employers are making any "under the table" employment arrangements and whether they are declaring fewer working hours and lower wages. Employers should therefore be aware of the increased likelihood of inspections. A reform of State Labour Inspection is planned, and it may cooperate wider with Social Security and Tax Offices in combating non-compliant employment practices. Access to new sources of data may make it possible for the Inspection to use algorithms e.g. to select employers for controls. A reform aimed at allowing State Labour Inspection to reclassify contractor into employee has been suspended in January and we are awaiting updated legislative proposals. • **Changes for Ukrainian employees –** There are legislative plans not to extend the Act on special assistance to Ukrainian citizens beyond 4 March 2026, so as to ensure that regular paths of authorisation of employment and stay in Poland are available to them, while at the same time ensuring that their stay in Poland remains legal and they have authorisation to work. • **Preparation for the full implementation of EU Pay Transparency Directive –** It is expected that the new law implementing the EU Pay Transparency Directive will take effect from 7 June 2026. Based on the first draft of law presented by Polish Government in December 2025, employers (irrespective of their size) will be obliged to introduce remuneration structures that guarantee equal pay for the same or equivalent work and prepare job valuations. There will be new consultation and co-determination powers of trade unions or employee reps in the process of ensuring pay transparency. Employers will have information obligations towards employees, both individual (when responding to the employee's request) and general (when informing employees proactively of their rights). Employers with the headcount of 100+ will be obliged to calculate and report the gender pay gap. Employers of 150+ employees will be obliged to prepare their first reports by 7 June 2027 for the period from 7 June 2026 to 31 December 2026. There will be restrictions on salary confidentiality clauses. Poland plans to implement the Directive from 7 June 2026.

Jurisdiction	Hot Topics for 2026
Republic of Ireland	• **Pay transparency and gender pay –** Ireland's gender pay gap reporting regime is now well-established, and employers are moving beyond simple compliance toward more sophisticated analysis and action plans. The EU Pay Transparency Directive must be transposed by June 2026. There will be new obligations for employers around pay ranges in job advertisements, objective pay-setting criteria and restrictions on previous-salary questions. To prepare for these changes, organisations should be reviewing pay structures, documenting pay decisions more rigorously and preparing for increased equal pay scrutiny. • **Restructurings and workforce change –** There is some restructuring activity particularly in multinational organisations aligning Irish operations with global cost-saving programmes. Irish collective redundancy rules continue to attract close regulatory attention, especially the 30-day consultation requirement and ministerial notification obligations. Trends show that employers are keen to avoid triggering collective thresholds so as to avoid media and/or regulatory scrutiny. • **Litigation and claims trends –** The number of claims before the Workplace Relations Commission continue to rise, particularly in the areas of discrimination, protected disclosures and bullying/harassment. Many disputes arise from procedural issues in a process rather than the decision itself, with employees challenging aspects such as the fairness, timeliness and independence of internal processes. Hybrid working has also created new areas of conflict, including allegations of exclusion, inconsistent treatment and failure to accommodate disability-related needs. • **Restrictive covenants and post-termination protections –** While Ireland has not proposed reforms comparable to those in other EU jurisdictions, employers are reassessing the defensibility of their restrictive covenants. Courts continue to scrutinise the reasonableness of the drafting of these covenants particularly their duration, geographic scope and whether they are necessary and proportionate to protect legitimate business interests. Many organisations are moving away from non-competes to use confidentiality, non-solicitation and garden leave instead as more enforceable and defensible tools to achieve the same protection for the organisation. • **Workplace investigations and culture –** Investigations are becoming more complex and formal. There is an increase in protected disclosures, heightened expectations around dignity at work and increased employee awareness of procedural rights. Employers are placing greater emphasis on independent investigators, trauma-informed approaches and the maintenance of documentation throughout the process. Finally, overlapping processes, for example, grievance, disciplinary and protected disclosures, require careful coordination to avoid procedural challenge.

Jurisdiction	Hot Topics for 2026
Saudi Arabia	• **Amendments to Saudi Labour Law** – The updated Saudi labour law came into force on 19 February 2025. This marks the most significant reform since 2015, enhancing worker protections and aligning with the Kingdom's Vision 2030 goals. Key employment law updates include: – **Contracts and terms** – Fixed-term contracts without a defined end date now default to one-year durations and renew automatically unless terminated. Transportation and housing allowances must be clearly stated in employment contracts. – **Probation** – The maximum probation period is extended to 180 days. Either party can terminate the contract within this period without requiring a separate agreement. – **Notice and resignation** – Employees on indefinite-term contracts must give at least 30 days' notice. Employers terminating Saudi nationals must provide 60 days' notice. Resignations are deemed accepted after 30 days if unacknowledged. Employers may defer acceptance by up to 60 days for valid business reasons. – **Leave and family rights** – Maternity leave increased from 10 to 12 weeks, with six weeks mandatory after childbirth. Paternity leave has been introduced (three days within seven days of the child's birth) and there is new three-day bereavement leave for the death of a sibling. – **Non-discrimination and grievances –** Discrimination based on race, colour, gender, age, disability or social status is explicitly prohibited in hiring and promotion. Employees have 30 days to file grievances; employers must respond within 15 days. – **Overtime and flexibility –** Employers may offer compensatory leave in place of overtime pay with the employee's written consent. – **Saudization and work permit enforcement –** The Ministry of Human Resources and Social Development (MHRSD) can withhold or deny work permit renewals for noncompliance with Saudization targets. Stricter penalties now apply for unauthorised employment or working outside contractual terms. – **Fines and compliance** – Violations such as unauthorised recruitment or outsourcing without a licence may incur fines ranging from SAR200,000 to SAR500,000. • **Saudisation** – As part of ongoing reforms, a new three-year Saudisation plan has been introduced to increase the Saudisation rates gradually on an annual basis. The new changes form part of the existing Saudisation programme (Nitiqat) in KSA, which imposes a quota system for the hiring of Saudi nationals for all companies in the private sector. Nitiqat classifies companies into three categories according to their Saudisation levels: Platinum; Green (with subcategories of High, Medium and Low) or Red. • Companies in the Platinum and High Green categories can apply for new block visas. However, companies in the remaining categories (Medium- and Low Green and Red) can only obtain visas for expatriate employees through a transfer of sponsorship (i.e. they are limited to hiring expatriate employees who are already in KSA, and who have the requisite work authorisations from their existing employer). Companies have the option of paying monthly fees in lieu of hiring Saudi employees to maintain or change their Nitiqat classification under the Parallel Nationalisation programme, which was introduced in 2017. The amount of the fee varies according to the number of employees employed by the company and the number of Saudi employees required to reach the next Nitiqat classification. • Ministerial Decision 182495 (dated 11/10/1442H) introduced the following changes to Saudisation: – Employers shall have three years to adjust their recruitment plans and ensure compliance. – The MHRSD has reduced the corresponding economic activities (based on the business sector in which the employer operates) from 85 to 32 categories. – The MHRSD has also eliminated employer classification based on size and has placed stronger emphasis on employee headcount. Going forward, a new formula shall be used to determine a fixed Saudisation value and additional annual values for year one, two and three, as well as the following years of an employer's operations, as well as a logarithm of its total workforce. • Employers will need to plan their workforces going forward and consider the required number of roles that must be occupied by Saudi nationals (and in turn, which of their foreign workers will be required to remain within the workforce to ensure business continuity).

Jurisdiction	Hot Topics for 2026
	• **Temporary work visa/increased flexibility for the engagement of foreign nationals** – There is a new short-term work visa for certain foreign nationals, which is available to apply for formally on an online platform called Qiwa. This new visa enables qualified employees to work in Saudi Arabia for a visa-sponsoring entity for up to 90 days per visa issuance in one year. During the one-year period (i.e. from the date of first entry into KSA), it will be possible to re-apply for new temporary work visas at the end of each 90-day period. To apply, employers will need to be classified as at least "Medium Green" in the Saudisation scheme, comply with obligations in the Wage Protection System and ensure foreign workers have valid work authorisation. The visa quota will be limited to 50 visas per employer, and visas will be nontransferable to other entities. • **Saudi Arabia Regional Headquarters (RHQ) Programme** – Effective 1 January 2024, Saudi Arabia's RHQ programme requires foreign companies to establish regional headquarters within KSA to be eligible for government contracts. This initiative supports Vision 2030's goal to diversify the economy and attract 480 multinational corporations by 2030. • Key incentives and benefits are as follows: – **Tax exemptions** – 30-year corporate income tax exemption (0% corporate tax) – **Saudisation exemption** – No quota to hire Saudi nationals – **Work visas** – Unlimited issuance rights – **Exclusive access** – Opportunities with the Public Investment Fund (PIF) and government contracts – **Professional accreditation** – Exemption from local accreditation requirements. • The RHQ programme positions Saudi Arabia as a business hub in the gulf, with significant benefits for foreign companies willing to establish operations within the country. • **Saudi Arabia Personal Data Protection Law (PDPL)** – The PDPL came into force on 14 September 2024, and applies to the processing of personal data within Saudi Arabia, as well as to foreign entities processing the data of individuals residing in the Kingdom. The law defines personal data broadly and establishes key principles such as transparency, purpose limitation and accountability. Data subject rights include access, rectification, deletion and objection to processing. • **Implementing Regulations and Data Transfer Regulations** – Both currently undergoing further consultation, set out detailed compliance obligations, including requirements for data protection officers, privacy notices and cross-border data transfers using mechanisms like Standard Contractual Clauses (SCCs) and Binding Corporate Rules (BCRs). • For employers, the PDPL introduces heightened compliance requirements in handling employee data, including the need for clear privacy policies and lawful processing grounds. Non-compliance can lead to administrative fines of up to SAR5 million (doubling for repeat offenses) and, in severe cases involving misuse of sensitive data, criminal penalties of up to two years' imprisonment and/or fines of up to SAR3 million. • **Unified Employment Contract –** The KSA's Ministry of Justice and the MHRSD launched the Unified Employment Contract, designed to regulate the contractual relationship between employers and employees. • The Unified Employment Contract is a legal document that allows the submission of a request for enforcement in the event of non-payment of wages, without the need for additional documents. The Unified Employment Contract is integrated into Qiwa and Najiz, and verification is automatically completed through the link via the Madad platform. The digital contract enables employees to directly claim their dues through the Enforcement Court, without the need for litigation before the Court of First Instance. To benefit from the enforcement nature of the employment contract, it must be documented through the Qiwa platform and an implementation number must be obtained from Najiz. The decision will be implemented in three gradual phases, beginning on October 6, 2025, for new or updated contracts. It will then include renewed fixed-term contracts starting March 6, 2026, and indefinite-term contracts in the third phase, which begins on August 6, 2026. If the employee does not receive their full wage within 30 days of the due date, or if they receive it partially after 90 days, they can submit an electronic implementation request through the Najiz platform. The other party, the employer, has the right to object within five days from the notification date.

Jurisdiction	Hot Topics for 2026
	• Employers face heightened enforcement exposure where wages are unpaid or delayed, with employees able to initiate electronic enforcement proceedings after set non-payment thresholds. • **AI-driven labour compliance and enforcement –** Saudi authorities are increasingly using AI-enabled digital platforms (including Qiwa, Madad, GOSI and the Wage Protection System) to automate monitoring of employment contracts, wage payments, Saudisation compliance and work authorisation. Greater system integration allows real-time cross-checking of HR, payroll, social insurance and immigration data, reducing reliance on employee complaints. • For employers, this has increased the speed and likelihood of enforcement where issues are identified, including wage delays or underpayment, misclassification, unauthorised work, false Saudisation or inconsistencies between contracts, payroll records and job titles. As enforcement becomes more data-driven, employers in 2026 will need to focus on data accuracy, aligned documentation and proactive compliance across HR, payroll and immigration functions.
Singapore	• **First Anti-Discrimination Legislation Passed** – The second part of the Workplace Fairness Bill was passed in Parliament on 4 November 2025. The Bill provides a framework for workers who experienced workplace discrimination with an avenue to seek redress. Taken with the first part of the Workplace Fairness Bill, passed in January 2025, the Workplace Fairness Act is a landmark legislation against discrimination for workers in Singapore. The Workplace Fairness Act is expected to take effect end-2027. Disputes that are not settled at mediation may proceed to the Employment Claims Tribunal (for claims up to and including S$250,000) or High Court for adjudication**.** Employers should familiarise themselves with the Act and ensure that their internal processes are aligned with the requirements of the Act. • **Tripartite Advisory on providing accommodations to persons with disabilities** –A new Tripartite Advisory with guidance on the provision of reasonable accommodations for persons with disabilities is expected to come into force around the same time as the new Workplace Fairness Act, but as yet there has been no indication as to when this might be issued. • **Tripartite Guidelines on the use of restrictive covenants** – New Tripartite Guidelines on how and when restrictive covenants in employment contracts can and should be used are expected, but are still being drafted. We await further details from the authorities. • **Further enhancement of shared parental leave** – From 1 April 2026, eligible parents will be given 10 weeks (for children born on or after 1 April 2026) of shared parental leave, to be shared between both parents. The shared parental leave is in addition to the government-paid paternity and maternity leave.
Slovak Republic	• **Transposition of EU Pay Transparency Directive** – Slovakia is transposing the Directive through a new standalone act; Act on the Equal Pay for Men and Women for Equal Work or Work of Equal Value, and on Amendments to Certain Laws. Instead of making isolated changes to the Slovak Labor Code, the government opted for a more comprehensive strategy: adopting a dedicated pay-transparency law and simultaneously amending related legislation, including the Labor Code, the Labor Inspection Act and the Employment Services Act, to ensure full alignment with EU requirements. The proposal is currently awaiting debate and adoption in Parliament. The law is scheduled to enter into force on 7 June 2026, aligning with the Directive's transposition deadline. • Employers will be required to avoid asking about past pay and ensure recruitment practices are gender-neutral. Employers will also need to use clear, objective and gender-neutral criteria when evaluating and setting pay for different roles. Employees will gain the right to request information about their own pay and the average pay of the opposite sex in comparable positions, and employers must remind their employees of this right annually. Companies with more than 100 employees will have to regularly report detailed gender pay gap data and make it available to authorities. If an unexplained pay gap of at least 5% persists, employers will be required to carry out a joint pay assessment with employee representatives and take corrective action.

Jurisdiction	Hot Topics for 2026
	• **Dependent work: New definition –** The amendment to the Labour Code makes a seemingly subtle change to the definition of "dependent work" by removing the condition "during working hours determined by the employer". As of 2026, dependent work will be understood to be, work performed: (i) in a relationship of the employer's authority and the employee's subordination; (ii) personally by the employee for the employer; (iii) according to the employer's instructions; and (iv) on behalf of the employer. Control over working hours is no longer decisive. Although the amendment looks minor, it has important practical consequences for employers. This is because dependent work may only be carried out in an employment relationship under the Slovak Labour Code. It cannot be validly carried out in a contractual relationship (e.g. freelance or contractor agreements). Such a contractual relationship would be invalid and the relationship between the parties would be deemed to be an employment relationship and could potentially therefore be deemed to be illegal employment. There is no general rule to differentiate between an employment versus contractual relationship, and assessment must be carried out on a case-by-case basis by reference to the factors above. From a practical point of view, this amendment has two main objectives: (i) to reflect flexible working arrangements as the amendment aligns the definition with modern work models recognised by the Slovak Labour Code, such as remote work or flexible working time, where employees may schedule their own working hours; and (ii) more importantly to stricter rules against fictitious contractors to prevent illegal employment. The change strengthens enforcement against misclassification. Even if a worker sets their own schedule, the relationship may still qualify as dependent work. As a result, workers previously treated as contractors solely because they controlled their working hours, may now in fact be deemed to be dependent workers. Such misclassification may result in findings of illegal employment and increased fines (see below for increased fines which may apply). • **Prevention and suppression of illegal employment –** From 1 January 2026, the Labor inspectorate will impose a fine of between €4,000 and €200,000 on an employer or natural person for violating the prohibition of illegal employment, and in the case of illegal employment of two or more natural persons at the same time, at least €8,000. At the same time, a new rule is introduced stating that if, within 15 days from the date the decision imposing the fine becomes final, two thirds of the imposed fine are credited to the bank account specified in the decision, the fine will be considered paid in full. • **Increase in social security and health insurance contributions and changes in sick leave compensation** – As part of the consolidation package approved by the Slovak Parliament at the end of September, changes to the social and health contribution burden for entrepreneurs and sole traders are also included. The health insurance contribution rate for individuals will increase by 1%, and for individuals with disability by 0.5%. There will be another increase in the insurance rate, to 16%, and for persons with disabilities to 8%, which in practice will mean an increase in the minimum health insurance contribution of €14.67 per month and for persons with disabilities of €7.34, compared to 2025. The employer's obligation to pay wage compensation during temporary incapacity for work is extended from 10 to 14 days, after which sickness benefits will be paid by the Social Insurance Agency, commencing on day 15. • **Changes related to the public holidays –** The Day of Victory over Fascism, 8 May and the Feast of Our Lady of Sorrow, 15 September are cancelled as non-working days for 2026. On the given days, employees will therefore be obliged to come to work as on any other regular working day. Simultaneously, the prohibition on sales during public holidays is hereby repealed, except for Christmas (24 December after 12:00 p.m., 25 and 26 December), New Year's Day (1 January) and Easter holidays, namely Good Friday and Easter Monday.

Jurisdiction	Hot Topics for 2026
Spain	• **Various legislative changes** – 2026 will be marked by several important legislative developments, including the previously proposed reduction in working hours from 40 to 37.5 per week. On 6 May 2025, the Spanish Council of Ministers approved a draft bill that sets out a phased implementation process for the reduction: first to 38.5 hours, then to 37.5 hours. However, after the rejection by the Congress in September 2025, the proposal is still pending parliamentary approval. This measure is expected to affect more than eight million employees who currently work full time as once the changes come into force, they will work half an hour less each day. Such a reduction in hours will not be accompanied by any reduction in pay, so this will mean employees working fewer hours for the same salary. Such a reduction will not, however, affect those employees who already benefit from a shorter working day – something that is becoming increasingly common in many sectoral collective agreements or in the public sector, which already provides for a shorter working week. • **Potential digital working hours recording system** – In parallel, the Ministry of Labour and Social Economy plans to implement a new mandatory digital working hours recording system, accessible in real time to the Labour Inspectorate, which will come into effect during 2026. While companies have been required to record employees' clock-in and clock-out times since May 2019, the new regulation goes further by requiring a unified, traceable digital system, eliminating paper records or Excel spreadsheets. It will apply to all public and private sector employees, ensuring effective control of working time, compliance with rest periods, and protection of the right to digital disconnection. • **MEI and Additional Solidarity contributions increase** – In addition, Social Security contributions will increase from 2026. The Intergenerational Equity Mechanism (MEI) will rise from 0.80% to 0.90%. In addition, the following solidarity contribution rates will apply depending on three income brackets: 1.15% (with 0.96% paid by the employer and approximately 0.19% paid by the employee) if the salary exceeds the maximum contribution base by 10%; 1.25% if it is between 10% and 50% higher; or 1.46% if it is more than 50% higher. • **Potential increase in the Minimum Interprofessional Wage** – A potential increase in the Minimum Interprofessional Wage (SMI) is expected, ranging between €1,216 and €1,273 per month (14 payments), depending on final negotiations. • **Potential reform of the regulation of practical training** – Another key reform is the regulation of practical training. On 4 November 2025, the Council of Ministers approved the draft Statute of Persons in Non-Employment Practical Training, fulfilling the commitment under Royal Decree-Law 32/2021 to develop specific internship legislation. The statute, which is still pending parliamentary approval, is the result of extensive social dialogue and was agreed with the main trade unions. • **Potential bereavement and palliative care leave reform** – On 9 October 2025, Second Vice President and Minister of Labour, Yolanda Díaz announced a planned reform of the Workers' Statute to extend bereavement leave and introduce palliative care leave for relatives. Agreed with trade unions but not employers' organisations, the proposal extends bereavement leave to ten days for first-degree relatives (two days for second-degree relatives, with possible travel extensions) and formalises palliative care leave. The reform is now set to be submitted to Congress. • **Increase in maternity and paternity leave to 19 weeks** – On 29 July 2025, the Spanish Government approved a royal decree-law extending statutory leave entitlements related to childbirth, adoption and childcare. This reform completes the transposition of Directive (EU) 2019/1158 on work-life balance and introduces new rights for both two-parent and single-parent families, including the incorporation of paid parental leave. Each parent is now entitled to 19 weeks of fully paid, non-transferable leave, financed entirely by the Spanish Social Security system. This includes 17 weeks of maternity or paternity leave, of which six weeks must be taken immediately after birth, while the remaining 11 weeks may be used flexibly until the child reaches 12 months of age. In addition, parents will have access to two extra weeks of paid parental leave, which can be taken flexibly, either consecutively or in partial days, at any time until the child turns eight years old. These two weeks of parental leave may be requested from 2026, including in respect of children born on or after 2 August 2024. For single-parent families, the total entitlement increases to 32 fully paid weeks, with four weeks available for flexible use until the child reaches the age of eight, ensuring equal care opportunities regardless of family structure. Finally, the government has announced its intention to further extend parental leave to 20 weeks per parent during the current legislative term.

Jurisdiction	Hot Topics for 2026
	• **Preparation for EU Pay Transparency Directive** – Although this matter is already regulated by several Spanish regulations, this new Directive whose transposition deadline is 7 June 2026, will strengthen and transform some aspects of pay transparency in Spain, including a cultural and legal shift whereby pay transparency ceases to be a recommendation and becomes a legally enforceable right for every employee. Key changes include (i) an obligation on employers to make information available to their employees on starting pay or rank, salary levels and salary progression, including the mandatory publication of salary ranges in all job offers; (ii) new rights for job applicants to receive information on starting pay or rank, the relevant collective bargaining provisions applicable to the position and the individual right to know the average pay by gender for work of equal value; (iii) a prohibition on employers from asking applicants about their salary history in previous employment relationships and; (iv) a reversal in the burden of proof, coupled with automatic corrective action when an unjustified pay gap exceeds 5%. This represents a break with the current Spanish model (Royal Decree 902/2020), which only requires justification of gaps above 25%. In 2026, the compliance threshold will drop drastically, and the Labor Inspectorate will be able to demand evidence of immediate correction. The pay register and salary audit will shift from being diagnostic tools to mechanisms of direct accountability. • **EU CSRD** – The CSRD, which requires affected companies to disclose a broad range of sustainability-related information, remains a key element of the EU's sustainability framework. Under the revised rollout schedule, the directive's obligations will expand in 2026 to include listed SMEs (excluding micro-companies) and other undertakings subject to the new thresholds. Although the national law previously in force in Spain (Law 11/2018 of Non-Financial Information and Diversity) already required non-financial reporting and third-party verification of sustainability information, CSRD significantly broadens both the number of companies covered and the depth of the disclosures required, including full alignment with the European Sustainability Reporting Standards (ESRS) and the principle of "double materiality".

Jurisdiction	Hot Topics for 2026
United Arab Emirates (UAE)	• **Minimum wage for Emiratis in private sector** – Commencing 1 January 2026, the minimum wage for Emirati employees in the private sector is AED 6,000 per month. The increase applies to citizen work permits with a two-year validity, whether newly issued, renewed, or amended. From this date, employers will not be able to print or submit applications for the issuance, renewal or amendment of an Emirati work permit if the registered salary is below AED 6,000. Any application listing a salary below this threshold will not be processed, and employers will be required to adjust the salary accordingly. The Ministry of Human Resources and Emiratisation has provided a six-month grace period for employers to bring existing salaries into compliance. All affected salaries must be corrected by 30 June 2026. If salaries are not adjusted by this deadline, enforcement measures will apply from 1 July 2026. These may include excluding underpaid Emirati employees from Emiratisation quota calculations and placing restrictions on establishments that prevent the issuance of new work permits until compliance is achieved. The measure is intended to strengthen Emiratisation outcomes and improve job stability for Emiratis employed in the private sector. • **Upgrades to the Wage Protection System (WPS)** – In December 2025, the Ministry of Human Resources and Emiratisation announced that it had launched an upgraded WPS in collaboration with the Central Bank of the UAE, Al Etihad Payments and leading financial institutions. The upgraded WPS allows employers registered onshore and the Jebel Ali Free Zone Authority (JAFZA) and Dubai Multi Commodities Centre (DMCC) free zones to complete all processes digitally, accurately track salary payments and ensure employees are paid on time, with improved transparency, data security and communication with government authorities. Employers must continue to pay salaries monthly, in the amount and by the date agreed in the employment contract, through the WPS using approved banks, financial institutions or exchange houses, in line with UAE Labour Law. • **Emiratisation rules** – The UAE government has previously introduced an "Emiratisation" policy for the private sector, which put in place certain obligations for employers to recruit UAE nationals (up to certain quotas) for most business sectors and certain job categories. In addition, as part of the Emiratisation policy, the UAE government provided incentives for those employers onshore who strictly observe their applicable Emiratisation requirements by allowing them more streamlined immigration processing, lower government fees (including an exemption from depositing bank guarantees), as well as other incentives. In January 2024, the UAE introduced a federal rule that imposed significant fines on onshore companies within the private sector who fail to employ a sufficient number of UAE nationals. The aim of this reform is to increase the number of Emiratis working in the private sector. The federal rules stated that companies employing between 20 and 49 employees and engaging in specific activities were required to hire one Emirati national before 31 December 2024, and an additional Emirati national before 31 December 2025. Failure to do so before the target deadlines will result in penalties of AED96,000 for the year 2024, and AED108,000 for the year 2025. • **New UAE Data Protection Law (UAE DP Law)** – The UAE has issued new legislation to regulate the collection and processing of personal data in the country. While the UAE DP Law was enacted on 2 January 2022, it has yet to be formally implemented, as further executive regulations that will clarify various aspects (including the scope and level of sanctions) were due to be published in Q4 2025, following which controllers and processors will then have a period of six months from the date of issuance of such regulations to adjust their status and comply with the UAE DP Law. The new law is designed to protect "personal data", which is "any data related to a specific natural person or related to a natural person that can be identified directly or indirectly by linking the data". This expressly includes an individual's name, voice, image, identification number, electronic identifier and geographical location. It also includes sensitive personal data and biometric data. The UAE DP Law does not currently state the penalties that will apply for breaches of the law. The level of sanctions will be specified in subsequent executive regulations, including any administrative penalties that may be imposed. It is unclear whether those executive regulations will contain a schedule of fines (and other sanctions) for different violations or simply specify a maximum amount with more discretion available to the UAE Data Office and the courts. • **AI and automation in work permit processing –** The Ministry of Human Resources and Emiratisation (MoHRE) has accelerated its use of AI and automation in immigration and employment administration, including AI-enabled processing of work permit applications and renewals. These systems are designed to reduce processing times, limit human intervention and enhance regulatory oversight through automated data checks and cross-verification of employment information. In practice, this is expected to increase scrutiny of employment classifications, contract terms, salary data and Emiratisation compliance, and may heighten enforcement risks for employers where inconsistencies or "fictitious" employment arrangements are identified. Employers are therefore increasingly required to ensure accuracy, consistency and alignment across contracts, payroll, and immigration records.

Jurisdiction	Hot Topics for 2026
	• **Individuals and entities convicted of financial fraud** – The Emirate of Dubai issued Law No. 24 of 2024 Amending Law No.4 of 2018 Establishing the Financial Audit Authority and concerns financial fraud within controlled entities. A new Article 34 outlines the investigation of violations and allows the director-general, or a designated representative of the authority the power to place an employee accused of violation under suspension until the completion of the investigation, impose a travel ban or confiscate personal assets or funds of the violating employee. • **New Abu Dhabi Global Market (ADGM) Employment Regulations** – Effective 1 April 2025, the updated ADGM Employment Regulations introduced significant amendments. Changes include: – **Remote employees** – Introduces a distinct category of employees working outside the UAE, exempt from UAE visa and work permit requirements. – **Employment contracts** –Employers must issue compliant contracts within one month. Changes to contracts require mutual written agreement. – **Probation** – Maximum six-month period with a minimum one-week notice. Entitlements include unpaid sick leave and repatriation flights if terminated. – **Part-time employees** – Simplifies entitlement calculations for reduced working hours. – **Working hours** – Capped at 48 hours per week unless agreed otherwise. Muslim employees entitled to reduced hours during Ramadan without pay cuts. – **Parental leave** – Expanded to include adoptive parents and stillbirth cases. Rights include nursing breaks and job protection after maternity leave. – **Termination and gratuity** – Minimum notice periods for all employees, written references upon request and end-of-service gratuity (no cap). Pension or savings schemes may be offered as alternatives. – **Discrimination** – Pregnancy/maternity are protected characteristics. Remedies for discrimination include compensation of up to three years' wages. – **Death in service** – Estates may claim up to 24 months' wages as compensation. – **Vicarious liability** – Employers may be liable for employee misconduct unless proper policies (e.g. anti-harassment) are implemented.
UK	• **The new Employment Rights Act 2025** – With the Employment Rights Bill recently having received Royal Assent on 18 December to become a new act of Parliament: the Employment Rights Act 2025 (ERA 2025), employers should be considering now what steps they need to be taking to prepare for this significant change in the employment law landscape, especially as a number of the changes are expected to come into force during 2026. Our latest update should bring you up to speed with what will be happening and help you with your priorities. • **Workplace investigations** – We continue to see companies seeking advice on how to handle workplace investigations, especially in light of the ongoing focus on workplace culture and behaviour, including sexual harassment in the workplace. This will only become all the more important this year, in light of the changes under the ERA 2025, particularly the more onerous duty, which will apply to employers from October 2026 to take "all" reasonable steps to prevent sexual harassment in the workplace (the duty now is simply to take "reasonable steps"), as well as the reintroduction of liability for third-party harassment (for more information on these changes please see our ERA 2025 'At a Glance Guide'). Our recent blog on "Handling Investigations in a Global Workplace" provides some tips on managing investigations and our top 5 key issues to consider before you commence. • **AI** – Although there is currently no legislation dealing specifically with AI in the UK, the use of AI in the employment context falls within the scope of existing laws e.g. the use of AI tools in recruitment could lead to discrimination claims if algorithms favour certain groups and reject others. As such, companies will need to take care when purchasing technological solutions, which, while "legal" per se, may produce outcomes which are not. Similarly, this is a rapidly evolving space, and businesses will need to ensure that they keep abreast of any new legislation being introduced to ensure that they do not invest heavily in AI solutions that are likely to be prohibited in the future.

Jurisdiction	Hot Topics for 2026
US	• **US Supreme Court Cases and the Shifting Employment Litigation Landscape** – – **Reversing "Reverse Discrimination"** – Resolving a circuit split among the federal appellate courts, on June 5, 2025, the US Supreme Court held that all claims of discrimination are subject to the same evidentiary burden, regardless of the plaintiff's majority-group status. The case, *Ames v. Ohio Department of Youth Services*, No. 23-1039, was brought by a heterosexual female employee who alleged she was discriminated against by her employer in favour of less qualified gay candidates in violation of Title VII, the federal law that makes it unlawful for employers to discriminate against "any individual…because of such individual's race, colour, religion, sex or national origin". The plaintiff lost in the lower courts, where she, as a straight woman, failed to point to "background circumstances to support the suspicion that the defendant is that unusual employer who discriminates against the majority". This heightened evidentiary burden was the standard in the Sixth, Seventh, Eighth, Tenth and D.C. Circuits for discrimination cases brought by a majority-group plaintiff prior to the US Supreme Court's decision. However, the highest court concluded in *Ames* that Title VII's protections apply to every individual equally, without regard to that individual's membership in a minority or majority group and requiring a plaintiff to prove additional facts in so-called "reverse discrimination" cases is inconsistent with the text of Title VII. The Equal Employment Opportunity Commission's (EEOC's) Chair, Andrea Lucas, issued a statement "applaud[ing]" the decision and affirming the EEOC's commitment "to dismantling identity politics that have plagued our employment civil rights laws[.]" The decision is likely to encourage an increase in "reverse discrimination" claims, with no additional evidentiary barrier to hurdle by those in majority groups alleging preferential treatment of those in minority groups. – **Clarifying Who Is a Qualified Employee** – On June 20, 2025, the Supreme Court ruled in an 8-1 decision, *Stanley v. City of Sanford, Florida*, that the employment protections of the Americans with Disabilities Act (ADA) do not protect retirees who do not hold or seek employment at the time alleged discrimination occurs. The plaintiff worked as a firefighter starting in 1999. When she was hired, the City of Sanford offered health insurance until age 65 for employees with 25 years of service or those who retired earlier due to disability. In 2023, the city changed its policy to provide health insurance up to age 65 only for retirees with 25 years of service, while those who retired earlier due to disability would receive just 24 months of health insurance coverage. The plaintiff developed a disability that forced her to retire in 2018. She sued after the 2023 policy change, claiming the City violated the ADA by providing different health insurance benefits to those who retired due to disability versus those who retired after 25 years of employment. The Supreme Court affirmed the lower courts' dismissal of the ADA claim, finding that the alleged discrimination (the 2023 policy change) occurred after the employee retired in 2018, and thus at a time when she did not hold or seek employment, and therefore when she was no longer a "qualified individual" under the ADA. – **Limits on Nationwide Injunction Power** – Although not an employment lawsuit, the Supreme Court's decision on June 27, 2025, in *Trump v. CASA* is expected to have a significant impact on US employment litigation. The appeal posed the question of whether federal district court judges have the authority to issue injunctions with nationwide reach even when the litigants before them are local. Nationwide injunctions have become increasingly valuable tools to effectuate nationwide agendas, either by barring or advancing certain interests without federal legislative action through appeals to judicial action. For instance, in recent years, federal courts have issued nationwide injunctions barring the implementation of wage and hour regulations adopted by the US Department of Labor (DOL) that would have doubled the salary threshold for white-collar overtime exemptions (2016), vacating changes to the DOL's joint employer rule (2020), blocking occupational safety and health mandates during the pandemic (2021) and eliminating Title IX regulations (2025), among many other examples. In *Trump v. CASA*, the narrow issue was whether a federal court judge could block the Trump administration's executive orders on birthright citizenship. In a 6-3 ruling, the Supreme Court held that district courts cannot issue injunctions that are broader than necessary to provide complete relief with respect to each plaintiff that has standing to sue. The decision is likely to lead to more class actions in cases where injunctive relief is sought; more litigation generally, as plaintiffs seek individualised relief in district courts across the country; forum selection battles to have concurrent challenges to the same regulatory initiatives heard in different jurisdictions; and thus, a greater risk of inconsistent decisions requiring appellate review.

Jurisdiction	Hot Topics for 2026
	• **Pay Transparency** – Although the US has not passed a federal law mandating pay transparency, an increasing number of states and municipalities are adopting laws requiring employers to disclose pay information in job postings, share pay ranges directly with applicants, or both. As of year-end 2025, there are 25 US state or local jurisdictions where pay transparency laws have been enacted and are either currently effective, or will become effective in the next two years. In 2025 specifically, several significant laws were passed or became effective in this regard. – Effective January 1, 2025, Minnesota law requires employers with 30 or more employees to list a starting salary range or fixed pay rate and a general description of benefits in all job postings. – Effective January 1, 2025, Illinois requires employers with 15 or more employees to include pay scales and benefits descriptions in job postings. Notably, the law applies to positions physically performed in Illinois and any remote role that reports to a supervisor based in Illinois, meaning that employers with remote employees outside Illinois may be required to comply with the law if the employees report to an Illinois-based supervisor. – Effective June 1, 2025, New Jersey employers with at least 10 employees are required to post minimum and maximum salary ranges for positions, and to make "reasonable efforts" to announce promotional opportunities to their existing workforce before making a promotion decision. – Effective July 1, 2025, Vermont employers with five or more employees must post "good faith" wage ranges in job advertisements. – On October 29, 2025, the Frances Perkins Workplace Equity Act in the Bay State became effective, requiring Massachusetts employers with 25 or more employees to include pay ranges in all job postings and to provide such ranges to current employees offered a promotion or transfer. – Although Ohio has not adopted a state-wide pay transparency law, in October 2025, the city of Cleveland, Ohio passed a local ordinance requiring employers with 15 or more employees operating within city limits to include pay ranges in job postings and prohibiting them from asking candidates about their compensation history. The City of Columbus adopted a similar pay equity framework in early November 2025, which requires employers to add salary range requirements in job postings, but the law will not be enforced until January 1, 2027. – Finally, in September 2025, Delaware passed a law that will require employers with 25 or more employees to disclose salary ranges and benefits in every posting, but the law will not be subject to enforcement until 2027.

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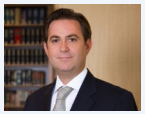

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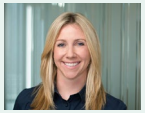

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