DENTONS

# Global Employment Lawyer

## Global Employment & Labor Quarterly Review

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**Welcome to the second quarter 2025 edition of our global employment and labour newsletter. In this issue, we explore a broad spectrum of legal updates that underscore the ever-evolving nature of employment law worldwide. From regulatory reforms to landmark court decisions, we provide a comprehensive overview of the latest developments shaping workplaces across the globe.**

In Australia, the government is initiating a significant change by banning non-compete clauses for employees earning less than A$175,000 – a move designed to boost job mobility and wage growth. Meanwhile, Argentina is navigating a contentious reform of the right to strike and Uruguay's Supreme Court has issued a pivotal ruling on the status of digital platform workers. In France, a court decision highlights the necessity for employers to consult with works councils before implementing AI tools. In the UK, the Supreme Court's landmark ruling defining "sex" as biological sex has sparked significant debate and has far-reaching implications for equality law. Elsewhere, South Korea is implementing expansions in family care leave and work-life balance protections, demonstrating the country's commitment to supporting working families.

This edition offers these insights and more, equipping you with the knowledge needed to navigate the complexities of a global workforce effectively. Thank you for your continued engagement and we look forward to supporting you through another quarter of change and opportunity.

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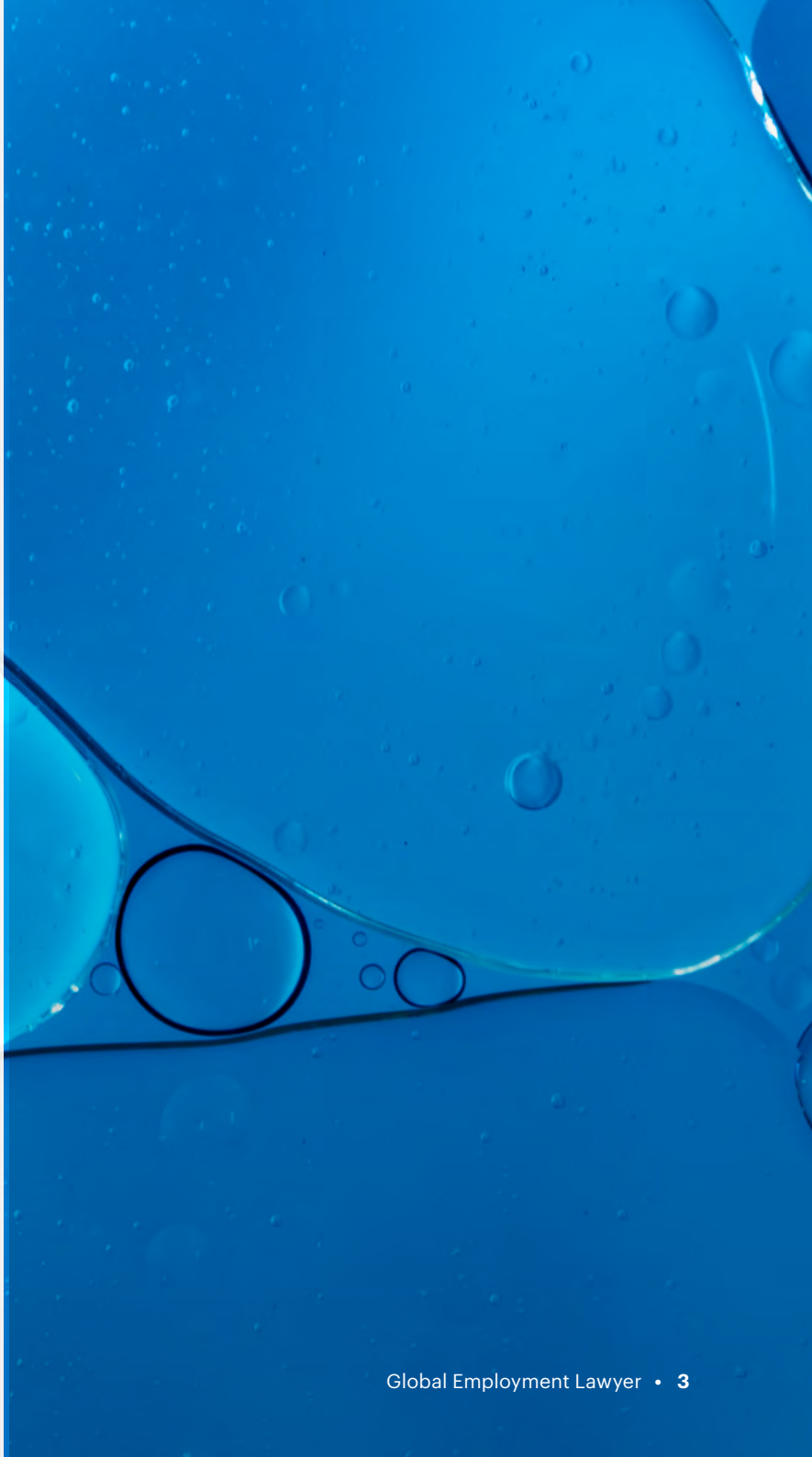
## IN THIS ISSUE



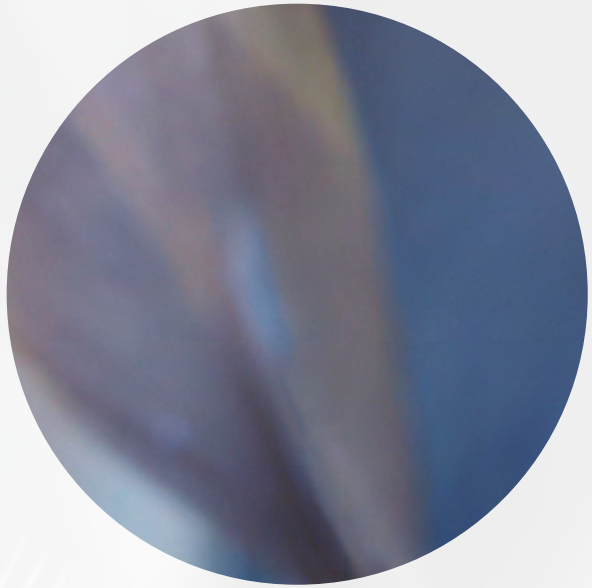


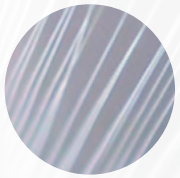
# Africa

## South Africa

**Employment Equity Act amendments and challenges** – Significant amendments to the Employment Equity Act (EEA) came into effect during 2025. The most important of these amendments empowers the Minister of Employment and Labour to set numerical targets for the representation of black people, women and persons with disabilities in various sectors. Non-compliant companies risk exclusion from public contracts and potential fines.

The amendment to the EEA has given rise to a legal challenge on the basis that the proposed diversity targets are unconstitutional and may deter foreign investment. The case is currently before court with implications for employment equity in South Africa.





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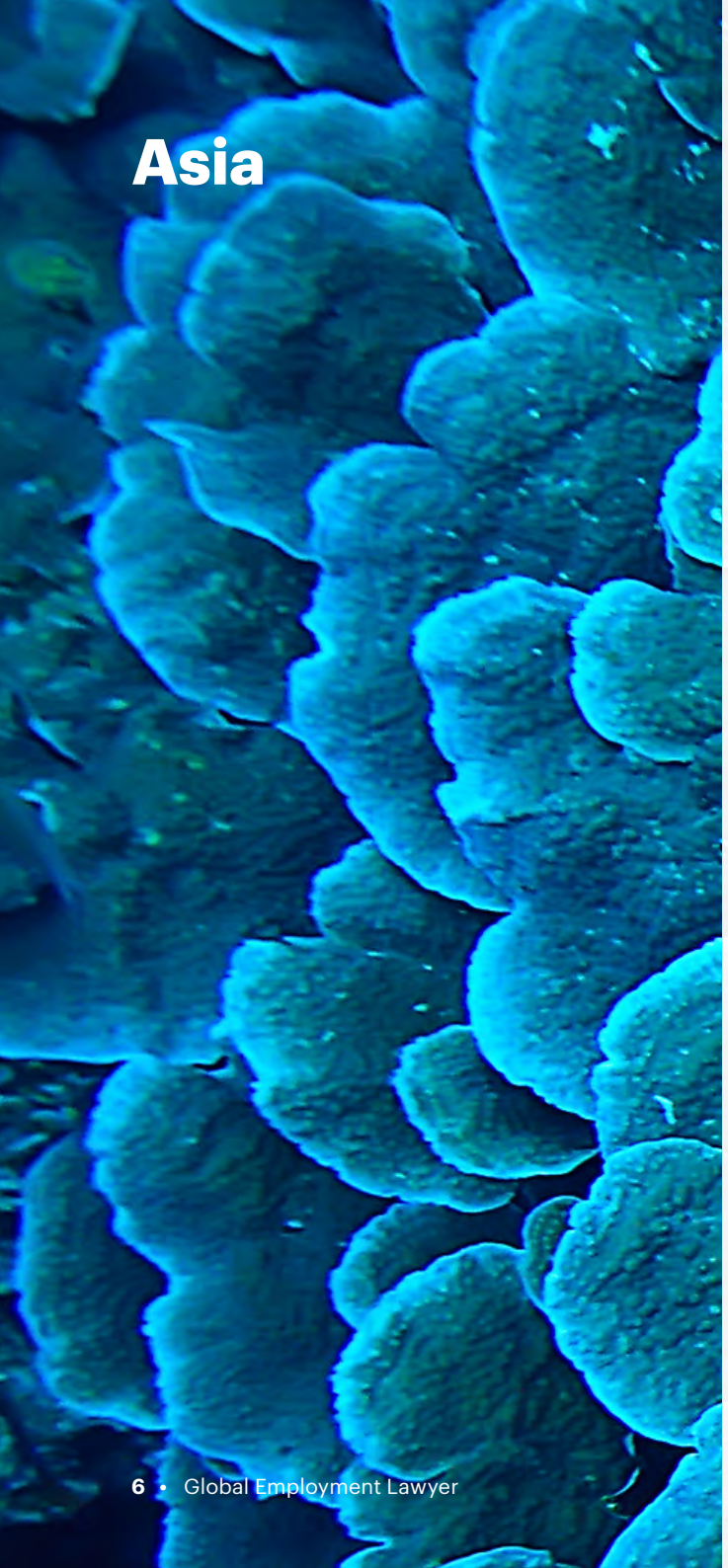

# Asia

## China

**Further model cases released –** On 9 April 2025, the Ministry of Human Resources and Social Security and the Supreme People's Court jointly released the fourth batch of model cases concerning labour and personnel disputes.

The five cases address:

- whether an injured employee can extend the medical leave and wage retention period based solely on a medical diagnosis certificate;
- whether an employer can reassign and reduce the salary of a pregnant employee;
- whether the family of a deceased employee can demand additional compensation due to unpaid social insurance;
- whether an employer is liable when the employee personally pays unpaid insurance; and
- the validity of non-compete clauses when the party lacks legal standing.

Among them, the case concerning whether a work-injured employee may rely solely on a diagnosis certificate to extend their medical leave has drawn particular attention. The labour dispute arbitration commission rejected the employee's claim, holding that a medical certificate alone was insufficient.

The medical leave and wage retention period refers to the time during which an employee suspends work due to a work-related injury or occupational disease, receives treatment and continues to receive wages and benefits. Article 39(1) of the Social Insurance Law of the People's Republic of China provides: "the following expenses resulting from work-related injuries shall be paid by the employer: (1) wages and benefits during the treatment period". Article 33 of the Regulations on Work-Related Injury Insurance (State Council Decree No. 375) further provides: "During the medical leave period, the employee's original wages and benefits shall remain unchanged and be paid monthly by the employer. The period generally shall not exceed 12 months. In cases of serious injury or special circumstances, it may be extended upon confirmation by the municipal labour capacity appraisal committee, but not beyond another 12 months."

In this case, the arbitration commission found that the employee failed to submit the required materials, refused an on-site appraisal and did not obtain confirmation from the municipal labour capacity appraisal committee. Therefore, the employee's entitlement to medical leave and wage retention would not be granted after its expiration.

In conclusion, if an extension is needed due to serious injury or special circumstances, the procedure outlined in Article 33 must be strictly followed. A diagnosis certificate alone does not suffice.

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## Hong Kong

**Hong Kong set to lower threshold for "continuous contract" under Employment Ordinance** – Hong Kong's employment law landscape is set to evolve with the introduction of the Employment (Amendment) Bill 2025, which seeks to lower the working hours threshold required for attaining "continuous contract" status under the Employment Ordinance. This status is the gateway to a range of employment protections, including paid annual leave, statutory holiday pay, sickness allowance and severance or long service payment.

Currently, employees must work at least 18 hours per week for four consecutive weeks with the same employer to qualify as being employed under a "continuous contract". Under the proposed amendments, the weekly threshold will be reduced from 18 to 17 hours. Further, a new aggregate rule will be introduced – even if an employee works fewer than 17 hours in a given week, that week will still count towards a continuous contract so long as their total hours over that week and the preceding three weeks reach at least 68 hours.

For employees, the amendments broaden their access to key statutory benefits by making it easier for workers with fluctuating work schedules, such as part-time and flexible workers, to qualify. For employers, the new rules will require adjustments to HR and payroll systems to track working hours across a rolling four-week period. The expanded eligibility for employment benefits may lead to increased costs, requiring employers to review existing part-time or casual employment arrangements.

The Employment (Amendment) Ordinance 2025 will be gazetted on June 27, 2025. The revised 'continuous contract' requirement will be effective from January 18, 2026, onwards. The Labour Department will undertake publicity and educational efforts to ensure stakeholders understand the changes.

To conclude, this amendment is expected to modernise Hong Kong's employment protections, reflecting changing work patterns and offering greater security to non-standard workers. Employers are advised to review their policies and payroll systems to ensure compliance and to communicate forthcoming changes with their staff.


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## India

**Increase in Labour Welfare Fund contributions in Haryana** – The government of Haryana has revised the Labour Welfare Fund (LWF) contribution rates for both employers and employees, effective from 7 March 2025. The updated contributions will be indexed annually to the consumer price index from 1 January each year. This revision replaces the earlier 2019 notification and aims to enhance the scope of worker welfare in the state.

**Mandatory registration of the internal complaints committee on the SHE-BOX Portal in Mumbai** – The government of Maharashtra has directed all private establishments in the Mumbai district with 10 or more employees to register the details of their internal complaints committee (ICC) on the "SHE-BOX Portal", a government of India initiative to provide a single window access to every woman to facilitate the registration of a complaint related to sexual harassment. The said directive was to be completed by 15 May 2025. Failure to establish an ICC may lead to penalties of up to INR 50,000 (approximately US$600) under India's workplace sexual harassment laws.

**Exemption to all Information Technology and Information Technology Enabled Services establishments in Andhra Pradesh** – The government of Andhra Pradesh has extended exemptions to all Information Technology (IT) and Information Technology Enabled Services (ITeS) establishments from several provisions of the Andhra Pradesh Shops and Establishments Act, 1988. These include exemptions from regulations on daily and weekly working hours, opening and closing times, service conditions for termination and holidays. The exemption is valid for five years effective from 25 March 2025, subject to adherence to conditions specified in the notification.

**Revised conditions for women employees on night shifts in Haryana** – As per the notification dated 8 May 2025, the Haryana government has revised the conditions under which women employees may work during night shifts (20:00-06:00) in certain establishments, including IT, ITeS, logistics, hotels (three stars or above) and export-oriented units. Employers are required to ensure safeguards such as obtaining employee consent, providing transport with security personnel and GPS, adequate workplace lighting, medical support and separate housing facilities where applicable. The exemption, once granted, remains valid for one year unless there is a change in key details such as security or transportation arrangements.

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## Malaysia

**Mandatory contributions for non-citizens** – The Employees Provident Fund (Amendment) Bill 2025 (EPF Bill) was passed by both the Dewan Rakyat (House of Representatives) and the Dewan Negara (Senate) of the Malaysian Parliament on 6 and 24 March 2025, respectively. The EPF Bill is now awaiting Royal Assent and thereafter will be gazetted into law. The government expects the amendments to be implemented in the fourth quarter of 2025. The EPF Bill principally introduces the following:

- mandatory Employees Provident Fund (EPF) contributions for non-citizen employees. Prior to the EPF Bill, EPF contribution by a non-citizen employee was voluntary, at the monthly contribution rate of 11% for those under 60 years of age or 5.5% for those above 60 years of age, and MYR 5.00 monthly by the employer. The new mandatory contribution rate is as follows:

| Rate of contribution by the employer | Rate of contribution by the foreign employee |
|---|---|
| 2% of the amount of the foreign employee's monthly wages | 2% of the amount of the foreign employee's monthly wages |

- for non-citizen employees who had previously opted to make contributions on or after 1 August 1998, the monthly rate of contribution shall automatically transition to the contribution rate prescribed under the EPF Bill; and
- on application, EPF withdrawal may occur upon the non-citizen employee:
  - reaching 55 years of age;
  - permanently leaving Malaysia;
  - being physically and/or mentally incapacitated; or
  - dying.

**Period to provide reasonable excuse of absence** – Effective 15 May 2025, in instances where an employee who has filed a dismissal representation fails to attend the scheduled conciliation meeting, the government has reduced the timeline for an employee to provide reasonable excuse of absence to within 30 days from the previous 60 days, upon failure of which the Director General of Industrial Relations may treat the representation as withdrawn.


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## Singapore

**Enactment of Workplace Fairness Act 2025** – On 3 February 2025, the Workplace Fairness Act 2025 received Presidential Assent and came into effect. The legislation enhances protection against workplace discrimination, prohibiting adverse employment decisions on grounds of protected characteristics. These protected characteristics include but are not limited to age, nationality, race and religion, and pregnancy.

**Increase in S-Pass qualifying salaries** – New S-Pass applications from 1 September 2025 and renewals for passes expiring from 1 September 2026 will need to meet higher qualifying salary criteria. The S-Pass allows for foreign mid-skilled workers to work in Singapore. The minimum qualifying salary depends on sector and age of the worker as follows:

- all sectors (except financial services):
  - increased from S$3,150 to at least S$3,300;
  - this increases progressively with age, up to S$4,800 at age 45 and above.
- financial services:
  - increased from S$3,650 to at least S$3,800;
  - this also increases progressively with age, up to S$5,800 at age 45 and above.

Unless exempted, the Complementarity Assessment Framework (COMPASS) will continue to be applicable.

**Increase in retirement age** – From 1 July 2026, Singapore will raise its retirement age from 63 to 64. The re-employment age will also be increased to 69. This follows a previous increase in 2022, with the ultimate goal of reaching 65 and 70 for the retirement age and re-employment age, respectively, by 2030.

**Issuance of workplace safety and health guidelines on adverse weather** – In April 2025, Singapore's Ministry of Manpower and the Workplace Safety and Health Council introduced a set of guidelines on managing workplace safety risks in adverse weather conditions. These include strong winds, floods, lightning risk, heat stress and haze. This is topical due to the frequency of adverse and unpredictable weather conditions due to climate change. Although the guidelines are not mandatory, adherence to the guidelines is in line with an employer's legal obligations to maintain a safe workplace in Singapore.


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## South Korea

**Expansion of family care leave and work-life balance protections** – Korea has implemented a package of legal reforms aimed at tackling the country's declining birth rate and promoting work-life balance. The changes are intended to encourage shared parental responsibilities and expand the use of family care benefits and parental leave schemes.

These reforms affect key areas such as parental leave, paternity leave and reduced working hours for childcare. As they directly impact employee entitlements and working conditions, employers should review their HR policies to ensure compliance and avoid potential legal disputes.

Key highlights include:

- *Parental leave*: May now be taken in up to four separate periods and the total entitlement has been extended to 18 months for single parents or parents of severely disabled children if each parent takes at least three months of leave.
- *Paternity leave*: Increased from 10 to 20 days, fully subsidised by the government for employees of small and medium-sized enterprises, with the right to divide the leave into up to four periods and to take it within 120 days of childbirth.
- *Reduced working hours for childcare*: Available to employees with children under 12 (previously under eight), with unused parental leave convertible into up to three years of reduced hours and a shorter minimum usage period of one month (previously three months), enabling better coverage of short-term care needs.
- *Maternity leave for premature births*: Extended from 90 to 100 days for employees who give birth to premature infants, as defined under the relevant Ministerial guidelines.

Additional updates, such as expanded leave for infertility treatment and shortened working hours during pregnancy, have also been introduced as part of this reform package.


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## Taiwan

**More funding to improve workplace safety in traditional industries** – The Taiwanese government is offering more financial support to help improve working conditions in older industries where jobs are often physically difficult or involve exposure to health risks. A government programme now allows companies with fewer than 299 employees to apply for funding to upgrade workplace safety and facilities. This means more small and mid-sized businesses can improve air quality, buy protective gear and create safer work environments.

Companies that deal with dangerous materials like crystalline silica, which can lead to serious lung problems, are now eligible for larger subsidies of up to NT$3.5 million. Industry groups that help their members improve safety practices can also apply for funding of up to NT$500,000.

Since the programme started in 2014, more than 340 companies have received support and the programme has encouraged nearly NT$3.35 billion in private investment to make workplaces safer. Industry associations have also taken part by organising workshops and publishing easy-to-follow safety materials. The government hopes this programme will help more businesses take action to protect their workers and build healthier, more sustainable operations.

**Progress and gaps in workplace equality** – Taiwan's Ministry of Labour recently released findings from a national survey on workplace equality and employment practices, highlighting both progress and areas for improvement across companies of different sizes.

Most larger employers are taking active steps to prevent sexual harassment. About 89% of businesses with more than 30 employees have formal procedures in place. Surveyed employees reported low rates of harassment, with 96% of women and 99% of men saying they had not experienced any in the past year. When incidents occurred, they most often involved non-physical forms such as inappropriate comments or messages.

Support for parental and pregnancy-related leave is strong, with more than 95% of companies granting maternity leave. Other forms of leave, including paternity, pre-natal and miscarriage leave, are also widely granted. In companies with more than 100 employees, 84% offer breastfeeding rooms and 78% provide childcare facilities or services.

However, the survey also revealed that gender and age still influence workplace decisions. For example, nearly 16% of businesses admitted to considering gender when assigning work. A smaller but notable number of employees also reported unfair treatment due to their age, especially in areas such as salary and job duties.

These findings show that, while Taiwan has made meaningful progress in promoting workplace equality, continued efforts are needed to reduce discrimination and support a fair working environment for all.

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## Uzbekistan

**Hiring process streamlined and digital employment tools expanded** – A new employment law reform aimed at simplifying the hiring process for both employers and job candidates has been introduced. Companies are no longer allowed to request physical identity documents – such as passports, labour books or pension certificates – when hiring new employees. Instead, employers must now retrieve this information directly from government databases using interagency digital platforms. This reform significantly reduces paperwork and administrative burdens, and speeds up the onboarding process, especially for larger employers and multinational companies.

The change is part of a broader digital transformation in Uzbekistan's labour market. Over the past two years, the government has implemented electronic employment contracts, online HR recordkeeping and updated workplace rights protections, including a 2025 ban on dismissals linked to pregnancy or childcare responsibilities.

Together, these reforms show a clear shift toward more efficient, transparent and investor-friendly employment practices in Uzbekistan. Businesses operating in the country, particularly those hiring large volumes of staff, will benefit from lower compliance costs and improved access to centralised employee data.

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## Vietnam

**Expanded rights for foreign workers to join and participate in trade unions** – As of 1 July 2025, foreign nationals working in Vietnam will have the right to join the Vietnam General Confederation of Labour (VGCL). To be eligible for membership and to participate in activities at the grassroots trade union level, the employee must be working in Vietnam under a fixed-term labour contract of at least 12 months.

**Draft decree on foreign employees in Vietnam** – The Ministry of Home Affairs has released a draft decree regulating foreign employees working in Vietnam. Key proposed changes include:

- *Simplified procedures*: The draft streamlines the work permit process by integrating the procedure for reporting the demand for foreign workers into the permit application, thereby reducing the maximum processing time to 10 working days.
- *Simplification of criminal record requirements*: The draft proposes categorising foreign workers to simplify criminal record requirements. Managers, investors and experts entering Vietnam to address emergency situations will be exempt from both work permit procedures and the confirmation of exemption process and are therefore not required to submit a criminal record certificate. In other exemption cases, the criminal record certificate is also not required.
- *Additional exemptions and administrative procedures*: The draft expands the list of cases eligible for work permit exemption and introduces procedures for the reissuance, extension and revocation of exemption certificates.


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# Australasia

## Australia

**Ban on non-compete clauses** – The Australian government intends to ban non-compete clauses for workers earning less than A$175,000 a year (the current high-income threshold), following international trends in Europe and certain US states. Non-compete clauses intend to stop workers from moving to competing employers or starting competing businesses for certain periods of time.

**Unfair deactivation** – On 25 February 2025, new protections came into force for employee-like workers who are unfairly deactivated from performing paid work on digital labour platforms.

Employee-like workers are workers that have at least two of:

- low bargaining power;
- pay at or below the rate received by an employee doing similar work; or
- a low degree of authority over the performance of work.

Digital labour platforms are websites, systems or applications that arrange, allocate or facilitate work performed by independent contractors. Unfair deactivation occurs when the operator of a digital labour platform alters a worker's access, such that they can no longer use the platform for work, in a manner that is unfair and inconsistent with the Digital Labour Platform Deactivation Code.

Employee-like workers are now entitled to seek a remedy, including reactivation, when they have been unfairly deactivated from a digital labour platform after working for that platform regularly for at least six months.

**Psychosocial hazards** – New laws addressing psychosocial hazards in the workplace are due to be introduced in Victoria in October 2025, following their gradual introduction in other Australian states.

Psychosocial hazards are aspects of workplace design, organisation, management and environment that can cause psychological or physical harm. Unlike physical hazards (e.g. a faulty machine), psychosocial hazards arise from how work is structured and how people interact in the workplace. Examples of psychosocial hazards include violence, sexual harassment, bullying, high job demands, exposure to traumatic content and excessive surveillance or management of work.

The new regulations will impose duties on employers to identify reasonably foreseeable hazards, eliminate risks, and implement and maintain control measures to deal with risks.


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## New Zealand

**Pay equity reform** – New Zealand's Equal Pay Act sets out a specific pay equity claims process which allows employees to seek compensation for underpayment connected to historical gender-based discrimination. The government has recently made controversial changes to these rules on an urgent basis, seeking savings for its annual budget. The reforms include raising the threshold for a valid claim; requiring evidence and reasonable grounds to believe the work is historically and currently undervalued before a claim can be pursued; and allowing employers greater scope to "opt out" of dealing with claims. The government has also removed the ability for the Employment Relations Authority to award backpay and implemented a requirement for the Authority to phase the introduction of improved remuneration in three equal instalments (a year apart from each other).

**Removal of dismissal protections for high income employees** – The government has announced its intention to implement a NZ$180,000 income threshold above which statutory claims for unjustified dismissal cannot be pursued. While this will only cover approximately 3.4% of the workforce, those affected could in the future be "fired at will". Employers would not be required to have a good reason for dismissal or to follow any process. The threshold will apply to new employment agreements once the law is introduced and to existing employment agreements after a 12-month transition period.

**Increases in employer and employee "KiwiSaver" pension contributions** – As part of its 2025 Budget, the government announced that the default employee and employer pension contribution rate will increase to 4%. This is scheduled to occur gradually, rising to 3.5% on 1 April 2026 and 4% on 1 April 2028. Employers will need to consider how this impacts on their employee remuneration packages and potential future salary reviews.

**Establishing the threshold for "passing on"** – In New Zealand, it is unlawful to offer non-union employees the same or substantially the same terms as union employees with the intention and effect of undermining a collective agreement. This is known as "passing on". The Employment Court recently considered the threshold for establishing when an employer has engaged in passing on. It held that there must be both a real effect, with intention alone being insufficient. In this case, the union conceded that there was no effect. Evidence showed that union membership had increased during that period. This case highlights that there is a high bar for a successful passing-on claim.


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# Central America, South America and The Caribbean

## Argentina

**Reform on the right to strike** – On 21 May 2025, the government issued Emergency Decree No. 340/25, introducing new restrictions on the right to strike. The decree expands the former list of activities considered "essential" and creates a new category called "activities of transcendental importance". Both classifications impose minimum service requirements during strikes.

Essential activities must continue operating at 75% capacity during a strike. These include healthcare services, the production and distribution of water, gas, fuel and electricity, telecommunications (including internet and satellite services), air and maritime transport, port operations, customs and immigration, early and basic education, and services linked to foreign trade.

Activities of transcendental importance must maintain at least 50% of their operations during a strike. This group covers land and subway transportation, pharmaceutical production, radio and television services, continuous-process industries (such as steel, aluminium, chemicals and cement), the entire food production chain, construction, aircraft and ship repair, airport and logistics services, mining, postal services, banking, hospitality, e-commerce and export-related services.

In addition, the decree creates a Guarantees Commission. This is an independent body that may declare any other activity essential or of transcendental importance. The Commission will consist of five experts in labour law, constitutional law or labour relations.

Recently, the General Confederation of Labour (entity representing trade unions) has filed a precautionary measure to guarantee inviolability of constitutional rights (*acción de amparo*) with a labour court, seeking the suspension of Emergency Decree No. 340/25. The court handling the case has not yet reached a decision.

**Removal of foreign exchange controls has positive impact on employment relationships** – As of 14 April 2025, the Central Bank of the Argentine Republic (BCRA), through Communication "A" No. 8226, has significantly eased restrictions on the purchase of US dollars through the Official Foreign Exchange Market (MLC). This change has had a positive effect on employment relationships.

Under the previous currency controls and in light of the depreciation of the local currency, many employers agreed with their employees to pay all or part of their salaries in US dollars. These arrangements created operational challenges for employers and raised debates about their legal validity.

With the easing of foreign exchange restrictions, employees can now purchase US dollars freely through their online banking platforms. This development simplifies salary-related issues and eliminates the legal and practical uncertainties regarding payment of salaries in US dollars.

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## Bolivia

**Salary and national minimum wage increases** – On 15 May 2025, the Ministry of Labour issued Ministerial Resolution No. 512/24, outlining the implementation of Supreme Decree No. 5383 related to salary adjustments in the private sector and the updated National Minimum Wage (NMW).

Key provisions:

- a 5% salary increase must be applied to all workers' base salaries as of May 2025, excluding executive-level personnel (e.g. chairpersons, vice presidents, managers), provided their salaries are appropriate for their positions;
- the national minimum wage is increased by 10% to Bs 2,750. If an employee's post-adjustment salary is still below this threshold, employers must raise it to meet the new NMW; and
- these changes apply to all types of employment contracts, including fixed-term, indefinite and seasonal workers.

Procedural requirements:

- employers must formalise the salary increase through a mandatory collective agreement signed by the employer and a workers' representative or majority of employees;
- the increase is retroactive to 1 January 2025 and back pay must be disbursed by 31 July 2025; and
- employers must submit required documentation through the Virtual Procedures Office (VOP) by 31 August 2025 (or 31 July for the private mining sector), including affidavits and a scanned PDF of the signed agreement.

Wider implications for employers:

- the wage increase impacts more than direct salaries – it affects employer contributions tied to salary levels, such as:
  - seniority bonus;
  - border subsidy;
- these changes also increase obligations under both short-term and long-term social security;
- tax impacts include a higher threshold for the Complementary VAT Regime (CR-VAT), now applicable to salaries over Bs 11,000 (four times the NMW), resulting in increased withholding and greater tax revenue collection; and
- employers must comply with these updated provisions to avoid penalties and ensure proper wage adjustments in alignment with national labour regulations.


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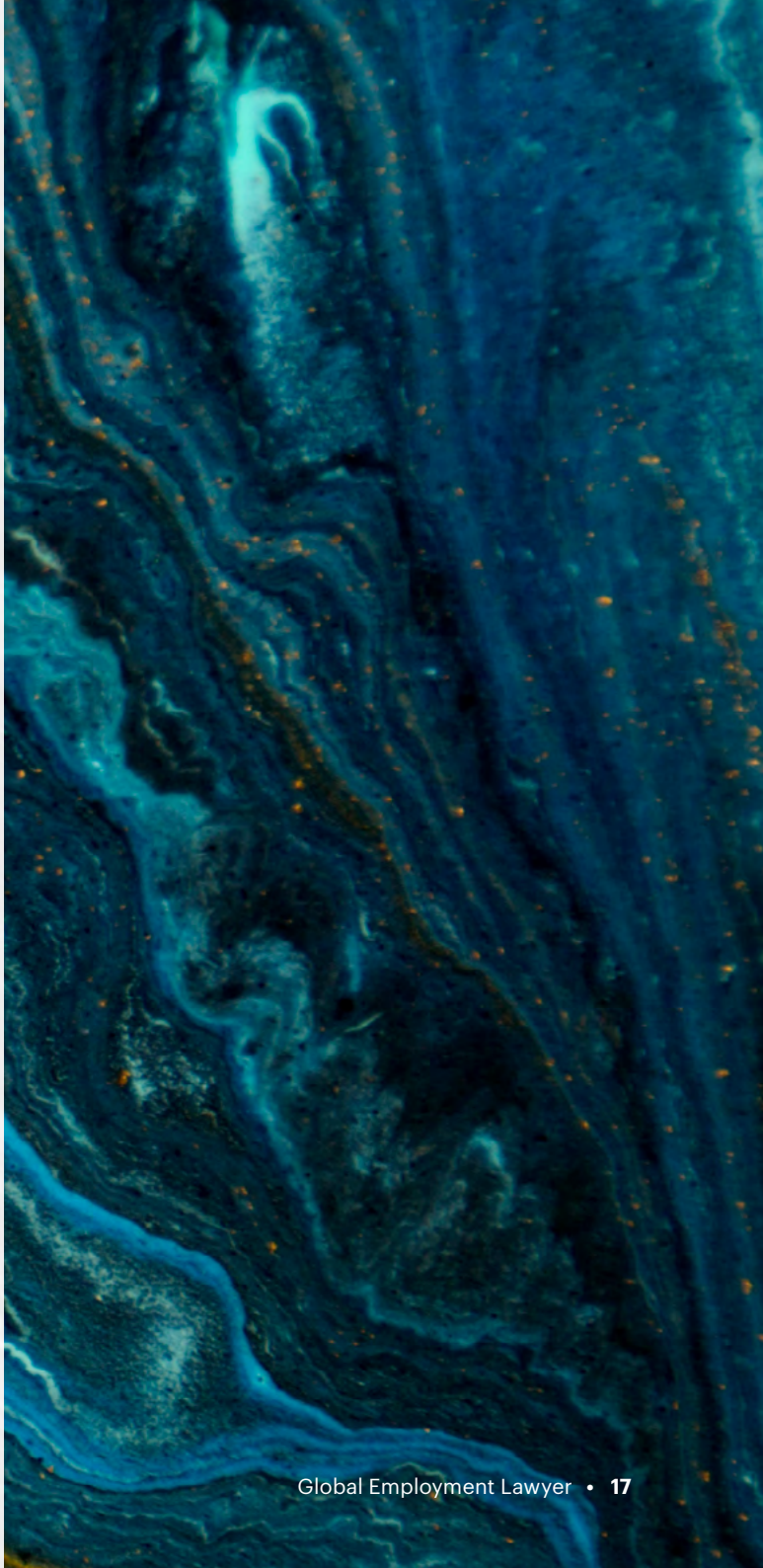

## Chile

**Minimum wage increase** – The Chilean government has submitted a proposal to increase the Monthly Minimum Wage, which contemplates two progressive raises: CLP 529,000 as of 1 May 2025 and CLP 539,000 as of 1 January 2026. The proposal is expected to be approved during May and to enter into force on the indicated dates.

**Occupational risk prevention** – Supreme Decree No. 44, issued by the Ministry of Labour, has entered into force. It replaces the former Supreme Decrees No. 40 and No. 54, and introduces updated obligations for employers regarding occupational risk prevention. Key changes include the mandatory implementation of occupational health and safety management systems, the preparation of action plans and risk assessment matrices, and the obligation to provide employees with training specifically tailored to the preventative risks of their workplace, among other provisions.


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## Colombia

**Labour reform bill** – Due to the popular consultation initiated by the national government, which sought to adopt several provisions from the labour reform previously rejected in Congress, Congress has decided to revive the said labour reform bill and reject the continuation of such consultation process. As a result, Congress is now required to debate the bill presented on 26 May and enact legislation by 20 June. Notwithstanding the above, national government presented a new popular consultation including additional questions regarding the health reform.

**Occupational exams** – The Ministry of Labour issued Resolution 1843 of 2025, which regulates the conduct of occupational medical evaluations, as well as the management and content of medical records. The Resolution defines the scope of application, only excluding from its implementation those special medical assessments such as those required for drivers, personnel who handle food, people who carry and have firearms, and people who work at heights and in confined spaces. For other activities and employers, they will have six months to implement the new changes brought by the regulation. This Resolution establishes clear standards for these procedures ensuring their quality, accuracy and transparency.

**Pension reform regulations** – Although the Constitutional Court is currently reviewing Law 2381 of 2024, which reformed Colombia's pension system, the Ministry of Labour issued Decree 514 of 2025 on 9 May. This decree regulates and consolidates the provisions of the Comprehensive Social Protection System for Old Age, Disability and Death from common causes, as outlined in the law. Unofficial reports suggest that the court's ruling may be unfavourable. Regardless, efforts are underway to ensure that a final decision is issued and published before 1 July – the date on which Law 2381 is scheduled to take full effect.


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## Costa Rica

**Human and labour rights of people living with HIV** – The epidemiological context of the Human Immunodeficiency Virus (HIV) in Costa Rica has shown an increase in the incidence of the virus in recent years, especially among individuals between the ages of 20 and 39, a group that is part of the active workforce population. In response to this situation, the Ministry of Labour issued the "Guideline for the Prevention and Management of HIV/AIDS in the World of Work, No. DUG-MTSS-CSO-DE-1-2025", aimed at establishing legal and labour-related regulations that ensure the human and labour rights of people living with HIV.

The guideline, based on the current labour regulations, sets forth obligations for employers and employees, both in the public and private sectors. Key provisions include:

- a prohibition on requiring HIV testing as a condition for hiring or during employment;
- the guarantee of confidentiality regarding the worker's serological status;
- the prohibition of any form of workplace discrimination based on HIV status;
- the recognition that HIV infection is not a justified cause for dismissal, with a guarantee of continued employment; and
- the obligation to include HIV prevention in workplace health strategies, promoting respect and preventing discrimination and stigmatisation of individuals living with the virus.

Approval and entry into force of the law to regulate remote work from abroad – On 24 April 2025, the Law to Explicitly Detail Remote Working from Abroad, Avoiding Subjective Interpretations, Law No. 10673, was officially published in the country's Official Gazette and entered into force following its approval in second debate. The purpose of this law is to explicitly detail the conditions under which employees may work remotely from abroad, avoiding ambiguous interpretations of the applicable regulations and ensuring the protection of their labour rights.

As a result, Law No. 10673 amends certain provisions of the Law Regulating Remote Work, Law No. 9738, introducing the following changes:

- amendment to Article 2, establishing that remote work may be performed both within the country and abroad, and that it must be voluntary;
- amendment to Article 10, stating that when an employee works remotely from abroad, the employer must subscribe to an extraterritorial policy that provides coverage for the employee while abroad; and
- addition to Article 11, establishing that if the employer requires an employee to work remotely from abroad, it must provide the employee the necessary technological tools, equipment and software, as well as appropriate workers' compensation insurance.

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## Ecuador

**Violation of labour rights unconstitutional** – The Constitutional Court declared several provisions of the Organic Law of Humanitarian Support partially unconstitutional for violating labour rights, eliminating regulations that allowed terminations without severance, salary reductions without guarantees and imposed labour agreements. The emergency contract remains in force. However, its early termination shall be deemed an untimely dismissal and its application is extended to other emergency situations. Furthermore, working hour reductions shall only be valid if they respect the living wage and the worker's consent.

**Occupational risk insurance** – The Ecuadorian Institute of Social Security amended Article 46 of the Regulation of Occupational Risk Insurance to expedite the classification of work-related accidents and illnesses. Such classification must be conducted within 10 days (30 days in the case of death), even in the absence of employer-provided documentation and may include interviews. The classification will be informative and non-binding, and pending cases shall be governed by the new regulation.

**Enforcement of labour obligations** – Ministerial Agreement MDT-2023-140 was amended by Agreement MDT-2025-053, introducing measures to strengthen the enforcement of labour obligations. Key changes include mandatory use of hash codes for documents, updated worker registration, mandatory delivery of labour documentation to employees, specific rules for artisanal employers, digital registration of termination acts with proof of payment, a procedure for judicial consignment if the employee does not collect their settlement and requirements for the approval of internal regulations. The employer shall bear exclusive responsibility for the accuracy and safekeeping of the documentation.

**Age-based discrimination** – Legislation introduces amendments to the Labour Code and other laws, establishing, among other aspects, the obligation to train personnel on inclusion and the prevention of discrimination, mandatory hiring of individuals over the age of 40 in companies with 25 or more employees, and penalties for non-compliance. Age-based restrictions are prohibited in job offers, promotion or training processes and equal treatment is guaranteed in the public sector and higher education institutions, where forced retirement based on age is also limited. This new legal provision lacks clarity regarding the percentage of workers that must be hired to comply with the obligation. It is likely to be amended soon, as it establishes 1% in one section and 4% in another.

**40-hour training for the private sector** – In compliance with the obligation imposed on companies to provide 40 hours of training on pay equity to all personnel, the corresponding training sessions have been delivered with the aim of supporting the private sector in fulfilling this requirement.

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## Guatemala

**Sustainable re-integration for returning migrants** – The Guatemalan government's Homecoming Plan, developed in response to new US immigration policies, focuses on the sustainable re-integration of returning migrants, with a strong emphasis on economic and labour dimensions. This initiative aims to facilitate re-integration into the workforce and access to dignified livelihoods by tailoring assistance to individual needs, social contexts and available opportunities in the country.

The plan follows a three-phase approach, with the third phase ("New Opportunities") centred on labour inclusion. This stage coordinates an inter-institutional network, linking returnees to state programmes on employment, entrepreneurship, technical training, credit access and support for MSMEs. Additionally, it offers scholarships, skills certification and mobility guidance.

A key player in training is the Technical Training and Productivity Institute (INTECAP), which provides certified workforce training. From the moment of reception, the Guatemalan Migration Institute (IGM) collects data on each individual's work profile, identifying skills and connecting them to existing programmes. A follow-up system ensures effective inclusion in these programmes and monitors outcomes. Furthermore, IGM is engaging with organisations like AMCHAM to establish a physical space within the New Reception Centre for Returning Migrants. This strategically managed space could serve as an effective channel for companies interested in contributing to the social and labour inclusion of migrants, allowing them to share employment opportunities directly. This proposal is currently being discussed with the Ministry of Labour, as one of the criteria for obtaining the Certificate of Good Labour Practices.

Supporting this initiative allows businesses to tap into a pool of skilled workers, contribute to corporate social responsibility and enhance Guatemala's economic growth by integrating returning migrants into the formal labour market. Investing in this process strengthens workforce development and ensures a more inclusive economy for all.

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## Mexico

**Decree on the application of the amendment to Article 29 of the Law of the National Workers' Housing Fund Institute** – On 15 May 2025, the National Workers' Housing Fund Institute (INFONAVIT) granted approval for an extension to the implementation period of the recent amendments to Article 29 of the INFONAVIT Law, which were enacted on 21 February 2025. This measure provides employers with additional time to adapt to the new legal requirements.

As previously reported, the amended article requires employers to continue deducting loan repayments from employees' salaries for INFONAVIT loans, even during absences or medical leave authorised by the Mexican Institute of Social Security (IMSS).

This amendment has generated uncertainty and concern, as prior legislation permitted suspending deductions when employees were not receiving salary due to justified absences or incapacities. Now, employers must continue deducting and remitting to INFONAVIT even when employees are absent, increasing complexity and costs.

To address this, INFONAVIT has issued the decree to provide employers with an adaptation period during which they can make the essential technological and procedural adjustments needed to comply with the amendments to Article 29 of the INFONAVIT Law.

This will apply to salary payments for the fourth bimester of 2025 (July and August), which must be completed by 17 September 2025 at the latest.

During the bimesters of January to February, March to April and May to June 2025, deductions may continue to be made following the previous criteria i.e. deductions may be suspended in the event of employee absences or incapacities without constituting non-compliance.

As of the fourth bimester (July to August) of 2025, employers must calculate and remit deductions in accordance with INFONAVIT's guidelines, even if employee absences result in no salary.

**Mexico's 40-hour workweek reform to be presented in upcoming legislative session** – Mexico's Ministry of Labour and Social Welfare announced that the reform initiative to reduce the workweek from 48 to 40 hours has been postponed until the next legislative session. This measure aims to improve labour conditions and the wellbeing of Mexican workers.

The reform will be implemented gradually, with the goal of completion by 2030. To achieve this, dialogue forums will be held between June and July 2025, involving employers, workers and academics to build consensus on the transition.

Under this reform, workers will be entitled to two days off for every five days worked, without any reduction in their salary. Additionally, a pilot programme will be launched to evaluate the impact on productivity and to develop an operational transition model that can be applied nationwide.

While the proposal has been well received by various sectors, some business owners have expressed concerns about the economic impact, especially on small and medium-sized enterprises. Labour costs are estimated to increase by up to 17%, posing challenges for implementation.

**Fixed salary for tipped workers in Mexico** – On 29 April 2025, the proposal that amends the Mexican Labour Law to benefit workers who receive tips, ensuring that they now receive a minimum wage in sectors such as restaurants, bars, hotels, service stations and entertainment centres, was approved.

The proposal establishes that a base salary must be paid regularly and cannot be lower than the national minimum wage. Additionally, it clarifies that tips should not be considered part of this base income, nor used by employers to offset wages. This aims to prevent employers from using gratuities to bypass their obligations while ensuring that workers receive social security benefits, paid vacation and other labour rights.

To ensure compliance with these provisions, the reform assigns the labour inspection authority the duty to verify that tips are properly delivered to workers and that their distribution is equitable.

The reform has been forwarded for a second review and discussion, with an expected resolution during the second half of 2025.

**Mexican judicial elections** – On 1 June 2025, Mexicans will vote to elect judges to 850 federal positions, including nine Supreme Court seats, 22 high tribunal roles and thousands of lower court appointments. In 2027, a second vote will fill the remaining judiciary positions across Mexico. While few countries select judges through popular vote, primarily for lower courts, Mexico will become the first nation in the world where every judge at every level is chosen by popular vote.

This extraordinary election day results from judicial reform published on 15 September 2024. The event has raised questions among companies regarding whether 1 June should be regarded as a mandatory day of rest under the Mexican Labour Law provisions.

Although 1 June is not explicitly a mandatory rest day in the Mexican Labour Law, the law states that "days of mandatory rest shall be those established by federal and local electoral laws for conducting electoral processes". This implies that, despite the lack of an explicit date, 1 June must be considered a holiday due to its status as an electoral day.

Employees working on 1 June are entitled to their regular wages plus double that amount as additional compensation, effectively resulting in triple pay for that day. Additionally, workers who perform tasks on this date must be provided sufficient time to participate in the voting process.

**Administrative simplification in Mexico – employer compliance in training** – On 4 April 2025, a decree was published establishing measures aimed at simplifying procedures before the Ministry of Labour and Social Welfare (STPS). The primary goal of this decree is to reduce bureaucracy and make services more accessible and efficient.

These modifications have substantial implications within the labour sector, especially in the restructuring of procedures related to worker training and the redefinition of employer obligations regarding training compliance.

What does this agreement entail?

- the overhaul of compliance mechanisms.
- the requirement that documentation previously submitted in paper form can now only be submitted electronically.

A notable example is the shift from physical to digital registration of training certificates, now exclusively handled through STPS's Training Registration System (SIRCE), a platform designed to streamline the process.

Prior to this agreement, the use of SIRCE was optional. Effective immediately, it is the sole officially authorised channel for employers to report training certificates to the labour authorities.

With the discontinuation of the physical form, SIRCE transitions from an auxiliary tool to the exclusive valid channel for compliance. Legally, this establishes an operational obligation – if a company provides training but fails to register these certificates in SIRCE, STPS may consider the company non-compliant, even if substantive training requirements have been met.

The agreement represents a significant advancement in regulatory reform within the labour sector, aligning with the principles of efficiency, legality and digitalisation.

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## Nicaragua

**Minimum wage increase** – In March 2025, Nicaragua implemented a new minimum wage adjustment, varying by economic sector. The increase ranges from 4% to 7%, with the latter applicable to the free trade zone regime, encompassing export-oriented industries such as textiles, light manufacturing and services. This adjustment was agreed upon by the government, employers and unions within a context of macroeconomic stability.

Nicaragua continues to offer one of the lowest labour costs in the Central American region, positioning the country as an attractive destination for multinational companies seeking operational cost-efficiency and access to skilled labour at competitive wages. For employers already established in Nicaragua, the economic impact of the increase remains manageable and does not pose a threat to profitability or ongoing operations.

Furthermore, the regulatory environment has remained stable, favouring predictability for business planning and reinforcing investor confidence.

**Maternity subsidy reform** – Nicaragua recently reformed its maternity subsidy scheme to enhance benefits for female workers during their leave. The primary change is the extension of the post-natal period from eight to nine weeks, bringing the total paid maternity leave to 13 weeks.

The reform also maintained the shared financing model – 60% of the subsidy is covered by the national social security system, while the remaining 40% must be borne by the employer. This additional obligation requires companies to incorporate these costs into their human resources planning and labour budgets.

This reform represents progress in labour welfare and family support. It may also positively impact the retention of female talent, corporate reputation and compliance with international corporate social responsibility standards.

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## Uruguay

**Supreme Court rules in digital platform worker case** – On 8 May 2025, the Supreme Court annulled a sentence which had ruled in favour of the existence of an employment relationship between a digital platform provider and an individual worker, sentencing the platform provider to the payment of various labour benefits such as vacation pay and supplementary annual salary, amongst others. The court's primary reasoning was that the contract signed between the platform and the worker contained a valid arbitration clause. Therefore, the Supreme Court held that the jurisdiction of the claim sat with the arbitration courts. Although the Supreme Court did not express an opinion on whether workers engaged by digital platforms should be considered dependent or independent workers, the verdict sets an important precedent for future claims, establishing the inadmissibility of such claims before national law courts.

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## Venezuela

**Presidential decrees** – The government announced stipends of US$120 for public servants and US$50 for retirees. While legally requiring a decree for enactment (which has not yet been released), these benefits are typically paid in local currency. The monthly minimum wage of Bs 130 in force since 15 March 2022 (currently equivalent to US$1.36 as of the official exchange rate of Bs 95.084 per US$ published on 26 May 2025) has not been increased.

In April, the government also announced a special decree to enable the President of the Republic to take special and limited measures to respond to the economic emergency in the country. The decree is yet to be published to be legally binding, but it may be a source of employment regulations and relevant changes in the following months.

**Enforcement of settlement agreement** – The Constitutional Chamber (CC) of the Supreme Tribunal of Justice (STJ) has clarified the validity of settlement agreements in labour disputes.

In this case, an employee sought severance, labour benefits and damages for an employment-related illness. A lower court upheld a settlement agreement between the parties. However, the employee filed a constitutional review petition with the CC, arguing the settlement was notarised rather than approved by a labour inspector officer or labour judge. The CC affirmed the lower court's decision, emphasising that the labour court did indeed approve the settlement as required by labour law because the employee presented no evidence or claim that their agreement to the settlement's terms was involuntary.

**Choice-of-forum clause upheld** – The CC of the STJ has clarified that Venezuela did not have jurisdiction over a labour dispute with a choice-of-forum agreement. In this case, the plaintiff filed a constitutional review petition against a decision of the Political-Administrative Chamber (PAC) over jurisdiction. The PAC judgment considered that Venezuelan courts did not have jurisdiction because the parties entered into a judicial settlement agreement in Chile with a choice-of-forum clause. The lawsuit stemmed from an employment relationship that, according to the plaintiff, was rendered in both Venezuela and Chile. The PAC's decision was based on a judicial settlement agreement freely entered into by the parties in Chile, which included a clear choice-of-forum clause designating Chilean courts. The PAC concurred that the core of the dispute – severance payments and other labour benefits – could be validly negotiated and settled by the parties. The STJ agreed that the decision denying jurisdiction was proper and did not violate any Venezuelan constitutional rights, because the parties had agreed to submit their dispute to the Chilean court.

**Payment in foreign currency** – The Social Chamber of the STJ has addressed a case where the employee claimed salary payment in a foreign currency. It is a stable rule in the STJ that, if an employee claims payment in foreign currency, they must demonstrate that there was an agreement with that stipulation. In this case, the STJ considered that, although the plaintiff showed through wire transfers made in US dollars that they were entitled to a salary in foreign currency, the defendant's obligation was not set forth expressly and unequivocally. Therefore, the defendant could pay the labour benefits owed to the plaintiff in local currency, calculating the debt at the exchange rate on the day of payment (local currency).


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# Europe

## Czech Republic

**Labour Code amendments** – On 29 April 2025, an amendment to the Czech Labour Code was adopted, introducing several key changes, particularly in relation to the probationary period, termination of employment and the rights of parents. The amendment is effective as of 1 June 2025 and includes the following:

- The maximum probationary period will be extended from three to four months for standard employees and from six to eight months for managerial employees. The employer and the employee may agree on an additional extension of the probationary period during its duration, provided that the maximum statutory limit is not exceeded.
- Unless otherwise agreed by the employer and the employee, the notice period will now begin upon delivery of the termination notice and will end on the same day of the relevant calendar month. In cases of termination due to poor work performance or a breach of obligation by the employee, the notice period may also be shortened to one month. In the event of termination of employment due to health reasons consisting of work injury or occupational disease, the employer will no longer pay severance payment. Instead, compensation will be paid by the insurance company with which the employer has taken out compulsory insurance.
- Employees returning from parental leave before the child reaches the age of two will be guaranteed a return to the same position and workplace. During parental leave, employees will now have the option to conclude an agreement to perform work (DPP) or an agreement on working activity (DPČ) with the same employer for the same type of work as agreed in their employment contract.

Other changes include the possibility of employing minors aged 14 and over, simplified electronic delivery of salary assessments, the option to pay salary in a foreign currency and a ban on salary non-disclosure clauses.

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## France

**Employers must consult before introducing artificial intelligence tools** – A recent court decision has underlined the need for employers to consult with employee representatives before introducing new technologies, including artificial intelligence (AI) tools, in the workplace.

In this case, a company began rolling out several AI-based software applications across different teams as part of a "pilot phase". These included tools designed to support communication, finance, marketing and other functions. However, the employee representative body – known in France as the Works Council (CSE) – had not yet completed the legally required consultation process.

The CSE brought the matter before the court, arguing that the company had already started using the tools in practice, even though consultation was still ongoing. The employer claimed the tools were only being tested on a small scale and that full deployment had not yet taken place.

The court disagreed. It found that the pilot phase went beyond basic testing and already involved widespread use of the tools by employees. Internal emails revealed that some software had been made available to all staff and that teams were already receiving training. This was seen as a clear sign that the deployment had effectively begun.

As a result, the court ordered the company to suspend the use of the AI applications until the consultation process was fully completed. It also imposed financial penalties and awarded interim compensation to the employee representatives for the harm caused to their rights.

Employers operating in France need to be aware that introducing new digital tools – particularly those involving AI – may trigger a duty to consult staff representatives in advance. This obligation can apply even at the early stages of deployment, including pilot or trial phases.

Failing to follow this process can expose employers to legal challenges, reputational risks, operational delays and financial sanctions. When planning the introduction of AI tools in France, multinationals should build in sufficient time to complete the required consultation process with employee representatives before rolling out the technology in practice.

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## Georgia

**Adjusting back pay in unlawful termination cases** - A recent court decision has clarified the back pay adjustment rule for employees who have been unlawfully terminated. The court established that if an individual secures new employment after their contract is unlawfully terminated, the salary received from the new employer will be deducted from the back pay owed by the previous employer. This ruling is relevant for employers as it may reduce the financial burden associated with unlawful termination claims. Previously, courts often granted full back pay amounts to discourage unlawful termination, which led to substantial financial liabilities for employers. Given the lengthy court proceedings in Georgia, which can lead to progressively increasing compensation claims, this decision provides clarity on adjusting back pay amounts. It offers a means for employers to manage financial liabilities in prolonged disputes. Understanding this decision can assist employers in navigating termination disputes and preparing to manage potential financial implications.

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## Germany

**Federal Labour Court alters rules forfeiture and devesting clauses in (virtual) stock option plan** – The German Federal Labour Court has delivered a pivotal ruling concerning a virtual stock option plan, but likely impacting all types of equity and employee incentive programmes. Vesting and forfeiture clauses are key elements of such programmes. This decision marks a departure from previous jurisprudence, declaring clauses that lead to the immediate forfeiture of vested virtual options upon an employee's resignation unfair and therefore invalid.

Option plans are widely used by companies to incentivise and retain employees. Companies either grant options on real or virtual shares, both of which reflect the company's performance. These plans usually define conditions on vesting (i.e. allowing the employee to exercise options) over a set period. Traditionally, unvested options forfeit automatically in the case of termination of employment. For vested options, plans usually distinguish between so-called "Good and Bad Leaver" scenarios:

- typically, a voluntary resignation or any resignation based on misconduct is categorised as a Bad Leaver event, resulting in the forfeiture of all (vested and unvested) options; and
- resignation for significant personal reasons (e.g. sickness) or initiated by the company (e.g. business-related dismissal) is categorised as a Good Leaver event, resulting in non-forfeiture.

The case involved an employee who resigned after two and a half years, having vested a portion of his options through a four-year vesting period. The employer's option plan stipulated immediate forfeiture of all options upon voluntary resignation and accelerated devesting post-employment.

The Federal Labour Court considered both the immediate forfeiture and the accelerated devesting schedule to be unfair and therefore invalid. The court recognised vested options as integral to employee compensation, subjecting them to scrutiny under general terms and conditions. On this basis, the court concluded that clauses causing immediate forfeiture upon resignation unfairly disadvantaged employees, creating undue barriers to leaving the company. With respect to devesting, the court acknowledged the company's reasonable interest in a devesting scheme. However, it held that the accelerated devesting in the case of voluntary resignations was disproportionate and therefore invalid.

This ruling necessitates revisions to virtual option programmes, affecting both Bad and Good Leaver clauses. Companies must reassess these programmes to ensure compliance, with employee consent likely needed for modifications. We expect that the courts will apply the same standards to both virtual and share-based equity plans. Alternative regulations to safeguard company interests may include extending vesting periods, event- or target-based vesting periods. It may also become necessary to find intermediate solutions in the case of Bad Leaver scenarios e.g. only partial forfeiture clauses ("Grey Leavers").

The Federal Labour Court has not yet published its detailed legal reasoning, but we expect that the full judgment will clarify the scope of necessary changes and their applicability to other option plans. Companies should remain vigilant about potential legal challenges, ensuring that all programmes align with the latest legal standards.

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## Ireland

**Widened scope of gender pay gap reporting and new ePortal** – From 1 June 2025, the scope of gender pay gap reporting will be widened. Employers with 50 or more employees will be required to choose a snapshot date in June 2025 on which to calculate their relevant gender pay gap data and report no later than the same date in November 2025 (which has changed from December last year). Additionally, the Irish government has confirmed that an ePortal will be launched in autumn 2025 for employers to upload their reports onto a public centralised database.

**First Workplace Relations Commission decision against employer on remote working request** – The Workplace Relations Commission (WRC) – the decision-making body on employment disputes – has made its first decision against an employer under the right to request remote and flexible working legislation. In previous cases, the WRC made clear that it is only a right to request and that there is no jurisdiction to consider the merits of the employer's decision under that legislation. In this case, the WRC made clear that the procedural requirements must be complied with. It awarded the employee €1,000 for failure by the employer to respond to a request within the statutory four-week deadline. Employers should put in place procedures to ensure that any requests are responded to within the four-week specified period.

**Workplace Relations Commission annual report 2024** – The WRC has published its annual report for 2024. Overall, the WRC saw an increase of 6% in adjudication hearings in 2024 compared to 2023. Employers should be mindful of the increasing litigious nature of the workforce.


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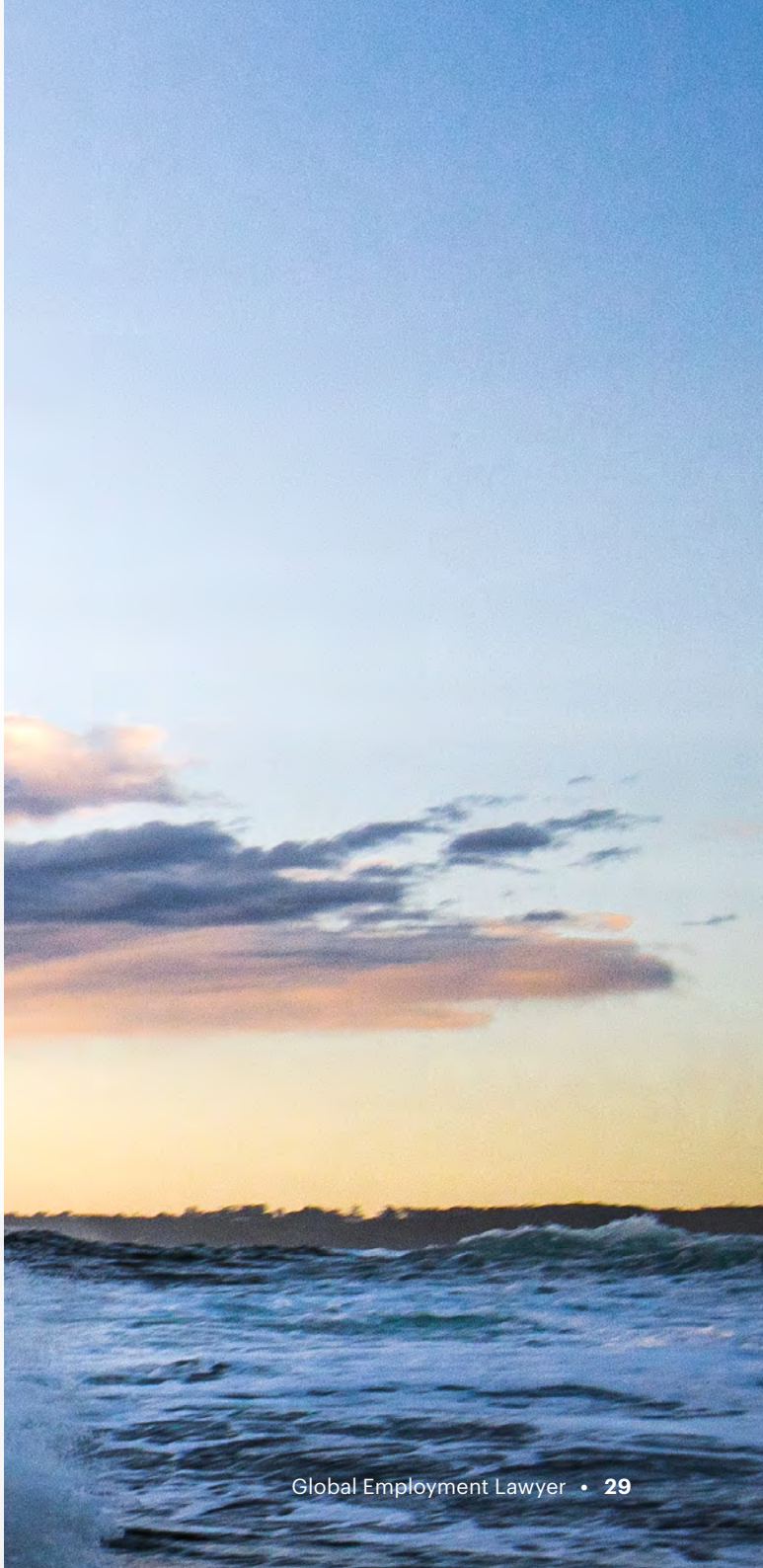

## Italy

**Employee participation in the life of the company** – On 26 May 2025, Law No. 76/2025 was published in the Italian Official Journal, introducing new provisions on employee participation in corporate governance. The law, which will officially come into force on 10 June 2025, establishes for the first time in Italy a comprehensive framework aimed at promoting the involvement of workers in company decision-making processes.

The legislation identifies four forms of employee participation, structured as follows:

- *Managerial participation*: in joint-stock companies that adopt the dualistic model, the company by-laws may provide - if regulated by collective agreements - for the inclusion of one or more employee representatives on the supervisory board. In companies with the traditional model, employee participation is realised through the inclusion of workers on the board of directors or the management control committee.
- *Economic and financial participation*: employees are granted the opportunity to share in the profits and results of the company, including through forms of equity participation, such as employee share ownership.
- *Organisational participation*: companies may, through corporate-level collective bargaining, establish joint committees composed of representatives of both the company and the employees. These committees are tasked with developing proposals on strategic topics such as innovation, productivity, quality of work, environmental sustainability, and organisational processes.
- *Consultative participation*: a new structured dialogue mechanism is introduced between the company and employee representatives, aimed at strengthening the right to prior information and consultation on significant corporate decisions. The employer is required to respond within five days of a request and to initiate a consultation process that must be concluded within 10 days, unless otherwise agreed. The law mandates the recording of opinions expressed and requires the company, within 30 days, to justify any deviations from the feedback received.

To support the implementation and monitoring of these initiatives, a "National Permanent Commission for Employee Participation" has been established at the National Council for Economics and Labour (CNEL). This body will have consultative, advisory, and monitoring functions and will be responsible for drafting a biennial report on the state of employee participation in Italy, issuing non-binding interpretative opinions, and collecting best practices adopted at company and territorial levels.

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**New collective agreement for temporary workers** – A new collective labour agreement for temporary workers will be in place at the end of this year. This agreement aims to establish equal employment conditions for temporary workers comparable to those of regular employees, starting in 2026. The collective labour agreement will be in effect for three years, from 1 January 2026 through to 31 December 2028.

Under this new agreement, the employment terms and conditions for temporary workers must align with those applicable to similar roles at the client company. Importantly, equivalent employment conditions do not mean the terms must be identical in every detail. Instead, the overall value of the temporary worker's employment package must match that of a comparable position at the client company, based on a comparison of the total package of terms and conditions of employment. This requires a comparison of employment packages, which can be difficult, costly and time-consuming. The involved Dutch employers' associations (ABU and NBBU) acknowledge these difficulties and are developing an online platform to provide information and tools regarding equal employment conditions. This platform will include guidelines for evaluating the conditions.

The move toward equal employment conditions marks the end of the practice of so-called "hirer's remuneration" (*inlenersbeloning*), which had been used to provide temporary workers with a largely equivalent remuneration in many respects. Not all elements currently fall within that hirer's remuneration (e.g. end-of-year payment, holidays, pensions), so using temporary workers can become more expensive. If the change is to the detriment of the temporary workers, a transition arrangement applies to such workers for the duration of six months.

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## Spain

**Termination of the contract due to a declaration of severe, total or absolute permanent disability** – The Spanish Parliament recently amended an article of the Spanish Workers' Statute, introducing new regulations for termination in cases where an employee is declared permanently disabled by Social Security.

Before the amendment, when an employee was declared to be in a situation of severe, total or absolute permanent disability, the employment was automatically terminated except in limited circumstances. Under the new regulation, in order to comply with a European Union Court of Justice ruling, companies are required to conduct important verifications before terminating an employment contract due to any of these declarations, with the aim of enabling the employee to retain their job.

Companies have three months from the date on which they are notified of the incapacity resolution to make reasonable adjustments to the employee's work position or to identify the existence of a new position that is compatible with the employee's limitations.

This obligation is not mandatory if the employee declares their intention to terminate the employment contract within 10 days of being declared severely, totally or absolutely permanently disabled.

It is important to note that adjustments cannot place an excessive burden on the company and this cannot occur if the company has received public aid or subsidies. In the case of companies with fewer than 25 employees, the burden will be considered excessive when the cost of adaptation exceeds the greater of the employee's compensation for unfair dismissal or six months' salary.

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## Turkey

**Constitutional Court annuls the right to choose governing law** – On 5 November 2024, Turkey's Constitutional Court rendered a decision annulling paragraph 1 of Article 27 of Private International Law Numbered 5718, which was published in the Official Gazette on 10 March 2025. The annulment decision will take effect from 10 September 2025.

The annulled rule had allowed employers and employees to choose the law which is to govern the employment contract between them, without prejudice to the minimum protection that the employee would have under the mandatory rules of the law of the country in which the employee habitually carries out the work.

The Constitutional Court found this rule unconstitutional, stating that it does not provide sufficient protection for employees. It emphasised that, in most employment relationships, the employee is the weaker party, especially during contract negotiations. As a result, the employee may not be in a position to freely choose the law which will govern the employment contract.

The Constitutional Court also noted that it may be difficult for employees to be aware of the details of the choice of law. This could lead to serious disadvantages, especially where the choice of law offers fewer rights or is less protective than Turkish law. Another concern regarding the annulled provision was that allowing employers to choose a foreign law could pose an obstacle to the application of the more protective legal rules of a more suitable law determined based on habitual place of work or a closer relation.

The Constitutional Court decided to annul paragraph 1 of Article 27 on the grounds that the principle of protection of employees must be considered and the state must fulfil its positive obligations in accordance with Article 49 of the Turkish Constitution.


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## United Kingdom

**Supreme Court rules on meaning of "sex"** – The Supreme Court has ruled that "woman", "man" and "sex" in the Equality Act 2010 means biological sex at birth, regardless of whether someone holds a gender recognition certificate, or identifies and lives as another sex. In coming to this determination, the Supreme Court took care to emphasise that trans people retain significant protections, including protection against discrimination and harassment because of the protected characteristic of gender reassignment. Trans individuals can also still claim sex discrimination if treated less favourably because they are perceived to be a particular sex.

While the Supreme Court's ruling provides clarity on the Act's interpretation, it exists within a complex legal framework, including health and safety legislation, and different legal frameworks for service providers and workplaces. The practical implications are challenging and employers will need to take care to strike the right balance between implementing a biological approach to single-sex facilities, where necessary, without unlawfully discriminating against trans individuals, particularly where space and facilities are limited.


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# Middle East

## Kuwait

**Updated procedures manual published** – The Public Authority for Manpower (PAM) published its updated procedures manual concerning the issuance, renewal and amendment of work permits for non-Kuwaiti employees in Kuwait. Degree checks are a prerequisite to the issuance of work permits. The updated manual mandates that PAM employees reviewing work permit applications must verify the compatibility between the field of specialisation and the profession listed. The educational level and accreditation status are automatically validated by the new automated system. For engineering professions, the system automatically verifies the necessary approvals. If the required approval is missing, the application is automatically rejected. In contrast, for non-engineering professions that require pre-approval, employers must upload a copy of the approval as part of their application. This ensures that only qualified individuals are employed in specialised roles across industries. The PAM has also automated several work permit renewal services for the same profession.

The Minister of Defence and Acting Minister of Interior has directed the PAM to develop the Kuwaiti Unified Guide for Occupational Description and Classification, with particular concern for work permit amendments that require higher academic qualifications than initially required for recruitment or for transfers from other sectors, which are not commensurate with the nature of the profession.

**Salary Transfer Certificate** – The PAM has mandated that private sector companies provide a Salary Transfer Certificate when seeking to increase their labour quota beyond the quota established by the PAM according to business activities. Private sector companies in Kuwait that wish to hire more employees than permitted by their current quotas will have to demonstrate compliance with wage payment regulations which require prompt transfer of employee salaries to local bank accounts within the first week of each month, by submitting the Salary Transfer Certificate. Businesses seeking to expand their workforces must comply with the new requirement to increase their quotas and avoid potential legal consequences related to late and non-payment of salaries.

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# North America

## Canada

**Ontario courts uphold termination clause** – The Ontario Court of Appeal recently upheld a termination clause limiting an employee's entitlements upon termination to the minimum statutory entitlements under Ontario's employment standards legislation. In this case, the Ontario Court of Appeal confirmed that a reasonable interpretation of the termination clause limited the entitlements upon termination to only the minimum standards under the Ontario Employment Standards Act, 2000, as amended.

This is a departure from an ongoing trend of the Ontario courts striking down termination clauses and instead providing employees with their common law termination entitlements (typically months of pay in lieu, as opposed to up to eight weeks under employment standards legislation). This is welcome news for Ontario employers as it confirms that termination clauses which limit an employee's entitlements to the minimums under Ontario employment standards legislation may be upheld when such clauses are carefully drafted. Termination clauses may be struck down by Ontario courts when such clauses purport to contract out of the minimum statutory entitlements set by Ontario employment standards legislation – for example, most recently the Ontario courts found that an employer cannot terminate an employee's employment without cause "at any time".

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## United States of America

**Trump administration seeks elimination of Diversity, Equity and Inclusion policies** – As noted in an earlier issue of this newsletter, at the outset of his second term, President Trump issued several executive orders that sought to reduce or eliminate Diversity, Equity and Inclusion (DEI) policies and practices across the federal government, among federal contractors and in the private sector. One of the executive orders (E.O. 14173) requires federal government contractors and federal grantees to certify in writing that they do not engage in DEI practices that violate federal anti-discrimination laws. Although there have been various court challenges to this executive order, the certification requirements have largely been allowed to continue.

More recently, the US Equal Employment Opportunity Commission (EEOC) has issued a guidance document entitled "What You Should Know About DEI-Related Discrimination at Work". In this guidance, the EEOC explains that the federal discrimination laws prohibit employment preferences or detriments based on race, sex or other protected characteristics, and explains how to file an employment discrimination charge to address DEI-related discrimination. In other public pronouncements, the EEOC has emphasised that there is no "diversity exception" to federal anti-discrimination laws.

In light of the increased scrutiny of DEI programmes by federal agencies and increased litigation by private parties against employers relating to programmes or policies that provide race-based or sex-based preferences, US employers should review their policies and practices carefully to ensure that they are in compliance with current law.

**Court overturns Biden-era EEOC guidance on transgender harassment** – In 2024, the EEOC issued updated guidance on workplace harassment, including guidance on workplace practices relating to harassment on the basis of sexual orientation and gender identity. In May 2025, a federal judge in Texas struck down the sexual orientation and gender identity portions of the EEOC harassment guidance. Although the Supreme Court has recognised that discrimination on the basis of gender identity can be a form of sex discrimination prohibited by federal statute, the EEOC is not expected to appeal the court's decision striking down the harassment guidance. The resulting absence of controlling guidance from the EEOC may leave employers in a state of confusion regarding the appropriate approaches to address workplace concerns of employees who may express a transgender or non-binary gender identity. This confusion is compounded by the existence of laws in some states that expressly prohibit discrimination or harassment on the basis of sexual orientation, gender identity and/or gender expression.

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# In conversation with...

**Nicholas Linke** is a partner in the Employment and Labour group in Adelaide. He has more than 30 years' experience and his practice is ranked as First Tier in Doyle's Guide and in the Best Lawyers' Guide for Employment and OHS, including as the 2026 OHS Lawyer of the Year. Nicholas has successfully represented his clients in the Fair Work Commission, the Federal Court, Federal Circuit Court, Supreme Court, District Court and Magistrates Court, as well as the South Australian Employment Tribunal, South Australian Equal Opportunity Commission and Australian Human Rights Commission. He is the editor of the South Australian Industrial Law chapter of Halsbury's Laws of Australia, Co-Chair of the Industrial Relations Committee of the Law Society of South Australia and a member of the Dentons Australia Board of Directors.

**Tell us a bit about yourself.**

I am the Practice Group Leader for the Employment and Safety Group in Australia which now boasts seven partners across four states and about 30 specialist employment lawyers. I have more than 30 years' experience in employment law, specialising in employment litigation. I am based in Adelaide, South Australia which is the wine capital of Australia.

**What do you like best about Dentons?**

For multinational companies, navigating Korea's evolving regulatory landscape remains a persistent challenge. Many businesses face difficulties with compliance in areas such as workplace harassment regulations, working hour restrictions and employee classification – particularly distinguishing between independent contractors and employees. Companies often experience frustration in adapting their global policies to fit Korea's labour framework and a key part of my role is helping them practically address these compliance gaps while maintaining operational efficiency.

Another growing issue are cross-border employment disputes and executive terminations. Many global firms assume their headquarters' policies can be directly applied in Korea, only to face legal roadblocks due to statutory severance entitlements and strict termination procedures. This often leads to unexpected risks, requiring careful structuring of employment relationships from the outset.

**You provide regular support to a range of clients. Are there any recurrent themes or patterns that stand out?**

I work with a huge range of different clients, from billion-dollar multinationals to small, local, not-for-profit organisations. They all have different needs and require different approaches, and I love understanding and meeting the needs of each different client as I get to know them. What is fairly consistent across all of my clients is that they are looking for practical implementable solutions, not long advices or theoretical outcomes. The best client relationships and the ones I enjoy the most are the ones forged over time, where you work together as long-term partners so you know the client's business intimately and are therefore best placed to suggest solutions.

### What developments do you expect to see in the world of work in the near future?

I can see the effects of AI for the world of work will be significant and we are just at the start of what is going to be a massive structural change. The regulation of the gig economy is also something that has started in Australia, but there will likely be more regulation in the near future as the legislature struggles to understand and process the rights of gig workers within the employer/employee framework. I also see the need for more integrated legal global solutions as businesses increasingly operate internationally.

### What do you enjoy doing outside work?

Outside work I enjoy being involved in the arts and sit on a number of arts boards, including for the Adelaide Fringe which is the world's second biggest Fringe Festival after Edinburgh. I like reading and attending opera, theatre and art exhibitions. I also love seeing bands, catching up with friends for a meal and the occasional jigsaw puzzle.

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