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# European Employment & Labor Law: An ESG Perspective

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# Introduction

As businesses increasingly focus on sustainability and ethical practices, Environmental, Social, and Governance (ESG) criteria have become an important aspect of shaping corporate strategies.

The growing emphasis on ESG principles is also reshaping employment and labor law across Europe. Despite its increasing importance, the concept of ESG remains complicated. Unlike the broader concept of Corporate Social Responsibility (CSR), ESG is underpinned by a framework of evolving legal regulations that companies must navigate.

Employers are now expected to integrate sustainability, social responsibility, and governance best practices into their workforce policies, not only to meet regulatory requirements but also to align with stakeholder expectations and strengthen their corporate reputation.

Today, employers face increasing focus on green workplace initiatives, diversity and inclusion, fair pay, and human rights within their supply chains. New regulations, such as the EU Pay Transparency Directive, are reinforcing this accountability, while many employers are also taking proactive steps to offer sustainable employment benefits and innovative workplace policies to attract employees.

As ESG-related requirements continue to evolve, companies will need to stay agile and informed to navigate this shifting legal landscape. This brochure, developed by World Services Group (WSG) member firms, provides an overview of ESG-related employment and labor law trends across various jurisdictions in Europe. The brochure serves as a practical resource to help employers anticipate legal developments and gain further knowledge on best practices in different jurisdictions.

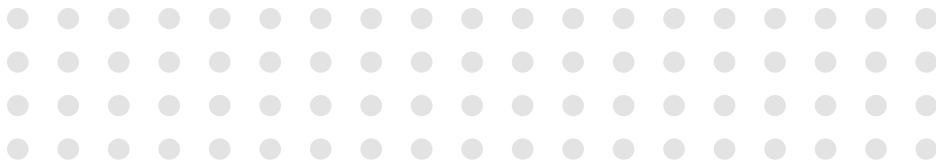
While this document is not an exhaustive guide to every ESG issue related to employment and labor law, it provides a valuable starting point for employers seeking to understand their obligations and opportunities in this dynamic area.



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## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

In the Austrian employment and labour law landscape, the focus on ESG issues continues to gain prominence. The race for talent has prompted companies to increasingly ponder workforce ethics as a strategic means to attract and retain skilled staff. Currently, diversity, equity, and inclusion initiatives take centre stage despite current trends.

Companies are also adopting sustainable practices in compensation and benefits. This includes eco-friendly perks, incentives for reducing carbon footprints, and socially responsible investment options. Notably, the Austrian tax landscape provides good breeding ground for green benefits such as company-subsidised public transport tickets, work e-bicycles and electric cars.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes, clients are indeed increasingly demanding and expected to have a good ESG profile.

At an international level, particularly among global players, anti-slavery practices are core focus areas. Clients are not only evaluating legal compliance but also scrutinising human rights considerations, expecting robust commitments and actions from their partners.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

With the implementation of the EU Work-Life Balance Directive (2019/1158), new provisions on parental leave and part-time work aim to promote a more equitable distribution of care responsibilities between men and women. Additionally, rules on care leave and protection against discrimination have been extended in this context.

Further initiatives are anticipated in connection with the EU Pay Transparency Directive (2023/970), which will need to be transposed into Austrian law by June 2026. As of now, however, no concrete legislative initiatives or proposals have yet been published.

The Austrian legislator is currently also in the process of transposing the Corporate Sustainability Reporting Directive (2022/2464). A draft of the new Sustainability Reporting Act (Nachhaltigkeitsberichtsgesetz) is currently under review.





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## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Yes, there is a mandatory gender quota of 30% for supervisory boards of all listed companies and additionally for companies with more than 1,000 employees.

Most recently, the Austrian Chamber of Employees advocated for the introduction of this 30% rule for the board of directors of listed companies, but there are no corresponding legislative initiatives.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Companies with more than 150 employees must issue an income report at least once every two years. The report must include details of the classification of women and men in the applicable collective bargaining agreement or the internal policies of the company, as well as the average or median remuneration, with the goal of providing income transparency.

The company must submit the income report to employee representatives and must consult with them upon their request. If no employee representatives have been elected, the company must make the report available to employees directly.

Although no legislative changes have yet been made to implement the EU Pay Transparency Directive (2023/970), we expect that the existing reporting rules described above will be amended so as to comply with the requirements of its Article 9.

The directive provides reporting requirements, a joint pay assessment and mandatory remedies, which will considerably extend existing Austrian works council participation rules around the promotion of women at the workplace.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

There is no statutory procedure for the purpose of preventing discrimination and sexual harassment. However, the company must provide immediate relief and assistance in such cases or otherwise risks becoming liable for damages or fines.

Measures can include suspensions of employees, internal investigations, as well as the termination of the employment of perpetrators.

Victims of discrimination and sexual harassment can seek legal advice and representation from the Ombud for Equal Treatment free of charge. They can also seek the opinion of the Equal Treatment Commission instead of, or prior to, raising claims in court. Unlike regular court procedures, procedures before the Equal Treatment Commission are free of charge and confidential. The opinion of the Commission is non-binding but can serve as proof in a subsequent court procedure or facilitate a settlement more swiftly.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

At the time of writing, there are no rules around human rights breaches in supply chains. However, stringent labour and employment rules apply within Austria, both in respect of local workforce and employees posted or leased to Austria from abroad.

Such rules include stringent working time regulation, sector-specific minimum wages and employee health and safety. Additionally, employees in businesses with a headcount of just five or more can already elect a works council whose role is, amongst others, to supervise compliance with these rules.

Notwithstanding the lack of rules around supply chains, clients are well advised to put in place appropriate policies against human rights breaches in their supply chain. This is both in light of the growing significance of this topic and with a view to meeting the requirements of the EU Corporate Sustainability Due Diligence Directive (2024/1760), which entered into force on 25 July 2024. Originally, it should have been transposed by member states into national law within two years from this date. However, the member states have agreed on pushing that date back one more year, giving them three years to transpose the directive. Although no legislative initiatives have been published in Austria so far, companies will face stringent requirements to identify and address the adverse impact of their operations on human rights.

### **“E” - AN ASPECT ON THE RISE**

#### **Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

The pandemic and the digitisation of workplaces have catalysed a cultural shift in favour of remote work as well as online meetings and against frequent business travel. More permissive remote working policies have meant that employees experience more liberty to work from abroad, combining family life and leisure with professional commitments and thus reducing the need for frequent travel.

The Austrian tax landscape has also been fertile ground for electric company cars, which can be provided for both business and private use to create a tax advantage.

#### **Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Employer measures have so far centred mainly around green transport with few out-of-the-box initiatives. Public initiatives are also increasingly encouraging green transport such as cycling to work.





## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The main focus areas of Belgian employers with regard to ESG include (i) diversity, and inclusion, (ii) sustainable work and well-being, (iii) responsible sourcing and ethical supply chain management, (iv) the introduction of ESG pillars in codes of conduct, (v) the introduction of green benefits in (flexible) reward plans and (vi) equal pay.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Clients are indeed increasingly encouraging, demanding, or obliging their business partners (and vice versa) to improve their ESG and to take sustainable, climate-friendly and socially ethical actions. The core focus areas in this respect are (i) human rights and the prohibition on engaging in child labour, (ii) the obligation to provide a healthy and safe work environment, (iii) the prohibition on engaging in illegal employment, social dumping and human trafficking and (iv) the obligation to take climate-friendly decisions.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Yes. In recent years, several legislative initiatives have been taken boosting ESG pillars, such as the so-called “Labour Deal” Act of 3 October 2022, which has introduced a four-day work week and a varying weekly working regime and which obliges companies with at least 20 workers to set out rules on ‘disconnection’ (the right for employees to be ‘offline’ after working hours) with the aim of maintaining a work-life balance.

Additionally, two national Collective Bargaining Agreements (CBAs n° 161 and 162) have been entered into that introduce a right for employees to ask for a form of work that is more predictable and secure or for more flexible working arrangements.

Other examples are the Belgian Whistleblowing Act of 28 November 2022 transposing the EU Directive, the Flemish Decree of 27 October 2023 concerning contractor chain responsibility in the case of illegal employment and the Act of 17 March 2019 on the introduction of a mobility budget.

Finally, Belgium has transposed the Corporate Sustainability Reporting Directive 2022/2464 (CSRD) with the Act of 2 December 2024. This Act requires large companies to include a sustainability statement in their annual report that includes extensive sustainability information about both the company’s own activities and its value chain. This information must be shared and discussed with the works council, health & safety committee or trade union delegation beforehand.





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## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

The Act of 28 July 2011 has installed a quota that at least one-third of the members of the board of directors of listed companies and autonomous public-sector companies must be of a different gender (in practice, female) than the other members.

If the composition of the board of directors does not meet or no longer meets this quota, then the next general meeting must compose a board of directors that does meet this quota. Any other appointment of board members will then be null and void.

If, after the general meeting, a board of directors that meets the quota is still not installed, then any financial or other benefit to which the directors are entitled by virtue of their mandate shall be suspended until at least one-third of the board members are (once again) of a different gender than the other members.

Moreover, in its annual report, the board of directors of listed companies and autonomous public-sector companies must provide a description of the diversity policy of the company regarding the members of the board of directors, and the management and the person(s) in charge of the company's daily management.

Belgium has not yet amended this Act following the EU adopting Directive 2022/2381 on improving the gender balance among directors of listed companies.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Besides more general “instruments” such as anti-discrimination legislation and a national collective bargaining agreement n° 25 imposing equal pay for men and women for equal or equivalent work (a text that must be added to the company's work rules), the Belgian legislator also took specific measures to fight against the pay gap between men and women by introducing the Act of 22 April 2012 on reducing the gender pay gap.

This Act obliges employers to outline differences in pay and labour costs between men and women in their annual accounts (in the “social balance” section).

Moreover, companies that employ at least fifty employees are also required to undertake a biannual analysis of their remuneration policy to determine whether it is gender neutral or not. Every two years, these companies must draft a report including a comparative analysis of the wage structure of female and male employees within the company, to be discussed with the works council or the trade union delegation. If this analysis shows that women earn less than men, then the company will be required to produce an action plan. A mediator (a company employee) can be appointed, who will try to find a compromise with the employer if an employee claims to be the victim of gender pay inequality.

However, the Belgian Act of 22 April 2012 will have to be revised to comply with the EU Pay Transparency Directive (2023/970) that will have to be transposed into national law by 7 June 2026. Amongst other things, the Directive provides for different modalities (for companies with between 100 and 250 employees, only a tri-annual report will be required, whilst companies with more than 250 employees will have to report annually) and it provides that if pay reporting shows a gender pay gap of at least 5%, then employers will have to conduct a joint pay assessment in cooperation with the workers' representatives. Moreover, Belgium will have to put in place proportionate and dissuasive penalties in the case of infringement by employers.

New Belgian legislation will also have to be adopted to provide for a right for employees to request information about their individual pay level and the average pay level, broken down by gender, for categories of employees doing the same work or work of equal value, which will have a significant impact on HR processes.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Based on the Belgian Code on well-being at work, employers must conduct a risk analysis and identify measures that can be taken to prevent violence, moral and sexual harassment and, in general, all psychosocial risks at work (also including stress, an excessive workload, etc.), whether or not linked to a discrimination ground. These measures are then implemented after consulting the Health & Safety Committee. The employer must also call upon a prevention advisor specialising in the psychological aspects of work.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Like most countries, Belgium has enshrined general human rights principles in its Constitution, in anti-discrimination legislation and in legislative acts on child labour, working in good and safe working conditions, etc.

Regarding contractor chains, Belgium has legislation in force aimed at preventing social dumping, such as a chain liability scheme for the payment of salary in the case of illegal employment of third-country nationals, which has recently been enforced with a duty of care (i.e. an obligation to ask the direct contractor to provide certain information on the posted workers) at the Flemish level following some recent and highly-publicised human trafficking cases.

However, Belgium has not yet enacted any specific legislation that holds companies accountable for human rights violations in their supply chains. The EU Corporate Sustainability Due Diligence Directive (2024/1760), which has been adopted on 24 May 2024, establishes a corporate due diligence duty, obliging large companies to identify and address potential and actual adverse human rights and environmental impacts in the company's own operations and in their value chain. The deadline for transposing this Directive into national law was initially set at 26 July 2026 but is now under discussion.

To protect against human rights breaches, clients increasingly include ESG clauses in their commercial contracts with their supply chain obliging them to comply with internationally-recognised principles concerning human rights.

## “E” - AN ASPECT ON THE RISE

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Yes. Employers are increasingly occupied with making their HR policies sustainable and climate-friendly.

Their initiatives include the introduction of a “mobility budget”, i.e., a plan offering the option for employees to exchange their (right to) a company car for an annual mobility budget that they can freely allocate to (a combination of) more sustainable options, such as: an environmentally-friendly company car, sustainable means of transportation, car sharing, the purchase of a bike/step, housing costs if the employee lives within a range of maximum 10 km from work, etc.

Further, their initiatives include the introduction of ‘green’ benefits in “cafeteria plans”, these are flexible reward plans where employees are given a budget to choose from a number of extra-legal benefits according to their needs.

Further, their initiatives include providing for ESG targets regarding variable remuneration and making travel policies sustainable.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Indeed, we see a tendency with employers to search for creative solutions to factor in eco-friendly elements in their HR policies.

Examples include (i) the installation of an electric charging station by the employer at the employee’s home, (ii) granting a higher travel allowance for employees coming to work by bike, (iii) setting up a ‘recycling’ system for furniture for homeworking and (iv) granting the employee an interest-free or low-interest loan for environmentally conscious initiatives at home (e.g., insulation, buying a heat pump).

## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

There is an enhanced focus on health and safety matters, as well as promotion of work-life balance practices, especially in relation to parents. There is also a rapid shift towards remote work practices, with consideration on aspects such as work-life balance, employee rights, health and safety, productivity metrics and data security. Another important trend is the establishment of whistleblowing procedures in the workplace. Our clients are mostly interested in these topics.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Clients or business partners value progressive steps toward improving their ESG profile. ESG considerations are especially reviewed during due diligence processes in mergers and acquisitions transactions, with the main focus areas being compliance with human and labour rights, health and safety standards, and the competitiveness of pay compared to market standards.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

The Cyprus Companies Law (Cap. 113), following the adoption of the EU Non-Financial Reporting Directive (NFRD) (2014/95) imposes regulatory requirements on large companies considered entities of public interest, especially those with an average number of employees exceeding five hundred during the fiscal year. These companies are required to include a non-financial statement in their management report, detailing, as necessary, information on the development, performance, position, and impact of their activities. Specifically, this includes at least environmental, social, and labour issues, respect for human rights, and anti-corruption and bribery matters.

The further amendment of the Cyprus Companies Law (Cap. 113) for the transposition of the EU Corporate Sustainability Reporting Directive (the "CSRD"), which has replaced the NFRD, was recently approved (on 10 July 2025). The amendments in the national law, in line with the CSRD, impose an obligation on companies that meet the relevant thresholds to publicly disclose (in line with the European Sustainability Reporting Standards) the ESG impact of their activities. Although the CSRD is not specific to labour law, through the "S" dimension in ESG, it pushes companies to put in place and follow better workplace and labour standards and practices as it incorporates these in the corporate reporting obligations. Under the "social" pillar, the relevant considerations include equal opportunities, working conditions, respect for human rights in the workplace and in the supply chain, health and safety policies etc.

Other recent initiatives aiming to strengthen the "social" pillar include the Law on the Framework of Telework (L.120(I)/2023), which regulates the rights and obligations of both employees and employers, health and safety matters and the right to disconnect. The new Leaves Law (L.216(I)/2022) is implementing EU Directive on work-life balance for parents and carers (2019/1158) and regulating paid parental leave (previously unpaid), other types of family-related leave, and flexible work arrangements.

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The Transparent and Predictable Working Conditions Law of 2023 (Law 25(I)/2023), implements EU Directive on transparent and predictable working conditions in the European Union and regulates minimum requirements relating to working conditions and employees' rights by ensuring clear information about employment terms as well as promoting predictable work schedules.

## THE "S" IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

We note that Cyprus has not yet implemented the EU Gender Balance Directive (2022/2381) into Cypriot legislation. The latest update on the matter comes from a statement made by a member of the House of Representatives dated 25/09/2024, mentioning that, by decision of the Legal Committee of the House of Representatives, all relevant authorities involved in this matter will be invited in writing to coordinate for the submission of the relevant bill.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Equal pay law (L.177(I)/2022) establishes the obligation for employers to provide equal pay to men and women for the same work or work of equal value and prohibits any direct or indirect discrimination in the workplace based on gender. However, despite the gender pay gap in Cyprus not exceeding the EU average according to Eurostat reports, it remains persistent, with women still being paid less. The Ministry of Labour is responsible for the implementation of the Law and may refer cases to Court if labour inspectors have investigated relevant complaints and found breach. The Ombudsman may also impose administrative sanctions while competent civil courts can order the termination of the breach and adjudicate damages. The gender pay gap reporting, introduced by the EU Pay Transparency Directive (2023/970), may eventually increase awareness of equal pay rights and could lead to an increase in equal pay claims.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Section 28 of Cyprus Constitution establishes the right to equal treatment in all areas of social and economic life, including employment and prohibits direct or indirect discrimination on any discriminatory ground, thus providing broad protection against discrimination. Special legislation also exists which aims to prevent discrimination on specific grounds and harassment, including sexual harassment in the workplace. This includes the Equal Treatment in Employment and Occupation Law (L.58(I)/2004), which covers the discriminatory grounds of race or ethnic origin, age, religion or beliefs and sexual orientation. The Equal Treatment Law between Men and Women in Employment and Vocational Training (L.205(I)/2002), and the Protection of Maternity Law (L.100(I)/1997) are also part of this legislative framework. Individuals with disabilities are also protected under the Individuals with Disabilities Law (L.127(I)/2000). Furthermore, the Law on the Protection from Harassment and Stalking (L.114(I)/2021), which addresses all types of harassment within and outside the workplace, provides enhanced protections by establishing civil and criminal offenses and the option of issuing restraining orders before, during, and after court proceedings.



## Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?

The Cyprus Constitution protects individuals against breaches of human rights in general and has direct applicability not only between the state and natural persons but also between natural persons themselves and/or legal entities. The European Convention on Human Rights as well as the Charter of Fundamental Rights of the European Union are also directly applicable by virtue of the Cyprus Constitution. Furthermore, provisions for the protection of human rights are pervasive in various employment or other legislations and relevant regulations, such as anti-discrimination legislation. Breach of human rights is a valid cause of action and gives the innocent party the right to claim damages.

The EU Corporate Sustainability Due Diligence Directive (2024/1760), which must be transposed by Cyprus by 26 July 2026, requires in-scope companies to meet due diligence obligations by identifying, preventing, mitigating and remediating adverse impacts of their and their subsidiaries' operations, as well as those of their supply chains, with respect to human rights (and environment) – e.g. child labour, exploitation of workers, discrimination etc.

The transposing law / amendments to be adopted are expected to introduce the following, amongst others:

- requirement that companies integrate due diligence into their policies and monitor their effectiveness;
- administrative enforcement at national level by the supervisory authority issuing sanctions and fines;
- civil liability;
- extension of the directors' duty of care and duty to act in the company's interests to sustainability matters, including human rights;
- failure to comply with this obligation will be considered as a breach of a director's fiduciary duty under national law.

## “E” - AN ASPECT ON THE RISE

### Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?

Currently, there is no widespread or established practice among employers in Cyprus explicitly linking employment terms and conditions to the “Environmental” pillar of ESG principles. Some initiatives that may be followed, particularly by larger employers or international companies that have offices / presence in Cyprus, include implementing green workplace policies, such as energy efficiency, digitalisation to minimize the use of paper, or recycling, or even remote / hybrid work to reduce commuting emissions. Although there is currently no legal obligation to incorporate such steps into employment contracts, we expect that this will change with the implementation of the CSRD – at least the in-scope companies will need to disclose how they contribute to environmental goals and will therefore need to put in place policies or steps and ensure their employment terms and conditions align with the same.



Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)

No, we have not experienced this.

## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Issues of inclusion, equality, and work-life balance are probably the most identifiable ESG factors in respect of employment matters that Czech employers focus on (if at all). However, it is important to note that the pressure on these points does not, at a domestic level, yet arise in terms of specific “ESG demands” but rather the demands of the young Generation Z students and graduates. The young generation is often surprising potential employers with their different approach to work and what they expect in terms of work-life balance from employers. On a business level this is seen as a 21st century generational theme for discussion, rather than something labelled as “ESG”.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

The Czech Republic jurisdiction has a more conservative and sceptical approach to ESG, with clients more inclined to wait until specific legislation will require them to take certain action. The adoption of ESG principles has been more gradual compared to some other countries. While there is an emerging awareness of the attractiveness of adherence to certain ESG type principles – sustainability and environmental issues, this has been a long-term trend rather than a new ESG branded focus. As a general rule, Czech clients are not making ESG demands on their business partners. However, international business partners may make enquiries as to carbon footprint or diversity and inclusion issues of Czech companies, but this comes mainly from large multinationals or amongst professional service providers. On occasion, we have also witnessed such enquiries from our large corporate clients. Movement towards integrating ESG principles comprehensively into everyday business practices between Czech companies is still in the early stages as clients simply do not yet feel any significant pressure e.g., from local stakeholders, to do so and would be cautious as to the potential impact on profits.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

The only new initiative in this regard is the gradual implementation of the EU Gender Balance Directive (2022/2381) (see also below). However, this will have limited implications. It is worth mentioning that Czech labour law already has extensive protections for employees and health and safety and anti-discrimination even without a pre-existing ESG focus, as these are long enshrined rights, and thus there is perhaps less of an urgent push to address ESG at an employment level than in some other countries where employee rights and protections are traditionally lower.

Václav Rovenský  
Partner

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

The Czech Republic is in the process of domestic implementation of the EU Gender Balance Directive (2022/2381). At the beginning of 2024, the government drafted a bill to implement the directive by 28 December this year. The Directive is transposed into Czech law mainly by Act No. 256/2004 Coll., on Capital Market Undertakings. The proposal has now passed its 2nd reading in the Chamber of Deputies. The proposal obliges large companies to ensure that at least 40% of non-executive members of the governing body are representatives of the under-represented gender (especially women). Alternatively, the under-represented gender may be chosen to hold at least 33% of all seats on the governing body, whether executive or non-executive. The draft aims to bring the Czech Republic more in line with other EU countries, where the representation of women on company boards is already closer to 33 percent, whilst in Czech companies the representation of women is far lower, at 21 percent. The Czech government is adopting the EU directive at the minimal level necessary to comply with EU law. As such, it will only end up affecting relatively few Czech companies at present (companies that have over 250 employees and a revenue of over EUR 50 million or its assets exceed 43 million eur).

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

There is a statutory right to equal pay. A recent amendment to the Czech Republic's Labour Code came into force on 1 June 2025, which explicitly prohibits any restrictions on how employee's handle information about their salary. The EU Pay Transparency Directive (2023/970), once is being implemented, and there will be a very significant change in reporting on wages and salaries. Further legislation to implement the EU Pay Transparency Directive's obligations is, however, not expected until after November 2025, although a working group has been set-up.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

For discrimination and sexual harassment, there is a variety of sanctions and penalties, such as civil claims for satisfaction and remedies, fines for administrative wrongdoings, and criminal sanctions for committed crimes.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Serious violations of certain civil rights are forbidden in the criminal code and are prosecuted by police officers and punished by courts. Misdemeanours are prosecuted by special committees established by municipalities.

The EU Corporate Sustainability Due Diligence Directive 2024/1760 was enacted on 24 May 2024. The aim of this Directive is to promote sustainable and responsible behaviour by companies in their operations and in their global value chains. The new rules will ensure that companies identify and address the negative impacts of their activities on human rights and the environment in Europe and beyond, within the scope of their operations. Implementation of this directive is important to strengthen corporate responsibility in the area of sustainability and human rights.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Not as yet. Inclusion of such Environmental ESG pillars in employment terms is not something we have yet seen in the Czech Republic. There is no business impetus or demand to do so. Generation Z is looking at the overall image/track record of potential corporate employers on environmental issues, as well as having a keen interest on workplace inclusive attractive features of employment – e.g. yoga at work, flexible working, genderless bathrooms etc. It will be interesting to see if the concept of e.g., linking senior executive pay to attaining ESG goals, as is already happening in other countries, will also become a feature of employment contracts in the Czech Republic.

In our view, ESG employment pillars in work contracts and conditions will be slow to take off until more companies become obliged to undertake CSRD and other reporting. Czech employers are currently focused on more key financial issues impacting their businesses such as the effect of the economic and energy crises.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

We have not yet seen Czech employers undertaking such environmentally specifically creative measures. We are aware that in certain multinational corporations such measures are being implemented on a global level including the Czech Republic, but as a rule the originating impulse would not be Czech driven.





## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Danish companies are increasingly focusing on sustainability, workplace flexibility, and diversity.

As an example, many employers are actively working to reduce their carbon footprint by implementing energy-efficient solutions, waste reduction programs, and sustainable commuting incentives. Further, the COVID-19 pandemic accelerated the shift toward remote work models, and employees now expect greater work-life balance.

Danish employers are also placing an increasing focus on equal opportunities, implementing anti-discrimination policies, and promoting diversity in leadership.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Companies are indeed demanding that their business partners improve their ESG profiles. This trend is partially driven by regulatory requirements, such as the EU Corporate Sustainability Reporting Directive (2022/2464). Larger companies must report on ESG compliance, thereby leading to increased due diligence in their supply chains.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Yes. As an example, in 2024 the Danish Parliament has adopted a series of amendments to the Danish Financial Statements Act and other relevant legislation, which implement the EU Corporate Sustainability Reporting Directive (2022/2464). These amendments introduce enhanced sustainability reporting obligations for certain companies, which will gradually phase in from 2024 to 2026. Further, Denmark has introduced a new Gender Balance Act, see the next question.

## THE "S" IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Denmark has transposed the EU Gender Balance Directive (2022/2381) into national law through the new Gender Balance Act, which entered into force on January 1, 2025. The law requires large, listed companies to ensure that at least 40% of board members belong to the underrepresented gender by June 30, 2026. Additionally, affected companies must set targets and implement policies to enhance gender diversity at senior management levels and report on their progress annually.



Camilla Cuculiza  
Attorney-at-law, Director



Lise Hey Falsner  
Attorney-at-law, Partner

Further hereto, Danish law requires certain large companies to report on their diversity targets and policies as part of their annual financial reporting. With the transposition of the EU Corporate Sustainability Reporting Directive (2022/2464), these obligations have been strengthened.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

The Equal Pay Act establishes the principle of equal pay for equal work or work of equal value and prohibits wage discrimination based on gender. The law also mandates that companies with 35 or more employees and at least 10 employees of each gender in comparable job functions prepare gender-segregated pay statistics.

With the upcoming implementation of the EU Pay Transparency Directive (2023/970), Denmark will need to strengthen its existing framework, but as of now, Denmark has not yet initiated the legislative process to implement the directive.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Denmark has comprehensive statutory procedures for preventing discrimination and sexual harassment in the workplace, and fines and compensation claims may be imposed on employers that fail to fulfill their obligations. The Anti-Discrimination Act prohibits unequal treatment based on criteria such as e.g., race, religion, disability, age, and sexual orientation, while the Equal Treatment Act specifically bans sexual harassment and requires employers to prevent and address it. Employers must ensure a safe work environment, and employees can file complaints (free of charge) with the Board of Equal Treatment or take other legal action if violations occur.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

In Denmark, fundamental human rights are protected under the Danish Constitution, EU law, and international agreements. Danish law also requires large companies to report on their human rights due diligence efforts, including supply chain responsibilities, under the Danish Financial Statements Act and the EU Corporate Sustainability Reporting Directive (2022/2464). Many Danish companies also require suppliers to adhere to collective bargaining agreements, ensuring fair working conditions in the supply chain. The upcoming Corporate Sustainability Due Diligence Directive (2024/1760) will impose mandatory due diligence obligations, requiring larger companies to identify, prevent, and mitigate human rights risks in their operations and supply chains.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

In our experience, Danish employers are increasingly integrating environmental ESG considerations into employment practices, though this is still evolving. While there is no legal requirement to include such environmental sustainability policies in employment terms, many companies voluntarily implement green workplace initiatives.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Some Danish companies have adopted creative environmental incentives to encourage sustainable employee behavior. Sustainability-linked financial incentives have been seen in foreign-owned companies operating in Denmark, where employees receive bonuses for biking to work or choosing eco-friendly travel options instead of driving.

Other initiatives include food waste reduction programs where employees can take home surplus canteen food, and workplace sustainability swaps where employees exchange second-hand clothes and household items.







## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

A main focus area in England right now is equality, diversity and inclusion (EDI). However, all aspects of ESG are high on Board agendas.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

EDI is becoming more important to our clients as diverse businesses are more likely to attract the best talent, drive innovation, develop the widest customer base and financially outperform peers. We offer clients an online survey to enable them to understand how diverse their business currently is, allowing them to shape their future approach. We also run an EDI Programme supporting in-house teams to create and better execute their EDI strategies, as well as a Reciprocal Mentoring Programme, allowing senior executives to partner with under-represented groups.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

On 6 April 2024, the Flexible Working (Amendment) Regulations 2023 came into effect. This gives employees the right to request flexible working arrangements from day one of employment.

On 4 July 2024, the Labour party were elected into power and introduced the Employment Rights Bill to parliament on 10 October 2024 (the Bill). The Bill represents the biggest overhaul of employment law in the UK in over 20 years, with the potential to greatly enhance worker protections. This includes day one rights for unfair dismissal (albeit employees will likely be subject to a probationary period), limits on the ability of employers to fire and rehire, new rights for zero and low hour workers, and greater family-friendly rights, including a ban on dismissals during pregnancy. It is also proposed that the time limit for bringing an employment tribunal claim will increase from three to six months.

The Bill has passed its third reading in the Commons and is now progressing to the House of Lords. Many proposals will need secondary legislation to bring them into force, but we will be watching this space for further developments which will inevitably boost ESG pillars.

The Financial Conduct Authority has unveiled updated Code of Conduct rules which will apply to 37,000 regulated firms and makes it clear that non-financial misconduct, like bullying and harassment, will be considered misconduct for regulatory purposes. The FCA is hoping that the new rules will, amongst other things, prevent the development of toxic workplace cultures that facilitate wrongdoing and regulatory breaches, and allow for more diverse talent attraction and retention, boosting EDI in financial services. The rules will take effect 1 September 2026





**Niamh Millais**  
Associate

The Worker Protection Act came into effect on 26 October 2024. This has created a duty on employers to take reasonable steps to prevent the sexual harassment of their employees in the workplace. However, under the Bill, by October 2026, employers will be required to take “all reasonable steps” to prevent sexual harassment, rather than just “reasonable steps”.

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Employers with 250+ employees are required to publish annual gender pay gap reports. Under the Bill, the same companies will be required to publish “equality action plans” to address gender pay gaps and there will be specific penalties for a failure to do so.

The government plans to introduce disability pay gap reporting and a draft “Equality (Race and Disability) Bill” is expected in late 2025.

For accounting periods beginning on or after 1 April 2022, the FCA requires certain listed companies to include in their annual reports:

- A comply or explain statement on whether they have achieved certain targets for women and ethnic minority representation on their board.
- A standardised numerical disclosure on the ethnic background and gender identity or sex of their board and executive management team.

The targets include:

- At least 40% of the individuals on the board are women.
- At least one senior board member is a woman.
- At least one board member is from a minority ethnic background.

Voluntary initiatives include the Treasury’s Women in Finance Charter, as well as the Parker and FTSE Women Leaders Review.

The Parker Review set a voluntary target of at least one ethnic minority director on FTSE 250 boards by December 2024 and in the top 50 largest private companies by December 2027.

The FTSE Women Leaders Review 2022 recommended a voluntary target of a minimum of 40% women on FTSE 250 boards and the 50 largest private companies, with at least one woman occupying one of the “big four” board appointments, all by the end of 2025.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

The UK left the EU and therefore the EU Pay Transparency Directive (2023/970) does not apply. However, equal pay has been enshrined in law in the UK since 1970. Under the Equality Act 2010 (EqA 2010), men and women must get equal pay for doing “equal work”.

The UK also has gender pay gap reporting requirements for organisations with more than 250 staff. If they fail to report their gender pay gap data, this is unlawful, and the Equality and Human Rights Commission can take enforcement action including court orders and fines.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

It is against the law under the EqA 2010 to discriminate against anyone in the workplace because of a “protected characteristic”. This includes age, gender reassignment, marriage or civil partnership, pregnancy or maternity, disability, race, religion or belief, sex or sexual orientation.

The EqA 2010 also protects individuals against sexual harassment in the workplace, where unwanted behaviour violates someone’s dignity, or creates an intimidating, hostile, degrading humiliating or offensive environment for them, whether it was intended or not. This is reinforced by the new duty on employers to prevent sexual harassment under the Worker Protection Act.

Harassment can also constitute a criminal offence, for example under the Protection from Harassment Act of 1997.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

The Human Rights Act 1998 sets out the fundamental rights and freedoms for people in the UK.

The Modern Slavery Act 2015 deals with measures against modern slavery and human trafficking and includes a section on transparency in supply chains.

**“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

We have seen employers implement sustainable travel policies and linking variable remuneration to ESG goals. Such policies are frequently extended down supply chains, having a domino effect. Following the pandemic, many employers have continued to allow their employees to work from home, lowering emissions through less travel to the office. Employers are also increasingly evaluating their pension funds and considering whether they are investing in companies championing sustainability.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Some (but not many) employers have offered additional leave to employees choosing to travel in a sustainable way or holiday in the UK. Cycle to work schemes are also popular as they promote



healthier journeys to work and reduce pollution, along with electric and low emissions salary sacrifice car schemes. Some employers also offer employees paid volunteering days, with a focus on charities championing environmental causes.

## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Main focus areas at the moment include non-discrimination and equality, pay transparency, occupational safety and health, general compliance matters due to the EU Whistleblowing Directive (2019/1937), and the implementation of the Corporate Sustainability Due Diligence Directive (2024/1760).

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

The use of various ESG questionnaires is increasing. We have also seen an increased demand for ESG due diligence processes in addition to legal and financial due diligence. We further see an increasing awareness of social responsibility amongst employers in order to attract and retain employees.

Core focus areas are equality, diversity, employee engagement, environmental responsibility, and human rights depending largely on the business activities of the company.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

New legislation boosting ESG pillars includes the implementation of the EU Pay Transparency Directive (2023/970), under which national legislative amendments are proposed to enter into force on 18 May 2026, and the Corporate Sustainability Due Diligence Directive, which must be implemented by 26 July 2027.

## THE “S” IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

The EU Gender Balance Directive (2022/2381) has been implemented in Finland. Following the implementation, listed companies with at least 250 employees and either a balance sheet total exceeding EUR 45 million or turnover exceeding EUR 50 million are required to aim for approximately 40% representation of the under-represented gender among the members of the board of directors. The applicable target depends on the total number of board members. The target should be met by 30 June 2026.

In addition, all companies listed on Nasdaq Helsinki Ltd. or Finnish companies traded on the Nasdaq First North Premier Growth Market segment must comply with the Securities Market Association's Corporate Governance code, which likewise requires that approximately 40 % of board members to be of the under-represented gender. This requirement will also enter into force on 30 June 2026. However, the Code already requires both men and women be represented on the board. Under the Code, deviations from these obligations can, however, be made under the “comply or explain” principle.





Carola Möller  
Partner

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Firstly, there is a general obligation for the employer to treat employees equally, unless differing treatment is justified based on the duties and status of the employees.

In addition, the Act on Equality between Women and Men requires employers with at least 30 employees to regularly draw up an equality plan, particularly regarding remuneration and other conditions of employment. The gender equality plan includes an equal pay audit, which is used to determine that there are no unjustified differences in pay between women and men working for the same employer or engaged in work of equal value. If there is no acceptable reason for the pay gap, the employer must take appropriate corrective measures.

A draft government proposal on the implementation of the EU Pay Transparency Directive suggests amendments to the Act on Equality between Women and Men and related legislation, in line with the Directive's minimum requirements. The proposal introduces several new obligations for employers. For equal pay reporting, employers with at least 100 employees would be required to report gender pay gaps by employee category, and if the unadjusted gap exceeds 5% without justification, carry out a joint pay assessment. The proposal also adds information obligations, including providing employees with salary criteria and levels, as well as, on request, information on average salaries of comparable employees and informing the employees of their right to information.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Under the Non-Discrimination Act and the Act on Equality between Women and Men, the employer must promote and assess the realisation of equality at the workplace and develop working conditions and procedures accordingly. Employers who regularly employ at least 30 employees must have a gender equality plan and a non-discrimination plan for the necessary measures to promote equality.

If the employer does not take appropriate actions after having received information about sexual or gender-based harassment or harassment based on other personal characteristics (age, race, ethnicity, language, religion, political opinions, trade union acidity, any other personal characteristics) the employer's conduct will be seen as discrimination prohibited under the Act on Equality between Women and Men or the Non-Discrimination Act.

Further, under the Occupational Health and Safety Act, the employer is required to take the necessary measures to ensure the health and safety of its employees, which also includes an obligation to after having been informed of harassment take appropriate actions to eliminate such harassment.

The employer's representative may also be held criminally liable for an occupational health and safety violation.



**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Currently, there are no statutory rules on human rights due diligence or similar processes to prevent human rights violations in relation to co-operation partners or value/supply chains. The previous government initiated an initiative with an aim to enact national legislation on corporate social responsibility, but this is not included in the current government programme. The current government has had some reservations against the Corporate Sustainability Due Diligence Directive (2024/1760). A working group has been appointed to prepare the implementation of the Directive. As the Directive has now entered into force, changes are naturally expected.

Many Finnish companies are committed to respecting human rights and have policies to protect human rights in the supply chain, especially in case of activities in countries with a high risk of adverse human rights impacts, but companies do not tend to report these measures in detail.

**“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Employers are favouring more sustainable travel policies, such as trains and environmentally friendly cars. Employers have also implemented “green office thinking” to reduce waste and promote environmental awareness in the workplace.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Employers are offering employment benefits such as access to city bikes and public transport as options for the employees to choose from.





## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Employment related matters are becoming an increasingly core focus from an ESG perspective. For employers, this encompasses broad issues such as diversity and inclusion, gender pay gap reporting, pay transparency, workforce engagement, whistleblowing, organisational culture, hybrid, remote and general flexible working arrangements and health and safety (including employee wellbeing) to name but a few. It is becoming increasingly important for employers to ensure that they comply with new employment related legislation and standards. Otherwise, employers will not only face potential legal and regulatory risks, but they may also be exposed from an ESG perspective. Indeed, as part of their ESG strategies, many employers are striving to go further than the statutory employment law minimums.

Three ESG related issues which have been of particular focus in the past twelve months are diversity and inclusion, whistleblowing and reporting on workplace matters as required by the Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464 /equivalent local law Regulations.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

It is our experience that companies are increasingly demanding that their business partners are aligned with them when it comes to ESG goals.

As referred to above, one of the core focus areas in this regard is diversity and inclusion. Human rights, sustainability and health and safety are also core focus areas.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Yes, there have been a number of recent legislative developments which boost ESG pillars. The Gender Pay Gap Information Act 2021 requires large employers to report their gender pay gap on an annual basis. In addition, the Protected Disclosures (Amendment) Act 2022, which updated Ireland's existing statutory whistleblowing regime, implements the EU Whistleblower Protection Directive (2019/1937) in Ireland, extending the scope of protections for whistleblowers.

The Corporate Sustainability Reporting Regulations 2024 which transposed the CSRD, requires directors of an applicable company to provide information to, and consult with, employees' representatives in relation to sustainability matters.



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Senior Associate



Bríd Nic Suibhne  
Partner

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Ireland is in the process of implementing the EU Gender Balance Directive (2022/2381) which requires EU listed companies to ensure a minimum number of director positions are held by the “underrepresented sex”.

The deadline for transposition of the directive passed on 28 December 2024 without any transposing legislation being published by Ireland.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Yes. Currently, the Irish Employment Equality Acts 1998 to 2021 provide for equal pay for like work and prohibit discrimination on nine specified grounds, including gender. Despite this existing legal framework, its effective implementation and enforcement remains a challenge.

Furthermore, pursuant to Ireland’s existing gender pay gap legislation, certain employers are required to report details relating to the average percentage pay gap of male and female workers, which already complies with the basic requirements of the EU Pay Transparency Directive (2023/970). Indeed, the employee threshold figures to trigger reporting requirements under the existing Irish legislation are more expansive than the directive and will capture employers with 50 or more employees in 2025. However, this assessment is based on the overall workforce, split into part time and full-time workers. Under the directive, companies will additionally be required to report the gender pay gap based on “categories” of workers who are doing the same work or work of equal value. One of the other key new provisions of the directive is the concept of a “joint pay assessment” which will require a company to carry out a pay assessment where a gender pay gap report identifies a gap of at least 5% in any category of workers, and where that gap has not been justified by objective and gender neutral factors and has not been remedied within six months of the date of the gender pay gap report. The results of the assessment will have to be made available to employees, their representatives, and the monitoring body.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes, the Employment Equality Acts 1998-2021 prohibit discrimination and harassment (including sexual harassment) under nine protected grounds (gender, marital status, family status, age, disability, sexual orientation, race, religion, and membership of the Traveller community).

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

From an Irish perspective, human rights are protected through a number of international (mainly United Nations) and European treaties, various national laws and through the provisions of the Irish Constitution.

The EU Corporate Sustainability Due Diligence Directive (2024/1760) will oblige companies within scope to monitor their chain of activities to identify and mitigate adverse human rights and environmental impacts arising from their operations, their subsidiaries and their chain of activities. Ireland must transpose the directive into national law no later than 26 July 2026.

### **“E” - AN ASPECT ON THE RISE**

#### **Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

In certain industries and, in particular, amongst listed companies (PLCs), it is becoming more common for employers to make ESG goals a metric for the purpose of calculating variable remuneration. We are also seeing increasing focus on sustainable business travel policies, particularly in the post Covid era.

#### **Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

We are beginning to see employers take steps towards the implementation of initiatives aimed at encouraging employees to practice sustainable travel, e.g., the introduction of carpooling policies where employees who carpool can access free parking at work. We expect to see an increase in these types of creative measures going forward.







## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

From a legislative and media perspective, the main focus is on diversity, equity and inclusion (DE&I).

Notwithstanding the clients' interest in DE&I, the main area on which clients request our intervention is stakeholder mapping and engagement, due diligence activities along the value chain and training on ESG topics.

In this regard, clients' focus on these issues is also justified by the growing attention that the Government – as well as public prosecutors – are paying to the logistic and fashion sectors (where numerous cases of workers' exploitation by subcontractors have been identified).

As evidence of the attention devoted to the fashion sector in particular, on May 26, 2025, public authorities and relevant social partners signed a memorandum of understanding on "legality in procurement contracts within fashion supply chains", which, in essence, anticipates the effects of the CS3D (on a voluntary basis).

In addition, the CSRD (Corporate Sustainability Reporting Directive - EU 2022/2464) was transposed into national law (Legislative Decree 125/2024) on September 6, 2024, following a public open discussion earlier in 2024). This law will increasingly enlarge the number of entities subject to reporting obligations and will have a consequent impact on the SME in the different supply chains.

Most recently, i.e., on August 6, 2025, the Law Decree transposing the Directive 2025/794 - so-called "stop the clock" - has been converted into Law, with the effect of postponing the entry into force of certain sustainability reporting obligations.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Our clients are primarily interested in verifying that their business partners comply with labour regulations and the rights of their workforce, notwithstanding an ever-increasing focus on commitment to environmental protection, Health and Safety, working conditions and human rights (especially for global groups active in certain delicate sectors such as oil & gas and fashion).

Investors – including PE funds – and Banks carry out ESG due diligence before investing, providing financing or issuing guarantees.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

On top of the national law mentioned above, the following laws are worth mentioning:

Legislative Decree 162/2021, which amends the Equal Opportunity Code (hereafter, the "**Equal Opportunity Code**") and introduces the optional tool of the Gender Equality Certification (hereafter the "**Gender Equality Certification**"), a formal recognition that can be issued to those entities that require it and demonstrate that they have built real equality between men and women in the workplace (our Firm obtained this certification in December 2023).



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Partner



Silvia Sartori  
Associate



Alessia Zorattini  
Associate

Legislative Decree No. 24/2023 (hereinafter the “**Whistleblowing Decree**”), which implemented the EU Whistleblower Protection Directive (2019/1937). The Whistleblowing Decree is aimed at granting adequate protection to individuals who report breaches of national and/or EU laws that jeopardize public interests or the integrity of public or private entities.

Legislative Decree No. 58/1998 (hereafter the “**Consolidated Law on Financial Intermediation**”), which has been amended following the implementation of the EU Shareholders’ Rights Directive (2017/828) (SHRDII) and now establishes remuneration policy as an element that contributes to ‘*corporate strategy, the pursuit of long-term interests and the sustainability of the company*’. As a result, the variable remuneration of directors (and not only) should be linked to sustainability goals of the company, whereby directors’ performance should be evaluated using both financial and non-financial criteria (ESG criteria). A similar principle is included in the Corporate Governance Code issued in 2020 by the Italian Stock Exchange. This Code, even if applicable only to listed companies, includes the best practice and principles that ground an excellent governance.

Moreover, recently there have been interventions concerning both public and private procurement, aimed at ensuring enhanced protections for workers throughout the value chain:

- Legislative Decree No. 209/2024 amended the Public Procurement Code, establishing that the contracting authority must specify in the tender documentation the NCBA that contracting companies are required to apply. Furthermore, in the event that a contracting company applies a NCBA different from the one specified, the company must submit a “declaration of equivalence” of the protections, allowing the Public Administration to verify that the NCBA applied by the contracting company guarantees the same protections provided by the NCBA required;
- Decree Law No. 19/2024 amended Article 29 of Legislative Decree No. 276/2003 (which governs the joint liability between the client, contractor, and any subcontractors for the remuneration and social security contributions of employees engaged in the contract), establishing that “personnel employed in the execution of works or services contracts and subcontracting are entitled to economic and regulatory treatment that is, on the whole, not less favorable than that provided for by the national and territorial collective labor agreement signed by the most representative trade unions and employer associations at the national level, applied in the sector and area closely connected with the activity subject to the contract and subcontract”.

## THE “S” IN FOCUS

### Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?

The following regulations have been implemented in Italy:

Law No. 120/2011 which establishes a mandatory percentage of presence of both genders in the workplace to ensure equal representation. Specifically, 1/3 of the board of directors must be female (40% in the case of listed companies).

Equal Opportunity Code which contains regulations aimed at achieving effective equality between men and women in the workplace and at eliminating all adverse obstacles to the realization of the principle of equal opportunities. The Equal Opportunity Code has recently been amended by Law No. 162/202, which, as mentioned, introduced the Gender Equality Certification tool. In order to obtain such certification, formal/numeric equality will not be sufficient, as the Gender Equality Certification attests the existence of concrete policies and measures taken by employers to reduce the gender gap in relation to growth/career opportunities, equal pay for equal work and gender gap management policies (e.g., DE&I, parental, etc.).

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Equal Opportunity Code, on equal pay, provides for the obligation for companies with more than 50 employees to draw up and send to the competent authorities, every two years, a report on the situation of male and female employees that also includes data on remuneration. Further, it provides for the employees' and/or equality advisors' right to act against the employer in case of breach and application of a facilitated evidence regime and finally to provide as to Gender Equality Certification: equal pay is an element to be achieved to gain this certification.

Decree No. 198/2006 which bans any discrimination, direct or indirect, concerning any aspect or condition of remuneration, with respect to the same work or work of equal value.

The implementation of the EU Pay Transparency Directive (2023/970) will render the monitoring of the gender pay gap mandatory (at least for some employers) and more effective, by granting employees – and their representatives - the right to request the remuneration of colleagues doing the same work or work of equal value.

The Directive has been included into Italian Law on the Implementation of EU Law No. 15/2024, which identifies the guiding principles and criteria for the exercise of the Government's delegated authority for the transposition of the same.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes. Please consider, among others:

Article 2087 of the Italian Civil Code which requires employers to ensure the health and safety of all employees. As a result, employers are obliged to prevent and act against the perpetrators of sexual harassment in the workplace and to take all necessary measures to ensure a safe working environment.

Equal Opportunity Code which reserves to collective agreements (see directly below) the provision of specific measures, including codes of conduct, guidelines and good practices, to prevent all forms of sexual discrimination and, in particular, harassment and sexual harassment in the workplace.

National Collective Bargaining Agreements (hereinafter the “**NCBAs**”): some NCBAs regulate the subject of sexual harassment, recalling and adopting the definitions of harassment provided by national and European regulations (including the “Code of practice to clamp down on sexual harassment at work” annexed to the “Recommendation of the European Commission of 27.11.1991”) and providing for a system of trade union confrontation aimed at training employees and preventing sexual harassment.

Moreover, NCBA's provide for disciplinary procedures against employees in case of breaches of employment contract, which may include sexual harassment conducts.

Decree No. 198/2006 according to which employees may take legal action to oppose any discriminatory behavior and also in cases of victimization. Moreover, an employee who takes legal action against discriminatory acts of harassment or sexual harassment may not be sanctioned, demoted, dismissed, transferred or subjected to any other organizational measure that has direct or indirect negative effects on his or her working conditions determined by the complaint itself, resulting in the nullity of the retaliatory dismissal and of any change in duties as well as any other retaliatory or discriminatory measures taken against the complainant.

The Whistleblowing Decree, which implemented the EU Whistleblower Protection Directive (2019/1937) as mentioned above.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

In general, several Italian laws provide protection against human rights violations in general and specifically in the supply chain (i.e., criminal laws against labour exploitation and minor exploitation, laws providing joint liability in the supply chain between the client, the contractor and any subcontractors for any unpaid remuneration and contributions by the employer contractor or subcontractor; joint liability for damages arising to an employee in the event of a work accident not covered by insurance).

In addition, the EU Corporate Sustainability Due Diligence Directive (2024/1760) will have to be transposed in Italy, although structured companies are gradually implementing procedures compliant with its provisions, also as a result of the obligations arising from the law which transposed the CSRD.

## **“E” - AN ASPECT ON THE RISE**

### **Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Companies are adopting policies that: (i) link variable management and staff rewards/remuneration/benefits to the achievement of – inter alia - environmental sustainability goals, (ii) reduce carbon and, in general, impact on the environment by e.g. reduction of plastic, paper, planes, cars use, etc. as well as encourage and promote virtuous behaviors inside and/or outside the office (e.g. bike, running, other competitions for workforce, pro-bono work, internal initiatives for the employees' mutual help – e.g. give to a colleague in need own days of leave or vacation), (iii) promote work-life balance and employees wellbeing; (iv) promote environmental volunteering initiatives (sustainable company retreats, time off work for sustainable volunteering).

The amendments to the Consolidated Law on Financial Intermediation impose a revision of the remuneration policies with the consequence that companies will have to establish specific criteria and sustainability goals, including under an environmental perspective.

### **Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Yes. Some examples out of many are illustrated in the previous answer.

## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The most increased demand concerns a social aspect of ESG and is related to compliance matters. We frequently advice and assist with preparation of various internal policies (policies on whistleblowing, diversity and inclusion, and others).

An increase in demand can be detected also in establishing or amending employee incentive plans, however most companies locally are relatively hesitant to incorporate ESG metrics in long-term or short-term incentive plans and such an approach is practiced more by global companies through their subsidiaries.

We believe, as soon as the process of implementation of the requirements set by the EU Pay Transparency Directive (2023/970) starts, even more companies will pay attention not only to the principles of equal pay, but also to transparency, equality at workplaces and to the processes.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

The clients that are required to report on sustainability starting from 2024 reporting year pursuant to the EU Corporate Sustainability Reporting Directive (2022/2464), have - in the majority of the cases - already set up a system of internal mechanisms that assist in gathering the required data with respect to their business partners. However, due to the fact that these requirements are currently binding only in respect to a relatively small number of companies, the clients face problems in response rates and enforcement of these requirements. The core focus areas are human rights, health & safety, equal pay, diversity, inclusion, and other areas.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Not currently.

## THE "S" IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

There are no specific gender or diversity-based targets or composition requirements that have been set on national level.

At the end of 2020 the Consultative Council established under the auspices of the Ministry of Justice has prepared the Code of Corporate Governance, which includes recommendations on gender representation in corporate governance bodies. The recommendations provided are not mandatory to the companies.





**Irina Rozenšteina**  
Head of Employment Practice

The EU Gender Balance Directive (2022/2381) has not yet been transposed into national law and no draft amendments to the laws are currently being prepared.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Article 7(1) of the Labour Act (the LA) provides for the principle of equal rights and, consequently, the right to fair remuneration; Article 29 of the LA provides for the prohibition of unequal treatment in remuneration setting and Article 60(1) of the LA provides for a general requirement that an employer must ensure equal remuneration for men and women for the same kind of work or work of equal value. Legal mechanisms are also available for the enforcement of such rights. The EU Pay Transparency Directive (2023/970) has not yet been transposed into national law, and currently there is no reporting requirement according to the national laws.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

The principle of equal rights is embodied in Article 7 of the LA. Such rights shall be ensured without any direct or indirect discrimination - irrespective of a person's race, skin colour, gender, age, disability, religious, political or other convictions, ethnic or social origin, property or marital status, sexual orientation or other circumstances. Article 29 of the LA prohibits unequal treatment in establishment of employment relationship, working conditions, remuneration, etc.

There is no specific legal regime with respect to the prevention of sexual harassment. It is recognised by the case-law that psychological terror, verbal humiliation and sexual harassment qualify as mobbing, which is also one of the manifestations of the violation of unequal treatment.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

General protection mechanisms are provided by the Constitution of the Republic of Latvia, Section VIII. Currently, there is no specific legal regime regarding supply chains other than the transnational obligations on the EU level. The requirements of the EU Posted Workers Enforcement Directive (2014/67/EU) and the EU Posted Workers Directive (96/71/EC) are implemented in Article 75 of the LA which provides for specific liability rules in supply chains for the payment of remuneration to the employees in construction/building sectors (the person who has delegated the performance of contractual obligation could be liable for payment of remuneration, if it has not been done by a subcontractor).

Latvia is actively working on its national legal framework in the sustainability area. The Sustainability Information Disclosure Law came into legal force on 17 October 2024, implementing the EU Corporate Sustainability Reporting Directive (2022/2464).

As the EU Corporate Sustainability Due Diligence Directive (2024/1760) is just adopted, no draft amendments to the laws are currently being prepared. It is difficult to foresee when this could happen.



## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

It is not a particularly common trend, however sporadically we see an interest in improving internal processes that are indirectly linked to the employment sector, for example, the introduction of internal green guides as part of the internal code of conduct, sustainable travel policies motivating employees to opt for the most sustainable option, incentive plans also typically include employee involvement, as well and other initiatives.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

The current market trends overall are rather conservative; however, we do see an increased interest in unorthodox approaches that would assist in reaching the sustainability goals of the company as well.





## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

A key focus area for companies today is the advancement of “social” factors, with particular emphasis on diversity, equity, and inclusion. Companies are striving to create more inclusive work environments and to promote diversity at all levels of their organisations. Another emerging trend is the integration of sustainability into compensation and benefits packages. This includes offering benefits that encourage eco-friendly practices. There is also a growing interest in ensuring mental health support and well-being in the workplace.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes, there has been a growing trend of clients demanding that their business partners prioritise and demonstrate improvements in their ESG profiles. Core focus areas in ESG improvements often include environmental impact, social responsibility and governance.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Currently, Lithuania is not actively pursuing significant new initiatives in employment and labor law aimed at enhancing ESG pillars. Rather, most ESG-related initiatives are originating from the private business sector within the country.

## THE “S” IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Lithuania has taken steps to improve gender diversity and overall diversity on corporate boards, particularly in alignment with European Union initiatives, though there are no strict legal quotas in place for private companies.

On October 3, 2024, amendments to the Law on Equal Opportunities for Women and Men of the Republic of Lithuania came into force, introducing a requirement that large companies must take measures to ensure that persons of the underrepresented gender occupy at least 33% (but not more than 49%) of the positions of company director, board member, and supervisory board member.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Organisations employing 20 or more individuals are required to develop and adopt a remuneration policy. This policy must be carefully crafted to prevent any form of gender-based or other discrimination during its implementation. Both men and women are entitled to receive equal pay for work that is the same or of equal value. Once EU Pay Transparency Directive is implemented, one might expect higher pressure to the business in preparing/implementing the aforementioned policy (at this point this is rather a formal requirement than actual practice). At the same time, it is difficult to predict the regulator’s efforts towards the implementation of the directive.



**Ramūnas Petravičius**  
Partner

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

All employers are required to uphold the principles of gender equality and prohibit discrimination based on other factors. Additionally, employers must establish and maintain a work environment free of violence and harassment.

For organisations with more than 50 employees, it is mandatory to develop and approve two key policies: (i) an equal opportunities and non-discrimination policy, and (ii) a violence and harassment prevention policy.

Also, companies, regardless of the number of employees, must organize training for employees on the topic of violence and harassment prevention, i.e. about the dangers of violence and harassment, prevention measures, employees' rights and obligations in the area of violence and harassment, etc.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

There is no specific, comprehensive legislation that directly regulates human rights protection within supply chains. However, human rights protection is embedded in various legal frameworks, both at the national and international levels, that Lithuania is subject to. For example, the Labour Code includes provisions aimed at protecting workers' rights, ensuring fair working conditions, prohibiting forced labor, and safeguarding against discrimination. Companies tend to adopt measures based on international standards like the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. On June 25, 2024, the Parliament of the Republic of Lithuania also approved a package of laws implementing the requirements of the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (CSRD), which took effect on July 1, 2024. The key law transposing the CSRD in Lithuania is the Law on the Accountability of Enterprises and Enterprise Groups in the Republic of Lithuania which basically follow requirements of the CSRD, including the reporting on supply chains.

## **"E" - AN ASPECT ON THE RISE**

### **Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the "Environmental" ESG pillar in employment terms and conditions?**

Some employers are indeed taking steps to ensure the "Environmental" ESG pillar in employment terms and conditions (e.g., sustainable travel policies, linking variable remuneration to ESG goals, etc.). This is especially true in sectors such as technology, finance, and consumer goods, where there is growing pressure from stakeholders to prioritise sustainability. Overall, it seems that more and more employers are recognising the importance of addressing environmental concerns in their employment practices.

### **Have you experienced any employers taking more creative measures to factor in the "Environmental" pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Yes, there are employers who are taking innovative measures to integrate environmental consciousness into their workplace culture (e.g., offering vacation days for employees who participate in sustainable travel or use public transportation, installing electric vehicle charging stations in their parking lots to promote eco-friendly transportation options, etc.).

## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The current trends and client requests for such purposes are: i) implementation of policies relating to diversity and inclusion, ii) introduction of flexible work arrangements (remote working and four-day working week on full pay) and iii) enhanced benefits on family friendly policies (e.g., maternity leave, paternity leave, adoption leave and parental leave), which range beyond the statutory entitlements in terms of duration and salary.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

There has been a trend in Luxembourg where clients are increasingly demanding that their business partners demonstrate efforts to improve their ESG profiles. This shift is driven by several factors, including a growing awareness of sustainability issues, regulatory pressures, investor preferences, and consumer expectations for responsible business practices. Clients are keen to look for business partners who have taken tangible steps to enhance their ESG performance.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

While there are no explicit legislative initiatives dedicated solely to reinforcing ESG pillars, recent legislative developments in Luxembourg have indirectly bolstered the social component of ESG.

Key advancements include: i) enhanced anti-discrimination measures reflecting a commitment to social equality and justice, ii) workplace harassment protections, fostering a safer and more respectful work environment, iii) whistleblower safeguards and transparency promoting integrity and accountability, iv) work-life balance initiatives allowing employees to maintain a healthy balance between work and personal life, advocating for inclusivity and family support and empowering employees with greater control over their schedules, enhancing overall well-being and v) economic incentives for employee welfare indirectly supporting their economic welfare.

Furthermore, several bills currently under discussion aim to enhance social working conditions for employees.



Louis Arendt  
Senior Associate



Philippe Schmit  
Partner

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Since 2017 in Luxembourg, gender equality quotas are a precondition for political parties to receive direct public funding. Since 2019, Luxembourg has aimed to increase female presence in public institution boards. However, the EU Gender Balance Directive (2022/2381) aimed at larger listed companies, is currently being implemented in Luxembourg and is expected to have limited impact due to the small number of qualifying companies. To our knowledge, currently no other specific Luxembourg laws address gender composition in corporate boards. The principles of equality and non-discrimination are nonetheless provided for under the Luxembourg Labour Code.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Yes, the principle of equal pay for men and women is firmly established in the Luxembourg Labour Code.

The forthcoming EU Pay Transparency Directive (2023/970) will further enforce proactive pay structure reviews, gender pay audits, and enhanced pay policy transparency, granting employees more rights related to their remuneration.

Based on a current study from Eurostat in 2023, Luxembourg has furthermore been identified as the country with the lowest gender pay gap.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes, the Luxembourg Labour Code provides a comprehensive legal framework to prevent discrimination and sexual harassment at work. The Criminal Code provides for additional discrimination criteria and doubles criminal penalties for intentional discrimination.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Luxembourg, as a member of the European Union, adheres to a range of EU regulations and directives aimed at protecting human rights and preventing breaches, including those in supply chains. Customary protection aspects are generally governed by the Luxembourg legal provisions. Nonetheless, Luxembourg is currently also implementing the EU Platform Work Directive (2021/0414 (COD)).

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Increasingly, employers are adopting innovative benefits to support their employees in contributing to the fight against climate change, such as bike and electric bike leasing, renting electric cars for professional trips, increased remote working, supporting local and sustainable food options in company cafeterias or for company events.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Yes, main initiatives include i) recycling and Waste Reduction Programs that encourage employees to recycle and reduce waste, ii) some employers offer carbon offsetting programs where they enable employees to use company bikes, electric cars for example and iii) remote work arrangements are encouraged amongst a wide range of employees, which can significantly reduce employees’ carbon footprints by eliminating daily commutes.

Also, since March 2020 public transportation in Luxembourg is free of charge.





## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Diversity, equality, and inclusion are the focus areas which have garnered importance in an employment context in Malta. In relation to these areas, efforts have been undertaken to safeguard the rights of the under-represented members of society.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes, but progress is still slow.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

In respect to legislative initiatives, it is worth mentioning the Work-Life Balance for Parents and Carers Regulations that aims at boosting female representation in the labour market and achieving overall work-life balance. It introduces a 10-day paternity leave for fathers or equivalent second parents to be used upon the birth of their child. Whilst the right to 4 months of parental leave was already in force, this subsidiary legislation stipulates that 2 out of the 4 months of parental leave is to be compensated. These Regulations also introduce carers' leave of 5 working days, unpaid, to workers who care for their relatives. It also caters for flexible working arrangements, including reduced or modified hours as well as teleworking.

Further, the Employment Agencies Regulations, which came into force on 1 April 2024, are aimed at protecting third-country nationals from abuse by imposing mandatory licensing and specific requirements for employment agencies. The license application process includes a rigorous vetting process.

## THE "S" IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

No, but it will need to implement the new EU Gender Balance Directive (2022/2381).

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

An employee who alleges that the employer or the conditions of employment violate the equal pay for work of equal value principle may, within 4 months of the alleged breach, lodge a complaint before the Industrial Tribunal. There is no need to prove the difference in pay is due to sex discrimination. If the Industrial Tribunal is satisfied that the complaint is justified, it may cancel the contract of service or any clause in such contract or in a collective agreement which is discriminatory and order the payment of compensation for loss and damage sustained by the aggrieved party because of the breach.



Klara Cachia  
Associate



Christine Calleja  
Partner

The impacts of the EU Pay Transparency Directive (2023/970) are that (i) the employer has a duty to report gender pay gaps, (ii) the employees have a right to information on individual and average pay levels, (iii) the employers will be prohibited from requesting from job seeker information on how much they currently earn or how much they earned in previous employment, (iv) in the pre-employment stage, employers will need to reveal the starting salary level and (v) employees cannot be prohibited from revealing their salary. Malta has already introduced some requirements regarding the information to be given to applicants and information re pay levels to be provided to employees.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes, discrimination and sexual harassment are expressly prohibited by specific legislation.

The employer has a duty to prevent discrimination and harassment and must prepare a written report in case of a complaint of sexual harassment or discrimination.

The Equality for Men and Women Act (**EMWA**) imposes a fine or imprisonment for persons guilty of an offence under this Act.

Investigation by the Commissioner for the Promotion of Equality into any matter involving discrimination and harassment.

Action taken before the Industrial Tribunal within 4 months of the breach in cases of discrimination and sexual harassment in the workplace.

Civil proceedings can be instituted for breach of the EMWA. Here, the court can order the defendant to desist from the unlawful acts and order payment of compensation for the damage suffered because of such acts.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Yes, the Constitution. Further, the ECHR transposed into Maltese law by the European Convention Act, Chapter 319 of the Laws of Malta and the EMWA prohibits discrimination in both public and private sectors.

Even though Malta does not have legislation solely dedicated to governing supply chains, it aligns with EU directives and regulations targeting corporate social responsibility and due diligence in supply chains such as the EU Non-Financial Reporting Directive (NFRD) (2014/95).

With the upcoming implementation of the EU Corporate Sustainability Due Diligence Directive (2024/1760), we anticipate an increasing awareness among companies regarding human rights protection and environmental impacts, not only within their own operations but also across the activities of their subsidiaries and business partners. This Directive will impact the multiple levels of a company's value chain, thus also affecting small and medium-sized enterprises. The due diligence requirements introduced by the CSDDD are novel, and we expect that companies will begin adapting and preparing to ensure compliance in anticipation of the Directive's implementation.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Yes, they are.

Companies in the insurance and banking fields have adopted Sustainability Plans, Sustainability Risk Policies, and Principal Adverse Impact Statements. They have also ensured sustainable investment products in line with the Principal Adverse Impact Indicators (PAIs).

Additionally, hybrid working models have been adopted to promote remote work, thus reducing the number of cars on the road. There have also been commitments to achieve carbon neutrality by a target date.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Such more creative measures have not yet garnered enough popularity. However, a leave-related measure that can be aligned with ESG principles, of which we are aware of, is that of providing employees with leave to carry out voluntary work.





## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The focus is on areas such as diversity and climate, on which new laws and regulations are imminent. Furthermore, clients are increasingly paying attention to green employment conditions, because new hires tend to choose employment accordingly and works councils regularly include climate (and other ESG) aspects in their advice.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

In our experience, clients are indeed increasingly demanding their business partners to pay attention to the ESG profile. This involves, to our knowledge, desired openness on environmental and social issues, human rights, diversity, and inclusiveness. We see that in tender/pitch procedures, insight is requested into corporate social responsibility and financial accountability but also into climate initiatives and diversity rates.

On the other hand, we see that US clients are pressurized by the Trump administration to pay less attention to diversity and inclusion.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Yes, see below an overview of new legislative initiatives within employment law boosting ESG.

**Legislation to address labour market discrimination** - In March 2023 the House of Representatives passed a bill requiring employers to adopt a procedure that incorporates safeguards to combat labour market discrimination in recruitment and selection and to promote equal opportunities. However, this law will not come into effect because the Senate rejected the bill a year later.

**Sustainability Reporting** - Large companies must be transparent about their climate targets from 1 January 2024 under the EU Corporate Sustainability Reporting Directive (2022/2464 - CSRD) and the EU Sustainable Finance Disclosure Regulation (2019/2088). The CSRD should have been implemented in Dutch law by 6 July 2024. The Act implementing the CSRD was submitted to the House of Representatives on 13 January 2025 and is still being debated there. In the meantime, the European Commission published a simplification package that will remove approximately 80% of companies from the scope of the CSRD and focus the sustainability reporting obligations on the largest companies. This is also expected to have consequences for the Dutch Sustainability Reporting Directive Implementation Act.

On 25 July 2024, The Corporate Sustainability Due Diligence Directive (2024/1760 - CSDDD) came into force. This directive obliges large companies to investigate the impact on human rights and the



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Cara Pronk  
Partner

environment within their operations. The legislative proposal implementing the CSDDD was available for internet consultation under the name “International Corporate Responsibility Act” in November/December 2024 and is expected to be submitted to the House of Representatives in 2026.

**Corporate governance code update** - The in December 2022 updated Code states that directors of (listed) companies must focus on (long-term) sustainability when determining strategy and making decisions.

**CO-2 registration obligation** - Large employers ( $\geq 100$  employees) are obliged to report on work-related mobility from 1 July 2024 as part of the Climate Agreement. From January 2025, data for 2024 could be submitted until 30 June 2025 at the latest. The objective is to reduce at least 1.5 megaton of CO<sub>2</sub> emissions by 2030 through a collective cap. Based on the data submitted, the CO<sub>2</sub> emissions will be calculated. For the time being, large employers are free to decide which measures they take. However, if the collective threshold for CO<sub>2</sub> emissions is still exceeded in 2025, an individual standard for CO<sub>2</sub> emissions may be imposed from 2028. A motion passed by the House of Representatives in April 2025 calls on the government to limit the reporting obligation to companies with more than 250 employees. This motion has yet to be implemented.

## THE “S” IN FOCUS

### Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?

As per 1 January 2022, the Diversity Quota and Targets Act provides measures to create a balanced composition of management boards and supervisory boards.

Large companies are also obliged to set ambitious gender balance targets for their supervisory boards, boards of directors, and certain senior management roles. Companies must report progress toward achieving their gender targets in their annual report. As per the updated Governance Code, (listed) companies should also have a company-wide diversity and inclusion policy.

### Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?

Based on the Equal Treatment of Men/Women Act, unequal payment based on gender between men and women who perform work of equal value constitutes direct discrimination.

Since March 2019 a private member’s bill is pending, which stipulates that large employers must obtain a certificate to demonstrate equal pay. It is still unclear whether this bill will be adopted, as the EU Pay Transparency Directive (2023/970) must also be transposed into Dutch law by 7 June 2026 at the latest. The legislative proposal implementing the EU Pay Transparency Directive has been open for internet consultation from 27 March to 7 May 2025.



### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Discrimination at work is included in the Working Conditions Act under psychosocial work stress, which should be prevented. A private member's bill amending the Working Conditions Act has been pending in the Senate since May 2023. This bill requires employers to have a confidential adviser to whom employees can turn if they are confronted with undesirable behavior. In February 2025, a bill was submitted for internet consultation that requires employers to have a code of conduct for undesirable behavior. This code of conduct does not only concern sexual harassment, but also aggression or violence, direct or indirect discrimination and bullying. The code of conduct must clearly define what constitutes undesirable behavior, include options for support (e.g. complaints committee/confidential advisor) and specify the sanctions for violating the code of conduct. This bill still needs to be submitted to the House of Representatives and will not come into force before July 2026.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

There is no specific legislation on the topic. The Human Rights Action Plan describes how the government wants to promote human rights. The focus is on preventing abuses of working conditions, human rights and environment in the supply chain. The government does this by requiring in contracts that suppliers take action to reduce risks. To this end, they must work towards targeted improvement in their international chain by applying due diligence based on OECD Guidelines and UN Guiding Principles.

The EU Corporate Sustainability Due Diligence Directive (2024/1760 - CSDDD) aims to enhance corporate accountability and transparency about actual and potential human, employment and social rights adverse impacts and environmental adverse impacts connected with a company's own business operation and that of its business partners. For human rights, the CSDDD imposes a mandatory risk-based due diligence obligation that requires companies to identify and assess, prevent, mitigate, bring to an end and minimize actual and potential adverse impacts on human rights. This requires a code of conduct that applies in all relevant corporate functions and operations.

## **"E" - AN ASPECT ON THE RISE**

### **Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the "Environmental" ESG pillar in employment terms and conditions?**

Companies are increasingly focusing on a green employment contract and are using electric vehicles in their lease fleet, incentivizing travel by train/bike and working from home and reducing travel abroad to lower the climate impact.

There is also an increasing focus on the pension sector. This follows partly from the fact that Dutch laws and regulations impose requirements on pension funds in the areas of (1) management of and transparency on environmental, social and governance risks, and (2) the choice of a pension fund to take these aspects into account in their investment policy.



**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

In our experience, employers are taking into account the impact of their policies on the environment. This includes, for instance, using green energy and minimising and/or offsetting CO2 emissions. Employers also encourage their employees to use sustainable transport for business trips, offer bicycle schemes, vegan/vegetarian lunch meals and employers are also increasingly offering green terms, like additional holidays or cost allowances for sustainable travel, time off for volunteering and bonus schemes (partly) related to ESG goals.

## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

One main trend is an increased focus on gender equality, reflected in the rules adopted in December 2023 requiring gender balance on the boards of Norwegian companies. Among our clients, we also observe an increased focus on diversity.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes, over the last years our clients have placed increased demands on e.g. us as lawyers to take steps to improve our ESG profile. The core focus areas have shown to be equality and the environment.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

In both 2024 and 2025, some legislative changes to the Working Environment Act with implications for ESG were adopted. Inter alia, from 1 January 2024, a prohibition on sexual harassment was implemented in section 4-3, including a definition of sexual harassment, and in June 2025, the Norwegian Parliament decided that section 4-3 should be clarified to specify what constitutes a fully satisfactory psychosocial working environment.

## THE "S" IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

In 2023, provisions were adopted for the gender composition of the boards of directors of Norwegian companies of a certain size, requiring that a maximum of 60 per cent of the board members may be of the same gender. The provisions will be extended annually until 2028.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

According to the Equality and Anti-Discrimination Act section 34 women and men in the same undertaking shall receive equal pay for the same work. The pay shall be set in the same way, implying that the criteria on which salaries are based must be gender-neutral and objective. The EU Pay Transparency Directive (2023/970) is marked EEA-relevant, and the consequences of the directive for Norwegian legislation are currently being assessed. We may see stricter demands on transparency.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

The Equality and Anti-Discrimination Act Section 24 and 26 require public authorities and employers to make active, targeted and systematic efforts to prevent discrimination. This includes an obligation to seek to prevent (and for the public authorities an obligation to preclude) sexual harassment.





Lill Egeland  
Partner



Julie Winberg  
Associate

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

The Transparency Act aims to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services. The Act also seeks to ensure the general public access to information in this regard.

**"E" - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the "Environmental" ESG pillar in employment terms and conditions?**

We have not observed any employers taking such steps in their employment contracts. However, we have seen signs of the "Environmental" ESG pillar in the policies of larger companies.

**Have you experienced any employers taking more creative measures to factor in the "Environmental" pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Great measure! Unfortunately, we have not yet seen employers taking such initiatives.

## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Employers in Poland mostly have a pragmatic approach to the changes brought by ESG. First of all, they want to identify areas that will be subject to reporting. Next, they will begin audits that will indicate whether the procedures and internal acts used in an organization comply with EU standards in the area of ESG. There will certainly be a strong focus on equal treatment and equal opportunities, which includes a review of measures intended to protect workers against all forms of unequal treatment.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

It definitely depends on the client. We act for numerous companies of various sizes, scopes, and businesses. The larger the organization, the more careful and selective it must be in selecting contractors. Large companies are increasingly deciding to implement entire procedures to permit conscious and sustainable management. Often, prospective business partners are thoroughly checked against the criteria described in ESG, and there is emphasis on the working environment and standards of protecting human rights.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

The Whistleblower Protection Act, which implements the EU Whistleblower Protection Directive (2019/1937) from a few years ago into Polish law, entered into force on 25 September 2024. Accordingly, entities employing, as of 1 January or 1 July of a given year, at least 50 persons, are required, among other things, to implement an internal reporting procedure.

In addition, numerous deregulation bills are being prepared that will relax the formal requirements set out in employment legislation. As a result, the requirement for a written document will, in most cases, be replaced by a paper or electronic document. This could lead to electronic document circulation becoming more widespread.

Furthermore, work is underway to implement the EU Pay Transparency Directive (2023/970). A law establishing mechanisms for pay transparency at the recruitment stage has already been adopted and will come into force on 24 December 2025.

Recently, a new regulation was adopted to allow employees who have experienced a pregnancy loss to take shorter maternity leave, eliminating the previous prerequisite of having to determine the sex of the child.

Marcin Wujczyk  
Partner

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

At present, there are no regulations in force in Poland that have requirements as to gender in the composition of management.

There is ongoing work on a bill implementing the EU Gender Balance Directive (2022/2381). The latest version of the bill was published in July 2025, and it is expected to be adopted still this year. The bill introduces a requirement for specific participation of both sexes in listed companies' authorities.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

In Poland employees have the right to equal remuneration for equal work or for work of equal value. There are general provisions prohibiting discrimination and unequal treatment. They also include unjustified differences in pay. Employees who believe they have been treated unequally in terms of pay can file a lawsuit in a labour court seeking compensation from an employer. The EU Pay Transparency Directive (2023/970) imposes a number of reporting obligations on employers in terms of pay. Fulfilling the obligations will involve the need to review remuneration regulations and other procedures, and to disclose data on pay gaps in companies.

The law that implements the Directive with regard to recruitment requirements has already been adopted and will come into effect on 24 December 2025. A draft comprehensive bill implementing the Directive in all other respects is to be prepared later this year.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

The Polish Labour Code prohibits all forms of discrimination and unequal treatment for non-objective, unjustified reasons. If there is an allegation of discrimination, an employer will have to prove that the differential treatment in a matter was based on fair, objective reasons.

Sexual harassment is in law as a form of gender discrimination.

As mentioned above, if there is an allegation of unequal treatment/discrimination, an employer must prove that there has not been a breach of the law.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Much legislation on prohibiting breaches of human rights (especially forced labour) is in force in Poland, e.g., the EU Convention on Human Rights and the Charter of Fundamental Rights of the European Union, and the International Covenant on Civil and Political Rights.

The Polish Labour Code and other legislation have similar provisions which include requiring employers to respect the dignity and personal rights of employees. Occupational health and safety regulations and institutions such as the National Labor Inspectorate also contribute to the proper implementation of the obligations. Forced labour and other breaches of basic human rights are often offences in addition to being breaches of employee rights.

A law implementing the EU Corporate Sustainability Reporting Directive (2022/2464) has been adopted and came into effect in its entirety this year. There is no official information on the status of works on the implementation of the EU Corporate Sustainability Due Diligence Directive (2024/1760) yet.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Even though there is a dearth of statutes in point, companies operating in Poland are increasingly deciding to introduce environmental policies. It is popular, for example, to introduce electronic document circulation and pro-ecological solutions in offices or offer employees benefits for pro-ecological activities (e.g., subsidies for a monthly ticket on public transport).

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

We mainly notice popular trends, visible in other companies, such as the aforementioned subsidies, reward systems for commuting to work by environmentally friendly means of transport, environmentally friendly solutions in the office or undertaking voluntary activities within the organization (e.g. organizing forest clean-ups). Importantly, however, a trend is becoming visible, and such creative measures are becoming more and more popular.







## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The Social pillar of ESG receives the greatest attention within the employment/HR community, with diversity, equity and inclusion, whistleblowing processes, employee wellbeing and employee engagement dominating discussions.

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes, there is recognition that an organisation's ESG commitments go beyond internal efforts and extend to business partners, therefore compliance requirements are pushed into supply chains in the UK.

Key issues for clients in an employment context are ensuring that those in their supply chain are treating workers equally, creating a safe working environment, respecting human rights and not using forced labour.

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Changes to UK employment law relevant to ESG's Social pillar include:

**New Government** - the new Labour Government published the Employment Rights Bill in October 2024, introducing 28 significant reforms to employment law in the UK. This is a major shift in social policy and is described as the biggest change to workers' rights for a generation. Proposals include the introduction of certain "day 1" employment rights (including the right not to be unfairly dismissed), restricting the use of zero-hour contracts and "fire and re-hire" practices, and other changes to improve employee rights and working conditions. Most of these measures are due to take effect in 2026/2027.

**Preventing Sexual Harassment** - As of October 2024, employers are required to take reasonable steps to prevent sexual harassment of their employees. The Employment Rights Bill is proposing to extend this duty to require employers to take all reasonable steps to prevent sexual harassment, as well as making employers liable for third party harassment. Additionally, it is proposed that disclosures of sexual harassment will be treated as protected disclosures for the purposes of whistleblowing protection.

**Non-Disclosure Agreements** – There has been longstanding concern about the use of non-disclosure agreements where they prevent disclosures relating to sexual harassment. The Employment Rights Bill is proposing to make any agreement which prevents a worker from making allegations or disclosures about harassment or discrimination, including disclosures about the employer's response, void and unenforceable.



Neil MacLean  
Partner

**Enhanced Redundancy Protection** - Previously workers on maternity leave, shared parental leave or adoption leave had the right to be offered suitable alternative vacancies in a redundancy situation in preference to other colleagues. New legislation extends the redundancy protection period for parents returning to work after family-related leave.

**Financial Services** – in 2023, the Financial Conduct Authority and the Prudential Regulation Authority published consultations on proposals to introduce a new regulatory framework on diversity and inclusion in the financial sector, including rules on bullying and sexual harassment. In March 2025, the Financial Conduct Authority and the Prudential Regulation Authority announced that they do not have plans to take his work any further. However, in July 2025, it was confirmed that rules would be amended to include non-financial misconduct, focussing on bullying, harassment and violence which is sufficiently serious to be in the regulatory perimeter.

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Yes, UK voluntary initiatives exist, for example, FTSE 350 companies can voluntarily disclose against ethnic and gender diversity targets for boards under the Parker Review, Hampton-Alexander Review, FTSE Women Leaders Review and the Government’s Women in Finance Charter.

In addition, the law in Scotland sets targets for at least 50% of non-executive members of public boards to be women.

Building on voluntary initiatives, the Financial Conduct Authority has recently introduced diversity targets for certain listed companies with an obligation to “comply or explain”, requiring a detailed and justified explanation for any non-compliance in annual reports for financial years beginning on or after 1 January 2025.

In-scope companies must include a statement in their annual financial reports confirming whether they have met the following targets and, if not, explain why: i) at least 40% of the individuals on the board are women, ii) at least one senior board member (Chair, CEO, Senior Independent Director or CFO) is a woman and iii) at least one board member is from a minority ethnic background.

Relevant companies must also provide numerical data in a prescribed format on the ethnic background and sex or gender identity of their board/senior management.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Yes, the principle that men and women should receive equal pay for equal work has been UK law since 1970 and organisations with 250 or more employees must report gender pay gap data and the new Labour Government has proposed extending this by introducing mandatory ethnicity and disability pay gap reporting.

The requirements introduced by the EU Pay Transparency Directive (2023/970), while similar, go beyond the scope of the existing gender pay gap reporting requirements in the UK. Although the directive is unenforceable in the UK, the Labour Government has opened a call for evidence about whether similar pay transparency measures should also be extended to Great Britain.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes, the Equality Act 2010 provides protection from discrimination in the workplace and in wider society (i.e. in the provision of goods and services) where someone has or is perceived to have a “protected characteristic”. It covers direct discrimination, indirect discrimination, harassment, victimisation and, in respect of disabled persons, discrimination arising in consequence of a disability and a duty on employers to make reasonable adjustments.

The protected characteristics are age, gender reassignment, marriage/civil partnership, pregnancy/maternity, disability, race, religion or belief, sex and sexual orientation.

As of October 2024, employers are required to take reasonable steps to prevent sexual harassment of their employees. The Employment Rights Bill is proposing to extend this duty to require employers to take all reasonable steps to prevent sexual harassment, as well as making employers liable for third party harassment. Additionally, it is proposed that disclosures of sexual harassment will be treated as protected disclosure for the purposes of whistleblowing.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Yes, the Human Rights Act 1998 implements provisions of the European Convention on Human Rights and applies to the Government and those carrying out public functions.

The Modern Slavery Act 2015 creates criminal offences relating to slavery, forced labour and human trafficking and requires large businesses with an annual turnover of £36 million or more to publish a statement of the steps taken to prevent slavery and human trafficking in their business and supply chains.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

We are increasingly seeing references to ESG goals in variable remuneration for UK listed companies. Initially this was the preserve of heavy polluting industries but since investors have been viewing climate change as a financial risk this has trickled down to companies in other industries.

More generally, policies are increasingly being adopted with sustainability in mind. For example, expenses policies, which require employees to travel by lower emission means or, if travelling by car, to travel in groups.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Employers are introducing various schemes and policies to incentivise employees to behave more sustainably, for example electric vehicle schemes, workplace charging points, and cycle to work schemes.

A collaboration of UK lawyers (known as the “Chancery Lane Project”) produced a series of creative clauses for contracts/handbooks to tackle climate change e.g. permitting employees to undertake climate-related volunteering activities during garden leave and discouraging employees from wearing fast fashion clothing by providing a sustainable clothing allowance. While interesting, these ideas are yet to become commonplace.

## HOT TOPICS AND NEW LEGISLATION

### **When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

This extremely varies depending on various factors, e.g., type of business, employee headcount, etc. However, it can be summarized that strictly within the employment context, employers in Slovakia are mostly focusing on diversity topics (e.g., building up inclusive firm culture), raising of social standards for their employees (e.g., work-life balance solutions like providing additional time off for parents during the birth of a child or offering extended leave options beyond legal obligations, etc.) or education/personal growth benefits (e.g., paid coaching trainings).

### **In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes. Companies in Slovakia are starting to increasingly assess their suppliers and mandate compliance with specific ESG criteria, in particular in the environmental pillar (e.g., focus on reduction of CO2 emissions or using renewable energy sources) and social pillar (e.g., focus on unethical or illegal employment practices).

### **Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

Not in particular. Slovakia already has quite a strong legislation in various ESG topics, e.g., environmental protection, social standards for employees, etc. On the other hand, this is largely due to EU requirements and ESG is not a primary topic in the public and legislative discourse yet.

That said, in 2024 the EU Corporate Sustainability Reporting Directive (2022/2464) was transposed, which strengthens the rules concerning the social and environmental information that companies have to report (e.g., by introducing the obligation for certain companies to include in their annual reports information on their impact on sustainability matters, as well as information on how sustainability matters affect their development, performance, and position).

Also, looking forward, the government has indicated its commitment to implement measures that will have an impact on ESG pillars.

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

The Ministry of Labour, Social Affairs, and Family of the Slovak Republic introduced the National Strategy for Gender Equality and Equal Opportunities in the Slovak Republic covering the years 2021-2027.

Peter Fedor  
AttorneyTomáš Rybár  
Partner

In addition, as of 28 December 2024, a major law concerning gender equality – Act No. 300/2024 Coll. on Certain Measures Related to the Management of Listed Companies, has entered into force. This law aims to achieve a gender-balanced representation among top management positions of listed companies (e.g. by prioritising the candidate of the underrepresented sex when choosing between candidates who are equally qualified or by adjusting the process for selecting candidates so that clear, neutrally formulated and unambiguous criteria are applied in a non-discriminatory manner throughout the entire selection process). The law implements the Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies and related measures.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

In general, this issue is already covered by the Labour Code, which guarantees women and men no discrimination and the right to equal pay for equal work. Also, employers have a duty to publish offered basic wage in their job offers (which needs to be later followed). Also, the Ministry of Labour, Social Affairs, and Family has provided recommendations to reduce the gender pay gap.

The EU Pay Transparency Directive (2023/970) is expected to provide a partial solution, but the specific measures to be implemented remain undisclosed at this time. The Directive's implementation is in its early stages, expected in Q1 of 2026.

**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Yes. This issue primarily falls under the two laws, the Antidiscrimination Act and the Labour Code. These laws regulate the application of the principle of equal treatment and provide for legal remedies if this principle is violated. Various civil/administrative sanctions may result from violation of ban on discrimination in Slovakia.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

The basic protection of human rights in Slovakia is regulated in the Constitution of the Slovak Republic (stipulating the list of fundamental rights and freedoms).

In general, individuals or legal entities have the option to assert their rights through independent court system, including the constitutional court. Additionally, there are institutions such as the Public Defender of Rights that play role in safeguarding human rights. Or also various state authorities focus on human rights violations within their scope (e.g., criminal authorities in case of human trafficking or similar).

Moreover, the protection of human rights will undoubtedly be strengthened by the EU Corporate Sustainability Due Diligence Directive (2024/1760); however, as of today, it has not yet been transposed into the Slovak legal framework.



## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

There is a noticeable change occurring among employers in Slovakia in this domain. For instance, employers are showing a growing interest in aspects such as waste management or volume of printed documents. Companies are also increasingly reducing carbon emissions and promoting the use of renewable resources. Various “green policy” or “safe future” benefits are also introduced amongst employers, e.g., supplementary pension schemes or compensations covering usage of public transportations or purchase of bikes, compensation for ride-sharing or partial coverage of purchase of eco-appliances, etc.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Yes, as mentioned above companies are introducing supplementary pension schemes or compensations covering usage of public transportations or purchase of bikes, compensation for ride-sharing or partial coverage of purchase of eco-appliances, etc.



## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

ESG is very important to all businesses in Spain right now. The topics of most interest to companies include equality, diversity, combating climate change, sustainability, and digital transformation.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Indeed, clients are e.g., increasingly demanding that law firms implement the pillars of ESG particularly, in connection with business development, diversity of talent, pro bono work and community outreach, education and research and combating climate change.

Moreover, clients tend to carry out a specific analysis of the ESG pillars when choosing their legal services providers.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

First, the bill on Business Information on Sustainability was published in November 2024 in the Official Gazette of the Spanish Parliament.

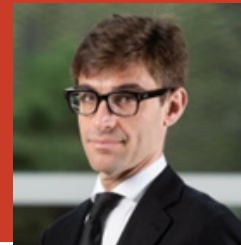
In terms of equality, Royal Decree-Law 9/2025, of 29 July, has recently been published, which extends the suspension of the employment contract for birth and care of a child by 2 weeks (4 in the case of single parenthood), which can be enjoyed until the child reaches the age of 8.

In addition, there is a bill in the parliamentary process which regulates the reduction of working hours, the registration of working hours and digital disconnection.

Regarding diversity, it is worth mentioning the Royal Decree 1026/2024, of 8 October, which develops the planned set of measures for equality and non-discrimination of LGBTI people in companies. This regulation develops the legal obligation of companies with more than 50 employees to have a set of measures aimed at achieving real and effective equality for LGBTI people, as well as a protocol of action against harassment and violence against LGBTI people.

With respect to sustainability, there is a bill whose main objective is to promote the use of sustainable means of transport and reduce carbon emissions. Among other measures, it establishes the obligation to draw up a sustainable mobility plan with the participation of the workers' legal representation. Autonomous Regions such as Catalonia have already start regulating this aspect in view of the concurrence of the requirements demanded in the regional regulations.

In terms of occupational risk prevention, the Government and the social partners continue to discuss the bill, the parliamentary processing of which has not begun.



Ángel Olmedo Jiménez  
Partner

## THE “S” IN FOCUS

### **Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

On 2 August 2024, Organic Law 2/2024, of 1 August, on equal representation and balanced presence of women and men, was published. This law is not limited to transposing the EU Gender Balance Directive (2022/2381) but has a broader scope. It includes, among other measures, the principle of balanced representation in business, and provides that the composition of the boards of listed companies and public interest entities with more than 250 workers or revenues of over €50 million or assets above €43 million, must comply with the principle of equal treatment and the number of the least represented sex should represent at least 40% of all the board.

### **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

Royal Decree 920/2020 was approved in Spain in October 2020. It seeks, among other aspects, to establish specific measures to give effect to the right to equal treatment and non-discrimination between women and men in the field of pay, by developing mechanisms to identify and correct discrimination in this area and to combat it, promoting the necessary conditions and removing existing obstacles.

However, said Royal Decree does not transpose the EU Pay Transparency Directive (2023/970) in its entirety and there are a series of aspects that will have to be specifically transposed. This Directive has an impact on transparency before and during employment, as well as on information on the pay gap and its assessment.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

It is mandatory to have a workplace harassment protocol in place at companies irrespective of the number of employees, because all companies are under the obligation to promote working conditions that prevent the commission of offenses and other types of conduct that undermine sexual freedom and moral integrity in the workplace (in accordance with Law 3/2007 on gender equality and Royal Decree 901/2020, that regulates equality plans and their registration).

In the case of LGBTI people, Royal Decree 1026/2024, of 8 October, develops the obligation to have a protocol of action against harassment and violence against LGBTI people.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Human rights are specifically protected in Spain, since they are enshrined in the Spanish Constitution as fundamental rights and as such, must be afforded the maximum level of protection.

Furthermore, the Draft Law on Business Information on Sustainability was published in November 2024 in the Official Gazette of the Spanish Parliament.

The EU Corporate Sustainability Due Diligence Directive (2024/1760) is currently under study for its transposition into national law. As regards time limits, this Directive should be read in conjunction with Directive (2025/794).

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

As indicated, observing the ESG pillars is very important to Spanish businesses and to this end they implement measures in the workplace such as those mentioned above, as well as others that have a positive impact on the environment, by reducing consumption or fostering more sustainable behavior.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

As we have seen in the answers to the preceding questions, Spanish companies, particularly larger companies, have been adopting policies to boost the environmental pillar. They have taken measures such as performing mobility surveys, encouraging the use of public transport, reserving parking spaces for bicycles and other personal mobility devices in the workplace, installing electric vehicle chargers, financing the purchase of electric vehicles, or modifying their travel policies in order to reduce their carbon footprint and encourage more sustainable and healthy mobility.





## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

Our experience is that the main focus for Swedish employers is to work actively to increase diversity and inclusion in the workplace and also to reduce their environmental footprint.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Yes. Clients are increasingly demanding that business partners work with their ESG profile. In our experience, the key areas of focus are diversity, inclusion and climate.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

There are currently no new national initiatives. However, the EU Corporate Sustainability Reporting Directive (CSRD) (2022/2464) was implemented into Swedish law on 1 July 2024. The directive means that an increased number of companies are now subject to sustainability reporting requirements. The new requirements under the directive will kick in between 2025 and 2028, depending on the size of the company. The CSRD is currently in the process of being amended at EU level, and Sweden may therefore need to introduce further legislative initiatives to align national law with the amended directive.

In addition, companies that have already been subject to sustainability reporting requirements under the EU Non-Financial Reporting Directive (NFRD) (2014/95) are now subject to even stricter reporting requirements than earlier.

## THE "S" IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Based on the EU Gender Balance Directive (2022/2381), Sweden has implemented reporting obligations for certain companies regarding changes in the distribution of women and men among board members. It should be noted that, according to current figures, Sweden meets the requirements to be exempted from the rules regarding selection- and election processes under the EU Gender Balance Directive.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

According to the Swedish Discrimination Act (Sw. Diskrimineringslagen 2008:567), all employers must take active measures to combat discrimination and otherwise promote equal rights and opportunities. According to said act and in relation to equal pay, employers must conduct an annual salary review to detect, address and prevent unjustified differences in salary and other terms and conditions of employment between women and men. An employer is also prohibited by mandatory legislation





Emmy Falck  
Senior Associate

towards disfavours an employee for reasons related to parental leave, part-time employment or temporary employment when deciding of pay or other conditions of employment.

However, other than these rules, Swedish law does not specifically regulate salary setting or salary levels.

The EU Pay Transparency Directive (2023/970) is expected to impose new and more far-reaching requirements related to transparency in favour for applicants and employees, as the current Swedish legislation does not contain any such requirements. An official report from the Government regarding the implementation of the directive was published in May 2024, but no legislative changes have yet been adopted. Based on the official report, our assessment is that the main changes will be in connection with the recruitment process, where the directive will impose completely new requirements regarding e.g., information on salary levels. In relation to existing employees, the main impact of the directive is expected to be an increase in the administrative burden of mapping salary levels within the organization, in order to meet the requirements of the employee's right of access to information. Moreover, the official report also proposes new rules on pay reporting, clearer rules on cooperation with trade unions in connection with salary surveys as well as stricter sanctions.

### **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

As mentioned, all Swedish employers are under the Swedish Discrimination Act required to take active measures in order to combat discrimination and otherwise promote equal rights and opportunities. An employer is also required to have guidelines and routines to prevent harassment, sexual harassment and certain forms of retaliation and is obligated to investigate and take action against harassment and sexual harassment.

Further, an employer is under regulations from the Swedish Work Environment Authority required to have routines for victimization and to take measures to counteract conditions in the work environment that may lead to victimization.

### **Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

The Swedish Constitution, applicable EU legislation and other applicable international provisions and conventions provide a general protection of fundamental human rights, including in the supply chain. It is also common for clients to require business partners to be bound by collective bargaining agreements in order to ensure fair working conditions within the supply chain.

There are currently no new national initiatives, but the EU Corporate Sustainability Due Diligence Directive (CSDDD) (2024/1760) which entered into force on 25 July 2024 will affect many companies in Sweden, either directly or indirectly. According to a decision by the Government, an official report should be published at latest on 16 December 2025, regarding the implementation of the directive under Swedish law.

The CSDDD is currently in the process of being amended at EU level, and Sweden will therefore have to align its upcoming national legislative initiatives with the amended directive.

## **“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Our understanding is that most employers are taking steps to reduce their environmental footprint, particularly in relation to business travel, choice of premises, electricity, etc. Some companies, for example, are offering their employees bikes instead of company cars. However, when it comes to e.g., linking variable remuneration to ESG goals, choosing pension providers based on their ESG profiles or otherwise integrating ESG goals into employment conditions, although it certainly exists, we believe that this has not yet been implemented to the same extent.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

No. We have not seen such creative measures from employers yet.



## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

The main focus of ESG in Swiss employment law lies on wage equality, diversity and inclusion. Additionally, there is growing attention on implementing responsible governance practices that prioritize ethical conduct, transparency, and accountability.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

Larger companies are increasingly demanding positive ESG profiles from their business partners. To verify such compliance, business partners are often asked to complete questionnaires on key ESG topics, such as human rights, gender equality, environmental sustainability, and diversity. However, presently, such a trend is not evident among small or mid-sized companies.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

In 2024, the city of Fribourg introduced menstrual leave for its employees, allowing women in the event of severe menstrual pain to take up to three days of paid leave per menstrual cycle. Said concept is also being discussed for employees of the cities of Zurich and Lausanne.

In addition, the introduction of parental leave is a recurring issue in Swiss politics. The canton of Geneva, for instance, attempted to implement such a measure at the cantonal level. The Federal Council, however, ruled that parental leave can only be introduced in a manner consistent with the constitution at the federal level. Against this backdrop, a current initiative is calling for the introduction of 36 weeks of parental leave nationwide. While the chances of this proposal succeeding in its full scope appear slim, the issue remains highly topical in Swiss politics, and the introduction of such a policy in the near future cannot be ruled out.

## THE “S” IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

Since January 1, 2021, the Swiss Code of Obligations (CO) stipulates that listed companies exceeding certain thresholds should have at least 30% of each gender represented on the board of directors and 20% on the executive board. Companies that fail to achieve these gender quotas must provide detailed information in their remuneration report on the reasons for non-compliance and the measures taken to increase the representation of the less represented gender. This reporting obligation starts five years after the entry into force of the provisions in January 2021 for the Board of Directors and ten years for the Executive Board.





Joy Malka  
Counsel



Simone Wetzstein  
Partner

## **Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

The principle of equal pay for work of equal value has been enshrined in the Swiss Constitution since 1981. In order to enforce this principle, the Gender Equality Act (GEA), which applies both to private-law but also public-law employment relationships, provides the means for a pay claim, which allows affected employees to, among other things, apply for an order to prohibit threatened pay discrimination, to cease existing pay discrimination, and/or for payment of wages due. What makes pay claims under the GEA interesting for employees is the reversal of the burden of proof - pay discrimination is presumed if the employee can substantiate the same by prima facie evidence.

To prevent pay discrimination, the GEA also imposes a specific obligation on employers. Under the Act, private and public employers with 100 or more employees are required to conduct an equal pay analysis. The analysis must be audited by an independent body and, in principle, repeated every four years. Although there are no legal sanctions for failure to comply with the equal pay analysis obligations, non-compliance carries reputational risks and may have negative implications for the employer in pay claims proceedings.

As a non-EU country, Switzerland is currently not affected by the EU Pay Transparency Directive (2023/970). How much impact the EU Directive will have on future Swiss legislation remains to be seen.

## **Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

Both the CO and the GEA contain procedures to prevent discrimination and sexual harassment. For example, according to the CO, it is in general unlawful to terminate an employment relationship during pregnancy or on the grounds of a personal attribute of the other party.

As with pay claims, the GEA provides for claims by affected employees with a reversal of the burden of proof in cases of threatened, experienced, or existing discrimination on the basis of sex when it comes to assignment of tasks, organization of working conditions, training and development, promotion or dismissal.

Finally, the GEA contains a number of other provisions to prevent sexual harassment and discrimination on the basis of gender. For instance, an employer's termination without just cause after an employee complains of discrimination or initiates legal action can be challenged under certain circumstances. In the context of these options, it is also possible to request reinstatement. This is a major exception in the context of Swiss employment law, where otherwise only possible financial claims, but never re-employment, are on the table.

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

Large Swiss companies that meet certain requirements are obliged for the first time in 2024

and every year thereafter to produce an annual report on non-financial matters, including their respect for human rights. Stricter transparency requirements, specific due diligence obligations and detailed reporting obligations apply to Swiss companies that place metals or minerals from conflict affected areas into free circulation in Switzerland or process them in the country. Directors who provide false information in the reports or fail to submit the reports may individually be subject to criminal proceedings.

**“E” - AN ASPECT ON THE RISE**

**Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

Recently we are seeing a shift towards employers’ internal policies requiring travel to be kept to a minimum. This trend is likely to be at least partly (but not entirely) driven by environmental concerns. As a result, travel policies often require public transportation to be the main mode of travel for business travel.

Furthermore, many companies are engaged in reducing their carbon footprint by implementing energy efficiency measures, establishing recycling programs, and choosing sustainable materials in their daily office routines.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

We have not yet encountered such policies in practice. However, we are seeing this trend in the health/ insurance industry. It is therefore possible that this trend will be replicated in the employment context in the future.







## HOT TOPICS AND NEW LEGISLATION

**When talking about ESG in an employment and labour law context, what is the main focus area or main trends in your country right now, including for clients?**

In Ukraine, diversity, equity and inclusion appear to remain the main focus areas among employment-related ESG matters. Particularly, many companies put substantial efforts into creating a disability-friendly workspace and enforce an inclusive culture. Recently, the focus of these efforts became more specific towards creating favorable working environment for war veterans and promoting their reintegration into the workplace. Other core aspects include gender balance and equal pay issues.

**In your experience, are clients (increasingly) demanding from their business partners - or vice versa - that those business partners have taken steps towards improving on their ESG profile?**

There is a definite trend towards listing ESG efforts among one of the criteria for selection of a business partner. Many companies pay specific attention to whether their prospective contracting party focuses on improvement of its ESG profile, particularly, in sphere of employees' safety and human rights.

**Does your country have any new legislative initiatives within employment and labour law boosting ESG pillars?**

As of today, there is no draft legislation that would specifically focus on ESG aspect. However, Ukraine is currently on the threshold of a major labour reform with a new Labour Code being on the way. The draft document envisages certain new provisions aiming to boost ESG pillars, for instance, elaborates on the concepts of forced labour or workplace discrimination.

## THE "S" IN FOCUS

**Has your country implemented - or is in the process of implementing - any board/senior management gender and/or other diversity targets or composition requirements?**

From time to time, there emerge legislative attempts to implement senior management diversity targets, for instance, by introducing gender quotas for board members. As of today, however, none of such proposals is under consideration by the parliament.

**Does your country have any statutory procedures with respect to equal pay? How is the EU Pay Transparency Directive expected to change the current status on equal pay reporting in your country?**

The legislative act with the detailed rules devoted to combating gender discrimination is the Law of Ukraine "On Ensuring Equal Rights and Opportunities for Women and Men". Pursuant to this Law, employers must ensure equal pay for work of male and female employees with the same qualification and working conditions. The Law further provides for a general requirement to include provisions on elimination of gender pay gap to a collective bargaining agreement of an enterprise, if such has been signed. However, as of now, there are no reporting or publication requirements regarding compliance with equal pay rules.

**Inesa Letych**  
Counsel**Within your country, are there any statutory procedures with respect to preventing discrimination and sexual harassment?**

The Law of Ukraine “On Principles of Preventing and Combating Discrimination in Ukraine” provides for general legal framework for preventing discrimination and sexual harassment. In addition, the Labour Code of Ukraine addresses certain issues related to workplace discrimination, particularly, workplace mobbing. There are no specific procedural obligations for employers under these legal acts (e.g., reporting or developing separate policies).

**Is there any legislation concerning protecting against human rights breaches in general and/or in the supply chain in your country?**

The general rules on protecting against human rights breaches are set forth in the Constitution and Civil Code of Ukraine. There are no specific legislation in this regard related to supply chain. However, it becomes a widespread practice to approve relevant internal policies, e.g., supplier codes of conduct.

**“E” - AN ASPECT ON THE RISE****Climate change is the number one topic of concern for Generation Z. Are employers in your country taking steps to ensure the “Environmental” ESG pillar in employment terms and conditions?**

So far, environmental aspect is not widely addressed in employment terms and conditions of Ukrainian companies. However, we may note that more and more companies have started to pay attention to this topic. Examples may include efforts to reduce environmental impact within the workplace (e.g., waste generation) or encouraging eco-friendly activities (e.g., tree-planting or beach cleaning). Some of these initiatives are also related to the current situation in Ukraine, for example, a Post War Greening campaign, where employees of many companies participated in tree-planting activities at de-occupied territories.

**Have you experienced any employers taking more creative measures to factor in the “Environmental” pillar in an employment context? (e.g., special sustainability bonuses for employees who bike or walk to the workplace?)**

Ukrainian companies normally demonstrate a quite tentative and “traditional” approach while developing measures to promote the “environmental” pillar in employment. However, we note certain new initiatives within certain companies, usually, sustainability bonuses or benefits for support of eco-friendly activities.

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