



pontoon

a solution of the Adecco Group

Labour Market

Regulatory Outlook

The changing dynamics of work, politics, and technology

The year 2024 is remarkable in many ways. Nearly half of the global population is set to vote, ushering in new governments and legislative agendas that will shape the future of work.

Digital advancements are rapidly reshaping industries, while climate change, sociopolitical tensions, and skill shortages pose growing challenges. Regulations on Net Zero, Artificial Intelligence, data privacy, and cross-border worker mobility impact employees and employers alike. The growing movement towards internationalisation of labour standards could simplify compliance for multinational corporations but also increase regulatory challenges.

A stronger push for worker protections, typically seen under social-democratic and, to some extent, liberal governments, empowers individuals and upholds their right to contribute to society free from exploitation. However, it also results in complex legislation that companies must navigate to remain compliant and avoid penalties.

In this issue of the Regulatory Outlook, we begin by discussing the outcomes of the recent EU Parliament elections. Next, we delve into the ethical and legal concerns surrounding biometric time clocks in the US, UK, and beyond. We also explore the intersections of Third-Party Risk Management and AI regulations. Finally, we provide insights into evolving legislation in Singapore, Argentina, the Netherlands, and other countries worldwide.



The information provided herein does not, and is not intended to constitute legal advice; all information, content, and materials available in this publication are for general informational purposes only. Information herein may not constitute the most up-to-date legal or other information. You should contact your attorney to obtain advice concerning any legal matter, including but not limited to the general information contained herein.

EU Parliament elections & ongoing legislative projects

In the 2024 [EU Elections](#), the conservative-liberal European People's Party secured the highest number of seats (188), but pro-EU centrist, liberal, social democrat and environmentalist parties suffered losses, while anti-EU right-wing populist parties made gains. It is yet to be witnessed if these shifts will influence local and EU-level policies on immigration, climate change, and regulatory frameworks. As of today, the European Union continues to advance various initiatives with substantial implications for the labour market. These include:

Single Market

In May 2024, the [European Commission](#) adopted conclusions on the future of the single market. This initiative is expected to **enhance the EU's labour market** by promoting mobility, allowing workers to move freely across borders to where jobs are available. This can help address labour shortages in certain regions.

The Single Market can also help reduce unemployment among migrant workers by allowing them to seek opportunities in areas with higher labour demand. However, it also requires careful management to ensure that migration flows do not create imbalances or social tensions within the host countries.

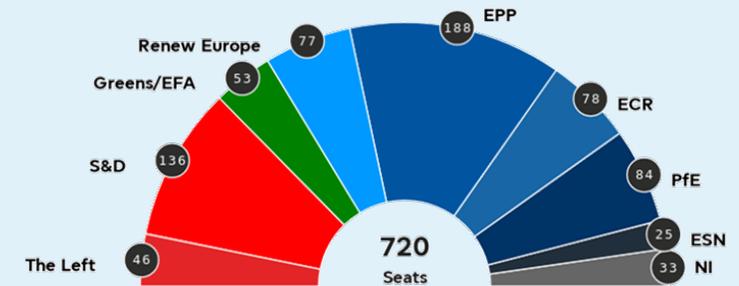
Net-Zero Industry Act

The European Commission has officially adopted the [NZIA](#), positioning the EU as a global leader in clean technology and green jobs. This legislation supports energy-intensive industries like steel, chemicals, and cement in producing components for decarbonisation efforts. Key measures include establishing **Net-Zero Industry Academies to train 100,000 workers within three years** and introducing regulatory sandboxes to test new green technologies.

Artificial Intelligence Act

The European Data Protection Supervisor (EDPS), acting under the [AI Act](#), emphasized the need for caution, advising institutions to avoid processing personal data through GenAI systems. Companies should also consult data protection authorities and carefully assess the risks associated with AI deployment. **Penalties for non-compliance with the AI Act can add up to 35 million EUR or 7% of a company's annual turnover.**

33% of seats in EU Parliament are held by the left wing and **26%** by the right wing



Source: Provided by Verian for the European Parliament



Key considerations

- Anticipate shifts in the talent pool driven by new EU policies, with a focus on both local and cross-border recruitment. The Single Market initiative, though still in its early stages, will be key to mitigating labour shortages. However, its effectiveness could be challenged by right-wing opposition.
- Enhance training and development programmes to upskill current employees, making them more versatile and capable of meeting demands in green tech, AI, and cybersecurity.
- Evaluate your organisation's and industry's current reliance on migrant labour and ensure that your procedures and support systems for migrant workers are compliant with existing regulations. Monitor changes.

Biometric time clocks: Ethical & legal concerns

Biometric time clocks are increasingly popular worldwide for recording employees' work hours using fingerprint or facial recognition scans. Although they offer efficiency, these systems raise substantial privacy concerns. To avoid fines and lawsuits, employers should stay informed about evolving local regulations and implement robust privacy safeguards.

Recent legal developments in the US

The [Biometric Information Privacy Act](#) (BIPA), introduced in Illinois in 2008, has become increasingly relevant as legal challenges surrounding biometric data continue to grow. Under BIPA, employees can sue for damages if their biometric data is used without proper consent, with a potential recovery of \$1,000 to \$5,000 per violation. Many companies have been sued for failing to obtain written consent from workers before using their biometric data for time tracking.

On August 2, 2024, Illinois Governor J.B. Pritzker signed Senate Bill 2979, [amending BIPA](#) to address issues with the law's vague language and expansive interpretations. The Amendment limits the number of violations an individual can claim, reducing potential damages by treating multiple uses of biometric data as a single violation. It also clarifies that BIPA-compliant releases can be executed electronically, aligning with existing practices under the Uniform Electronic Transactions Act.

The Amendment aims to reduce the number of damages in BIPA class actions and slow down litigation. However, its applicability to ongoing cases is uncertain and may be contested in court.

Controversies in UK biometric monitoring

Legal concerns related to the use of biometric data for time tracking extend across geographies. Earlier this year, in the UK, the Information Commissioner's Office (ICO) ordered Serco Leisure to [halt their use of biometric systems](#) to monitor over 2,000 employees across 38 sites.

The [ICO](#) found that Serco failed to provide less invasive alternatives and did not adequately address staff concerns. The ruling indicated that the use of biometric monitoring was disproportionate to the issues it aimed to address (e.g., occasional timesheet errors).

The ICO emphasized that biometric monitoring should not be automatically chosen without first proving its necessity and exploring less intrusive options. Employees should be given clear alternatives and the opportunity to consent freely, without undue pressure from their employer.

Ethical concerns

Beyond legal requirements, biometric time clocks present broader ethical concerns. A primary issue is employee privacy, as biometric data is deeply personal, and its collection might make employees uncomfortable or feel violated.

Another concern is the risk of creating a surveillance culture, where constant monitoring could erode trust and impact morale and productivity. Additionally, despite strong safeguards, data security remains a concern, as breaches could cause significant harm if biometric data is compromised.

In summary, while biometric time clocks offer efficiency, they also pose significant ethical challenges that go beyond legal compliance. Companies need to carefully evaluate these concerns to ensure they are fostering a respectful and secure workplace.

Key considerations

- **Biometric data privacy laws:** Understand the regulations in your jurisdiction regarding the collection, storage, and use of biometric data.
- **Employee consent:** Ensure your company has proper employee notices and written consent signed prior to launching biometric time tracking. This will allow you to avoid lawsuits and fines.
- **Data security:** Implement robust security measures to protect employee data from unauthorised access.

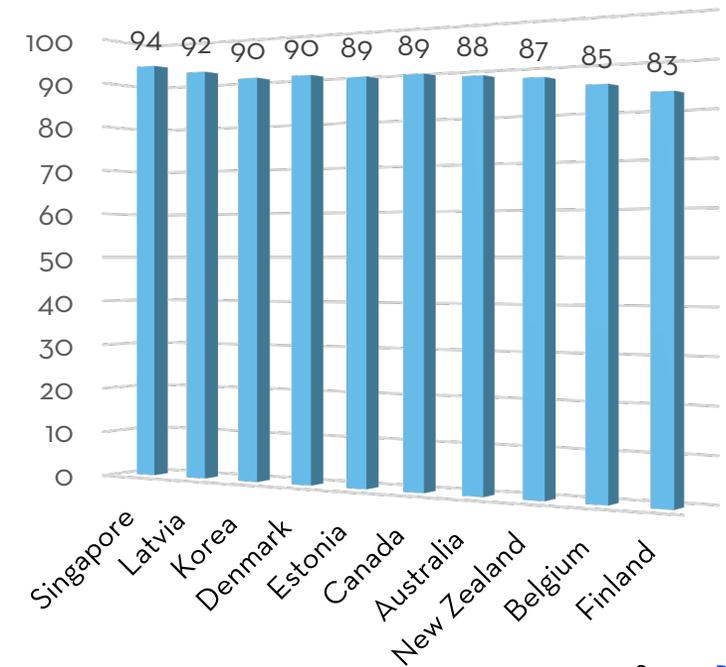
Fostering creativity in an AI-enhanced world

According to The Adecco Group's [Business Leaders Survey 2024](#), creativity is the most desired skill among businesses worldwide. As workforces age, it's crucial for companies and talent providers to take proactive steps to maintain a continuous flow of creative and adaptable talent. While short-term fixes may seem tempting, the real value lies in planning ahead to build a workforce ready for future demands, including those driven by technology and AI.

The good news? The 2022 [PISA test](#), which assessed nearly 700,000 students from 81 OECD countries, found that 3 in 4 children met or exceeded the baseline level of creative thinking, with Singapore, Latvia, Korea, Denmark, and Estonia standing out as the Top 5. Notably, girls consistently outperformed boys, with a significant gender gap even after accounting for other academic factors.

[PISA](#) also highlighted that socio-economic differences in creative thinking are less pronounced than in subjects like math and science, making creativity a widely accessible skill. Interestingly, 7 out of 10 students believe creativity extends beyond the arts, a belief linked to higher creative thinking scores.

Top countries by % of students with creative problem-solving skills

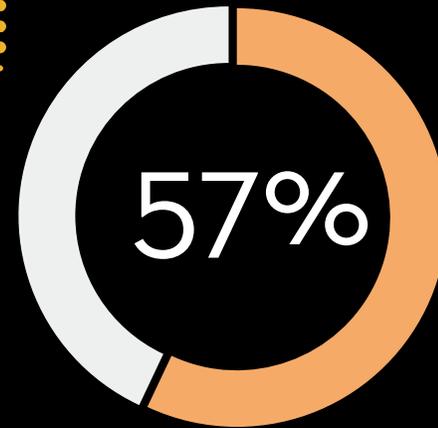


Source: [PISA 2022](#)

Leading through the great disruption

The Adecco Group's survey of 2,000 C-suite executives

You can request a free copy from your Pontoon representative or download it [here](#) by providing your contact information.



of executives think the human touch is still more influential than AI in the workplace

Key considerations

Creativity is vital for employers as it drives innovation, ensures adaptability to AI and tech advancements, and fosters a diverse and inclusive workforce. It's also key for long-term talent planning and maintaining a competitive edge in the market. The gender dynamics in creativity, with girls outperforming boys, highlight the importance of tapping into diverse talent pools for future success.

The intersection of TPRM & AI regulations

AI policymaking is rapidly expanding worldwide, with at least [70 countries](#) developing national strategies and various international organisations adopting policy statements. As AI becomes more integrated into workforce management, the intersection of Third-Party Risk Management (TPRM) and AI regulations is increasingly critical.

Regulators globally are updating software assurance procedures, testing, and evaluation standards to address AI's unique challenges. Pontoon is dedicated to monitoring these developments and emerging best practices, assisting clients in implementing compliant processes that mitigate risk while avoiding unnecessary administrative burdens.

International initiatives and global governance

On the international stage, several initiatives are shaping AI governance. The Hiroshima Process International Code of Conduct, endorsed by 53 nations, is a notable example. Additionally, the United Nations' High-Level Advisory Body on AI (UNAB) is working on global AI governance, though a [recently leaked report](#) has faced criticism for potentially increasing UN involvement in ways that might reduce the flexibility and agility of emerging global governance networks. Meanwhile, the World Economic Forum's [AI Governance Alliance](#) is establishing a global framework.

This initiative brings 500 stakeholders and 350 organisations to create guidelines ensuring ethical, transparent, and inclusive AI development. The AI Summit in Rwanda this October will further advance these global discussions and partnerships.

Regional regulatory approaches: EU vs. US

In contrast to the EU's centralised approach, exemplified by the AI Act, the U.S. regulatory landscape for AI is characterised by [state-level regulations](#), executive actions, and court decisions. Illinois and Maryland were among the first to regulate AI-driven video hiring software, while New York led the way with legislation mandating [annual bias audits](#) for AI-based hiring tools. As interest in AI regulation grew, additional states also began adopting similar measures. In 2024, California, Georgia, Hawaii, Illinois, and Washington proposed bills to regulate the use of [AI in employment decisions](#). Notably, Colorado became the first state to enact a law specifically targeting [AI-related discrimination](#).

This decentralised approach offers flexibility but creates a fragmented regulatory environment, increasing administrative burdens and compliance risks. For businesses, staying informed and vigilant in navigating these regulations is essential for effective AI tool management and risk mitigation.

Key themes in AI workforce regulations: Emerging best practices



Assessment

- Impact assessments that analyse possible negative impacts of the AI tools
- Evaluation of the pros and cons of using such technology



Transparency

- Notice to impacted candidates and employees
- Policy disclosures that follow existing employment-related laws and new guidance and legislation



Governance

- Human intervention
- Administrative and technical safeguards
- SOPs and trainings guides inclusive of related data protection and employment rights

Global regulatory updates

Singapore



The Employment of Foreign Manpower Act (EFMA) and Employment of Foreign Manpower (Work Passes) Regulations (EFMR) mandate that foreign employees - work pass holders - can be deployed to client sites only if the deployment is part of a service agreement, aligns with the work pass's specified occupation, and the original employer supervises and pays the workers. The company (or employment agency) deploying the work pass holders must remain their official employer, directly supervise their work, and be responsible for paying their salaries. The Ministry of Manpower (MOM) allows supplying labour services through Employment Agencies only under certain conditions for the construction and process sectors, or if an EA has been given express approval to do so.

The Netherlands



The implementation of the Dutch Clarification of Assessment of Employment Relations and Legal Presumption Act (VBAR) will be delayed until 2026. Despite this postponement, the Tax Authority will enforce rules against false self-employment starting January 1, 2025. This means that from this date, the Tax Authority will impose correction obligations and potentially fines for incorrect classification of employment relationships, moving beyond merely issuing warnings. The enforcement plan aims to create fairness between employees and self-employed workers, clarify employment rules, and strengthen enforcement measures.

Global regulatory updates

Argentina

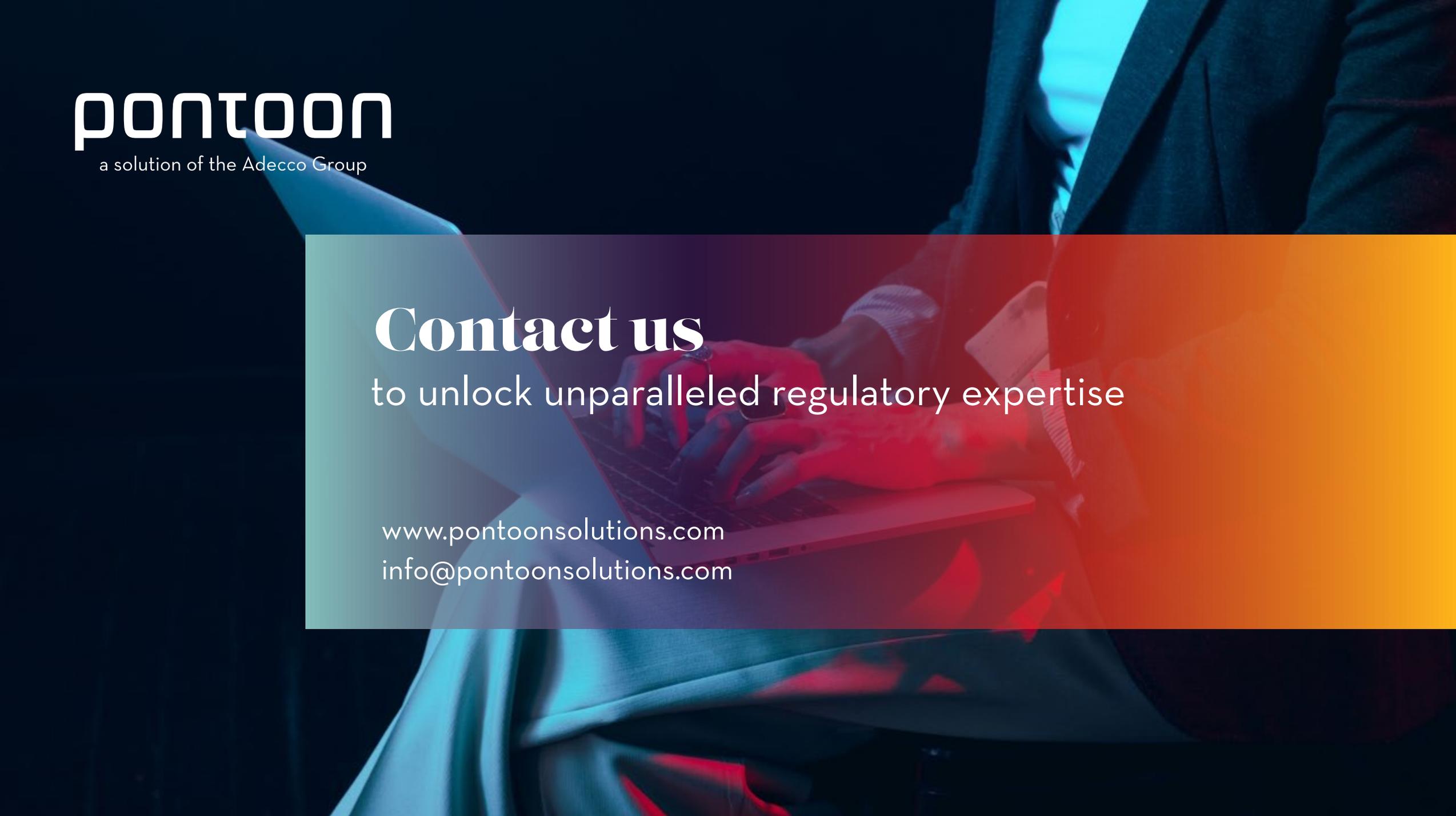


On June 12, 2024, Argentina's Senate approved a [labour reform bill](#), pending review by the Chamber of Deputies. The bill introduces several key changes: outsourced workers will be treated as direct employees of client companies, and employee registration will be simplified with digital documentation. Probation periods are extended, and severance compensation can be replaced by a severance fund under collective agreements. The bill also changes how discriminatory dismissals are handled—employees must now prove discrimination to receive extra severance, which is capped at 50-100% of standard compensation. Courts cannot reinstate employees or demand missed wages.

Canada



Starting July 1, 2024, Ontario mandates that all temporary help agencies and recruiters [obtain a license](#) under the Employment Standards Act, 2000. Agencies and recruiters must apply online, providing detailed information and a \$750 application fee. Agencies must secure \$25,000, while recruiters might be exempt from this requirement based on their activities. Clients and employers are prohibited from engaging with unlicensed entities, facing potential penalties. Licensing ensures compliance and transparency, impacting how businesses and talent providers operate in Ontario. For those who applied before the deadline, transitional rules allow continued operation until a decision is made. Penalties for non-compliance include fines of up to [\\$50,000](#) for repeated offences within three years.



pontoon

a solution of the Adecco Group

Contact us

to unlock unparalleled regulatory expertise

www.pontoonsolutions.com

info@pontoonsolutions.com