Lisa Nagele-Piazza (00:00)
Welcome to the FP5: Five Things for Your 9-to-5. We help employers make sense of the fast-moving world of workplace law and compliance by breaking down topics into five parts. I'm Lisa Nagele-Piazza from the Fisher Phillips Content team.

International employment law has never been more complex. Employers operating across borders have to navigate a patchwork of labor laws and quickly evolving compliance requirements. From pay transparency rules in Europe to whistleblower protections in Asia, the legal landscape is constantly shifting. But several clear global trends are beginning to emerge.

Nan Sato joins me today to explore five major developments shaping international employment law in 2026. Nan is the regional managing partner in Fisher Phillips's new Tokyo office, as well as co-chair of the firm's International Practice Group. Thanks for being on the show today, Nan.

Nan Sato (00:58)
Thank you, Lisa, for having me.

Lisa Nagele-Piazza (01:00)
So I'm excited to talk to you about international law because travel is one of my favorite things, so we get to kind of travel around the world in this conversation as we talk about the global trends that are happening in labor and employment law. So why don't you tell our listeners a little bit about your practice area and how you got into international law?

Nan Sato (01:20)
Yeah, so I chair the firm's International Practice Group and what we do is mostly help US-based companies with their global operations. If they have employees in foreign countries, no matter where they are, our group is able to help them around the world. We have worked in all continents, pretty much all kinds of employment matters, you know, just name it: hiring, firing union negotiations, remote working related issues, local litigation, so anything you can imagine in another country. And increasingly we're also helping a lot of international companies coming into the US with their US employment law compliance and site selection.

Lisa Nagele-Piazza (02:05)
So when you're working internationally and obviously you're working with a lot of different workplace cultures around the world, what country do you think has maybe the most interesting workplace culture and why?

Nan Sato (02:18)
I think my answer is actually the US, because we are the only country with an at-will employment regime here, so there's lots of fluidity in the labor market thanks to that. And the culture in the workplace is also very flat. It's a culture based on meritocracy. There's a lot of flexibility in how people work, as you may know most other countries have already gone back to the office, either full time or for a majority of the time. And the US is really an outlier in that sense. A lot of companies still allow their people to work remotely, either full time or part time. So the US is very unique in that sense.

Lisa Nagele-Piazza (03:05)
And that brings me to my next question. What is a either employment law or workplace custom you think that you see in other countries that would surprise people from the US?

Nan Sato (03:16)
Hmm, I think one of the biggest surprises is the lifetime employment in Japan.

Lisa Nagele-Piazza (03:23)
That's surprises me!

Nan Sato (03:26)
So when we advise US employers on Japanese employment law, one thing, you know, that they're usually very surprised about is the culture of lifetime employment because here we're so used to being able to terminate an employment relationship on the fly very quickly for no reason at all or for whatever reason you want, right? As long as it's not discriminatory.

Whereas in Japan the expectation is if an employee joins your company, they're gonna be very loyal to you. But in return you have to be very loyal to them as well and keep them for life unless something really outrageous happens. So it's virtually impossible to terminate employees in Japan. And almost always you end up with a mutual exit by incentivizing them enough to quit on their own.

Lisa Nagele-Piazza (04:18)
Yeah, very interesting.
So to get into our five questions, the first thing for today, the EU is adopting new pay transparency measures that could cause companies to fundamentally rethink how they're structuring their compensation. What makes the EU's pay transparency directive so significant?

Nan Sato (04:41)
I think it operates on two levels. First, it changes the rules of recruitment and information for everyone. From the effective date, all employers, regardless of size, must post salary ranges before the first interview, stop asking candidates about pay history, and respond within two months to any employee who requests pay data broken down by gender.

Second, and more consequentially, companies with one hundred or more employees face mandatory gender pay gap reporting. Those with 150 or more workers must file their first public report by June 7th, 2027, covering 2026 payroll data. That data collection window is already open today, and these reports aren't just company-wide averages. They must break down pay gaps within categories of workers performing the same work, or work of equal value. That's the critical phrase here, “work of equal value.” It means comparing roles that may look entirely different on the surface, say a logistics coordinator versus an IT support analyst, by evaluating them against four criteria: skills, effort, responsibility, and working conditions. Most companies have never attempted this kind of cross-role pay analysis at scale, and that's precisely what makes this directive a fundamental rethinking of compensation architecture, not just reporting exercise.

Lisa Nagele-Piazza (06:22)

Yeah, it sounds like there's a lot of ways it could potentially mean restructuring, you know, how you record data and how you review it. Do you think that that's gonna lead to widespread audits and litigation?

Nan Sato (06:36)
Yes, definitely. I think the scale will surprise people. And here's why: only five of the twenty-seven EU member states have a national gender pay gap below the directive's five percent trigger threshold. Yeah, that means the vast majority of the employers will statistically see at least one worker category where a gap of five percent or more appears in their reports. When that happens, they have six months to justify or eliminate the gap. And if they can't, they are required to conduct a former joint pay assessment carried out in cooperation with worker representatives, with the result made semi-public. And on top of that, the directive reverses the burden of proof. In the past, employees bringing equal pay claims had to prove discrimination occurred. Now, once a transparency violation is established or once an employee receives pay data showing a gap, the employer must prove discrimination did not occur.

Lisa Nagele-Piazza (07:45)
Okay, that's a big change.

Nan Sato (07:47)
Yeah, so the shift of burden of proof is a significant one.

Lisa Nagele-Piazza (07:51)
So then with this being such a big change, what is the most important step that employers with operations in the EU should be taking now?

Nan Sato (08:01)
So first you have to look at your size and determine what obligations apply to you. Companies with 100 plus employees must report gender pay gaps and disclose salary ranges in job postings by June 2026. A significant portion of EU companies will face pay equity challenges using the work of equal value assessments, which is a complex methodology most have never implemented, triggering widespread audits and litigation by 2027. So really act as quickly as you can to come into compliance and be prepared to report such data and remedy any deficiencies.

Lisa Nagele-Piazza (08:53)
So the second thing we'll discuss today, we're seeing strong whistleblower protections emerge all over the world. What do you think is driving this global trend?

Nan Sato (09:02)
At its core is a trust problem. Employees across the world have been reluctant to report workplace misconduct because retaliation has been common and legal protections have been weak. Legislatures are now responding and the movement is genuinely global.

The EU whistleblower directive is now in force across all 27 member states, requiring any organization with fifty or more employees to maintain confidential internal reporting channels, protect reporters from all forms of retaliation, and crucially, reversing the burden of proof so that employers must prove an adverse action was not retaliatory, not the other way around. And I have some examples from Japan, China as well. So, yeah, it's definitely becoming a global trend because until now the employees didn't feel very protected.

Lisa Nagele-Piazza (10:06)
How should multinational employers adapt their compliance programs now, with these changes globally?

Nan Sato (10:12)
The practical challenge is that these frameworks differ across jurisdictions, but maintaining a different compliance standard in every country is both costly and risky. The emergent best practice, as we have discussed in some articles before, is to level up the highest standard globally and apply it everywhere. That means three things in practice. First, establish a single, centrally governed reporting channel that meets the EU confidentiality requirement and is accessible in every language your workplace uses. Second, expand your definition of protected reporter. For example, Japan's amendments now extend protections to freelancers and contractors for up to 12 months after their engagement ends.

Lisa Nagele-Piazza (11:08)
Okay, so it's beyond just employees.

Nan Sato (11:10)
Exactly. And you know, beyond the just the engagement or employment period, right? So that's crucial. And third, build an audit-ready documentation of every report and investigation, because ESG investigators are now treating whistleblower program quality as a former governance metric, meaning weak internal reporting cultures carry capital market risk, not just legal risk.

Lisa Nagele-Piazza (11:42)
Our third thing for today, Japanese companies are continuing to invest heavily in North America, particularly in the United States, and obviously you have a lot of experience with our Tokyo office. What workplace law challenges tend to surprise Japanese employers the most when they're entering the US market?

Nan Sato (12:00)
Yeah, a lot of things. Top three on the list, I'll just discuss the top three on the list. First is at-will employment and how it does not always mean you're free to terminate workers.

Lisa Nagele-Piazza (12:13)
Okay, yeah. And maybe just taking a step back for our listeners who might not know, like, at-will employment is common in the US in that the employer or the employee can terminate the employment relationship for any lawful reason, but there are some caveats to that, right?

Nan Sato (12:29)
That's exactly right. And oftentimes foreign companies when they come to the US and they learn about the at-will doctrine and they take it too literally and that's what gets them in trouble.

So, you know, most US workers are employed at will, meaning they can be terminated at any time for almost any lawful reason. But exceptions, such as alleged discrimination or retaliation can create frequent lawsuits.

And the second thing is the US has a patchwork of federal, state, and local rules across the country. And that's very hard to comprehend for Japanese companies coming from a jurisdiction where there's a unified legal system nationwide. So in the US, federal law sets the floor, but states and cities add their own rules. And this is true across the country, where traditionally progressive states like California, New York, Massachusetts, and Washington have strict and complex laws, while conservative states like Texas, Florida, North Carolina, and South Carolina are much more flexible for employers.

Lisa Nagele-Piazza (13:44)
Yeah, and it makes compliance really difficult when you're operating in multiple states. And I can imagine when you're multinational, it's even more of a challenge.

Nan Sato (13:53)
That's exactly right. I sometimes get questions from Japanese clients asking us to analyze federal laws on certain issues, but you know, they're really not asking the right question because oftentimes those things are more strictly regulated by state laws, not federal law.

So the third thing that the Japanese companies tend to forget is they need to be aware of strong union rights and labor relation issues. Employees across the US have rights to organize into workplace unions, and even non-unionized workers are protected by law if they engage in concerted activity, right, such as discussing pay or protesting working conditions. In addition, protected concerted activity can include things like negative speech about a company as long as it addresses the terms and conditions of the employment. Even small US work sites can unionize, so you're never immune from a potential organizing drive. And this is something that's very unfamiliar for Japanese companies.

Lisa Nagele-Piazza (15:05)
Yeah, interesting. So there's a lot for both US employers and companies to learn about Japan and a lot for Japan to learn about the US.

Nan Sato (15:16)
Absolutely.

Lisa Nagele-Piazza (15:22)
This is the FP5. I'm Lisa Nagele-Piazza, and we're here with Nan Sato. Nan is the regional managing partner of Fisher Phillips's Tokyo office, and she's also the co-chair of our International Practice Group. She advises international companies on legal matters around the globe.

And the fourth thing for today, obviously everyone's been talking about artificial intelligence for several years now, but the AI governance frameworks are expected to go light in 2026, with many countries favoring voluntary guidelines over mandatory guardrails. Can you tell us a little bit about what this shift means for employers, kind of who are looking to stay innovative while also compliant as they navigate these new AI governance rules?

Nan Sato (16:11)
Yes. So the big headline for 2026 is this: governments are stepping back from the regulatory accelerator on AI. After a wave of stricter rules in 2025, the dominant global trend is now shifting towards voluntary guidelines and innovation-first frameworks rather than hard legal mandates.

Lisa Nagele-Piazza (16:34)
Okay. So more to allow businesses to like experiment with AI a little bit more, be innovative, but you know, also making sure that they're being equitable and whatnot.

Nan Sato (16:45)
That's exactly right. You don't want to overregulate to stifle the innovation in the AI space because countries are all competing against each other, right? So for employers, that actually creates both opportunity and risk. The opportunity is that you have more room to experiment. Countries like Japan, Singapore, India, and Australia are all signaling that they want to attract AI investment and enable deployment, not slow it down. That means employers in the APAC region especially can move fast on AI-assisted hiring tools, performance management systems, and workforce analytics without waiting for regulatory clarity.

The risk on the other hand is voluntary does not mean consequence free, right? So even without mandatory guardrails, employers still face liability under existing employment discrimination laws, data protection frameworks, and labor regulations, all of which apply to AI-driven decisions regardless of whether a specific AI law exists. And internal governance gaps that seem fine today can become litigation exposure tomorrow. The bottom line here is 2026 gives employers a window to innovate; the employers should use it but build a governance foundation at the same time, not after.

Lisa Nagele-Piazza (18:18)
Yeah, and that's a really great point because it makes sense, especially when AI is still, generative AI is still fairly new to employers and employees alike, sort of building that framework from the ground up is important.

Nan Sato (18:32)
Yes, absolutely.

Lisa Nagele-Piazza (18:38)
And the fifth and final thing that we'll talk about today. So governments around the world are increasingly focused on protecting freelancers, gig workers, and other non-traditional workers. How is the global conversation around worker classification changing?

Nan Sato (18:56)
Multinational businesses should prepare for upcoming regulatory changes related to non-traditional workers, including freelancers and gig workers. For example, in the EU member states, you know, those states will need to adopt a new directive before the end of 2026 that seek to curb worker misclassification, ensure algorithm transparency, and enhance working conditions and data protection for individuals engaged in platform work, including freelancers on demand and gig work. The first-ever law protecting freelancers and independent contractors in Japan came into effect in 2024. The law already requires businesses that do work in the country to review their workplace practices and adjust as necessary, and we expect regulations to be expanded and refined in 2026 and beyond.

In Mexico, another place where we have offices, companies doing business there should also expect the government to advance and strengthen regulations for digital platform workers in the years ahead.

Lisa Nagele-Piazza (20:14)
Yeah, and it seems like when new regulations are coming out or new laws that we're seeing in addition to employees, they are also providing protections for freelancers and gig workers. And it just seems like something that is becoming more commonplace than ever. So what should employers be sort of watching as these laws and regulations evolve?

Nan Sato (20:40)
I think employers can expect these laws to become more and more protective of the workers. For example, in Japan the freelancer law requires employers to provide certain benefits to freelancers and contractors as if they were employees. Things like maternity leave, you know, family leave and certain termination protections.

Lisa Nagele-Piazza (21:05)
Okay, that's surprising.

Nan Sato (21:08)
Exactly. So they're creating a lot of additional protections for contractors and we're seeing this legislative trend in many other countries as well.

Lisa Nagele-Piazza (21:26)
So Nan, let's get to know you a little better in five questions. Are you ready for them?

Nan Sato (21:31)
Haha, I guess.

Lisa Nagele-Piazza (21:34)
You do a lot of traveling, obviously, but what's one place that's still on your bucket list?

Nan Sato (21:39)
Oh, the Galapagos, hands down.

Lisa Nagele-Piazza (21:43)
Nice, nice. I went to the Galapagos a couple of years ago and we did it without a cruise. It was it was so nice. We just stayed on the main island there on Santa Cruz, it was great.

Nan Sato (21:54)
Wow, I'm so jealous.

Lisa Nagele-Piazza (21:56)
I'm jealous of your time in Tokyo, 'cause that's my on my list. Which I think is a true of a lot of travelers.

Nan Sato (22:03)
Yeah, it's a popular destination nowadays.

Lisa Nagele-Piazza (22:07)

Which is also a very long flight. So my next question for you is what's your secret to surviving long flights?

Nan Sato (22:13)
Mm. Well, book a nighttime flight if you can. Eat a big meal right before the flight. Wear an eye mask, hopefully sleep through the entire flight.

Lisa Nagele-Piazza (22:25)
Yes. That's a good plan. Be full, be ready to sleep, and shut out all the light. You have extensive experience in the labor and employment space of sports law, but what's your favorite sports team?

Nan Sato (22:31)
Philadelphia Flyers.

Lisa Nagele-Piazza (22:41)
Oh, that's the best answer you could give me because it's mine too. I'm from Philly originally and my brothers played hockey growing up. So we were a serious hockey family. And now my nephew plays and it's great to see him out there, he's six, on the ice, you know, learning all the stops, all the moves.

So what's one word your coworkers at FP would use to describe you?

Nan Sato (23:12)
I guess depends on who you ask. I've heard things like "funny," "practical," and "mysterious." Just to name a few.

Lisa Nagele-Piazza (23:24)
I would agree with those. If you weren't a lawyer, what would you be?

Nan Sato (23:31)
A spy or a ski bum.

Lisa Nagele-Piazza (23:33)
See, see that goes along those lines of "mysterious."

Nan Sato (23:38)
You have to keep a little mystery, I guess.

Lisa Nagele-Piazza (23:45)
All right, well that's all the time we have for now. Thanks again for being on the show, Nan.

Nan Sato (23:49)
It's my pleasure. Thank you for having me.

Lisa Nagele-Piazza (23:53)
And thank you for listening to the FP5. You can see all of the countries Fisher Phillips has offices in, and subscribe to our international legal insights at fisherphillips.com. We'll see you next week.