



Preparing for Pay Transparency

Agenda

- ▶ EU Pay Transparency Directive: what is it?
- ▶ Start preparing now!



EU Pay Transparency Directive: what is it?



Pay Transparency Directive

- ▶ Entry into force: 7 June 2023
- ▶ Transposition by member states: 7 June 2026
- ▶ Objective: Combat pay discrimination and close the gender pay gap
- ▶ Minimum requirements (!)

More information about pay within all employers both before and during employment

▶ *Pay transparency for job-seekers*

Employers will have to disclose the initial pay level or range for the position in job vacancy notices or before job interviews

▶ *Ban on asking about pay history*

Employers will be prohibited from asking job candidates about their pay history.

▶ *Right to pay information for employees*

Workers will have the right to request information from their employer on their individual pay level and on the average pay levels, broken down by gender, for categories of workers doing the same work or work of equal value.

▶ *No ban on pay disclosures*

Workers should not be prevented from disclosing their pay to others for the purpose of enforcing the principle of equal pay, and contractual terms to this effect must be prohibited.

Reporting (1)

- ▶ + 250 workers: annual reporting from 2027 onwards (2026)
- ▶ + 150 - 249 workers: triannual reporting from 2027 onwards (2026)
- ▶ + 100 - 149 workers: triannual reporting from 2031 (2030) onwards

- ▶ Employers will have to report to national monitoring bodies on:
 - Mean and median pay gaps.
 - Mean and median gaps calculated from “complementary and variable” components of pay (e.g. bonuses).
 - The proportion of men and women receiving complementary or variable components of pay.
 - The proportion of men and women within each quartile pay band

- ▶ Reporting by “categories of workers”, meaning “workers performing the same work or work of equal value” - to tie-in with the comparison that can be used for the purposes of an equal pay claim.

Reporting (2)

- Workers and their representatives, labour inspectorates and equality bodies will be able to ask the employer for additional clarifications and details, and the employer must respond within a reasonable time.
- Where gender pay differences are not justified by objective and gender-neutral factors, the employer shall also be required to remedy the situation within a “reasonable” period of time.
- New type of compulsory equal pay audit that is triggered by an unjustified pay gap, a “joint pay assessment”
 - Pay reporting reveals a gender pay gap of at least 5% in any category of workers
 - The employer cannot justify the gap based objective gender-neutral factors
 - The unjustified difference has not been rectified within six months
- A joint pay assessment requires the employer to cooperate with worker representatives to analyse the pay differences, the reasons behind them, and the effectiveness of measures to address the differences.

Joint Pay Assessment

- ▶ There should be a clear objective to a Joint Pay Assessment: the elimination of gender-based pay discrimination.
- ▶ Assessments must include the following:
 - an analysis of the proportion of female and male workers in each 'category' of workers;
 - information on average female and male workers' pay levels and 'complementary or variable components' (i.e. bonus) for each category of workers;
 - any differences in average pay levels between female and male workers in each category of workers;
 - any non-discriminatory reasons for such differences in average pay levels, as established jointly by the workers' representatives and the employer;
 - the proportion of female and male workers who benefited from any improvement in pay following their return from maternity or paternity leave, parental leave or carer's leave, if such improvement occurred in the relevant category of workers during the period in which the leave was taken;
 - measures to address differences in pay if they are not justified on the basis of non-discriminatory criteria; and
 - an evaluation of the effectiveness of measures from any previous Joint Pay Assessment.

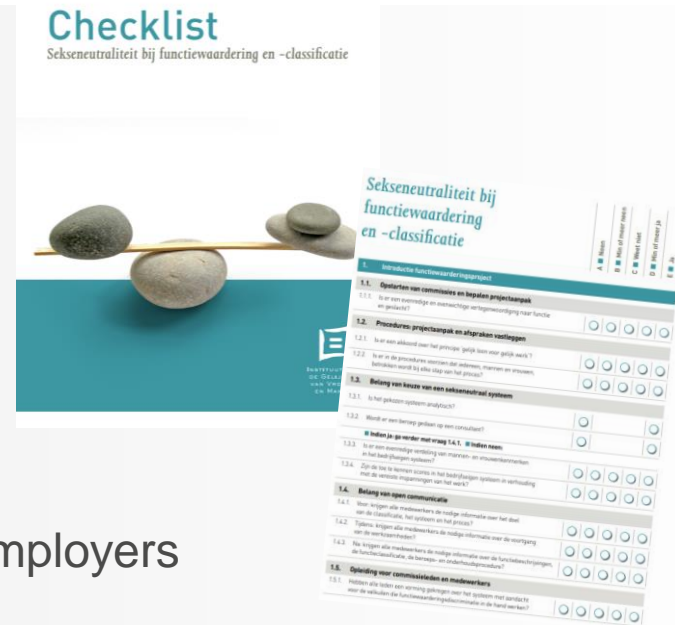


Start preparing now for 2026 !



Start preparing for 2026 now !

- 'Get it on the business agenda'
 - Risk of a breach
 - Gains from compliance
- Determine obligations (headcount)
- Anticipate new obligations that will apply to all employers
 - Consider not asking applicants about pay history
 - Consider adding initial pay or salary ranges before job interview and how
 - Ensure vacancy notices and job titles are gender-neutral
 - Screen employment contracts, work rules and policies for confidentiality clauses
 - Review HR processes: recruitment, job classes, performance management, criteria used to assess performance and skills



Start preparing for 2026 now !

- Anticipate new obligations that will apply to all employers
 - Consider criteria and methodology to group categories of workers performing the same work or work of equal value
 - Review criteria used to determine pay, pay levels and pay progression
 - Review criteria to grant complementary or variable components (bonusses)
 - Prepare a pay policy with these criteria and the obligations concerning the right to information
 - Prepare training of managers

- Address the new reporting obligations
 - Calculate existing pay gaps at company level and per category of workers
 - Map possible justifications for identified pay gaps
 - Prepare a pay gap action plan to remedy unjustified pay gaps