

Navigating the Pay Transparency Directive: how to be prepared for 2026 ?

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What will we discuss today ?

- Pay Transparency Directive: What is it ?
- Some Key Considerations in Practice
- Time to get ready NOW !



Pay Transparency Directive: What is it ?

Pay Transparency Directive in a nutshell

- Measures to combat pay discrimination and to close the gender pay gap (EU gender pay gap in EU: +/- 12,7 % (2021))
- 10 May 2023 – Entry into Force: 7 June 2023 – Transposition: 7 June 2026
- Private + Public sector
- Employees + job applicants
- Reporting obligations as of 100 employees under the Directive (introduced gradually)
- Minimum requirements (!)
- But companies need to start preparing **now!**

Pay Transparency Directive in a nutshell



Pay Transparency Reporting: what ?

To National Monitoring Body (which will publish **info**):




- Gender pay gap
- Gender pay gap in complementary and variable components
- Median gender pay gap
- Median gender pay gap in complementary and variable components
- Proportion of female and male workers receiving complementary and variable components
- Proportion of female and male workers in each quartile pay band
- Gender pay gap between workers by categories of workers broken down by ordinary basic wage or salary and complementary or variable components → no publication but to provide to workers and workers representatives and upon request to labour inspectorate and equality body

Accuracy of information to be confirmed by employer's management, after consulting workers' representatives who have access to the methodologies applied by the employer

Right for workers, workers' representatives, labour inspectorates and equality bodies to ask clarifications + obligation to respond within reasonable deadline / remedy the situation **if gender pay differences are not justified by objective and gender-neutral criteria.**

Joint Pay Assessment

Joint Pay Assessment with Workers' Representatives if:

-  5 % gender pay gap (average pay) in a category of workers
-  No justification based on objective and gender neutral criteria
-  Employer has not remedied difference within 6 months

Must be available to workers + workers' representatives + communicated to monitoring body + to labour inspectorate and equality body upon request.

Entering into force of reporting obligations



Some Key Considerations in Practice

Employee Rights

Before the employment contract starts

At a pre-employment stage, job applicants are entitled to have the following information:

- the initial pay or its range, based on objective, gender-neutral criteria, to be attributed to the relevant position;
- the provisions of the collective bargaining agreement applied by the employer with respect to the position.

At this stage, the employer is also prohibited from asking the job applicants about their pay history during their current or previous employment relationships.

The employer is also required to ensure that:

- job vacancy notices and job titles are gender-neutral;
- recruitment processes are led in a non-discriminatory manner.

Employee Rights

During the employment contract

The employer is required to make easily accessible to their employees the criteria used to determine:

- (i) salary;
- (ii) pay levels;
- (iii) pay progression.

The abovementioned criteria must be objective and gender-neutral.

Employee Rights

During the employment contract

- a) Employees have the right to receive written information about their **individual pay level** and the **average pay levels**, broken down by gender, for categories of workers performing the same work or work of equal value.
- b) These information must be provided within a reasonable period, not exceeding 2 months from the date of the request.
- c) If the information provided is inaccurate or incomplete, the employee has the right to request further and reasonable clarifications and details regarding any of the data provided, and to receive a substantiated reply.
- d) The employer is also required to inform all employees, on an annual basis, about their right to receive such information, as well as the steps that the employee must follow to exercise that right.
- e) Employees cannot be prohibited from disclosing their pay for the purpose of implementing the principle of equal pay.

Categorisation

What is Categorisation?

- Employers must group jobs together based on similar work.
- “Work of equal value”

How is it done?

- Gender neutral job evaluation
- Roles that have similar levels of:
 - SKILL
 - EFFORT
 - RESPONSIBILITY
 - WORKING CONDITIONS

(but there may be other factors too)

Challenges with Categorisation

- Job evaluation is specialist skill – not something anyone can do
- Existing job levelling might be good enough (but might not – v important to check in advance of PTD coming into force!)
- Can categories used in Collective Bargaining Agreements be relied on instead of having to do job evaluation? Not sure yet (but probably not)...

Employees' representatives

Employees' representatives are involved in several occasions:

- a) the employer agrees with employees' representatives on objective and neutral criteria, including competencies, commitment, responsibilities, working conditions, and any other relevant factor related to the specific job or position, in order to identify work of equal value;
- b) employees' representatives are involved by workers in requesting clarification on the information provided by the employer.
- c) the accuracy of the information provided on the pay gap must be confirmed by the employer's management after consulting with the employees' representatives;
- d) employees' representatives have an independent right to information regarding the pay gap;

Employees' representatives

- e) if the gender pay gap is not based on objective and gender-neutral criteria, employers are required to address the issue within a reasonable timeframe, in close collaboration with the employees' representatives, the labor inspectorate, and/or the equality body;
- f) based on the information gathered, the employer is required to conduct a joint evaluation of wages in cooperation with employees' representatives;
- g) if unjustified pay differences arise, the employer is required to correct such discrepancies within a reasonable timeframe, in close collaboration with employees' representatives.

Reporting

Why will reporting be difficult?

- Can be difficult to understand the causes of a company's gender pay gap
- Unexplained gaps by category can trigger joint pay assessment

Going beyond reporting – Analysis is crucial

- Powerful role of worker representatives
- Explaining gaps by category that are greater than 5% requires complex statistical analysis
 - Regression analysis will be part of this
 - Can quantify how much of gap can be explained by objective reasons
 - Regression is not an objective process

- If worker reps aren't happy with explanation → joint pay assessment
- Employers need a defensible analytical process that they understand
 - Consider training worker reps
 - Avoid completely delegating to an automated “black box”

Consequences when not complying with the PTD

- Shift of the burden of proof
- Penalties
- Full compensation/reparation
- Litigation power – class actions
- Injunction relief – access to confidential information
- Procedural costs if reasonable ground to make a claim
- Loss of public contracts

Time to get ready NOW !

Time to get ready NOW !

- 'Get it on the business agenda'
- Determine reporting obligations (headcount)
- Anticipate new obligations that will apply to all employers (if not yet applicable)

❖ *Recruitment*

- Consider not asking applicants about pay history
- Consider adding initial pay or salary ranges before job interview
- Ensure vacancy notices and job titles are gender-neutral
- Review recruitment processes (non-bias, non-discriminatory)

❖ *Employment*

- Screen employment contracts, work rules and policies for confidentiality clauses
- Review HR processes: job classes, performance management, criteria used to assess performance and skills

Time to get ready NOW !

- Anticipate new obligations that will apply to all employers
- ❖ *Employment*
 - Review existing job leveling methodology (or introduce if not already) to group categories of workers performing the same work or work of equal value and to establish pay structures
 - Review criteria used to determine pay, pay levels and pay progression
 - Review criteria to grant complementary or variable components (bonuses)
 - Prepare a pay policy with these criteria and the obligations concerning the right to information
 - Prepare training of managers
- Address the new reporting obligations (+ 100 workers)
 - 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
- Consider adopting a Diversity and Inclusion Policy



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More information on the Pay Transparency Directive

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- [EU Pay Transparency Directive: which countries have implemented?](#)
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