

# Preparing for the EU's Pay Transparency Directive

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Pay equity and pay transparency are becoming increasingly important to global organisations. The European Union's pay transparency directive is a landmark piece of legislation for organisations with employees across the European Union.

## Quick Hits

- The EU's pay transparency directive applies directly to EU member states, and non-EU employers that employ individuals in the European Union.
- The directive requires substantial adjustments to the handling and disclosure of pay information.

The EU has been working on pay transparency requirements for several years, and members of the European Parliament [voted to endorse](#) an amended version of the directive originally proposed in 2021.

## Employer Obligations

On June 7, 2023, [Directive \(EU\) 2023/970](#) took effect and new requirements for employers were introduced.

The requirements include the following employer obligations:

- **Disclosing salaries from the recruitment stage.** Employers must provide candidates (pre-interview) with information on an initial pay range based on objective, gender-neutral criteria. Additionally, employers are not permitted to request information on candidates' prior salaries.
- **Complying with employee requests for salary data.** Employers must provide existing employees with easily accessible pay and pay progression information within sixty days of a written request, including information on their individual pay and the average pay levels for other employees, subdivided by gender, for those workers who are performing the same work or work of equal value. Employers must annually inform employees of their right of access to this information.
- **Reporting gender pay gap statistics.** In the first stage, employers with at least 250 employees will report every year, and employers with between 150 and 249 employees will

report every three years. Where a gender pay gap of 5 percent or more exists, employers will also be required to work with their employee representatives/works councils to conduct deeper analyses and develop corrective action plans.

- **Complying with audits and fines if unreasonable inconsistencies are found.** Employees have a right to request full compensation or reparation if they have suffered damage due to an infringement of any right or obligation relating to equal pay.

EU member states have until June 7, 2026, to implement the directive into their own laws—each member state can implement compliance requirements above and beyond the directive's requirements, if they wish.

## Next Steps

The June 2026 deadline is fast approaching, and it is anticipated that many EU member states will announce national measures during 2025. The directive calls for a review of current practices to ensure ongoing compliance. Key considerations for employers include:

- reviewing existing remuneration and progression policies, such as employment contracts and workplace policies, to identify potential gaps in current pay practices;
- reviewing recruitment procedures and policies, such as advertisements and job titles to ensure gender neutrality and the provision of salary information pre-interview;
- including gender pay as an integral part of company risk assessments and implementing regular staff training sessions;
- evaluating categories of workers to define applicable groups—in particular, related to the concept of equal value (employers may want to consider job evaluations, if appropriate);
- accessing data storage methods and processing practices to aid compliance with employee pay data requests and generating mandated reports under the directive; and
- remaining up to date with legal developments and national adjustments.

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