

Prepare for upcoming legislative changes on time and start building inclusive workplaces today.



A GUIDE TO THE EUROPEAN PAY TRANSPARENCY DIRECTIVE

This guide offers a clear and practical analysis of the EU Pay Transparency Directive, detailing its scope, implications, and potential impact on your organization.

Discover the steps you need to take depending on whether the pay gap among your employees is below or above 5%, and how to address it in a structured and effective way.

Don't wait until the last minute; prepare in advance and adapt your business to the new standards, ensuring compliance, fairness, and a strong reputation.

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Inc.Q Equal Pay

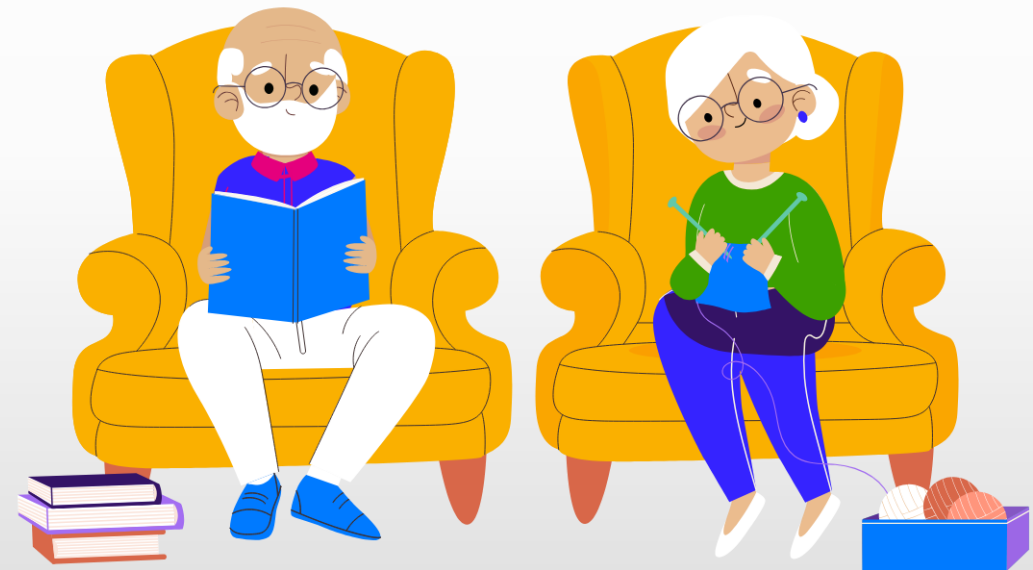
The Importance of Pay Transparency and Equality

Pay transparency is crucial for reducing the gender pay gap and obtaining a fairer work environment.

When **employees** have clear information about pay structures, their **trust in the employer increases**, which in turn improves workplace **morale and productivity**.

Fair and transparent pay systems help **retain existing talent and attract new employees**, which is crucial for the long-term success of one's business. It is also important to emphasize that pay equality lies at the foundation of equal pensions.

Due to gender pay gaps, **many women currently receive low pensions**, placing them at the margins of society and jeopardizing their health and financial security.



Key for Employees

A pay transparency requirement is being introduced in recruitment, meaning that salary ranges must be disclosed.

Employers are not allowed to ask candidates about their current or previous salary.

Employees are entitled to written information about their pay grade, as well as the average pay grades by gender for employees performing the same or equivalent work.

Employees have the right to information on pay criteria and the average salaries by gender for the same or equivalent work.

Employers are required to report on the gender pay gap.

Right to Information on Pay and Reward Criteria

- **When an employee joins the organization, they have the right to ask their employer for information on salary ranges, broken down by gender, for employees performing the same or equivalent work.**
- **The employer is required to provide this information within a reasonable time and to notify all employees at least once a year of their right to access it.**
- **Employees also have the right to be informed about the criteria applied in determining pay and promotions, including individual performance, skills development, and seniority.**
- **Each employee can request information about their own salary and pay grade, as well as the average salary by gender for employees performing the same or equivalent work. Pay grades must be based on objective and gender-neutral criteria for comparing equal or equivalent work.**

Key for Employers

Employers will be obliged to focus on two main fields: **pay transparency and pay equality**

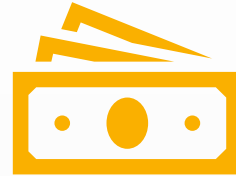
This directive applies to companies in the EU with **100 or more employees**, including part-time workers and contract workers.

For many organizations, complying with the Directive will require several adjustments, such as **clearly defining pay structures, communicating more transparently with employees** and candidates, and, where necessary, gradually increasing salaries to **reduce the gender pay gap**.

Changes affecting employers



Establishment of objective and gender-neutral pay and job evaluation systems.



Obligation to publish salary ranges in job advertisements and to implement more transparent recruitment processes



An organization that has clearly defined its internal pay structure should discuss the reasons behind employees' salaries with them.



In the case of unjustified pay gaps, there is an obligation to conduct an analysis and take corrective measures.



Companies will be required to report additional data, such as salary increases following a return from parental leave.



Regular reporting on the gender pay gap, depending on the size of the organization.



Employers are required to report on the following pay gaps

- Gender pay gap
- Gender pay gap in supplementary or variable pay component
- Median pay gap by gender
- Median pay gap by gender in supplementary or variable pay components
- Proportion of men and women receiving supplementary or variable pay components
- Proportion of men and women in each pay quartile
- Gender pay gap by employee categories, broken down by standard base salary and supplementary or variable pay components

If the pay gap reaches **5%** or more after applying objective, gender-neutral criteria, corrective measures must be implemented. Pay and job evaluation systems must be structured to be objective and gender-neutral.

5% or more

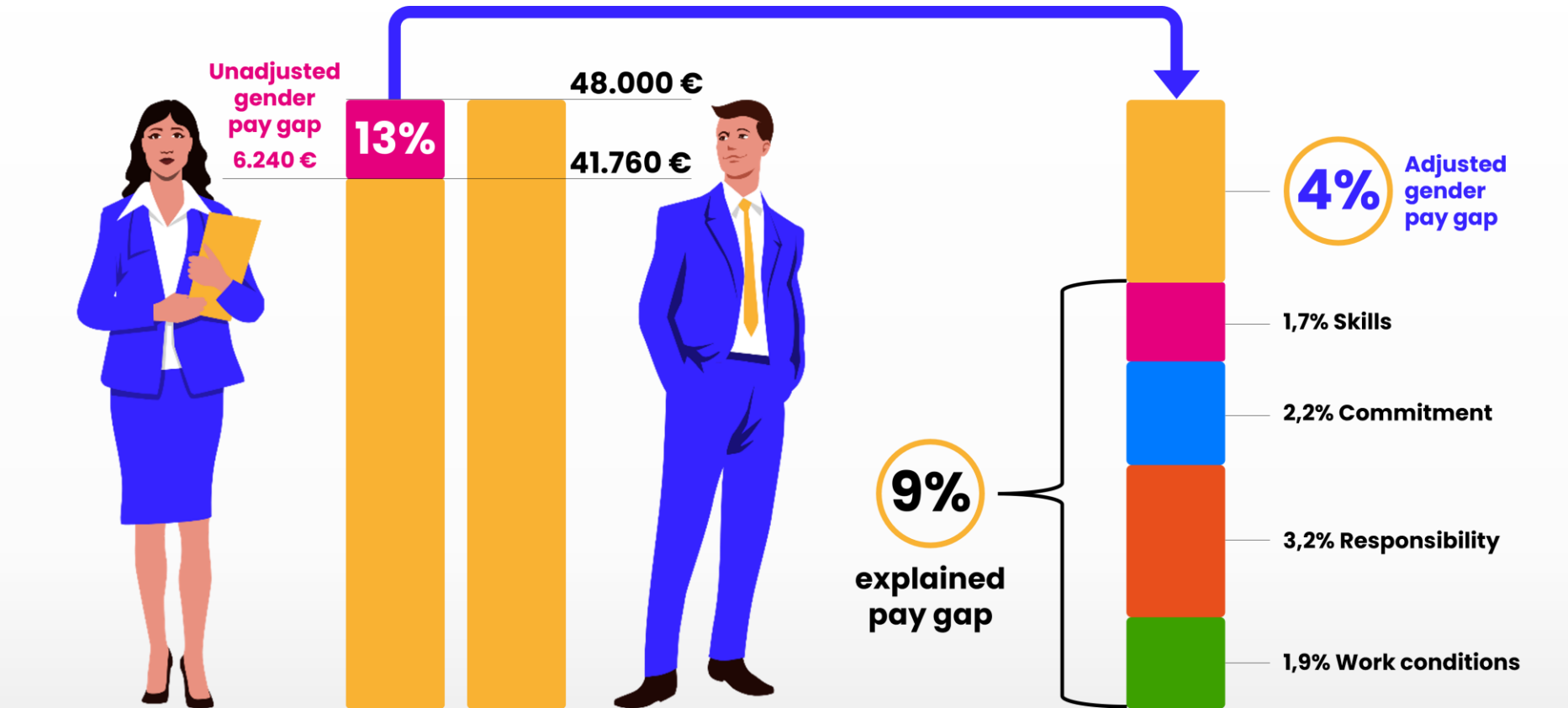
After applying objective, gender-neutral criteria, conduct a pay analysis and, based on the results, take concrete steps within six months to reduce any identified gaps through the development of an action plan, which may include a revised job structure and/or job evaluation.*

*In accordance with the EU Directive

Less than 5%

You are ready to adapt to the new legislation.

Stand out as a responsible employer with the INC.Q Equal Pay Certificate, awarded only to companies that meet the Directive's criteria.



The **unadjusted gender pay gap** shows the overall difference in average pay between men and women, without taking into account gender-neutral factors that influence pay differences.

Adjusted gender pay gap considers various criteria in accordance with the EU Directive, such as skills, effort, responsibility, and working conditions – showing the pay difference between men and women when these gender-neutral criteria are taken into account.

The Inc.Q Equal Pay methodology helps organizations adapt to the changes brought by the EU Pay Transparency Directive.

For over a decade, we have analyzed pay and identified pay disparities. During this time, we have refined our methodology to provide employers with precise pay equity evaluations. This expertise positions us to meet the Directive's requirements.

Our methodology evaluates compensation using objective, gender-neutral criteria that define pay across all levels and employee categories. This delivers a detailed analysis of both unadjusted and adjusted gender pay gaps.

We guide employers through compliance by auditing pay systems, identifying gender pay gaps, applying gender-neutral standards, supporting job evaluations, and developing action plans for gaps above 5%. We also structure job frameworks, refine performance evaluations, and enable ongoing pay equity monitoring via our platform.

For employers with pay gaps of 5% or less, we offer the opportunity to showcase best practices through the **INC.Q Equal Pay certification.**

If you need a reliable partner to help you prepare for the EU Pay Transparency Directive and create a fair pay system that works in practice, get in touch to explore collaboration.



Fair pay starts with clarity.

INC.Q Equal Pay provides independent, evidence-based measurement of pay structures, helping organizations understand where equity exists and where action is needed.

Using robust methodology and transparent data, we assess pay differences across roles, levels, and demographics. The result is reliable insight companies can trust to make informed, responsible decisions.

Because real pay equity isn't a promise – it's a standard you can measure.

Pay transparency is not just a legal requirement, but also a tool for building trust, promoting equality, and fostering sustainable workplace relationships.

Be ready on time.

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