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# The way forward

## EU Pay Transparency Directive

October 2025

**The EU Directive on pay transparency and equal pay was published in the Official Journal of the European Union on 17 May 2023 and entered into force on 7 June 2023. Member States have three years (until 7 June 2026) to transpose it into national law.**

The EU Directive seeks to encourage employers to pay their employees equally. By requiring employers to address unfair pay differences and giving employees the right to compare their salaries, the path to greater transparency and equal pay will be further cleared.

The scope of these new obligations is far-reaching. EU Member States must implement the transparency requirements of the Directive in national legislation by 7 June 2026 at the latest, including the reporting obligations that will apply from June 2027. Although the Directive does not directly apply to employers in e.g. the United Kingdom, the United States or Canada, it will affect non-EU employers with employees who live and work in the EU.

In this article, we present a brief overview of the obligations imposed on employers by the EU Pay Transparency Directive and the impact this will have on companies' business operations.

**The implementation of the EU Directive on pay transparency and equal pay will have consequences for existing legislation The implementation will lead to changes in, among other things, the Equal Treatment of Men and Women Act ('Wet op gelijke behandeling van mannen en vrouwen'), the Works Councils Act ('Wet op ondernemingsraden' (WOR)), and the Labour Allocation by Intermediaries Act ('Wet allocatie arbeidskrachten door intermediairs' (Waadi)).**

# What obligations does the EU Directive impose?

## Job and pay structures

Employers must first have a job and pay structure that allows for comparisons of pay between employees who perform the same work or work of equal value, based on objective and gender-neutral criteria.

## Pay transparency

### When recruiting

Employers are not permitted to ask applicants about their salary history during the recruitment process.

Employers are obliged to provide information in advance and in a timely manner about the initial salary level or salary scale for the vacancy.

### During the employment contract

Employees may request information from their employers, employee representatives, or an equality body regarding their individual pay level and the average pay levels, broken down by gender, for categories of employees performing the same work or work of equal value. This right applies regardless of the size of the company. The information must be provided within two months, and companies are required to inform employees on this right to information annually. Employers cannot include contractual provisions that restrict employees from providing information about their salary.

### Throughout one's career

As careers progress, employers must provide information on the objective and gender-neutral criteria they use to define remuneration and career development. Employers with fewer than 50 employees may be exempt from this obligation.

## Reporting

Companies with at least 100 employees must publish and submit information on the gender pay gap across their entire workforce.

The reporting obligation depends on the number of employees.

| Number of employees | Reporting frequency |
|---|---|
| 100 to 149 | Every three years from June 2031 onwards |
| 150 to 249 | Every three years from June 2027 onwards |
| 250 or more | Annually from June 2027 |

This obligation also requires reporting on the pay gap within different categories of employees across the workforce.

The Directive also requires a more detailed analysis and obliges employers to have systems and processes in place that support equal pay. The employer must, together with employee representatives, assess and address any differences where the gap is five percent or more (and cannot be justified).

This is because the works council has the right of consent with regard to the objective criteria being applied when setting up the remuneration policy. In addition, the works council must be given insight into the assessment methods used and must be consulted on the accuracy of the wage report before it is reported.

# To whom do the new rules apply?

From 7 June 2026, all public and private employers (including temporary employment agencies) in the EU must have wage structures in place and offer wage transparency before and during employment. In the case of temporary employment arrangements, the hiring company must also include temporary workers in the reports.

The reporting obligations apply to employers with 100 or more employees in one or more EU Member State. This is a low threshold, so many employers will have to comply with the new rules. Many non-EU employers with activities in the EU will also have to comply with the rules of the EU Member State in which they operate.

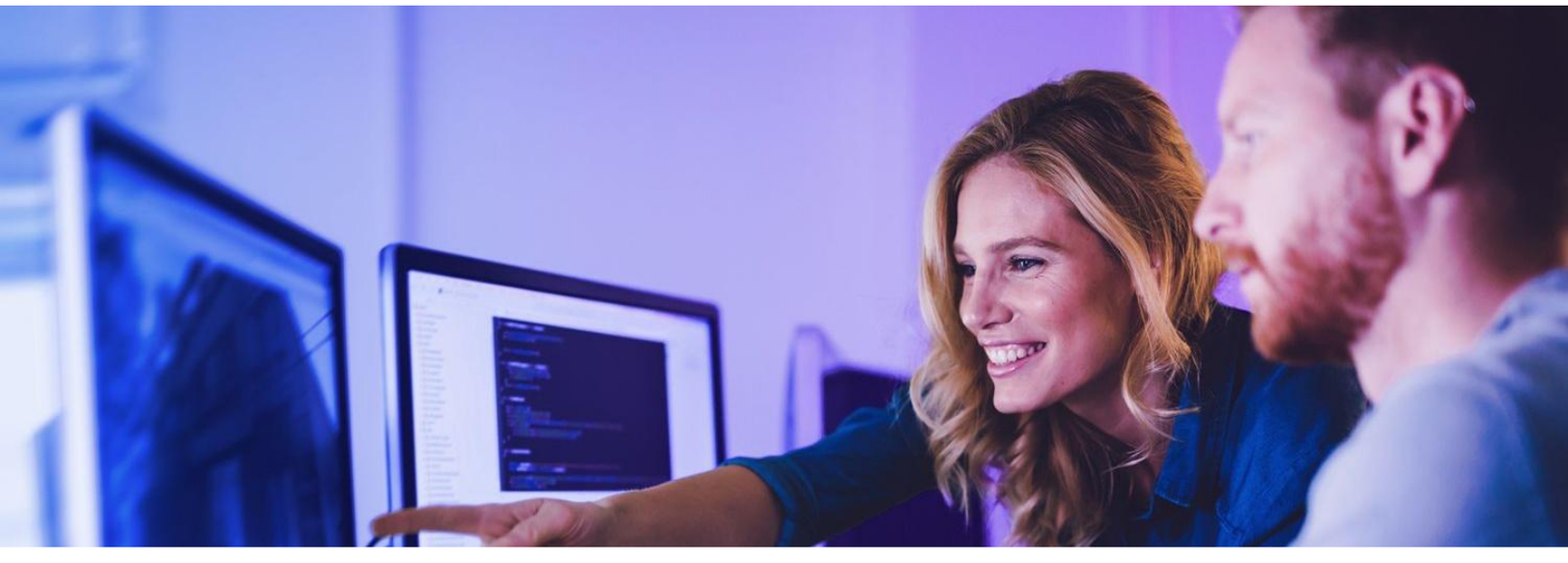
# Enforcement measures

The EU Directive contains enforcement measures that oblige Member States to ensure that:

- employees have access to legal proceedings to enforce rights and obligations relating to equal pay, both during and after termination of employment;
- associations, organisations, equality bodies and employee representatives may participate and act on behalf of employees in administrative or legal proceedings relating to alleged breaches in the area of equal pay;
- employees may claim compensation for damages related to breaches of the principles of equal pay;
- orders (possibly resulting in fines) may be issued to employers to cease breaches of the principles of equal pay or to take measures to ensure that the rights and obligations relating to equal pay are applied.

Unlike previously, the burden of proof now lies *with employers* to demonstrate that no discrimination has taken place with regard to remuneration. In practice, this means that if an employee files a claim for equal pay against an employer who has not complied with one (or more) of the requirements of the EU Directive, the employer will have to prove that there was no direct or indirect discrimination.

The consequences can be significant. If a claim is upheld, the employee is entitled to full compensation for the outstanding wages, including any bonuses or payments in kind. This also includes compensation for lost opportunities and non-material damage.



# Implementation of the EU Directive in the Netherlands

On 25 March 2025, the Dutch government published the (draft) bill on the implementation of the European directive on equal pay in the Netherlands. According to the EU directive, implementation must take place by 7 June 2026. However, the Ministry of Social Affairs and Employment has indicated that this timeline is not feasible.

The bill on equal pay for men and women is expected to be sent to the Council of State at the end of 2025. Parliamentary consideration will likely follow in 2026. The intended date of entry into force for the Dutch legislation has now been set for 1 January 2027

## Implications

The consequences of the delayed implementation of the EU directive are that employees will be able to invoke the right to equal pay before 1 January 2027, while the reporting and pay evaluation obligations will be postponed. The latter has no concrete consequences for employers.

Organisations with 150 or more employees will now only be required to report in the Netherlands for the first time for 2027, rather than 2026. This means that the reporting will take place in 2028.

The delay does not affect employers with 100 to 149 employees. These employers will be able to report according to the original schedule set out in the EU directive, which means that their first report will concern the year 2030.

For companies with 150 or more employees, the postponement offers organisations the opportunity to prepare thoroughly. By analysing pay structures and adjusting processes where necessary now, employers will be able to comply smoothly with the new obligations and benefit from increased trust and attractiveness on the labour market. By preparing in advance, pay transparency becomes a strategic advantage rather than a last-minute obligation.

It is important to note that the postponement will not only apply to the Dutch branch of any multinational organisation. If the organisation also has non-Dutch group entities, reporting for these entities may still be required for 2026. Organisations should check carefully whether, and for which parts of the organisation, the reporting obligation will come into force from 2026 onwards.

# What steps can employers take?

**01**

### Assemble a project team

Assemble a project team comprising representatives from various departments, such as HR (compensation & benefits), Legal Affairs, Finance, and other key stakeholders.

**02**

### Formulate an action plan

Formulate an action plan to comply with the transparency (and reporting) obligations of the EU Directive.

**03**

### Evaluate job and pay structures

Check whether the job classification system, salary structure and assessment structures have been implemented effectively in your company, are valid, and are in line with the organisation's vision/strategy.

- Remuneration structures are often adjusted over time, which can lead to inequalities if there are insufficient controls in place.
- Take the time now to review your job and remuneration structures so that you are ready to implement the requirements of the legislation.

**04**

### Check whether the countries where you operate will be affected

Check how the EU Directive is being transposed into national legislation.

**05**

### Review your employee database

Ensure that you begin preparations for the new reporting requirements in countries with at least 100 employees.

**06**

### Define the employee categories within your organisation

Determine how you can group employees to compare work of equal value. Take collective labour agreements into account and ensure that the data you collect, and store accurately reflects the classifications or categories of employees. This means that your personnel administration must be structured in such a way that it accurately records the various groups or categories into which employees are classified.

**07**

### Test your reporting processes

Generating timely insight into the existence of pay gaps of five percent or more in employee categories enables you to get your organisational structure in order in good time. This offers the opportunity to:

- investigate whether there are objective justifications for pay differences;
- address equal pay issues and eliminate unjustified differences to prevent legal action;
- ensure that your pay policy and its implementation are valid.

**08**

### Take the initiative

Reports on pay gaps will be shared publicly. By proactively addressing equal pay, an organisation can demonstrate that it values transparency and equal opportunities. This strengthens the company's image as an attractive and responsible employer. It is therefore wise to carefully review the remuneration policy in advance and address any undesirable differences in a timely manner. This will allow the organisation to share the report with confidence and position itself as a modern and inclusive employer.

# How can we help?

**01**

### Inspiration session for the HR team

To inform the HR team about the latest developments surrounding the EU Directive (and its implementation), we can hold an inspiration and knowledge session. During this session, we will discuss what is involved in implementing the EU Directive, identify the essential information required and assess maturity levels to define an action plan.

**02**

### High-level pay gap analysis

Using our flexible Pay Gap tool, we can draw up a high-level analysis of the current situation in your organisation. A practical dashboard provides insight into the current status and enables you to create a roadmap to establish control in good time before the Directive comes into force.

**03**

### Deep-dive analysis

We can thoroughly analyse the data to identify the causes of any pay gap. This includes a comprehensive evaluation of the organisation's job and remuneration structures.

**04**

### (Re)design of job and pay-structures

Based on our analysis, we can provide support in redesigning job and remuneration structures with the aim of promoting equal pay.

**05**

### Legal risk assessment

We can analyse the legal implications of the EU Directive for your organisation and draw up an action plan to mitigate the risk of any consequences under employment law.

**06**

### Social dialogue

We can guide your organisation through the process with relevant stakeholders, such as the works council and trade unions. Together, we can ensure that the approach is sound and approved by all parties.

**07**

### Reporting

We can support your organisation in preparing the mandatory reports that comply with all legal requirements and regulations and ensure efficient process guidance.

**08**

### System implementation

We can assist in setting up the administration and personnel system.

**09**

### Internationally compliant

We can support your organisation in implementing the Directive in an international context. Thanks to our international network, we can ensure the correct interpretation of local laws and regulations, the efficient collection and harmonisation of data from different countries and systems, and a streamlined process.

**10**

### Change management

We can support your organisation in effectively implementing the necessary transitions and changes, enabling the organisation to achieve a fair and transparent remuneration policy in a sustainable manner.

# Want to learn more?

Please do not hesitate to make an appointment with our experienced professionals. Together, we can work on further promoting pay transparency and equal pay within your organisation. Our multidisciplinary team is ready to answer all your questions and assist you in navigating the new EU Directive and the obligations it contains.

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