

GARRIGUES

The new obligations of the European directive on transparency and equal pay: how companies can prepare for them

Significant legislative changes are expected in Spain derived from the transposition of [Directive 2023/970 of the European Parliament and of the Council of May 10, 2023](#), which reinforces the application of the principle of equal pay for equal work or work of equal value for men and women through pay transparency measures and compliance mechanisms that will bring significant changes in the management of the remuneration policy in companies (the deadline for transposition of the directive ends on June 7, 2026).

These are the most innovative measures of the directive:



Pre-employment pay transparency

Companies (i) will have to provide information on the initial salary or salary band that will apply to the job applicant; and (ii) will not be able to ask job applicants about their salary history or the salary they receive at the time of the selection process.



Information on the pay gap between male and female employees

Companies with more than 100 employees, after consultation with workers' representatives, must provide information on the gender pay gap to the authority responsible for its collection and publication (without prejudice to the disclosure given by the company on its website or by other means).



Transparency in compensation setting and pay progression policies

Companies must make available to their employees the criteria (objective and gender-neutral) used to determine pay, pay levels and pay progression.



Joint pay evaluation

Companies with more than 100 employees must carry out a joint pay evaluation with the workers' representatives when: (i) there is a difference in the average pay level between men and women of at least 5% in any category of employees; (ii) the company has not justified this difference in the average pay level on the basis of objective and gender-neutral criteria; and (iii) the unjustified difference in the average pay level has not been corrected within six months from the date of submission of the information on remuneration.



Individualized information on the criteria for determining pay, pay levels and pay progression

Employees may request companies to provide information on their individual pay levels and on average pay levels, broken down by gender, for categories of employees performing the same work or work of equal value to their own.

How can companies prepare for these measures?

- 1 By reviewing the remuneration policy or developing one.
- 2 Analyzing compliance with remuneration transparency rules globally, considering all the forms of reports about remuneration: management report, annual report and annual accounts; annual directors' remuneration report; sustainability report; or reports applicable in certain industries (i.e., prudential relevance report for credit institutions).
- 3 Reviewing the salary register and the remuneration audit.

Garrigues offers cross-cutting advice on all these matters through its teams of experts in the Human Capital Services and Labor & Employment departments.