EXPERT | LABOR LAW

CLOSING THE GAP

PCS LITTLER'S **MARCIN SANTERA** WRITES ABOUT THE CONSEQUENCES OF IMPLEMENTING NEW REGULATIONS TO SAFEGUARD REMUNERATION EQUITY FOR EMPLOYEES OF DIFFERENT GENDERS.

A new EU Directive, on pay transparency, came into force in June. Its goal is to strengthen the application of the principle of equal pay for equal work between women and men and to enhance equality in the workplace in general.

European Union member states have until June 7th, 2026 to implement it. While the deadline seems distant, for many employers in Poland and across the EU, the directive calls for a major redesign of the current approach to wages and benefits. Such processes require many months of preparations, involving internal pay equity audits, planning, budgeting, and prolonged negotiations with social partners and others.

While the final shape of national legislation is yet to be seen, the detailed requirements outlined at the EU level allow businesses to start preparing in advance.

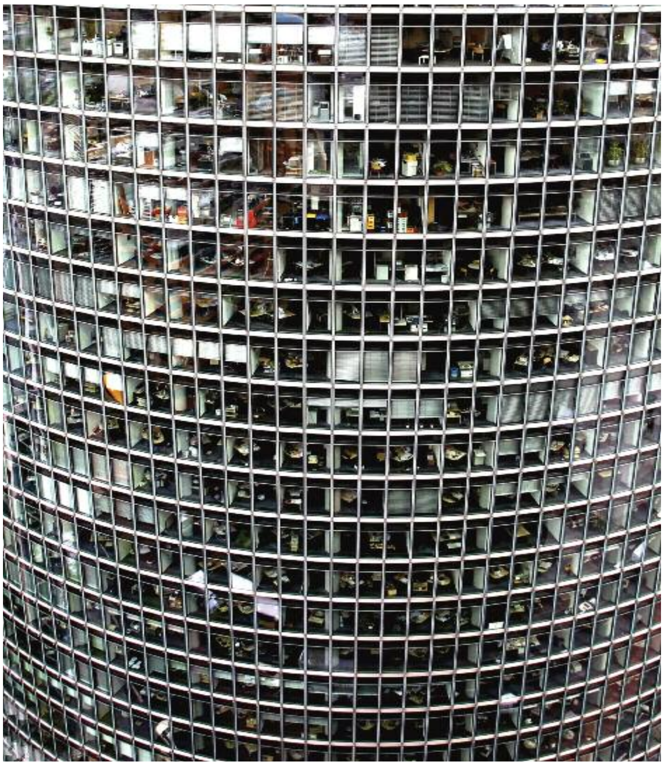
Interestingly, mechanisms introduced by the Pay Transparency Directive are similar to the regulations enacted already in the some US states, such as California or Illinois. Pay transparency rules in the EU and US focus mainly on four aspects.

The first aims to ensure that salary levels or ranges are always clearly discussed in job postings, allowing job candidates to access full information about the salary offered.

Another aspect is a requirement for businesses to issue public reports on pay gaps, such as the gender pay gap. Such reports need to be issued on a regular time basis, for instance annually.

Another aspect of pay transparency rules aims to let employees know how their salaries compare to the salaries of other employees. This may be achieved in two ways: when such pay data is published internally by employers or is issued to employees or trade unions on request.

The last important aspect is the banning of salary benchmarking. This is achieved by prohibiting employers from asking job candidates what they were paid in their previous roles.



Forward thinking: Employers have until June 7th, 2026 to implement the EU Directive on pay transparency.

CONCLUSIONS

The good news is that the European Pay Transparency Directive is, in the long term, expected to decrease wage discrimination across the EU for various groups of underprivileged workers. However, in the short term, the introduction of new regulations will mean that some companies may face discrimination litigation, higher attrition, or negative PR. As the directive provides effective tools for employees and job candidates alike to demand transparent and equitable pay rules, it will be best for every business to verify—internally, in advance, and using hard data—if there is anything to be concerned about. With pay equity legislation also discussed at a federal level in the US, this topic simply can not fall off your radar now.

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