



GMW
lawyers



Closing the wage gap



Need to know

- Purpose of the directive: to promote transparency on pay within a company and help detect, identify and eliminate the discriminatory pay gap.
- Effective date: no later than June 7, 2026.
- Avoid fines, compensation claims and reputational damage and take a closer look at your company's pay and job application policies now.



Remuneration policy

The directive requires employers to inform their employees during employment about the (gender-neutral) criteria used to determine (future) pay and career progression. Some tips for your remuneration policy:

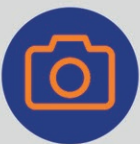
- Identify the criteria used to categorise jobs;
- Identify the gender neutrality of the criteria used for pay and salary development;
- Map any existing pay differences m/f by job category and assess whether the differences are objectively justified and gender neutral;
- Create a policy on diversity and inclusiveness.



Application policy

The directive also creates obligations with regard to job application policy:

- In the application process, before the employment conditions are discussed, an employer must disclose the salary associated with the vacancy, for example in the job posting text or the letter of invitation to the interview;
- The employer may not ask an applicant about his/her previous salary;
- This should lead to more openness and honesty in the application process.



Naming & Shaming

- **(External) reporting obligation** Employers with 100+ employees must provide extensive information on pay gaps to regulators. The report becomes public.
- **(Internal) transparency** Employers must provide insight into salary and other wage components within categories of employees with equal or equivalent work.
- **Objective justification** Employers can justify wage differentials based on objective, gender-neutral factors. Unjustified differences of more than 5% must be eliminated within six months.
- **Remedial measures** If the difference is not resolved within six months, employers, together with the works council/trade unions, must conduct a pay review and take corrective action.