



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:

- Even before the job interview, 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.