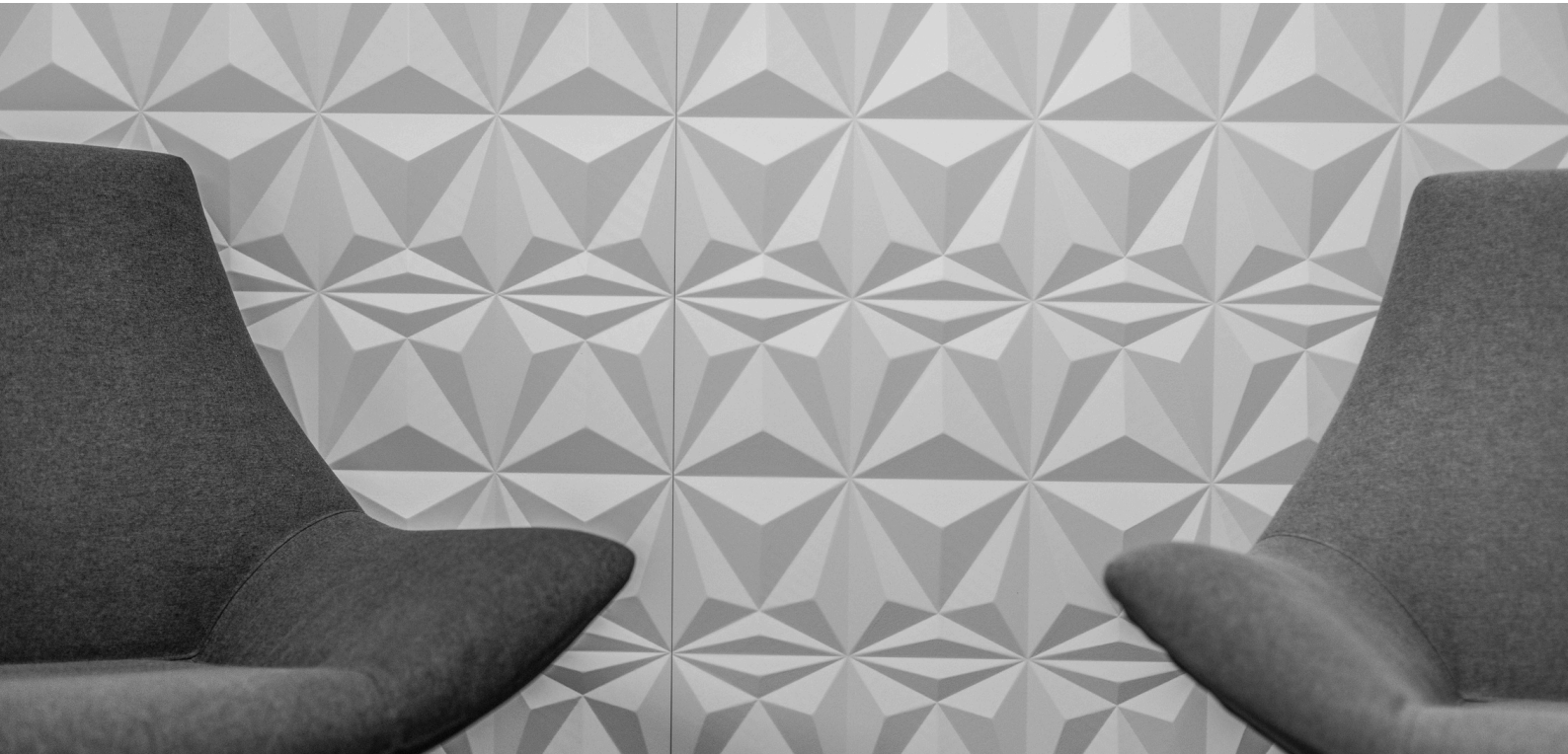


PAY TRANSPARENCY

IS YOUR COMPANY READY?

Directive (UE) 2023/970



Directive (EU) 2023/970 (“the Directive”), which strengthens pay equality between men and women for work of equal value or of equal worth, must be transposed by Portugal by 7 June 2026. Companies that do not prepare in good time will face significant risks of non-compliance.

The Directive introduces pay transparency requirements that will have a direct impact on your organisation:

- **Pre-contractual transparency** – new obligations regarding job advertisements and recruitment processes;
- **Internal transparency on pay policies** – disclosure of the criteria used to determine pay, pay levels and pay progression;
- **Employees’ right to information** – employees will be able to request and receive, in writing, information about their pay level and average pay levels, broken down by gender;
- **Official reporting** – obligation to report data on the gender pay gap;
- **Joint pay review** – in cooperation with employee representatives.



What are the main challenges for your company?

- Correctly evaluating jobs in light of the factors set out in the Directive (competence, effort, responsibility and working conditions);
- Eliminating subjective factors in job classification processes;
- Correcting any unjustified pay differences, based on objective and non-discriminatory criteria;
- Managing the administrative burden that the new obligations, particularly reporting requirements, entail.

Our team specialising in Employment Law is ready to support your company throughout the process of adapting to the Directive, specifically:

1. Mapping existing categories and identifying comparable roles;
2. Conducting internal audits to identify existing pay gaps;
3. Justifying pay differences using objective and gender-neutral criteria;
4. Reviewing internal pay transparency policies;
5. Reviewing employment contract templates to ensure compliance with the rules set out in the Directive;
6. Assisting with the implementation of appropriate reporting systems.

Prepare your company in good time:

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The Directive provides for serious consequences for non-compliance, including (i) the payment of compensation to affected workers, covering full recovery of outstanding wages, bonuses, compensation for lost opportunities and non-pecuniary damages, and (ii) in the context of public procurement, the possibility of excluding entities that show an unjustified gender pay gap of more than 5 % or that fail to comply with pay transparency obligations.