

parc

**Business strategy: Pay transparency
and other positive actions**

Practical considerations

PARC P2P BREAKFAST DISCUSSION

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Discussion points



-
- › The developing landscape

 - › Pay transparency across jurisdictions –main issues and action points

 - › Other forms of positive action – recent themes and challenges

 - › Potential actions and solutions

Pay transparency and positive action landscape

Emerging global themes



The global pay transparency and positive action landscape

- Laws to strengthen pay transparency are emerging globally
- Pay transparency is generally only part of a broader solution for addressing workplace inequalities
- Recent wave of legal challenges around the use of positive action
- Themes we are seeing as a result



Pay transparency

Global developments





Pay transparency seems to be increasingly prevalent globally. How are we seeing the landscape develop?

Pay transparency

A developing global picture

- Gender pay gap reporting has been prevalent and growing globally.
- Many countries now require reporting of some form of gender-disaggregated pay information.
- In some countries, pay reporting requirements are embedded within more comprehensive auditing processes that typically require follow-up action to address inequalities.
- In the US, a number of States have recently adopted new laws aimed at pay transparency, including prohibiting pay secrecy, requiring pay ranges to be included in job adverts and requiring certain reporting.
- Case law developments are also shaping the landscape.



What are some of the main issues or action points raised by the Pay Transparency Directive?

Pay transparency

EU Pay Transparency Directive

Employers (regardless of number of workers) will be:

- prohibited from asking candidates about their **pay history** with current or former employers.
- required to provide candidates with information about the **pay or pay range** for the role before interview. For example job adverts will need to include the pay range.
- required to provide existing employees with **information** about the average pay for their category of workers doing equal work or work of equal value, broken down by sex.
- required to make available to workers information about the **criteria** used to determine pay and pay progression (small employer exemption may be available).
- required to ensure **methods** used to assess and compare the value of work do so in accordance with objective (non-gendered) criteria.

Pay transparency

EU Pay Transparency Directive – timing requirements

Number of workers	Deadline for complying with the reporting obligation	Frequency of reporting
>250	7 June 2027	Annually
150-249	7 June 2027	Every 3 years
100 - 149	7 June 2031	Every 3 years
<100	N/A (unless mandated by national law)	N/A, unless mandated by national law





What steps should employers be taking now to get ready for pay transparency?

Pay transparency

Issues and considerations

- Effective planning
- Due diligence to understand current pay practices
- Mapping developing pay transparency requirements
- Communication strategy
- Workforce engagement
- A strategy of simply paying everyone in the same or similar role the same pay?

Positive action

Global practices and developments





We've seen positive action challenges reported in the media over the last few weeks. What are the themes and challenges being seen?

Positive action

A developing global picture

- Many countries, including Germany, the Netherlands, and Singapore do not have legislation around positive action.
- Where positive action is permitted, it comes with risks and any positive action must be taken with care to avoid discrimination.
- Legal challenge is possible and increasingly common.

Positive action

Examples of recent challenges

- **US:** Students for Fair Admissions, Inc. v. President & Fellows of Harvard College / University of North Carolina
 - race-conscious admissions in colleges and universities
 - EEOC response
 - indicative of a changing landscape in the US?
- **UK:** RAF (non-statutory) inquiry
 - recruitment policies designed to boost diversity amounted to unlawful positive discrimination



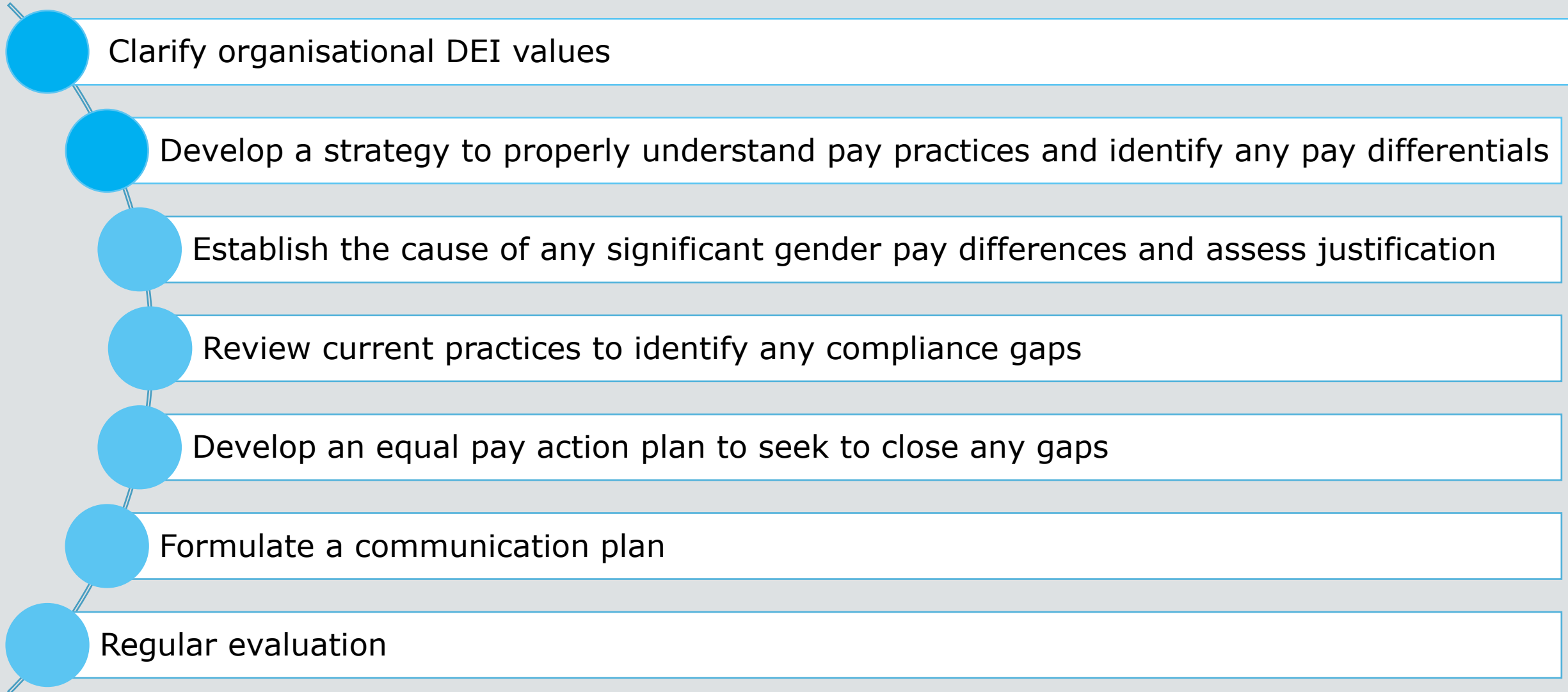
Should employers be changing their global approach to DEI considering the recent decisions on positive action?

Potential legal issues, actions and solutions

What steps should employers be taking now?



Potential actions

- 
- Clarify organisational DEI values
 - Develop a strategy to properly understand pay practices and identify any pay differentials
 - Establish the cause of any significant gender pay differences and assess justification
 - Review current practices to identify any compliance gaps
 - Develop an equal pay action plan to seek to close any gaps
 - Formulate a communication plan
 - Regular evaluation

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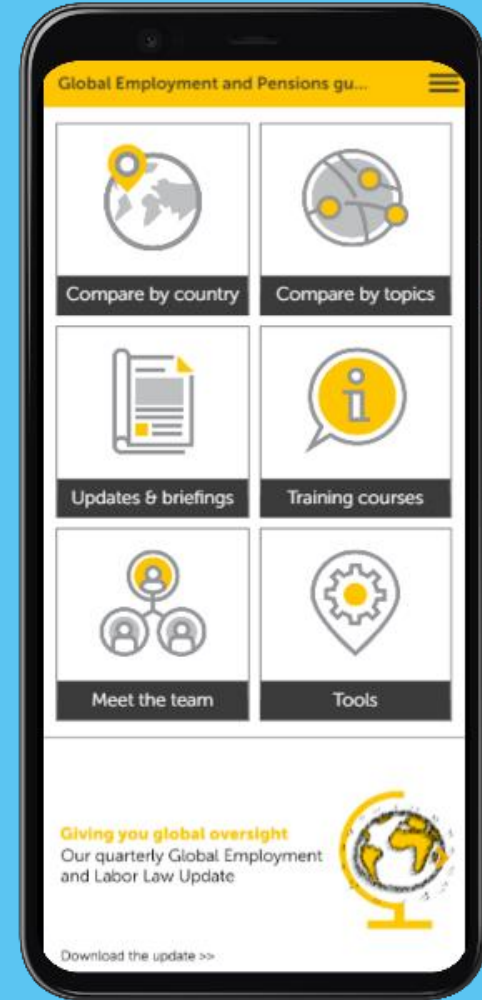
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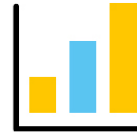


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