BUSINESSEUROPE

Ms Ursula von der Leyen
President
European Commission
Rue de la Loi, 200
1049 Brussels
Belgium

(sent by email)

15 July 2025

Dear President,

Simplification of pay transparency directive to facilitate compliance

At the beginning of 2025, BusinessEurope called for a simplification of the pay transparency directive as part of our 68 proposals to reduce regulatory burdens on European companies.

While fully supporting the goals of the pay transparency directive, we have warned from the outset about the excessive complexity of some of the requirements of this important directive. Since its adoption and as national discussions on how to transpose it get into the practicalities of its implementation, we continue to receive alarm signals about the excessively burdensome new HR processes that companies across Europe will have to put in place in order to comply.

The directive requires companies to document every detail related to individual salaries and related topics. It introduces new reporting obligations requiring to compile complex and not easily accessible data. It includes extremely complex concepts to compare pay situations with hypothetical workers that are not understandable for the companies that will need to comply.

In Belgium, our member federation VBO-FEB has worked with HR services helping companies with HR administration and have concluded that companies will need to monitor hundreds of data points to be able to comply with the pay transparency directive. The enclosed extracts of a PowerPoint they prepared show the complexity of the reporting obligations facing employers.

This is why we reiterate our three key demands to reduce the regulatory and reporting burden stemming from the pay transparency directive:

- Article 6 on transparency of pay setting and pay progressing policy: the directive should exclude all companies with less than 50 employees from the scope of this article, rather than simply allowing this on an optional basis for member states.

- Article 9 on reporting on the gender pay gap: the directive should exclude all companies with less than 250 employees for the scope it this article. Moreover, the inconsistencies and overlaps with the reporting obligations under the

Corporate Sustainability Directive need to be addressed. Last but not least, there should be a compliance presumption for undertakings adhering to collective agreements, with a possibility to simply refer to the relevant collective agreement in their report.

- Article 19 on proof of equal work or work of equal value: the comparison with hypothetical workers creates a lot of confusion and concerns. The employer's obligation to assess whether workers are in a comparable situation should be limited to circumstances that are under the employer's control. Moreover, the single source concept reduces the flexibility for employers and workers to negotiate wages reflecting sectoral or local realities, including differences in costs of living, labour scarcity differentials, legitimate rewarding of individual performance, etc. The single source concept introduces a bias towards rigid centrally set wage systems that undermines decentralised systems of many member states. BusinessEurope therefore urges to delete the single source requirements from this article and to clarify that employers only have to compare workers working for the same company or organisation.

We count on the Commission to make concrete proposals along those lines in order to remove the unnecessary complexities of this important directive and facilitate compliance.

Executive Vice-President Mînzatu, Commissioner Lahbib and Commissioner Dombrovskis received a similar letter and we remain at your and their disposal to further discuss possible solutions.

Yours sincerely,

Fredrik Persson
President

Markus J. Beyrer
Director General

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