

EU Directive 2023/970 was passed on 10 May 2023



The directive aims to promote equal pay for men and women for identical or equivalent work. The directive's rules are to be implemented by 7 June 2026, but it's important to consider them now.



Latvia currently operates the main principle of the directive – employers are required to provide equal pay for identical or equivalent work (section 60 of the Employment Act). Once the directive takes effect, all employers will have specific obligations – to evaluate how remuneration is determined and to make pay details available to the workers.



If the employer is found to have failed to provide equal pay, the worker will have grounds to approach the employer and/or the courts and seek damages, i.e. the pay difference for the entire period from the start of the breach, as well as moral damages and interest on arrears. The longer the breach, the higher the compensation, so it's important that disparities are eliminated early to minimise their financial impact going forward. To prevent a potential breach and associated risks, we have prepared an action plan for the employer:



Revising/ Creating your jobs structure

1

- Mapping your business units
- Surveying and, if necessary, revising the jobs and subordination of your existing workers
- Placing the workers into categories by business unit and by job
- Designing an internal process by adding new jobs or positions to ensure consistent principles in determining equal pay

2

Evaluating your remuneration

- Surveying the workers' pay based on the structure of your organisation
- Comparing the workers' pay based on the importance and added value of their job and functions
- Identifying cases of pay disparity and exceptions
- Discovering the rationale for unequal pay

Improving your employment documentation

3

- Examining your internal documents (corporate by-laws, pay and bonus policies, assessment schemes and recruitment procedures)
- Making necessary amendments to your employment documents, including employment contracts, job descriptions and corporate by-laws

Promoting knowledge and insight

4

- Designing a process that will help you successfully meet the requirements for publishing information on pay findings in your organisation
- Training your leaders and HR staff on the directive's requirements
- Consulting with worker representatives/ trade unions about necessary improvements and embedding the directive's conditions in your processes

Obtaining EQUAL-SALARY certification

5

- Applying to EQUAL-SALARY Foundation, which confirms fair remuneration policies in companies globally, for an EQUAL-SALARY certificate
- Analysing your remuneration data and performing an internal audit
- Issuing a certificate with subsequent monitoring while the certificate is valid



A team of PwC un PwC Legal professionals with expertise in the legal aspects of employment, remuneration and taxation will be happy to help you at any stage of your plan.



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