

Directive 2023/970 in Practice

Complete guide for HR departments in European SMEs: obligations, deadlines, penalties, and how to prepare — with primary sources.

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Executive Summary

EU Directive 2023/970 of 10 May 2023 mandates pay transparency across the European Union. The transposition deadline passed on 7 June 2026 — most member states, including Poland, missed it. This guide maps out obligations, deadlines, and penalties, and provides a concrete readiness checklist ahead of the first mandatory pay gap report — 7 June 2027.

- 10 key directive obligations
- Timeline 2023 → 2034 with the Polish transposition path
- Penalties across 13 EU countries — comparative table
- 25 most frequent HR questions with answers
- Readiness checklist: 24 steps for Q4 2026 – Q1 2027

10 Key Directive Obligations

These obligations stem directly from the directive text. Enforcement occurs through national legislation.

1. Pay ranges in recruitment

Applicants have the right to receive information on the initial pay or its range, based on objective, gender-neutral criteria. It must be provided early enough to enable informed and transparent negotiations - for example in the vacancy notice, before the interview or otherwise. Art. 5.

2. Ban on asking about salary history

Employers may not ask applicants about pay in current or previous employment relationships. The evidential consequences of failing to implement transparency obligations are governed by Art. 18 and arise in proceedings concerning alleged pay discrimination. Art. 5(2), 18.

3. Employee right to pay information

Workers may request written information on their individual pay level and average pay levels, broken down by sex, for categories doing the same work or work of equal value. The employer must respond within a reasonable period and in any event within two months. Art. 7.

4. Objective, gender-neutral pay criteria

Pay structures and job-value criteria must be objective and gender neutral. Criteria for assessing work of equal value include skills, effort, responsibility and working conditions. The 100+ threshold concerns reporting, not the equal-pay principle. Art. 4 and 6.

5. Gender pay gap reporting

250+ workers: annual reporting from 7 June 2027; 150-249: every 3 years from 7 June 2027; 100-149: every 3 years from 7 June 2031. Art. 9 contains 7 data groups. Public disclosure under the Directive concerns items (a)-(f); item (g) follows specific access rules.

6. Joint pay assessment (5% trigger)

Required only when all three conditions are met: a $\geq 5\%$ average pay difference in a category, no objective gender-neutral justification, and no remedy within six months after submission of the pay report. Art. 10.

7. Ban on pay secrecy clauses

Workers must not be prevented from disclosing their pay for the purpose of enforcing the equal-pay principle. Member States must prohibit contractual terms that restrict such disclosure. Art. 7(5).

8. Shift of burden of proof

In pay-discrimination proceedings, once a worker establishes facts from which discrimination may be presumed, the respondent must prove that there was no discrimination. Art. 18(2) also applies where specified transparency duties were not implemented, except where the infringement was manifestly unintentional and minor.

9. Full compensation and protection against retaliation

Workers are entitled to full compensation or reparation, including back pay, compensation for lost opportunities and non-material damage. Workers and representatives are protected against less favourable treatment for exercising equal-pay rights. Art. 16 and 25.

10. National sanctions

Member States must provide effective, proportionate and dissuasive penalties; their form and amount are set by national law. Equal-pay compliance may also be considered in public procurement. Exclusion is not an automatic EU-wide sanction for every breach. Art. 23-24.

TIMELINE

Timeline of Obligations 2023 → 2034

10 May 2023

Directive adopted

European Parliament and Council adopt Directive 2023/970. OJ L 132/21 published 17 May.

6 June 2023

Directive enters into force

20 days after publication. Member states have 3 years to transpose.

24 Dec 2025

Poland — first stage in Labour Code

Art. 18^{3ca} Labour Code: mandatory pay disclosure to candidates before interview or before employment.

7 Jun 2026

TRANSPOSITION DEADLINE — PASSED

Only 4 EU countries transposed on time: Italy, Slovakia, Lithuania, Malta. Greece followed 6 July 2026 — after the deadline. Commission considering infringement.

Q4 2026 – Q1 2027

Wave of national implementations

Poland (UC127, 6-month vacatio legis), Germany (Entgelttransparenzgesetz 2.0), France (in force 1.01.2028), Netherlands (1.01.2027) finalize laws.

7 Jun 2027

First mandatory reporting

Companies 250+: annual report. Companies 150–249: every 3 years. Seven data groups under Art. 9; public disclosure concerns items (a)–(f).

7 Jun 2030

Second 3-year report

Companies 150–249 file second report (Art. 9(3)).

7 Jun 2031

Extension: companies 100–149

First pay gap report for companies with 100–149 employees (3-year cycle).

7 Jun 2033

EC evaluation report

The Commission submits its implementation report to the Parliament and Council, examining the Art. 9/10 thresholds and the 5% joint-assessment trigger. Art. 35(2).

7 Jun 2034

Second reporting for 100–149

Companies 100–149 file their second report in the 3-year cycle.

Penalties in Key EU Countries

Comparative table of non-compliance sanctions (as of August 2026). "In force" = full national law transposed. "Draft" = law under development.

Country	National position	Verification
Poland	Sanctions governed by national law	Check official act
Italy	Sanctions governed by national law	Check official act
Germany	Sanctions governed by national law	Check official act
France	Sanctions governed by national law	Check official act
Spain	Sanctions governed by national law	Check official act
Netherlands	Sanctions governed by national law	Check official act
Belgium	Sanctions governed by national law	Check official act
Ireland	Sanctions governed by national law	Check official act
Slovakia	Sanctions governed by national law	Check official act
Malta	Sanctions governed by national law	Check official act
Lithuania	Sanctions governed by national law	Check official act

Directive 2023/970 does not create one EU-wide table of fine amounts. Penalties are set by national law and may change as transposition evolves. This edition therefore omits unverified amounts. Before operational use, check the current national implementing act and the specific legal provision.

25 Most Frequent HR Questions

Practical answers — no legal jargon. Include specific directive articles for verification.

1. Does my company fall under the directive?

Yes, where you employ workers within the Directive's scope. Pre-employment rights and the right to information are not subject to a 100-worker threshold. Reporting: 250+ annually from 2027; 150-249 every 3 years from 2027; 100-149 every 3 years from 2031.

2. What does "work of equal value" mean?

Comparison uses objective, gender-neutral criteria including at least skills, effort, responsibility and working conditions. Different jobs can therefore be of equal value.

3. Must pay ranges appear in every job ad?

Not under the Directive itself. Initial pay or its range must be provided early enough for informed negotiations - e.g. in the vacancy notice, before the interview or otherwise, subject to national transposition.

4. What are the penalties for non-compliance?

Penalties are set by national law. The Directive requires them to be effective, proportionate and dissuasive and also provides compensation, evidential rules and enforcement mechanisms.

5. How do I prepare for job evaluation?

Define roles/categories, describe the work rather than the person, use objective gender-neutral criteria and document the methodology. The Directive does not prescribe one specific points model or number of grades.

6. When does reporting start?

7 June 2027 for employers with 250+ and 150-249 workers; 7 June 2031 for 100-149. The report relates to the previous calendar year.

7. How does the burden of proof work?

Where facts allow discrimination to be presumed, the employer must prove there was no discrimination. Art. 18(2) adds a rule for proceedings where specified transparency duties were not implemented.

8. Does it apply below 50 workers?

Yes for rights such as pre-employment transparency and worker information. Directive-level reporting begins at 100 workers; Member States may go further.

9. What is a joint pay assessment?

It is required only if all three Art. 10 conditions are met: a $\geq 5\%$ average pay difference in a worker category, no objective gender-neutral justification, and no remedy within six months after the pay report.

10. Are there free tools?

Yes - RoleValue is a SparkEXP tool supporting role structures and evaluation criteria. Use of a tool does not by itself establish legal compliance.

About the FAQ

This English edition contains the questions shown here. Legal requirements should always be checked against Directive (EU) 2023/970 and the applicable national implementing law.

Readiness Checklist: 24 Steps for Q4 2026 – Q1 2027

Practical preparation steps. Under the Directive, first reporting is due on 7 June 2027 for employers with 150+ workers and on 7 June 2031 for employers with 100-149 workers. National law may extend the scope.

Phase 1: Foundations (October 2026)

- Inventory all current positions in the company
- Define job families (5–15 families for a 100–300 person company)
- Define career levels (grades) — 5–8 levels recommended
- Choose an evaluation methodology (weighted criteria: responsibility, impact, complexity, experience)
- Align methodology with the board and HR
- Assign process owner (HR Director or C&B; Manager)

Phase 2: Job Evaluation (November 2026)

- Describe each position independently of the person (job description)
- Evaluate each position by defined criteria
- Build the level map (level structure)
- Verify internal consistency (sanity check)
- Consult with line managers (calibration session)
- Document methodology and decisions

Phase 3: Pay Equity Audit (December 2026)

- Assign employees to roles and levels
- Calculate overall pay gap
- Calculate gap in variable components (bonuses)
- Calculate quartile distribution
- Identify categories with $\geq 5\%$ gap

- Prepare justification for acceptable differences

Phase 4: Communication and Publication (January–May 2027)

- Update job ad templates (pay ranges)
- Update recruitment processes (ban on asking about salary history)
- Prepare internal communication for employees
- Consult report with employee representatives
- If Art. 10 conditions are met: remedy the unjustified difference within six months; if not remedied, conduct the joint pay assessment
- Submit the required information to the competent authority by the deadline applicable under the Directive and national law

CONCLUSION

Summary and Next Steps

Directive 2023/970 is not a one-off compliance project — it is a fundamental shift in how the EU approaches pay. Companies that treat it as an opportunity (not a threat) will gain: recruitment advantage, higher retention, stronger employer branding, and better internal structure. Companies that delay risk fines, litigation, talent loss, and exclusion from public procurement.

Directive 2023/970 is a significant change in EU equal-pay and pay-transparency rules. Organisations that prepare objective criteria, reliable data and clear information processes can reduce compliance risk and improve internal pay governance. Consequences of non-compliance depend on national law; the Directive provides, among other things, compensation, national penalties and the possibility of considering equal-pay breaches in public procurement.

3. Contact SparkEXP (hello@sparkexp.com) if you need implementation support or HRIS integration

Beta partner: 3 spots

SparkEXP is seeking 3 beta partners for RoleValue Enterprise. In exchange: full implementation (market value PLN 25,000 — for the partner PLN 0), custom integrations at 50% off, lifetime access to Enterprise after commercial launch in Q2 2027. Application deadline: 15 October 2026.

rolevalue.eu · hello@sparkexp.com

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