



Snap Reaches \$15M Settlement Over Alleged Equal Pay Violations: Why the Deal Might Be a Sign of What's to Come for All Employers

Insights

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Snapchat's parent company has agreed to pay \$15 million and take extensive measures to ensure fair employment practices as part of settlement to resolve claims of discrimination, harassment, and retaliation against women at the company. The deal between Snap Inc. and the California Civil Rights Department is noteworthy for all employers because it requires the Santa Monica-based company to implement measures that go beyond what's required under the state's equal pay laws – potentially giving a glimpse into future trends or legislation. We'll give you everything you need to know and a look at what's next.

What Happened?

The California Civil Rights Department (CRD) announced on June 19 that it reached a settlement with Snap Inc., the creator of the Snapchat social media platform, after a years-long investigation into allegations of employment discrimination, equal pay violations, and sexual harassment impacting women at Snap. This announcement came just days after the CRD brought an enforcement action in state court, seeking relief in the public interest and for the benefit of women who worked at the company between 2014 and 2024.

In its complaint, the agency alleged, among things: "Snap fostered a culture in which women workers were paid less and provided less promotional opportunities than their male counterparts. Women were told, both implicitly and explicitly, that they were second class citizens at Snap." Snap denied the allegations and did not concede any liability as part of the settlement.

What's in the Settlement Agreement?

While the consent decree is subject to court approval, the CRD agreed to release Snap from all claims raised in the complaint in exchange for Snap providing monetary relief and taking certain measures going forward to prevent future discrimination, harassment, and retaliation. For example, the agreement requires Snap to:

- **pay \$15 million** to provide direct relief to all female employees who worked for the company in California since 2014 and to cover litigation costs;

- retain an **independent consultant** to evaluate and make recommendations regarding Snap's employment policies, practices, and outcomes involving its female employees in California – and implement those recommendations unless certain conditions are met;
- remedy (such as through **pay adjustments and job promotions**) any disparities against female employees (that cannot be explained by bona fide legitimate factors) identified by the independent consultant's annual analysis of the correlation between sex/gender and total compensation, base pay, short- and long-term incentive compensation, starting pay, equity awards, and promotions;
- permit employees to **discuss compensation**, including their own wages or the wages of others (subject to limited exceptions), provide employees with their own pay scales upon request, and never rely on prior pay (including outstanding equity awards) or salary history to set compensation or level (unless a job candidate voluntarily discloses it);
- provide **written disclosure** to job applicants at the beginning of the hiring process that compensation may be negotiable within the compensation range (unless it is truly not negotiable);
- publicize to all staff through the intranet **all promotion opportunities** that are a result of an incremental headcount or a vacancy (excluding in-line promotions and certain executive leadership positions);
- take steps to **limit subjectivity and implicit bias** in employment decisions, including by, among other things, revising policies to ensure equitable and intentional distributions of stretch assignments that affect employee's promotional opportunities;
- hire and pay an independent monitor to **annually audit** sexual harassment, retaliation and discrimination compliance in Snap's California offices;
- **maintain certain records**, such as applications and employee personnel records, for a specified time period and create a centralized database of all California employee and contractor complaints made to Snap regarding gender discrimination, harassment, retaliation, and equal pay; and
- provide and pay for a **one-time interactive training** for Snap's California employees that includes, for example, discussion of eliminating bias in promotion and compensation.

3 Ways the Settlement Terms Are Broader Than State Law

The agreement between Snap and the CRD could be sign of where lawmakers, regulators, and courts are heading on pay transparency and pay equity initiatives. Here are three ways the settlement terms go beyond California's equal pay rules:

1. **Salary History Ban Applies to Current Employees.** The consent decree prohibits Snap from relying on prior pay to set compensation or level. While California law already prohibits employers from seeking or relying upon a job applicant's salary history, the consent decree is

broader because it does not appear to be limited to applicants. This means that Snap could not make compensation or promotion decisions impacting current employees based on their current rate of pay.

2. **Prior Pay Includes Outstanding Equity Awards.** The consent decree again goes beyond the state's equal pay rules by prohibiting Snap from considering an individual's outstanding equity awards when setting their compensation or level. This means, for example, that Snap would not be allowed to ask job applicants if they'd have to forfeit any unvested equity if they were to leave their current employer to accept a new position.
3. **Employer Must Disclose When Compensation Is Negotiable.** The consent decree requires Snap to provide, at the beginning of the hiring process, written disclosure to job applicants that compensation may be negotiable within the compensation range (unless it is truly not negotiable). This type of disclosure is not required by state law.

What's Next?

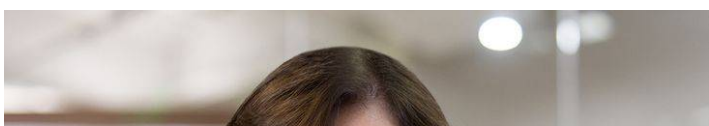
This settlement serves as an important reminder for all employers nationwide on the increasing focus on pay transparency and pay equity issues. Last week, [a Vermont law](#) took effect requiring employers to disclose compensation in job postings – making it the tenth state to enact this type of law. And if the Snap deal is any indicator of what's yet to come, we could start seeing broader pay transparency rules, such as salary history bans applicable to current employees and a greater emphasis on equity compensation in the equal pay arena.

You should continue to monitor [Fisher Phillips' Pay Equity Interactive Map](#) to track similar laws across the country and the obligations under each, which may vary. You should also consider reaching out to your Fisher Phillips attorney to conduct a pay equity audit to ensure compliance with the new pay equity laws popping up around the country. Working with an attorney on an audit also preserves the attorney-client privilege, which may foreclose certain information from being discoverable in litigation.

Conclusion

We will continue to monitor developments throughout the country on pay transparency and pay data reporting. Make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information. If you have questions about this development, please contact your Fisher Phillips attorney, the authors of this Insight, any member of our [Pay Equity Practice Group](#), or any attorney in [our California offices](#).

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