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A GLOBAL EMPLOYER'S GUIDE TO EXPANDING PAY EQUITY AND TRANSPARENCY RULES

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A Global Employer's Guide to Expanding Pay Equity and Transparency Rules

Multinational employers need to be aware of growing pay equity and transparency obligations as more countries roll out robust requirements. Governments across Europe, North America, Asia-Pacific, and Latin America are setting new disclosure, reporting, and enforcement rules with varying details and potentially steep penalties. Notably, some of these rules apply to employers with a single worker in a location while others apply only to larger businesses. Here's an overview of recent international trends, along with practical tips to help you build a compliant approach across borders.

A Global Trend Takes Shape

Pay equity and transparency rules already apply, or soon will, to employers in many countries around the world, and the number keeps growing. These laws aim to close gender pay gaps and give workers more information about how their pay compares to others doing the same or similar work. Beyond that shared goal, the frameworks vary:

- some focus on pay disclosure in the hiring process;
- some require annual pay data reporting;
- others impose mandatory audits and pay adjustments as needed; and

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- many also include steep penalties for violations and active government enforcement.

Broader Comparisons: While many US equal pay laws focus on comparing people doing the same or substantially similar work, many newer international laws go further by asking employers to compare work of “equal value” across different job types. The goal is to more broadly correct inequities for roles historically held by women that are paid less than different roles of comparable value historically held by men.

Reporting Obligations: We’re seeing more pay equity and transparency laws that require public disclosure, so pay gaps can be seen by job seekers, investors, regulators, and competitors.

> ✅ **Compliance Tips**
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> Determine where your employees are located and review your headcount by country and legal entity to assess which rules apply. Many of these obligations are triggered by your local headcount rather globally.

EU Pay Transparency Directive Sets a New Baseline

One of the most significant new developments on this front is the European Union Pay Transparency Directive, which required Member States to adopt new rules into their national laws by June 7 this year. The directive has two main components:

1. Transparency obligations apply to employers with even a single employee in the EU and include sharing pay ranges with applicants, banning salary history inquiries, and requiring gender-neutral job titles and job ads. The law also provides employees a right to request their own pay and the average pay of men and women doing the same work or work of equal value.

2. Reporting obligations will be rolled out in phases and apply based on certain headcount thresholds. Covered employers will need to disclose gender pay gaps overall and by job category. When a report shows a gap above 5% in any category – and can’t be justified by objective, gender-neutral criteria – the employer must fix it within six months or face a mandatory joint pay assessment in cooperation with worker representatives.

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The directive sets a floor, not a ceiling, which means Member States can add requirements, change deadlines, or lower thresholds.

✅ **Compliance Tips**

- Confirm the local rules in each EU country where you operate. Since the directive is being implemented through national laws, the timing, thresholds, and details may differ by country.
- Check out our full article on the EU Pay Transparency Directive and our seven-step compliance plan here.

Japan's Broader Reporting Rules

Japan expanded its gender pay reporting obligations starting on April 1 this year. Here are key points to note about the Act on Promotion of Women's Participation and Career Advancement in the Workplace:

- Larger employers with more than 300 employees have been publicly reporting gender pay gap data since 2022.
- The framework now applies to more companies and adds a new data point.
- Employers with more than 300 employees must now also disclose the ratio of women in management.
- Employers with 101 to 300 employees must begin disclosing both the ratio of female managers and their gender pay gap for the first time.
- These disclosures are posted the company's website or a government portal where job seekers, investors, clients, and competitors can see them.

✅ **Compliance Tips**

- Be sure your records indicate whether an employee is considered a manager under the law, so the share of women in manager-level roles can be measured against your total management population.
- Read our full compliance roadmap here.

Australia Ties Reporting to Public Accountability

Australia's Workplace Gender Equality Act has been in force for over a decade and applies to private sector employers with 100 or more employees. Coverage extended in 2022 to the Commonwealth public sector. Covered employers report annually to the Workplace Gender Equality Agency on six gender equality indicators:

1. Gender composition of the workforce
2. Gender composition of relevant governing bodies
3. Equal pay between women and men
4. Flexible work and family or caring arrangements
5. Consultation with employees on gender equality
6. Sexual harassment or discrimination

Employers that fail to comply can have their names published by the Workplace Gender Equality Agency and may be disqualified from receiving certain government funding. Employers with at least 500 employees have additional requirements, such as having a policy covering each of the gender equality indicators.

✅ Compliance Tips

- It's a good idea to run a preliminary analysis of your indicator data ahead of your reporting window. This gives you time to address problem areas.
- If you have at least 500 employees, don't forget your additional obligations. Audit your existing policies against all six indicators and address any gaps.

Latin America Turns to Active Enforcement

Several Latin American countries have stepped up enforcement efforts regarding their pay transparency requirements:

Brazil's Gender Pay Parity Law

- Enacted in 2023, the law requires employers with 100 or more employees to publish pay transparency reports containing anonymized data comparing pay between men and women and showing the representation of each in management and leadership.

- The Ministry of Labor and Employment launched mass audits in 2025 focused on whether companies had actually published their reports. More than 800 companies were inspected.
- Trade groups challenged the publication requirement in court over trade-secret and data-privacy concerns, but Brazil's Supreme Court upheld the law, and employers must continue to publish the reports and provide the URL where their report is published.

Peru's Equal Pay Law

- This 2017 law requires employers to assess the value of job roles, establish a formal salary policy, and inform employees about it.
- Since 2024, the labor inspection authority has run audit campaigns requesting salary policies and proof that employees were notified.
- Peru is moving toward digital enforcement that cross-checks payroll and government databases to flag inconsistencies automatically.

✅ Compliance Tips

- In Brazil enforcement has focused on whether you published your reports. In Peru, enforcement has focused on whether your salary policy was documented and communicated to employees. Keep proof that you completed each step.
- Authorities in the region are increasingly cross-checking filings against payroll and other government data. Confirm your disclosures are complete and easy to find before an audit.

Canada's Pay Equity Model

Canada takes a proactive approach at both the federal and provincial levels. The federal Pay Equity Act, which took effect in 2021, requires federally regulated employers with 10 or more employees to:

- establish a pay equity plan;
- increase compensation for predominantly female job classes that are underpaid relative to comparable male job classes; and
- update the plan every five years.

Larger and unionized employers must form a pay equity committee, and at least half the members must be women. Some provinces – such as Ontario and Quebec – also have their own long-standing pay equity frameworks. Additionally, Ontario and British Columbia require employers to include compensation ranges in publicly advertised job postings, subject to applicable thresholds.

> ✅ **Compliance Tips**
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> - Set reminders to update your plan every five years and budget for the cost of any pay adjustments the plan requires.

Consider a Privileged Pay Equity Audit

A pay equity audit is one of the most valuable tools you have across all jurisdictions because it can:

- give you an opportunity to review your pay data before a regulator does;
- help identify any pay differences based on objective, gender-neutral criteria; and
- show you any discrepancies that aren't justified and need to be corrected.

Conduct the Audit with Counsel. We recommend working with your attorney to help you understand what your pay data shows. Experienced counsel can review your pay structure, spot issues in particular pay bands, determine whether discrepancies are likely to be viewed as objective and gender-neutral, and develop a compliance plan based on the results. Keep in mind that attorney-client privilege protections vary by country.

> ✅ **To learn about recent pay equity and transparent trends in the United States, read our insight here: A US**

Employer's Guide to Pay Equity Compliance as State Rules Evolve

Conclusion

Your FP attorney can help you assess which of these obligations apply to your workforce and build a compliance plan. We will continue to monitor developments related to global pay equity and transparency, so make sure you are subscribed to Fisher Phillips' Insight System to get the most up-to-date information. If you have questions, please contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our International Practice Group.