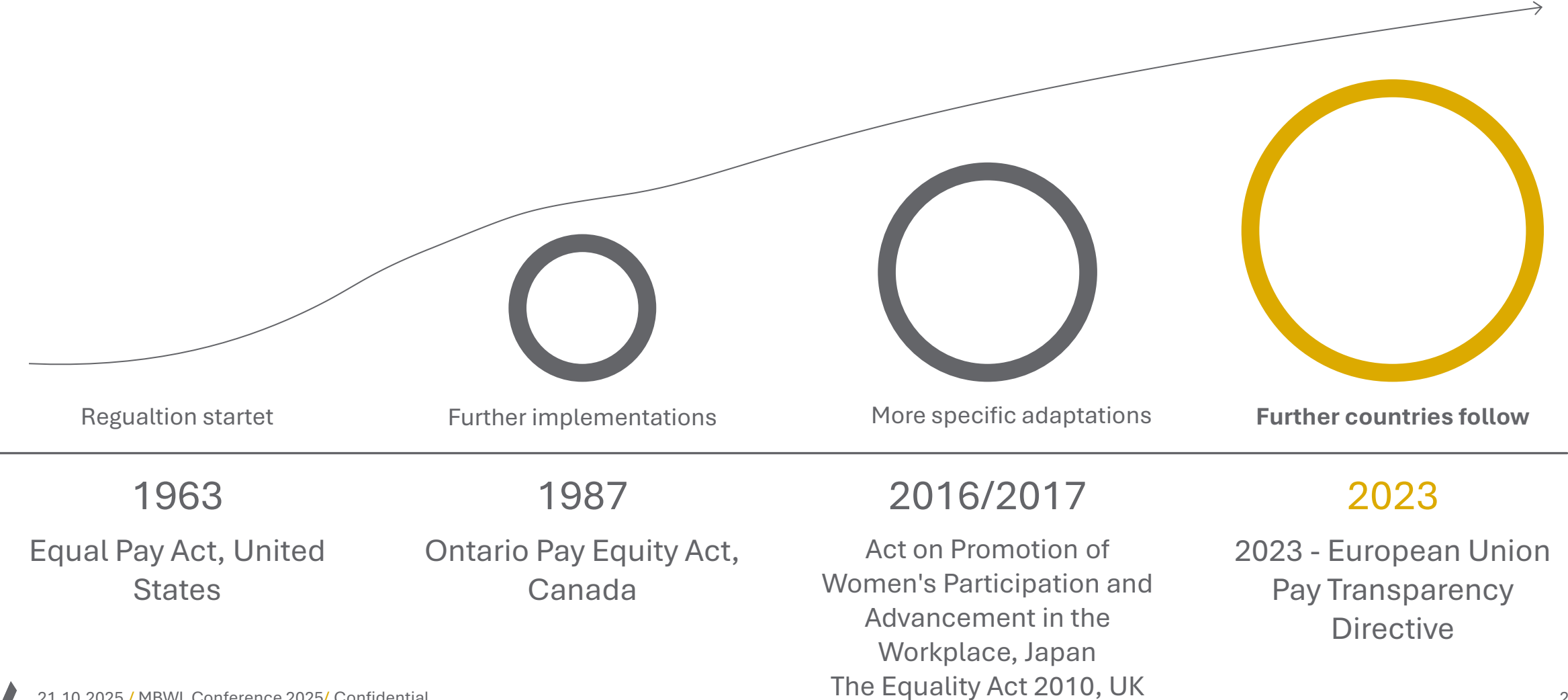


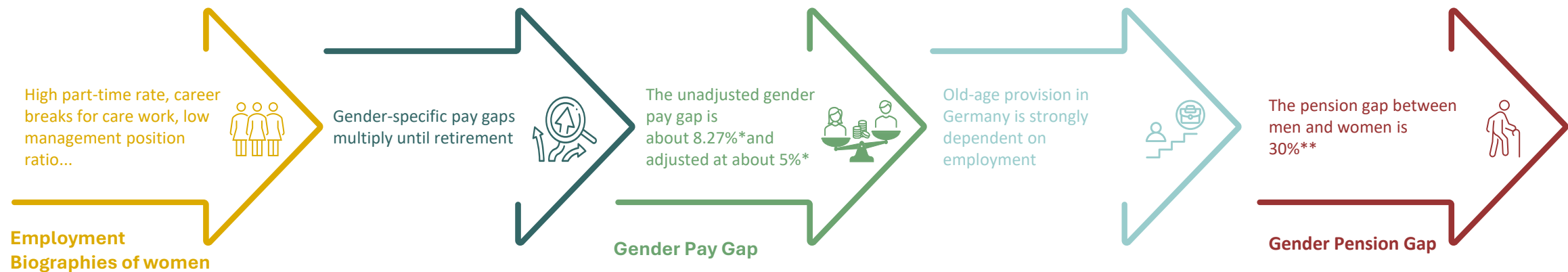
PAY TRANSPARENCY AND OCCUPATIONAL PENSION SCHEMES: WHAT EMPLOYERS NEED TO KNOW

Paul Schulz
Oberursel, 28.10.2025

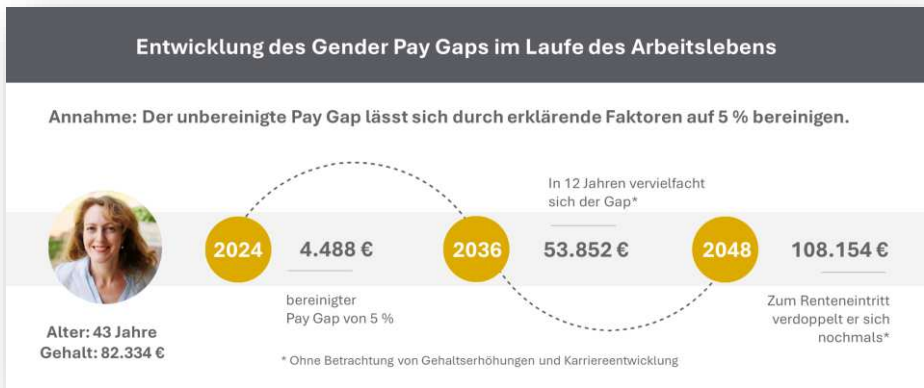
Pay Transparency is embedded into regulation globally



Wage inequality has a long-term impact on pension entitlements – in particular for company pension schemes



Case study



* Lurse Benchmark Crossindustry 2024
**Federal Statistical Office

Due to the far-reaching scope of the EU Directive on Pay Transparency, many companies are under pressure to act

Applicants

- Receipt of **information on the level of remuneration** in the job advertisement or before the interview (starting salary or range) and **no obligation** to disclose previous **remuneration** (Art. 5)

Employees

- **Right to information:** access to information on the level of remuneration and the average income for the same work or work of equal value (Art. 7)
- **Better access to justice** for victims of discrimination:
 - Right to **full compensation, including back pay** and related bonuses or benefits in kind, and reimbursement of legal costs (Art. 14, 16)
 - Strengthening the role of equality bodies and workers' representatives: **collective actions** for equal pay can be brought on behalf of employees (Art. 25)
- Protection against **victimisation and unfavourable treatment** by the employer

Employers

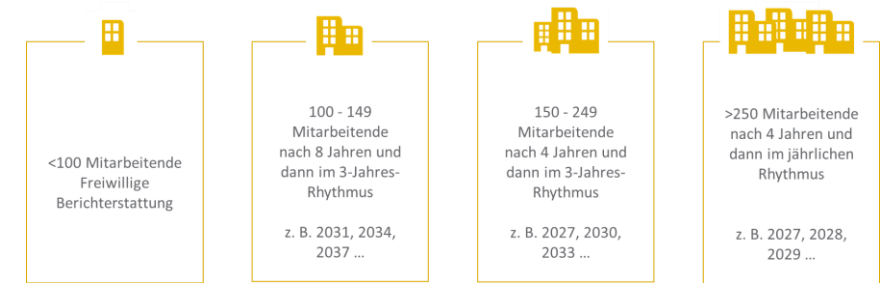
- **Transparency** and **easy accessibility** to information and the criteria for determining remuneration, wage levels and remuneration trends (Art. 6, 8)
- **Reporting** on gender pay gaps (> 250 employees: annually; < 250 employees: every 3 years) (Art. 9)
- **Remuneration evaluation** together with the employee representatives if the gender-specific income difference is more than 5% and cannot be justified on the basis of objective, gender-neutral factors (Art. 10)
- Shifting the burden of **proof** to employers: In principle, it is up to the employer to prove that there has been no discrimination in relation to pay (Art. 18)
- **Sanctions, including fines**, for breaches of the principle of equal pay (Art. 17, 23)

Summary of the
entire
EU Directive

Reporting on the pay gap between male and female employees: requirements of the EU Directive

Employers should provide the following information about their organization:

- the gender pay gap
- the gender pay gap for complementary or variable components
- the mean gender pay gap
- the mean gender pay gap for complementary or variable components
- the proportion of employees who receive supplementary or variable components
- the proportion of employees in each pay quartile
- the gender pay gap between male and female workers for groups of workers, broken down by normal basic wage or salary, and by complementary or variable components



In this respect, companies need comprehensible structures that enable these future information obligations.
The due dates of the first report after the EU Directive comes into force depend on the size of the company.

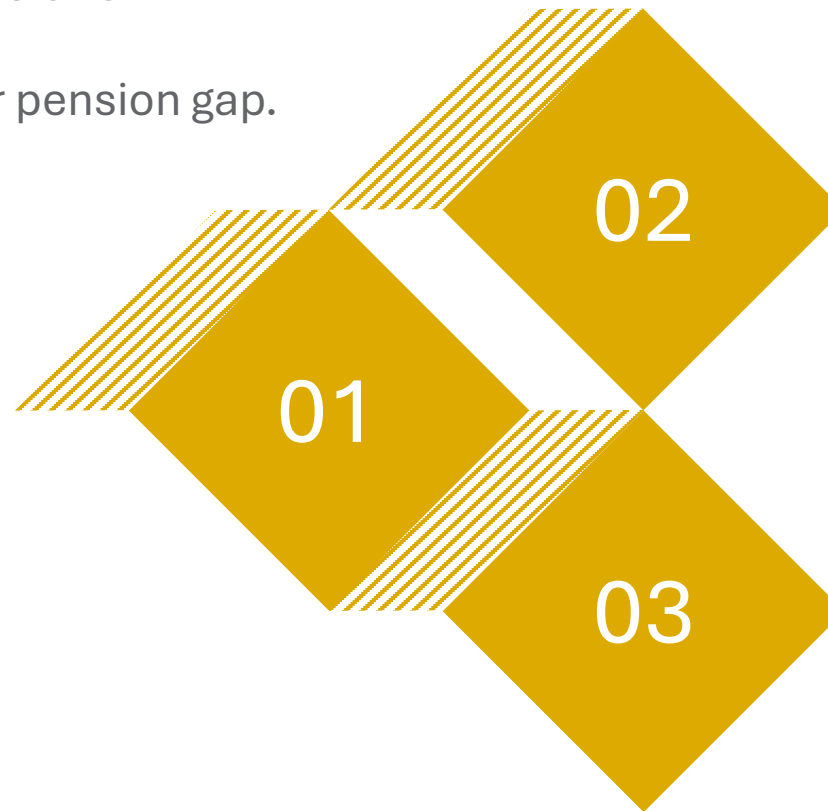
The company's contribution to the company pension scheme is a supplementary remuneration component within the meaning of the EU Remuneration Transparency Directive

Company pensions are explicitly listed in the guideline as a supplementary remuneration component.

The objective is to reduce the gender pension gap.

Valuable remuneration component

The company pension scheme forms a monetarily relevant remuneration component and can account for a significant part of a total remuneration



Strong regulation

It is already strictly regulated by the legislation surrounding company pension schemes (BetrAVG, company pension strengthening laws)

Correlation with remuneration

Most company pension commitments are linked to the salary or set a maximum amount based on the salary. Typically, a higher salary means a higher company pension commitment and vice versa.

For the assessment of pension obligations, it is necessary to look at adaption of the

So far, various methods of evaluation and quantification have been conceivable in the field of company pension schemes

- Insurance and congruently reinsured commitments with a premium equivalent
- Direct commitments via a service cost approach

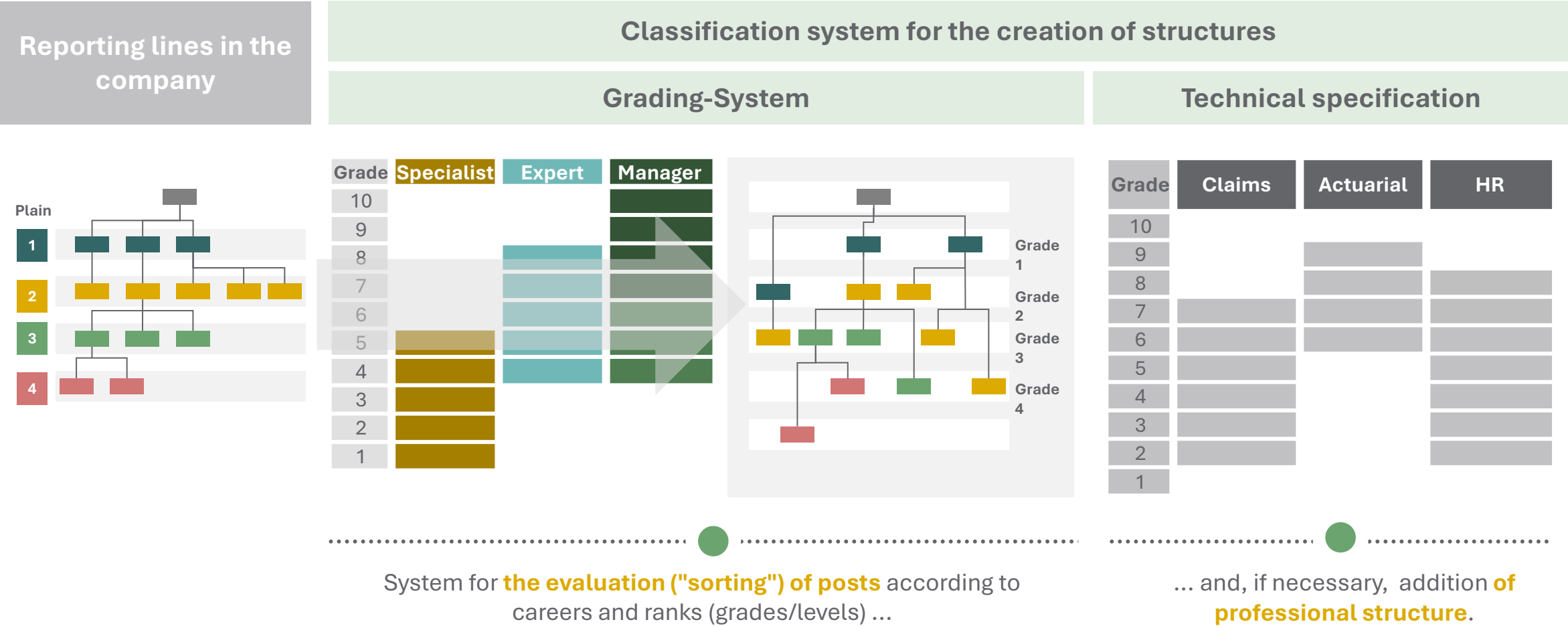
This results in various problems, fluctuation based on age, dealing with gender-specific life tables, etc.

Benefits can be considered in a differentiated way if necessary

- Benefits that are granted to all employees in the same way may be considered non-discriminatory if
- It remains to be seen whether the legislator will be able to find a regulation for benefits that are only to be claimed by some of the employees (e.g. subsidy for childcare)

In the sense of low-bureaucracy implementation, a pragmatic approach is to be welcomed here.

The development of a classification system enables comparability and transparency on the basis of value-oriented structures



The development of a classification system enables comparability and transparency on the basis of value-oriented structures

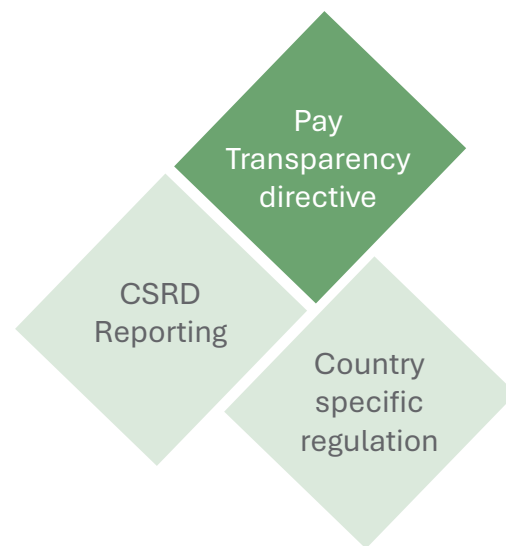
Classification system

Grade	Sp	Exp	Manager
10			
9			
8			
7			
6			
5			
4			
3			
2			
1			

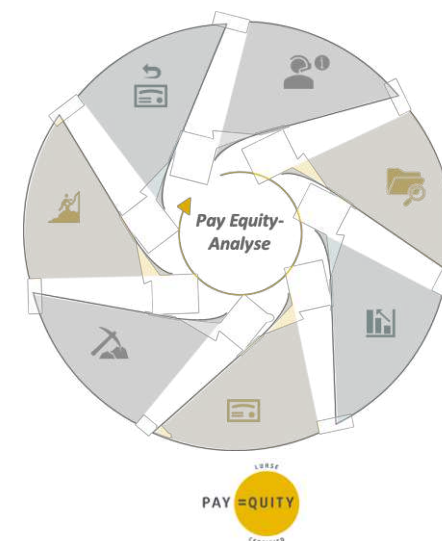
Conformance

Regulatory framework

Pay Equity Analysis



- Reporting obligations
- Sanctions
- Shifting the burden of proof to the employer
- Individual right to information
- Operational test methods
- ...

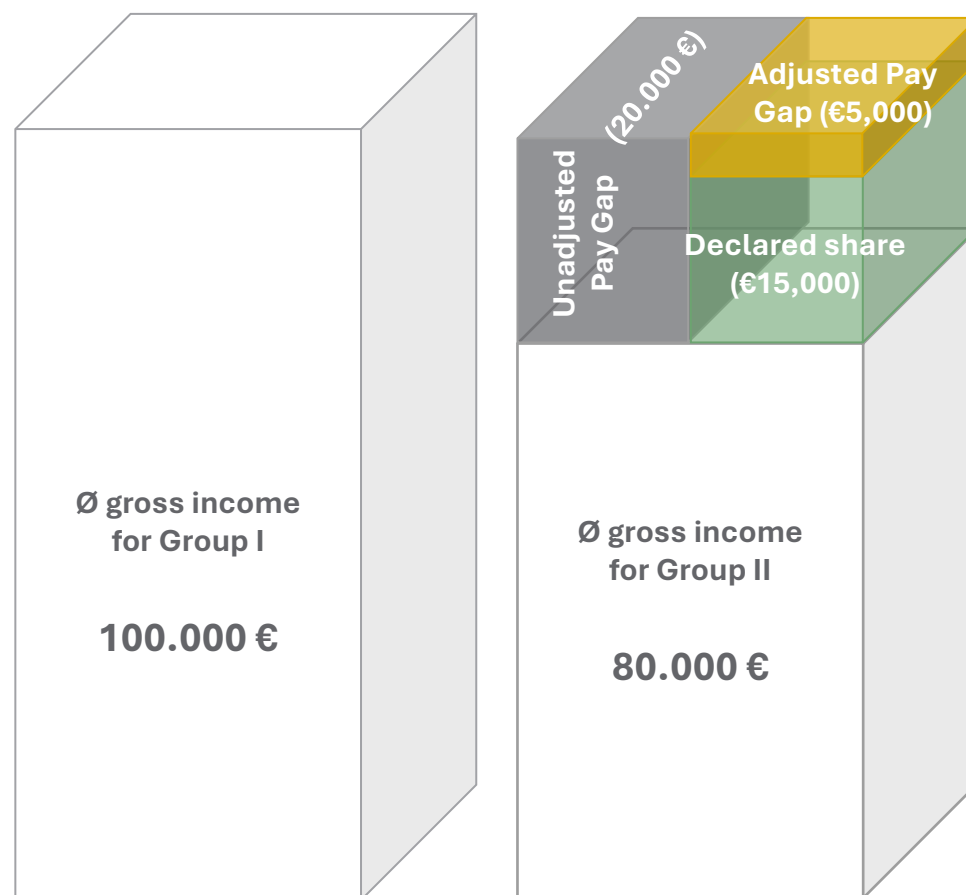


- Pay equity analyses **uncover wage inequalities**, which are reflected, among other things, in **lower pension entitlements**.
- Pay equity analysis helps **identify structural inequalities** that contribute to the gender pension gap and pay gap.

Tools help in the efficient fulfillment **of reporting**.

Equity analyses provide a data basis to ensure non-discriminatory pension and remuneration structures.

When analysing wage inequality, we distinguish between the adjusted and unadjusted pay gap



For the **unadjusted pay gap (€20,000 / 20%)** the Ø gross income for group I is compared with the Ø gross income for group II. The causal factors for the pay gap (e.g. value, job family) are not taken into account.

Analytically, a large proportion of the **unadjusted pay gap can usually** be explained by factors (variables) with the help of a corresponding statistical model (Oaxaca blinder, dummy regression). The unexplained part (**€5,000**) corresponds to the **adjusted pay gap**.

According to the **adjusted pay gap (€5,000/5%)**, Group II representatives in the comparable positions earn 95% of the Ø gross income of Group I.

The goal of the Pay Gap Calculation is to adjusted pay gap and take action to reduce it.

In order to address the gender pay gap, a large number of influencing variables are considered from different perspectives.



Types of income (monetary/non-monetary)

(Annual Base Salary, Total Income Target, Total Income Actual, Supplementary Income Components)

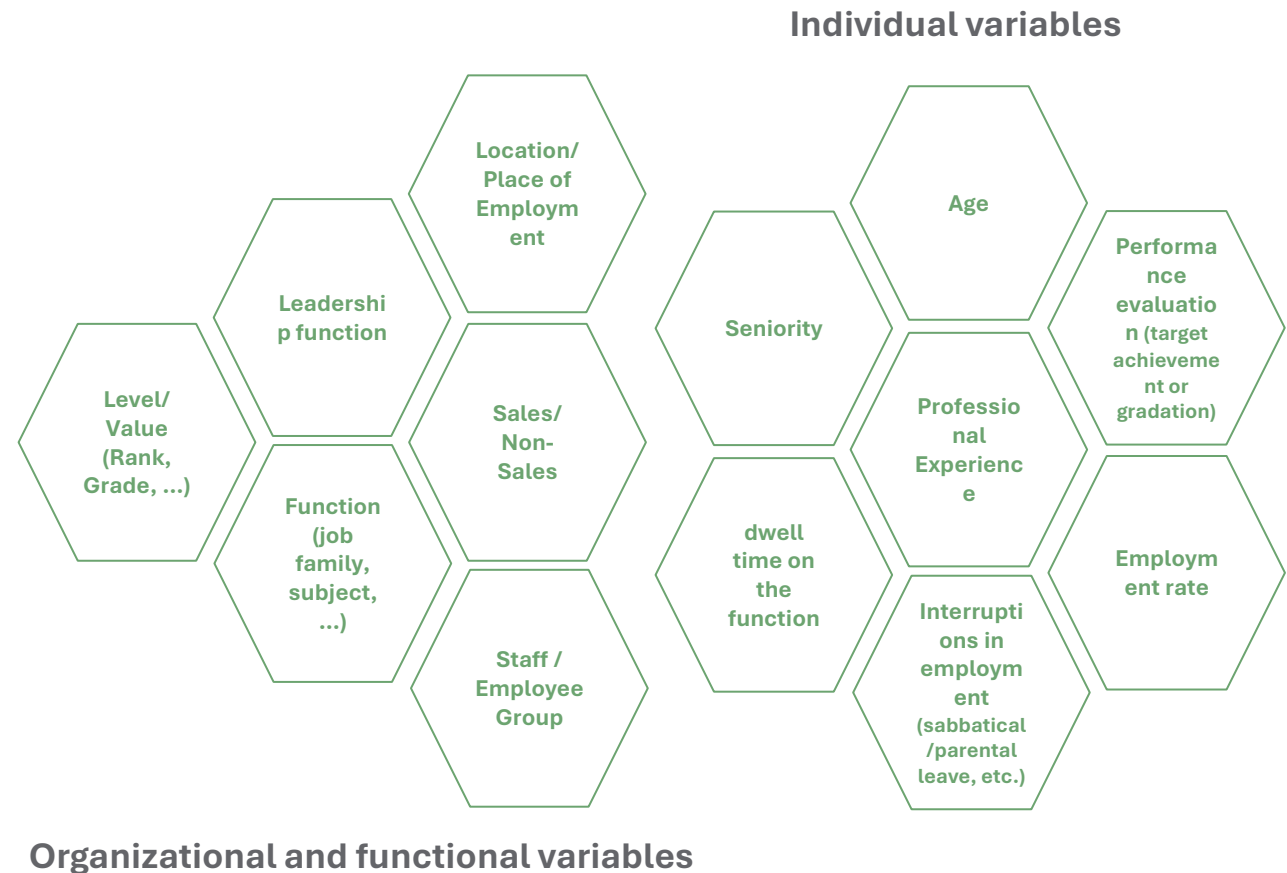
Various evaluation options with sufficient data



Views of the Pension & Pay Gap

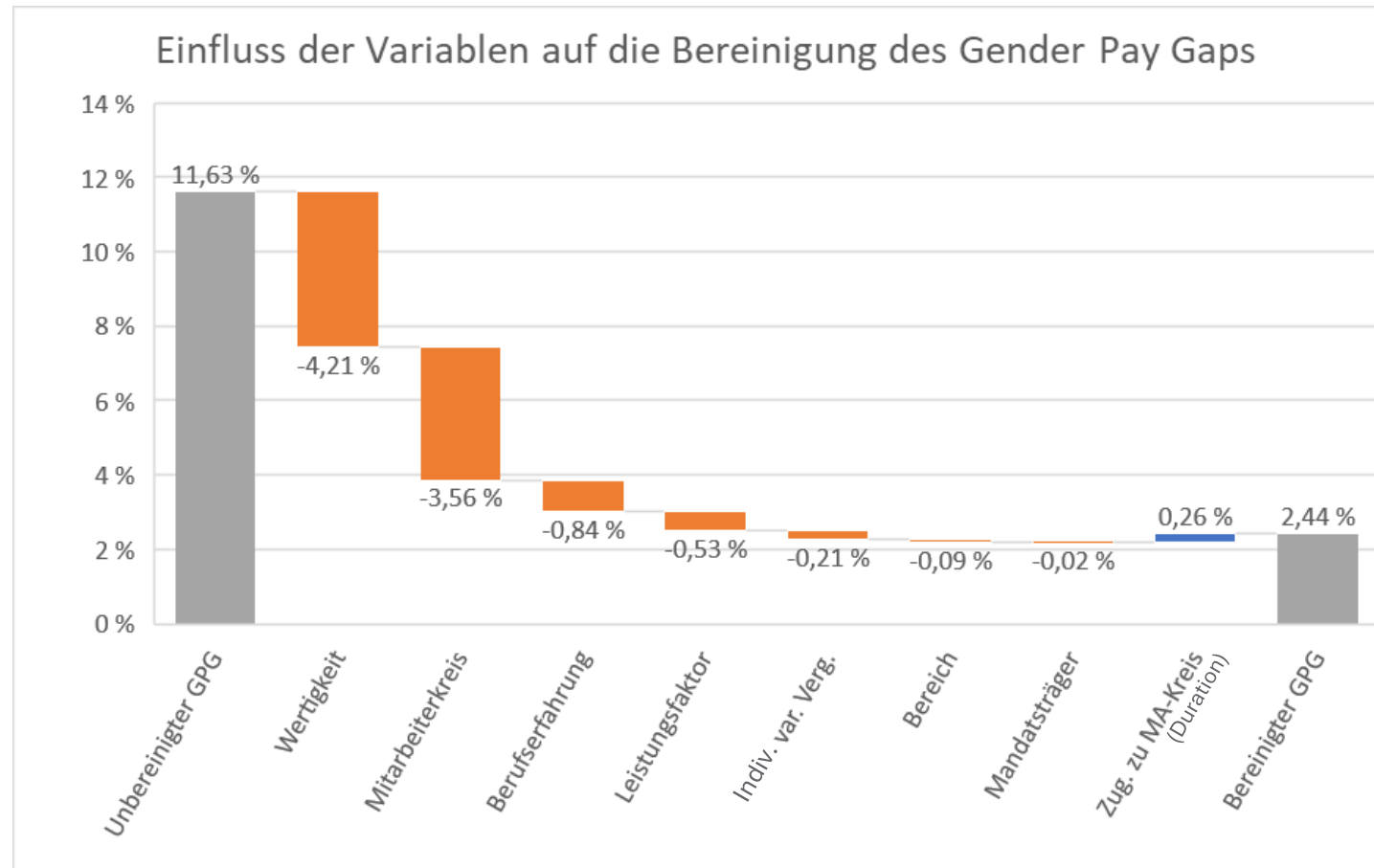
(Group, companies, employee groups, employee groups)

Trainees, working students, interns are typically not taken into account in the calculation

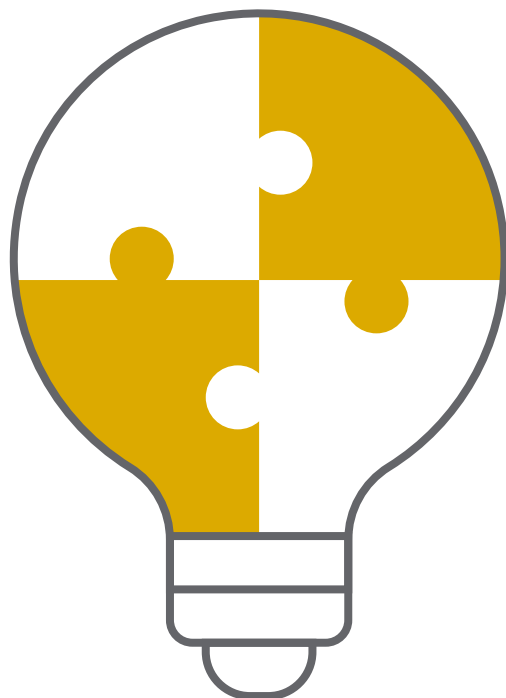


The influence of variables on the adjustment of the gender pay gap depends on the company

Case study



Until the Remuneration Transparency Directive is transposed into German law, many details remain open. Regardless of this, companies can already prepare now



01 Create awareness!

The new regulation will not only affect HR, but will also change the work of managers. Preparing the organization for this is a sensible step.

02 Analyze!

What is the current status? Are there parts of the new EU requirements that are already being met? Where is there a need for action?

03 Document!

There will be differences in pension commitments and remuneration. Are we able to justify them well? How well do we document decision-making paths?