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Pay Transparency in Portugal: Mutual Learning as an Opportunity for Strengthening Implementation

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Abstract

Portugal has a relatively developed framework for promoting equal pay and pay transparency, predating the EU Pay Transparency Directive. The pending transposition is expected to further strengthen this framework. The transferability of the Slovenian PAY DAY project lies not primarily in replicating its specific project outputs, which are already being developed, but in the lessons it offers for their effective implementation and uptake. The paper identifies remaining challenges and stresses the importance of sustained institutional support, social dialogue and a more comprehensive organisational-change approach.

1. Relevant Context

1.1 Pay Transparency in legal provisions

The transposition of Directive (EU) 2023/970 is still pending in Portugal. However, on 5 August 2026, the Ministry of Work, Solidarity and Social Security (MTSSS) published a draft bill. The proposal provides a substantial, though explicitly partial, transposition of the Directive, covering its core pay transparency provisions on recruitment, access to pay information, pay-setting and progression criteria, gender pay-gap reporting and joint pay assessments. It goes beyond the Directive by extending mandatory pay-gap reporting to employers with at least 50 employees. The proposal amends and supplements the Labour Code (LC) and Law No. 60/2018 of 21 August, which has been in force since 22 February 2019 and already established a set of pay transparency measures to promote equal pay for equal work or work of equal value. The principle of equal pay is also enshrined in the 1976 Constitution, while Article 31 of the LC establishes the principle of equal pay for equal work or work of equal value. According to the existing legal framework (Law No. 60/2018):

- The employer must ensure a transparent pay policy, grounded on a job evaluation system based on objective criteria, common to men and women.
- The Strategy and Planning Office (GEP) monitors the GPG annually through the GPG Barometer, based on pay data reported by employers through the *Quadros de Pessoal* Database, an administrative reporting system. GEP also produces

more detailed GPG analyses by company, occupation and skill level, which are communicated to the Labour Inspectorate (ACT).

- Whenever a GPG is identified, the employer is required by ACT to submit an "evaluation plan" based on an objective and gender-neutral job evaluation, with measures to justify and eliminate unjustified gaps.
- In the first two years following the entry into force, the "evaluation plan" applied to employers with 250 or more employees. From the third year onwards, it became mandatory for employers with 50 or more employees (current threshold).
- Employees who believe they are experiencing pay discrimination or trade union representatives may request a binding legal opinion from CITE (Commission for Equality in Labour and Employment), a tripartite body. Where sex-based pay discrimination is established, the employer must eliminate it. Non-compliance may constitute a serious legal violation and may bar participation in public tenders.
- The worker who submits the request is protected against retaliation or dismissal throughout the first year after requesting CITE's binding legal opinion.
- The reversal of the burden of proof is applied. In cases of alleged pay discrimination, employers must demonstrate that their pay policy is transparent and based on objective, gender-neutral criteria.

Employers must make available information on pay to employees. In practice, this information is only made available upon the workers' request. Trade unions are legally entitled to have access to information on pay by company, upon request, but only regarding the workers who are unionised. State-owned companies have pay transparency obligations explicitly determined since 2014: every three years, a report on the remuneration of women and men has to be made available on their websites (Council of Ministers Resolution No. 18/2014).

1.2 Data

Employment rates for women in Portugal are higher than the EU on average, most women work on a continuous and full-time basis; occupational segregation and precarious contracts, however, also persist as enduring labour market patterns.[1] Despite a gradual decline in recent years, the GPG remains a significant feature of the Portuguese labour market. More recent data for 2024 (Barómetro 2026, published by GEP/MTSSS) report an unadjusted GPG of 11.9% in monthly basic earnings and 14.8% in monthly overall earnings. These figures decline to 8.1% and 10.8%, respectively, when a factor-weighted analysis is applied.[2] The GPGs remain particularly pronounced among highly qualified employees, suggesting the

[1] Barometro_Participacao_Laboral_8_marco_2026.pdf

[2] Although the annual *Barómetro* refers to the results of the factor-weighted methodology as the "adjusted gender pay gap", this terminology should not be confused with statistical adjustment for observable individual characteristics through regression analysis.

persistence of structural inequalities beyond differences in workers' observable characteristics. These official figures may be underestimated due to the methodological procedure used. Adjusting the GPG (overall earnings) for the observable characteristics of men and women (age, educational level and workplace seniority) through a regression analysis applied to microdata yields a gap of 17.5% (*Quadros de Pessoal* 2023 database; Observatório – Género, Trabalho e Poder Datasheet), while a factor-weighted analysis conducted according to the ILO methodology produces a very similar estimate of 17.55% (SES–Eurostat database 2022[3]).

Available data show that since the entry into force of Law No. 60/2018, CITE has received three requests for a binding legal opinion on alleged pay discrimination (two by women and one by a man). Two resulted in opinions determining evidence of pay discrimination on the grounds of sex, while the third found no evidence of discrimination. In addition, over this period CITE has received only two formal complaints concerning pay discrimination, both submitted by women.[4]

2. Policy debate

Since the publication of the Directive, the policy debate has been very limited. Employers' confederations have expressed reservations regarding the recent draft bill, the Confederation of Commerce and Services (CCP) has called on the Portuguese Government to renegotiate the Directive, raising concerns about the 5% pay-gap threshold, the presumption of abusive dismissal during the three years following an equal-pay complaint, as provided for in the draft bill, and what it regards as an excessively rigid approach to the assessment of pay differences. It also raises concerns about the administrative burden of complex methodologies and reporting requirements, particularly for smaller firms.[5] Similar concerns have been raised by the other employers' confederations. The Business Confederation of Portugal (CIP) and the Confederation of Tourism of Portugal (CTP) have been particularly critical of bureaucratic and technical complexity. The Confederation of Farmers of Portugal (CAP) has also expressed concerns about its impact on predominantly small and medium-sized enterprises and the balance between pay equality and administrative burdens.

Trade unions have broadly welcomed the proposal but consider that it should go further. The General Workers' Union (UGT) calls for pay information to be included in job advertisements; clarification of the concepts of equal work and work of equal value, including the possibility of comparison where the relevant pay conditions can be attributed to a single source; greater participation of unions in defining and validating the criteria used to identify groups of workers performing equal work or work

[3] ILO (2026). Policy brief "advancing gender equality in Portugal" (draft version, not published yet).
[4] As stated in the Evaluation Report (CITE, 2024, pp. 48-49) and CITE (2021, p.77)
[5] Opinion article published by its president on Expresso – 28 August.

of equal value; and full implementation of the Directive's provisions on the shifting of the burden of proof. The General Confederation of Portuguese Workers (CGTP) has called for stronger resources for ACT and CITE and has criticised the proposal for not fully transposing provisions concerning worker participation and access to information, as well as other procedural safeguards.[6]

3. Practical examples

In addition to being responsible for evaluating the implementation of Law No. 60/2018, CITE is also mandated to develop tools, training modules, guidelines and other resources to support its implementation. In 2022, it developed the Guide for the Evaluation of Jobs, to support employers, workers and other stakeholders in conducting gender-neutral job evaluations and addressing gender stereotypes and pay discrimination. CITE has also developed training activities to support the application of the Guide. Its tripartite structure is a valuable asset in this regard, bringing together representatives of the government, employers and trade unions.

In 2022, the distinction "Company Promoting Equal Pay between Women and Men" was introduced as an annual award granted by CITE to employers with more than one employee that demonstrated a balanced gender composition in their workforce, and a gender pay gap between −1% and +1%. In 2023, the scheme was renamed the "Equal Pay Seal".[7] The last award was made in 2024, involving almost 15,000 companies.[8]

A pay-gap calculator developed by CITE in 2013, based on the Swiss Logib tool, had limited uptake due to technical and operational constraints and is no longer available. Portugal has also established a National Equal Pay Day as an awareness-raising initiative. First observed in 2013, it is based on the GPG in basic pay rather than overall earnings, which is inconsistent with the legal concept of remuneration.

On 15 June 2023, the NP 4588:2023 Standard for Equal Pay Management Systems was published, providing a voluntary framework for implementing and certifying equal pay management systems. Its development was inspired by the Icelandic Equal Pay Standard. However, no organisation has been certified to date.

A particularly interesting Portuguese example is the work carried out by the Federation of Textile, Clothing, Footwear and Leather Workers' Unions (FESETE) in partnership with the employers' association APICCAPS (Portuguese Association of Footwear, Components, Leather Goods and Related Industries) to integrate gender-neutral job evaluation into collective bargaining. A study undertaken in 2012 identified GPGs and the undervaluation of jobs predominantly performed by women. Between 2014 and 2017, the findings were progressively incorporated into collective

[6] According to the weekly newspaper Expresso – 4 September.
[7] Despacho n.º 13129/2023.
[8] CITE – Relatório de Gestão – 2024.

bargaining, resulting in measures aimed at eliminating the identified gaps and culminating in a new agreement in 2017.[9]

4. Transferability aspects

Similarly to the framework developed in Slovenia, Portugal is currently implementing the Equal Pay Transparency project, coordinated by CITE and funded under the Citizens, Equality, Rights and Values (CERV) Programme (2024). The project seeks to support the implementation of the EU Pay Transparency Directive by developing a free digital tool for gender-neutral job evaluation and strengthening the capacity of employers, public authorities and social partners. It includes training, pilot testing and awareness-raising activities, bringing together relevant public authorities, research and training institutions, including the International Training Centre of the International Labour Organization (ITCILO) as a project partner, social partners and experts.

The tool will also enable employers to produce the information required under Article 9 of the Directive and to carry out a joint assessment in accordance with the criteria established in Article 4. The project also envisages interoperability with national administrative databases to reduce reporting burdens and improve data quality, coverage and consistency. The main relevance of the Slovenian experience for Portugal therefore lies less in the instruments themselves, which are already under development, than in their effective implementation and uptake. The Slovenian pilots showed that the main challenges were not only the calculation of indicators, but also the interpretation of results, the construction of credible categories of work of equal value, and the translation of findings into decision-making and corrective action.

The timing and alignment of legislation and implementation support constitute another important point of comparison. While in Slovenia the PAY DAY tool was developed in parallel with the preparation of the transposition legislation, allowing the two processes to inform each other, in Portugal the tool's content and methodology have been developed while the draft transposition legislation was only made public on 5 August 2026. The Slovenian experience therefore suggests the value of developing stable components at an early stage while keeping elements dependent on the final legal framework sufficiently configurable.

5. Conclusions and recommendations

The three deficits identified by PAY DAY (the Slovenian project) – measurement,

[9] Even earlier, "Revaluing Work" ("Revalorizar o Trabalho", 2005–2009), involving FESAHT (Federation of Food, Agriculture, Hotel, Catering and Allied Workers' Unions), affiliated with CGTP-IN (General Confederation of Portuguese Workers), ARESP (Portuguese Association of Restaurants and Similar Establishments), and public and research institutions, engaged 46 establishments in the restaurant and beverages sector and developed a gender-neutral job evaluation methodology, a practical guide and a training framework, recognised at European level as a good practice.

methodology, and capacity and awareness – provide a useful framework for identifying remaining challenges. While both countries have made progress in addressing these deficits, the measurement deficit may remain only partially resolved. It is therefore important to develop tools capable not only of producing the indicators required by Article 9, but also of supporting analysis of the explained and unexplained components of the GPG, thereby enabling a more rigorous interpretation of the results. At the national and European levels, Member States should ensure the availability of reliable, integrated and cross-country comparable longitudinal data, capturing employment trajectories over time ("employee-track records"), including periods of absence, family leave and care responsibilities. In this vein, the determination of national Equal Pay Days should rely on the most accurate and robust statistical estimates available and fully respect the legal concept of remuneration.

The methodological deficit also requires further attention. Employers with highly fragmented job structures or insufficient numbers of workers in a particular category may face difficulties in establishing meaningful comparisons. As provided for by the Directive, where a comparison cannot be established within the same employer, Member States should enable the use of a single source, including information from other employers where the pay conditions can be attributed to that source. Social partners can play an important role in providing relevant information and supporting the construction of robust comparisons, including, where appropriate, through hypothetical comparators. Equality bodies could further promote collaborative studies involving the relevant public authorities, social partners and experts to develop robust methodologies and practical guidance for addressing these situations.

Addressing the capacity and awareness deficits requires sustained capacity-building and institutional support beyond the lifetime of specific projects. Equality bodies and other competent institutions need sufficient resources to provide continued technical assistance to employers and social partners, and to effectively support the enforcement of the new legislative frameworks.

Implementation should also be supported by strong social dialogue and collective bargaining. Workers' representatives should be involved in the definition and validation of the criteria used to establish groups of workers performing equal work or work of equal value.

A comprehensive organisational-change approach should also be encouraged, with pay audits embedded in wider gender audits and followed by gender equality action plans. This would help translate the identification of pay gaps into coordinated measures addressing their underlying causes, including gender-based occupational segregation, asymmetries in recruitment, performance evaluation and career progression, and parental and family responsibilities, thereby moving towards sustained gender-equal workplaces.[10]

[10] Other recommendations can be found in Casaca et al. (2021), Policy-Brief-Economic-Case-Abbreviated-version.pdf