



ADEGI



meti  
MOUVEMENT DES ENTREPRISES DE TRAVAIL À LONG TERME  
LES ENTREPRISES DE LONG TERME



ASOCIACE MALÝCH A STŘEDNÍCH PODNIKŮ A ŽIVNOSTNÍKŮ ČR  
ASSOCIATION OF SMALL AND MEDIUM-SIZED ENTERPRISES AND CRAFTS  
DIE ASSOCIATION DER KLEINEN UND MITTLEREN BETRIEBE UND HANDWERKER  
AMSP ČR

Dear Sir or Madam,

We, the undersigning five business associations - all members of European Entrepreneurs CEA-PME, representing approx. 600.000 companies in 10 European countries - write to you to voice our shared concerns regarding the European Directive on Pay Transparency, adopted in May 2023. While we fully endorse its underlying objective of ensuring the fundamental principle of “equal pay for equal work,” the approach taken to achieve it leads us to collectively call for a significant revision of its implementation framework, given the disproportionate consequences it would impose on SMEs and Mid-Caps operating across Europe.

At a time when the European Union has made simplification a priority since 2024 - recently exempting the vast majority of mid-sized companies from new extra-financial reporting obligations (CSRD and CS3D) - the Pay Transparency Directive runs counter to this objective by imposing requirements that are disproportionate to its aims and to the resources of the companies concerned. Once again, European competitiveness is seriously at risk.

These requirements entail significant human and financial investments: overhauling job classification systems, adapting HR information systems, managing new information obligations at every stage of the employee lifecycle, and implementing resulting pay adjustments. Initial estimates are striking: for example, an industrial mid-cap with approximately €150 million in revenue, 660 employees and three sites - implementing the directive could represent an upfront cost between €300,000 and €500,000, equivalent to 4 to 7 skilled jobs. This estimate includes the main implementation cost items: job classification, adaptation or upgrading of HR information systems, internal governance and project management, training, a potential diagnostic phase where required, and initial salary adjustments to address identified pay gaps. In addition, recurring annual costs could amount to approx. €95,000 to €195,000, including annual reporting, HRIS maintenance, additional HR support and the structural impact of salary increases. A further provision of €80,000 to €100,000 may also need to be added to cover potential litigation risks.

Even if the financial impact for smaller companies might be lower, they remain relatively high, and the smaller the higher in relation. Hence it would be comparable to what we had estimated as additional costs for CSRD in its initial version. SME and Mid-Caps will be particularly exposed because most of their activity and human capital is concentrated in Europe, because they often operate across multiple sites with limited support functions, and because they already face significant economic constraints resulting from successive crises and a persistent competitiveness gap.

Beyond costs, the organisational and social impacts are likely to be substantial. The obligation to systematically justify pay gaps, the associated procedures, and the increased litigation risks will inevitably weaken a social dialogue that has achieved a substantial degree of balance within companies, while recognising that further progress is always possible.

Furthermore, the resulting standardisation of pay policies will limit companies' ability to recognise individual performance or respond to recruitment pressures, with cascading negative effects on productivity and attractiveness.

Ultimately, the very objective of the directive risks being diverted towards a form of pay equalisation that is incompatible with a market economy and the international competition in which our companies operate.

In this context, we believe it is imperative to act without delay. Let us not repeat the mistakes made with CSRD, CSDDD and Taxonomy.

Time is of the essence: while the directive is to be transposed into national law by 7 June 2026, some Member States, such as France, already point to risks of over-transposition, while others, such as Sweden, are officially calling for a renegotiation of the text.

We formally call for:

- The suspension of national transposition processes ("stop the clock") in order to open the way for a renegotiation of the directive at European level with a view to its substantial simplification.
- A dedicated European Omnibus simplification package, following the model of the adjustments made to the CSRD and the CS3D. This should notably aim to ease classification and reporting requirements, raise application thresholds, and strictly limit associated legal risks.

We reaffirm our commitment to equal pay between women and men. However, this objective can only be sustainably achieved through measures that are proportionate, operational, and compatible with the economic realities faced by European companies.

Yours faithfully,

**M-ETI** - Mouvement des Entreprises de Taille Intermédiaire (France)

**Der Mittelstand. BVMW** - Bundesverband mittelständische Wirtschaft e.V. (Germany)

**ESBA** - European Small Business Alliance (Pan-European)

**AMSP ČR** - Asociace Malých a Středních Podniků a Živnostníků České Republiky (CZ)

**ADEGI** - Asociación de Empresas de Gipuzkoa (Spain)