

# Equal pay – change of law from 1.7.2020



The constitutional right to equal pay for work of equal value was enshrined in law by the Federal Act on Equal Opportunities for Women and Men (EOA), which came into force on 1 July 1996. On 14 December 2018, parliament passed an amendment to the Equal Opportunities Act effective 1 July 2020. This amendment requires companies with 100 or more employees to carry out a wage equality analysis, which must be verified by an independent specialist. However, due to a so-called ‘sunset’ clause, the provisions automatically cease to apply on 1 July 2032.

## **Which employers are affected by the in-house wage equality analysis?**

Companies that employ 100 or more employees (not full-time positions) at the beginning of a year are required to carry out an internal wage equality analysis for the corresponding year in accordance with Art. 13a para. 1 EOA. Apprentices, trainees, beneficiaries of disability insurance, ex-patriates with a contract under foreign law, and temporary workers placed by a recruitment

agency are not to be taken into account. In principle, sole proprietorships, partnerships and corporations as well as foundations or larger associations are considered as employers. The decisive factor is that the organisations enter into employment relationships that are subject to the Swiss Code of Obligations. In a group of companies, each subsidiary must therefore be considered individually in order to reach the threshold of 100 employees. If the threshold of 100 employees is exceeded

in a subsidiary, a separate wage equality analysis must be carried out. The law does not provide for a consolidated wage equality analysis (i.e. to be carried out for the entire group).

## **Exceptions to the obligation to produce a pay equality analysis**

The obligation to carry out a wage equality analysis does not apply if a company has been audited for compliance with wage equality in connection with a public procurement

process or the granting of subsidies. This applies to reports with a reference month between July 2016 and June 2020.

If the first wage equality analysis shows that wage equality has not been maintained, the wage equality analysis (including review and appropriate communication) must be repeated after 4 years. If equal pay is maintained, the organisation is no longer obliged to carry out an analysis every 4 years. The legal measure applies for 12 years. This so-called sunset clause has been inserted by the Parliament in the hope that equal pay will be achieved by then.

### Time limits of the wage equality analysis

Organisations which employ 100 or more staff on 1.1.2020 or 1.1.2021 must carry out an internal wage equality analysis by the end of June 2021 at the latest. The verification of the wage equality analysis by an independent third party must be performed within one year after the analysis has been carried out (at the latest by the end of June 2022). In addition, the employ-

ees must be informed of the results of the wage equality analysis within one year of the completion of the review (at the latest by the end of June 2023). Listed companies must also publish the results of the analysis in the notes to the annual financial statements (Art. 13h EOA).

The timelines for organisations that do not exceed the threshold until 1 January 2022 or later are shifted analogously.

### Methodology and requirements for wage equality analysis

It is imperative that the wage equality analysis be carried out according to a scientific and legally compliant method. The Federal Government provides the free standard analysis tool Logib for this purpose. Logib fulfils the relevant requirements. If the wage equality analysis is carried out using a method other than Logib, the company must provide proof of the scientific and legally compliant nature of the analysis method used. This must also include guidance on how to verify the wage equality analysis in question.

### How can Grant Thornton support you?

We would be pleased to support you in carrying out or auditing the wage equality analysis.

The degree of support in carrying out the wage equality analysis can be agreed individually. It is conceivable to provide selective support up to a complete external wage equality analysis.

The result of the analysis must then be externally verified by an approved auditing company, an employee representative body, or a women's organisation.

Our head auditors have completed the obligatory further training and are authorised to carry out the review of your wage equality analysis.

We look forward to hearing from you!

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## Contacts



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