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How to perform an equal pay audit

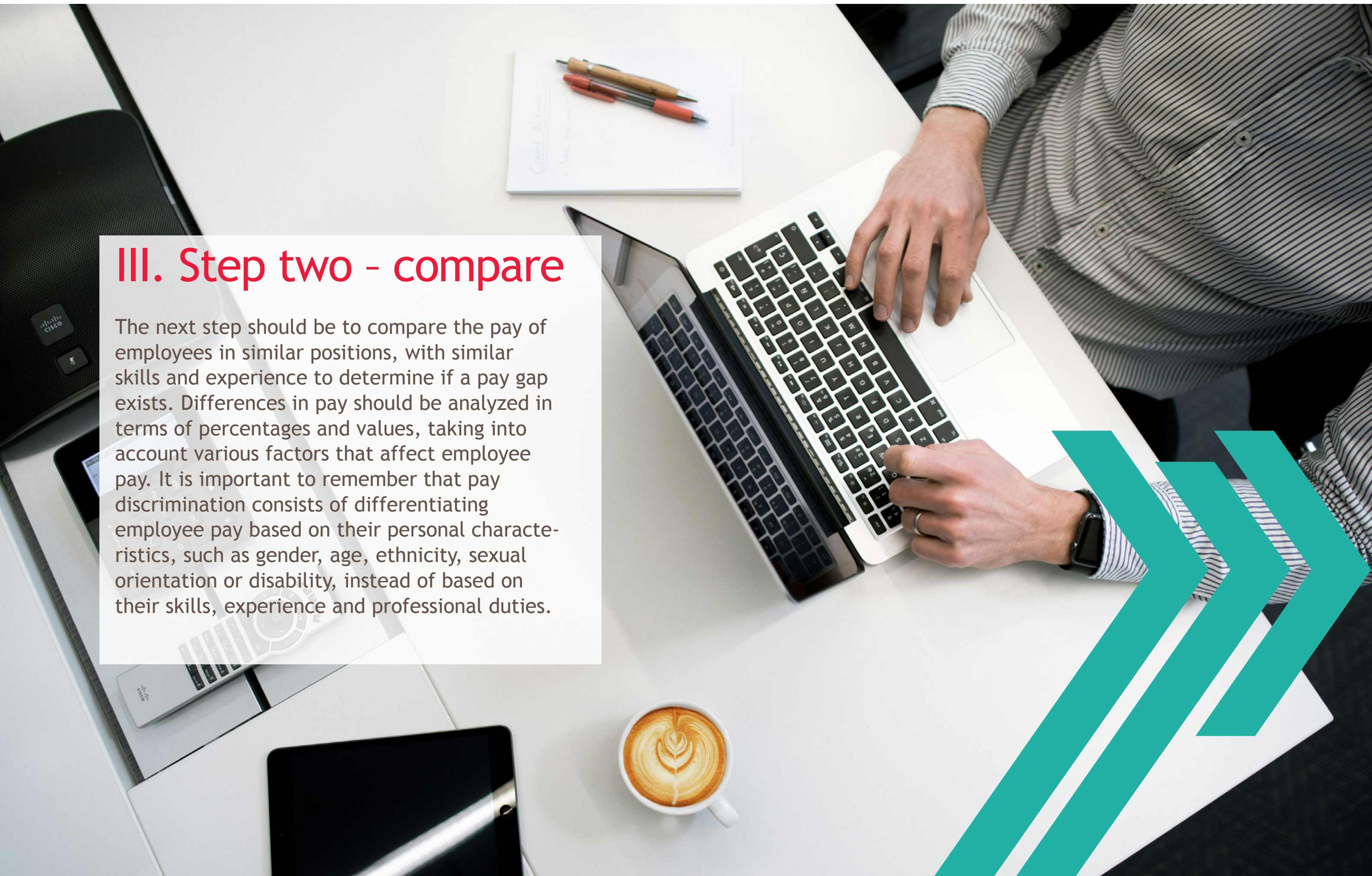
I. ESG equal pay audit

An ESG equal pay audit consists of assessing an organization's pay practices in the context of gender and pay equality. It includes an analysis of the gender pay gap, identification of the reasons behind the gap and evaluation of the actions taken by the company to reduce or eliminate it. Through detailed analysis, identification of reasons and implementation of remedial actions an ESG equal pay audit can contribute to creating a more equitable and sustainable workplace.

II. Step one – analyze data

The first step in performing an ESG equal pay audit is to collect and analyze the company's pay data in order to identify any differences between the pay of men and women, as well as other groups of employees. This should include all obtainable data, including information on the pay, position, gender, length of employment, experience, department within the organization, etc. Pay discrimination can also manifest itself in unequal treatment of employees when it comes to access to additional benefits, such as healthcare, insurance, social allowances, etc. It is therefore necessary to obtain data on eligibility rules for so-called fringe benefits.

One of the requirements of EU ESG reporting is the provision of pay equality information. Among other things, the EU requires member states to introduce measures to ensure that employees have access to information on pay criteria and remuneration policies in place at their workplace. Such a report should be preceded with an audit of the remuneration system.



III. Step two – compare

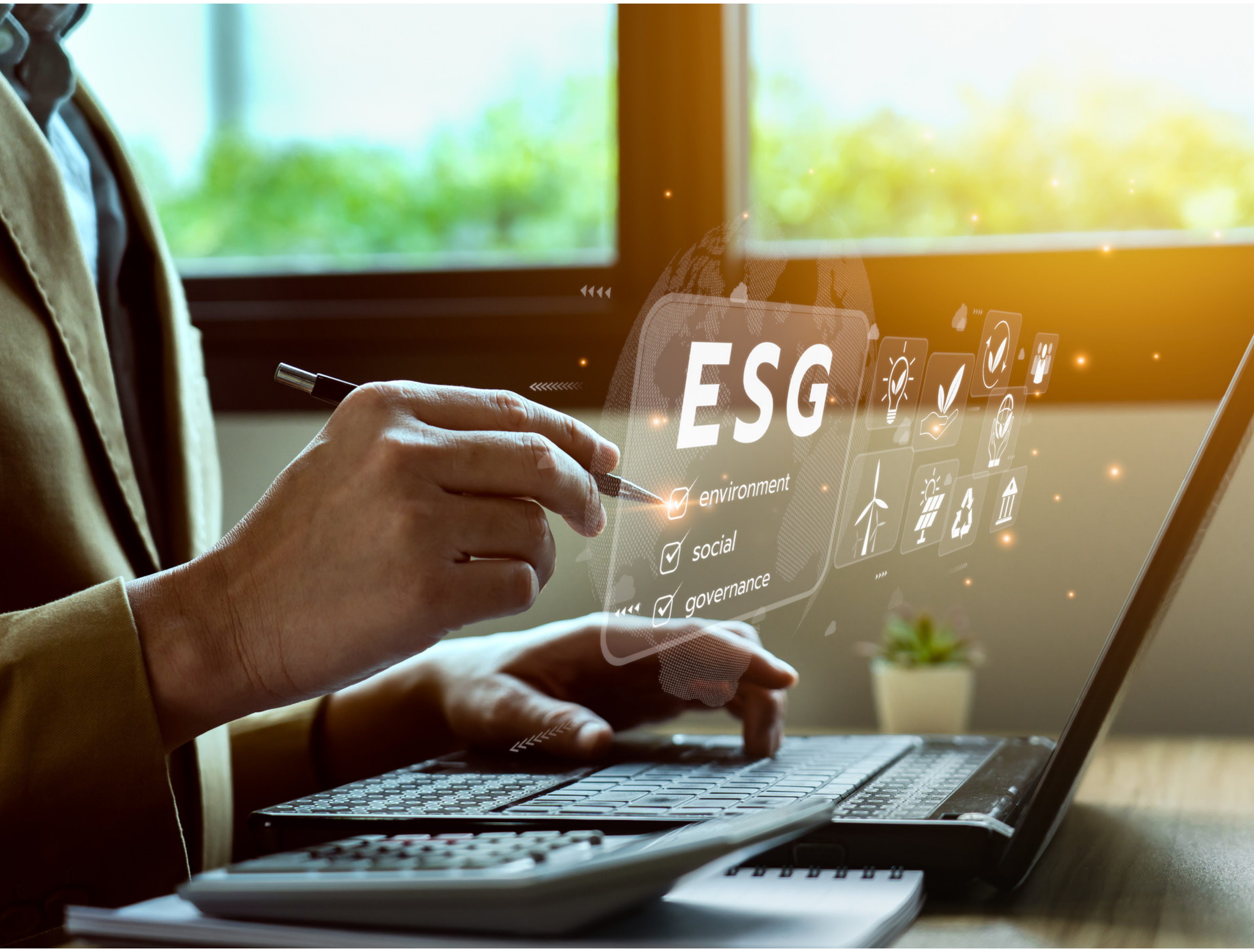
The next step should be to compare the pay of employees in similar positions, with similar skills and experience to determine if a pay gap exists. Differences in pay should be analyzed in terms of percentages and values, taking into account various factors that affect employee pay. It is important to remember that pay discrimination consists of differentiating employee pay based on their personal characteristics, such as gender, age, ethnicity, sexual orientation or disability, instead of based on their skills, experience and professional duties.

IV. Step three – identify reasons for differences

Step three consists of identifying the reasons for the differences in pay, i.e. analyzing such reasons as gender discrimination, lack of transparency in remuneration policies, advancement inequality, gender stereotypes, etc. It should also include analyses of the company's remuneration systems and decision-making processes in order to identify areas where discrimination or inequity can take place. Interviews with employees and management are also recommended to obtain an understanding of the potential reasons behind the pay gap.

V. Step four – evaluate policies

Once the appropriate data are collected and relevant analyses performed, the next step is to evaluate the company's remuneration policies and hiring practices for compliance with gender equality rules. This requires a review of remuneration structures, bonus systems, advancement policies, equal opportunity policies, etc. This stage should end with an assessment of the effectiveness of the company's policies in preventing pay inequality. It should be stressed that pay discrimination may also occur in the context of professional advancement and granting of bonuses. If employees are not promoted or do not receive the bonuses they deserve because of their personal characteristics, this may be considered a form of pay discrimination. If a company has no clearly defined remuneration criteria and procedures, this can lead to situations where remuneration decisions are made based on prejudices or personal preferences, which can lead to pay discrimination.



VI. Step five – report

The findings from the previous steps make it possible to prepare reports containing the results of pay data analysis and pay equality evaluation, which should be made available to the management, stakeholders and to the public as part of ESG reports. This promotes pay transparency and actions taken to improve pay equality. An ESG report on pay equality should be a detailed document with information on the actions taken by the organization to promote equal pay, as well as on the results of those actions.

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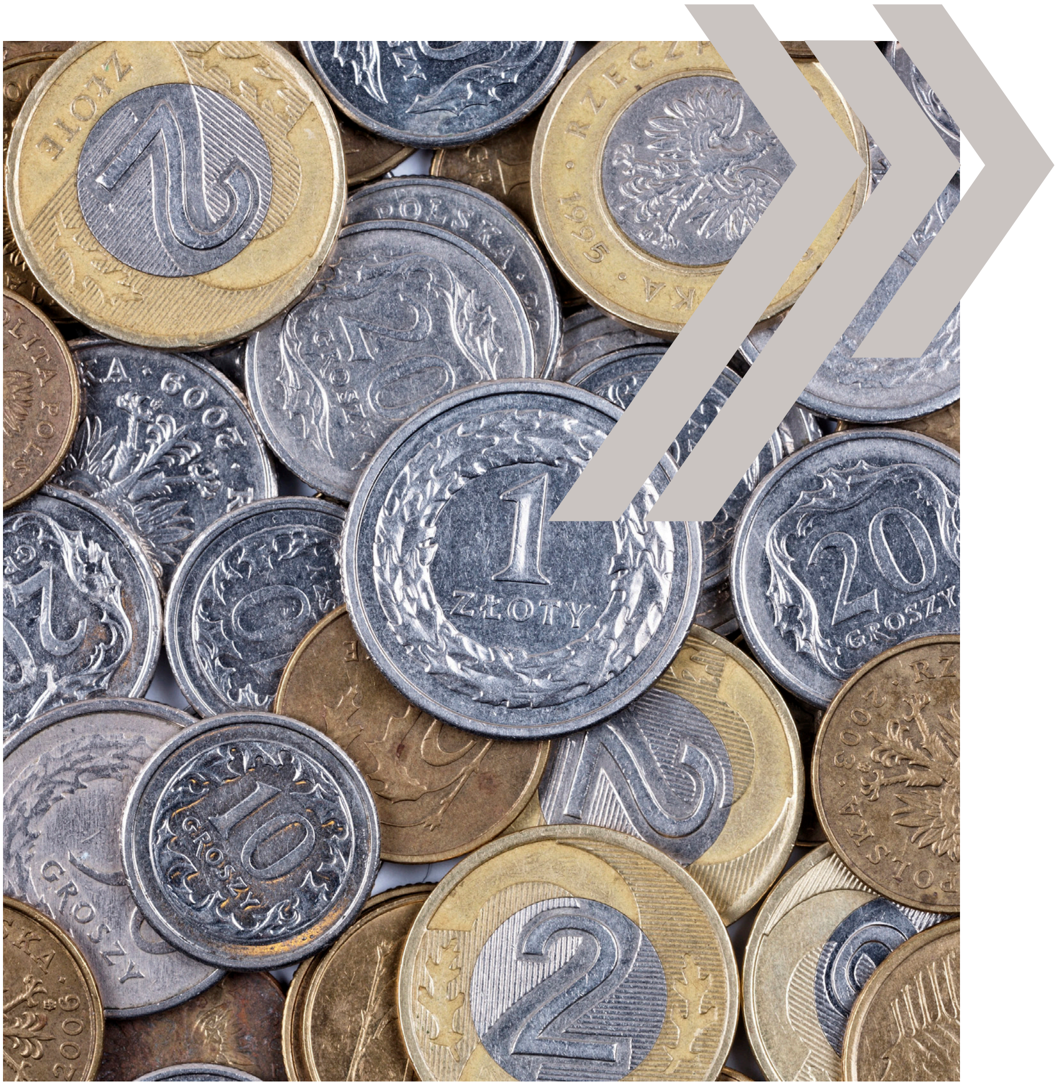
VII. Step six – implement remedial action

The last step is to develop plans aimed at reducing or eliminating the pay gap, if any. This may require the implementation of changes in remuneration policies, hiring procedures, advancement systems, etc. Companies should also plan and organize pay equality, gender awareness and similar training for their employees and management staff. They should develop systems to monitor and assess progress in achieving pay equality objectives, along with specific indices that are measured and analyzed in this context.



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