Equal pay – new law on analysis and reporting obligations

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Switzerland is about to introduce a new law regarding a wage equality analysis obligation for employers with more than 100 employees. The Federal Administration will soon inform on the date of the entry into force, but we have strong indications that the new law will be enacted as of 1 July 2020.

According to the new provisions employers who have 100 or more employees (apprentices excluded) at the beginning of a year, shall carry out an internal wage equality analysis for the year in question. The wage equality analysis is repeated every four years and must be carried out according to a scientific and legally compliant method. If the number of employees during this period is less than 100, the wage equality analysis must only be carried out once the number of 100 employees has been reached again. If the wage equality analysis shows that the wage equality has been complied with, the employers are exempted from the analysis obligation.

The Federal Government provides all employers with a free standard analysis tool. The wage equality analysis shall be reviewed from an independent body, usually from the auditor. The employer shall provide the auditor with all the documents and information it requires to carry out the review. The auditor shall verify that the wage equality analysis has been formally carried out correctly and shall prepare a report on the performance of the analysis for the attention of the audited entity's management within one year of the completion of the analysis.

Employers shall then inform employees in writing of the results of the wage equality analysis no later than one year after completion of the review. Employers whose shares are listed on a stock exchange publish the results of the wage equality analysis in the notes to the annual accounts supplement.

The Federal Council shall soon determine the deadline by which employers must have carried out the first wage equality analysis. The timing may be differently depending on the size of the company and is responsible for evaluating the effectiveness of the analysis obligation.

Please note that the threshold applies on an entity by entity basis, so there is no group view. Consequently, the new law will only be relevant for Swiss subsidiaries with more than 100 employees.

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