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Adequate pay and pay transparency: the EU path and the national choices

On November 11, 2025, the **CJEU** clarified that the pursuit of **pay justice** is based on a guidance logic: no to fixed thresholds, yes to controls on the internal mechanisms of **Member States**: what are the impacts of this ruling on the **Italian model**? And on future **salary transparency** obligations?

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The judgment of the **European Union Court of Justice** on November 11th, 2025 (Grand Chamber, Case C-19/23) clarifies room for **EU action** in the area of salaries, where the Treaties set particularly careful limits.

The EU approach to "minimum wage"

Denmark, supported by Sweden, challenged EU Directive 2022/2041 on adequate minimum wages, raising a specific concern: even without setting an **EU-wide threshold**, the Directive could still significantly affect **how much freedom Member States have** when shaping pay-related decisions.

The Court **upheld the Directive as a whole**, taking into account that it aimed at promoting fair working conditions without directly determining wage levels which currently remains the decision of each Member State. However, it did intervene in a targeted way on the most critical points. It removed from Article 5 the **more rigid provisions**, which risked turning a set of goals and reference tools into guidance that was, in practice, binding for each Member State when assessing "adequacy". The result is that the EU may require Member States to put in place assessment procedures, indicators and monitoring activities; it cannot, however, impose a uniform method that, in its effects, ends up setting the level of minimum wages.

The Italian situation

For **Italy**, among the countries with the highest contractual coverage rates which does not have a general statutory minimum wage, the judgment has an immediate meaning. It confirms that a **model** based on Article 36 of the Italian Constitution and on the regulatory role of **collective agreements can still hold its ground** within the EU framework.

At the same time, the decision makes the EU's focus more visible: not an abstract design, but an attempt to intervene in areas where **forms of underpaid work** and insufficient pay standards are still in force. This leads to very practical questions, especially in sectors exposed to competition based on labour costs: fragmented bargaining coverage, overlaps between contractual scopes, the choice of less protective bargaining tools and, more broadly, forms of pay dumping that become particularly clear in supply chains and in procurement.

From this perspective, EU Directive 2022/2041 – read in the light of the recent judgment – mainly works as a prompt to strengthen the system: widening the coverage of collective bargaining, making the outcomes of pay policies more transparent, and providing for action when significant groups of workers remain without adequate protection. **The logic is one of guidance rather than replacement**: Europe does not set wages but asks Member States to show that their internal mechanisms are really working.

EU Directive 970/2023: pay transparency

In this scenario a different, but closely connected, step is the Directive (EU) 2023/970 on **pay transparency**, which must be transposed by **June 7th, 2026**. Here the focus is not the level of minimum pay, but the quality of the rules that shape remuneration at work and how it develops over time. Transparency aims to reduce the lack of clarity in this field under the legitimate dynamics of the employment relationship in order to **allow an understanding of the mechanisms used to determine pay levels**, even in the absence of a legal obligation to pay equal pay for equal work, with a specific focus on gender inequalities, but with effects that naturally extend to the overall governance of pay policies.

The **measures** cover the whole employment cycle. At **recruitment stage**, employers must provide information on the starting pay or a pay range. At this stage the possibility to base the offer on the applicant's previous pay is strictly restricted, in order to lower the possibility that existing disadvantages could be carried forward. During the **employment relationship**, rights to access data and criteria useful to check pay consistency are strengthened, including information on average pay for comparable categories. For **larger employers**, reporting duties are added and, where significant unjustified gaps appear, there is a need to adopt corrective measures. This has an important practical consequence: job classifications, grading, progression paths and variable pay elements become more visible, and therefore observation elements that must be based on **objective criteria** which must be consistent with the transparency of the entire organisation.

The new Italian enabling act

The link with the idea of "adequate pay" is clear. Tackling in-work poverty does not depend only on having a minimum benchmark; it also depends on the ability to **manage the pay structure through rules that are understandable and workable**. Where pay is often made up of several components (grades, allowances, bonuses, progression mechanisms), lack of clarity is not neutral: it can foster gender and no gender inequalities and make it harder, after the fact, to justify differences.

This is also the context for the new Italian Law No. 144/2025 (*Gazzetta Ufficiale* of October 3rd, 2025) on minimum wages. Without introducing a uniform statutory minimum wage, it aims to **strengthen the role of the most widely applied national collective agreements (CCNL)** as the reference point for a minimum overall economic treatment consistent with Article 36 of the Constitution, while at the same time limiting the use of weakly representative contractual schemes and encouraging timely renewals. The approach fits the EU direction: not a single threshold for everyone, but an attempt to make the collective bargaining benchmark more reliable and harder to bypass.

In any case, **judicial review** remains an essential safeguard for the Italian legal system. Collective agreements are a central reference, but they cannot become untouchable where pay is clearly insufficient compared with constitutional standards. The possibility of judicial review under Article 36's principals therefore continues to operate as a guarantee of effective protection.

Taken together, the recent judgement by the EU Court, the pay transparency directive framework and the Italian Law on minimum wages points to a **gradual but meaningful path**: **Europe** does not set wages, but strengthens tools that make wage compression harder and pay differences more controllable; **Italy** seeks to consolidate more reliable collective benchmarks; and employers are required to manage pay structures and decision-making processes with greater coherence.

This is the foundation – more than statements of principle – on which the system's real ability to **reduce underpaid work** and to make the new transparency requirements sustainable, also at an organisational level, should be tested.

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