



European network of legal experts in gender equality and non-discrimination

NEWS REPORT

Country:	Iceland
Title:	New Icelandic law on Equal Pay Certification entered into force on January 1, 2018
Date:	08 May 2018
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Context	
Issue at stake:	Equal pay
Ground of discrimination:	Sex
Source:	Legislation
Field:	Employment
Applicable law:	Gender Equality Act No. 10/2008, Art. 19

Content

On 1 June 2017, Alþingi, the Icelandic Parliament, passed a law mandating that all companies and employers with 25 or more employees are required to obtain equal pay certification on an annual basis of their equal pay systems and the implementation thereof. The law entered into force on 1 January 2018. The purpose of this obligatory certification is to enforce the current legislation (Gender Equality Act No. 10/2008, Art. 19 on Equal Pay).¹

The new legislation makes Iceland the first country in the world to require companies with 25 or more employees to obtain certification on the basis of requirements of a management standard to prove they offer equal pay for work of equal value regardless of gender. The certification requires companies with more than 25 employees to not only offer equal pay across the same job level, but also equal pay for work of the same value. The Equal Pay Standard, on which the certification requirements are based, does this by assessing a company's pay policies, classification of jobs according to equal value and wage analysis on the basis of the classification, as well as formalizing policies and processes related to pay decisions.

In view of the time that it will take to adopt equal pay management systems that meet the requirements of the standard, workplaces receive a grace period in which to acquire the certification. For this, different periods are allowed according to the size of the workplace. Employers with 250 or more employees need to have implemented the equal pay standard by 31 December 2018; employers with 150-249 employees need to have completed their first certification by 31 December 2019; employers with 90-149

¹ Act on Equal Status and Equal Rights of Women and Men, No. 10/2008 as amended by Act No. 162/2010, No. 126/2011, No. 62/2014 and No. 79/2015, No. 117/2016, No. 56/2017.

employees by 31 December 2020; and employers with 25-89 employees by 31 December 2021. However, all state ministries need to have undergone their first certification by 31 December 2018, and state institutions and companies owned by the state with 25 or more employees by 31 December 2019.

The equal pay standard describes the process that companies and public institutions can follow in order to ensure equal pay within their organization. A company adopting the standard would start with an assessment of its current pay policies, classify jobs according to equal value and conduct a wage study on the basis of this classification, as well as formalize policies and processes related to pay decisions. These changes will need to be reviewed regularly, checked and validated by management. Once the company has implemented these changes it can apply for certification of its pay system.²

Iceland's Equal Pay Standard ÍST 85 is the first to be deliberately developed according to international ISO standards, allowing it to be translated and adopted across the globe. The Centre for Gender Equality will grant workplaces that acquired certification on the basis of the audits performed by accredited auditors the right to use a special equal pay symbol in recognition of this.

In cases where a workplace either has not acquired equal pay certification or has failed to renew it by the deadline, the organisations of the social partners will be able to report it to the Centre for Gender Equality. The Centre can impose on the workplace a formal demand to rectify the situation by a certain deadline. Rectification measures can involve, for example, the provision of information and release of materials or the drawing up of a scheduled plan of action on how the workplace intends to meet the requirements of the Equal Pay Standard. If the workplace fails to act on instructions of this type, the Centre for Gender Equality is authorised to impose per diem fines.

Iceland is spearheading the move as part of its target to eradicate the country's gender gap by 2022, which would make it the first country in the world to achieve this.

Internet link source: <https://www.government.is/news/article/2018/01/04/New-Icelandic-law-on-Equal-Pay-Certification-entered-into-force-on-January-1-2018/>.

² <http://www.kvenrettindafelag.is/wp-content/uploads/2015/03/The-Equal-Pay-Standard-%C3%8DST-85-www.vel.is.pdf>, accessed on 19 April 2018.