

Pay Transparency Legislation Series, Ep. 7:

**What you need to know about the
EU pay transparency directive**

Today's Presenters:



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Today's Agenda

- An overview of the EU Pay Transparency Directive
- The impact of the EU Directive on global legislation
- Prepare for compliance and meet your transparency goals

Poll question 1:

How will the EU directive impact you?

- A. We have employees in the EU so need to get prepared.
- B. We don't have employees in the EU right now but want to understand the potential impact.
- C. We are planning on expanding into the EU so need to know this.
- D. Probably won't but I am here to learn.
- E. I am not sure.

An overview of the EU Pay Transparency Directive



How did we get here?

March 2021

Proposal on pay transparency introduced

December 15, 2022

EU Commission and EU Parliament reach an agreement on directive with two key parts

- 1) Pay Transparency Measures
- 2) Better Access to Justice for Victims of Pay Discrimination

March 31, 2023

EU Parliament Passes Directive on Pay Transparency

May 17, 2023

EU Directive on Pay Transparency published in Official Journal

Early June 2026

The EU member states deadline to implement the requirements into local law



Why pay transparency can help reduce the EU's gender pay gap

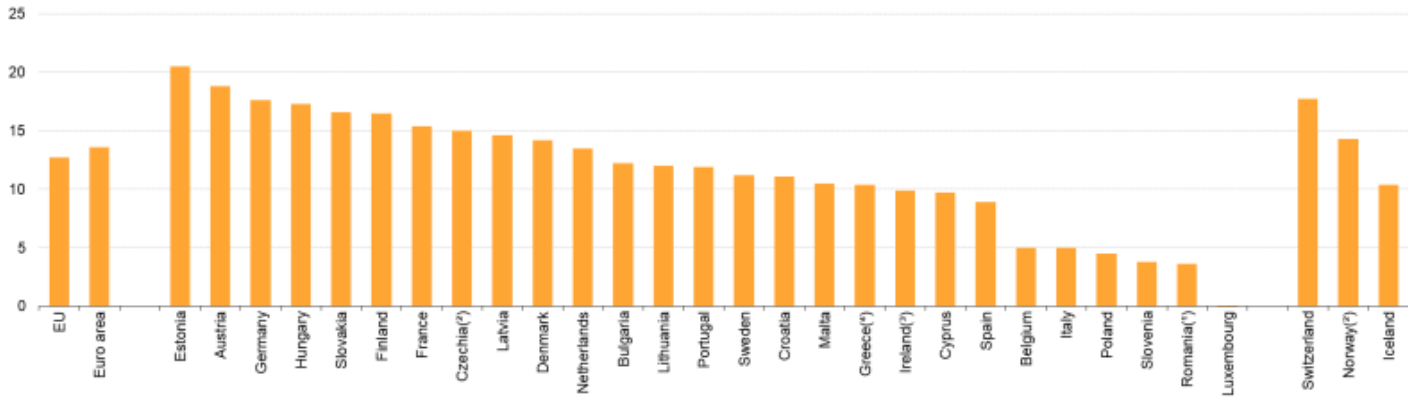
Pay transparency can help detect and tackle **unjustified pay differences** between men and women doing the same work.

What is the EU's gender pay gap?



Reference: [European Council of the EU](#)

The unadjusted gender pay gap, 2021
(difference between average gross hourly earnings of male and female employees as % of male gross earnings)



Reference: [Eurostat](#)

How could pay transparency help reduce the gender pay gap?

Pay transparency is the practice of providing job applicants and employees with **information about their pay**.

Without pay transparency

- job applicants and employees are often **unable to determine** whether they are being **treated fairly**
- victims of pay discrimination have **difficulties in asserting their right** to equal pay
- **gender bias** in the context of salaries **continues**



With pay transparency

- candidates can **assess a salary offer**
- workers **know if** their **pay is equal** to that of colleagues of the other sex who are doing the same work



What would be the benefits of increased pay transparency?



a society that is **better informed** about pay systems and job grading



increased awareness about gender-based **pay discrimination**



employees who are **empowered** to enforce their **right to equal pay**



elimination of gender bias in pay



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Main EU directive requirements



Transparency for job seekers *and* employees



Public disclosure of Gender Pay Gap Report



Equal pay for comparable jobs



Joint pay assessment



Expensive penalties

Part I:

Pay Transparency Measures

Pay transparency for job seekers



Employers will have to post a pay range in job postings *or* provide the pay range before the job interview. In addition, employers will not be able to ask candidates about their pay history (akin to the salary history bans we see across the U.S.).

Right to information for employees



Employees will now be able to request specific pay information from their employer, including their individual pay level and the average pay levels (broken down by sex for categories of workers doing the same work or work of equal value).

Gender pay gap reporting



Employers with at least **100 employees** will have to **publicly publish** information on their pay gap between male and female workers. However, this requirement will roll out slowly. In the first stage, employers with 250 or more employees will report every year; employers with between 150 and 249 employees will report every three years; and employers with 100 to 149 employees will also report every three years (but this group will begin reporting five years after the transposition of the Directive).

Joint pay assessment



If an employer has a gender pay gap of at least 5% *and* if they cannot justify the gap on the basis of objective, gender-neutral factors, they will then have to carry out a pay assessment in conjunction with workers' representatives.



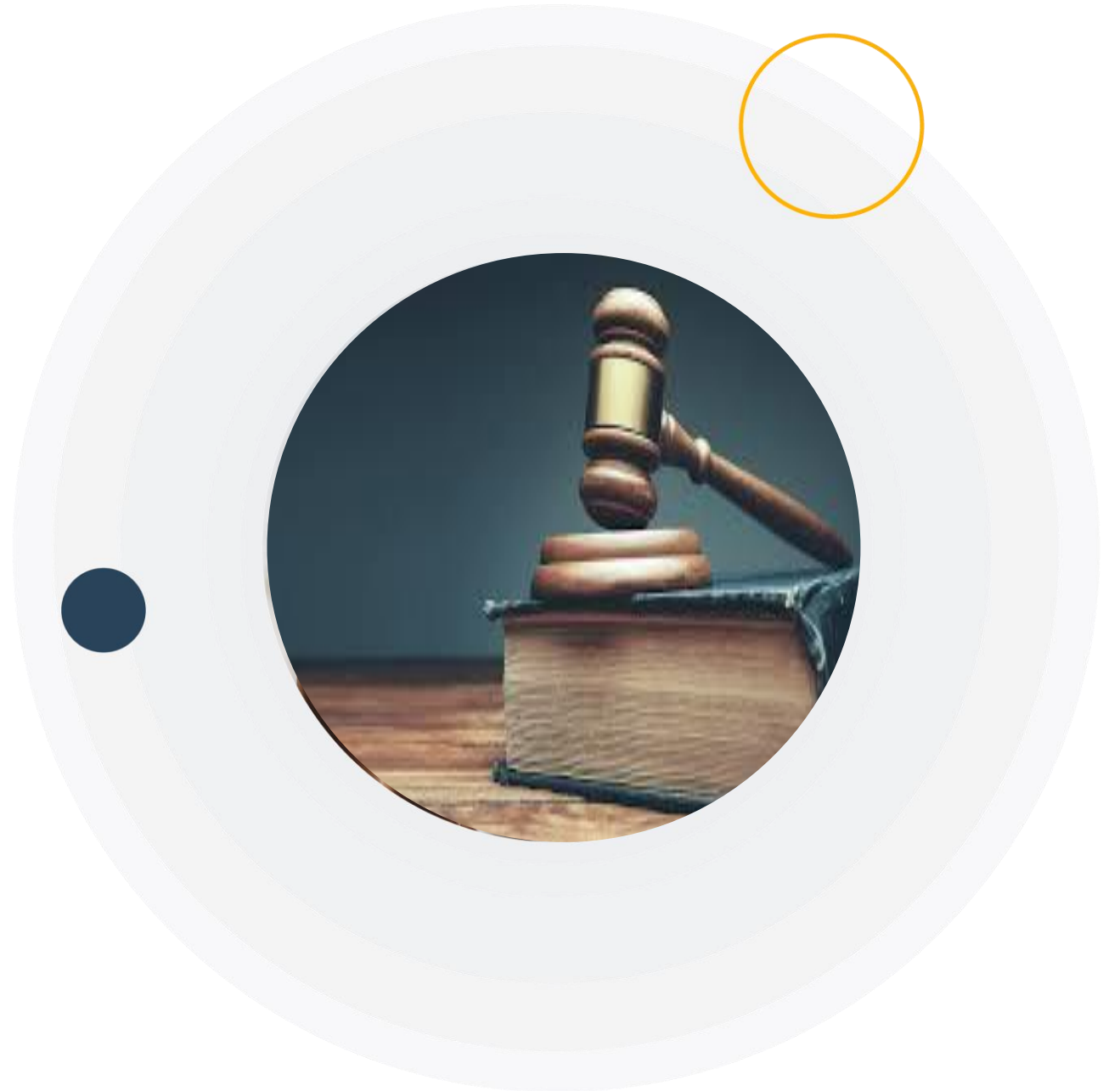
Part II:

Better access to justice for victims of pay discrimination

- ✓ Compensation for Workers
- ✓ Burden of Proof on Employer
- ✓ Sanctions will include fines
- ✓ Equality bodies and workers' representatives

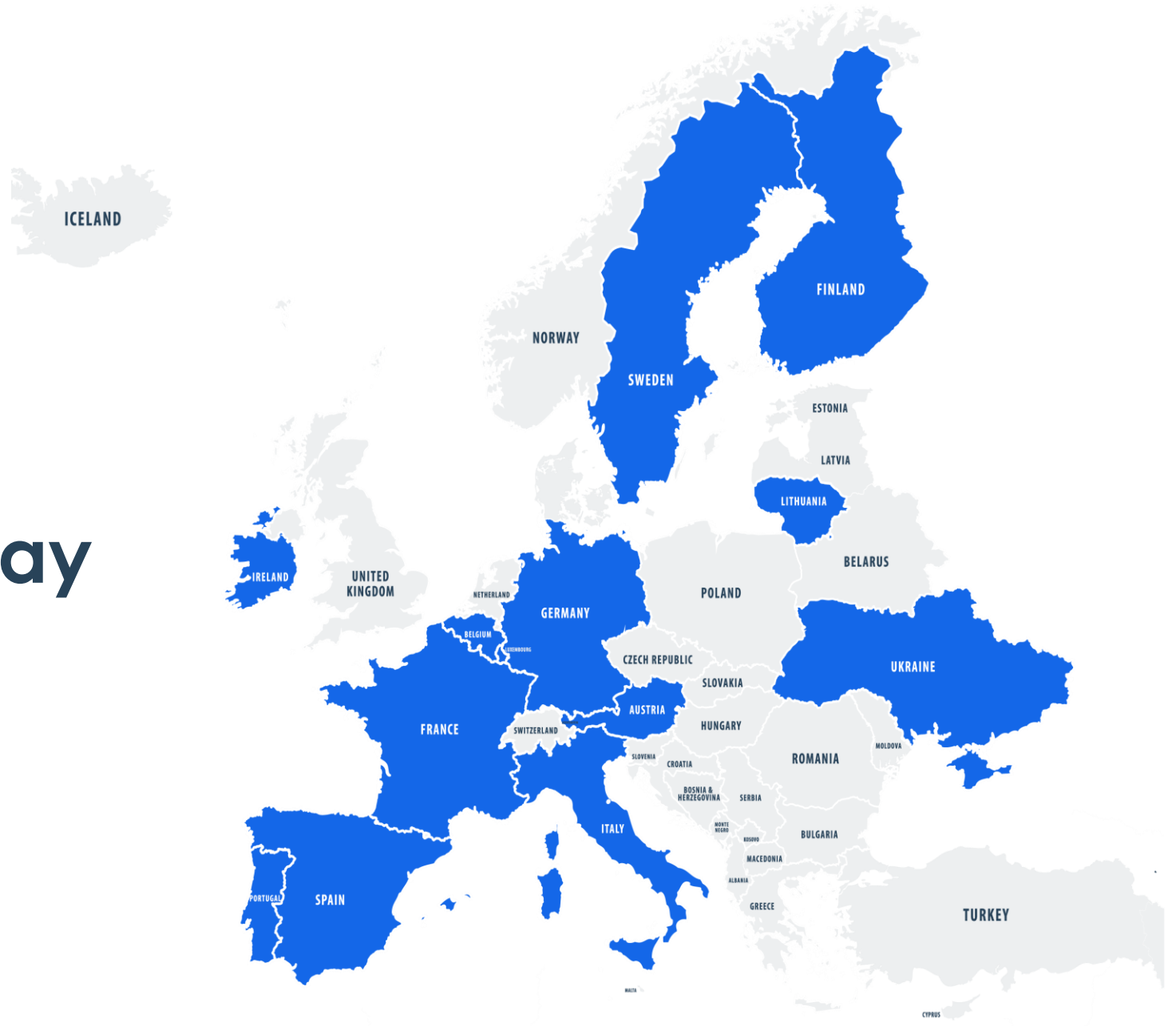
What's next?

Member states have up to 3 years (or until June 2026) to implement the requirements into local law.



Current EU member states countries with pay reporting

Ukraine (candidate for accession to the EU)



How will this impact France?

- Reporting obligations will likely be modified by EU Directive
- Pay raise after maternity leave?
- Currently for employers with 50 or more employees already must publicly publish “gender equality index”
- Pay gaps between “categories of workers”—new requirement in France
- No current rights for employees to get individual information on Pay Gaps in France—that will change with the EU Directive
- Directive will help identify gender-based discrimination

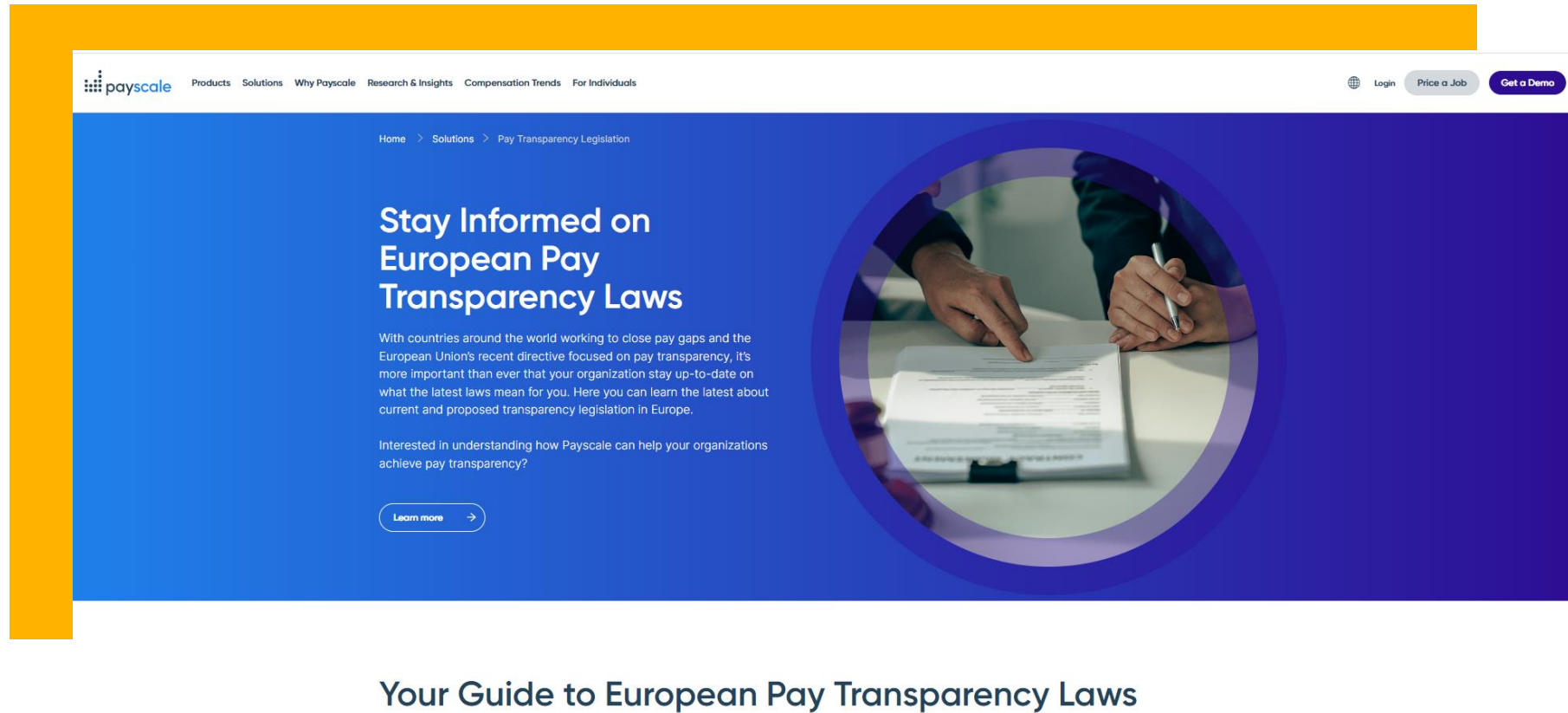


How will this impact the United Kingdom?



- Current legislation is the Gender Pay Gap Reporting Regulations (2017)
- Requires public reporting of six statutory metrics annually
- Intended to shine a spotlight on pay disparities in the workforce and drive progress over time
- The new EU directive will not apply to the UK, UK registered businesses with operations in EU member states will need to comply with reporting requirements
- UK businesses may come under pressure to adopt a common approach across their global operations to attract talent and respond to other stakeholders

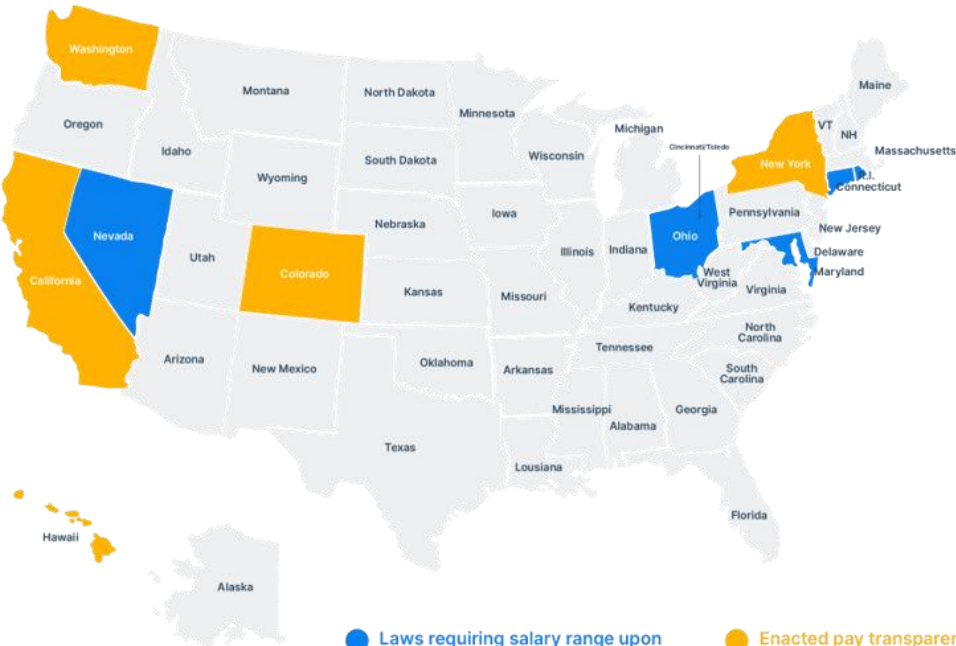
NEW: EU Pay Transparency Laws Landing Page



The impact of the EU Directive on global legislation

United States

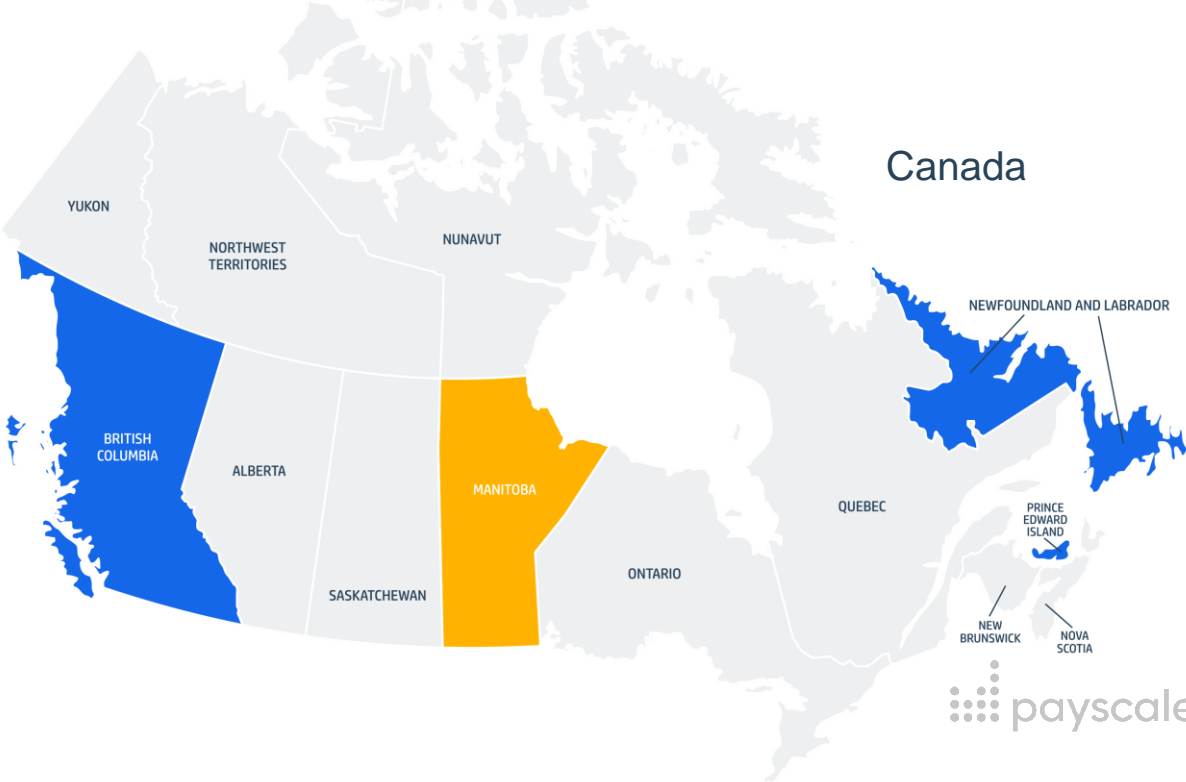
Enacted pay transparency laws



● Laws requiring salary range upon request/during interview process. ● Enacted pay transparency laws requiring salary ranges in job postings.

Singapore

Canada



Australia

**Prepare for compliance and
meet your transparency goals**

A growing list of pay transparency requirements

Communicate pay ranges
to candidates during talent
acquisition

Communicate pay ranges
to employees on
promotion or transfer

Communicate pay ranges
to employees annually or
on request

Provide gender-neutral
criteria used to define
their pay, pay levels, and
pay progression

Provide average salary
with gender distribution
for employees who
perform the same or
equivalent work

Report on your
uncontrolled pay gap

Undertake a full Pay
Equity Audit

Poll question 2:

How prepared are you?

(select all that apply)

- A. Communicate pay ranges during talent acquisition
- B. Communicate pay to employees on promotion or transfer
- C. Communicate pay ranges to employees annually or on request
- D. Provide gender-neutral criteria used to define pay, pay levels, and pay progression
- E. Provide average salary with gender distribution for employees who perform the same or equivalent work
- F. Report on your uncontrolled pay gap
- G. Undertake a full Pay Equity Audit

Your pay transparency checklist



Get buy in and commit to build **transparent and consistent pay practices** with a compensation philosophy that embeds fair pay



Understand the relevant factors that impact pay in your organization and make sure these are part of your compensation philosophy and pay policies



Ensure you have the **job architecture and competitive pay structures** that allow for appropriate comparisons between groups of employees



Training managers and other stakeholders to have **effective conversations** with employees about their pay



Conduct **proactive pay equity analysis** to understand the impact of wage gaps and biases

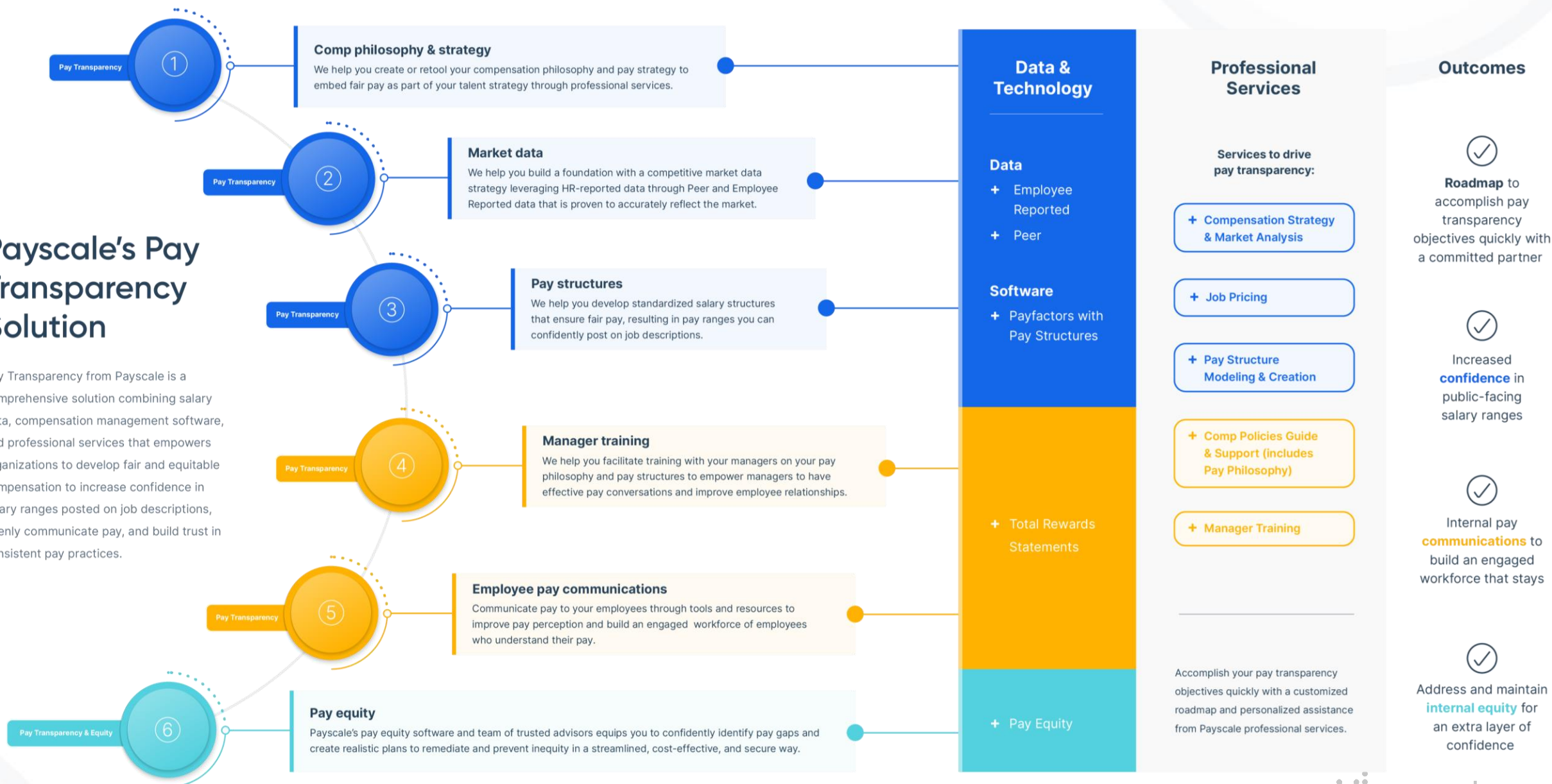
Poll question 3:

**Which of these
is your hardest
problem to
solve?**

- A. Understand your competitive landscape and determine a data strategy
- B. Evaluate current employee pay against the market
- C. Implement standardized and scalable practices regarding salary structures and pay ranges
- D. Conduct regular pay equity analysis
- E. Efficiently manage your job descriptions
- F. Implement a strategic approach to merit increase planning that support pay transparency
- G. Support pay communication internally to employees and managers

Payscale's Pay Transparency Solution

Pay Transparency from Payscale is a comprehensive solution combining salary data, compensation management software, and professional services that empowers organizations to develop fair and equitable compensation to increase confidence in salary ranges posted on job descriptions, openly communicate pay, and build trust in consistent pay practices.



Q&A

Feel free to ask any questions in the chat!

