

How to Comply with the EU Pay Transparency Directive

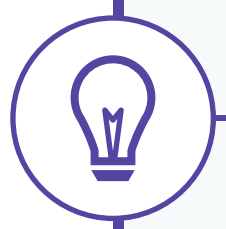


Get a timeline, 3-step reporting action plan, and checklist to prepare before your pay gaps go public.



Time is ticking for European and global companies

The EU Equal Pay and Transparency Directive is looming and requires never-before-seen levels of pay and career progression transparency for EU member states and multinational organisations. It will be compulsory for employers to assess, remediate, and publicly report on gender pay gap results.



The EU Directive requires a new strategy, so a lift-and-shift from a U.S. approach to pay equity will not work.

Syndio's Workplace Equity Analytics Platform helps in the areas where new analyses and calculations are required, and with remediation strategies and reporting. From there, you'll be well positioned to address the other requirements of the Directive, from posting equitable salaries to confidently communicating about pay — whether responding to an individual employee's questions or sharing a broader corporate narrative.

It's important to start preparing now so you have enough time to correct pay gaps incrementally, in the most efficient and cost-effective way, before you have to share them publicly.

To help you prepare, we've created this playbook to provide:

Overview of the 5 key requirements of the directive and flag the mindset shifts required to adapt to each	03
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The 5 key requirements of the EU Equal Pay & Transparency Directive

- 1 Equal pay equal for equal work and work of comparable value
- 2 Pay and career progression transparency
- 3 Right to information
- 4 Public pay reporting
- 5 Joint pay assessment

1

Equal pay equal for equal work and work of comparable value

The EU Directive requires that employers have pay structures in place to ensure that there are no gender-based pay differences between workers performing the same work and between workers performing work of equal or comparable value that are not justified by objective and gender-neutral factors.



Mindset shift

1. Employers need to move from just comparing pay within the same role to **evaluating pay across roles of comparable value**. While this is not a new concept in Europe (in fact, it is **established case law** of the European Court of Justice), the EU Equal Pay and Transparency Directive puts additional teeth on this requirement as employers will need to analyse pay gaps between categories of workers performing comparable jobs and make adjustments if differences cannot be explained. This will require that organisations establish methodology to compare the value of work with objective criteria like education, skills, and responsibilities.
2. The potentially significant remedies that may result from this equal pay requirement could indicate a **possible move toward a U.S.-style litigation model**, where a worker can receive compensation, including full recovery of back pay and related bonuses, or payments in kind (with Member States setting specific penalties). There will be meaningful penalties for unequal pay violations. This shifts the burden of proof from employees to employers to prove pay fairness and underscores the need for meticulous pay documentation.

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No more double standards, no more excuses. It is high-time both women and men are empowered to claim their right. Equal work of men and women deserves equal pay and transparency is key to make sure this becomes a reality.

Věra Jourová, Vice President of the European Commission for Values and Transparency

2

Pay and career progression transparency

The EU Directive will bring greater pay scale transparency to Europe as employers will have to provide information about the initial pay level or its range in the job vacancy notice or before the job interview. Pay secrecy will be banned as the Directive bans pay secrecy confidentiality clauses. Employers will not be allowed to ask prospective workers about their pay history. Job titles must be gender-neutral (i.e., no “fireman”). And finally, employers must make accessible to workers a description of the gender-neutral criteria used to define their pay, pay levels, and pay progression.



Mindset shift

The emphasis on pay and career progression will increase the **need for pay explainability and opportunity transparency**. Organisations must heed the prohibition on asking job applicants questions about prior salary and using that information to set pay for new hires.

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Even if you can get away with it, it's a bad practice to try to see if you can flout the system by making a pay range between one euro and €10 million. You're signaling to the prospective talent that you're trying to hire and recruit that this is how you treat your employees and you don't take their compensation seriously. It's a really bad move.

Zev Eigen, Founder and Chief Data Science Officer, Syndio

3

Right to information

Employees will be able to request individual pay level and average pay levels, broken down by sex, for categories of workers doing the same work or work of equal value, with requirements including:

- Must be provided in writing (within 2 months)
- Must inform employees of this right on an annual basis and outline the steps needed to make the request
- Can request through representative or equality body



Mindset shift

The right to information component of the EU Directive will require organisations to be less secretive about compensation and comparisons. It also indicates a **significant need for consistent pay policies and practices**, reducing the scope for subjectivity and managerial discretion.

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If you've got an organisation that gives managers a lot of discretion and autonomy in how they set compensation for their teams, I think we're going to see **a real need for a mindset shift**. You can still have discretion, but too much variation in how teams set pay will have downstream impacts. Your managers and leaders will need to build their muscle for speaking with employees about how your organisation pays and how you ensure pay is fair — and that may be difficult to do if there is no consistency in approach”.

Christine Hendrickson, Syndio VP of Strategic Initiatives

Public pay reporting

Covered employers will be required to complete public pay gap reporting on base pay and “any other consideration”. The report will include:

1. Overall pay gaps

- Overall mean and median pay gap
- Mean and median pay gap calculated from “complementary and variable” pay (e.g., bonuses)
- The proportion of female and male workers receiving complementary or variable components of pay
- The proportion of female and male workers in each quartile pay band

2. Category of worker pay gaps

- The pay gaps between “categories of workers” (i.e., workers performing the same work or work of comparative value) calculated from both base pay and complementary and variable pay

The overall pay gap requirements fall into the “name and shame” category — organisations may need to explain overall pay gaps but there is no requirement to make pay adjustments to close those gaps.

The category of worker pay gaps are different — if gaps of greater than 5% exist, you must explain the reason for the gap, and, if you cannot, you must remediate or go into joint pay assessment with the works council or other worker representative.

“Pay” is broadly defined in the EU Directive, including complementary or variable components of compensation such as:

- Bonus
- Overtime compensation
- Travel facilities (car/travel cards)
- Housing allowances
- Training compensation
- Dismissal payments
- Statutory sick pay
- Statutory required compensation
- Occupational pensions
- Benefits



Mindset shift

The public pay gap reporting requirement represents a change from a “behind closed doors” model to a “spectator sport” model, alongside a shift from a “one and (not really) done” audit mindset to **ongoing, always-on pay equity management**.

The EU Directive may be **a tipping point for centralising your pay reporting obligations**.

Companies with a global workforce face a web of different reporting requirements, employee thresholds, and deadlines, and, of course, more is coming with the EU Directive. Decentralised reporting processes handled at the local level are inefficient and difficult to validate — leading to duplicated work, siloed data, no central line of sight on gaps across multiple countries, and limited quality control. Start evaluating now whether you can streamline and centralise these operations.

The first reports in all 27 Member States for employers with 150+ employees are due 7 June 2027 *based on 2026 calendar year data*. Employers with 250+ employees will need to submit this report annually thereafter. Employers with 150-249 employees will need to submit every three years thereafter. For smaller employers (those with 100-149 employees), the first report will be due 7 June 2031, with subsequent reports due every three years thereafter.

Remember: the EU Directive is the floor, not the ceiling. The EU Directive lays down minimum requirements and explicitly provides that Member States can introduce or maintain provisions that are more favourable to workers but the rules cannot be less favourable. Be on the lookout for lowered thresholds in at least some Member States.

Currently, 13 of the 27 Member States have some type of pay reporting law. Of those 13, eleven have reporting thresholds lower than 100 employees. Belgium, Denmark, Finland, France, Ireland (in 2025), Italy, Lithuania, Luxembourg, Portugal, Spain, and Sweden have current pay reporting obligations that kick in at thresholds below 100 employees.

Syndio Pay Reporting Calculator

Enter number of employees in each country

Australia

1,504

Bulgaria

Austria

Canada

5,989

Belgium

Chile

Brazil

634

Croatia

Want to find out where you may owe reports?

Use our free Global Pay Reporting calculator to find out in which jurisdictions your company meets employee thresholds for reporting — then get more details about the deadlines and requirements.

[USE THE CALCULATOR](#)

5

Joint pay assessment

When you conduct your pay gap analysis, if the average pay gap is at least 5% in any category of workers and it is not explained by objective and gender-neutral factors, and the gap has not been remediated within six months of the submission of the gender pay gap report, employers must perform a joint pay assessment in all groups, in coordination with works council or representative.



Mindset shift

If you previously thought in qualitative and subjective terms, you need to shift to quantitative and objective/empirical terms. Systematically evaluate existing pay policies and empirically vet any new policies. (We see this most commonly now with respect to policies about remote work).

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Bridging the gap can be a costly endeavour. **If you can spread out remediation costs over the next 2-3 years, you give yourself time to fix this before you must report**, instead of having to do it as one large expense. Companies typically don't have that budget.

Anita Lettink, Future of Work speaker and Syndio Advisor

Your timeline for pay gap reporting success

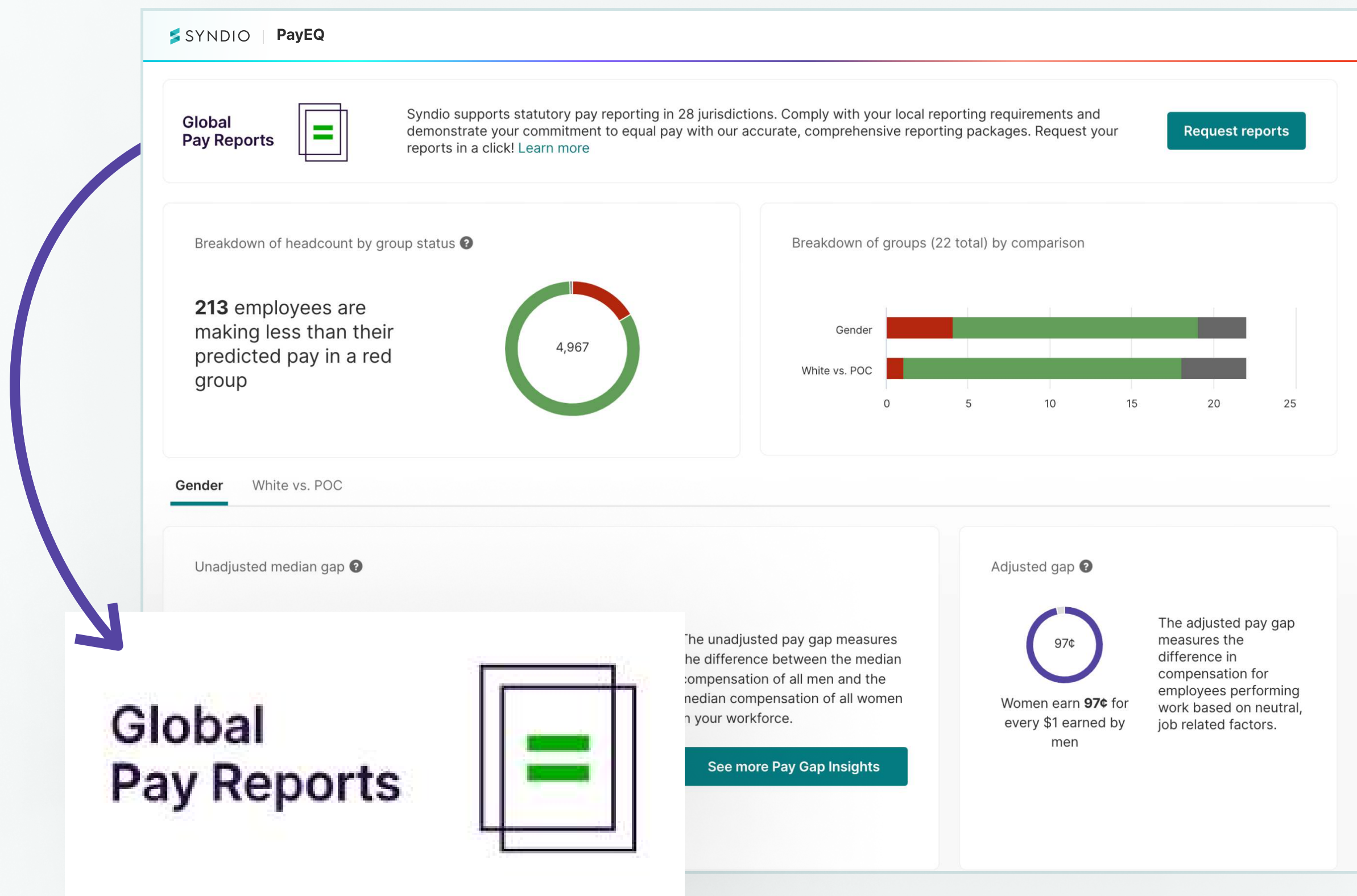
H2 2023	H1 2024	H2 2024	H1 2025	H2 2025	H1 2026	H2 2026	H1 2027	H2 2027
Start now Start now so you have time to take the steps you need to set yourself up for success.	H1/H2 2024 Only two comp cycles until pay will need to be reported Analyze Start running your analysis now.		H1/H2 2025 Last opportunity to change 2026 salaries In Progress By now, you should be well on your way to closing gaps. This is the last comp cycle for many companies before pay will need to be reported.		7 June 2026 Last date for Directive to be transposed into law Don't wait! Pay report will be based on 2026 pay. Some companies may be tempted to wait to assess and remediate, but that will be too late.		7 June 2027 First pay gap report due, covering compensation paid in 2026 Finish line ✓ At this point, you want to be reporting from a place of confidence, with strong results and a clear plan.	

Why start now?

You have less time than you probably think. The first report isn't due until 7 June 2027, but it's based on compensation earned in 2026, which means that you only have — at most — two compensation cycles to correct issues before they become part of your public pay reporting.

Because of the Directive, many employers will have to rethink how they are grouping employees. The groupings will not just be comparing employees doing the same or similar jobs but comparing employees doing work that is of comparable value to the organisation. Testing and iterating to ensure your groupings make sense can take time.

And the sooner you run your first assessment, the more time you'll have to correct pay gaps before you have to share them publicly. Companies that invest early will be able to plan ahead and share successes in their first report, instead of only exposing areas for improvement. You'll also be able to remediate gaps in the most cost effective way possible. If you wait, you'll be forced to commit to long-term plans that are less likely to actually close pay gaps as employees leave, get hired, and move into higher paying positions.



“

If you do nothing right now and your first report shows a big miss, you will have a huge issue with employee engagement. People know you had years [to prepare], and then you didn't do anything? That does not sound like a good people strategy.

Anita Lettink, global HR thought leader, Top 100 HR Tech Influencer, and Syndio advisor

[LinkedIn Live Recording: How to Prepare for the EU Directive — Now →](#)

3 steps for reporting compliance

1

Assess

Conduct your initial pay assessment and remediation as soon as possible — so you know where you stand and can start addressing pay gaps that may be too expensive to close all at once later on.

Identify your comparison groupings

Employers need to move from just comparing pay within the same role to **evaluating pay across roles of comparable value**. Your dedicated support team at Syndio can work with you to help define and evaluate your comparison groups in the **PayEQ** platform.

Identify gender pay gaps greater than 5%

PayEQ can help you quickly create and fine tune groups of employees who do work of equal and comparable value. The platform will then analyse those groups and identify which have gender pay gaps > 5%.

Apply controls

With a few clicks, PayEQ helps you account for factors (like tenure or location). Then, instantly run a regression analysis to see if the gaps are explained by neutral factors.

Identify what factors impact pay

PayEQ will also tell you which factors really impact differences in pay, so you can comply with employees' rights to have access to the criteria used to determine pay, pay levels, and career progression.

Budget

Syndio can help you make a detailed plan to close pay gaps required by the EU Directive. Test different budgets to see how much you can close your gaps with different levels of investment, and plan for near and longer-term remediation strategies

SYNDIO | PayEQ

Groups

Group by Job Family Group | Comp Annualized (Local)

Gender

Statistically significant gap

3 groups
12% of employees

Approaching significance

2 groups
3% of employees

No significant gap

17 groups
72% of employees

How to read this table

Watch our experts explain XYZ

Apply Controls

Composite Actions

Select

23 total groups

Group	Headcount	(M W)	Avg Comp Men	Avg Comp Women	Pre Comp Gap	Pre Comp Gap %	Post Comp Gap	Post Comp Gap %	Status	Missing Data	VE	Controls	Reviewed
Business Operations	1,234	(123 456)	€123.45K	€89.12K	€20.79K	*15.35%	€12.34K	*7.24%	!	!	82%	3	✓
Technology	1,234	(123 456)	€123.45K	€89.12K	€20.79K	*13.35%	€12.34K	*6.34%	×	!	*100%	7	✓
Engineering	1,234	(12 23)	\$123.45K	€89.12K	€20.79K	*12.35%	€12.34K	*5.34%	×		*34%	2	✓

Use PayEQ to identify gaps of greater than 5% and plan for near- and longer-term remediation strategies

2

Reassess

Repeat your analysis and remediate periodically to continue to close gaps efficiently and before you have to share the results of your analysis publicly.

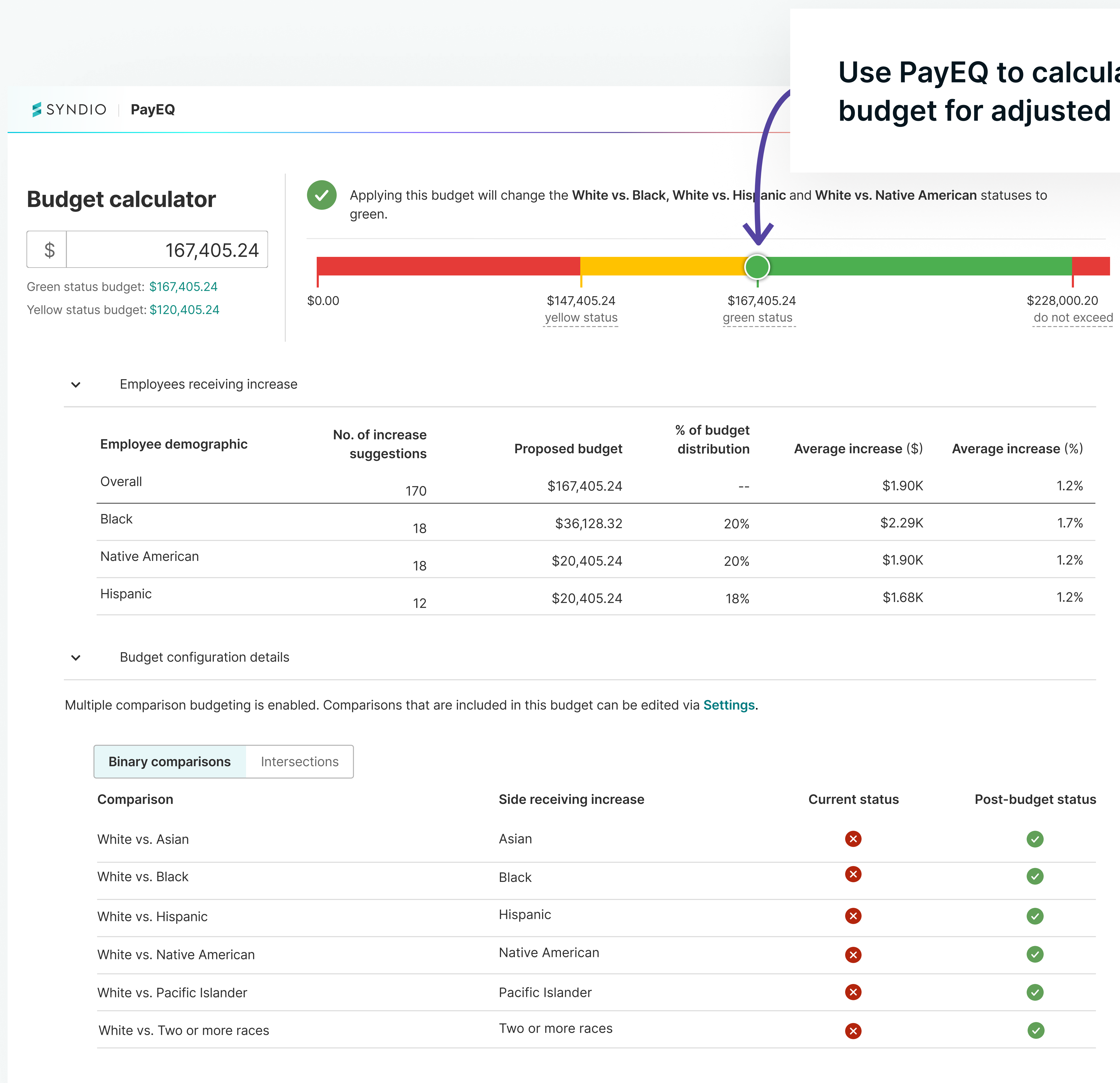
Repeat pay assessment and remediation

Use Syndio to periodically reassess pay equity and remediate gaps that you couldn't close the first time, or that have cropped up or widened since your last analysis. Most Syndio users rerun this process 2-4x/year, which helps them keep gaps at a minimum and communicate progress with internal teams. You can also use Syndio to proactively assess pay changes (like merit adjustments) before rolling them out to help maintain pay equity over time.

Proactively set equitable salaries

Syndio also offers a product called **Pay Finder™** that provides pay recommendations and guidelines to recruiters and hiring teams as they are making pay decisions at hire and promotion or transfer. This helps ensure initial starting salaries and pay changes are equitable, preventing pay gaps from forming in the first place.

Use PayEQ to calculate budget for adjusted pay



3

Communicate

Craft your narrative and prepare to publish your 2026 results in 2027. By now you have made significant progress on gaps and can be confident in releasing results that your employees, candidates, and customers will see.

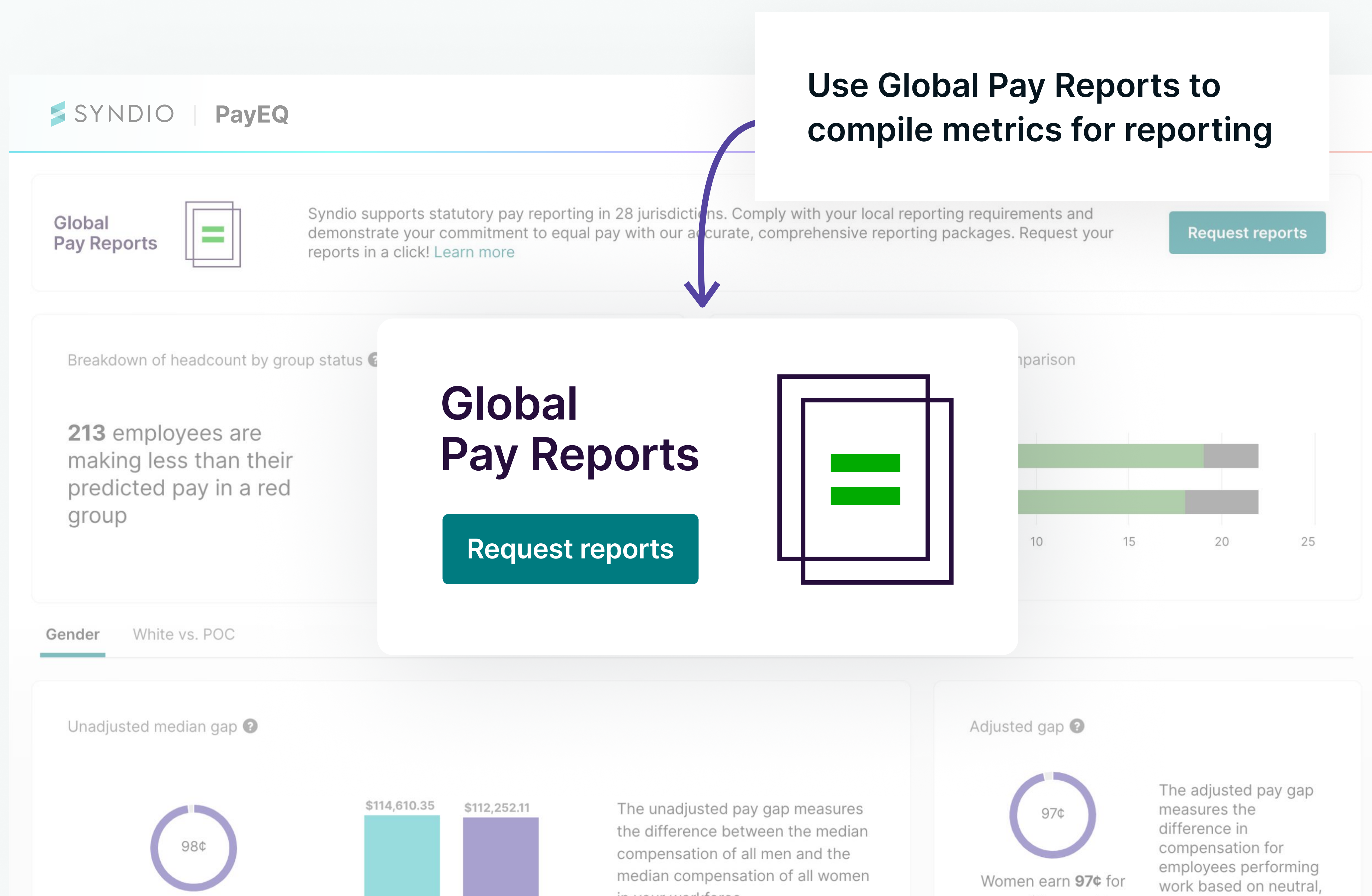
Educate internal teams

Partner with Syndio to develop a communications strategy. This will include educating internal stakeholders, such as managers, on the details of how you grouped employees and the policies that explain differences in pay. Enable them to confidently and accurately answer employee questions about pay ahead of internal or external communications.

Configure final report

Use **Syndio Global Pay Reports** to compile the **gender pay gap metrics you need to report on** and share the results of your analysis. Calculate these well in advance of reporting so you have the time you need to build a narrative around why there are gaps. You can also request reports and receive step-by-step guidance and communications advice.

Make sure you're ready to share additional information with employees that's not included in the report. For example, PayEQ helps you see which gender-neutral criteria are used to define the pay of each employee, so you can make this information accessible, as outlined by the Directive.



Beyond reporting: 3 steps to lay the foundation for a global compensation approach

While the previous pages address the reporting component of the EU Directive, the Directive is of course much broader. In many ways, the EU Directive aligns with the goals of a global compensation framework.

In order to comply with the EU Directive, companies need a consistent and transparent framework for how jobs are valued internally and externally, including:

- A common definition of roles to manage talent, mobility, and rewards
- An internally consistent and transparent view of roles across functions and geographies
- A clear picture of career opportunities

The best approach is to lead, not react to, the Directive. Companies should assess what they have in place — e.g., job architectures, salary structures, pay equity analysis process — that can serve as a foundation from which to build.

1

Assess your current state

Establish a team

Establish a cross-functional team — including HR, Legal, and Leadership — to organise and execute on compliance with the EU Directive.

Assess the impact

Assess what countries are affected by the EU Directive. Syndio can help with our free [Global Pay Reporting Calculator](#).

Inventory data needed

- Develop a data checklist to capture the data required by the EU Directive across Member States, inclusive of “complementary or variable components of pay” and “all remuneration under law, collective agreements or practice”; for example: bonuses, overtime compensation, travel facilities, housing and food allowances, payment for attending training, payments in the case of dismissal, statutory sick pay, statutory required compensation and occupational pensions.
- Understand the systems in which data are stored and the processes for collecting it for purposes of the Directive.
- Determine what other information is available for purposes of:
 - Establishing pay ranges by job
 - Providing career transparency
 - Conducting a pay assessment

Conduct a readiness gap analysis

Capture:

- What data are missing from what is required?
- In what areas do we need assistance from other stakeholders in our organisation?
- What frameworks can we use for purposes of pay ranges by job, career transparency and the pay assessment, and what do we need to establish?

2

Establish a framework and conduct the analysis

Establish a job valuation methodology and evaluate jobs

If you don't already have a job architecture, now is the time to establish your job valuation methodology using objective criteria. Ensure there is a framework for organising jobs by the type of work performed and evaluating the relative internal value of the work, including:

- Objective, gender-neutral criteria used to value jobs (e.g., skills, education/professional and training requirements, effort, responsibility, working conditions)
- Criteria that describe how employees advance to higher levels

Refine or create salary structures

The job architecture provides the framework for aligning with market data; market data can be used to evaluate existing or create new salary ranges for purposes of better pay explainability. To prepare, you should:

- Select a consistent set of benchmark jobs and conduct market analysis across markets (e.g., countries, regions within countries)
- Mix competitive positioning based on business needs (e.g., use of industry and peer group data vs general industry, positioning at 75th vs 50th percentile for critical jobs)
- Implement ranges that are function/job family-focused and no greater than 50% wide are well-positioned for transparency

Conduct the equal pay analysis

Ensure equal pay for work of equal or comparative value by using objective criteria to compare how work is valued (e.g., education, skills, responsibility) to ensure pay is the same. To prepare, you should:

- Organise workers into comparable value groups (jobs with similar skills, effort and responsibilities) and conduct statistical analysis to ensure pay is the same when controlling for differences in objective criteria
- Review programs, policies and practices to ensure they are applied fairly as part of the equal pay analysis

PayEQ® provides the most robust statistical pay equity analysis that can be fully configured to your employee populations, including their locations, organisation by skill, effort and responsibility, and pay elements.

Within **PayEQ**, **Pay Policy Analytics** provides additional in-depth analysis and visualisation of components of your pay programs. In this manner, you can also assess the consistency with which specific factors (e.g., performance, experience) are rewarded across functions, countries, and so on.

Conduct titling analysis

Conduct a titling assessment to:

- Assess job titles across the business
- Identify titles with gender-based language and create new titling alternatives

3

Revise, adjust, and communicate

Revise and adjust

Based on the analyses, create summaries of proposed adjustments and titling revisions for leadership approval:

- Calculate pay gaps
- Determine budgets required for salary adjustments
- Summarise scale and scope of proposed titling changes
- Provide timing and outline changes to processes (as needed)

Organisations may need to engage Works Councils and other stakeholders once leadership has approved. Budgets for changes may also be limited. Organisations will likely have multi-year plans that prioritise incremental changes to meet EU Directive requirements in consideration of budgets, the need for stakeholder buy-in, and the ability to scale the communication and education required for the changes.

Communicate

If establishing a new framework, you will need to document the processes for using the framework to make reward and career decisions, conduct training, and prepare to communicate. This may include:

- Compensation administration guidelines shared with the HR team
- Manager training meetings conducted by HR Business Partners
- Discussion guides for managers to use with employees in 1:1 discussions

With greater transparency, companies want to ensure employees understand **why they pay what they pay**. Syndio can help you establish and implement a **transparency strategy** and has helpful advice for **training managers** in pay transparency.

The EU Directive is Coming

A Communications Playbook To Take Control of Your Workplace Equity Story



Feb 2023

Communicate about pay with confidence

Explore pay real-world pay transparency examples and communications advice.

[GET THE PLAYBOOK](#)

Next steps checklist

1

Ensure equal pay for work of comparable value

- ☐ Organise workers into comparable value groups. Your Syndio team can help
- ☐ Conduct a pay equity analysis between employees performing equal work in Syndio's PayEQ® platform
- ☐ Conduct an analysis comparing pay of employees performing work of comparative or similar work in in Syndio's PayEQ® platform
- ☐ Consider discussing with works council representatives ahead of time to calibrate expectations

2

Prepare for pay and career progression transparency

- ☐ Prepare for salary history bans by evaluating where you are asking about prior pay now so you can begin to remove these questions. Some places to check:
 - ☐ Applications
 - ☐ Phone screen questionnaires
 - ☐ Interview templates
 - ☐ Offer templates
- ☐ Review your job titles and any warehouse of job postings to ensure that all job titles are gender neutral
- ☐ Assess position-in-range for jobs in combination with pay equity (Syndio can help)
- ☐ Review your current job ranges and assess if all employees are within range (Syndio can help here, too!)
- ☐ Consider if you need **narrower ranges that reflect function/job family**
- ☐ Connect function/job family ranges to function/job family frameworks to tell a cohesive career story
- ☐ Assess what you currently provide to employees related to the criteria used to define their pay, pay levels, and and pay progression (You can work with your Syndio team to prepare for what you will need to build)

3

Lay the foundation for complying with employees' right to pay information

- ☐ Analyse pay policies to ensure that they are C.O.F.E. (consistent, objective, fair, and equitable)
- ☐ Establish a system for handling requests and processing information so it is timely, current, and accurate (Syndio can help here, too!)
- ☐ Consider discussing with works council representatives ahead of time to calibrate expectations
- ☐ Conduct a policy review related to:
 - ☐ Anti-retaliation
 - ☐ Confidentiality clause(s)
 - ☐ Limited use of information (regarding employee use of requested information)

4

Get a handle on your pay gaps and communication strategies ahead of public pay reporting

- ☐ Use our free [Global Pay Reporting Calculator](#) to understand where you have reporting obligations, now and with the EU Directive
- ☐ Evaluate whether you should streamline and centralise your global pay reporting obligations, rather than continuing to handled them at the local level (which is difficult to validate)
- ☐ Measure the pay gaps anticipated by the EU Directive now so you can get a baseline
- ☐ Conduct a pay gap analysis with your Syndio team
- ☐ Develop [a communication strategy and plan](#); think about timing and cadence of communications

5

Plan ahead for joint pay assessments

- ☐ Discuss expectations with works councils around review of information and especially cadence/timing
- ☐ Ensure systems are in place now for regular and continuous review

**Don't run out of time to prepare for the EU Directive.
Let Syndio help you get started.**

TALK TO OUR TEAM

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