

Readiness Checklist:

The EU Pay Transparency Directive



Table of contents

Before you start: Identify and involve stakeholders and senior leadership

01	Identify internal stakeholders	Page 05	→
02	Plan/prepare any necessary meetings/activities	Page 05	→
03	Prepare HR for pay transparency requirements	Page 05	→

Determine existing or emerging local regulations related to the Directive

01	Check Directive implementation in your countries of operation	Page 06	→
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Review processes and clearly articulate your current compensation approach

01	Revisit pay philosophy	Page 06	→
02	Ensure pay criteria are gender neutral	Page 07	→
03	Review current employees' compensation	Page 07	→
04	Make corrections as necessary	Page 07	→
05	Proactively run a pay equity analysis	Page 07	→
06	Review current employee contracts	Page 08	→
07	Review hiring process	Page 08	→
08	Determine categories of workers	Page 08	→

Prepare processes for document requests

01	Prepare for information requests from employees	Page 09	→
02	Prepare for document requests from supervisory bodies, unions, and social partners	Page 09	→
03	Accessibility of information	Page 09	→

Orchestrate internal and external reporting

01	Know your requirements	Page 10	→
02	Determine scope of internal reporting	Page 10	→
03	Map up your compensation components	Page 10	→
04	Know your metrics	Page 11	→
05	Pay gap measurement	Page 12	→
06	Assess need for further action	Page 12	→

Plan ongoing reporting

01	Schedule ongoing reporting	Page 12	→
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Introduction

Readiness checklist: The EU Pay Transparency Directive

In 2021, the European Commission proposed a new Pay Transparency Directive to help make sure that workers receive equal pay for work of equal value, regardless of gender. In this effort, the Directive draws inspiration from pay equity legislation introduced around the world in recent years, including public disclosure of pay gaps (**as in the UK**), a focus on employees' pay after return from parental leave (**as in France**), and placing the burden of proof on the employer, not the employee, during pay disputes (**as in the US state of California**).

The EU Pay Transparency Directive came into effect on June 6, 2023, and currently each EU Member State is translating the Directive into national law. The Directive applies to all workers in each EU Member State (extending to the EEA) and reporting requirements are expected to begin in 2026.

This checklist covers the major tasks your organization may need to undertake in order to get ready and be compliant with the Directive.



Here are the six main steps to EU Pay Transparency Directive readiness:

- 01 Identify and involve stakeholders and senior leadership
- 02 Determine existing or emerging local regulations related to the Directive
- 03 Review processes and clearly articulate your current compensation approach
- 04 Prepare processes for document requests
- 05 Orchestrate internal and external reporting
- 06 Plan ongoing reporting

The Timeline:

📅 June 2026

- Transparency on hire
- Pay criteria
- Employee requests

📅 June 2027

- Publish gender pay gaps for entities with 150+ workers
- Remediate pay gaps exceeding 5% that cannot be explained by objective reasons



Before you start: Identify and involve stakeholders and senior leadership

01 Identify internal stakeholders

Considerations

It's important to know who the internal stakeholders are (e.g., management, HR and compensation professionals, other employees) and how each group needs to be informed about their rights and possibly duties. It may be helpful for stakeholders (like HR teams and senior leadership) to read explanatory resources (e.g., our **full guide to the Directive**).

Action item

Identify the stakeholders and how the Directive's requirements affect or concern them.

In short, the key considerations are:

- ✓ Pay ranges in job listings
- ✓ Pay information to employees on request
- ✓ Gender-neutral job/advancement criteria
- ✓ Pay gap below 5%
- ✓ Specific measurement/reporting requirements

02 Plan/prepare any necessary meetings/activities

Considerations

Internal stakeholders (employees) need to be educated about the Directive and its impact. Consider providing regular project updates (e.g., twice a year).

Action item

- Plan and schedule any necessary work groups, meetings, Q&A sessions, and internal education.
- Develop internal communications/educational materials.

03 Prepare HR for pay transparency requirements

Considerations

All job postings will need to include starting pay or pay range. During the interview process, employers will not be allowed to ask candidates about pay history.

Action item

Ensure the HR department has a plan and processes in place for pay transparency compliance.

Determine existing or emerging local regulations related to the Directive

01 Check Directive implementation in your countries of operation

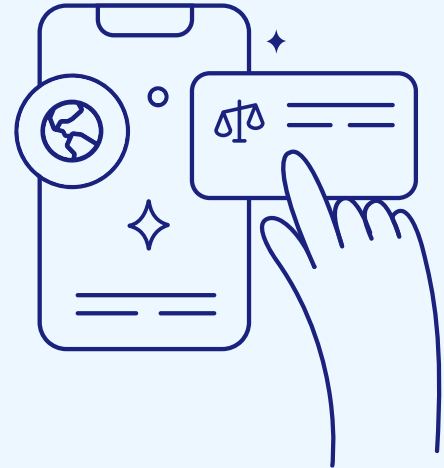
🔍 Considerations

If no guidance has been issued yet for your country, make a plan for regular follow-up.

- Here we continuously track each **EU Member State's transposition activity**.
- Here we regularly update **global pay equity and transparency requirements**.

🎯 Action item

Locate and check the official resources in your country for specific Directive guidance and to see how and where to file reports.



Review processes and clearly articulate your current compensation approach

01 Revisit pay philosophy

🔍 Considerations

You have to be able to answer questions like:

- What are we paying each of our employees and why?
- What factors determine pay?

🎯 Action item

Review your **pay philosophy** to identify the criteria your company uses to determine pay and pay ranges. Be able to clearly articulate the criteria, including what determines an employee's position in range.

02 Ensure pay criteria are gender neutral

Considerations

The criteria that determines pay at your organization cannot be biased. Avoid criteria that may indirectly favor or disadvantage certain groups (e.g., availability for overtime, which might exclude caregivers).

Ensure performance assessments are based on objective, role-specific outcomes rather than subjective opinions or vague qualities like "cultural fit."

Action item

Make sure your organization uses **gender-neutral criteria** to determine pay and pay ranges.

03 Review current employees' compensation

Considerations

Make sure that any gender-neutral criteria is applied in a systematic fashion, not to justify a single employee's salary.

Action item

Review current employees to determine:

- Does everyone fall within the pay range for their role?
 - Does gender-neutral criteria explain their position within their range?
-

04 Make corrections as necessary

Action item

Plan for and initiate corrective action for employees who are below their job role's pay range or who are not being appropriately compensated based on your gender-neutral criteria.

05 Proactively run a pay equity analysis

Considerations

One of the largest regulatory uncertainties is around how Member States will define or allow organizations to define the categories of workers. Use your own internal employee groupings to identify potential trouble spots. This will help you prepare in advance for your compliance deadline.

Action item

Consider doing the following before the Directive is enacted:

- Run a pay equity analysis for each category of workers (or your own employee grouping).
 - Identify trouble spots and communicate potential remediation costs as appropriate.
 - Start planning and/or implementing remediation actions.
-

06 Review current employee contracts

🔍 Considerations

The Directive states that the contracts cannot restrict employees from disclosing information about their pay.

🎯 Action item

Look over all employee contracts to make sure they do not have language that prohibits them from discussing their pay with each other.

07 Review hiring process

🔍 Considerations

Hiring processes have to include pay transparency (pay ranges on job postings, etc.). Job titles and announcements must use gender-neutral language, and processes must be non-discriminatory.

🎯 Action item

Evaluate current recruitment process for any possible discriminatory practices.

Make sure there are processes in place to:

- Determine pay ranges for each open job.
 - Write and post job descriptions that include pay ranges and gender-neutral language.
-

08 Determine categories of workers

🔍 Considerations

EU Member States are expected to issue more specific guidance about how to define worker categories.

🎯 Action item

Determine the categories of workers in your organization. These categories should be:

- Based on employees who are doing the same work or work of equal value.
 - Determined by gender-neutral criteria like skills, effort, responsibility, and working conditions.
-

Prepare processes for document requests

01 Prepare for information requests from employees

🔍 Considerations

Consider adopting an **IT module or an IT system** that automates this process and potentially proactively provides the information to employees.

🎯 Action item

Create capability to respond to employee requests for information about their individual pay level and the average pay levels, broken down by gender, for categories of workers doing the same work that they do, or work of equal value to the work that they do. Inform employees of how they can request this information.

02 Prepare for document requests from supervisory bodies, unions, and social partners

🎯 Action item

Make sure your worker categories, pay ranges, and pay gap measurements are appropriately documented.

03 Accessibility of information

🔍 Considerations

Employers shall provide any information shared with workers or applicants for employment in a format which is accessible to persons with disabilities and which takes into account their particular needs.

🎯 Action item

Make sure the information shared, such as salary information, is in a format accessible to persons with disabilities.

Orchestrate internal and external reporting

01 Know your requirements

Considerations

Refer to the **Directive** and to **national-level guidance**.

Action item

Determine which external reporting requirements apply to your organization given its size and region.

02 Determine scope of internal reporting

Considerations

Which internal stakeholders will you report to, and what documents will you prepare?

Action item

Plan internal reporting steps as appropriate for your organization.

03 Map up your compensation components

Considerations

The Directive consistently refers to total compensation.

Action item

Map up what your different compensation components are and how to value non-monetary compensation.

04 Know your metrics

🔍 Considerations

Covered employers will usually have to report externally on 9 key metrics.

- **Employers with 250+ workers:** annually starting 7 June 2027 (covering the previous calendar year).
- **Employers with 150–249 workers:** every three years starting 7 June 2027 (covering the previous calendar year).
- **Employers with 100–149 workers:** Provide required information every three years starting 7 June 2031

⚙️ Action item

Map up where the necessary data is to calculate the key reporting metrics:

- The gender pay gap.
- The gender pay gap in complementary or variable components.
- The median gender pay gap.
- The median gender pay gap in complementary or variable components.
- The proportion of female and male workers receiving complementary or variable components.
- The proportion of female and male workers in each quartile pay band.
- The gender pay gap between workers by categories of workers broken down by ordinary basic wage or salary and complementary or variable components.

Assign responsibility for the metrics calculations (using available tools or **PayAnalytics by beqom**) and reporting.



05 Pay gap measurement

Considerations

Note that pay gap measurements can account for objective, gender-neutral factors (e.g., experience, performance). These factors should have been identified during the **pay philosophy review**.

Action item

Develop a plan for measuring your pay gaps both overall and by categories of workers. Where is the data? How will the calculation be done? Who is responsible for the analysis?

06 Assess need for further action

Considerations

If any pay gap is **above 5%** within any group of similar workers, after accounting for objective factors, then either (a) the gap must be corrected in 6 months or (b) the company must conduct a joint pay assessment and create a gender action plan.

Action item

Assess which option is most appropriate for your company and the timing of the remediations needed. The data and insights of your **preliminary analysis** will facilitate this process by enabling a progressive approach that highlights the budget and remediation actions needed. Taking a proactive approach early can enable implementation over time taking into account budget restraints.

Plan ongoing reporting

01 Schedule ongoing reporting

Considerations

Annual reports will be required for organizations with 250 or more employees (starting by 2027).

Other organizations with 100 to 249 employees must report every three years. (Beginning by 2027 for those with 150–249 workers and by 2031 for those with 100–149 workers.)

Organizations with fewer than 100 employers may also be required to report under national law.

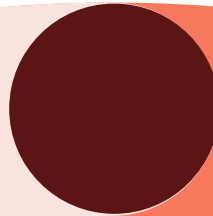
Action item

Schedule future reporting based on your organization's size. Establish reporting responsibilities within your organization.



The EU Pay Transparency Directive outlines two key action areas for employers: pay transparency and pay equity. Many organizations are already starting on this process, and the beqom team encourages this.

Starting now will help you better manage the changes you need to make, gives your team the time they need to review pay structures and remedy any pay gaps, and allows any budgeting changes to be done incrementally. This checklist breaks down the Directive's requirements into tasks and action items that you can use as part of a proactive planning process.



Will your organization be ready for the EU Pay Transparency Directive? Start planning ahead.

Contact Us



PayAnalytics by beqom was created with the goal of closing pay gaps around the world. Our pay equity and workforce analytics software solution gives companies the tools they need to close pay and representation gaps and keep them closed. We're dedicated to helping our clients work towards fair pay and equitable access to opportunity for all employees, irrespective of race, gender, ability, age, or any other characteristics.

Please note that this checklist is intended only as a broad overview of the EU pay transparency requirements and does not constitute legal advice.

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