



The Pay Transparency Directive:

A new era for equal pay



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Intro

The EU's Pay Transparency Directive marks a significant milestone in the quest for a more equal labor market. By introducing new rules on pay transparency, the directive aims to reduce the pay gap between women and men. But what does this actually mean for companies and employees?





Why is salary transparency necessary?

Despite progress in gender equality, significant pay gaps between women and men remain. These differences are due to a combination of factors, such as women and men largely working in different occupations with different pay levels, women's access to higher positions, and women's lower attachment to the labor market due to parental leave, to name a few.

The Pay Transparency Directive highlights these pay gaps and creates the conditions for addressing them.



What does the Pay Transparency Directive entail?

In short, the directive means that companies must be more open about how they set salaries. The aim is to create a more transparent and fair salary-setting process. Some of the most important aspects of the directive are:

- **Salary surveys:** Companies must conduct regular salary surveys to identify any gender pay gaps.
- **Transparency in recruitment:** Companies must be clear about salary ranges and other terms of employment at the recruitment stage.
- **Right to information:** Employees have the right to receive information and insight into the distribution of pay between men and women for equal/equivalent work, information about pay policy, and practices regarding terms of employment. Trade union parties shall also have insight into and cooperate in the work of wage formation.
- **Documentation:** Companies must be able to demonstrate that their pay setting is objective and non-discriminatory. The documentation must be available.



Why is this important for businesses?

For companies, the Pay Transparency Directive can present both challenges and opportunities. On the one hand, it requires a change in working methods and increased administrative requirements. On the other hand, it contributes to a more positive working environment, increased attractiveness as an employer, and reduced risk of legal action. Last but not least, it creates more equal employers!



Benefits for businesses:

- **Improved employer image:** A company that actively works for equal pay is often perceived as more attractive to both current and potential employees.
- **Increased productivity:** Fair and transparent wage formation can contribute to increased motivation and commitment among employees.
- **Reduced risk of discrimination:** By systematically working with pay setting, companies can reduce the risk of unintentional discrimination.
- **Improved recruitment:** Clear pay ranges facilitate the recruitment process and ensure that pay is set objectively.



Benefits for employees:

- **Greater transparency:** Employees gain greater insight into wage setting and wage formation, which contributes to greater transparency and thus probably more equal wages.
- **Fairness:** Everyone should be entitled to a wage that corresponds to the work they perform. Wages should be set on objective and clear grounds.
- **Greater equality:** The directive contributes to a more equal labor market where equal pay for equal work is the starting point. Of course, wages may differ, but wage setting should be objective and gender-neutral.



Please note that...

The implementation of the Pay Transparency Directive may pose some challenges for companies. The directive is about being open about both your job architecture and your pay ranges. You therefore need to be able to stand by and feel confident in how you have evaluated jobs, divided roles into equal and equivalent groups, and how your pay levels look. Keep in mind that job evaluation and salary structure are employer issues and involve having knowledge about how you have set salaries and why. Salary differences should exist; they are part of the structure. But the important thing is that there should be no salary differences based on gender. **Keep in mind that the new directive will not take effect until June 2026, so there is plenty of time to prepare.**

5 level		6 role(s)
	☐	76
	☐	90
	☐	90
	☐	90
	☐	85





Checklist

**In preparation for upcoming salary transparency
requirements
that will take effect in June 2026.**



CHECKLIST

Job architecture & Salary range

A well-developed job architecture with job evaluation for equal and equivalent work, together with a well-thought-out salary structure with clear salary ranges for equivalent jobs, provides excellent conditions for preparing for upcoming salary transparency requirements.

Job evaluation & salary range:

- Review all roles in your organization.
Clean up and streamline roles
- Inform union representatives about the criteria for job evaluation
- Job evaluate all roles with Heartpace job evaluation
- Divide all roles into equivalent groups and create a job hierarchy
- Analyze current salary ranges for roles and equivalence groups. Identify problem areas
- Use market salary data for an external perspective on salary levels ([Here you can read more about Heartpace market salary data.](#))
- Assign desirable salary ranges to all roles/groups
- Establish a process for evaluating new positions

Viktning (%)	30 %	15 %	13 %
Roller	Utbildning	Problemlösning	Communic...
Q Leta på roll	Q Leta	Q Leta	Q Search
Utvecklare 8	5	2	Enter 1-5...
UI/UX designer	2	2	4
Support man... 3	3	5	4
Fotograf 34	2	2	5
Projektleddare 56	4	5	2
CTO 4	5	2	1

Salary:

- Document, make available, and communicate procedures for setting salaries
- Develop a salary policy that meets the requirements of the new directive
- Ensure that performance and salary reviews are conducted objectively and in a gender-neutral manner



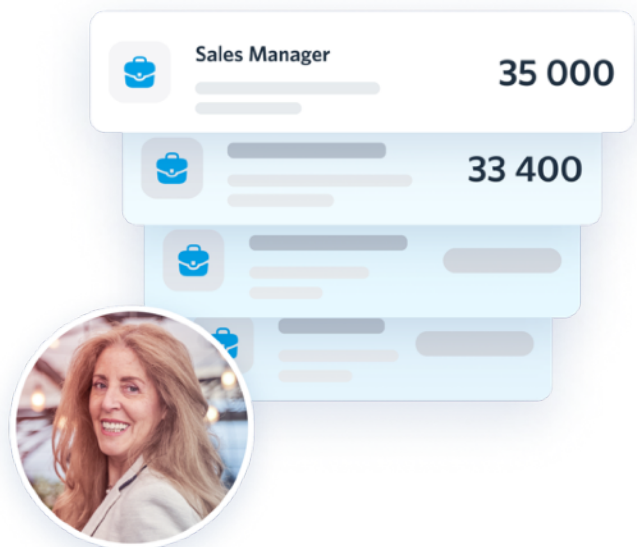
CHECKLIST

Salary survey

Salary surveys are an important tool for identifying any gender pay gaps. Annual salary surveys will continue to be part of the upcoming legislation. By analyzing salary data, companies can identify any unfair pay gaps and take steps to remedy them.

Data collection:

- ☐ Check that you have all the necessary data for a salary survey. [Templates are available in the Heartpace salary survey tool.](#)
- ☐ Remember to include data for employees who have been on parental leave
- ☐ Conduct the salary survey to comply with legal requirements ([Heartpace salary survey](#))
- ☐ Use the system to gain valuable insights into your salary structure
- ☐ Plan cooperation with employee representatives



Survey and measures:

- ☐ Conduct a salary survey to assess gender pay gaps
- ☐ Identify objective and gender-neutral reasons for any pay gaps
- ☐ Develop a plan to address pay differences if there are no objective reasons
- ☐ Identify which roles and equivalence groups have more than a 5% pay difference to the disadvantage of women





CHECKLIST

Salary report

(for companies with more than 100 employees)

Larger companies must go one step further and publish more detailed information about their salaries. This means that companies must be able to report statistics on salaries, benefits, overtime pay, bonuses, and other benefits, broken down by gender and position. The aim is to increase transparency and facilitate national and international comparisons.

Data collection:

- ☐ Check that you have all the necessary data for the salary report
- ☐ The salary report includes more salary concepts than the salary survey: annual and hourly salary, benefits, fixed/variable supplements.

Cooperation:

- ☐ Start involving the unions to build consensus on the new upcoming legal requirements.



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CHECKLIST

Recruitment

To promote equality in the recruitment process, the directive states that companies must communicate salary ranges and relevant employment conditions to potential candidates. This means that candidates should have a clear picture of what they can expect in terms of salary before accepting a job.

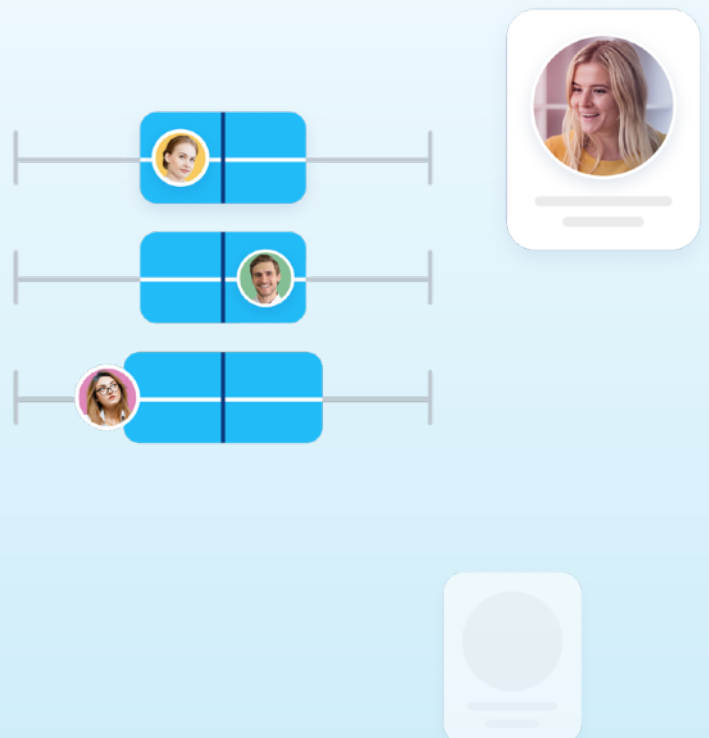
Communication regarding salary and terms of employment:

- ☐ Ensure that you know the salary range for the vacancy BEFORE the recruitment process begins
- ☐ Ensure that any managers involved in setting salaries have the same information
- ☐ Communicate salary ranges and relevant information regarding employment conditions to candidates BEFORE making a job offer
- ☐ DO NOT ask about historical salary during the interview
- ☐ Train managers and recruiters in salary setting



Gender-neutral advertisements:

- ☐ Ensure that job titles and advertisements are written in a gender-neutral manner
- ☐ Consider utilizing "blind hiring," i.e., anonymous resumes ([available in Heartpace Recruiter](#))
- ☐ Include salary ranges in job ads if you really want to be transparent





CHECKLIST

Right to information

The directive gives employees a stronger right to transparency regarding pay levels for equal and equivalent work broken down by gender, as well as how the company works with pay formation. Companies must have procedures in place to handle these requests effectively.

Documentation and communication:

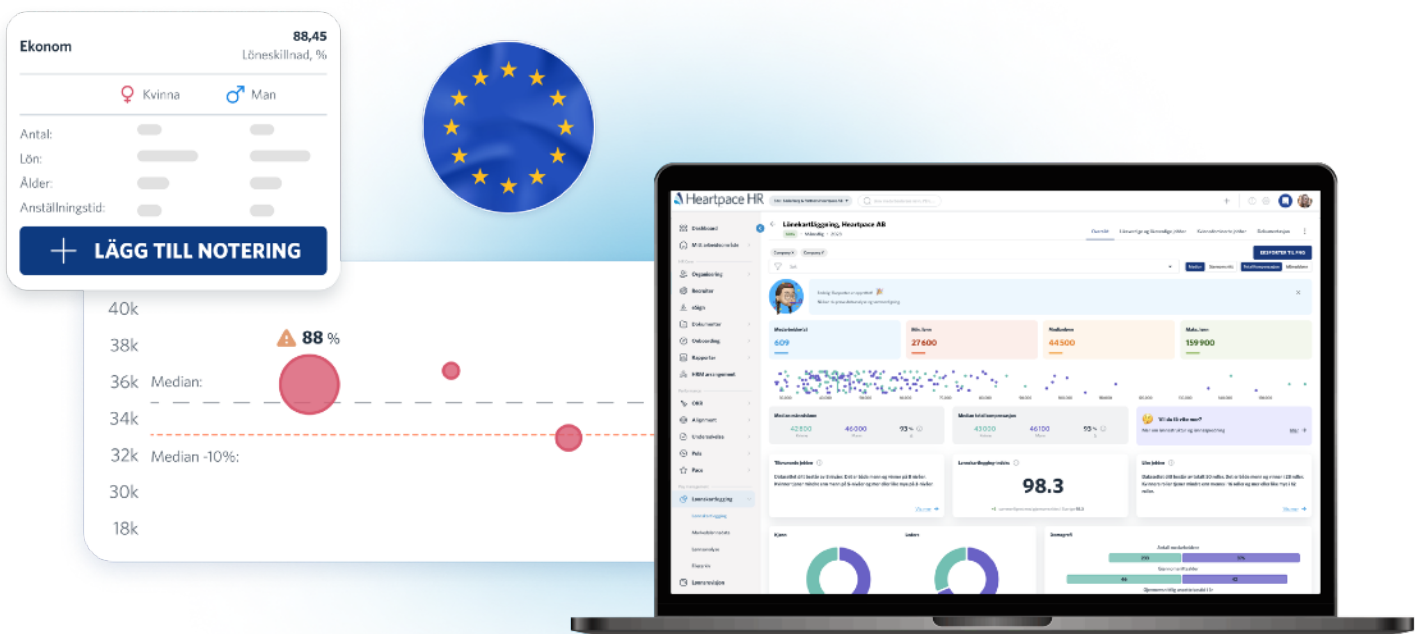
- ☐ Document and communicate procedures and criteria for salary setting and salary development to employees
- ☐ Plan when, where, and how you will inform employees about their right to information
- ☐ Establish procedures for handling employee inquiries
- ☐ Share salary information securely with employees
- ☐ Ensure that information is easily accessible to people with disabilities

In summary, the EU's Pay Transparency Directive requires companies to be more open and transparent when it comes to setting salaries. The aim is to reduce gender pay gaps and ensure that all employees receive fair pay for their work. By complying with the directive, companies can create a more equal workplace and strengthen trust among their employees.



Heartpace: Your partner for salary transparency

Heartpace's solutions for salary mapping, job architecture, recruitment, and HR Core help companies manage salary transparency. Through automated data collection, analysis, and reporting, the platform can identify and address salary differences. It also facilitates a fair recruitment process by automating the communication of salary ranges and employment conditions. Companies can ensure that they meet salary transparency requirements and create a fair workplace.



Would you like more information about how Heartpace can help your business?

Please do not hesitate to contact us for a personalized demo.

BOOK A DEMO

