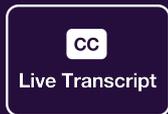




Digging into the New EU Directive on Equal Pay Transparency

We will begin shortly.

This webinar is being recorded and will be shared with all registrants.



We have live transcript enabled for this webinar. If you would like to use this feature, please turn on this setting in your Zoom toolbar now.



AGENDA

- 01 Intro & housekeeping
- 02 EU Directive Overview
- 03 Getting Ready for Change: What's Unexpected, Mindset Shifts, and Creating Your Next Steps Checklist
- 04 Q&A



Speakers



Dr. Zev Eigen

Founder/Chief Data
Science Officer at Syndio



Christine Hendrickson

VP of Strategic
Initiatives at Syndio





Our mission is to build expert-backed technology that helps companies measure, achieve, and sustain workplace equity.



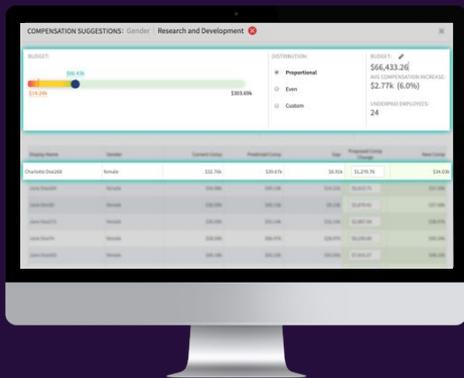
Workplace Equity Platform

Enterprise platform to analyze, resolve, and prevent disparities in pay and opportunities



Expert Support and Consulting

Legal best practices, statistics, reporting, and communications guidance and support



250+ industry leaders trust Syndio
including 30% of Fortune's Most Admired Companies



We're entering the era of transparency around pay and opportunity equity



Employees

sharing pay on LinkedIn, TikTok, RepVue, etc.



Indeed

automatically posts salary ranges if you don't



Companies

like Microsoft are posting ranges for all positions



Lawmakers

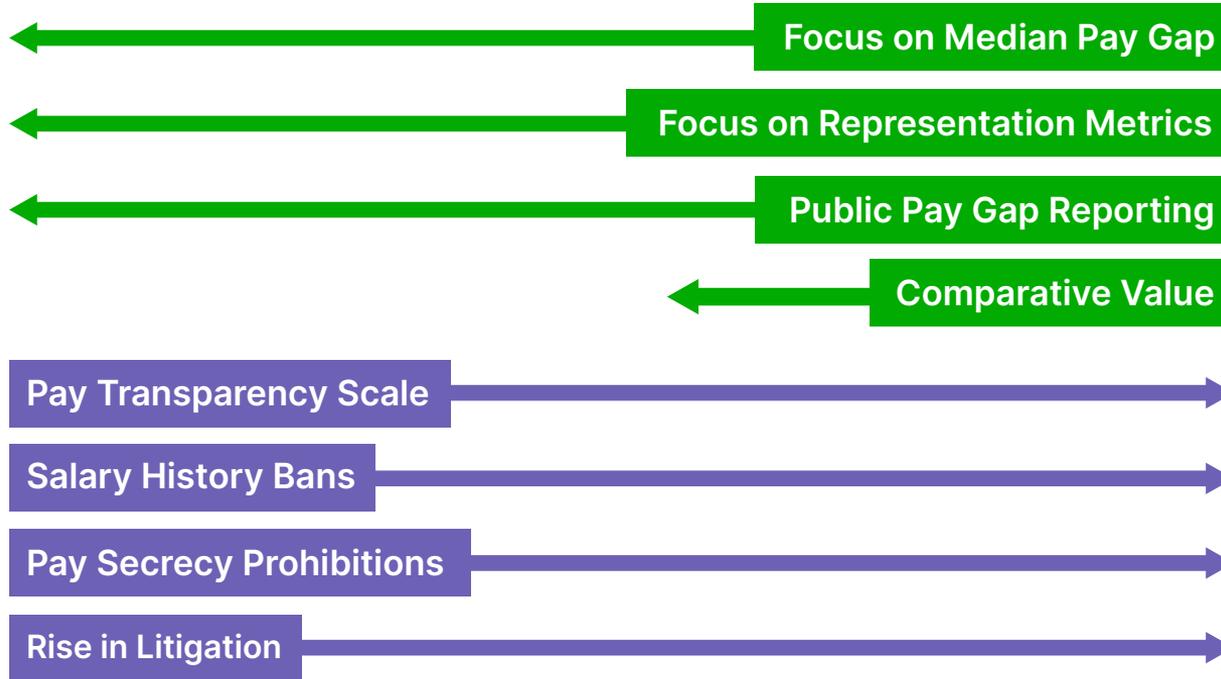
enacting pay range posting legislation



Less than **ONE THIRD** of employees feel that their pay is fair, according to a survey by Gartner, while almost two-thirds think their pay is inequitable and are at higher risk of leaving.



EU Directive is the Epicenter of the Cross-Pollination of Workplace Equity Trends





- On **4 March 2021**, the European Commission presented a proposal on pay transparency to ensure that women and men in the EU get equal pay for equal work.
- On **5 April 2022**, EU Parliament decided by 403 votes in favour, 166 against and 58 abstentions to enter into negotiations with EU governments.
- On **15 December 2022**, the European Parliament and the Council reached an agreement.
- **Next steps**: Now subject to formal approval by the co-legislators. Likely 30 March 2023. Once agreed, the Directive will enter into force 20 days after publication in the Official Journal. Then Member States will then need to transpose the new elements of the Directive into national law within three years.

Men in the European Union earned approximately 13 percent more than women in 2020.”

[EU Monitor](#)



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. Today we are taking another step away from discrimination and one more step closer to equality.”

Commissioner Věra Jourová

Vice-President for Values and Transparency



Key requirements of the EU Directive

01



**Equal Pay
for Work of
Comparative Value**

02



**Pay + Career
Progression
Transparency**

03



**Right to
Information**

04



Pay Reporting

05



**Joint Pay
Assessment**



Equal Pay for Work of Comparable Value

What's Unexpected?

- Must **establish methodology** to compare value of work with objective criteria (e.g., education, skills, responsibility)
 - More guidance coming from Member States
- Comparators need not work for same employer
 - Can even **use a “hypothetical comparator or other [statistical] evidence” if no real-life comparator exists**
- **Penalties** for unequal pay violations

Mindset Shift

- Comparative value focus
- Possible lift and shift of the U.S. litigation-focused approach
 - ◆ Worker can receive compensation, including full recovery of back pay and related bonuses or payments in kind with member states setting specific
 - ◆ Penalties set by Member States
 - ◆ Shift of burden of proof
 - ◆ National courts empowered to order disclosure of confidential information



Equal Pay for Work of Comparable Value

Next Steps Checklist

- Organize workers into comparable value groups
- Take an inventory of policies impacting these groups

Think in Terms of

- Educational, professional and training requirements
- Skills
- Effort & responsibilities; work undertaken
- Nature of tasks involved

Job Title	Educational requirements	Skills	Effort & Responsibilities	Nature of Tasks	Value Group Assignment:
Back End Engineer	Masters	Coding; Python; SQL; some AI	Push and review code in sprints	Deploy models, test them	Group A
Data Scientist	Masters	Python; Statistics; AI; maths	Model development and deployment	Build and test models	Group A
Technical Designer	Uni	Python; Figma; digital design	Turn in design elements in sprints	Designing new features, color schemes, etc.	Group B



Pay and Career Progression Transparency

What's Unexpected?

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

Mindset Shift

- Need for greater pay explainability and opportunity equity transparency
- Open discussions about pay
- Focus on career progression



Pay scale transparency laws

EU Directive sits right on this line

Reactively provided, upon request

Maryland
Cincinnati, Ohio
Toledo, Ohio

Proactively provided during hiring process

Connecticut
Nevada
Rhode Island

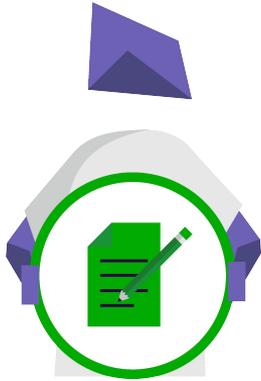
Proactively provided in job posting

California
Colorado
New York State (eff. 9/23)
Washington State
New York City, NY
Ithaca, NY
Westchester County, NY
Jersey City, NJ
...

Get the U.S. Pay Scale Transparency Cheat Sheet at syndio.com/cheatsheet



What we've learned from U.S. pay transparency laws



Applicants will know how you pay roles before applying



Employees will know how you pay for roles



Other employers will know how you pay for roles

All of this calls for greater “pay explainability”



Pay and Career Progression Transparency



Next Steps Checklist

- Assess position in range for jobs in combination with pay equity
- Consider if need narrower ranges that reflect function/job family
- Connect function/job family ranges to function/job family frameworks to tell a cohesive career story

Right to Information

What's Unexpected?

- Employees can **request individual pay level and the average pay level broken down by sex**, for categories of workers doing the same work or work of equal value
 - Must be provided in writing
 - Must inform employees of this right on annual basis
 - Can request through representative or equality body
 - **Applies to all employees**, irrespective of size of company

Mindset Shift

- Less secretive about compensation and comparisons within your organization
- Significant increase in need for consistency of policies and practices
- Decreases room for subjectivity and managerial discretion and autonomy



Right to Information



Next Steps Checklist

- Analyze pay policies to ensure that they are operating **C.O.F.E.** (consistent; objective; fair and equitable)
- Establish system for handling requests and processing information so it is timely, current and accurate
- Consider discussing with Works Council representatives ahead of time to calibrate expectations
- Policy review:
 - Anti-retaliation
 - Confidentiality clause(s)
 - Limited use of information (regarding employee use of requested information)



Public Pay Reporting



What Does the Directive Require

Covered employers* will be required to complete public pay gap reporting on base pay and “any other consideration”

The report will include:

- 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
- The pay gaps between “categories of workers” (i.e., workers performing the same work or work of equal value)

** Initially, employers with at least 250 employees will report every year and employers with between 150 and 249 employees will report every three years. After 5 years, employers with between 100 and 149 employees will also have to report every three years.*



Public Pay Reporting

What's Unexpected?

- Includes **complimentary or variable components of compensation**:
 - Bonus
 - Overtime compensation
 - Travel facilities (car / travel cards)
 - Housing allowances
 - Training compensation
 - **Dismissal payments**
 - **Statutory sick pay**
 - **Statutory required compensation**
 - **Occupational pensions**

Mindset Shift

- Shift from a “*behind closed doors*” model to “*spectator sport*” model
- Shift from “one and (not really) done” to ongoing, “always on”



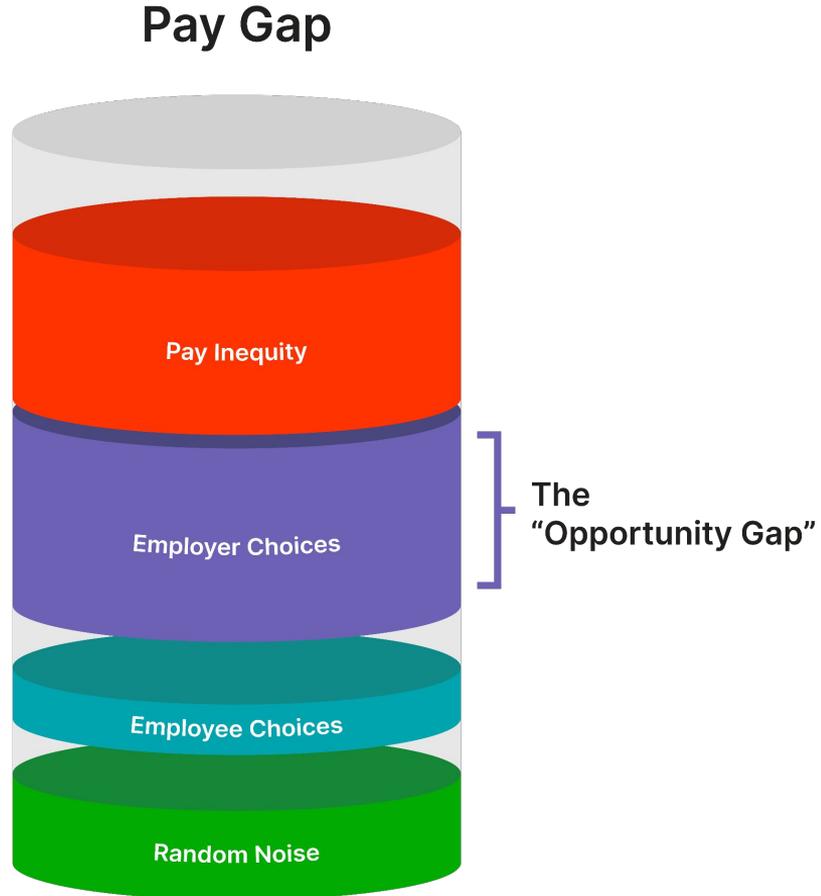
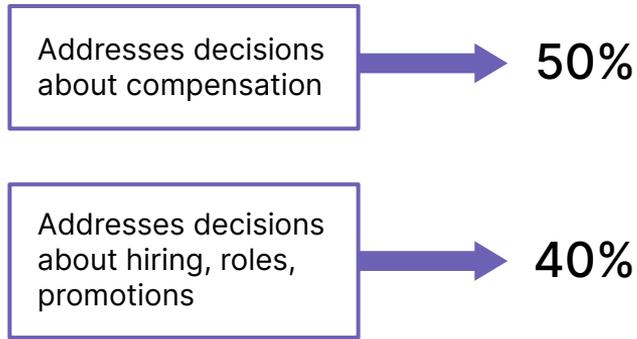
“The publication of this information allows for a certain comparison between employers, which creates incentives for employers to prevent potential pay gaps, stimulates debate around pay equality and triggers action.”

Commissioner Věra Jourová

Vice-President for Values and Transparency



What are the steps to workplace equity?



Public Pay Reporting



Next Steps Checklist

- Measure median pay gaps
- Conduct a pay gap analysis
- Develop a communication strategy and plan; think about timing and cadence of communications



Joint Pay Assessment

What's Unexpected?

- If average **pay gap is at least 5%** (was not lowered to 2.5%, as proposed as part of the negotiations) in any category of workers, which is **not justified by objective and gender-neutral factors**, and if 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, shift to quantitative and objective/ empirical terms.
- Need to systematically evaluate existing policies to ensure that they aren't pushing towards this limit (or the cause of being over this limit)
- Need to empirically vet any new policies; we see this most commonly now with respect to policies about remote work



Joint Pay Assessment



Next Steps Checklist

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



Don't miss our upcoming
webinar and podcast!



Upcoming in-person and
virtual roundtables

Reach out to
charlie.higgins@synd.io
for more details!



synd.io/global-workplace-equity-platform/



Check out the
Syndio podcast

SYNDIO.COM/THE-SHIFT-PODCAST

Q&A





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