



European Pay Equity Regulation 101: How to Prepare for 2023

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 on Equal Pay
Transparency & legal requirements
- 03 How to prepare
- 04 Q&A



Speakers



Zev Eigen

Founder/Chief Data Science
Officer at Syndio



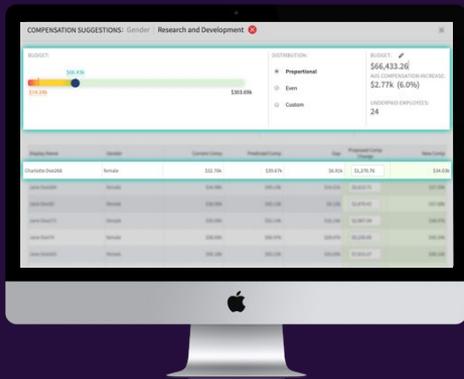
Diana Fayad

Total Rewards Global Executive





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

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



NORDSTROM





Equal work deserves equal pay: this is a founding principle of the European Union.

Solving the injustice of gender pay gap cannot come without change to the structural imbalances in society”

Commissioners Vera Jourová & Helena Dalli



Pressure is coming from every angle



Employees



**Regulators/
Law Makers**



**Peer
Companies**



Investors



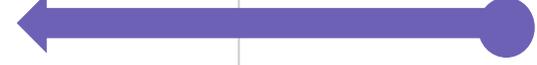
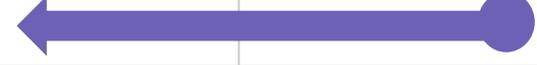
Consumers



**European
Financial
Reporting
Advisory
Group
(EFRAG)**



Global cross-pollination of pay equity trends

	Europe	United States
Focus on Median Pay Gap		
Focus on Representation Metrics		
Public Reporting		
Comparative Value		
Rise in Litigation		
Pay Secrecy Prohibitions		
Salary History Bans		
Pay Scale Transparency		





- 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
- Negotiations ongoing (most recently **6 October 2022**)
- A political priority of President von der Leyen
- Likely **effective in 2024**

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

[EU Monitor](#)



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



01

Equal Pay for Work of Comparable Value

- Must establish tools or methodology to compare value of work with objective criteria
 - E.g., educational, professional and training requirements, skill, effort, and responsibility, work undertaken
- Comparators need not work for same employer, if single source setting criteria (e.g., CBA)
 - Can use statistics if no real-life comparator



Article 4



02

Pay and Career Progression Transparency

- Pay scale disclosure in job posting or at interview
- Salary history ban
- Provide criteria for career progression



Articles 5 & 6



03

Right to Information

- Employees can request individual pay level and on the average pay levels, broken down by sex, for categories of workers doing the same work or work of equal value.
- Must inform employees of this right on annual basis can request through representative or equality body
- Bans pay secrecy confidentiality clauses



Article 7



- Employers with 250+ (may be lowered to 50+) employees must make public pay gap reporting
 - Base pay
 - “Any other consideration”
- Must report
 - Pay level
 - Pay gap (mean)
 - Median pay level
 - Median pay gap
 - Quartile pay gap
 - Gap based on equal pay for equal work (not public)

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.”

Article 8



Pay Equity vs. Pay Gap

Pay Gap

Compares the average pay between all working men and all working women (and other groups)

Median Pay Gap

Compares overall differences in mean or median earnings between two populations

Pay Equity

Compares the pay between men and women (and other groups) doing substantially similar work



05

Joint Pay Assessment

- If average pay gap is at least 5% (may be lowered to 2.5%) in any category, which is not justified by objective and gender-neutral factors, must do a pay assessment in all groups
 - In coordination with works council or representative
- If cannot be justified must take remedial action



Article 9



The EU Directive is Rooted in Existing Laws in Europe and the U.S.

UK Pay Report

- 250+
- Median and Mean Pay Gaps
- Pay Quartiles

Germany

- 200+
- Right to Information

Sweden

- 10+/25+ (additional obligations)
- Equal Pay for Work of Comparative Value

Switzerland

- 100+
- Pay Equity Assessment Required

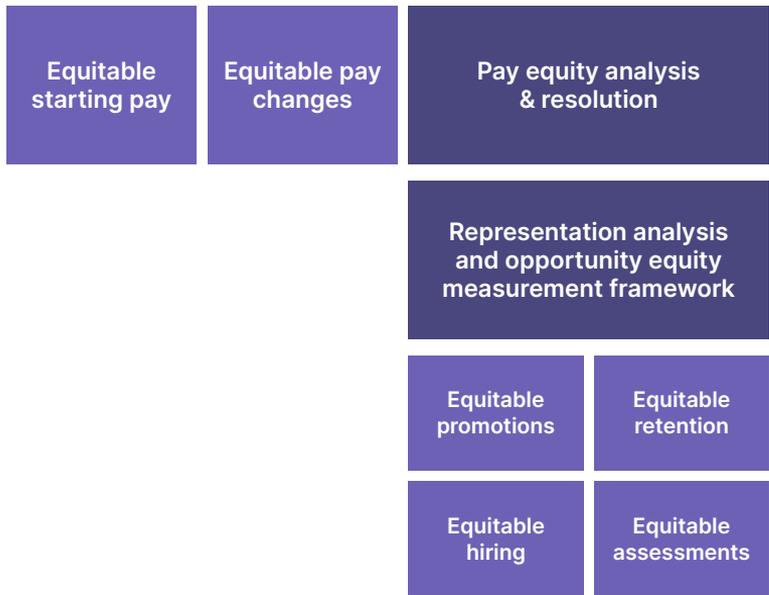
United States

- Pay Secrecy Prohibitions
- Pay Scale Transparency
- Salary History Bans

Get the Global Reporting Cheat Sheet

https://synd.io/blog_post/global-pay-reporting-cheat-sheet/





50%

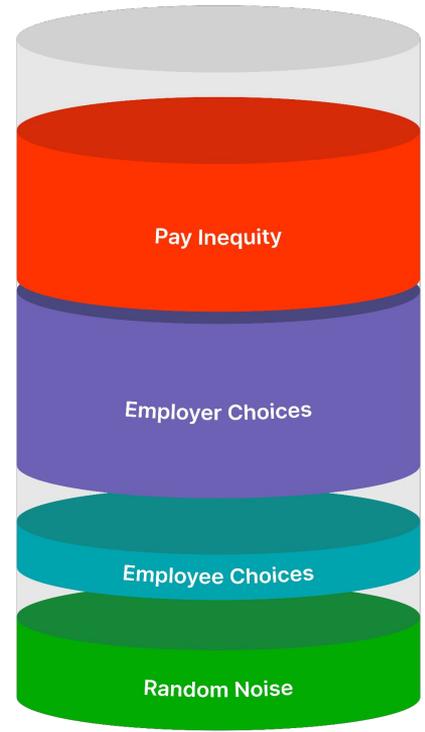


40%

6%

4%

Pay Gap



The "Opportunity Gap"



What are the steps to workplace equity?

Addresses decisions about compensation



50%

Addresses decisions about hiring, roles, promotions



40%

6%

4%

Pay Gap



The "Opportunity Gap"



Now let's talk with Diana Fayad



Action Items

- 1. Adopt a continuous improvement mindset.**
- 2. Demystify pay and simplify.**
- 3. Take a step every day to build a great place to work. Focus on the human framework EVP.**
- 4. Look before you leap (start now; don't wait)**
- 5. Find the right balance for your organization between minimalist compliance and full transparency – evaluate what is the right approach for your org's culture**



Don't miss our upcoming webinar and podcast!

Upcoming in-person and virtual roundtables:

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

Check out the Syndio podcast

SYNDIO.COM/THE-SHIFT-PODCAST



Q&A





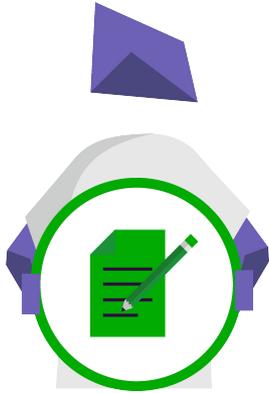
Thank you

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What we've learned from NYC 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



Current state of Syndio's global support

Currently Included Global Support

- **Best practice advice** on running global pay equity analyses, creating meaningful employee groups, applying controls, and taking action on identified insight
- **Domain expertise** from experienced workplace equity professionals for data preparation support and ongoing tailored guidance and advice
- **Preparation of limited number of statutory pay reports** by DE/platform for in-scope locations (counts against the 4, but no charge or package):
 - France
 - Switzerland
 - United Kingdom
 - United States - California and Illinois
- **PayEQ, Pay Policy Analytics, and Pay Gap Insights** empowers our customers to answer questions from employees, investors, and other stakeholders and include additional context in their statutory pay reports. Reporting a median pay gap is one thing – having to explain it is another
- **Pay Equity laws and regulations** tracking and updates we monitor major changes that pertain to global pay equity analyses, plus have a [global “cheat sheet”](#) covering statutory pay reporting obligations in 15 jurisdictions

Currently Excluded Global Support

- **Compliance Reports for statutory pay reporting for out-of-scope countries** such as Germany, Spain, Sweden, etc.
- **Proactive tracking of international regulations** for statutory pay reporting. We track statutory pay reporting in 15 jurisdictions as part of our [global “cheat sheet”](#) but we do not proactively track statutory pay reporting obligations or other workplace equity laws for all countries



What are global organizations doing to address pay and opportunity equity?

Syndio's 2022 Workplace Equity survey showed that 93% of multinational companies conduct analyses in multiple countries, but take a variety of approaches:

- 43% of organizations do analysis in each country
- 24% do a global grouping schema
- 20% do both
- The balance are in the process of expanding from a subset of their population, which includes certain countries and not others, to a global analysis.

"We are leaders in our industry and we want to be leaders in pay equity."

Adam Swanlund
Compensation Manager,
Elevance Health



UK Gender Pay Gap Overview

If you are an employer who has a headcount of 250 or more on your 'snapshot date' you must publish median pay statistics for men and women and a written statement about pay equity policies. Customer's counsel must determine which population and remuneration to include in the calculations.

Requirement	Platform or Domain Expert	Example												
Percentage of men and women in each hourly pay quartile	Platform	<p>EARNING QUARTILES BY GENDER ?</p> <p>Q1: Lowest \$10.03 - \$46.97 Q2: Lower Middle \$46.97 - \$56.99 Q3: Upper Middle \$56.99 - \$65.19 Q4: Highest \$65.19 - \$147.78</p>												
Mean (average) gender pay gap using hourly pay	Platform													
Median gender pay gap using hourly pay	Platform													
Percentage of men and women receiving bonus pay	Domain Expert													
Mean (average) gender pay gap using bonus pay	Platform	<p>MEDIAN PAY ?</p> <p>Women typically earn 98¢ for every \$1 earned by men</p> <p>Men: \$57.47 Women: \$56.43</p>												
Median gender pay gap using bonus pay	Platform													
		<table border="1"> <thead> <tr> <th><input type="checkbox"/> Group</th> <th>Headcount</th> <th>(M W)</th> <th>Avg Comp Men</th> <th>Avg Comp Women</th> <th>Comp Gap (Pre Post)</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Overall</td> <td>4,760</td> <td>(2,801 1,959)</td> <td>\$57.38</td> <td>\$55.82</td> <td>-\$1.56 -\$1.56</td> </tr> </tbody> </table>	<input type="checkbox"/> Group	Headcount	(M W)	Avg Comp Men	Avg Comp Women	Comp Gap (Pre Post)	<input type="checkbox"/> Overall	4,760	(2,801 1,959)	\$57.38	\$55.82	-\$1.56 -\$1.56
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Germany

Employers with 200 or more employees within a business unit must respond to employee requests for information about the criteria for determining the employee's pay as well as information about the base pay plus up to two additional components of pay of comparable employees. Employers of 500 or more employees may but are not required to conduct a review to ensure they are taking measures to ensure pay equity. There is mandatory pay equity reporting for companies regularly employing more than 500 employees if the employer is subject to reporting obligations under the German Commercial Code (Handelsgesetzbuch – HGB).



France Gender Equality Index Overview

The law requires companies with more than 50 employees to calculate their Gender Equality Index. The index can reach a max of 100 points. If companies fail to reach 75 points, fines of up to one per cent of their expenditures on wages can apply.

Requirement	Platform or Domain Expert
Pay gap between men and women (employees' base salary, actual variable pay, and perquisites)	Platform
Salary-increase-rate gap between women and men	Domain Expert
Promotion rate gap between women and men	Domain Expert Coming soon to OppEQ
Percentage of women benefiting from a salary increase in the year following their return from maternity leave	Domain Expert
Number of employees of the under-represented sex amongst the 10 highest paid employees	Platform



Pay scale transparency laws in the U.S.

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 City, NY
Ithaca, NY
Westchester County, NY
Washington State
Jersey City, NJ

... and more on the horizon

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

