The EU Pay Transparency Directive explained: Requirements, timelines, and action steps

Introduction

How organizations across Europe hire, reward, and retain their people is about to change.

Starting in June 2026, the European Union Pay Transparency Directive will require employers to disclose salary ranges, publish gender pay gap figures, and give employees access to gender-based pay comparison data.

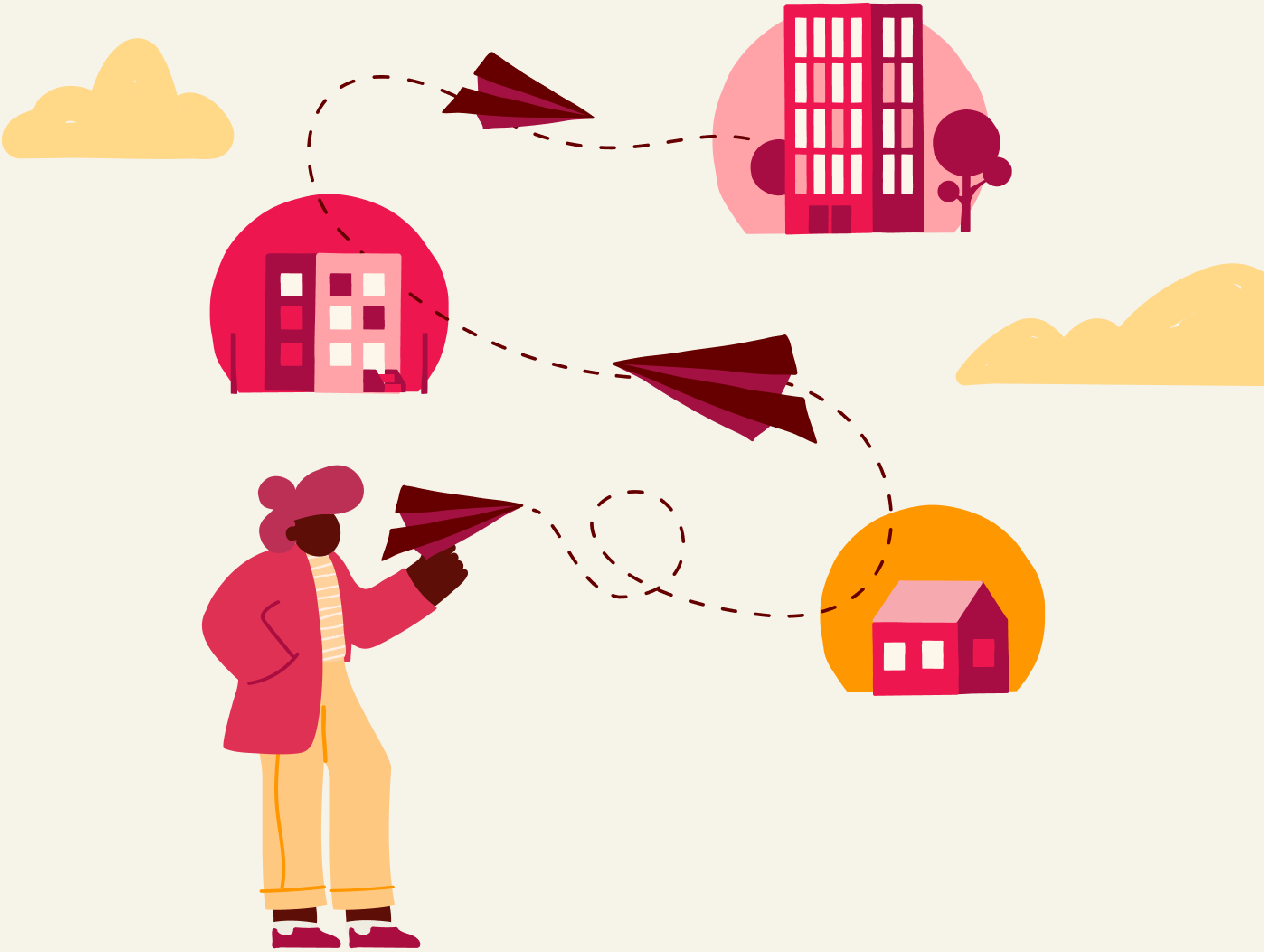
For HR leaders, this is an opportunity to strengthen organizational trust, improve pay equity, and align people strategy with business goals. In this guide, we'll unpack what the Directive covers, how national regulations vary, and the practical steps you can take to be ready on day one.

What is the EU Pay Transparency Directive?

The EU's Pay Transparency Directive is a landmark law to advance pay fairness across Europe.

It aims to close gender pay gaps by making compensation transparent, measurable, and accountable, setting clear requirements for employers across EU Member States.

So, what does this mean in practice for HR teams?
Let's break down the steps to get ready.



Prepare for EU Pay Transparency reporting: A step-by-step guide

HR leaders can facilitate compliance by preparing early and taking a structured approach to the EU Pay Transparency Directive. By implementing a repeatable process, you can support your legal obligations and longer-term people strategy.

These four steps explain what compliance involves, why it matters, and how HR can approach it strategically.

1. Know your obligations

The Directive provides a shared framework for pay transparency, but enforcement and implementation will vary by country.

Understanding exactly which rules apply to your organization, based on your geographic footprint and company size, is the first step toward building a confident compliance strategy.

Start by mapping where your organization operates and the reporting thresholds that apply in each location. Partner with your Legal team and HRBPs to maintain a record of your presence in every country, and track updates to local labor laws.

Assigning clear ownership for each region's compliance approach—and folding it into your annual risk audit—helps you plan ahead and avoid unexpected gaps.

Understand company size thresholds

The Directive ties reporting obligations to company size, with larger organizations facing more frequent reporting requirements. For example, companies with more than 250 employees must report pay gap data annually, while smaller companies may report less often.

Why it matters: Reporting obligations can shift quickly if your workforce grows. If you're close to a threshold in one or more countries, obligations can change sooner than expected—and missing a reporting deadline could leave you out of compliance.

How to get it done strategically: Regularly review your headcount by country, and build workforce growth scenarios into your HR planning so you can anticipate when you'll cross a threshold. Partner with Finance to align budget and workforce projections with compliance milestones so you can stay ahead of new obligations.

How HR tech can help

HR tech can make it easier to know your obligations and operationalize compliance from the start—especially for organizations working across multiple countries.

The right tools can help you:

- **Segment your workforce** by country, legal entity, and team size to clearly see which rules apply where
- **Track employee thresholds** to anticipate when reporting requirements will change
- **Centralize documentation** such as legal definitions, reporting formats, and employment contracts so HR, Legal, and Compliance stay aligned
- **Keep records GDPR-compliant** to protect data accuracy, lawfulness, and security

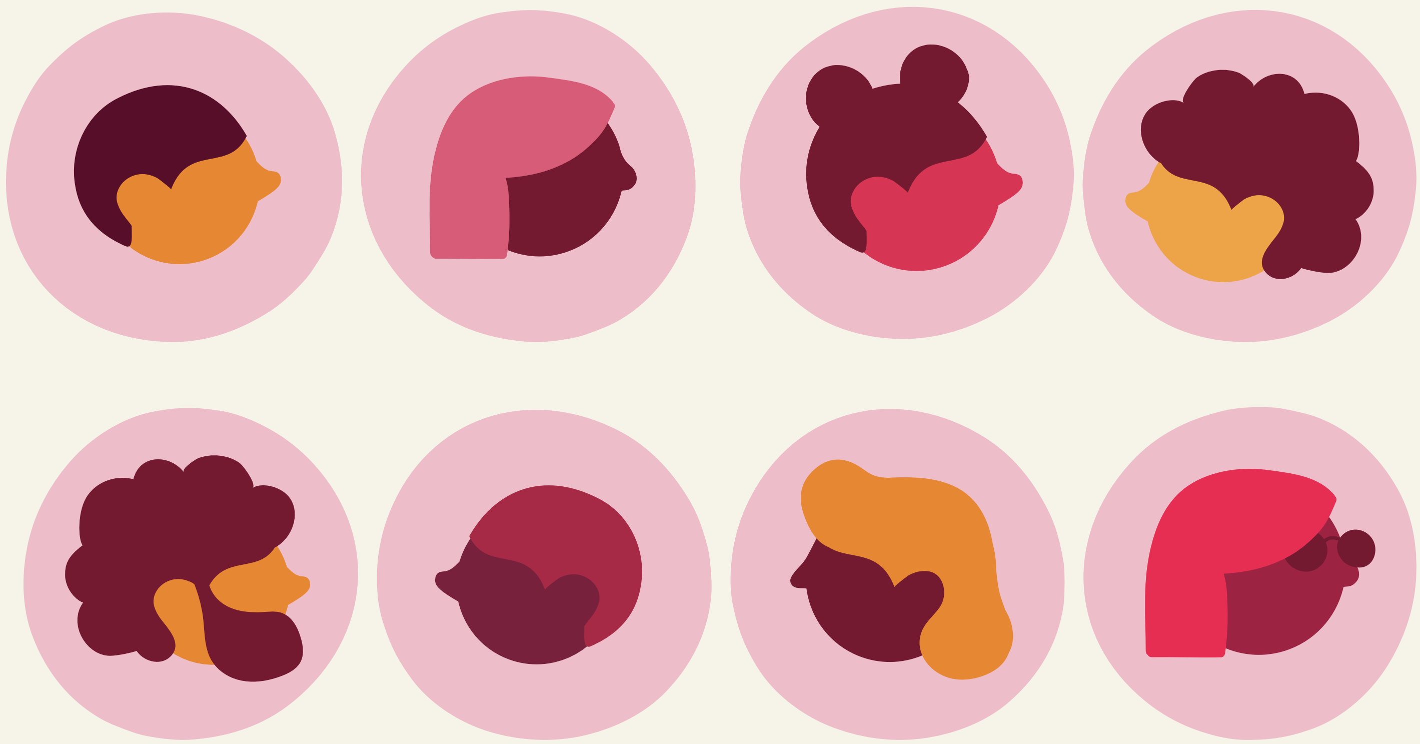
2. Get the right people involved

Pay transparency compliance is a cross-functional effort. When HR, Legal, Finance, and HR Ops work in sync, compliance becomes smoother and a lot more manageable:

- **HR** owns the pay transparency process, from gathering data to leading equity reviews
- **HR Ops** manages the systems, data accuracy, and reporting infrastructure that make compliance possible
- **Legal** interprets local and EU laws, manages risk, and ensures your approach meets all the requirements
- **Finance** ensures accurate compensation reporting and monitors the cost implications of equity adjustments

Why it matters: Misalignment between teams can slow down reporting and leave gaps in your compliance strategy. Clear ownership and collaboration help avoid last-minute scrambles and safeguard against things falling through the cracks.

How to get it done strategically: Schedule recurring cross-functional check-ins well ahead of reporting deadlines. Define clear roles for each team: HR leads the pay transparency process, HR Ops ensures systems and data accuracy, Legal interprets local laws, and Finance tracks cost implications. Use your HR platform as a central hub so all teams can work from the same real-time data and progress updates.



3. Centralize and audit your pay data continuously

Strong data practices mean you're always ready to report—and

better equipped to address issues before they grow. By keeping data accurate, centralized, and up to date, HR leaders can track pay equity trends and take action with confidence.

Why it matters: Annual reporting won't help you course-correct if you're only discovering inequities at the end of the year. Continuous audits give you visibility into trends over time and allow you to act early.

How to get it done strategically: Schedule quarterly pay audits and review results with HR, Legal, and Finance. Maintain current salary bands for every role, track how you're distributing bonuses across your org, and compare findings across departments. Then, use the results to adjust pay policies before compliance or equity issues escalate.

4. Start monitoring now

You don't need to wait for the Directive to take effect in 2026 to build strong compliance habits. Starting early gives you time to uncover inequities, take corrective action, and demonstrate progress before you ever have to file your first official report.

Why it matters: Early action lets you demonstrate progress easily, without having to scramble right before public reports are due. Tracking trends throughout the year shows whether your interventions are making an impact and helps you pinpoint where to focus next. It also strengthens your employer brand by signaling your commitment to equity, which helps attract and retain talent. Being proactive also builds credibility with leadership, employees, and regulators.

How to get it done strategically: Begin with quarterly pay audits to establish a clear baseline and give yourself time to address inequities well before your first official report. Integrate audits into your existing HR cycles, such as annual compensation reviews or performance evaluations. Go beyond one-off snapshots by monitoring results over time, and share progress updates internally to build momentum and accountability.

Of course, preparing at the EU level is only part of the story. Each Member State can apply the Directive in its own way and introduce additional requirements and thresholds for greater transparency and equity.

A country-by-country overview of EU pay transparency laws

The EU Pay Transparency Directive sets a common standard across Member States, but each country is responsible for translating it into national law. Many already have their own requirements in place, and in some cases, they go beyond the Directive.

For HR leaders, compliance means understanding both the EU framework and national laws. Local rules may introduce stricter thresholds, unique reporting formats, different enforcement mechanisms, or use unique publication channels.

Missing these differences, even unintentionally, can expose your organization to compliance risk and reputational damage. That's why it's critical to maintain a clear record of each country's requirements, update it regularly as laws evolve, and partner with Legal and local HRBPs to ensure ownership and accountability across regions.

Here's a closer look at how some countries are shaping pay transparency today:

- **France** already has a gender equality index law, which requires annual reporting from employers with 50 or more employees. Discussions are currently underway around implementing the Directive, set to be enacted in December 2025.
- **Germany's** Transparency in Wage Structures Act currently requires organizations with 200 or more team members to provide professionals with pay data upon request. Thresholds may be lowered and additional requirements may be included in line with the Directive.
- **The Netherlands** will introduce the Directive's requirements by amending three current acts (the Equal Treatment Act for Men and Women, Works Council Act, and Allocation of Labour by Intermediaries Act).

- **Belgium** has already implemented parts of the Directive for the public sector and the French community and may add more reporting and monitoring requirements.
- **Denmark** already requires employers with 35 or more team members to share pay statistics. This may change when the EU Pay Transparency Directive is implemented.
- **Norway** (EEA) already mandates pay transparency for organizations with at least 50 people to report every two years through its Equality and Anti-Discrimination Act. It will amend its legislation to align with the Directive.
- **Finland** will require organizations with at least 100 team members to carry out pay gap reporting and ensure job ads are gender-neutral, in alignment with its current legislation.
- **Sweden** already requires annual pay surveys for companies with a minimum of 10 people on staff, which may continue once the Directive is implemented.
- **Spain** already mandates gender pay registers and equality plans for organizations of 50 people or more. However, it is currently uncertain whether these requirements will change once the Directive is implemented.

While national laws add important details, it's the Directive itself that sets the baseline every organization in any EU Member State needs to follow. Let's break down the core requirements you'll need to keep in mind.

Key elements and requirements of the Directive

The Directive spells out exactly what organizations need to do to comply when hiring and once people are on the team.

Let's take a look at some of its key requirements:

Pay transparency before hiring

The Directive sets the tone for fairness, starting at the job search stage. It requires organizations to:

- **Disclose salary ranges up front**. Every job posting needs to show either the starting salary or the pay range for the role.
- **Avoid salary history questions**. Employers can't ask candidates what they earned in the past. Offers must be based on the role and clear, gender-neutral criteria, not someone's previous pay.

Pay transparency during employment

Once someone joins your team, the Directive gives them clear rights to see and question how their pay is set with:

- **The right to information**. Any team member can request their own pay level and the average pay level (broken down by gender) for people doing the same work or work of equal value.
- **Clear pay-setting criteria**. Pay progression policies must be transparent, easy to find, and based on objective factors like skills, effort, responsibility, and working conditions.
- **Freedom to discuss pay**. Employers can no longer prohibit people from sharing their pay information with others.

Gender pay gap reporting

The Directive requires organizations in EU Member States with 100 or more people to provide regular reports on gender pay gaps. How often you report depends on your company's size:

- **100–149 people:** every three years (five years after the Directive takes effect)
- **150–249 people:** every three years
- **250+ people:** every year

Reports must include:

- Overall and median gender pay gaps
- Gaps in variable pay
- Pay distribution across quartiles
- The proportion of women and men receiving variable pay or pay raises after parental leave

Enforcement and how to stay compliant

If your reported figures show a gender pay gap of five percent or more in any employee category—and you can't explain it with clear, gender-neutral factors—you'll need to either close the gap within six months or conduct a joint pay assessment with employee representatives.

The burden of proof here is on the employer. If you haven't met your transparency obligations, you'll need to prove you haven't discriminated.

Consequences of non-compliance include:

- **Compensation for pay discrimination**. People can claim full back pay, bonuses, and benefits they were denied.
- **Penalties**. Member States will set sanctions and fines for non-compliance.

Meeting these requirements starts with having the right data in place.

Key metrics and KPIs to track for compliance

Pay transparency works best when it's measurable. Tracking the right metrics helps you comply with the EU Pay Transparency Directive and gives you the actionable insights you need to improve fairness, strengthen your people strategy, and demonstrate your commitment to equity.

Core pay transparency metrics

These are the foundation of your compliance reporting, helping you spot clear equity gaps within your organization. They're the numbers regulators and leadership will expect you to monitor on a regular basis:

- **The gender pay gap**. This is the average pay difference between men and women across your organization.
- **Equal pay for equal work**. This metric digs deeper and compares pay for people in the same or equivalent roles.
- **Pay level comparison by role and gender**. This measurement provides a role-by-role view of how compensation is distributed between men and women.

Advanced metrics to strengthen compliance and equity

Looking beyond the core numbers gives you a fuller picture of pay fairness and can help highlight the underlying causes of inequity. Tracking these metrics helps you build stronger frameworks for long-term equity and accountability:

- **Bonus distribution** looks at how variable pay—such as bonuses, incentives, and commissions—is awarded across gender lines.

- **Compensation bands** track how people are positioned within their pay ranges. If certain groups consistently cluster at the lower end of their bands, that's a signal to investigate and address possible bias in pay progression.
- **Career progression and promotion stats** measure how opportunities for advancement are shared across your workforce.

For HR leaders, these metrics aren't just numbers for regulators. They're tools to unlock trust, performance, and long-term business value.

The benefits of pay transparency for businesses

The EU Pay Transparency Directive gives you the framework to make fairness measurable, but the benefits go far beyond meeting legal requirements. Done well, pay transparency can strengthen culture, sharpen your competitive edge, and help you deliver on people and business goals, because it helps:

- **Drive performance.** When people know that pay is determined by clear, objective criteria, they're more motivated to deliver their best work. Transparency shows people that effort, skills, and contributions are valued and rewarded fairly. Sharing salary ranges publicly also highlights your commitment to fairness and helps attract top talent who value equity in the workplace.
- **Reduce risk and stay audit-ready**. Documented, gender-neutral pay decisions make it easier to defend against potential legal claims and respond quickly to audits. Proactively showing fairness as an integral part of your culture also helps protect your employer brand and reduce the reputational damage that can come from negative press.
- **Turn transparency into DE&I progress**. Making pay data visible creates accountability. When gaps are visible, they demand action, giving HR the insights into data and credibility to push for real structural equity, not just aspirational statements. Over time, consistent transparency helps build a workplace where DE&I goals translate into measurable progress.
- **Build investor trust through ESG reporting**. More investors are scrutinizing labor practices as part of ESG assessments. Clear, consistent pay data demonstrates that you're managing people and culture risk responsibly while building confidence among shareholders, analysts, and other stakeholders who care about long-term value in the business.

How HR can drive pay transparency

HR plays a central role in helping people across the organization understand and practice pay fairness. With the right framework and tools, HR can weave transparency into everyday operations and workflows, making it part of the culture and not just a compliance task.

Build a culture of transparency

Pay transparency starts with trust. When organizations are open about how pay works, people feel more comfortable raising questions and having honest conversations. Normalizing discussions about compensation helps turn a potentially sensitive topic into an opportunity for clarity and connection.

Establish internal equity frameworks

Strong internal equity frameworks make fair pay sustainable and consistent over time. Market benchmarking and structured pay bands enable HR and Finance to set clear salary ranges that keep compensation competitive and equitable across similar roles.

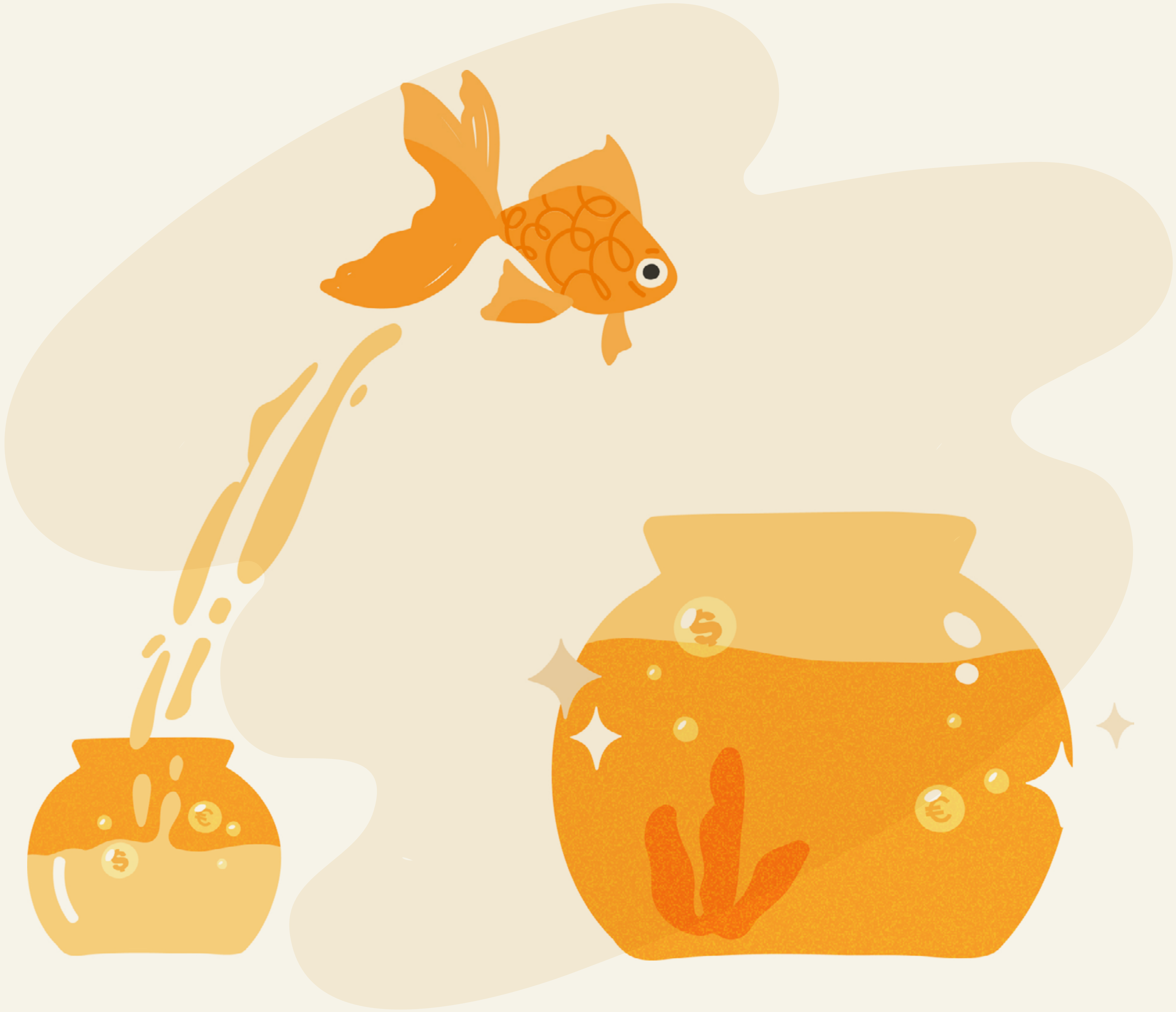
Regular audits for bias across roles, levels, and departments add another layer of accountability and can help you spot and address disparities early, before they grow.

Leverage HR tech for transparency at scale

Technology makes it easier to embed transparency into daily operations without adding to the administrative burden.

Automated tracking keeps pay data current and accurate, while configurable salary band visibility ensures the right people see the right information. And real-time analytics can highlight pay gaps, reveal their causes, and guide targeted action—turning transparency from a once-a-year compliance task into a continuous driver of improvement.

With HR leading the way, organizations can move from planning to action. The next step is aligning leaders across the business to turn transparency into strategy.



Next steps for HR and business leaders

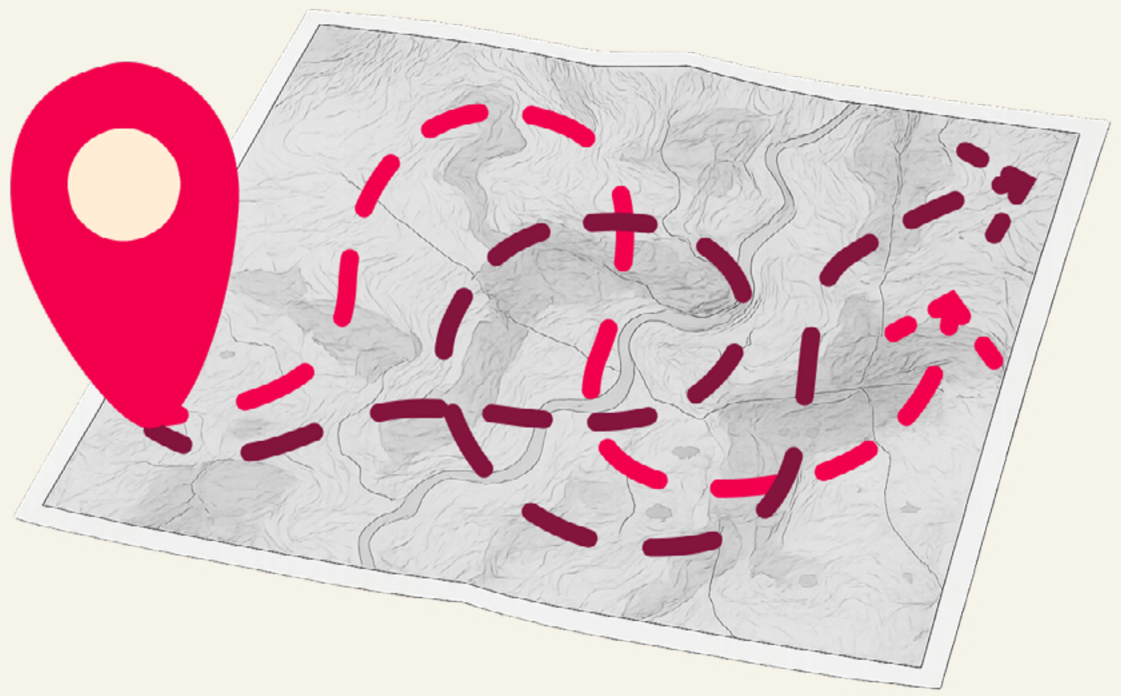
The EU Pay Transparency Directive is more than a compliance requirement. It's a chance to rethink how fairness and transparency shape your culture and business strategy.

By weaving equity into your values, compensation philosophy, and employer brand, you can build deeper trust with your people while strengthening your reputation in the market. Benchmarking against your industry, addressing gaps early, and promoting your commitment to pay equity also sharpen your competitiveness and help attract and keep top talent.

Transparency matters outside the organization, too. Integrating pay equity reporting into ESG and governance disclosures demonstrates to investors and stakeholders that you manage people and culture risk responsibly.

Ultimately, meeting the Directive isn't just about compliance. It's about using pay data strategically, encouraging cross-functional collaboration, and making pay transparency a cornerstone of your culture.

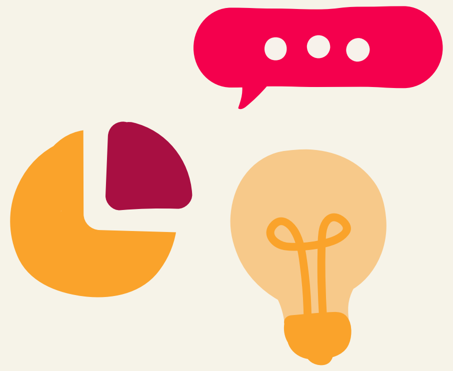
Organizations that act early won't just be ready for the Directive when it goes into effect. They'll be stronger, more resilient, and better equipped to lead with fairness in the future of work.



Meet Bob

At HiBob, we've built a modern HR platform designed for modern business needs—today and beyond.

We focused on building something that is robust yet intuitive and easy-to-use, which has led Bob to be the platform of choice for thousands of fast-growing modern, mid-sized organizations.



For managers

It provides access to data and insights to help them lead more effectively and streamline processes.

For HR

It delivers automation of many common processes, allows greater oversight and visibility of the business, and centralizes all people data in a secure, user-friendly environment.

For employees

It's the tools and information they need to connect, develop, and grow throughout their journey.

In a short time, Bob can be deployed to enable communication, collaboration, and connectivity that drives stronger engagement, productivity, and business outcomes.

Now is the time to make smarter decisions when it comes to your people and organization

To learn more about HiBob and our data-driven tools, get in touch with us at contact@hibob.com

SCHEDULE A DEMO

HiBob
hibob.com

NEW YORK
275 7th Ave,
New York,
NY 10001

AMSTERDAM
Vijzelstraat 68,
1017 HL Amsterdam
Netherlands

TEL AVIV
Derech Menachem
Begin 148
Tel Aviv-Jaffa

LISBON
Avenida Liberdade
36, Piso 7, 1250-147
Lisboa, Portugal

BERLIN
HiBob GmbH
Karl-Liebknecht-Str.
29A, 10178 Berlin

SYDNEY
Redlich, Level 65 19
Martin Place Sydney
NSW 2000

LONDON
Space House, 1 Kemble
St, London WC2B 4AN,
United Kingdom