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EU Pay Transparency Pulse Report

What multinational employers are prioritizing
as implementation begins

By Wenchao Dong and Lily Lopate



CHRO's EU Pay Transparency Series

The EU Pay Transparency Directive, passed in 2023, aims to close the gender pay gap and enforce the principle of equal pay for equal work. EU countries were required to implement the directive by June 7, 2026, but only four countries (Italy, Slovakia, Malta, and Lithuania) have [met the deadline](#) and formally transposed.

All other countries in the EU are differing in their approaches, proceeding with [slow implementation](#), resistance, and high uncertainty. Denmark, France, Belgium, Germany, the Netherlands, Poland, and likely Greece are expected to transpose by the end of 2026. Sweden and Estonia are pushing back on aspects of the directive, while Spain has made limited progress.

To help members navigate the complex compliance landscape, the CHRO Association convened an [EU Pay Transparency Virtual Masterclass Series](#) alongside small roundtable discussions this year.

We hope these insights can help inform your next steps and provide an overview of how multinationals are responding so far.

12.7%

Approximate pay gap in Europe between men and women
—[EuroSalary.eu, April 7, 2026](#)

What the Directive Requires

The EU Pay Transparency Directive gives workers and job seekers the right to pay information and requires employers to show that people doing equal work are paid equally, regardless of gender.

- **Pay transparency for job seekers.** Employers must share the starting salary or pay range in the job posting or before the interview and may not ask candidates about their pay history.
- **Right to pay information.** Employees can request their own pay level and the average pay levels, broken down by sex, for workers doing the same work or work of equal value.
- **Gender pay gap reporting.** Employers with at least 100 employees must report the pay gap between female and male workers on a timeline set by headcount.
- **Joint pay assessment.** If a report shows an unexplained gap of at least 5% in a worker category that is not justified and not remedied within six months, the employer must run a joint pay assessment with worker representatives.
- **Stronger enforcement.** Workers who face pay discrimination can claim compensation, including back pay. The burden of proof shifts to the employer.

Headcount	First report due	Frequency
250 or more	June 7, 2027	Annually
150 to 249	June 7, 2027	Every three years
100 to 149	June 7, 2031	Every three years
Fewer than 100	Not required under the directive	Member state law may vary

Source: [Directive \(EU\) 2023/970, European Commission](#)

Actions Employers Should Take: A Readiness Checklist

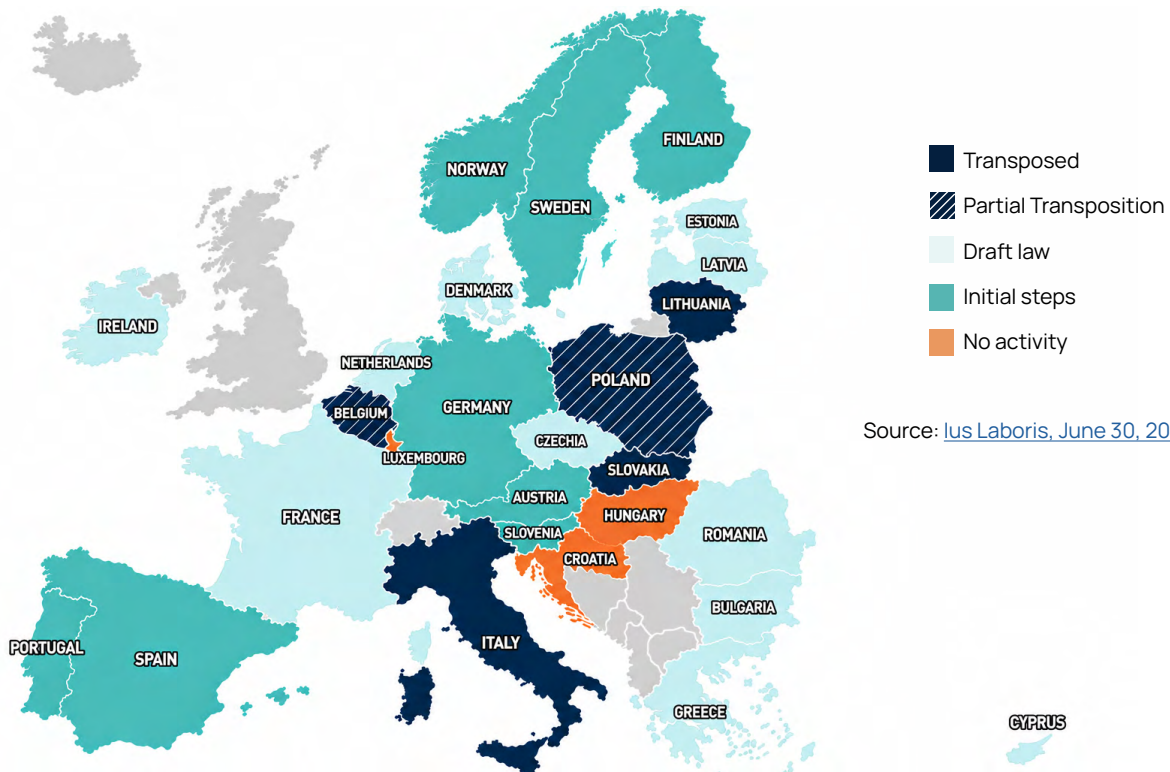
Status	Priority	Action	Owner
<input type="checkbox"/>	Urgent	Map your EU workforce to worker categories using skills, effort, responsibility, and working conditions. Check if you have existing categories with any Collective Bargaining Agreements (CBAs).	Compensation/ HR Analytics/ Labor Relations
<input type="checkbox"/>	Urgent	Run pay gap analytics by worker category and by gender. Know your 5% exposure areas now.	Compensation/ HR Analytics
<input type="checkbox"/>	Urgent	Confirm your job architecture and leveling is gender-neutral and objective, and document the rationale.	Compensation + Legal
<input type="checkbox"/>	Immediate	Begin educating your EU works council and worker reps on your pay architecture, informally, before any gap is triggered.	Labor Relations
<input type="checkbox"/>	Immediate	Review how pay is defined in each country where you operate since Italy, France, and others differ.	Legal/Comp
<input type="checkbox"/>	Immediate	Track how other countries are progressing and stay informed about regulatory updates.	Legal/Comp
<input type="checkbox"/>	By end Q4 2026	If you operate in countries without works councils or unions, assess whether consultation infrastructure is needed.	Labor Relations/ Legal
<input type="checkbox"/>	By end Q4 2026	Ensure your 2026 pay data is clean, structured, and complete. This is the data that will feed 2027 reporting.	HR Systems/ Analytics
<input type="checkbox"/>	Before end Q4 2026	Develop employee communication templates for handling right-to-information requests and other questions regarding pay transparency.	HR/Legal/ Employee Relations
<input type="checkbox"/>	Ongoing	Monitor national transposition developments, especially decrees and secondary legislation in France and Italy.	Legal

A Patchwork Response to the Directive

The slow pace of implementation reflects the complexity of the directive itself. Member states are attempting to translate a highly detailed and prescriptive framework into national law while balancing the interests of employers, trade unions, workers, and regulators. As a result, progress is uneven.

Countries Implementing EU Pay Transparency Directive (2023/970)

As of June 30, 2026



Source: [Ius Laboris, June 30, 2026](#)

[Sweden](#), [Austria](#), and [Estonia](#) have spoken out against the law directly, saying it's "cheaper to pay fines than take on the EU directive red tape." While member states are ultimately expected to transpose, delays can carry consequences. The EU has issued significant fines to several countries before for different directives:

- [Germany](#) received a €34 million fee for late transposition of the whistleblower directive.
- [Spain](#) was ordered to pay a €15 million lump sum plus a daily penalty of €89,000 for failure to transpose a data protection directive.
- [Ireland](#) has also faced fines up to €11 million for failed compliance.

The Commission is starting infringement proceedings, but any fines countries may ultimately have to pay are likely years away. Still, the risk remains.

Practical Challenges on the Ground

Peer discussions have surfaced practical challenges, and these are some actions to consider.

1

Worker Categories Are the Hardest to Define

Our members say defining worker categories is the most difficult part of this directive, and if employers get this step wrong, it will skew the rest of your data. Worker categories refer to any workers at the same pay and level (not employment status; i.e., full-time or part-time). The challenge is not only applying the [recommended criteria](#) of skills, effort, responsibility, and working conditions, it is operationalizing them across existing job architectures, countries, and compensation structures.

Actions to consider:

- Your existing job architecture (including external systems like Mercer IPE or WTW GGS) can work—but document clearly why your groupings are gender-neutral and how you made them.
- Pressure-test it. Employers should determine whether current job grades, leveling structures, and evaluation systems can support worker categories with potential external challenges.
- Write and file a short gender-neutral justification for every category now, so you can defend it.
- Document the decision-making process. Employers should be prepared to explain their worker categories, why certain jobs were grouped together, and how pay decisions were made.
- Brief your executives now on what's coming. Walk them through the category options, the likely gap exposure, and the remediation cost, and get provisional sign-off.



2

Some Data Exceeds 5% Gender Pay Gap

In one employer discussion, approximately 90% of participants reported using external providers to audit compensation data. Many are finding that their data far exceeds the directive's 5% threshold (and it could be women are paid more than men).

To address this, employers will need to document an objective, gender-neutral reason for every gap above 5% before reporting, such as differences in seniority, performance, or location, and keep the supporting data. If a gap has no defensible reason, treat it as a remediation cost and close it through your next pay cycle rather than trying to explain it after the fact.

Employers will need to communicate pay gaps internally and should expect that employees will seek out pay information. HR leaders should prepare now and establish a consistent process.

Actions to consider:

- Audit compensation data now and model potential pay outcomes.
- Create short justifications per category now: the factors behind the gap, the evidence, and a remediation plan for what is left unexplained. This can be your base narrative with stakeholders.
- Fund the gap as a control failure. Make the case to your CFO and board that weak pay systems are a compliance and reputational risk, and fix accordingly.

“Employers will need to document an objective, gender-neutral reason for every gap above 5% before reporting, such as differences in seniority, performance, or location.”





3

Some Systems Are Not Robust Enough to Handle This Reporting

For multinational employers, preparing this data is exposing deeper issues. The question is becoming less “Are we prepared to report?” and more “Do we have sufficiently robust systems and governance to support reporting and potential scrutiny?”

Actions to consider:

- Create a cross-functional team across HR, Legal, Finance, Communications, Investor Relations, and IT, with one project lead to coordinate timelines, decisions, and execution.
- Set your operating model. Decide whether pay data lives centrally or by region, and name one source of truth so every market reports from the same foundation.

“Treat pay data as an enterprise capability, not a reporting task. Audit your pay, gender, full-time equivalent, and job codes across systems. Apply this transparency to your payroll vendor so you can pull data regularly.”

- Treat pay data as an enterprise capability, not a reporting task. Audit your pay, gender, full-time equivalent (FTE), and job codes across systems. Apply this transparency to your payroll vendor for a longer-term fix so you can pull data regularly, not just once.
- If internal systems cannot handle this volume, consider pay equity analytics platforms and hiring external reward and HR consultancies for data support.
- Keep a decision log so governance is built in. This will also serve as your audit trail.

4

Multiple Legal Entities Blur Reporting Rules

Multinationals may run several legal employers in one country, each potentially facing separate reporting, works council consultation, and pay assessments. Matrixed organizations add another layer.

Actions to consider:

- Assign one person to each legal entity and have that person coordinate with in-house counsel.
- Flag any headcount shifts during 2026 as that could impact reporting obligations in 2027.



5

Pay Ranges in Job Ads Remains Unclear

The requirement to disclose pay ranges in job advertisements drew strong reactions, especially in markets where pay has been treated as private. Ranges that are too wide lose meaning. Ranges that are too narrow limit hiring flexibility.

Actions to consider:

- Set a company standard for salary ranges that balances talent attraction, internal equity, and existing pay bands.
- Check each market's rule before posting, since some mandate ranges and others do not, and let the strictest one set your default.
- Brief recruiters on what to disclose and remind them the pay-history ban applies regardless.

6

Agency and Temporary Workers Fall in a Gray Zone

Agency and temporary workers remain an area of uncertainty. The directive provides limited guidance on how pay transparency should be allocated between staffing agencies and client companies.

Actions to consider:

- Count your agency and temporary workers by country and flag where the obligation is unsettled.
- List in your agency contracts who reports, who holds the data, and who answers pay requests.
- Confirm the split with local counsel and revisit it as the rules firm up.

7

Timing Talks with Worker Council Reps Is Tricky

Most employers say they plan to delay pay transparency talks with their worker council representatives. But timing remains a critical factor. Raising this too early can create expectations the employer cannot yet meet, while raising this too late can sour the relationship once formal consultation begins.

Only a select few are engaging in talks now, such as Germany, Italy, and the Netherlands.



Actions to consider:

- Get your own house in order first. Have your worker categories, data, and rationale ready before you sit down, so you lead the conversation rather than react to it.
- Evaluate your relationship with worker representatives in different countries. Identify countries where workers don't have representation.
- Confirm whether your national law requires you to act "in cooperation with" or "in agreement with" representatives. Let that trigger date inform your timing.

What This Means for U.S.-Based CHROs

For CHROs at U.S.-headquartered multinationals, the directive reaches well beyond European operations because many global HR frameworks are built from a U.S. perspective.

- **The directive raises the global baseline for pay transparency.** U.S. states are already passing their own pay range disclosure laws, and the directive adds momentum to the same trend.
- **The data infrastructure required,** meaning clean, consistent, auditable pay data across countries, may have to

be built at the global level. That requires work across HR, Finance, IT, and Legal.

- **Joint pay assessments** introduce external scrutiny into pay decisions at a level that is unusual in the U.S. Even in the EU, where wages are often negotiated or consulted with unions through collective bargaining, creating a formal role for worker representatives in pay equity is new. It is also unclear if employers should engage representatives proactively or wait until contacted.

Questions to Ask and Who to Direct Them To

Here are the critical questions you should be asking at each step.

Worker categories Qs → Direct to local employment counsel for what the law requires, your internal working group for design, and works council or union reps for directive mandates.

- How do we define “categories of workers performing equal work or work of equal value,” and which grouping is most defensible?
- Do we apply one categorization method across the EU or let it vary by national transposition, and what do we lose either way?
- How granular can categories be with small populations?

- Where does our existing global job architecture fail the directive’s four factors of skills, effort, responsibility, and working conditions?
- When must categories be locked so they hold for the June 2027 report built on 2026 data?

The 5% gap and joint assessment Qs → Direct to external pay equity providers and your internal Reward and Labor Relations team.

- In each market, is the 5% gap measured on the mean or the median, and does it apply per category or across the entity?
- How many of our categories would trigger a joint pay assessment with representatives?
- What counts as “objective, gender-neutral” justification under each national law?
- If a gap is unjustified, what is the six-month remediation clock and the cost of closing it?



Data and analysis Qs → Direct to external pay equity providers and your internal Reward team.

- Which gaps can we justify, which must we remediate, and what is the remediation bill?
- How do existing pay equity analyses fit into the framework?
- How and when do we share findings internally without creating legal or morale risk?
- Which gaps can we justify, which must we remediate, and what is the remediation bill?

Employee representatives Qs → Direct to local employment counsel and confirm country-specific requirements. Then, engage works council or unions on timing, process, and expectations.

- Where does the law require employee representative involvement?
- What is the goal of these conversations, and what are we prepared to concede?
- Do any existing CBAs include worker categories or pay-related requirements?

Governance Qs → Direct to your internal cross-functional working group across HR, Legal, Finance, HRIS, Communications, and Labor Relations.

- Who owns this end to end, and do they have authority across HR, Legal, Finance, and IT?
- Are our systems strong enough to withstand a regulator, a works council, or an NGO?
- What will this cost, and have we resourced it?
- How do we make this a repeatable annual capability rather than a one-time scramble?
- Can we defend our stories to an investor or a key external stakeholder?

Manager readiness Qs → Direct to internal Legal and Employee Relations, working with HR and Reward teams.

- How should managers respond to employee pay questions?
- What training and tools do managers need, and by when?
- Who is accountable if a manager mishandles a pay conversation?

What Comes Next

Overall, employers are acting from a place of pragmatism over urgency. Frustrations around a clear EU framework persist, but multinational employers are moving ahead by investing in organizing their data and governance structures. All other decisions that require EU-wide guidance are being deferred.

The CHRO Association will host our remaining sessions of the EU Pay Transparency Virtual Masterclass Series. Insights are shared without attribution to individual participants or organizations.

Please join our upcoming sessions:

- Session 5: Performance, Contribution, and Benefits (July 15, 2026) [REGISTER](#)
- Session 6: The Future of Global Pay Equity and Transparency (September 16, 2026) [REGISTER](#)

A formal white paper with all key findings and recommendations will follow the six-part series.

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