



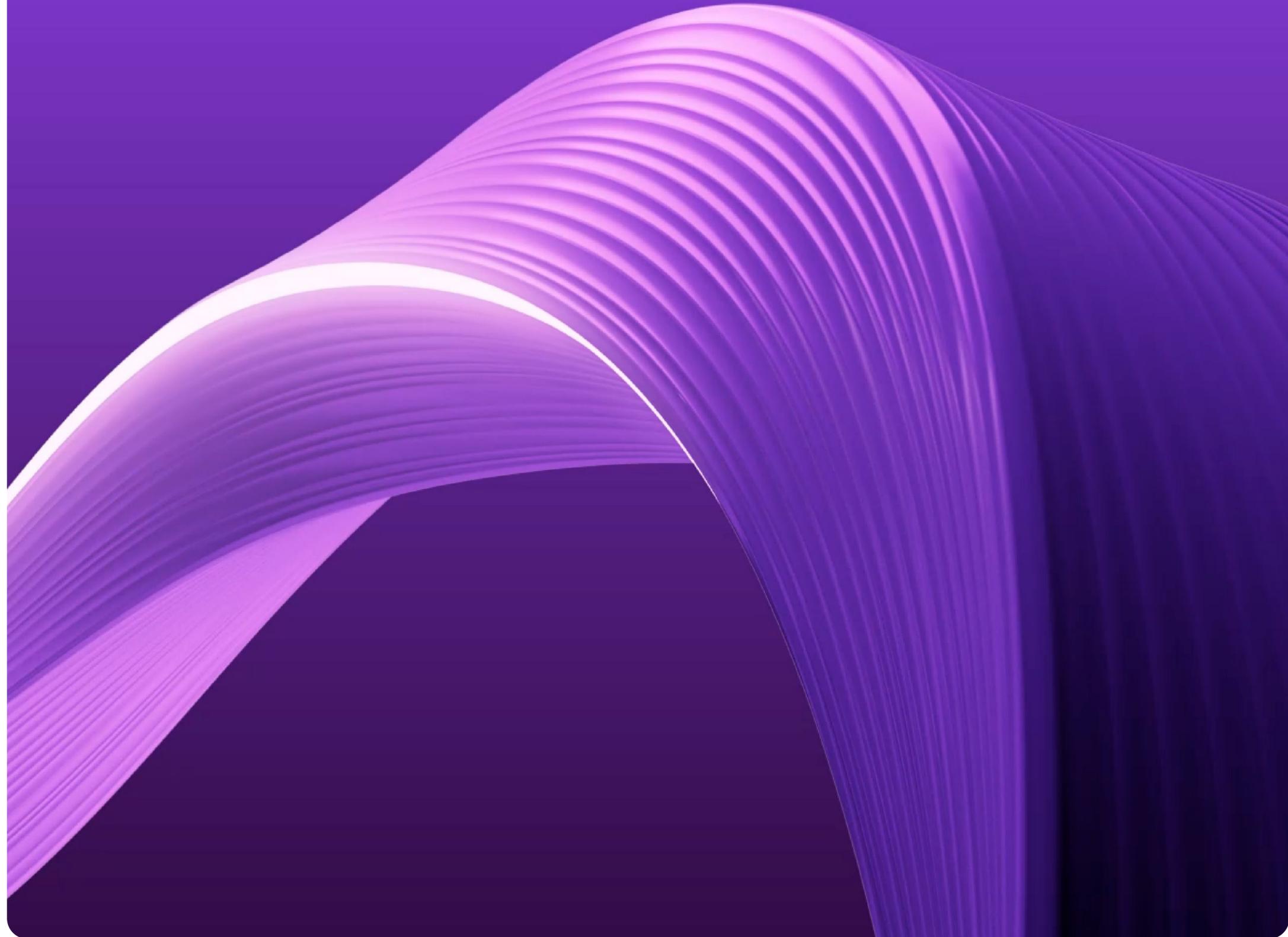
Pay transparency – from future vision to business requirement

– a guide to using fair pay as a strategic advantage



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A new chapter for the labor market

In June 2026, the EU Pay Transparency Directive will enter into force. This is not just another regulatory change – it is one of the most significant labor market shifts in decades, and many HR departments are now busy preparing their organizations for its implementation.

Have you done the work required to make your entire organization ready for the upcoming demands? Do you have a clear plan for managing and sharing your information properly? If the answer is no, you are (unfortunately) not alone. According to our latest survey, only half of employers are ready for the EU Pay Transparency Directive, while 44% say they are not yet ready but do have a defined plan.

50%

of employers are ready for the EU Pay Transparency Directive.

The directive not only imposes obligations on companies but also serves as a broader mechanism to ensure that we act fairly on a societal level. Failing to prepare for the directive can lead to fines and penalties and may also affect recruitment efforts and employer branding in the long term. In fact, younger generations already expect transparency, even though it is not yet legally required. Some candidates won't even apply if salary or salary ranges are not provided in the job posting.

Not being ready for the EU Pay Transparency Directive can therefore become a costly matter in multiple ways. So, the question is not whether you should implement pay transparency – but how.



44% say they are not ready but have a defined plan.

This guide provides you with:

-  Background on why the directive was introduced.
-  A clear overview of what applies in the Nordic countries.
-  Insights from our latest survey regarding expectations and requirements around pay transparency.
-  Risks and opportunities for employers.
-  How Benifex can help you both comply with the law and gain competitive advantages.

A directive for fairness



Directive background

The directive aims to tackle workplace discrimination and reduce the gender pay gap—a significant societal issue today. On average, the gap in the EU currently stands at 13%, a figure that has remained unchanged over the past decade. In Norway and Denmark, the pay gap is around 12%, in Finland 16%, in Sweden around 10% and in Iceland around 9%.

Pay inequality affects employees throughout their careers and into retirement, making women particularly vulnerable to financial difficulties and poverty in old age. The pension gap between women and men is around 30% in the EU—the exact figure applies to Sweden, while it is slightly lower in Denmark (17%) and Finland (20%). No data could be retrieved for Iceland and Norway.

Lack of pay transparency has been identified as one of the main barriers to closing the gender pay gap. EU Parliamentarian Kira Marie Peter-Hansen, one of the main negotiators behind the directive, argues that if used correctly, the directive can become a catalyst for real change. And since pay differences still exist—and tend to have life-changing consequences for women into retirement—real change is what our labor market needs.

Pay gap

The average pay gap in the EU is 13%.

13%

12%

Denmark
and Norway

16%

Finland

10%

Sweden

9%

Iceland

Pension gap

The pension gap in the EU is 30%.

30%

EU pay transparency directive

Effective date: June 2026.

Applies to: all companies operating within the EU, including international companies with operations in the EU (e.g., US-based companies with offices in Europe).

Gender pay gap: must not exceed 5%.

EU agrees on change

In 2021, a sudden consensus emerged in Brussels that the gender pay gap issue would not resolve itself. The #MeToo movement a few years earlier had opened up new ways to discuss power structures, the COVID-19 pandemic exposed inequalities in healthcare and other female-dominated professions, and a new generation with completely different expectations for transparency and fairness began entering the labor market.

Public opinion on the matter had clearly shifted, increasing political support for reform. These circumstances paved the way for the European Parliament to approve the new Pay Transparency Directive in 2023. What we are seeing is a development in which pay issues are no longer viewed solely as an internal HR concern but as a reflection of broader societal opinion.

The Pay Transparency Directive requires us to document our data and actually examine it. As Kira Marie Peter-Hansen emphasized at our Future of HR event in Stockholm in May 2025:

– If we are against this, what are we really protecting? Probably our pay gaps—and thus the injustices they represent.

2021



2021 The Council of the European Union agrees that the pay gap must be addressed.

2023

2023 The European Parliament votes through the new Pay Transparency Directive.

Expert perspective

“If we are against this, what are we really protecting? Probably our pay gaps—and thus the injustices they represent”

Kira Marie Peter-Hansen
EU Parliamentarian



How the directive is intended to promote transparency

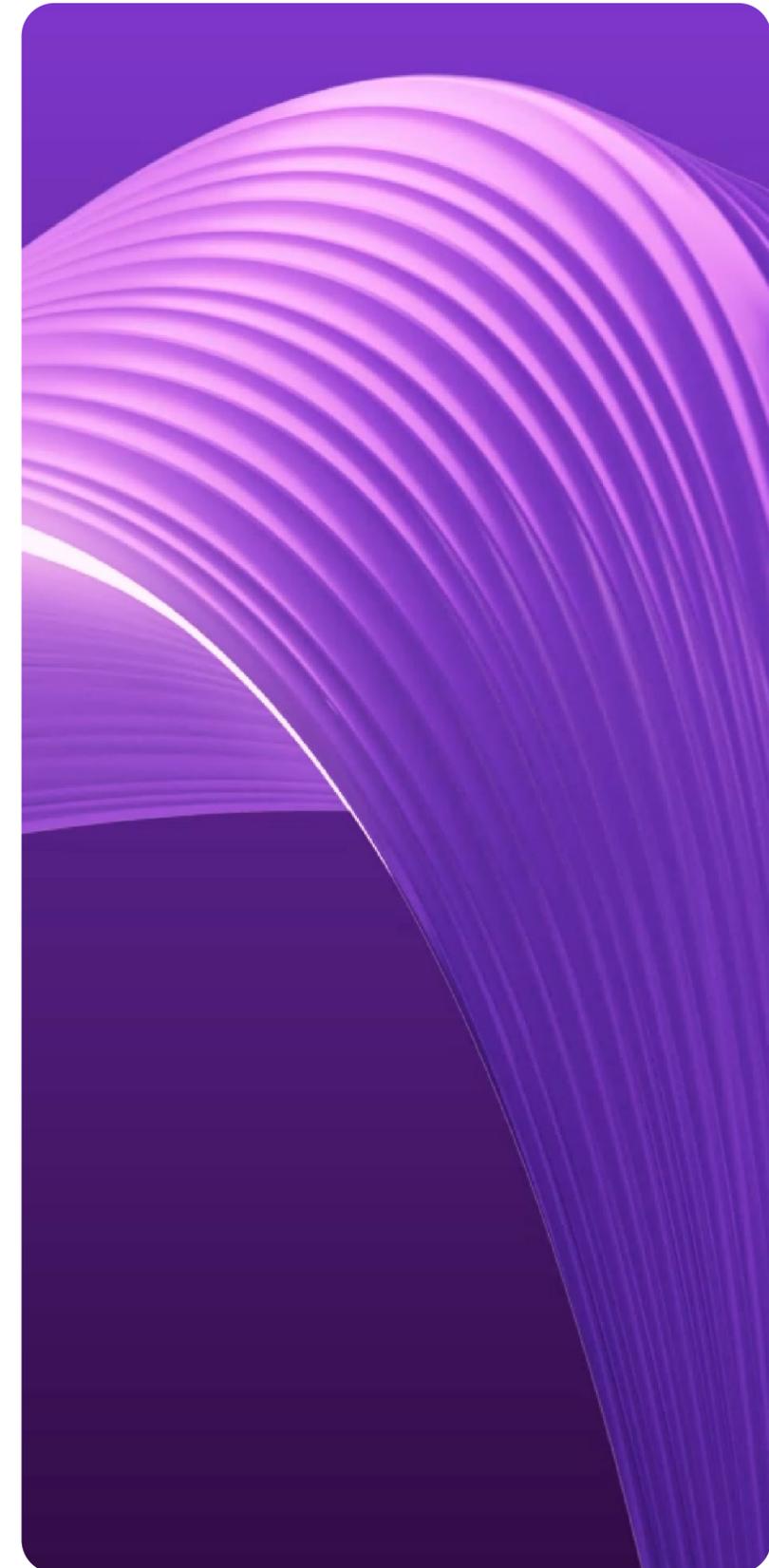
The Pay Transparency Directive is an EU-wide framework, but each member state is responsible for adapting and implementing it according to its labor market models and national circumstances. This means that the directive's goals—greater transparency and equal pay—will be achieved across the EU through different approaches in each country.

The minimum standard that all member states must adhere to when implementing the directive is:

Access to information

First and foremost, the directive aims to increase access to salary information and data.

- ✓ **Pay at recruitment:** Candidates must receive information about the position's starting salary or salary range before compensation negotiations begin.
- ✓ **Ban on questions about salary history:** Employers and recruiters are not allowed to ask candidates about their previous salaries.
- ✓ **Transparency of pay levels:** Employees have the right to request information from their employer about average salaries for the same or equivalent roles, broken down by gender.
- ✓ **Explicit criteria for development:** Criteria for pay and career progression must be clear, objective, and gender neutral.



Reporting obligations

Organizations with over 250 employees must report on pay gaps annually, and companies with at least 150 must report every three years. This threshold will eventually be extended to companies with more than 100 employees.

If the reported data reveals a pay gap greater than 5%, the company is obliged to explain it. If it cannot be justified by objective and gender-neutral criteria, the company must take action through a joint pay assessment carried out in cooperation with workers' representatives. Failing to take these actions may result in fines.

Access to justice

The directive also ensures that employees who have experienced pay discrimination are entitled to compensation, such as for lost wages or other benefits. The key difference is that the burden of proof now shifts from the employee to the employer. In other words, it is no longer the employee's responsibility to prove that discrimination occurred; instead, the employer must demonstrate that they have not violated the directive.

Expansion of scope

The directive now also covers intersectional discrimination, meaning that individuals can experience multiple forms of inequality simultaneously, for example, due to both gender and ethnicity. This is the first time an EU discrimination law applies this perspective in this way. The broader scope also includes consideration of the needs of employees with disabilities.

– While the Pay Transparency Directive may feel overwhelming at first, it also marks a powerful shift in a positive direction – and for forward-thinking employers, the opportunities are significant. Around the world, pay transparency has already been introduced in different forms, and there are plenty of studies showing the positive effects it has on companies: transparency helps attract and retain top talent, drives engagement, and ultimately boosts productivity. For those ready to lead the way, there is a lot to gain, says Malin Jonsson, Product Manager at Benifex.

EU reporting requirements based on number of employees:



0-150

No reporting obligation

150-250

Must report every three year

250+

Must report annually

Implementation of the directive in the Nordics

Finland

Finland plans to implement the EU Pay Transparency Directive in accordance with the minimum requirements, with an effective date of May 18, 2026. Implementation includes obligations to provide a salary range during recruitment, a ban on asking for salary history, and the right for employees to access gender-segregated pay data for similar roles annually. These measures apply to all organizations, regardless of size.

All employers must be transparent about their pay-setting criteria, but only companies with 50 or more employees are explicitly required to report on pay progression criteria. Finland will use its national income register (Tulorekisteri) for data collection, aiming to reduce the administrative burden on companies.

Companies with 100 or more employees must also report detailed gender pay gaps and be prepared to analyze their pay structures to avoid fines and reputational damage. Non-compliance with reporting requirements or unjustified pay differences may result in a sanction ranging from €5,000 to €80,000.

Sweden

Sweden goes slightly beyond the EU minimum requirements by expanding reporting obligations and introducing more explicit transparency requirements. For example, Swedish companies with at least 100 employees must report every three years (under the directive, this threshold is currently 150). In addition, all companies in Sweden, regardless of size, are obliged to conduct annual pay audits to prevent unjustified pay differences, and companies with more than ten employees must also document the audit. If a pay assessment is needed (because an audit reveals pay disparities), it must also include salary development concerning parental leave. The Swedish implementation also imposes stricter requirements on defining interpretative criteria and categorizing work and job levels.

Denmark

Denmark has not yet published a plan for implementing the EU Pay Transparency Directive.* However, the directive's minimum requirements must be met, meaning Danish companies should already begin preparing. Danish companies already have some experience with pay reporting under the current Equal Pay Act, which may facilitate adaptation to the new requirements.

**This information is accurate at the time of publication of this report (September 2025).*

Norway and Iceland

Since Norway and Iceland are not EU members, they are not required to implement the directive. However, Norwegian and Icelandic companies operating in other EU countries must comply with the directive's minimum requirements. Both Norway and Iceland already have established frameworks for equal pay and gender equality. The main difference is that companies in Norway and Iceland that do not operate in other EU countries are not subject to obligations such as providing salary ranges during recruitment or prohibitions on asking about previous pay.

The labor market's new rules



Employees more prepared than employers

Pay transparency is not just about compliance to avoid penalties. Of course, it's also about doing what is right, but equally about doing what is strategically smart for the organization's survival. Lack of transparency can mean missing out on talent, as many young professionals today won't even apply for a job if salary or salary ranges are not provided. According to Adobe's [Future Workforce Study](#), 85% of incoming and recent graduates say they are less likely to apply for a job if the recruiter does not mention the salary range.

Not being transparent also risks reducing motivation and engagement among existing employees. According to [The Global Pay Transparency Report](#), employees are 85% more engaged and 60% more loyal when they feel they are being paid fairly.

Our own survey further supports the importance of transparency: 64% of employees want to be able to compare their salary and benefits with others at the same level within the organization. This need is particularly strong among Gen Z and millennials. Many employees have long demanded

transparency regarding sustainability efforts, culture, and values – making pay transparency and fair pay a natural extension of this trend.

At the same time, 39% of employers are concerned about allowing employees to compare their salary and benefits with others at the same level within the organization. Fear of friction between management and employees, concern that inequalities could lead to dissatisfaction, lower productivity, conflicts, and reduced well-being – these are some of the worries employers express. And such concerns are understandable if transparency actually exposes inequalities.

But the directive leaves no alternatives: equal pay for equal work is not an ambition, but a requirement. Therefore, employers' question is not whether to act – but how.

About the Benifex survey



Respondents: More than 3,250 online interviews with HR / Reward professionals and employees, in organizations with 200 or more employees.

Reach: 62% of respondents worked for organizations with a global workforce. Employee research covered Australia, Germany, India, Ireland, Netherlands, New Zealand, Sweden, United Kingdom, and U.S with a broad range of job roles and levels of seniority.

Sectors included: Energy and utilities, financial services, healthcare, manufacturing, media, pharmaceutical, professional services, retail, technology, and transport and logistics.

Execution: The survey was conducted by Insight Avenue during April and May 2025.

Trends on social media

The demand for transparency is also evident on social media. More and more people openly share their salary information to create clarity and break the taboos surrounding pay. This increased openness also puts pressure on employers to make fairer and more equitable pay decisions. Discussions about salary on social platforms such as LinkedIn, [Reddit](#), Instagram, and TikTok have become essential forums for spreading knowledge and encouraging others to speak openly about their compensation.

The viral TikTok series [Salary Transparent Streets](#) is one example where strangers are asked to share their salaries to drive the conversation online. These videos have gained millions of views and motivated employees across various industries to speak openly about their pay.

So, it's not just the EU Pay Transparency Directive that is driving change – the conversation is already in motion, and younger employees are helping to lead it.

Employers' challenges

The pay transparency directive will require more work from HR and managers – something that is also perceived as a concern according to our survey. This makes it even more crucial to ensure the proper structure and system support are in place. Many HR professionals already feel that administrative tasks consume much of their working hours.

In our survey, 46% of respondents stated they spend too much time on administration, spreadsheets, or reactive “firefighting” rather than strategic work. 81% report needing more resources to manage the ever-growing responsibility for compensation and benefits, and 71% feel powerless to develop their benefits strategy without the right technology.

46%

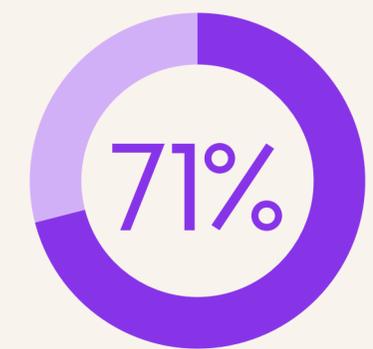


Spend too much time on administration.

81%



Say they need more resources.



Feel powerless without the right technology.

We have identified four key challenges that employers must be able to address in order to succeed in their pay transparency efforts



Assessment and analysis of salaries

Companies need clear and documented pay structures that show how salaries are determined within the organization. In addition, regular pay audits are required to identify gender pay gaps. Many organizations currently lack system support or processes for this.



Increased administration

The directive introduces new reporting requirements, a new type of documentation for pay-setting, and the possibility of sharing information with employees. This will lead to increased administrative workload for HR, especially if systems for managing and structuring the data are lacking.



Communication and culture

Transparency can raise both questions and dissatisfaction. Even when pay practices comply with the directive, poor communication can lead to misunderstandings and a perceived sense of inequality. A well-developed pay philosophy explaining how different roles are compensated is therefore essential. Training, alignment, and new ways of working will be needed to facilitate clear and constructive dialogue about pay and benefits.



Risk of penalties

If a pay gap exceeding 5% is identified and cannot be justified by objective criteria, corrective actions (e.g., a joint pay assessment) are required. Failing to act can result in sanctions, fines, and damage to employer branding. Companies will need to work much more proactively rather than reactively.

How Benifex supports your transparency journey



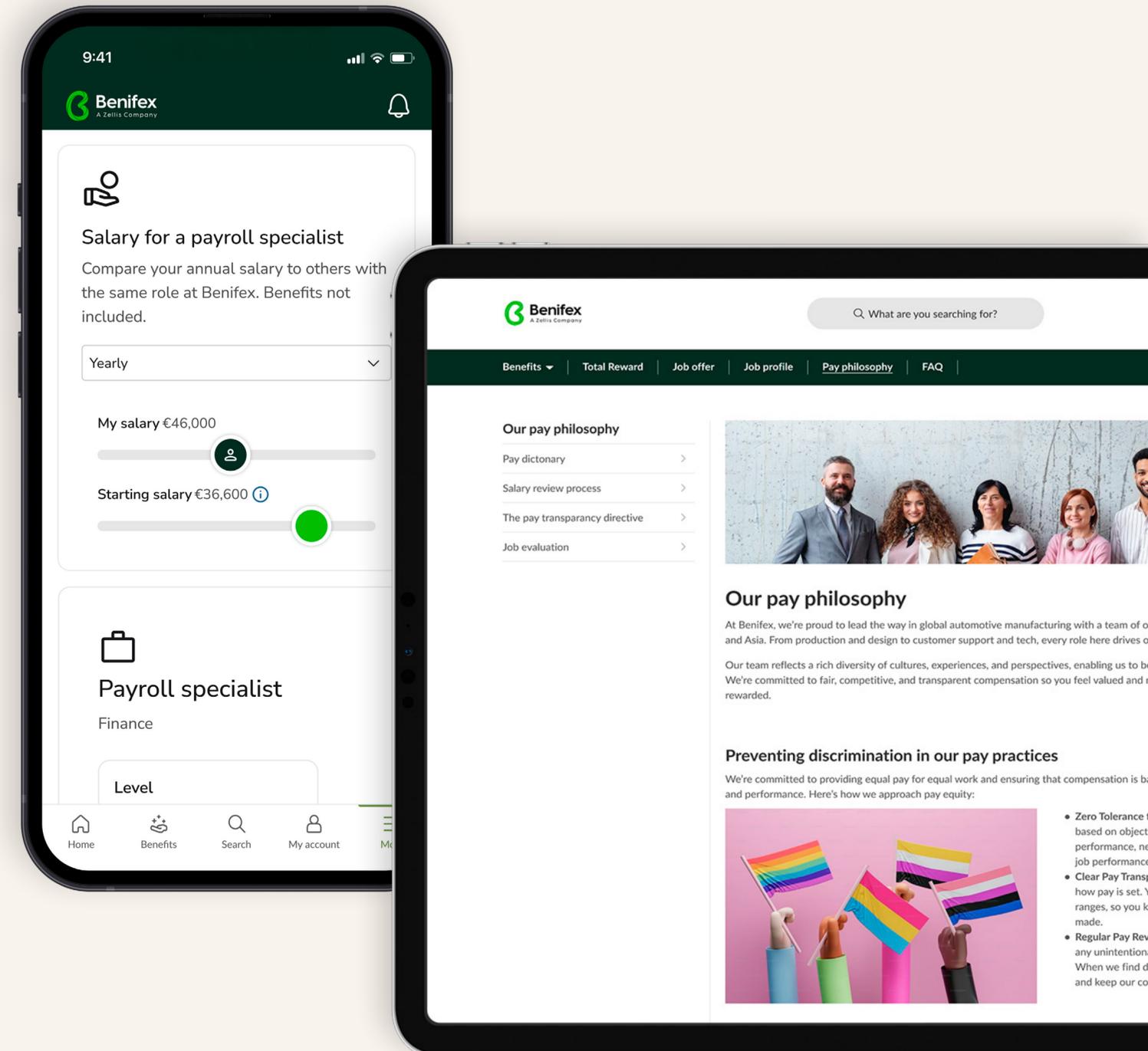
Benifex turns data into personalized experiences

Candidates need salary information early in the recruitment process, and employees need to understand how their pay is determined, how they can develop, and how compensation aligns with the company's values and other roles. This means there will be high expectations for HR and managers to communicate clearly and consistently – and that's where our solution comes in.

Simply structuring salary data will not be enough. To earn employees' trust, they need access to the data but also an understanding of it. This requires more than a PDF to make the entire pay transparency experience as user-friendly as possible.

The pay transparency module in practice

We support organizations by transforming complex data into meaningful and personalized employee experiences. We don't organize the data for HR, but with the help of open API solutions, you can integrate your pay transparency data with our tool. We then help you explain and visualize the data – which ultimately builds trust, strengthens organizational culture, and reduces the risk of non-compliance. From first impressions to long-term confidence, our platform makes pay transparency and the employee journey simple, clear, and engaging.

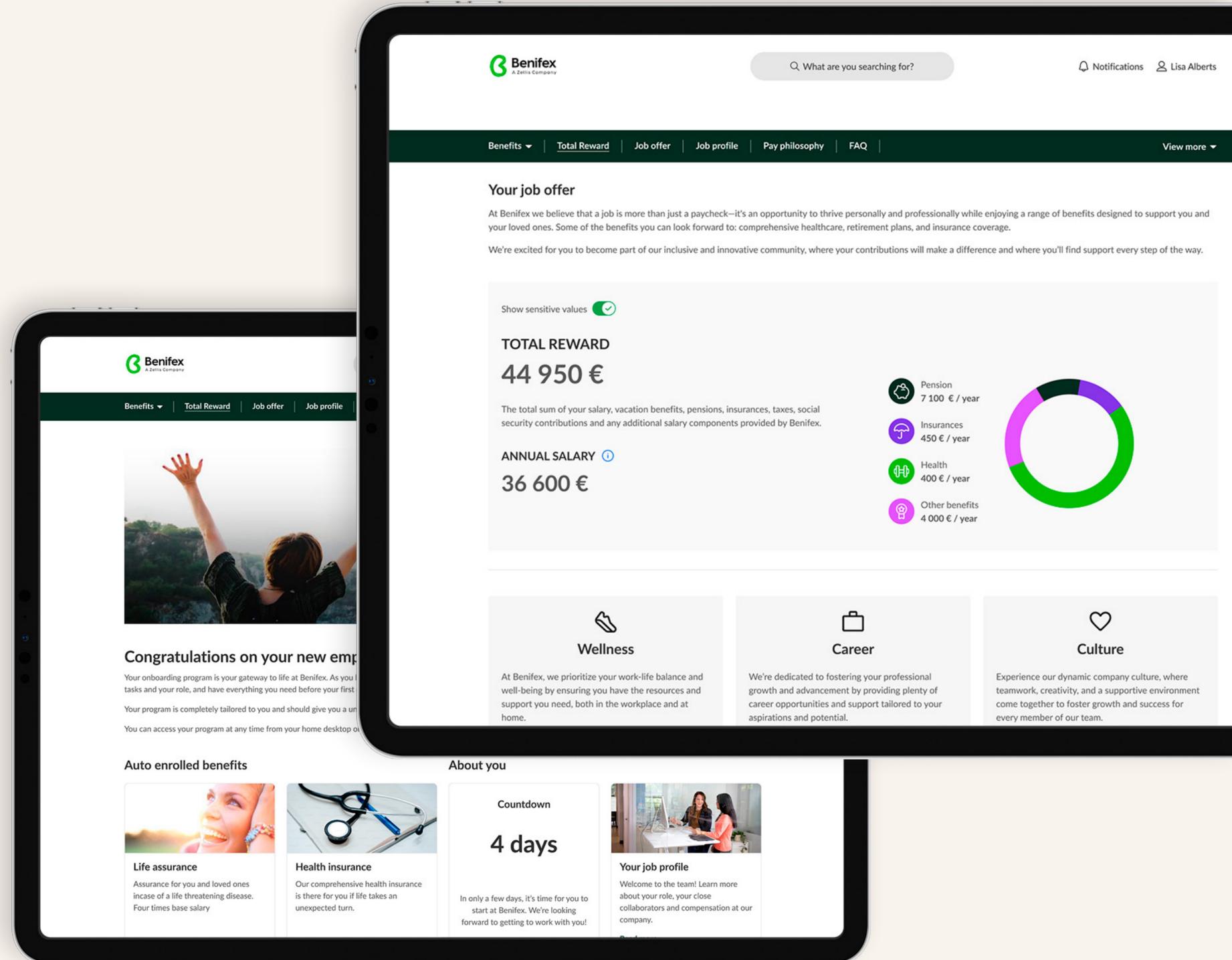


Candidate offering

When you, as an employer, have decided to make a job offer to a candidate, the candidate can view their offer directly on our platform. You can also visualize the starting salary or salary range for the role, allowing the candidate to easily see how their offer compares. In addition to information about employment terms and compensation, the candidate also receives a clear presentation of your company and its values. This gives the candidate a complete picture of the role and organization from the start, increasing the likelihood of acceptance, strengthening your employer brand, and creating a positive relationship from the very first interaction.

Pre-boarding and onboarding

Even before their first day, new employees receive a clear and structured introduction to their role through our platform. All relevant information is gathered in one place – including benefits and total compensation, pay philosophy, policies, introduction videos, and practical tasks such as ordering a laptop, phone, or other equipment. This allows employees to arrive well-prepared and feel confident from the start, reducing the need for administrative support and increasing engagement during the critical first weeks.



My job profile

In “My job profile”, each employee can view comprehensive information about salary levels, pay-setting criteria, and career opportunities. The purpose is to clarify how each employee’s position compares to other roles and salary levels, as well as to provide a clear view of the following possible steps in their career. This gives employees easy access to relevant and up-to-date information anytime, reducing confusion and the number of questions directed at HR and managers, while freeing up time for more value-creating work.

The pay philosophy

On the “Pay philosophy” page, employees can learn more about your overall approach and principles for setting salaries. It explains the values and goals that guide pay decisions and serves as guidance for the entire organization. This is where you can truly showcase your ambitious work, demonstrate that you are at the forefront, and emphasize your commitment to fair pay and transparency – all of which contribute to increased understanding and trust among employees.

A platform with many features

In addition to the Pay transparency module, our product will also be able to offer an AI chat that makes it easy to quickly get answers to common HR questions—including questions about pay transparency, a clear overview of the employee’s total compensation, and a communication tool that facilitates smooth interaction with employees.

The image displays two views of the Benifex platform. On the left, a smartphone shows the mobile app interface. At the top, it says 'Your total reward' with a value of 54,907 €. Below this is a donut chart and a list of components: Salary (36,600 €), Financial wellbeing (6,850 €), and Health & wellbeing (8,199 €). On the right, a desktop browser view shows the 'My job profile' page. The header includes the Benifex logo, a search bar, and user information (Notifications, Lisa Alberts). The navigation bar lists: Benefits, Total Reward, Job offer, Job profile, Pay philosophy, and FAQ. The main content area for 'My job profile' includes a description, a 'Show sensitive values' toggle, and a summary card for Lynn Andrews, Payroll specialist | Finance. The summary card shows: Level 10, Annual salary €46,000, and Total reward €49,500. Below this is a 'Show more' dropdown and a section for 'Salary for a payroll specialist'.

What **position**
will you take?



The EU Pay Transparency Directive will have a significant impact on salaries, career paths, and pensions – particularly for women – and will therefore influence purchasing power, investment opportunities, and economic independence. The issue of fair pay has shifted from being primarily an HR concern to becoming a transformation set to reshape the labor market and society as a whole.

Employers who fail to take this seriously risk not only breaking the law and paying fines but also losing competition for the most attractive candidates. At the same time, this is an opportunity to demonstrate that you stand for fairness, equality, and transparency – values that today's and tomorrow's talent actively look for.

With the right processes, systems, and communication in place, you can not only meet the requirements but also strengthen your employer brand and, in turn, your competitiveness.

We'd be happy to help you prepare and lead the way toward a more transparent and fair labor market.

Contact us [here](#)
to learn more!



About Benifex

Benifex's mission is to create exceptional experiences that employees love. Today, Benifex supports more than five million employees across over 3,000 organizations in more than 100 countries. Benifex has won over 120 awards.

Change leaders such as Baker Hughes, Bank of America, Boston Consulting Group, BT, Diageo, EDF, Exxon, IKEA, Lloyds Banking Group, Medtronic, Microsoft, Salesforce, Sony and Volvo choose Benifex to help them create exceptional experiences that are as individual as the people they hire.





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