

# PREPARING FOR EU PAY TRANSPARENCY

HR POLICY ASSOCIATION NETWORK MEETING, BRUXELLES

29 February 2024

# Agenda

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Introduction

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Latest Insights from Mercer on  
Pay Transparency & Pay Equity

3

Group discussion

A

Client success stories



# Introductions



## Today's speakers



**Lea Lønsted**

Pay Equity & DEI Leader,  
Europe & UK, Mercer

[lea.lonsted@mercer.com](mailto:lea.lonsted@mercer.com)



**Lucye Provera**

Pay Equity & DEI Leader,  
Europe & UK, Mercer

[lucye.provera@mercer.com](mailto:lucye.provera@mercer.com)

# Latest Insights from Mercer

# 2

# **Update from the EU and comparison of Directives**

**a**

# The European Directive on Equal Pay and Transparency

## Timeline



**March 2021**

Commission's proposal  
(COM/2021/93 final)

**2022**

**December 2022**

Political agreement between the  
Council and the European  
Parliament

**2023**

**March to May 2023**

Formal adoptions

**June 2023**

Entry into force

**2026**

**2026**

Implementation by Member  
States into national law at the  
latest

**2027**

**2027**

First reporting to be submitted by  
companies with +250 employees

## Pay Transparency Regulations included in the Directive



**Pay transparency for job-seekers.**

Pay range information to be published in all job ads



**Pay and career progression transparency.** This right could exist  
for all employees, irrespective of the size of the company



**Employee right to request information.** This right exists for all  
employees, irrespective of the size of the company



**Employers** (legal entity) with at least **100 employees** will have to  
publish information on the pay gap between female and male workers  
and **reporting frequency depends company size**



**Requirement to explain pay gaps** exceeding 5% and take action  
accordingly

# Overview on the EU Directives

## CSRD, EU Pay Transparency, Board Representation

### Corporate Sustainability Reporting Directive (CSRD)

Final approval from all EU bodies<sup>1</sup> on 5 January 2023

Who does it affect?

▶ Large undertakings, and small and medium-sized undertakings in EU Member States

What should companies be **aware** of?

▶ Mandatory disclosure on ratio of basic salary and remuneration of women to men - global or broken by category

▶ Mandatory disclosure on annual total compensation ratio

▶ Mandatory assessment of adequate wage

▶ Methodology needs to be documented with quantitative and qualitative information

### EU Directive on Equal Pay and Pay Transparency

Final approval from all EU bodies<sup>1</sup> on 24 April 2023

Who does it affect?

▶ All companies in EU Member States

What should companies be **aware** of?

▶ Mandatory **gender pay gap reporting**

▶ Increased pressure to close unexplained gender pay gaps

▶ Increased obligations to make pay determination and pay range information transparent

### EU directive on gender balance on corporate boards

Effective since 7 June 2022<sup>2</sup>

Who does it affect?

▶ **Listed** EU companies

What should companies be **aware** of?

▶ Increased monitoring of non-executive and executive boards' gender compositions

▶ Consequences when proportion of under-represented sex does not increase past 2026

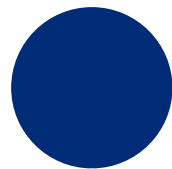
<sup>1</sup>EU Parliament & Council

<sup>3</sup>Gender Pay Gap: What women earn less compared to men (in %); Raw gender pay gap for EU countries (without UK) (source: [https://ec.europa.eu/eurostat/databrowser/view/sdq\\_05\\_20/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdq_05_20/default/table?lang=en))



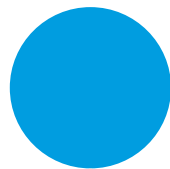
# Update from the EU

## Mercer discussion with EU Representatives



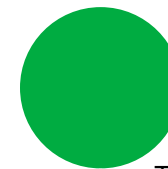
### Implementation

- Series of **country workshops** throughout 2024 and into 2025
- Implementation by 2026, with reporting in 2027
- Reminder - **directive set's out minimum requirements!**
- **Work in progress on job evaluation** guidance and tools (working with EGIE)



### Interpretation

- **Definition of pay** is anything paid by the employer – in cash or benefit in kind which is directly or indirectly provided (Cost of benefit should be included)
- **Category of Workers to be determined by a job evaluation methodology** (rather than a job levelling approach). Companies may have their own methodology as long as they covers skills, effort, responsibilities
- **Included employees** are all employees under EU contract (part time / contractual workers, expats, demotions)
- **Objective factors can be company specific** (performance, tenure, grade, location) and a regression methodology is one way to consider multiple factors




### Interconnection

- This directive relate to other directives, **CSRD, Monitoring Bodies, Parental Leave, Representation on Corporate Boards**
- New EU commission will be elected in 2024 and they will begin 5-year agenda planning

# 2024 Global Talent Trends






 Drive  
human-centric  
productivity


Solve the  
productivity equation  
with AI, Assessment and  
work design

 Anchor  
to trust  
& equity

Foster a climate of  
trust through fair pay,  
equity, and inclusion

 Boost  
the corporate  
immune system

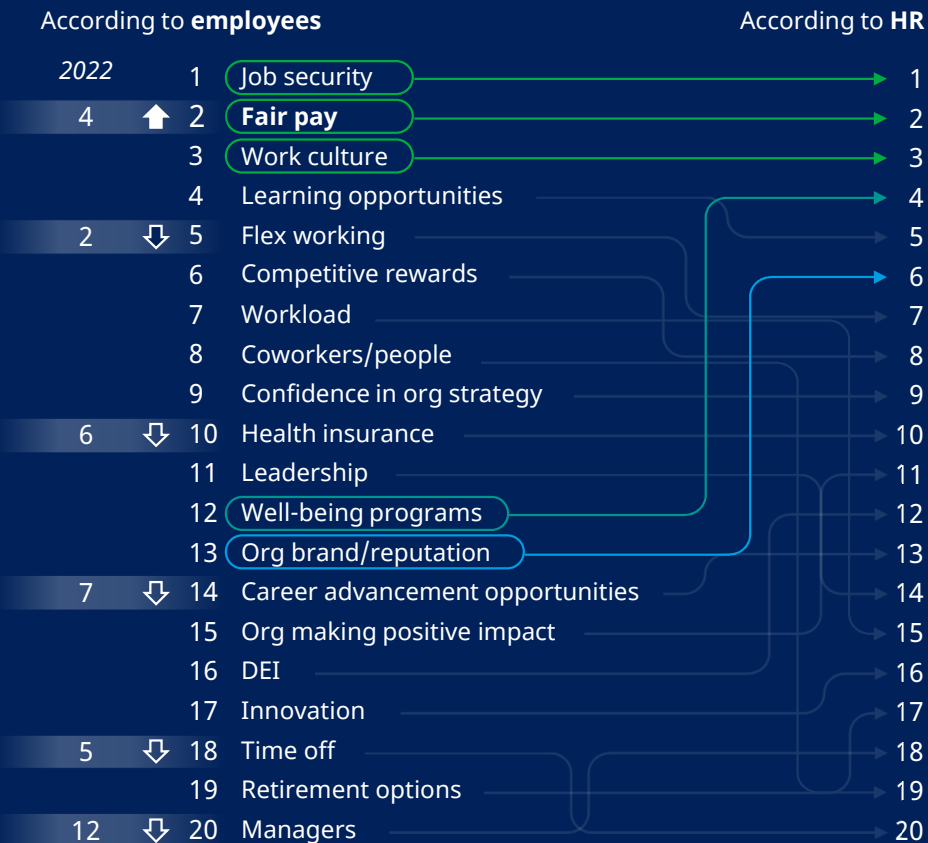
Build resilient cultures  
with teams that are risk aware  
and healthy at the core

 Cultivate  
a digital-first  
culture

Design an adaptive,  
digitally fluent organization  
where people can thrive

# Why do people stay?

After job security, the #2 reason to stay is fair pay, up from #4 in 2022\*



**High growth companies** are more likely to use these insights in decision making:

1.6X underlying causes of pay inequities

1.6X extent of pay inequities

How organizations are evolving the DEI agenda:

- ✓ Using internal labor maps to understand career and pay trajectories of different groups
- ✓ Boosting employee advocacy by understanding and creating a fairer Employee Experience
- ✓ Implementing tech to enable ongoing pay equity decision making
- ✓ Fostering an inclusive culture with strong leadership accountability and transparency



# Embed DEI in the employee promise, and live it in the day-to-day employee experience

Thriving employees work for organizations committed to DEI, where they feel like an equal partner in something worth doing and feel fairly valued through the growth opportunities and Total Rewards offered to them

Thriving employees are more likely to say their company:

**1.4x** refrains from practices that deepen inequality

**1.7x** considers diversity when forming teams and making rewards and growth decisions

**2x** makes fair and equitable pay and promotions decisions



Companies are making progress on the DEI agenda:



More can be done:

76% of employees have witnessed age discrimination in the last year

**Only 1 in 3** executives are very confident that they will **deliver on their DEI commitments** this year



# Client Poll and Survey Results on Pay Transparency

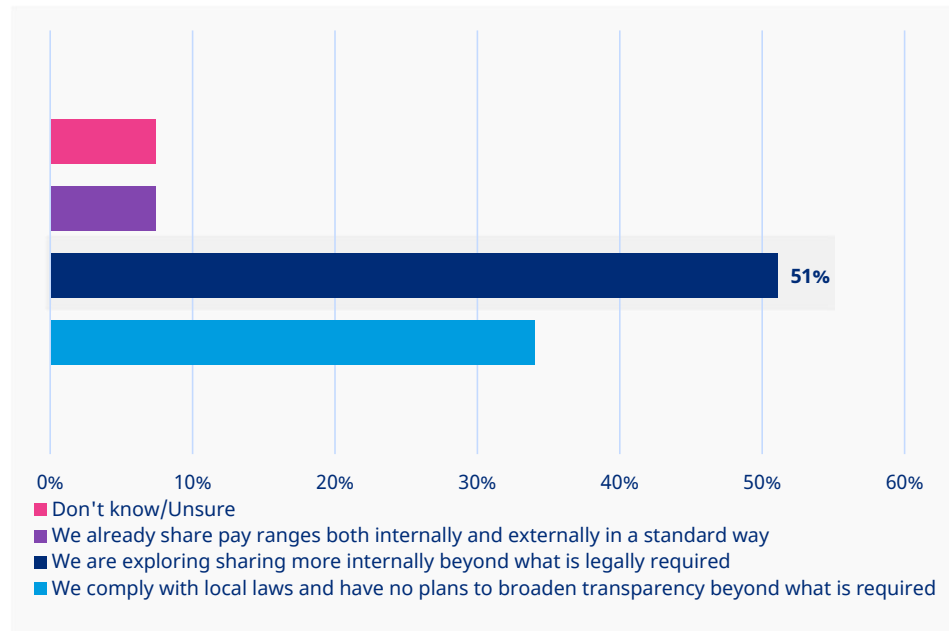


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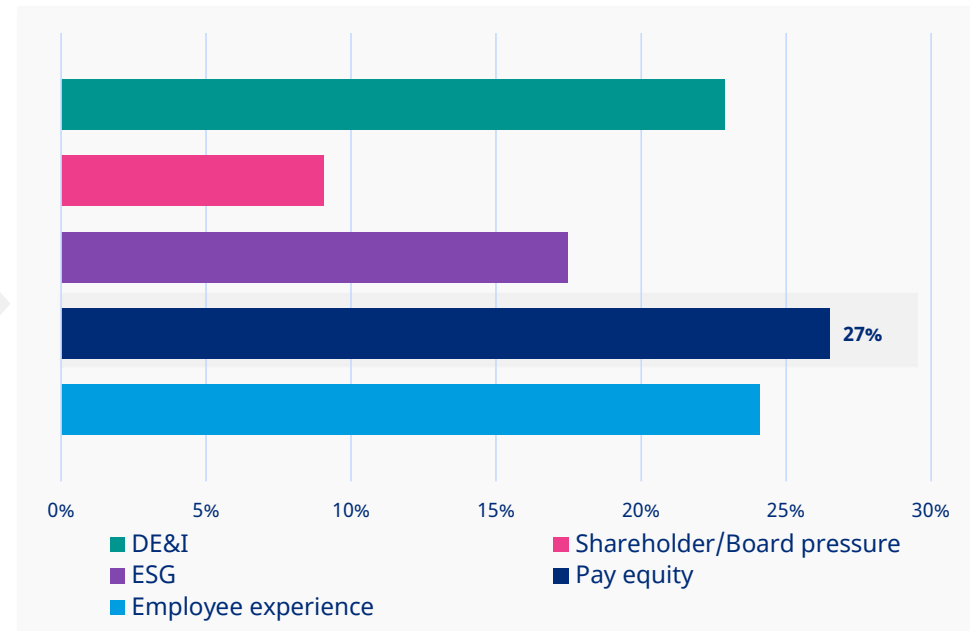


## What is your company's philosophy when it comes to pay transparency?



**We can observe a general trend of companies being very compliance focused.** However, it is noticeable that many companies are also looking beyond compliance, striving to further explore transparency beyond what is formally required. As explored in the next graph to the right.

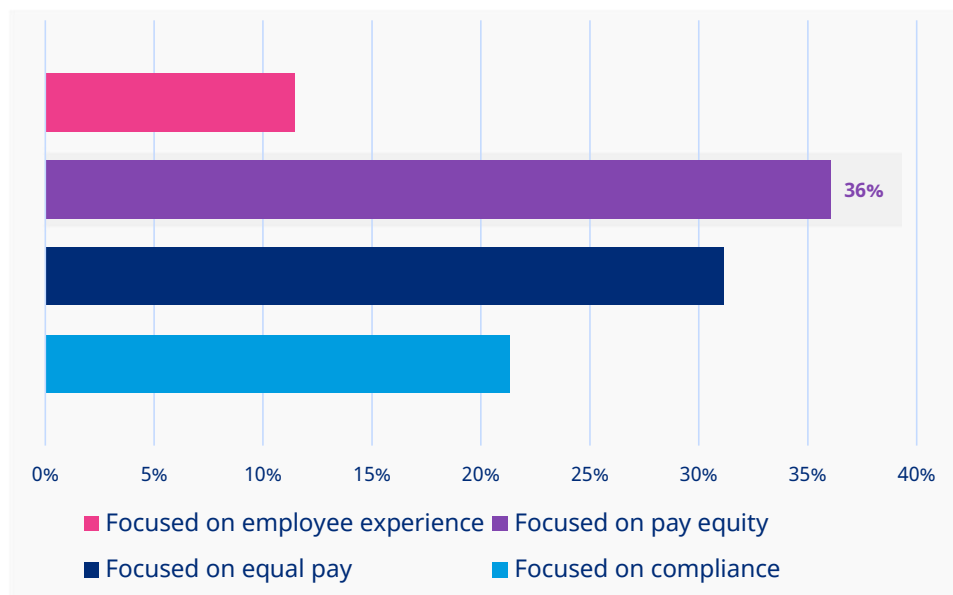
## For those looking beyond compliance, what else is motivating you?



**Overall, the leading answer is pay equity**, i.e., a focus on pay fairness – likely something which companies aim to leverage to boost their overall employee experience and Employer Value Proposition (EVP). Perhaps, this is also motivated by the possibility to expand and provide a foundation for further work within the DEI space.

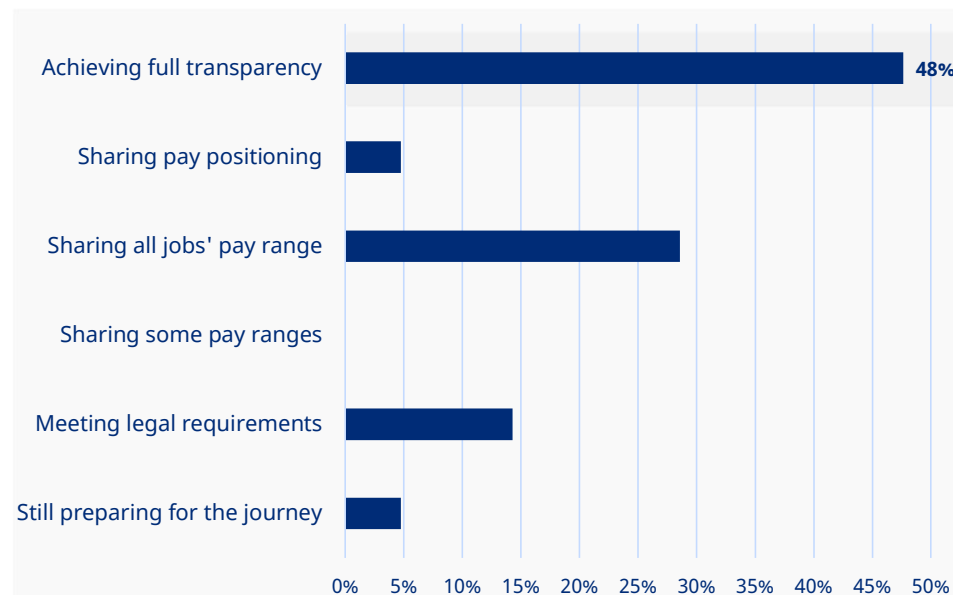


## Where are you on your pay equity journey today?



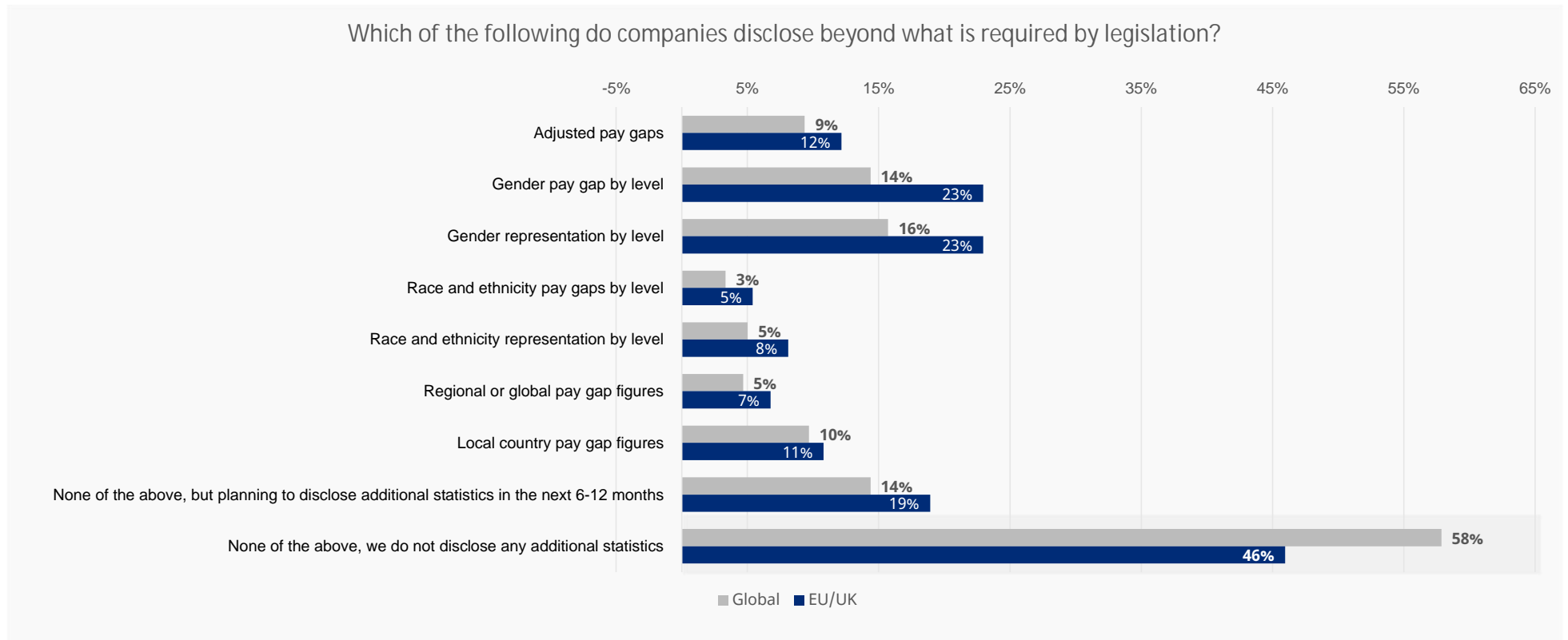
Currently, we can see that the parts of pay equity that companies are focusing on in today's climate are greatly focused on dealing with the current form of legislation that we find across Europe; i.e., parts that touch upon pay equity, equal pay as well as compliance. Over time, we believe more focus is likely to shift toward employee experience, as pay equity facilitates employers to build upon their EVP.

## By 2027 where do you aspire to be on your pay transparency journey?



Despite the legislative-heavy focus of many companies, we can also observe many organizations with high aspiration when it comes to transparency, as most companies aim to achieve "full transparency". Again, as employers are likely to reap employer benefits from having a deep understanding of pay equity transparency, many may have the aspiration for full transparency to ultimately enhance their EVP.

# Companies are looking into disclosing additional pay equity statistics



So, what are the gaps? And  
how do we measure?

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# Europe 2023 Gender Pay Gap Summary

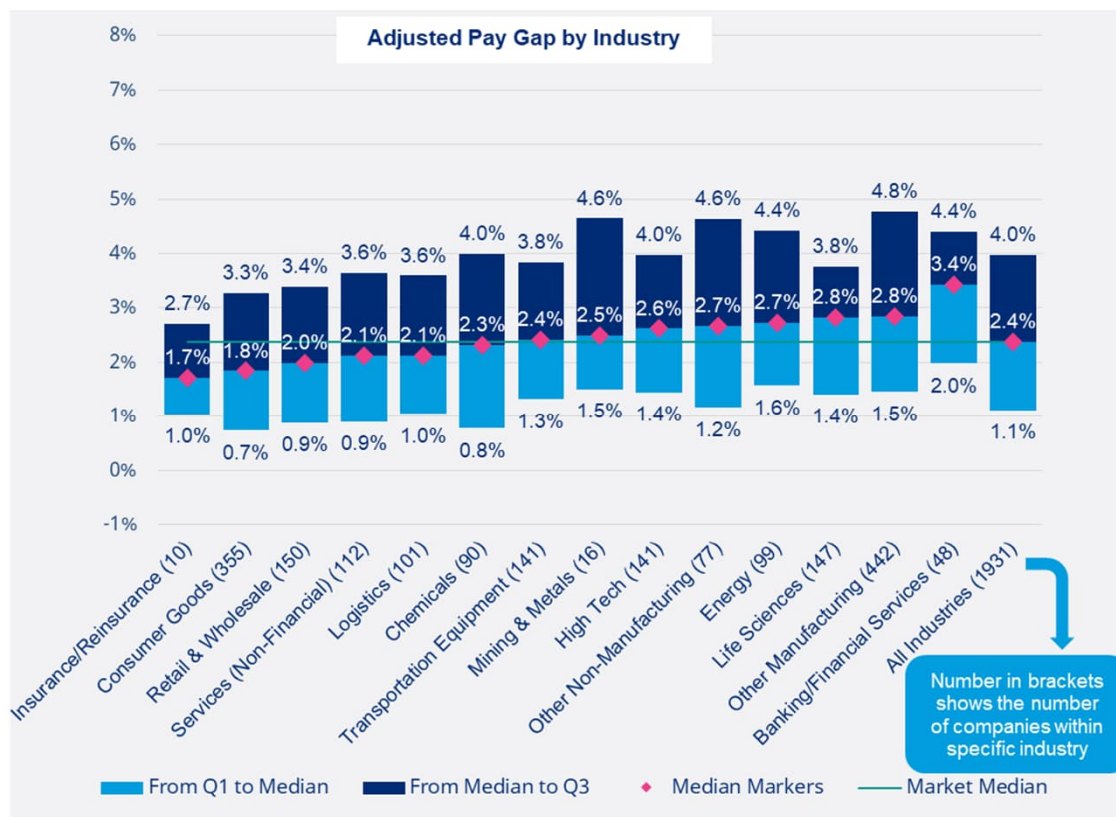


Positive values of gender pay gap indicate difference in pay in favour of men.

7.3% of the unadjusted pay gap can be explained by objective factors such as:

- general experience (proxy by age)
- tenure within organization
- if newly hired
- job family
- position class

Mercer TRS participants have pay gaps lower than the European average. However, gaps above 5% may exist when drilling down to the category of worker level.



Source: Mercer's TRS 2023 for the following countries: Austria, Belgium, Bulgaria, Croatia Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Moldova, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom

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# Regional and industry benchmark gaps

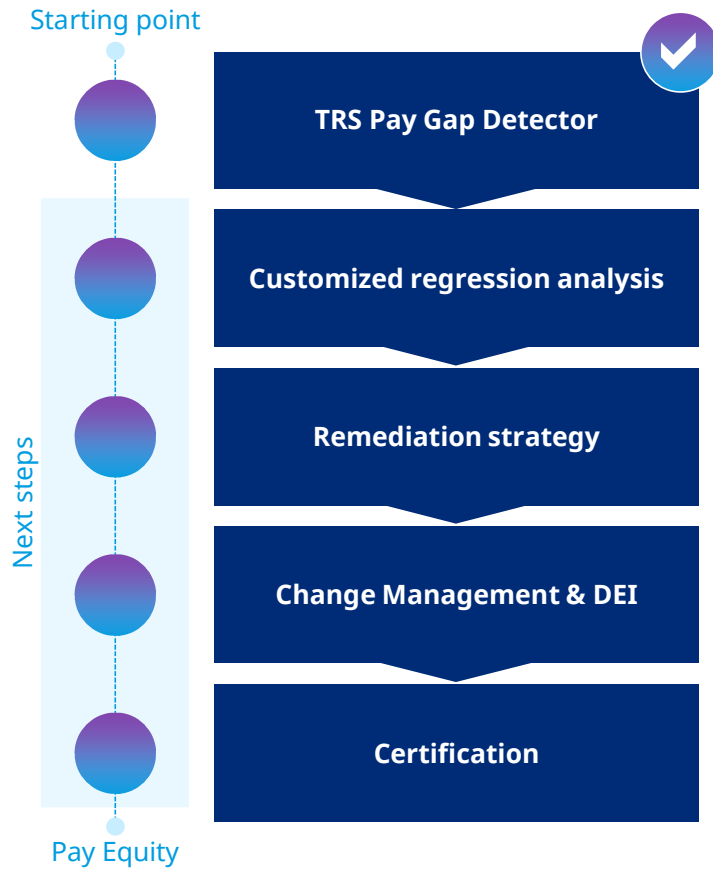
## Pay gaps by job family in the Technology Industry



Job family	Europe		High Tech	
	Unadjusted Pay Gap	Adjusted Pay Gap	Unadjusted Pay Gap	Adjusted Pay Gap
Administration, Facilities & Secretarial	9.5%	1.4%	10.1%	-0.4%
Communications & Corporate Affairs	6.5%	3.7%	6.2%	3.8%
Creative & Design	6.8%	2.3%	6.7%	1.2%
Customer Service & Contact Center Operations	9.8%	3.2%	5.9%	1.5%
Data Analytics/Warehousing, & Business Intelligence	7.3%	4.0%	8.9%	3.5%
Engineering & Science	7.3%	3.9%	6.1%	3.9%
Finance	21.2%	5.4%	16.0%	4.1%
General Management	16.8%	2.7%	20.1%	3.8%
Healthcare/Pharmacy Services	11.1%	6.5%	9.2%	-6.5%
Hospitality (Food Service & Lodging)	8.0%	6.2%	4.9%	-2.8%
Human Resources	8.4%	3.9%	7.2%	4.0%
IT, Telecom & Internet	7.2%	2.6%	12.6%	4.2%
Legal, Compliance & Audit	5.4%	2.6%	7.8%	4.2%
Production & Skilled Trades	6.0%	3.3%	11.8%	4.0%
Project/Program Management	11.5%	3.4%	11.9%	2.3%
Quality Management	8.3%	3.4%	6.8%	1.9%
Real Estate Management, Property Development & Investment	11.5%	4.6%	25.0%	8.9%
Sales, Marketing & Product Management	18.0%	4.8%	19.2%	5.5%
Supply Chain	-0.7%	1.3%	4.3%	0.0%
Transportation Services	1.4%	3.3%	-0.5%	2.8%

# Next steps in your Pay Equity journey

## Mercer's suggested next steps



**Let's discuss**

**3**

Let's discuss – in table groups 15 mins



**How ready is your company for the EU Pay Transparency Directive?**

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**What do you consider to be your role in supporting your company?**

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**Who are the other individuals you will need to work with to succeed?**

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**What other information do you need or wish to have on the directive?**



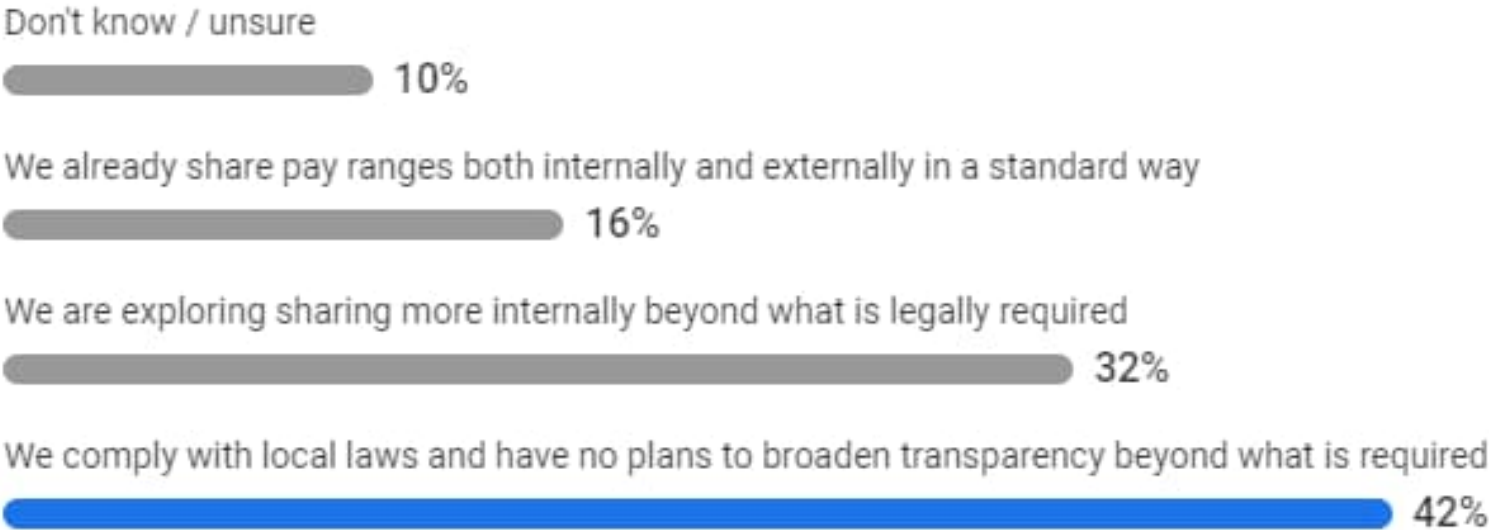
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# What is your company's philosophy when it comes to pay transparency?

 What is your company's philosophy when it comes to pay transparency? 31  ...



## Who are your most important Pay Transparency stakeholders?



# Client success stories



# Pay Transparency

## Global High Tech (telecommunication)

### US HQ - 180,000 employees

#### Client Challenge

- Talent acquisition led move towards pay transparency in response to candidate expectations and legislative requirements
- Pay ranges were already communicated externally, in line with legislation, and their objective was to be able to provide the same level of transparency (and communication) internally
- Total rewards team needing to establish ownership and alignment of pay transparency strategy

#### Activities / Outcomes

- The readiness assessment process helped uncover inconsistencies and a lack of rationale behind different application related to pay practices and communication of pay ranges.
- There was high nervousness and concern with overcoming such practices and Mercer's analysis helped to identify possible areas of alignment across the enterprise – and gaining ensuing alignment
- Helped to formulate a strong narrative on pay transparency, in alignment with the organisations' stated culture of transparency
- The compensation analysis helped uncover discrepancies between the company's performance-based pay philosophy and employee's actual placement in pay ranges
- Development and alignment of long-term Rewards Transparency strategy, including global expansion plans

#### Collaboration / Method / Tools

- Conducted Readiness Assessment for long-term pay transparency, identifying business unit-specific approaches requiring deviation from standard governance
- Conducted interviews and cross-functional alignment workshops to align talent acquisition, rewards, and HR Business Partners and their pay transparency roadmap.
- Supplemented with a market compensation analysis to understand where employees are placed in the pay ranges – and if this is in line with policy and compensation philosophy



Mercer helped the client to address Rewards Transparency from different angles and ensured that various stakeholder groups were aligned and jointly committed to the long-term Rewards Transparency strategy

### Assessing your current situation

#### Program Design Readiness Factors

<b>Job Architecture</b> <ul style="list-style-type: none"> <li>Company Name has a job architecture that is widely shared</li> <li>If shared, employees might find it difficult to understand career levels and how they are separate but related to job titles</li> <li>Further, employees may challenge why their jobs are in one tier of the same level</li> <li>Company Name may consider if the architecture can be simplified with respect to the end user (HR), opposed to HR as the end user</li> <li>Company Name web training on architecture and compensation (positioning related to performance) necessary to increase HR transparency</li> </ul>	<b>Pay Strategy</b> <ul style="list-style-type: none"> <li>Company Name's compensation philosophy is readily available</li> <li>There is a clear set of policies for raises, promotions, etc. and leaders (not just HR) are educated on them</li> <li>Salary ranges are openly published and made available to leaders but not to employees</li> <li>Employees perceive they are not paid fairly, however, the Total Cost of Compensation is competitive</li> </ul>	<b>Pay Equity</b> <ul style="list-style-type: none"> <li>Company Name conducts a full pay equity study and conducts interventions based on findings</li> <li>They study process and outcomes including any potential organization gaps and interventions for high level leaders but not beyond</li> <li>Supporting the communication of pay equity results and embedding them as part of the pay transparency narrative should be considered (e.g., as part of Compensation Research)</li> </ul>	<b>Employee Sensing</b> <ul style="list-style-type: none"> <li>Employees understand their own pay and general performance relative to peers</li> <li>This information is shared with employees through 1:1 with leaders</li> <li>Conducting an internal needs analysis may demonstrate where employees place value</li> </ul>
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Readiness Assessment

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### Assessing your current situation

#### Organization, Change and People Factors

<b>ORGANIZATIONAL CULTURE AND VALUES</b> <ul style="list-style-type: none"> <li>STRENGTHS THAT INDICATE READINESS           <ul style="list-style-type: none"> <li>Company Name uses regular communication, including communication around pay transparency, to reinforce the culture</li> <li>The HR team values the employee perspective and is aligned on the importance of how pay transparency is communicated internally</li> <li>HR team actively promotes pay transparency and its importance to the overall business</li> <li>Culture of shared research transparency, i.e., we tend not to have access to the information</li> </ul> </li> </ul>	<b>OPPORTUNITY AREAS</b> <ul style="list-style-type: none"> <li>Some teams might not understand transparency that permeates across a positive culture and cover codes of conduct/enforcement that applies to all roles and employees with "open communication"</li> <li>While open communication is a value at Company Name, there are barriers and are consistently communicated to ensure employees such as pay equity, job architecture, and talent on performance</li> </ul>
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### Assessing your current situation

#### Organization, Change and People Factors

<b>EMPLOYEES READINESS</b> <ul style="list-style-type: none"> <li>STRENGTHS THAT INDICATE READINESS           <ul style="list-style-type: none"> <li>Employees are well educated on the importance of pay transparency</li> <li>HR team actively promotes pay transparency and its importance to the overall business</li> <li>Many employees assume they are paid below market value</li> <li>All employees about gender equity in pay</li> <li>Company Name is open to the idea of pay transparency</li> </ul> </li> </ul>	<b>OPPORTUNITY AREAS</b> <ul style="list-style-type: none"> <li>Employees have not been exposed to the job architecture or performance management system</li> <li>Company Name has not been consistently communicated to their own compensation</li> </ul>
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Readiness Assessment

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### 2 – Interview Questions

**Introduction**

- What is your role and, briefly, what are your primary areas of responsibility?
- How long have you been with [Company Name] and in your current role?

**Pay Transparency**

- When you consider the idea of "Pay Transparency," what does that mean to you?
- As it relates to your description of "Pay Transparency," how do you feel [Company Name] is today on a scale of 1-10 (10 being exactly as you described and 1 being not even close to what you described). Please explain.
- When you discuss elements related to Pay Transparency with your employees, what areas do you cover (e.g., pay strategy, pay ranges, differences by job type, pay growth, pay equity, job codes)?
- What is your perspective about Pay Equity at [Company Name]? What do you believe would help this perspective?
- What is your employees' perspectives about Pay Equity at [Company Name]? What do your employees believe would help improve these perspectives?
- What training or education is there currently available to you and your employees about the approach to pay (of any kind—pay ranges, pay transparency, pay equity) at [Company Name]?
- What would be the benefits of increasing Pay Transparency at [Company Name]?
- What are your concerns about increasing Pay Transparency at [Company Name]?
- Do you feel [Company Name] should increase the Pay Transparency level both internally and externally at [Company Name]? (For example, external candidates should know as much as internal employees do about pay at [Company Name].) Please explain.

**Closing**

- Is there anything that we haven't discussed today that you want to make sure we know?

Interview guidelines

# Pay Equity, EU Transparency & Living Wage

## Professional Services

**SIG – Switzerland HQ - 9,000 employees**

### Client Challenge

- Global alignment with internal DEI strategy and focus on ESG required
- Strong focus on fair pay via a globally consistent and externally-proven approach
- Wish to be prepared in time for the EU Equal Pay and Pay Transparency Directive
- Aim to ensure all employees are paid according to Living Wage standards

### Activities / Outcomes

- Phased approach, starting with 5 EU countries, followed by other global locations
- Conducting Equal Pay Compliance Analysis for the 5 EU countries from 2023-2024 to understand “as-is” situation with regards to compliance
- Simultaneously, performing a Global Pay Equity analysis in phases, from 2023-2027, covering SIG’s major global locations to ensure a unified approach and methodology towards fair pay
- Integration of Living Wage benchmarks in the Pay Equity calculator to understand their fair pay gaps beyond legal requirements and to get a holistic overview of potential needs for adjustment
- Handover of integrated reports per country, covering all three elements (two for non-EU countries)
- Support in high-level communication and change management to accompany analyses

### Collaboration / Method / Tools

- Virtual workshops to educate on EU Directive, discuss methodology and workforce segmentation as well as results and potential remediation strategies
- Mercer’s Pay Equity Calculator as an integrated remediation tool covering Pay Equity and Living Wage



Pay Equity & Living Wage to further strengthen the organization



Pay Equity methodology steps, including workforce segmentation and analysis of drivers of pay per segment

EU Directive results report



**2023 Remediation Scenarios**

Report for SIG remediation gaps - scenario 2

Report for SIG remediation gaps - scenario 2

Report for SIG remediation gaps - scenario 2

Country	Scenario	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8	Scenario 9	Scenario 10
Germany	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
France	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Italy	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Spain	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Netherlands	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Belgium	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Austria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sweden	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Denmark	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Portugal	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Greece	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Poland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Czechia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Slovakia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Slovenia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Croatia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bulgaria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Romania	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Latvia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lithuania	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Estonia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Finland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ireland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
United Kingdom	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Switzerland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
USA	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Japan	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
India	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Brazil	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mexico	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Colombia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Peru	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Chile	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Argentina	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Venezuela	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Egypt	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Saudi Arabia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
UAE	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Qatar	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Oman	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Yemen	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sudan	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ethiopia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
DRC	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Congo	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zambia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malawi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mozambique	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zimbabwe	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Botswana	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lesotho	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Swaziland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nigeria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Kenya	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Uganda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rwanda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Burundi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tanzania	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zambia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malawi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mozambique	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zimbabwe	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Botswana	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lesotho	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Swaziland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nigeria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Kenya	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Uganda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rwanda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Burundi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tanzania	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zambia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malawi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mozambique	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zimbabwe	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Botswana	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lesotho	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Swaziland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nigeria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Kenya	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Uganda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rwanda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Burundi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tanzania	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zambia	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Malawi	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mozambique	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Zimbabwe	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Botswana	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lesotho	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Swaziland	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nigeria	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Kenya	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Uganda	Scenario 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rwanda	Scenario 1	100%</									

# Pay Transparency and Pay Equity

## Global High Tech

### Netherlands HQ - 11,000 employees

#### Client Challenge

- Client would like to be a leader in its industry when it comes to rewards transparency, to help enhance its employer brand and ensure compliance
- Preparing for the EU and global legal requirements related to Pay Equity and Pay Transparency
- Pressure from employees for greater pay transparency and equal opportunity

#### Activities / Outcomes

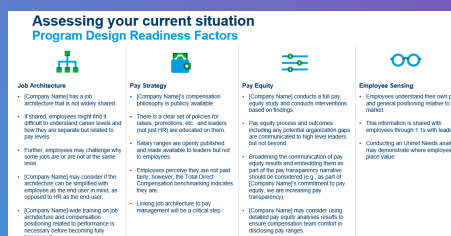
- Establishment of a combined Mercer and client project team to conduct a Full Readiness Assessment process, which helped uncover the current strengths, weaknesses, opportunities and threats within i.e. the job architecture, employee perspective, organization's capacity for change and the external position.
- Creation of Global Equal Pay and Pay Transparency Legislative overview, for alignment between current state and future requirements
- Workshop for stakeholder alignment and explore the overall Rewards Transparency ambitions through different perspectives within the company
- Conducted Pay Equity Analysis in parallel to ensure alignment between data-based facts and company ambitions

#### Collaboration / Method / Tools

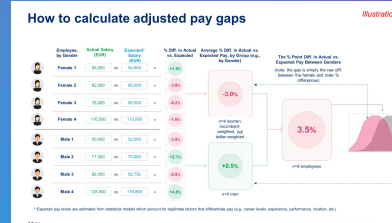
- Mercer provided its Rewards Transparency Journey Roadmap and Readiness Assessment set up to get the needed insight for the company to be able to assess their current state and the possibilities and challenges to move towards Rewards Transparency
- Mercer facilitated an in-person, HR leadership workshop to share the risks and opportunities of the EU directive and guided the company's People Leadership team towards setting their Rewards Transparency ambitions



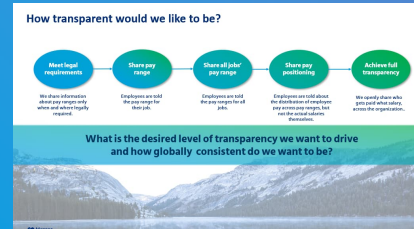
Mercer supported the client in their Rewards Transparency journey from different angles and guided them through their readiness assessment and stakeholder management to create long-term commitment in setting the ambition for Rewards Transparency.



Readiness Assessment



Pay Equity Analysis



Transparency ambition setting



# EU Pay Transparency

## Global High Tech (telecommunication)

### Sweden HQ - 105,000 employees

#### Client Challenge

- Pressure for the organization to address pay equity, ensure fair pay and **prepare for EU directive on Pay Transparency and Equal Pay**, that went into effect in June 2023
- **Decentralized structure with multiple legal entities**, complex organization and rewards structure, newly implemented HRIS system with challenges around data accuracy and access across the organization

#### Activities / Outcomes

- Mercer supported client with three key deliverables in order to facilitate the preparation of a tailored roadmap
  - **Gender pay compliance review** – assessing four countries where gender pay reporting is currently required and looking for risk areas with regards to Gender Pay Gaps, Gender Representation and DEI / Pay Policies and Procedures
  - **EU Equal Pay study** – preparing “dry-run” calculations for the EU directive requirements in order to determine areas of risk and remediation needs in advance of 2026 and assessment of benefits
  - **HR leadership workshop** – to gain solid internal understanding of the directive requirements and identify risk and opportunities with a focus on People, Systems, Process, Culture/Leadership and KPIs

#### Collaboration / Method / Tools

- Mercer used its **Gender Equal Pay Analysis** tool to assess gaps across 12 countries in a consistent manner
- Mercer facilitated a in person, **HR leadership workshop** to assess risks and opportunities of the EU directive and develop a tailored roadmap for the organization and **plan of action**



### Gender Pay Gap Compliance Review

#### Overview of Gender Pay Gaps

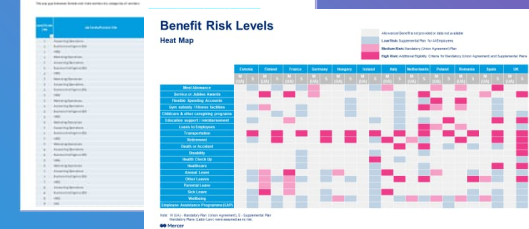
Key Findings

##### Bright spots and areas for improvement

- France**
  - Data transparency: clear and accurate and structured
  - Public disclosure: good and clearly explaining market
  - Agreement with Works Council on data transparency and reporting process
- Ireland**
  - Data transparency: clear and accurate and structured
  - Public disclosure: good and clearly explaining market
- Spain**
  - Agreement with Works Council on data transparency and reporting process
- UK**
  - Data transparency: clear and accurate and structured
  - Public disclosure: good and clearly explaining market

Country	Gender Representation	Gender Pay Gaps	Pay Policies and Procedures
France	• There is no gender representation data in the organization	• There is no gender representation data in the organization	• There is no gender representation data in the organization
Ireland	• There is no gender representation data in the organization	• There is no gender representation data in the organization	• There is no gender representation data in the organization
Spain	• There is no gender representation data in the organization	• There is no gender representation data in the organization	• There is no gender representation data in the organization
UK	• There is no gender representation data in the organization	• There is no gender representation data in the organization	• There is no gender representation data in the organization

### EU Equal Pay / EU Benefits Risk Assessment



### Pay Transparency Risks and Opportunities

#### What are the risks of Pay Transparency in terms of...

People	Process	Systems	Culture & Behaviour	Legal & Regulatory	Pay Gap
<b>Attrition and Retention</b>	<b>Quality</b>	<b>Reliability</b>	<b>Leadership Alignment</b>	<b>Pay Gap</b>	<b>Pay Gap</b>
<b>Pay and Compensation</b>	<b>Pay and Compensation</b>	<b>Pay and Compensation</b>	<b>Pay and Compensation</b>	<b>Pay and Compensation</b>	<b>Pay and Compensation</b>

#### A plan of action

A few areas of focus for Bricsson

**Systems**

- Review internal systems supporting to Business Process
- Data integrity / reliability
- Accessible, consistent and standardized
- Appropriate reporting functionality

**Process**

- Review internal systems supporting to Business Process
- Data integrity / reliability
- Accessible, consistent and standardized
- Appropriate reporting functionality

**People / Culture & Leadership**

- Review internal systems supporting to Business Process
- Data integrity / reliability
- Accessible, consistent and standardized
- Appropriate reporting functionality





We are leaders in risk, strategy and people. One company, with four global businesses, united by a shared purpose to make a difference in the moments that matter.

Marsh GuyCarpenter Mercer OliverWyman

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