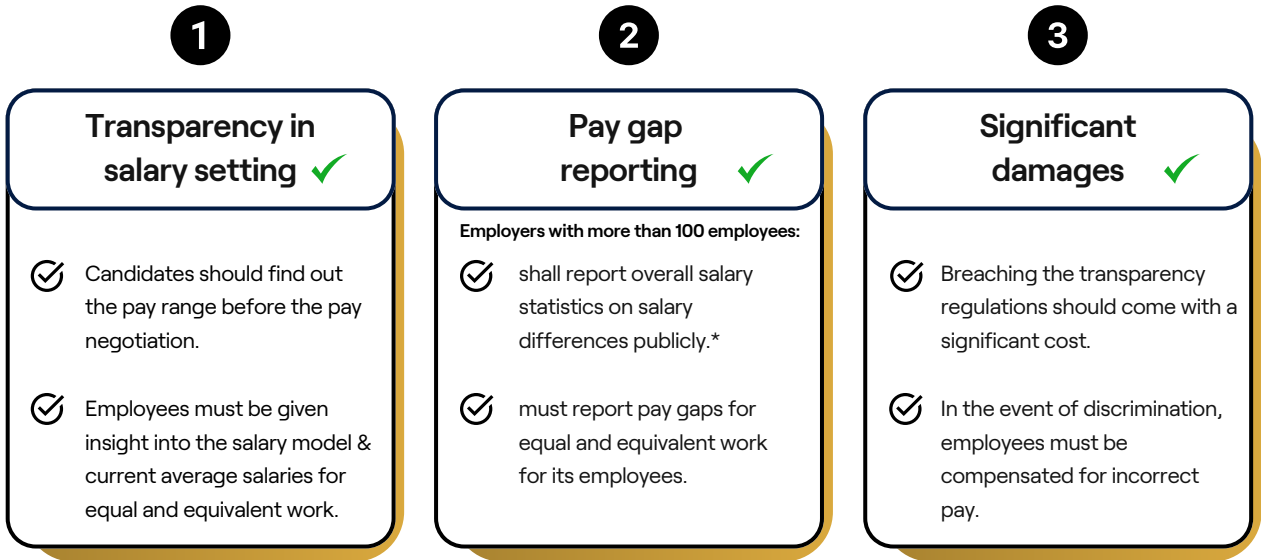


How Sweden intends to implement the EU Pay Transparency Directive



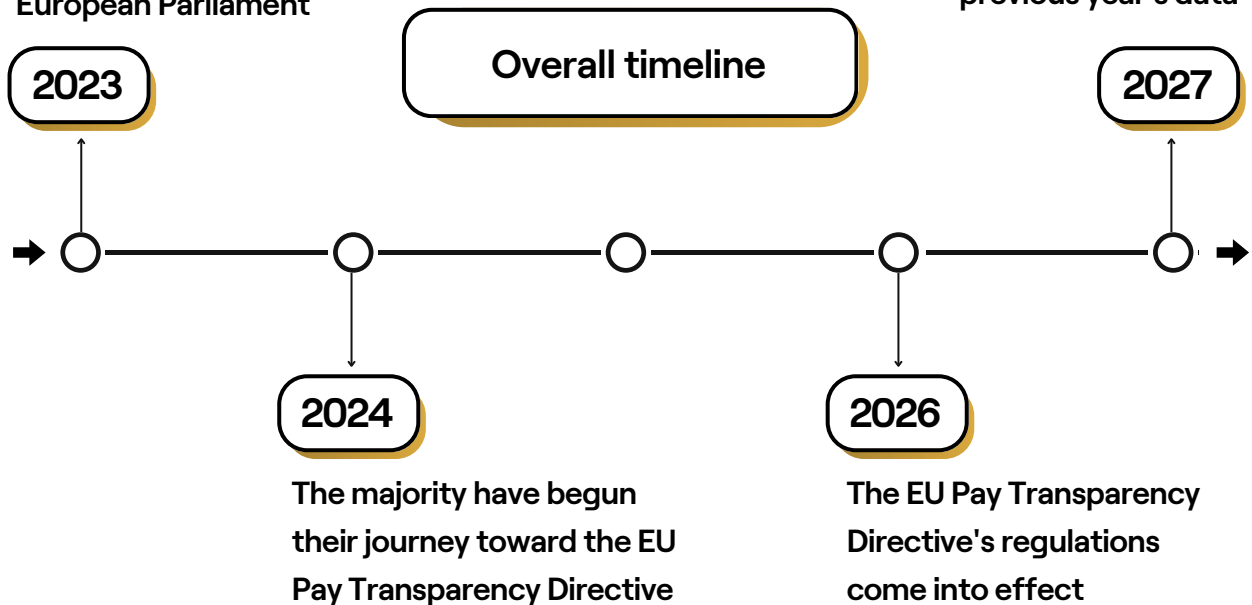
A reminder of the Pay Transparency Directive's content: ↩



* By 2027, employers with 250+ employees must report their 2026 gender pay gap annually, and employers with 150–249 employees every three years. By 2031, employers with 100+ employees must report every three years.

The Pay Transparency Directive is passed in the European Parliament

The first reports are published, based on the previous year's data



Briefly about the investigation

On May 29, 2024, the Swedish government's investigators presented a comprehensive report of 388 pages, containing proposals on how Sweden should implement the Pay Transparency Directive into Swedish legislation. At Sysarb, we have broken down the investigation into four main areas:

- Pay equity analysis
- Pay gap reporting
- Transparency in salary setting
- Sanctions

As Sweden is the first country in Europe out of 27 member states to present its investigation, this report has a significant impact and influence on other countries and their implementation of the directive. For instance, Denmark and Finland are far behind Sweden in their local implementation of the directive and are likely to follow many of Sweden's examples from this report.



Pay equity analysis

Applies to all employers in Sweden and must be in writing for employers with more than ten employees. The pay equity analysis must be carried out annually.

The pay equity analysis must contain the following:

- a description and analysis of the salary model
- a description of which jobs are equal and equivalent (categorization of employees, often referred to as job architecture)
- a calculation of pay gaps between women and men in each part of the job architecture
- an in-depth analysis of pay gaps between women and men in each part of the job architecture
- an analysis of the impact of parental leave on salary setting.
- a plan to correct discrepancies between women and men

Transparency in salary setting

For job seekers

Employers must provide information to job seekers about the starting salary and pay range for the position being filled, allowing for informed salary negotiations.

For employees

Employers must provide employees with information about the salary model that is applied. The information can be found in the pay equity analysis. Upon request, the employer must disclose in writing the average salary for other employees who perform the same or equivalent work. The statistics must be divided by gender. This information is available in the pay equity analysis. The employer must annually inform the employees of their rights to transparency in the salary setting. Employers may not prohibit employees from discussing their salary levels.

For union representatives

Chapter 3a emphasizes the importance of cooperation between employers and union representatives with whom the employer has a collective agreement. This cooperation applies to work on pay equity analysis, pay gap reporting, and the selection of criteria for job evaluation, as well as the criteria used to justify pay gaps in the salary analysis.

For authorities

DO* has the right to access the pay gap reports, information about pay gaps in the job architecture, and the pay equity analysis if corrective actions have not been taken.

For the general public

Data from the pay gap reporting will be made available to the public by DO* through a special website for comparing employers.

*DO = A Swedish government agency promoting equal rights

Pay gap reporting

Applies to employers with more than 100 employees. The pay gap report to DO* must be submitted at different intervals depending on the number of employees.

The pay gap report must include:

- a report with specific KPIs showing pay gaps between men and women at an aggregated level within the company, which must be submitted to DO*. The data in the report will be published by DO* on a dedicated website for comparing employers.
- a breakdown of the company's pay gaps for each part of the job architecture (data is available from the pay equity analysis). Pay gaps greater than 5% must be justified or corrected within six months. If the pay gap is not corrected within six months after the pay gap report is submitted, the employer must submit their pay equity analysis to DO*, along with a plan for corrective actions within three years.
- information that must be made available to employees on the employer's initiative about pay gaps between men and women in each part of the job architecture (data available from the pay equity analysis). Upon the employee's request, the pay gaps must be explained. If the pay gaps exceed 5% and the employer has not explained or addressed the discrepancies, the written pay equity analysis must be presented to the employees.

Damages and penalties

Sanction fee

Employers who fail to submit their pay gap report to DO* will be required to pay a sanction fee to the state. The fee amount is up to 8 times the base amount, a standardized figure used in Sweden for social benefits and tax calculations (currently a maximum of 458,400 SEK). The fee is determined by the district court once DO has initiated legal action.

Penalty

Employers who fail to fulfill their obligations to conduct a pay equity analysis by the law may be subject to a penalty order to ensure compliance. DO* and the central employee organization have the right to request a penalty order from the Discrimination Board.

General damages

This refers to compensation for non-economic harm. These damages apply in cases of violations of the right to information and transparency for job seekers, employees, and employee organizations.

Compensation for discrimination

In cases where an employer is found guilty of and sentenced for discrimination, they must pay compensation to the affected party. The compensation should be reasonable and serve to discourage discrimination in society through its significant amount.

Economic damages

An employer who violates the prohibition against discrimination and the prohibition against retaliation must compensate for the financial loss incurred.

10 things to know about the report



Timmy Lundin
VP Strategic Initiatives @ Sysarb

1. First of all, the report is massive! 388 pages filled with detailed orientation.
2. Union representatives, along with government authorities, will ensure that companies comply with the rules. Since only a few companies in Sweden have been reported for gender and wage discrimination over the past 20 years, this marks a significant shift in compliance monitoring.
3. Employers with more than 100 employees must annually report their wage differences for all equal and equivalent jobs for their employees. If available, the past four years of pay gaps must also be reported.
4. Employers must collaborate with their union representatives in developing the job evaluation model. The model must be presented to all employees. Many companies will need to change their job structure as they do not have a point factor system that supports this.

5. The reporting must include both base salary and all monetary benefits.
6. Companies will need to start reporting and analyzing wage changes during parental leave, which is challenging due to the lack of data.
7. DO* will collect and publicly present the data.
8. The report recommends that the state should encourage legal claims by covering legal costs for employees who lose a wage discrimination case if they had reasonable grounds for filing the claim.
9. The investigation suggests that the government should not provide a state-funded tool for the directive.
10. All companies with more than 10 employees must conduct an annual pay equity analysis and document the process in writing.

Pay transparency can become your main competitive advantage!

Do you have questions about the directive, want to speak with an expert, or are looking for system support?

[Book a platform briefing with us](#)



Linnéa Molin

Chief Advisory Officer @ Sysarb

📞 072-080 68 06

✉️ linnea.molin@sysarb.se

[Book a meeting with Linnéa](#)



Timmy Lundin

VP Strategic Initiatives @ Sysarb

📞 073-314 02 05

✉️ timmy.lundin@sysarb.se

[Book a meeting with Timmy](#)

We are Sysarb

sysarb

