

EMPLOYMENT LAW & BENEFITS

The EU Pay Transparency Directive

Key takeaways

The EU Pay Transparency Directive

Executive summary

The EU Pay Transparency Directive will significantly change how employers approach pay, recruitment and employee communications.

Ireland has not yet completed its implementation of the Directive. The original transposition deadline of 7 June 2026 has passed, and draft Irish legislation has yet to be published in final form. However, the direction of travel is clear. Employers will face increased obligations to:

- Explain how pay is determined
- Provide employees with greater access to pay information, and
- Demonstrate that differences in pay are based on objective criteria.

The practical challenge extends well beyond updating policies. Employers will need to examine how roles are valued, how salary ranges are set and how pay decisions are documented.

Recruitment processes will also change, while managers are likely to face more questions from employees about pay.

The additional time created by the delay in Irish implementation should therefore be treated as an opportunity to prepare. Much of the groundwork can be completed before the final Irish legislation is known.

Our webinar with HR Path examined the legal requirements under the Directive, as well as the communications and change management issues employers should consider. We set out the principal themes that emerged.

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KEY TAKEAWAYS FROM THE WEBINAR

01

Do not wait for Irish legislation

Ireland has missed the Directive's original transposition deadline and employers are still waiting for detailed domestic legislation.

The Irish Government has previously published draft proposals dealing with certain pre-employment requirements. Separately, it has indicated that a standalone pay transparency bill is being prepared. However, the final shape of the Irish regime remains unclear.

That uncertainty should not prevent preparation, however. Many of the Directive's central requirements are already clear. Employers know that greater transparency will be required around recruitment, pay setting, pay progression and access to information.

Some EU Member States have already implemented the Directive while others remain at different stages of the process. Their approaches also demonstrate that individual countries retain discretion over certain elements, including time limits and exemptions for smaller employers.

The practical message for employers is therefore straightforward: use the current period to address the areas that are unlikely to change materially.



KEY TAKEAWAYS FROM THE WEBINAR

02

A clear pay philosophy is the starting point

Greater transparency will expose inconsistencies that may previously have remained largely internal.

Employers should be able to explain how pay is determined and why employees performing certain roles sit at particular points within a salary range.

A documented pay philosophy can provide the foundation for that explanation. It should set out, in clear language, the factors that influence pay and how those factors operate across the organisation.

That approach should then be reflected consistently in recruitment, performance management, salary reviews and promotion decisions.

The webinar also emphasised the importance of sequencing. Leaders should understand the organisation's approach before wider communications begin. HR teams will need to be prepared to support implementation, and managers will need enough information to respond confidently to employees.

Pay transparency should therefore be treated as an ongoing organisational change rather than a single compliance exercise.



KEY TAKEAWAYS FROM THE WEBINAR

03

Recruitment practices will need to change

The Directive introduces significant changes at the recruitment stage.

Job applicants must receive information about the initial pay level or salary range for a role before or during the recruitment process. While the Directive does not require this information to appear in the job advertisement itself, earlier Irish proposals indicated that salary details would need to be included at the advertisement stage.

Employers should therefore prepare for the possibility that salary disclosure in job advertisements will become the Irish standard.

This may create immediate practical issues where existing employees are paid below the range advertised for an equivalent role. Any difference will need to be capable of explanation by reference to objective criteria.

The Directive will also prohibit employers from asking applicants about their current or previous salary. Job titles and advertisements must be gender-neutral and the recruitment process must be conducted on a non-discriminatory basis.

Employers can begin reviewing recruitment processes now. That review should cover a broad range of materials, including:

- Job advertisements
- Application forms
- Interview templates
- Recruitment scripts, and
- Onboarding documentation



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KEY TAKEAWAYS FROM THE WEBINAR

04

Job architecture will become increasingly important

Salary transparency is difficult to implement effectively without a clear understanding of how roles relate to each other.

Employers should consider whether their existing job architecture accurately reflects the value and requirements of different roles.

Under the Directive, pay decisions must be based on objective and gender-neutral criteria. The core factors identified are:

- Skills
- Effort
- Responsibility, and
- Working conditions

Those factors may need to be broken down further so that roles can be assessed consistently across an organisation.

This assessment should not focus only on job titles. Different roles may perform work of equal value even where they sit in different functions.

Employers should also ensure that job descriptions properly recognise both technical requirements and less tangible demands of a role. The webinar highlighted that interpersonal skills, emotional effort and similar requirements historically have been undervalued where they are associated with female-dominated work.

A robust job architecture can therefore support both compliance and better decision-making on pay.



KEY TAKEAWAYS FROM THE WEBINAR

05

Pay progression must be explainable

Employees will be entitled to access the criteria used to determine pay levels and pay progression.

Those criteria must be objective and gender neutral. Relevant factors may include verified performance, qualifications or skills where they are genuinely connected to the role.

Employers should review whether existing salary progression processes are sufficiently clear and documented.

This also places greater importance on performance management. Where performance is relied on to justify a difference in pay, the underlying assessment should itself be capable of objective explanation.

Member States may exempt employers with fewer than 50 employees from the requirement to make pay progression criteria available. Ireland has not yet indicated whether it will use that exemption. Until the Irish position is confirmed, smaller employers should not assume that they will fall outside the requirement.

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KEY TAKEAWAYS FROM THE WEBINAR

06

Employees will gain significant new information rights

Employees will be able to request information about their individual pay level and the average pay levels for categories of workers performing the same work or work of equal value.

Those averages must be broken down by sex.

The Directive requires employers to respond in writing within no more than two months, although Member States may impose shorter deadlines. Employers must also remind workers annually that they have this right and explain how it can be exercised.

However, the Directive does not give employees a general right to see the exact salary of an individual colleague. The information right concerns average pay levels within the relevant category.

Employers should establish a process now for receiving and responding to requests.

That process should identify who owns the request, who provides the relevant data and how the response is checked before it is issued. Employers should also consider how follow-up questions or grievances will be handled where the information reveals a difference in pay.

KEY TAKEAWAYS FROM THE WEBINAR

07

‘Work of equal value’ is likely to be one of the biggest challenges

Identifying the correct comparator group will be central to the new regime.

Employers often group roles by job title, department or reporting line. The Directive requires a different analysis.

Roles performing different functions may still constitute work of equal value if they carry similar weight when assessed against skills, effort, responsibility and working conditions.

This means employers may need to undertake a structured evaluation of roles across the organisation rather than assuming that existing grades or departmental structures provide the correct categories.

The Irish Government has indicated that it intends to develop an employer toolkit based on guidance produced by the European Institute for Gender Equality. No timetable for publication has yet been confirmed.

Employers do not necessarily need to wait for that toolkit to begin reviewing their current approach.

For many organisations, job evaluation and categorisation will be the most substantial piece of preparatory work required.



KEY TAKEAWAYS FROM THE WEBINAR

08

Pay differences will need objective justification

The Directive does not require every employee performing the same work or work of equal value to receive identical pay.

Differences can continue to exist where they are supported by objective and gender-neutral criteria.

Factors such as relevant qualifications or properly assessed performance may provide justification. Historical practices will be much harder to rely on.

An explanation that an employee has always been paid at a particular level, or that a role has historically attracted a particular salary, will not in itself justify a difference.

Employers should therefore identify unexplained differences before employees begin exercising their new information rights.

Where differences exist, the organisation should understand their cause and determine whether they can be objectively justified. Where they cannot, corrective action may be required.



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KEY TAKEAWAYS FROM THE WEBINAR

09

Gender pay gap reporting will become more detailed

Irish employers are already familiar with gender pay gap reporting.

The Directive will introduce a more granular form of reporting. Employers will have to examine pay gaps within categories of workers performing the same work or work of equal value. That analysis will require greater separation between basic and variable pay.

The precise interaction between Ireland's existing reporting regime and the Directive remains to be determined.

Current Irish requirements apply to employers with 50 or more employees. The Directive envisages a phased introduction of its enhanced reporting requirements, beginning with larger employers. It remains possible that Ireland will align the two systems when it legislates.

Existing experience gives Irish employers an advantage. Many organisations already have processes for gathering pay data and explaining reported gaps.

The next step is to determine whether that data can also support analysis at worker-category level.

KEY TAKEAWAYS FROM THE WEBINAR

10

A 5% gap can trigger further obligations

Where reporting identifies a gender pay gap of at least 5% within a category of workers, the employer must either justify the difference using objective and gender-neutral criteria or remedy it within six months.

If the gap is neither justified nor remedied, the employer will have to undertake a joint pay assessment with worker representatives.

That assessment is effectively a detailed equal pay review.

It will examine the reasons for differences between male and female workers and require the employer to identify measures to address unjustified disparities.

Worker representatives are given an important role throughout the Directive. This may present a practical issue for employers that currently operate a direct engagement model and do not have established employee representatives.

The Directive appears to assume that representatives will exist, but the Irish implementation measures will need to provide greater clarity on how this will operate in practice.

KEY TAKEAWAYS FROM THE WEBINAR

11

Pay transparency and data protection must be considered together

The new information rights will need to operate alongside existing data protection obligations.

This is particularly important where a worker category contains only a small number of employees. Providing an average in those circumstances could make an individual's salary relatively easy to identify.

The Directive expressly recognises that personal data protections continue to apply.

The webinar highlighted that employers may need to consider whether worker categories can legitimately be broadened by reference to the work of equal value framework. Where the pool remains particularly small, employers should consider how the required information can be provided without unnecessarily disclosing personal data.

These issues should be considered before a request arrives.

Employers should involve those responsible for privacy and data protection when designing their pay transparency processes.

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Providing an average in those circumstances could make an individual's salary relatively easy to identify.





KEY TAKEAWAYS FROM THE WEBINAR

12

Managers will be on the frontline

Many employee questions about pay will initially be directed to line managers rather than HR.

Managers will therefore need sufficient information to explain the organisation's approach to pay at a level appropriate to their role.

Preparation should include guidance on how salary bands operate, how pay decisions are made and when questions should be escalated.

Practical training can also help managers become more comfortable with difficult conversations. Scenario-based sessions and clear FAQs may be more useful than simply issuing a new policy.

Consistency will be particularly important. Employees receiving different explanations from different managers may quickly erode employee confidence in the organisation's approach.

The aim should be to give managers a clear message and an equally clear route for obtaining support.

KEY TAKEAWAYS FROM THE WEBINAR

13

Transparency will increase equal pay risk

Greater access to pay information is likely to increase employee awareness of potential disparities.

The Directive also changes the litigation environment.

Where an employer fails to meet its transparency obligations, the burden of proof may shift more readily to the employer. The Directive also widens the potential comparator framework in certain circumstances and requires full compensation for equal pay breaches without a fixed statutory upper limit.

The webinar anticipated that employers may initially see more internal information requests and grievances as employees begin exercising their new rights.

Formal claims may follow where employees consider that pay differences cannot be adequately explained.

That makes early auditing valuable. Identifying and addressing unexplained differences before transparency obligations take effect can reduce both legal risk and difficult employee relations issues later.



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KEY TAKEAWAYS FROM THE WEBINAR

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What this means in practice

Employers do not need to wait for the final Irish legislation to begin preparing.

The webinar discussion suggests several practical priorities:

01

Review your pay philosophy

Ensure there is a clear explanation of how pay is determined and how employees progress through salary ranges.

02

Map your roles

Review job architecture and consider how roles might be assessed against skills, effort, responsibility and working conditions.

03

Examine existing pay differences

Identify disparities that may require objective justification or remedial action.

04

Review recruitment documentation

Update materials to reflect salary transparency requirements, remove salary history questions and ensure job titles and descriptions use gender-neutral language.

05

Design an information request process

Decide who receives requests, how the relevant data will be gathered and who approves the response.

06

Prepare managers

Provide practical guidance on pay conversations and clear escalation routes for more complex questions.

07

Review your reporting capability

Consider whether existing gender pay gap data can be analysed at worker-category level.

08

Bring the right teams together

Pay transparency will require coordination across HR, recruitment, reward, legal, privacy and internal communications.

09

Plan your employee communications

Explain how pay works before formal information requests begin rather than communicating only when an issue arises.

10

Use the implementation delay

The Irish timetable remains uncertain, but many of the most substantial preparation projects can begin now.

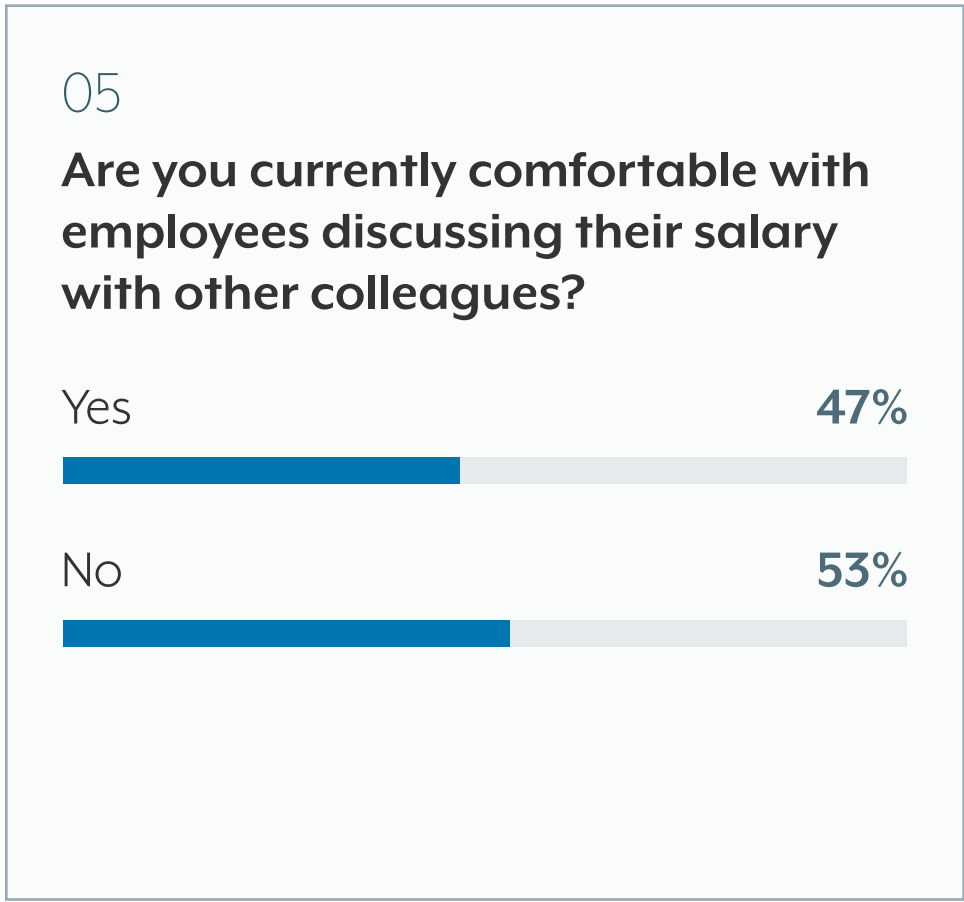
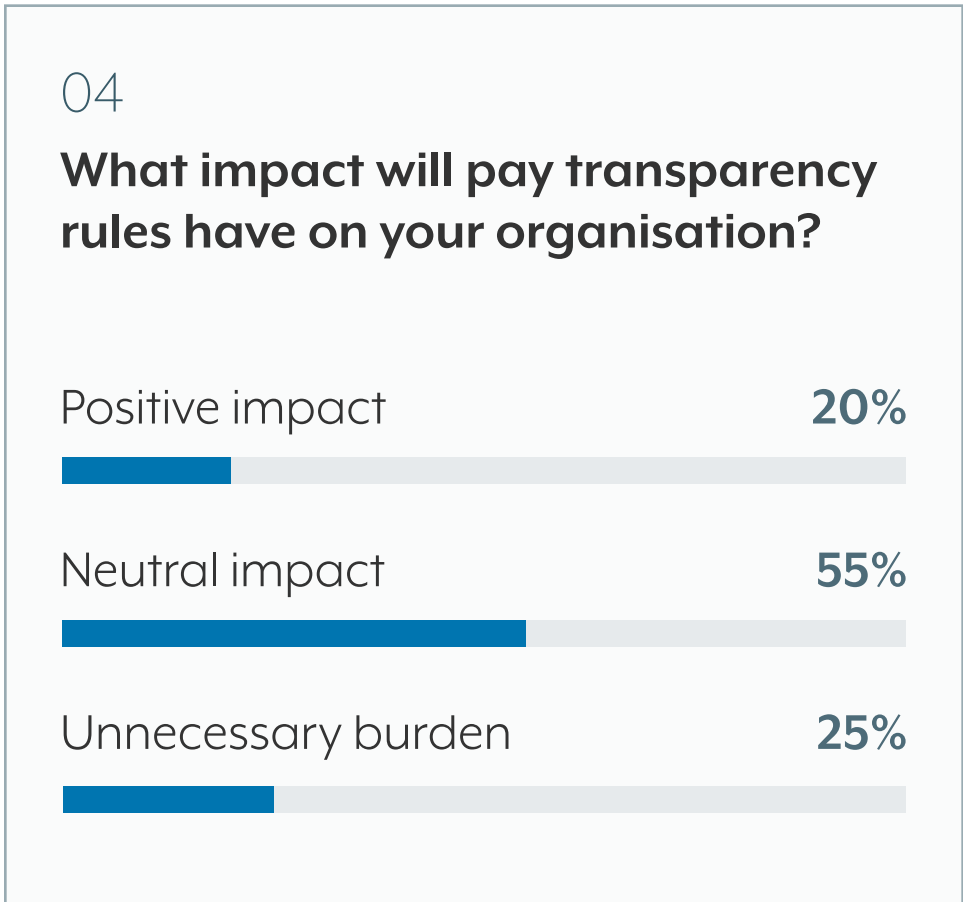
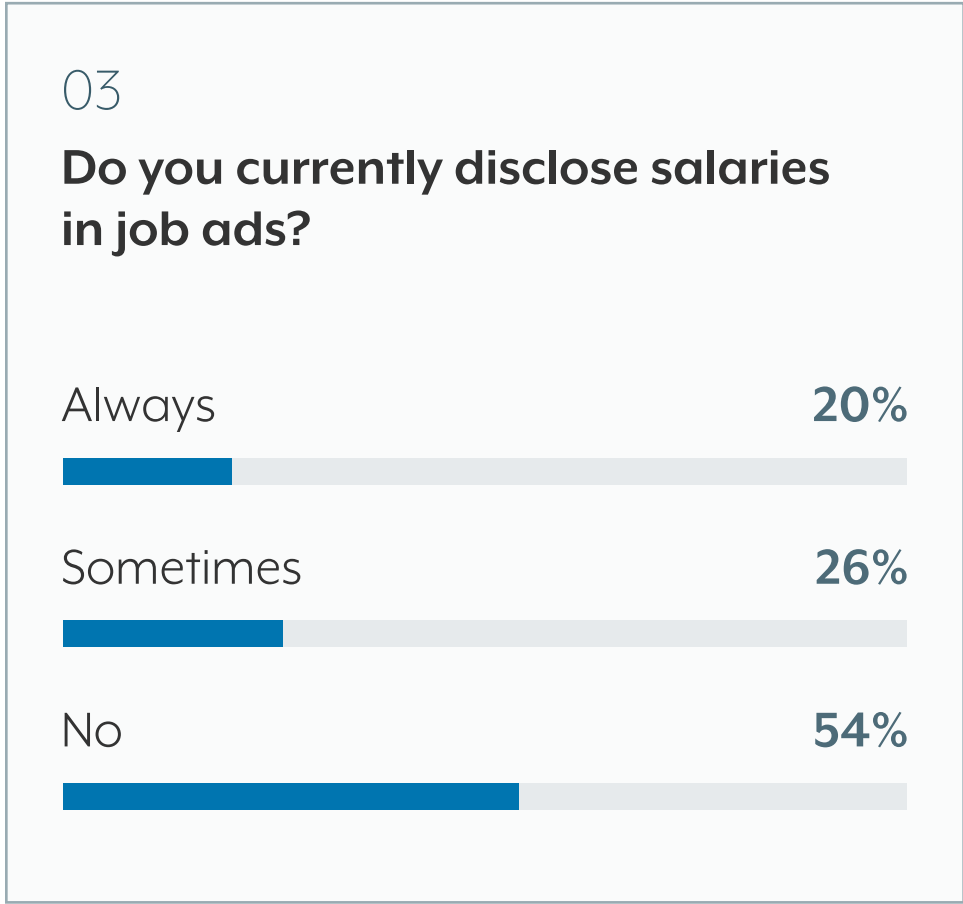
The central message from the webinar was that pay transparency should not be treated simply as a future reporting requirement. It will affect how employers recruit, determine pay and explain those decisions to employees.

Organisations that use the current period to understand their data, strengthen their job architecture and prepare their people will be better placed when the Irish legislation is finalised.

KEY TAKEAWAYS FROM THE WEBINAR

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What our
audience said



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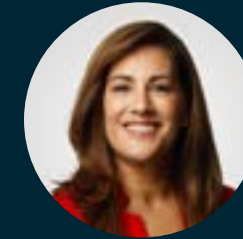
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