EU PAY TRANSPARENCY DIRECTIVE (EUPD)

Pitfalls & Lessons

29th January 2026

AGENDA

Time	Activity	Presenter
1:00pm	Welcome, Introductions, & Agenda Overview ✓ Please submit your questions via chat and Pat will pause occasionally to answer ✓ Copies of slides will be distributed post the webinar	Shane
1:05pm	**Part 1** - Overview of the EUPTD ✓ Important context ✓ Summary of key employer compliance requirements ✓ Why the directive is a game changer	Pat
1:20pm	**Part 2** – EUPTD: Common Pitfalls & Practical Lessons	Pat
1:40pm	**Questions & Answers** as submitted via chat/moderator	All
1:55pm	Wrap up	Michael
2:00pm	Webinar ends	

EU PAY TRANSPARENCY DIRECTIVE (EUPD)

OVERVIEW

EU PAY TRANSPARENCY DIRECTIVE – IMPORTANT CONTEXT

GURREN Compensation

- Part of a wider EU strategy on the enforcement of the principle of equal pay (Gender) by;
  1. Eliminating pay secrecy
  2. Promoting transparency in pay setting and career progression and
  3. Strengthening enforcement mechanisms ("effective, proportionate and dissuasive penalties")

- 3 core measures to close the gender pay gap in the EU
  1. Creating new information rights (for everybody) and
  2. Implementing public reporting measures (for larger companies)
  3. Refreshing the concepts of equal pay regardless of gender

- The directive was officially adopted in May 2023
  - Must be transposed into national law by June 2026 (still not done in Ireland)
  - Employee information rights will commence from June 2026
  - Public reporting measures will commence from June 2027

Equality is one of the EU's 1957 founding principles enshrined in the Treaty on the Functioning of the European Union

EU Pay Transparency Directive – Requirements summary by headcount*

GURREN Compensation

Requirements	Number of employees			
	1 - 49	50 - 149	150 - 249	250+
Employee right to information 7th June 2026				
What is my work category?, What is the criteria used to determine my work category? What is the male & female average pay in my work category?	☑	☑	☑	☑
What is the criteria used to determine my pay level and pay/career progression?	?	☑	☑	☑
Pay Transparency for job candidates – 7th June 2026				
• Job candidates receive starting salary information	☑	☑	☑	☑
• Job candidates pay history bans	☑	☑	☑	☑
• Contractual pay privacy clauses ineffective	☑	☑	☑	☑
Gender pay gap public reporting including by work category				
• First report due	n/a	June 2031**	June 2027	June 2027
• Reporting frequency post first reporting	n/a	Triennial	Triennial	Annual
Joint Pay Assessments (methodology not defined, needs to be agreed with employee representatives, 3 triggers: pay gap = 5% or greater (+ or -), lack of objective gender neutral criteria to justify, pay gap not addressed within 6 months)		☑	☑	☑
Workers' Representatives	☑	☑	☑	☑

** headcount of 100 to 149

* Individual EU member state rules, once enacted may differ from the requirements outlined in the directive

Why the EU Pay Transparency Directive is a game changer

GURREN Compensation

	Up to 7th June 2026	Post 7th June 2026
Burden of Proof - to prove an equal pay claim	On Employee	On Employer
Gender pay data available to employee to validate equal pay claim	Onus on employee to obtain	Onus on employer to provide via (1) employee information rights and (2) public reporting
Requirement to identify and prove a valid job comparator	Onus on employee to identify and prove appropriate job comparator	Onus on employer to identify and prove appropriate comparator
Robust equal pay legislation in place	In place, but difficult to access due to above	In place and readily accessible by employees due to the above
Frequency of employee gender pay equity claims taken to third party	Relatively few due to difficulty in proving	Expected to increase significantly
Employee compensation for successful equal pay claim • using Ireland as illustration • Compensation in other EU countries will be at or above Ireland	a) Employee equal pay order + b) Pay arrears ranging from 3X to 6X c) Employee compensation for discrimination ranging from 2 years pay to €unlimited per employee + d) Equal pay order to address discrimination if decision impacts other similar employees	Per current protections + New EU Pay Transparency Directive Penalties • "Member States should provide for effective, proportionate and **dissuasive penalties** in the event of infringements" • "Such penalties should include fines which could be based on the **employer's gross annual turnover** or on the **employer's total payroll**"

PAY TRANSPARENCY

PITFALLS AND LESSONS

PITFALLS & LESSONS

Pitfalls	Lessons
• Failure to prepare	• The 3 year run in period to transpose the directive by 7th June 2026 was provided for a reason. Gender pay gaps can be addressed via hiring, promotions, employee turnover and annual pay cycle. • The sooner you start the more time you have to address issues in a thoughtful and considered manner. • The sooner you accept that pay transparency is the new world order the better.
• Underestimating the impact of pay transparency on organisation culture	• For most organisations, pay transparency is an inflection point on organisation culture i.e. being truly open and honest about pay decisions marks a major cultural shift for many organisations. • Organisation culture change can be painful and resource intensive. • Both Stakeholder Management and Project Management skills are key in order to effectively manage completion of work.

PITFALLS & LESSONS, CONTINUED

Pitfalls	Lessons
• Waiting for more details before we start also know as "wait and see mode"	• We have known the requirements of the directive since May 2023! • The directive already spells out most if not all details required • In countries where draft legislation has been published it follows the directive closely unless local laws/practice requires more
• Believing the organisations own "propaganda" re: its pay policy and pay practices	• Can you really stand over your current pay practices and paid rates at a work category level? Can you objectively justify average gender pay differences? • Do managers and employees truly understand your organisations total rewards philosophy, polices and programmes? • Do you really "pay for performance"? If so, can you quantitatively show the link between employees pay and their historical performance? • Can you stand up "market forces" as a factor for gender pay gaps? Can you get into the weeds of what this means in your organisation?

PITFALLS & LESSONS, CONTINUED

Pitfalls	Lessons
• Underestimating what it takes to be truly transparent on pay. • Compliance is not a "tick box exercise"	• Manager training takes more time than you think. • Employee communications takes more time than you think. • If you are going to be "open and honest" about your pay practices, you need to be able to "stand up" your pay practices. • The test of pay transparency is both pay policy and pay practices. • You need to have robust architecture in place e.g. job evaluation, salary banding methodology, training and comms etc.
• Underestimating the ongoing data analytical and data reporting capability required	• Pay transparency is not just about the annual provision of average gender pay gap data internally and externally • For most organisations they will need to measure monthly the impact of hiring, promotion decisions and pay adjustment decisions on gender pay equity at any given work category. This requires robust data analytical and reporting capability. • The status of gender pay equity at any given work category tends to be dynamic. One month you are compliant and the next month you are not.

PITFALLS & LESSONS, CONTINUED

Pitfalls	Lessons
• Failing to recognise the importance of "hard" skills as well as "soft" skills in the HR toolkit e.g. quantitative analytical skills and expertise	• Pay transparency has driven a rebirth of job evaluation. You cannot "fudge" or "black box" the process the organisation uses to determine work categories. • There is a statistical difference between "median" and "average" as the "average" is impacted by outliers • If you do have gender pay gaps of 5% or greater at a work category level, you will need to be able to explain it objectively. Fudging on this, will not work.
• Failure to recognise the knock on or indirect impact of pay transparency on the rewards eco-system	• When you disclose the average male and female pay in a given work category, you will have to explain to employees why they are paid below the average. • When you disclose your salary bands to job candidates, you will have to consider disclosing them to all employees internally. You have to be able to objectively explain salary bands in a quantitative manner. • In 2027 when average pay data by work category is publicly reported, you will have to explain your pay rates in the context of the data being reported by other organisations.

ANY QUESTIONS?

Thank You