

From Compliance to Confidence: Preparing for Pay Transparency

The EU Pay Transparency Directive represents a significant development in employment regulation, requiring Organisations to take a more structured, transparent, and evidence-based approach to pay.

Organisations will be expected to demonstrate that pay decisions are objective, consistent, and free from gender bias. For many Organisations, this will require a level of documentation, structure, and transparency that goes beyond existing HR practices.

Early preparation will be key to ensure compliance, reduce risk and avoid rushed, reactive changes when the Directive comes into force.

Building the Right Foundations

The starting point for any Organisation is to gain a clear and accurate understanding of its workforce and how roles are defined.

A central requirement of the Directive is the ability to assess work of equal value using objective, gender-neutral criteria. These criteria should be carefully defined and include the four core factors set out in the Directive which are:

- **Skills:** refers to the knowledge, competencies, and abilities required to perform the role
- **Responsibility:** captures accountability for people, resources, or outcomes
- **Effort:** reflects the level of physical, mental, or emotional exertion involved
- **Working conditions:** consider the environment (physical, psychological, emotional or organisational) in which the work is carried out

The Directive also stresses that certain roles or responsibilities that may have been undervalued in the past should be appropriately recognised.

This process should be supported by clear documentation. Organisations will need to be in a position to explain and justify how they have assessed roles and determined work of equal value.

Alongside role evaluation, Employers should map their current pay structures in detail. This includes not only formal salary scales, but also any informal practices that may influence pay outcomes.

Embedding Pay Transparency into Day-to-Day Practice

Once these foundations are in place, attention should turn to how pay transparency will operate in practice across the Employee lifecycle.

Recruitment is a key area of focus. Employers will need to determine how and when pay information, including salary ranges, will be communicated to candidates. This requires the

establishment of internal approval processes to ensure that pay ranges are consistent and aligned with Organisational frameworks, as well as clear guidelines to support hiring managers. More broadly, Organisations should define ownership of pay transparency within the business, ensuring there is accountability for decision-making and oversight. Clear escalation routes should also be in place to manage complex or sensitive pay-related queries.

Although it remains to be seen if smaller Organisations (less than 50 Employees) will be excluded from the requirement to provide Employees with details of pay progression systems, in-scope Employers will need to provide the criteria they use to determine workers' pay, pay levels and pay progression. Employers should document the criteria used to determine pay levels and progression and ensure these are applied consistently. Supporting guidance for HR teams and managers will be essential in achieving this.

In addition, Organisations will need to prepare for Employee requests for pay information. This means designing a structured process for handling such requests, including defined response timelines, assigned responsibilities, and, in due course, standardised response templates. Training will play a significant role here, ensuring that those responsible for responding are equipped to do so accurately and confidently.

Robust record-keeping will also support all these activities. Employers should ensure that decisions relating to pay are documented and that an appropriate audit trail is maintained.

Ongoing Compliance

Pay transparency will not be a one-off project but an ongoing compliance obligation. Once initial preparations are complete, Organisations will need to embed regular review and monitoring into their business and operations.

This includes periodically revisiting job evaluation frameworks and pay structures to ensure they remain relevant and aligned with Organisational needs. Monitoring mechanisms should also be established to identify any emerging risks or inconsistencies, as well as to support any future reporting requirements.

As Organisations grow, the pay transparency compliance burden is also likely to develop further as certain requirements apply only to Organisations with a specific number of Employees.

A Strategic Opportunity

While the Directive introduces a whole new set of pay transparency compliance obligations, it also presents an opportunity for Organisations to strengthen their overall approach to pay. Greater transparency can enhance Employee trust, support fairness, and improve the consistency of decision-making. Organisations that take a proactive and structured approach now will be well positioned not only to meet their legal obligations, but to build more robust and equitable pay practices for the future.

How Adare Can Help

Preparing for the new legal framework being introduced by the EU Pay Transparency Directive requires more than a policy update, it requires confidence in your pay structures, your pay data and your decision-making processes.

We support Irish Organisations by:

- Assessing readiness for Employee pay information requests
- Supporting the development of clear job architecture and role categorisation aligned with 'work of equal value' principles
- Reviewing pay structures, pay ranges and progression frameworks to ensure they are objective and defensible
- Conducting pay risk and equal pay assessments ahead of Employee requests
- Advising on practical processes for responding to pay information requests clearly, consistently and compliantly
- Supporting HR and leadership teams with guidance, training and communications as pay transparency obligations evolve

Adare is a team of expert-led Employment Law, Industrial Relations and best practice Human Resource Management consultants. If your Organisation needs advice, support, or guidance about pay transparency compliance requirements or any HR issues, please contact Adare by calling 021 486 1420 or emailing info@adarehrm.ie to learn what services are available to support your business.