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The EU AI Act high-risk compliance penalties: An Executive Briefing on the Future of Talent Acquisition

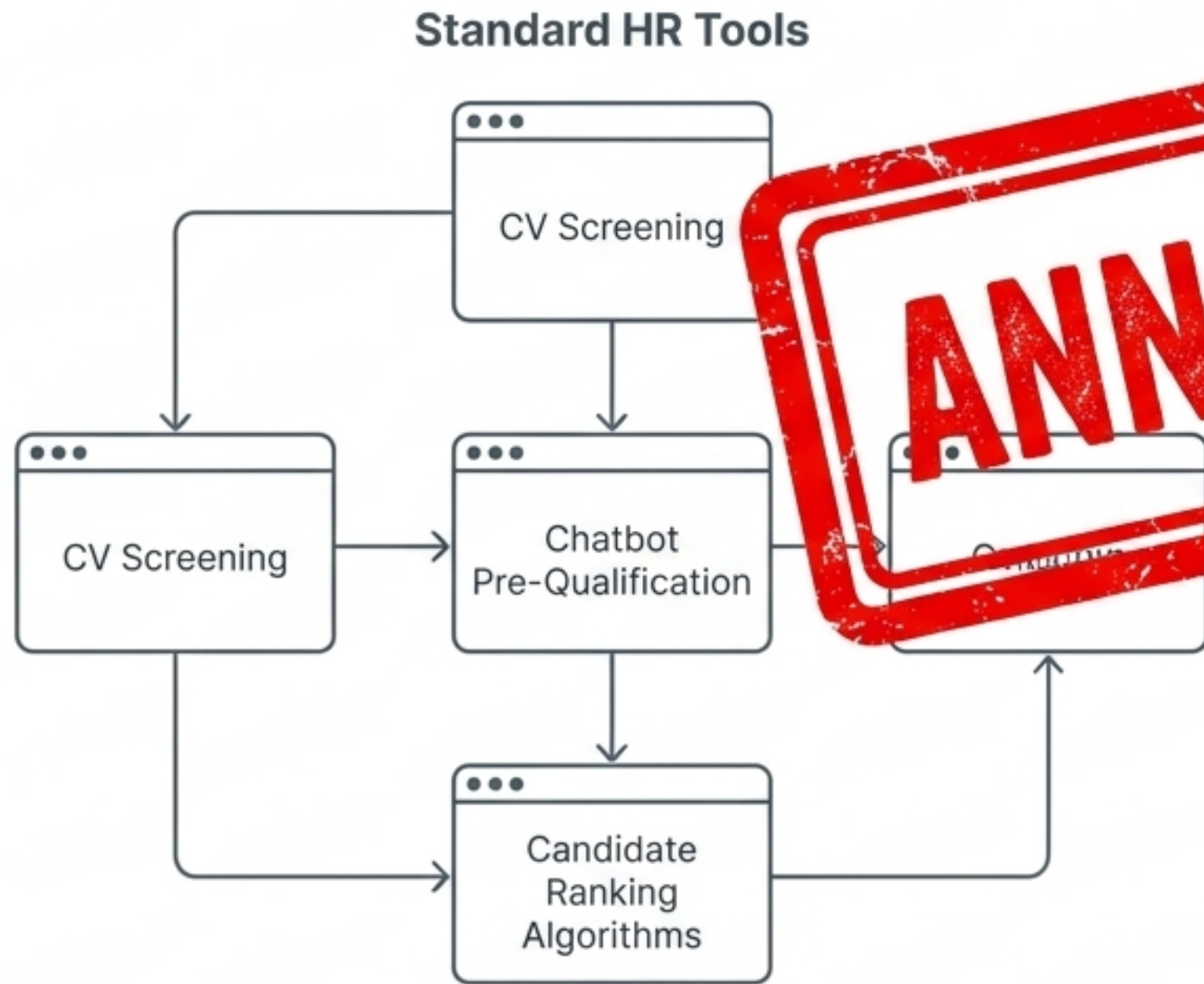
The countdown to absolute liability has begun.

The €35 Million Wake-Up Call

Under Chapter XII, Article 99, non-compliance with prohibited AI practices or high-risk requirements triggers devastating financial penalties.

Standard GDPR Infraction	Article 99 fines
Fines capped at standard privacy violation levels.	€35,000,000 OR 7% OF GLOBAL TURNOVER (Whichever is higher)

The End of “Business as Usual”

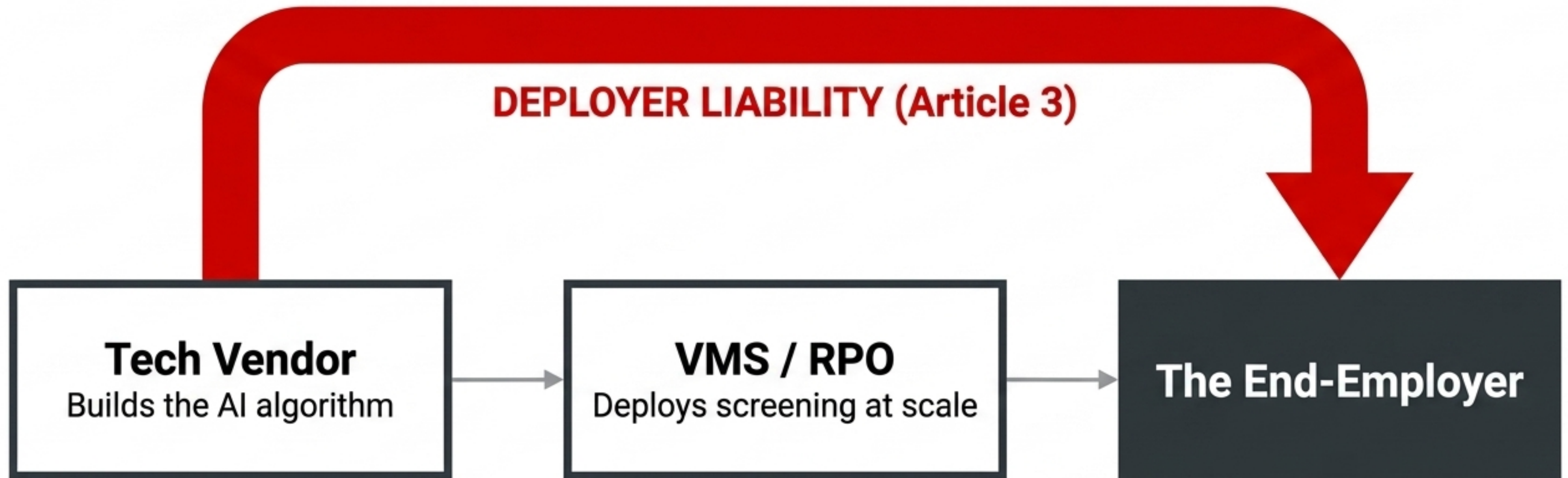


ANNEX III: HIGH-RISK

What your HR department considers basic efficiency software is now legally classified as a High-Risk AI System. Under Annex III, any AI intended to be used for recruitment, targeted job advertising, candidate filtering, or performance monitoring is strictly regulated.

The Deployer Trap: You Cannot Outsource Liability

If your business selects, configures, or relies on an AI tool to inform workforce decisions, you are **legally the “Deployer.”** You bear the burden of human oversight, transparency, and bias monitoring. Vendor indemnification clauses will not shield you from regulatory enforcement.



The Supply Chain Liability Diagram

The Exemption Illusion

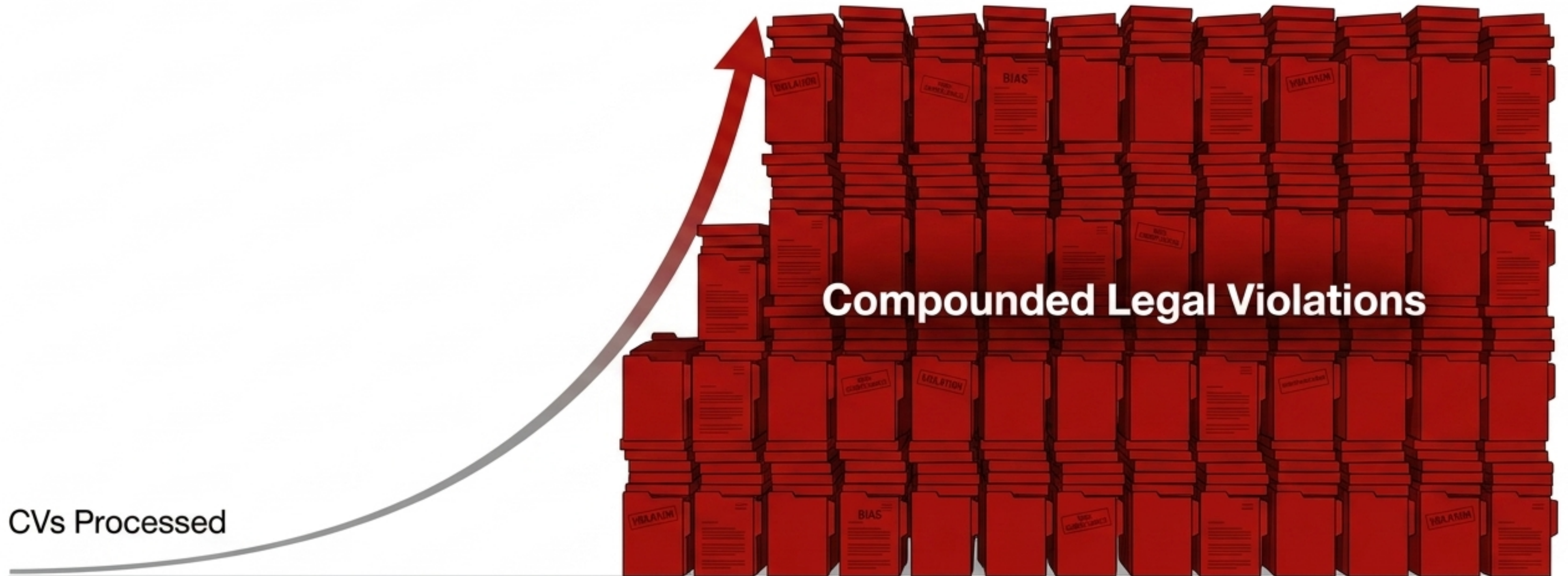
A fatal assumption is that HR tools are exempt because they only perform “preparatory tasks.” The reality? The moment an AI predicts candidate suitability, evaluates traits, or ranks fit, it constitutes “Profiling.” Profiling instantly nullifies all exemptions.

~~Article 6(2)
Exemptions:
Narrow Procedural
Tasks~~

**The GDPR
Article 4(4)
Profiling Reality**

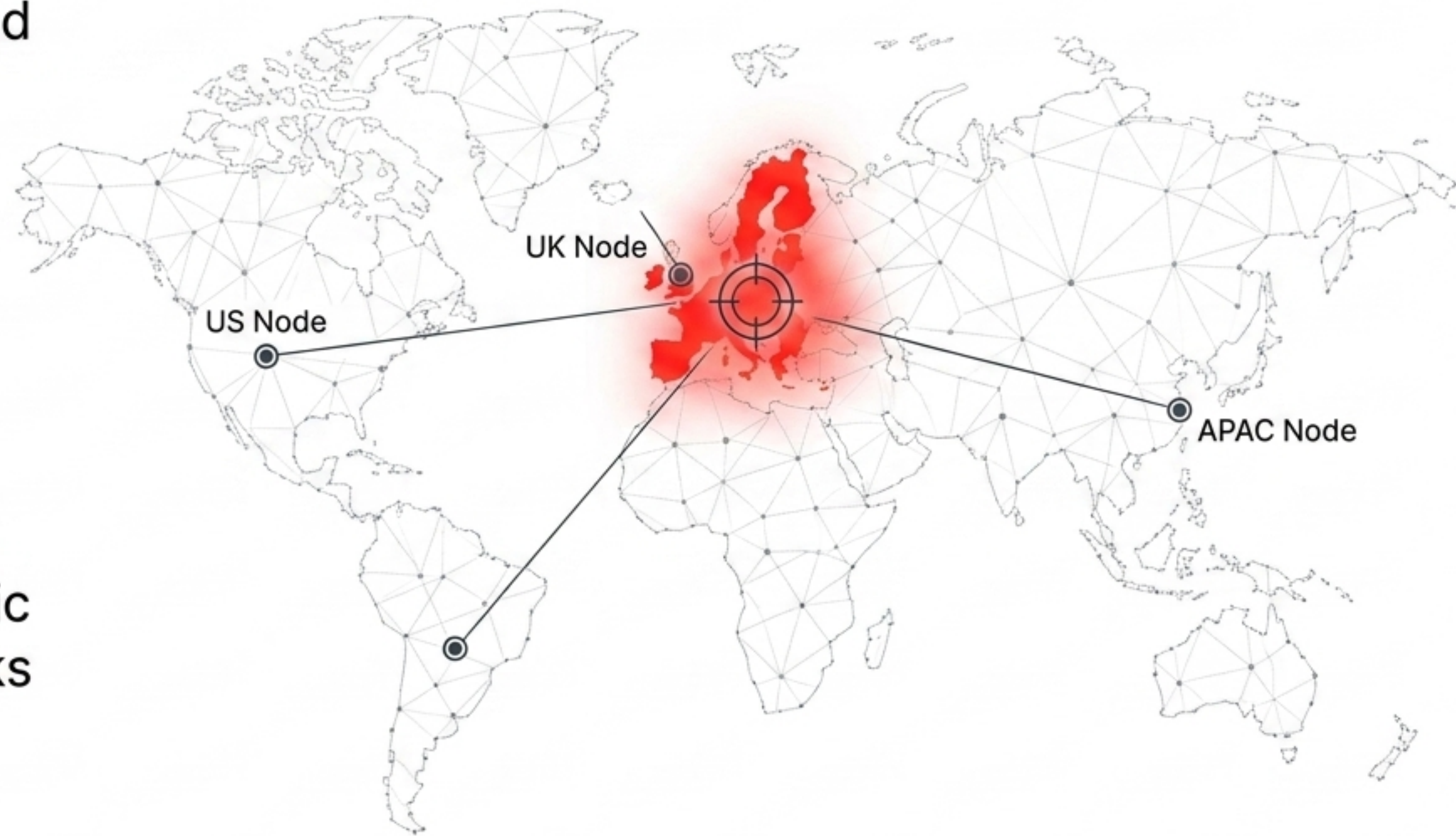
Scaled Content Abuse

AI efficiency is a double-edged sword. If your algorithm unlawfully filters candidates due to an untested bias or lacks logged human oversight, you haven't made one mistake. If it screens 10,000 applicants, you have committed 10,000 distinct regulatory violations at scale.



The Extraterritorial Reality

Ignorance is not a defense, and geography is not a shield. Under Article 2(1)(c), if the AI system's output affects individuals located in the Union—such as screening a contractor in Dublin or matching a temp in Amsterdam—the Act fully applies. There is no geographic hiding place from AI hiring risks 2026.



The Anatomy of a recruitment AI regulatory failure

- **Undocumented Bias:** Failure to maintain mandatory technical documentation and bias testing (Annex IV).
- **Oversight Absence:** No qualified human-in-the-loop with the authority to override AI placement decisions (Article 14).
- **Transparency Violations:** Failing to explicitly notify candidates that they are being evaluated by high-risk systems.
- **Record-Keeping Blackouts:** Inability to produce six months of required system logs during a regulatory audit.

The timeline is set. The fines are catastrophic.

The technology currently powering global recruitment is fundamentally non-compliant.

In our next briefing, we will expose why 90% of current HR tech setups are walking directly into this legal minefield.