EU Pay Transparency Directive: Key Provisions and Romanian Transposition

Summary prepared by Forvis Mazars in Romania

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Note: This document provides an overview of the key requirements introduced by the EU Pay Transparency Directive, alongside an analysis of their transposition into the Romanian draft legislation.

The information is presented in parallel: the provisions of the Directive are outlined first (in black), followed by the corresponding provisions of the Romanian draft legislation (in blue). Where the Romanian draft legislation does not materially depart from the requirements of the Directive, the relevant provisions have not been reproduced in full. Instead, only the key elements have been summarized and highlighted to facilitate readability and support a clear understanding of the proposed legislative framework.

1. What Is the EU Pay Transparency Directive (EU) 970/2023 and Why Is It Important?

Directive (EU) 970/2023 on pay transparency aims to strengthen the application of the principle of equal pay for equal work or work of equal value between women and men and to reduce the gender pay gap across the European Union. To achieve this objective, the Directive introduces a range of measures designed to increase transparency in pay-setting practices and address pay discrimination. The Directive grants employees enhanced rights to access information regarding their remuneration and the criteria used to determine pay and career progression. It also establishes minimum transparency requirements for employers, covering areas such as recruitment, pay-setting, reporting obligations and employee information rights. The Directive applies to both public and private sector employers and introduces key concepts, including "pay", "gender pay gap" and "work of equal value". EU Member States are required to transpose the Directive into national legislation by 7 June 2026. Consequently, organizations should begin assessing their level of preparedness and identifying any actions required to ensure compliance with the upcoming legal requirements.

In Romania, the Ministry of Labour, Family, Youth and Social Solidarity published the first draft legislation transposing the EU Pay Transparency Directive on 30 March 2026. The Romanian draft expressly provides that the legislation will apply to all workers in both the public and private sectors, including civil servants and military personnel. As of 29 June 2026, the draft legislation had entered the parliamentary process and is currently under review and debate in the Senate.

Under the draft legislation, the National Agency for Equal Opportunities between Women and Men (ANES) will serve as the authority responsible for monitoring pay transparency reporting. In addition, the Labour Inspectorate (ITM) and the National Council for Combating Discrimination (CNCD) will have the authority to request supplementary information and documentation in order to verify the accuracy and compliance of the information reported by employers.

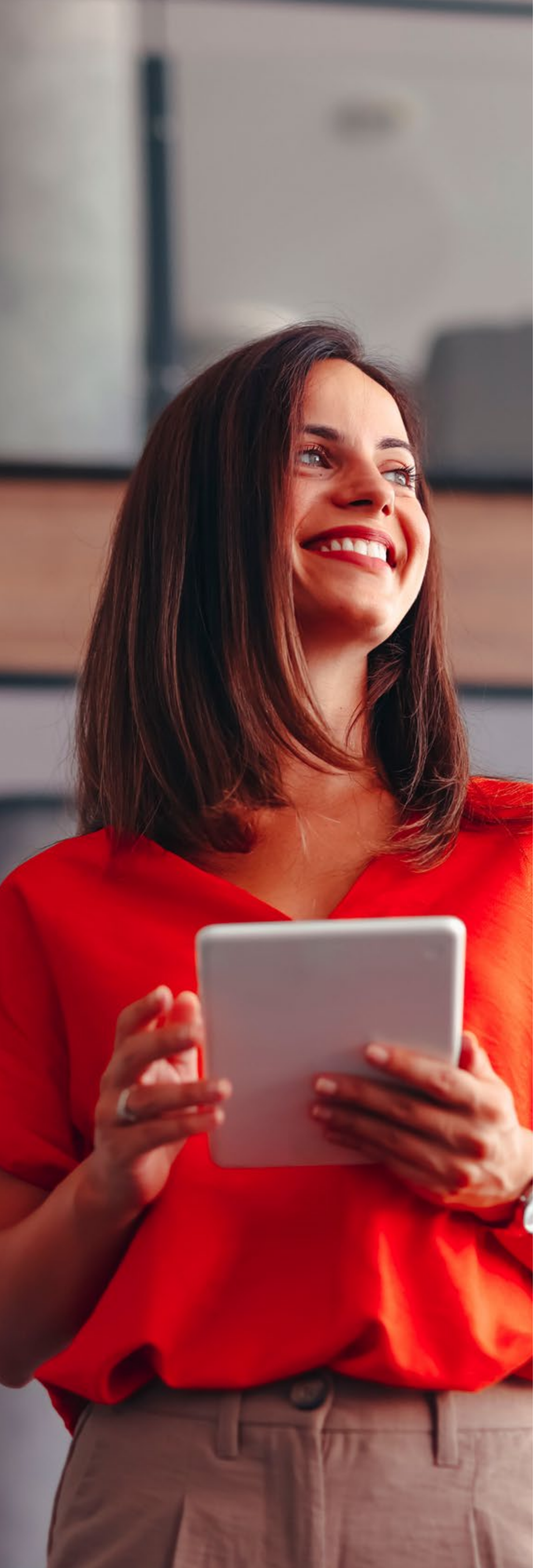
2. Employee rights and employer obligations

a. Employee rights

- Employees have the right to request and receive, in writing, information regarding their individual pay level, as well as the average pay levels, broken down by gender, for categories of employees performing the same work or work of equal value. This right may be exercised either personally or through employee representatives. Romanian legislation provides that the deadline for responding to such requests may not exceed 30 working days from the date of the request.
- Employees have the right to disclose information regarding their remuneration, and contractual clauses imposing salary confidentiality are prohibited. This provision is also included in the Romanian transposition draft, including the amendments to the Labour Code, which stipulate that individual employment contracts cannot prohibit or restrict an employee's ability to disclose information about their pay.
- Employees have the right to request and obtain compensation or full reparation if they consider that they have suffered damage as a result of a breach of any of their rights or obligations. The transposition bill prohibits any adverse treatment of employees, employee representatives, or any other individuals who seek information, raise concerns regarding compliance with the principle of equal pay, file a complaint, or support a person alleging a breach of this principle.
- Employees exercising their rights under the Directive are protected against any form of retaliation or unfavorable treatment from the employer. The draft transposition law provides for a prohibition of any adverse treatment applied to employees who request information or raise complaints regarding compliance with the principle of equal pay.

b. Common obligations applicable to employers (regardless of sector/size/number of employees)

- Employers are required, during the recruitment process, to provide candidates with clear and objective information regarding the initial pay level or salary range, and, where applicable, the relevant provisions of the applicable collective bargaining agreement, prior to the interview or in a manner that allows for a transparent salary negotiation. The national transposition goes beyond the general principles set out in the Directive by expressly requiring employers to provide this information either in the job advertisement, on the employer's website or any other publicly accessible platform, or in writing to the candidate prior to the employment interview. Furthermore, the Romanian legislator extends the disclosure obligation to include supplementary or variable components of remuneration, other benefits in kind or compensation-related elements distinct from the base salary, as well as descriptions of such components, provided that no trade secrets are disclosed.



- During recruitment, employers are not allowed to request information from candidates about their salary history and must ensure that job advertisements are gender-neutral. These provisions have also been incorporated into the local transposition framework. In addition, the draft legislation broadens the scope of the prohibition by expressly providing that it applies not only during the recruitment process but also throughout existing employment relationships. Furthermore, the draft law explicitly requires recruitment and selection processes to be conducted in a non-discriminatory manner, in compliance with the principle of equal pay for the same work or for work of equal value.
- Employers are also required to inform all employees on an annual basis about their right to receive pay-related information and the steps they must take in order to exercise this right. The national legislation provides that employers must communicate this information by the end of the first quarter of each year.
- Employers, regardless of whether they are subject to pay reporting obligations, are required to provide information, clarifications and additional details regarding remuneration and the application of the principle of equal pay upon request from employees, employee representatives or competent authorities. Under the national regulatory framework currently in the transposition process, employers are required to respond to such requests within 30 working days. Where the information provided is not sufficiently clear or complete for the requester, further clarification may be requested, and the employer is obliged to respond within an additional 30 working days, with the possibility of extending the deadline by a further 30 working days.
- Where gender pay differences are identified that cannot be justified on the basis of objective and gender-neutral criteria, employers are required to take remedial measures within a reasonable timeframe, in cooperation with employee representatives and the competent authorities. In Romania, where such pay gaps cannot be justified, employers must remedy the situation within 90 working days, in cooperation with employee representatives, the Territorial Labour Inspectorate and/or the National Council for Combating Discrimination. By way of exception, where duly justified circumstances exist, this deadline may be extended up to six months.

- The Directive provides that the assessment of work of equal value must be based on objective and gender-neutral criteria, taking into account, at a minimum, **skills, effort, responsibility, and working conditions**. These criteria should form the basis of job evaluation and classification methodologies, as well as the design of remuneration structures and pay practices within the organization.
The proposed Romanian legislation follows the same approach and emphasizes the need for remuneration systems and policies to be based on objective, transparent, and gender-neutral criteria.

c. Obligations applicable to employers depending on the sector and company size

- Employers must make available to employees the objective and gender-neutral criteria used to determine remuneration, pay levels and pay progression. These criteria must form the basis of job evaluation and classification systems and enable the assessment of work of equal value. Companies with up to 50 employees may be exempt from the obligation to provide information on pay progression, depending on the option exercised by the Member State. The national transposition provides that employers with fewer than 50 employees are exempt from the obligation to make available the criteria governing pay progression. Furthermore, for employees whose remuneration is funded from public resources, the applicable salary scales are explicitly included among the information that must be made available to employees.

3. Reporting of gender pay gaps under the Directive

The Directive introduces reporting obligations for employers, depending on the size of the company, with the aim of ensuring transparency and monitoring pay differences between women and men.

The information subject to the reporting obligation includes, in particular:

- the pay gap between women and men;
- the pay gap between women and men in relation to complementary or variable components of remuneration;
- the median pay gap between women and men;
- the median pay gap between women and men in relation to complementary or variable components of remuneration;
- the proportion of female and male employees receiving complementary or variable components of remuneration;
- the proportion of female and male employees within each quartile pay band;

All these indicators have also been included in the Romanian draft legislation concerning reporting obligations. Under the proposed national regulations, this information must be made available to employees and employee representatives and, upon request, submitted to the competent Territorial Labour Inspectorate and/or the National Council for Combating Discrimination.

Reporting obligations depend on the size of the company:

- **Large companies (250+ employees):** by 7 June 2027 and annually thereafter, based on data from the previous year;
- **Medium-sized (150–249 employees):** by 7 June 2027 and every 3 years thereafter, based on data from the previous year;
- **Medium-sized and small companies (100–149 employees):** by 7 June 2031 and every 3 years thereafter, based on data from the previous year;
- **Small companies (<100 employees):** no EU reporting obligations apply; however, internal monitoring of pay gaps is recommended in order to prevent discrimination and manage associated risks.

Under the Romanian transposition, employers may publish the reported information on the company's website or make it available to the public through other means. The national regulation maintains the same reporting timetable but provides that reporting will be carried out to ANES.

Where pay differences between women and men exceeding 5% cannot be justified on the basis of objective and gender-neutral criteria, employers are required to remedy the situation within 90 working days, in cooperation with employee representatives, the Territorial Labour Inspectorate and/or the National Council for Combating Discrimination, as applicable. By way of exception and in duly justified circumstances, this deadline may be extended, but by no more than 6 months.

The implementation of an effective reporting process is essential for compliance with the Directive and contributes to promoting a transparent and equitable organisational culture.

4. Administrative and operational implications

The Directive has a direct impact on organizations in five main areas that may require adjustments to internal policies, processes and practices: pay transparency in the recruitment process, remuneration systems and pay-setting principles, internal pay transparency and communication with employees, analysis and monitoring of gender pay gaps, as well as governance and organisational accountability.

In this context, in order to comply with Directive (EU) 970/2023, companies must designate individuals or internal structures responsible for coordinating the process of alignment with the Directive's requirements, monitoring the implementation of the necessary measures, and managing reporting and compliance obligations.

Alignment with the requirements of the Directive involves developing or updating remuneration policies, applying consistent job evaluation methodologies to identify work of equal value, and defining clear, objective and gender-neutral criteria for determining remuneration and pay progression. At the same time, companies must establish salary scales and pay ranges that are coherent, based on transparent criteria and applied consistently throughout the organisation.

Companies must also update individual employment contracts to remove salary confidentiality clauses, as well as review job descriptions, performance evaluation criteria and procedures, so that they are objective and gender-neutral.

In addition, companies must implement effective procedures for providing pay-related information to employees upon request and maintain the internal records necessary for reporting pay gaps, while ensuring compliance with confidentiality and personal data protection requirements in accordance with the GDPR.

Organisations will also need to ensure that managers and individuals involved in recruitment, evaluation and remuneration processes are adequately informed and trained so that the principles of pay transparency and equal pay are applied correctly and consistently.

The administrative and operational implications provided for by the Directive are also reflected in the Romanian draft transposition legislation.

5. Risks and penalties

Member States shall ensure the effective enforcement of the principle of equal pay through clear, proportionate and dissuasive penalties in cases of non-compliance with legal obligations. Fines and other measures must take into account the circumstances of the infringement and any forms of intersectional discrimination, while repeated infringements are subject to additional sanctions. Through these provisions, the Directive ensures that equal pay is not merely a theoretical principle, but a concrete obligation supported by effective implementation and enforcement mechanisms.

Beyond administrative sanctions, one of the most significant risks for employers is the potential for internal disputes relating to pay discrimination and lack of transparency. In practice, exposure to this type of risk increases proportionally with the size of the organisation, each employee representing a potential source of requests for information, complaints or legal claims.

Regarding the penalties, the Romanian transposition provides that breaches of these provisions are subject to fines ranging from three to five times the national gross minimum wage. In the event of repeated violations, the fine may range from five to ten times the national gross minimum wage. The amount of the fine is determined based on the national gross minimum wage in force at the time the sanction is imposed.

Regarding the right to bring legal proceedings, a claim may be filed within a three-year limitation period, commencing either on the date of the infringement or on the date when the employee became aware, or could reasonably have become aware, of the infringement. A claim may also be initiated after the termination of the employment relationship during which the alleged discrimination is considered to have occurred. In such cases, the limitation period begins to run from the date of termination of the employment relationship. The limitation period is interrupted by the filing of a court claim, the submission of a complaint to the National Council for Combating Discrimination, or the lodging of a formal complaint with the employer.

6. Conclusions and recommendations

The Pay Transparency Directive introduces a new compliance framework for employers, based on increased transparency, strengthened employee rights and the implementation of clear obligations relating to remuneration and equal pay. Its provisions apply to all employers operating within the European Union, including companies established outside the EU that employ workers within the territory of the Union.

In this context, it is essential for organisations to begin the process of internal assessment and alignment at an early stage. It is also recommended that employers carry out periodic internal reviews of their remuneration policies and practices.

Beyond compliance obligations, the implementation of the Directive's requirements may represent an opportunity to strengthen employee trust, enhance the organisation's reputation and improve staff retention. At the same time, a proactive approach may help reduce the associated operational, reputational and legal risks, including the risk of potential pay discrimination claims.

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