

PEOPLE & COMPLIANCE

# EU Pay Transparency

What German startups need to do now

Directive effective: 7 June 2026

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# Germany will miss the deadline. You still need to act.

The EU Pay Transparency Directive (2023/970) is effective 7 June 2026. Germany has not yet passed a law to bring it into national legislation - but that does not mean you are off the hook.

German courts must now interpret existing employment law in line with the directive from 8 June 2026. Most companies think this is just about adding salary ranges to job posts. It is not. Plan to the directive, not Germany's existing 2017 pay transparency law.

**7 June**

2026 - directive effective

**Germany**

Has not yet passed a transposition law

**From 8 June**

Courts apply directive principles now

# Four pillars. Two that matter right now.

## Recruitment transparency

01

Salary band or range in every job ad. No salary history questions. Gender-neutral job titles and ads.

All employers - NOW

## Employee information rights

02

Staff can request pay information. 2-month response window. Written pay policy required. No pay secrecy clauses.

All employers - NOW

## Gender pay gap reporting

03

A report every three years by worker category. For companies with 100-149 employees, the first report is due 7 June 2031 on 2030 data.

100+ employees - From 2031

## Joint pay assessment

04

Triggered if any category shows an unjustified 5%+ gap after a report. The Betriebsrat (works council) must be involved if one exists.

100+ employees - If triggered

# What changes in hiring

1

## Salary band or range in every job ad

You do not need to publish the full range. Referencing the band covers it - e.g. 'this role sits in our B2 band, shared at interview stage'. What does not comply: 'competitive', 'nach Vereinbarung (by agreement)', 'marktgerecht (market rate)'.

2

## No salary history questions

Asking candidates what they currently or previously earned is banned. Salary expectations questions remain permitted.

3

## Gender-neutral titles and ads

Job titles and ad copy must be gender-neutral. This reinforces existing obligations under Germany's anti-discrimination law (AGG).

4

## Before the contract is signed

Pay information must be provided in writing before the contract is concluded - not necessarily in the ad, but in time to negotiate.

### What most people get wrong

Most founders assume this directive means publishing full salary ranges publicly on every job post - me included.

An employment lawyer confirmed at a recent event: referencing the band is enough. 'This role sits in our B2 band - we will share the range at interview stage' covers it.

The full range just needs to be available before you sign the contract.

Only 12% of German job posts include salary info today, versus 56% in the UK. Getting ahead of this is a recruiting differentiator, not just a compliance exercise.

# Your employees have new rights

## Right to request pay information

Any employee can ask for their own pay and the average for colleagues doing equal or equivalent work, broken down by gender. You have 2 months to respond.

## Written pay policy

You must have a written policy covering your job levels, pay-setting criteria (skills, effort, responsibility, working conditions) and how pay progresses. It must be accessible to all staff.

## No pay secrecy clauses

Clauses in employment contracts that stop staff from discussing their pay are void. Audit existing contracts and remove them now.

Also required: an annual written reminder to all employees explaining their right to request pay information.

# Headcount matters. Know where you sit.

## Under 100

- Recruitment rules apply (Pillar 1)
- Employee information rights apply (Pillar 2)
- No formal reporting required yet

## 100-149 employees

- Same hiring and employee rights rules, plus:
- Gender pay gap reporting comes into scope
- First report due 7 June 2031 on 2030 data
- Start building your data model now, not in 2030

## 150+ employees

- All of the above - on a tighter timeline
- Cross 150 employees in 2026 and your first report is due June 2027 on 2026 data
- That is roughly 12 months away
- Build the reporting pipeline now

If you are near 100 employees, track headcount monthly. Crossing 150 in 2026 means a report due in under 12 months.

# 8 things to do now

1

Rewrite job ad templates - add salary band or range, remove vague language

5

Create a response process for pay information requests - owner, 2-month deadline

2

Remove salary history fields from your ATS and application forms

6

Send the first annual pay rights reminder to all employees

3

Audit employment contracts - find and remove pay secrecy clauses

7

Run a dry-run pay gap analysis - find any 5%+ gaps before you are required to report them

4

Build a written pay policy - job levels, pay criteria, progression rules

8

Brief everyone involved in hiring - founders, managers, interviewers. Update interview scripts to remove salary history questions.

For 2026-2027: job grading framework - structured HR data model - engage your Betriebsrat (works council) early - track headcount monthly

# Questions? Need to work through this for your company?

I work with German startups on the people side - pay structures, levelling frameworks, and the operational work that sits behind compliance like this.

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This is a practical operational guide, not legal advice. For specific questions - contract changes, Betriebsrat (works council) communications, or your particular situation - speak to your employment lawyer.