

PEOPLE & COMPLIANCE

EU Pay Transparency

What German startups need to do now

Directive effective: 7 June 2026

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Germany missed 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

Employees 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' (salary negotiable), '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.

Referencing the band is enough e.g. 'This role sits in our B2 band - we will share the range at interview stage' covers it.

Still plan to share this at the first interview though.

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 employees.

No pay secrecy clauses

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

Also required: an annual written reminder to all staff 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

- Same - 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.

7 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 staff

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

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.