

Gender equality index

Headlined as a national worthy cause by the President of the Republic for the five-year term and championed by the Government, gender equality in the workplace requires involvement across the board.

In May 2018, after 4 months of talks with social partners, Édouard PHILIPPE, Prime minister, Muriel PÉNICAUD, Minister of Labour, and Marlène SCHIAPPA, Minister of State for Gender Equality and the Fight against Discrimination, unveiled an overall plan of action to combat sexual and gender-based violence, and put paid to the gender pay gap.

The legislative measures have been adopted in the Act for the freedom to choose one's future occupation, enacted on 5 September 2018.

More than 46 years after the establishment of the "equal pay for equal work" principle between women and men, there is still a **9%** pay gap, across all jobs. This gap rises to **25%** towards the end of careers, and to **37%** when the time comes to calculate retirement pensions.

A flagship measure of the plan: equal pay between women and men in companies will no longer be subject to just an input-based obligation, but to an output-based obligation based on 4 main criteria:

1. **Gauge:** through a gender equality index with 5 indicators
2. **Transparency:** each company will publish its results on its website
3. **Five corrective measures:** each company will have 3 years in which to close the pay gap
4. **Inspection:** companies that have not closed the pay gap within 3 years could be fined up to 1% of their wage bill

The gender equality index, a shared ambition: 5 indicators

With the gender equality index, companies will be able to measure where they stand in terms of equality in the workplace. The better they perform across the 5 indicators, the more points they will earn - weighted according to the importance of the indicator in question. Below 75 points, they will have to set up corrective measures, or face financial penalties. Companies with over 250 employees must have measured the 5 indicators and published the overall score for the gender equality index from 1 March 2019. Three years will be needed to meet the target for 2022.

Indicators	Weight	Score
1. Gap in basic and variable pay + personal bonuses	40%	from 0 to 40 points
2. Gap in distribution of personal raises	20%	from 0 to 20 points
3. Gap in distribution of promotions	15%	from 0 to 15 points
4. % of female employees given a raise on returning from maternity leave	15%	from 0 to 15 points
5. No. of women in the top ten pay grades	10%	from 0 to 10 points
TOTAL = INDEX	100%	from 0 to 100 points

... grounded in 5 principles:

1. **Meaningful:** The indicators must encourage companies to think about and make progress on the subject of gender equality.
2. **Simple:** The necessary datasets for the methodology already exist in companies as they are transmitted in the Economic and social database or form part of statutory requirements.
3. **Transparent:** The choice of a single index fosters transparency at two levels: within the company, as the social partners will have detailed results available for each indicator, and on a broader scale, since its publication on the company's website will determine whether it is committed to fostering equality in the workplace and making progress in this area.
4. **Reliable and covering the whole of the company policy on equal pay:** The use of several indicators to calculate the index enables an adjusted and relevant interpretation of the results, and an evaluation of progress over time.
5. **Easily identifiable corrective measures:** The way in which the five indicators are calculated makes it easy for employers and social partners alike to pinpoint where efforts need to be made to improve the score.

... with 5 realistic and ambitious targets:**1. Closing the gender pay gap, for comparable jobs and age groups (40 points)**

This has been a statutory obligation for 46 years – "*equal pay for equal work*" between women and men. To reach 40 points, the company must achieve a 0% pay gap between men and women of a comparable age doing a comparable job. The indicator compares the average pay of women and men, including performance bonuses and benefits in kind. Only bonuses associated with working conditions (pay enhancements for working night shifts or overtime for example) and leaving and job insecurity bonuses are excluded.

What is a comparable job? After consulting the social and economic committee, the company may use the sectoral classification or a classification accredited by the ministry for defining comparable jobs. Otherwise, the 4 socio-economic categories are used: workers, employees, technicians and supervisors, engineers and managers. The age groups adopted are as follows: under 30 years old, 30-40 years old, 40-50 years old, over 50 years old.

2. The same opportunity of having a raise for women as for men (20 points)

The aim is to motivate managers to reward the men and women who deserve it and not just those who ask for it – men are more likely to do so.

The maximum number of points is awarded where the company has given a pay rise to as many men as women – give or take 2% or 2 people. A company can calculate this indicator over a 3-year period if this squares with its HR policy.

3. The same opportunity of getting a promotion for women as for men (15 points)

To counter the phenomenon of the "glass ceiling", companies must remove the barriers to career progression where women are concerned. The maximum number of points is awarded where the company has promoted as many women as men – give or take 2% or 2 people.

A company can calculate this indicator over a 3-year period if this squares with its HR policy, in which case it will calculate this indicator in 2020 based on the period from 2017 to 2019, and in 2021, based on 2018 and 2019.

4. All female employees given a raise on returning from maternity leave, where raises have been granted in their absence (15 points)

Closing the pay gap for women returning from maternity leave has been compulsory since 2006. And for good reason: a mother of 3 earns 10% less than a woman with no children doing the same job. Motherhood is the most penalising and unfair factor as it is inherent in being a woman – and being human. It affects women’s pay throughout their career.

5. At least four women in the top ten pay grades (10 points)

The higher up the management ladder you go, the fewer women you encounter. The aim is therefore to ensure at all grade levels, and particularly in management roles, that the two sexes are more equally represented.

A specific index for small companies

From 1 March 2020, companies with 50 to 250 employees will measure 4 indicators. They will be assisted by regional directorates (DIRECCTEs)¹ and advisors who will provide support for small companies and communicate on any difficulties experienced in applying the index so as to improve it in practice and help companies get to grips with it. In certain cases, the regional directorate may grant an extra year to comply – especially for small companies whose budgetary leeway is sometimes limited.

40 points	▪ The gender pay gap, for comparable jobs and age groups.
35 points	▪ Pay rises awarded to women in comparison with men, whether they come with promotions or are personal raises.
15 points	▪ The percentage of female employees given a raise on returning from maternity leave.
10 points	▪ The number of women in the top ten pay grades.

... and 5 corrective measures

Every year, each company will publish its results online. If its score is less than 75, it will have to take corrective measures so as to:

1. **Narrow the gender pay gap** by earmarking a budgetary allowance for closing the pay gap within 3 years – the amount for which will be negotiated within the company;
2. **Apply the law** concerning maternity leave;
3. **Grant personal raises** in a fair manner between women and men;
4. **Ensure promotions** in a fair manner between women and men;
5. **Set up a pool of talent to ensure fair representation of both sexes on the company’s management board**

Inspections and missions carried out by the labour inspectorate on equality in the workplace have risen from 1,730 to 7,000 a year.

Companies that do not have satisfactory results to show by 1 March 2022 will be liable to a financial penalty of up to 1% of their wage bill. For companies with 50 to 250 employees, this financial penalty will be enforceable from 1 March 2023.

¹ DIRECCTE: Direction régionale des entreprises, de la concurrence, de la consommation, du travail et de l’emploi (Regional Directorate for Enterprises, Competition Policy, Consumer Affairs, Labour and Employment)

The Regional Directorate (DIRECCTE) may decide to grant an extra year in certain cases, especially for small companies. The financial penalty will be in proportion to the company's efforts over the previous 3 years.

The role of social partners

They will have all the details on the company's results. As provided for in the Ordinances, they may be able to benefit from expert advice funded by the employer to inform consultations on gender equality in the workplace. Furthermore, if the employer does not publish indicators, it will be obliged to pay for an expert assessment in order to prepare for the negotiations on equality in the workplace, which may lead to corrective measures intended to close the pay gap.

What will change for employees?

In companies with over 50 employees, said employees will be informed of the company's overall score. Women and men alike will benefit from corrective measures where necessary – in around 12% of companies.

For companies with under 50 employees, the industrial sectors will be brought on board to monitor the workplace equality indicators at sector level, and set up corrective measures at their level.

Every year the ministry will convene the social partners to report back on this involvement.