



# The gender equality index

Putting an end to the gender pay gap in a simple, reliable and inspiring way for everyone

November 2018



# TAKING ACTION TO END UNJUSTIFIED PAY GAPS BETWEEN WOMEN AND MEN

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 the social partners, Édouard Philippe, Prime Minister, Muriel Pénicaud, Minister of Labour, and Marlène Schiappa, Secretary 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](#).

**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. 4 stages:**

- 1 • Measurement: the 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 • Audit : companies that have not closed the pay gap within 3 years could be fined up to 1% of their wage bill

In the second quarter of 2018, the Minister of Labour sought the expert advice of Schneider Electric's Head of HR for France, Sylvie Leyre, tasking her with defining the methodology underpinning the gender equality index.

Based on her report and after consulting with the social partners, the pay gap indicators were developed and tested.

The methodology has been shared with the stakeholders, with a view to getting companies on board and achieving results as swiftly as possible.

## France is moving forward by shifting to an output-based obligation

*Where workplace equality is concerned, we want to progress from the current input-based obligation to an output-based obligation, which must now become the rule.»*

— —  
**Édouard Philippe,**  
Prime Minister

*I am proud that France is at the forefront of workplace equality. Women and men will benefit the most in this respect, and our businesses will be all the stronger and closer-knit for it. »*

— —  
**Muriel Pénicaud,**  
Minister of Labour

*Gender equality had never previously been a top priority for the five-year term. Never has a president been so active on this subject. »*

— —  
**Marlène Schiappa,**  
Secretary of State  
for Gender Equality  
and the Fight against Discrimination,  
attached to the Prime Minister

# THE GENDER EQ

With the gender equality index, companies will be able to measure where they stand in terms of equality in the workplace. The better the index, the more corrective measures, or face financial penalties.

## The gender equality index: 5 indicators

Two of the five indicators have been tested across all 40,000 of the companies concerned. The overall method has also been subjected to a study by the National Authority for the Rights of Employees (ANDRH). The aim? To ensure that the index is simple and effective, and applicable across all companies. Data for four of the indicators will be used to align these in a bid to achieve gender equality over the next 3 years.

### 1. 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

To give an example, a comparison is made of the pay gaps between male and female managers between 30 and 40 years of age, or male and female employees over 50 years old.

### 2. The same opportunity of having a pay rise 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.

### 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.

## Inequalities condemned by the French population

A joint IFOP/Ministry of Labour poll recently highlighted the French population’s concerns and perceptions as regards equality in the workplace. The message is clear, and lends legitimacy to the efforts undertaken by the Government to close the gender pay gap.

**38%** of French people believe it is “an absolute priority” to establish substantive equal pay for an equivalent job. **55%** constatent que les femmes ont moins de chance que les hommes de progresser dans les entreprises. **74%** bemoan the fact that women earn less than men.

*French citizens and gender equality in the workplace – joint IFOP/Ministry of Labour study – November 2018*

# QUALITY INDEX: A SHARED AMBITION

ter they perform across the 5 indicators, the more points they will earn – weighted according to the importance of the indicator in question

## Indicators for 5 realistic and ambitious targets

... to real-life testing in 35 companies with over 50 employees, in partnership with the National Association of Human Resources  
... the indicators are already entered in the Economic and Social Database for companies, and with the equality index it will be possible to

### 4. All female employees given a pay rise on returning from maternity leave, where pay rises 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 careers.

### 5. At least four women or men in the top ten highest paid employees

#### 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.

#### The gender equality index

Indicators	Weight	Score
Gap in basic and variable pay + personal bonuses	40%	from 0 to 40 points
Gap in distribution of personal pay rise	20%	from 0 to 20 points
Gap in distribution of promotions	15%	from 0 to 15 points
% of female employees given a pay rise on returning from maternity leave	15%	from 0 to 15 points
No. of women and men in the top ten highest paid employees	10%	from 0 to 10 points
<b>TOTAL = INDEX</b>	<b>100%</b>	<b>from 0 to 100 points</b>

46 years after the establishment of the “equal pay for equal work” principle between women and men, there is still a **9%** pay gap for equal work.

This gap rises to **25%** across all jobs, and to **37%** when the time comes to calculate retirement pensions.



– up to a total of 100. Below 75 points, they will have to set up

## 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, 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 being inclusive and making progress in terms of equality in the workplace.

### 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.



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

## 2022 target

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.

The Regional Directorate for Enterprises, Competition Policy, Consumer Affairs, Labour and Employment (DIRECCTE) may decide to grant an extra year in certain cases, especially for small companies.

This financial penalty will be in proportion to the company's efforts over the previous 3 years.

## 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 pay rises** in a fair manner between women and men;
4. **ensure promotions** in a fair manner between women and men;
5. **establish a pool of talent from which to ensure that there will be fair representation of both sexes at the top of the organisation.**

### The role of social partners

They will have all the details on the company's results. As provided for in the Ordinances, they will be able to benefit from expert advice funded by the employer to inform consultations on gender equality in the workplace. The Ordinances also stipulate that, if the employer does not publish indicators, it will be obliged to pay for expert assistance with preparing for the negotiations on equality in the workplace. During these negotiations, such corrective measures as a budgetary allowance for closing the pay gap may be defined.

### What will change for employees?

Companies with over 50 employees will inform them of their 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.

# THREE YEARS TO MEET THE TARGET TOGETHER

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. So as to factor in the structure of small and medium-sized enterprises (HR departments, enough equivalent jobs to enable comparison, etc.), there are several stages:

## 1 March 2019

This is the deadline for the 1,400 companies with over 1,000 employees.

For companies with 250 to 1,000 employees, there are plans for a period of educational guidance by a network of equality delegates, until 1 September 2019. Companies with 50 to 250 employees will be given support from 2019 in setting the stage for the index's introduction in 2020.

## July 2019

From the second half of 2019, the indicators may be calculated automatically via payroll software programs.

## 1 September 2019

All companies with over 250 employees will have to publish their 2018 overall score on their website.

## 1 March 2020

The 2019 overall score must be published by 1 March 2020 for all companies with over 50 employees.

## 1 March 2022

Companies with over 250 employees which fall short of the target will be liable to financial penalties – of up to 1% of their wage bill.

## 1 March 2023

All companies falling short of the target will be liable to financial penalties, of up to 1% of their wage bill.



*I was struck by the all-round willingness to progress and obtain tangible results on this subject. Producing the index was a joint effort. What is significant is that we have ended up with a tolerance of 0% on the “pay gap” indicator. »*

**Sylvie Leyre**, Head of HR for France, Schneider Electric

## 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 the DIRECCTEs and advisors.

- The gender pay gap, for comparable jobs and age groups. **40 points**
- Pay rises awarded to women in comparison with men, whether they come with promotions or are personal raises. **35 points**
- A company can calculate this indicator over a 3-year period if this squares with its HR policy.
- The percentage of female employees given a pay rise on returning from maternity leave. **15 points**
- The number of women and men in the top ten pay grades. **10 points**

From 2019, regional advisors 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 to get to grips with it.

In certain cases, the DIRECCTE may grant an extra year to comply – especially for small companies.