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FRENCH DECREE DETAILS GENDER PAY METHODOLOGY

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A revised decree details features of the French gender pay equity law enacted last September that applies to all organizations with 50 or more employees. Key provisions address:

- *Revised effective dates.* Under an earlier version of the decree, effective dates for organizations to calculate and report their gender pay index were 1 Jan 2019 for companies with more than 250 employees and 1 Jan 2019 for companies with more than 50 employees. The new effective dates are:
 - 1 Mar 2019, companies with more than 1,000 employees
 - 1 Sep 2019, companies with between 251 and 1,000 employees
 - 1 Mar 2020, companies with more than 51 and 250 employees
- *Methodology for calculating the gender pay index.* Companies must calculate their index using five indicators; each indicator is assigned a maximum score. The maximum score is 100.
- *Headcount.* Workforce calculations must include employees employed during the reference year, including temporary staff. However, the calculations don't include expatriate employees or employees on leave for more than six months.
- *Compensation.* Compensation calculations must be based on the employees' base salary, actual variable pay, and perquisites (for example, use of a company car). Other types of compensation (for example, seniority premiums and premiums paid to temporary staff) are excluded.
- *Reference period.* The reference period for calculating the pay gap is either the calendar or fiscal year. Employers with fewer than 250 employees can calculate salary increases over a three-year period if this aligns with their human resources policy.
- *Indicators and corresponding scoring.* The decree includes five indicators and assigns scores for each one.
 - *Weighted gender pay gap calculated on employees' compensation (maximum 40 points):*
 - › The gap is calculated on the average pay of women compared to men, by age group, and by comparable job category. The reference period must cover either a calendar or fiscal year. Companies with fewer than 250 employees can calculate their salary increases over a three-year period if this aligns with their human resources policy.

- › The pay data must cover four age cohorts — employees aged under 30 years; 30-39 years; 40–49 years; and 50 years and over. The employer can decide in consultation with employee representatives on the employee classification method to be used. Age cohorts with fewer than three female or male employees are excluded.
- › Employers must calculate the average remuneration for men and women employed in each job category/age cohort and establish the percentage difference by subtracting women’s average pay from men’s average pay. A tolerance of between 2% and 5% is permitted, depending on the methodology used.
- › Employers must calculate an overall gender pay gap for the organization.
- *Gender equality in annual individual salary increases (maximum 20 points)*. Companies must calculate the percentage of people receiving merit increases (not their monetary value).
- *Gender equality in promotions for each professional category (maximum 15 points)*. Employers with fewer than 250 employees can assess promotions over a three-year period if this aligns with their human resources policy. Organizations with between 51 and 249 employees can merge the promotion and individual salary increase criteria.
- *Payment of salary increases to women returning from maternity leave, provided that salary increases were awarded during their absence (maximum 15 points)*.
- *Employees from the under-represented gender among the 10 most highly paid individuals (maximum 10 points)*. Companies whose top 10 earners include at least four employees of the under-represented gender will be awarded the maximum number of points.

Companies must publish their gender pay index — but not their indicator scores — on their website. Employers also will have to share detailed information about the gender pay gap with their workplace social and economic council. Companies reporting a persistent gender pay gap will have to set aside a “catch-up” budget approved by local employee representatives. After 2022/2023, organizations still scoring fewer than 75 points could face fines of up to 1% of the company's payroll.

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- [Decree No. 2019-15](#) (French) (Legifrance, 9 Jan 2019)

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