



Brussels, 20.11.2017  
COM(2017) 671 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

**Report on the implementation of Commission Recommendation on strengthening the  
principle of equal pay between men and women through transparency**

## **Report on the implementation of the Commission Recommendation on strengthening the principle of equal pay between men and women through transparency**

### **1. INTRODUCTION**

The principle of equal pay has been enshrined in the EU treaties since 1957 and is incorporated in Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast) ('the Directive').<sup>1</sup> In line with Article 157 of the Treaty on the Functioning of the European Union (TFEU), the Directive states that for the same work or work to which equal value is attributed, direct and indirect discrimination on grounds of sex with regard to all aspects and conditions of remuneration must be eliminated. This principle also applies to job classification systems used for determining pay and has been incorporated into the national legal systems of all Member States.

Although the equal pay principle has been an integral part of the Treaties for almost 60 years and has since been further developed in EU and national laws, the 2013 Commission Report reviewing the application of the Directive in Member States<sup>2</sup> concluded that the practical application of equal pay provisions in Member States is one of the Directive's most problematic areas. The Report stated that the main obstacles to effectively implementing the equal pay principle are: the lack of transparency in pay systems; the lack of legal certainty with regard to the concept of work of equal value either because that term is not defined or because there are no clear assessment criteria for comparing different jobs; and procedural obstacles.

The lack of proper implementation of the equal pay principle feeds into the persistent high gender pay gap, which currently stands at 16.3 % across the EU.<sup>3</sup> Gender pay discrimination, i.e. women being paid less than men for the same work or for work of equal value, is one of the important factors contributing to the overall gender pay gap, together with other factors such as occupational and vertical segregation.<sup>4</sup>

In March 2014, the European Commission adopted a Recommendation on strengthening the principle of equal pay between men and women through transparency ('the Recommendation').<sup>5</sup> It provides guidance aiming to help Member States implement the equal pay principle more effectively in order to combat pay discrimination and contribute to tackling the persistent gender pay gap focusing on but not exclusively limited to measures enhancing pay transparency.

Member States were invited to notify the Commission of measures taken to implement the Recommendation by 31 December 2015.<sup>6</sup> This report is largely based on information provided by them.<sup>7</sup> It also includes information from key stakeholders, in particular, the

---

<sup>1</sup> OJ L 204, 26.7.2006, p. 23-36.

<sup>2</sup> COM(2013) 861 final.

<sup>3</sup> Eurostat 2015.

<sup>4</sup> The gender pay gap is caused by several complex factors, such as discrimination, occupational and vertical segregation, low representation of women in leading positions, traditions and stereotypes as well as unequal sharing of family responsibilities between women and men.

<sup>5</sup> C(2014) 1405 final.

<sup>6</sup> In line with Section 18 of the Recommendation.

<sup>7</sup> 26 Member States (AT, BE, BG, CZ, CY, DK, EE, FI, FR, DE, EL, HR, HU, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SI, ES, SE) provided information on the Recommendation's implementation.

European Social Partners<sup>8</sup> who were consulted on the Recommendation's implementation at national level in October 2015.

This report is furthermore based on information on the Recommendation's implementation received from national equality bodies set up under the Directive<sup>9</sup>, as well as information provided by the Commission's network of legal experts in the field of gender equality.

A mutual learning seminar on the gender pay gap, held on 20-21 October 2016,<sup>10</sup> provided further insight into the Recommendation's practical implementation and the impact of national measures in tackling pay discrimination and the gender pay gap, including measures on pay transparency.

Reducing the gender pay gap is an important priority for the Commission, as set out in the Strategic Engagement for gender equality 2016 – 2019.<sup>11</sup> As one of the key actions to achieve this objective, the Strategic Engagement lists improving the implementation and enforcement of the equal pay principle by carrying out an assessment of the Directive and considering, inter alia, improving pay transparency based on a report on Member States' measures to implement the Recommendation.

The Commission notes that pay transparency is not the only measure that could contribute to reducing the gender pay gap. In order to tackle the gender pay gap from all possible angles, this report is part of a broader Action Plan in which the Commission translates its commitment to tackle the gender pay gap. The Action Plan includes a broad and coherent set of activities to tackle the gender pay gap, both legislative and non-legislative initiatives, mutually reinforcing each other.

In addition, the Commission monitors the economic situation in Member States through the European Semester exercise and supports Member States' work to tackle the gender pay gap, by recommending eventually to a Member State to address this specific issue or some of its root causes, such as lack of investment in childcare or fiscal disincentives preventing second earners – mainly women – from working or working more. In 2017, the gender pay gap and problems contributing to it were addressed in the country reports of nine Member States.<sup>12</sup> In May 2017, the Commission issued country specific recommendations focusing on investment in childcare facilities and fiscal disincentives, as well as on other measures that address the gender pay gap.<sup>13</sup>

This report assesses Member States' implementation of the measures proposed in the Recommendation and the effectiveness of its application.

---

<sup>8</sup> European Trade Union Confederation (ETUC), European Centre of Employers and Enterprises providing Public Services (CEEP), the Confederation of European Business (BusinessEurope) and European Association of Craft, Small and Medium-sized Enterprises (UEAPME). A technical workshop to further discuss their comments and the implementation of the measures proposed in the Recommendation took place in June 2016.

<sup>9</sup> As collected by the Network of European Equality Bodies (Equinet).

<sup>10</sup> [http://ec.europa.eu/justice/gender-equality/other-institutions/good-practices/index\\_en.htm](http://ec.europa.eu/justice/gender-equality/other-institutions/good-practices/index_en.htm)

<sup>11</sup> [http://ec.europa.eu/justice/gender-equality/files/documents/160111\\_strategic\\_engagement\\_en.pdf](http://ec.europa.eu/justice/gender-equality/files/documents/160111_strategic_engagement_en.pdf)

<sup>12</sup> DE, EE, IE, ES, IT, AT, PL, RO, SK.

<sup>13</sup> Notably in Estonia.

## **2. IMPLEMENTATION OF MEASURES ON PAY TRANSPARENCY IN MEMBER STATES**

Pay transparency is instrumental in the effective application of the equal pay principle in practice. It reveals a possible gender bias or discrimination in the pay structures of a company or industry. It can enable employees, employers or social partners to take appropriate action. An awareness of different pay levels within a company can make it easier for individuals to challenge pay discrimination before national courts.

The Recommendation presents a toolbox of specific measures to help Member States and other stakeholders design a tailor-made approach to improving wage transparency. Its four suggested core measures related to pay transparency are: individuals' entitlement to request information on pay levels; company level reporting; pay audits; and equal pay addressed in collective bargaining.<sup>14</sup> Member States are encouraged to implement the most appropriate measures in view of their specific circumstances and should include at least one of these core measures.

Despite the adoption of the Recommendation, only Eleven Member States have currently legislation on pay transparency in place<sup>15</sup>. Among those Member States, only six of them have either adopted new pay transparency measures or improved existing measures following the adoption of the Recommendation.<sup>16</sup> Most of them included one of the Recommendation's four core pay transparency measures. Five of them<sup>17</sup> have included more than one of the core measures, with only one Member State<sup>18</sup> having all four measures enshrined in its national legal framework. In three Member States,<sup>19</sup> new measures on pay transparency are under preparation, with some at the initial stages of negotiation and others close to being adopted by the national parliaments.

### **2.1. RIGHT OF EMPLOYEES TO OBTAIN INFORMATION ON PAY LEVELS**

Enabling employees to request information on pay levels for categories of employees performing the same work or work of equal value, broken down by gender, including complementary or variable components such as payments in kind and bonuses,<sup>20</sup> makes the wage policy of a company or organisation more transparent<sup>21</sup>. Such information is valuable for employers, trade unions and workers, helping them identify unexplained gender pay gaps and to resolve them through dialogue. It also makes it easier for employees to put their salary levels in perspective within their own category and in comparison with similar categories. In cases of discrimination, this improves the prospects for success of legal action before national courts and would consequently have a dissuasive effect.

---

<sup>14</sup> The Recommendation stipulates that disclosure of any information comprising personal data pursuant to these measures should be provided in accordance with national data protection laws, in particular those implementing Directive 95/46/EC. As of 25 May 2018, data will be protected based on Regulation (Regulation (EU) 2016/679) of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

<sup>15</sup> AT, BE, DE, DK, FI, FR, IE, IT, LT, SE and UK.

<sup>16</sup> E.g. DE, FR, FI, LT, UK, SE.

<sup>17</sup> AT, BE, FI, FR, SE.

<sup>18</sup> Sweden.

<sup>19</sup> IE, IT, NL.

<sup>20</sup> Section 3 of the Recommendation.

<sup>21</sup> Where information provided involves the disclosure of personal data, it should be provided in accordance with national data protection laws

### *Entitlement to pay information for individual employees*

In cases of alleged pay discrimination, in three Member States the employer is obliged to provide the employee with information on pay. In Finland and Ireland, individuals have such a right to information, but the employer must have the consent of the individual(s) whose pay data are disclosed. In Ireland, the right to information may be sought on the basis of a standardised questionnaire in which a complainant states that there has been a breach of the equal pay principle.

In Germany, a recent law<sup>22</sup> introduced an individual right to information for employees of companies with more than 200 employees.

In Estonia and Portugal, although there are national employee information rights that oblige employers to inform employees about the main terms of their employment contract, including the amount of payment, the pay information that can be obtained is limited to one's own remuneration.

### *Entitlement to pay information for certain bodies*

In some Member States, employee representatives and trade unions have the right to access information on the pay and terms and conditions of employment of a group of employees, or of an individual employee with their consent.<sup>23</sup>

In several Member States,<sup>24</sup> equality bodies are entitled to request information on pay, in cases of alleged pay discrimination.

### *Other related measures*

In some Member States, the legal minimum wage must be indicated when advertising jobs.<sup>25</sup>

In the United Kingdom, it is unlawful for an employer to prevent employees — through contractual clauses or penalties — from disclosing or seeking to disclose their pay to others, if the purpose of such disclosure is to determine gender pay discrimination.

## **2.2. REPORTING ON PAY AT COMPANY LEVEL**

The Recommendation encourages Member States to put in place measures ensuring that employers in companies and organisations with at least 50 employees regularly inform employees, workers' representatives and social partners of the average remuneration by category of employee or position, broken down by gender.<sup>26</sup> Such reporting improves wage transparency and constitutes a reliable basis for discussions on measures to implement the equal pay principle.

In some Member States, employers are obliged to regularly provide a written report on the gender equality situation in their company or organisation, including details on pay.<sup>27</sup> For instance, in Denmark employers with at least 35 employees must annually compile gender-disaggregated pay statistics for groups of at least 10 people of each gender with the same position. This information is provided to employees through their representatives.

---

<sup>22</sup> Law on the promotion of transparency as regards wage structures adopted on 30 March 2017.

<sup>23</sup> E.g. in FI or SE following an equal pay complaint by an employee.

<sup>24</sup> E.g. AT, EE, FI, NL, SE.

<sup>25</sup> E.g. in Austria.

<sup>26</sup> Section 4 of the Recommendation.

<sup>27</sup> E.g. AT, BE, DE, DK, FR, IT, UK.

In France, companies must provide equal pay data to staff representatives in annual reports, in particular in the ‘gender equality report’ which is mandatory for companies with at least 300 employees, and the ‘report on the economic situation of the company’, which is mandatory for companies with at least 50 employees. These reports must include pay figures broken down by gender and occupational category.

In Belgium, companies must prepare company-level pay gap reports every two years. Companies with at least 50 employees must carry out a detailed analysis of their company pay structure every two years, by gender as well as status, position, seniority and level of qualification or education. Belgium also obliges companies to prepare a gender-based breakdown of several sections of their annual social reports. In Italy, companies with more than 100 employees must report gender-related equality information, with explicit reference to pay levels, every two years.

In Germany, a recent law introduced a general reporting obligation for large companies related to women’s career advancement and equal pay. In the United Kingdom, employers with 250 or more employees must publish certain information about gender pay differences, in particular in the hourly rate of pay, bonuses and overall pay distribution.<sup>28</sup> In Lithuania, a 2017 law obliges companies with more than 20 employees to annually provide works councils and trade unions with anonymous data on the average pay of their staff, excluding managers, by occupation group and gender. In addition, companies with more than 50 employees must prepare a remuneration report which specifies the remuneration of employees by category according to their position and qualifications, and must make this available to employees.

Several Member States have a more extensive obligation for employers to regularly assess pay practices and pay differences in the wider context of their compliance with an obligation to draw up an action plan for equal pay.<sup>29</sup> Such obligations include company reporting on the average remuneration of different categories of employees or positions but go beyond reporting by also requiring a more in-depth analysis of pay structures as well as follow-up action to address pay inequalities. Such national measures are discussed in more detail in the pay audit section of this report.

Several Member States have company reporting obligations that apply exclusively to the public sector.<sup>30</sup>

In two Member States,<sup>31</sup> new legislative measures providing for company reporting obligations are under discussions.

### **2.3. PAY AUDITS AT COMPANY LEVEL**

The Recommendation encourages Member States to take appropriate measures to ensure that pay audits are conducted in companies and organisations with at least 250 employees. These audits should include an analysis of the proportion of women and men in each category of employee or position, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials on grounds of gender. They should be made available to workers’ representatives and social partners on request.<sup>32</sup> Pay audits should make it easier to analyse the gender equality aspects of pay, to reach conclusions on the application

---

<sup>28</sup> Equality Act 2010 (Gender pay gap information) Regulations 2017.

<sup>29</sup> AT, BE, ES, FI, FR, SE.

<sup>30</sup> E.g. HU, FR, UK.

<sup>31</sup> IE, IT.

<sup>32</sup> Section 5 of the Recommendation.

of the principle of equal pay, and to identify possible options to address the problems identified. They could provide the basis for discussion between employers and workers' representatives on how to eliminate gender discrimination in pay.

Pay reports are often used as a basis for a more thorough analysis that goes considerably beyond providing statistical figures and builds on factual information about pay structures. As such, pay reports may feed into follow-up actions such as action plans to address the gender pay inequalities identified.

For example, in France private employers with more than 50 employees are obliged to produce annual reports which have to include figures broken down by gender and by occupational category relating to actual pay. In addition, based on the information gathered, an analysis of the situation of men and women has to be carried out for each professional category in the company in terms of job classification systems and wage differentials. Collective agreements and unilateral action plans must set out gender equality targets and the specific measures that will achieve them.

In Sweden, employers with at least 25 employees are obliged to carry out a pay survey every three years, assessing pay practices and the gender pay gap in the company. Based on this, they have to draw up an action plan to remedy and prevent unfair gender differences in pay and other terms of employment. In Finland, companies with 30 or more employees have to prepare equality plans, including a pay survey aiming to establish whether there are gender-based pay differences at the workplace; the equality plan must provide suggestions for how to remove unjustified differences. In Germany, companies with more than 500 employees have to carry out pay audits.

In the United Kingdom, employment tribunals can order employers to conduct equal pay audits in cases where an individual brings a successful tribunal claim concerning a breach of the equal pay laws.

In Denmark, employers have the option to set up a voluntary pay equity analysis or to report on wage statistics.

In Estonia and Italy new measures in this area are under discussion. For instance, in Estonia, the government intends to propose a legal obligation to conduct periodical pay audits in the public sector and to prepare gender equality action plans based on the results.

#### **2.4. MAKING EQUAL PAY, INCLUDING PAY AUDITS, PART OF THE COLLECTIVE BARGAINING PROCESS**

Encouraging or obliging social partners to discuss equal pay in collective bargaining is another way of increasing wage transparency and addressing the gender pay gap. The Recommendation therefore encourages Member States to ensure that the issue of equal pay, including pay audits, is discussed at the appropriate level in collective bargaining.<sup>33</sup>

The inclusion of equal pay in collective bargaining is strongly supported by trade unions.<sup>34</sup>

Five Member States<sup>35</sup> have legislative measures in place to ensure that the issue of equal pay is part of the collective bargaining process.

---

<sup>33</sup> Section 6 of the Recommendation.

<sup>34</sup> As provided in ETUC's 2015 Resolution 'Collective bargaining – our powerful tool to close the gender pay gap'.

<sup>35</sup> BE, DE, FI, FR SE.

In Belgium, cross-industry agreements, signed by management and employees' representatives every two years, have to include measures aimed at reducing the gender pay gap, mainly by making job classification systems gender-neutral. At sectoral level, the law also makes it obligatory to negotiate measures aiming to reduce the gender pay gap during collective bargaining. In France, companies must include gender equality in collective bargaining. Private employers are obliged to negotiate equal pay targets for men and women at branch level every three years and at company level every year. The implementation of these measures is monitored by the National Collective Bargaining Commission (CNNC). Swedish law states that employers and employees should cooperate to prevent and tackle differences in pay. Since 2007, when the social parties at federal level negotiated specific wage frameworks for women, the gender pay gap has been a crucial issue during each bargaining round.

Three other Member States<sup>36</sup> provide for voluntary measures to encourage the inclusion of equal pay in collective bargaining. These measures include the publication of guidelines for collective bargaining and the provision of gender equality training to the social partners.

### **3. IMPLEMENTATION OF OTHER PROVISIONS ON EQUAL PAY PROVIDED IN THE RECOMMENDATION**

The Recommendation provides for several other measures that also contribute to improvements in pay equality beyond the strict realm of increased wage transparency<sup>37</sup>. This section provides information on the implementation, as it stands today, of some of these measures in Member States.

#### *Improved statistics*

The Recommendation encourages Member States to improve the availability of up-to-date gender pay gap data by providing Eurostat with statistics annually and in a timely manner.

Several Member States reported that their national statistics offices provide comprehensive data on the gender pay gap on an annual basis.<sup>38</sup> In Spain, the obligation to provide statistics broken down by gender is provided for by law<sup>39</sup> for public authorities, while Danish legislation contains rules on pay statistics disaggregated by sex applicable to companies<sup>40</sup>.

#### *Definition of the concept of 'work of equal value'*

The Recommendation encourages Member States to clarify the concept of 'work of equal value' in their legislation.

Several Member States<sup>41</sup> already provide a definition of the concept of 'work of equal value' in their legislation, indicating an analytical framework or the most important criteria for comparing the value of different jobs. In most of these cases, in line with the jurisprudence of

---

<sup>36</sup> AT, CY, PT.

<sup>37</sup> Sections 7 – 17 of the Recommendation.

<sup>38</sup> E.g. CZ, DK, EE, ES, FR, NL, PL, RO, SK.

<sup>39</sup> Article 20 of Organic Law No 3/2007 of 22 March 2007 on the effective equality of women and men provides that the gender perspective must be effectively integrated into statistics and studies

<sup>40</sup> The Equal Pay Act (Section 5a) contains rules on pay statistics disaggregated by sex. The Act requires companies with at least 35 employees, who at the same time have at least ten people of each sex employed in the same job function, to either annually compile pay statistics disaggregated by sex or agree with the employees to prepare a report on equal pay at least every three years.

<sup>41</sup> E.g. CY CZ, DE, FR, HR, HU, IE, PL, PT, RO, SK, SE and UK.

the Court of Justice on the concept of equal pay,<sup>42</sup> the legislation lists skills, effort, responsibility and working conditions as the main factors for assessing the value of work.

Two Member States informed about their plans to introduce an explicit definition of ‘work of equal value’ in their legislation.<sup>43</sup>

#### *Job evaluation and classification systems*

The Recommendation encourages Member States to promote the development and use of gender-neutral job evaluation and classification systems.

In some Member States, the legislation explicitly provides for a requirement that job evaluation and classification systems used for determining pay have to be gender neutral.<sup>44</sup> Some Member States have put in place practical tools, such as guides and checklists for job evaluation free of gender bias and training programmes for employers; these aim to support the implementation of gender-neutral job evaluation and classification systems by companies.<sup>45</sup>

#### *Monitoring and enforcement*

The Recommendation encourages Member States to ensure that the implementation of the equal pay principle is consistently monitored and that all available remedies to combat pay discrimination are enforced.

In several Member States, labour inspectorates at the regional or federal level monitor pay discrimination<sup>46</sup>. As part of the national administration, these inspectorates are in charge of carrying out inspections to ensure compliance with legislation. In some countries, the labour inspectorates can impose administrative penalties for failure to comply with the equal pay principle.<sup>47</sup>

In Belgium, a company with at least 50 employees can appoint a member of its workforce as a mediator who will advise on drafting and implementing the plan that aims to develop a gender-neutral pay structure in the company, as well as on possible remedies to address claims of gender pay discrimination.

Two Member States have reported the introduction of specific sanctions to discourage discrimination. In particular, France has a penalty of up to 1 % of the payroll for companies with more than fifty employees if there is a breach of equal pay obligations. In the Netherlands, companies practising discrimination are excluded from public procurement procedures and their existing contracts with the government can be terminated.

#### *Equality bodies*

According to the provisions of Directive 2006/54/EC,<sup>48</sup> all equality bodies provide independent assistance to victims of pay discrimination. However, the tasks and powers of equality bodies are very diverse across Member States. It is only in some Member States<sup>49</sup> that the role of equality bodies includes representing/assisting individuals in such claims

---

<sup>42</sup> See Cases C-237/85, C-262/88, C-400/93, C-381/99, C-333/97, C-471/08, C-194/08. See also Recital 9 of Directive 2006/54/EC.

<sup>43</sup> AT, LT.

<sup>44</sup> E.g. AT, BE, CY, IT, LT, PT, SI.

<sup>45</sup> E.g. BE, CY, EE, ES, FR, NL, SE.

<sup>46</sup> E.g. CY, CZ, ES, FR, LV, PL.

<sup>47</sup> This is for instance the case in Latvia.

<sup>48</sup> Article 20-2.

<sup>49</sup> E.g. AT, FI, SE.

before the national courts. In some other Member States,<sup>50</sup> equality bodies have a further-reaching competence to hear and decide on gender discrimination complaints. If gender equality bodies would exercise more of their power to provide independent assistance to victims of discrimination, it would be easier for victims of discrimination to access justice and the effectiveness of the legal framework for equal pay would be ensured.

The Recommendation therefore encourages Member States to ensure that the powers and mandates of their national equality bodies cover issues related to gender pay discrimination, including transparency obligations. In addition, where applicable, Member States are asked to give equality bodies the right to access information on pay and pay audits.

In some Member States,<sup>51</sup> the equality body's mandate also covers employers transparency obligations related to gender pay discrimination, notably the right to access pay information and pay audits.

#### 4. PRACTICAL APPLICATION AND IMPACT OF PAY TRANSPARENCY MEASURES AT NATIONAL LEVEL

There is no detailed economic analysis available of the precise impact of introducing pay transparency measures at national level. It is therefore difficult to provide quantifiable data on the impacts of each specific measure.

However, research carried out at national level shows a relationship between such measures and the improvement of the overall situation on equal pay and equal opportunities of men and women in employment at large. Some examples that inspired the 2014 Recommendation illustrate some of these impacts:<sup>52</sup>

One example related to the issue of **employees' entitlement to pay information** is Portugal, where an obligation for employers to provide employees with information on average salaries by category of workers was introduced in 2009. Stakeholders consider this a significant reason behind the relatively small gender pay gap in that country.

The Swedish equal treatment legislation introduced an employers' obligation to regularly **issue a report on the pay situation** including an analysis of pay practices and gender pay differentials. A national study conducted in 2011 states that, of the different measures introduced by the government, the wage mapping obligation has had the biggest effect on tackling pay discrimination. In addition, a review carried out by the Equality Ombudsman concludes that between 2006 and 2008 approximately 6000 people have received wage adjustments following this obligation.

France is an example of **equal pay being included in collective bargaining**: legislation introduced in 2006 obliges employers and trade unions to once a year discuss the gender pay gap issue during collective agreement negotiations at company and sector level. As a result of the introduction of this obligation, the proportion of collective agreements that address the gender pay gap has increased substantially (from 3 % in 2007 to 10 % in 2010). In addition, most of these collective agreements not only contain a brief diagnosis of the situation, but also present specific indicators and a list of measures to close the gender pay gap.

---

<sup>50</sup> E.g. BE, FR, NL.

<sup>51</sup> E.g. EE, FI, SE.

<sup>52</sup> See also the impact assessment accompanying the Recommendation (SWD(2014) 59 final).

These specific examples of the implementation in line with three out of the four core transparency measures suggested in the Recommendation and their impacts demonstrate that measures under Recommendation have the potential of contributing to an overall reduction of pay discrimination as well as of the gender pay gap.

## 5. CONCLUSIONS AND WAY FORWARD

The Recommendation provides the first ever toolbox of specific pay transparency measures that aim to tackle pay inequality and the persisting gender pay gap. It encourages Member States to introduce at least one of these transparency-enhancing measures to address pay discrimination. It is a non-binding legal instrument which does not impose any formal obligations on Member States.

The analysis of the information provided by Member States and other stakeholders reveals that although the most Member States have some measures aimed at increasing pay transparency in place, in a third of Member States such measures are entirely absent.

Furthermore, only a small group of Member States have used the opportunity of the Recommendation to review their national legal systems in order to strengthen the principle of equal pay between men and women by introducing pay transparency measures, either as suggested in the Recommendation or otherwise.

Gender equality is one of the fundamental values of the European Union, but it is not yet a reality at work. Women in the EU earn on average almost 16 % less per hour than men do, across economic sectors. This gender pay gap has plateaued in the last five years and at the current rate of change would only close at the start of the next millennium. A study of the European Institute for Gender Equality highlights that unequal pay does not just hurt women but is a cost for society in general. There is a strong link between the gender pay gap, child poverty and skills shortages. In addition, underusing the skills of women's in a society also involves a cost to the economy in general.<sup>53</sup>

Today, despite the equal pay principle, discrimination is still pervasive at work: a woman may be paid less than a man for exactly the same job, and work typically done by women is paid less than work typically done by men, even when it is of equal value. The secrecy around pay levels makes it difficult to detect discrimination cases. Even if most Europeans (69%) are aware of the existence of a gender pay gap in the economy, employees do not think that such a gap exist within their own company, and only 26 % of Europeans are aware of the legal guarantee of equal pay for equal work. A third of employees do not know the wages of their colleagues, and this figure is even less lower for women. A recent study shows that Europeans would support more transparency at work: almost two-thirds of people would be in favour of publishing average wages earned in the organisation or company in which they work by gender and job type.<sup>54</sup>

To tackle the gender pay gap and make the equal pay principle a reality, the Commission will continue to monitor Member States' compliance with the equal pay principle, including by enforcing measures where appropriate and in the context of the annual European Semester exercise.

---

<sup>53</sup> EIGE (2017), *Economic Benefits of Gender Equality in the European Union. How closing the gender gaps in labour market activity and pay leads to economic growth*, available at: <http://eige.europa.eu/rdc/eige-publications>.

<sup>54</sup> Eurobarometer 465.

However, the lack of visible progress in combating pay discrimination, as well as the persisting gender pay gap and the limited follow-up to the Recommendation suggest a possible need for further targeted measures at EU level. Making pay transparency a reality will give citizens the tools to be aware of any discrimination they may suffer and will improve the application of the equal pay principle on the ground.