



## **G7 Social Background Document**



### **G7 Responses to Ensure Effective Gender Equality**

Despite the progress made over the last few decades, gender gaps in employment, participation and pay remain substantial, and addressing them is high on the political agenda. On average, women have a lower employment rate, lower earnings, more career interruptions, longer periods of part-time employment and a slower earnings progression over the course of their career. In addition, women still represent only a small portion of company board members and are widely underrepresented in senior management positions.

The size of employment and pay gaps varies across countries and regions, and can only be explained by numerous, complex and interconnected factors. It is therefore a long-term issue requiring a comprehensive and collaborative approach to be solved. To put principle into practice, policy action must include all stakeholders and involve social partners, civil society and the private sector to change behaviours and systems.

G7 governments are at the forefront of promoting gender equality in the labour market. They do so nationally and in the framework of international fora, including within the G7 and G20. Often working in cooperation with social partners, G7 members take action to close gender employment, participation and pay gaps through various policy measures and mechanisms, some of which are already showing signs of progress. With a view to inspiring further action, the G7 members have agreed to share their experiences, best practices and tools aiming to achieve gender equality in the world of work.



The main challenges identified by G7 members and the policies adopted to address them fall into three categories:

# 1. Increasing women’s participation in highly paid jobs through investment in skills and gender-neutral occupational choices

According to the ILO Global Wage Report 2018/19, women in G7 countries have achieved high levels of education and yet continue to be employed less and paid less than men. ILO 2018 data show that the employment gap stands at 13 percentage points and the gender pay gap at 17 percentage points on average across G7 countries.

Among other factors, this outcome can be explained by women’s disproportionate representation in fields and sectors that pay less. Many industries and occupations remain gender-segregated in the labour market: women are more likely to work in lower-paid service sectors such as care, health and education, and they work more frequently in jobs for which they are overqualified, based on their skill level.

In contrast, men are more likely to be employed in jobs related to science, technology, engineering, and mathematics (STEM) fields, which are often highly paid jobs of good quality. As the demand for qualified employees in STEM occupations and in the Information and Communications Technology (ICT) and digital sectors is expected to grow even further in the future, there is a risk that progress in closing the gender pay gap may be hindered or delayed if women continue to be underrepresented in these areas. In order to increase women’s participation in highly paid jobs, policy options therefore include promoting STEM studies and jobs for women, investing in upskilling, reskilling and apprenticeship programmes, and fostering women’s entrepreneurship. Another important measure to achieve greater gender balance across sectors and occupations is to encourage men to work in female-dominated fields, for example in the care and education sectors.

**EXAMPLES**

**Canada** has announced the development of the “Improving Gender and Diversity Outcomes in Skills Programs” strategy. The Government will invest \$5 million CAD over five years, starting in 2019-2020, to develop a strategy and improve capacity to better measure, monitor and address gender disparity and promote the access of underrepresented groups across skills programming.

In addition, the Government of Canada offers targeted programmes for women to help develop the skills they need in the labour market and improve their employability, as well as enhancing support for women to seek apprenticeships. For example, the new “Apprenticeship Incentive Grant for Women” (AIG-W) pilot was announced on 11 December 2018, with an investment of approximately \$20 million CAD over five years. The grant aims to support women to enter, progress in and complete their apprenticeship training in Red Seal trades, where they are underrepresented. The AIG-W is a taxable cash grant of \$3,000 per year/level (or equivalent) up to a maximum amount of \$6,000 per person.

Lastly, Canada has launched the first ever “Women’s Entrepreneurship Strategy” to double the number of women-owned and women-led businesses by 2025.

**The European Union** adopted an “Action Plan to tackle the gender pay gap” in 2017, setting out 24 actions aimed notably at supporting better recognition of skills in female-dominated occupations. The Action Plan also aims to equip women and girls with the necessary skills to become stronger in the digital age and enter traditionally male-dominated sectors such as transport, and, conversely, to assist men in entering (or re-entering) female-dominated sectors such as health and education.

The European Union has also established a “Declaration on Gender-Balanced Company Culture” to encourage companies to adopt a hands-on approach to close the digital gender divide in skills, design of technologies, and access and career opportunities.

**France** is implementing the “Entrepreneurship for Women Action Plan” that helps to create jobs by developing entrepreneurial awareness and skills among female participants. It supports the development and growth of women-led businesses through financing solutions and a guarantee fund (*Caisse des Dépôts*).

On another note, the recently adopted Act on “the freedom to choose one’s professional future” provides part-time employees (80% of whom are women) with the same training rights as full-time employees.

**Germany** has implemented measures aimed at broadening the choices of occupation for both women and men, such as the “Klischeefrei” (cliché free) initiative. Other measures include the Girls’Day and Boys’Day initiatives, inviting school-age children to do a one-day placement in a job not typically chosen by women or men respectively. Meanwhile, the German government is seeking to improve working conditions in social and care professions, which are generally dominated by women and often characterized by relatively low wages. One measure taken is a dialogue format between several ministries and care sector stakeholders. Its main goals include improving working conditions and wages in the care sector.

**Italy** launched the “Stem month” initiative, with the aim of promoting the STEM disciplines in schools of all levels. On the occasion of 8 March, the International Women’s Day, a competition was launched (“Feminine plural”), to encourage a reflection on the presence of women in the STEM disciplines and encourage students to develop a critical view on prejudices and gender stereotypes of an alleged poor attitude of female students towards STEM.

**Japan** is carrying out “Riko-challe” Campaign to inspire female students to choose STEM careers. The number of the Campaign’s supporters, including companies, universities, and academic bodies, has reached 767 (as of May 2019). With the cooperation of these supporters, the Campaign holds summer events mainly for women junior high and high school students over their summer break, which include visits to STEM workplaces, hands-on experience, and facility tours. In 2018, 123 organizations held 165 events nationwide. Additionally a website was established that publishes information on events, messages from women in STEM who serve as role models, and messages from companies and universities that support women in science and engineering.

In addition, Japan adopted the acts in 2018 to eliminate irrational gaps in working conditions between regular and non-regular workers (part-time, fixed-term and dispatched workers). The subsequent improvement of working conditions for non-regular workers is expected to contribute to narrowing the wage disparity between men and women.

**The United Kingdom** is increasing STEM uptake at all educational stages through a variety of actions, including:

- Helping students make more informed choices about which subjects they study by publishing better information on student outcomes;
- Working with business, educators and learned societies to understand what gaps and barriers people face entering STEM sectors, particularly around the retention and promotion of women at higher levels;
- Funding programmes in schools and colleges to increase take-up of maths (such as the Advanced Maths Premium), computing and physics, as well as a £84-million programme to improve computing and teaching.

The UK is also raising awareness of the range of careers that STEM qualifications offer, through programmes such as STEM ambassadors, 44% of whom are women.

Between 2010 and 2017, the UK has seen an increase of 26% in the number of women taking secondary-level STEM qualifications in England.

**The United States** has developed “Women in Apprenticeship and Nontraditional Occupations” (WANTO) grants aimed at assisting employers and trade unions in the recruitment, training, and retention of women in apprenticeship and non-traditional occupations. Since 2017, the US Department of Labor (USDOL) has awarded \$2.84 million in WANTO grants.

Other initiatives have been launched and specifically target female entrepreneurs. The “Promoting Women in Entrepreneurship Act” supports female inventors, researchers, and scientists in bringing their discoveries to the business world, and helps champion science and entrepreneurship. An e-learning platform for female entrepreneurs interested in scaling their businesses is under development by the USDOL Women’s Bureau (WB), the Small Business Administration (SBA), and the Department of the Treasury.

## 2. Addressing employment, participation and pay gaps through better work-life balance

Gender employment, participation and pay gaps vary across age groups. As shown in the OECD Employment Outlook 2018 and the ILO Global Wage Report 2018/19, gaps are narrower for younger workers in G7 countries, but widen as age increases and women become more involved in child and family care responsibilities.

According to the OECD’s Gender, Institutions and Development Database, unpaid domestic and caregiving tasks still rest largely on women who dedicate twice as much time to them as men do (G7 country average). This often leads to fewer numbers of hours worked and interruptions of employment, and can therefore have negative impacts on career development and earnings over their lifetimes.

Indeed, even after the working life, lower wages, fewer promotion opportunities and shorter careers translate into lower pensions and a higher risk of poverty at old age.

In places where formal care services (childcare, out-of-school care, long-term care) are less available, women are usually the ones who have to change their working patterns when they have children or other care commitments. Furthermore, in the future, as atypical forms of work become more common, this could push women with caring responsibilities who are looking for more flexibility to take jobs of a more precarious nature. This could undermine the efforts to reduce gender gaps in the labour market.

Policy options to address this challenge must therefore be comprehensive and include the development of affordable and formal care services, work arrangements and mechanisms to lower the impact of caring responsibilities on women's employment and careers, as well as measures to balance childcare, nursing care, and household responsibilities between men and women, such as paternal leave policies.

## EXAMPLES

**Canada** reiterated its support for greater gender equality in the home and in the workplace. Since March 2019, parents who share parental benefits may access an additional five to eight weeks of benefits. This measure will provide 24,000 additional parents with support in 2019.

In addition, the Government of Canada is making significant investments to support and create more high quality, affordable early learning and childcare opportunities across the country, making it more affordable for parents to return to work or training.

In 2017 and 2018, significant amendments were made to federal labour standards. Many of these changes are expected to particularly benefit female employees, such as giving employees the right to request flexible work arrangements, introducing a new five-day personal leave (of which three days are paid) which can be taken for family responsibilities, emergencies and/or to attend one's citizenship ceremony, introducing a new 10-day leave for victims of family violence (of which five days are paid), eliminating minimum length of service requirements for several protections and benefits including maternity leave, and introducing an unpaid nursing break for employees to nurse or express breast milk.

**The European Union** is expected to formally adopt a "Directive on Work-Life Balance for Parents and Carers" in June 2019, introducing a paternity leave entitlement of 10 working days, remunerated at least at sick pay level, and carers' leave of 5 working days per year.

Moreover, it strengthens the current right to 4 months of parental leave by making 2 out of 4 months paid and non-transferable, as well as the right to request flexible working arrangements by extending its scope.

**Germany** introduced a parental leave allowance and partnership bonus in 2015, providing extra financial incentives if both parents work part-time and share care-giving tasks. Statistics show that the proportion of fathers applying for parental allowance has gone up from 21 % for children born in 2008 to 36 % for children born in 2015. Additionally, a new law on the quality of childcare ("Gute-KiTa-Gesetz") came into force in 2019 and aims to improve the availability of appropriate, affordable and high-quality day care for children.

Lastly, the Government, in cooperation with social partners, amended the law on part-time and fixed-term contracts in 2019, introducing an entitlement for workers to reduce their working hours for an agreed and fixed period (one to five years), and then return to their previous working time.

**Italy** has introduced fiscal incentives to develop work-life balance policies at firm level. Employers which have signed a collective agreement to provide support to parenthood, flexible working patterns and welfare provisions can benefit from a partial social contribution exemption. Since the launch of the measure in 2017, around 3,000 collective agreements have been signed.

**Japan** provides employees with parental leave in principle up to 1 year old and care leave up to 93 days. The government amended the law on parental leave in 2017, enabling employees to take parental leave up to 2 year old in certain cases.

**The United Kingdom** introduced the right to request flexible working in 2014 for all employees with 26 weeks' continuous service. The government has made it easier for employers to consider requests by removing the statutory process for requesting flexible working, replacing it with a duty on employers to consider requests in a reasonable manner. In the UK, 97% of workplaces now offer some form of flexible working.

Additionally, the Shared Parental Leave policy enables working parents to share pay and leave, allowing them to balance demands at work and home, retain a strong link with the labour market, and enabling fathers to play a greater role in raising their children. It also helps mothers return to work when right for them.

**The United States** has introduced the 2017 Tax Cuts and Jobs Act, incentivizing companies to invest in working women and families through new tax credits offered to businesses that offer their employees paid family and medical leave. The Tax Cuts and Jobs Act allows employers to claim a tax credit equal to 12.5% of wages paid to qualifying employees while they are on family or medical leave – as long as the employee earns less than \$72,000 a year and is paid at least 50% of his or her normal wage while on leave.

Moreover, the Fiscal Year 2018 federal budget significantly increased funding for the Child Care and Development Block Grant (CCDBG) by \$2.37 billion to \$8.2 billion, which was maintained in FY 2019. The programme provides grants to increase low-income families' access to childcare and activities to improve the quality of care, reaching 1.32 million children in an average month. Low-income parents who receive a childcare subsidy have a higher probability of being employed, according to research on the programme.

### **3. Addressing pay discrimination through company assessment, increased women's participation in governance roles and corrective measures**

#### **a. Company assessment and wage transparency**

Besides labour market segregation and the impact of caring responsibilities on women's employment and wages, there is a component of the gender pay gap, which remains unexplained, as shown in the Global Wage Report 2018/19.

In order to take appropriate action to put principles into practice and tackle pay discrimination, companies should identify the factors contributing to the gender pay gap in their sector or business, including the unexplained gap. To this end, companies should engage in a thorough assessment of their own gender pay gaps and commit to increased wage transparency.

**EXAMPLES**

**Canada** has adopted new proactive pay legislation to ensure that the right to pay equity is protected in federally regulated workplaces. Once in force, the new legislation will direct federally-regulated employers with 10 or more employees to take proactive steps to ensure that women and men receive equal pay for work of equal value. The new legislation will contribute to reducing the gender wage gap by addressing the portion of the gap that is due to the undervaluation of women’s work. This legislation is expected to benefit women employed in lower salary ranges, visible minority women, working mothers, women with lower levels of educational achievement, and women with disabilities in particular.

Through new pay transparency measures, the Canadian government will provide online comparable information on the average wage gaps of federally-regulated private sector employers covered by the *Employment Equity Act*. It is expected that this transparency will prompt employers to examine their pay practices and show leadership in addressing wage gaps that affect women, Indigenous peoples, persons with disabilities and members of visible minorities. This will help move businesses towards greater equality.

**The European Union**, as part of the above-mentioned 2017 Action Plan to tackle the gender pay gap, has taken steps aimed at supporting better valuation of skills in female-dominated occupations and continued raising awareness of the importance of gender-neutral job classification systems to ensure equal pay in practice. One of the Action Plan’s measures is the evaluation of the existing legal framework on equal pay, especially with regard to the lack of pay transparency and a clarification of the notion of equal work. Together with the Action Plan on the gender pay gap the European Union adopted an evaluation report in 2017 on the implementation of the 2014 pay transparency recommendation.

**France** has adopted the Act on “the freedom to choose one’s professional future” which aims to achieve genuine equality in the workplace: companies will have three years to achieve equal pay. A common measuring tool is set for this purpose. The Gender Equality Index, introduced by this Act aims to gradually reducing wage inequality over this three-year period. It is made up of 5 indicators assessing equal pay between men and women at comparable position and age, equal chance of salary increase, equal chance for a promotion, equal wage increase for employees coming back from maternity leave, and the presence of at least 4 women among the 10 highest-paid employees.

Companies must publish their results annually with detail of the actions taken to improve them. Targets and thresholds are defined depending on the size of the companies. Companies failing to meet the threshold requirements by 2022 will face financial penalties. Social partners will play an important role in the enforcement of this mechanism as they will have access to the company’s results in detail and can benefit from expert advice funded by the employer to support consultations on gender equality in the workplace.

**Germany** adopted the Act to Promote Transparency Wage Structures among Women and Men (Transparency in Wage Structures Act, Entgelttransparenzgesetz) in 2017. The act is designed to enforce the principle of equal pay for equal work and is currently under evaluation. It provides an individual right for employed persons to obtain information on pay levels in establishments with more than 200 employees, as well as an obligation to report on equality and equal pay of men and women for employers with more than 500 employees. Furthermore, private sector employers with more than 500 employees are called upon to carry out pay reviews to verify and create equal pay. These pay reviews are implemented at the employer's own responsibility, with the involvement of employee representatives. Employees and the works council are informed of the outcome of the procedure.

Furthermore, the German anti-discrimination agency offers companies a self-assessment instrument for fair and equal pay in company and union agreements and remuneration systems. The check also identifies any possible discrimination and legal violations.

**Japan** has adopted the "Act on the Promotion of Female Participation and Career Advancement in the Workplace".

Under this act, enterprises with more than 300 employees, as well as national and local governments, are required to publish information regarding the active participation of women in the workplace and announce quantified targets and action plans to promote female participation and career advancement.

**The United Kingdom** introduced pay gap reporting legislation in 2017 that requires employers with 250 or more employees to publicly publish specific gender pay gap information on an annual basis. Over 10,000 employers published their figures for a second year in 2019.

One of the key benefits of the legislation is that it requires organizations to discuss the gender pay gap at board level, which is a first for many of them. They have responded positively to this, pushing the topic up the agenda and voluntarily publishing action plans detailing the steps they are taking to close the gap. The secondary benefit is that it attracts the attention of the media and the general public, improves wider understanding of the gender pay gap and increases pressure on organizations to act.

## **b. Representation in leadership and governance roles**

Moreover, vertical segregation is common to all countries as women are underrepresented in corporate boards and decision-making positions in both public and private sectors. Measures intended to break the "glass ceiling" have been implemented in several countries, with positive results

## EXAMPLES

**Canada** adopted a law in 2018 that supports the increased participation of women on corporate boards and in senior management positions.

The law provides that publicly traded corporations are required to provide shareholders with information on the corporations' policies related to the board of directors' diversity (beyond gender) and within senior management.

**In the European Union**, in November 2012, the European Commission proposed legislation to increase the number of women on corporate boards throughout the EU. The proposal sets a minimum objective of a 40% presence of the underrepresented sex among the non-executive directors of companies listed on stock exchanges. It also requires companies with a lower share of the underrepresented sex among their non-executive directors to introduce pre-established, clear, neutrally formulated and unambiguous criteria in selection procedures for those positions in order to attain that objective. The proposal is still under negotiation with the co-legislators.

**Italy** adopted a gender quotas law in 2011 to improve the gender balance of the boards of listed and state-owned companies.

The Law requires almost a third of seats in governing boards to be reserved for women. Subsequently, the presence of women in boards grew from 6% in 2010 to 36.6% in 2018 in listed companies and from 17.5% in 2014 to 31.1% in 2018 in state-owned companies.

**France** adopted two laws in 2011 and 2014 that gradually introduce the obligation for listed state-owned and private companies to have at least 40% of women within their governing boards, and the obligation for local authorities and the public hospital service to have 40% of women in managerial positions. In addition, through one of its indicators, the Gender Equality Index encourages employers to have at least 4 women among the 10 highest-paid employees (see above).

**Germany** introduced in 2015, a binding minimum 30 % quota for women on the boards of listed companies.

**The United Kingdom** has set targets to achieve 33% women on boards, and 33% women in Executive Committees and positions reporting directly to the Executive Committee in the FTSE 350 by 2020. There is a higher percentage of women on boards of FTSE companies than ever before, with women holding 26.7% of directorships in the FTSE 350 and 30.2% of directorships in the FTSE 100.

### c. Wages and employment after maternity and other child-related leave

As mentioned in ILO and OECD work, some disadvantages experienced by women result from their parenthood status. On average, mothers have lower employment rates, working hours and hourly wages than childless women. To reduce this so-called “motherhood penalty”, governments, in cooperation with social partners, could introduce measures specifically aimed at women returning from maternity leave and other child-related leave.

#### EXAMPLES

**France** has included an indicator in the recently adopted Gender Equality Index (see above) to assess and monitor the share of mothers returning from maternity leave each year who enjoy a pay rise. It helps monitor the enforcement of the 2006 Act on Gender Pay Equality and encourages employers to take action and make wage adjustments.

**In the European Union**, the 2006 Directive on the Implementation of the Principle of Equal Opportunities and Equal Treatment of Men and Women in Matters of Employment and Occupation establishes the right of women, after the end of the period of maternity leave, to return to their jobs or to equivalent posts under conditions which are no less favourable to her, and to benefit from any improvement in working conditions to which she would have been entitled during her absence (article 15). In 2014, the Court of Justice of the EU, ruling in the *Napoli* case (C-595/12), included as part of the “working conditions” a course intended to prepare a woman for an examination which, if successful, would allow her access to a higher grade.

In **Germany**, the “Re-Entry” Action Programme (“Perspektive Wiedereinstieg”) supports women who have withdrawn from employment for a number of years for family or care reasons and are now seeking to re-enter the labour market. It is one flagship project of Germany’s modern lifetime gender equality policy approach. The main objective is re-entry at best on a full-time basis, as well as an adequate level of qualification, thus strengthening women’s financial and social security.

**The United Kingdom** has committed £5 million to supporting returners - people who have taken time out of employment for caring responsibilities and want to return to paid work, in both the public and private sector. They have also launched best practice guidance and a toolkit to encourage and help employers to run effective returner programmes.