

Increasing pay transparency with EU legislation is an effective way to promote equal pay

On 4 March 2021, the European Commission proposed binding measures to promote pay transparency in Europe. FinUnions considers the proposal important and in the right direction but considers that limiting the essential requirements of the proposed directive to workplaces of more than 250 employees, as proposed by the Commission, is unjustified.

Gender equality, and equal pay as part of it, are fundamental and human rights issues. Without equal pay, working life cannot be fair and of good quality. The promotion of equal pay is a key part of the reform of working life as a whole and the development of the quality of working life. In the EU, women earn on average 14% less than men, and pay transparency is an important way of tackling the problem.

EU legislation and Finnish national legislation oblige the implementation of the principle of equal pay. The same remuneration must be paid for the same work and work of equal value. Nevertheless, one of the most persistent problems in working life is the unjustified pay gap between women and men.

There are several reasons behind the unjustified pay gap, and the gap has not narrowed sufficiently over the years. More effective and efficient means are needed in the future. Equal pay must be promoted through the development of both legislation and collective agreements. Concrete measures in the workplace are also needed. Eliminating unjustified pay gaps also requires the definition of work of equal value.

FinUnions supports pay transparency and sees increasing pay transparency through EU-level legislation as an effective way to promote equal pay. Without sufficient information in the workplace, it is not possible to find unjustified pay gaps and demand their correction. The Commission's proposed information and reporting practices on the pay gap for workers doing the same or equivalent work would be an important improvement, but the 250-employee reporting threshold needs to be significantly lowered. According to the scope of the proposal, only one third of EU workers would be covered by the pay transparency set out in the directive. FinUnions sees no grounds for exempting non-micro-enterprises from reporting, the cost of which has also been estimated to be low in the Commission's proposal.

In order to promote equal pay, the Commission also proposes worthwhile reforms to strengthen workers' ability to assert their rights, address grievances and obtain compensation for possible discrimination. The possibility for trade unions and equality bodies to support workers in ensuring equal pay is also important. The Commission's proposal should therefore be clarified so that instead of vague references to employees' representatives, the directive clearly safeguards the right of trade unions to represent employees and to negotiate the promotion of equal pay.

Personal data protection issues do not prevent the promotion of pay transparency. The EU's general data protection regulation contains an exhaustive list of sensitive data and does not mention pay. The preamble to the Data Protection Regulation states that the protection of personal data is not absolute but must be seen in relation to its role in society.

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