



Gender Pay

2021 Report

The 'snapshot' date for the data applied in this report is 5th April 2020

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PRIVATE BANKERS SINCE 1672

Introduction

The relationship that we have with our employees is central to the bank's continued success. We must attract and retain the widest pool of talent, whilst ensuring parity in pay for all employees.

The results of our gender pay gap analysis are discussed in the report below, as is the methodology behind the calculations. In this, the fourth year of reporting, we continue to recognise that there is more work to do, to lock-in the gains of last year and to build further upon our strategies to make the bank a more diverse and even better place to work.

The Partners, Board and Senior Leadership are continuing to seek to understand and address the underlying reasons for any imbalance in order to promote gender pay equality further.

What is the gender pay gap?

The gender pay gap calculates the difference between the average pay of men and women across an organisation, irrespective of their role.

The analysis of a gender pay gap is not the same as an analysis of equal pay for equal work. The latter directly compares two or more individuals who carry out the same or similar work - or work of equal value - to check that their pay is equal.

We do have an average overall gender pay gap in favour of men, but we are confident that we do not have equal pay for equal work issues or inequalities. This is because we have conducted, for four years in a row, a very careful review of all roles across the bank, and we are satisfied that men and women are paid equally for performing the same and/or comparable roles. Any individual pay disparities that emerge (through job changes or external hires) are addressed through our annual remuneration review process.

How is the gender pay gap calculated?

Gender pay gap calculations are set out according to Government Gender Pay Reporting legislation which governs gender pay reporting.

The mean and median differences in the hourly rates of pay for male and female employees' ordinary pay and bonus pay are calculated as follows:

$$\frac{\text{average (or median¹) male hourly pay rate} - \text{average (or median) female hourly pay rate}}{\text{average (or median) male hourly rate}} \times 100$$

¹ The definition of "median" is the "middle" value in the list of hourly pay rates. To find the median, hourly rates are listed in numerical order from smallest to largest.

How do you calculate ordinary pay?

Ordinary pay is not limited to basic salary. It includes other payments such as shift and duty allowances but excludes payments relating to overtime, redundancy or pay in lieu of holiday.

Ordinary pay is an employee's gross pay after any deduction(s) for, for example, a salary sacrifice scheme (even if the employee has voluntarily opted into the scheme).

How do you calculate bonus pay?

Gender Pay Reporting requires us to report on any bonuses paid between April 2019 and March 2020. At the bank, bonus payments were made in May 2019 (our year-end bonus which covers performance year 2018/19), and November 2019 (our interim bonus which partly covers performance year 2019/20). Therefore, the bonus pay statistics in this report span two performance years.

The next few pages outline our gender pay and bonus gap results. Due to regulatory requirements, the data we have published relates to our 2019/20 performance year (April 2019 – March 2020), and principally our pay data in April 2020; the 'snapshot' date determined by the UK's Gender Pay Reporting legislation.

Our Results

As with many businesses across the UK, and particularly within the financial services industry, there are more men employed in senior positions than women, as shown in the quartile distribution that follows (on Slide 7). This continues to be the main driver of our gender pay gap; however, we are keen to make further improvements in addition to the decrease in ordinary pay disparity from 2018/19 to 2019/20:

2018/19 Differentials between men and women		
	Mean	Median
Ordinary Pay	25.2%	24.1%
Discretionary Pay	33.8%	34.8%

2019/20 Differentials between men and women		
	Mean	Median
Ordinary Pay	19.1%	28.2%
Discretionary Pay	33.7%	32.7%

2017/18 Differentials between men and women		
	Mean	Median
Ordinary Pay	24.3%	22.6%
Discretionary Pay	36.0%	32.4%

- In 2016/17, women comprised 38% of the bank's employees.
- In 2017/18, this increased to 43% of employees.
- In 2018/19, female employees comprised 39% of employees.
- In 2019/20, 40% of employees were female.

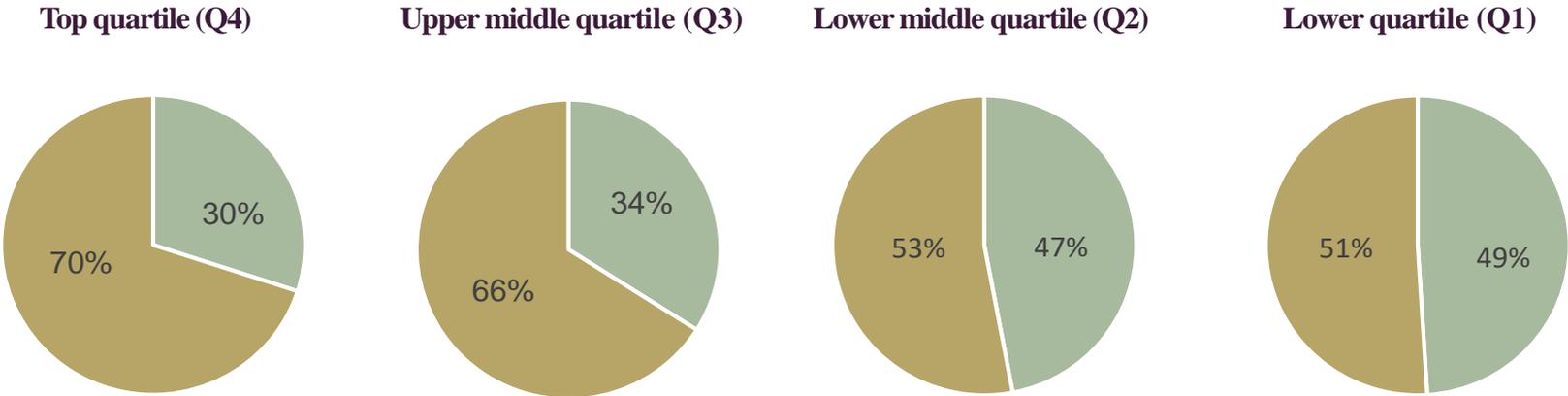
2016/17 Differentials between men and women		
	Mean	Median
Ordinary Pay	32.7%	28.3%
Discretionary Pay	27.7%	38.5%

There has been a decrease in the mean ordinary pay gap from 2018/19 to 2019/20, which indicates that there has been an overall reduction in men receiving higher pay compared with women.

What are quartiles?

Quartiles are determined by listing all male and female employees in order of pay from the highest paid to the lowest paid. This list is then split into four equal-sized groups, by number of employees, or “quartiles”. The percentage occupancy of men and women by quartile is then calculated.

Distribution of gender at each quartile: Men  Women 



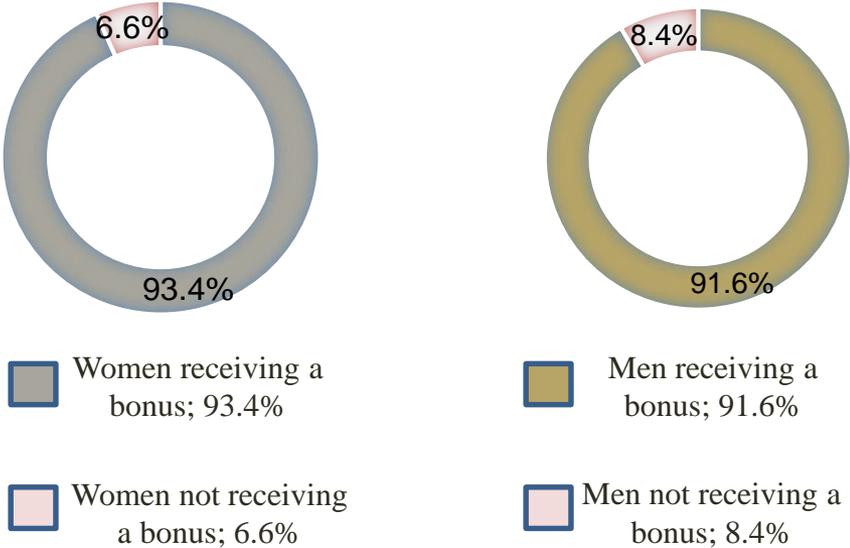
Our report shows that, compared with last year, female employees comprise a more balanced percentage of the lower middle and lower pay quartile, compared with males. There has been a decrease in females in upper middle pay quartile but a 3% increase in the percentage of the top pay quartile than in the previous year.

This shows there is work to do to bring females through from the lower quartiles into the upper two quartiles and provides a foundation for further decreasing the gender pay gap in coming years.

Bonuses

Those who received a bonus: 91.6% of men and 93.4% of women received a bonus in 2019/20. This is a 1.8 percentage point gap in favour of women.

Percentage of each gender receiving a bonus:



Mean bonus pay gap: the mean bonus pay gap is 33.7%.

Median bonus pay gap: the median bonus pay gap is 32.7%.

Our data evidences that the proportion of women who received a bonus during the reporting period is marginally higher (1.8 percentage points) than the proportion of men who received a bonus. Men, however, are still receiving higher bonus awards based on the median, but this metric takes into account more substantial bonus payments that are paid at a senior level. This senior level is still largely made up of male employees as shown in the pie chart for the top quartile (on slide 7). This explains the disparity in the metric.

Next Steps

It is pleasing to see a continued narrowing in our mean gender pay gap and we are determined to build further on this achievement.

Our 2018/19 Gender Pay Gap report cited our work to evolve our culture. The design of the evolved culture is now complete and we are now embedding the key attributes of a caring performance culture into everything that we do. As we undertake this next step, we are confident that we will become a more inclusive employer where talented people from diverse backgrounds are attracted to come and work for the bank and, when here, are able to bring their whole selves to work.

One early and demonstrable outcome of this approach is the greater proportion of senior women that have chosen to come and work for the bank during 2019/20. We insist on gender balanced candidate shortlists at all experience levels and we will continue to enhance further the diversity of our Management Team through external hires and the advancement of colleagues.

Reinforcing these activities is the enthusiasm of our Reduced Inequalities Task Force. The team has developed and implemented several new initiatives including an enhanced Family Leave policy to encourage parents to return to the bank to continue with their careers and the launch of the #IamRemarkable education programme, which empowers women and other underrepresented groups to celebrate their achievements in the workplace.

Together, as one team, we are determined to narrow the gender pay gap still further at the bank and we will achieve this through the evolution of our culture and through the delivery of key initiatives that create an inclusive place to work.

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