

# Welcome Gender Pay Gap Reporting Discussion Forum

23 March 2017



# PRESENTING TODAY

---



**Phil Ainsley,  
Managing Director**

Employee Services Equiniti

[phil.ainsley@equiniti.com](mailto:phil.ainsley@equiniti.com)



**Rachael Wake,  
Managing Associate**

Tapestry Compliance LLP

[rachael.wake@tapestrycompliance.com](mailto:rachael.wake@tapestrycompliance.com)



# ABOUT TAPESTRY

---

**Law firm - global share plans and HR**

**Advise many leading global companies and administrators**

**Network of over 100 law firms globally and an online database for global share plans**

**Multi award-winning!**



# AGENDA FOR TODAY'S DISCUSSION

---

Gender pay gap  
– Brief overview

Employee  
incentives –  
Particular issues

Key tips

Interactive  
discussion

# GENDER PAY GAP – THE ISSUE

---

**16.4%** in EU  
Eurostat  
figures, 2012

Women in UK earn  
**18.1%** less than men  
*Office of National Statistics,  
December 2016*

Over **50 years**  
to bridge gap at  
current rate



# GENDER PAY GAP REPORTING – STORY SO FAR

---

01

---

February 2016:  
Publication of draft  
regulations and  
consultation

02

---

July 2016:  
Final regulations  
were delayed

03

---

December 2016:  
Revised regulations  
published

04

---

January 2017:  
ACAS / GEO guidance  
published

05

---

6 April 2017:  
Final regulations  
come into force

06

---

5 April 2017:  
First “snapshot”  
date

07

---

4 April 2018:  
First reporting  
deadline

# WHO IS CAUGHT?

---



## Companies:

- 250 or more employees
- Group or company by company basis?
- Just UK companies?

## Employees:

- Equality Act 2010 definition:
  - Employees
  - Workers and agency workers
  - Some self-employed individuals
- Part time workers?
- Just UK employees?



# WHAT MUST COMPANIES REPORT?

---



- Difference between mean male/female hourly pay
- Difference between median male/female hourly pay
- Difference between mean male/female bonus pay
- Difference between median male/female bonus pay
- Proportion of males/females paid bonus pay
- Proportion of males/females in each pay quartile



# ORDINARY PAY AND BONUS PAY

---

## What is “ordinary pay”?

Basic pay, allowances, pay for piecework, pay for leave, shift premium pay

Money payments only

Not:

overtime  
payment relating to redundancy  
or termination of employment  
payment in lieu of leave  
pay not in the form of money

## What is “bonus pay”?

Money, vouchers, securities, securities options or interests in securities

Relates to profit-sharing, productivity, performance, incentive or commission

Not:

ordinary pay  
overtime  
pay relating to redundancy or termination of employment

NB: Included as gross figure (i.e. before tax)

# EMPLOYEE INCENTIVES – REPORTING

---



## Which metrics?

Bonus pay features in all metrics



## How much is reported?

Amount chargeable to income tax



# EMPLOYEE INCENTIVES – REPORTING

---

## What is included?

Option exercises

---

Conditional award/RSU vesting

---

Restrictions falling away

## What is excluded?

Tax-advantaged plans: SAYE, SIP, CSOP and EMI

---

Plans structured to deliver gains subject to CGT:

- JSOPs
- Growth shares
- Carried interest plans

# EMPLOYEE INCENTIVES – PARTICULAR ISSUES

---



## Partnership shares:

- Risk of double-counting?
- Same amount in ordinary pay and bonus pay?
- Is this a significant issue?

## Bonus period for options:

- Grant to vesting or grant to exercise?

## Phantom awards:

- Bonus pay or ordinary pay?



# EMPLOYEE INCENTIVES – PARTICULAR ISSUES

---



## Hourly rate metrics – bonus pay in pay period at 5 April only:

- Pro-rated but...
- May include many bonuses
- May skew hourly rate metrics
- Move payment/vesting dates?
- Or just explain?

## Mobile employees:

- Share awards only included if subject to ITEPA
- Impact on metrics

# DISCLOSURE REQUIREMENTS

## What? →

Six metrics reported within 12 months beginning with the relevant 5 April

---

Signed written statement

---

Published information is accurate and signed by a senior person, e.g. director of a company

## Where? →

Employer's website

---

Government website – details expected to be available soon

---

## How long for? →

Minimum 3 years from publication – may want to keep results available longer

## Sanctions →

Currently none

---

Reputation?

---

Shareholder push-back?

---

Job applicants?



# POTENTIAL IMPACT

---



- Exposing barriers to progression for women
- Recruitment, development and retention
- Education
- Re-assessing pay structures
- Flexible working

# FUTURE OF GENDER PAY GAP REPORTING

---

Company  
structures?

Explanatory  
notes?

Penalties for  
non-compliance

Further  
Guidance

Extension into  
the public  
sector

Impact of  
“league tables”



The background of the slide is a deep space image, likely a star field or nebula. It features a color gradient from a dark teal at the top to a warm orange-brown at the bottom. Numerous stars of varying brightness are scattered across the field, some appearing as sharp points of light and others as soft, glowing clouds. A prominent, bright star with a four-pointed diffraction pattern is visible in the upper right quadrant.

**Let's discuss!**