

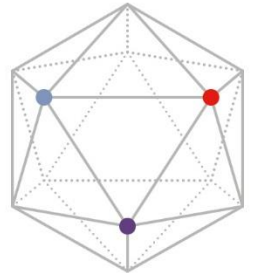


EQ

ProShare

**Baker
McKenzie.**

**Employee Services
Forum 2018**





Gender Pay Gap Reporting – Reflections on the First Year

Jeremy Edwards – Baker & McKenzie LLP

GENDER PAY GAP REPORTING

LOOKING BACK



Deadline for reporting first year's data closed 4 April 2018



Median gap in hourly pay of published reports is 9.7% (Source: FT)



Intense media scrutiny of published reports. Confusion over distinction between gender pay gap and pay discrimination



Over 10,400 reports on government website.
1,500 employers missed deadline.
Nearly 300 employers reported voluntarily



WHAT IS GENDER PAY GAP?



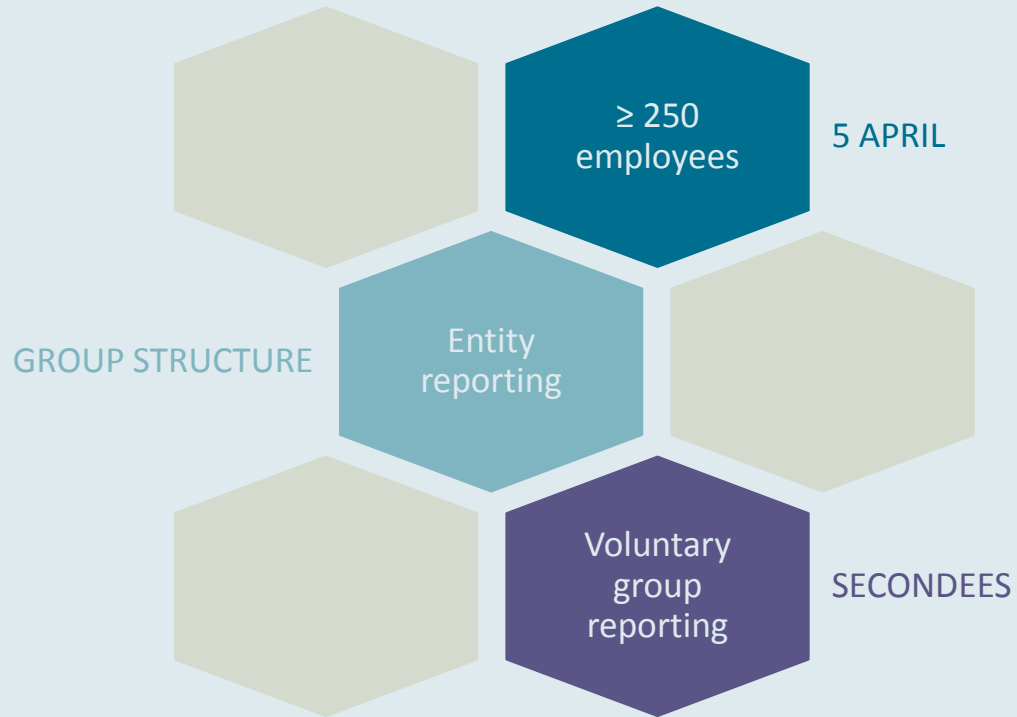
NOT

DIFFERENT PAY FOR SAME JOB=
ILLEGAL

IS

DIFFERENCE IN HOURLY PAY OF
AVERAGE MAN AND AVERAGE
WOMAN=
REPORTABLE FOR LARGE
EMPLOYERS

WHO IS AFFECTED?



WHAT ABOUT SHARE PLANS?

HOURLY RATE OF PAY

- Ordinary pay + bonus
- Timing – relevant pay period
- Apportion bonus pay:
 - Options
 - RSUs

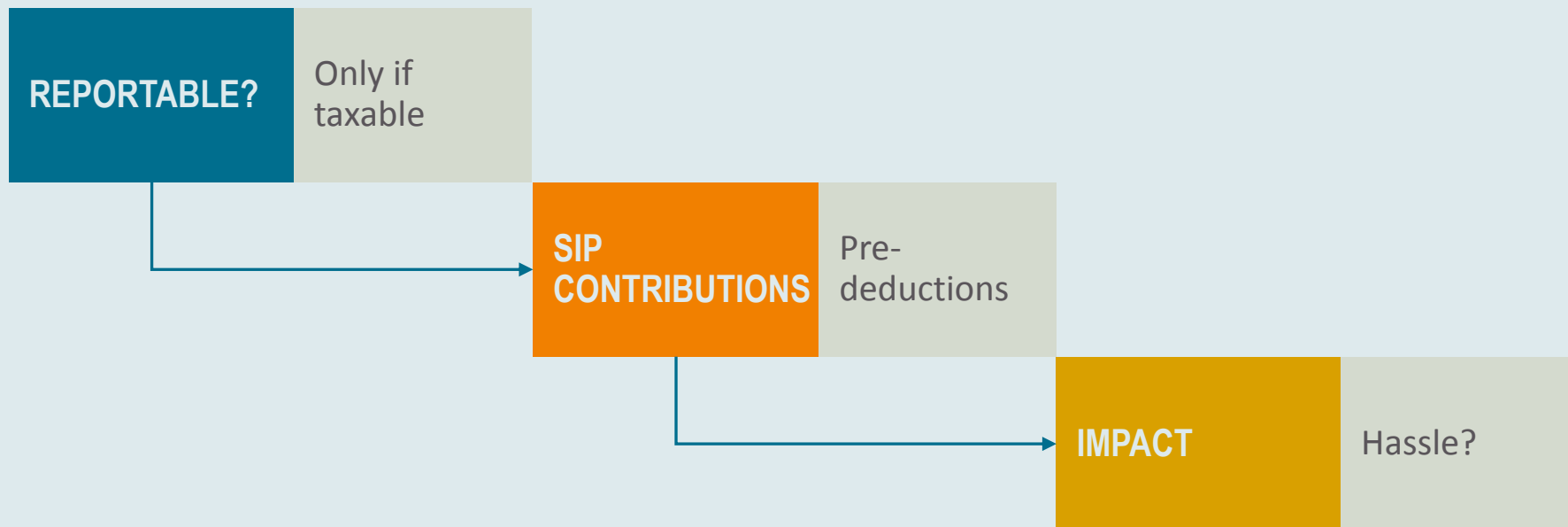
BONUS PAY

- Definition
- 12 month period
- Received
- Timing of tax charge
- No apportionment
- Option exercises
- Recruitment and retention awards











ALL EMPLOYEE PLANS



GENDER PAY GAP REPORTING

AVERAGE GAPS

Employee Population		Mean %	Median %
Under 250		11.2	8.8
250 - 499		14.3	10.2
500 - 999		13.0	9.1
1,000 - 4,999		12.4	8.2
5,000 - 19,999		13.8	8.7
20,000+		12.2	5.1



GENDER PAY GAP REPORTING

SECTORAL ISSUES

- Considerable variance between sectors
- Difficult to draw comparisons within sectors:
 - Impact of profile of UK workforce (e.g. manufacturing in UK vs. elsewhere)
 - Corporate structure
 - Some reported only on in-scope entities, others on all UK entities



GENDER PAY GAP REPORTING

DRIVERS



- Under-representation of women in STEM
- Under-representation of women in senior roles
 - *But that's still a problem...*
- **Equal Pay Audits**



GENDER PAY GAP REPORTING

DISTORTIONS

- Salary sacrifice (do women sacrifice more?)
- Bonuses showing up in hourly pay
- Part-timers and bonuses
 - e.g. BT – would reduce gap from 11.2% to 3.5% if adjusted for part-time
- Exercise of stock options in relevant pay period (e.g. 3M)



GENDER PAY GAP REPORTING

EMPLOYEE/PUBLIC RESPONSE



- Widespread confusion:
 - Gender pay must = equal pay issue?
 - Description of day when women effectively stop earning
- Action plans:
 - Programmes for female graduates and “returners”
 - Gender targets (but note discrimination risk)
 - Agile working



GENDER PAY GAP REPORTING

2017 AND 2018 ANNUAL REPORTING SEASONS





The Gender Pay Gap & All-Employee Schemes

Gabbi Stopp - ProShare

Period: 1 January to 31 December 2017

Published May 2018

SAYE Report: 421 companies

SIP Report: 417 companies

HMRC statistics for 2016-17 tax year:

- 510 companies operating SAYE
- 780 companies operating SIP



SAYE & SIP SURVEY

2017

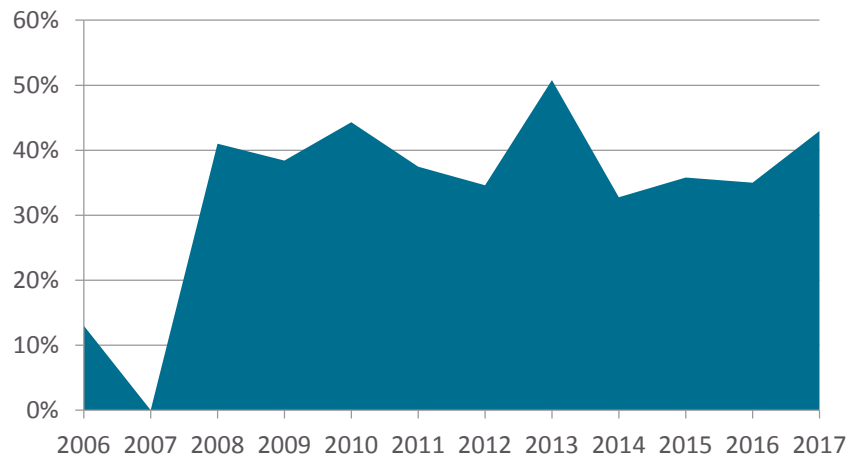


ProShare

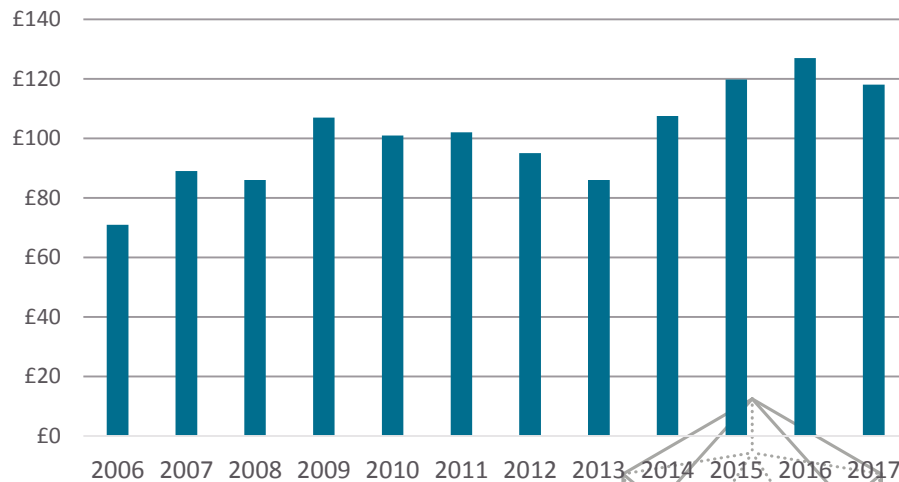
SAVE-AS-YOU-EARN

PARTICIPATION

SAYE Average Take-Up



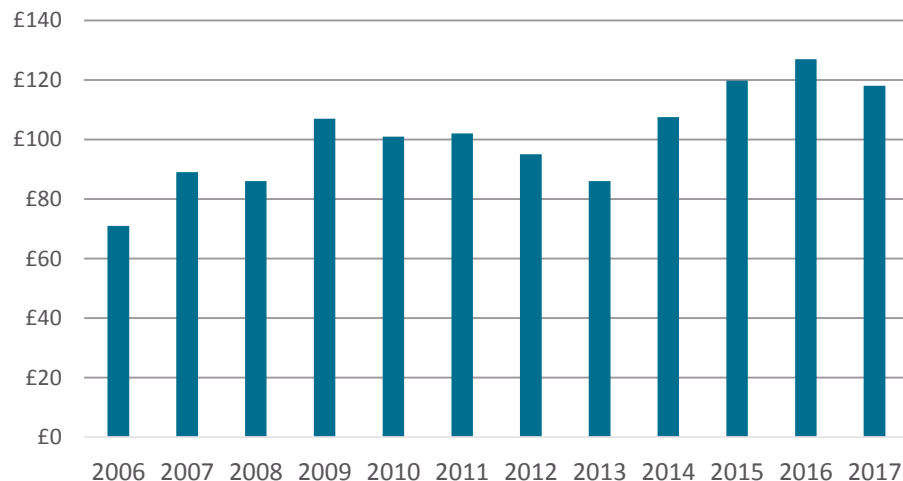
SAYE Average Monthly Contributions – 2017 schemes



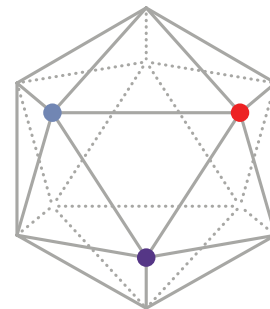
SAVE-AS-YOU-EARN

PARTICIPATION

SAYE Average Monthly Contributions – 2017 schemes



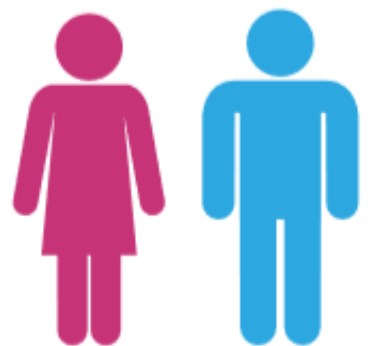
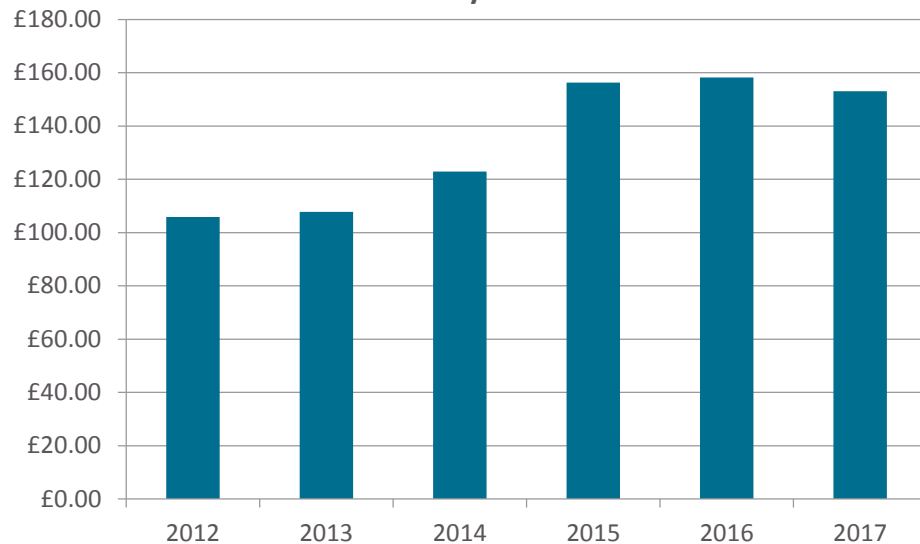
Average monthly
contributions for female &
male SAYE participants



SAVE-AS-YOU-EARN

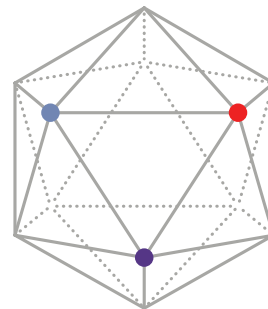
PARTICIPATION

SAYE Average Monthly Contributions – all scheme years



£122.89 £154.40

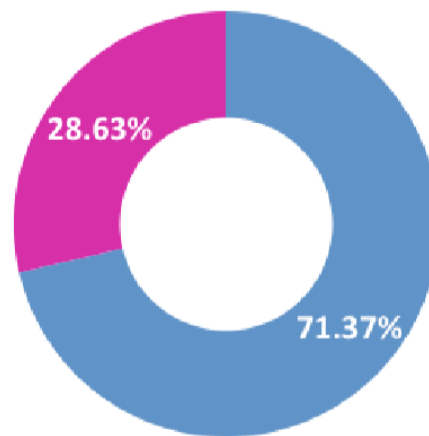
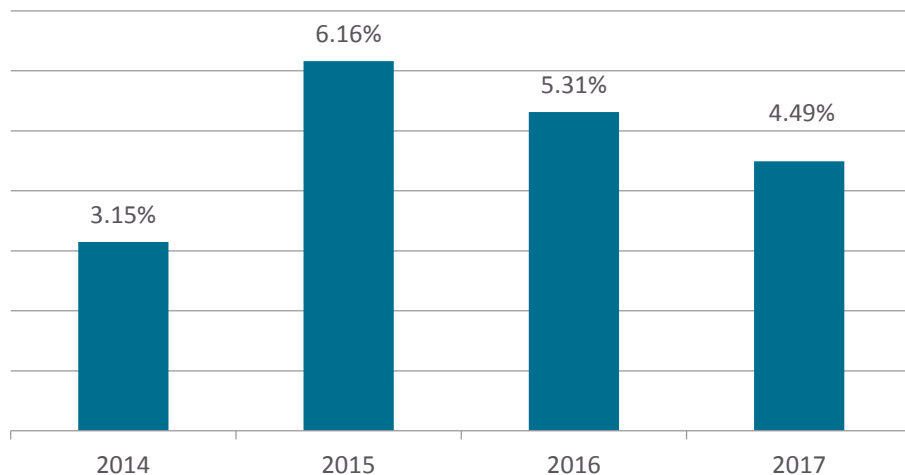
Average monthly contributions for female & male SAYE participants



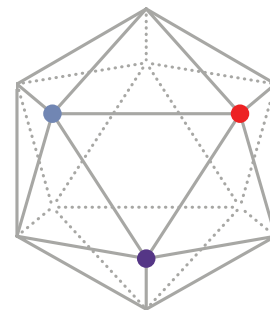
SAVE-AS-YOU-EARN

SAVING AT THE STATUTORY £500 MAXIMUM

Percentage of participants saving at £500 max (all contracts)

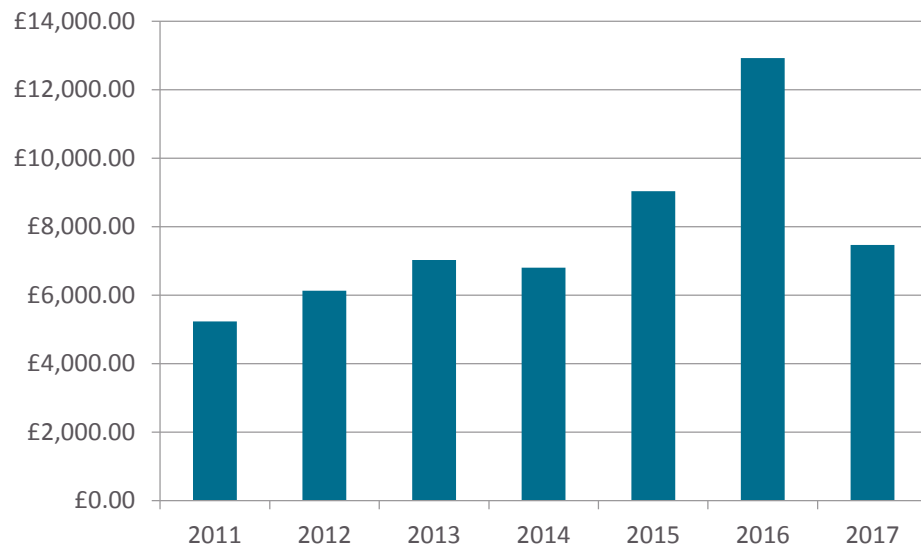


Gender breakdown of participants saving at £500 maximum



SHARE INCENTIVE PLAN

HOLDING VALUES

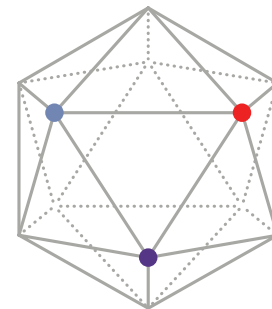


£6,006



£7,461

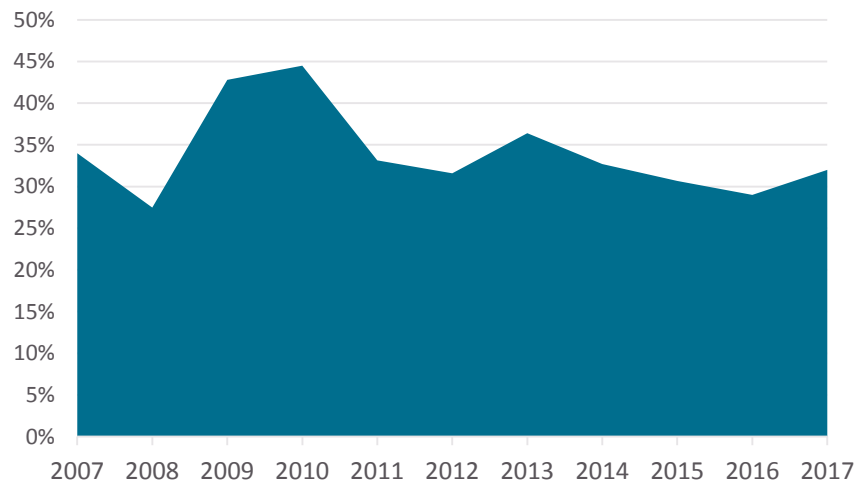
**Average SIP
holding values for
female & male
participants**



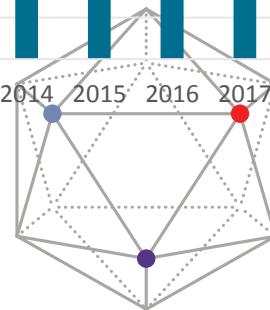
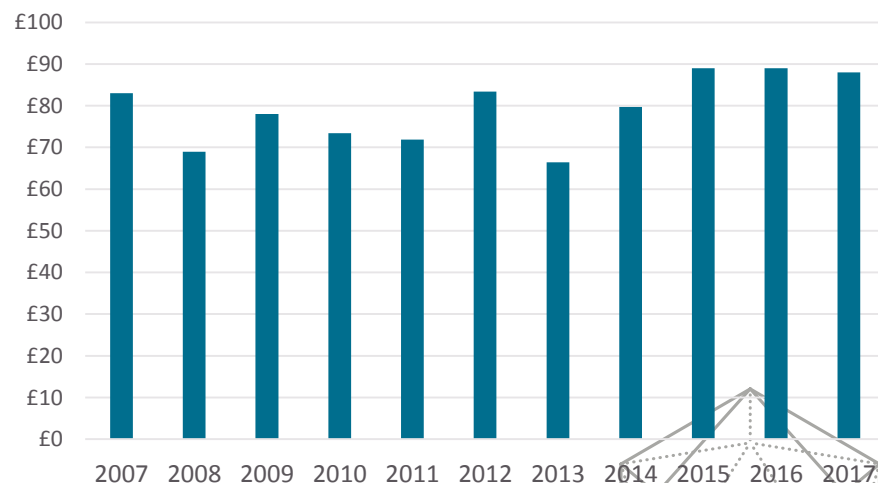
SHARE INCENTIVE PLAN

TAKE-UP & INVESTMENT

SIP P'ship Average Take-Up



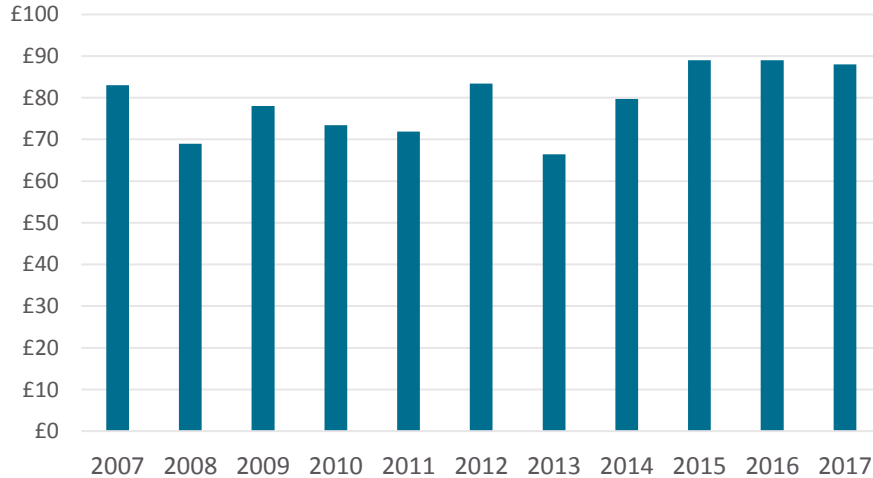
Average SIP P'ship Contribution



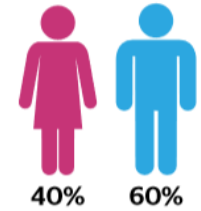
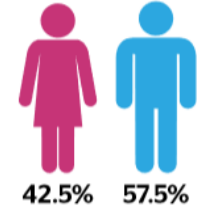
SHARE INCENTIVE PLAN

INVESTMENT & PARTICIPATION

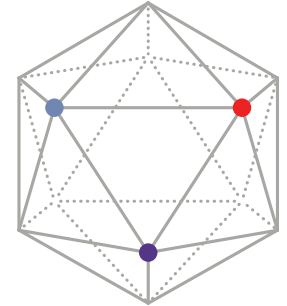
Average SIP P'ship Investment



Monthly
investment



Eligibility &
participation



In conclusion:

- 'gap' between female and male SAYE & SIP participation values – downstream effect of broader GPG contributing factors;
- other factors may also be at play e.g. unconscious biases around saving & investing;
- benchmark your own plan participation profiles;
- consider how to address your plans' 'gap' e.g. communication, timing, channels, financial education.



ProShare

SAYE & SIP SURVEY

2017

