

Our gender pay gap

I am pleased to confirm that we have made further progress building on our inclusive culture which enables colleagues with a diverse range of skills, experiences, backgrounds and opinions to flourish without barriers.

In 2018 we were very proud to have achieved the 'Leaders in Diversity' accreditation from the National Centre for Diversity. We are the first financial services organisation to have achieved this, reflecting the commitment and work of our senior leaders in building a culture of equality, diversity and inclusion.

This is our second report providing information on our gender pay gap.

The structure of our workforce drives our pay gap.

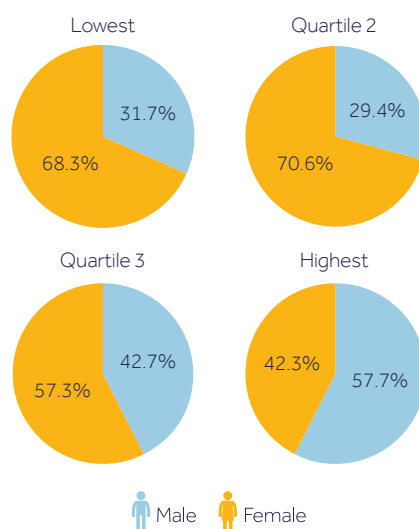
	Mean	Median
Hourly Pay Gap	30.3%	25.4%

Our mean gender pay gap has improved slightly to 30.3% (from 30.7%). Our median is 25.4%, higher than the national gender pay gap of 18.4%, but significantly lower than the financial and insurance sector which was 35.6% for 2017*.

“If we had an equal number of men and women at all levels our gender pay gap would be **1.8%**”

We reported last year that our gender pay gap is caused by having greater numbers of men than women in our senior, more highly paid roles. If we had an equal number of men and women in all roles, our gender pay gap would reduce to 1.8%. This gives us confidence that our Fair Reward approach ensures that men and women are treated the same for equivalent roles and we check this annually using independently benchmarked external market data.

The gender pay gap reporting breaks down our workforce into even size quartiles using pay data and shows the proportions of men and women in each. 42% of our highest paid roles are held by women, rising to 57% in the next highest paid quartile.



At the reporting snapshot date, 60% of our workforce were women and held 36% of our senior leader roles and 23% of positions at Board level** - our target is 33% by 2021, so we are pleased to be making progress. Our approach, in the context of a truly inclusive workplace, is to focus on delivering the practical actions that make a difference to the numbers of women in our senior roles, which in turn, deliver improvements to our gender pay gap.

“Women...held **36%** of our senior leader roles and **23%** of positions at board level”

What have we done to improve our position?

We have taken practical steps to help women progress their careers:

- We were among the first signatories to HM Treasury's Women in Finance Charter and publish gender diversity targets and report our progress every year.
- Gender Diversity has Board level sponsorship through Karen Wint, our Chief Operating Officer, who also sponsors our colleague-led Gender Diversity Forum. This is delivering a number of initiatives including training and engagement sessions for colleagues and a programme to support women in developing their careers further based on feedback from our colleagues.
- We only work with recruitment agencies that are committed to providing gender balanced shortlists for all roles and we have introduced measures to ensure that our recruitment adverts and selection processes are free from gender bias.
- Unconscious Bias training has been provided to all colleagues and this is included in training for our managers who recruit others.
- We are active participants in the Women Ahead mentoring programme, providing many opportunities for women in our talent pipeline to be mentored and we provide mentoring for women in other organisations.
- All our executive directors have a personal diversity objective, linked to their annual bonus scheme. All our senior leadership team has been involved in building our diversity action plans.

What have we achieved?

Through these practical actions we have made good progress towards our ambition to achieve more balance in the number of women in more senior roles. We have invested in our female



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talent and nearly 2/3rds of promotions between April 2017 and April 2018 were achieved by women. Women are very strongly represented in our talent pipeline at all levels. In our higher bands, despite the greater number of men, identified talent is evenly split between women and men. All of these women participate in external mentoring, coaching, bespoke development and/or career planning. It is these women, who we proactively support, to help them become senior leaders in the future.

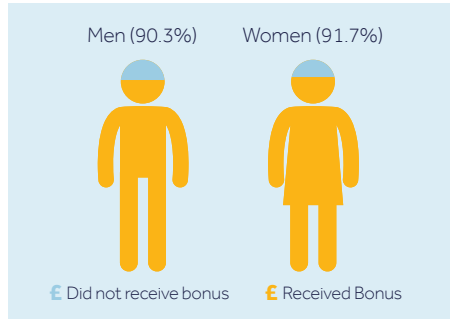
We are pleased to have seen a high take up of women who have signed up to our Project Me initiative (69%). This self-enrolment programme provides access to a wide range of training, secondments and other development activities, to support colleagues in their career development

We continue to offer flexible and part time opportunities for all colleagues, with many of these taken up by women, helping to retain them in our workforce and enabling them to balance their lives effectively. 19% of our colleagues work part-time and 89% of these (252) are women. As well as offering good, flexible working opportunities, we provide a positive working environment for our colleagues, achieving high colleague engagement scores of 81% and a Best Companies' 2* rating.

Our Gender Bonus Pay Gap

Our colleagues share in our success through participation in a bonus scheme, appropriate to their role. The schemes focus on achievement of Society objectives, including sustainable performance, colleague and customer experience measures.

Our bonuses are paid in mid-April so must be included in the reported data at 5 April the following year. This means that some colleagues have left the Society and cannot be included in the reported figures. 80.6% of women and 77.5% of men received a bonus in 2017 and were still on our payroll on 5 April 2018.



In April 2018, 91.7% of women and 90.3% of men received a bonus. The structure of our workforce also affects the mean bonus gap which is 54.4% and our median bonus gap which is 27.7%. As more males occupy more of our senior and more highly paid roles, this extends the bonus gap.

	Mean	Median
Bonus Pay Gap	54.4%	27.7%

Bonuses are calculated as a percentage of basic salary. Our part-time colleagues receive bonuses which are pro-rated, to reflect their hours worked, but the regulatory gender bonus pay gap calculation does not reflect this.

Our commitment

We are committed to providing a positive culture, environment and opportunities where women will thrive in their careers. We will continue to focus on the actions which we believe will deliver this.

I confirm the data reported is accurate.

Karen Wint,
Chief Operating Officer

Definitions

Gender Pay

This describes the difference in average pay for all men and women. It uses average hourly rates of pay, so everyone is considered in the same way, regardless of the number of contracted hours they work.

Equal Pay

This considers where men and women doing the same work and are potentially being paid differently. A gender pay gap does not mean individuals are being paid unfairly for the specific job they do.