

Gender Pay

2023 Report

*The 'snapshot' date for the data
applied in this report is 5th April 2022*

Introduction

The relationship between the bank and its colleagues is central to the bank's continued growth and success. In order to attract and retain the widest pool of talent, we must ensure there is parity in the remuneration for all employees.

This report discusses our gender pay gap analysis and the methodology behind the calculations. In this, the sixth year of reporting we remain dedicated to building on the gains of previous years and strengthening our core people strategies to ensure the bank is a more diverse, even better workplace for our employees.

The board and senior leadership team continue to explore and address the underlying reasons for any imbalance in order to further promote gender pay equality. We are committed to ensuring that our culture, our training and our policies all facilitate and enhance the development and promotion of equal opportunities at all levels within the bank.

What is the gender pay gap?

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

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 issues or inequalities regarding equal pay for equal work. This is because we conduct a detailed annual 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.

What is the gender pay gap?

Gender pay gap calculations are set out according to Government Gender Pay Reporting legislation.

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, by way of example, a salary sacrifice scheme (even if the employee has voluntarily opted into the scheme).

How do you calculate discretionary (bonus) pay?

Gender Pay Reporting requires us to report on any bonuses paid between April 2021 and March 2022.

At the bank, bonus payments were made in May 2021 (our year-end bonus which covers performance year 2020/21). This is the bonus reflected in this report.

The next few pages outline our gender pay and bonus gap results. Due to regulatory requirements, the data we have published relates to our 2021/22 performance year (April 2021 – March 2022), and principally our pay data at 5th April 2022, being the 'snapshot' date determined by the UK's Gender Pay Reporting legislation.

Historic Results

In line with legislative guidelines, we have been reporting our gender pay gap since 2017. The results for the previous three years are shown on the left to give context to this year's reporting and demonstrate areas where we have improved, as well as areas where there is room for development.

The results for 2016/2017 and 2017/2018 can be found in the relevant Gender Pay reports published on the bank's website.

Over the four-year period, there was an overall decrease in the ordinary pay gap, but the size of the gap has fluctuated from year to year.

There are a number of different reasons for this, including an increase/decrease in the percentage of male employees, higher earners taking a period of parental or similar leave, and new joiners/leavers across the company.

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%

2020/21 Differentials between men and women

	Mean	Median
Ordinary Pay	2% (-17.1%)	28% (-0.2%)
Discretionary Pay	29% (-4.7%)	29% (-3.7%)

Our 2021/22 Results

For the second year, there has been a decrease in the median pay gap, which is down 5.5% on last year's gap. There has been an increase in the mean pay gap, which has risen from 2% to 8%.

There have been a number of senior personnel changes this year, which are reflected in the increase of the mean pay gap; this contributes to the decreased representation at the bank.

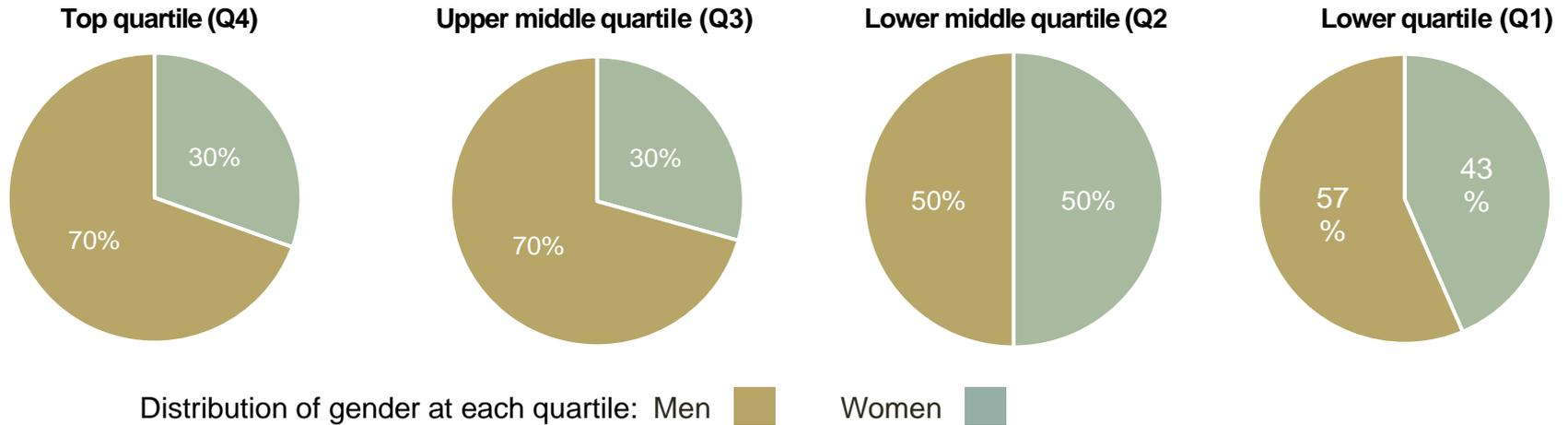
As with many businesses across the financial sector, there are more male employees than female and, notably, more males employed in senior positions as the quartile distribution that follows (on page 8).

2021/22 Differentials between men and women		
	Mean	Median
Ordinary Pay	8% (+6%)	22.5% (-5.5%)
Discretionary Pay	17% (-12%)	30.7% (+1.7%)

Men make up 62% of all employees at the bank (up 2% from last year). This demonstrates that, while there are more men in the organisation and notably more men in senior roles, the pay gap continues to decrease.

What are quartiles?

Quartiles are determined by listing all male and female colleagues 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”.



Our report shows that, compared with last year, the percentage of female colleagues in the lower quartiles is almost equal. In the top and upper middle quartile, there are significantly more male employees.

There has been an increase of 1% in favour of men in the top quartile compared with the previous year. This is due to the recent exit of a senior woman in the business.

Discretionary Pay (Bonuses)

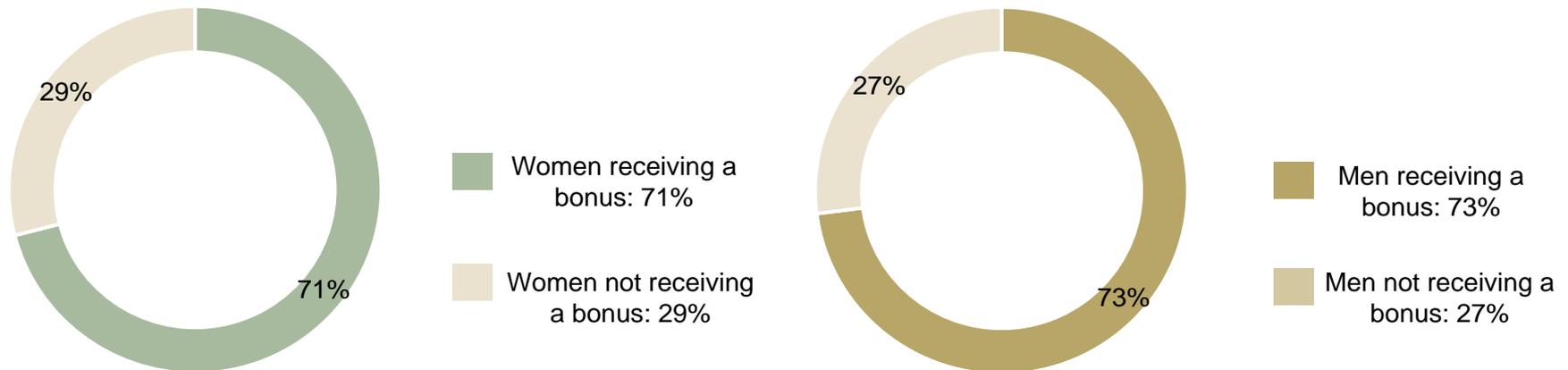
Our data indicates that the proportion of women who received a bonus during the reporting period is marginally higher (2 percentage points) than the proportion of men who received a bonus.

Men are still receiving higher bonus awards based on the median, but this metric takes into account the fact that more substantial bonus payments 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 page 8). This accounts for the disparity in the metric.

The mean discretionary pay gap has reduced significantly this year by 12%.

Percentage of each gender receiving a bonus:



Next Steps

We are once again proud to see an annual reduction in our median gender pay gap. This is a demonstrable outcome of the work undertaken during 2020/21 to progress female colleagues into higher work levels at the bank.

We are supporting our talented female colleagues with cross-company mentoring through the Mission Gender Equity programme, an initiative to increase the pipeline of diverse talent, improve gender balance and accelerate culture change.

The Board and Management Team 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.



Diana Brightmore-Armour
Chief Executive Officer

“I confirm that the data reported is accurate”

A handwritten signature in black ink that reads "Diana Brightmore-Armour". The signature is written in a cursive style.

37 Fleet Street

London EC4P 4DQ

32 Lowndes Street

London SW1X 9HZ

+44 (0)20 7353 4522

info@hoaresbank.co.uk