

March 2023

Diversity pay gap report 2022



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Introduction



We're passionate about delivering on our commitment to make the PPF an inclusive place to work. Monitoring our pay gaps helps us to make sure our approach to pay supports and reflects that.

Katherine Easter, Chief People Officer

This is the sixth year we're reporting on our gender pay gap and the third year we've gone beyond statutory requirements to report our ethnicity pay gap, too. This year we're also reporting on our disability and long-term health condition pay gap for the first time.

Overall, our progress on narrowing our pay gaps is slow, partly due to our low levels of staff turnover. While we know we have a long way to go to close our gender pay gap, we have made progress on reducing our gap since we started reporting it in 2017, and the amount of progress we've made compares favourably with the wider financial services sector.

Our aim is to create a diverse and supportive culture that enables everyone to be themselves and feel valued. We've made good progress in increasing ethnic minority representation across the organisation, and we're proud of our accreditation as a Disability Confident Leader for our success in recruiting people with disabilities.

We're focused on investing in future leaders. We are doing this by bringing in more people from under-represented groups in junior roles and nurturing and promoting our internal talent. Although we may not see a positive impact on our pay gaps in the short term, we're confident these actions will help change the makeup of our organisation and even our industry over time.

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Reporting on our ethnicity pay gap

As part of our commitment to be at the forefront of Diversity and Inclusion (D&I) in the workplace, this is the third year running we've voluntarily reported on our median ethnicity pay gap. This is the difference in median hourly earnings between the white ethnic group and all ethnic groups combined¹.

Despite a small decrease in the median ethnicity pay gap from 15.60 per cent in 2021 to 14.26 per cent in 2022, and a decrease from 18.82 per cent to 14.43 per cent in the difference in the mean hourly rate of pay², our ethnicity pay gap remains unacceptably high.

We know that the reason for our pay gap is that most of our senior leaders are white. Ethnic minority employees are still underrepresented in business areas that command higher pay and bonuses, such as investment and technology.

The proportion of ethnic minority employees receiving bonus pay has increased from 78 per cent in 2021 to 79 per cent in 2022, compared to an increase from 85 per cent to 88 per cent for white employees. The proportion of black employees receiving bonus pay is low at 72 per cent.

The gap between the proportion of white and ethnic minority employees receiving a bonus reflects our efforts to improve diversity coming into the organisation. A greater proportion of black employees were in the six-month probation period for new joiners, making them ineligible for a bonus at the time.

Ethnic groups: Mean, median and bonus pay

Calculation	Asian/Asian British	Black/Black British	Other mixed background	Other ethnic group	2022	2021
Difference in median hourly rate of pay	7.34%	32.08%	11.79%	4.73%	14.26%	15.60%
Difference in mean hourly rate of pay	4.37%	30.63%	16.45%	6.25%	14.43%	18.82%
Difference in median bonus pay	33.42%	39.52%	26.93%	26.74%	30.99%	36.92%
Difference in mean bonus pay	17.90%	65.73%	53.36%	48.49%	40.99%	48.84%

Ethnic minority representation by level

	Lower 2022	Lower 2021	Lower Middle 2022	Lower Middle 2021	Upper Middle 2022	Upper Middle 2021	Upper 2022	Upper 2021
White	60%	60%	70%	72%	79%	79%	75%	79%
Ethnic minorities	40%	40%	30%	28%	21%	21%	25%	21%

1. In the absence of specific guidelines, we've used the same methodology we use to calculate the gender pay gap.
 2. Data was taken at 31 March 2022.

84.5%

of PPF employees have shared their ethnicity

(2022)

Our ethnicity representation targets

As we outlined in [2020's Diversity Pay Gap Report](#), we want to see our employee population reflect the ethnic diversity of the local area where our head office is based in Croydon, South London. We saw the overall proportion of employees from an ethnic minority background increase from 23.7 per cent in 2021 to 26.1 per cent in December 2022. This means we're on our way to meet our target to increase ethnic minority representation across the organisation to 30 per cent by December 2023.

While we are proud of our high employee retention rate, it has meant that ethnic minority representation has stayed the same at some levels of the organisation. It is positive to see that the proportion of ethnic minority employees in our upper pay quartile has increased from 21 per cent in 2021 to 25.3 per cent in 2022.

We've been steadily working towards our target to increase ethnic minority representation within senior manager roles to 25 per cent by December 2023. The proportion of senior managers from an ethnic minority background increased from 14.1 per cent in 2021 to 15.6 per cent in December 2022.



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Our ethnicity representation targets continued

In order to meet the goals we set out in our overall **Diversity and Inclusion Strategy**, we're working to increase representation across the organisation through mentoring, our internal development programmes and our **award-winning apprenticeship schemes**.

We're working to support change in the sector through the **Diversity Project**, an initiative that champions a more inclusive culture in the savings and investment industry. We've also been working with **Investment20/20** to bring talented young professionals into our industry through our internship and apprenticeship opportunities.

“The ambitious goals we set in our 2020–2025 Diversity and Inclusion Strategy have the full support of the Board.”

Kate Jones,
Chair

CASE STUDY

Zoe and Darnell accepted permanent roles at the PPF after completing one-year internships via Investment20/20.

“I'd always thought that the asset management industry was hard to get into. Investment20/20 is trying to make the industry more diverse and inclusive. I wanted to work for an organisation that recognised this, and that had a purpose other than just making a profit, so the PPF was perfect.”

“The PPF is a really good place to start your career. You're encouraged to be yourself and people make time to support you with your development. I know I can learn a lot from the people here.”

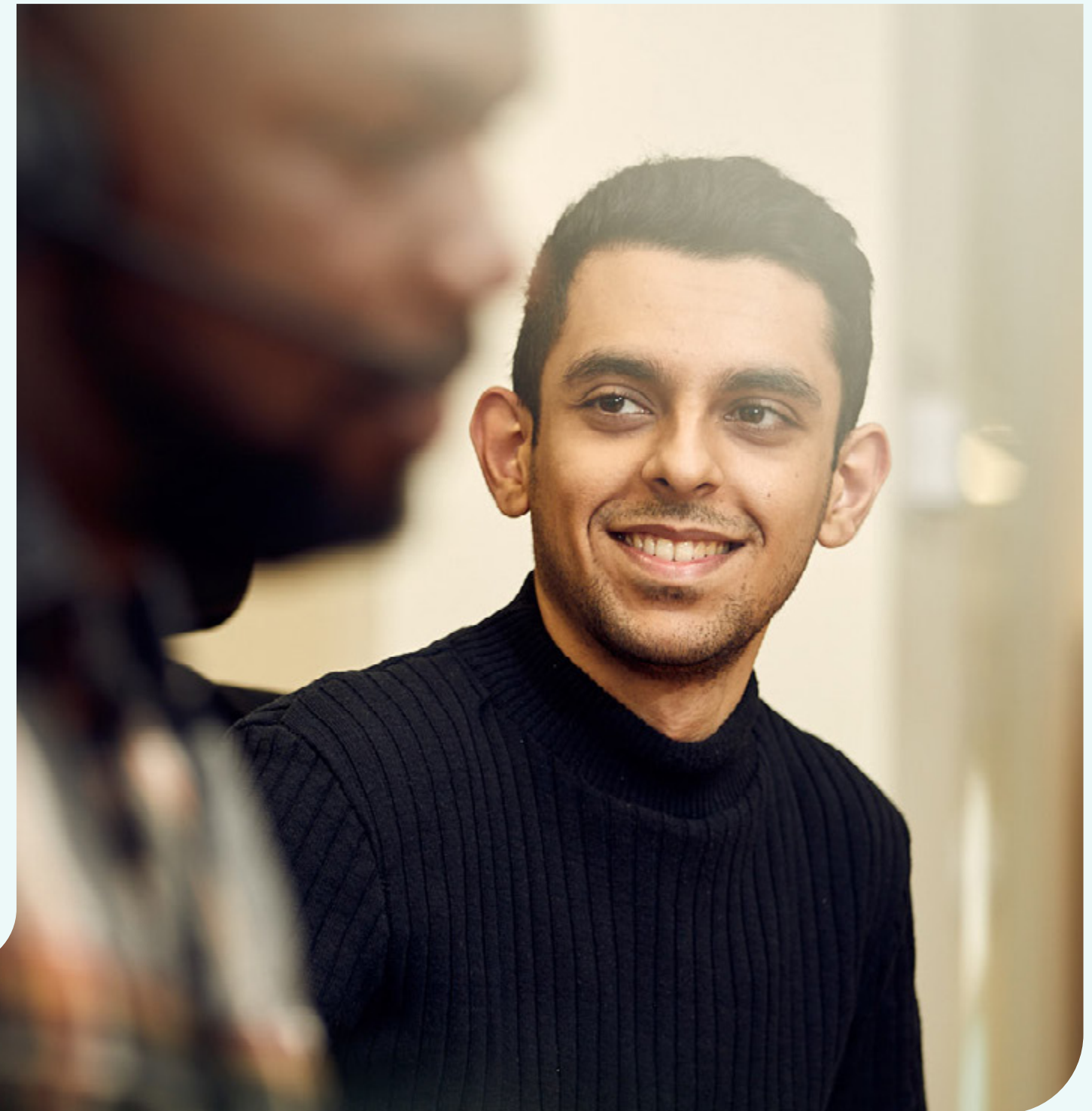
Zoe,
Operations Analyst



“Investment20/20 offers a holistic understanding of the industry and is breaking the perception that you can't get into asset management unless you come from a certain background.”

“I applied to work at the PPF because it offered opportunities to grow within my role, with a lot of scope for learning. There's great career progression here.”

Darnell,
Operations Analyst



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The Race at Work Charter – our seven commitments

We signed the [Business in the Community Race at Work Charter in 2019](#) and we've been applying its seven standards across the organisation:



1 Appointing an executive sponsor for race. Our sponsor is Dana Grey, Chief Risk Officer and Chair of the Diversity and Inclusion Sponsorship Group

2 Capturing ethnicity data and publicising progress

3 Committing at board level to a zero-tolerance of harassment and bullying

4 Making equality in the workplace the responsibility of all leaders and managers

5 Taking action that supports ethnic minority career progression

6 Support race inclusion allies in the workplace

7 Include Black, Asian, Mixed Race and other ethnically diverse-led enterprise owners in supply chains

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the ethnicity pay gap

This is the second year we're reporting on the pay gap across different ethnic groups. Analysing this data means we can identify any differences and put the right measures in place to tackle them. We've compared the pay and bonus data from white employees with our employees who fall into the four prescribed ethnic groups listed by the Office of National Statistics¹.

While all ethnic minority employees are underrepresented at senior levels, we're aware that we don't have enough black people in particular in senior positions, which is the reason for the gap in pay and bonuses.

In our 2020 report, we outlined our ethnicity representation targets, including to increase the proportion of black colleagues in senior roles to 4.4 per cent by December 2023. The proportion of black senior managers has increased from 1.5 per cent in 2021 to 1.6 per cent in 2022.

We are pleased to report that in December 2022, we met the goal we set in 2020 to increase black representation across the organisation to nine per cent by December 2023 ahead of time.

As we improve diversity at junior levels, we may not see a positive impact on the pay gap in the short term, but we are confident these actions will drive long-term change.



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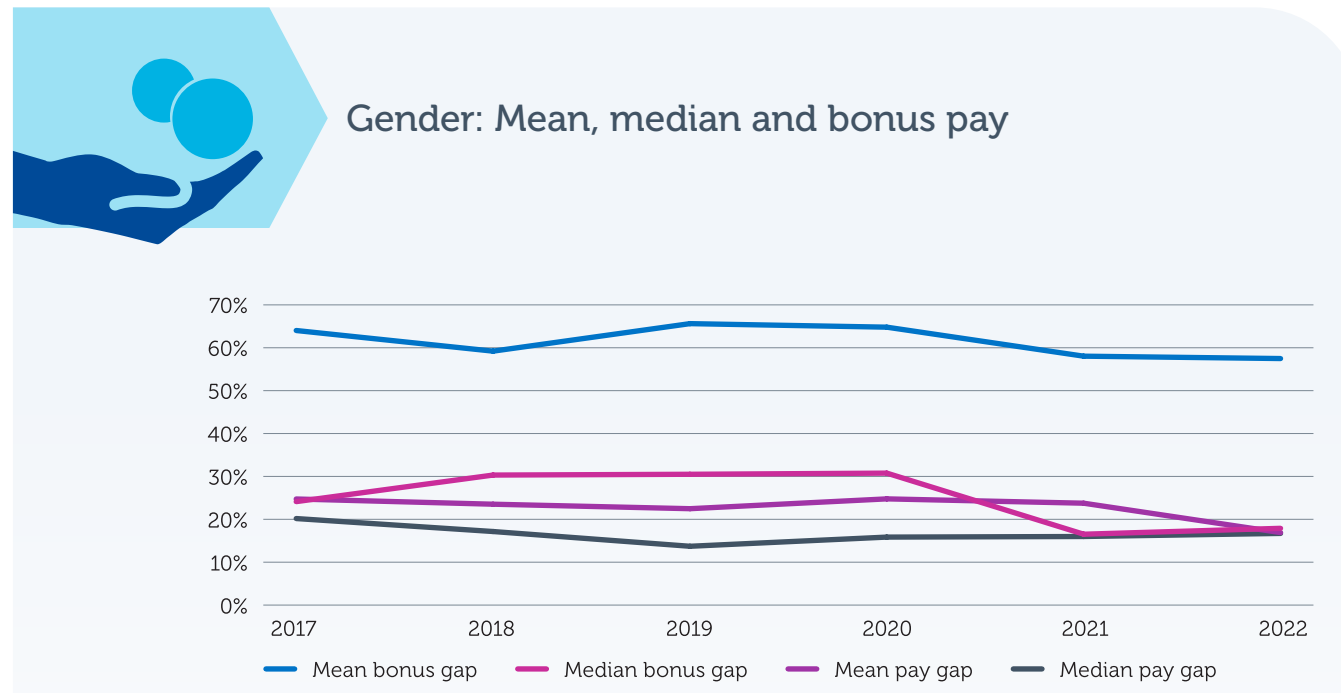
Reporting on the disability pay gap

1. <https://www.ons.gov.uk/methodology/classificationsandstandards/measuringequality/ethnicgroupnationalidentityandreligion#ethnic-group>

Tackling the gender pay gap

We're now into our sixth year of reporting on gender pay. We're frustrated to see the difference in our median rate of pay increased from 15.86 per cent in 2021 to 16.64 per cent in 2022. There's also been a slight increase in the median bonus pay gap from 16.21 per cent in 2021 to 17.64 per cent in 2022.

However, our gender pay and bonus gaps have reduced on both a mean and median basis since we started reporting on them in 2017, which puts us at the forefront of progress in the financial services sector. The sector as a whole has seen little improvement in the mean and median pay gaps, and growth in the median bonus gap during this period¹.



Calculation	2022	2021	2020	2019	2018	2017
Difference in median hourly rate of pay	16.64%	15.86%	15.71%	13.39%	17.12%	20.40%
Difference in mean hourly rate of pay	16.59%	23.92%	25.00%	22.55%	23.67%	24.97%
Difference in median bonus pay	17.64%	16.21%	31.02%	30.74%	30.55%	24.11%
Difference in mean bonus pay	57.28%	57.87%	65.09%	65.97%	59.12%	64.26%

When looking at our bonus pay data, we found 85 per cent of men and 82 per cent of women received bonuses in 2022.

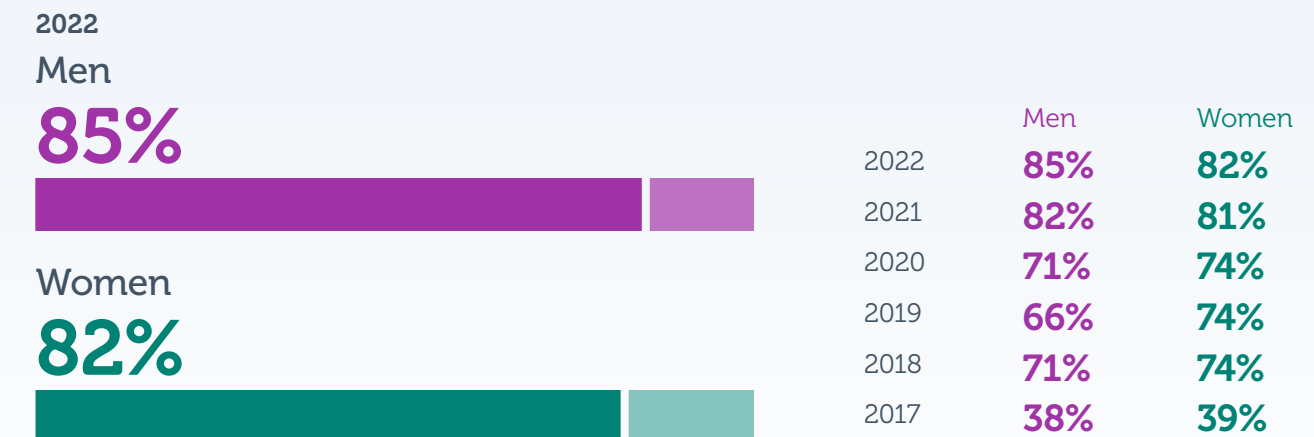
We are a relatively small organisation with fewer than 500 staff, so changes in pay and staff movements for just one senior employee can have a substantial impact on our pay gap reporting for that year.

Our pay gap exists because our highest paid roles in areas such as investment and technology are over-represented by men. This reflects gender imbalances inherent in our sector and in wider society, where these are traditionally male-dominated fields.

We know that we still don't have enough women in senior positions, but we continue to act on this and support initiatives driving wider societal change, such as the [Women in Finance Charter](#).

Proportion of female and male employees receiving bonus pay

Data was taken at 31 March 2022.



1. Figures represent average change from 2017–18 reporting period to 2021–22 reporting period for Financial Services companies. Data obtained from GOV.UK Gender Pay Gap reporting service.

Tackling the gender pay gap continued

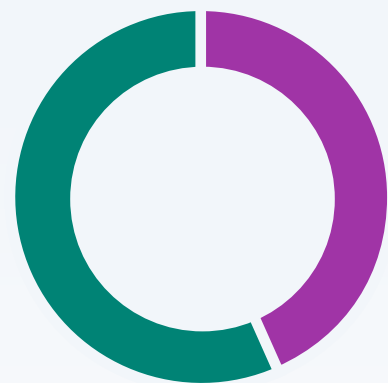
Gender representation by level

Data was taken at 31 March 2022.

● Male ● Female

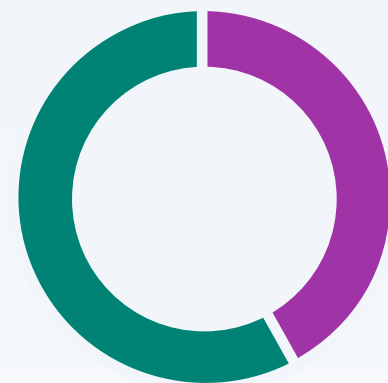
2022

Lower pay quartile



Male
43.5%
Female
56.5%

Lower middle pay quartile



Male
42%
Female
58%

Upper middle pay quartile



Male
52%
Female
48%

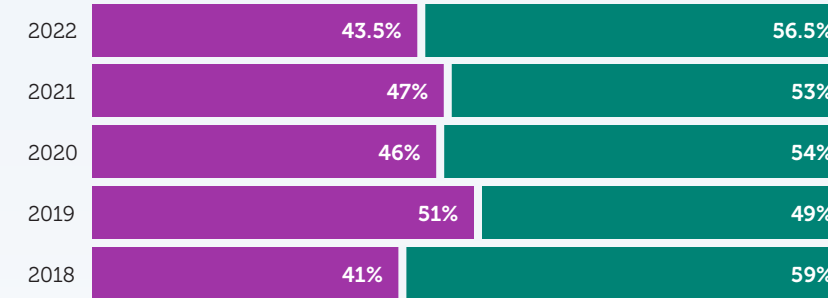
Upper pay quartile



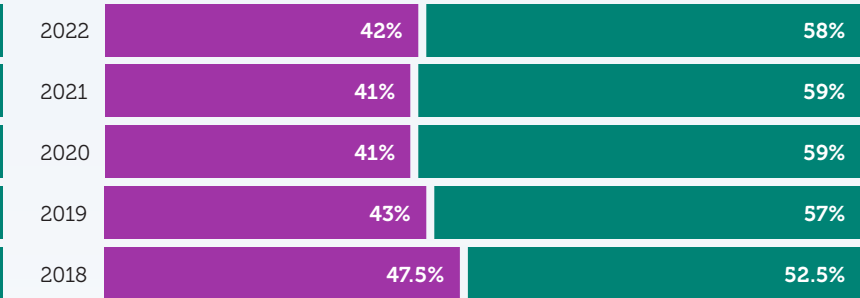
Male
59%
Female
41%

Five years

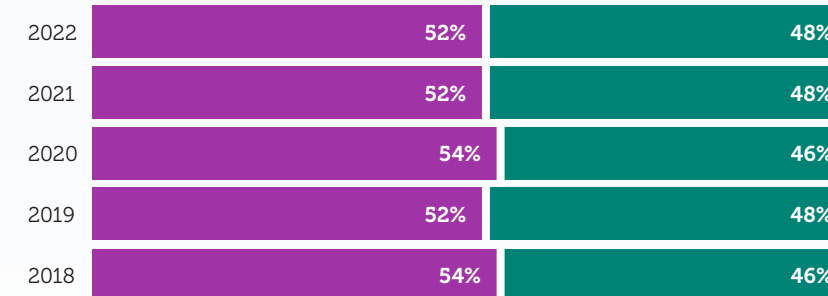
Lower pay quartile



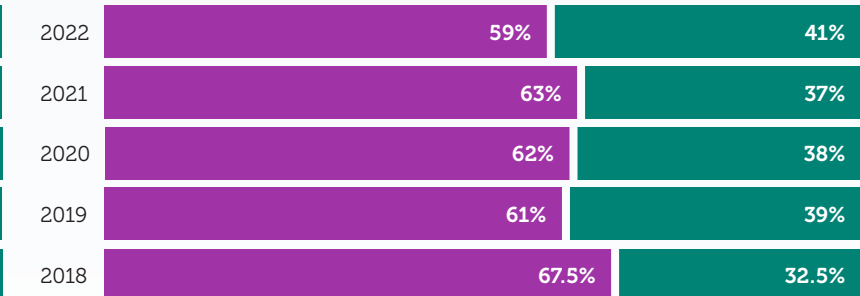
Lower middle pay quartile



Upper middle pay quartile



Upper pay quartile



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More women in decision-making roles

We're making great progress on our Women in Finance Charter target, which is to have women in 45 per cent of senior roles by December 2023. In August 2022, 44 per cent of senior roles were held by women. Our Board is chaired by a woman, and women make up half of our Board and Executive Committee.

As outlined in our Diversity and Inclusion Strategy, some of the ways we're nurturing our future female leaders are through mentoring, coaching and internal development programmes. We continue to hire more women at junior levels to build our talent pipeline for the future.

We've long known that to be an employer of choice for women, we need to support flexible working wherever feasible. We've introduced even more flexibility with the option for employees to choose to work from home three days a week pro rata, with flexible working hours between 7am and 7pm. We've also focused on creating a menopause-friendly organisation and promoting male allyship.



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Reporting on the disability pay gap

This is the first year we're reporting on the disability and long-term health condition (LTHC) pay gap. We have found that there is a pay gap between employees who do not report having a disability or long-term health condition and those who do¹.

Of our employees who chose to share their disability and long-term health information, five per cent reported having a disability, and 23 per cent said they have a long-term health condition. To compare these figures with the population of the local area, 15.8 per cent of Croydon residents report having a disability or long-term illness².

86%

of PPF employees shared whether or not they have a disability

(2022)

75%

of PPF employees shared whether or not they have a long-term health condition

(2022)

Disability and long-term health conditions: Mean, median and bonus pay

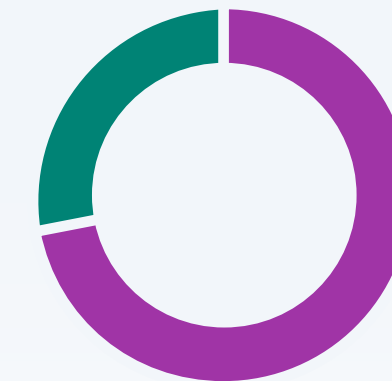
Calculation	Self-certified disability or long-term health condition
Difference in median hourly rate of pay	2.04%
Difference in mean hourly rate of pay	11.07%
Difference in median bonus pay	4.06%
Difference in mean bonus pay	49.26%

Disability and long-term health conditions representation by level

2022

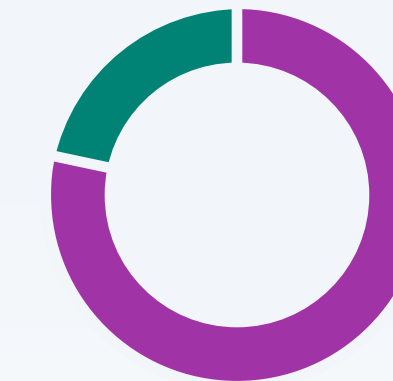
● No self-certified disability or long-term health condition ● Self-certified disability or long-term health condition

Lower pay quartile



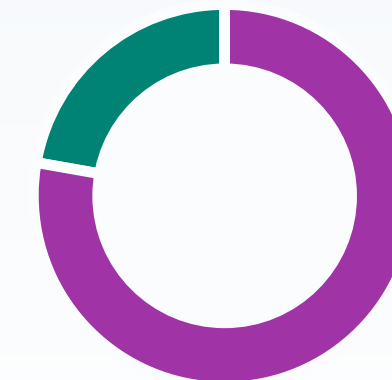
No self-certified disability or LTHC
72%
Self-certified disability or LTHC
28%

Lower middle pay quartile



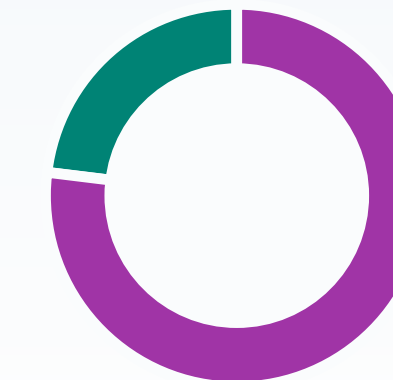
No self-certified disability or LTHC
78.5%
Self-certified disability or LTHC
21.5%

Upper middle pay quartile



No self-certified disability or LTHC
78%
Self-certified disability or LTHC
22%

Upper pay quartile



No self-certified disability or LTHC
77%
Self-certified disability or LTHC
23%

1. Data was taken at end of November 2022.

2. Data and analysis from Census 2021 – How life has changed in Croydon: Census 2021 – Office for National Statistics (ons.gov.uk)

Reporting on the disability pay gap continued

It's positive to see there isn't a gap in the proportion of employees receiving bonus pay for people with a self-certified disability or a long-term health condition, with 85 per cent of employees who have a disability or LTHC receiving bonuses in 2022, compared to 83.5 per cent of employees who do not.

Our success in recruiting and retaining people with disabilities and long-term health conditions has been recognised by the Disability Confident Scheme. We are proud to be a Disability Confident Leader, and we encourage other businesses to follow our lead in this area.

Proportion of employees receiving bonus pay

Self-certified disability or LTHC

85%



No self-certified disability or LTHC

83.5%



CASE STUDY

Andy joined the PPF as an apprentice in 2022. He works as a Trainee Pension Administrator in Scheme and Member Services.

"When I was made redundant after many years in the same job, I contacted Scope, a charity that specialises in getting people with disabilities back into work. I needed a role that didn't require verbal communication as I no longer have a voice box after surgery to treat throat cancer.

"My mentor at Scope pointed me to the PPF, highlighting that they were actively seeking to employ suitable people with disabilities.

"I've now been at the PPF for nine months as an apprentice. Everyone has gone above and beyond to accommodate any reasonable adjustments I might need.

"The PPF is a supportive and inclusive employer. It gives all employees, whether they have a disability or not, a chance to make a difference and contribute."

Andy,
Trainee Pension Administrator

// The PPF is a supportive and inclusive employer. It gives all employees, whether they have a disability or not, a chance to make a difference and contribute. //



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Find us on social media to follow our
progress on diversity and inclusion



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Statement

We confirm that the data and information in this statement is accurate. In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 the Pension Protection Fund is required to carry out Gender Pay Gap Reporting.

Kate Jones,
Chair