

PPF Gender Pay Report

February 2018

Foreword



Our people are central to our ability to achieve our mission: to protect millions of people who belong to defined benefit pension schemes in the UK. We believe that having an inclusive and diverse workplace enables us to provide the best service for both our members and levy payers.

We are proud of the work we have done to address gender equality at the PPF, from our Inspiring Women Network to flexible working opportunities for all employees. However we need to do more.

As of 31st March 2017 payroll, our mean gender pay gap stood at 24.97%. This is clearly not where we want to be. We see improving our diversity as a business priority, and that includes tackling the underlying reasons for the gender pay gap. We are determined to improve the representation of women in senior roles, building our pipeline of female talent as well as continuing to develop policies which make the PPF an employer of choice.

We have established some ambitious and achievable targets to increase the representation of women both at a senior level and in the investment team. Our intention is to sign the Women in Finance Charter, which requires us to report on our progress to achieve these targets

and remain accountable. Our goal is that 40% of senior managers are women by 2021. This equates to an increase of 3% over 3 years, as we currently have 37% of women in senior manager roles.

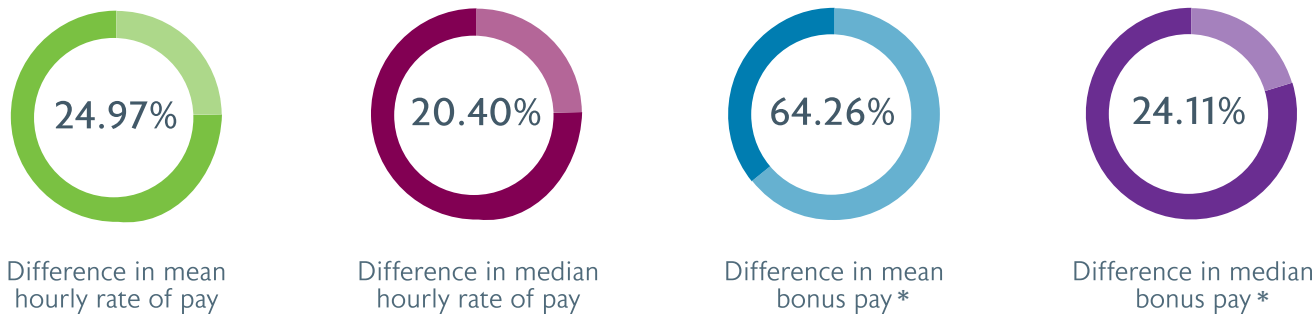
While our gender pay gap is not where we want it to be, it is important to put this into context. According to the ONS, the UK average gender pay gap in the financial services sector is 37.94%. The gender pay gap is a societal issue and it is going to take time to fix, both on a local level and in wider society. This is not an excuse to be complacent, but a recognition that we need to work together to address this systemic issue.

We believe that having a diverse workforce isn't just the right thing to do; it improves our performance. A diverse and inclusive workplace is central to our ability to attract, develop and retain the talent we need to succeed.

While we are focusing on gender diversity in this report, we remain committed to increasing the representation of minority groups at the PPF, and we will update on our plans as they develop.

Katherine Easter,
Chief People Officer,
Pension Protection Fund

Our gender pay gap figures

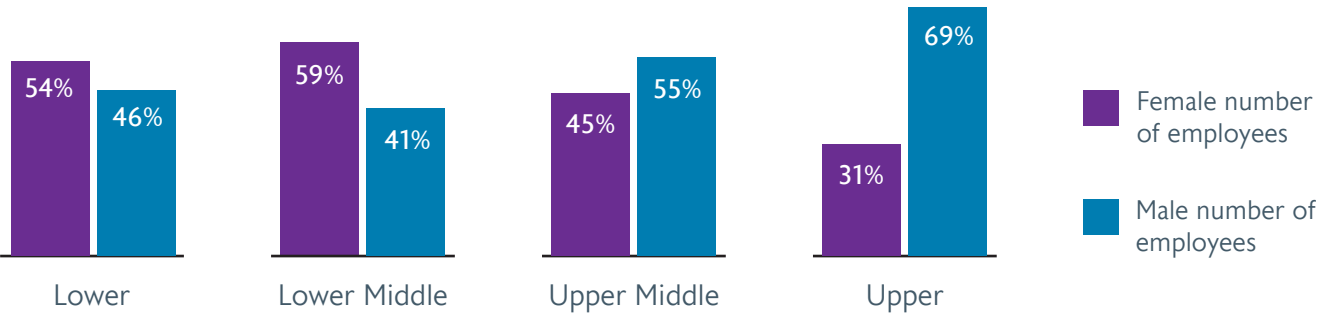


* Bonus figures are from May 2016; payroll figure is from 31st March 2017

Proportion of female and male employees receiving bonus pay



Proportion of female and male employees according to quartile pay bands



Why does the gap exist?

Our gender pay gap is driven predominantly by two things: the under-representation of women in senior roles across the organisation and the predominantly male investment and risk teams. Additionally, the investment team has a different reward structure due to their specialist skills and how the wider financial services sector rewards the successful use of those skills.

We are confident that we pay men and women the same amount for the same work; this is not an equal pay issue. We have a robust performance management system and conduct a thorough annual salary review. The gender pay gap is a measure of the difference between men's and women's average earnings across an organisation. The gap is caused by the under-representation of women in higher-paying roles.

Under-representation of women in senior roles

We recognise the challenge of getting women into senior roles is partly systemic. We are determined to do more to tackle this through our policies. We offer enhanced maternity and paternity leave. We also provide shared parental leave, offering 26 weeks at full pay for men and women.

We have a successful return to work programme, which we intend to build on. Since January 2017, we have provided coaching for women returning from maternity leave. We use an independent panel of skilled coaches to provide one-to-one support to help employees continue to develop successful careers after taking time away from the office.

Predominantly male investment team

In 2016, we insourced part of our investment management capability to give us more control of our assets and have a greater influence over investment performance. This enables us to provide the best value for our members and levy payers. Today we are equivalent to one of the largest pension funds in the UK, with close to £30bn in invested assets.

In reward terms, the investment team is an outlier to the rest of the organisation. The figure of 64.26% is driven by the investment team's bonus structure. If we were to remove the bonuses of two senior individuals in investment, the figure falls to 39.97% and if we were to remove all the investment team members that participate in the investment reward scheme, that drops further to 23.51%.

We are committed to promoting and recruiting more women into senior roles. The most recent senior hire in the investment team is a woman, Purna Bhudia, Head of Credit. We intend to recruit more talented women to this team as opportunities arise. Our new Cannon Street office, at the heart of the investment industry, will help us to attract a more diverse workforce and continue to recruit the best people.

Our goals



40% of senior managers are women by 2021

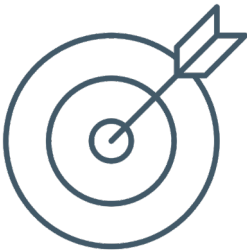
So, how are we going to achieve this?

As well as our numerical targets, we are also adhering to the four recommendations in the Women in Finance Charter:



Have one member of our senior executive team who is responsible and accountable for gender diversity and inclusion

Complete
Assigned Andy McKinnon,
Acting Chief Executive



Setting internal targets for gender diversity in our senior management

Complete
40% of our senior leadership population to be female by 2021



Publish progress annually against these targets in reports on our website

Complete
for 2017 with this report



Ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity

Targets will be added as a personal objective which will be measured and will determine variable pay (bonus)

Our vision: to become an employer of choice for women

Our vision is to make the PPF an employer of choice for women. We are conscious of the support required when women return to work from maternity leave and strive to provide as much as needed to ensure a smooth transition back to work, and seek an ongoing work/life balance through our flexible working policies.

We offer enhanced maternity and paternity leave. We also provide shared parental leave, offering 26 weeks at full pay for men and women. We have a successful return to work programme, which we intend to build on. Since January 2017, we have provided coaching for women returning from maternity leave. We use an independent panel of skilled coaches to provide one-to-one support to help employees continue to develop successful careers after taking time off.

We are committed to providing flexible working for all staff. Our flexible working programme enables parents to remain in roles they may otherwise struggle to stay in. We have recently launched a remote working programme, which encourages employees where possible to work from home for 1-2 days a week if they choose.

Our Annual ViewPoint survey in 2017 showed good feedback on remote working, with employees reporting how it had made a positive impact on their work/life balance.

The PPF is a meritocracy. Our recruitment process is focused on ensuring that all appointments and internal promotions are made solely on merit and that we pay people fairly in line with their performance. We have a policy against the use of male-only candidate lists.

Over the past two years, we have been running an Inspiring Women Network. Led by two colleagues, Dana Grey, Director of Legal and Compliance, and Sue Rivas, Director of Scheme Services, the active peer network hosts Lunch and Learn sessions with a wide range of empowering external speakers.

The Inspiring Women Network is currently aimed at our senior managers, and we intend to expand the network to all levels over the next year. Over the past year, 100% of senior women have attended the sessions.

Purna Bhudia, Head of Credit



I joined the PPF as Head of Credit in November 2017. The investment industry is very male dominated, and the team I have joined is reflective of this. However, I am excited to be in an organisation that is clearly working to address this imbalance within the financial industry. Since my arrival, I have been privileged to work with two inspiring women to gain support from the PPF to sign up to the Women in Finance Charter. Addressing the gender balance is evolution not revolution, and I am excited to be working in an organisation that is looking to drive change.

Dana Grey, Director of Legal and Compliance



Sue Rivas, Director of Scheme Services



We set up the Inspiring Women Network three years ago after being chosen to trial a leadership course aimed at women who were one or two steps away from Board positions. The aim was to give something back after our experience on the course for women moving into more senior leadership positions and to create a space for learning, talking and networking – a safe harbour. There is something empowering about having a group of women together; we tend to feel more open.

We took the idea to our Executive team and Chair at the time; they loved it and immediately gave us their support, especially in terms of sharing their industry contacts to host inspiring talks.

The sessions are incredibly diverse, ranging from guidance on financial skills led by members of the group, to establishing your personal brand to ‘moving out of your comfort zone’ from empowering speakers that include leading industry figures. We’ve also taken advantage of the great women on our Board, including Baroness Diana Warwick, Rosemary Hilary and Kate Jones, running discussion sessions on subjects that include governance, resilience and ‘stepping up’.

The feedback so far has been fantastic, with members of the group saying they enjoy the informal space where they can discuss matters freely. The network is currently aimed at senior women, in recognition of the differing challenges that women at differing levels face. The next phase is the roll out of the Empowering Women forum for the next generation of senior women, taken forward by two of our own Inspiring Women. Looking forward, we want Empowering Women to be accessible to women at every level, helping to create a pipeline of talent.

Katie Hollis,

Head of Board Support



I have been at the PPF for almost ten years. During this time, I've had two children, taking a year of maternity leave each time, and I now work on a part-time basis. Despite this, my career at the PPF has progressed significantly. When I returned from my second maternity leave, I was soon promoted to Head of Board Support. My experience has taught me that working part-time or taking time out of work doesn't mean you can't progress.

During my career at the PPF, I have been offered a professional coach who I worked with over eight months. This was the best decision for my career development. Since then, I've taken on new responsibilities, such as becoming a Change Manager, and I feel confident about taking on further leadership roles. I am pleased that the PPF's intention is to sign up to the Women in Finance Charter – making a commitment to increase the representation of women in senior roles. We have some way to go, but we're certainly on the right track.

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.

Arnold Wagner,
Chairman, Pension Protection Fund