



Pension
Protection
Fund

March 2021



A woman with curly hair, wearing a black jacket and a tiger-print top, is sitting by a window. She is holding a red mug with a white character on it. The background shows a cityscape through the window.

Diversity pay gap report 2020

Introduction

Katherine Easter, Chief People Officer



Diversity and inclusion is an important commitment at the PPF. It is fully endorsed by the Board and is regularly reported and discussed there and throughout the organisation.

This year, I am pleased to be reporting on our ethnicity pay gap along with our gender pay gap. Although it is not mandatory to include the ethnicity pay gap, we have chosen to do so as a further demonstration of our commitment to making the PPF a great place to work for everyone.

As a step towards tackling our ethnicity pay gap we have decided to set targets for ethnicity representation. In doing so, we hold ourselves accountable to improving race equality and will publish our progress annually, alongside our ethnicity and gender pay gap figures.

Gender pay gap reporting has compelled employers to address imbalances. For us at the PPF it was the catalyst for our own commitment to improving gender balance, stimulating the progress we have made over the last few years. While I'm disappointed to report that our gender pay gap has slightly widened this year, after shrinking two years in a row, I am pleased with the progress we're making on increasing female representation at senior levels.

Closing the ethnicity pay gap



Our median ethnicity pay gap is 23.15 per cent. This is the difference in median hourly earnings between white and black, Asian and minority ethnic (BAME) employees.¹

Clearly, this is a problem.

The reason for this gap is that most of our senior leaders are white.

Measuring and monitoring the gap is a small but important step towards addressing it.

Only 84.4 per cent of our employees have disclosed their ethnicity, so the gap is calculated on the data available. The incompleteness of our data limits our ability to fully understand and address the issue. Through an internal communications campaign we hope to encourage more people to provide this information so we can see the full picture.

¹ We have used the same methodology we use to calculate the gender pay gap, in the absence of specific guidelines.

Closing the ethnicity pay gap

continued



In December 2019 we signed the Race At Work charter on the recommendation of our Race Action Group. The Charter is based on five calls to action:



1. Appoint an executive sponsor for race

Our executive sponsor is Dana Grey, Director of Legal, Compliance and Ethics. Dana provides visible leadership on race and ethnicity in the workplace and drives actions to set targets for effective representation of ethnic minorities.

2. Capture ethnicity data and publicise progress

Through our internal diversity data campaign we're seeking to capture data on ethnicity at all levels to effectively monitor representation, recruitment, pay, and progression.

3. Commit at board level to zero tolerance of harassment and bullying

The PPF Board and leadership team believe everyone must be able to work in an environment that is inclusive and free from bullying and harassment in order to achieve their potential. Our core values and policies exist to ensure that nobody at the PPF experiences this kind of treatment and every person feels empowered to make their voice heard.

4. Make clear that supporting equality in the workplace is the responsibility of all leaders and managers

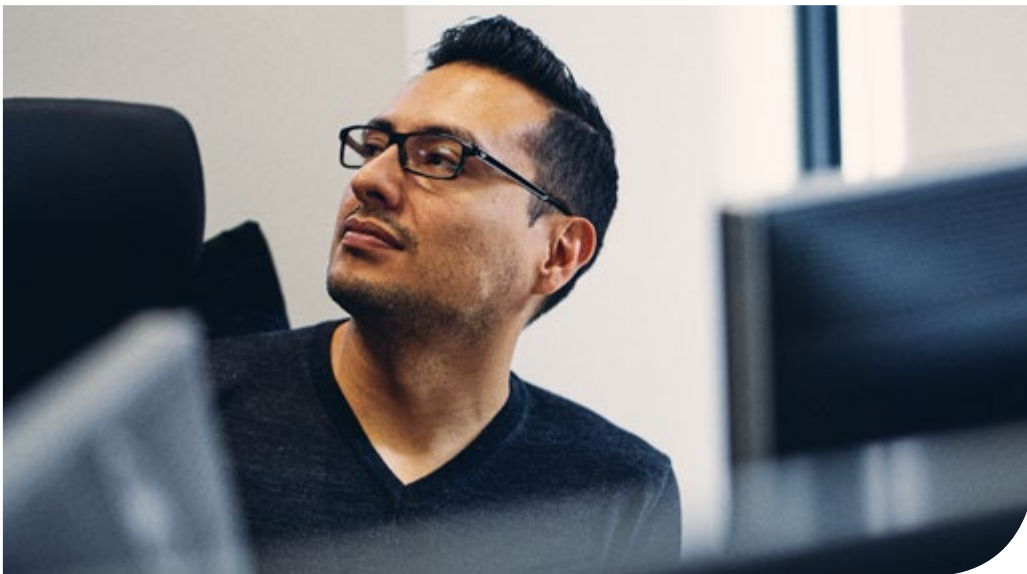
Those in leadership roles in the organisation operate on a fair and inclusive level that's beneficial to all employees, regardless of their protected characteristics. Our leaders are rewarded for progress they make on supporting equality in the workplace via our discretionary bonus scheme.

5. Take action that supports ethnic minority career progression

By compiling more employee data than ever we'll be able to assess the areas we need to focus on. Through our reverse mentoring scheme, Executive Committee members are learning more about the challenges faced by ethnic minority employees, and BAME mentors have the opportunity of direct access to ExCo members.

Closing the ethnicity pay gap

continued



We know that the ethnic diversity of our employee population does not reflect the local area in which our head office is based – Croydon in South London – particularly at senior levels. Additionally, through our apprenticeship programme we aim to open up opportunities for local people in jobs they may not have previously considered, and to grow our own talent to create a pipeline of future leaders.

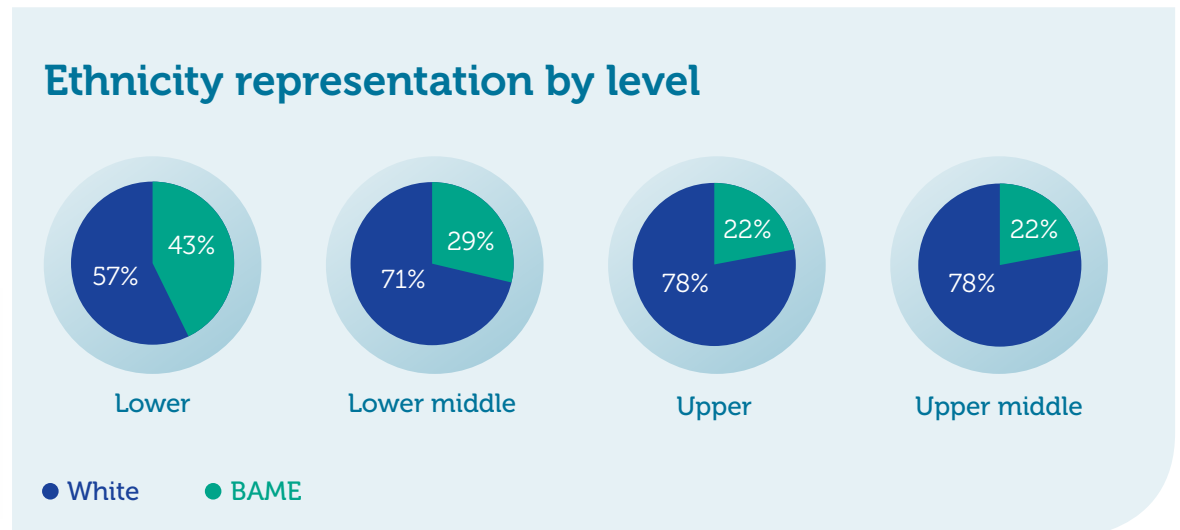
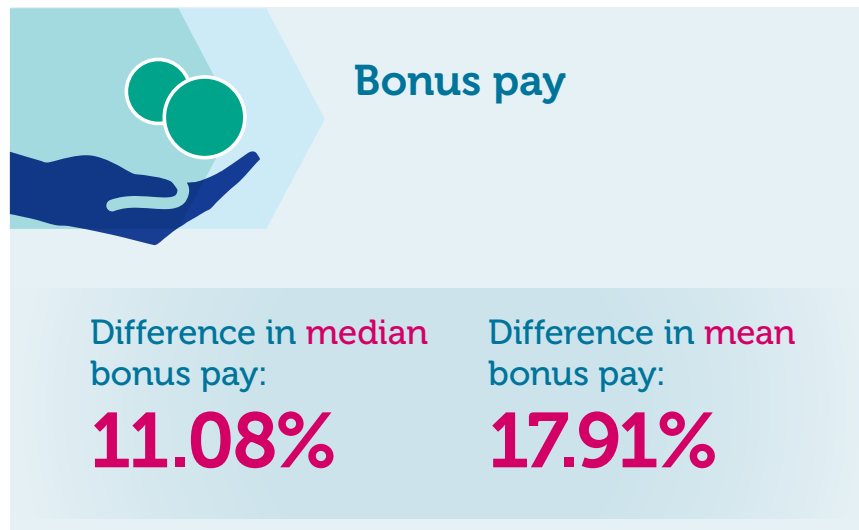
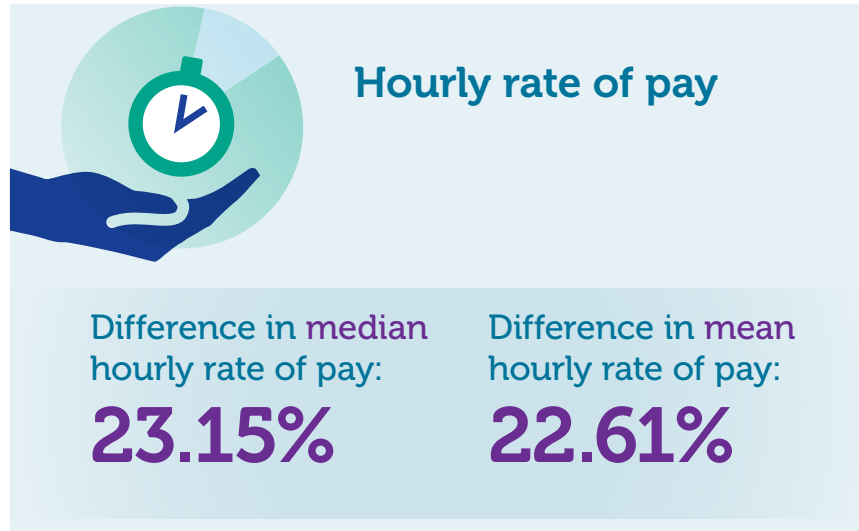
We offer a range of apprenticeships across different business areas and at a variety of levels. We currently have 19 apprentices and were named Apprentice Employer of the Year at the 2019 Croydon Business Excellence Awards. It is worth noting that our ethnicity pay gap could widen before it narrows, as a result of such initiatives to improve diversity in junior roles.

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

Closing the ethnicity pay gap

continued

The data²



² All data was taken at 31 March 2020.

Closing the ethnicity pay gap

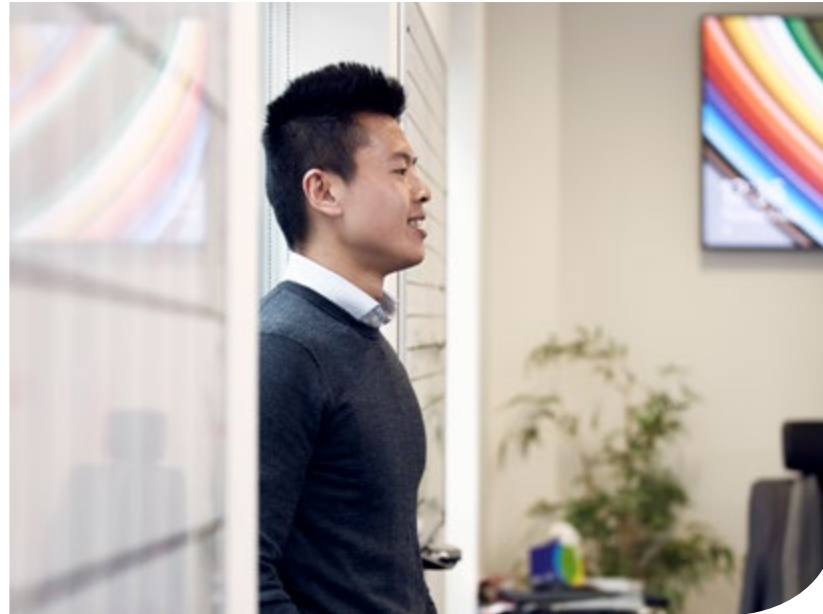
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Ethnicity representation targets

In late 2020 we set targets in order to increase representation of BAME employees across the organisation and in our senior management population, to better reflect the local areas in which we're based.

We've set two targets:

- ▶ Increase BAME representation across the organisation to 30 per cent by December 2023, to include 9 per cent identifying as black³ (currently 6.7 per cent). This BAME target would be a total increase of 5.7 per cent from the current 24.3 per cent and would equate to 25 BAME new starters (including 15 black people) over three years, in addition to maintaining the current percentage of BAME employees.
- ▶ Increase BAME representation within senior manager roles to 25 per cent by December 2023, to include 4.4 per cent identifying as black (currently 1.5 per cent). This would be a total increase of 8.8 per cent from the current 16.2 per cent and would equate to six new or promoted BAME employees (including two black people) over three years as well as maintaining current BAME employees in senior roles.



Our targets include a specific increase in black representation as this is the most underrepresented group within the BAME population. Currently we have 6.7 per cent black employees, while in Croydon 20 per cent of residents are black.⁴

If our internal campaign is successful in encouraging more staff to disclose their ethnicity we will revisit our targets to make sure they are sufficiently stretching.

³ 'Black' refers to Black Caribbean and Black African

⁴ CT0219_2011 Census - Ethnic group by sex by age - Croydon, Lambeth, Lewisham and Southwark (LSOAs) - Office for National Statistics (ons.gov.uk)

Closing the ethnicity pay gap

continued

Reverse mentoring

Our Race Action Group created a reverse mentoring programme for senior leaders, giving those in chief decision-making roles insight into the barriers faced by ethnic minorities and an opportunity to reflect on their own privilege.



I valued the opportunity to share my experiences and how my ethnicity has impacted my career. I'd encourage others not to be afraid to share uncomfortable experiences and situations because they can be impactful. I was surprised that there was so much for both participants to gain from the experience. It was great to work with someone so open to the programme and what it had to offer. My mentee really invested in the programme."

Victoria
Mentor and Resolutions Team Leader



My mentor shared some of her thoughts about the impact her ethnic background may have had on her experiences at work, which was really illuminating. She suggested some resources I could look at for more information, but it was her insights about her own experience and career aspirations that I valued most. She also helped me develop my directorate's diversity and inclusion plan, which I was very grateful for."

Sara
Mentee and Chief Customer Officer



We've had very interesting conversations about a number of topics, including my experiences as an ethnic minority female in the accounting profession and challenges to inclusion in a team setting. As mentors we were given training with a diversity mentoring professional before we started the sessions, and regular catch ups with other mentors on the programme, which I found really helpful."

Janet
Mentor and Financial Controller



We were quickly able to discuss things freely and in a relaxed way – concentrating on the issues rather than worrying about the words. I was very grateful to get my mentor's take on some of the questions we have been looking at in my own team, as well as discussing diversity and inclusion more broadly. These were clearly topics my mentor had thought deeply about, and it was a real privilege to hear her insights. I feel I have an enriched understanding of some of the issues, and (perhaps more importantly) feel more confident talking about them and taking action."

David
Mentee and General Counsel

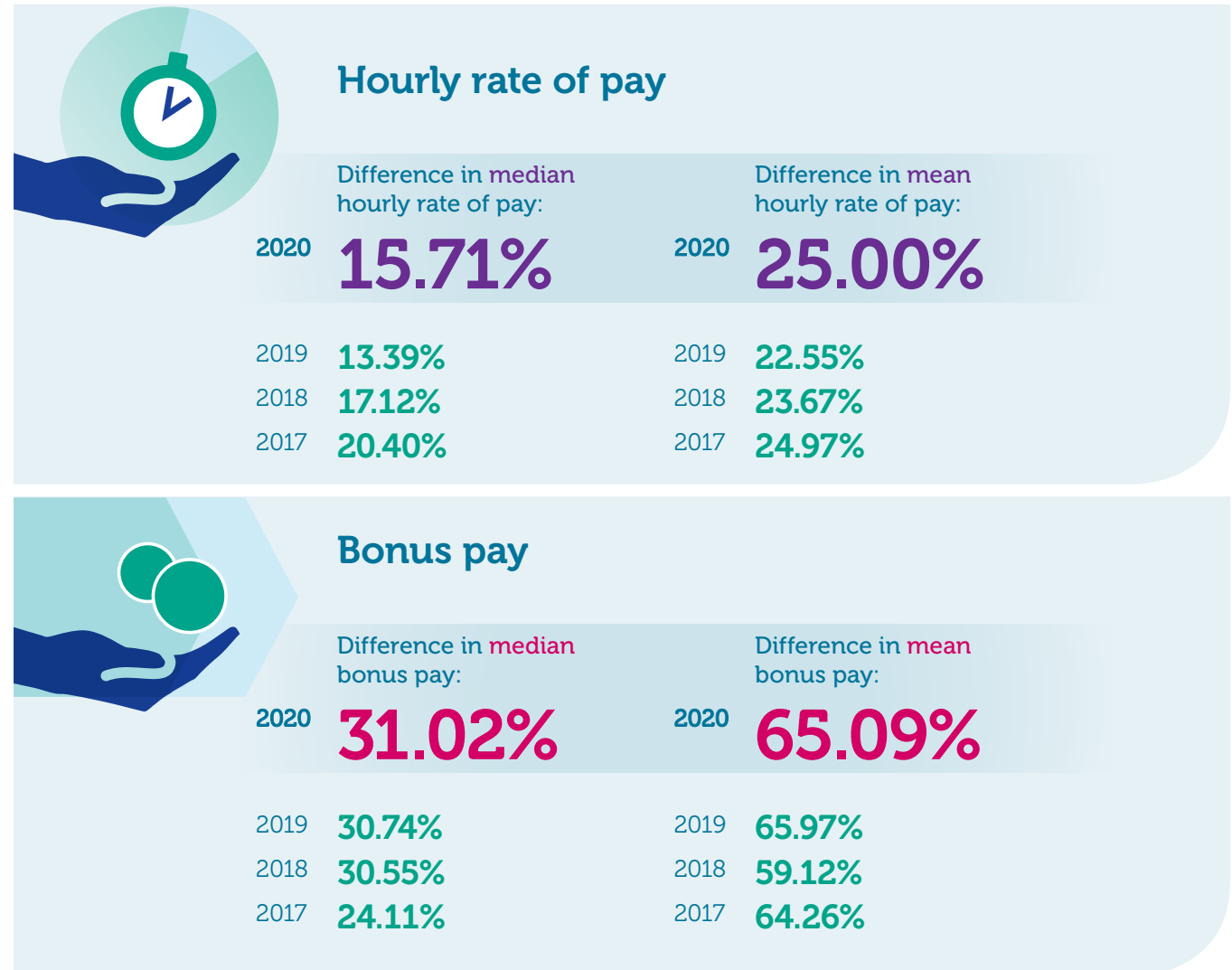
Tackling the gender pay gap

Our median gender pay gap increased from 13.39 per cent in 2019 to 15.71 per cent in 2020. We're deeply unsatisfied with this; the gap had been closing year-on-year so it's disappointing to see the gap widen again, even by a relatively small amount, especially after our success in hitting our Women in Finance Charter target early. However, we are pleased with our progress to increase female representation at senior levels.

There are two reasons for our gender pay gap:

1. We have a high concentration of men in highly paid roles in functions that are currently overrepresented by men in our industry, namely in our investment, risk and IT teams.
2. We do not have enough women in senior positions.

The data⁵



⁵ All data was taken at 31 March 2020.

Tackling the gender pay gap

continued

Male-dominated functions

We use market rates of pay to attract and retain the best talent, so our pay gap reflects gender imbalances inherent in the sector. Our investment team have a deferred bonus scheme, in line with Financial Conduct Authority rules, which we have chosen to adopt. Each year's figures reflect the immediate bonus paid and deferred payments from previous years, which can go back several years or more for some individuals. However, more women than men across the organisation received a bonus.

Female representation

In February 2018 we signed HM Treasury's Women in Finance Charter, a commitment to improve gender balance across the financial services sector.

Our original goal was to have 40 per cent female representation at senior management level by December 2021. We hit this target early in October 2019, and in August 2020 reached 42.4 per cent. We're extremely proud to have surpassed this goal and we will continue to work hard at making sure the PPF is an attractive workplace for women.

With this in mind, we have set a new target of 45 per cent female representation in senior management positions by 2023. With such encouraging results so far, we're confident we can hit this target.

We have brought in more women at junior levels to build our talent pipeline for the future. In the short term, as we predicted, this has the effect of widening our pay gap at lower levels.

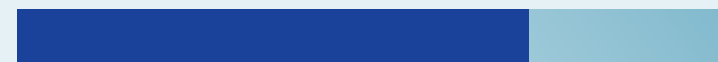
The data⁶

Proportion of female and male employees receiving bonus pay

2020

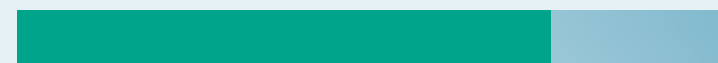
Men

71%



Women

74%



	Men	Women
2019	66%	74%
2018	71%	74%
2017	38%	39%

⁶ All data was taken at 31 March 2020.

Tackling the gender pay gap

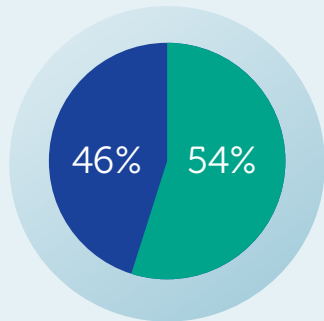
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The data⁷

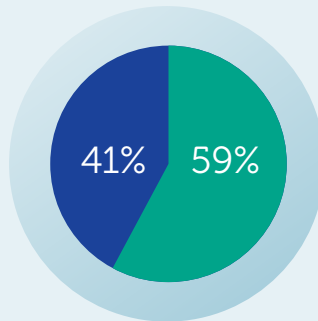
Gender representation by level

● Male ● Female

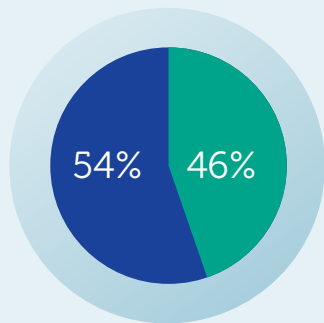
2020



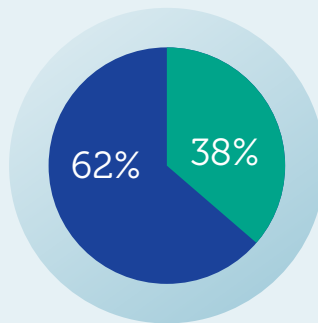
Lower



Lower middle



Upper middle



Upper

		Lower	Lower middle	Upper middle	Upper
2019	Male	51%	43%	52%	61%
	Female	49%	57%	48%	39%
2018	Male	41%	47.5%	54%	67.5%
	Female	59%	52.5%	46%	32.5%
2017	Male	46%	41%	55%	69%
	Female	54%	59%	45%	31%

⁷ All data was taken at 31 March 2020.

Work-life balance



We aim to be an employer of choice for women. We're proud of the focus we have put into encouraging a positive work-life balance, before and during the COVID-19 pandemic. We have always allowed people to work flexibly wherever feasible.

We're excited about offering even more flexibility in future as we look to a post-COVID workplace and retain the benefits that many of us have found in homeworking.

We support working parents by offering enhanced maternity and paternity leave, and Shared Parental Leave (SPL) with 26 weeks at full pay for men and women. We also offer coaching to both women and men returning to work after parental leave, using independent business coaches to help them through the transition.

Along with many organisations, we've identified that the solution to reducing the gap requires a long-term strategy focused on sharing work/home commitments. In our most recent employee survey (pre-COVID), 82 per cent of people said they were happy with the balance between work and home life. The figure was the same for men and women. This was three points up from 2018 and is above the upper quartile norm benchmark (77 per cent) set by top performing organisations.⁸

⁸ 1 Employee Feedback Ltd, Viewpoint 2019 employee survey report.



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Find us on LinkedIn and Twitter
to follow our progress on
diversity and inclusion

Renaissance
12 Dingwall Road
Croydon
CR0 2NA

T: 020 8406 2107

www.ppf.co.uk

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