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Gender Pay Gap Reporting:

Reputational Risk or Brand
Differentiator?

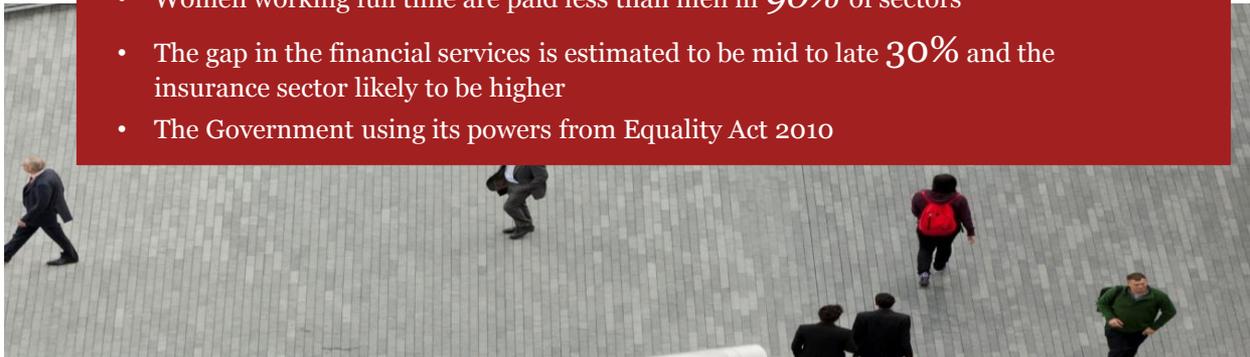
Jon Terry and Sarah Ashcroft

3 July 2017

Background to gender pay

The gender pay gap measures the difference in average male and female pay within an organisation.

- *UK average: 18%* gender pay gap in favour of men (full and part-time workers)
- *64%* estimated to be attributable to demographics
- The average female manager works *57* days per year for free
- Women working full time are paid less than men in *90%* of sectors
- The gap in the financial services is estimated to be mid to late *30%* and the insurance sector likely to be higher
- The Government using its powers from Equality Act 2010



The Legal Requirements

The Equality Act (Gender Pay Gap Information)
Regulations 2017 require:



Companies with 250 or more employees in England,
Scotland and Wales



To analyse gender pay gap profile and



Publicly disclose details of their gender pay gap



What do you need to disclose?





What are the challenges with the Regulations?

**Group vs
entity
reporting**

**Secondes
and other
employees**

**“Full pay
relevant
employees”**

**Pay and
bonus
definitions**

**Average
working
hours**



Why it matters: reputation and brand



*Ability to
attract talent*

*Customer
relationships
and
expectations*



*Impact on
regulator's
confidence*

*Opportunity
to enhance
employer
brand*





When are you going to disclose?

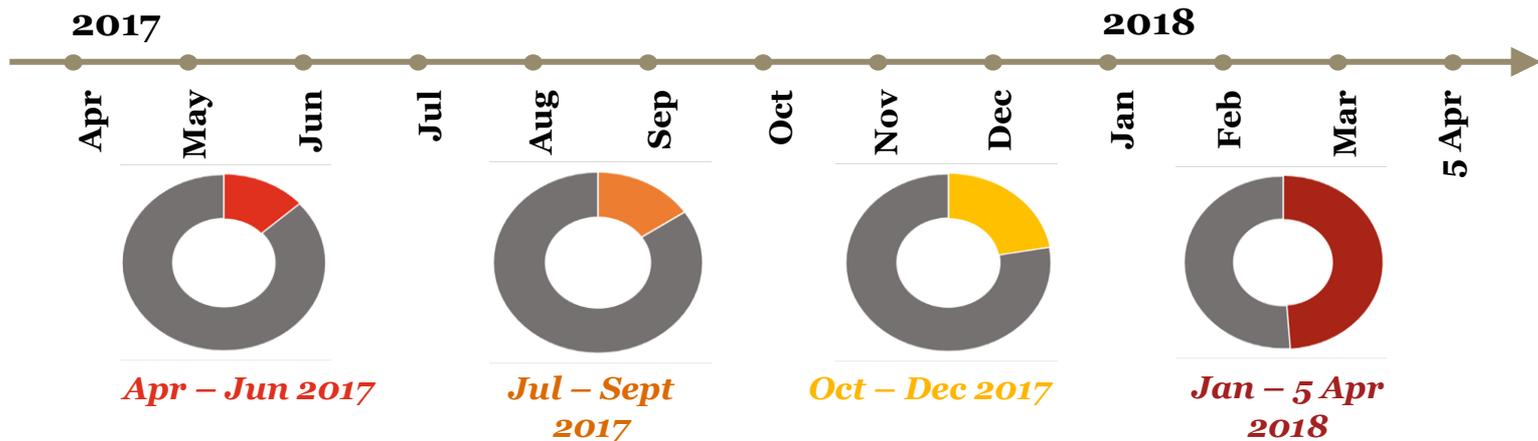
We have surveyed 130 companies from a range of sectors on their approach to managing the reporting requirements

c.50% of respondents plan to publish their disclosure in 2018.

Most organisations will communicate to employees first

Currently fewer than 20 employers have disclosed their data on the government website

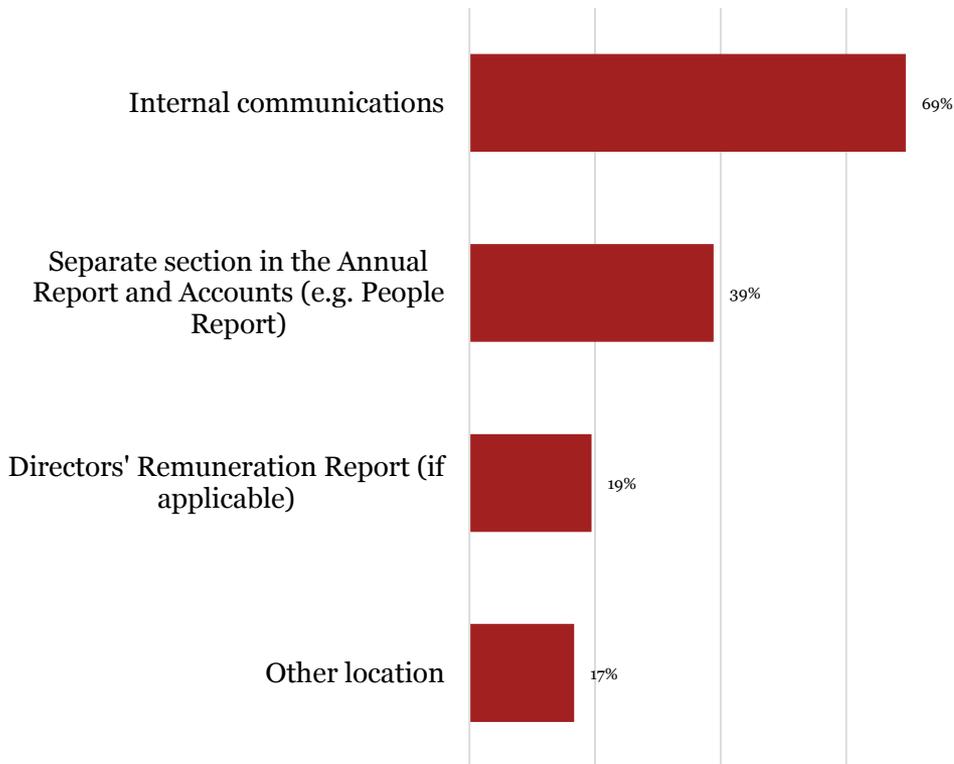
Timing of disclosure





Where are you going to disclose?

In addition to the company website, where do you plan to disclose your gender pay data? (select all that apply)



2 in 3

respondents planning to disclose in internal communications

1 in 2

firms planning to disclose in either the Annual Report or DRR



Enhancing your disclosure: What else will you disclose?

84%

of firms planning to disclose
additional narrative

26% will disclose
additional data (such as
pay gap by grade)

29% will disclose
consolidate information
for the group

Key points

- Almost all firms are planning to include some form of commentary.
- There is a clear recognition that disclosing the data alone is not sufficient.
- Firms want to use this as an opportunity to “tell their story”.



PwC gender pay gap disclosure

On 28 June PwC made its gender pay gap disclosure under the Regulations. Previously, PwC voluntarily published its gender pay gap analysis every year from 2014, in the its annual report

Pay and Bonus Gap

| | Mean | Median |
|------------|-------|--------|
| Hourly pay | 13.7% | 14.2% |
| Bonus | 37.5% | 39.5% |

Proportion of employees receiving a bonus:

72.6% men received a bonus
74.3% women received a bonus

Key points:

- Our disclosable pay gap has fallen to **13.7%** from **15.2%** last year, which shows that we are making progress
- Main cause of the gap: more men in senior higher-paid roles. When adjusted for this, the remaining gap is **2.9%**.
- Two PwC employing entities are disclosed separately on the government website.

Pay quartiles

| | Lower quartile | Lower middle quartile | Upper middle quartile | Top quartile |
|-------|----------------|-----------------------|-----------------------|--------------|
| Men | 47.5% | 46.3% | 53.1% | 61.4% |
| Women | 52.5% | 53.7% | 46.9% | 38.6% |



Beyond numbers: understanding the underlying issues

Understand the reputational risks:

- industry-wide issues
- firm issues

1

Get the numbers right: quantify the gender pay gap under the Regulations

2

Understand the root causes

3

Link to your diversity and inclusion strategy

4

Construct an active comms strategy

5





Beyond numbers: laying foundations for change

Gender pay gap reporting goes far beyond compliance – it is an opportunity to address the underlying issues and put in plans to accelerate change

Recruitment

Flexible working

Parental leave

Returning to work

Fairness in reward

Linking reward to broader HR policies

Key focus areas



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