

YBS GENDER PAY REPORT 2019

The principles of decency and respect are central to how we reward and recognise our people at YBS. We treat our colleagues consistently regardless of their background, gender, race or ethnicity. For us, gender is no more or less important than any other characteristic that makes our people who they are. We're committed to building a more balanced workforce that's genuinely representative of our customers and society as a whole.

In 2017 for the first time all companies with over 250 employees were asked to report on their gender pay gap, and continue to publish this gap on an annual basis. This is most simply described as the difference between the average wages of men and women regardless of seniority. This is different to equal pay which addresses the difference in pay for men and women in the same job.

2019 Figures

As at April 2019 our mean gender pay gap stands at 30.5%, this is 0.8% higher than the Society's 2018 figure. Another way of looking at our gender pay gap is the median average; this is 27.9% for the same period, 1.3% higher than last year.

In 2019 our colleagues were recognised and rewarded through the Society's annual bonus scheme. As in 2017 and 2018, almost equal proportions of women and men received a bonus award with both men and women achieving virtually the same percentage amount in terms of the maximum bonus opportunity available. We have also reviewed the actual bonus pay received by both groups in terms of £, the 'gender bonus gap'; in 2019 this stands at 47.9% (mean) and 34.1% (median). Unlike the gender pay gap, the bonus gap is calculated purely on the number of colleagues in the organisation. This means that it doesn't take account of part-time working, and a result is potentially higher due to the majority of our part-time colleagues being female.

How does the composition of the workforce impact the Gender Pay Gap in YBS?

The main driver for our gender pay gap remains the imbalance of women and men at different levels in the organisation. In simple terms we continue to have more females occupying the less senior roles in the organisation, with fewer in the most senior roles, particularly in the Senior Leadership Team. It is this imbalance that results in the gender pay gap. To bring the issue of representation to life, if YBS were to have a 50:50 split at senior management level, it would still have a gender pay gap of 23%, demonstrating the impact of high numbers of women in more junior roles such as the Branch Network.

We have seen a slight increase in the Society's gender pay gap against the 2018 position. A contributing factor to this is organisational change activity across the Society throughout 2018 and 2019. Throughout the changes focus was placed on retaining colleagues wherever possible. Whilst these changes did not alter the overall demographic of the workforce for colleagues in more junior roles, it was more impactful at the senior levels of the Society. Diversity and inclusion was considered as part of the changes, alongside skills and capability, changes in this population did result in a reduction of the proportion of female leaders.

We regularly review our pay by grade to ensure that men and women are treated equally, and we are comfortable with our position in that respect. To bring this to life, if YBS were to have a 50:50 split of males and females at each level, our gender pay gap would reduce to 2.5%.

What does Diversity and Inclusion mean to YBS?

Diversity and inclusion is important to the Society and we are not limiting our work to focus on gender. Our ambition is to create an environment for all of our colleagues to thrive, where nothing stands in the way of any colleague fulfilling their aspirations and reaching their potential. Like any ambition it takes time to realise, and we are working hard to make progress, particularly at a Senior Leadership Team level.

In 2018 we made a formal commitment to improve gender balance, particularly at our most senior levels in the business, by signing HM Treasury's Women in Finance Charter. You can read more about our progress towards the Woman in Finance charter which was published today, on our website at ybs.co.uk/women-in-finance-charter.

What is YBS doing to create an inclusive workplace?

Building an inclusive working environment allows all colleagues to support each other; men can support women and women can support men. This is a journey for YBS, and one we started in 2017, setting an action plan to help build the foundations of an inclusive and diverse workplace.

Since then we have:

- ✓ Embarked on robust succession planning across more levels in the organisation to build talent pipelines.
- ✓ Piloting strengths based recruitment to remove gender bias, ensuring an accessible website which assists candidates with visual and hearing impairments to navigate the site.
- ✓ Introduced an Inclusion Policy and statement and 'mini-guides' on specific topics to support our colleagues in the understanding of difference.
- ✓ Held events focusing on encouraging women to drive their careers at YBS, marking key events like 'International Women's Day'.
- ✓ Tested the impact of language and role title in the context of attracting men into the Branch Network, which has a traditionally high female population.
- ✓ Working with Baroness Warsi Foundation and Creating Inclusive Cultures in Leeds to introduce local students to the workplace and provide insight to our recruitment processes.
- ✓ Achieved Investors in Diversity accreditation from the National Centre for Diversity. Early in 2020 we will commence working towards 'Leaders in Diversity' accreditation, focusing on supporting leaders to create an inclusive environment and enable all colleagues to contribute to their best ability.
- ✓ Started to upskill recruiting managers with the purpose of ensuring that there is 'diversity of thought' on recruitment panels and an avoidance of 'Group Think' e.g. a gender balance of interviewers and assessors.
- ✓ Trained over 800 line managers and colleagues on making effective pay decisions.
- ✓ Our Director of People Performance, Tracey Newton gave evidence on our approach to the Treasury Select Committee in June 2019.
- ✓ Featured in the Inclusive Top 50 UK Employers List for two years consecutively.

These all represent significant steps forward for YBS, we believe that by valuing diversity of thought and outlook we can make better decisions across our business in order to benefit our members.

GENDER PAY AND GENDER BONUS GAPS EXPLAINED.

The descriptions below give an overview of the gender pay gap measures and how they are calculated. For precise definitions, the relevant regulations should be referred to.

The gender pay gap – what it is

The gender pay gap is the average difference in pay between all men and all women – at an organisation, industry, or country level. It uses average hourly rates of pay, so puts everyone on a level footing by adjusting for the number of contracted hours.

The gender pay gap – what it isn't

Because it's based on average rates of pay, the existence of a gender pay gap does not mean that individuals are being paid unfairly for the specific role that they do. Gender pay is completely different from equal pay, which considers pay differences for individuals at a role level e.g. jobs of the same value.

Calculating the gender pay gap

'Pay' is calculated for the pay period including 5 April, according to strict definitions. It includes basic salary and a number of other elements paid in that month, including shift premia, bonus payments and certain allowances. It doesn't include overtime, or deductions. Where pay is less than usual in April due to particular reasons, such as maternity, paternity or sick leave, the individual is not included in the pay gap calculation. In the regulatory data two ways of calculating the average are shown:

- The mean averages all of the pay rates for all men, and all of the pay rates for all women.
- The median takes the middle value in a range of pay rates.

The gender bonus gap and numbers of colleagues receiving bonus

The gender bonus gap shows the average difference in all bonuses received in the 12 months prior to the 5 April, by women and men employed at 5 April. Unlike the gender pay gap, there is no pro-rating for hours worked, or length of service in year. So the gap can be particularly high if, for example, there are more women than men carrying out part-time work. As with pay, both the mean and the median bonus gaps are calculated. And we also show the proportions of male and female colleagues, employed at 5 April, who were paid bonus during the previous 12 months.

The proportions of colleagues in pay quartiles

The final metric produced for gender pay gap reporting is the proportion of male and female colleagues, in receipt of full pay in April, in each of four pay quartiles. This demonstrates how many women and men there are at different pay levels in the organisation. Quartiles are found by listing everyone's hourly rate pay, from the lowest to the highest, in four equal quartiles.

What could cause a gender pay gap?

The gender pay gap is based on average pay of females and males, so one of the biggest causes of it can be the numbers of women and men in different roles and at different

levels in an organisation. For example: if the majority of employees in the upper pay levels are male, and the majority of employees in the lower pay levels are female, there is likely to be a gender pay gap, even though everyone is being paid the correct and fair pay for the job that they are doing.

Other reasons which may contribute to a gap include:

Different industry sectors and different jobs – with different rates of pay – that people work in.

Contracted hours - the high proportion of women in often lower-paid part-time work.

Pay progression - across the UK generally, a widening of the gender pay gap typically happens when women take time away from work to raise families, with pay progression for women returners on average being slower than for men. Pay choices - that are made at various points of an individual's working life. There are many possible root causes to these reasons. Some may be personal, such as choices people make because of their own circumstances, their work preferences, and their aspirations. Other causes are part of society generally, such as the roles that people have historically been attracted to or feel comfortable working in. The culture in an organisation can have an impact too, affecting how well supported all colleagues feel to progress as far as they would like. Because there are many contributing factors to a gender pay gap, there isn't one simple solution that 'fixes' it.

STATUTORY METRICS 2019

Gender pay gap - mean¹ : **30.5%**

Gender pay gap - median² : **27.9%**

Gender bonus gap - mean³ : **47.9%**

Gender bonus gap - median⁴ : **34.1%**

The proportions of male and female relevant employees who were paid bonus pay.

 **95.0%**
women

 **95.2%**
men

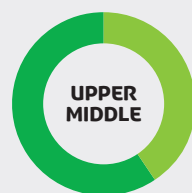
The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper pay quartiles.



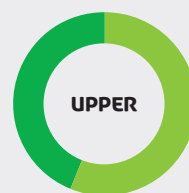
Male: 18.9%
Female: 81.1%



Male: 27.4%
Female: 72.6%



Male: 40.8%
Female: 59.2%



Male: 56.2%
Female: 43.8%

¹ The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.

² The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.

³ The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees.

⁴ The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees.

SUMMARY OF MOVEMENT IN THE GENDER PAY GAP

Measure		2019	2018	2017
Mean pay gap		30.5%	29.7%	31.0%
Median pay gap		27.9%	26.6%	28.6%
Proportion of men & women in each quartile of pay (M:F)	Upper quartile	♂ 56.2% ♀ 43.8%	♂ 56.8% ♀ 43.2%	♂ 57.8% ♀ 42.2%
	Upper middle quartile	♂ 40.8% ♀ 59.2%	♂ 39.2% ♀ 60.8%	♂ 40.2% ♀ 59.8%
	Lower middle quartile	♂ 27.4% ♀ 72.6%	♂ 28.8% ♀ 71.2%	♂ 26.7% ♀ 73.3%
	Lower quartile	♂ 18.9% ♀ 81.1%	♂ 20.9% ♀ 79.1%	♂ 20.3% ♀ 79.7%
Mean bonus gap		47.9%	44.9%	39.8%
Median bonus gap		34.1%	36.1%	32.3%
Proportion of men receiving a bonus		95.2%	94.3%	96.3%
Proportion of women receiving a bonus		95.0%	95.3%	95.1%

Statement of Accuracy

The information in the 2019 statutory metrics table above in relation to the Yorkshire Building Society has been created in line with and to comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, in relation to the pay period including 5 April 2019.

I confirm that the information is accurate.



Stephen White
Executive Director Sponsor

Date: 19 December 2019

