UK Gender Pay Gap Report: April 2022

Introduction

In April 2017, the UK passed legislation requiring UK companies with more than 250 employees to publish their gender pay gap on the 'snapshot' date of the 5th of April. This is the first year we are publishing a gender pay gap report in conjunction with our mandatory reporting.

Equity, Diversity & Inclusion (EDI) at Palladium

Our EDI vision is to create an equitable, diverse, and inclusive culture where differences are valued, respected, and encouraged to drive innovation and deliver results; a culture where our people are engaged, their voices are heard, and they feel that they belong.

With a focus on employees, communities, supply chains, and thought leadership, we've implemented a comprehensive EDI roadmap applicable across the 90 countries in which we operate – no easy task considering the many diverse cultures and contexts at play. But it's one of the aspects of which we're the proudest.

We've embodied our philosophy of 'One Palladium,' defining our values from the bottom up, and aligning them across headquarters and our project offices around the world. We've translated our global initiatives on equity diversity and inclusion into local contexts at the project level and embedded them into business-as-usual practices.

Our Progress

Whilst delivering against this agenda is an ongoing task, in recent years we have made considerable progress across our global business, including:

- Women make up just over 30% of our Board compared to 0% in 2014
- Women make up nearly half (47%) of our shareholders compared to 20% in 2016
- Over half (55%) of our corporate senior managers and above are women
- Prior to 2016, there were no women in our executive positions, today 37% of these positions are occupied by women including our Chief Financial Officer position
- Today, 25% of our senior executives are Black colleagues compared to 0 prior to 2016
- In FY16, the equal pay gap in some parts of our business was as wide as 21%; at the end of FY21 the global equal pay gap stands at just 2% for corporate employees
- In the UK, our senior leadership is 50/50 men and women, and in most grades, women outnumber men. We will continue to review and address any imbalances as part of our EDI commitments.

Understanding Pay Gap Reporting

What is Equal Pay?

Equal Pay is paying men and women equally for like work, work of equal value, and work rated as equivalent.

At Palladium we measure “equal pay” using the compa-ratio method, which directly compares men and women in the same salary band by calculating the difference in salary relative to the band’s midpoint.

This approach enables us to better identify trends and anomalies within each band and take action swiftly. Our approach also enables global comparisons that wouldn’t be possible if we simply converted averages to a given currency.

What is a Gender Pay Gap?

A gender pay gap looks at the differences in pay between men and women across the workforce regardless of the work they perform.

The UK government's calculation guidelines are based on a simple method that takes an average of all staff regardless of level.

Limitations of the gender pay gap approach

Approaching gender parity in this way risks:

- Missing the root causes at play, inequalities, and progress.
- Hiding when we are increasing numbers of women in leadership roles, and higher-paid occupations, or why women in lower-paid positions can’t move up.
- Overlooking an organisation’s efforts to build more diverse talent pipelines by actively attracting and recruiting women into more junior roles to build a gender-diverse internal talent pipeline.
- Disregarding market factors that lead to some roles attracting higher or lower compensation than others.

In addition, calculating the average as per the UK government’s methodology, which excludes women on maternity leave from the count, could divert attention away from progress organisations may have made in improving take-up of basic and extended maternity leave. Those organisations with a culture that encourages all women, including the most senior women, to take their full maternity leave may find that their gender pay gap doesn’t look as healthy as those who create a culture where women feel pressured to not take this type of leave.

Gender pay parity is too complex to measure with just the UK government’s formula, and using this approach exclusively may mean missing crucial insights needed to rectify gender inequity in the workplace.

Which is why, as an organisation, we focus on equal pay and use the compa-ratio method.

Our approach measures two things:

- First, we regularly look at the numbers of men and women occupying each grade with a view to understanding any anomalies and taking appropriate action to address any issues around representation.
- Second, within each grade, we regularly look at where men and women are in relation to the mid-point of the salary band to address any equal pay issues.

For us, separating those two issues is critical – and is not possible in the less nuanced “gender pay gap average calculation”.

UK Government Requirement

Gender Pay Gap

Though we believe that the gender pay gap approach doesn't tell the full story, the UK government requires us to provide figures relating to the gender pay gap, i.e., median and mean pay gaps for men and women, which are set out below.

Using the Government's formula, Palladium's gender pay gap figures are as follows:

- our 'mean' (average) hourly pay gap is 15.6%
- our 'median' hourly pay gap is 14.9%

Why do we have a gender pay gap?

Our regular equal pay reviews give us confidence that employees in similar roles are paid equitably and that any pay differences are not based on gender.

Yet, according to the UK government's methodology we have a gap.

This gap exists primarily because:

- In the lower middle quartile, women outnumber men almost 3:1. As this quartile is lower in our pay scales, this pulls the average wage for women down and creates a gender pay gap.

The action required here is not to address any pay differentials between women and men across our teams – when comparing like with like, women are paid equally. However, it's key that our EDI action plan incorporates our approach to recruiting and retaining men in more junior roles to ensure better gender balance across our teams.

Pay by Quartile

Pay by quartile calculations show male and female populations' percentages in each hourly rate quarter.

The table below shows hourly pay by quartile for Palladium. There is a higher proportion of women in most quartiles and in the lower middle quartile, women outnumber men almost 3:1.

The proportion of male and female employees in each quartile is:

Quartile	Male	Female
Upper quartile	52.9%	47.1%
Upper middle quartile	43.3%	56.7%
Lower middle quartile	29.9%	70.1%
Lower quartile	41.2%	58.8%

Gender Bonus Gap

Using the UK governments approach to calculating the gender bonus gap (the figures are made up of bonuses received by employees within the 12-month period from the snapshot date), we see a similar and substantial gap between our men and women in relation to bonuses.

Using the UK suggested methodology the figures indicate:

- 42.7% of women were awarded a bonus
- 38.9% of men were awarded a bonus
- The mean bonus pay gap is 30.9%
- The median bonus pay gap is 12.3%

However, this differential in bonus is due to the below factors:

- The (almost) 3:1 ratio of women to men in the lower middle quartile.
- Many of the women in this quartile are retained by programs which – due to the market benchmarks in the sectors they operate in are not subject to significant bonuses.
- Some bonus payments do not feature in the totals as many of our colleagues opted for a portion of their incentive to be paid in bonus units instead of cash and this is not reflected in the figures.
- According to the UK Government's calculation guidelines, employees who are on maternity leave cannot be included in the pay gap reporting. Therefore, any bonuses received by women on maternity leave at the time of the count are to be excluded from the figures. At the snapshot date, a number of our senior women colleagues who received a bonus during this period were on maternity leave.

Similarly to the salary position, when we compare men and women in a particular grade and evaluate their bonuses, they are allocated equally across both groups. For those programs that are less driven by bonuses, the same pattern continues, men and women are treated equitably.

What are we doing to promote EDI for all?

It bears mentioning that equal pay is, of course, just one piece of the inclusion jigsaw. Men and women are not homogenous groups, nor should they be treated as such if we expect to move the needle towards a more equitable and sustainable future for all. Overlooking the characteristics that intersect gender can make the discussion easier, but ultimately less effective and less likely to elicit real change.

At Palladium, we are building an environment that views EDI beyond the gender lens and examines the many other characteristics that intersect gender that can compound inequality such as disability, race, ethnicity, and socio-economic background. We want to ensure an equitable and inclusive working environment and a diverse workforce at all levels. We look to achieve this through various activities and different stages of the employment cycle including:

Attraction and Recruiting Diverse Talent

- Capturing diversity data of our candidate pools and using this to inform attraction strategies that proactively seek out candidates from non-traditional professional backgrounds and/or underrepresented groups

Development & Progression

- We are designing mentoring and reverse mentoring schemes to promote career development and progression to create future leaders and build the capabilities of our existing leadership to support the development of more inclusive leadership styles.

Retention

- We are ensuring transparency in the promotion, pay, and reward process by acknowledging our employees' request to understand our internal mechanisms in depth, and creating a common understanding of the rationale and objectives behind decisions.

Contact

Sinéad Magill
Palladium Managing Partner
sinead.magill@thepalladiumgroup.com