

Gender Pay Gap

The UK Government has introduced gender pay gap reporting requirements for all companies in the UK above a certain threshold. This provides an opportunity for us and our peers to analyse and report gender pay figures and to benchmark how we are performing in this area and, more broadly, how the financial services sector compares with other industries.

We will, in turn, be able to identify the sectors and organisations that have achieved greater gender balance and learn from their examples and practices. It will also be crucial to understand the underlying root cause factors so that we can affect the change we want to achieve in the most meaningful way.

The legislation requires us to publish data for Universities Superannuation Scheme Limited (**USSL**) as the trustee company of the Universities Superannuation Scheme (the **scheme**) by virtue of headcount.

Defining the gender pay gap

The UK Government Equalities Office has introduced reporting regulation requiring employers with 250 or more employees to disclose annually on their Gender Pay Gap. This involves carrying out six calculations that show the difference between the average earnings of men and women in our organisation. The Gender Pay Gap is based on an hourly pay rate for each relevant employee, reflecting base salary, certain allowances and any incentive awards paid in the snapshot month. The Bonus Pay Gap includes cash incentives plus any proceeds on exercise of long-term incentive plans paid over the previous 12 months.

What the 2016/17 data shows

The analysis of our gender pay gap at USSL includes all aspects of financial reward and recognition.

There is an important distinction between the **gender pay gap and equal pay**. The gender pay gap measures the difference in average pay between all men and women in the company, whereas equal pay is about paying men and women the same for equal or similar work. Equal pay has been a legal requirement in the UK for many years.

It's about equal representation and progression within all levels within the organisation: USS employs people who can deliver consistent, long-term results and we pay them fairly against market rates.

What the data clearly shows is that we have a greater proportion of men than women in senior roles which drives a gender pay gap in hourly pay. This also means we have fewer women in roles where the scale of the bonus potential is greater.

We recognise that to close the gender pay gap in this area we need to increase our senior female representation across the business and as an employer committed to equal opportunities, we are clearly not where we want to be. But there can be no tokenistic 'quick fix'. Our focus has to be – and is – on identifying the right actions to achieve lasting, meaningful change.

At USS we enjoy a culture where long-term solutions, collaborative working and innovative thinking are the norm, and that is precisely how we will approach this issue. We also have a number of colleagues who are already engaging on this agenda and their insights will be crucial.

We are analysing the data and asking ourselves questions about the journey that has taken us to our current gender mix; by looking at our people practices including, for example, recruitment, promotion and talent management to see if we have any underlying issues or simply need to improve what we are already doing.

When recruiting at USSL, we look to a wide and diverse pool of candidates. Of the employees hired during the reporting period, 52% were women and 48% men, which suggests there is no inherent bias in our recruitment – but we clearly need to understand how this translates at a senior level, as this is where the gender pay gap is greatest.

We also need to acknowledge that it is an industry wide challenge, not just for us at USS and we cannot rely on hiring external candidates to fix the issue.

How we are addressing the gender pay gap

As a long-term investor with a long-term focus, executive and senior management roles are, typically, long-standing appointments. Once we have the right people in place, we want them to stay and low turnover at the senior level of the business is a welcome trend. This is likely to restrict the pace of change, therefore, we will look to:

- Develop from within by identifying and supporting a diverse range of internal candidates for senior roles, opportunities in the leadership team as well as succession planning;
- Provide as flexible and accommodative working conditions as possible for all employees;
- Consult with employees at USS to investigate what more we can do to develop action plans on this issue.

At USS, we have strong female representation across our management teams and we fully expect the balance will adjust over time.

	MEAN	MEDIAN
Pay Gap	33.9%	35.2%
Bonus Gap	59.2%	53.4%

Proportion of employees awarded a bonus during the snapshot year

	MALE	FEMALE
	72.3%	75.2%
Pay Quartiles		
	Female	Male
Upper Quartile	29.4%	70.6%

Upper Middle Quartile	38.7%	61.3%
Lower Upper Quartile	47.2%	52.8%
Lower Quartile	63.8%	36.2%

The data in this report is accurate and in line with the government reporting regulations.



Bill Galvin
Group Chief Executive