

Gender Pay Gap Report 2020

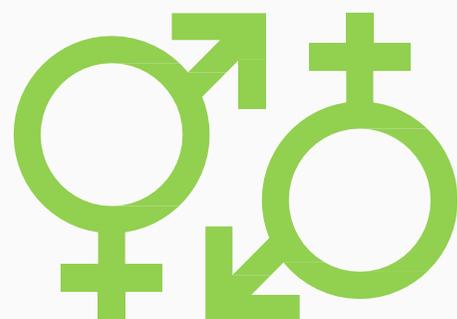
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INTRODUCTION



Paul Jenkins CEO



At Wescot, which is part of Cabot Credit Management, being inclusive and collaborative are critical ingredients to our values, what we stand for and for our ongoing success. We are keen to continually analyse our gender pay gap data making the necessary changes to ensure we have fair and transparent offerings for all our colleagues across the business. We are committed to making sustainable changes in our systems and processes and we acknowledge the need to plan ahead and take our time so it is not only imbedded effectively, but remains a permanent change.

We are proud to be building a workforce that reflects the communities where we live and work and this year saw the creation of our diversity and inclusion steering group. This group has representatives from across all Cabot’s businesses established with the intention to continually challenge the business to explore how we can evolve our BAU processes and procedures to create equality for all our colleagues

We care about our colleagues and are passionate about attracting and developing a diverse range of talent and rewarding them fairly and effectively. In order to create objectivity in the reward space Cabot introduced a centralised reward team and carried out a read across exercise to create visibility of the alignment of roles across the business including Wescot. This forms the basis of our reward strategy moving forward.

Alongside this Cabot also undertook a benchmarking exercise for the first time on all job roles using detailed job sizing methodology in order to ensure a fair, consistent and structured method of sizing our roles against the market.

Although the profile of males and females in senior roles continues to result in a gender pay gap, the **mean gender pay gap of 9.7% in 2020 was lower than the 13.1% reported in 2019.**

Whilst we continue to recognise the need to further improve in this area, it is encouraging to note that this is **the fourth consecutive year in which the mean gender pay gap has reduced.** Indeed this measure has halved over the four years of gender pay reporting.

However, further progress is required, with it acknowledged that the proportion of females in the upper pay quartile remained 2% points lower than the overall proportion of our colleagues that are women. We remain focussed on eliminating this differential.

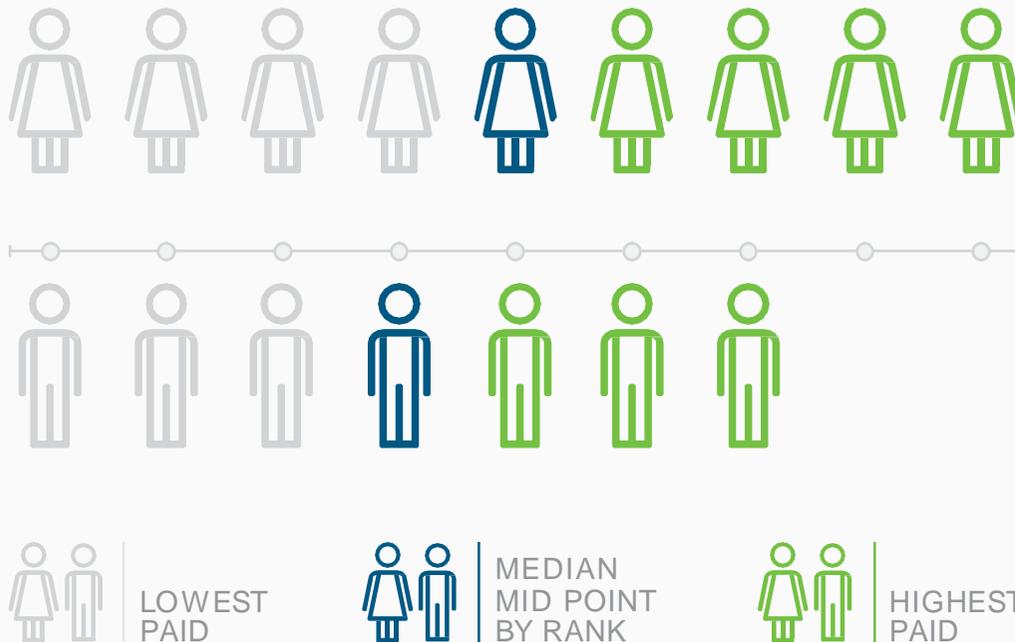
To support this objective, a requirement for female participation in recruitment and succession plans for all senior roles was set as a core requirement for the business, with this **supporting career progression and development opportunities for women throughout our organisation.**

Overall we are therefore pleased with the continuing progress throughout the organisation in addressing the drivers of gender pay differentials. Whilst the further reduction in the mean average pay gap is therefore encouraging, we remain committed to find a better way to work towards further education and improvement in 2021.

CEO
Wescot

DEFINITION

MEDIAN GENDER HOURLY RATE OF PAY



It is important to note that gender pay gap is different to equal pay. Equal pay looks at the difference in pay between males and females carrying out the same or similar roles.

MEDIAN

The Median Gender Pay Gap shows the difference in the median (mid-point) hourly rate of pay between males and females over the measurement period.

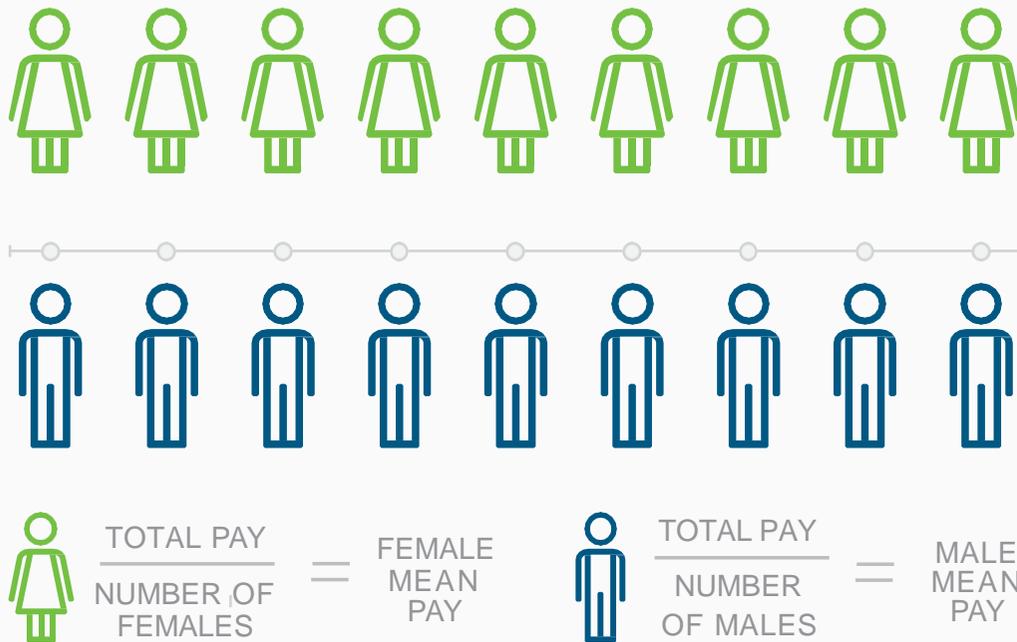
The median hourly rate is worked out by ranking the hourly rates of employees from low to high and identifying the mid point within the rank (male and females separately).

The Median Gender Pay Gap is the female median hourly rate subtracted from the male median hourly rate, divided by the male median hourly rate, multiplied by 100.

'Pay' incorporates money payments received during the measurement period, which is the pay period in which the 5th April 2020 falls, including any bonuses related to that period.

DEFINITION

MEAN GENDER HOURLY RATE OF PAY



It is important to note that gender pay gap is different to equal pay. Equal pay looks at the difference in pay between males and females carrying out the same or similar roles.

MEAN

The Mean Gender Pay Gap shows the difference in the mean (average) hourly rate of pay between males and females over the measurement period.

The mean hourly rate of pay is worked out by adding the hourly rates of pay for all employees and dividing by the number of employees (male and females separately).

The Mean Gender Pay Gap is the female mean hourly rate subtracted from the male mean hourly rate, divided by the male mean hourly rate, multiplied by 100.

'Pay' incorporates money payments received during the measurement period, which is the pay period in which the 5th April 2020 falls, including any bonuses related to that period.

DEFINITION

GENDER BONUS GAP

$$\left(\left(\underset{\text{Male}}{\pounds XX} - \underset{\text{Female}}{\pounds XX} \right) \div \underset{\text{Male}}{\pounds XX} \right) \times 100 = \mathbf{XX\%}$$



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GENDER BONUS GAP

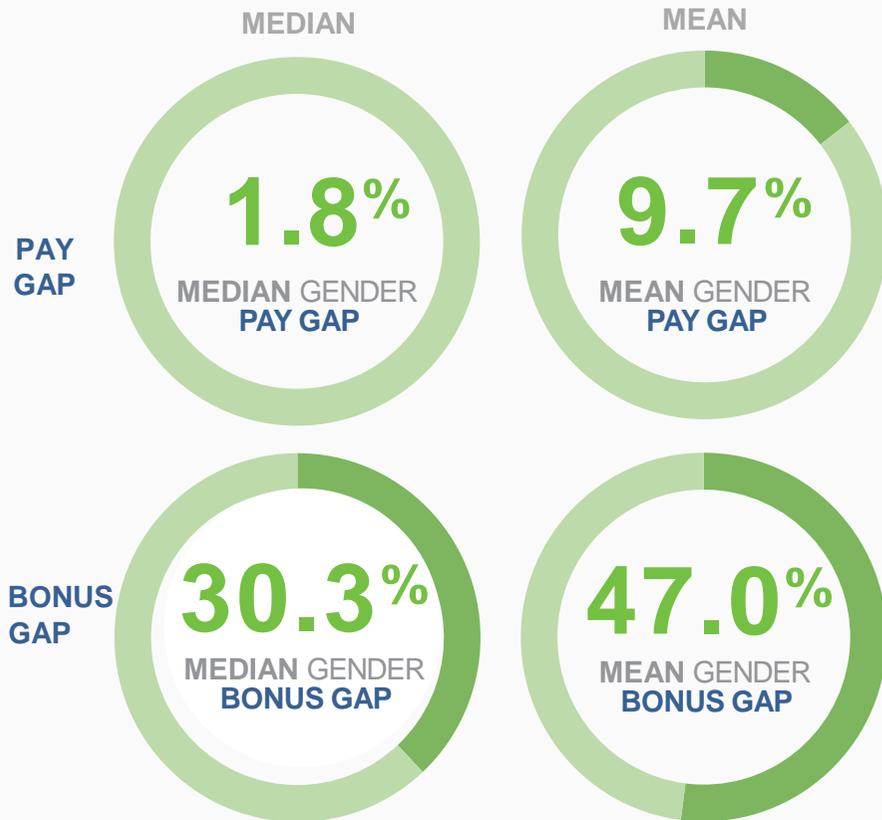
The Gender Bonus Gap compares the average bonus paid to females receiving a bonus to the average bonus paid to males receiving a bonus.

The Median Gender Bonus Gap is the female median bonus subtracted from the male median bonus, divided by the male median bonus, multiplied by 100.

The Mean Gender Bonus Gap is the female mean bonus subtracted from the male mean bonus, divided by the male mean bonus, multiplied by 100.

‘Bonus’ incorporates bonus payments in cash or other financial assets received across the ‘measurement period’, which is the 12 months prior to the pay period in which the 5th April 2020 falls.

GENDER PAY & BONUS GAP



Why is the Gender Bonus Gap higher than the Gender Pay Gap?

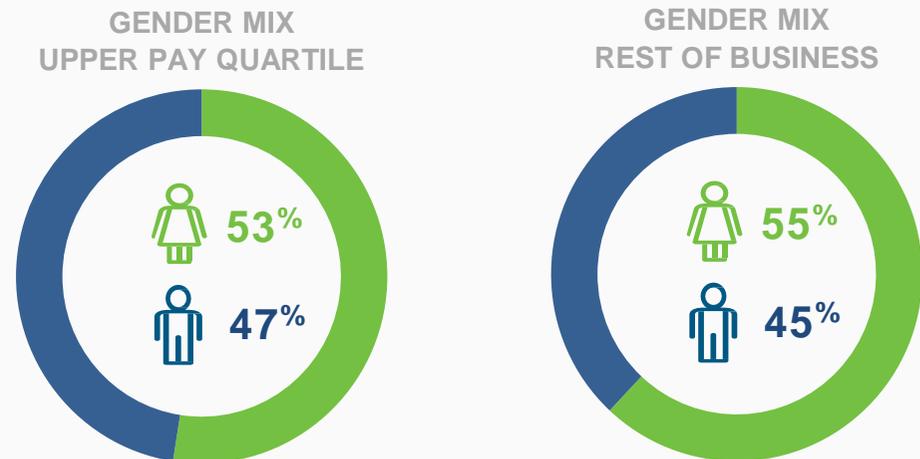
Bonus payments increase by seniority of role and are pro-rated for part time hours. Therefore, the Gender Bonus Gap increases compared to the Gender Pay Gap, reflecting that the proportion of males increases in senior roles and that a higher proportion of females are part time.

Why is the Mean Gender Gap higher than the Median Gender Gap?

The Mean (average) as a calculation is more sensitive to the profile of males and females in senior positions than the Median (mid-point), which is more reflective of the 'typical' situation as it is based on a rank of employees. This leads to a lower result.

WHY?

The mean gender pay gap has reduced in the year, but the 9.7% differential still indicates that the average pay of males is higher than for females. This reflects the profile of males and females in more senior roles, which also drives the bonus gap, with the median pay gap much smaller.



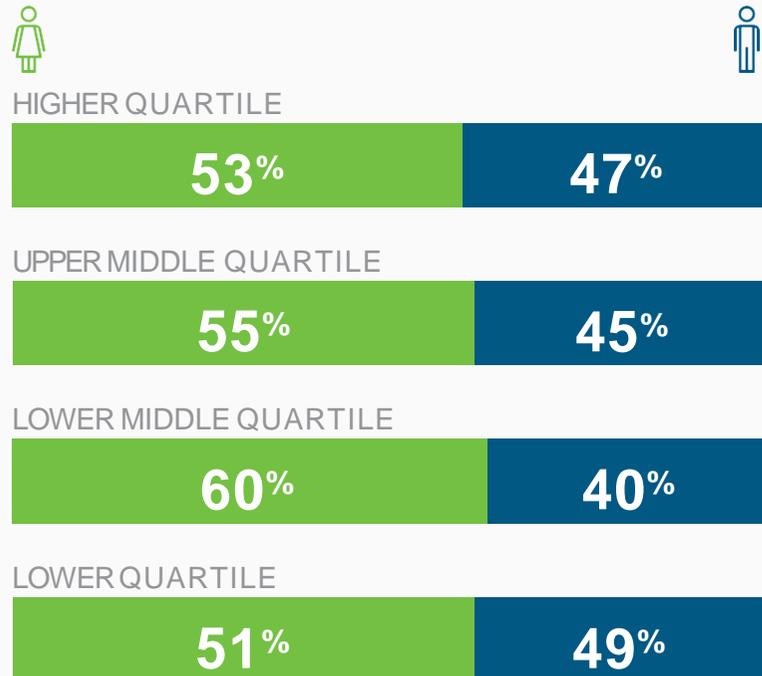
We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

GENDER MIX

OVERALL GENDER MIX



GENDER IN EACH PAY QUARTILE



Whilst the overall gender mix is 55% females and 45% males, the proportion of females is not as high in the Higher Quartile of pay than the average across the other Quartiles.

Employees have been sorted based on pay from the lowest to the highest and then split into quartiles.

We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

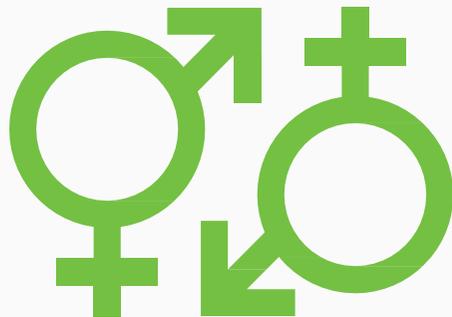
GENDER MIX OF THOSE RECEIVING A BONUS



The proportion of females and males who received a bonus in Wescot is females 39% and males 32%.

This equality reflects the fairness we have in eligibility for bonus and performance assessment.

The measurement period is the 12 months ending 5th April 2020.



We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

CONCLUSION

We care and pride ourselves in having fairness in reward. We are inclusive and collaborative and are proud that we are addressing the gender pay gaps that do arise from a lower profile of women in senior roles than across the business as a whole.

Whilst we have a good overall gender balance (55% females v 45% males), we recognise that despite good progress the gender balance in more senior roles continues to impact the gender pay gap. This difference has reduced each year since gender pay reporting was introduced in April 2017, but there is still a Mean Gender Pay Gap of 9.8% in 2020 vs of 13.1% in 2019.

We therefore remain committed to improving the proportion of females in managerial positions and specialist roles wherever possible, to reflect the overall profile of females across the business.

Business practice which supports fairness

- To address gender balance in senior roles recruitment is always based on competency, with our focus on finding the best person for a role regardless of their gender, with specific focus to question short-lists for any senior roles that include no women.
- This is supported by diversity and inclusion training for all managers, both in recruitment and for ongoing people management skills.
- To ensure equal opportunity for internal development, our robust performance appraisal process is applied consistently across the business to ensure a fair and balanced assessment for all colleagues.
- This is supported by manager training and appraisal moderation, with equal access to training and development programmes, regardless of gender.
- Remuneration packages are all linked to job family groupings, to ensure that they appropriately reflect responsibilities and required skill sets.
- All employees are eligible to participate in a bonus scheme, with the schemes in place aligned to the roles undertaken and subject to moderation review to manage any risk of unconscious bias.

OUR COMMITMENTS Progress against our initiatives to improve gender balance in our organisation :

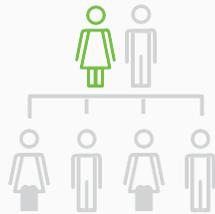
A number of areas of focus have been targeted across recent years, with a commitment to focus on tangible actions to enable us to achieve our shared goal of improving the gender mix in senior positions and in specialist technical functions.



Making the most of female talent

- **Target:** We aimed for female participation on Management Development or Apprentice programmes to be reflective of the gender profile in the business as a whole, aiming for a 50:50 gender mix in our internal and external succession plans for senior roles.
- **Update:** Female appointments to senior roles continue to be supported, but the proportion of females in the Higher Quartile continues to be 2% points lower than the proportion of females across the business as a whole. This remains an area of focus to deliver alignment of these ratios.

Progress in these areas and key areas of focus for 2021 are highlighted.



Inspire & support women

- **Target:** We planned to share stories of success for women and to work with the group to encourage the internal development of female talent into leadership roles.
- **Update:** Appointments to a number of senior roles across the wider Cabot group have been made to females from Wescot across the last year, providing evidence and role models of internal development opportunities.



Challenge behaviours

- **Target:** To continually challenge the business to explore how we can evolve our BAU processes and procedures to create equality for all our colleagues.
- **Update:** A group Diversity & Inclusion Steering Group has also been established to hold the business accountable and to drive sustainable, systematic changes in behavior and approach.



Measure & reward progress

- **Target:** Reporting on gender diversity and inclusion metrics would be promoted and gender diversity goals incorporated into senior management objectives.
- **Update:** In order to create objectivity in the reward space Cabot introduced a centralised reward team and carried out a read across exercise to create visibility of the alignment of roles across the business including Wescot. This forms the basis of our reward strategy moving forward.

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Registered Office: Kyleshill House, 1 Glencairn Street,
Saltcoats, Ayrshire, KA21 5JT

