



## UK gender pay gap report 2018

March 2019

**We are building an inclusive workplace where everyone feels able to be themselves and are valued for what they bring. We promote inclusion and diversity in the broadest sense so we can create an environment where everyone can perform and progress. By building and sustaining a diverse talent pipeline and enabling people to reach their potential, we will provide our global customers with the diversity of thought and creativity needed to build long-term value.**

### Introduction

We believe our transparent public reporting of targets, actions and pay gap, as well as our senior led commitment to progress will help to accelerate better gender balance.

There is a direct correlation between a better gender balance at all levels, and a smaller gender pay gap. The gender pay gap is a high-level measure of gender equality in an organisation, industry, or country. We know that our gender pay gap is significantly impacted by the higher number of men in senior roles, which attract higher salary and bonus potential, and by the higher number of women in junior, lower paid roles.

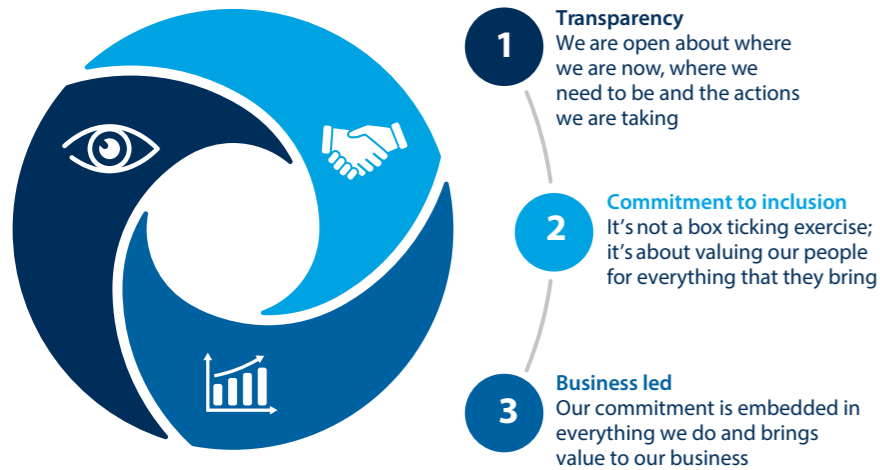
Our commitment to improve our gender balance at all levels led us to set gender representation targets for women in 2016, through the HM Treasury Women in Finance Charter. We recommitted to the Charter in 2017, following the merger of Standard Life and Aberdeen Asset Management in August that year, and set new targets for our combined organisation. We were really pleased to make progress against these targets after delivering our [first gender action plan](#), and we published this in 2018 alongside our refreshed set of actions for the next 12 to 18 months.

As at April 2018, our mean gender pay gap was 40% and our mean gender bonus gap was 69%. This is the first year we have reported a Standard Life Aberdeen gender pay gap. Last year we shared separate data sets for Standard Life and Aberdeen Asset Management, as these were calculated prior to the merger. However, even without being able to make a direct comparison to last year, there is very little change in our gender pay gap for year 2. This is similar to many other organisations' reporting for their year 2<sup>1</sup>.

We know our actions to address our gender imbalance are the right ones (we have co-created our gender action plan with our people and it benchmarks well externally), and that they are making a difference, with a 7% increase in representation of women at senior leadership levels (CEO-1 and CEO-2)<sup>2</sup> in a year.

We are working to achieve better gender balance at all levels for the benefit of our business. We are pleased that the number of women in our executive population has increased by 7% this year. This is as a result of improvements in representation of women at CEO-2 level, and so is not yet starting to close our pay and bonus gaps. Our focus now is on sustaining this progress and increasing gender balance in our committees and at Board and Executive Team levels (CEO-1).

2017/18 was a period of significant change for our organisation, with two large corporate transactions and evolving organisational design. We remain focused on achieving sustainable representation of women at all levels in the long term. The first year of gender pay reporting has helped build momentum for change across our whole organisation. The increased communication and transparency from year 1 reporting has been a great catalyst for us. The principles that continue to inform all of our inclusion actions, including gender, are enduring and consistent from year to year:



We were delighted that our commitment to transparency was recognised this reporting year, with rankings for the first time in the Equileap Gender Equality Global Report & Ranking, and the Bloomberg Gender Equality Index. This has allowed us to benchmark our actions and progress globally.



<sup>1</sup> PWC analysis (Mandatory Gender Pay Gap Reporting - 31 January 2019) indicates 48% of the 734 companies reporting for Year 2 have seen no change or an increase in their gender pay gap. The bonus gap has increased in 70% of organisations who have disclosed so far.

<sup>2</sup> CEO-1 is one reporting level below CEO, CEO-2 is two reporting levels below CEO

## Reflecting on year 1 gender pay reporting



Keith Skeoch Co-Chief Executive

**Reporting one of the highest gender pay and bonus gap positions in our industry in year 1 was uncomfortable. We have made significant efforts to progress in this area over the last year, and we know that improving our gender balance and reducing our gap has, and will, take time and enduring focus. Our commitment is for the long term.**

Our pay gap is primarily the result of our workforce structure with more men in senior roles attracting higher salaries and bonus potential, and more women in junior, less well paid roles. So our efforts over this year have been to improve progression of women through our talent pipeline to help reduce the gap, as well as continuing to create a more inclusive culture. I am delighted to have made progress against our gender representation targets at CEO-2 level (two reporting levels away from CEO level), but I am aware that this needs to be sustained through a period of significant change for our business, and that more work is needed at both the Board and Executive Team levels.

Over the last year we have been working with our people across all locations, functions and roles to understand more about their experiences. I held a series of listening sessions and the feedback, honesty and challenge from the people who joined resulted in a set of gender actions appropriate for our future. I heard themes of:

- leadership visibility and accountability
- making our working practices including flexibility and performance management more inclusive
- developing an inclusive leadership capability
- further enhancing our talent and succession approaches.

This is why my co-CEO Martin Gilbert and I continue to personally sponsor the gender action plan, alongside our HM Treasury Women in Finance Charter commitments and our 30% Club CEO pledge.

## What is the gender pay gap?

It is the difference between the average amount that women and men are paid across the whole workforce. Under gender pay reporting regulations introduced in 2017, UK companies with more than 250 employees have to publish their gender pay gap data.

The gender pay gap is not about equal pay for men and women doing the same job, which is legally required. It's a broad measure of gender equality in the workplace, or industry, or society. The gender pay gap can have many causes, such as low representation of women at senior levels or in certain roles.

## How is it calculated?

Every organisation reports their data at a snapshot date of 5 April 2018, for each UK employing entity where there are more than 250 people. We have four separate employing entities that meet this criteria (on page 8). We have also calculated a combined set of figures for Standard Life Aberdeen that we believe provides a more meaningful view of our organisation than the individually reportable data sets.

As calculations are taken at the 5 April 2018 snap shot date, employee data from the Standard Life (Life and Pensions) business, which was sold to Phoenix at the end of August 2018 is included in this published data.

The mean gap is a calculation of the average hourly pay or bonus of a man versus the average hourly pay or bonus of a woman and includes all relevant payments and allowances indicated in the gender pay regulations.

The median gap is a calculation of the exact mid-point between the lowest and highest paid man versus the equivalent woman.

Pay quartiles are calculated by ranking the pay for each employee from lowest to highest. This list is then divided into four equal sized segments and the proportion of men and women in these segments are reported.

### Standard Life Aberdeen (combination of employing entities where over 250 employees – breakdown on page 8)

	Mean Pay Gap	Median Pay Gap	Mean Bonus Gap	Median Bonus Gap
2018	40%	31%	69%	57%

	Women	Men
Proportion of men and women receiving a bonus payment	93%	93%

Proportion and number of men and women in each pay quartile	Women	Men	Quartile pay gap (Mean)
Q4 (upper)	27% (500)	73% (1333)	23%
Q3 (upper middle)	43% (796)	57% (1036)	2%
Q2 (lower middle)	51% (934)	49% (898)	2%
Q1 (lower)	63% (1154)	37% (679)	-2%

The pay gaps at each quartile highlight that our overall gender pay gap is driven mainly from the highest pay quartile, which is heavily male dominated. At the upper middle and lower middle quartiles, where the gender balance is much more equal, there is very little gap. And at the lower quartile, where there are more women than men represented, we see a pay gap in favour of women. The unequal distribution of men and women through our business remains the main driver of our gender pay gap.

This means that as at April 2018, the average of all men's salaries was 40% higher than the average of all of the women's salaries. With more men in the upper quartile (attracting higher salaries and bonuses), the pay gap in this quartile is much higher than the others.

In addition, while this quartile includes our two male CEOs and Executive Board, there are approximately 1800 employees in a range of roles in this quartile, and therefore a significant range of salaries.

At Year 1 snapshot date of April 2017, Standard Life and Aberdeen Asset Management were separate companies. We reported pre-merger data of 42% mean pay gap for Standard Life and 34% mean pay gap for Aberdeen Asset Management. The mean bonus gap was 70% for both organisations

## Our analysis

We are reporting in the context of significant change for our organisation over the period of April 2017 to April 2018. During this period, we completed the merger of Standard Life and Aberdeen Asset Management and, in February 2018, we announced the sale of Standard Life (Life and Pensions) business to Phoenix. With an organisational design that continued to evolve during the period, and no directly comparable year 1 and year 2 data, it's challenging to draw exact conclusions about changes in our pay and bonus gaps. We do know that the structure of our workforce directly influences the gap, and we can track and demonstrate progress in our representation of women at different levels through the organisation (CEO-2, two reporting levels below CEO and below). Our actions this year have grown the pipeline to ensure a more balanced pool of talent for senior roles. This does not replace the need to look at Board and CEO-1(one level below CEO) representation levels directly. Over 2019 we are undertaking some additional analysis on trends relating to root causes of the gender disparity. This analysis will allow us to test what is having the biggest impact on representation of women at different levels and what the impact on our gender pay gap will be based on the interventions and targets we have in place, over the short and medium term.

Level	Target	Current position* (change vs. 2017 data)
Board	33% by June 2020	25% (3 of 12)**
Executive (CEO - 1)***	33% by June 2020	20% (6 of 30)
Executive (CEO - 2)***		36% (74 of 205)
Whole workforce globally	50% by 2020, tolerance of 3%	45% (2,801 of 6,192) -2%
Whole workforce UK	50% by 2020, tolerance of 3%	45% (2,119 of 4,727) -2%

The structure of our workforce also influences our mean and median bonus gaps. Our bonus gap is influenced by two factors:

1. Although the proportion of men and women receiving a bonus is the same, those on a higher salary typically attract a higher bonus award, and as is clear in our pay quartiles, the upper pay quartile is dominated by men (73%)
2. We can only include the actual bonus amounts for those employees who work on a reduced hours basis (mainly women) but are comparing these to full time equivalent bonuses for those who work full time (mainly men). We have 10.4% of employees who choose to work less than full time hours, 90% of whom are women.

The importance of equal and fair treatment is part of the core messaging to our managers who make salary and bonus decisions and is key to the decision making process. We provide benchmarking data and guidance to compensation as part of the process to assist managers to make their decisions in line with principles of fairness, equal opportunities and non-discrimination. We remain confident that our gender pay gap is not the result of a systemic equal pay issue. Subject to employee consultation, we are proposing to harmonise our legacy incentive structures into a single pay plan during 2019. In order to validate the effectiveness of our pay design and pay practices, both in relation to the outcomes of the 2018 compensation review process and ensure that we embed best practice as we transition to the single pay plan, we have engaged an external firm to conduct an equal pay audit across the organisation. This is expected to be undertaken in the second quarter of 2019.

## Our industry

Across the industry, Investment Management organisations reported median and mean pay gaps of around 30% in their year 1 (2017) disclosure, considerably higher than the pay gap across all UK companies (around 14%)<sup>3</sup>. Both Standard Life and Aberdeen Asset Management reported mean and median gaps above 30% in year 1 reporting. Organisations across the industry confirmed the main cause of their gender pay gap was fewer women in senior roles. We are working collaboratively with our industry peers to help to change this, e.g. through HM Treasury Women in Finance Charter, the Diversity Project, Investments 2020, SEO Her Capital, and other routes. We appreciate that, while we all have an individual role to play in reducing our pay gap, we have a responsibility across our industry too.

<sup>3</sup> PWC analysis (Gender Pay Gap Reporting – spotlight on: Investment Management June 2018)

\* 31 December 2018 Data is prepared in accordance with our reporting methodology and the KPIs are within KPMG's limited assurance scope. Both KPMG's limited assurance report and our reporting methodology can be found at [www.standardlifeaberdeen.com/annualreport](http://www.standardlifeaberdeen.com/annualreport)

\*\* Although the percentage is the same compared to 2017 data, our Board composition was different, i.e. 4 women from 16 Board members. Our CFO and CIO, who sit on our Board, are included in both our Board and Executive populations

\*\*\* People employed in roles across the two leadership levels below CEO, excluding admin employees

## What are we doing to tackle our gender pay and bonus gap?

We are confident that the primary cause of our gender pay gap is due to the structure of our workforce. We have an uneven distribution of men and women at different levels and parts of our organisation, with lower representation of women in senior roles and higher representation of women in junior roles. That is why we set targets for representation of women through the Women in Finance Charter commitments, which improved transparency and focus. It's also why the majority of the actions we have taken to tackle the gender pay gap have been focused on improving progression of women through our talent pipeline.

However, the low number of women progressing to our most senior roles is not the only thing that causes the gender pay gap in our industry (and in general). Therefore, we have included actions in our plan to address other contributing factors, such as unconscious bias in our processes and decisions, presenteeism, and support for working parents.

Our gender action plan for 2018/19 was co-created in partnership with people across our organisation, building on steps taken in our first action plan and external benchmarking. It covers 9 areas of focus summarised below. More detail can be found in the published [action plan](#).

### Succession Planning

Diversity focus in executive succession reviews, broader reach across company for talent, and multiple data sources used to assess potential, and challenge assumptions.

### Refresh Criteria for Progression

Remove potential for bias in selection and progression criteria, include inclusive leadership as criteria, and access wider talent pools globally.

### Talent Acceleration

Use development opportunities creatively, offer high-cost development equally, Executive Committee sponsor female succession pipeline, global mobility will better support working families.

### Talent Acquisition

Use agreed set of hiring manager expectations for all senior roles, build on our returnship success to increase number of women joining at mid-career stage.

### Leadership of the Plan

Executive Committee continue to review progress against gender actions quarterly, Nomination and Governance Committee review bi-annually.

### Inclusive Leadership Capability

Raise capability of our leaders around what it means to be inclusive, the impact of negative behaviours and bias.

### Transparency and Accessibility

Publish plans and progress, share best practice happening across our organisation, and raise awareness of working family support.

### Agile Working

Continue to develop broader awareness beyond working parents, support leadership teams to use toolkit.

### Rewarding Outputs

Performance management and recognition processes will measure output not hours in the office.

## Looking forward



Martin Gilbert Co-Chief Executive

The gender pay gap is a measure of how gender balanced our workforce is at all levels. We firmly believe that better gender balance will produce robust decisions in teams, more diversity of thought and perspective, and greater creativity and innovation. All of these things are vital in achieving long-term value and fulfilling our purpose to invest for a better future.

It is critical that we have the right actions and leadership in place to improve our gender balance and make sure these are delivered. But it is not just about having a plan of gender initiatives. Diversity and inclusion has to flow through all of our decisions and actions, and not just from our most senior leaders, but at all levels in the organisation. We are all responsible for creating an inclusive workplace, including supporting a better gender balance, and it's this cultural change that makes the difference.



Go online to view  
[Inclusion vision](#)

## Statutory disclosures

Under the regulations we are required to report our gender pay gap for each of our legal employing entities with more than 250 employees, as at the snap shot date of 5 April 2018.

	Aberdeen Asset Management PLC				Aberdeen Asset Managers Ltd				Standard Life Employee Services Ltd				Standard Life Investments Ltd			
	Median		Mean		Median		Mean		Median		Mean		Median		Mean	
	2018	▲or▼	2018	▲or▼	2018	▲or▼	2018	▲or▼	2018	▲or▼	2018	▲or▼	2018	▲or▼	2018	▲or▼
Gender pay gap	19%	▼1%	30%	▲2%	41%	▲4%	40%	▲3%	30%	▲1%	32%	▼3%	38%	▲1%	45%	▼2%
Gender bonus gap	30%	▼12%	47%	▼25%	72%	▲4%	67%	=	34%	▼1%	63%	▼1%	63%	▼5%	69%	=
Pay quartiles	Female		Male		Female		Male		Female		Male		Female		Male	
Q4 (upper)	30%		70%		15%		85%		32%		68%		20%		80%	
Q3 (upper middle)	43%		57%		30%		70%		45%		55%		37%		63%	
Q2 (lower middle)	59%		41%		46%		54%		57%		43%		50%		50%	
Q1 (lower)	50%		50%		54%		46%		63%		37%		61%		39%	
Proportion receiving a bonus	91%		89%		95%		95%		92%		92%		97%		96%	

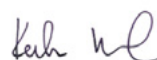
We confirm that the gender pay calculations are accurate and meet the requirements of the Equality Action 2010 (Gender Pay Gap Information) Regulations 2017.



**Martin Gilbert**  
Director, Aberdeen Asset Management PLC



**Mandy Pike**  
Director, Aberdeen Asset Managers Ltd



**Keith Skeoch**  
Director, Standard Life Employees Services Ltd and Standard Life Investments