

# Welcome Gender Pay Gap Reporting Discussion Forum

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# PRESENTING TODAY

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# ABOUT TAPESTRY

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Law firm - global share plans and HR

Advise many leading global companies and administrators

Network of over 100 law firms globally and an online database for global share plans

Multi award-winning!



# AGENDA FOR TODAY'S DISCUSSION

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Gender pay gap  
– Brief overview

Employee  
incentives –  
Particular issues

Key tips

Interactive  
discussion

# GENDER PAY GAP – THE ISSUE

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**16.4%** in EU  
Eurostat  
figures, 2012

Women in UK earn  
**18.1%** less than men  
*Office of National Statistics,  
December 2016*

Over **50 years**  
to bridge gap at  
current rate

# GENDER PAY GAP REPORTING – STORY SO FAR

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01

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February 2016:  
Publication of draft  
regulations and  
consultation

02

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July 2016:  
Final regulations  
were delayed

03

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December 2016:  
Revised regulations  
published

04

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January 2017:  
ACAS / GEO guidance  
published

05

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6 April 2017:  
Final regulations  
come into force

06

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5 April 2017:  
First “snapshot”  
date

07

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4 April 2018:  
First reporting  
deadline

# WHO IS CAUGHT?

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## Companies:

- 250 or more employees
- Group or company by company basis?
- Just UK companies?

## Employees:

- Equality Act 2010 definition:
  - Employees
  - Workers and agency workers
  - Some self-employed individuals
- Part time workers?
- Just UK employees?

# WHAT MUST COMPANIES REPORT?

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- Difference between mean male/female hourly pay
- Difference between median male/female hourly pay
- Difference between mean male/female bonus pay
- Difference between median male/female bonus pay
- Proportion of males/females paid bonus pay
- Proportion of males/females in each pay quartile

# ORDINARY PAY AND BONUS PAY

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## What is “ordinary pay”?

Basic pay, allowances, pay for piecework, pay for leave, shift premium pay

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Money payments only

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Not:

overtime  
payment relating to redundancy or termination of employment  
payment in lieu of leave  
pay not in the form of money

## What is “bonus pay”?

Money, vouchers, securities, securities options or interests in securities

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Relates to profit-sharing, productivity, performance, incentive or commission

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Not:

ordinary pay  
overtime  
pay relating to redundancy or termination of employment

NB: Included as gross figure (i.e. before tax)

# EMPLOYEE INCENTIVES – REPORTING

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## Which metrics?

Bonus pay features in all metrics



## How much is reported?

Amount chargeable to income tax

# EMPLOYEE INCENTIVES – REPORTING

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## What is included?

Option exercises

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Conditional award/RSU vesting

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Restrictions falling away

## What is excluded?

Tax-advantaged plans: SAYE, SIP, CSOP and EMI

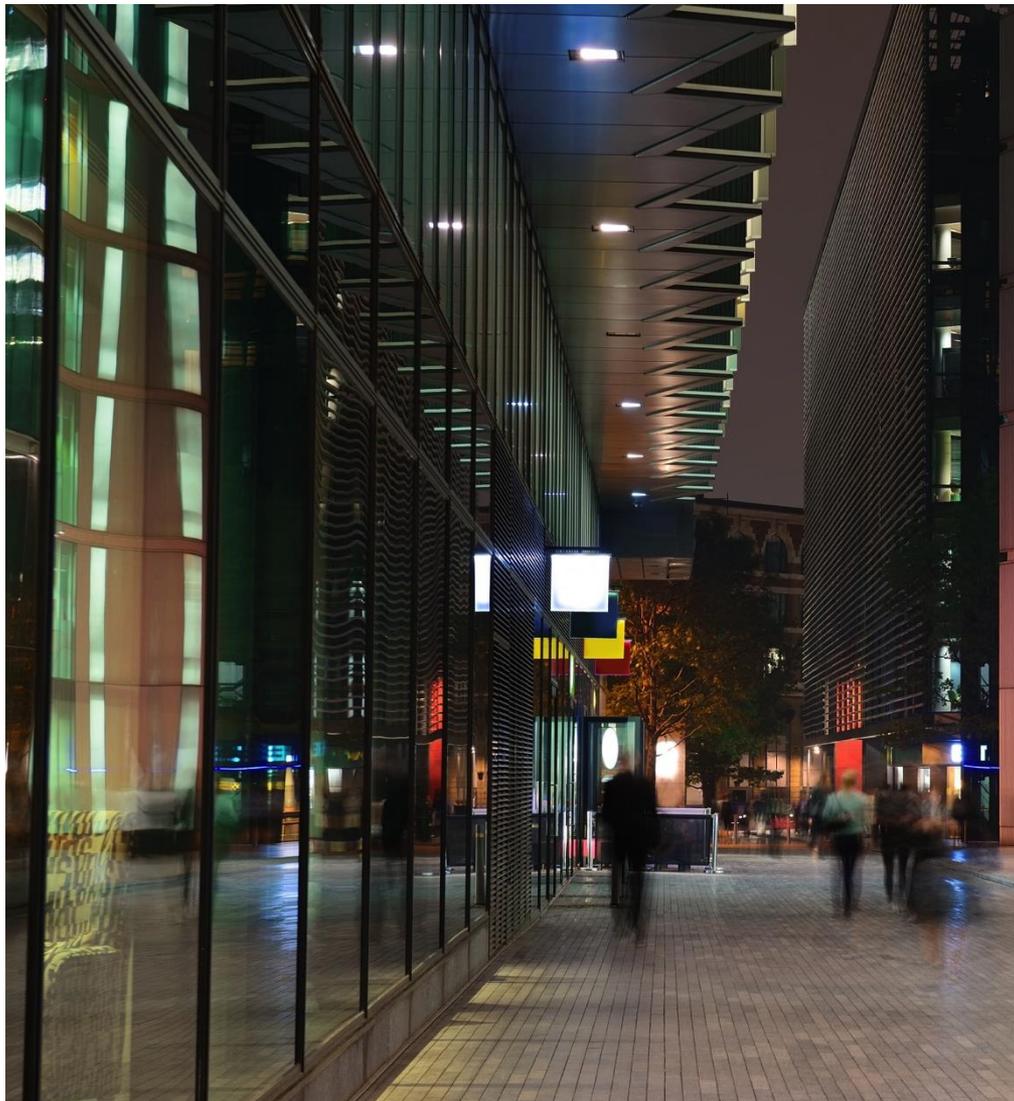
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Plans structured to deliver gains subject to CGT:

- JSOPs
- Growth shares
- Carried interest plans

# EMPLOYEE INCENTIVES – PARTICULAR ISSUES

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## Partnership shares:

- Risk of double-counting?
- Same amount in ordinary pay and bonus pay?
- Is this a significant issue?

## Bonus period for options:

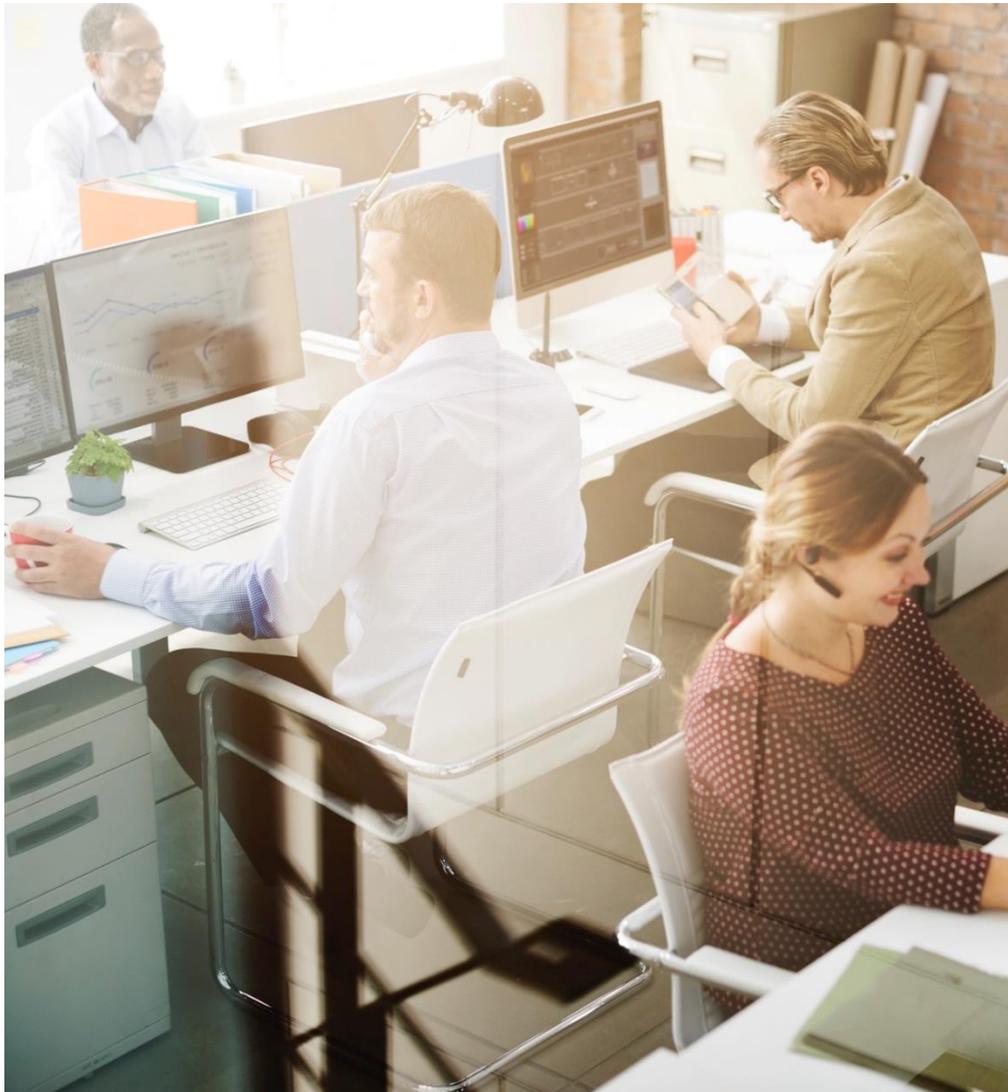
- Grant to vesting or grant to exercise?

## Phantom awards:

- Bonus pay or ordinary pay?

# EMPLOYEE INCENTIVES – PARTICULAR ISSUES

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## Hourly rate metrics – bonus pay in pay period at 5 April only:

- Pro-rated but...
- May include many bonuses
- May skew hourly rate metrics
- Move payment/vesting dates?
- Or just explain?

## Mobile employees:

- Share awards only included if subject to ITEPA
- Impact on metrics

# DISCLOSURE REQUIREMENTS

## What? →

Six metrics reported within 12 months beginning with the relevant 5 April

Signed written statement

Published information is accurate and signed by a senior person, e.g. director of a company

## Where? →

Employer's website

Government website – details expected to be available soon

## How long for? →

Minimum 3 years from publication – may want to keep results available longer

## Sanctions →

Currently none

Reputation?

Shareholder push-back?

Job applicants?

# POTENTIAL IMPACT

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- Exposing barriers to progression for women
- Recruitment, development and retention
- Education
- Re-assessing pay structures
- Flexible working

# FUTURE OF GENDER PAY GAP REPORTING

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Company structures?

Explanatory notes?

Penalties for non-compliance

Further Guidance

Extension into the public sector

Impact of “league tables”



**Let's discuss!**