



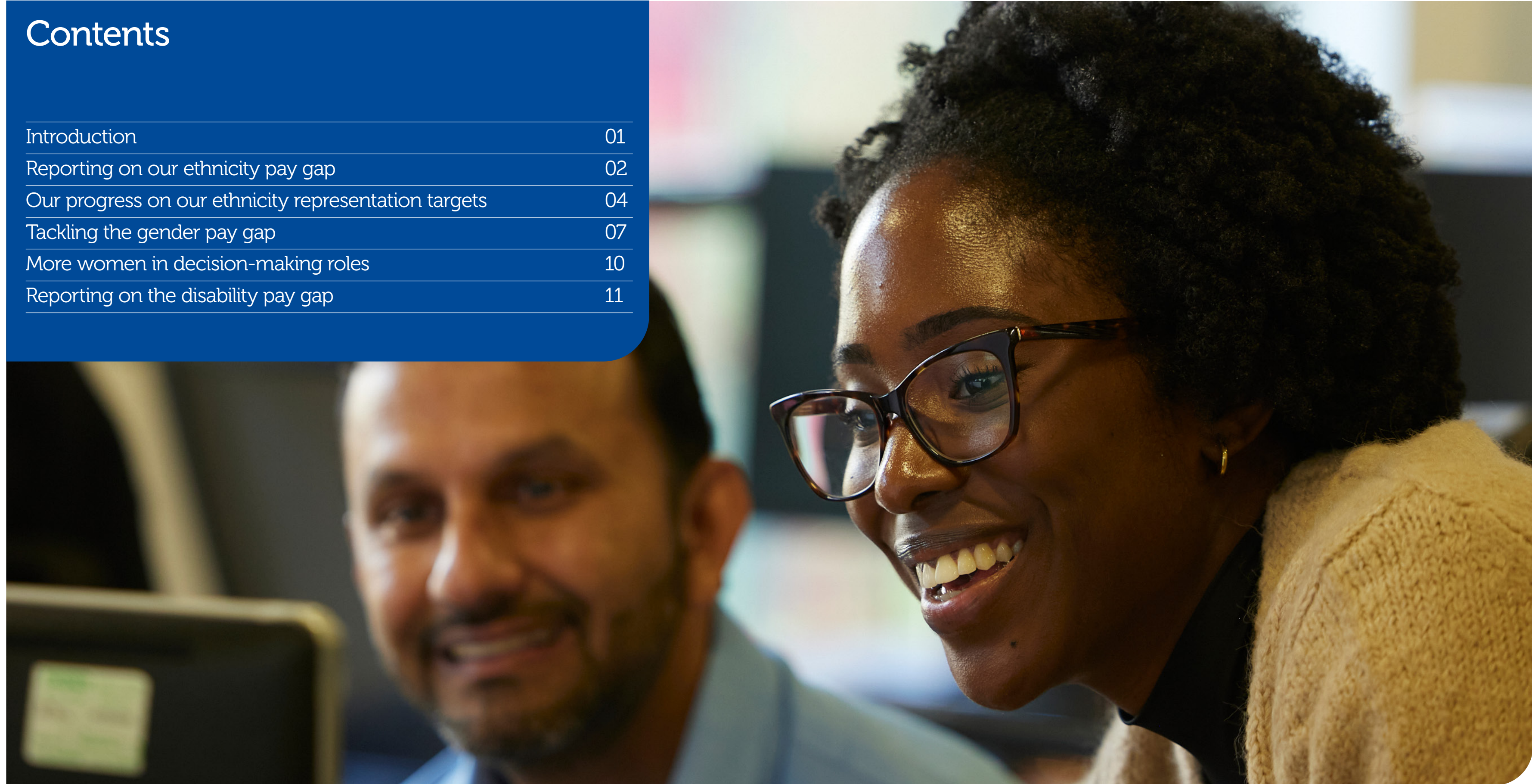
March 2024

# Diversity pay gap report 2023



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# Introduction



Our aim is to create an inclusive culture at the PPF where everyone feels respected and appreciated, and difference is valued. Through monitoring our pay gaps, we can challenge ourselves on whether our people face any barriers to being rewarded appropriately.

**Katherine Easter**, Chief People Officer and interim CEO

We began reporting on our gender pay gap seven years ago and we continue to go beyond statutory requirements by reporting on our ethnicity pay gap, and our disability and long-term health condition pay gap, too.

Although we've improved our gender pay gap over the last seven years, and our progress compares favourably with the financial services sector, it's clear we still have a long way to go to close the gap and that progress is too slow.

Both women and ethnic minority employees are underrepresented in the areas of the PPF that command higher pay and bonuses, such as investment and technology, and that has affected the speed at which we are reducing our pay gaps.

We believe our focus on future leaders through recruiting more people from underrepresented groups at junior levels, nurturing their talent and providing consistent development opportunities will help change our organisation for the better over time.

It is critical for us to be a diverse and inclusive place of work at all levels. In 2020 we set ourselves ambitious three-year ethnicity representation targets. We wanted to push ourselves to make significant improvements to the diversity of our senior management, and it is disappointing to have not reached our goals.

We acknowledge that we need to adapt our approach in order to achieve greater ethnic minority representation among senior managers. The Board, Executive Committee and senior leadership team remain passionate about finding ways to ensure that we deliver on the commitments we made in our Diversity & Inclusion Strategy in 2020.

# Reporting on our ethnicity pay gap

We began reporting voluntarily on our median ethnicity pay gap in 2020 as part of our commitment to be at the forefront of Diversity and Inclusion (D&I) best practice. This gap is the difference in median hourly earnings between white employees and employees from all ethnic minority groups combined<sup>1</sup>. We are disappointed to see an increase from 14.3 per cent in 2022 to 15.9 per cent in the median pay gap this year<sup>2</sup>.

The reason for our high ethnicity pay gap is that most of our senior leaders are white. The proportion of ethnic minority employees in the highest pay quartile is 22.3 per cent, compared with 45.7 per cent in the lowest pay quartile. Our work to bring in diverse talent at junior levels and offering opportunities for development may not see a positive impact on our pay gaps in the short term, but we anticipate these actions will drive long-term change.

The proportion of employees receiving bonus pay has dropped for both ethnic minority employees and white employees since last year, with 75 per cent of ethnic minority employees receiving a bonus, compared with 85 per cent of white employees. Our ethnicity bonus pay gap remains high. One reason for this is that 41 per cent of the ethnic minority employees who did not receive a bonus were new joiners within the first six months of their contract, which meant they were not eligible for bonus pay.

We provide all managers with guidance on how bias can affect decision making at various points of the employee lifecycle including awarding performance ratings which influence pay decisions. We have panels to moderate ratings to ensure consistency in how performance is managed. We frequently review our processes in this area to ensure continual improvement and to challenge ourselves that the right people are getting the right opportunities to excel.

We are aware that ethnic minority employees are still underrepresented in our investment team, an area of the organisation that commands higher pay and bonuses. Attracting diverse talent is a challenge in our industry and the diversity of our investment team reflects the established profile of the sector.

Collecting ethnicity data is essential in monitoring our progress. Some employees who had disclosed their ethnicity last year selected 'Prefer not to say' this year, which has had an impact on the mean bonus pay gap.

When we compare the pay and bonus data of white employees with the same data from employees in the four prescribed ethnic groups listed by the Office of National Statistics<sup>3</sup>, we see that the largest pay gaps exist between our white and black employees. The reason for this is that we don't have enough black representation in senior positions.

1. In the absence of specific guidelines, we've used the same methodology we use to calculate the gender pay gap.
2. Data was taken at 31 March 2023.
3. <https://www.ons.gov.uk/methodology/classificationsandstandards/measuringequality/ethnicgroupnationalidentityandreligion#ethnic-group>

### Ethnic groups: Mean, median and bonus pay

Calculation	Asian/Asian British	Black/Black British	Mixed ethnic group	Other ethnic group	2023	2022
Difference in median hourly rate of pay	13.7%	25.1%	17.9%	-30.6%	15.9%	14.3%
Difference in mean hourly rate of pay	7.5%	25.0%	21.3%	-13.2%	14.6%	14.4%
Difference in median bonus pay	23.9%	51.6%	44.8%	-3.1%	35.5%	31.0%
Difference in mean bonus pay	42.0%	71.0%	72.4%	35.7%	55.7%	41.0%

### Proportion of employees receiving bonus pay

Data was taken at 31 March 2023

#### Ethnic minority

75%

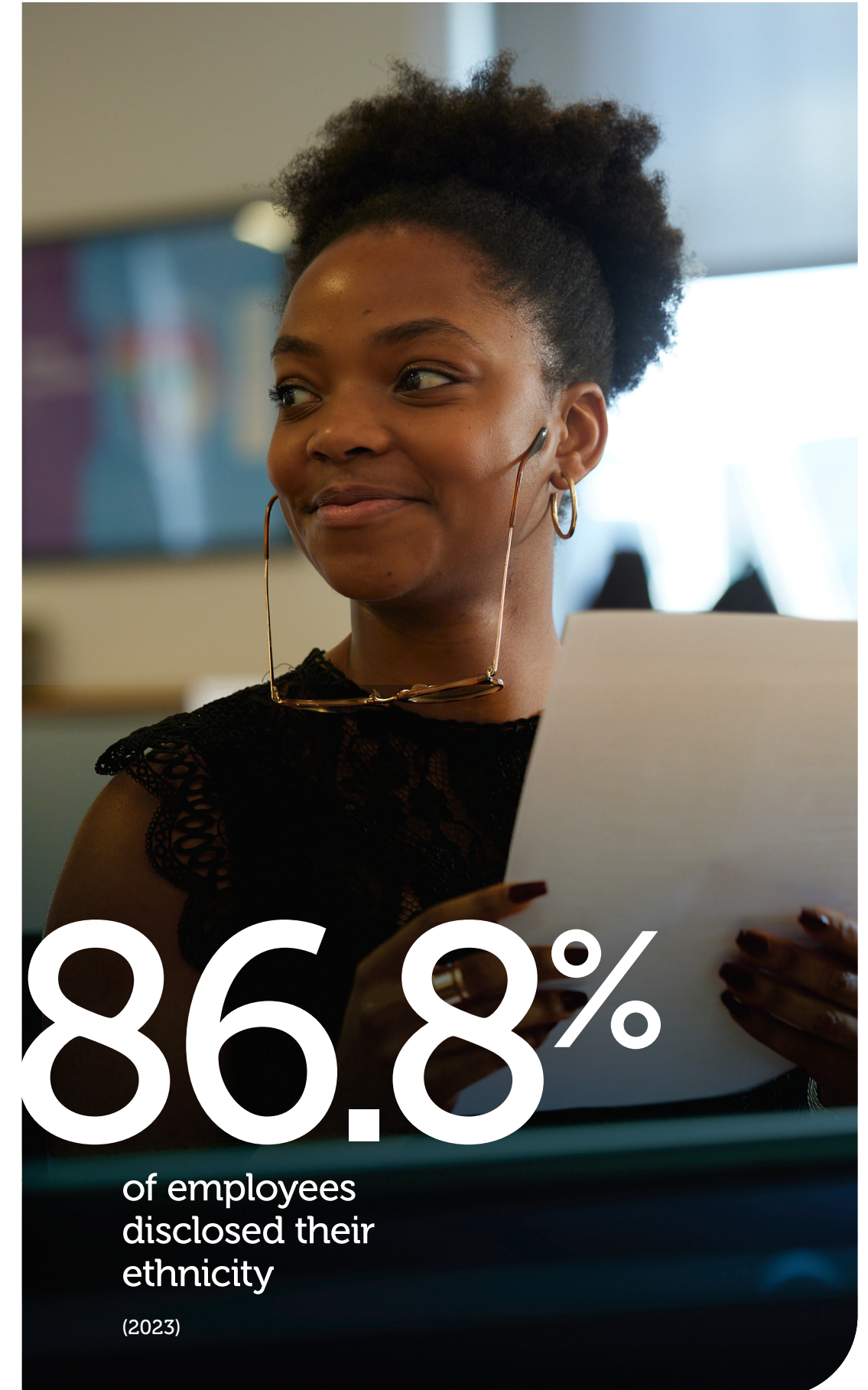


#### White

85%



	Ethnic minority	White
2022	79%	88%
2021	78%	85%
2020	57%	76%



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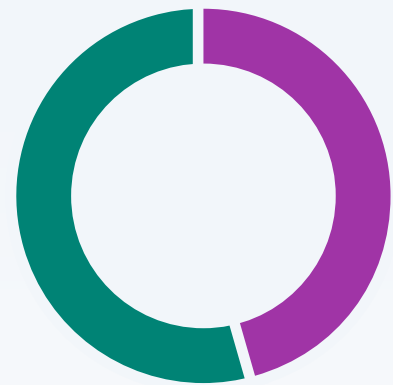
# Reporting on our ethnicity pay gap continued

## Ethnicity representation by quartile

Data was taken at 31 March 2023

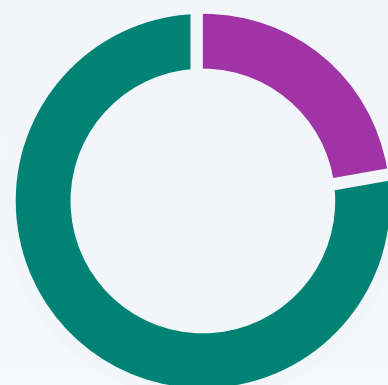
● Ethnic minorities ● White

### Lower pay quartile



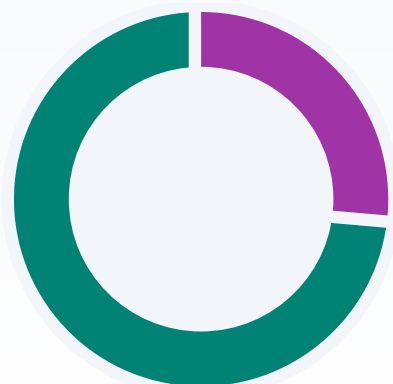
Ethnic minorities  
**45.7%**  
White  
**54.3%**

### Lower middle pay quartile



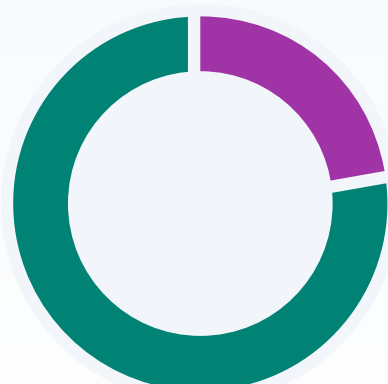
Ethnic minorities  
**22.3%**  
White  
**77.7%**

### Upper middle pay quartile



Ethnic minorities  
**26.6%**  
White  
**73.4%**

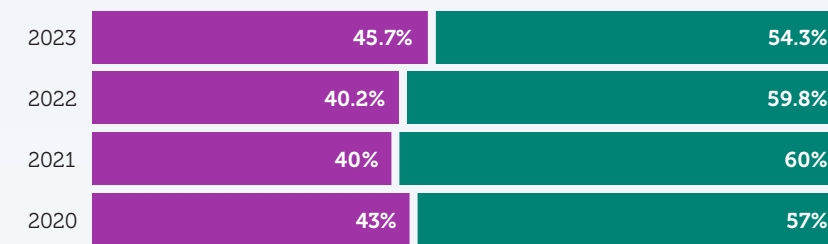
### Upper pay quartile



Ethnic minorities  
**22.3%**  
White  
**77.7%**

## Year-on-year results

### Lower pay quartile



### Lower middle pay quartile



### Upper middle pay quartile



### Upper pay quartile



# Our progress on our ethnicity representation targets

We signed the Business in the Community Race at Work Charter in 2019 and we've been applying its seven standards across the PPF. We want to see our employee population reflect the ethnic diversity of the local area where our head office is based in Croydon, South London.

When we set ourselves ethnicity representation targets in 2020, we felt strongly that it was important to aim high and set targets that would challenge us. Since setting the targets, we've reviewed all our policies and processes, including our recruitment approach, to remove any unintended barriers and make them more inclusive. We also offer a reverse mentoring scheme, which helps to build awareness of the challenges faced by ethnic minority employees, and foster a culture where all experiences, skills and ideas are leveraged.

We are pleased that we reached our target of nine per cent representation of black employees across the PPF in 2023. We set this target because we identified that black people were underrepresented in ethnic minority groups. While ethnic minority representation across the organisation has increased year on year, we did not meet our goal of 30 per cent ethnic minority representation across the organisation by December 2023. The overall proportion of ethnic minority employees was 26.3 per cent in September 2023.

At senior manager level, we missed our targets to achieve 25 per cent ethnic minority representation and 4.4 per cent black representation by December 2023. The proportion of senior managers from an ethnic minority background was 17.5 per cent, and black representation at senior manager level was 1.6 per cent in September 2023. This lack of progress is very disappointing, and we acknowledge that we need to adapt our approach in this area to affect change.

Where we have seen better progress is at Board and Executive Committee level. These decision makers are more diverse groups, but with a smaller population it's easier to make a difference. We're committed to continuing to ensure that we appoint to our senior manager population both via internal promotion and attracting new talent.

## CASE STUDY

Javed joined the PPF's reverse mentoring scheme in February 2023.

"I've thoroughly enjoyed being involved in the reverse mentoring scheme. Paired mentors and mentees meet each other monthly over six months or more, and can benefit from each other's knowledge and skills.

"Meeting people from diverse backgrounds and sharing experiences makes both the mentor and mentee more understanding of diversity and inclusion.

"Providing feedback at the end of the process is always encouraged. My own experience has been positive, and I would certainly encourage others to get involved."

**Javed,**  
Senior accountant



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# Our progress on our ethnicity representation targets continued

Hitting our targets is just one part of measuring our success and we are proud of the work we've done to nurture early-career talent, such as our internal development programmes, coaching and focusing on formal development plans for underrepresented groups.

Our internship and apprenticeship opportunities, including our work with [Investment20/20](#), helps to bring talented young professionals into our industry. We support the [Diversity Project](#), an initiative that champions a more inclusive culture in the savings and investment industry, and this year we also took part in the 10,000 Black Interns Programme, run by the 10,000 Interns Foundation.

When we look at internal movement at the PPF during the year April 2022 to March 2023, 8.7 per cent of ethnic minority employees and 7.9 per cent of white employees were promoted. The higher proportion of ethnic minority employees receiving a promotion reflects our work to attract candidates from underrepresented groups at junior levels and nurture talent with development opportunities.

## CASE STUDY

Olivia joined the PPF as an actuarial intern in July 2023.

"I decided to take an internship at the PPF as I wanted to gain experience in pensions. I work in the actuarial and financial management team, with particular responsibility for annuity valuations, data checking and assumptions reviews.

"My career ambition is to work as an actuary, and my manager has helped me to identify the skills I'd like to develop during my internship. I like how the PPF really values community impact and promotes volunteering."

**Olivia,**  
Actuarial intern



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# The Race at Work Charter – our seven commitments

We signed the Business in the Community Race at Work Charter in 2019 and we've been applying its seven standards across the organisation:



**1** Appointing an executive sponsor for race. Our sponsor is Dana Grey, Chief Risk Officer and Chair of the Diversity and Inclusion Sponsorship Group

**2** Capturing ethnicity data and publicising progress

**3** Committing at board level to a zero-tolerance of harassment and bullying

**4** Making equality in the workplace the responsibility of all leaders and managers

**5** Taking action that supports ethnic minority career progression

**6** Supporting race inclusion allies in the workplace

**7** Including Black, Asian, Mixed Race and other ethnically diverse-led enterprise owners in supply chains

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# Tackling the gender pay gap

While it's positive that our mean gender pay gap is at its lowest since we began reporting on gender pay in 2017, it's frustrating to see our median pay gap increased slightly from 16.6 per cent in 2022 to 17.5 per cent in 2023.

We recognise that there is still a long way to go to close these pay gaps. The gaps exist because our highest paid roles in areas such as investment and technology are overrepresented by men. This reflects gender imbalances inherent in our sector and in wider society, where these are traditionally male-dominated fields.

We know that we still don't have enough women in senior positions, but we continue to act on this and support initiatives driving wider societal change, such as the [Women in Finance Charter](#).

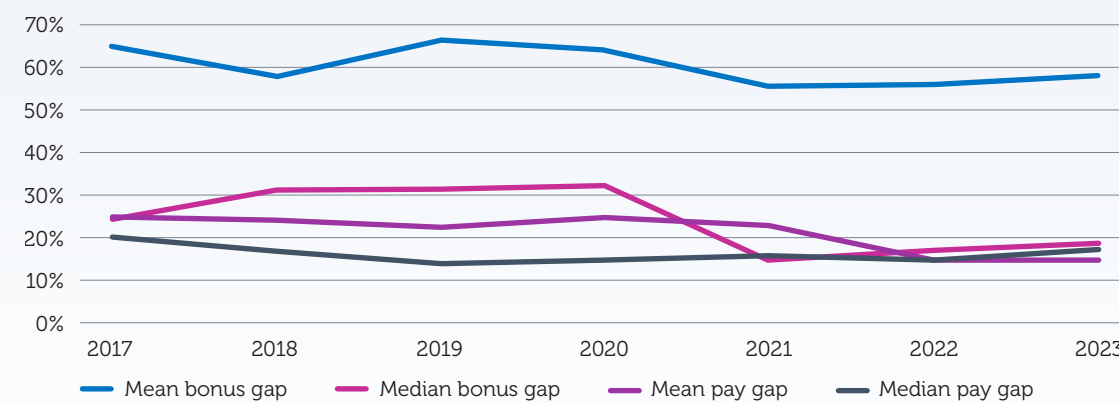
While we are proud of our low levels of staff turnover, this does unfortunately contribute to our slow progress on closing our pay gaps. There was little change to the distribution of men and women across the different levels of the PPF this year.

Another reason our progress on closing the gender pay gap feels slow is that we are not yet seeing the impact of new appointments, such as Michelle Ostermann, our new Chief Executive. As the data for this report was taken at March 2023, Michelle is not included in the data. Michelle joins the PPF in April 2024, so her appointment will not be reflected in our data until our Diversity Pay Gap Report 2025.

Gender: Mean, median and bonus pay

Calculation	2023	2022	2021	2020	2019	2018	2017
Difference in median hourly rate of pay	<b>17.5%</b>	16.6%	15.9%	15.7%	13.4%	17.1%	20.4%
Difference in mean hourly rate of pay	<b>15.8%</b>	16.6%	23.9%	25.0%	22.6%	23.7%	25.0%
Difference in median bonus pay	<b>19.3%</b>	17.6%	16.2%	31.0%	30.7%	30.6%	24.1%
Difference in mean bonus pay	<b>59.8%</b>	57.3%	57.9%	65.1%	66.0%	59.1%	64.3%

Gender pay gap year on year



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# Tackling the gender pay gap continued

When looking at our bonus pay data, we found 84 per cent of men and 81 per cent of women received bonuses in 2023. Unfortunately, there was a slight increase in both the mean and median bonus pay gaps this year.

Our bonus pay gaps are significantly larger than our hourly pay gaps due to the high proportion of men in the investment team, which receives high bonus amounts due to deferral payments being made for performance in previous years. Another contributing factor is that there was a higher proportion of female new joiners, who were not eligible for a bonus in 2023 due to their start date.

As bonuses cannot be reported as full-time equivalent for part-time employees, our greater proportion of part-time female employees may also distort our bonus gaps (26 per cent of women work part-time hours, while only five per cent of men do).

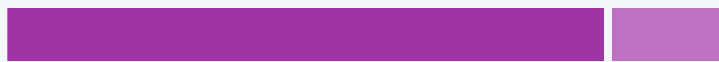
Both our gender pay and bonus gaps have reduced on a mean and median basis since we started reporting on them in 2017, which puts us at the forefront of progress in the financial services sector. The sector as a whole has seen a small improvement in the mean and median pay gaps, and an increase in the median bonus gap during this period.

## Proportion of female and male employees receiving bonus pay

Data was taken at 31 March 2023

Men

**84%**



Women

**81%**



	Men	Women
2022	85%	82%
2021	82%	81%
2020	71%	74%
2019	66%	74%
2018	71%	74%
2017	38%	39%



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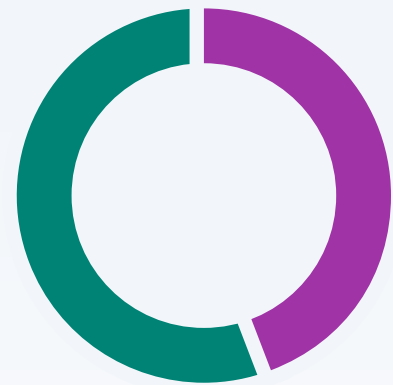
# Tackling the gender pay gap continued

## Gender representation by quartile

Data was taken at 31 March 2023

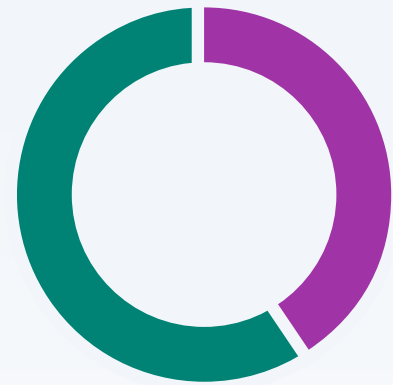
● Male ● Female

### Lower pay quartile



Male  
**44.4%**  
Female  
**55.6%**

### Lower middle pay quartile



Male  
**40.7%**  
Female  
**59.3%**

### Upper middle pay quartile



Male  
**48.6%**  
Female  
**51.4%**

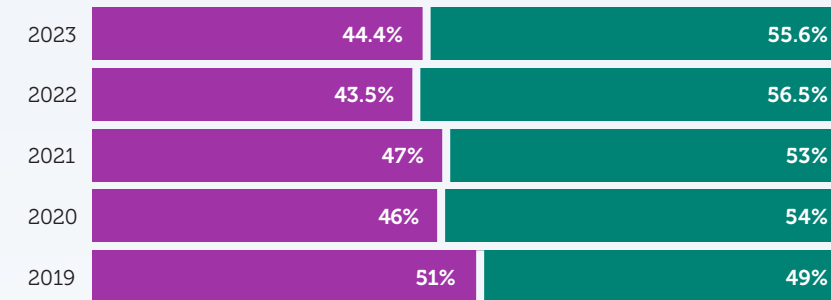
### Upper pay quartile



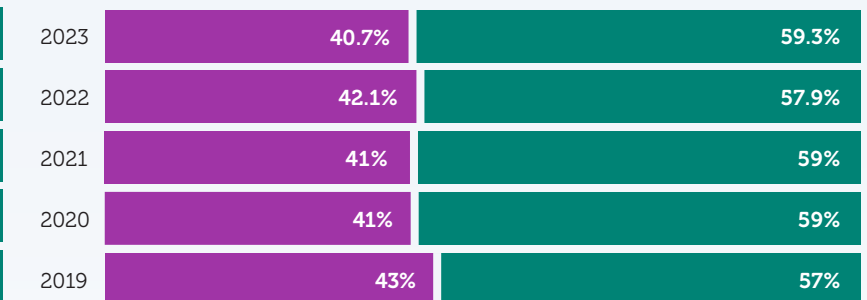
Male  
**60.2%**  
Female  
**39.8%**

## Year-on-year results

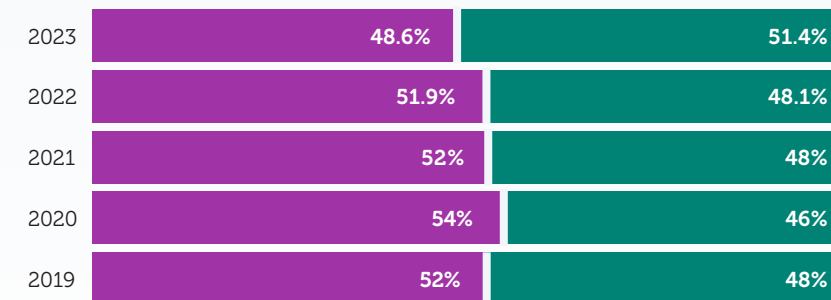
### Lower pay quartile



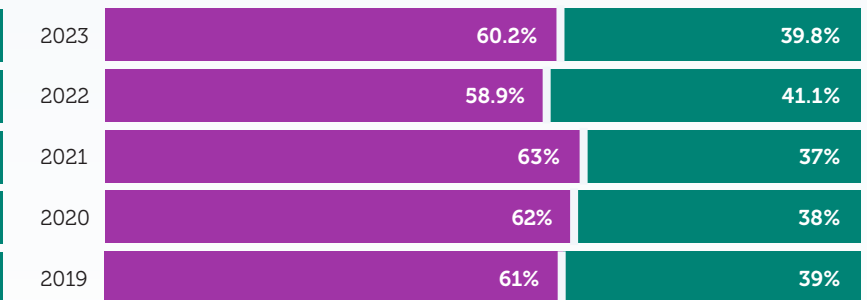
### Lower middle pay quartile



### Upper middle pay quartile



### Upper pay quartile



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# More women in decision-making roles

We are proud that half of our Board members are women, and that women make up 51.6 per cent<sup>1</sup> of the overall number of employees at the PPF.

We signed the [Women in Finance Charter](#) in 2018 and made a commitment to improve the gender balance at senior levels of the PPF. We met our first target to have 40 per cent female representation in senior management by 2021 a year early, and so we increased our target to 45 per cent by December 2023. Although we continued to make progress, sadly, we fell short of this target, with women in 43 per cent of senior manager roles at the end of 2023.

Our small senior leadership team means that even one role change can have a big impact on representation.

We remain positive that we'll continue to make progress in the right direction. As outlined in our [Diversity and Inclusion Strategy](#), we're developing our future female leaders through mentoring, coaching and internal development programmes. We also continue to focus on building our talent pipeline for the future by hiring more women at junior levels. Our ultimate long-term goal is to achieve gender parity at the PPF.

We ensure that we are an employer of choice for women supporting flexible working wherever feasible. We are also focused on creating a menopause-friendly organisation and promoting male allyship.



1. Data taken at the end of March 2023.

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# Reporting on the disability pay gap

This is the second year we're reporting on our disability and long-term health condition (LTHC) pay gap. This year, 83 per cent of PPF employees disclosed whether or not they have a disability or LTHC, with 26 per cent identifying as having a disability or LTHC.

We are delighted to see an improvement in both the median and the mean disability pay gaps, with the median gap at -2.4 per cent in 2023. It's also positive to see that both the mean and median disability bonus pay gaps have decreased since 2022.

# 83%

of PPF employees shared whether or not they have a disability or LTHC

(2023)

### Disability and long-term health conditions: Mean, median and bonus pay

Calculation	2023	2022
Difference in median hourly rate of pay	<b>-2.4%</b>	2.0%
Difference in mean hourly rate of pay	<b>8.2%</b>	11.1%
Difference in median bonus pay	<b>3.3%</b>	4.1%
Difference in mean bonus pay	<b>41.6%</b>	49.3%

### Disability and long-term health conditions representation by quartile

#### Year-on-year results

● No self-certified disability or long-term health condition ● Self-certified disability or long-term health condition

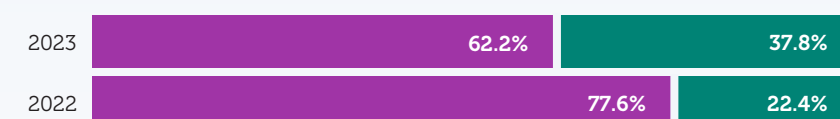
#### Lower pay quartile



#### Lower middle pay quartile



#### Upper middle pay quartile



#### Upper pay quartile



# Reporting on the disability pay gap continued

Our bonus pay figures show that 84.1 per cent of employees who have a disability or long-term health condition received a bonus in 2023, whereas 82.0 per cent of employees who do not have a disability or long-term health condition received bonus pay.

Our success in recruiting and retaining people with disabilities and long-term health conditions has been recognised by the Disability Confident Scheme. We were proud to become a Disability Confident Leader in 2020, and this year we retained our Disability Confident Leader status following an external validation process. We were praised for our dedication and determination to supporting people with disabilities and our desire to continue to develop this support in the future.

### Proportion of employees receiving bonus pay

Self-certified disability or LTHC

**84.1%**



No self-certified disability or LTHC

**82%**



### CASE STUDY

Jodie works as a contact centre advisor in our Scheme & Member Services team.

“The recruitment team at the PPF acknowledged my long-term health condition, and were kind, reassuring and attentive when I applied for a job.

“They ensured I’d be comfortable for my interview so that I could focus on presenting myself as an excellent candidate.

“When I joined my team, everyone supported me with setting up the right equipment and environment. I’ve been really pleased with the flexibility the PPF has offered me when I’ve needed to work remotely or take some recovery time.”

**Jodie,**  
Contact centre advisor

“They ensured I’d be comfortable for my interview so that I could focus on presenting myself as an excellent candidate.”



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Find us on social media to follow our  
progress on diversity and inclusion



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#### Statement

We confirm that the data and information in this statement is accurate. In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 the Pension Protection Fund is required to carry out Gender Pay Gap Reporting.

**Kate Jones,**  
Chair