

Gender Pay Gap Report 2018

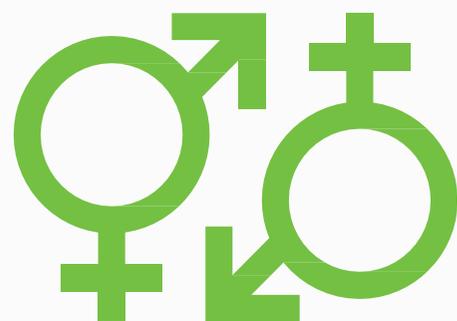
PUBLISHED MARCH 2019



INTRODUCTION



Ken Stannard CEO



Diversity and inclusion continues to be a key area of focus for the CCM management team.

I am pleased to confirm that we have maintained a good gender balance in 2018 with 56% of our workforce comprising female colleagues in 2018, compared to 55% in 2017.

Fairness in reward remains central to CCM's approach and, having undertaken a further thorough review of all roles, **I can confirm that men and women who carry out similar or the same roles continue to be paid equally**, when variations in experience, skills and performance are taken into account.

Our Median Gender Pay Gap is 31% (Mean 58%). This does not mean that people are not paid fairly, it exists because we have a higher proportion of males in senior roles (59% male and 41% female in the highest pay quartile) and a higher proportion of females in junior roles (30% male and 70% female in the lowest pay quartile).

The change in profile of this mix from 2017 has resulted in the 2018 median pay gap increasing from 27% to 31%, and mean pay gap increasing from 46% to 58%.

We recognise therefore that a concerted and sustained effort is required to drive an improved gender balance at the higher levels of the organisation, to develop female talent to strengthen the leadership pipeline and to support families and flexibility in order to retain female talent.

The proportion of both females and males who received a bonus has increased, with 83% of females and 87% of males receiving a bonus in the year to April 2018. This reflects the inclusive eligibility and consistency of application of bonus schemes across the business.

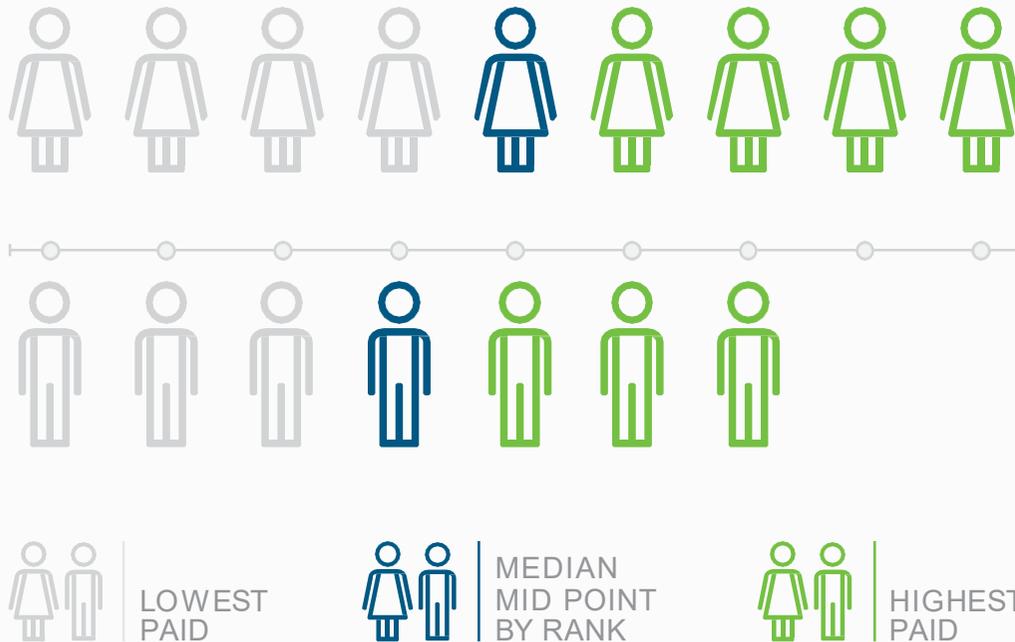
Improving gender balance across our business and levels of seniority remains our priority. We are conscious that there's still some way to go to close our gender pay gap, however we are making progress with three recent female promotions to the Executive team and unconscious bias training being introduced. With the issue now firmly embraced as an integral part of our corporate culture, we are committed to reducing the gap over the long term.

Group CEO
Cabot Credit Management

Please note this report only includes CCM's UK business (Cabot Financial (Europe) Limited) as the employing entity. Wescot and Orbit report separately on Gender Pay Gap. The measurement period is the pay period in which the 5th April 2018 falls.

DEFINITION

MEDIAN GENDER HOURLY RATE OF PAY



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).

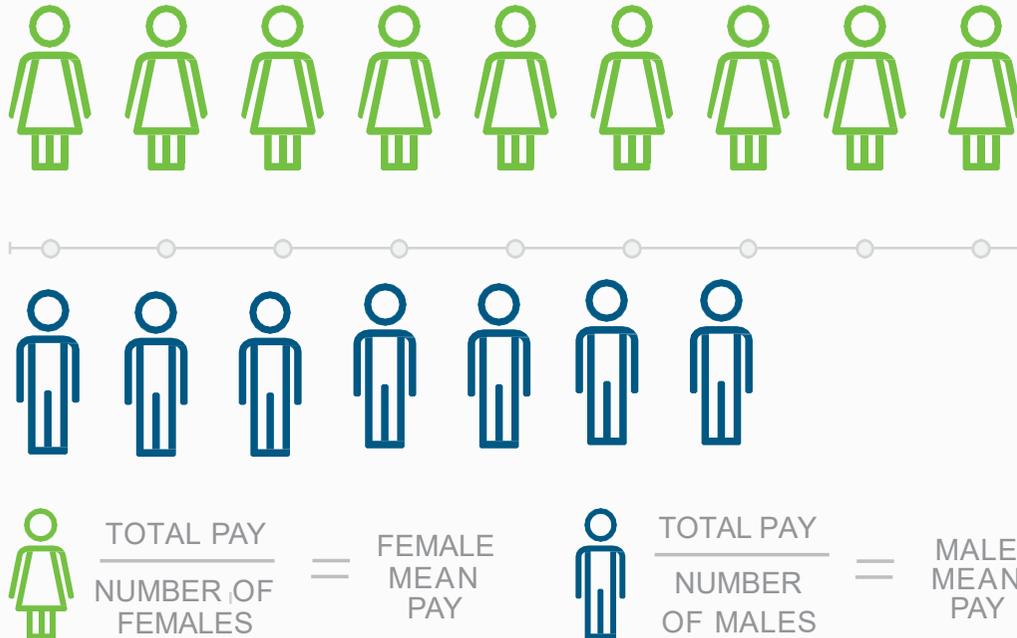
The Median Gender Pay Gap is the female median hourly rate subtracted from the male median hourly rate, divided by the male median hourly rate, multiplied by 100.

The 'measurement period' means the pay period in which the 5th April falls.

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.

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.

The 'measurement period' means the pay period in which the 5th April falls.

DEFINITION

GENDER PAY OR BONUS GAP

$$\left(\left(\text{£XX} - \text{£XX} \right) \div \text{£XX} \right) \times 100 = \text{XX}\%$$



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.

GENDER PAY OR BONUS GAP

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

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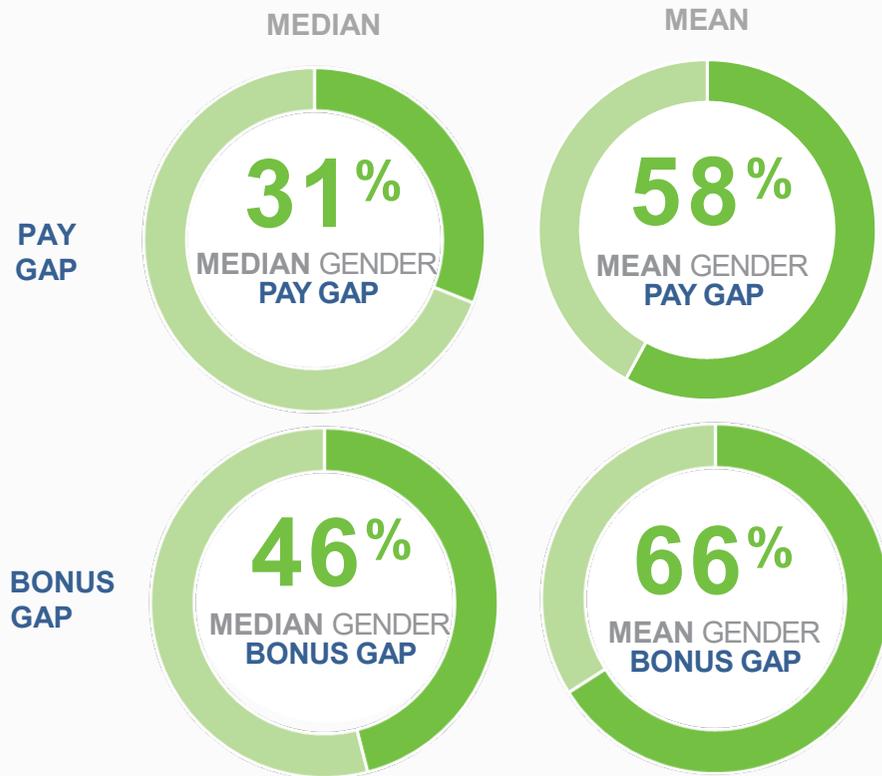
The Mean Gender Pay or Bonus Gap is the female mean hourly rate subtracted from the male mean hourly rate, divided by the male mean hourly rate, multiplied by 100.

‘Pay’ is base salary and ‘Bonus’ is base salary plus any additional bonus payments.

For Pay the ‘measurement period’ means the pay period in which the 5th April falls.

For Bonus the ‘measurement period’ means the 12 months prior to pay period in which the 5th April falls.

GENDER PAY & BONUS GAP

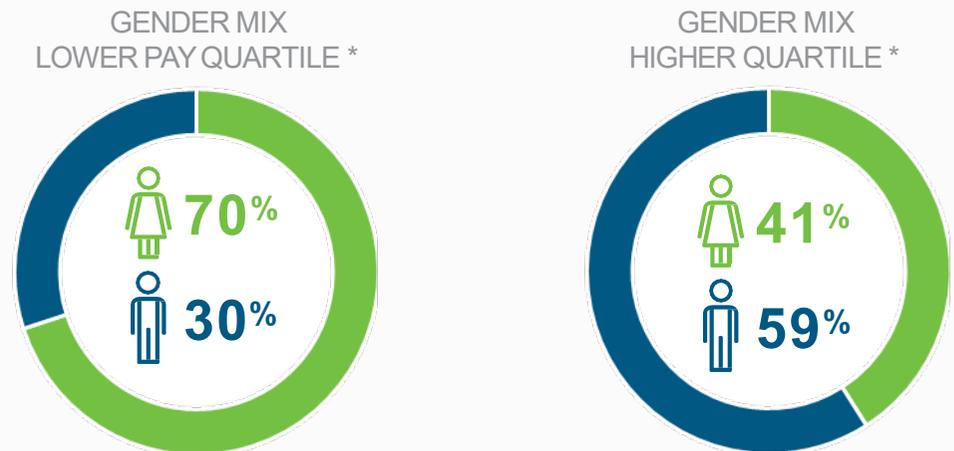


Why is the Gender Bonus Gap higher than the Gender Pay Gap?
 Bonus % increases by seniority of role and therefore the Gender Bonus Gap increases compared to the Gender Pay Gap, reflecting that we have more males in senior positions.

Why is the Mean Gender Gap higher than the Median Gender Gap?
 The Mean (average) as a calculation is more sensitive to having more males in senior positions, hence leading to a higher result. Where the Median (mid-point) being based on a rank of employees, leads to a lower result.

WHY?

The gender pay gap is as a result of us having more males in the higher pay quartile (senior management positions) and more females in the lower pay quartile (junior positions).



* Please see Gender Mix in Pay Quartiles for full details

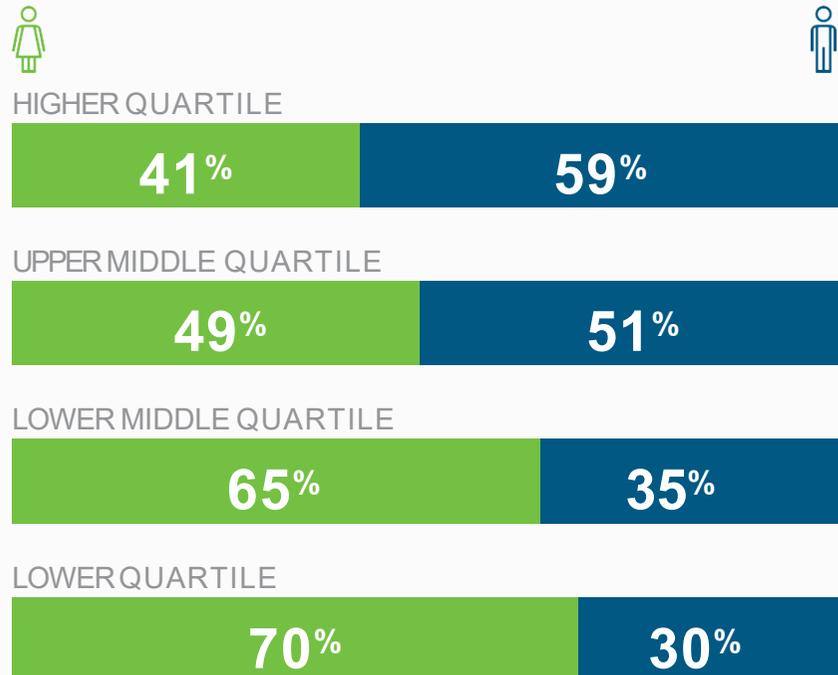
We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

GENDER MIX

OVERALL GENDER MIX



GENDER IN EACH PAY QUARTILE



Whilst the overall gender mix is 56% females and 44% males, the male % is more in the higher pay quartiles and the female % is more in the lower pay 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.

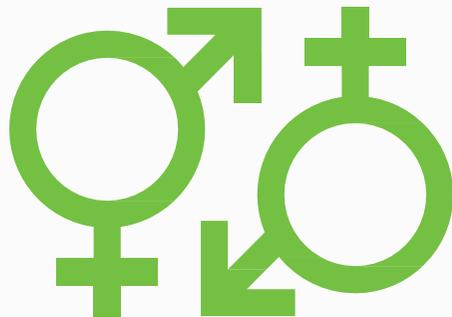
GENDER MIX OF THOSE RECEIVING A BONUS



The proportion of females and males who received a bonus in CCM is females 83% and males 87%.

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

The measurement period is 12 months ending the 5th April 2018.



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 pride ourselves in having fairness in reward and 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.

Whilst we have a good overall gender balance (56% females and 44% males), we recognise there are more females carrying out junior roles and more males carrying out senior roles, which has resulted in our 31% Median Gender Pay Gap. This is still an ongoing opportunity for us to improve upon.

We are committed to improve the mix of males and females in managerial positions and specialist roles, specifically in Senior Management roles, and also within Information Technology and Analytics.

Present CCM practice which supports fairness and equal pay:

- All senior managers to receive unconscious bias training.
- Ensuring we have female candidate representation in our senior manager and above hiring campaigns.
- Recruitment is based on competency and our focus is on finding the best person for the role, regardless of gender.
- Reward and recognition is consistently based on the assessment of skills and performance.
- All UK employees are appraised at least twice a year.
- Our base pay in most roles at the Skilled and Technical, and Team Leader grade are part of a competency pay ladder, transparently linking pay with progression in skills and performance.
- Appraisals (assessments of performance) directly inform the pay review and bonus processes.
- As of April 2018 all UK employees are eligible to participate in a bonus scheme.
- Flexible working is available and part time workers form 10% of our workforce, of which 94% are women.
- There is equal access to training and development, regardless of gender.

Our commitments Progress against our initiatives to improve gender balance in our organisation :

A number of areas of focus were identified last year where we committed to look to take tangible actions to enable us to achieve our shared goal of improving the gender mix in senior positions and in specialist technical functions.

Progress in these areas and key areas of focus for 2019 are noted.



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, along with launching a Career Re-ignition Programme to support women returning to work and aimed for a 50:50 gender mix in our internal and external succession plans for senior roles.
- **Update:** Participation in development and apprenticeship programmes is considered to be reflective of gender mix in the business at 54% average female participation, whilst female appointments to senior roles have been supported. The Cabot Career Re-ignition Programme has had a soft launch with more focus planned this year.



Inspire & support women

- **Target:** We planned to share stories of success for women and to work with the group to develop an internal female mentorship programme.
- **Update:** There has been engagement across the Group to connect senior females and we are in the early stages of developing a “Women in Finance” forum. We are pleased to report that we have promoted 3 internal female appointments to the Cabot Credit Management Group Executive.



Challenge behaviours

- **Target:** We targeted an incorporation into management training of a focus on unconscious bias, to limit the risk of this occurring.
- **Update:** All Senior Managers and Executive team are scheduled to attend unconscious bias training in 2019.



Measure & reward progress

- **Target:** Reporting on gender diversity and inclusion metrics would be promoted and gender diversity goals incorporated into senior management objectives.
- **Update:** Gender reporting metrics have been updated. Diversity and inclusion is promoted and included in 2019 Senior Manager objectives.

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