

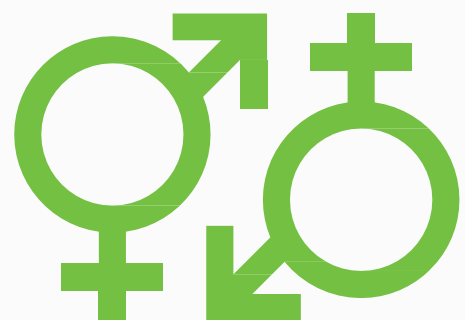
Gender Pay Gap Report 2020



INTRODUCTION



CRAIG BUICK CEO



At Cabot Financial Europe (CFE), being inclusive and collaborative aren't just nice-to-haves, they are critical ingredients to our values, what we stand for and our success. In this spirit, we are continually analysing our gender pay gap data and 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 to ensure 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. Despite financial services traditionally having a stronger male contingent, I am pleased to say that we have maintained a good gender balance at CFE over the last year with 54 per cent of our workforce now comprising of female colleagues.

In 2020 we engaged an external company to help us understand our culture more fully in particular how it is experienced by females within our workforce. One area in which we do still have an imbalance is with the higher proportion of males in senior roles (64% male and 36% female in the highest paid quartile). This results in our median gender pay gap being 26% (Mean 73%). Positively, the median pay gap decreased from 27% in 2019, however the mean pay gap increased from 61% to 73% over the same period.

We are aware there is more work for us to do in this area and with this in mind we have introduced the requirement for gender balanced candidate slates and interview panels for all roles across the organisation. We are continually looking for opportunities to invest in the development of our female talent to build up their experience and knowledge to better position them for succession opportunities in the future.

We care about our colleagues and are passionate about attracting and developing a diverse range of talent and rewarding them fairly and effectively. We have introduced a centralised reward team, and carried out a read across exercise to create visibility of the alignment of roles across all Cabot business units. This forms the basis of our reward strategy moving forward.

We 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. From this, we developed a formal process for sizing roles as part of our recruitment process. This will ensure that we have consistent and objective data points when making reward decisions.

We are gaining a deeper understanding of the gender pay gap every year and as a company we are keen to address these challenges head on and in so doing we create a better way forward for all our colleagues.

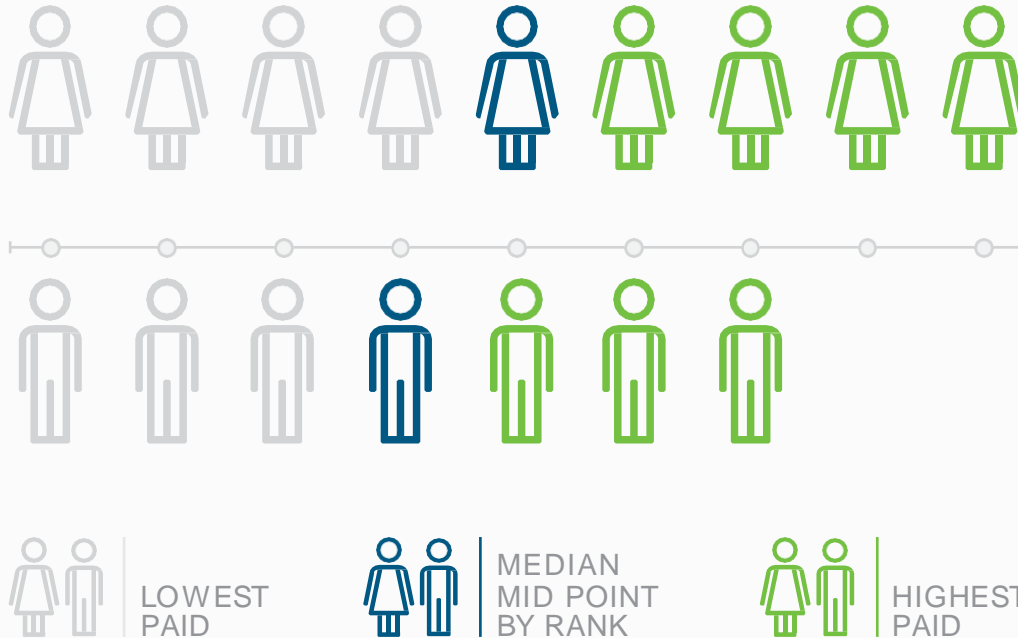


Group CEO
Cabot Credit Management

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 2020 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).

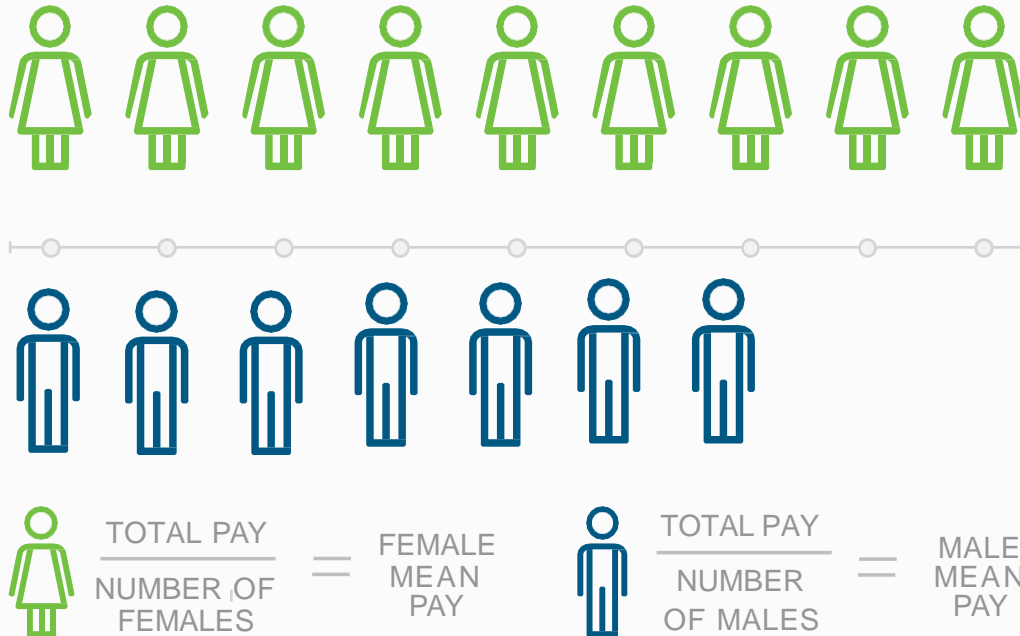
The Median Gender Pay Gap is the female median hourly rate subtracted from the male median hourly rate, divided by the male median hourly rate, multiplied by 100.

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

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



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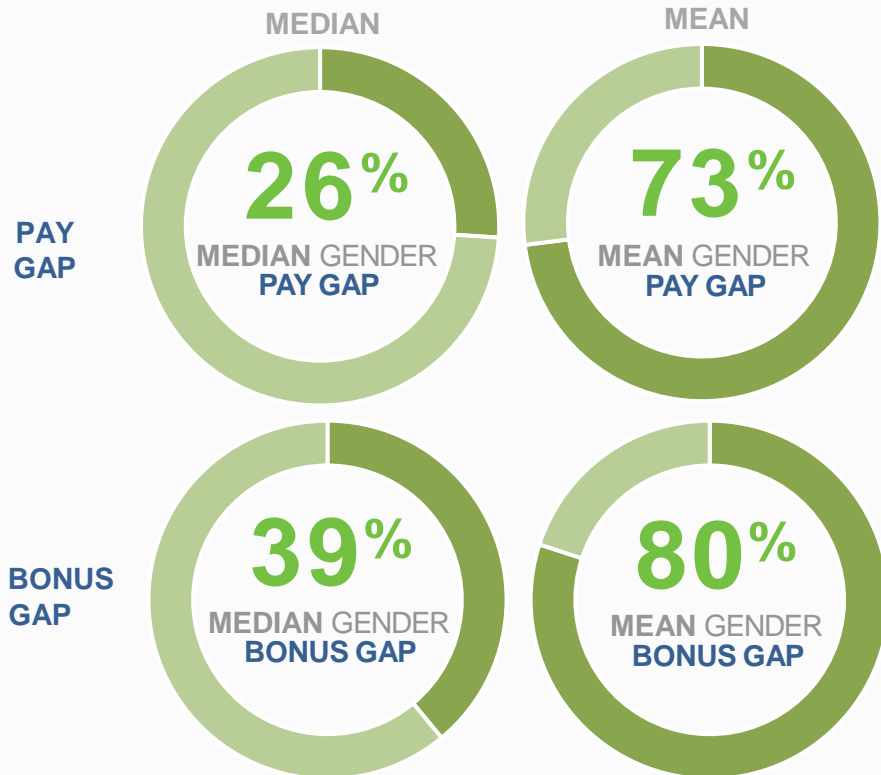
The Mean Gender Pay or Bonus Gap is the female mean hourly rate subtracted from the male mean hourly rate, divided by the male mean hourly rate, multiplied by 100.

‘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

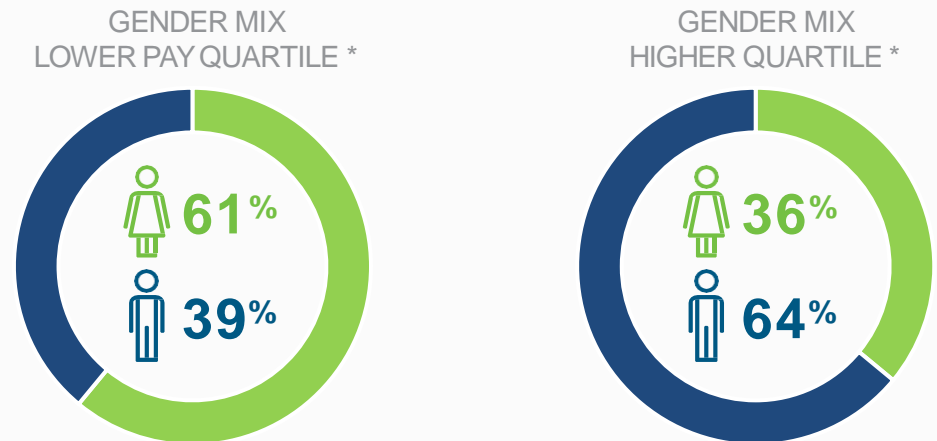


Why is the Gender Bonus Gap higher than the Gender Pay Gap?
 Bonus % increases by seniority of role and therefore the Gender Bonus Gap increases compared to the Gender Pay Gap, reflecting that we have more males in senior positions.

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

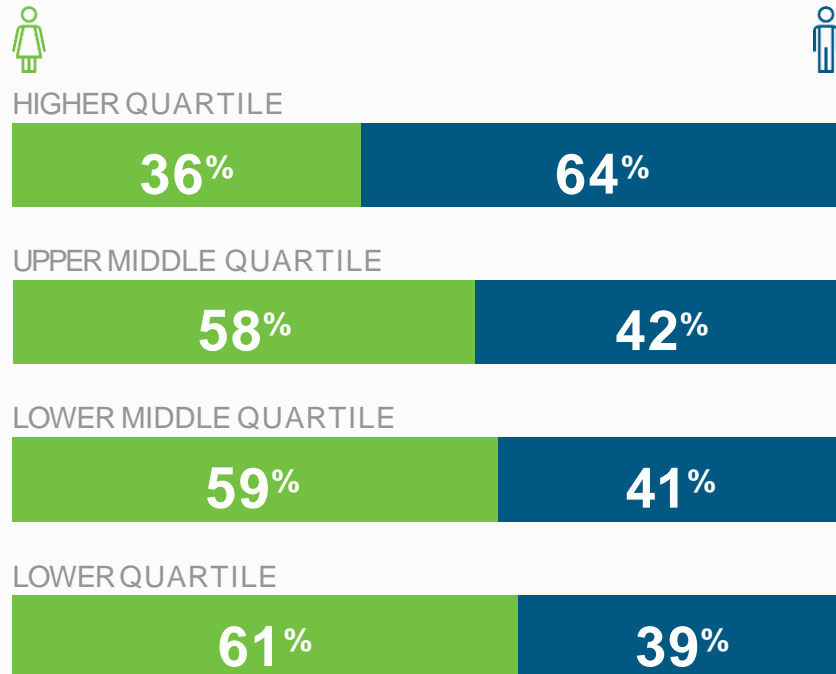
We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

GENDER MIX

OVERALL GENDER MIX



GENDER IN EACH PAY QUARTILE

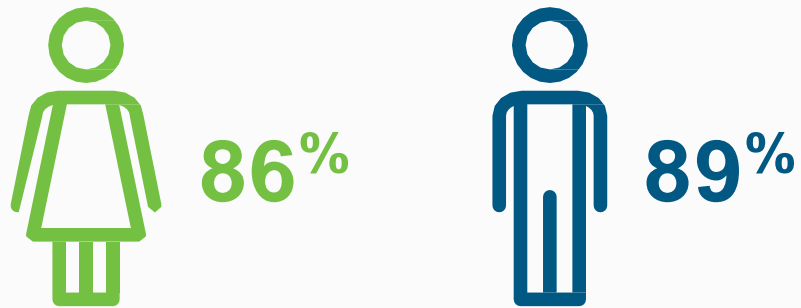


Whilst the overall gender mix is 54% females and 46% males, there are more males in the higher pay quartile and more females in the lower pay quartiles.

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.

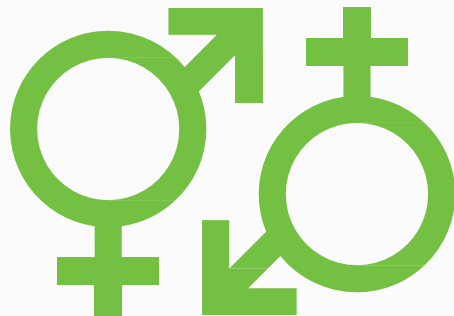
GENDER MIX OF THOSE RECEIVING A BONUS



The proportion of females and males who received a bonus in CCM is females 86% and males 89%.

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

The measurement period is 12 months ending the 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 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 (54% females and 46% males), we recognise there are more females carrying out junior roles and more males carrying out senior roles, which has resulted in our 26% 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.

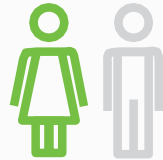
Present CCM practice which supports fairness and equal pay:

- 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 2019 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 90% 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 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 2021 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. We aspire to a 50:50 gender mix in our succession plans for senior roles.
- **Update:** Female participation in development and apprenticeship programs has been higher than the gender mix in the business at 62% participation. Female appointments to senior roles remain supported by a target to have 50% representation on shortlists.



Inspire & support women

- **Target:** We planned to share stories of successful women and to develop an internal female mentorship programme.
- **Update:** While we have organized virtual discussion sessions for women in leadership to meet with interested individuals, this is only in it's pilot stage, the intention is to hold more of these throughout 2021, opening up the opportunity for more women to connect.



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:** We have established a Diversity and Inclusion Steering Group to hold the business accountable and to drive sustainable, systematic changes in our behaviours, processes and procedures. Meetings protocols to encourage more inclusive meetings were introduced and D&I questions included in our engagement survey (score = 84.2%)



Measure & reward progress

- **Target:** Reporting on gender D&I metrics would be promoted and gender diversity goals incorporated into senior management objectives.
- **Update:** We continue to evolve and improve our reporting upon gender diversity and inclusion metrics. We have introduced regular recruitment activity reporting for our monthly Executive meetings, highlighting where gender imbalances are evident in our candidate slates. We have introduced 'cultural' metrics to our balanced bonus scorecard, focused on achieving a 50:50 candidate pool and improving our inclusive behaviours.

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