

THE IA GENDER PAY GAP REPORT

PUBLISHED FEBRUARY 2021

THE
INVESTMENT
ASSOCIATION

The Investment Association (IA) is committed to playing its part in creating a diverse and inclusive UK investment management industry at all levels. This includes supporting the Hampton-Alexander review's ambition to increase women on boards across the FTSE 350 and to increase female representation in Executive Committees and their direct reports.

As the representative body for the industry, we feel we should also demonstrate our own record on diversity. And so for the third year we are voluntarily publishing our own gender pay gap report. This is mandatory for companies of more than 250 staff. As the voice of the industry, and despite having fewer than 250 staff, we felt it was important for us to publish our own gender pay gap. Greater transparency is key in helping to drive change and increase gender diversity across all jobs and levels of an organisation.

THE IA'S 2020 GENDER PAY GAP

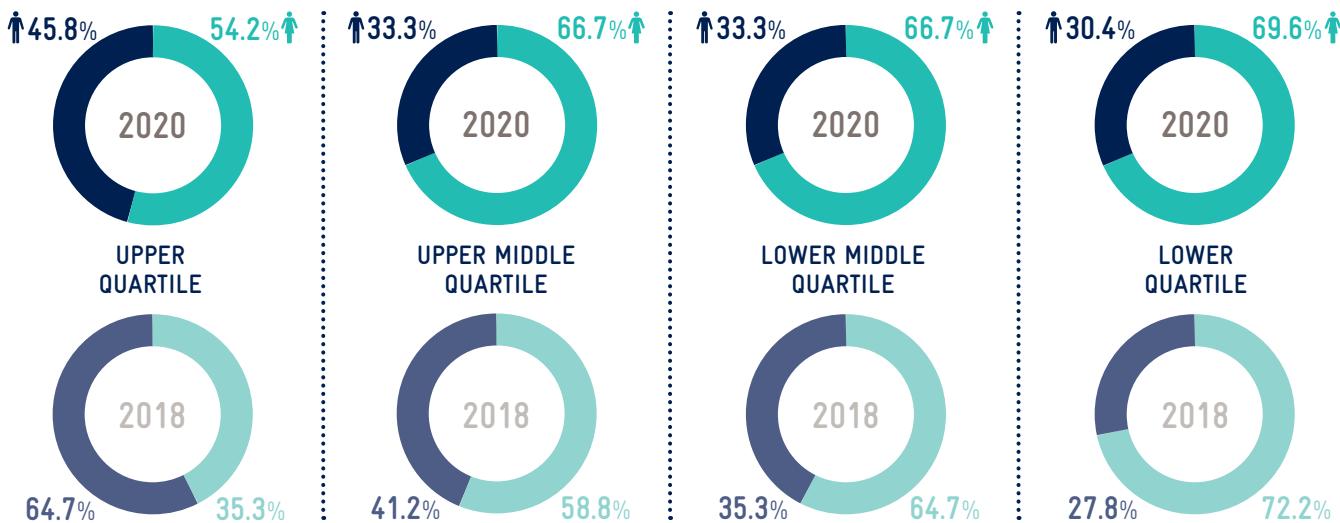
This year's data relates to the IA's 95-strong workforce on 5 April 2020, the 'snapshot date' which all companies are required to focus on. On this date, the IA had a gender pay gap of 14.9% (median) and 26.6% (mean). This is progress on 2019's gender pay gap, and a significant reduction from where we started in 2018, where our gap was 31.9% (median) and 38.5% (mean).

This progress is welcome, but we would like to see the gap continue to close in the future.

The chart below sets out the percentage of male and female staff in each pay quartile at the IA. This shows more than half (54.2%) of the upper quartile at the IA in 2020 was female, compared to 35% in 2018. This result demonstrates our ongoing commitment to HM Treasury's Women in Finance Charter and promoting gender diversity at the very top of the IA. The increase in female employees at higher levels of the organisation is also noticeable in the upper middle quartile, where the percentage of female employees has risen from 59% to 67% since 2018.

While we have more women overall in all pay quartiles, the significantly larger proportion of women than men in the lower quartile of pay continues to exacerbate the gender pay gap. The proportion of men in the lower quartile has risen since 2018 and this is helping narrow the gender pay gap, however we will continue to

PERCENTAGE OF MALE AND FEMALE STAFF IN EACH PAY QUARTILE AT THE IA



look at ways to advertise roles in the lower quartile of pay in a more gender neutral way to ensure more equal representation in this quartile.

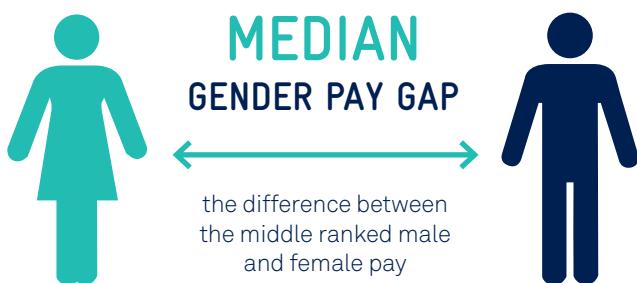
On the snapshot date of 5 April 2020, the IA had a bonus gap of 30% (median) and 65% (mean). This compares with 44.7% (median) and 63.7% (mean) in 2018. While we have more women overall in all pay quartiles, the slight rise in the mean bonus gap could be attributable to the significantly larger proportion of women in the lower quartiles of pay, and the significantly larger bonuses received by some men in upper quartiles.

2020
30.0%
MEDIAN BONUS GAP

2018
44.7%

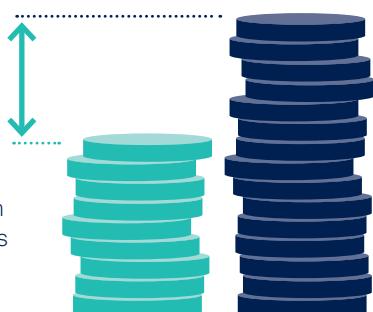
2020
65.0%
MEAN BONUS GAP

2018
63.7%



MEAN GENDER PAY GAP

the difference between average hourly earnings of men and women



WHAT WE ARE DOING TO CLOSE THE GAP

As the champions of the investment management industry supporting millions of savers, investors, and businesses, it is vital the IA and our wider industry reflects the society we serve. Despite our continued positive trajectory this year, building on the positive results in our gender pay gap figures in 2019, we still have more to do to improve gender and wider diversity across the board, to attract and retain the best people.

No single action will close this gap. That's why we are taking action to increase diversity at all levels:

» **Encouraging the next generation** – Investment 20/20 – the IA's talent programme – provides trainee and apprenticeship opportunities for individuals from diverse backgrounds who might not have otherwise considered a career in investment management. Investment20/20 trainees regularly start their career at the IA too, as well as within our members firms. The IA currently employs 2 Investment20/20 trainees (and continues to employ 4 alumni from the Investment20/20 programme). Employing more men at entry-level could also help narrow the gender pay gap.

» **Supporting a diverse culture** – the IA follows the Diversity Project's Principles which includes setting diversity goals to be measured annually and to review recruitment and promotion practices to promote inclusion. The IA's Executive Committee

has the diversity of their teams as part of their annual KPIs, which in turn affects their bonus and remuneration. We also run an annual equality and diversity staff survey that informs our equality, diversity and inclusion strategy.

» **Championing flexible working** – attracting and retaining the best people means offering men and women the opportunity and support they need to balance family care with their careers. Nearly a sixth (14.5%) of IA staff work part time, and working from home or flexible hours has always been part of our offering to staff, even before the COVID-19 pandemic. We will continue to identify ways for employees to work more flexibly.

» **Identifying best practice** – In March 2019 the IA launched 'Closing the Gap', a guide that sought to help businesses understand the factors that may contribute to the gender pay gap and how firms across the investment industry can take proactive steps to address their own pay gaps. We followed this in May 2020 with 'Addressing the gender pay gap', a report showcasing current successful industry initiatives to address the gender pay gap across investment management.

» **Implementing best practice** – we will continue to ensure we implement best practice in the way we attract, recruit, develop and reward our teams.

ANNEX

GENDER PAY GAP REPORTING

	2020	2019	2018
The mean gender pay gap	26.6%	30.3%	38.5%
The median gender pay gap	14.9%	15.9%	31.9%
The mean bonus pay gap	65.0%	65.6%	63.7%
The median bonus pay gap	30.0%	31.3%	44.7%
Males and females receiving any bonus pay	76.5% Male 87.7% Female	93.8% Male 75.4% Female	82.8% male 75.0% female
Quartile distributions:			
Lower	30.4% Male 69.6% Female	30.4% Male 69.6% Female	27.8% male 72.2% female
Lower middle	33.3% Male 66.7% Female	31.8% Male 68.2% Female	35.3% male 64.7% female
Upper middle	33.3% Male 66.7% Female	31.8% Male 68.2% Female	41.2% male 58.8% female
Upper	45.8% Male 54.2% Female	50.0% Male 50.0% Female	64.7% male 35.3% female