

THE IA PAY GAP REPORT 2023



PUBLISHED APRIL 2024

Since 2017, we have taken the decision to self-report our gender pay gap data. While we are not required to do so and disclosing this information is only a mandatory requirement for companies with 250 employees or more, we are aware of the importance of transparency in creating a culture of inclusion and diversity and achieving gender equality in the workforce. Last year, for the first time we also voluntarily published our ethnicity pay gap report and have done so again this year.

Over recent years, the IA has taken tangible steps to improve equality, diversity and inclusion within the organisation. However, translating this progress into tackling the gender and ethnicity pay gap has been more challenging. As a small organisation of 94 people on 5 April 2023, a few individuals have a significant impact on both the gender and ethnicity pay gaps, in particular as the IA's CEO and Deputy CEO identify as white men.

THE IA'S 2023 GENDER PAY GAP

On 5 April 2023, the IA had a gender pay gap of 27.2% (median), and 27.7% (mean). This represents a decrease from last year's figures of 34.7% (median) and 31.8% (mean). Our findings show that we still need to do more to close the gap.

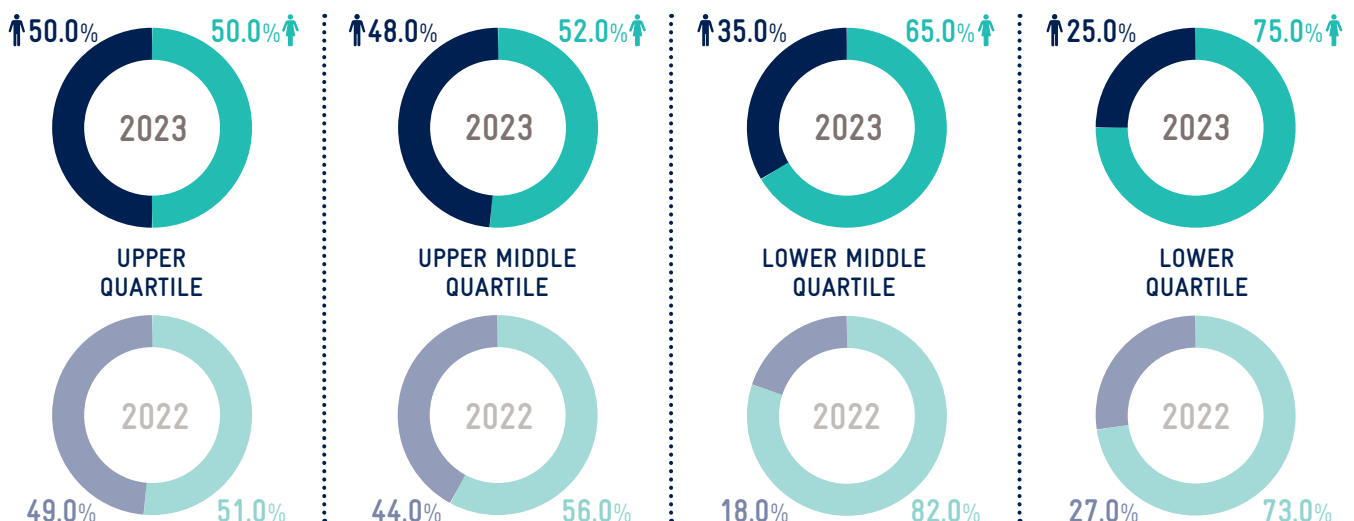
With a workforce which is 61% female, the smaller number of males has a disproportionate impact on our gender pay gap. Our CEO and Deputy CEO's salaries significantly impact the pay gap, as both positions are currently held by men. If the position of CEO were held by a woman, our mean gender pay gap would fall to 3.2%.

While we have an equal number of men and women in upper quartile positions, we currently have a higher number of women in all other roles – that is entry level professional roles and administrative positions, which compounds the difference. Both upper middle and

lower middle quarter positions currently skew female at 52% and 65% respectively. Although having a higher percentage of females in entry-level professional roles contributes to the overall gender pay gap, the IA provides a valuable platform for those looking to launch their careers in investment management, helping bring more women into the industry.

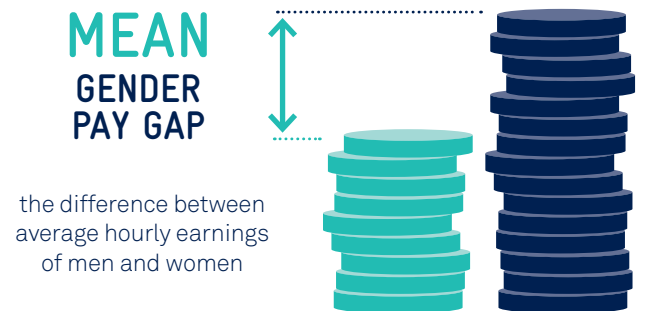
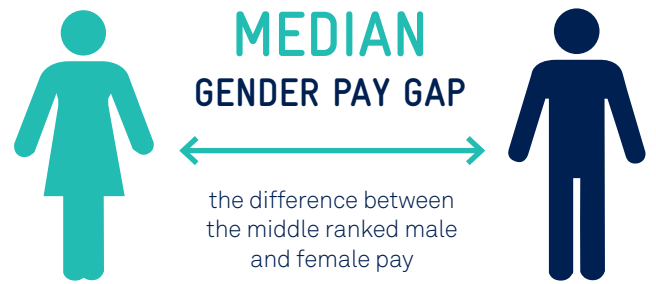
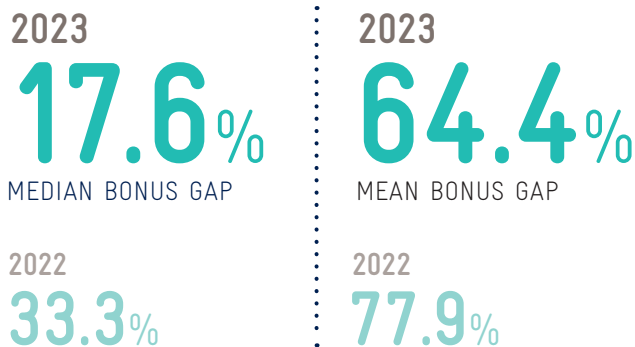
When looking at the pay gap within the pay quartiles and career matrices, we can see a different picture. The career matrices compare similar roles across the organisation, apart from ExCo (which includes the CEO and Deputy CEO), and at all other levels, the gender pay gap is less than 8% in either direction, demonstrating that pay is evenly distributed. Within all three quartiles below the uppermost quartile, the pay gap is reversed and sits between -12% and 0.

PAY QUARTILES GRAPHICS BASED ON QUARTILE DATA, WITH 2022 COMPARISON



BONUS PAY GAP

On the 5 April 2023, the IA had a bonus gap of 17.6% (median) and 64.4% (mean). Last year, these figures stood at 33.3% and 77.9% respectively. Like their salaries, the CEO and Deputy CEO's bonuses impact the overall bonus pay gap. These are set by the remuneration committee and board. Our discretionary bonus is adjusted for part-time hours, and we normally prorate for length of service during the year when awarding discretionary bonuses.



WHAT WE ARE DOING TO PROMOTE GENDER EQUALITY AT THE IA?

The information captured will be used to inform our hiring practices, review remuneration decisions and evaluate our recruitment processes. This year's results have demonstrated to us that we can still do more to improve gender equality at our organisation.

To ensure we are making positive progress, we are:

- » **Attracting and retaining a diverse pool of talent** – We will continue to create opportunities for women to work at the IA across all positions, by reviewing our hiring, onboarding and retention practices, and by working with Investment20/20.
- » **Encouraging diversity in our culture** – The IA is a signatory to the Women in Finance Charter and has pledged to achieve gender balance and promote gender diversity. We also continue to follow The Diversity Project's principles, which aim to achieve equality of opportunity and accelerate progress towards inclusivity across the investment and savings industry by taking part in benchmarking surveys and measuring the diversity of our employees.

- » **Promoting flexible working for all staff** – the IA has always offered flexible working hours or working from home to all staff, and this is embedded into our hybrid working model. This is something we will continue to offer, affording our employees the opportunity to balance family care with their careers.
- » **Understanding and implementing best practice** – Following our 2019 'Closing the Gap' and 2020 'Addressing the gender pay gap' reports, we published 'The Diversity Data Guide' in June 2021 and in November 2023 our 'EDI Data Survey'. The Survey provides practical steps on collecting diversity data, underpinned by the understanding that meaningful change can only be achieved when businesses acknowledge their starting point and regularly measure progress. We will use our findings to implement best practice to ensure we are hiring, retaining and supporting diverse employees throughout all levels of our organisation.

THE IA'S 2023 ETHNICITY PAY GAP

Unlike with the gender pay gap, there is no standard methodology or practice for calculation, so as a result, we have used the same methodology that we use to calculate the gender pay gap.

This year's data relates to 86 employees of the IA's 94-strong workforce on 5 April 2023, of which 23% identified as being from a minority ethnic background. Disclosure of ethnic background is voluntary, and 9% employees did not provide this data. On this date, the IA had an ethnicity pay gap of 20% (mean) and -5.3% (median). The 2023 data shows us that more needs to be done to close the ethnicity pay gap, and it remains one of the IA's priorities.

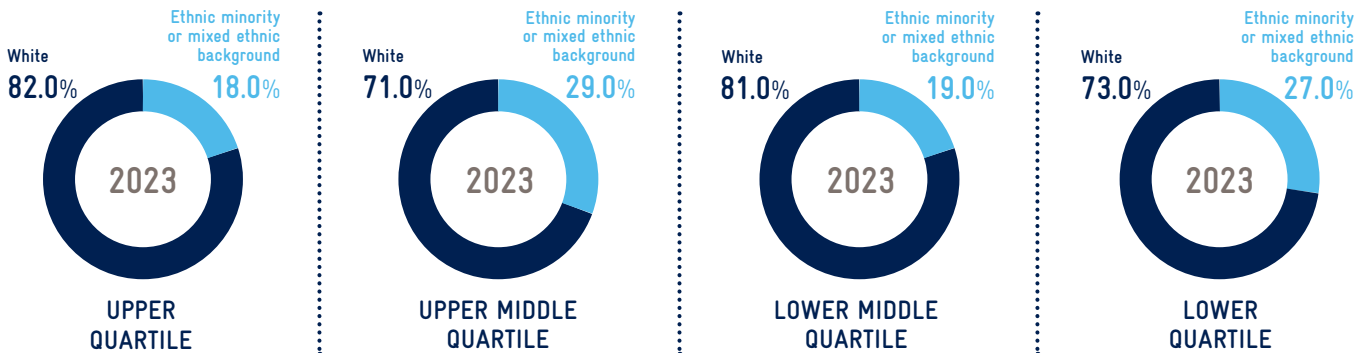
Employees from an ethnic minority background are spread evenly across the different quartiles, with almost 30% of employees in the upper middle quartile from an ethnic minority. The upper quartile of

data – ExCo, the Deputy CEO and CEO levels – is the exception, as we currently do not have ethnic minority representation at this level. This is unlike the gender pay gap, where we have a strong female representation at ExCo level.

As with the gender pay gap, the small nature of our organisation means that individuals can have a significant impact on the data. This, combined with the demographic of the upper quartile, impacts the mean ethnicity pay gap at the IA, which stands at 20%. We recognise that we need to do more to close this number to ensure we have diverse representations at all levels at the IA.

The median figure, which is -5.3%, indicates that employees at similar levels are receiving similar remuneration packages and that the pay is fairly allocated to IA employees.

PAY QUARTILES GRAPHICS BASED ON ETHNIC BACKGROUND QUARTILE DATA



BONUS PAY GAP

On April 5 2023, the IA had a bonus gap of 64% (mean) and 6.7% (median). As with salaries, the bonus remuneration of the CEO and Deputy CEO will have an impact on the overall bonus gap. These are set by the remuneration committee and the Board. Our discretionary bonus is adjusted for part-time hours, and we normally prorate for length of service during the year when awarding bonuses to IA employees.

2023: **6.7%**
MEDIAN BONUS GAP

2023: **64.0%**
MEAN BONUS GAP

WHAT WE ARE DOING TO PROMOTE AN ETHNICALLY DIVERSE WORKFORCE AT THE IA?

By collecting, measuring and reporting this data each year, we are in a better position to learn what actions work best. We can hold ourselves to account and build a more inclusive workplace in the future. We recognise that there is more for us to do to achieve an ethnically diverse workforce.

To ensure we are making positive progress, we are:

- » **Attracting and retaining diverse talent** – We will continue to create opportunities for ethnic minorities to work at the IA across all positions. This will include regular reviews of our hiring, onboarding and retention practices, and by working with Investment20/20 to bring diverse talent into the IA.
- » **Supporting current staff** – We will continue to work on the support we offer to IA staff, including training and development opportunities and access to volunteering and study leave. We will continue to look closely at how we can help employees advance their careers at the IA.
- » **Setting and achieving targets** – We are working hard to match the ethnic diversity breakdown of London and the surrounding areas in the long-term. Currently, 23% of our staff is from an ethnic minority background and our goal is 40% to reflect the population of London. In order to achieve this, we have set shorter-term targets to start closing the gap, including working towards ensuring that a quarter of our staff is from an ethnic minority background by 2025.
- » **Implementing best practice for our industry** – We signed the Race at Work Charter in January 2020, which comprises of five calls to action to ensure that ethnic minority employees are represented at all levels in an organisation. The IA is a founding partner of the Change the Race Ratio (CTRR), a business led initiative launched by the CBI to increase racial and ethnic participation in British businesses. As signatories of the CTRR, we have committed to set targets to increase the racial and ethnic diversity of our Board and senior leadership team.

ANNEX

GENDER PAY GAP REPORTING

	2023	2022	2021
The mean gender pay gap	27.7%	31.8%	37.5%
The median gender pay gap	27.2%	34.7%	37.0%
The mean bonus pay gap	64.4%	77.9%	69.4%
The median bonus pay gap	17.6%	33.3%	41.3%
Quartile distributions:			
Lower	25.0% Male 75.0% Female	27.0% Male 73.0% Female	22.7% Male 77.3% Female
Lower middle	35.0% Male 65.0% Female	82.0% Male 18.0% Female	19.0% Male 81.0% Female
Upper middle	48.0% Male 52.0% Female	44.0% Male 56.0% Female	42.9% Male 57.1% Female
Upper	50.0% Male 50.0% Female	49.0% Male 51.0% Female	50.0% Male 50.0% Female

ETHNICITY PAY GAP REPORTING

	2023
The mean ethnicity pay gap	20.0%
The median ethnicity pay gap	-5.3%
The mean ethnicity bonus pay gap	64.0%
The median ethnicity bonus pay gap	6.7%
Quartile distributions:	
Lower	73.0% White 27.0% Ethnic minority or mixed ethnic background
Lower middle	81.0% White 19.0% Ethnic minority or mixed ethnic background
Upper middle	71.0% White 29.0% Ethnic minority or mixed ethnic background
Upper	82.0% White 18.0% Ethnic minority or mixed ethnic background