

Gender and Ethnicity Pay Gaps 2020/21



Gender and Ethnicity Pay Gaps



The gender pay gaps measure the difference in average pay between all women and all men at Nationwide, likewise the ethnicity pay gaps compare the difference in average pay between all ethnically diverse employees and all non-ethnically diverse employees.



This is different to equal pay, which compares the pay of employees doing the same or similar work. Nationwide conducts audits to check that our pay policies are not biased.



What do pay gaps tell us & why are they important?

- Since 2017, all UK companies with over 250 employees have been required to publish their gender pay gap. Nationwide has chosen to also publish our ethnicity pay gap using the same method since 2018/19.
- Pay gaps primarily support us in understanding our diversity balance. This is because they compare average hourly pay, and pay increases based on the size of the role. Proportionally, we have more men and non-ethnically diverse employees further up our grading structure, which causes our gaps.
- It's useful to understand the distribution of our people so that we can spot where there could be barriers to people reaching their full career potential. Understanding our gaps, what causes them and why they've changed helps us understand how well we're doing and where we need to offer more support.



Use the following pages to:



[Page 3: Understand the underlying causes of our pay gaps](#)



[Page 4: Understand our gender & ethnicity pay gap 2020/21 report and what's changed in the last year.](#)

What do the figures mean?

There's lots of jargon involved in reporting our pay gaps – here's an overview of the terms we'll use:

Pay gap

Percentage difference in the average hourly pay across all employees from a particular group and all employees from another group (e.g. men or women) working at Nationwide as at 5 April 2021.

Bonus gap

Percentage difference in the average bonus paid to all employees from a particular group and all employees from another group (e.g. men or women) in the 12 months to 5 April 2021. The bonus gap compares all bonuses paid and isn't adjusted for working hours.

The mean

The average, when all pay or bonuses for a particular group are added together and divided by the number of people in that group.

The median

The middle value, when pay or bonuses for a particular group are listed in numerical order, the middle number is the median.

Pay quartiles

If all employees were ordered by their hourly rate of pay, then split into four equal groups. The quartile figures show the proportion of men and women/ethnically diverse and non-ethnically diverse in each group.

The causes of our pay gap

Pay or distribution?

Our pay gaps are primarily the result of a diversity imbalance.

We have more women and ethnically diverse employees in our Member Facing & Support roles, and fewer in Manager & Specialist and Leadership roles.

As long as we have imbalances in the distribution of women and ethnically diverse colleagues, we will have pay gaps. We're proud that colleagues choose to stay with the Society for a long time, though we know that this means making changes to our gaps will take time.

We're careful not to look at pay gaps in isolation, because they're not the only measure of inclusion. For example a company employing only 10% women, if spread equally across their organisation, could have no pay gap at all. That's why it's important to get underneath the headline numbers.

In 2021 we announced our [Inclusion, Diversity & Wellbeing \(ID&W\) measures](#), which will help us create an increasingly inclusive culture as well as reduce our pay gaps.

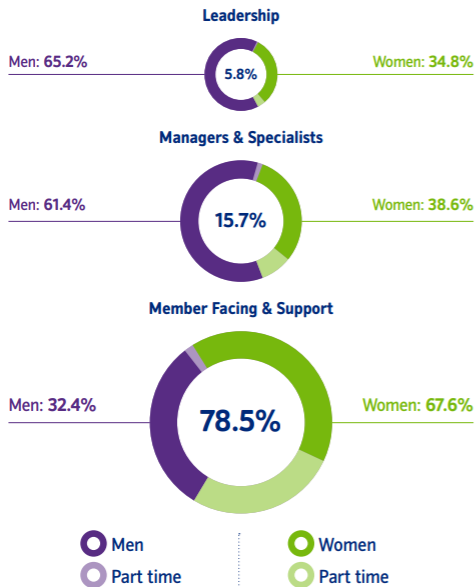
But what about pay in each role - does that impact pay gaps?

Most of our pay gaps result from diversity imbalances across our job levels. Pay has a much smaller impact.

For example, all things being equal, if we had 50:50 gender distribution across all job levels in the Society, our mean gender pay gap would reduce from 30.0% to around 3.9%. The remaining gap would be linked to things like having more men than women in roles with in-demand skill sets which typically attract a market premium, or roles which attract shift allowance.

Of course, it's important that we have policies and frameworks to make sure we pay people consistently based on their contribution in their role. We carry out pay audits in conjunction with Nationwide Group Staff Union (NGSU), as well as regular monitoring of pay decisions and outcomes across the Society.

Gender Distribution*



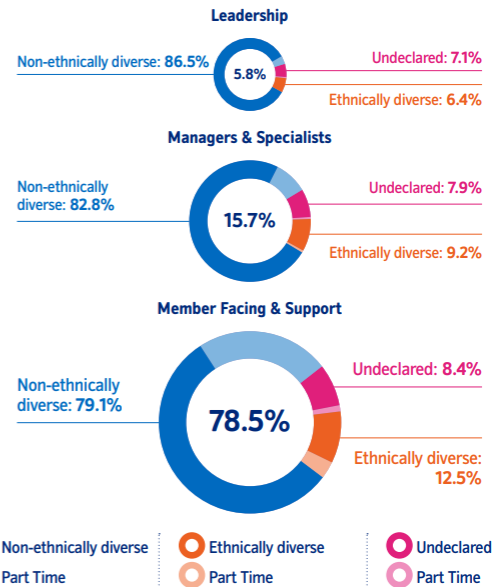
Overall, women make up 61.2%* of the Society, but this isn't evenly spread across job levels.

We have almost double the proportion of women working in our Member Facing & Support roles vs our Leadership. This imbalance is what creates our gender pay gaps.

We know that at Nationwide, more women choose to work part time than men. The proportion of colleagues working part time decreases as we move up through our job levels.

We know that providing more flexible options for how we work is an enabler to opening up opportunities to help address this imbalance.

Ethnicity Distribution*



11.6%* of our colleagues have told us they're ethnically diverse, but as with gender this isn't evenly spread across our job levels.

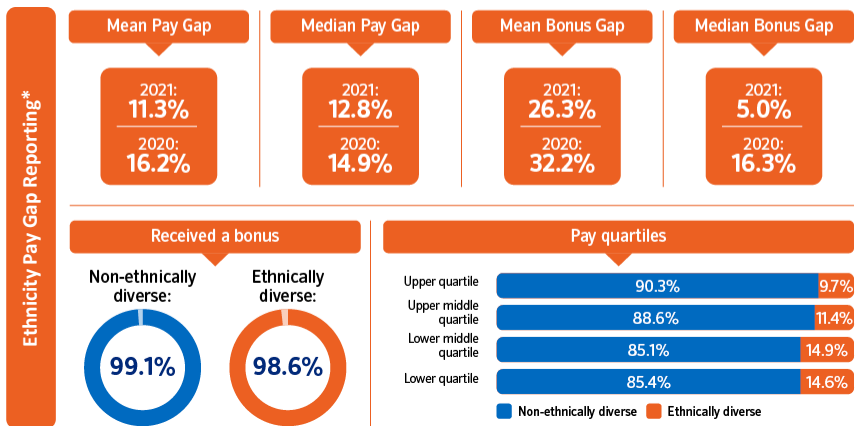
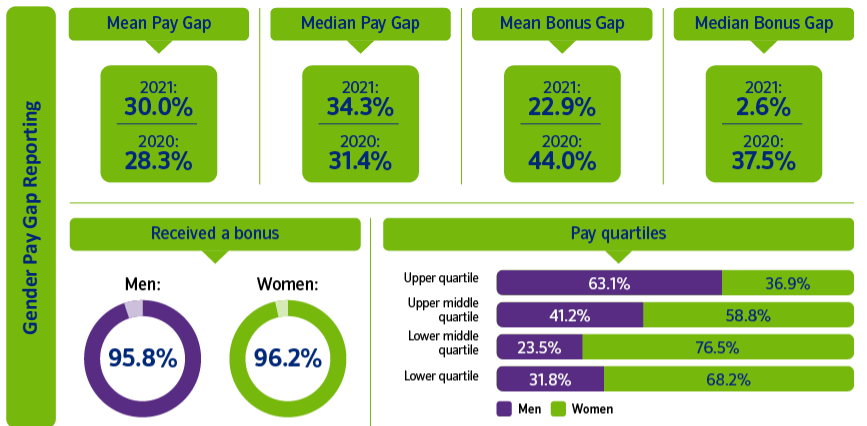
We have a higher proportion of ethnically diverse colleagues working in our Member Facing & Support roles than we do in Leadership or Manager & Specialist roles. This imbalance is what creates our ethnicity pay gaps.

Although we calculate our gap using the categories of ethnically diverse and non-ethnically diverse, we know that the experience, distribution and individual pay gaps for different ethnic groups can vary greatly.

Internally we publish pay gaps for ethnic groups with over 150 colleagues. We're pleased to confirm that pay gaps decreased in all groups when compared to 2020 figures.

* Proportion of colleagues as at 5 April 2021 (which includes those with a contract of employment; temporary workers contracted to personally provide a service and Non-Executive Directors).

Our Gender and Ethnicity Pay Gaps – 2020/21



How have our pay gaps changed since last year?

Our gender pay gaps have increased since 2020, this has been primarily caused by an increased proportion of men in our Manager & Specialist roles.

A driving factor in these changes has been our increased recruitment across technology roles, where we've also found that applicants are predominately male.

Our ethnicity pay gaps have both decreased since 2020, this has primarily been due to an increase in the number of ethnically diverse employees at all levels, but particularly for Managers & Specialists. This has been through successful efforts to attract more ethnically diverse candidates, especially through our investment in technology.

The gender and ethnicity bonus gaps decreased based on the way we paid our main bonus scheme in 2020, as a fixed pounds value award. We expect that the bonus gap will increase again in the future because we've returned to the award being based on a percentage of eligible earnings.

Although it's positive that our ethnicity gaps have decreased, we recognise that our gender pay gaps have moved in the wrong direction. In both cases, we want to do more.

How are we reducing our pay gaps?

Our pay gaps are based on distribution, meaning that to reduce them we need to improve the balance across all levels.

There are things we can and are doing to improve the balance of our people. However changes like this take a long time.

As an example, to achieve gender balance across just Member Facing & Support roles, we would need to reduce the number of women by over 2,000, and replace them all with men.

This isn't something we agree with, and it's not something we feel is in the spirit of what the pay gaps are trying to achieve. Instead we're focused on actions to support equal opportunities for all, by removing barriers to recruitment and progression.

While it'll take some time to reduce our pay gaps, we can still make progress. We will be taking consistent action in order to achieve our 2028 Inclusion & Diversity measures, which will then allow us to make progress in reducing our gaps. We'll also review our measures regularly to make sure they're right for us.

*only colleagues who have told us about their ethnicity are included in this calculation.