

Consistent with our calculation methodology in prior years, employee pay is calculated on the basis as of the CEO single figure, which is 'Option A' under the reporting requirements. There are three possible methodologies that companies can adopt (Options A, B or C) and we have chosen Option A as this is the most robust methodology. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2020, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant).

Remuneration for quartile employees	Employee at 75th percentile	Median Employee	Employee at 25th percentile
Salary	£144,500	£93,000	£65,000
Total pay and benefits	£319,531	£158,094	£100,790

Percentage change in remuneration of Director undertaking the role of chief executive

The table below details how changes to the CEO's pay compare with the change in the average pay across all employees of the Group. Each figure is a percentage change of the values between the previous financial year and the financial year under review. The total permanent workforce has been selected as the comparator for salaries and fees and short-term incentives. The comparison of the increase in taxable benefits has been made for UK permanent employees only as their remuneration packages are most directly comparable to that of the Chief Executive.

Percentage change	Salaries	Taxable benefits	Short-term incentives
Chief Executive Officer	0.0%	5.6%	(3.4%)
All employees	4.7%	51.3%	(1.2%)

Excludes taxable expenses for both the CEO and all employees

The increase in salaries and the decrease in short-term incentives for all employees arises from demographic changes in the employee population with a larger cohort of more junior roles. This demographic change means that employees are more likely to receive more substantial salary increases or be promoted but also results in a corresponding reduction in the absolute value of short-term incentives, compared to a more senior population. The significant increase in taxable benefits for all employees is largely due to an improved medical insurance offering.

Gender pay

We are required by law to publish data on the following:

- ▶ Gender pay gap (mean and median)
- ▶ Gender bonus gap (mean and median)
- ▶ Proportion of men and women in each quartile of the Group's pay structure
- ▶ Proportion of men and women receiving bonuses

The gender pay gap is a UK comparison, across the pay of all men and all women regardless of their level or role. This is different from an equal pay gap, an individual measure comparing the pay of a man and a woman in the same or a similar role. We have equal pay for equal work regardless of gender.

Both the pay and bonus gaps have fallen during the financial year, with our pay gap now better than market averages for the sector. The decline in the mean pay gap is caused by a higher proportion of women moving into more senior roles.

	2018	2019	2020
Mean pay gap	33.6%	28.9%	26.2%
Mean bonus gap	67.7%	78.3%	66.6%

The Group is pleased with the progress that has been made and continues to be committed to addressing our gender pay gap with a number of initiatives which are now well established, to increase talent diversity and foster a culture of inclusivity through:

- ▶ Extending the reach of our search and selection activities
- ▶ Pressing for balanced candidate short lists for all roles; maximising diversity on our interview panels to moderate bias
- ▶ Supporting individuals in their career progression through mentoring and training; and holding managers accountable for the progression of their teams