

First State Investments | Our Gender Pay Report



## Diversity of thought is a critical part of our global business strategy

We recognise that a more diverse workforce is important for the continued development of First State Investments; we need to attract, employ, retain and develop individuals who bring a wide range of perspectives, encourage new and different ways of thinking, challenge each other and at times challenge the established status quo.

Gender diversity is an essential part of this strategy and remains our priority but we also believe other aspects of diversity - social background, disability, and ethnicity for example – to be important in ensuring we have a broad range of skills, experiences and perspectives within our organisation.

In April 2017, the UK Government introduced legislation that requires UK organisations with more than 250 employees to publish gender pay analysis.

In 2015, we published global diversity statistics for the first time; we believe as part of our commitment to achieving better levels of diversity, it is important to be transparent about our position and progress.

The new UK driven legislation requires us to publish and consider a different set of metrics, specifically relating to the gap that exists between pay for men and women when considered as two gender groups. This legislation is a specific UK requirement and so

this report discloses the gender pay figures for the First State Investments business based in the UK. It also provides some additional data for our UK employee base, aligned to what we have previously provided on a global basis.

We need to attract, employ, retain and develop individuals who bring a wide range of perspectives and encourage new and different ways of thinking.

## The difference between ‘equal pay’ and ‘gender pay’

It is important to understand that ‘gender pay’ measurement is different from ‘equal pay’. Equal pay refers to paying men and women the same for doing similar work or work of equivalent value. Gender pay measurement compares the average pay by gender of all roles collectively, regardless of level or type.

From an equal pay perspective, we are confident that gender is not a factor in determining pay.

When looking at gender pay, there are marked differences in the overall average pay for men and women. We know these differences stem from the overall structure of our industry and of our organisation:

- We have fewer women in senior leadership positions and in senior investment management roles, both of which offer higher than average pay packages. Our gender breakdown figures that follow our pay analysis illustrate this point.
- We have more women in part-time roles, which causes the average for women’s bonus pay to be lower than men’s average pay (the statistics provided are based on actual pay, rather than full time equivalent pay).

It is important for us to review and reflect on this data and information to ensure that we are on the right path to improving the shape and balance of our organisation from a gender diversity perspective.

From an equal pay perspective, we are confident that gender is not a factor in determining pay.

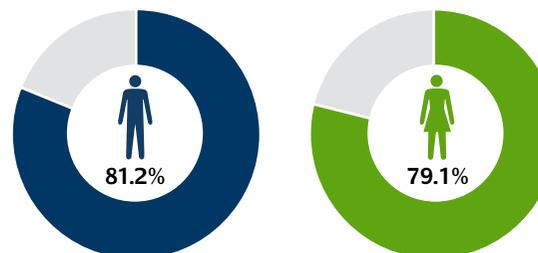
## Gender pay analysis for First State Investments

The figures shown opposite are required by legislation for every UK business with more than 250 employees. They show the difference in base pay and bonus pay between males and females when looking at all roles, regardless of level or type; as well as the proportion of male and females who were paid a bonus.

### Base remuneration and bonus pay

	Mean	Median
Difference in base pay between male and female employees (based on hourly pay)	33.7%	30.8%
Difference in bonus pay between male and female employees	81.5%	57.2%

### Proportion of male and female employees who received a bonus



The table below shows the proportion of males and females in quartile bands according to base pay, with upper quartile representing the highest paid and lower quartile being the lowest paid.

	Male	Female
Upper Quartile	75.3 %	24.7 %
Second Quartile	65.5 %	34.5 %
Third Quartile	51.3 %	48.7 %
Lower Quartile	39.4 %	60.6%

All data covers the period 6 April 2016 to 5 April 2017 and has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

We know that our gender pay differences stem from having fewer women in senior management and senior investment roles and that more women work on a part time basis.

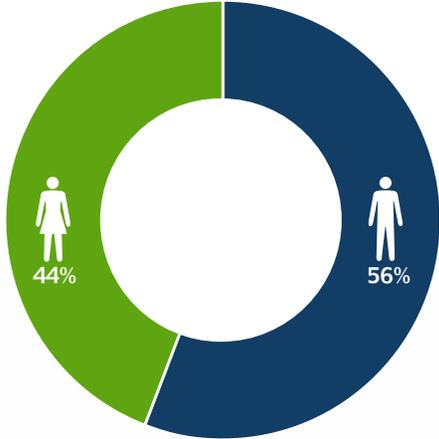
# Gender diversity analysis by role

The statistics below provide further insights into the structure of our business and provide helpful context against which to consider our gender pay analysis. From this, we can see a clear link between our gender pay gap and the number of male and female employees working in different roles, and at different levels, in our organisation.

## Our overall picture of gender diversity across First State Investments



## Total organisation



## We are committed to improving diversity

The policies and programmes currently in place to support diversity and specifically gender balance are set out here. We believe that through this focus, we will see meaningful change over time and a reduction in the gender pay gap. We will present and review our statistics annually.

Creating an inclusive environment, where individuals feel that they can be themselves and fulfil their potential is essential for our business to achieve increased levels of diversity.

### Recruitment and Onboarding

We request gender balanced shortlists for all recruitment. A female employee is required to interview all prospective candidates if not already part of the interview panel. We have introduced 'name blinding' on incoming CVs in parts of our business so that the applicant's gender is not visible to hiring managers and we develop role profiles in a more general and accessible way to reflect gender neutrality. This will be extended more widely throughout 2018 and beyond. People joining our business are made aware of our Diversity and Inclusion commitment through the recruitment and on-boarding process to ensure that they understand our culture and are able to effectively contribute to it.

### Support for parents

We recognise the important role parents play in our society and the particular needs they have in starting or growing their family. We endeavour to support our employees and their parental responsibilities by offering a parental leave programme that is gender neutral. A parental coaching programme is on offer for both primary and secondary carers; this aims to support return to work, managing a career as a working parent and the balance between work and home life.

### Flexible working

The way in which we consider and approach flexible working is an important factor in demonstrating our commitment to diversity and creating an inclusive culture. People at First State Investments are valued on the contribution they make to our business. From our own experience, a strong flexible working culture can be an important factor in retaining and attracting individuals into roles at all levels. Flexible working options are on offer to all employees although the percentage take up at this stage is weighted to females.

Flexible working is not seen as a barrier to recruitment to senior positions or progression to senior roles.

We offer flexible working arrangements such as part-time employment, regular working from home days and flexible working hours. Ad hoc flexibility is considered usual business practice.

### Unconscious bias training

We provide unconscious bias training for all UK employees. This training can help to make people aware of the biases that they may hold without realising the unintended impacts these may have on working relationships and the career development of others. This not only considers biases from a gender perspective, but also considers ethnicity, age, disability and other factors.

### As investors

We encourage the companies we invest in on behalf of our clients to achieve greater gender diversity, increase the quality of decision making and deliver sustainable and attractive long-term investment returns. It is for all the same reasons that First State Investments takes the current gender imbalance seriously and continues to try to tackle it.

We actively seek companies that we believe will deliver superior long-term performance for our clients and believe that greater diversity is an important factor in companies' corporate decision making and long-term success.

## Other diversity and inclusion initiatives

In the UK, we have a number of initiatives in place to support our broader diversity and inclusion objectives.

### Investment 2020

We are members of Investment 2020, a scheme established to bring more diverse talent into all aspects of investment management. In 2017 we recruited 4 trainees (2 male, 2 female) as school leavers rather than at the more traditional graduate level.

 [View online here](#)

### CityParents

We are corporate members of CityParents, an inclusive network for City professionals in London who are looking to balance career and home caring responsibilities, achieving flexibility whilst maintaining career development.

 [View online here](#)

### Women in Banking and Finance

We offer women the opportunity to join the Women in Banking and Finance (WIBF) initiative which introduces female mentors in the same industry but in a different business.

### Surrey Cricket Disability Programme

We are corporate sponsors of Surrey Cricket Board's Disability Cricket Programme. This programme aims to increase participation in cricket for people with disabilities. Our support is aimed at helping to challenge preconceptions about disability and barriers to entry to not only sport but within financial services and other business sectors.

 [View online here](#)

### Future ASSET Conference

In 2017, recognising that an insufficient number of women are encouraged into the investment industry at the outset of their career, we organised a one-day conference for 400+ 15-16 year old female pupils. The conference was hosted in Edinburgh, opened by the First Minister of Scotland, with patron, Jayne-Anne Gadhia of Virgin Money and many other speakers underlining the fact that gender should never be seen as a barrier to progressing in any chosen career.

 [View online here](#)

### Enabling Enterprise

Through our charitable foundation, we support Enabling Enterprise, a social enterprise that aims to equip children and young people in the UK with skills, experiences, attitudes and aspirations to help them succeed in later life. We provide funding support and host company visit days where school children participate in a business challenge and get a first-hand view of what an investment business looks like.

 [View online here](#)

## Summary

At First State Investments we remain committed to increasing diversity of thought across our business and, in particular, addressing the balance of men and women in our organisation, specifically in senior management and senior investment roles.

Given the current make-up of our industry, and our own organisation, we are very aware that it will take some time to fully redress the balance. However, we believe that the initiatives we have in place support our commitment and our focus on tackling the root causes of the imbalance. We look forward to sharing our progress as we move forward.

Signatories



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