

GENDER PAY GAP REPORT

April 2019



HCP improvements in the equality and diversity of our workforce.

HCP's Gender Pay Statistics - Introduction

HCP is required to undertake annual Gender Pay Gap Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This is our 3rd report and we are pleased to see that the initiatives we put in place after the first rounds of reporting are beginning to have a positive effect. There has been an overall improvement (see table below) and building on last year's initiatives, we are working hard to ensure this trend continues, but we recognise that substantive change is likely to take many years.

In complying with our reporting obligation, we included 306 relevant employees as at 5th April 2019 when calculating our figures below. The ratio of male to female staff at HCP remains largely the same as last year, whereas our overall headcount is slightly lower than the prior year (306 compared to 316 for 2018). The gender ratio is 45:55 males to females (compared with 46:54 last year).

The salary data used to calculate the Gender Pay Gap includes base salary, and certain allowances, and performance payments (bonus) figures over the previous 12-months, in-line with the government reporting requirements. Compilation of the data in this report involves carrying out six prescribed calculations that show the difference between average earnings of men and women in HCP.

Please note that we do not publish individual data.

Official Gender Pay Gap Report

Pay Category	Male (£)	Female (£)	Difference (%)	Comparison with 2018
Mean Hourly Pay	£39.03	£24.43	+37.4%	No Change
Median Hourly Pay	£36.22	£19.81	+45.3%	6.4% decline
Proportion receiving a bonus	72.54%	83.43%	-10.89%	1.79% improvement
Mean Bonus			+34%	18.7% improvement
Median Bonus			+50%	2.2% improvement

What do HCP's Gender Pay Statistics mean?

The headline statistics above suggest there is still a significant pay gap between genders at HCP. It is important to distinguish this result from the notion of equal pay. There is no indication of a pay difference at HCP for men and women who carry out the same/similar jobs, or work of equal value. Rather, the Gender Pay Gap stems from relatively fewer females occupying higher paying roles. The data below clearly illustrates the disparity in female representation within the pay quartiles.

Analysis of Gender Pay Gap Report:

Quartile Split	Male %	Female %	Male Mean Hourly Rate (£)	Female Mean Hourly Rate (£)	Difference in Mean Hourly Rate in each Quartile (%)
Lower	14.10%	85.90%	£15.30	£14.28	+6.7%
Lower Middle	32.89%	67.11%	£24.39	£22.04	+9.6%
Upper Middle	61.84%	38.16%	£33.95	£33.14	+2.4%
Upper	73.69%	26.31%	£54.48	£51.92	+4.7%

What are some of the reasons for HCP's Gender Pay distribution?

Except for median hourly pay (discussed below), where the difference has increased from last year, the results this year are reasonably encouraging, with an 8% increase in the number of women represented in the uppermost pay quartile, compared to last year. We retain our goal (included in last year's report) to achieve at least 30% female representation in the Upper Pay Quartile. We will be striving to increase the female representation in the Upper Quartile by a further 3.7% and this target certainly looks within reach by 2022, if not before...

Furthermore, there has been a significant 18.7% improvement in the mean bonus compared to last year, which is partly due to timing and having fewer female staff being on maternity leave during the period of assessment. The existing difference of 34% can be partly explained by the relatively high proportion of females who are part-time, or have been on maternity leave, and therefore whose bonus payments are pro-rated. There are no corresponding part-time male employees.

The median hourly pay for men and women is the middle value of men (or women) shown when ranked in order of their hourly pay rate, highest to lowest. To illustrate, if there are 100 women, the median hourly rate is whatever the 50th female on the list earns. The decline of 6.4% in median hourly pay this year compared to last year is in part caused by the absolute median hourly rate for men increasing this year whereas the absolute median value for women decreased.

There are a range of reasons for the gender pay gap, many of which are common across most similar businesses. For example, women still take on the bulk of caring responsibilities, whether that is children or being a carer to an adult. This results in more women working part-time or taking on roles of reduced responsibility, and therefore lower pay, and explains how there tends to be more men in senior roles, but at HCP we are committed to achieving a balance.

Actions being taken by HCP to reduce the Gender Pay Gap:

Our focus on diversity and inclusion initiatives in cognisant of these challenges, and we hope that the introduction of our new agile working policy, which is open to everyone, is a positive step because it helps our employees juggle responsibilities outside of work, with their job commitments.

Our focus on overhauling our training offering this year will have a positive influence. HCP's Junior Management Development Programme is designed to provide focussed opportunities for junior staff to progress, which statistically within all businesses, not just HCP, are more likely to be filled by women. This will support females advancing into more senior and higher paid roles. Other initiatives include; adopting improved analytics to identify the gender balance when making decisions regarding recruitment, retention and talent development; introducing our new mentoring programme; and line manager bias awareness training - all of which represent the proactive ways in which we are trying to develop and support our talented female employees to progress their careers at HCP.

People are at the core of how HCP create outstanding value through the intelligent management of assets. As an employer we are committed to equal opportunities and will never knowingly discriminate on grounds of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment, or disability. We also endeavour to always pay employees equally for the same or equivalent work, regardless of gender (or other characteristics listed above) and promote a rich diversity in our workforce.

We will continue to closely monitor pay and benefits to ensure appropriate guidance is provided to our managers, but we recognise we still need to do more. Some issues that lead to the Gender Pay Gap are within our influence, yet more societal interventions are necessary such as increasing the flow of more diverse talent into historically male dominated sectors and jobs. Sustained change will take time, but we are proud of the many initiatives underway to help HCP advance in the right direction.

I confirm that the above Gender Pay Gap statistical data is correct and in line with Government reporting regulations.



Date: 3rd December 2019

Stuart Yeatman
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