



Gender pay gap reporting – colleague frequently asked questions

1. **What is gender pay gap reporting?**

Gender pay gap reporting means employers with 250 or more employees need to publish specific calculations each year showing the pay gap between their male and female employees. Gender pay gap reporting shows if there's any difference in the average pay between all men and all women in an organisation.

2. **Why is Co-op reporting on its gender pay gap now?**

All organisations who need to publish their gender pay gap data have to do this by 4 April 2018 and then annually after that. At the Co-op, we're committed to being as transparent as possible when it comes to pay. So, we wanted to publish our data as soon as it was ready – the calculations are quite complicated so it's taken us a little while.

3. **Why have we taken so long to publish our gender pay gap report?**

We needed to make sure that our calculations are right. The regulations are very specific and our payroll is very complex, which has meant that producing the calculations has taken us some time.

4. **Why have we published two sets of data?**

The regulations say that each employer with 250 or more employees has to report their gender pay gap. At the Co-op the majority of our colleagues are employed by Co-operative Group Limited, but our colleagues in Insurance and CFSMS are employed by CFS Management Services Limited. To meet the regulations we have to report data for both employers.

5. **Are all colleagues included in our calculations?**

No – in line with the legislation only colleagues employed on the 5 April 2017 are included in the calculations. The calculations also don't include our colleagues in Northern Ireland and the Isle of Man.

6. **We're reporting a gender pay gap - does this mean that men and women at the Co-op aren't being paid the same for doing the same job?**

No, gender pay gap reporting looks at the average pay of all men and women in an organisation. It's doesn't focus on individuals. If there's a gender pay gap in a business, it means that on average men are being paid more. This could be because there are more men in senior roles, or roles that attract higher pay. It doesn't mean that men and women are being paid differently for doing the same job.

7. **What's causing our gender pay gap?**

There are lots of reasons that contribute to a gender pay gap, but at the Co-op it's mainly due to us having more men in senior positions than women.

8. **What information has to be reported?**

Under the regulations, we need to publish six calculations that show our:

I. Average gender pay gap as a mean average – this is the average male hourly rate compared to the average female hourly rate.

Comments on calculation: To complete this calculation you need to add up all the hourly rates of male colleagues and divide by the total number of male colleagues which gives the mean average male hourly rate. Then do the same for all the female colleagues to get the mean average female hourly rate. The percentage difference between the male and female mean average hourly rate is the mean average pay gap.

II. Average gender pay gap as a median average – this is the hourly rate of the middle male role in our organisation compared to the hourly rate of the middle female role.

Comments on calculation: To complete this calculation you need to sort all the male colleagues in order of hourly rates high to low, then the median is the middle value in this sorted list e.g. if there are 21 male colleagues the median male colleague is the 11th one in the list. Then do the same for all the female colleagues to get the median female hourly rate. The percentage difference between the male and female median average hourly rate is the median pay gap.

III. Average bonus gender pay gap as a mean average

Comments on calculation: This calculation looks at the bonuses paid in the 12 months prior to the 5 April 2017. To complete this calculation you need to add up all the bonus received by male colleagues and divide by the total number of male colleagues who received a bonus to get the male mean average bonus payment. Then do the same for all the female colleagues to get the female mean average bonus payment. The percentage difference between the male and female mean average bonus payment is the mean average bonus pay gap.

IV. Average bonus gender pay gap as a median average

Comments on calculation: This calculation looks at the bonuses paid in the 12 months prior to the 5 April 2017. To complete this calculation you need to sort all the male colleagues in order of bonus payments received high to low, then the median is the middle value in this sorted list e.g. if there are 21 male colleagues the median male colleague is the 11th one in the list. Then do the same for all the

female colleagues to get the median female bonus payment. The percentage difference between the male and female median bonus payment is the median bonus pay gap.

V. Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment

Comments on calculation: This calculation looks at the percentage of males in our Co-op who have received a bonus payment compared to the percentage of females who have received a bonus payment

VI. Proportion of males and females when divided into four groups ordered from lowest to highest pay – these are known as quartiles.

Comments on calculation: To complete this calculation you need to sort all colleagues in order of their hourly rate of pay from high to low. Then split them into 4 equal groups i.e. if there are 100 colleagues there would be 25 in each group. Then work out the percentage of men and women in each of the 4 groups.

9. What's included in the calculation of gross hourly pay?

We have to report on the gross hourly pay that all colleagues have received in the pay period in which 5 April falls. Gross pay means your pay before deductions such as tax, national insurance, student loan repayments and voluntary deductions are made.

To calculate gross hourly pay, we take the colleague's weekly pay and divide this by the hours they have worked.

'Pay' **includes**: basic pay, paid leave, maternity pay, sick pay, area allowances, shift premium pay, bonus pay and other pay (including car allowances paid through payroll, on call and standby allowances, clothing allowances and first aider/fire warden allowances).

...but **excludes**: overtime pay, expenses, the value of salary sacrifice schemes, benefits in kind, redundancy pay, arrears of pay and tax credits.

10. What's included in the calculation of bonus pay?

We have to report on the bonus payments received in the 12 months prior to 5 April. 'Bonus pay' includes commission schemes, performance and other bonus or incentive pay and long service awards. In addition, any long-term incentives paid to our senior leaders are also included.

We expect our bonus gaps to be different in our next report. Our payroll cycle is 4-weekly and we pay colleagues 13 times a year. Bonus payments under the 2016 annual scheme were made in May 2017, which was the first payroll after our accounts were signed off. A large number of colleagues received their 2016 annual bonus

payment after the relevant period for this report. That payment will be captured in the next pay gap report we publish.

11. How do we compare to other businesses?

Our Co-op is a unique set of businesses that makes it hard to compare to other employers.

12. I'm a woman, does this mean I will now be paid more?

No it doesn't. The new regulations help us to understand what our gender pay gap is, and what's causing it. We'll then look at any actions we can take to reduce our gap across the organisation. This isn't about looking at individual colleague pay, it's about how women are represented across our business, particularly in more senior roles.

13. What will we be doing to address our gender pay gap?

We know that the gender pay gap is mainly caused by having more men than women in our senior roles. We are confident that by working together and supporting an inclusive culture where we continue to live our values and principles, we will close our pay gap.

During 2017 we launched a new diversity and inclusion strategy. Our plan will take us on a three year journey and we'll focus on work streams that will continue to build on a culture that is equal, diverse and inclusive. We will continue to tell colleagues about our activities. This will be through progress reports, communication channels and our colleague networks and Diversity & Inclusion Pioneers. We will continue to work in collaboration with our trade union partners.

14. Will we be reviewing our pay gap for other diversity areas such as ethnicity or disability?

At this stage the regulations only require us to publish data on our gender pay gap. But we recognise that we also need to look at wider diversity issues, not just gender. We encourage all colleagues to share their diversity information with us as it helps to identify gaps across our Co-op. We'll be engaging with all colleagues during 2018 and asking for you to update your information which will enable us to produce data to help identify these gaps.

15. Why don't we have figures for individual businesses?

Our focus has been on producing the required reporting to meet the Government's publication timetable. The regulations require us to produce data by 'employer' and there are two employers within the Co-op, Co-operative Group Limited which employs the majority of our colleagues and CFS Management Services limited which is predominantly made up of our Insurance colleagues. Now that we have published our pay gap we will be carrying out further work which will help to inform and refine the D&I initiatives which are already underway.

16. What should I do if a member of the media contacts me?

If any member of the media contacts you regarding this report do not comment but refer them to Dave Smith in the Press Office at 1 Angel Square
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