

Saga Gender Pay Report 2019

SAGA

Foreword



Dear all,

I am writing to report my first set of gender pay figures as Chief People Officer at Saga plc.

We support the commitment to address the gender pay gap, and like many organisations we're working hard to reduce ours but acknowledging that this may take some time. Our gender gap continues to be driven by a gender imbalance of more male colleagues in senior, highly paid positions.

This year, our results show that we have broadly maintained our overall position when we compare against our 2018 reportable numbers, aside from a significant reduction in our bonus gap which was largely a result of our CEO and CFO not receiving a bonus in this period.

We are passionate about creating a diverse and inclusive culture where everyone succeeds; as such we continue to focus on creating opportunities in our senior leadership team and strengthening our succession pipeline. To support this in 2019 we focussed on some key areas such as; working with our leaders to ensure they feel accountable and understand their role in improving our position, we've continued to partner with organisations to develop our Diversity Belonging & Inclusion strategy and we're delighted to be part of the 30% club's mentoring programme – Moving Ahead.

It's important that our colleagues know what the gender pay gap is, what it isn't and for colleagues to be clear on what the numbers mean that are reported annually. So, we've continued to include some key information to help explain the reported numbers in more depth.

Our reward principles continue to support the work on gender pay and we are confident that men and women are paid fairly and equally for doing equivalent jobs across our business.

I confirm that the information and data provided is accurate and in line with mandatory requirements.

A handwritten signature in blue ink, appearing to read 'J Storm'.

Jane Storm
Chief People Officer

Saga – 2019 Gender Pay Report

Gender pay reporting legislation came into force in April 2017 and requires all UK employers with 250 or more colleagues to publish annual information illustrating pay differences between male and female colleagues.

At Saga, we are passionate about equality, diversity and inclusion and are committed to addressing our gender pay gap. We therefore welcome the new legislation and have embraced this as an opportunity to drive our focus on diversity forward.

Background to gender pay reporting

Under the new regulations, we are required to publish key gender pay metrics for our employing entities with 250 or more colleagues. In this report, we have gone a step further and assessed gender pay across the wider Saga Group (including our smaller entities). This helps us to understand pay and diversity across our organisation as a whole.

Our report therefore focusses on the group position, as this better represents our wider colleague population. As required by law, separate disclosure by entity is included on the final page of this report.

How is the gender pay gap calculated?

The 'gender pay gap' is a metric that measures the difference in average hourly pay across all men and women across an organisation, by reference to both the mean and median figures.

The 'mean' is an arithmetic average of a set of numbers. The mean calculation considers basic average pay/bonus across all of our colleagues.

The median is the number in the middle of a set of ordered numbers. The median calculation focussing on those colleagues in the middle of pay/bonus ranges, thereby reducing the impact of our highest and lowest paid colleagues. The 'median' calculation reduces the significant impact of our most senior male colleagues, in order to provide a gender pay gap figure which is much more representative of the majority of our colleagues.

Difference between gender pay and equal pay

A **gender pay gap** is the difference between average male and female pay across an organisation, regardless of nature of work. This means that gender distribution across grades will be a significant driver of any gap.

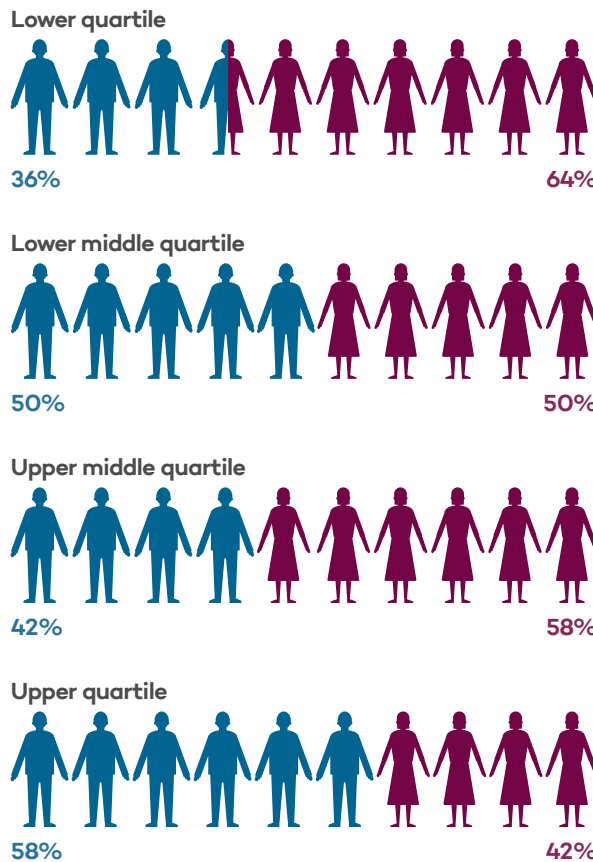
An **equal pay gap**, on the other hand, refers to an unlawful pay gap between male and female colleagues carrying out the same roles with the same experience and skills.

Gender distribution across salary quartiles

Saga's demographic (i.e. the gender makeup of our colleague population across the grades) has a significant impact on our gender pay and bonus gaps. The charts on the right show the gender makeup of the Saga Group workforce in each of our four salary quartiles.

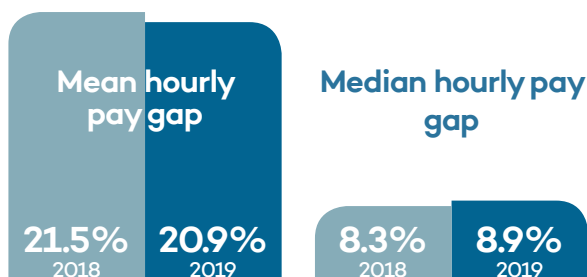
If we lined up every colleague from the lowest paid to the highest paid and split them into four equal sized groups this gives us our salary quartiles.

The quartiles show that we have proportionally more women at the lower end of the pay spectrum, and more men at the upper end. This gender imbalance is a key driver of our gender pay and bonus gaps shown on the next page and is something that we are working hard to address through our focus on the development and progression of talented individuals of all genders and backgrounds.



Saga Group gender pay gaps

This table shows our mean and median hourly pay gaps, based on April 2019 payroll data.

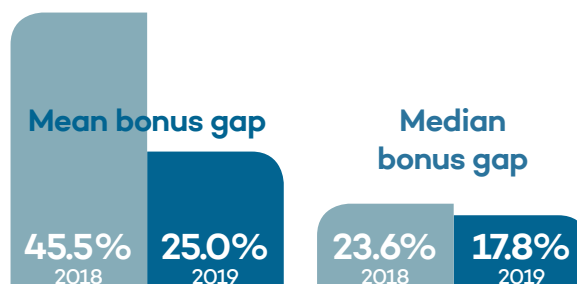


As shown above, our median hourly pay and bonus gaps are much lower than the mean gaps.

This is easily explained, as the median calculation reduces the significant impact of our most senior male colleagues, in order to provide a gender pay gap figure which is much more representative of the majority of our colleagues. You will see that our 2019 numbers are broadly in line with what we reported in 2018.

Saga Group gender bonus gaps

This table shows our mean and median bonus gaps, based on data from April 2018 to March 2019. As required by law, we have included annual bonus, commission and equity payments in these calculations. Men and women are offered the same opportunities to receive bonuses.



As our biggest contributing factor is over representation of male colleagues in our senior highly paid roles, we expect to see a similar correlation in both our pay and bonus numbers. This is due to most of our bonus and share awards being linked to a percentage of salary.

However, in 2019 this has not been the case with both our mean and median bonus gap reducing, the bonus used in these calculations is any bonus or commission payments in the 12 months prior to April 2019. There are many factors contributing to this, we have highlighted a few of these below:

- No bonus being received by the Chief Executive or Chief Financial Officer.
- A reduced bonus payment to the Group Executive.
- A higher average personal objective score for females in the Top Team bonus scheme (93% compared to 87%)
- Within the company bonus scheme 60% of the A and B performance scores were given to females, with only 40% to males.

Proportion of colleagues receiving a bonus

Across all Saga Group colleagues, 72.0% of men and 78.6% of women received a bonus in the 12 months prior to April 2019. This difference is due to a number of factors, such as the inclusion of commission payments in the calculation and we have a higher proportion of female colleagues in those roles which are able to earn commission. Given the nature of both our bonus and commission schemes being linked directly to performance this will also contribute to percentage of entitled colleagues receiving a bonus.



Men

Women

2019 **72.0%**

78.6%

2018 **73.3%**

79.8%

Individual Saga entities disclosure

The preceding information considers the Saga Group as a whole, taking into account all ten of our separate legal entities. This provides the most accurate representation of gender pay across our entire organisation. However, by law, we are required to separately disclose the key figures for each employing entity with over 250 colleagues, as set out below.

Saga is a diverse organisation, providing a wide range of products and services to our customers. Our different entities reflect these differences, which means that roles and colleague structures vary significantly across our individual companies and therefore we expected to see gender pay and bonus figures which are unique to each entity, although our additional analysis showed that demographic was still a key driver of all of the gaps identified apart from in ST&H Group Limited where the median hourly pay was in favour of women.

Gender pay and bonus gaps:

Saga Group Limited			Saga Services Limited			ST&H Group Limited		
	2019	2018		2019	2018		2019	2018
Mean hourly pay gap	15.0%	17.4%	Mean hourly pay gap	18.7%	17.7%	Mean hourly pay gap	10.6%	15.7%
Median hourly pay gap	14.9%	22.7%	Median hourly pay gap	11.4%	9.6%	Median hourly pay gap	-5.7%	-3.0%
Mean bonus gap	-0.3%	28.1%	Mean bonus gap	23.4%	28.4%	Mean bonus gap	17.5%	46.7%
Median bonus gap	33.0%	32.3%	Median bonus gap	28.3%	21.6%	Median bonus gap	14.6%	21.7%

Proportion of colleagues receiving a bonus:



Quartile pay bands 2019

Saga Group Limited			Saga Services Limited			ST&H Group Limited		
Pay quartile	Male	Female	Pay quartile	Male	Female	Pay quartile	Male	Female
Lower	42%	58%	Lower	39%	61%	Lower	22%	78%
Lower Middle	51%	49%	Lower Middle	41%	59%	Lower Middle	79%	21%
Upper Middle	53%	47%	Upper Middle	45%	55%	Upper Middle	34%	66%
Upper	63%	37%	Upper	58%	42%	Upper	47%	53%