

ETHNICITY PAY GAP REPORT 2019

APRIL 2020



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Executive Summary

The CBI is committed to attracting, recruiting, and retaining diverse talent and this forms part of our Diversity and Inclusion (D&I) Strategy which is embedded within our wider business strategy.

At The CBI, our D&I Strategy is influenced and driven by our D&I Steering Group, Employee Networks, Executive Sponsor, D&I Advisor and all our teams. We believe that everyone plays a key role in ensuring we have an inclusive culture where all can be their authentic self and thrive within their roles. Therefore, we actively champion diversity and inclusion in all we do and empower our employees to do the same.

Since 2018 we have taken an active step to increase the representation of our workforce in all parts of our organisation as we understand the value and importance of diversity in thought, experiences, perspectives, and backgrounds.

We have increased our commitment to driving change and diversity by continuing to deliver against our actions within our D&I Strategy, Business in the Community (BITC) Race at Work Charter and in our 2018 Ethnicity Pay Gap action plan.

This is our second year voluntarily reporting on our Ethnicity Pay gap and this report highlights the progress made between April 2018 and April 2019. We intend to provide a more detailed report of April 2020 data and state of play in 2020.

Publishing our data holds us accountable to our Black, Asian, and Ethnic Minority employees as it demonstrates our commitment to not only delivering on our action plan but ultimately closing the ethnicity pay gap and ensuring equality for all.

As we continue on this journey to becoming an employer of choice for all we will continue to report on our Ethnicity and Gender Pay gaps and take the necessary actions to increase representation and progression of diverse groups within our organisation.

Rain Newton-Smith

Chief Economist & Executive Sponsor for Diversity & Inclusion

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HOW IS THE ETHNICITY PAY GAP CALCULATED?

Because different jobs pay differently and the number of BAME and White employees performing these jobs varies, an ethnicity pay gap exists.

The **ethnicity pay gap** looks at the difference in average hourly rate of pay (median and mean) between White and BAME employees and has been calculated using the same methodology as our Gender Pay Gap.

A **mean pay gap** is a calculation of the average pay or bonus of BAME employees versus White employees in our organisation.

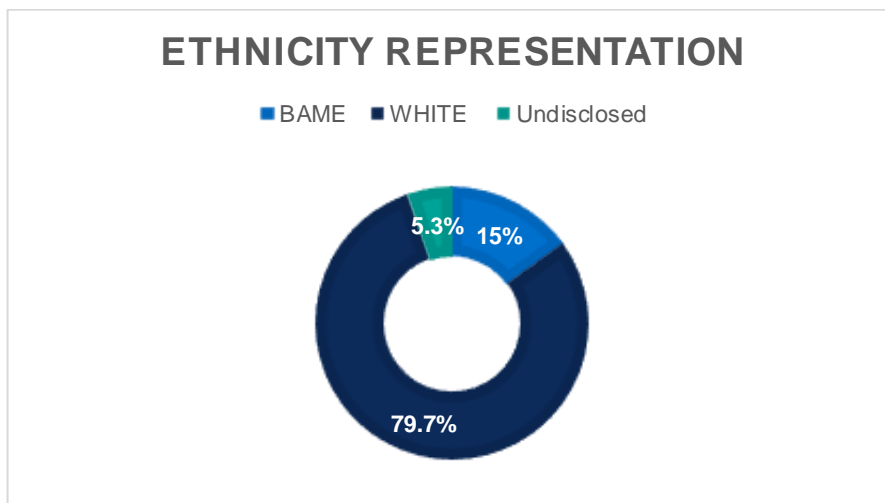
A **median pay gap** is a calculation of the exact mid-point between the lowest and highest-paid BAME employees versus White employees in the organisation.

Quartiles are calculated by ranking the pay for each employee from lowest to highest. It takes an equal sample size of 54 earners in April 2019 within each bracket and breaks these down to show the proportion and percentage of earnings within that quartile of BAME vs White employees.

The data presented is based on those who have declared their ethnicity to us at the time of reporting and is based on our UK employees.

OUR RESULTS

Ethnicity Representation and pay gap (out of 231 employees)



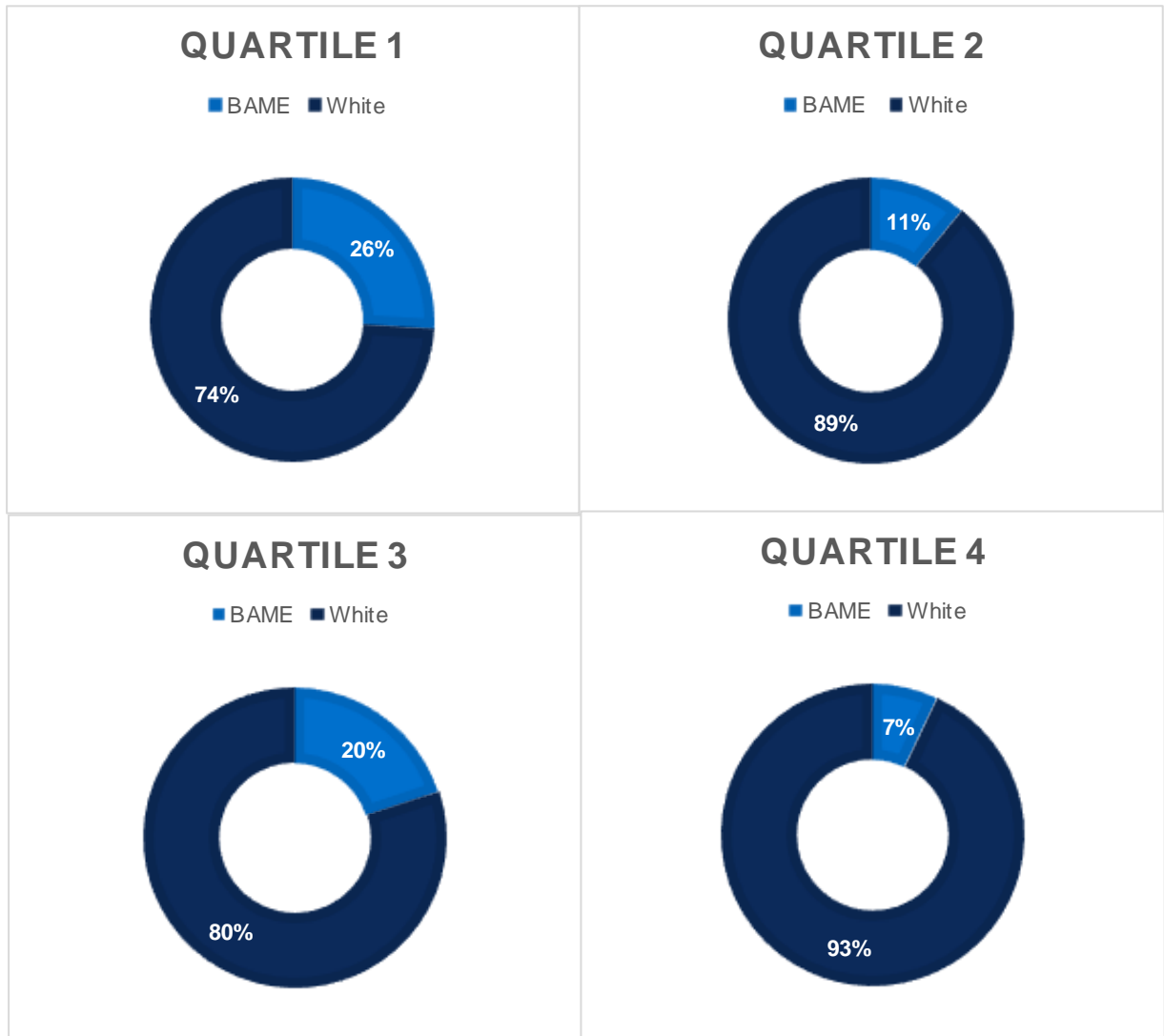
In April 2019:

- Our Ethnicity split was 15% BAME and 79.6% White with 5.3% undisclosed.
- Our mean (average) Ethnicity pay Gap was **22.5%** which had decreased by **3.2%** since 2018.
- Our median (middle) Ethnicity Pay Gap was **13.8%** which had increased by **2.8%** since 2018.

Pay Quartiles

Our data shows that the proportion of BAME employees increased in all quartiles except for the lower-middle quartile (Q2) where it remained unchanged at **11%**.

The lowest quartile saw a year-on-year increase of **6%** which was due to an increased number of BAME employees recruited between 2018 and 2019. The upper quartile increased by **3%** which was due to the appointment of a BAME employee to our management board and increased number of BAME progressing into management roles.



* The data is split into 4 equal quartiles showing the pay equality in each quartile. Q1 being the lowest paid and Q4 being the highest paid.

% Changes since 2018							
Quartile 1		Quartile 2		Quartile 3		Quartile 4	
BAME	+6%	BAME	0%	BAME	+3%	BAME	+3%
White	-6%	White	0%	White	-3%	White	-3%

Bonus

All employees were paid the same amount as a bonus in 2019; however, a larger proportion of BAME employees were ineligible for the bonus due to having joined the CBI at the end of the financial year.

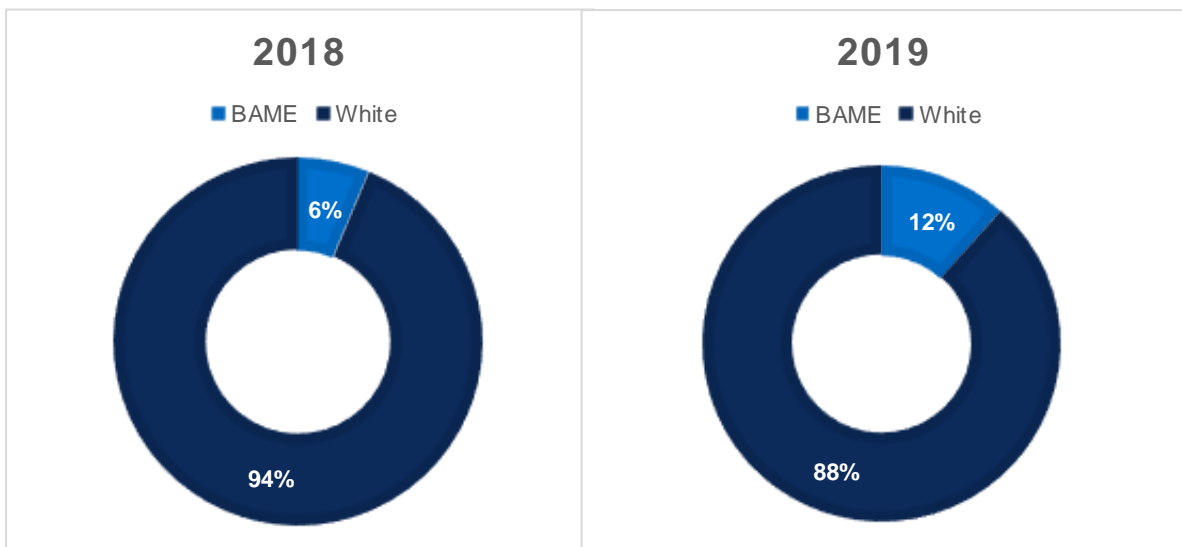
The proportion of White employee who received a bonus was **86.9%** compared to **77.1%** of BAME employees.

N.B: Our bonus payments are not substantial and are in line with our business structure as an SME and a Not for Profit

BAME representation in management

We understand that BAME representation in management roles is a significant contributor our pay gap. In April 2019, our data showed that of our total BAME population 22.9% were in management roles compared to 33.5% white employees. Overall, this equated to **11.6%** of our management positions in the UK being held by BAME employees.

This shows that from 2018 to 2019 there was an increase in BAME in management roles by **5.3%**. This highlights that progress was made but we know that there is more to do on progression and recruitment of BAME employees into senior management.



OUR JOURNEY

Over the past year we have been committed to achieving the goals set out within our 2018 action plan and introduced new initiatives where necessary to help close the gap. This includes actions to increase representation at all levels for BAME employees and support their progression.

In 2018, in partnership, with our BAME Network, Executive Committee, D&I Adviser, D&I Executive Sponsor and HR team we identified some key areas of focus below and used 2019 to proactively work to ensure these were achieved.

The areas included:

- A target to have BAME representation on our Management Board by the end of 2019.
- Applying the Rooney rule to all externally hired management roles, which means ensuring there is at least one BAME candidate shortlisted and interviewed during the recruitment process.
- Prioritising the attendance of BAME employees on our internal and external management development programmes
- Putting performance appraisal score moderation sessions in place to monitor how our BAME employees are assessed and scored compared to White employees within our annual performance review. We also use the same approach for gender.

The action plan below is structured around four key pillars which reflect our current Diversity and Inclusion Strategy.

Action Plan			
<i>Building a diverse and inclusive culture, enabling everyone to reach their full potential</i>	<i>Attracting more diverse talent to help us to become an employer of choice</i>	<i>Supporting BAME development and progression</i>	<i>Executive commitment to supporting BAME employees in the workplace</i>
Action: We are committed to reviewing our internal practices and policies to take into consideration culture and religion and to ensure they are aligned with best practice	Action: We are committed to transparency and fairness within our recruitment practices, engaging more diverse and inclusive recruitment agencies and supporting hiring managers with inclusive training to support our efforts in building a diverse talent pool	Action: We are committed to increasing our BAME talent pipeline within senior management positions which will help foster positive BAME role models, raising awareness of the challenges BAME employees experience in the workplace around career progression and work life balance	Action: We are committed to reducing our Ethnicity pay gap and will collaborate closely with our BAME Network and wider business to better understand and influence key challenges
2018 - 2019 Progress	2018 - 2019 Progress	2018 - 2019 Progress	2018 – 2019 Progress
Continued to strengthen our people policies on areas like	Used pay bands and pay benchmarking data for all roles to ensure	Building our BAME talent pipeline to ensure viability for	Some Executive Committee members

<p>Bullying and Harassment</p> <p>Ensured our employee benefits offering aligned with best practice, promoting employee wellbeing and an inclusive approach to employment and work life balance</p> <p>Provided leadership training to our senior management which included inclusion to build on our existing unconscious bias training</p> <p>Continued to roll out assertiveness and inclusion training to all employees at CBI to increase confidence and awareness around inclusion</p> <p>Introduced formal training across the business on anti-bullying and harassment</p> <p>We continued to raise awareness and understanding of cultural events and religions through internal communications and events</p>	<p>we are paying market rate as well as continuing to benchmark against peers in the same or similar roles</p> <p>Tracked diversity of candidates at interview and appointment stage for most of our management roles</p> <p>Partnered recruitment agencies specialising in diversity for external recruitment to help close our BAME pay gap</p> <p>Ensured all CBI management roles that were advertised externally have the Rooney rule applied and balanced short lists</p> <p>Evaluated job descriptions and job design to ensure they attract and support diverse applicants</p>	<p>future potential candidates for middle and senior management roles</p> <p>Started to raise awareness of cultural differences to managers with a focus on how performance is monitored</p> <p>Reviewed our internal CBI Behaviours framework guidance within our performance review training to support diverse employees</p>	<p>attended BAME network discussions</p> <p>Executive Committee committed to advertising all roles internally to help drive internal career progression</p> <p>We have embedded diversity and inclusion into the organisation's strategy and objectives</p> <p>Our employees were required to have a diversity and inclusion within their objectives</p> <p>Executive Committee met with the BAME network leads to discuss any concerns</p>
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