

Saga Gender Pay Report 2017

Foreword



Dear all,

I am writing to report the findings of our 2017 gender pay report. All organisations in the UK with more than 250 employees are required to publish their gender pay gap figures.

It's important that our employees know what the gender pay gap is, what it isn't and what the figures look like at Saga in 2017's report. I hope this report clarifies this, so we can talk confidently about our gender pay gap and what actions we are taking as a business to close our gap in the long term.

Gender pay and equal pay often get confused but they are not the same thing. Gender pay looks at the difference between average pay of all men and women across the whole business, regardless of job types or how senior they might be. Equal pay looks at an unlawful pay gap between male and female employees carrying out the same roles with the same experience and skills, and is not a component of this report. However, we are not complacent and this continues to be a key area of focus for us in 2018 and we're planning a number of steps to ensure our approach to pay is in line with our reward principles and is as fair and transparent as possible.

The vast majority of organisations in the UK have a gender pay gap, so it will come as no surprise that our report outlines that we too have a gender pay gap at Saga. Our gender gap is largely driven by a gender imbalance of more male employees in senior, highly paid positions. There is no "quick fix" to this, and achieving more equal gender representation across our organisation requires sustained drive and focus in the longer term. This is something we are passionate about and committed to and which will continue to develop Saga as a diverse and inclusive employer.

We are confident that men and women are paid fairly and equally for doing equivalent jobs across our business. We welcome the annual requirement to publish our gender pay information, and see this as an opportunity to test the effectiveness of our existing strategies and identify areas where we can improve.

A handwritten signature in cursive script that reads "Karen Caddick".

Karen Caddick
Group HR Director

Saga – 2017 Gender Pay Report

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

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 employees. 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 employee population. As required by law, separate disclosure by entity is included on the final page of this report.

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 employees carrying out the same roles with the same experience and skills.

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 employees.

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

Gender distribution across salary quartiles

Saga's demographic (i.e. the gender makeup of our employee 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 employee from the lowest paid to the highest paid and split them into four equal sized groups this gives us our salary quartiles.

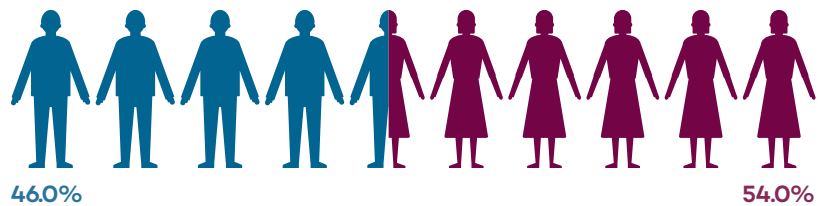
Overall, 56.4% of our employees across the group are female (as at April 2017). The quartiles above show that we have proportionally more women at the lower end of the pay spectrum, and more men at the upper end. This gender imbalance is a key driver of our gender pay and bonus gaps shown on the next 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.

Overall, **56.4%** of our employees across the group **are female** (as at April 2017).

Lower quartile



Lower middle quartile



Upper middle quartile

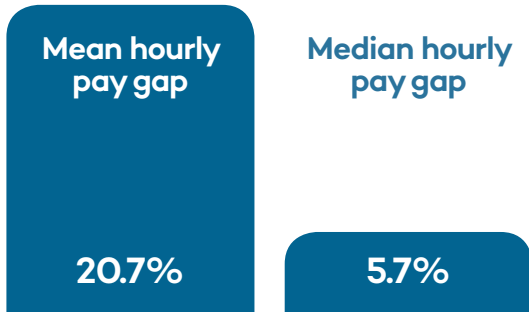


Upper quartile



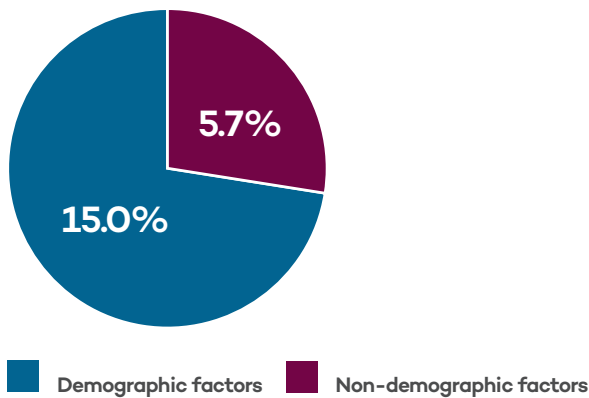
Saga Group gender pay gaps

This table shows our mean and median hourly pay gaps, based on April 2017 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 employees, in order to provide a gender pay gap figure which is much more representative of the majority of our employees.

We wanted to fully understand the impact of Saga's gender demographic on our pay gaps, so we carried out further analysis to test this. This showed that around three quarters of our overall gap was due to demographic factors, i.e. having more male employees in senior roles. When looking at the gap amongst employees at similar levels, the gap significantly reduced to 5.7%. This is the same as our median gap, which reinforces the fact that our most senior male employees have a major impact on our figures. It is purely coincidental that our non-demographic percentage is the same as our median hourly pay gap.



We are proud that our 5.7% median hourly pay gap is significantly lower than the national average median pay gap of 18.4%* across all sectors, as well as the national averages for the Financial and Insurance Activities sector (31%) and the Retail Trade sector (17%)**. However, we want to equalise gender representation across our grades and thereby reduce our gaps further, so will continue to pro-actively review and address pay and diversity on an ongoing basis.

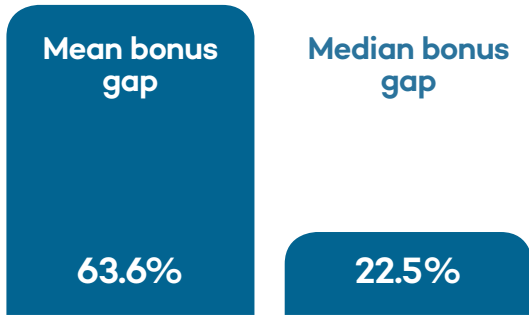
*Based on Office for National Statistics Annual Survey of Hours and Earnings 2017

**Based on PwC's Women In Work Index 2018

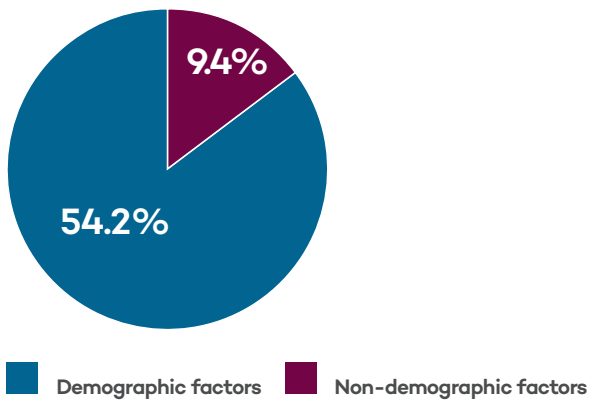
Our 5.7% median hourly pay gap is **significantly lower** than the national average median pay gap of 18.4%*

Saga Group gender bonus gaps

This table shows our mean and median bonus gaps, based on data from April 2016 to March 2017. As required by law, we have included annual bonus, commission and equity payments in these calculations.



While men and women are offered the same opportunities to receive bonuses, our bonus gaps are larger than our pay gaps. This is expected and can be explained for a number of reasons.



Demographic gaps in both pay and bonus is caused by an over representation of male employees in our senior highly paid roles, which has the impact of increasing the average male salary across Saga (and therefore driving the overall pay gaps). The majority of our bonus rates, and share awards are also linked to a percentage of salary, and so our bonus gap is further increased by the presence of more men in the higher-paying upper quartiles.

We also made a high value share award to our Chief Executive in this reporting period, which had a significant impact on our overall gap.

In order to understand this gap further, we completed additional analysis on our bonus gap. As you can see from the table to the left the vast majority of our mean bonus gap (63.6%) was caused by our gender imbalance, for the reasons outlined above.

Our non demographic gap is something that we will review in more detail. However, this could be attributed to a number of factors that are not part of the calculation for example performance, experience, our broad grading structure or historical pay decisions.

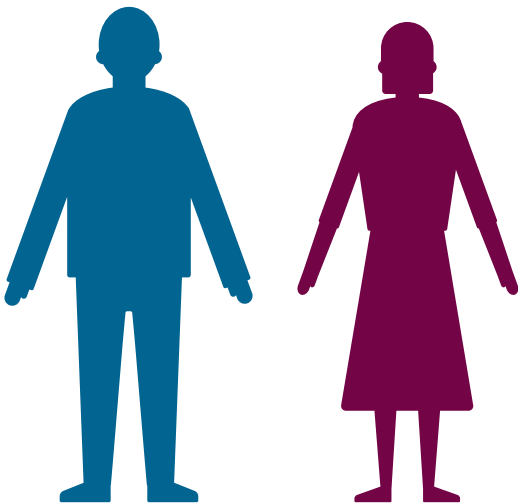
We are proud to support and promote flexible working at Saga and as a result a large number of our employees work part-time. However, as we are required to use actual bonus amounts in our calculations (rather than full-time equivalent amounts), this was a key contributor to our 22.5% 'median' bonus gap figure, particularly as the majority of our employees who work part-time are female.

Proportion of employees receiving a bonus

Across all Saga Group employees, 68.3% of men and 75.9% of women received a bonus in the 12 months prior to April 2017. 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 employees 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 employees receiving a bonus.

Men
68.3%

Women
75.9%



What are we doing at Saga to close the gap

At Saga we are passionate about providing a fair and transparent workplace which welcomes and celebrates difference. We are a diverse organisation and want to ensure that our workforce and employment practices reflect this.

We are committed to continually developing and improving our gender pay position. Our demographic analysis has shown that the key driver of our gaps is a lack of female representation in our most senior roles. This is therefore a crucial area of focus for us, and one which we are confident that the initiatives below will help to tackle.

- Review our grading structure and introduce published salary banding for all roles across Saga
- The promotion of flexible working opportunities and part-time roles across all roles at Saga regardless of seniority
- Provision of on-site childcare for Head Office employees
- Targeted development programmes for high performers of all backgrounds, including mentorships, executive shadowing, internal and external training

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 employees, 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 employee 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	
Mean hourly pay gap	22.0%	Mean hourly pay gap	16.4%	Mean hourly pay gap	13.1%
Median hourly pay gap	25.6%	Median hourly pay gap	5.6%	Median hourly pay gap	-3.5%
Mean bonus gap	43.5%	Mean bonus gap	30.7%	Mean bonus gap	31.6%
Median bonus gap	32.6%	Median bonus gap	18.9%	Median bonus gap	19.7%

Proportion of employees receiving a bonus:



Quartile pay bands

Saga Group Limited			Saga Services Limited			ST&H Group Limited		
Pay quartile	Male	Female	Pay quartile	Male	Female	Pay quartile	Male	Female
Lower	41.4%	58.6%	Lower	37.8%	62.2%	Lower	23.1%	76.9%
Lower Middle	43.2%	56.8%	Lower Middle	44.9%	55.1%	Lower Middle	63.7%	36.3%
Upper Middle	58.6%	41.4%	Upper Middle	42.1%	57.9%	Upper Middle	29.5%	70.5%
Upper	60.4%	39.6%	Upper	56.4%	43.6%	Upper	46.8%	53.2%