

2020 UK GENDER PAY GAP REPORT



UNDERSTANDING THE GENDER PAY GAP

What is the gender pay gap?

The gender pay gap is the difference between the average hourly earnings of men and women. For example, a 4% gender pay gap shows women earn 4% less an hour, on average, than men.

To work out the gender pay gap, we measure the difference between men and women's average pay in a company, as a proportion of men's earnings.

It's a legal requirement for all employers in Great Britain with more than 250 employees to report on their gender pay gap.

How do we calculate our gender pay gap?

We use two different ways of measuring the difference between the salary of men and women: the mean and the median (as required by law).

The mean figure takes the sum of all the men's salaries and divides it by the number of men, then does the same for women. The women's figure is then shown as a proportion of the men's and the difference between these two figures is the gap. This is the figure that we officially report.

The median figure lists all the men's salaries from lowest to highest and takes the middle number, then compares this to the same figure for the women's salaries.

In 2020, Capital One UK's mean gender pay gap stood at 19.9%, down very slightly from 2019, and 23.8% for the median, up from 23.1% last year.

*Capital One UK in this report refers to Capital One (Europe) PLC

What is equal pay?

Equal pay is different to the gender pay gap. This is the legal right for men and women to be paid the same for doing equal work. Equal pay and the gender pay gap measure different things, but they both provide valuable insight.

We regularly review what we pay associates who do equal work. We make sure we also consider things like location and experience as these can affect someone's salary, regardless of gender.

At Capital One UK*, we pay women 100% of what men are paid for equal work.



2020 RESULTS

MEAN HOURLY GAP

20%

MEDIAN HOURLY GAP

24%

MEAN BONUS GAP

28%

MEDIAN BONUS GAP

21%

PROPORTION RECEIVING BONUS PAY



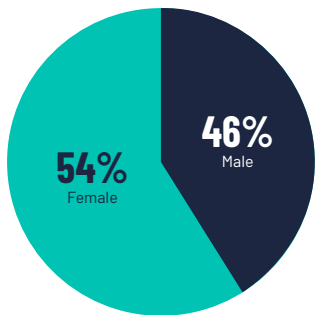
75%
MALE



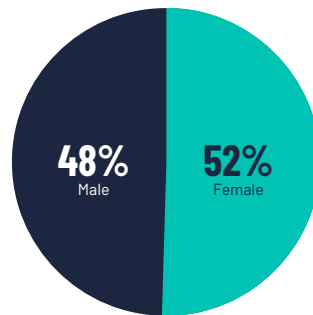
58%
FEMALE

PAY QUARTILES

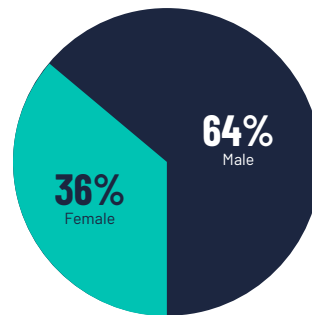
LOWER



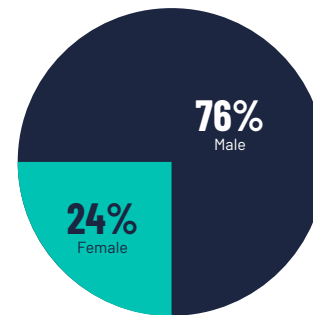
LOWER MIDDLE



UPPER MIDDLE



UPPER



Female Male

What do these figures mean?

These figures show the gap between the average and median pay for men and women across all roles, experience and seniority at Capital One UK. Government guidance on how we calculate men and women's bonuses for gender pay gap reporting has been updated. It means a direct comparison of mean and median bonus payment figures for 2019 and 2020 would be inaccurate.

As with last year though, we're also choosing to report on changes we made to base pay and bonuses. This gives more context to the bonus gap figures. In 2018, we made the decision to increase the base pay for the 30% of associates who are at the lower end of our pay spectrum. This meant their discretionary bonus was added to their base pay to create a guaranteed monthly salary. Before we did this, their annual bonus wasn't guaranteed and the amount could vary. This means these associates can rely on a fixed salary and also gives them wider benefits. For example, the guaranteed amount can be included in mortgage applications, whereas bonus and other discretionary pay are not always considered.

We also increased the starting salary for all new starters in these roles and gave associates already at this level a further pay increase. As in wider society, a larger proportion of those lower paid employees were women. A consequence of the decision to increase base pay meant both the mean and median gaps for bonus pay (another figure we measure) went up in 2019. At Capital One UK, the mean bonus stands at 28% and the median bonus figure at 21%.

Although we can't compare the bonus gender pay gap year on year, what we can say is that at Capital One UK, we're continuing to try to close that gap. And in 2020, the proportion of women receiving bonus pay increased when compared with the previous year.

WHAT ARE WE DOING TO MAKE A DIFFERENCE?

We're making progress in closing the gender pay and bonus gaps but we know that we still have further to go to achieve this goal.

A key priority of our Diversity, Inclusion and Belonging strategy is to increase the representation of women in our senior leadership team. We know having more women in higher paying roles is one of the best ways to make real progress in tackling the gap.

We've developed our data collection and insight gathering to help us get better at identifying areas for improvement. We're also continuing to build the gender diversity of our talent pipeline, paying particular attention to roles where women have traditionally been underrepresented, such as Analytics and Technology.

Right now we're focused on our associates and their families, helping to keep them safe and well during these testing times. Our Business Resource Groups are working to make sure that women at Capital One can get the resources and support they need to continue developing their careers.

We've set ourselves some challenging targets which we're checking regularly to make sure we reach the goals we're aspiring to achieve. These are underpinned with action plans which include:

- Developing our Inclusive Recruitment best practice
- Finding opportunities to invest in the hiring and internal mobility of women
- Adopting talent and development strategies that bridge the senior leadership gender gap
- Engaging our senior leaders to create stronger accountability for gender diversity
- Celebrating our female leader role models, as well as working with allies, to elevate our commitments to women and women from ethnic minorities
- Planning for the future with initiatives such as school and university partnerships and programmes designed to promote careers in Technology to young people and girls in particular



A MESSAGE FROM OUR CEO

I am passionate about and committed to ensuring that Capital One UK makes it possible for all to thrive; regardless of gender, ethnicity or background.

That is why, as a member of the leadership team at Capital One UK for a number of years, and as CEO for just under a year, I am committed to creating more opportunities for women to secure and succeed in roles that are more highly paid.

There are societal issues at play here that mean in certain core and higher paid roles in our industry, women have been historically underrepresented. But we are part of society and it is incumbent on us as a company to help address those challenges and effect positive change.

That is why we have made increasing the representation of women in senior leadership roles a key priority of our Diversity, Inclusion and Belonging strategy. Alongside this we are also developing the gender diversity of our talent pipeline, especially in areas that have been traditionally underrepresented, like analytics and technology.

We are determined to address the gender pay gap. It will take time but I believe we will get there.

I confirm that the figures in this report are accurate.

Lucy-Marie Hagues - CEO, Capital One UK

