

BNP Paribas London Branch

Equal Pay Audit Report

1 September 2022



Contents

1	INTRODUCTION.....	1
2	INSTRUCTION OF EVERSHEDS SUTHERLAND (INTERNATIONAL) LLP	3
3	METHODOLOGY	3
4	THE RESPONDENT’S REMUNERATION STRUCTURE, BENEFITS AND ALLOWANCES.....	14
5	STEPS TAKEN TO ADDRESS EQUAL PAY CONCERNS	23
6	CONCLUSIONS	31
7	RECOMMENDATIONS FOLLOWING COMPLETION OF AUDIT	55
8	CERTIFICATION	59
Appendices		
1	EHRC Equal Pay Audit Process	60
2	Power Point presentation from Aon describing JES methodology	61
3	Template Summary Report	75
4	Pay Policies, Schemes, Processes, Guidance or Other Pay Information Considered.....	77
5	Template Deep Dive Investigation Report	79
6	Gender Split Figures for Pension Schemes, Allowances/Overtime, Discretionary Bonus and International Mobility Opportunities	81
7	Respondent’s Equal Pay Action Plan	83
8	Information on Equal Pay Review Methodology	89

1. Introduction

- 1.1 In the matter of Ms S Macken v BNP Paribas London Branch (Case Numbers: 2208142/2017; 2205586/2018 and 2201492/2019), following the Remedies Hearing held on 2 – 9, 11, 17, 30, 31 March 2021 and 16 April 2021 the Employment Tribunal, in the decision sent to the parties on 4 October 2021, ordered BNP Paribas London Branch (the Respondent in those proceedings) to conduct an equal pay audit pursuant to the Equality Act 2010 (Equal Pay Audits) Regulations 2014 (“the Regulations”).
- 1.2 Order 2 of the Tribunal’s Order set out in the judgment issued following the Remedies Hearing (“the Remedies Judgment”) specified that :-

Order 2 provides:-

Equal Pay Audit (“the Audit”)

- (a) We order that the Respondent carry out an audit under regulation 2 of The Equality Act 2010 (Equal Pay Audit) Regulations 2014 (the “Regulations”). The audit must be received by the tribunal by 30 June 2022 (subsequently extended to 12 September 2022).
 - (b) The audit must include the relevant gender pay information of anyone who was an employee (as defined in the Equality Act 2010) of the Respondent between 1 January and 31 December 2021.
 - (c) The relevant gender pay information is all monetary forms of remuneration, including base pay, pension contributions, allowances and discretionary bonus payments, but not benefits in kind.
 - (d) The content of the audit must comply with regulation 6 of the Regulations.
- 1.3 The Tribunal provided clarification in relation to its requirements for the Audit at paragraphs 370 and 373 of the Remedy Judgement as follows :-

Paragraph 370 –

“The regulations do not deal with the methodology which should be applied when carrying out an equal pay audit. The purpose, as we intend it, is to ensure that the audit is of the whole organisation and enables a proper comparison to be made of the remuneration levels of men and women employed by the Respondent who are doing work of equal value. We do not require the Respondent to duplicate the work carried out in calculating the overall gender pay gap. Instead, the outcome we are seeking should include a more sophisticated analysis whereby the Respondents explains its approach to equal value in the audit report. We also expect all elements of remuneration to be included i.e. base pay, pension contributions, discretionary bonuses and any other allowances, although not benefits in kind.”

Paragraph 373 -

"We add that we would expect the report the Respondent produces to be fully anonymised and we do not require any identifying information for the employees included in the report."

Regulation 6 of the Regulations provides :-

"An Audit must

- (a) include the relevant gender pay information related to the descriptions of persons specified by the tribunal for the purposes of regulation 5 (1) (a)
- (b) identify any difference in pay between the descriptions of men and women specified for the purposes of regulation 5 (1) (a) and the reasons for those differences
- (c) include the reasons for any potential equal pay breach identified by the audit
- (d) include the respondent's plan to avoid equal pay breaches occurring or continuing"

Equality and Human Rights Commission Guide on Equal Pay Audit for Large Employers

- 1.4 The Regulations provide the high level requirements for the conduct of an equal pay audit.
- 1.5 The Equality and Human Right Commission ("EHRC") have produced a helpful guide for large employers (with 50 or more employees) conducting an equal pay audit which provides a significant amount of detail to assist with the progression of an audit ("the EHRC Guide"). The EHRC Guide is broken down into five steps and covers each element referred to by Regulation 6. The five steps are set out in [Appendix 1](#) to this report.
- 1.6 We appreciate that, as recognised by the Tribunal at paragraph 370 outlined above, the Regulations do not specify the methodology to be adopted for an equal pay audit ordered under the Regulations, and some references within the Regulations and the EHRC Guide may not be wholly consistent. However, we consider that when the Regulations were enacted by Parliament it was the intention of the Government that the EHRC Guide would be relied upon as the methodology to be adopted. We believe that this is supported by the Government's response to the consultation on the Regulations (before implementation) when the Government recognised that there was a substantial amount of material available on the EHRC website (including the equal pay toolkit which preceded the current EHRC Guide). On that basis the Government determined not to publish additional guidance on pay audits or on the Regulations. In the explanatory note to the Regulations the EHRC Guidance, including the equal pay toolkit, is specifically referred to as applicable guidance.
- 1.7 We believe that observance of the EHRC Guide ensures that the objective of the Regulations is achieved, namely that employers found by an employment tribunal to have committed an equal pay breach are required to undertake a systematic evaluation of their pay and reward systems to ensure that further breaches do not occur or that existing breaches do not continue. We therefore concluded that the EHRC Guide is the appropriate methodology for progression of an equal pay audit under the Regulations and proceeded to conduct the Audit on this basis.

2. Instruction of Eversheds Sutherland (International) LLP

- 2.1 We have specialised in equal pay since 2004 when our involvement in mass public sector equal pay claims began. In addition to our established equal pay litigation practice, we have for many years supported employers to undertake equal pay audits including (together with PWC) the BBC Equal Pay Audit which was published in 2017.
- 2.2 Given our experience of conducting equal pay litigation and undertaking equal pay audits, on 25 March 2022 we were formally instructed by the Respondent to conduct the Audit as ordered by the Tribunal and in compliance with the Regulations. We approached the Audit by reference to the five step process contained within the EHRC Guide. We set out below the methodology which we adopted in progressing the Audit.

3. Methodology

- 3.1 Prior to commencing the Audit, we considered both the Liability Judgment and the Remedy Judgment in the Tribunal Proceedings referred to above to ensure that we understood the Tribunal's concerns in relation to equal pay and also that we understood what steps the Respondent had taken in the two years in between the Liability and Remedy hearings and in order to assess what progress, if any, had been made since the Remedy Hearing.
- 3.2 We set out below how we approached the Audit by reference to the specific steps within the EHRC Guide.

Step of EHRC Guide	Approach Adopted
Step 1 - Decide on Scope <ul style="list-style-type: none">• Full or staged approach?• Who should be involved?• Information needed and tools available• Bringing the information together for analysis	<p>The scope of the audit was as ordered by the Employment Tribunal to include anyone who was an employee (as defined in the Equality Act 2010) between 1 January and 31 December 2021 ("the Audit Employees").</p> <p>The Equality Act 2010 defines an employee as someone who has a contract of employment, is an Apprentice or is contracted to undertake work personally (often referred to as a "worker")</p> <p>We have reviewed the Respondent's policies on outgoing overseas secondees who are technically employees of the Home Location (in this case the UK) and have concluded that because the employee's remuneration whilst on overseas assignment is not directly comparable to the remuneration of other UK employees (because it is governed by the assignment including currency conversion and additional payments) these employees, 135 of them, have not been included in the statistical analysis</p>

	<p>or the Deep Dive Investigation (defined below in Step 4).</p> <p>However, we have given consideration to these cases and particularly the number of males and females benefitting from the various categories of assignments (see gender split at Appendix 6).</p> <p>Equally the Respondent has a number of employees who are on long term sickness absence and are covered by the Permanent Health Insurance (PHI) Scheme. As these employees received a percentage of their historic salary (at the point they went onto the PHI scheme), and remuneration increases dictated by the terms of the PHI scheme, these 35 employees have not been included in gender statistics comparisons or the Deep Dive Investigation. However, again we have given consideration to these as a separate group.</p> <p>We have been made aware of a transfer of undertakings (TUPE) of staff into the Respondent which was progressed between January 2020 and December 2021.</p> <p>Some of these employees were subject of an early TUPE transfer and have since had their jobs evaluated by Aon. These employees were included in the statistical analysis and the Deep Dive Investigation.</p> <p>However, other employees who TUPE transferred on a later date are in unique roles and have not been evaluated by Aon. Therefore these employees could not be considered in the statistical analysis or the Deep Dive Investigation.</p> <p>There are also two employees who were in unique roles for short periods in 2021. The first was in a unique role for two months within 2021, however, the role no longer exists as it was made redundant. As a result this role has not been evaluated by Aon.</p> <p>The second was originally, prior to 2013 an inbound expatriate to the UK who went onto a local UK contract in 2013. In 2015 they took up a role with another</p>
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	<p>group company and so their employment contract with London Branch was suspended (with the exception of pension/benefits) for the duration of that role. In 2021 the individual resumed employment status with London Branch but their role was not evaluated by Aon to enable a job level comparison to be undertaken. We have not considered these employees in our statistical analysis or the Deep Dive Investigation.</p> <p>Finally, there was one employee who was on a dual contract with the UK and an overseas entity due to the dual roles held by this individual. We therefore did not consider this employee in the gender statistics comparisons or the Deep Dive Investigation.</p>
<p>Step 2 - Men and women and equal work</p> <ul style="list-style-type: none"> • like work • work rated as equivalent in a job evaluation study • work of equal value 	<p>In the Remedy Hearing it was recognised that whilst the Respondent had produced Job Descriptions as part of its Remediation Plan (as referred to in the Tribunal's Remedy Judgement and expanded upon further below) and implemented a job family approach on a pilot basis, this was primarily focused on "like work" comparisons in relation to equal work. This approach did not necessarily address potential "equal value" differences.</p> <p>Following the Remedy Hearing and the completion of the pilot exercise referred to at the Remedies Hearing, the Respondent therefore commissioned Aon to develop a Job Evaluation Scheme ("JES") in order to undertake an analytical factor based evaluation of each role within the Respondent in order to understand how each role fits into the organisation and to review its pay system accordingly.</p> <p>Aon is a reputable job evaluation scheme provider and offers a scheme called JobLink Points which adopts an analytical approach. We were provided with a short power point presentation of the approach adopted by Aon (including a demonstration of their software tool) when conducting their evaluation which can be found at Appendix 2. In the presentation at Appendix 2 it is explained how the methodology will be applied to job roles within the</p>

	<p>Respondent by the calculation of points for each job role evaluated and the assignment of roles to levels from level 2 to level 12 with 2 being the lowest and 12 being the highest. This enables potential like work, work rated as equivalent and equal value comparisons to be undertaken.</p> <p>The Respondent chose the more rigorous JobLink Points approach to ensure that roles were subject to a quantitative approach, providing rigour, structure and defensibility, and it would be an analytical valid job evaluation scheme for the purposes of the Equality Act 2010.</p> <p>In addition to considering the methodology adopted by Aon, we were also provided with some samples of job descriptions and rationales setting out the points allocated to the sample jobs and how work levels had been identified.</p> <p>Once Aon had completed the job evaluation exercise we were provided with the pay data for employees based on the evaluations undertaken by Aon and the points and level allocated to each role to enable us to undertake our analysis on the basis of comparisons for job roles, job levels within business line/function and job levels across business line/function covering like work, work rated as equivalent and equal value issues. We relied upon the evaluations undertaken by Aon and the pay data provided for those employed in the roles evaluated by Aon.</p>
<p>Step 3 - Collect and Compare Pay Data</p> <ul style="list-style-type: none"> • calculate average hourly rates and total earnings – across organisation and across pay bands/job groups • compare access to and amounts received in each element • calculate gender bonus gaps • identify pay and bonus gaps above 5% 	<p>The Respondent collected pay data for the Audit Employees. Where such employees were part-time the Respondent produced data on a full time equivalent ("FTE") basis so that pay data was compared for all Audit Employees on the same basis.</p> <p>The data was checked to ensure that any leavers in 2021 had been captured and their salary data was provided on a full year equivalent basis to ensure we were undertaking like for like comparisons.</p> <p>The pay data was collected for monetary remuneration as set out in the Employment Tribunal Order and</p>

	<p>comparisons undertaken for the following :-</p> <ul style="list-style-type: none"> • base pay • allowances • pension contributions • discretionary bonuses <p>In addition to the remuneration information in excel format we were also provided with key employment information to enable us to undertake our analysis including the employee payroll number, their gender, the role they hold, their business line/function, job level and points allocated under the JES, how long they have been employed by the Respondent and their date of birth.</p> <p>As this pay data spreadsheet contains a substantial amount of personal data, and we are conscious of our obligations (and those of the Respondent) in relation to the Data Protection Act 1988 as subsequently amended and the General Data Protection Regulations 2018 we have not attached this data spreadsheet to this Audit Report. This is consistent with the Tribunal's guidance at paragraph 373 of the Remedy Judgment as outlined above in Section 1. We have also not included the Respondent's pay data or pay ranges for commerciality reasons. We noted that in the Respondent's evidence to the Employment Tribunal, the Respondent operates in a very competitive sector in relation to recruitment and retention and therefore considers its pay data to be highly confidential in order to protect its business from poaching by competitor businesses.</p> <p>Once the pay data was collected this was analysed on a job role (like work) basis, on a job level within specific business line/functions and job levels across business line/functions (work rated as equivalent and/or potential equal value basis) as set out in the Aon JobLink exercise.</p> <p>Whilst the majority of the analysis was carried out in relation to mixed gender roles we were also provided with a list of single occupancy or roles where there</p>
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	<p>was multiple occupancy by a single gender so that we could consider the potential impact of those roles.</p> <p>As part of the audit we considered access to and amounts received by the Audit Employees and specifically for each pay element identified in Order 2. In order to consider any other forms of monetary remuneration which might be paid to the Audit Employees, and access to payments, particularly the various allowances paid by the Respondent, we were provided with a breakdown of the Respondent's payroll codes relating to elements of remuneration so that we could consider and review these. We were satisfied that there were no other forms of monetary remuneration that fell outside of these four categories.</p> <p>We calculated the gender pay gaps for each of the above payments (save for pension which is dealt with below) and for total remuneration.</p> <p>We then prepared a summary report showing the gender pay gaps so that consideration could be given to whether any of the gaps were above the 5% threshold recommended by the EHRC Guide. For GDPR and confidentiality reasons, as set out more fully above, the summary reports are not attached to this report. However, we have produced a template summary report so that the Tribunal can see the methodology adopted. The template summary report is produced at Appendix 3.</p> <p>It was not possible to perform gender pay gap calculations at a role level where the role contained employees of one gender only or where it was a unique role containing one person only.</p> <p>However, we were conscious that there could be potential to create unique roles to avoid gender comparisons and we therefore considered those unique roles.</p> <p>Where we believed that there were, on the face of the job title, minor differences we performed gender pay gap calculations on the basis that they were at the same level within the same function/business line (i.e. an equal value</p>
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	<p>basis rather than a like work comparison).</p> <p>As explained above, we also performed some comparisons on a job level basis across function/business line.</p> <p>We considered pension provision which we explain in more detail below when we describe the Respondent's remuneration arrangements. The majority of employees are in a CIB Defined Contribution (DC) Scheme which provides for the employer to provide 12% contribution with no employee contributions. In addition there are some employees with enhanced DC rates following a transfer into the Respondent pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") and a legacy Defined Benefit (DB) Scheme which has been closed to new members since 2000.</p>
<p>Step 4 - Analyse Causes of Pay Gaps</p> <ul style="list-style-type: none"> • consider basic pay and compare other elements of pay package • examine pay policies and practices to establish consistency and appropriate checks and balances for exercise of management discretion • undertake individual case comparisons to assess reasons for pay difference and how these are evidenced • are women placed at a particular disadvantage compared to men, if so can decisions be objectively justified 	<p>We reviewed the Respondent's Pay Policies and Practices, which determined basic pay, the provision of pension contributions, payment of allowances and allocation of discretionary bonuses to understand how these were being applied in practice and the statistical impact on men and women. A list of the pay policies, guidance, schemes and other pay information which we reviewed is at Appendix 4.</p> <p>Following our review of the Respondent's Pay Policies and Practices, and where appropriate, we noted any areas therein which we thought could be improved to more effectively manage potential equal pay issues. These are set out in the Conclusions and Recommendations sections below.</p> <p>In addition to the above pay information, we were also provided with the presentations in relation to the Respondent's Compensation Review Process for both 2020 and 2021 which set out the Respondent's time line and key steps for its compensation review process in those years, and with the template remuneration clauses included in contracts of employment.</p>

	<p>We also reviewed information in relation to the McLagan market data to understand how McLagan job codes operated and were provided with the relevant McLagan codes and pay levels for the roles considered in the Deep Dive Investigation comparisons. We were also advised that other market pay data sources were used by the Respondent and where this had been applied we asked to be provided with this additional information for consideration as part of the Deep Dive Investigation.</p> <p>Having reviewed all of this remuneration information we raised a number of queries to ensure that we understood how the pay system operated.</p> <p>Following our review of this documentation which explained and set the parameters for pay decisions, and in order to interrogate the potential causes of pay differences, we identified those job roles and job levels, both within business line/function and across business line/function, where there was a 5% pay gap benefitting either sex.</p> <p>In job roles or job levels where there was a 5% pay gap, we then progressed a sampling exercise to consider some individual cases where male and female comparisons appeared to have similar characteristics in terms of their work profile, but there was a pay differential, so that we could investigate what was the reason, if any, for that pay differential. We refer to that exercise in this report as the "Deep Dive Investigation". Where there was a role (or a job level) which included two employees only, one male and one female, notwithstanding that they may not have similar characteristics in terms of their work profile, we considered these gender comparisons also.</p> <p>The Deep Dive Investigation was a desk top exercise whereby the documented evidence for pay decisions was considered to establish the appropriateness of the Respondent's recorded pay decisions and the reasons recorded for pay differentials.</p>
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	<p>In particular the following documentation (where available and relevant) was considered together with any relevant pay policies and commentary from HR and Managers:-</p> <ul style="list-style-type: none"> • starting salary upon joining the organisation • starting salary upon taking up the relevant role • salary history in role showing all pay rises and payroll reason given for the same • copies of personal documentation in scanned document format for each individual employee within a male/female comparison for consideration to explain pay differential which may include:- <ul style="list-style-type: none"> • any approvals • explanation for starting salary in role e.g. recruitment paperwork • documentation issued when pay rises awarded • any performance appraisal documentation • any documentation in relation to any increase in role responsibilities • contract of employment • organisation chart • job description • JES points, business line/function and job levels • CV or application form • any recruitment and retention information • any personal pay protection information e.g. TUPE/at risk of redundancy <p>The Deep Dive Investigation then considered whether there was a material factor defence apparent from the documentation retained and commentary provided which was easily accessible by the Respondent such that the pay difference was justified because:</p> <ul style="list-style-type: none"> • it had nothing to do with a difference in sex • it was the real reason for the difference in pay and was not a sham or pretence • was causative of the difference in pay between the male and female comparisons
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	<ul style="list-style-type: none"> • was material; that is, significant and relevant • if it put women at a particular disadvantage compared to men, is objectively justified <p>Any disparate impact and objective justification were considered in the context of an audit and the information provided therein. This was not a full objective justification exercise across the whole organisation or individual job roles or job levels which would be progressed in the context of equal pay litigation which would be focussed on specific “pools” of staff and whether there were less discriminatory ways of achieving any legitimate business aims relied upon.</p> <p>A Deep Dive Investigation Report Spreadsheet was produced to record the findings of the investigation and to identify the reasons for pay differentials and, where there was no reason to identify the comparison as requiring immediate attention and/or further investigation.</p> <p>The reliability of the evidence produced was categorised as green (strong), amber (moderate) and red (weak). In order to protect personal data and the Respondent’s confidential data, the completed Deep Dive Investigation Report Spreadsheet is not produced in full. However, at Appendix 5 we attach a template Deep Dive Investigation Report Spreadsheet showing the headings to demonstrate the methodology adopted.</p> <p>In addition to the Deep Dive Investigation into specific gender pay gaps, which considered opposite gender comparisons, the Audit also considered how certain policies and practices had been applied by the Respondent in practice where these would impact on pay and also areas which were identified as high risk of potential discrimination.</p> <p>We also considered the publicly available Gender Pay Gap Report for the Respondent which helped us to consider the organisational, rather than individual comparison, position.</p>
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	<p>We gave particular attention to the following areas:-</p> <ul style="list-style-type: none"> ○ Recruitment practice and particularly the exercise of management discretion in fixing starting salary ○ Performance Management ○ Special Allowance <p>We asked for the number of special allowances which remained payable and for a gender breakdown of the same. We selected some of these cases to examine so that we could more fully understand the circumstances in which Special Allowance would be paid to employees and what factors determined the level of the Special Allowance paid.</p> <ul style="list-style-type: none"> ○ Sign On Payment <p>We asked for the number of sign on payments made in 2021 and for a gender breakdown of the same. We selected some of these cases to examine so that we could more fully understand how these could be accessed by employees.</p> <p>In relation to some payments made by the Respondent we asked for male/female gender split statistics (which can be seen at Appendix 6) so that we could more fully understand whether there was potential for any disparate impact in relation to particular payments.</p>
<p>Step 5 - Develop and Implement an Action Plan</p> <ul style="list-style-type: none"> • decide on remedial action and timescales • consider if need to change terms and conditions or implement ring fencing 	<p>In the Remedies Hearing the Respondent explained that following the Liability Hearing it had already implemented a Remediation Programme.</p> <p>We considered the Remediation Programme and the further progress made on this following the Remedy Hearing. We set out below our findings</p>

<ul style="list-style-type: none"> • assess if need to change policies and practices including recording decision making and record retention • ongoing monitoring/review • prepare a communications plan 	<p>in this respect in the Remediation Programme section.</p> <p>We reached specific conclusions based on our review of the Respondent's pay practices and the Deep Dive Investigation. We then made recommendations for the Respondent's consideration which are contained in the Conclusions and Recommendations sections below.</p> <p>Following consideration of our conclusions and recommendations in this Audit the Respondent then considered what further steps it should take in order to implement these recommendations and further progress its Action Plan together with timescales.</p> <p>The Action Plan produced as a result of this consideration has been shared with us and is produced as Appendix 7.</p> <p>We understand that the Respondent intends to continue its equal pay and equal treatment reviews as part of its Compensation Review Process going forward.</p> <p>The Respondent has confirmed that following consideration of this Audit by the Tribunal, and in accordance with the Regulations, the Respondent will publish this audit on its website as part of its communications plan.</p>
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4. The Respondent's Remuneration Structure, Benefits and Allowances

Introduction

- 4.1 Before we set out our findings in the Audit we believe it is helpful to recap on the Respondent's remuneration structure which is particularly complex as it reflects the structure of its global business and the regulatory regime in which the Respondent operates across jurisdictions. The Respondent is a London Branch of a global business headquartered in Paris. Therefore the remuneration principles for the global business apply across the Group but it is recognised that these will need to be adapted to local legislation and regulation within the jurisdiction where subsidiaries operate; in this case the jurisdiction being the UK.
- 4.2 The Respondent's guidelines relating to the structure of compensation, salary increases, budgets and the award of variable compensation are common to the entire group and aligned on risk management objectives. The overarching

guidelines are then applied to specific jurisdictions, in this case the UK. The objective of the Global Remuneration Principles Policy is to prevent promoting risk-taking that exceeds the level of risk tolerated by the Group, as well as to prevent conflicts of interests and unfair treatment of clients. The Respondent's Compensation Policy makes it clear that there should be equal and fair treatment for individual allocation of compensation and no discriminatory criteria should be included.

- 4.3 The Group Remuneration Policy and compensation arrangements state that they shall not encourage or reward activities that expose the Group to excessive or imprudent risk or that are not authorised, or that would not be compliant with the Regulatory regime within which the Group Companies have to operate. Variable compensation is determined so as to avoid incentives that could lead to conflicts of interest between employees and clients, or non-compliance with conduct of business rules.
- 4.4 This global structure and regulatory regime has created a much more complex remuneration system than most employers in other sectors operate but it is one which is consistent with practices of other global employers within the Financial Services Sector. In the UK Regulatory regime, within which the Respondent operates, there are very strict provisions in relation to levels of remuneration and clawback provisions arising from the regulatory compliance regime.

Components of Remuneration

- 4.5 In particular the components of remuneration, as set out in the Group Remuneration Principles, and as applied to the Respondent's business in the UK, are as follows :-

4.5.1 COMPENSATION COMPONENTS

a) Fixed compensation

Fixed compensation is intended to reward competence, experience, qualification level, as well as the level of involvement in assigned tasks. It is set on the basis of the (local or professional) market and the principle of internal consistency within the BNP Paribas Group. It is composed of a fixed base salary, which rewards the skills and responsibilities corresponding to the position held, and where appropriate fixed pay supplements linked to specific jobs (specialty or function Special Allowance).

b) Individual variable compensation which remunerates in particular:

- Quantitative achievements and qualitative achievements

that are measured on the basis of sustainable observed performance and individual assessments relative to fixed objectives. It does not constitute a right and is set in a discretionary manner each year in accordance with the compensation policy for the relevant year and corporate governance guidelines. It takes the form of a bonus which may be paid in cash or indexed cash which may be subject to deferral.

- "Top-up" bonus

In the case of exceptional performance, an additional variable compensation may be paid in the form of a top-up bonus.

- “Retention” bonus

Up until the end of the calendar year 2021 only, a retention bonus could exceptionally be awarded during the course of the year to retain a key employee about to be hired by a competitor. Since 1 January 2022 such retention bonuses can only be awarded with the UK regulator’s express prior approval.

These retention bonuses were awarded:

- on the basis of proofs justifying the existence of a formal offer from the so-called competitor, or
 - with converging indicators that enable the Head of HR and the Head of the business line to consider that there is a very high risk of departure from the Respondent that would weaken the activity. This retention bonus would in any case be limited to one year and granted under the same conditions as the other bonuses (i.e. with a deferred portion, indexing and performance conditions).
- Guaranteed Variable Compensation

An advance guarantee of the variable compensation payment is now prohibited for current staff. However, in the context of hiring, especially to attract a key competence, the award of variable compensation may be exceptionally guaranteed for the first year; this award shall in any event be subject to the same conditions as variable compensation (that is to say, with a deferred portion, indexing, and performance and conduct conditions).

c) Sales incentive scheme

For employees holding commercial functions, individual variable remuneration can be awarded under sales incentive schemes. These schemes must not be designed in a manner that would promote selling a product or a service which is not well adapted to the clients’ needs, or favour employees’ interests over clients’ interests.

d) Other compensation elements

- Sign-on award

For specific recruitment needs, awards paid in cash can be granted to new hires (the amounts will be charged on the bonus pool for the fiscal year). These are typically used to compensate a new joiner where they are required to reimburse their previous employer for a specific sum on leaving their employment. These

awards may not exceed the amounts set by General Management and should include a claw-back clause in case the new hire leaves the Group in the first year following the hire date.

- Buyout awards

Buyouts awarded to newly hired experienced employees will be paid according to a schedule and under conditions as close as possible to the initial vesting dates and conditions of the instruments they will forfeit from their previous employer. They will have to be aligned with the payment and behavioural conditions included in the BNP Paribas Group's deferred compensation plans in effect at the time of the buyout awards of these employees.

e) Employee benefits

Employee benefits are in addition to any other remuneration components. They are intended to protect employees against the uncertainties of life (via health, disability and life insurances, etc.), encourage their savings efforts and promote preparation for retirement. On top of UK mandatory benefits, employees may benefit from:

- Complementary plans covering their medical expenses and those of their family, loss of income on short/long term disability and/or providing a capital sum in case of death;
- Pension plans allowing them to build up a capital sum during their working life to supplement their retirement income;
- Schemes aimed at encouraging savings efforts. To this effect the UK operates a flexible employee benefits plan called Spectrum, which allows employees to determine their own level of coverage according to the different benefits proposed. The Spectrum scheme is supplemented by benefits in kind responding to a specific need (cars, accommodation, special day-offs).

Compensation Process Governance Measures

- 4.6 The Respondent has in place a number of governance initiatives to support a robust year-end compensation process.
- 4.7 At the outset of the process, guidance is given to bonus managers to ensure they consider their proposals fairly and appropriately.
- 4.8 Compensation reviews are also performed at a more granular level through discussions between individual proposing managers and their line managers and with HR business partners, in order to review compensation allocations for all individuals.
- 4.9 In addition, the proposals are considered in the following overarching committees:
 - i. Compensation Committees

At the highest level of organisational structure, compensation at the Respondent is overseen by the BNP Paribas Group Board of Directors

and specifically the Board's Compensation Committee. The Board's Compensation Committee reviews and presents for the Board's approval the remuneration principles and policy, the parameters for the determination of bonus pools and payment arrangements.

At a global executive level, the CRIF (Compliance, Risk Finance) Committee, prior to review by the Board's Compensation Committee, will review compensation arrangements and advise General Management.

In addition, the Compensation Committee with General Management and, separately, with Group HR, perform a review of the compensation allocations to ensure they are in compliance with the overarching remuneration principles of the Bank and the Bank's regulatory obligations. At the level of individual Business Lines and Functions, BNP Paribas operates compensation committees, composed of senior Business Line/Function Heads and HR that are coordinated by the HR Reward functions. These committees review line by line compensation proposals as submitted by bonus managers and are presented with all proposals and performance ratings. Further, the following data cuts (amongst others) are presented for these committees' attention:

- All SMPs & MRTs
- The top earners by Total Compensation
- Compensation comparisons by gender
- YoY bonus increases > 25%
- YoY bonus increase by level with the expectation that the highest increases should be observed for those with a Rating of 1 or 2, with a negative trend to a Rating of 6 (ensuring that rewards are linked to performance.)
- The percentage of the population receiving an increase in variable, compared to those receiving a decrease in variable.

On this basis, the committees perform a review and where required make adjustments to ensure fair and robust compensation decisions.

ii. Permanent Control Committee

The purpose of the Permanent Control Committee (PCC) is to enhance the monitoring of the risk and conduct behaviour of all employees. The PCC assesses and reviews the conduct of all Bank employees and conducts a written assessment of senior executives, other employees whose actions can have a material impact on the risk profile of the Bank and employees identified as having any conduct or compliance concerns during the year. The PCC can recommend actions to be taken by employees' managers as well as decide on any reductions to individual compensation decisions due to conduct issues.

Operation of the Remuneration Principles

- 4.10 Responsibility for the operation of the remuneration principles is delegated from Group HR to each HR Head with the levels of delegation specified in relation to new hires, individual pay increases, pay increases for expatriates, variable compensation, allocation of stock options and specific schemes and transactions. As part of this Audit we have considered the Group remuneration principles as adapted for the UK, how these have been applied in practice by the Respondent

and how accessible different aspects of remuneration are to employees generally and in specific defined categories dependent upon the allowance or benefit concerned.

- 4.11 The variable compensation is allocated at the individual level by taking into account the level and the annual variations of performance of each employee depending on:
- Achievements of objectives set for the performance year;
 - The measurement of specific performance;
 - The respect of Group Code of Conduct, Rules and Regulations and contribution to risk management; and
 - The measurement of managerial capacity (when applicable).
- 4.12 We have also considered the detail of the Respondent's Performance Appraisal Policies/Procedures and considered how the performance appraisal fits with the setting of fixed and variable pay elements as part of the Deep Dive Investigation.
- 4.13 In particular we are conscious that variable compensation is discretionary and we are aware of how management discretion can present risk in relation to equal pay. We have therefore considered how the Respondent has recorded the reasons for why management discretion was exercised in a particular way, by reference to the criteria set out in the respective policies, in our opposite gender comparisons as part of the Deep Dive Investigation. We have also considered how the performance management process is applied to individuals as part of the Deep Dive Investigation given that the assessment of performance is a key element in relation to the exercise of this discretion. We believed it was particularly important to do so given the Tribunal's Liability Judgment in relation to how performance had been measured for the Claimant and Comparator 1 and the exercise of discretion in relation to bonus payments by reference to the performance assessment in particular. We set out our findings in this respect in the Conclusions section below.

Special Allowance

- 4.14 The Special Allowance policy identifies circumstances in which a role based allowance may be awarded to specific roles within the organisation which are eligible by reference to relevant business activity and defined criteria. This policy is supported by the Special Allowances Terms and Conditions as amended for the UK and which provide that the allowance is not taken into account for pension contributions and other contractual benefits.
- 4.15 The policy and terms and conditions provide that a Special Allowance is a role-based award and is awarded to recognise particular responsibilities within a specific role or to recognise the strategic importance of a particular role such that a further, allowance is deemed appropriate in recognition of this. It is therefore treated separately to base salary or bonus, specifically because it is not linked to an employee's performance or attainment but, rather, the allocation of duties, responsibilities and value attributed to their role.
- 4.16 The amount of any Special Allowance is not fixed and can vary. By its nature, a Special Allowance award is based on a consideration of a number of factors because it relates to an individual role. As a result, there is not a strict formula

for the calculation of a Special Allowance and, in many cases, comparison between individuals is difficult as often the recipient may be in a unique role.

- 4.17 Once a decision has been made to grant a Special Allowance, it will ordinarily continue for the period in which the current role is undertaken by the employee. Should the employee cease to perform the role to which the Special Allowance relates (i.e. because they have changed role within the Respondent, for example), the Special Allowance will cease to be payable to them. The Terms and Conditions document also confirms that a Special Allowance may also be withdrawn or adjusted if there is:

- a change in the role, its organizational breadth, its effective level of duties and responsibilities; a change in the Bank's strategic needs for or in the market value of the role; or
- a need to comply with or take account of any regulatory changes in the jurisdiction in which the Special Allowance is paid.

Like other compensation proposals, a request for a Special Allowance to be paid for a specific role may be requested by the line manager and this is validated by the relevant management of the Respondent through the Compensation Committees or through the specific HR delegation matrix. The Compensation Committees are chaired by the relevant Heads of Business or Management. Each year, the Compensation Committees will review each relevant role and determine whether a participant should receive, or continue to receive, a Special Allowance. In examining Special Allowances already paid for particular roles, this review will also confirm that the current level is adequate; the quantum may be adjusted (positively or negatively) should the relevant criteria have evolved.

Optional Benefits - Spectrum

- 4.18 The Respondent provides many optional benefits by way of a scheme called Spectrum which offers flexible benefits for individuals to choose which best suits their lifestyle. A lot of these benefits will be benefits in kind. However, some of these, for example increasing pension contributions, will have a monetary impact. Spectrum benefits are chosen by the individual as extra benefits (including additional cash if staff flex down core benefits such as pension) and for this reason we have not analysed the outcome of these individual choices in detail. Our understanding is that any benefits an employee selects over and above an employee's core benefit entitlements will be paid for by the employee giving up an amount of their basic salary (deducted from either net pay or in some cases gross pay when it can be called salary exchange also known as salary sacrifice). This covers a whole range of potential benefits such as additional pension provision, Car leasing, Bicycles, Holiday, Back-up care, Give As You Earn, Conquer Maths, Conquer Computing, bYond retail card, Restaurant cards, Kids Pass, Private GP services (Face to Face), Private GP services (Digital), Breakdown cover, Gadget Insurance, Health screening, GymFlex & onsite gym, DNAFit, Craft beer, Open Fairways Card and Lasting Power of Attorney. These benefits are a mix of core benefits and are generally accessible to employees equally (with some being limited to those employed within England and Wales only and with only core benefits being payable to those with overseas assignments).
- 4.19 As these benefits are primarily benefits in kind and are not captured within the Tribunal's Order (other than the additional pension benefits which can be purchased) we have not undertaken any detailed analysis in this respect.

Pension

- 4.20 The position in relation to Pension provision is as set out in the Methodology Section 3 above.
- 4.21 In relation to the more beneficial Defined Benefit ("DB") legacy scheme, some longer serving members of staff will have these legacy pension arrangements. The DB pension scheme includes staff who started work for Paribas, BNP, Fortis and BNL (and predecessor companies). They all have slightly different benefits, with the caveat they all get a fairly standard formula which is often seen in schemes of this type: of $1/60^{\text{th}}$ x pensionable service x final pensionable salary. The differences are around things like pension retirement age (there is no employment retirement age) and pension increases. The pensionable salary is generally the lower of:
- Pensionable salary in 2010 with 2% per annum increases since then (note 2010 is when the Bank reduced bonuses for many staff and increased salaries, so the pensionable salary is pegged to salary before these increases)
 - Base pay at last 1 April
 - (for some) the old statutory earnings cap (£172,800 in the tax year 2021/22)
- 4.22 In terms of members, the last new person joined the DB Scheme in 2000 (the legacy companies all closed to new entrants at different dates). Having legacy pension on different rates is not uncommon. There are also a very small number of other staff with slightly different rates of pension provision.
- 4.23 Additional contributions can be added as part of the Spectrum Flexible Benefits package. We set out the numbers of staff, and the gender breakdown of the same, in each of the various pension schemes at [Appendix 6](#).

Other Monetary Benefits

- 4.24 The Respondent pays a range of statutory, and enhanced contractual benefits for example maternity, parental, adoption and paternity pay which are all based on the statutory framework. We have not analysed these payments in any detail because they are accessible to all employees who meet the relevant criteria. Equally other benefits such as sick pay entitlement are gender neutral providing qualification requirements are met and so we have not analysed these in any great detail either. Redundancy payments have also not been analysed as they arise from specific circumstances around termination of employment and are not monetary remuneration as they are severance payments.

Additional Duty Allowances

- 4.25 We have also identified certain allowances, specifically Fire Warden and First Aid allowances, which are driven by whether the individual has volunteered for the duties to which the additional allowance applies to and has undertaken the specific training attached to the role. If they have then they are entitled to the payment. We were satisfied that gender was not a factor in relation to these allowances and therefore we did not include these in the Deep Dive Investigation. We did, however, consider the gender split in relation to these payments which can be seen at [Appendix 6](#). The gender split for payment of the Fire Warden allowance was 43 male and 36 female. Given that the

Respondent's population is approximately 2/3rd male and 1/3rd female we were satisfied that this payment was not indirectly discriminatory and the statistics of those receiving this allowance was favourable to females by reference to the overall female population. Equally, the First Aid allowance is paid to 42 male and 54 females which again, by reference to the male/female split of the Respondent's employee population, was favourable to females.

- 4.26 In addition to the above allowances we identified that there were specific payments made to those working in IT. In particular, the Respondent operates a specific scheme to recognise the importance of digitisation to its business and where it considers that a post is key to delivering this important business priority it pays an additional premium in accordance with its Digital Expertise Salary Plan ("DESP"). Furthermore to recognise that there will be occasions when IT staff are called out to attend to IT issues arising out of normal business hours such staff are paid a call out allowance. When they are actually called out the time worked is paid as overtime. We have included these IT allowances in the Deep Dive Investigation and have also considered gender statistics for the payment of these allowances and overtime payments.

The Respondent's Annual Compensation Review

- 4.27 The Respondent has an annual Compensation Review Process ("CRP") starting in October/November each year. We considered the process for 2020 (relating to payments made in 2021) and for 2021 (relating to payments made in 2022). The review process has five key phases :-
- 4.27.1 Preparation
 - 4.27.2 Validation
 - 4.27.3 Compensation Proposal
 - 4.27.4 Committees and Announcements
 - 4.27.5 Post announcement
- 4.28 We considered some individual pay awards made as part of the Annual Compensation Review as part of the Deep Dive Investigation.

Group Income Protection Employees

- 4.29 The Respondent has 35 employees who are on long term sickness absence but remain employees in order to access the Respondent's Group Income Protection (also called internally PHI – Permanent Health Insurance) Scheme and other employee benefits such as Private Medical and Life Assurance ("the PHI employees"). We have considered the PHI employees as a separate category of staff.
- 4.30 Some of these employees have an initial PHI benefit categorised as "free cover limit". This means the benefit they receive is initially restricted to the maximum amount of benefit the insurance provides. Others are categorised as being entitled to 40, 50, 60, 70 or 80% of PHI benefits which reflects their individual elections under the PHI Scheme (the company funds a benefit of 70%, but employees may elect to increase or reduce their cover).
- 4.31 We have considered these employees as a separate category of staff and set out our findings in this respect in the Conclusions section.

Overseas Secondments

- 4.32 As a branch of a global business the Respondent regularly second staff to other branches in different jurisdictions as part of its international mobility ("IM") programme. The Group operates specific policies for these overseas assignments which govern the payments made to staff being assigned including currency conversion rates to be applied and additional benefits payable depending upon the type of secondment. The Respondent operates a number of different assignment types including PO specific, PO standard, PO standard plus, Specific, Standard, Standard plus and Standard school. Each of these are governed by separate IM policies which we list at [Appendix 4](#). We have considered these employees as a separate category of staff and set out our findings in this respect in the Conclusions section.

5. Steps Taken To Address Equal Pay Concerns

- 5.1 In addition to the Respondent's remuneration regime, we also gave consideration to the information provided by the Respondent at the Remedy Hearing in relation to steps taken to address the equal pay concerns identified in the Liability Hearing in this matter. We also asked the Respondent to provide an update to enable us to consider what, if any, progress had been made in this respect and also to inform the Respondent's Action Plan (at [Appendix 7](#)) as required by Regulation 6 (d) of the Regulations which we believe should also include consideration of our recommendations in this Audit which appear in the Recommendations Section below.
- 5.2 For sake of completeness we include this Remediation Programme in this section and provide an update of progress made in respect of the initiatives referred to therein.

Remediation Programme

- 5.3 As the Remedy Hearing was advised, the Respondent established a Remediation Programme in consultation with the FCA following the delivery of the Liability Judgment. The aim of the Remediation Programme was to improve the Respondent's internal processes and culture and to ensure that its decision making is fair, objective, and free from discrimination in the future.
- 5.4 The Remediation Programme, which was ongoing at the time of the Remedy Hearing, has covered the following areas:
- 5.4.1 Preparation of job descriptions and review of hierarchies across the Respondent's business;
 - 5.4.2 An annual equal pay review;
 - 5.4.3 Recruitment;
 - 5.4.4 Performance review and assessment; and
 - 5.4.5 Additional training.
- 5.5 Progress on each of these aspects is captured below.

Measure	Remedy Hearing Position March 2021	Position at date of Audit 2022
<p data-bbox="204 297 576 421">Preparation of job descriptions and review of hierarchies across the Respondent</p> <p data-bbox="204 454 576 1032">As the Remedy Hearing was advised, a key priority for the Respondent was to address the lack of transparency as to where the Respondent's employees sat within the internal hierarchy. This exercise affects 3,474 employees across the Respondent and required the preparation of job descriptions for all roles to ensure that the specific content of job descriptions appropriately differentiates between different job levels.</p>	<p data-bbox="603 297 986 712">The Respondent has, on a pilot basis, developed a job family framework. Within each of the seven Job Families within the pilot business area, it had identified a hierarchy, differentiating between the levels based on purpose, key accountabilities, knowledge, skills and experience and competencies or attributes.</p>	<p data-bbox="1013 297 1386 1906">The Aon job evaluation exercise has been completed on job descriptions for 2021. For anyone who has changed role or joined the Bank in 2022, new job descriptions will be prepared and evaluated accordingly and a further job description attestation exercise will be carried out in or around Q1 2023. The new job descriptions and hierarchies are being reviewed regularly and used to inform pay going forwards. Employees will have transparency of their own job level and the levels of roles in their team. The Respondent has used these job descriptions to progress an independent job evaluation scheme (JES) conducted by external consultants. Aon has been commissioned to implement their JobLink Points job evaluation system across the Respondent's business. We gave careful consideration to the summary, and demonstration of the JobLink tool, provided to us which described JobLink Points as an analytical scheme for evaluating roles and explained that each role was evaluated, allocated points and then the points would dictate the level to which the role would belong in the hierarchy (see further information in section 6 below)</p> <p data-bbox="1013 1939 1386 2029">We understand that the factors used in JobLink were selected due to their</p>

		<p>universal application; these factors are weighted and are designed to provide a robust yet easy-to-apply method for differentiating levels of work among jobs.</p> <p>Following the completion of the Job Evaluation exercise, the plan is to communicate to employees their role level.</p>
<p>Annual Equal Pay Review</p> <p>As explained to the Remedy Hearing, the Respondent has reviewed and improved the guidance and process for the annual equal pay exercise as part of the annual compensation review process. A specific budget allocation was set aside for this in 2019 for any equal pay adjustments which were identified as part of the equal pay review process to emphasise to senior managers the importance of scrutinising and identifying any specific cases and to ensure those cases were prioritised and addressed appropriately.</p>	<p>The purpose of the annual equal pay review, which had been implemented at the date of the Remedy Hearing is to ensure that a review is conducted by the HR Business Partner in conjunction with the Reward team within each Global Business Line ("GBL") and Function within the UK to:</p> <ul style="list-style-type: none"> • Review and identify any potential gender pay inequalities between employees carrying out equal work; • Consider whether there is any genuine, material, fair and non-discriminatory explanation for any potential pay inequalities; • Escalate any potential pay inequalities that cannot be explained on non-discriminatory grounds for review by the UK Head of Human Resources, the Head of Reward and relevant Business Line manager for remedy. 	<p>The Respondent has continued to ensure that through the budgeting process there is sufficient funding to rectify the small amount of potential equal pay issues identified as part of the equal pay review, included as part of the Compensation Review Process and we understand that this process will continue on an annual basis thereafter as the Respondent recognises that as a result of new hires, changes in roles and promotions during the course of a year it is imperative that there is a regular review of pay within each Business Line/Function to ensure any potential issues are reviewed and corrected.</p> <p>In addition to the equal pay review, and to respond to the Tribunal's concerns that variable compensation such as bonus was not included in such review, the Respondent has formally recorded in the Compensation Review Process the need to conduct an equal treatment review which also considers variable compensation, particularly in relation to proposed bonus payments. We understand that the equal</p>

	<p>The methodology followed is described as follows:</p> <ul style="list-style-type: none"> • Following the completion of the annual hierarchy exercise each HR Business Partner should: • Review the hierarchy for their GBL/Function and identify any male and female employees doing work of equal value (by reference to factors including the type of role/work carried out/level of seniority and responsibilities); • Review the fixed compensation of those male and female employees in relation to salary and any allowances (the review should compare each element of fixed pay separately); • Identify any potential gender pay inequalities between the identified employees; • Record the details of any potential inequalities in the template spreadsheet (circulated at the outset of the Annual Equal Pay Exercise). • Consider whether there are any genuine, material, fair and non-discriminatory 	<p>pay/treatment review process will continue in future years.</p>
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	<p>reasons for the potential difference in pay and record these reasons on the template spreadsheet, if applicable;</p> <ul style="list-style-type: none"> • Send the completed spreadsheet to the UK Head of Human Resources and Head of Reward in the first instance for review. • Agree proposals, to address any differential and ensure the elimination of any gender based inequalities that cannot be explained on non-discriminatory grounds, with the relevant Salary Manager and incorporate as appropriate into the Annual Compensation Review Process in Compas before the deadline relevant to each business line. 	
<p>Recruitment Process</p> <p>As the Remedy Hearing was advised, a full review of the Respondent's recruitment process and procedures was undertaken which was then supported by mandatory training (which includes training on fair selection processes and unconscious bias) for all hiring managers.</p>	<p>Recruitment is now carried out in relation to specific job descriptions for the required role with checks built in to the process to ensure the job description accurately reflects the role on offer. Those job descriptions are considered against relevant pay data including the McLagan pay data before the recruitment process begins. The process includes an approval process in relation to starting salary, which includes consideration of peers and market data. There is also new</p>	<p>New and additional training (Inclusive Leadership) has been introduced in 2022 as mandatory for all managers, which is a "deep dive" on unconscious bias and inclusive behaviours.</p>

	<p>management reporting on gender related recruitment for both actual hires and female representation on short lists.</p> <p>The Respondent requires one for one gender balance on their graduate and intern hiring programmes (where applications allow) and is progressing work with a specialist agency on the early careers recruitment process to engage female applicants.</p>	
<p>Performance Management Process</p> <p>The remediation programme has also sought to address concerns raised in the Liability Judgment about the Respondent's performance management.</p>	<p>The Respondent now has a full suite of documentation and training to support its performance management process which provides clear guidelines for managers (including specific guidance on ratings) and links to training which has also been enhanced with the relevant performance management principles and points of emphasis.</p>	<p>The Respondent continues to reinforce all aspects of a well-managed Performance Management Process and issues annual guidance to managers which includes guidance on appraisal ratings and calibration. This is supported by the running of annual appraisal training for managers.</p> <p>In 2021 the Respondent produced new enhanced reporting to allow HR Business Partners to conduct a gender review of appraisal ratings, broken down at different levels of the business structure within the departments they support. The Respondent will continue to conduct this exercise annually, to supplement the other checks conducted by the Reward team (which include checks on ratings versus reward levels).</p>
<p>Review of the Annual Bonus Template</p> <p>The Remediation Programme has also included a review of the annual bonus template</p>	<p>New enhanced controls have been introduced into the annual discretionary compensation review process.</p> <p>The Respondent has now issued guidance to</p>	<p>As above, the Respondent undertakes an equal treatment review as part of the Compensation Review Process which will consider the approach to discretionary bonuses and any equality issues arising</p>

rationale for individual bonus allocations.	managers in relation to discretionary bonuses which makes it clear how the award of bonuses should be approached. This should increase transparency and accountability in decision making regarding bonuses to seek to avoid discrimination arising in this important area of remuneration.	for proposed bonus payments. This will be progressed as an annual process.
<p>Training For Managers</p> <p>The final area covered by the Remediation Programme has been training for managers.</p>	<p>A new training programme called the "Manager Essentials programme" was rolled out to all managers which included defining a set of standards for behaviour and conduct for all managers called the "UK Management Charter". It incorporates a number of mandatory training programmes, including a module which covers best practice management principles for treating all team members equally, and addresses topics including unconscious bias, discrimination and victimisation.</p>	<p>The Respondent has trained all of their current managers in the new mandatory training: Managing Within the Law & Conduct, and Better Selection for Recruitment.</p> <p>In addition, as mentioned above, the new Inclusive Leadership training has been introduced in 2022 and the roll-out of this is ongoing with likely completion for all managers in October 2022.</p> <p>Feedback from the mandatory manager essentials training continues to be positive, and the Respondent is also tracking manager feedback via pulse surveys which indicate no specific areas of concern to date. The Respondent also piloted a Manager Feedback (individual feedback) exercise in 2020 with a view to potentially repeating this and monitoring over time overall feedback, and any individual feedback concerns. However, this is currently on hold as the global business are reviewing the manager feedback strategy with a view to potentially running a globally managed exercise on a regular basis.</p>

		As a result of this review, in late 2021, the global business launched a new manager feedback exercise for senior managers only and the scope and timing of this exercise is now under review for the future.
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Culture Programme

- 5.6 The Respondent has also, separate to the Remediation Programme, launched a Culture Programme which includes actions designed to ensure that diversity and inclusion are given a high priority. There have also been steps taken which are aimed at encouraging employees to raise concerns and issues and for their managers and leaders to listen to and tackle any issues raised.
- 5.7 A 2021 road map was set out with cross-functional workstreams progressing a number of agreed deliverables across six priority areas, including diversity, inclusion and wellbeing. In addition to the hiring manager training referred to above, the Respondent has also introduced, as a direct result of this culture work, a new mandatory UK Management training module. This was launched in 2022, emphasising the culture carrier expectations for all managers and emphasising the importance for managers to fully demonstrate and communicate the Respondent's shared values, beliefs and ways of working.
- 5.8 The Respondent operates Active Business Diversity Committees within teams including Global Markets and Risk and is continuing with its New and Expectant Parents programme, and providing a suite of tools and resources for employees and managers. The Respondent is also progressing a Women in Global Markets initiative which is an employee-led initiative to drive gender equality within Global Markets, the Respondent's biggest business line. The Respondent is also continuing to encourage engagement and peer support through their gender balance and Parents & Carers employee networks, working closely with four other employee networks.

Gender Strategy and Gender Action Plan

- 5.9 Separate to the Culture Programme, the Respondent adopted a detailed Gender Strategy and Gender Action Plan, in part in response to its gender pay gap results. In order to try and increase the number of women at senior management level, a career development programme has been adopted (known as "RISE") aimed at women in the middle of their careers and seeks to give them the tools and resources to help them think more strategically about their careers and how to map out a path to senior management positions. At least one woman is targeted on each succession plan and meaningful development plans are supported to accelerate progress.
- 5.10 RISE is a career management development programme which is one of the many interventions that support the Respondent's longer term D&I strategy and culture goals. Approximately 50 women participate in RISE each year across all BNPP UK entities. Many culture programme deliverables are in progress and ongoing.

- 5.11 In addition to the above, the Respondent is piloting a new talent development programme in 2022 (for both genders) to supplement its career and talent offering beyond RISE (for women) and the Leaders for Tomorrow programme (Group led programme for both genders) to ensure more opportunity to identify and develop high potential employees. This is the first talent programme that is open to all employees via an open application process. As part of the talent strategy, the Respondent is ensuring those who have the appetite for the programme but who are not successful, have career conversations and personal development plans in place to support their future professional development (and for unsuccessful women, ensuring they are directed to RISE to better support any potential future application to the talent programme).
- 5.12 The Respondent is also leveraging internal networks to circulate information about job opportunities.

6. Conclusions

Overall Summary

- 6.1 The Respondent operates complex remuneration practices driven by its organisational structure, the competitive market and the regulatory environment within which it operates. This in itself, combined with management discretion, can create the potential for equal pay issues to arise. Following the Liability and Remedies Hearing in this case, the Respondent has implemented a number of measures which have improved transparency in relation to pay decisions and more effectively managed potential equal pay issues.
- 6.2 The recruitment and performance management processes are much improved. The equal pay and equal treatment reviews are working and identifying potential equal pay issues as part of the Compensation Review Process.
- 6.3 The Respondent's Policies and record keeping are generally good. However, there are still some improvements that can be made to these. We set out below our findings in relation to specific areas and the outcome of our Deep Dive Investigation. The areas of the Respondent's remuneration regime are set out alphabetically. Our gender pay gap analysis and Deep Dive Investigation findings appear thereafter.

Allowances

- 6.4 We deal with the allowances, specifically Special Allowance, DESP, KGSP, Fire Warden and First Aider allowances later in this report in each specific section.

Base Salary

- 6.5 We understand that base salary is firstly determined by starting salary upon taking up employment and/or a specific role and is then impacted by the Annual Compensation Review Process when increases to base salary are considered in addition to any variable compensation awarded. We have considered the role of discretion at both of these points and how this has been recorded and reviewed in practice.
- 6.6 We observe below that the new recruitment process has a clear rationale for decision making in relation to starting base salary. The Compensation Review process is very structured to record reasons for annual increases in salary thereafter. In the first five years of an individual's career, in certain parts of the business, there are set salaries to reflect the experience level of the individual

as set out in the Early Careers Salary Grid which is very clear to understand and experience focussed.

CIB Annual Discretionary Award Scheme

- 6.7 The CIB Annual Discretionary Award Scheme ("the Scheme") governs the reward of employees for their contribution to the business. While all employees are entitled to participate in the Scheme, all awards are made at the absolute discretion of the Respondent. The Scheme is intended to set out the fundamental principles for discretionary awards. Decisions in any individual year will also be made in accordance with the Respondent's compensation policy for the relevant year and corporate governance guidelines. Bonus guidance is issued to managers who take bonus decisions to ensure that their rationale for awarding a bonus is robust and consistently applied.
- 6.8 In the main we found that this guidance and the Scheme were followed. Generally we found the new system was working well and the performance appraisal documents were clear and easy to follow and supported bonus differentials between opposite gender comparators. In some cases the individuals considered were rated at the same performance level but the bonus pot for the team within which they were based was different which led to different awards based on team performance and the bonus pot allocated.
- 6.9 Section 4 of the Scheme provides that the discretion exercised by the Respondent to make an award under the Scheme shall not be based on any single criterion but on a range of criteria that may vary from year to year as the Respondent in its sole discretion considers reasonable. There is reference made, in section 4 of the Scheme, to the factors that may be taken into account when exercising discretion as follows:-
- 6.9.1 the employee's individual performance, measured on the basis of results achieved and the risk level associated with those results;
 - 6.9.2 the performance of the employee's business line/function/team;
 - 6.9.3 the employee's appraisal including: qualitative achievements in relation to objectives;
 - 6.9.4 professional behaviour with regard to the Bank's Code of Conduct, rules and regulations and Bank procedures;
 - 6.9.5 contribution to risk management, including operational risk; and the employee's management of others, where applicable.
- 6.10 We could not see any provision in the Scheme for a record to be retained of why discretion has been exercised to make an award and the criteria relied upon in doing so (other than for employees who are categorised as Material Risk Takers for whom Compensation Support Documentation – CSD – has to be completed and the general performance management records for the specific criteria linked to performance). We believe it would be in accordance with good practice and the EHRC Guide to record these bonus decisions for all employees awarded a bonus (or not as the case may be) to provide an audit trail so that the reason for awards in specific cases can be properly considered and compared. This will also provide an audit trail should evidence of the decision making process ever be required. We make a specific recommendation in this respect below. In most cases the managers and/or HR commentary shared as part of the Deep Dive Investigation provided the rationale for the discretionary bonus award but this

was generally by reference to the individual performance level and/or the performance of the employee's business line/function/team. A short record of the rationale would provide more reliable evidence in the event that a manager or HR Business Partner was no longer in the business or unavailable.

6.11 The Respondent's Gender Pay Gap Report for 2021 comments:

"Overall, we have significantly higher mean and median bonus gaps than hourly pay gaps. This is because:

- Bonus amounts tend to increase with seniority, and we currently have more men than women in senior roles
- We have more men than women in front-office and technical roles, which typically attract larger bonus opportunities
- A larger proportion of our part-time employees are women. The calculation for the bonus gap does not account for bonuses being pro-rated for part-time employees."

6.12 In terms of accessibility, the Gender Pay Gap Report for 2021 notes that the percentage of men and women receiving bonuses was very similar across the genders, with slightly more women than men receiving a bonus. However, when one looks at the percentages across the grades, receipt by women is clearly skewed towards the lower end of the quartiles.

6.13 We understand that a statistical calculation can be distorted by the above factors. We are also conscious that the Tribunal noted that the performance review outcome led to a difference bonus award. Therefore in the Deep Dive Investigation we gave particular attention to:-

- how performance had been reviewed and recorded
- how performance had led to the level of bonus award
- the Full Time Equivalent (FTE) comparisons of bonus payments

6.14 When considering bonus awards we noted, that of the population receiving an award, the number of women receiving a bonus was in the region of 1/3rd compared to 2/3rd of men which is consistent with the gender make-up of the Respondent's employee population (see [Appendix 6](#)). However, and consistent with the commentary in the Respondent's Gender Pay Gap Report, the average bonus amount received by women is only around 31% of the amount received by men. We understand that this reflects that the higher bonuses are paid to more senior staff and those senior roles have tended to be more heavily populated by men than women. We did observe in the Deep Dive Investigation that there were some high bonuses paid to women as well as men but the number of high bonuses paid to men exceeded those paid to women.

6.15 The percentage of females not receiving a bonus was 44% compared to 56% for males. In our Deep Dive Investigation we identified that the majority of nil bonuses were driven by individuals leaving the business, or giving notice that they would be leaving the business, before the performance bonus was payable. We therefore found that this was a non-gender material reason for the bonus differential in the cases reviewed.

- 6.16 The Respondent's Digital Expertise Salary Plan ("DESP") operates to provide additional remuneration to those in key roles which are necessary for the Respondent to deliver its digitalisation programme which is an important priority for its business. This is a role specific entitlement which is paid in the form of an allowance. The DESP provides that selected individuals are employees whose digital expertise has been identified as key to the group.
- 6.17 We have considered the statistics in relation to the payment of DESP Allowance. We are conscious that this is paid to recognise digital expertise and is therefore payable in a technical area (IT) which is predominantly male. However, as 39 males received this allowance in 2021 compared to 2 females, we have examined this allowance further by looking at some of the recipients as part of the Deep Dive Investigation. The explanations we were provided with were well articulated and clear by reference to the Respondent's Digitisation Programme. However, these appeared to be reliant upon the Manager and/or the HR Business Partner being able to provide oral evidence as to why the specific individual had been selected as having digital expertise skills which were key to the group. We were not provided with any documentary evidence that this rationale was recorded on either a central system or in the letter confirming that a DESP allowance was payable. Whilst we were provided with letters confirming payment of a DESP allowance, they were very generic and just referred to performance of a "key role". Best practice would be to record what the key role was and how this connects to the Respondent's Digitisation Programme. We recommend that the Respondent captures why the role has been designated as key to the digitisation of the business in a short rationale within the correspondence confirming a DESP allowance going forward.

Early Careers Programme

- 6.18 The bank has 4 Early Career Programmes:
- 6.18.1 **Spring Insight Week** (successful candidates get an offer for the following years' Summer Internship)
 - 6.18.2 **Summer Internship Programme** (successful candidates get an offer for the following years' Graduate programme)
 - 6.18.3 **Graduate Programme**
 - 6.18.4 **Long Term Intern Programme** (a stand-alone programme where individuals may interview for a role on the graduate programme)
- 6.19 At each stage of the programme the intention is to ensure that there is equal gender balance of participants (where possible and dependent upon applications received). The process starts with application filtering through to assessment centres and then offers being made. This enables the Respondent to achieve, as much as possible, its aim for a gender balanced pipeline of early careers recruits.
- 6.20 However, as an employee progresses through the programme, the gender balance cannot be guaranteed as it depends upon the career decisions of participants.
- 6.21 We welcome the Respondent's focus on gender balance in the Early Careers Programme as this, together with the application in some parts of the business of the Early Careers Salary Grid which has set salaries driven by experience in

the business, is a sensible measure to effectively manage potential equal pay issues arising.

Equal Pay and Equal Treatment Reviews

- 6.22 We considered the presentation for the Compensation Review Process for 2020 and 2021. On slide 15 of the 2021 presentation there is reference to the Respondent's equal pay review for fixed compensation and equal treatment review for variable compensation. We welcome the fact that both aspects of remuneration are part of the formal Compensation Review Process as this is important in order to more effectively manage equal pay issues and we would encourage that approach to continue each year as part of the Compensation Review Process.
- 6.23 We are conscious that the Tribunal, in the Remedies Hearing, observed that they were not provided with the methodology for the equal pay review (which was the review which had been commenced at that date). Therefore, as part of the audit, we were keen to understand what guidance had been provided to Human Resources Business Partners (HRBPs) progressing the equal pay review (and the equal treatment review) and the methodology involved with these reviews. At [Appendix 8](#) we include the information provided to HRBPs and an anonymous template spreadsheet showing the information collected and considered as part of this calibration exercise. This template spreadsheet contains formula which are applied to the individual pay data to assist in identifying potential areas for investigation by HRBPs and line managers. Any variances are highlighted on the Assessment tab. We considered a populated spreadsheet and were satisfied that appropriate consideration was being given to whether there were non-gender material reasons for any pay differentials and where there were no non-gender material reasons, immediate action had been taken to rectify the situation.
- 6.24 In our Deep Dive Investigation we identified a small number of cases where there did not appear, on the face of the documentation and/or management commentary provided to the Audit, to be a non-gender material reason for a pay differential. In some of these cases the pay differential in 2021 had already been identified by the Respondent as part of its equal pay review in the Compensation Review Process in 2022. We could, therefore, see that the equal pay review was working as it was intended to work in order to identify any potential equal pay issues at an early stage and as part of an annual review of compensation levels.

Fire Warden and First Aid Payments

- 6.25 As explained in Section 4 above, we were satisfied that gender was not a factor in these payments and therefore we make no recommendations in this respect.

Group Income Protection Employees

- 6.26 As set out in section 4, there are 35 PHI employees whom we considered as a separate category of staff.
- 6.27 Employees on the PHI Scheme receive either an annual RPI increase up to 5% or a 5% increase in their PHI payment. Those receiving the 5% are those who have been PHI scheme members for many years (one case back to 1990). From 2006, employees accessing the scheme are entitled to the RPI increase up to 5%. As RPI was low in some years, those receiving the 5% increase would actually, in some cases, have received a higher salary increase than employees working in the role they formerly held. There are a mix of male and female

recipients of both the 5% and RPI up to 5% annual escalation rates. We were satisfied that the differentiators within the PHI Scheme were driven by individual elections and the timing of the individual accessing the PHI Scheme and that this benefit was not indirectly discriminatory.

- 6.28 We observed that there was potential for a pay differential to arise (in favour of PHI employees) as a result of the above annual increase practice. However, we concluded that the Group Income Protection Scheme is applied irrespective of gender, and we were therefore satisfied that any resulting pay differential would be as a result of a non-gender material factor.
- 6.29 In considering these PHI employees we also observed that a number of the male employees participating in the PHI Scheme were on very high historic salaries but (as explained above) this reflects the fact that the Respondent's senior population has historically contained more men than women. This situation was not as a result of the operation of the PHI Scheme but rather the gender make-up of the Respondent's employee population at senior levels which the Respondent is aware of and is seeking to address by the introduction of various initiatives to support the recruitment and progression of women to senior roles.

Job Descriptions

- 6.30 We also noted in the same presentation that a job description attestation project has been implemented as a pilot project implemented by the Respondent as part of its Remediation Plan following the Liability Hearing. We understand that once the Aon JES, and this Audit, is completed there will be a further job description review and attestation exercise rolled out. We would recommend that this practice be adopted as a regular review process whenever job descriptions are changed so that employees have sight of the job description for their role and can confirm it is accurate.
- 6.31 As part of our consideration of the Aon job evaluation process, we considered some sample job descriptions which Aon had been provided with by the Respondent. We noticed that whilst the new template job descriptions used gender neutral language, some of the existing job descriptions (particularly for some very senior roles) did not. We observed that in some instances the job descriptions said "He" or "His". We therefore recommend a full job description review in relation to the language used in job descriptions and that all job descriptions be produced in the format of the new template using gender neutral language to avoid potential for unconscious bias and/or indirect or direct sex discrimination arising particularly in the recruitment process if such job descriptions are being used to recruit new staff.
- 6.32 In our Deep Dive Investigation, we also discovered that some individuals had a job title and/or job description which didn't accurately reflect the duties undertaken by them. We noted in the Compensation Review Process 2021 presentation that the Respondent, as part of the review process, will be progressing a job description review to ensure that the job descriptions relied upon remain current, up to date and fit for purpose. We therefore recommend that the job description review also encompasses a job title review to ensure that the role undertaken by individuals is properly reflected in their job title and job description. It is very important that job titles are accurately described both in the job description and on the PeopleSoft system as a failure to do so could create a potential equal pay risk if, on the face of the documents/systems, two different roles in practice appear to be the same role on paper.

- 6.33 We understand from the Respondent that the recommendations set out above will be implemented in Quarter 4 2022/Quarter 1 2023 as part of the planned job description review and attestation.

Job Evaluation

- 6.34 The Respondent has implemented a robust job evaluation scheme by instructing Aon to progress this exercise. This has enabled the job descriptions previously prepared as part of the pilot included in the Remediation Plan (as set out above) to be properly evaluated in order to achieve transparency. Where jobs needed to be evaluated which were not part of the pilot, these were prepared for the purpose of the Aon evaluation. All roles within the Respondent's organisation, save for those set out in Section 3 above which had not been evaluated due to their specific circumstances, have been evaluated.
- 6.35 The five factors used by Aon's JobLink Points scheme, for evaluation purposes, were:
- 6.35.1 Knowledge and Application (~30%): The accumulation and depth of knowledge and the expectations of how that knowledge is applied;
 - 6.35.2 Problem Solving and Innovation (~15%): The difficulty of the problems to be solved, the degree to which judgment and analysis must be exercised in assessing problems and evaluating alternative solutions, and the extent to which assistance is available;
 - 6.35.3 Interaction (~15%): Measures the interpersonal and communications skills required and the scope of diversity that may exist to account for the growing importance of working and managing in a multi-dimension, cross-cultural environment;
 - 6.35.4 Impact (~30%): Measures the potential impact on business objectives as well as the sphere of influence and the time-horizon of personal impact to accommodate the global and organization governance structure; and
 - 6.35.5 Accountability (~10%): Measures the nature of accountability through the directness of the impact and the breadth or scope of financial impact.
- 6.36 We were satisfied that the introduction of the Aon JobLink Points Scheme was a natural and welcomed next step for the Respondent to take in order to achieve further transparency in relation to the rating of jobs so that the job descriptions and job role hierarchy is underpinned by analytical evaluation considerations. As the roles were evaluated analytically it enables the level of the role to be consistently aligned with market data sources. This enables the Respondent to more fully understand which roles are performing equivalent work and enables it to then consider market data accordingly in relation to specific roles.
- 6.37 We noted in particular that the Aon approach specifically disregarded current pay and job titles and focussed on the role to be evaluated not the person which is exactly the focus we would recommend to organisations. All evaluations are documented and recorded to ensure that the rationale underpinning the evaluation can be easily understood to aid transparency.
- 6.38 It is important that the Respondent has implemented an analytical study commissioned from a well-respected job evaluation provider which can be

demonstrated to be free from discrimination. We are satisfied that the Respondent has done so by commissioning Aon to implement the JobLink Points Scheme.

- 6.39 Once Aon had undertaken the evaluations based on its JobLink Points Scheme, each role which was evaluated was allocated specific points (as demonstrated in the example provided in [Appendix 2](#)) and assigned to a work level between 2 and 12, with 2 being the lowest and 12 being the highest.
- 6.40 As described above in Section 3 (Methodology) we selected cases for the Deep Dive Investigation where the individuals were in the same job role (and allocated the same points i.e. on a like work and work rated as equivalent basis) and where the individuals had been allocated to the same level both within and across business lines. Some of the job level comparisons had been allocated the same points (and were therefore considered on a work rated as equivalent basis) whereas others had a points difference and were considered on a potential equal value basis.

Key Graduate Salary Path

- 6.41 The Respondent's Key Graduate Salary Path offers qualifying employees a tailor-made recognition based on a path of additional reward as a momentum for starting their career. This reward is available to graduates, in the first five years of their career, whose role has been designated as being eligible for the scheme. In 2021/22 females qualified for this salary path whereas 86 males qualified. The salary path applies to specific roles in a particular part of the Respondent's business (Global Markets). Graduates within those roles qualify for the salary path irrespective of gender providing they are a graduate within the first five years of their career and they continue to meet the performance expectations of the role. We are advised, as set out above for the Early Careers Programme, that the Respondent aims for 50/50 male and female participation in its graduate programmes. However, given that traditionally more males than females have been attracted to these specific roles, this is a particular challenge for the Respondent. We would therefore recommend that the Respondent continues to consider recruitment and retention issues in relation to graduate level roles within Global Markets.

Overseas Secondments

- 6.42 We have given consideration to the policies operated by the Respondent as part of its international mobility ("IM") programme. The relevant policies are listed in [Appendix 4](#) and are the IM Policy Core Principles, which applies to all international mobility assignments, and which is then supplemented by one further specific policy from the following: IM Specific Policy, IM Standard Policy, IM Standard Plus Policy and IM Standard Schools Policy.
- 6.43 In the period considered by this Audit there were 110 men benefiting from international mobility assignments and 25 women. The most beneficial rewards are obtained from the application of the Specific Policy. We found that there were 17 men benefiting from this Policy and no women. We understand that the Specific Policy applies to the most senior of staff within the Respondent.
- 6.44 Application of the Specific Policy to more men than women is not wholly surprising given that these tend to be available to the most senior of staff and the Respondent's employee population at the more senior end is more heavily populated by males than females.

- 6.45 The statistics, which can be found at [Appendix 6](#) show that women appear to be placed at a potential disadvantage in this respect given the overall number of males/females accessing this opportunity (only 23% women). We appreciate that the statistics are likely to reflect that more men than women wish to access these opportunities and there is therefore likely to be a significant element of self-selection which is not within the control of any employer. However, given the gender statistics in relation to this opportunity, we recommend that the Respondent reviews its process for the allocation of international mobility opportunities to ensure that there is a transparent process with opportunities for accessing these overseas secondments clearly communicated and applicable to both genders.
- 6.46 We understand that these are vacancies in locations outside the UK and, therefore, this is not a recruitment process or decision governed by the Respondent. However, the Respondent can encourage its employees to use its internal tool called AboutMe (an internal employee management and networking portal) which enables employees to indicate their interest in internal international mobility and to identify specific locations they would consider. We are advised that the Respondent is very committed to supporting international internal mobility.

Pension

- 6.47 Whilst we appreciate that the actual monetary value of the pension will vary as it is a percentage of salary, we were satisfied that the percentage applied equally across the genders and that the deciding factor in relation to pension benefits was the scheme which applied to an employee's employment at the date they joined the Respondent whether by direct recruitment or as the result of a TUPE transfer.
- 6.48 We asked for the pension scheme to be detailed as part of the pay data collection so that we could consider pension comparisons as part of the Deep Dive Investigation. We also asked for male/female gender split information for each of the pension schemes to enable us to consider access issues as part of this analysis. We considered the gender split of access to the various pension schemes and, not unsurprisingly those who remain entitled to the more beneficial legacy schemes are predominantly male which reflects that more males have longer service than females. The gender split of the various pension schemes is attached as [Appendix 6](#).

Performance Reviews

- 6.49 The Respondent now operates a very thorough performance review process with a substantial amount of guidance for both reviewers and reviewees and clear examples provided of how performance should be measured and articulated. In particular there is guidance in relation to how the overall assessment of performance should be considered and articulated over 3 key areas.
- 6.50 There is also provision within the process for calibration within teams which is an important part of ensuring fairness in the system and ensuring a consistent approach. Training is available for managers conducting appraisals.
- 6.51 Performance impacts on the fixed salary awarded to an individual as part of the Annual Compensation Review and also the discretionary bonus allocated to individuals under the CIB Annual Discretionary Award Scheme. We noted in the Compensation Review Process 2021 presentation that there was also reference

to a review of performance ratings from a gender perspective which is welcomed and we recommend that this should continue in each review year.

- 6.52 We considered the records of different reviewees where there was a pay differential and performance was cited as the reason as part of the Deep Dive Investigation.
- 6.53 The new performance appraisal form wasn't provided for all cases considered by the Audit and there still seemed to be some gaps in the performance appraisal record keeping which we would recommend is reviewed. The performance appraisal forms are a really helpful record to understand what has led to the performance rating and for future reference. In some cases we weren't provided with the specific form but instead with the pay and performance record for the individual concerned which referred to the overall rating. We would recommend that the forms are retained in all cases going forward.

Pay Policies

Introduction

- 6.54 The Group's Remuneration Principles set the parameters for remuneration decisions and are then supported by individual policies within each jurisdiction. The Respondent operates a number of pay policies and processes which are particularly complex given the global business within which the Respondent operates as a branch and the regulatory regime applicable to the particular jurisdiction (UK). We have reviewed the pay policies, guidance, schemes and other pay information as set out in [Appendix 4](#). Given the complexity of the pay systems operated, we have concluded that it is necessary to have this level of policies in place to ensure, as much as possible, a consistent approach to decision making in such a large international organisation operating within a regulated environment. The compensation components which we refer to in section 4 above, when we describe the Respondent's compensation approach, are taken from the Group's Remuneration Principles document as applicable to the UK.

Buy Out, Sign On, Guaranteed and Retention Bonus Policy

- 6.55 The Buy Out, Sign On, Guaranteed and Retention Bonus Policy regulates the award of specific payments which might arise where there is a recruitment or retention situation. The Policy makes it clear that specific documentation must be considered where these are being contemplated and should provide an audit trail for the pay decisions which will be important in order to establish that there was a genuine recruitment and/or retention need as a material reason why the payment should be made. We did note that in this Policy there was a reference to "him" but no clarification provided that reference to the masculine also includes the feminine. We would recommend that either gender neutral wording be adopted or a statement be made regarding the use of masculine terms being applicable to the feminine also to avoid any inference that there is gender bias in this policy.
- 6.56 The Policy provides that a sign-on bonus can exceptionally be awarded in order to facilitate the hiring of talented individuals with rare or specific skill sets. They are usually paid in cash and upfront. There are rules around the amount to be paid and requiring a claw back condition of one year. There is also provision for HR to monitor such approvals regularly. We could not see any reference to a requirement for a record to be retained of the rare or specific skill set which has led to the decision to award a sign-on bonus. We would recommend that such a

record be retained in order to ensure an audit trail of this decision making process.

- 6.57 The Policy provides that in relation to a guaranteed or retention bonus (as introduced at paragraph 4.5.1b above) these should, respectively, only be payable to sole external recruits or where a current employee has an offer from a competitor (although this is subject to certain regulatory requirements outlined in paragraph 4.5.1b above) and this is considered to be a business risk for the Respondent. Proof will be required of relevant supporting documentation which again will provide an audit trail of the reason for the retention need. In our Deep Dive Investigation (below) we were provided with some examples of guaranteed bonuses and the correspondence issued when a guaranteed bonus was agreed. We were also provided with some examples of relevant supporting documents but these were not available in all cases. We would therefore recommend that the Respondent undertakes a review to ensure that such proof is being requested and is retained for reference.

CIB HR Operating Guidelines and Delegations

- 6.58 In particular, the CIB HR Operating Guidelines and Delegations sets out remuneration principles including the requirement to provide an audit trail for pay decisions and setting out the levels of authority with responsibility for pay decisions in relation to various aspects of remuneration.

The Compensation Principles and Compensation Policy for Individuals Subject to Regulatory Requirements

- 6.59 The Compensation Principles and Compensation Policy for Individuals Subject to Regulatory Requirements ("the Compensation Policy") sets out the structure of compensation, salary increase budgets and the award of variable compensation common to the entire group and aligned on risk management objectives. The objective of this policy is to prevent promoting risk-taking that exceeds the level of risk tolerated by the Respondent, as well as to prevent conflicts of interests and unfair treatment, in particular in terms of gender equality. Variable compensation is determined so as to avoid incentives that could lead to conflicts of interest between employees and clients, or non-compliance with conduct of business rules.
- 6.60 The Compensation Policy should be read alongside the Material Risk and Special Allowance Group Policy and Special Allowance Terms and Conditions documents ("the Special Allowance Rules") (which refer to a specific area of concern expressed by the Tribunal) and the Deferred Plans Summary Information (below).

Deferred Bonus Plans Summary

- 6.61 We considered the Deferred Bonus Plans Summary information which described the conditions which would apply to deferred elements of bonus payments which primarily applied to those who were designated as Material Risk Takers (as outlined above) and other employees whose bonus exceeds a specific monetary level from the perspective of impact on the material risk of the entity/group in specific circumstances and from a regulatory perspective. The position on deferment and the conditions to be applied is reviewed annually.

Material Risk Takers and Special Allowance Group Policy and Special Allowance Terms and Conditions

- 6.62 Given the Tribunal's concerns about Special Allowance awards, we have given particular attention to this aspect of remuneration. We therefore deal with Special Allowance, including Policy findings, as a separate section below.

Recruitment Policy

- 6.63 The Respondent operates a Recruitment Policy and Process which applies when hiring new staff. Clearly, as the Tribunal noted, the starting salary identified at the point of recruitment can be the reason for a pay differential arising between colleagues which can create an equal pay risk. Therefore we deal with recruitment as a separate issue below and include our findings in relation to the Recruitment Policy in that section.

Spectrum Policy

- 6.64 We have referred to the Spectrum Policy in section 4 when we describe the Respondent's remuneration system. As Spectrum offers choice to employees and is driven by those choices we were satisfied that this was applied equally across the genders.

Standard Policies

- 6.65 The Respondent operates a number of policies which relate to pay which one would expect to see in any employer such as Adoption and Surrogacy Policy, Ill Health Absence Policy, Maternity, Paternity, Shared Parental Leave Policies, Long Service Award, Professional Qualification Policy and Travel and Expenses Policy. We have reviewed these and are satisfied that they are applied equally across the genders based on statutory entitlement, service levels for contractual entitlements and/or specific requirements such as a need to undertake business travel. We therefore did not undertake further investigation in relation to these pay policies or reach any specific conclusions in respect of them.

Recruitment

- 6.66 We noted that Section 7.6 of the Recruitment Policy states:

"Resend the JD to the Reward Team to confirm the benchmark or get adjusted as appropriate. Any benchmark sent to the Reward Team should ideally include peers in the business and their UID.

If the benchmark has changed, then an adjustment of the job description to reflect the change must be validated with the Hiring Manager and the HRBP.

If there is an equal pay concern with the offer, this must be flagged in the recruitment tracker and in the approval."

- 6.67 We have a number of observations to make in this respect. Firstly, we would expect the job description to be finalised before it is used for a recruitment exercise and that this should then drive salary. We believe that making reference to "if the benchmark has changed, then an adjustment of the job description to reflect the change must be validated with the Hiring Manager and the HRBP" would benefit from clarification.
- 6.68 Whilst we accept that there may be specific, exceptional, circumstances where it is not possible to recruit to a specific role, which might then effectively lead to re-consideration of the level of resource required in a particular team, this should be on an exception basis. If the recruitment need were to change, for

example a more senior person or more junior person is required within the team, or to reflect resource available in the market, then the job description should be amended to reflect this changing need. The new job description relied upon for the recruitment exercise going forward should then inform the starting salary.

- 6.69 We therefore recommend expanded wording be included as follows:
- 6.70 "In exceptional circumstances the recruitment need may change. If the recruitment need changes the job description will need to be revisited. A new job description will be produced to reflect the revised recruitment need so that the new job description is then used to set the starting salary benchmark to reflect the changed circumstances."
- 6.71 Further we consider that reference to "ideally include peers" provides scope for managers to not do so and needs to be tightened up. A peer review is a very important step when determining starting salary for a candidate joining the organisation given that management discretion in setting the level of starting salary is a key risk factor in relation to equal pay. By building in "ideally" this creates scope for it not to happen in every case (although we note that the wording is also intended to cover cases where there are no peers). We would expect to see a peer review taking place on every occasion except where there are no colleagues in the same or similar role. We therefore believe that it would be preferable to clarify that it is expected that a peer review will be undertaken except in exceptional circumstances where it is not possible to undertake a peer review within a particular role or department.
- 6.72 Finally, in relation to Section 7.6 of the Recruitment Policy we consider the wording "equal pay concern with the offer, this must be flagged in the recruitment tracker and in the approval" should perhaps be tighter so that it is clear that if there is a proposed pay differential between the recruit and an existing colleague of the opposite sex clear reasons justifying such pay differential, for example a recruitment or retention challenge, should be provided in the form seeking approval and an offer must not be made until the approval is received.
- 6.73 To support the Recruitment Policy, the Respondent has also introduced a more detailed and robust recruitment process to ensure that recruitment decisions are approached in a consistent manner based on a job description and with template documentation to support (and record) salary benchmarking decisions which drive a candidate's starting salary.
- 6.74 We were particularly interested to consider some completed approval documents as part of the new recruitment process to understand how starting salary had been determined and what considerations had been given to the skills the particular individual had and the level of salary proposed compared to peers within the relevant team.
- 6.75 Having considered a number of these approval forms for recent recruits we were satisfied that the Respondent has a rigorous approval system at a senior level within the Respondent to ensure that there is consideration given to the recorded skills and experience and the proposed salary level. Whilst reasons were captured in short form there were non-gender reasons provided in every case to explain why a specific salary level had been determined by reference to skills, experience and/or recruitment pressures (or the lack of them where an individual had previously been unemployed or in a temporary position) and the market data relied upon. The market data was provided for low, median and

high quartile levels for the particular position being recruited to and, for reasons pertaining to the individual, the relevant quartile was identified as the appropriate market rate. We found the rationales well-articulated and easy to follow. We also found that appropriate consideration had been given to peers and the level that the new recruit should be paid by reference to such peers and, where appropriate, to the Respondent's Early Careers Salary Grid levels.

- 6.76 The approval forms also record that interview notes have been retained by HR and the CV is attached to the form so that these could be cross referenced if necessary should one wish to consider the skills and experience demonstrated at the point of recruitment. This new process provided a good audit trail for consideration of the decision making process at the recruitment phase leading to starting salary.
- 6.77 Our only constructive comment in relation to the recruitment form within the new process is that the paperwork is quite hard to follow because when every approval is obtained the core information is repeated. We believe that the market level justification and peer review, which is important information, might be more easily identified in an audit trail if it was only included once either as an attachment or at the bottom of the email chain recording the approvals.
- 6.78 A number of our investigations, within the Deep Dive Investigation referred to below, considered starting salary decisions on a more historic basis. The previous recruitment process documentation was not as thorough and was more difficult to follow with CVs being retained more sporadically. We therefore welcome this new recruitment process to achieve consistency and a more reliable document retention system for future reference should this be necessary.
- 6.79 We make recommendations in relation to the above issues arising from the Recruitment Policy and Process in the Recommendations section below.

Sign On Bonus

- 6.80 We were provided with the male/female split in relation to the payment of sign on bonuses. We considered some examples of sign on payments in our Deep Dive Investigation to understand if these had the potential to be indirectly discriminatory.
- 6.81 We were advised that there were 95 sign on payments in 2021, 60 of those to males and 35 to females which reflects the make-up of the general employee population within the Respondent. We therefore did not believe that this payment was likely to be indirectly discriminatory. Our Deep Dive Investigation revealed that these were paid to individuals, both male and female, depending upon their individual circumstances and in particular the recruitment pressures and market competition facing the Respondent.

Special Allowances

- 6.82 The Special Allowance Rules deal with the important aspects of the concept of Material Risk Takers and Special Allowances and the identification of potential conflicts of interest and the application of deferred portions of the allowance very much from a regulatory perspective. We understand the need for this allowance in the sector within which the Respondent operates. This is a Group Policy covering all jurisdictions within the Group. The Special Allowance Terms and Conditions document as amended for the UK sets out how this will work in practice in the UK.

- 6.83 We appreciate that the Special Allowance scheme operated by the Respondent attracted specific attention at both the Liability and Remedy Hearings. We are aware that by the Remedy Hearing the Respondent had reviewed their Special Allowances paid, including to Comparator 1. Where these were not substantial, in most cases, the Respondent has already taken steps to review these and, where appropriate, incorporate into base salary.
- 6.84 The payment of Special Allowance is designed to be a role based allowance to reflect the key role performed by the individual as set out in paragraph 4.14. It is understood that this is a discretionary payment and therefore the criteria set out are not definitive or contractual but rather indicative of what factors may drive payment.
- 6.85 Whilst there is a requirement within the Policy for a letter to be issued to any individual awarded a Special Allowance, we could not see any provision in either the Policy or the Terms and Conditions for a record to be retained of why discretion has been exercised to recognise the specific role held by the individual which dictates that a Special Allowance will be payable and the criteria relied upon in doing so. We understand that rationales are retained to explain why a Special Allowance is being paid but this is held on a central record. We believe it would be in accordance with good practice, and the EHRC Guide, to incorporate this rationale into correspondence sent to the individual to increase transparency in this respect. This would provide an audit trail so that the reason for the identification of such roles in specific cases can be properly considered, compared and evidenced. We make a specific recommendation in this respect in our Recommendations section below.
- 6.86 We were advised that the Respondent has paid 270 Special Allowances in 2021. 242 Special Allowances were paid to males and 28 to females. Therefore as part of the Deep Dive Investigation we specifically considered how these awards were made in practice as we were conscious that given the gender statistics there is potential for this allowance to be indirectly discriminatory.
- 6.87 The cases which we considered in our Deep Dive Investigation (below) did support that Special Allowances were payable where individuals held particular skills and these were usually unique roles containing one individual. As they tended to be more senior roles they were more often payable to males holding these senior roles.
- 6.88 However, where a specific role attracted a Special Allowance, there was more than one individual in the role, and the Special Allowance was paid at different rates to individuals within that role, the rationale for a difference in payment was less clear. The retention of a rationale for why discretion had been exercised in a particular way is necessary to provide clarity in these cases.

Granular Gender Pay Gap Analysis

- 6.89 As set out above in the Methodology section, and in the Job Evaluation Section, in accordance with the EHRC Guide, we calculated, on a granular basis, gender pay gaps for job roles (i.e. those in the same role and with the same points on a 'like work' and/or "work rated as equivalent" basis). We also calculated, granular gender pay gaps in job levels (i.e. those allocated to the same level by the Aon JobLink methodology, some of which had the same points so were considered on a work rated as equivalent basis and others who had been allocated different points considered on a potential 'work of equal value' basis). These granular gender pay gap calculations were undertaken to assist us to identify which areas we should review in more detail in our sampling Deep Dive Investigation.

- 6.90 We undertook calculations on both a mean and median basis and used the highest pay element differential when categorising the job role or job level as above 5% for the purposes of the Deep Dive Investigation sampling process. In recognition of the EHRC Guide recommendation that as a general rule differences of 5% or more (or where recurring difference of 3% or more) merit further investigation, we considered the mixed role or job level groups, where at least one pay element was 5% or over in favour of either gender and we calculated the granular gender pay gap for the different pay elements payable to individuals within that role or level.
- 6.91 We then began to analyse the causes of the pay differentials within those groups as recommended by the EHRC Guide. Some of the causes were apparent from the face of the pay data and the key employment information provided (as outlined in Step 3 of the Methodology Table in Section 3 above). However, in other instances we needed to consider detailed commentary and documentary evidence for individual male/female case comparisons to more fully understand the causes of pay differentials and how these were evidenced, again as recommended by the EHRC Guide. These evidential investigations were progressed as the Deep Dive Investigation. We progressed these evidential individual male and female comparisons in 91.6% of the job roles which had a gender pay differential in at least one pay element above 5%. In 52% of the job levels which had a gender pay differential in at least one pay element we also undertook evidential individual comparisons. There were ten levels across business lines which had mixed gender roles and where there was a gender pay differential above 5% in at least one pay element. We investigated a male/female comparison in each of these levels across business lines.
- 6.92 Where possible we chose male/female comparisons where the characteristics of the individuals were similar, in particular age and/or length of service, or where there were not necessarily similar characteristics but there was only one male and one female in the role. However, in other instances, the higher paid individual had less service (or was younger) than their lower paid colleague in the role or job level and we therefore considered it appropriate to consider a selection of these. We did not always review the highest paid within a role or a job level as outliers are not always the best indicators for comparison purposes although we did consider some of these for sake of completeness and to provide a good range of investigations. We believe that by adopting this approach we undertook a fair sampling exercise across a range of comparisons.
- 6.93 In many cases we would conduct an evidential investigation in respect of multiple pay elements for a particular comparison even if there was only one pay element which caused a gender pay gap of 5% or more. Therefore, for example, even if the gender base pay gap was 1% and the gender bonus gap was 6% for a particular mixed role we would investigate both of these pay gaps.
- 6.94 Because the sample size was statistically significant, we believe that the above sampling approach provides a good overview both in terms of the causes of pay differentials and also how these are evidenced.
- 6.95 We produced a summary report for the job role and job levels both within and across business lines showing mixed roles where at least one pay element was over 5% in favour of either males or females, and explaining our approach to the selection for the Deep Dive Investigation.
- 6.96 For the reasons outlined above, in relation to protection of personal data and commercial confidentiality concerns, we are not attaching the summary reports to this report.

- 6.97 In any organisation there will be employees with a range of experience often (but not exclusively) indicated by length of service. This was the case within the Respondent where there were employees with relatively short length of service and other employees who had very long tenure indeed (some in excess of 30 years).
- 6.98 In addition to our calculation of granular pay gaps, we also reviewed the core data provided to us by the Respondent to understand trends or patterns across job roles and job levels even where these were single gender. We considered single occupancy roles which were then captured within the job level review. In a number of mixed roles/levels there was a fairly wide range of salaries particularly when one looks at the role level within Business Line/Functions. However, we did observe that there were higher male earners, higher female earners, lower male earners and lower female earners within job levels (and indeed in a number of job roles also). Even in single gender roles or levels (both single male and single female groups) there were sometimes wide base pay ranges across the role or level.
- 6.99 We noticed that the pay data demonstrated that in a number of roles individuals, both male and female, were on exactly the same base pay and often the same bonus with no gender pay differences. We believe that this reflects the Early Careers Salary Grid operated by the Respondent in certain parts of their business which has set levels of remuneration for specific roles covered by the Grid. In some groups, there were also higher earners for the various pay elements, which exceeded the salary earned by a cluster of employees within a group. Again we investigated the circumstances of some of these in the Deep Dive Investigation. There were both male and female examples of these.
- 6.100 In other cases we observed that, on occasions where base salary was the same for male and female colleagues, there could be significant differences in bonus, benefitting both females and males, and in other cases large allowances (again benefitting both genders) which increased total remuneration compared to their colleagues with whom there was no (or a small) difference in base pay. We paid particular attention to these cases to understand the operation of the bonus and allowance allocation.

Gender Pay Gaps and the Gender Spread

- 6.101 As explained above in the methodology section, we considered pay distribution and pay gaps across mixed gender job roles, job levels within business lines and job levels across business lines. We have considered these from a statistical perspective and our findings are set out below.
- 6.102 The gender pay gap statistics have been calculated using the statutory formula for calculating gender pay gaps which works on the premise that there will be ordinary pay and bonus payments payable because nil payments are specifically excluded from the definitions of ordinary pay and bonus pay. However, for the purposes of this Audit we wished to consider circumstances where no bonus or allowance payments were made.
- 6.103 Therefore there are various job roles and job levels where the average female Discretionary Bonus figure or Total Allowances figure has a positive value and the average male Discretionary Bonus figure or Total Allowances figure is nil (£0) (or vice versa). We have included these cases within separate rows in the tables below as the statutory formula would not work in these circumstances.

Base salary

<u>Job Role gaps</u>	Median	Mean
>=5% in favour of female	42	42
<5% in favour of female	25	31
No pay gap	39	33
<5% in favour of male	19	21
>=5% in favour of male	41	39
<u>Job Level Within Business Line gaps:</u>	Median	Mean
>=5% in favour of female	37	36
<5% in favour of female	10	26
No pay gap	16	3
<5% in favour of male	23	16
>=5% in favour of male	60	65
<u>Job Level Across Business Line gaps:</u>	Median	Mean
>=5% in favour of female	1	1
<5% in favour of female	1	1
No pay gap	1	0
<5% in favour of male	1	0
>=5% in favour of male	6	8

Total Allowances

<u>Job Role gaps</u>	Median	Mean
Female average Allowances >£0, Male average Allowances £0	2	2
>=5% in favour of female	1	1
<5% in favour of female	0	0
No pay gap	161	159
<5% in favour of male	0	0
>=5% in favour of male	0	1
Male average Allowances >£0, Female average Allowances £0	2	3
<u>Job Level Within Business Line gaps:</u>	Median	Mean
Female average Allowances >£0, Male average Allowances £0	5	3
>=5% in favour of female	2	4
<5% in favour of female	0	0
No pay gap	133	110

<5% in favour of male	0	0
>=5% in favour of male	3	10
Male average Allowances >£0, Female average Allowances £0	3	19
<u>Job Level Across Business Line gaps:</u>	Median	Mean
Female average Allowances >£0, Male average Allowances £0	0	0
>=5% in favour of female	0	0
<5% in favour of female	0	0
No pay gap	7	3
<5% in favour of male	0	0
>=5% in favour of male	1	5
Male average Allowances >£0, Female average Allowances £0	2	2

Discretionary Bonus

<u>Job Role gaps</u>	Median	Mean
Female average Bonus >£0, Male average Bonus £0	15	12
>=5% in favour of female	40	46
<5% in favour of female	7	7
No pay gap	24	19
<5% in favour of male	3	3
>=5% in favour of male	61	62
Male average Bonus >£0, Female average Bonus £0	16	17
<u>Job Level Within Business Line gaps:</u>	Median	Mean
Female average Bonus >£0, Male average Bonus £0	7	6
>=5% in favour of female	51	53
<5% in favour of female	1	3
No pay gap	7	4
<5% in favour of male	11	7
>=5% in favour of male	62	68
Male average Bonus >£0, Female average Bonus £0	7	5
<u>Job Level Across Business Line gaps:</u>	Median	Mean
Female average Bonus >£0, Male average Bonus £0	2	0
>=5% in favour of female	2	2
<5% in favour of female	0	0

No pay gap	0	0
<5% in favour of male	0	0
>=5% in favour of male	6	8
Male average Bonus >£0, Female average Bonus £0	0	0

Total Remuneration

<u>Job Role Gaps</u>	Median	Mean
>=5% in favour of female	51	52
<5% in favour of female	21	21
No pay gap	18	14
<5% in favour of male	10	17
>=5% in favour of male	66	62
<u>Job Level Within Business Line gaps:</u>	Median	Mean
>=5% in favour of female	48	41
<5% in favour of female	13	14
No pay gap	4	1
<5% in favour of male	13	15
>=5% in favour of male	68	75
<u>Job Level Across Business Line gaps:</u>	Median	Mean
>=5% in favour of female	2	1
<5% in favour of female	0	1
No pay gap	1	0
<5% in favour of male	1	0
>=5% in favour of male	6	8

6.104 Overall the data does not indicate that systemic gender discrimination is present.

The Deep Dive Investigation

6.105 We reviewed 389 remuneration differentials as part of the Deep Dive Investigation across base pay, bonus and allowances. In relation to bonus we specifically considered the performance year 2021 which resulted in bonuses being payable in 2022. Those cases selected for review are set out in the summary reports.

6.106 We found the following:

Base Pay

6.107 We reviewed 175 cases.

- 6.108 We found 106 cases where there was a potential material non-gender reason for the pay differential with strong evidence to support consisting of HR/Manager Commentary which could be provided as oral evidence if required and supported by documentation. 68 of these were in relation to a pay differential in favour of males and in 37 cases the pay differential was in favour of females. In one case, it was confirmed that there was no pay differential.
- 6.109 In 62 cases we found a potential material non-gender reason for the pay differential with moderate evidence to support consisting primarily of HR/Manager Commentary which was not supported by documentation. 43 of these were in relation to a pay differential in favour of males and in 19 cases the pay differential was in favour of females. Improvements in document retention to assist the audit trail, as recommended in the Recommendations section below, will address these issues going forward.
- 6.110 The potential material non-gender reason to justify the pay differential between the comparators varied. The different material non-gender reasons which have been identified and the number of cases which fall within each category are set out in the table below.

Strong/Moderate cases	Number of cases for each potential material non-gender reason							
	Market forces	Protection of terms as a result of TUPE	Pay protection arrangements	Experience	Performance related	Location	Other	N/A Not performing equal work
Strong (106)	40	2	2	48	1	2	9	2
Moderate (62)	12	6	1	33	3	0	4	3

- 6.111 The cases which have been categorised as having a material non-gender reason of "other", are cases in which we are satisfied that there is a non-gender reason to justify the pay differential, however, the reason does not fall within one of the more common categories.
- 6.112 The general theme within the "other" cases is that the pay differentials between the comparators were due to one of the comparators leaving the business prior to a base pay increase (whether that be as a result of the annual Compensation Review Process or a review of the Early Careers Grid) becoming effective. The comparator who remained employed by the business received a base pay increase, whereas the comparator who left the business did not.
- 6.113 However, there are also cases which featured different reasons. For example, there are comparisons where the pay differentials were to reflect the fact that one comparator had greater responsibility than the other in terms of revenue generation, risk taking, or management over a larger portfolio. The reason for another differential was due to a base pay mapping/administrative error.
- 6.114 In 7 cases we found no potential material non-gender reason for the pay differential with weak or no evidence to support. 4 of these were in relation to a pay differential in favour of males and in 3 cases the pay differential was in favour of females.

- 6.115 In these cases we have recommended to the Respondent that they should review the circumstances immediately to either identify the material reason or close the pay differential as soon as possible.
- 6.116 Save for one case, which arose because total compensation was the same for male and female comparators but the way this was structured led to pay differentials arising in relation to base pay and Special Allowance, the majority of the percentage pay differentials were relatively small.
- 6.117 For the other six cases, the gender pay gaps ranged from -11.1% to 13.2%. However, three of these fell within the -2.8% to 2.1% range.
- 6.118 In 4 of these cases the pay differential had already been identified as part of the Respondent's equal pay review and the difference had been rectified in the most recent Compensation Review Process. This exercise has addressed the -11.1% gender pay gap and the 13.2% gender pay gap referred to above.

Total Allowances

- 6.119 We reviewed 22 cases of allowances.
- 6.120 In 9 cases we found a potential material non-gender reason for the pay differential with strong evidence to support consisting of HR/Manager Commentary which could be provided as oral evidence if required and supported by documentation. 6 of these were in relation to a pay differential in favour of males and in 3 cases the pay differential was in favour of females.
- 6.121 In 12 cases we found a potential material non-gender reason for the pay differential with moderate evidence to support consisting primarily of HR/Manager Commentary which was not supported by documentation. 8 of these were in relation to a pay differential in favour of males and in 4 cases the pay differential was in favour of females. Improvements in document retention to assist the audit trail, as recommended in the Recommendations section below, will address these issues going forward.
- 6.122 The potential material non-gender reason to justify the pay differential between the comparators varied. The different material non-gender reasons which have been identified and the number of cases which fall within each category are set out in the table below.

Strong/Moderate cases	Number of cases for each potential material non-gender reason							
	Market forces	Protection of terms as a result of TUPE	Pay protection arrangements	Experience	Performance related	Location	Other	N/A Not performing equal work
Strong (9)	3	0	0	3	0	0	1	2
Moderate (12)	2	0	0	4	0	0	4	2

- 6.123 The cases which have been categorised as having a material non-gender reason of "other", are cases in which we are satisfied that there is a non-gender reason

to justify the pay differential, however, the reason does not fall within one of the more common categories.

- 6.124 The general theme within the “other” cases is that the pay differentials between the comparators were due to one comparator being more highly remunerated to reflect the increased responsibility in respect of revenue generation.
- 6.125 The reason for one of the allowance differentials was that one comparator performed a role which, due to its nature, was more likely to require out of hours work. As a result this comparator received a call-out allowance and the other did not.
- 6.126 In 1 case we found no potential material non-gender reason for the pay differential with weak or no evidence to support. This was in relation to Special Allowance and was in favour of a female as described above due to the way that the total remuneration had been structured differently for the male and female comparators.
- 6.127 In this case we have reminded the Respondent that equal pay liability arises on a term by term basis and it is therefore important that even if total remuneration is equal it is important that the remuneration is also structured in the same way. We have also recommended that the way this remuneration is structured is revisited with immediate effect.

Discretionary Bonus

- 6.128 We reviewed 192 cases of bonus differentials.
- 6.129 In 98 cases we found a potential material non-gender reason for the pay differential with strong evidence to support consisting of HR/Manager Commentary which could be provided as oral evidence if required and supported by documentation. 57 of these were in favour of males and 40 cases were in relation to a pay differential in favour of females. In one case, it was confirmed that there was no bonus differential.
- 6.130 In 92 cases we found a potential material non-gender reason for the pay differential with moderate evidence to support consisting primarily of HR/Manager Commentary which was not supported by documentation. 75 of these were in relation to a pay differential in favour of males and in 17 cases the pay differential was in favour of females.
- 6.131 Improvements in document retention to assist the audit trail, as recommended in the Recommendations section below, will address these issues going forward.
- 6.132 The potential material non-gender reason to justify the pay differential between the comparators varied. The different material non-gender reasons which have been identified and the number of cases which fall within each category are set out in the table below.

Strong/Moderate cases	Number of cases for each potential material non-gender reason
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	Market forces	Protection of terms as a result of TUPE	Pay protection arrangements	Experience	Performance related	Location	Other	N/A Not performing equal work
Strong (98)	4	1	0	7	82	2	0	2
Moderate (92)	13	0	0	12	59	0	6	2

- 6.133 The cases which have been categorised as having a material non-gender reason of “other”, are cases in which we are satisfied that there is a non-gender reason to justify the pay differential, however, the reason does not fall within one of the more common categories.
- 6.134 The general theme within the “other” cases is that the bonus differentials between the comparators were due to one comparator being remunerated to reflect the higher levels of responsibility (in terms of credit delegation) or the additional responsibilities that one comparator had taken on.
- 6.135 However, there are also cases which featured different reasons. For example, one of the bonus differentials was due to an administrative error. We understand the Respondent will take steps to rectify this error.
- 6.136 In 2 cases we found no potential material non-gender reason for the pay differential with weak or no evidence to support. One of these was in favour of a male and one was in favour of a female.
- 6.137 In these cases we have recommended to the Respondent that they should review these immediately to either identify the material reason or close the pay differential as soon as possible.

Potential Material Non-Gender Reasons for Pay Differentials

- 6.138 We have expressed the reason for the pay differential as a potential material non-gender reason as we examined commentary and available documentation but did not subject the comparison to the same approach that would be adopted by a Tribunal involving cross examination and applying a rigorous test of objective justification. We took the commentary and the documentation at face value seeking clarification where necessary. We were satisfied that from the information presented to us, as set out above with varying degrees of evidence, that in the majority of the cases in the Deep Dive Investigation the pay differentials were supported by a potential material non-gender reason.
- 6.139 The majority of pay differentials at base pay level were as a result of experience, performance and market forces. In some cases there was pay protection arising as a result of a TUPE transfer.
- 6.140 The pay differentials at the total allowance level were driven by experience including specialist technical skills or the experience/role performed by the individual and market forces.

- 6.141 For the bonus pay comparisons the pay differentials were primarily driven by performance, market forces, experience and the fact that the employee had either resigned or left the Respondent by the time the bonus was payable so they did not receive a bonus in accordance with the terms of the Discretionary Award Scheme.

Documentation

- 6.142 Inadequate documentation to demonstrate pay decisions is a common occurrence in equal pay audits, particularly when considering historical pay differentials. We found that generally the Respondent's record keeping, particularly in relation to more recent decisions, was good.
- 6.143 However, there is still some inconsistency and room for improvement which the "moderate evidence" cases established. In those cases the Respondent would need to rely heavily upon oral evidence should an equal pay issue be raised. Oral evidence is not as reliable as documentary evidence because memories fade and managers and HRBPs move on. Therefore, heavy reliance upon potential oral evidence presents a risk which can be addressed by improved record keeping and record retention.
- 6.144 In our Deep Dive Investigation there were some examples where the interview template, which was designed to support the recruitment process, had not been completed. This is something that can easily be rectified by making recruitment managers accountable for proper completion of documentation. We would therefore recommend that the Respondent implements the specific recommendations we make below in the Recommendations section in respect of improvements to documentation/audit trail.

7. Recommendations Following Completion of Audit

- 7.1 We are pleased to note that the Respondent has continued to make progress in the implementation of its Remediation Programme and its Culture Programme both of which have been specifically designed to avoid equal pay issues arising in the future and to increase the representation of women in senior roles to address the gender pay gap. The implementation of a job evaluation scheme is an important step forward in this journey.
- 7.2 However, we did still identify some practices which have the potential to create a risk of further equal pay issues arising in the future. We therefore made the following recommendations for the Respondent's consideration and recommended that these be included in the Respondent's Equal Pay Action Plan. These have now been incorporated into the Equal Pay Action Plan which the Respondent has prepared and this is attached as [Appendix 7](#).
- 7.3 In addition to the following issues which were identified as an area of pay practice, we also recommend that any Deep Dive Investigation comparisons which were identified as having no identifiable material non-gender reason for the pay differential be reviewed with immediate effect and, where such pay differential has not already been rectified, that this is rectified at the earliest opportunity.

Area of Pay Practice	Recommendation
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Bonuses awarded under the CIB Annual Discretionary Award Scheme	We would recommend that the Scheme be reviewed/amended to provide for a record to be retained of why discretion has been exercised in all cases to make an award (or not as the case may be) and the criteria relied upon in making bonus awards.
Digital Expertise Salary Plan	We recommend that letters confirming payment of a DESP allowance include a short description of why the role is regarded as key by reference to the Respondent's Digitisation Programme.
Equal Pay and Equal Treatment Reviews	We recommend that these continue in the annual Compensation Review Process
Job Descriptions	<p>Now these have been produced as part of the JES ensure that they are kept under regular review, are updated and evaluated where a job role has changed or a new one is introduced.</p> <p>We also recommend that job descriptions are reviewed to ensure that the new template has been used and gender neutral language has been adopted.</p> <p>As part of the job description review we would recommend that job titles are reviewed to ensure that they reflect what the job holder is undertaking in practice.</p> <p>Once the further job description attestation exercise is completed, following Aon's JES and completion of this audit, we recommend that a regular attestation process is maintained where job descriptions are created or amended going forward.</p>
Key Graduate Salary Path	We recommend that the Respondent continues to consider recruitment and retention issues in relation to graduate level roles within Global Markets.
Performance Reviews	We recommend that these continue to be monitored to consider the gender split of performance ratings across males and females.
Overseas Secondments	We recommend that the Respondent reviews its process for the allocation of international mobility opportunities to ensure that there is a transparent process with opportunities for accessing overseas

	<p>secondments clearly communicated and applicable to both genders.</p> <p>We understand that these are vacancies in locations outside the UK and, therefore, this is not a recruitment process or decision governed by the Respondent.</p> <p>However, the Respondent can encourage its employees to use its internal tool called AboutMe (an internal employee management and networking portal) which enables employees to indicate their interest in internal international mobility and to identify specific locations they would consider.</p>
Performance Reviews	<p>We recommend that in all cases the new performance appraisal form is used and retained as a record of the performance achievements taken into account for remuneration purposes.</p>
Recruitment Policy and Process	<p>Whilst it is reassuring to see that the Respondent recognises the importance of a peer review in ensuring that equal pay is achieved, we believe that clause 7.3 of the Recruitment Policy could be phrased differently to avoid potential for managers to not undertake a peer review.</p> <p>The Recruitment Process currently says "ideally" include peer review. We would recommend that the Process be reviewed and the wording "ideally" be removed so that a peer review is conducted in all cases where there is more than one employee in a role or job level (unless there are exceptional circumstances meaning this is not possible).</p> <p>We recommend that clarity is provided in relation to circumstances where the recruitment need changes to ensure that the job description reflects the revised need and supports the salary benchmarking process. We provide suggested amended wording to provide clarity in the Recruitment section above.</p> <p>We recommend the Recruitment Policy also be amended to replace the wording "where there is an equal pay concern with the offer, this must be flagged in the recruitment tracker and in the approval" with alternative wording such as " Where there is a proposed pay differential</p>

	<p>between the potential recruit and an existing colleague of the opposite sex, clear reasons justifying such pay differential should be provided in the form seeking approval and an offer must not be made until the approval is received.”</p> <p>We recommend that the approval rationale for starting salaries be streamlined so that the rationale only appears once in the approval record to make this audit trail clearer and easier to review.</p>
Sign On, Buy Out and Guaranteed Bonus Policy	<p>We recommend that this policy be reviewed/amended and that the reference to “him” be revisited and that either neutral wording be adopted or a statement be made regarding the use of masculine terms to avoid any inference that there is gender bias in such policies.</p> <p>We recommend that a record be retained of the specific rationale taken into consideration when determining that a sign on bonus should be payable.</p> <p>In relation to a guaranteed or retention bonus we would recommend that the Respondent undertakes a review to ensure that proof of relevant supporting documentation is being required and is retained for reference.</p>
Special Allowances	<p>We would recommend that the Policy and/or Terms and Conditions be reviewed/amended to provide for a record to be retained of why discretion has been exercised to recognise the specific role held by the individual is such that a Special Allowance will be payable specifying the criteria relied upon in doing so.</p> <p>We believe it would be in accordance with good practice to include the rationale for the award of the Special Allowance in the letter sent to the individual to inform them that their role is regarded as a key role attracting a Special Allowance to provide an audit trail so that the reason for the identification of such roles in specific cases can be properly considered, compared and evidenced.</p>

8. Certification

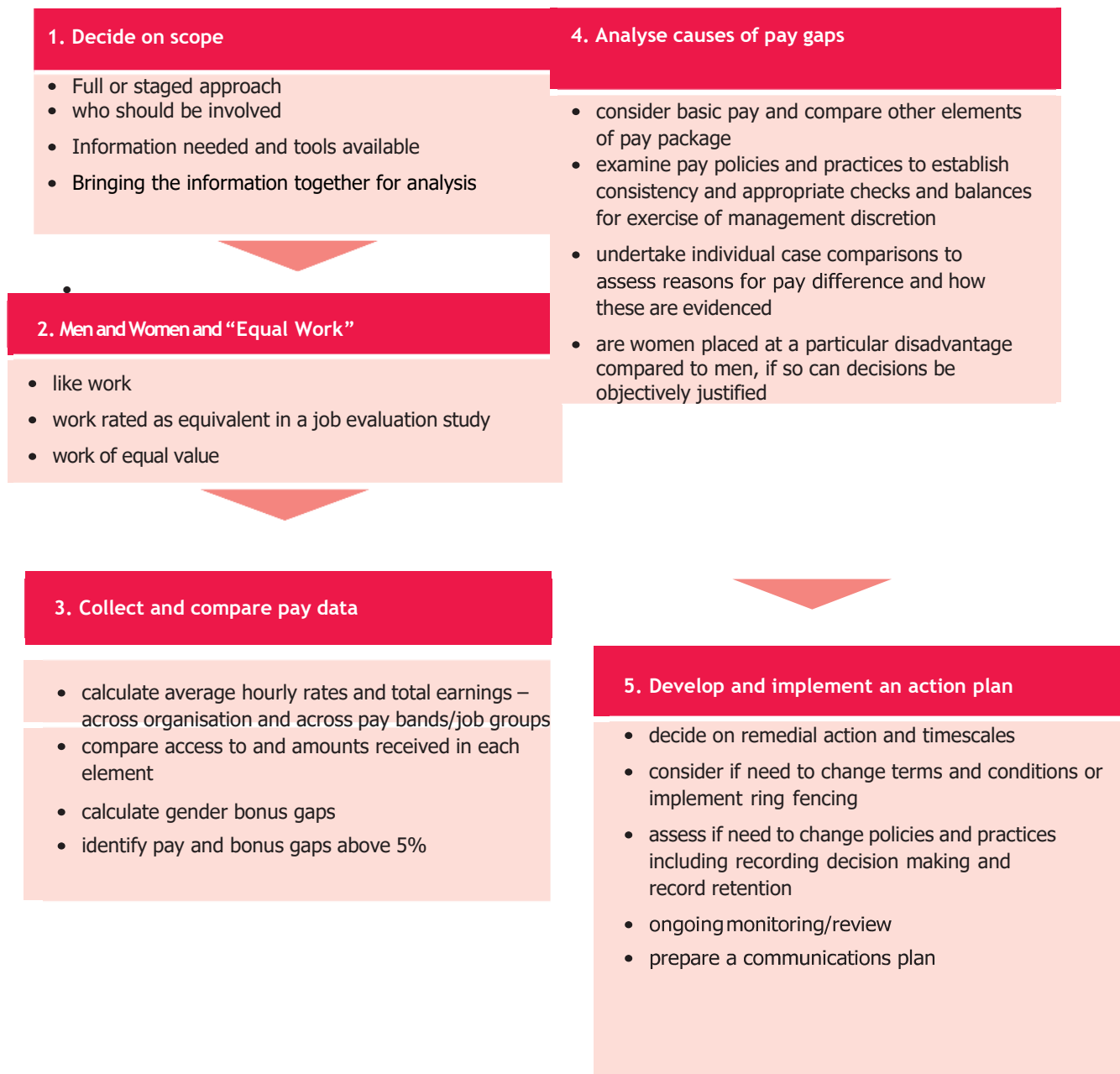
- 8.1 We confirm that we have progressed this audit in accordance with the Tribunal Order, the Regulations and the process recommended in the EHRC Guide. In accordance with that process we have selected samples of males and females which, on the face of them, had similar characteristics for legal review.
- 8.2 In accordance with that process we have reviewed the spreadsheet pay data and personal documentation provided by the Respondent's HR/Reward Team for each individual employee within male/female comparisons to assess the reason for any pay differential, ascertain how determination of pay was reached by reference to previous pay policy, understand whether causes of pay differences are tainted by gender discrimination, considered how management discretion was exercised, and established how decision making in relation to pay was captured/recorded/retained to enable us to reach the conclusions and recommendations outlined above.
- 8.3 We understand that this Audit will be submitted to the Employment Tribunal. We believe that the contents of this Audit are true to the best of our knowledge and belief.

Eversheds Sutherland (International) LLP

1 September 2022

Appendix 1

Equal Pay Audit Process in accordance with the Equality and Human Rights Commission (EHRC) Equal Pay Audit Guide for Larger Employers



Appendix 2 – Power Point presentation from Aon describing job evaluation scheme methodology

AON

JobLink and JobLink on-line

**A simple and robust analytical
job evaluation tool.**

March 2022



1

What is job evaluation and why is it important?

AON



Job Evaluation

Job Evaluation is the **systematic process** for defining the **relative worth** of **jobs within an organisation**.

- **Systematic** – it has a clear and consistent methodology
- **Process** – It is a process that guides and facilitates judgements within a framework
- **Relative** – It does compare jobs against other jobs and/ or against a scale
- **Jobs** – It is focussed on evaluating jobs and not people/ job holders
- **Within an organisation** – The output from the process is a ranking of jobs (a hierarchy) specific to an individual organisation

Job Evaluation helps to inform but does not, by itself, determine:

- An organisations grading approach
- What an organisation should be paying people



The outputs can inform these decisions but ultimately it is up to the organisation to make these choices

Why do organisations use job evaluation?

5 Common reasons why job evaluation is deployed

1. To provide a rational and defensible basis for the design and maintenance of an equitable pay structure
2. To help understand and manage relativities between jobs in an organisation
3. To enable consistent decisions to be made on grading and pay in an organisation
4. To identify 'work of equal value' as an enabler for equal pay analysis
5. Because it is a regulatory requirement (some markets only e.g. Spain)

Key features of a Job Evaluation process

In summary, A Job Evaluation process is...

- **Comparative** – it is not a science!
- **Judgemental** – it requires judgement in analysing data on jobs against set criteria
- **Analytical** – it is based on ‘informed’ judgements that looks at the component parts of a job
- **Structured** – it provides a consistent framework/ structure for making judgements (e.g. consistent factors, definitions, QA process)
- **A job evaluation process is not about assessing/ making judgements about an individual, their rate of pay or their performance**

2

JobLink

The Aon Analytical Job Evaluation Methodology

AON



JobLink

Joblink is the Aon Analytical Job Evaluation Methodology which is used with organisations across a wide range of business sectors around the world and in organisations of all different sizes and levels of maturity.

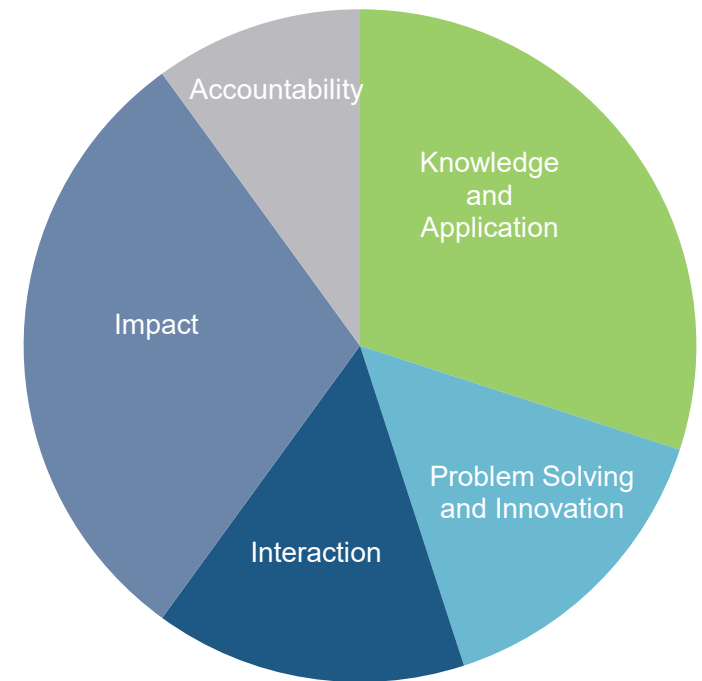
The methodology is around 15 years old and is recognised for:

- **Its flexibility, simplicity and efficiency**
- Outputs can be aligned with **market data** - provided by Aon and by any of the global providers
- Is supported by a **simple**, and **easy-to-use, on-line tool** to help **manage and maintain** evaluations moving forward

JobLink uses 5 core factors

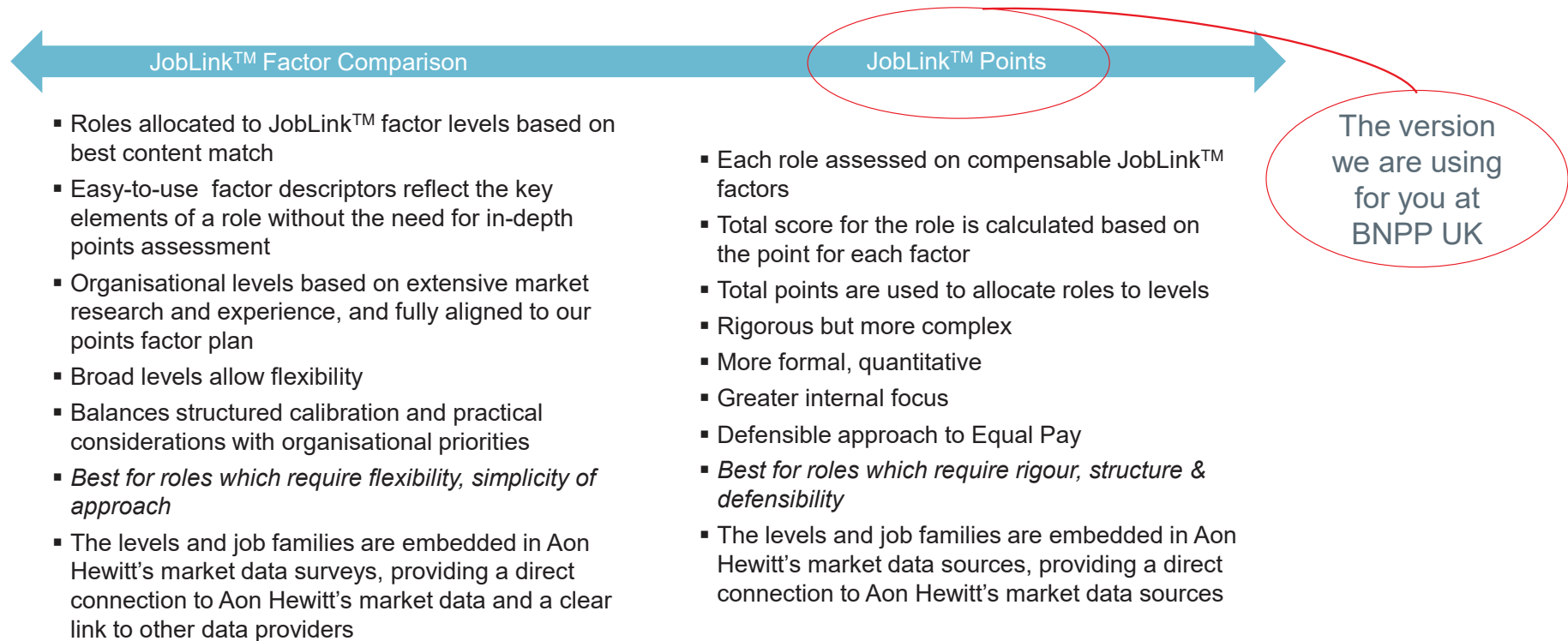
The factors used in JobLink™ were selected due to their universal application; these factors are weighted and are designed to provide a robust yet easy-to-apply method for differentiating levels of work among jobs.

- 1. Knowledge and Application (~30%):** The accumulation and depth of knowledge and the expectations of how that knowledge is applied
- 2. Problem Solving and Innovation (~15%):** The difficulty of the problems to be solved, the degree to which judgment and analysis must be exercised in assessing problems and evaluating alternative solutions, and the extent to which assistance is available
- 3. Interaction (~15%):** Measures the interpersonal and communications skills required and the scope of diversity that may exist to account for the growing importance of working and managing in a multi-dimension, cross-cultural environment
- 4. Impact (~30%):** Measures the potential impact on business objectives as well as the sphere of influence and the time-horizon of personal impact to accommodate the global and organization governance structure
- 5. Accountability (~10%):** Measures the nature of accountability through the directness of the impact and the breadth or scope of financial impact



Aon's analytical job evaluation methodology: JobLink™

- JobLink™ is a unique job evaluation system as it offers the option of a points / factor approach or a classification approach depending on organisation requirements.
- We work with each of our clients to determine the best approach for them; a combination approach is possible.



Guidelines in evaluating roles

- Evaluate the job, not the person
- Evaluate roles as they exist today
- Evaluate roles at the level of normal competent performance
- Disregard current pay and job title
- Ensure evaluation outcomes are documented and recorded
- Ensure the role is understood
- *(Ensure there is a feedback process for the business)*

Joblink output example

Joblink can be used to evaluate roles that are fundamentally different without issue;

Please note – the evaluations and relativities below are indicative only as the evaluations have not yet been through the Aon review process or discussed with HR/ Business

			Knowledge and Application	Problem Solving	Interaction	Impact	Account.	Total Score
Role 1	Department A	JobLink Level 5	4C	D	4A	1B	1B	JobLink Level 5
			118	36	36	55	20	265
Role 2	Department B	JobLink Level 5	4C	E+	3A+	1C	1B	JobLink Level 5
			118	56	32	80	20	306
Role 3	Department C	JobLink Level 5	3C+	D	4A+	1D	1A	JobLink Level 5
			108	36	43	105	10	302

Different types of role, slightly different evaluation scores for each element and for the total score but all are sitting within the range for JobLink level 5

3

Joblink on-line demonstration

AON



Thank you.



Appendix 3 – Template Summary Report

BNPP – Equal Pay Audit - Job Role Summary Report

As part of the Audit, we have calculated gender pay gap statistics in respect of the mixed gender Job Roles which are operated by the Respondent.

Gender pay gap statistics have been calculated in respect of Base Pay, Allowances, Discretionary Bonuses and Total Remuneration.

This report identifies the Job Roles which are performed by both male and female employees and feature a gender pay gap of 5% or more in respect of one of the above pay elements. The report contains a Summary/Recommendations column which sets out the comparisons which we recommend are subjected to a deep dive investigation.

Job Role	Business Line	No. Males	No. Females	Base Pay GPG	Call Out Allowance GPG	IT (DESP) Allowance GPG	Retention Allowance GPG	Special Allowance GPG	Misc Allowance GPG	Total Allowances	Discretionary Bonus GPG	Total Remuneration GPG	Summary/Recommendations
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Appendix 4 - Pay Policies, Schemes, Processes, Guidance or Other Pay Information Considered

Adoption and Surrogacy Policy

BNP Paribas Digital Experts Salary Plan

BNP Paribas Pension Summary

BNP Paribas Recruitment Process Documents

Buy-out, Sign on, Guaranteed & Retention Bonus policy

CIB Annual Discretionary Award Scheme

CIB HR operating guidelines (and delegations)

CIB HR Reward Policy and Procedures Book 5 – Remuneration Principles , July 2020

CIB HR Reward Policy and Procedures Book 7 – Material Risk Takers and Special Allowance , July 2020

CIB HR Reward Policy and Procedures Book 10 – Deferred Bonus Plans Summary Information

Compensation Principles and Compensation Policy for Individuals Subject to Regulatory Requirements

Compensation Review Process 2021

Discretionary Bonus Guidance to Managers

Ill Health Absence Policy

IM Policy Core Principles

IM Policy Specific

IM Policy Standard

IM Policy Standard Plus

IM Policy Standard School

Long Term Service Award Policy

Maternity Policy

Overtime Policy – IT

Overtime Policy – non-IT

Paternity Leave Policy

Performance Management Policy and relevant notifications and training

Professional Qualification Policy

Shared Parental Leave Policy

Special Allowance – Terms and Conditions 2016 version with UK Addendum

Spectrum 2022

Travel and Expenses Policies – Global, Group, EMEA and UK

Appendix 5 - Template Deep Dive Investigation Report

BNPP Equal Pay Audit – Deep Dive Investigation Summary Report

Male Comparator					Female Comparator					Pay Differential	Differential in favour of	Are the comparators undertaking equivalent work? If so, is this like work, work rated as equivalent or work of equal value?	Is there a substantial difference in JES score to indicate a larger role?	Is there a potential material factor defence apparent from the documentation/information provided by the Respondent?	What is the potential material factor defence?	What is the strength of the evidence in support of the material factor defence?	Is objective justification likely to be required?	Commentary
Employee ID	Job Role	Job Level	Business Line	JES Score	Employee ID	Job Role	Job Level	Business Line	JES Score									

Appendix 6 –Gender Split Figures for Pension Schemes, Allowances/Overtime, Discretionary Bonus and International Mobility Opportunities

Pension Gender Split

This is based on February 2022 pension data.

Pension Scheme type	Female	Male	Total
Standard Defined Contribution	892	1,818	2,710
Standard Defined Contribution opt outs	4	30	34
Standard Defined Benefit	26	79	105
Defined Benefit – 30% cash opt outs	4	11	15
Interns (9% contribution)	1	26	27
Defined Contribution – non-standard rate (BNL)	2	0	2
Deutsche Bank Defined Benefit members	41	117	158
Deutsche Bank Defined Benefit opt outs	1	6	7
TOTAL	971	2,087	3,058

Pension Scheme Salary Sacrifice Options Exercised (as at May 2022)

Status	F	M	Total	F	M	Overall
Core	243	602	845	28%	35%	33%
Flexed down	113	421	534	13%	24%	21%
Flexed up	505	713	1218	59%	41%	47%

Allowance/Overtime Gender Split

Allowance/Overtime	Male	Female	Total
Overtime	93	63	156
First aid	42	54	96
Fire Warden	43	36	79
On call*	6*	0	6
DESP	39	2	41
Car allowance	0	0	0
Special Allowance	242	28	270
Sign on Payments	60	35	95

Discretionary Bonus Gender Split

Scope: all bonus eligible employees (excl. HR)

Gender	CRP 2020-2021				CRP 2021-2022			
	Hdct			Average Bonus (000 GBP)	Hdct			Average Bonus (000 GBP)
	No Bonus	With Bonus	Total		No Bonus	With Bonus	Total	
F	77	1,107	1,184	30.820	73	1,085	1,158	35.129
M	95	2,197	2,292	98.663	91	2,146	2,237	112.129
Total	172	3,304	3,476		164	3,231	3,395	

International Mobility Opportunities Gender Split

Allowance Type	Mobility Policy	Males	Females	Total
PO Specific	IM Policy Specific	2	0	2
PO Standard	IM Policy Standard	1	0	1
PO Standard Plus	IM Policy Standard Plus	1	1	2
Specific	IM Policy Specific	17	0	17
Standard	IM Policy standard	77	19	96
Standard Plus	IM Policy Standard Plus	8	3	11
Standard School	IM Policy Standard School	4	2	6
		110	25	135

Appendix 7 - Respondent's Equal Pay Action Plan

The Respondent confirms that it accepts all the recommendations set out in the Audit Report and has set out below the steps to be taken to implement the recommendations. The steps set out below are in addition to the actions taken by the Respondent in relation to its Remediation Plan and Culture Programme.

Area of Pay Practice	Recommendation	Action	
Bonuses awarded under the CIB Annual Discretionary Award Scheme	We would recommend that the Scheme be reviewed/amended to provide for a record to be retained of why discretion has been exercised in all cases to make an award (or not as the case may be) and the criteria relied upon in making bonus awards.	The CRP management tool will be updated to record this information.	End of 2022
Digital Expertise Salary Plan	We recommend that letters confirming payment of a DESP allowance include a short description of why the role is regarded as key by reference to the Respondent's Digitisation Programme.	Template letter to be updated with additional wording required to explain the rationale for the DESP allowance.	End of October 2022
Equal Pay and Equal Treatment Reviews	We recommend that these continue in the annual Compensation Review Process	Confirmed and already in place.	Ongoing
Job Descriptions	<p>Now that these have been produced as part of the JES ensure that they are kept under regular review, are updated and evaluated where a job role has changed or a new one is introduced.</p> <p>We also recommend that job descriptions are reviewed to ensure that the new template has been used and gender neutral language has been adopted.</p> <p>As part of the job description review we would recommend that job titles are reviewed to ensure that they reflect what the job holder is undertaking in practice.</p>	<p>All job descriptions and job titles will be reviewed and updated as required using the updated job description template which includes gender neutral language and identifies the level of the role as confirmed by the JES exercise.</p> <p>All employees will attest to their job descriptions and will be informed of the level of their role and those of immediate team members.</p>	Q4 2022 to end of Q1 2023

	Once the further job description attestation exercise is completed, following Aon's JES and completion of this audit, we recommend that a regular attestation process is maintained where job descriptions are created or amended going forward.	The Bank confirms that any changes to job descriptions in future will be attested to by the relevant employee(s) and the attestation process will be maintained.	Ongoing
Key Graduate Salary Path	We recommend that the Respondent continues to consider recruitment and retention issues in relation to graduate level roles within Global Markets.	<p>The Bank already monitors its graduate recruitment practices and has already achieved 50:50 gender parity at the commencement of the graduate programme in Global Markets.</p> <p>The Bank is committed to keeping its graduate recruitment and retention policies under review to ensure no disparate impact arises.</p>	Ongoing
Performance Reviews	We recommend that these continue to be monitored to consider the gender split of performance ratings across males and females.	The Bank has already implemented this recommendation and is committed to maintaining it in annual CRP exercises.	Ongoing
Overseas Secondments	<p>We recommend that the Respondent reviews its process for the allocation of international mobility opportunities to ensure that there is a transparent process with opportunities for accessing overseas secondments clearly communicated and applicable to both genders.</p> <p>We understand that these are vacancies in locations outside the UK and, therefore, this is not a recruitment process or decision governed by the Respondent. However, the Respondent can encourage its employees to use its internal tool called AboutMe (an internal employee management and networking portal) which enables employees to indicate their</p>	The Bank confirms that it will continue to encourage its employees to use its internal tool called AboutMe which enables employees to indicate their interest in internal international mobility and to identify specific locations they would consider.	Ongoing

	interest in internal international mobility and to identify specific locations they would consider.		
Performance Reviews	We recommend that in all cases the new performance appraisal form is used and retained as a record of the performance achievements taken into account for remuneration purposes.	The completion of the new performance appraisal form is now a requirement of the annual appraisal process and further reminders will be sent to managers about the retention of appraisal forms in advance of and during the annual appraisal process.	Q4 2022-Q1 2023 and ongoing
Recruitment Policy and Process	<p>Whilst it is reassuring to see that the Respondent recognises the importance of a peer review in ensuring that equal pay is achieved, we believe that clause 7.3 of the Recruitment Policy could be phrased differently to avoid potential for managers to not undertake a peer review. The Recruitment Process currently says “ideally” include peer review. We would recommend that the Process be reviewed and the wording “ideally” be removed so that a peer review is conducted in all cases where there is more than one employee in a role or job level (unless there are exceptional circumstances meaning this is not possible).</p> <p>We recommend that clarity is provided in relation to circumstances where the recruitment need changes to ensure that the job description reflects the revised need and supports the salary benchmarking process. We provide suggested amended wording to provide clarity in the Recruitment section above.</p> <p>We recommend the Recruitment Policy also be amended to replace the</p>	The Bank will update the local UK Recruitment Policy and Process as recommended in the Audit Report and re-issue the policy and guidance on the process.	Q4 2022

	<p>wording “where there is an equal pay concern with the offer, this must be flagged in the recruitment tracker and in the approval” with alternative wording such as “ Where there is a proposed pay differential between the potential recruit and an existing colleague of the opposite sex, clear reasons justifying such pay differential should be provided in the form seeking approval and an offer must not be made until the approval is received.”</p> <p>We recommend that the approval rationale for starting salaries be streamlined so that the rationale only appears once in the approval record to make this audit trail clearer and easier to review.</p>		
Sign On, Buy Out and Guaranteed Bonus Policy	<p>We recommend that this policy be reviewed/amended and that the reference to “him” be revisited and that either neutral wording be adopted or a statement be made regarding the use of masculine terms to avoid any inference that there is gender bias in such policies.</p> <p>We recommend that a record be retained of the specific rationale taken into consideration when determining that a sign on bonus should be payable.</p> <p>In relation to a guaranteed or retention bonus we would recommend that the Respondent undertakes a review to ensure that proof of relevant supporting documentation is being required and is retained for reference.</p>	<p>The policies will be updated as recommended.</p> <p>A template approval document will be introduced which requires a rationale for the sign on/guarantee bonus to be included prior to approval being obtained. The template will also require confirmation that supporting documentation has been obtained and saved accordingly.</p>	<p>Q4 2022</p> <p>Q4 2022</p>

<p>Special Allowances</p>	<p>We would recommend that the Policy and/or Terms and Conditions be reviewed/amended to provide for a record to be retained of why discretion has been exercised to recognise the specific role held by the individual is such that a Special Allowance will be payable specifying the criteria relied upon in doing so.</p> <p>We believe it would be in accordance with good practice to include the rationale for the award of the Special Allowance in the letter sent to the individual to inform them that their role is regarded as a key role attracting a Special Allowance to provide an audit trail so that the reason for the identification of such roles in specific cases can be properly considered, compared and evidenced.</p>	<p>The Special Allowance UK Addendum Policy will be updated as recommended.</p> <p>The template letter confirming an award of a Special Allowance will also be updated to require the rationale for the award to be included.</p>	<p>Q4 2022</p>
<p>The Deep Dive Investigation</p>	<p>Base pay: In cases where we found no potential material non-gender reason for the pay differential with weak or no evidence to support we have recommended to the Respondent that they should review the circumstances immediately to either identify the material reason or close the pay differential as soon as possible.</p> <p>Total Allowances: In the case where we found no potential material non-gender reason for the pay differential with weak or no evidence to support we have reminded the Respondent that equal pay liability arises on a term by term basis and it is therefore important that even if total remuneration is equal it is important that the remuneration is also</p>	<p>We will review and remedy these cases as set out in the Recommendations.</p> <p>We will review and remedy this case as set out in the Recommendations.</p>	<p>Q4 2022</p> <p>Q4 2022</p>

	<p>structured in the same way. We have also recommended that the way this remuneration is structured is revisited with immediate effect.</p> <p>Discretionary Bonus: In the cases where we found no potential material non-gender reason for the pay differential with weak or no evidence to support we have recommended to the Respondent that they should review these immediately to either identify the material reason or close the pay differential as soon as possible.</p>	<p>We will review and remedy these cases as set out in the Recommendations.</p>	<p>Q4 2022</p>
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Appendix 8 - Information on Equal Pay Review Methodology

Overview of Annual Equal Pay Exercise

Key principles:

BNP Paribas is an equal opportunities employer and is committed to ensuring that its pay systems provide employees with equal pay for equal work;

- The equal pay legislation in the UK sets out that women and men are entitled to equal pay for doing equal work;
- The legislation defines equal work as like work, work rated as equivalent in a job evaluation scheme or work of equal value;
- The purpose of the annual equal pay review is to ensure that a review is conducted by the HR Business Partner in conjunction with the Reward team within each Global Business Line ("GBL") and Function within the UK to:
 - Review and identify any potential gender pay inequalities between employees carrying out equal work;
 - Consider whether there is any genuine, material, fair and non-discriminatory explanation for any potential pay inequalities;
 - Escalate any potential pay inequalities that cannot be explained on non-discriminatory grounds for review by the UK Head of Human Resources, the Head of Reward and relevant Business Line manager for remedy.

Methodology:

- Following the completion of the annual hierarchy exercise each HR Business Partner should:
 - Review the hierarchy for their GBL/Function and identify any male and female employees doing work of equal value (by reference to factors including the type of role/work carried out/level of seniority and responsibilities);
 - Review the fixed compensation of those male and female employees in relation to salary and any allowances (the review should compare each element of fixed pay separately);
 - Identify any potential gender pay inequalities between the identified employees;
 - Record the details of any potential inequalities in the template spreadsheet (circulated at the outset of the Annual Equal Pay Exercise);
 - Consider whether there are any genuine, material, fair and non-discriminatory reasons for the potential difference in pay and record these reasons on the template spreadsheet, if applicable;
 - Send the completed spreadsheet to the UK Head of Human Resources and Head of Reward in the first instance for review.
 - Agreed proposals to address any differential and ensure the elimination of any gender based inequalities that cannot be explained on non-discriminatory grounds should then be discussed with the relevant Salary Manager and incorporated as appropriate into the Annual Compensation Review Process in Compas before the deadline relevant to each business line.

This file was developed in order to assist HRBPs in assessment of the fixed compensation.

There are the following tabs in this file:

1. Appraisal Global Rating Distribution per gender

On that tab:

- The charts show the appraisal global rating distribution (%) in 2019 - 2021 for the current (2021) headcount.
- In order to tailor the charts to your needs and requirements, you can use the filter buttons at the right side.
- It is important to analyse the % of rating distribution together with the headcount. The combination of the % of rating distribution and headcount would be able to inform you on any potential equal pay risk. Therefore, 2021 headcount (with X BC-employee Type and no BCT for GM and FIC) is presented at the right top side.

2Assessment

There you can find the number of cases that need to be checked in each Pool Grouping.

Detailed description of the approach is on the tab.

3. Data

The Compas full extract is on the tab.

At the end of the report you can see details.

4. Check

Tab with a missing data in Compas overview

You can update the analysis by pasting the latest Compas full extract. All the calculations on the tab would be automatically updated. Due to the formulae on the list this might take time, so, please be patient.

In order to update the analysis on the other two tabs, you should right-click on the pivot table, and choose "refresh".

Please note, that array formulae were used in order to identify Min and Max Fixed Comp (tab "Data"). Therefore, you should use "Ctrl+Shift+Enter" combination in the cell.

U I D	Fir st Na me	La st Na me	Ge nde r	Sta tus	Book/ Team	Jo b Ty pe	J o b Ti tl e	Busi ness Title	Appr aisal Man ager nam e	Busi ness Part ner	Pool Grou ping 1	Pool Grou ping 2	Pool Grou ping 3	Pool Grou ping 4	Pool Grou ping 5	2019 Overall Perfor mance Rating	2020 Overall Perfor mance Rating	Apprai sal Overall Perfor mance Rating	Propos ed Total Fixed Compe nsation (000)	Propos ed Total Fixed Compe nsation Curren cy	BC - Empl oyee Type	Loc atio n	Role (Book + Pool Grouping 4 + Job Title + Business Title)	No of Incumb ents in Role	Ge nde r in Rol e	Need to ide ntif y Fix ed Co mp Ran ge?	MIN Prop osed Fixe d Com p for Role	MAX Prop osed Fixe d Com p for Role	Fixed Comp gap (DEV> =1.5%)	Sta tus	Man ager reas on	Com ment (Man ager & HRB P)	Prop osed new Job Title	Prop osed new Busi ness Title (Seni ority hiera rchy posit ion)
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