

2019

UK GENDER PAY GAP REPORT



UNDERSTANDING THE GENDER PAY GAP

What is the gender pay gap?

The gender pay gap is the difference between the average hourly earnings of men and women. It measures the difference between men and women's average pay in a company, as a proportion of men's earnings. For example, a 4% gender pay gap shows women earn 4% less an hour, on average, than men. It's a legal requirement for all employers in Great Britain with more than 250 employees to report on their gender pay gap.

What is equal pay?

Equal pay is different to the gender pay gap and is the legal right for men and women to be paid the same for doing the same or similar jobs. We regularly review pay for associates in similar roles and look at factors which may make a difference to pay. These are things like location and experience and are irrespective of gender. At Capital One UK*, on average, we pay women 100% of what men are paid. While equal pay and the gender pay gap measure different things, they both provide valuable insight.

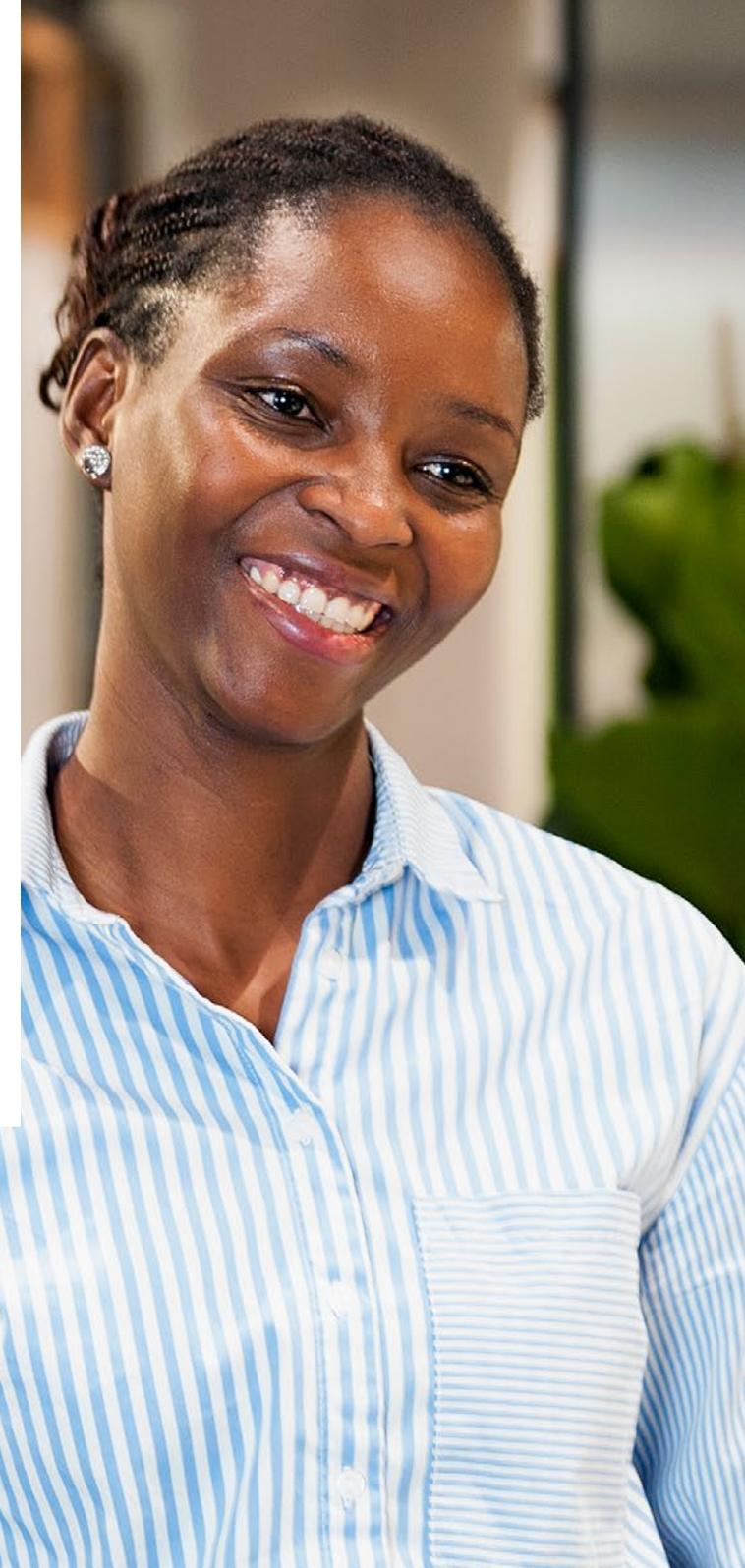
How do we calculate our gender pay gap?

We use two different ways of measuring the difference between the salary of men and women - the mean and the median (as required by law). The **mean** figure takes the sum of all the men's salaries and divides it by the number of men, then does the same for women. The women's figure is then shown as a proportion of the men's and the difference between these two figures is the gap. It's this figure that we report on.

We also produce a **median** figure. This figure is calculated by listing all the men's salaries from lowest to highest and takes the middle number, then compares this to the same figure for the women's salaries.

In 2019, Capital One UK's mean gender pay gap stood at 20.0%, down from 22.8% in 2018 and 23.1% for the median, down from 28.8% last year.

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



2019 RESULTS

MEAN HOURLY GAP

20%

MEDIAN HOURLY GAP

23%

MEAN BONUS GAP

46%

MEDIAN BONUS GAP

51%

PROPORTION RECEIVING BONUS PAY



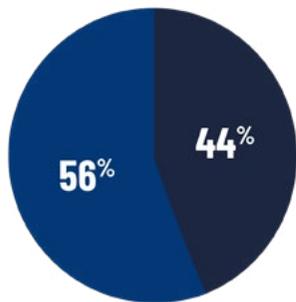
75%
MALE



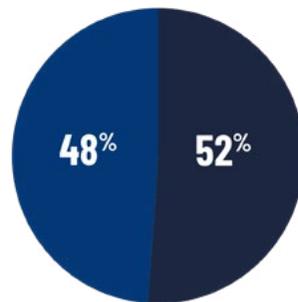
55%
FEMALE

PAY QUARTILES

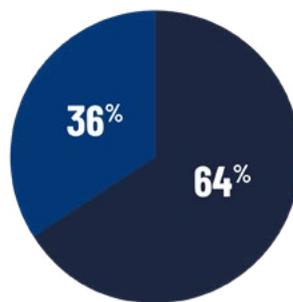
LOWER



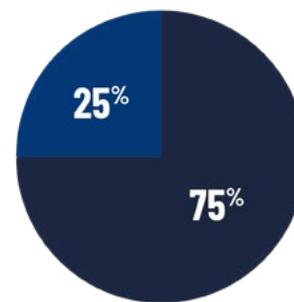
LOWER MIDDLE



UPPER MIDDLE



UPPER



Female Male

What do these figures mean?

These figures show the gap between the average pay for men and average pay for women at Capital One UK and represents the distribution of our workforce across different roles, experience and seniority.

Our gender pay gap statistics show some encouraging signs of positive change for both the mean and median wage gap figures.

This year, we are also reporting on some significant changes we have made to the number of associates receiving bonus pay.

In 2018, we made the decision to increase the base pay for the 30% of associates who are at the lower end of our pay spectrum. This meant we combined their discretionary bonus and base pay to give them a certainty of payment, as part of their guaranteed monthly salary. Previously, neither the annual bonus amount nor the payment were guaranteed. Doing this can have wider benefits, for example, the guaranteed amount can be included in mortgage applications, whereas bonus and other discretionary pay are not always taken into consideration.

We also increased the starting salary for all new joiners in these roles. The current associates received a further pay increase as part of this roll-out.

As in wider society, a larger proportion of those lower paid employees were women. A consequence of the decision to increase base pay meant both the mean and median gaps for bonus pay (another figure we measure) went up in 2019. At Capital One UK, the mean bonus figure increased by 12.6% to 46% and the median bonus figure by 9.9% to 51%. We are - rightly - required by the gender pay gap legislation to include these employees in our figures and calculate the bonus gap. However, if we removed all lower paid employees from our calculations, our mean and median bonus pay gap figures would be 16% and 15%, which are both lower than in 2018.

WHAT ARE WE DOING TO MAKE A DIFFERENCE?

We recognise that there's much more to do in closing the gender pay and bonus gap. But we are making progress.

Our commitment to increase the number of women in both senior and higher paying roles will, over time, help tackle the gap. We're working to find opportunities of increasing the representation of women in both senior and higher paying positions across our business. It's complex but we've got a range of solutions in place:

- Develop our people leaders to foster and promote a culture of diversity and inclusion
- Tracking progress by monitoring engagement, people leadership and inclusion indexes
- Reviewing and exploring new recruitment and selection practices to make sure they are free from gender bias.

There are certain areas within our business where we have low numbers of women and we have a number of initiatives to help make a difference:

- Partnerships with universities, schools and organisations to support women pursuing higher-paid careers
- Programmes aimed at boosting the roles of women in the tech industry, such as our Women in Tech initiative
- Our Coders' programme for 11 and 12 year olds, focused on girls, to address the lack of women in certain business areas, like tech.

We're committed to looking at ways to support our associates, such as having a culture open to flexible working and offering benefits for those who need help with childcare costs.

We're proud to be a signatory of the HM Treasury Women in Finance Charter. This formalises our pledge to achieve greater representation of women at senior levels in our business. We have a commitment to achieve a 50:50 gender balance (+/- 10%) in our senior management team by the end of 2021. In our 2019 reporting, women represented 38% of our senior management team.



A MESSAGE FROM OUR CEO

We continue to increase our efforts to build a more diverse and inclusive workforce across Capital One, as you'll see in the detail of the report. We also recognise that to make larger, sustainable change in society, we should and do contribute to equipping future generations of women to build technology skills, as an area where roles are generally more highly paid and women are currently under-represented.

Our business is better able to serve our customers and shareholders when we have a more diverse workforce. And, it's fundamentally important to me that we are a company that makes it possible for people from various backgrounds, ethnicities and genders to thrive. That's why my leadership team and I are committed to reducing the gender pay gap over time by ensuring more women are able to succeed in the roles in our organisation that are more highly paid.

Changes like this take time, but we are using our platform to accelerate that change, and we'll all be better off for it.

I confirm that the figures in this report are accurate.

Amy Lenander - CEO, Capital One UK

