



# Ethnicity Pay Gap Report



The ethnicity pay gap refers to the disparity in average earnings between employees from different ethnic backgrounds within an organisation, company or across the labour market. Addressing this gap is not only a matter of fairness and equality but also a strategic imperative for companies aiming to foster diverse and inclusive workplaces.

## Ethnicity Pay Gap in the UK

Recent data from the Office for National Statistics (ONS) reveals that significant pay disparities persist between ethnic groups in the UK. On average, employees from minority ethnic backgrounds earn less than their White counterparts, with variations depending on specific ethnicities. This gap is more pronounced at senior levels, including Board positions.

## What do we mean by ethnicity?

The Office for National Statistics (ONS) observes that defining what constitutes an ethnic group lacks consensus, as it is a self-defined and subjectively significant concept for individuals. Given the dynamic and multifaceted nature of ethnicity, there are several approaches for measuring ethnic groups, which have evolved over time. These approaches encompass factors such as shared ancestry, cultural elements, identity, religious beliefs, language, and physical characteristics. What is widely acknowledged, however, is that ethnicity encompasses a combination of all these elements and more.

The ethnicity pay gap reflects the contrast in average earnings between employees from minority ethnic backgrounds and those categorised as 'White' (i.e. non-Black, Asian and Minority Ethnic (BAME)) within a workforce.

When the percentage is positive, it signifies that the average pay of a white employee is higher than that of an employee from a minority ethnic group. The greater the positive percentage, the wider the ethnicity pay gap. Conversely, a negative percentage indicates that the average pay of the minority ethnic group surpasses that of the White group.

It's essential to distinguish the ethnicity pay gap from equal pay. Ethnic pay disparities primarily do not concern individuals from non-BAME and other ethnic backgrounds receiving distinct compensation for the same job. The Equality Act of 2010 prohibits racial discrimination, both direct and indirect, against employees. Therefore, unless there is a violation of

existing legal provisions, discrepancies in pay between ethnic groups are typically attributable to factors other than explicit discrimination that impose disadvantages on individuals from ethnic minorities.

## How the Ethnicity Pay Gap is worked out

There is currently no guidance on the pay measures that need to be reported as part of Ethnicity Pay Gap reporting nor any guidance on the methodology for calculation. Therefore, TIAA/Adsurre continues to take the approach to mirror the legislated pay measures used for Gender Pay Gap reporting, and the methods of calculation, but applied through a lens of ethnicity (where outcomes for ethnic minority groups (BAME) are compared against non-BAME groups).

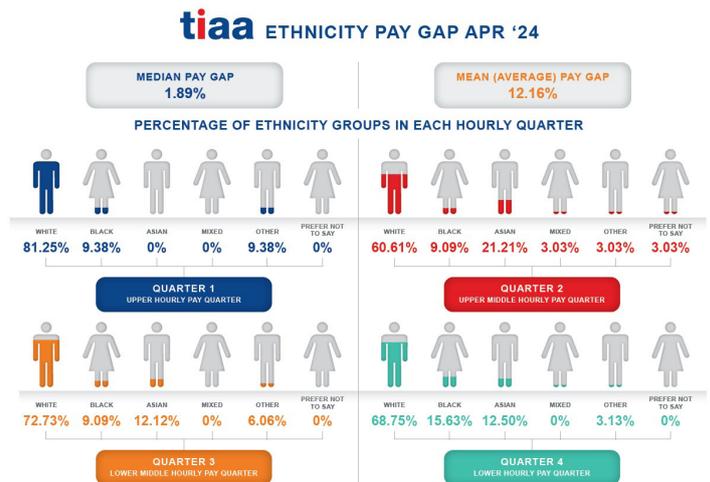
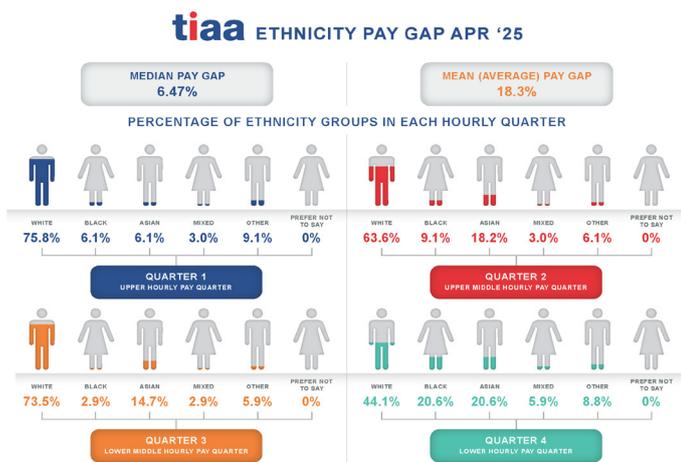
This approach allows us to assess and report on the ethnicity pay gap with a consistent and structured framework, despite the absence of specific guidance. We remain committed to transparency and the pursuit of fairness, utilising these measures to gauge and address pay disparities based on ethnicity within TIAA and Adsurre.

## Company Context

Although we are not required by the UK Government to collect data on our Ethnicity pay gap, we believe it is important to understand our position in order that we can assess and understand our position to drive continuous improvement and fairness. Therefore, data has been collected and reported for the past three years.



The following graphics list the Ethnicity Gap statistics for TIAA/Adsure over the previous two years:



The figures for each quartile show a decreasing proportion of the organisations total pay being made staff who have identified as White. This reflects the success of efforts being made in our recruitment processes, especially via the TIAA Pathway, to reduce barriers to employment.

Note: Mean is the number you get by dividing the sum of a set of values by the number of values in the set. In contrast, the median is the middle number in a set of values when those values are arranged from smallest to largest.

Note: quartile pay bands – the proportions of ethnicity for relevant employees in the lower, lower-middle, upper-middle and upper quartile pay bands. Each quartile represents 25%

## Factors Contributing to the Ethnicity Pay Gap

The ethnicity pay gap arises from a confluence of factors, including:

- **Educational Opportunities:** Access to quality education varies significantly among ethnic groups, affecting career prospects and earning potential.
- **Occupational Segregation:** Minority ethnic employees are often concentrated in lower-paying sectors and roles, with limited access to senior positions.
- **Unconscious Bias:** Biases in recruitment, promotion, and pay rise decisions can disadvantage minority ethnic employees.
- **Networking and Mentorship:** Lack of access to influential networks and mentors, hampers career advancement for minority ethnic individuals.

### Fluctuations

We see fluctuations in our ethnicity pay gap year on year, because we are a medium-sized organisation with a relatively small profile of ethnic staff. Therefore, small changes in our employee profile can show a significant impact.

## Implications of the Ethnicity Pay Gap

The ethnicity pay gap can have several implications across TIAA and Adsure:

- **Economic Disparity:** Lower earnings for minority ethnic employees contribute to broader economic inequalities.
- **Talent Retention:** Pay disparities can lead to dissatisfaction and higher turnover rates among minority ethnic employees.
- **Organisational Performance:** Diverse and inclusive teams have been shown to drive innovation and performance. A significant pay gap undermines these benefits.

## Current Initiatives and Progress

As shown, we have already taken the initial step in collecting and reporting the data to start to address the ethnicity pay gap. We recognise and celebrate diverse cultural events and milestones. There are further strategic steps we can take to reduce the ethnicity pay gap at all levels.

## Recommendations

To further address the ethnicity pay gap, the following will be introduced:

- **Enhanced Data Transparency:** Increase transparency by publishing ethnicity pay gap reports and sharing this information with employees.
- **Regular Pay Reviews:** Conduct annual pay reviews to ensure ongoing assessment and adjustment of pay disparities.
- **Unconscious Bias Training:** Providing regular unconscious bias training for all employees, particularly those involved in recruitment and promotion, can help mitigate biases that contribute to the pay gap.
- **Inclusive Culture where diversity is valued and celebrated:** Create Employee Resource Groups, Encourage open dialogue about diversity and inclusion issues.

## Conclusion

Closing the ethnicity pay gap is not only a matter of fairness but also a strategic imperative for us as a B Corporation. By addressing the underlying causes of this disparity, we can foster a more inclusive and equitable workplace. The recommendations outlined in this report provide a roadmap for achieving pay equity and ensuring that all employees are valued and rewarded equitably for their contributions

## Action

The Remuneration Committee are requested to note the report and provide comments and observations.



For more information please contact:

- David Foley, Commercial Director
- [david.foley@tiaa.co.uk](mailto:david.foley@tiaa.co.uk)

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