

DIVERSITY DATA AND PAY GAP REPORTING

MARCH 2024

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.



PRI's MISSION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

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INTRODUCTION

To best serve our increasingly diverse signatory base, it is essential that we also have a diverse mix of people working at the PRI. Ensuring that we create an inclusive and supportive environment, where all our people can perform to their best, is also in line with our values.

To that end, this report sets out our diversity data and pay gap information. This is the second time we have reported this data on a voluntary basis, as part of our ongoing efforts to being data-driven in our approach to DEI¹, and doing so represents an important moment of transparency for us. This year we have gone further than before, including information on both our recent pay benchmarking exercise and our gender pension gap.

We are proud to have made progress this year. We have improved our gender balance at most levels of our organisation, including our Executive Team. We're also pleased to see increases in both the proportion of employees who identify as LGBTQ+, and employees who are Black, Indigenous and People of Colour (BIPOC).

We have reduced our gender pay gap. The gap that remains is driven primarily by us having a higher proportion of women at more junior levels of the organisation. Although I am pleased that the pay gap for BIPOC employees has reduced since our last report, indicating that we are moving in the right direction, it is disappointing to see that a gap does continue.

We are committed to a long-term plan to ensure we are fully equitable. The report includes a full action plan, building on the work we started in 2021 with the development of our new DEI strategy. We continue to work with our Leaders' Forum, made up of Directors and Experts globally, to develop organisation-wide and team-level actions to drive accountability for our progress at every level.

We continue to work to ensure consistency in performance reviews, tackle bias in recruiting for all roles, encourage more diversity in applications for senior roles, and enhance career support for colleagues in junior roles.

This important work to continue to move the needle on DEI takes time, and we look forward to fully embedding new approaches to core processes and ways of working. We will continue to share data and progress on our DEI efforts in the annual report, due later this year in September.



David Atkin
CEO, PRI

¹ [The PRI's first diversity data and gender and ethnicity pay gap report. \(unpri.org\)](https://www.unpri.org/our-work/our-report/our-report-2022)

GLOBAL DEMOGRAPHIC MAKEUP OF OUR WORKFORCE

Collecting employee diversity data is accepted as best practice. It ensures we understand how well represented different demographic groups are across the organisation, what evidence-based targeted actions we can take and how to track the effectiveness of our programmes over time.

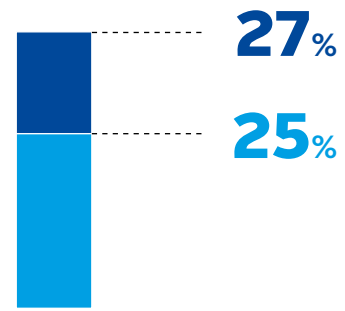
KEY FINDINGS²:



PRI continues to have extremely high completion rates from employees for this data, with **91% completion** across all fields (including those who select “prefer not to say”)³.



Gender:
We continue to see a relatively even split between men and women at every level, and for the first time see more women than men in our Executive Team.



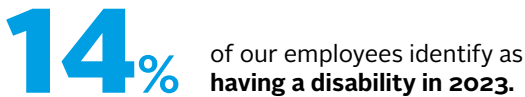
Race/ethnicity:
we have increased the proportion of BIPOC employees⁴ from 25% in 2022 to 27% in 2023.

LGBTQ+:
from 7% in 2022, we have increased to



33%
of all new hires were BIPOC.

Disability:
we continue to see



75%
of promotions in 2023 were women.



25%
of promotions in 2023 were BIPOC employees.

See the demographic data in full in [the appendix](#).

² All data as at 1 December 2023. All global employees were included in the data collection where possible, taking into account local data protection legislation and other legal considerations.

³ Increased from 86% in 2022.

⁴ We group employees who are Black, Indigenous and People of Colour together at the PRI due to small sample sizes to protect anonymity on pay reporting.

OUR UK PAY GAP DATA

In the UK, employers that have a headcount of 250 or more UK-based staff must comply with regulations on gender pay gap reporting. Whilst we are not legally obliged to report our gender pay gap, we want to share this information with our employees in line with our commitment to transparency and 'walking the talk'. The data below is as at 5 April 2023.

GENDER PAY GAP VS EQUAL PAY

The **gender pay gap** is the difference between the average (mean or median) pay of men and women across all jobs in a workforce. It is an indication of whether women have an equal opportunity to progress their careers and earnings and be included in the highest pay quartiles – often roles of influence.

Equal pay is the legal obligation under the UK Equality Act requiring employers to give equal pay to people employed to do similar work. The PRI is fully compliant with equal pay legislation.

As we only have a very small number of employees that identify outside of the binary male/female distinction, this analysis is only able to report in those terms. However, we recognise that not everyone's gender identity fits within this binary distinction.

ETHNICITY PAY GAP

Ethnicity pay gap reporting is the difference in average pay between employees from different ethnicities – typically expressed as how all BIPOC employees compare as a group to White employees. The UK has no legal requirement or government guidance around whether organisations should measure or report on their ethnicity pay gap, or how to go about it. Most organisations that are reporting voluntarily are adapting the methodology used for gender pay gap reporting.

OUR DATA

Gender pay gap

	Difference in hourly pay		% of women in each pay quartile			
	Mean	Median	Lower	Lower middle	Upper middle	Upper
2022	10.1%	15.0%	65.8%	56.8%	56.8%	47.4%
2023	9.9%	10.4%	61.7%	70.2%	55.3%	50.0%

Gender pay gap for Director level only⁵

	Difference in hourly pay	
	Mean	Median
2022	-12%	-7.9%
2023	-3.1%	-10.2%

Ethnicity pay gap

Ethnic group	Number of employees		% of the workforce		Mean Pay		Mean pay gap against White		Median pay		Median pay gap against White	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
White	86	107	57.30%	57.80%	£ 36.36	£ 34.43	n/a		£ 32.02	£ 30.77	n/a	
All other ethnic groups	33	54	22.00%	29.20%	£ 28.56	£ 28.68	21.50%	16.70%	£ 25.36	£ 27.08	20.80%	12.00%
Not disclosed	31	24	20.70%	12.90%	n/a		n/a		n/a		n/a	
Total	150	185										

⁵ Where female pay is higher than male pay, the gender pay gap is expressed as a negative value, e.g. -10%.

METHODOLOGY

Our analysis covers all PRI employees who are working under UK contracts. We cannot include global data because:

- pay scales differ vastly based on local markets;
- many employees outside London have non-UK contracts, which legally excludes them from pay gap analysis;
- some countries also have legal restrictions on the publication of pay data.

We have calculated the mean/median hourly pay for men, subtracted the mean/median hourly pay for women, and expressed the resulting gap as a percentage of men's pay. Pension salary sacrifice is deducted from basic pay. We have also included new information on a pension pay gap observed for colleagues working under UK contracts later in this report.

In accordance with legislative guidance, we have excluded those currently on leave if they are not receiving full pay. In the event of a birth or adoption, PRI employees with two or more years' service are offered six months of fully paid leave, regardless of gender.

WHAT DOES OUR DATA SHOW, AND WHY DO WE HAVE A PAY GAP?

We are pleased to see a decrease in our overall gender pay gap. This is primarily due to the improved gender balance at the lower quartile level. Our remaining gap is driven by a higher proportion of women at the lower middle quartile.

Our pay gap at Director level only remains in favour of women, although the mean has reduced. This is due to greater gender balance at that level. The median gap increase is due to increased gender balance at lower pay quartiles.

While women are over-represented in the lower and lower middle quartiles, we should be proud of the near 50:50 representation in the upper and upper middle salary quartiles, demonstrating that women are being supported to reach increasingly senior roles and enabling balanced representation at higher decision-making levels. Compared to financial and insurance industry data, which sees a 31.2% gender pay gap, this demonstrates we are setting a high standard in terms of gender representation⁶.

We are also pleased to see a decrease in our ethnicity pay gap. This is driven by increased ethnic/racial diversity across the organisation. However, there remains a lack of senior representation which is primarily what drives our remaining gap.

There is a decrease in our median and mean hourly pay for White employees, which is a result of some senior level role vacancies across the organisation, rather than a reduction in hourly pay for any individuals.

Finally, as we have a relatively small workforce, there can be instances where small sample sizes reveal pay gaps that are due to legitimately differing roles within a small sample of employees, rather than indicating a trend or discriminative pay gap.

PENSION GAP

As promised in our 2022 report, we have started to explore what data is available to assess potential gaps in pension contributions. There is no statutory requirement to report on pension gaps, however we recognise the importance of transparency to our employees and want to be as thorough as possible in our analysis.

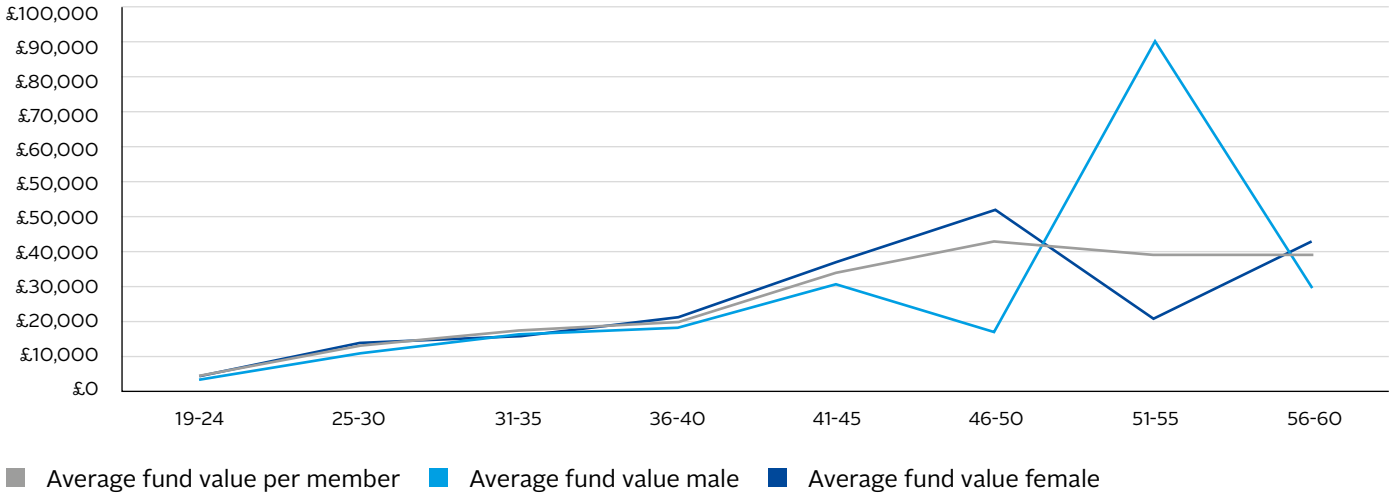
Reporting of this kind is subject to external limitations in relation to GDPR requirements, so we are unable to share any information on the pension gap between different ethnic groups. We continue conversations with our pension provider Legal and General to understand the possibilities for future reports.

The data following is based on the November 2023 pay period and originates from our pension provider and our payroll records for that month. Data provided by Legal and General only breaks down information into male and female categories, however our internal payroll records also includes non-binary as an option. This is to provide our people with the choice to identify their gender in a way that reflects their true identity. Given the small number of people selecting this option, we have combined non-binary with 'prefer not to say' to ensure anonymity.

The data highlights differences in the average pension fund value by age and gender. We can see that fund values remain similar, with women on average having a larger fund value, apart from a spike in the average fund value for men between 51 to 55. This could be due to some highly-paid men increasing contributions or consolidating pensions before beginning to withdraw from age 55 onwards.

⁶ [Gender pay gap UK by sector 2022 | Statista](#)

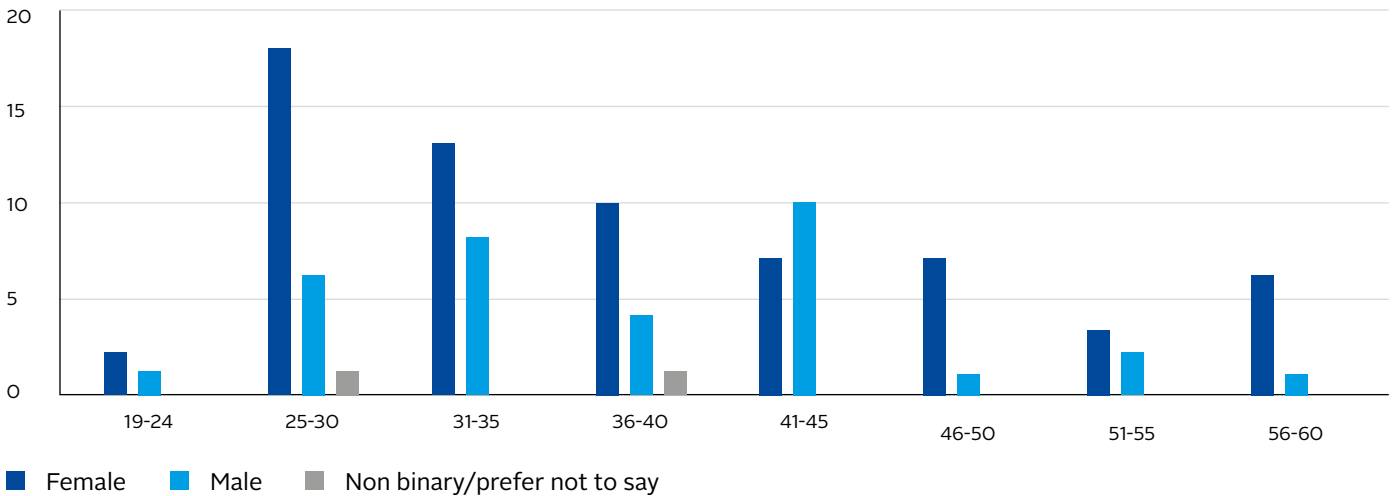
Average fund value by gender and age



The data below shows additional voluntary contributions to pensions by age and gender. We can see that the age group contributing the lowest additional funds is 19-24, which is typical of this group as they tend to be lower earners.

The data also shows that more women than men are making additional voluntary contributions except between ages 41-45.

Number of employees making additional voluntary contributions



PAY REVIEW TRANSPARENCY DATA

We have conducted additional pay transparency reporting following the restructuring in 2023 to the PRI's new target operating model. As a result of redeployment, role changes and promotions, we undertook a re-benchmarking exercise which took place in July 2023⁷. This data includes all global employees.

The re-benchmarking exercise was primarily driven by external market data provided by Willis Towers Watson and not individual performance measures. We continue work to ensure that our performance and pay review processes remain objective and structured to ensure fairness and consistency of approach.

We reviewed the pay increases by gender and were pleased to see no difference in the increases for men and women.

We also looked at the data by race/ethnicity and saw that Black, Indigenous and People of Colour (BIPOC) employees saw an average 4% lower increase than White colleagues.

This differential is disappointing to see. BIPOC employees make up 26% of our total workforce, which is about 65 people globally. We must continue to review this data to see if trends develop over time and take appropriate actions to mitigate this.

⁷ Reminder that the pay gap data is taken at 5 April 2023, before the re-benchmarking took place in July.

UPDATE ON OUR DEI TARGETS

We set targets in 2022 in our first DEI data and pay gap report. Accountability for the targets sits right across the PRI, and we have centralised initiatives planned that are designed to support this as well as team-level initiatives. We continue to report on our progress against these annually.

Our targets address retention, promotion and development of existing staff and redressing imbalances in recruitment.

Organisational Targets	2022	2023 ⁸
Maintain a minimum of 50% female, GNC (gender non-conforming) or non-binary employees at every level	✓ Achieved	✓ Achieved
A year-on-year increase in our % of Black employees	✓ 2.43%	✓ 2.51%
BIPOC candidates ⁹ to make up 30% of all new hires	✗ 26%	✓ 33%
Black candidates to make up 10% of all new hires	✗ 4.5%	✗ 4.1%
BIPOC employees to make up 30% of all promotions	✓ 30.2%	✗ 25%

⁸ Data as at 1 December 2023

⁹ Excluding "White", "prefer not to say" and "no response"

DEI STRATEGY AND ACTION PLAN

We are committed to this level of transparency and will publicly report our performance against our strategy and action plan. By sharing this data annually, signatories, employees and other stakeholders can hold us accountable.

Our ongoing DEI strategy, which will enhance the equity of all our core processes, including pay, is based on four key areas of work:

- **Inclusive culture:** enabling all colleagues at the PRI to feel respected and valued, and that they can actively participate in building an inclusive culture
- **Strong governance:** building the structures, policies, and processes to embed accountability for DEI across the organisation

- **Measuring our impact:** developing a framework for DEI at the PRI so we can transparently benchmark our progress and take a data-driven approach
- **Tell our story:** communicating a clear plan and narrative for DEI at the PRI, aligning our internal strategy and 'Walk the Talk' programme

Our action plan to address the challenges identified is already underway as part of our existing strategy. Key actions, amongst others, are highlighted in the table below.

Targeted sourcing and inclusive recruitment	Equitable core processes	Embedding inclusive team leadership	Use transparency to drive accountability
<p>Continue to use external partnerships to diversify our recruitment pipeline and consider a wide range of candidates for all roles, particularly those at a senior level. This includes setting recruitment targets for under-represented groups.</p> <p>Continue our participation with the 10,000 Interns Foundation to provide paid work experience and a strong pipeline of Black candidates¹⁰.</p>	<p>An additional step in our pay review process is included to review the gender and race/ethnicity split of proposed increases across teams before this is signed off in order to pick up any identified discrepancies early on.</p> <p>Engagement for all employees is planned around pension contributions and benefits to ensure our people can make informed decisions.</p>	<p>Work closely with our Leaders' Forum, made up of Directors and Experts globally, to ensure DEI is embedded in all team activity, including work allocation, development opportunities and succession planning.</p> <p>In progress: Developing a return to work package for all family leave returners, regardless of gender, to enhance retention at mid-senior levels.</p>	<p>We commit to continuing this level of transparency around pay to hold ourselves accountable, including average increase data being shared with employees each year after our annual pay review cycle.</p> <p>In our 2026 report, we will reassess our DEI targets and consider any additional targets we may wish to set¹¹. This may include looking at other characteristics and inclusion data from our Employee Engagement Survey.</p>

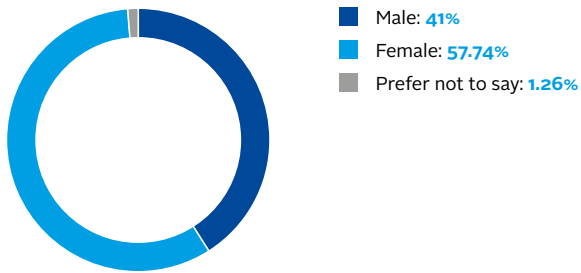
¹⁰ We did not participate in this programme in 2023 due to the organisational restructure, but we are pleased to have six interns joining us in summer 2024.

¹¹ We will review this after an initial 4 year cycle, after first setting out the targets in our 2022 report.

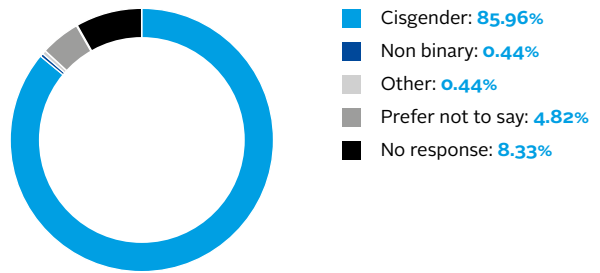
APPENDIX 1: DEMOGRAPHIC DATA

This data is at 1 December 2023.

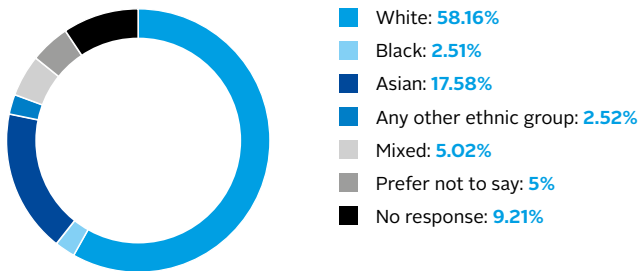
Legal gender



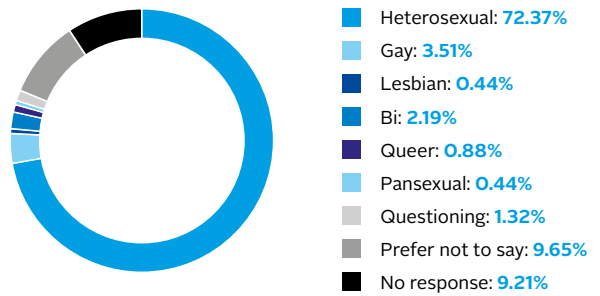
Gender identity



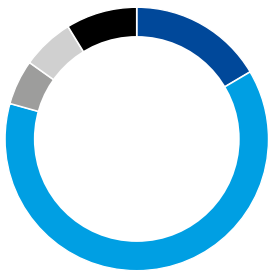
Race/ethnicity



Sexual orientation

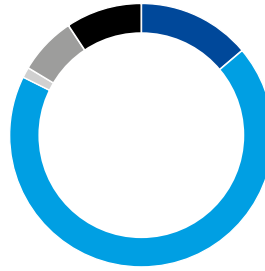


Socioeconomic status



- Compared to people in my home country, I would describe myself as coming from a lower socioeconomic background: **16.32%**
- Compared to people in my home country, I would NOT describe myself as coming from a lower socioeconomic background: **63.18%**
- Prefer not to say: **5.44%**
- Not sure: **6.28%**
- No response: **8.79%**

Disability



- I do consider myself to have a disability: **13.81%**
- I do not consider myself to have a disability: **68.62%**
- Other: **1.26%**
- Prefer not to say: **7.11%**
- No response: **9.21%**

Religion



- Christian: **23.01%**
- Muslim: **3.35%**
- Hindu: **4.18%**
- Buddhist: **1.67%**
- Sikh: **0.42%**
- Jewish: **2.09%**
- Atheist: **20.08%**
- Agnostic: **20.08%**
- Other: **10.04%**
- Prefer not to say: **6.69%**
- No response: **8.37%**

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The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with **UNEP Finance Initiative** and the **UN Global Compact**.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

