



Report 2017

UK GENDER PAY GAP

INTRODUCTION



DEE SAWYER

Head of Human Resources

At T. Rowe Price we are committed to diversity and inclusion. It is an integral part of our core values as well as a long term, strategic business priority.

The sharing of our Gender Pay Gap Report enables us to have meaningful conversations around how we can continue to identify and develop new ways of attracting, developing and retaining a diverse pool of talent globally. We have work to do to reduce the gap and build on the wide range of diversity and inclusion initiatives underway across T. Rowe Price.

Our gender pay gap statistics illustrate an aggregate gap in our pay for women versus men. However, the presence of a gender pay gap is not the same as an equal pay issue, as equal pay relates to men and women being paid the same for doing the same work. We have processes in place to ensure our approach to pay and reward for our people is based

on fairness and equality. Our gender pay gap is driven by lower female representation in roles that typically have higher levels of compensation - primarily in our Investments and Sales functions.

We are committed to addressing the representation gap through initiatives such as identifying additional sources of diverse talent and implementing programs that address barriers to progression for women. These initiatives will take time to bear results but will help us reduce the representation gap and consequently, the gender pay gap.

A handwritten signature in blue ink that reads "Dee Sawyer".

Dee Sawyer
Head of Human Resources

UNDERSTANDING THE GENDER PAY GAP

What is Gender Pay Gap Reporting?

The UK government now requires certain UK companies to publish gender pay gap information. From April 2018, all companies in the UK with 250 employees or more are required to publish a report with specific gender pay metrics on an annual basis.

There are [six](#) calculations that employers need to provide:

1. Average gender pay gap as a mean average;
2. Average gender pay gap as a median average;
3. Average bonus gender pay gap as a mean average;
4. Average bonus gender pay gap as a median average;
5. Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment;
6. Proportion of males and females when divided into four groups ordered from lowest to highest pay.

What is the Difference Between Equal Pay and the Gender Pay Gap?

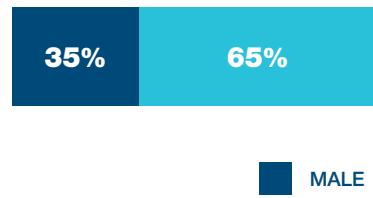
- The gender pay gap is a measure of the difference between the average earnings of men and women across an organisation.
- The gender pay gap is not the same as equal pay. Equal pay relates to men and women being paid equally for equal work.



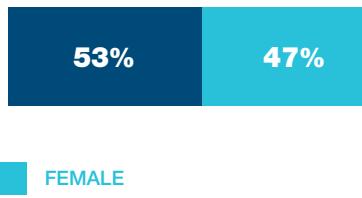
OUR DATA

Pay Quartiles

LOWEST QUARTILE



LOWER MIDDLE QUARTILE



UPPER MIDDLE QUARTILE



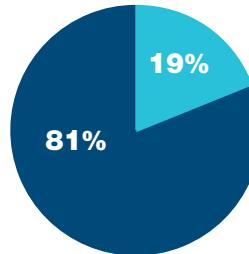
HIGHEST QUARTILE



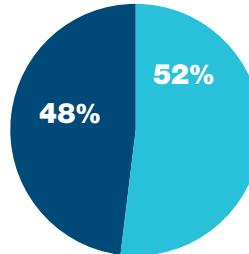
The above data illustrates the gender distribution at T. Rowe Price in the UK across four equally sized pay quartiles. As the image shows, whilst we have a large proportion of women in the lowest pay quartile, we have less female representation at senior levels. This difference in distribution across the pay quartiles - with fewer women in senior and other roles that provide the highest compensation - is the key driver of our gender pay gap. We are focused on improving diverse representation in our investment, sales and senior management roles and have a number of diversity and inclusion initiatives underway to achieve this, details of which are highlighted in subsequent pages within this report.

Gender Breakdown by Role Type

INVESTMENT ROLES (99)



ALL OTHER (217)



This data illustrates the gender distribution across different business segments and roles. As the data shows, we have less female representation in our investment roles. These roles typically tend to have higher levels of pay than other roles.

Our London-based associate population is more concentrated on investment and sales professionals and therefore may indicate a higher gender pay gap than other firms with a broader associate population in their UK entities.

OUR DATA

Pay and Bonus Gap

The table below reflects our overall mean and median gender pay gap and bonus gap for the reporting period. The mean hourly pay gap is the difference in average hourly rates of pay of men and women. The median hourly pay gap shows the difference in the midpoints of the ranges of hourly pay rates for men and women. Similarly, the mean and median bonus pay gap numbers show the differences in average bonus pay and in the midpoints of the ranges of bonus pay between men and women, respectively.

	MEAN	MEDIAN
HOURLY PAY GAP	36.8%	34.1%
BONUS PAY GAP	86.1%	72.9%

As an independent investment manager we are not governed by base to bonus caps. When this fact is combined with our representation gap and narrower associate population in the UK, the perceived disparity in our numbers could be higher than other firms who are subject to such caps.

Hourly Pay Gap by Quartile

	LOWEST QUARTILE	LOWER MIDDLE QUARTILE	UPPER MIDDLE QUARTILE	HIGHEST QUARTILE
MEAN	(0.4%)	2.9%	(3.0%)	19.1%
MEDIAN	3.7%	2.5%	(4.3%)	19.3%

As illustrated in the pay gap by quartile shown above, pay gap in the highest quartile is the key factor behind our overall pay gap. In the other three quartiles, the pay gap is either significantly below our overall pay gap or we have a negative pay gap (average pay for women is higher than the average pay for men).

Proportion of Associates Awarded a Bonus

88.2% OF FEMALES RECEIVED A BONUS IN THE PERIOD	94.6% OF MALES RECEIVED A BONUS IN THE PERIOD
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There was a 6.4% difference between the number of men and women who were paid a bonus in the year to 5 April 2017. This difference was due to a greater proportion females hired in the fourth quarter and females hired on short term contracts as of the snapshot date with these groups not being eligible for a bonus. When adjusting for this hire date eligibility and comparing permanent associates, there was no differential between the percentage of females and males receiving a bonus for the period.

ADDRESSING THE GENDER PAY GAP

What are we currently doing as a firm, and what are we planning to do, to address the gender pay gap?

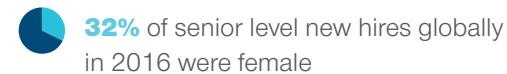
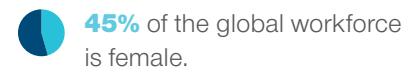
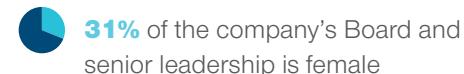
Diversity and inclusion is a key priority at T. Rowe Price and we already have a number of initiatives in place to help attract and retain a diverse workforce, as well as address key issues such as the gender pay gap.

1. Our commitment to diversity and inclusion is one of our core values

- Our CEO Bill Stromberg has signed the Pledge for Diversity and Inclusion, “*a CEO-driven business commitment to advance diversity and inclusion within the workplace.*” The pledge has created and affirmed a shared goal among over 350 global companies to leverage “*individual and collective voices to advance diversity and inclusion in the workplace.*” T. Rowe Price continues to drive gender diversity by adhering to the pledge’s tenets, which include making the workplace open to complex and sometimes difficult conversations about diversity and inclusion, implementing and expanding unconscious bias education and sharing best practices with peer companies.
- We will continue to facilitate conversations between our female associates and with members of our Board and Management Committee to help us gain insight and understanding around potential barriers to progression. This helps us to collectively identify solutions that address these issues.

2. Our diversity and inclusion efforts are part of a long term commitment

- We regularly participate in surveys to assess our impact and identify opportunities to enhance our diverse and inclusive culture. These surveys are conducted by organisations such as Women in the Workplace, the Human Rights Campaign and the Securities Industry and Financial Markets Association (SIFMA).
- A few highlights of our diversity include:



ADDRESSING THE GENDER PAY GAP

3. Our leaders are accountable for meeting and building on diversity and inclusion objectives

- Members of our Management Committee are executive sponsors for our diversity and inclusion efforts. They provide advocacy and strategic guidance on our diversity and inclusion initiatives.
- Each business unit has developed a diversity and inclusion plan that reflects specific and measurable goals to attract and retain diverse talent.
- Behaviours that support diversity and inclusion are embedded in the expectations of our leaders.
- The firm has established a Diversity and Inclusion Operating Council. This is a forum of senior business leaders that meets regularly to share best practices and monitor progress against the firm's diversity and inclusion objectives.

4. Our associates continue to play an active role in our diversity and inclusion journey

- Our Business Resource Groups (BRGs), including WAVE (our Women's network) and PRIDE (our network focused on LGBT+ matters), provide a direct connection to diverse associates and their allies.
- BRGs host events, provide mentoring opportunities, help inform policies and practices and seek ways to educate, engage and retain diverse talent. For example, we have developed and implemented a flexible work arrangements toolkit in response to requests from BRG members.
- Over 25% of associates are members of one or more of the BRGs, which are helping to facilitate the expansion of unconscious bias education and the sharing of best practices with peer companies.

ADDRESSING THE GENDER PAY GAP

5. Diversity and inclusion practices are embedded in our talent management processes

- We have set specific goals for candidate slate diversity across open senior-level roles. This means that we proactively seek to interview and recruit from a diverse pool of candidates and has resulted in an increase in the hiring of diverse talent.
- We also have a number of programs that are targeted to attracting diverse talent, which we will continue to build on:
 - Our London-based Apprentice Scheme, which provides school leavers with an opportunity to work with T. Rowe Price for a minimum of 12 months.
 - UK-based partnerships with various universities and organisations to sustain our pipeline of diverse talent.
 - Female Insight Day, which is an opportunity for young women to learn more about our industry.
 - The Pre-MBA internship, which is a US-based three week summer program for incoming diverse first year MBA students.
 - MBA day, which brings a diverse range of candidates to the firm's headquarters in the US for a day and provides them with exposure to the investment industry, as well as career opportunities in the firm.

6. Our compensation philosophy reflects our focus on inclusion

We strive to ensure that all of our associates are compensated fairly and equitably at the time they join and throughout their careers at the firm.

Our global compensation program has the following key goals:

- Attract and retain talent.
- Internal equity.
- External equity.
- Pay for performance.

We review the competitiveness of compensation annually, using internal and external data.

CLOSING



CHRISTOPHER ALDERSON

Co-Head of Global Equity

The data in this report reaffirms that we need to do more to reduce our gender pay gap, particularly across our investment and sales teams. We remain strongly committed to diversity and inclusion and have various initiatives underway across the firm.

However, we recognise that there is more that we need to do to enhance our approach to this important topic, which is a key priority for our firm, including for our Management Committee.

A handwritten signature in blue ink that reads "Christopher Alderson".

Christopher Alderson
Co-Head of Global Equity



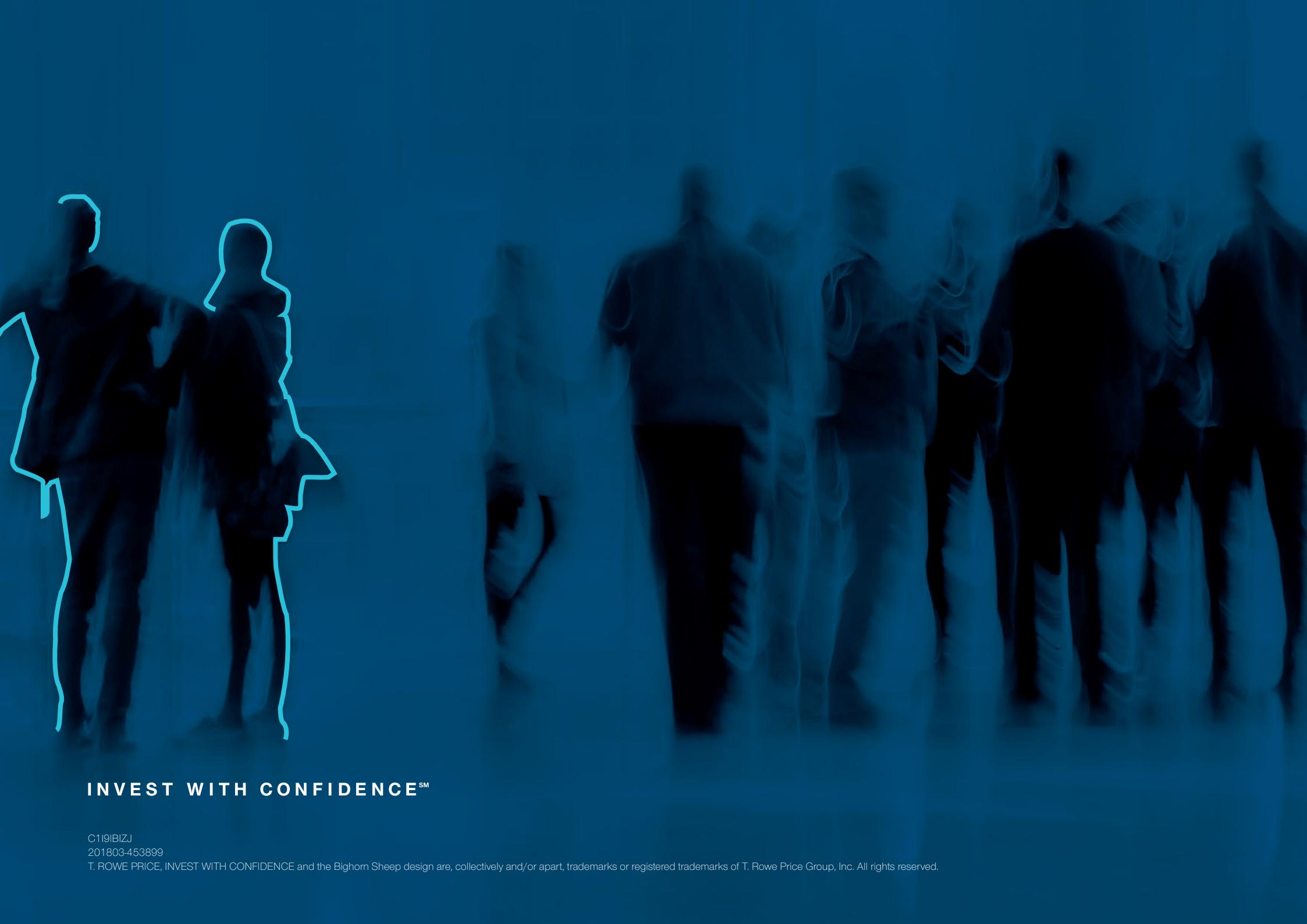
ROBERT HIGGINBOTHAM

Head of Global Investment Management Services

Reducing the gap by identifying additional ways of attracting and retaining a talented and diverse workforce will help us further to provide an inclusive working environment for our most important asset: our Associates. This in turn will enable our associates to continue to do their best for our clients which is at the very core of our firm's ethos.

A handwritten signature in blue ink that appears to read "R. Higginbotham".

Robert Higginbotham
Head of Global Investment Management Services



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