



Report 2018

UK GENDER PAY GAP

INTRODUCTION



DEE SAWYER

Head of Human Resources

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

At T. Rowe Price, we are committed to creating an inclusive environment for our associates so that they feel comfortable bringing their whole selves to work. Doing the best for our clients and our associates is at the heart of everything that we do.

Gender pay gap reporting has encouraged many UK-based organisations across myriad industries to acknowledge that the deficit of women at senior levels is an important topic that needs to be addressed. This initiative will help to accelerate positive change.

Addressing the representation gap will take time to resolve across the financial services industry and at T. Rowe Price, but we have implemented a number of strategic and sustainable long-term change initiatives that we believe will increase the diversity of our associates and address representation issues, whilst enabling us to maintain and further enhance our inclusive culture.

Our key diversity and inclusion initiatives are focused on the following areas:

- Leadership commitment;
- Attracting and recruiting talent;
- Developing and engaging associates.

Our gender pay gap data for 2018 indicate that we continue to have a representation issue, particularly within our sales and investment divisions. Although the gender pay gap is an intrinsic societal issue, we recognise that we have a significant responsibility in helping to address and reduce the gap. We are focusing our attention on identifying barriers to entry into sales and investment roles, and this year we have developed specific initiatives designed to attract, retain and develop diverse associates within these areas.

We are committed to addressing the representation gap within our organisation. We also want to make a positive impact across the industry by partnering with other, like-minded organisations to create long-term, meaningful solutions for future generations.

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?

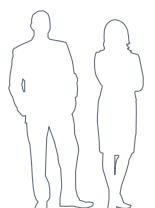
- The gender pay gap is a measure of the difference between the average earnings of men and women across an organisation.
- The gender pay gap is not the same as equal pay. Equal pay relates to men and women being paid equally for equal work.





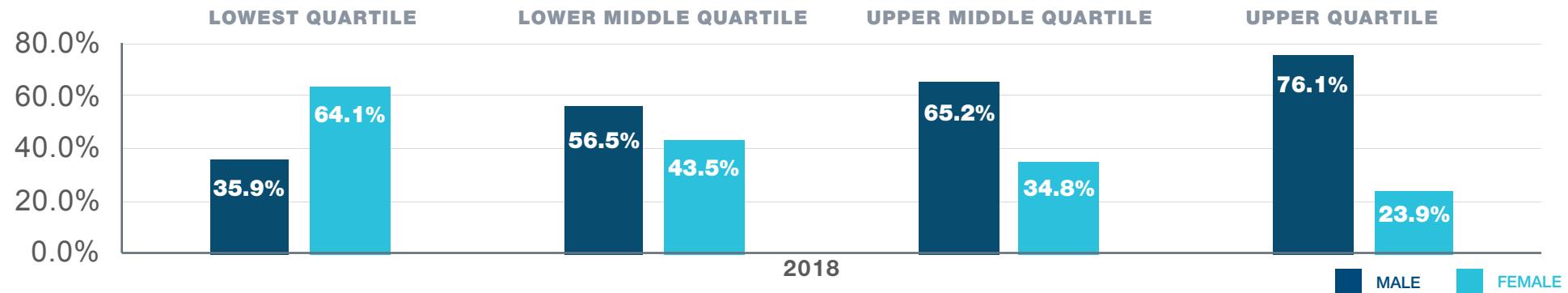
I recently facilitated an event in partnership with **WAVE**, our women's business resource group. During this event, I interviewed a senior female leader who is a chief technology officer within the asset management industry. Providing access to role models is hugely important, as this helps to **encourage** and **inspire** individuals to **excel** in their careers. Through these types of initiatives, our associates gain valuable career insight and advice to help them **enhance** their development and reach their full potential.

Trevor Daley
Head of Technology, International



OUR DATA

Pay Quartiles



The above data illustrate 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

These data illustrate the gender distribution across different business segments and roles. As the data show, we have less female representation in our investment and sales 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	47.3%	28.2%
BONUS PAY GAP	77.5%	65.7%

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 that are subject to such caps.

Hourly Pay Gap by Quartile

	LOWEST QUARTILE	LOWER MIDDLE QUARTILE	UPPER MIDDLE QUARTILE	HIGHEST QUARTILE
MEAN	-2.7%	0.1%	1.5%	43.7%
MEDIAN	3.1%	1.2%	2.6%	12.6%

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).

93.1%
OF FEMALES
RECEIVED
A BONUS IN
THE PERIOD

96.8%
OF MALES
RECEIVED
A BONUS IN
THE PERIOD

At T. Rowe Price, we're committed to identifying **alternative routes** into the asset management industry for a diverse range of candidates, such as through our **London Apprentice Scheme**. I act as a mentor on the scheme, and I'm delighted to be part of this initiative, as it's both personally and professionally rewarding and because it introduces a consistently high level of **talent** into the organisation.

Emma Beal

Senior Legal Counsel



ADDRESSING THE GENDER PAY GAP

Leadership Commitment

1. At the business unit level

- Our Women in Sales initiative has been launched as part of our Global Investment Management Services (GIMS) Diversity & Inclusion (D&I) plan. This initiative is designed to develop new approaches for attracting, retaining and developing women in client-facing roles. The senior leadership team in GIMS has integrated the goal of improving gender representation into our performance measurement process and is accountable for supporting and advancing our progress.
- Members of our investment team participated in an industry-led research project that examined diversity within portfolio management. The aim of this research, which was led by the Diversity Project, was to identify barriers to entry, retention and progression in this field. A research paper has now been produced, and our senior investment leaders are reviewing the findings to help inform and further enhance their D&I strategy.

2. At the enterprise level

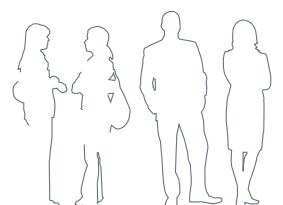
- Members of our Management Committee are executive sponsors for our D&I efforts, providing advocacy and strategic guidance.
- We have increased the gender diversity on the T. Rowe Price International (TRPIL) Board of Directors to 40% female.
- Our global Diversity and Inclusion Operating Council (DIOC) develops and executes D&I plans to positively influence inclusive practices and gender representation, holding our senior leaders accountable for results. We have subsequently created an EMEA Diversity & Inclusion Committee to drive the global D&I agenda and identify where we can create synergies between local business units.

ADDRESSING THE GENDER PAY GAP

3.

At the industry level

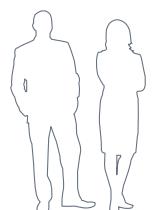
- We continue to maintain our commitment to the CEO Action for Diversity and Inclusion pledge, which encourages organisations to advance diversity and inclusion within the workplace.
- We have partnered with industry peers by leveraging and sharing best practices, as well as by identifying new opportunities to further enrich our D&I efforts across financial services.
- We joined the Diversity Project to benefit from industry best practices, share progress and promote inclusion across the asset management industry. Through our work with the Diversity Project, we invited our London associates to participate in a survey to help gather industry-wide D&I metrics on representation and other insights, including best practice ideas.
- An additional output from this partnership included the participation of one of our senior female regional portfolio managers in a film used at an industry event to promote different career paths into finance, challenge misconceptions about the industry and discuss how to overcome obstacles faced along the way.





Our **female insight day** helps to shine a spotlight on an extensive pool of female talent who may not have had much exposure to our industry previously. This allows us to demonstrate that **investment management** is an attractive career path for women. I've been so impressed with this initiative, as it has successfully enabled us to **explore** an exciting pipeline of talent. I look forward to **expanding** our insight days in future to further enhance their impact.

Mitchell Todd
Associate Head of EMEA Equity



ADDRESSING THE GENDER PAY GAP

Attracting and Retaining Talent

1. At the business unit level

- Early career talent is a key focus of our investment team's talent acquisition approach. One-third of our investment interns over the past two years have been female, with the overall number of internship applications from females having more than doubled from 2017 to 2018 as a result of targeted positive action.
- We partnered with the Bright Network to host an insight day with 36 second-year, female university students at our London office. Our goal was to demystify the world of investment management and to encourage a diverse range of university students to apply for future internship and entry-level positions within our investment teams.
- Global Investment Management Services will explore ways to attract women who have had a career break and support them to return to relationship management roles. We are also establishing how to source and develop talent from outside the financial services industry by identifying transferable skills relevant to asset management sales roles.
- We support current associates on leave/career breaks, and we plan to create a network to keep them engaged and provide them with opportunities to connect with women who are currently in sales roles.

2. At the enterprise level

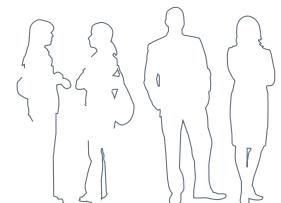
- We are committed to ensuring a diverse slate of candidates for senior roles and have set a goal that at least 30% of candidates are female.
- Our Apprentice Scheme is now in its third year. We work with local community partners to help us recruit talented apprentices from diverse backgrounds onto our scheme, which lasts between 12 and 18 months. The scheme is open to all and provides our apprentices with an opportunity to gain new skills and build up some solid experience on their CVs.
- We have enhanced our manager training on interviewing and selection skills to mitigate unconscious bias in the hiring process.
- Our global compensation policy reflects our commitment to compensating associates fairly and equitably throughout their careers at T. Rowe Price. Our compensation practices include guiding principles centered on external market competitiveness, internal equity and pay for performance.

ADDRESSING THE GENDER PAY GAP

3.

At the industry level

- We continue to work with local universities to encourage more women to consider the asset management industry for career opportunities and sustain and strengthen our diverse talent pipeline.
- Through Corporate & Social Responsibility initiatives, we have developed employability workshops and now partner with a number of local schools and universities in economically challenged areas to deliver these workshops. Through these initiatives, we aim to provide our beneficiaries with exposure to the asset management industry and valuable skills that can be applied in the workplace. We will also endeavour to build a long-term pipeline of diverse talent.





I have had the opportunity to talk about the **asset management** industry and the many careers available as part of our schools and university partnerships. I believe **strongly**, as a senior investment professional, that we need to make time to help **promote** the industry to **attract diverse talent** and **inspire** the **next generation**.

Helen Ford

Regional Head of Investment Specialist Group, EMEA/APAC



ADDRESSING THE GENDER PAY GAP

Developing and engaging associates

1. At the business unit level

- As part of our Women in Sales initiative, we are setting up focus groups with associates across the organisation. The aim of this activity is to identify perceived barriers to entry, retention and progression in sales roles. We will use feedback from these sessions to inform our strategy for addressing the representation gap within the sales organisation.
- We are identifying programmes to provide education on sales, client service and product skills to female associates, who may be exploring a client-facing career path. As part of this effort, we will be providing real-life experiences in sales territories.
- In addition, we will explore ways to provide meaningful events to connect women in client-facing roles with other female associates who have an interest in furthering their career within this field. These events will be designed to create an environment where women can share diverse perspectives and experiences and be inspired and supported to develop their careers.
- We continue to facilitate conversations between our female investment professionals and members of the Management Committee to help us gain an insight into how to address representation gaps and increase overall diversity.

2. At the enterprise level

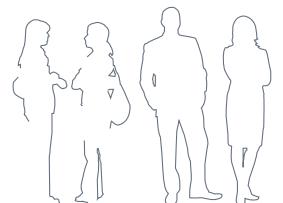
- We have engaged female talent through WAVE, our women's business resource group, to develop and enhance skills and provide opportunities for mentoring and networking. In addition to offering development opportunities for associates, WAVE also provides senior leadership with recommendations on reinforcing inclusive behaviors and shares insight to support and promote women's careers.
- We ensure that talent reviews and succession plans for senior roles include women and continue to provide support for growth and professional development. We regularly review how we can continue to maintain and further enhance our inclusive culture through feedback obtained from our global associate population via our Organisational Health Index survey.
- At the beginning of 2018, we rolled out a new global Flexible Work Arrangements Toolkit for Managers and Associates to encourage open dialogue about how we can promote a healthy quality of life for all, whilst maintaining excellent client service. Many of our EMEA-based associates have a formal flexible working arrangement, and a large proportion of our associates choose to work flexibly on an ad hoc basis.

ADDRESSING THE GENDER PAY GAP

3.

At the industry level

- We have joined the FT125 Women's Forum. Through this industry forum, talented female associates attend regular networking events where they can meet like-minded professionals from financial services, as well as from other sectors. This is enabling them to enhance their networks, share ideas and insights and discuss best practice initiatives that have the potential to be implemented at T. Rowe Price. The objective is to enhance the group's leadership skills and accelerate their path to progression within asset management.



CLOSING



TOM KAZMIERCZAK

Global Head of Diversity & Inclusion



ROBERT HIGGINBOTHAM

CEO, T. Rowe Price International Ltd

We view diversity and inclusion as a long-term business priority for our firm. Over the past year, we evolved our diversity and inclusion operating model to strengthen our ability to attract, develop and retain diverse talent and ensure accountability at the senior levels of our firm for achieving our D&I objectives.

In 2018 we have continued to partner with our peers to help us define best practice around our D&I activities. We have also piloted different approaches to gathering feedback from our associates, so that we can deliver meaningful initiatives that also have intrinsic business value.

This year we have focused our efforts on developing specific initiatives to address representation gaps within our sales and investment areas. As head of our global sales division, Global Investment Management Services, I have integrated accountability for improving gender representation into my personal performance measurement, and members of the senior leadership team are accountable for supporting and advancing our progress. I am the executive sponsor of our 'Women in Sales' programme which will explore and implement new approaches for attracting, retaining and developing women in sales roles.

At T. Rowe Price, we want to offer our associates an inclusive and supportive working environment, so that they can thrive

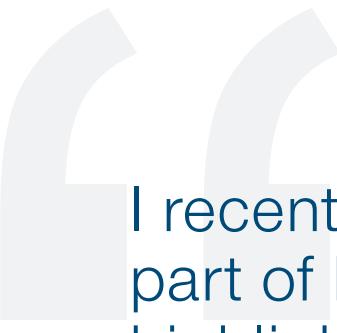
The commitment to effecting positive change and embracing inclusion within T. Rowe Price gives me every confidence that we will be able to narrow the gender representation gap over time, which is ultimately the right outcome for our clients and associates.

Tom Kazmierczak
Global Head of Diversity & Inclusion

in their careers, be motivated to provide our clients with a consistently high level of service and bring their full selves to work.

It is for this reason that we have developed and continue to develop a sustainable and long-term D&I programme, with the core aim of enhancing diversity across our organisation and fostering an inclusive culture.

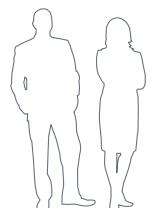
Robert Higginbotham
CEO, T. Rowe Price International Ltd



I recently facilitated a number of events as part of **Black History Month**, which helped to highlight the intersectional nature of **diversity** and underscore the fact that we need to continuously push ourselves to understand different perspectives. At T. Rowe Price, associates are encouraged to **embrace** diversity, which in turn helps to provide an inclusive and supportive workplace for our associates.

Nataline Terry

Head of Marketing, GIMS EMEA





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