

First State Investments

2017-2018 GENDER PAY REPORT



Diversity of thought is a critical part of our global business strategy

We continue to recognise that a more diverse workforce is important for the ongoing development of First State Investments. We remain focused on attracting, retaining and developing individuals who bring a wide range of perspectives to encourage new and different ways of thinking, challenge each other as well as the established status quo.

Gender diversity is an essential part of this strategy and remains our priority but we also believe other aspects of diversity - social background, disability, age, religion, sexual orientation and ethnicity for example - to be important in ensuring we have a broad range of skills, experiences and perspectives within our organisation. Achieving greater diversity across different areas and level of our business is arguably even more important if we are to remain true to our values of responsible investment and stewardship.

In April 2017, the UK Government introduced legislation that requires UK organisations with more than 250 employees to publish gender pay analysis.

The asset management industry continues to face challenges relating to the underrepresentation of women, particularly at senior levels and in particular in senior investment management roles. We acknowledge that it will take time to bring about significant and sustainable change within our business.

Our reported data has remained broadly stable when compared to last year and whilst there has been limited improvement over the last 12 months, we are confident that we are taking the right actions alongside the commitments of our wider industry to bring about meaningful long-term change.

This report discloses the gender pay figures for the First State Investments business based in the UK as this legislation is a specific UK requirement. It also provides some additional data for our UK employee base, aligned to information that we have previously provided on a global basis in our annual Responsible Investment and Stewardship Report.

The difference between 'equal pay' and 'gender pay'

In our first report, we felt it was important to explain the difference between 'gender pay' and 'equal pay' measurement given this type of reporting is a new requirement and we explain the difference again here.

Equal pay refers to paying men and women the same for doing similar work or work of equivalent value. From an equal pay perspective, we are confident that gender is not a factor in determining pay.

Gender pay measurement compares the average pay by gender of all roles collectively, regardless of level or type.

Our diversity and inclusion commitments

The policies and programmes currently in place to support diversity and specifically gender balance are set out here. We believe that through this focus, we will see meaningful change over time and a reduction in the gender pay gap. We will present and review our statistics annually.

Creating an inclusive environment, where individuals feel that they can be themselves and fulfil their potential is essential for our business to achieve increased levels of diversity.

Recruitment and Onboarding

We request gender balanced shortlists for all recruitment. All interview panels require at least one female employee to be part of the panel. New starters and hiring managers joining our business are made aware of our Diversity and Inclusion commitment through the recruitment and on-boarding process to ensure that they understand our culture and are able to effectively contribute to it.

Remuneration review process

An integral part of our annual remuneration governance process includes reviewing decisions both in relation to base and bonus pay through the lens of gender equity with approvals dependent on demonstrated equitable outcomes.

Support for parents

We recognise the important role parents play in our society and the particular needs they have in starting or growing their family. We endeavour to support our employees and their parental responsibilities by offering a parental leave programme that is gender neutral. A parental coaching programme is on offer for both primary and secondary carers; this aims to support return to work, managing a career as a working parent and the balance between work and home life.

Flexible working

The way in which we consider and approach flexible working is an important factor in demonstrating our commitment to diversity and creating an inclusive culture. People at First State Investments are valued on the contribution they make to our business. From our own experience, a strong flexible working culture can be an important factor in retaining and attracting individuals into roles at all levels. Flexible working options are on offer to all employees although the percentage take up at this stage is weighted to females.

Flexible working is not seen as a barrier to recruitment to senior positions or progression to senior roles.

We offer flexible working arrangements such as part-time employment, regular working from home days and flexible working hours. Ad hoc flexibility is considered usual business practice.

Unconscious bias training

We offer unconscious bias training for UK employees and will continue to roll this out to staff. This training can help to make people aware of the biases that they may hold without realising the unintended impacts these may have on working relationships and the career development of others. This not only considers biases from a gender perspective, but also considers ethnicity, sexual orientation, age, disability and other factors.

As investors

We encourage the companies we invest in on behalf of our clients to achieve greater gender diversity, increase the quality of decision making and deliver sustainable and attractive long-term investment returns. It is for all the same reasons that First State Investments takes the current gender imbalance seriously and continues to try to tackle it.

We actively seek companies that we believe will deliver superior long-term performance for our clients and believe that greater diversity is an important factor in companies' corporate decision making and long-term success.

Board representation

We are committed to a more balanced gender representation on our internal boards and to increase the number of women who are appointed.

This aligns with our focus on bringing a broader range of perspectives and different ways of thinking to our organisation at multiple levels. By becoming a board member, female employees obtain additional senior level experience which supports our wider objective of increasing the number of women in senior leadership positions.

Gender pay analysis for First State Investments

In the context of gender pay measurement there continue to be notable differences in the overall average pay for men and women. We know these differences stem from the overall structure of our industry and of our organisation:

- We have fewer women in senior leadership positions and in senior investment management roles, both of which offer higher than average pay packages. Our gender breakdown figures that follow our pay analysis illustrate this point.
- We have more women in part-time roles (23% of women as opposed to 1.5% of males), which causes the average for women's bonus pay to be lower than men's average pay. Statistics provided are based on actual pay, rather than full time equivalent pay.
- Remuneration packages for those in senior management and investment roles may also include a proportion of longer-term or deferred pay. Therefore in any one year, statistics will include pay that has been agreed and awarded up to three years previously.

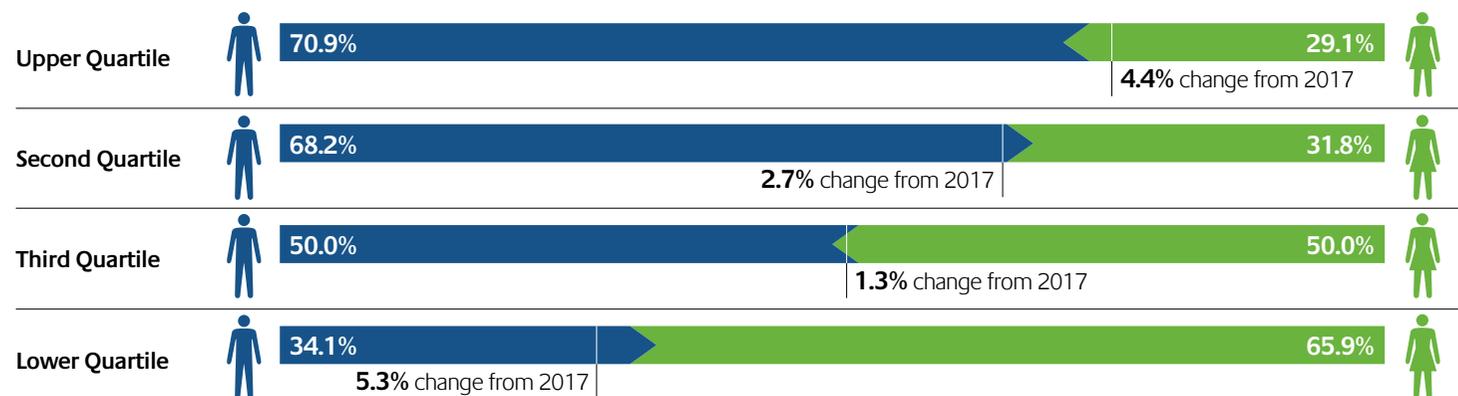
Base remuneration and bonus pay	Mean	Median
Difference in base pay between male and female employees (based on hourly pay)	33.0% 33.7% in 2017	31.8% 30.8% in 2017
Difference in bonus pay between male and female employees	86.8% 81.5% in 2017	61.3% 57.2% in 2017

Percentage of male and female employees who received a bonus



Quartile bands according to base pay

The table below shows the proportion of males and females in quartile bands according to base pay, with upper quartile representing the highest paid and lower quartile being the lowest paid.

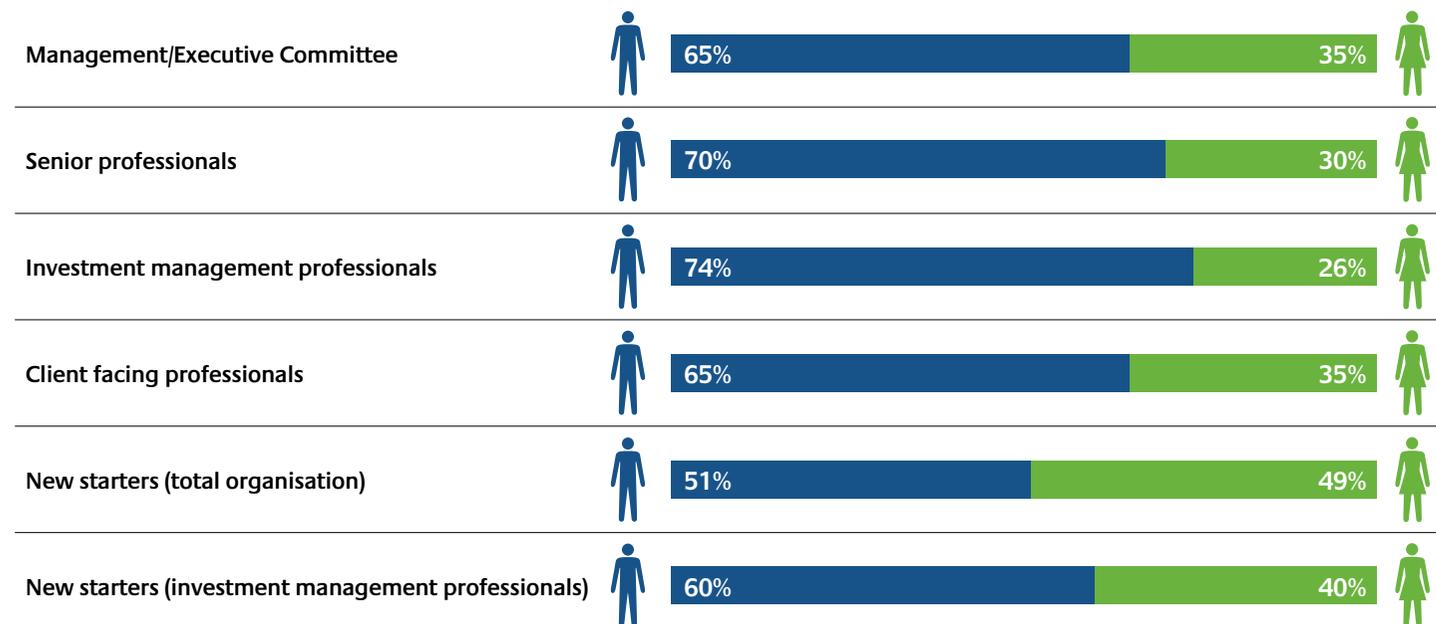


All data covers the period 6 April 2017 to 5 April 2018 for UK-based employees and has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

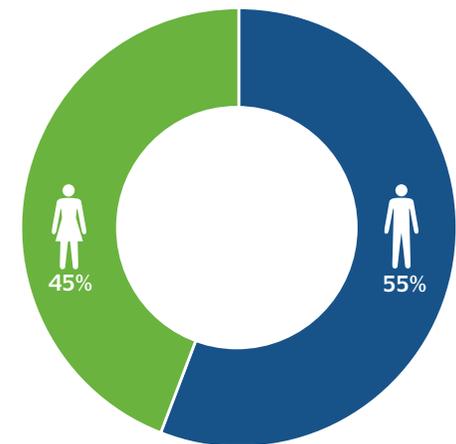
Gender diversity analysis by role

The statistics below provide further insights into the structure of our business and provide helpful context against which to consider our gender pay analysis. From this, we can see a clear link between our gender pay gap and the number of male and female employees working in different roles, and at different levels, in our organisation.

Our overall picture of gender diversity across First State Investments



Total organisation



All data is based on UK-based employees and covers the period 6 April 2017 to 5 April 2018.

Other diversity and inclusion initiatives

In the UK, we have a number of initiatives in place to support our broader diversity and inclusion objectives.

Open Days

In 2018, we held open days in both our Edinburgh and London offices to provide an insight into the asset management industry and the type of roles that exist within organisations such as First State Investments. The days were open to students and teachers from the whole education sector but with a particular objective to encourage attendance from local authority schools, in line with our aspiration to broaden the social and economic backgrounds of people entering investment management and demonstrate the inclusivity of our working environment. We also talked about the opportunities available via Investment 2020. Our days included a Q&A panel to discuss a typical day at work, an investment decision case study and client meeting simulation.

Investment 2020

We are members of Investment 2020, a scheme established to bring more diverse talent into all aspects of investment management. In 2017 we recruited four trainees (two male, two female) as school leavers rather than at the more traditional graduate level. The trainees completed their placements in the summer of 2018; one of the trainees has been employed on a permanent basis at First State with the other three trainees returning to studies.

 [View online here](#)

Enabling Enterprise

Through our charitable foundation, we support Enabling Enterprise, a social enterprise that aims to equip children and young people in the UK with skills, experiences, attitudes and aspirations to help them succeed in later life. We provide funding support and host company visit days where school children participate in a business challenge and get a first-hand view of what an investment business looks like.

 [View online here](#)

CityParents

We are corporate members of CityParents, an inclusive network for City professionals in London who are looking to balance career and home caring responsibilities, achieving flexibility whilst maintaining career development.

 [View online here](#)

Disability

We look to partner with organisations who can offer support to people with disabilities. We are corporate sponsors of Surrey Cricket Board's Disability Cricket Programme which aims to increase participation in cricket for people with disabilities, helping to challenge preconceptions about disability and barriers to entry in sport, finance and other business sectors. We have recently provided charitable donations to *Aspirations* and the *The Back Up Trust*, organisations which support people with autism and spinal injuries. We are exploring opportunities to partner with them more closely in terms of providing workplace and employment support.

Future Assets

Recognising that an insufficient number of women are encouraged into the investment industry at the outset of their career, in 2017 we organised a successful one-day conference for 400+ 15-16 year old girls highlighting that gender should never be seen as a barrier to progressing in any career. Since then, roadshow events have taken place to reach an even broader audience with the aim of supporting, informing and inspiring young women and schools. Plans for the next 12 months include access to events, mentoring, learning material and work experience.

 [View online here](#)

Summary

At First State we remain true to our core values of responsible investment and stewardship. We see inclusion as very much at the heart of delivering this commitment. Understanding and embracing difference in the workplace allows us to harness our talent at all levels across the business to its best advantage in achieving the very best for our clients.

We continue to be focused on addressing the balance of men and women within our organisation, specifically in senior roles, acknowledging that this can take time. We look forward to sharing our progress with you in the future.

Signatories



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