

# Mind the gap!

By Alan Porter, Fund Manager, Sanlam Investments

More than two thirds of our holdings have boards with over 30% female representation. A similar proportion have executive management teams with over 25% female representation. These proportions continue to increase as companies realise the benefits of gender diversification. In addition, more than two thirds of our holdings have equal pay policies. However only around 40% disclose their equal pay gap. This is disappointing as it means nearly one third of our holdings have an equal pay policy but do not disclose their equal pay gap.

We believe equal pay is important as it will contribute to a fairer society in which everyone has equal opportunities. But it's not just about the big picture. The UK Equality and Human Rights Commission argues there are key business benefits of pay systems that are transparent and reward the entire workforce fairly. These benefits include the following: positive messaging about your company's values making you a more attractive employer; increased efficiency and productivity by attracting the best employees and reducing staff absence and turnover; and improving your business's corporate social responsibility which is becoming increasingly important for many stakeholders.

Our Sustainability Scorecard forms the bedrock of our sustainability analysis of individual companies. Our Equal Pay questions highlight our typical approach to the E, S and G metrics we focus on. It's not enough to know if a company has an equal pay policy we also want to know if it has equal pay disclosure and if that disclosure reveals an improving trend. This approach helps our engagement with management teams. It might be great to know a company has a policy but if there is no disclosure how can we evaluate its effectiveness?

So, what does good look like here? Accenture are committed to being inclusive and diverse and this commitment extends to equal pay. Pay equity at Accenture means that employees receive pay that is fair and consistent when considering similarity of work, location, and tenure at career level. They also conduct annual pay equity reviews. As of February 2021, Accenture have dollar-for-dollar, 100% pay equity for women compared to men in every country where they operate.

We will continue to engage with any of our holdings that do not have equal pay policies. But also with those that do not disclose the data nor how much progress they have made and need to make to achieve pay equity.

## **Fund risks**

The Fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.