

WOMEN DESERVE EQUAL PAY FOR EQUAL WORK.

BUT ARE THEY GETTING IT?



ANALYSIS OF GENDER PAY GAP AND EQUAL OPPORTUNITIES AT ABN AMRO



ANALYSIS QUESTIONS - GENDER PAY GAP

**ON AVERAGE, DO WOMEN EARN
THE SAME AS THEIR MALE
COUNTERPARTS AT THE BANK?**



ANALYSIS QUESTIONS - EQUAL OPPORTUNITIES

DO MEN AND WOMEN HAVE THE SAME OPPORTUNITIES?



WHY DID WE CONDUCT THIS ANALYSIS?

Gender equality is an important spearhead of ABN AMRO's diversity and inclusion policy. An important foundation of gender equality is equal pay for equal work. That is why, as part of our commitment to diversity and inclusion, we conducted an extensive analysis to determine if there is any gender pay gap within the bank in the Netherlands. By publishing this analysis report on the eve of Equal Pay Day 2020, we not only want to draw added attention to this issue, but we also hope to inspire other companies to assess and promote gender equality in the workplace.

PROMOTING EQUAL OPPORTUNITIES

As a bank, we have long been committed to equal rights for men and women. Our commitment has translated into an active policy within our organisation.

ABN AMRO has two women's networks that organise a number of activities - such as meetings and mentoring programmes - for members each year. Recently, we updated the language in our job postings to make them more inclusive in tone, job requirements and

qualifications in order to attract a gender-diverse pool of applicants. This has already resulted in a much higher number of female applicants. We are currently running a pilot where a team of two interviewers - a man and a woman - interview at least two women for each job opening. We also have set (gender) diversity targets to increase the proportion of women in executive and senior leadership positions to 35% and 30%, respectively.

TOWARDS MORE EQUALITY

At ABN AMRO, we also help promote gender equality outside the bank, supporting and contributing to social initiatives by signing onto the 'Talent to the Top' charter and the Women's Empowerment Principles. Last year, the bank contributed to the Social and Economic Council's (SER) advisory report, 'Diversity at the Top. Time for acceleration,' by providing input on hiring and promoting more women and ethnic minorities into senior-level positions.

WOMEN'S EMPOWERMENT PRINCIPLES

In March 2020, ABN AMRO signed onto the United Nations Women's Empowerment Principles (WEP), an initiative of UN Women and UN Global Compact. Thousands of organisations worldwide have committed to adopting these guiding principles. The principles are designed to strengthen the position of women within the company, in the market in which the company operates, and in society as a whole. By signing the WEP, ABN AMRO has committed to taking action on the seven principles.

THE SEVEN WOMEN'S EMPOWERMENT PRINCIPLES

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work - respect and support human rights and non-discrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality.

WHAT ARE THE RESULTS?

The analysis takes a two-pronged approach: gender pay gap and equal opportunities. With the gender pay gap, we seek to show the average pay gap between men and women at ABN AMRO. We then analysed the gender pay gap, for example, by specifically examining the gender pay gap in the same pay scale. Lastly, during our analysis of equal opportunities, we looked at how the bank handles the various pay awards from the perspective of equality between the genders. After all, an employee's pay is linked directly to his/her career path at the bank. To determine whether our approach to the analysis was right, we asked an independent party, the consultancy firm Deloitte, to review our methodology and statistical models.

1. GENDER PAY GAP

ANALYSIS QUESTION

On average, do women earn the same as their male counterparts at the bank?

To determine whether a gender pay gap exists, we divided all ABN AMRO employees into gender-based groups and calculated the average pay of each group. In June 2020, the women's average gross monthly pay for a 36-hour week was about 15% lower than that of their male counterparts.

Now that we know that there is an average gender pay gap of around 15%, it is important to determine the reason for this gap.

Within ABN AMRO, the majority of the positions in the higher pay scales are held by men (see the table 'Gender distribution per Hay level'), while there are many more women working in positions that fall in the lower pay scales. A first step in explaining the pay gap is to analyse the average pay for men within a pay scale and the

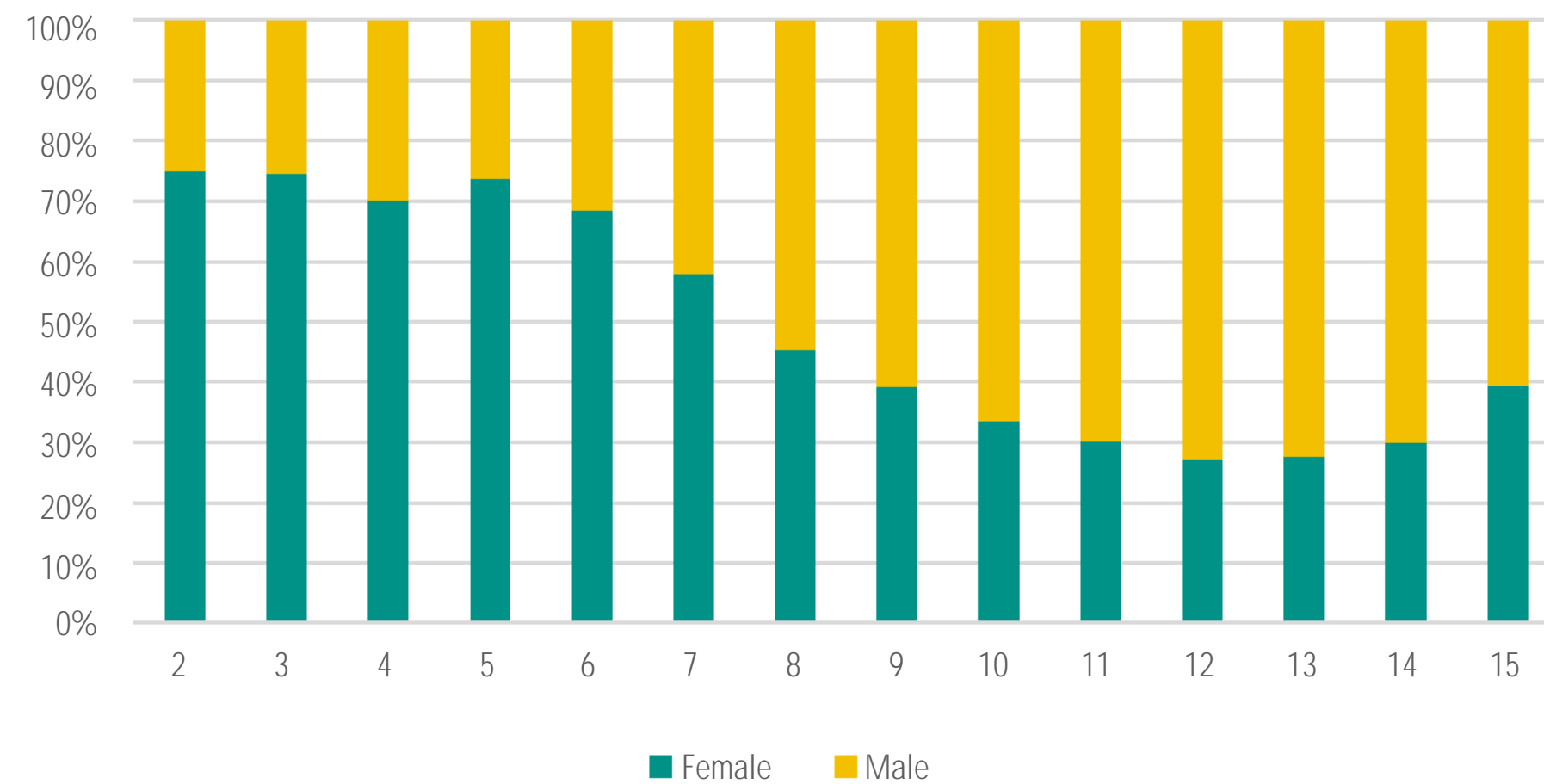
average pay for women within the same pay scale. This analysis shows that the average monthly pay of women in 2020 is 0.12% higher than that of their male counterparts, while the average monthly pay of men during the same period in 2019 was 0.15% higher than that of their female counterparts.

The fact that there are more men in higher positions than women therefore accounts for the average pay gap between men and women.

GENDER DISTRIBUTION PER PAY LEVEL

June, 2020

**MEN ARE OVER REPRESENTED IN THE HIGHER PAY SCALES,
WOMEN IN THE LOWER SCALES**



While the abovementioned analysis looks at the averages we additionally also corrected for other characteristics - e.g. years of service, hours worked and business unit. These statistical analyses support the view that there is no gender pay gap, when adjusted for these characteristics.

2. EQUAL OPPORTUNITIES

ANALYSIS QUESTION

Do men and women have the same opportunities?

The gender pay gap is a snapshot of the overall pay of women in the bank compared with the overall pay of men. However, what someone currently earns is directly linked to their career path within the bank. There are several factors that contribute to the development of an employee's pay. The analysis of equal opportunities gives us a broader view of the possible differences in the pay policy.

WHAT ARE THE EQUAL OPPORTUNITIES?

During the equal opportunities analysis, we looked at the various pay awards and developed five different statistical models for them: (1) entry into employment; (2) regular pay raise; (3) occasional pay raise; (4) promotion; and (5) a variable pay in some positions.

PAY AWARDS WITHIN THE BANK

1. Pay level on entry into employment

On employment, an employee receives a pay offer between 70% and 100% of the pay scale appropriate to the position.

2. Regular pay raise (0-7%)

Each manager has a salary budget for every employee that allows a 0 to 7% pay raise each year.

3. Occasional pay raise

In the event of exceptional performance, the manager may occasionally raise an employee's pay by up to 12.5% during the year.

4. Promotion

An employee that is promoted to a higher position is automatically placed in a higher pay scale and will receive a 3% pay raise based on the maximum salary amount in the new scale.

5. Variable pay

In a small number of specific positions, employees receive a variable bonus at the end of the year based on (measurable) performance in the past year.

VARIABLES USED TO ASSESS MODELS

Using statistical models, we were able to assess whether men and women are treated differently in terms of aforementioned pay awards. In this respect, we looked not only at the average pay, but we also checked various other characteristics, such as the number of hours worked, the employee's business unit, as well as whether the manager is male.

This allowed us to assess whether men and women are treated differently for equal work and whether possible pay gaps can be attributed to one of the other characteristics.

ANALYSIS OF THE OUTCOME

The analysis shows that there is no evidence of gender pay inequality in any of the pay awards. This applies to the pay level on entry into employment, regular pay raise, and occasional pay raise. There are also no evidence of discrimination in promotions. Given that the number of positions with variable pay is very small, no conclusion can be drawn in that respect. We do see, however, that employees with a higher number of contract hours are more likely to be promoted to higher positions, regardless of gender. This could perhaps be explained by the fact that higher positions generally require more contract hours.

**WHAT DOES THIS
ANALYSIS TELL US?**



CONCLUSIONS AND RECOMMENDATIONS

If you look at the results of the various models, we can generally conclude that women and men at ABN AMRO are given equal treatment in terms of pay. This applies to pay level on entry into employment, regular pay raise, and occasional pay raise. There are also no evidence of discrimination in promotions. The fact that we have a 15% gender pay gap is therefore due to the over-representation of men in the higher pay scales/job levels and women in the lower ones. As an organisation, we must continue our commitment to diversity and inclusion. Having men and women equally represented at all job levels and pay scales in the organisation is particularly important. The solution lies in hiring and promoting more women into senior leadership positions. We need to translate this even more effectively into our (i) hiring policy and (ii) (continue to provide) internal promotion opportunities for women.

In the hiring policy, we see that fewer women apply for senior leadership positions than men, which makes it all the more important to have more women apply for such positions.

This is one of the reasons why HR has updated the language in job postings to make them equally appealing to men and women. Moreover, women are actively pursued for job openings in senior-level positions and at least two women are invited to interview with a team of two interviewers - a man and a woman - for each job opening.

It is also important to encourage women to qualify more clearly for a promotion. The models show no evidence of discrimination in respect of promotions. However, it is important to encourage women to qualify for promotion to positions in the higher scales. ABN AMRO helps women position themselves effectively through various avenues, such as the Female Career Sponsoring Programme.