

EQUAL OPPORTUNITIES, EQUAL PAY

Equal opportunities are a vital building block for the bank,
but is this reflected in equal pay?

ABN AMRO
is a supporter of
Equal Pay Day
14 November



EQUAL OPPORTUNITIES FOR ALL

ABN AMRO is committed to ensuring equal opportunities for all, regardless of gender, cultural background or beliefs. We want everyone to feel seen, heard and valued. That is why we create a culture of belonging. For our employees, our clients and society as a whole. We stand up for groups for whom this is not always a given, such as women, people from different cultural backgrounds, people with disabilities, asylum permit holders and the LGBTI+ community. A vital building block of equality is equal pay. After all, what good is equal treatment if it is not matched by equal pay? At ABN AMRO Netherlands, we have conducted several analyses of the gender pay gap. This year, for the first time we also included employees' cultural backgrounds. We also provide insight into the salaries of women and men in senior management positions (above collective agreement level).

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WHAT IS THE REASON FOR THIS ANALYSIS?

All employees should receive the same pay for equal work or work of equal value. That is why we periodically measure how this has developed over time. The results of the analysis show that there is still room for improvement and provide pointers for new initiatives to promote equal pay.

This report is published to raise awareness about the issue. We also hope to inspire other companies to analyse and promote equal pay.

OUR BANK HAS BEEN AN ADVOCATE OF EQUAL OPPORTUNITIES FOR MANY YEARS

Women's Empowerment Principles

ABN AMRO signed the United Nations Women's Empowerment Principles (WEP) in March 2020. Working on the basis of these principles, we focus on empowering women at our organisation, in the market in which we operate and in society as a whole.

Diversity in the boardroom SER advisory report

ABN AMRO co-authored the Social and Economic Council (SER) advisory report Diversity in the boardroom: Time to accelerate. We specifically provided input on the topic of 'More women and people with a migration background in the boardroom'.

Talent to the Top charter

By signing the Talent to the Top charter, we have committed ourselves to promoting gender and cultural diversity at our organisation and allowing external monitoring of our efforts on that front.

Share of women in managerial positions*

ABN AMRO's target ratio of women in middle management and senior management positions is 35% by 2025. Our target of 45% women in the top tier has already been achieved. On the Supervisory Board, the majority of members are women. The Executive Board has seven members, three of whom are women.

* ABN AMRO tiers of management

Middle management: salary scales 12 and 13

Senior management: salary scale 14+

Top tier (Extended Leadership Group): tier below Executive Board

Share of colleagues from different cultural backgrounds in managerial positions

We have also set targets for growing the share of colleagues from different cultural backgrounds in managerial positions. Our aim is for 9% of middle management and 8% of senior management to be made up of these employees by 2025.

Mentoring programmes

The bank has set up various mentoring programmes to promote the advancement of women and colleagues from different cultural backgrounds. With workshops, networking events and individual coaching, we help talented employees from these groups accelerate their careers at the bank.

Inclusive vacancies

ABN AMRO uses inclusive job application texts. By adjusting the texts in terms of tone, job requirements and qualifications, we aimed to achieve that both women and men would be equally attracted by them. More women now respond to our vacancies as a result.

Inclusive selection

At every job interview, both a man and a woman sit at the table. For each vacancy, we invite at least two women for an interview. When filling vacancies, we actively deploy succession management to deliberately steer the succession process and the next step in top management positions.

Internal networks

ABN AMRO has two active women's networks. We also have a diversity network focusing on cultural diversity. These networks organise several annual activities for members such as thematic and informal gatherings and mentoring programmes. These networks also regularly have an advisory role towards senior management.

Unconscious bias training

Both managers and non-managers receive training to become more aware of unconscious biases. This helps them work together with a diverse group of colleagues with an open mind.

Equal Opportunities

We also work hard to promote equal opportunities for women outside the bank. For example, we use our social function and commercial influence to get other companies on board. From clients to suppliers and partners, we expect them all to actively increase opportunities for women. That is why these principles are firmly anchored in our partnership contracts.

Sports sponsorship

We also exert influence as a sports sponsor. Our beneficiaries include Ajax women's football and some 50 hockey clubs in the Netherlands. 'Fair play' takes high priority in hockey, yet women hockey players do not get the same opportunities as men. Our The Catch-up programme helps clubs change this.

Women In Financial Services (WIFS)

ABN AMRO is a partner of Women In Financial Services. The mission of WIFS is to strike a better balance within the financial sector between values that are traditionally considered masculine and feminine. Together with its members and partners like ABN AMRO, WIFS offers a platform for balanced leadership.

Financial Alliance for Women

ABN AMRO is a member of the Financial Alliance for Women. Together with partners like ABN AMRO, the Financial Alliance for Women develops innovative programmes in 135 countries to give women and women entrepreneurs vital access to capital, markets, education and training.

Inclusive Banking

Following our joining the Financial Alliance for Women, ABN AMRO created the Inclusive Banking team. The team identifies barriers faced by client groups such as women entrepreneurs. The team devises solutions to remove those barriers with a view to making our products and services more inclusive across the bank.



Nicole Böttger

Diversity & Inclusion Product Owner

“As a bank with a social mission, we promote equal opportunities in many ways. We do this out of our conviction that everyone deserves equal opportunities, as well as that everyone should benefit – women, men, families and society in general.”



Linda Nekeman-IJdema

Executive Legal Reward Consultant

“Employees receiving equal pay for equal work or work of equal value is very important to us. It is embedded in our policies and we see to it that it’s translated into practice. The insights from our measurements help us stay on course towards equal pay.”

THE ANALYSIS QUESTION

Does ABN AMRO give equal pay for equal work or work of equal value? This question is the focus of this analysis. We examined whether there are any pay gaps between women and men and between employees from different cultural backgrounds.

The analysis consists of two parts: Pay Gap and Equal Opportunities. The Pay Gap shows the difference in average salaries. We explored the Pay Gap further by looking specifically at the difference in salaries in the same pay scale, for example (adjusted Pay Gap). The Equal Opportunities analysis checks whether equal pay is awarded at various pay events.

We had our methodology and statistical models assessed by an independent party, consulting firm Deloitte.

Gender Pay Gap

Analysis question

On average, do women earn the same as men at the bank?

Analysis of gender within collective agreement

To answer the analysis question, we first looked at the average difference in salaries between all women and all men covered by the collective agreement.

A comparison between the average salaries of all women and the average salaries of all men reveals a 15% difference in gross salaries based on a 36 hour working week in favour of men. This 'Gender Pay Gap' arises as men are over represented at the higher job levels and women are over represented at the lower job levels. We can narrow this gap by appointing more women to higher level jobs and more men to lower level jobs.

Adjusted Pay Gap

We then examined the difference between women's and men's salaries at one single job level.

ABN AMRO sets job levels based on the Hay methodology. Every job level has its own salary scale. Jobs at the same job level are considered jobs of equal value. The difference in women's and men's salaries at one single job level is 6 euros per month in favour of men, or 0.12%. In 2020, this difference was 7 euros per month in favour of women. This is a negligible difference at both measuring moments.

As the amount of women's average salaries and men's average salaries will never be exactly the same, this percentage will rarely be exactly 0%, if ever. The bank aims for a percentage as close to 0 as possible. Because that will mean that men and women – provided they hold jobs at the same job level – earn the same on average. That is the case at present.

Our statistical analysis also measures other variables aside from job level, including years of service, business line, type of job, hours of leave and recent promotions. This analysis also shows that there is no significant difference between women's and men's salaries.

Equal Opportunities

Analysis question
Are women and men treated the same at the various pay events?

Statistical models

The Equal Opportunities analysis provides insight into possible differences in the application of remuneration policy. We statistically analysed five different pay events: entry into service, regular salary increase, occasional salary increase, promotion and variable pay

| Remuneration policy | | | | |
|--|--|--|---|--|
| 1. Entry into service The scale ranges from 70% to 100%. Employees receive an offer of 70% to 100% of the salary scale appropriate to the job level. | 2. Regular salary increase Employees who are not yet at the top end of the salary scale are eligible for an annual increase of 0-7% of their current salaries. | 3. Occasional salary increase Every year managers may also grant employees an occasional salary increase of up to 12.5% of their salaries. | 4. Promotion When promoted to a higher position, employees move to a higher salary scale. The salary increase will then be 3% of the maximum salary in the new scale. | 5. Variable pay In a small number of specific positions, employees receive variable pay at the end of the year based on (measurable) performance in the past year. |

The statistical analysis shows that at four out of the five pay events – regular salary increase, occasional salary increase, promotion and variable pay – there are no differences between women and men. We did identify a significant difference for the first time this year at entry into service. Upon entry into service, men earn on average 0.65% (or 30 euros gross per month) more than women. We will explore this discrepancy further to determine what actions are needed to prevent this in the future.

The analysis shows that women and men have equal promotion opportunities. Yet there are fewer women in higher job levels. To promote the equal distribution of women and men in higher job levels, the bank has launched several initiatives (see page 5).

Conclusion

On average, do women earn the same as men at the bank?

Gender Pay Gap

For all ABN AMRO staff at collective agreement level, women's average gross monthly salaries based on a 36 hour working week are approximately 15% lower than men's salaries in 2022. The unequal distribution of women and men across all job levels has created this gap in women's and men's average pay. The overall conclusion from the statistical analysis is that women and men working at the same job level at ABN AMRO under the collective agreement receive equal pay (i.e. equal pay for equal work or work of equal value).

Equal Opportunities

The analysis shows that at four out of the five pay events, men and women are not treated differently. At entry into service, we do see a difference of 30 euros gross per month in favour of men. We are examining how to resolve this discrepancy.

What do the results tell us?

Looking at the results of the various models, we can generally conclude that ABN AMRO offers women and men equal pay for equal work or work of equal value. This applies to all pay events, except for salary at entry into service. The gender pay gap of around 15% stems from the fact that men are over represented at the higher job levels and women at the lower job levels. Our organisation will continue to ensure diversity and inclusion. We find it important to ensure that women and men are properly represented at every job level of our organisation. The solution lies in hiring more women in senior management positions and advancing more women to higher positions, as well as in hiring more men at the lower job levels. Fewer women than men apply for vacancies at higher job levels. It is important that our vacancies appeal to both women and men. This is one of the reasons why we have adjusted our job application texts. We also actively reach out to women for vacancies at higher job levels. For every vacant position, we invite at least two women to an interview. In addition, our job interviews are conducted by one woman and one man. In addition, there are several initiatives at the bank to help women accelerate their careers.

CULTURAL BACKGROUND PAY GAP

Analysis question

On average, do employees with a non-Western migration background earn the same as Western employees?

Cultural background analysis

To answer this analysis question, we first examined the differences in salaries of all Western and all non-Western employees.

ABN AMRO has been measuring the cultural composition of its workforce based on a voluntary survey since 2012.

Cultural background according to old Statistics Netherlands definition*

Employees with a non-Western migration background

The employee or at least one of their parents was born in one of the countries in Africa, Latin America or Asia (excluding Indonesia and Japan) or in Turkey.

Employees with a Western migration background

At least one parent was born in a country in Europe (excluding Turkey), North America, Oceania, Indonesia or Japan.

In 2022, Statistics Netherlands (CBS) switched to a new classification of population by origin. The word 'migration background' and the classification into Western and non-Western have not been used by CBS since 2022. The new origin classification is being gradually introduced in publications. This analysis still uses the old definition, as the exact changes were not yet known at the start of this analysis. In addition, in this analysis, 'employees with a Western migration background' also refers to employees of Dutch origin. We will base our 2023 analysis on CBS's new definition.

The difference in average gross monthly salary between non-Western and Western employees for a 36 hour working week is 389 euros (7%) in favour of Western employees.

Adjusted Pay Gap

Where the difference in men's and women's salaries is explained by job level in the analysis of collective agreement employees, this is only partly the case for non-Western and Western employees. Western and non-Western employees are evenly distributed across job levels 1 to 15. The pay gap narrows to 2 euros a month in favour of non-Western employees when other characteristics are also considered, such as years of service and business unit.

Equal Opportunities

Analysis question

Do we treat employees with a non-Western migration background the same as Western employees at the various pay events?

Statistical models

We explored whether there are any differences between non-Western and Western employees at the various pay events.

As in the Gender Pay Gap analysis, we measured the difference in salaries using the pay events at the bank – **entry into service, regular salary increase, occasional salary increase, promotion and variable pay**. These pay events are subject to the policy described on page 12 of this report.

Analysis revealed a significant difference in the occasional salary increases of non-Western and Western employees, in favour of non-Western colleagues. Non-Western colleagues are more likely to receive an occasional salary increase. At the other pay events (entry into service, regular salary increase, promotion, variable pay), we see no differences between non-Western and Western employees.

Conclusion

On average, do employees with a non-Western migration background earn the same as Western employees?

Cultural Background Pay Gap

If we look at the average gross monthly salaries of non-Western and Western employees, the analysis shows that non-Western colleagues earn 7% less than Western employees. The cultural background pay gap disappears if we align other background characteristics, such as job level and years of service, in the comparison of non-Western and Western employees. Non-Western employees then receive the same salary as Western employees.

Equal Opportunities

Statistical models show that at four out of the five events of our remuneration policy, there is no difference in salary of non-Western and Western employees. However, the statistical models show a difference at occasional salary increases. Non-Western employees are more likely to receive an occasional salary increase than Western employees. We will examine this discrepancy more closely.

What do the results tell us?

Based on the results of the analysis, we can conclude that ABN AMRO treats employees of non-Western origin equally when it comes to pay. While the average pay gap is 389 euros (7%) in favour of Western employees, this difference becomes 2 euros per month in favour of non-Western employees when adjusted for characteristics like years of service, job level and business line. At four of the five pay events (salary level upon entry into service, regular salary increase, promotion and variable pay), the analysis shows no significant difference between Western and non-Western colleagues. However, the analysis does reveal that non-Western employees are more likely to receive an occasional salary increase.

ABN AMRO actively seeks to increase cultural diversity at the organisation. In 2018, we therefore signed the Talent to the Top charter to confirm our commitment to recruiting and advancing more employees with a non-Western background. The aim is for 9% of middle management and 8% of the senior management to be of non-Western origin by 2025. Each year, our business lines set themselves specific targets and an action plan to that end. These plans and actions are discussed and driven by the Diversity Circles, with the help of our Cultural Task Force. The Task Force consists of colleagues with various cultural and ethnic backgrounds who meet to develop bank wide plans and work out concrete initiatives. The Diversity Table monitors the progress made in our inflow and advancement efforts on a quarterly basis.

SENIOR MANAGEMENT GENDER PAY GAP (ABOVE COLLECTIVE AGREEMENT LEVEL)

Analysis question

On average, do women and men in positions above collective agreement level earn the same?

Above collective agreement level gender pay gap analysis

To answer this analysis question, we examined the difference in salaries between women and men working in positions above collective agreement level. These are some 100 colleagues who report directly or indirectly to the Executive Board.

Employees above collective agreement level

Women

Women make up 39% of the above collective agreement level population (37 women). The average age of these women is 50 years. Their average tenure is 16 years, of which they have been working above collective agreement level for four years on average.

Men

Men make up 61% of the above collective agreement level population (57 men). On average, they are 52 years old and have been in the bank's employ for 17 years, of which they have been working above collective agreement level for six years on average.

Relative Salary Position (RSP)

We use a Relative Salary Position (RSP) to check whether there is a gender pay gap. This percentage shows an employee's base salary relative to the maximum salary in the scale. The above collective agreement scales range from 80% to 120%, i.e. the middle of the scale is 100% (unlike the collective agreement, where 100% is the maximum of the scale). Using the RSP instead of the base salary allows us to better compare the various above collective agreement scales.

Gender Pay Gap

Do men and women above collective agreement level earn the same? For women above collective agreement level, the average Relative Salary Position (RSP) is 99%. For men, it is 112%. The average difference in RSP is therefore 13%. We consider this an undesirable difference. The amended policy is therefore aimed at eliminating this inequality in the coming years. That is an important task for us. Next year we will again report the average RSP.

Adjusted Pay Gap

The analysis examined the influence of job level, years of service, and years of service in an above collective agreement position.

We examined how the RSP is evolving. To this end, we compared the RSP of women and men in above collective agreement positions using specific characteristics such as salary scale, years of service and years of service above collective agreement level. These factors were still relevant in the 2021 system and will therefore continue to have impact on the results in 2022. Our view is that these factors should no longer be relevant in the future, in view of the principles of the amended remuneration policy for above-cla. We still mention these factors in this report, to provide insight into the results of the transition from the old to the new system. That comparison revealed that the difference in RSP has declined from 7% (2021) in favour of men to 4% (2022) in favour of men. In statistical terms, this is an 'insignificant' difference since this year. Given the methodology of the remuneration policy for above collective agreement level employees, which has been in effect since 1 January 2022, this pay gap is expected to narrow further over the coming years.

Equal Opportunities

Analysis question

Do we treat women and men in above collective agreement positions the same at the various pay events?

Qualitative analysis

Given the limited size of the group above collective agreement level, statistical analysis of equal opportunities is not possible. Therefore, we usually conduct a so-called qualitative analysis of the impact of remuneration policy on the above collective agreement level population.

This year's analysis examined the gender pay gap within the above collective agreement level population, as described above. Introduced on 1 January 2022, the new remuneration policy now in place for the above collective agreement level population includes four pay events – entry into service, promotion, annual increase and variable pay. Unlike the remuneration policy for collective agreement employees, the remuneration policy for above collective agreement employees does not include an occasional salary increase.

Below, we explain how the remuneration policy for above collective agreement employees works and what its principles are. Because this remuneration policy has only been in force since 1 January 2022 and only applies to a relatively small group (around 100 employees), no qualitative analysis of the various pay events has yet been conducted this year. That analysis will take place from next year.

The above collective agreement remuneration policy

1. Entry into service

The appointed employee receives a salary within the range of the salary scale of the position, in principle at the 80% point of the scale.

2. Promotion

Upon promotion, the employee in principle advances to the higher scale without a salary increase (horizontally). If the salary is below the 80% point of the new scale, it will be increased to this 80% point of the salary scale.

3. Annual increase

The annual increase depends on the RSP combined with the performance on individual targets. Once an RSP of 100% is reached, increases can only be granted to employees scoring at least 4 points on individual targets.

4. Variable pay

Variable year-end pay is laid down by contract, unless the bonus prohibition applies. The performance score of 1-5 directly determines the variable pay rate, which ranges from 0% to 20%.

Eye for differences

The 2019 and 2021 analysis results revealed differences between women's and men's pay in above collective agreement level positions. Those differences had arisen because we used to work with broad salary scales, within which employees advanced from the beginning of the scale to the end of the scale. That salary growth took place in several ways: through the discretionary award of increments during the annual appraisal process and through the award of one or two increments upon promotion. An increment is a one-tenth step between the beginning and end of a scale.

Cause of differences

Because men are on average employed longer within the above collective agreement level population, we saw that men in that group were more likely to receive an increment over a longer period of time. This created a pay gap in favour of men. Several reorganisations have taken place at the above collective agreement level in recent years. Relatively more women were appointed to above collective agreement level jobs, starting from the bottom of the scale in most cases. This has created differences with the men who had already been working at this level for some time.

Narrowing the gap

We explored how we could narrow that gap. We decided on a methodology of annual, non discretionary salary increases, with individual performance in a position combined with the RSP determining the amount of the annual salary increase. This is partly based on the market assumption that it is common to reward employees in senior management positions for performing their duties rather than for their years of experience.

Adjustments to remuneration policy

We introduced our new remuneration policy, which we developed in 2021, on 1 January 2022. Every job level has its own salary scale. We now work with narrower salary scales than before, with the scale having a range of 80% to 120%. The middle of the scale (100%) is the starting point for pay. At the middle of the scale, employees earn a salary that is in line with market practice.

Entry into service

Upon entry into service, we set the salary at an RSP of 80% of the relevant salary scale. From there, above collective agreement level employees will grow to an RSP of 100% of the salary scale over a period of two to three years (depending on their individual performance rating and RSP), in line with the methodology described below.

Promotion

Upon promotion to a higher job level, there is no salary increase at the promotion 'event' unless the salary is below the RSP of 80% of the salary scale. In that case, we increase the salary to an RSP of 80%. In all other cases, above collective agreement level employees advance to the higher scale, which leads to a lower RSP. The lower the RSP, the faster the salary growth.

Annual salary increase

The RSP combined with the individual performance rating determine salary growth. In principle, above collective agreement level employees advance from 80% to the middle of the scale (100%) in two to three years. After that, they may receive further salary growth for exceptional performance on their individual targets – 4 or 5 points on a 5-point scale.

Individual performance rating

The overall performance rating is determined on the basis of Key Performance Indicators (KPIs) at the organisational level, business unit level and individual level. A score of 0 to 5 is given on each KPI. All scores together determine the overall performance rating. The scores at the individual level – combined with the RSP – determine the salary increase.

Variable pay

Variable pay is directly linked to overall performance rating. The overall performance rating is expressed as a score from 1 to 5. The overall performance rating determines the percentage of variable pay. When introducing this methodology, we looked at the average overall ratings and the average individual ratings of women and men in the above collective agreement level population. Women structurally score slightly higher, both in the overall rating and the rating on individual targets.

Conclusion

On average, do women and men in positions above collective agreement level earn the same?

Gender Pay Gap

Men in above collective agreement level positions have an average RSP of 112%, while women in above collective agreement level positions have an average RSP of 99%.

When comparing the RSPs of women and men in above collective agreement level positions based on specific characteristics such as salary scale, years of service and years of service above collective agreement level, we see that the difference in RSP has declined from 7% (2021) in favour of men to 4% (2022) in favour of men.

Equal Opportunities

We believe the adjusted remuneration policy further contributes to ensuring equal pay for men and women in above collective agreement level positions. The policy gives no reason to assume a gender pay gap will arise. Next year's analysis will examine this more closely.

What do the results tell us?

Given the results, we can conclude that the introduction of the new remuneration policy, which took effect on 1 January 2022, is bearing fruit. Where there are differences, those differences are smaller this year than last year. The gaps are expected to narrow further in the years ahead as a result of the adjusted remuneration policy. Of course, we will continue to actively monitor this. ABN AMRO is very much aware of the need for more diversity in above collective agreement level positions. Despite being on the right track with 39% women, we aim to increase this percentage further.