



SALVATION ARMY TRADING COMPANY

Gender Pay Gap Report **As at 5 April 2022**

The Company

Salvation Army Trading Company Ltd (SATCoL) is the trading arm of The Salvation Army in the UK and Republic of Ireland. Established in 1991 to help fund The Salvation Army's vital work with vulnerable people in the UK, SATCoL is focussed on enabling mission and providing resources to help the work of The Salvation Army.

We are a diverse business split into three key divisions: Retail, Clothing Collection and Salvationist Publishing & Supplies (SP&S). Through our network of over 230 retail outlets (charity shops, superstores and donation centres) and over 8,000 donation banks, our retail and clothing collection divisions generate funds and promote the reuse and recycling of textiles. Our SP&S division focuses on the needs of The Salvation Army church, providing uniforms, music, books and other Christian resources, whilst also leading the UK brass band recordings and sheet music sector.

The company is values driven and is committed to equal opportunities. We pay the same rate of pay for people doing the same job, regardless of gender, gender reassignment, race, religion or belief, sexual orientation, marriage or civil partnership status, pregnancy or maternity status, age or disability.

Our Employees

The company employs more women than men, with 60% of the total workforce being women on 5 April 2022. The Retail Division of the company is the largest division, employing c.65% of the workforce.

The Retail Division is typical of many other retailers with over c.80% of the employees being women and with around 60% of these roles being part time.

As a company we operate two separate payrolls; retail employees are paid four weekly and all other employees are paid monthly. With any salary increases being in place from 1st April each year, the pay period for retail staff includes pay that is pre and post pay review, whereas the pay period for all other staff is post pay review. With the majority of the retail workforce being women, this has a negative effect on the gender pay gap.

The organisation has a lean management structure with fewer senior roles and very low turnover rates at these levels. We currently have fewer women in these senior roles which will have impacted the mean and median gender pay gap, as reported here.

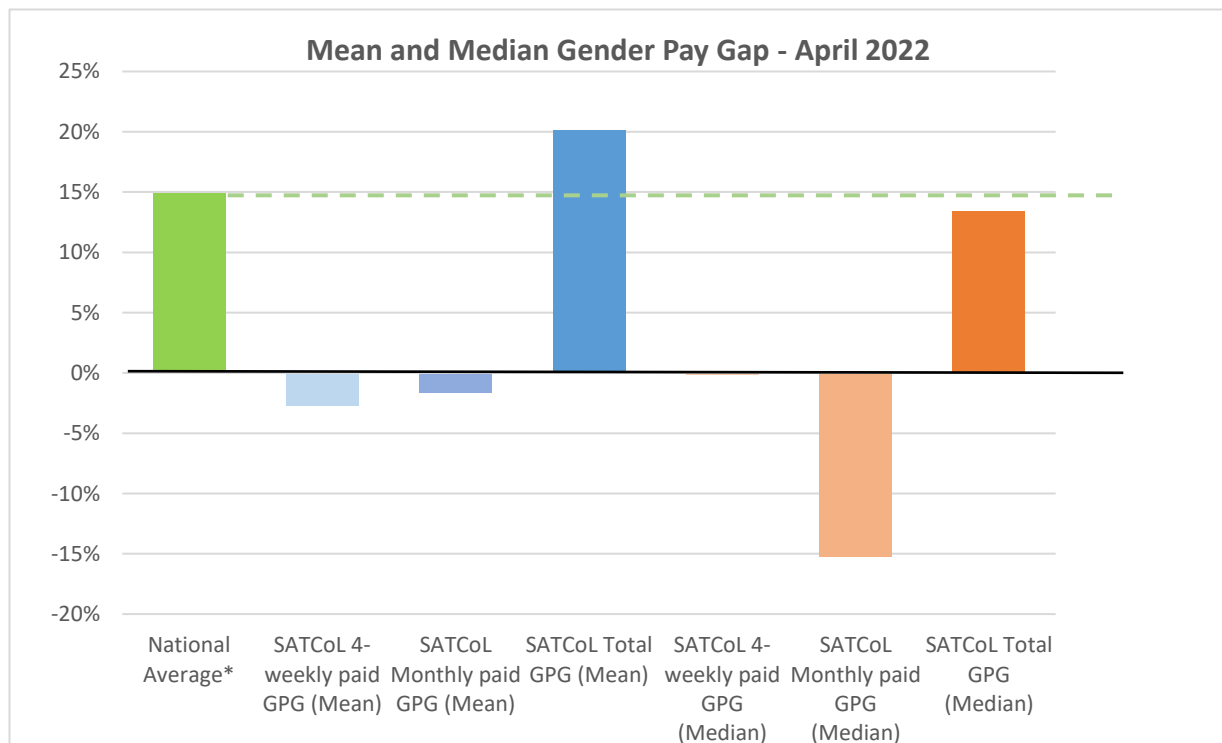
Gender Pay Gap

Mean and Median Gender Pay Gap - April 2022		
National Average*	SATCoL Total GPG (Mean)	SATCoL Total GPG (Median)
14.90%	20.07%	13.40%

*per the ONS – Annual Survey of Hours & Earnings (ASHE) 2022 (provisional)

When comparing the Gender Pay Gaps against the National Average, the mean gender pay gap for SATCoL as a whole is significantly above the national average and the median gender pay gap for the whole business is under the National Average. Both measures are significantly higher than zero – the position if female and male pay was equal across the organisation. This arises because of the two different payrolls run by SATCoL and the types of roles within those payrolls. If both the 4-weekly and monthly payrolls are analysed in isolation, both result in a negative gender pay gap, meaning that pay for females is, on average, higher than pay for males. However, because there are significantly more females as a proportion of the 4-weekly payroll (78.3% to 21.7%) and more males as a proportion of the monthly payroll (73.6% vs 26.4%) and because the higher salaries within the business are generally in the monthly payroll, this, conversely, results in a significant positive gender pay gap for the business as a whole. The following table and graph breaks down the gender pay gap by payroll:

Mean and Median Gender Pay Gap - April 2022						
National Average*	SATCoL 4-weekly paid GPG (Mean)	SATCoL Monthly paid GPG (Mean)	SATCoL Total GPG (Mean)	SATCoL 4-weekly paid GPG (Median)	SATCoL Monthly paid GPG (Median)	SATCoL Total GPG (Median)
14.90%	-2.69%	-1.65%	20.07%	-0.17%	-15.20%	13.40%



The Mean Gender Pay Gap

The mean, also known as the average, is calculated when you add up the wages of all employees and divide the figure by the number of employees. The mean gender pay gap is the difference between the mean wage for male employees and the mean wage for female employees.

SATCoL's mean gender pay gap, at 20.07%, is significantly above the national average as at 5 April 2022 and has moved further away from the average over the past 12 months. However, in completing the latest data, some questions have been raised over the accuracy of previous calculations which relied on calculations that were embedded in our previous payroll software. One factor in the higher mean gender pay gap this year will be that most new roles within the business have been for retail shop roles which are not the highest earning roles within the business and also have a disproportionate gender mix, skewed towards females, partly because many of these roles are part-time roles which, in general, appear to be more popular with females. Another factor will be that the company-wide bonus scheme did not operate in the prior year (ending 5 April 2021) due to COVID and associated lockdown periods. In isolation, however, our two separate payrolls both show a small negative gender pay gap (-2.69% for the 4-weekly payroll and -1.65% for the monthly payroll). Whilst the national average for 2022 is only provisional at the time of completing this report, it shows a slight increase on the previous year's final position.

The mean gender pay gap figure can be skewed by a relatively small number of highly paid employees. We do, currently, have a higher number of men in the highest-paid senior management roles which will have been a factor in the mean gender pay gap across the business as a whole, along with the disproportionate gender mix within the retail part of the business.

The Median Gender Pay Gap

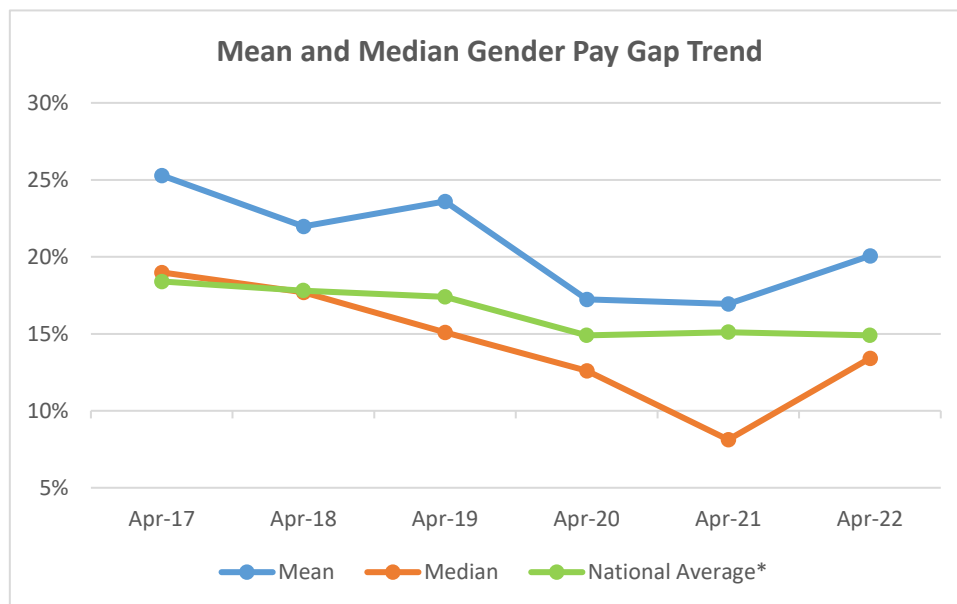
The median is the figure that falls in the middle of a range when everyone's wages are ranked from smallest to largest. The median gap is the difference between median wage for male employees and the median wage for female employees. The median is typically a better representation of the overall data.

SATCoL's median gender pay gap, at 13.40%, is below the national average and has been for the past 5 years but this does represent a significant increase in the past 12 months – although concerns around data accuracy for previous year's gender pay gap results is relevant here, too. In isolation, our two separate payrolls both show a negative median gender pay gap (-0.17% for the 4-weekly payroll and -15.20% for the monthly payroll). The fact that the median gender pay gap for the monthly payroll is a significantly higher negative number than the mean gender pay gap, evidences that there are, currently, fewer females in the highest paid senior management roles even though, in total for the monthly payroll the average pay for females is higher than the average pay for males.

The company has increased the hourly rate of employees at the lower end of the pay scales, which has contributed to this continued reduction in the median gender pay gap.

Gender Pay Gap Trend (2017 – 2022)

	Mean	Median	National Average*
April 2017	25.29%	18.99%	18.4%
April 2018	21.98%	17.70%	17.8%
April 2019	23.60%	15.09%	17.4%
April 2020	17.24%	12.59%	14.9%
April 2021	16.94%	8.12%	15.1%
April 2022	20.07%	13.40%	14.9%



*per the ONS – Annual Survey of Hours & Earnings (ASHE) 2022 (provisional)
 # some prior year data to be verified

SATCoL’s gender pay gap, on both the mean and median basis, has bucked the recent trend and shows an increase in the past 12 months against a reasonably flat national average. Prior to next year’s report being finalised, we will verify some of the older data as there is a concern that some of the calculations built into our previous payroll software may not have been accurate. The gender pay gap for the business as a whole will be improved by recruiting more males into retail shop roles and recruiting more females into higher-earning senior management roles.

Bonus Pay Gap

SATCoL believes in being able to reward employees when the company has met and exceeded profit targets.

	Percentage of Men receiving bonus	Percentage of Women receiving bonus	Mean Gender Bonus Pay Gap	Median Gender Bonus Pay Gap
Bonus	89.25%	88.29%	42.13%	34.87%

Historically for SATCoL, the mean and median bonus pay gap figures have been largely a reflection of the high number of women in part time roles and fewer women in senior roles. Bonuses are only payable after 3 months with the business and with a number of new store openings, there will be a number of retail employees that wouldn't have been eligible for a bonus yet.

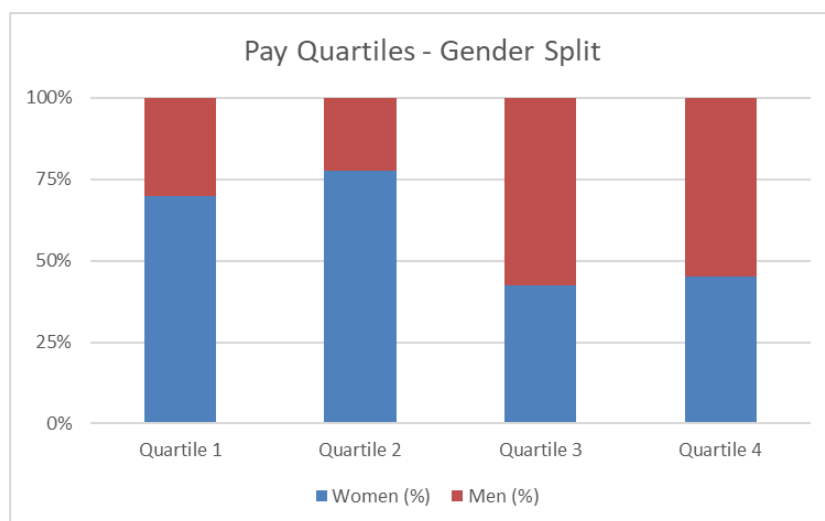
Bonus Pay Gap Trend

	Percentage of Men receiving bonus	Percentage of Women receiving bonus	Mean Gender Bonus Pay Gap	Median Gender Bonus Pay Gap
Bonus 2017	82.84 %	90.84 %	60.34 %	47.16 %
Bonus 2018	99.10 %	99.26 %	43.34 %	39.65 %
Bonus 2019	86.86%	91.33%	50.01%	43.26%
Bonus 2020	68.59%	93.95%	35.86%	42.44%
Bonus 2021	90.31%	98.80%	82.91%	0.00%
Bonus 2022	89.25%	88.29%	42.13%	34.87%

Ignoring the exceptional nature of 2021's figures which were impacted by COVID and lockdowns, the underlying trend has been for bonus pay gaps to reduce since 2017 levels.

Pay Quartiles

	Q1	Q2	Q3	Q4
Women (%)	69.68	77.73	42.27	45.00
Men (%)	30.32	22.27	57.73	55.00



In the two lower paying quartiles, there are significantly more females than males and in the two higher paying quartiles, whilst the split is more even, there are more males than females. We continue to have a large proportion of women in part time roles in the retail division. Whilst not clear from this particular analysis, there are fewer women in the most senior roles within the company.

Main drivers behind SATCoL's Gender Pay Gap

The main drivers behind SATCoL's gender pay gap have been identified as follows:

- the traditional gender split between sectors, and the disproportionately high number of women working in retail
- a higher number of men employed within more senior management roles
- the snapshot date reflects the full impact of pay increases for our monthly payroll but not for our 4-weekly retail payroll, which has a greater proportion of female paid colleagues

A further factor that impacts SATCoL's bonus pay gap is the larger proportion of women that work part-time hours.

What have we done to close the Gender Pay Gap?

2021/22 saw the continuation of recruitment policy improvements designed to reduce gender pay gaps – giving everyone, including volunteers, a fair opportunity to apply for all vacant roles and for SATCoL to invite to interview and make appointments based solely on the best candidates. Whilst this isn't borne out in the actual gender pay gap comparatives year-on-year, some verification needs to be undertaken on previous year data which was generated from our old payroll software.

In response to the cost of living pressures on colleagues during 2022 (and post the gender pay gap snapshot date) we have applied a lump sum increase to all salaries, excluding the Executive Management Team. In the latest annual pay review (effective April 2023), we have also applied a higher increase to Retail manager roles to reflect their responsibilities. This will have a positive effect on the gender pay gap next year. We also now ensure there is a bigger differential between our lowest pay rates and the national minimum wage and extend this to employees over the age of 18.

There has been further rollout of SATCoL's essential training module on Equality, Diversity and Inclusion.

What actions do we intend to take to further reduce the Gender Pay Gap?

SATCoL will continue to offer opportunities to help people get into work, and these are offered regardless of gender, gender reassignment, race, religion or belief, sexual orientation, marriage or civil partnership status, pregnancy or maternity status, age or disability.

In respect of there being more men in senior management roles within the company, as turnover rates are generally low at this level, this may continue to lead to gender pay gaps for some time. Importantly, when vacancies do arise, all appointments are made on merit, regardless of gender – as such, any individual appointments made may not directly address the gender pay gap position. Over time though, we would expect our recruitment policies to result in progress towards eliminating any gender pay gap – albeit, it is recognised that, for any company other than, perhaps, the largest

employers, it is unlikely that gender pay gaps will be entirely eliminated and that a small gender pay gap, one way or the other, is to be expected.

We will continue to encourage men to apply for roles within the Retail side of the business. All appointments will continue to be made on merit, regardless of gender.

In terms of governance levels, we are acting on the need to have more female representation on both the Board of Directors and the Executive Management Team.

Further business focus is planned on Equality, Diversity and Inclusion and we have engaged an external EDI consultant to support us as we explore how we can improve our diversity and inclusion further.

Succession planning in relation to the senior team at SATCoL will form part of business strategic planning.

I confirm that the information contained in this report is accurate.

Kevin Dare
Finance Director
31 March 2023