

The TDL Group

Gender Pay Report for 2018 for HSL and TDL

INTRODUCTION

Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. This report sets out the results for the TDL Group.

WHAT IS THE GENDER PAY GAP?

A gender pay gap is a measure of the difference in the average pay of men and women - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy as a whole. It is the result of the different number of men and women across all roles.

It is different from an equal pay comparison, which is a direct comparison of two people or groups of people carrying out the same, similar or equivalent work.

UNDERSTANDING THE GENDER PAY GAP

HOW ARE THE MEDIAN AND MEAN GAPS CALCULATED?

Using the calculations set out in the gender pay gap reporting regulations, we have taken pay data from our entire business of over 1700 staff at April 2018. This data includes many different roles and a variety of rates of pay.

Imagine a picture where all our female employees stood next to each other in one line in order of lowest hourly rate of pay to highest and imagine the same picture where all our male employees did the same. The median gender pay gap is the difference in pay between the female employee in the middle of her line and the male employee in the middle of his line.

The other measure is the mean gender pay gap, which shows the difference in average hourly rate of pay between men and women. This is also affected by the different numbers of men and women in different roles.

These median and mean calculations are also carried out when comparing bonus pay over a twelve month period. The proportion of men and women awarded any bonus pay over that period is also reported.

HOW ARE THE PAY QUANTILES CALCULATED?

In this report we also show the percentage of men and women in each pay quartile. Quartiles are calculated by listing the rates of pay for each employee across the business from lowest to highest, before splitting that list into four equal-sized groups and calculating the percentage of males and females in each. This should not be confused with the position of an employee within the pay ranges set for each role.

WHAT'S INCLUDED IN OUR CALCULATIONS?

Calculations of mean and median pay and of quartile pay bands are based on data from April 2018 only, including ordinary pay and bonus pay.

Ordinary pay is not limited to basic pay, but also includes other types of pay such as pay for working unsocial hours and shift premium pay. It doesn't include pay for overtime, pay relating to redundancy/termination of employment or the value of benefits which are not in the form of money.

Bonus pay includes any additional pay relating to commission, productivity or performance. Calculations of mean and median bonus pay use bonus pay from the twelve months ending on 5 April 2018.

An Overview of our Company

The TDL Group is made up of a number of entities providing clinical pathology services. There are two main employers, The Doctors Laboratory (TDL) and the Health Services Laboratories (HSL), which we review in more detail later on. While these are separate employers, the senior management and leadership, and many of the common corporate functions, are provided to both entities by TDL employees. For that reason, we show the gender pay gap calculations both jointly and separately, as the first provides an accurate reflection of how our company works in practice while the second meets the statutory reporting requirements. Looking at our total UK workforce, our results show the following:

TDL Group Gender Pay Gap

| | | | |
|-----------------------------|---------------|-----------------------|--------------|
| Mean Pay Gap | 4.58% | Median Pay Gap | 0.76% |
| Gender Bonus Pay Gap | -4.99% | | |

Proportion of Men and Women Paid a Bonus

| | |
|--|--------|
| | |
| Proportion of males receiving a bonus | 20.58% |
| Proportion of females receiving a bonus | 13.59% |

Population by Pay Quartiles for the TDL Group

The proportion of males and females in each quartile is as follows:

| | Number of Males | % of Males | Number of Females | % of Females |
|--|------------------------|-------------------|--------------------------|---------------------|
| Proportion of males to females in the upper quartile | 181.00 | 41.61% | 254.00 | 58.39% |
| Proportion of males to females in the upper middle quartile | 153.00 | 35.25% | 281.00 | 64.75% |
| Proportion of males to females in the lower middle quartile | 158.00 | 36.41% | 276.00 | 65.59% |
| Proportion of males to females in the lower quartile | 162.00 | 37.33% | 272.00 | 62.67% |

We have two main employing entities that we are required to report separately. The individual results are set out below.

| | HSL | TDL |
|---|--|---|
| Company description | <i>Joint venture providing pathology services to NHS partners and customers</i> | <i>Independent provider of clinical laboratory diagnostic services in the UK</i> |
| Gender pay gap | Mean Pay Gap: 1.03% Median Pay Gap: -4.72% | Mean Pay Gap 9.54% Median Pay Gap: 5.60% |
| Gender pay bonus | Mean Bonus Pay Gap: 42.55% Median Bonus Pay Gap: 0% | Mean Bonus Pay Gap: -25.27% Median Bonus Gap: 0% |
| Proportion of Men and Women paid a bonus | Proportion of males receiving a bonus : 6.94% Proportion of females receiving a bonus : 7.03% | Proportion of males receiving a bonus: 38.44% Proportion of females receiving a bonus : 23.16% |

HSL Population by Pay Quartiles

| | <i>Number of Males</i> | <i>% of Males</i> | <i>Number of Females</i> | <i>% of Females</i> |
|---|------------------------|-------------------|--------------------------|---------------------|
| Proportion of males to females in the upper quartile | 101 | 39.61% | 154.00 | 60.39% |
| Proportion of males to females in the upper middle quartile | 83.00 | 32.55% | 172.00 | 67.45% |
| Proportion of males to females in the lower middle quartile | 90.00 | 35.29% | 165.00 | 64.71% |
| Proportion of males to females in the lower quartile | 103.00 | 40.55% | 151.00 | 59.45% |

TDL Population by Pay Quartiles

| | <i>Number of Males</i> | <i>% of Males</i> | <i>Number of Females</i> | <i>% of Females</i> |
|---|------------------------|-------------------|--------------------------|---------------------|
| Proportion of males to females in the upper quartile | 83.00 | 46.37% | 96.00 | 53.63% |
| Proportion of males to females in the upper middle quartile | 65.00 | 36.11% | 115.00 | 63.89% |
| Proportion of males to females in the lower middle quartile | 66.00 | 36.67% | 114.00 | 63.33% |
| Proportion of males to females in the lower quartile | 63.00 | 35.2% | 116.00 | 64.80% |

Our Plans to Improve our Gender Balance

Our analysis shows that the overall difference between men and women's earnings at based on hourly rates of pay at 5 April 2018 is 4.58% (mean) or 0.76% (median). This compares to 4.98% (mean) or 4.46% (median), at 5 April 2017. There are some changes to note. The TDL Group grew its business in 2018, which changed the baseline staffing numbers for both the overall Group and HSL. The impact of this has been to increase the percentage of females in the higher three quartiles for both HSL and the TDL Group overall, and the median gap in particular has improved across the group.

At all levels of our company, we have more female employees than men. However, like many other companies in our industry, our gap is primarily caused by having fewer women in the more highly paid management roles. This is demonstrated by the wider pay gap in TDL, than in HSL, as the former is the main employer of the senior management team across the TDL group. Our aim is to achieve year on year improvement in our gender pay gap, and we are pleased to note a small improvement. Overall, women make up the majority of employees across all grades in both companies and our challenge is to encourage greater representation of women at the most senior levels across the group. We are confident that we are making progress towards achieving greater gender balance in our senior roles and our gender pay gap will reduce further. We are doing this by:

- Improving opportunities for flexible working through our wellbeing policies,
- Refreshing recruitment processes to ensure an inclusive approach to hiring,
- Taking gender into consideration when succession planning for all key leadership roles ,
- Promoting professional scientific development to enable scientific staff to reach full potential,
- Rolling out inclusive development for our management and leadership cohort,
- Promoting our female role models both internally and externally

As a group that has grown quickly over recent years as a result of acquisition, our reward practices vary across our business as a result of transfers to us from different employers. The bonus pay gap demonstrates this difference.

The overall gender bonus pay gap is now -4.99%, which means that it is in favour of women. However the position within the two main employment groups is more complicated. This is mainly as a result of the transfer of individual arrangements to us as we have acquired other businesses, a trend which is reflected in the snapshot date of April 2018. Overall we maintain a 0% median pay gap because there is no gender difference in the median bonus payments. HSL tends to reflect NHS terms and conditions where bonuses are not payable, with a few directly employed examples with different arrangements, while TDL reflects a more commercial model. So the HSL mean bonus pay gap is 42.55% in favour of men, while TDL shows a mean bonus gap of 25.27% in favour of female employees. This means that women in TDL receive more favourable mean average bonus payments than men while the position is reversed in HSL. Once these figures are calculated across the group, the overall gender bonus pay gap is in favour of women.

We have now completed our major service integration across our London sites, and are in the process of reviewing our total reward strategy in order to develop a model that drives consistency and fairness across our business. We are currently adopting a participative approach with our staff which includes:

- The review of the overall reward package, not just pay but everything of measureable value provided to an individual employee
- Pay for performance will require a more robust performance management system.

- Extending our staff engagement programme in order to find out what really matters to our staff and working across the Group to enhance the employment experience and support retention and development.

We believe that the promotion of these core principles will assist in continuing to reduce our gender pay gap in future years.

The data in this document is accurate and in line with Government reporting regulations.

David Byrne
TDL Group CEO
March 2019