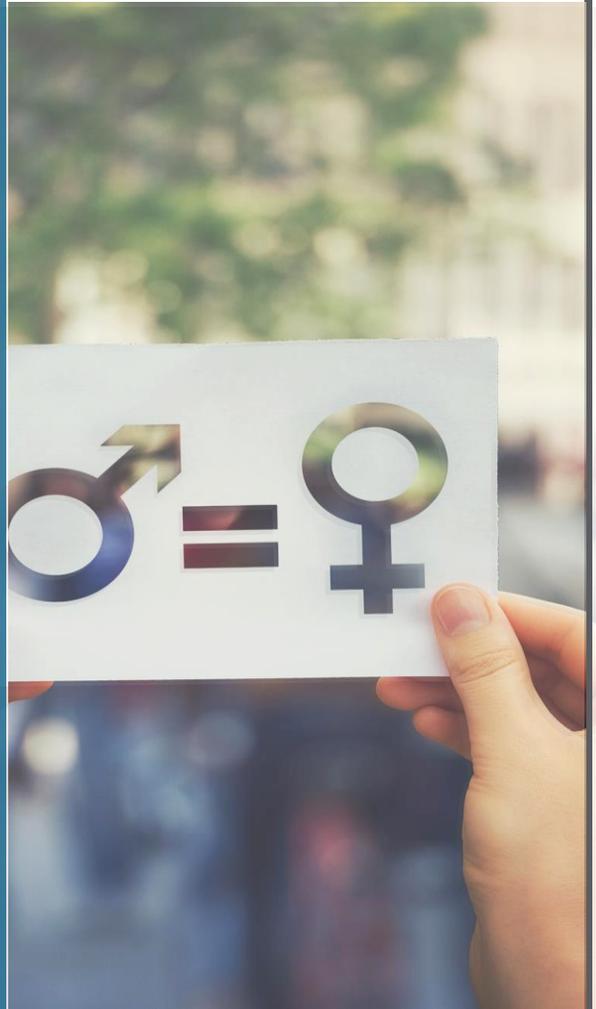


Gender Pay Gap Report 2023

Cabot Financial

Cabot
FINANCIAL



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Our Current View

At Cabot Financial we want to empower every colleague to be comfortable to be themselves at work. It's why we strive to create and maintain a culture which is firmly grounded in our core values of: We Care, We Find a Better Way and We are Inclusive and Collaborative.

Diversity brings different thinking styles and perspectives. That builds our creativity and capacity to find a better way. It also enhances our understanding of the different communities that make up our society. The more we understand, the easier it is to deliver the right outcomes for our consumers.

Prioritising inclusion and belonging improves collaboration and enhances wellbeing; both are fundamental parts of supporting our colleagues, and in turn our business, to thrive.

Our goal is to build inclusion at every level of our business, making Cabot Financial a great place to work for everyone and facilitating equitable access to colleague opportunities. Closing our gender pay gap is a key part of this. The actions we've taken in 2023 continue to make steps in the right direction toward Gender Equity. We will walk you through our detailed figures but before we do, we wanted to provide a summary of what's behind them.

Our gender pay gap in Cabot Financial isn't where we want it to be. However, we can say with confidence that this isn't a pay equity challenge, rather a female representation challenge within our senior leadership and STEM-based technical roles (roles based on knowledge of Science, Technology, Engineering, or Maths). We are taking a number of steps to address this, and we head into 2024, knowing we are challenging ourselves in a positive way to make sure everyone across Cabot Credit Management is given the best possible chance to succeed.

Here are just some of the activities we're taking:

Introduction of Employee Resource Groups:

In 2023, we introduced two new employee resource groups:

The UK Chapter of Women@Encore & Allies



The Black Employee Network

The groups are led by our colleagues, for our colleagues, and receive support and sponsorship from our business leaders. Our aim is to make Cabot Financial and Cabot Credit Management, a place where everyone can thrive. We see ERGs as critical to achieving that vision by providing support to our diverse team members and promoting inclusive practices. We hope to expand the number of ERGs further in the future, but for now are focused on embedding and enabling these two forums.

The programs are gathering pace, with the number of members and allies continuing to build.

Growing our Female Representation:

We know that equitable representation is key to reducing our gender pay gap and we're working to improve female representation in our senior leadership roles and technical areas such as IT and Data. In 2023, we decided to challenge ourselves by signing up to the HM Treasury Women in Finance Charter.



John Yung

President of International and Cabot Credit Management



Jaime Nuwar-Graham

Chief Operating Officer - Cabot Financial



Paul Jenkins

Managing Director of Cabot UK



Julie Williams

HR Director of Cabot UK





Our Current View

The Charter’s purpose is to enable financial services organisations to work together to build a more balanced and fair industry. By signing the Charter, we are pledging to be amongst the best businesses in the sector. The Charter reflects the government’s aspiration to see gender balance at all levels across financial services firms and we believe it will positively challenge us in ways which will narrow our pay gap and hold us to account through the targets we will agree.

Development of our talent is key to driving representation, and we’re also developing an internal Women in Leadership development pathway to be launched as part of our wider Leadership Development offering. This will look to tangibly prepare the depth of female talent we have, to step into more senior and STEM roles when they become available. In addition, DEI is embedded within our Talent Management framework, with focus upon understanding and developing the diversity of our talent pools.



Pay Equity:

We periodically complete Pay Equity Reviews across our business to ensure that we continue to pay fairly and equitably across roles, and also understand our gender-balance at role-level. Our Reward team carried out this exercise again in 2023, and we’re pleased that this demonstrated we have broad alignment in pay at each level (taking into account tenure and skills), which tells us that our policies and controls are working. In certain roles our gender balance is not where we would like it to be, and we are committed to working to change this.

Everything we’ve spoken about is a constant cycle which we will continue to update you about in our future reports. We’re taking several positive steps, but we accept that right now, we are not where we want to be. The actions we’ve spoken about show we are focused on tangible changes which move us in the right direction. Our Board of Directors and Executive Committee, continue to receive regular updates on the diversity of our business and this ensures we remain focused on, and accountable for, ensuring balance and equity.

We can confirm the data printed in this report is accurate.

Signed by John Yung



John Yung

President of International and Cabot Credit Management



Jaime Nuwar-Graham

Chief Operating Officer - Cabot Financial



Paul Jenkins

Managing Director of Cabot UK



Julie Williams

HR Director of Cabot UK



Our Structure

Who we are | Encore Capital Group | European businesses

If you are not already aware of our set up here at Cabot Financial, here's a bit of background. Encore Capital Group has three primary business units - Cabot Credit Management (CCM), Midland Credit Management (MCM) and Latin America Asia Pacific (LAAP).

Headquartered in London, CCM, is one of the largest credit management service providers in Europe and a market leader in the UK and Ireland.

CCM consists of ten different businesses who provide a range of credit management services to a broad client base including some of Europe's largest credit providers. Our debt servicing offerings include early-stage collections, business process outsourcing, contingent collections, trace services and litigation. CCM currently employs around 3,000 people across its 18 offices in the UK and mainland Europe. Wescot forms part of CCM.



Our MVV

What we stand for

At CCM, we understand the power our actions can have on our consumers and the significance of our role in contributing to a healthy credit ecosystem. With this in mind, along with our parent company Encore Capital Group, we created an Mission, Vision and Values (MVV) that reflects and strengthens our culture we have at CCM.

Our culture is reflected in our Mission which is to 'create pathways to economic freedom' through our interactions with consumers. Our colleagues are committed to supporting consumers to achieve economic freedom by working in partnership with them to understand their challenges, find good outcomes to what they owe and make a positive difference to their lives. We understand that no two people are the same, and through our interactions with consumers we can help them to find a better way to restore their financial health.

Our Vision, to 'help make credit accessible by partnering with consumers to restore their financial health' continues this intent to make everything about freeing people from what they owe.

We have created our Values - We Care, We Find a Better Way and We are Inclusive and Collaborative - to help guide our actions and behaviours. They represent what we have heard from colleagues; namely who they are, how they work, what they value, and the sort of environment they want to work in. Our Values create an environment that give a sense of belonging and celebrates diversity in the way we think.



Mission:

Creating pathways to economic freedom



Vision:

We help make credit accessible by partnering with consumers to restore their financial health



Values:



We care:

We put people first and engage with honesty, empathy, and respect



We find a better way:

We deliver our best in everything we do, find ways to make a positive difference, and achieve impactful results



We are inclusive and collaborative:

We embrace our differences and work together to ensure every individual can thrive

Understanding the Gender Pay Gap

What's a Gender Pay Gap show?

A Gender Pay Gap (GPG) is a measure of the difference in the average pay of men and women across an entire organisation, regardless of the nature or level of their work. It highlights the different number of men and women across all roles.

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

What's the difference between median and mean pay gap?

Median pay gap

Imagine if all our female colleagues stood next to each other in a line. They order themselves from the lowest hourly pay to highest and then our male colleagues did the same. The Median GPG is the difference in pay between the female colleague in the middle of their line and the male colleague in the middle of their line as a percentage.

Mean pay gap

The Mean GPG 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. This number is calculated by adding up all of the people in the lines rate of pay and dividing it by the number of people in the line.



Why is the Mean Gender Gap higher than the Median Gender Gap?

The Mean (average) as a calculation is more sensitive to having more of a particular gender in senior positions, which leads to a higher result. Where the Median (mid-point) being based on a rank of employees, leads to a lower result.

Gender Pay Gap

Reporting Requirement	2021 %	2022 %	2023 %
Mean gender pay gap	34%	29%	31%
Median gender pay gap	22%	6%	22%

Our Mean gap is slightly lower than in 2021. Natural fluctuation or one-off events rather than meaningful change explains the variation. Our actions in our summary around representation will be the key driver of change.

Gender Mix and each pay quartile

Before we speak about 2023, we need to acknowledge a correction to the figures we printed in our 2022 data. A reporting error led to us reporting and commenting on incorrect figures for our quartile splits and the overall Male / Female ratio. The accurate numbers are in the tables below where we make our comparison to 2023's split. (The reported Median and Mean gaps were accurate in our 2022 submission).

The proportion of male and female colleagues according to quartile pay bands is:

Our proportion of males and females in each quartile band		Lower Q M	Lower Q F	Lower Middle Q M	Lower Middle Q F	Upper Middle Q M	Upper Middle Q F	Top Q M	Top Q F
	2023	34%	66%	42%	58%	51%	49%	66%	34%
2022	33%	67%	43%	57%	54%	46%	66%	34%	

The overall gender mix is **52%** females and **48%** males.

(Correct 2022 figure: 51% / 49%)



All of our numbers remain relatively static. A lack of turnover in roles at a senior level means the chance to see a change in representation is yet to be recognised but our summary shows we are taking the right actions to achieve that.

Bonus Gap



$$((\text{£XX} - \text{£XX}) \div \text{£XX}) \times 100 = \text{XX}\%$$

The Bonus Gap is the female average bonus, subtracted from the male average bonus, divided by the male average bonus, multiplied by 100.

The Bonus Gap is the female average bonus, subtracted from the male average bonus, divided by the male average bonus, multiplied by 100. The gap in bonus has fallen over the three-year period and will see more positive trends if our actions described in this report are successful.

Reporting Requirement	2021 %	2022 %	2023 %
Mean bonus gender pay gap	76%	75%	63%
Median bonus gender pay gap	34%	27%	16%

Median Bonus gap

Imagine if all our female colleagues who received a bonus stood next to each other in a line. They order themselves from the lowest bonus received to highest and then our male colleagues who received a bonus did the same. The median bonus gap is the difference in bonus between the female colleague in the middle of their line and the male colleague in the middle of their line as a percentage.

Mean Bonus gap

The mean bonus gap shows the difference in mean bonus between men and women. This number is calculated by adding up all of the bonuses awarded and dividing it by the number of people who received one.

Receiving a bonus

The proportion of females and males who received a bonus is evenly split with 91% of females and 92% of males receiving a bonus. This balance of males and females reflects the objectivity we have in eligibility criteria for bonus and performance assessments.

It is bonuses at senior level which continue to impact our bonus pay gap. We will continue to take steps towards even representation at the senior level and this will in turn start to reduce the bonus gap. The year-on-year trend is downwards but we appreciate we still have work to do.

Our proportion of males and females receiving a bonus payment



The measurement period is 12 months ending the 5th April 2023.

Helpful understanding

- 'Pay' is base salary and 'Bonus' is any additional bonus payments including Long Term Incentives.
- For Pay the 'measurement period' means the pay period in which the 5th April falls.
- For Bonus the 'measurement period' means the 12 months prior to pay period in which the 5th April falls