



LLOYDS
BANKING GROUP



Ethnicity Pay Gap Report

April 2020 - April 2021

Introduction

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It's now almost eighteen months since we created our [Race Action Plan](#). Whilst the inclusion and progression of Black, Asian and Minority Ethnic colleagues has always been a priority for us, the focus of the Black Lives Matter movement and the coronavirus pandemic helped us recognise we needed to do more and at pace. Our Race Action Plan outlines the commitments and action we are taking to be a more inclusive and representative business.

One of the commitments we made was to publish an annual Ethnicity Pay Gap Report. We took this decision voluntarily, because we want to provide greater transparency and hold ourselves accountable for the progress we make in closing this gap.

This year, we have made progress against the objectives of our Race Action Plan, for example in the representation at all levels, support for Black-owned businesses, and the continued rollout of our Race Education Programme.

Since our last report (2019/20) was released we have seen our pay gap close slightly. This improvement is welcomed. However, we know that the pace of change is slower than we'd like. From the data, it is clear that the pay gap is primarily driven by lower representation of Black, Asian and Minority Ethnic colleagues at senior grades.

With this in mind we are taking a number of steps including having Black, Asian, and Minority Ethnic candidates on all shortlists to increase diversity in senior recruitment. We are also nurturing our talented Black colleagues, by creating bespoke talent and sponsorship programmes for both middle management and senior grades. This will help break the ceiling for senior role models. We are committed to developing an inclusive culture at Lloyds Banking Group that ensures colleagues of all ethnicities feel safe and able to thrive.

We've been named as one of the Top 10 Outstanding Employers by the Ethnicity Awards 2021, which are supported by the All-Party Parliamentary Group for Governance and Inclusive Leadership.

Getting this right is at the heart of our purpose to Help Britain Prosper. We believe that a more inclusive society is a more prosperous society, and a diverse business is a better business.

Current representation within Lloyds Banking Group

The data in this report is based on those colleagues that have chosen to disclose their ethnicity.

Encouragingly, since we set our goals in January 2018, to our current ethnicity goal reporting period ending in April 2021, our disclosure rate has increased by 1% to 84% and when we look at senior colleagues this rate is even higher at 89%.

While we are pleased that a growing proportion of our workforce are happy to share their ethnicity data, it's important that all colleagues feel comfortable to share their data and bring their whole selves to work, so we will continue to work hard on improving this.

In order to understand the context of our pay gap data, it's important to first look at the current make-up of our organisation.

The tables opposite show the representation of Black, Asian and Minority Ethnic colleagues overall and amongst senior management levels.

We measure representation in a slightly different way for Ethnicity Pay Gap reporting purposes, as this is based on disclosed data. Our representation goal reporting includes and compares against all colleagues, including those who haven't disclosed their ethnicity. This means that the proportion of colleagues identified as Black, Asian and Minority Ethnic is higher for Ethnicity Pay Gap reporting purposes and lower for goal reporting purposes.

The disclosure of diversity data, such as ethnicity, is optional for colleagues. The data used in this report is based on data between April 2020 and April 2021 for colleagues who have chosen to disclose their ethnicity to the Group (84% of our workforce).



Current Representation based on disclosed data

Our Ethnicity Pay Gap is based on disclosed data. The below data is correct as of the end of April 2021, based on an 84% disclosure rate from colleagues:

TOTAL 12.8% In total, 12.8% of colleagues who have shared their data are Black, Asian or Minority Ethnic.	BLACK 1.9% of colleagues who have shared their data are Black.	ASIAN 8.6% of colleagues who have shared their data are Asian.	MINORITY ETHNIC 2.3% of colleagues who have shared their data are Minority Ethnic.
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Current representation within senior management, as at the end of April 2021

TOTAL 9.0% In total, 9.0% of colleagues who have shared their data are Black, Asian or Minority Ethnic.	BLACK 0.8% of colleagues who have shared their data are Black.	ASIAN 6.0% of colleagues who have shared their data are Asian.	MINORITY ETHNIC 2.2% of colleagues who have shared their data are Minority Ethnic.
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Current Representation based on all colleague data

Our progress against our representation goals, as at the end of April 2021, is based on this data. The below data is calculated by comparing against all colleagues, including those who have not chosen to share their ethnicity data:

TOTAL 10.8% In total, 10.8% of colleagues are Black, Asian or Minority Ethnic.	BLACK 1.6% of colleagues are Black.	ASIAN 7.3% of colleagues are Asian.	MINORITY ETHNIC 2.0% of colleagues are Minority Ethnic.
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Current representation within senior management, as at the end of April 2021

TOTAL 8.0% In total, 8.0% of colleagues are Black, Asian or Minority Ethnic.	BLACK 0.7% of colleagues who have shared their data are Black.	ASIAN 5.3% of colleagues who have shared their data are Asian.	MINORITY ETHNIC 2.0% of colleagues who have shared their data are Minority Ethnic.
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How this compares to the overall UK Labour Market

(Source: ONS Annual Population Survey October 2020 release)

TOTAL 12.0% of people are Black, Asian or Minority Ethnic.	BLACK 3.1% of people are Black.	ASIAN 6.4% of people are Asian.	MINORITY ETHNIC 2.5% of people are Minority Ethnic.
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Lloyds Banking Group Ethnicity Pay Gap Data

As part of our Race Action Plan commitment, we’re voluntarily disclosing our ethnicity pay gap data because it’s the right thing to do. It is important for us to be transparent and to be held accountable.

Our ethnicity pay gap data shows the difference in average hourly pay between our White, Black, Asian and Minority Ethnic colleagues. This is different to the concept of equal pay which ensures colleagues of all ethnicities receiving the same pay for the same role.

As we’ve previously reported, this year’s bonus data cannot be compared like-for-like with the equivalent data for last year. This is because no bonuses were paid in 2020, except for deferred payments from previous years. As a result, bonus data has been excluded from this year’s report.

While our overall pay gaps have improved on previous years, we recognise that we have more to do to reduce them even further. The gaps are primarily driven by lower representation of Black, Asian and Minority Ethnic colleagues at senior grades.

Our median gap (see definitions to the left) for pay is larger than the mean gap because the mid-point for Black, Asian and Minority Ethnic is a lower grade colleague, compared to the mid-point colleague for White - this means that they are in a different pay band. Overall representation of Black, Asian and Minority Ethnic colleagues is continuing to increase across our workforce, with the rate of growth higher at senior management levels. This will play a key role in helping us to close our ethnicity pay gap over time.

Mean Ethnicity Pay Gap

The **mean Ethnicity Pay Gap** is the difference between the average hourly earnings of White colleagues and the average hourly earnings of Black, Asian and Minority Ethnic colleagues. This is calculated by adding up the average hourly pay of each group and dividing the result by the number of people in the group.

Median Gap

The **median gap** is based on arranging all the pay amounts in numerical order and selecting the middle amounts.

Pay Gap

MEAN
5.3%

The **mean** Ethnicity Pay Gap in Lloyds Banking Group (-1.5% on 2020)

MEDIAN
13.1%

The **median** Ethnicity Pay Gap in Lloyds Banking Group (-1.7% on 2020)

Disclosure rate is those who chose to disclose their ethnicity within staff surveys

Breakdown of results across Black, Asian and Minority Ethnic colleagues

To help us better understand the Ethnicity Pay Gap, we break the data down even further across our Black, Asian and Minority Ethnic colleagues at an individual level. Having a greater understanding of the figures allows us to address the complex and specific needs of our colleagues more accurately and identify the specific barriers that are preventing people from meeting their full potential.

The pay gap is at its widest for our Black colleagues, as they are disproportionately under-represented at senior levels. This is not the case for our Asian and Minority Ethnic colleagues because they are more consistently represented across all levels of our business.

This further reinforces the work we have to do as part of our Race Action Plan. This year, we've made progress against the Plan's commitments, with improvements in representation, bringing in strong diverse talent and continuing to rollout the Race Education programme to our people. But there's a lot more to do and we remain confident that our continued efforts will bring about the necessary change we want to see in this space.

Broadly, we have made progress in improving Black, Asian and Minority Ethnic representation at senior levels. Senior Black, Asian and

Minority Ethnic representation has increased by 1.7% from 5.6% in January 2018 (when our representation goals were set) to 9.2% in April 2021 (based on all colleague data). However, our data shows us that under-representation is seen at its highest amongst our Black colleagues and needs additional focus to progress.

We know that diversity of our workforce is important, and that representation is a key driver to close the gaps that exist. For this reason, we made a public commitment to increase Black representation in senior roles to 3% by 2025.

This has no quick fixes, but with long-term commitment and continued focus we can make the significant shift our business needs to make. Our Race Action Plan provides clear focuses for the Group, with accountability on all fronts to follow the direction it sets.

Recap on cumulative group numbers

Pay Gap	
MEAN 5.3%	MEDIAN 13.1%
The mean Ethnicity Pay Gap in Lloyds Banking Group (-1.5% on 2020)	The median Ethnicity Pay Gap in Lloyds Banking Group (-1.7% on 2020)

Black colleagues

Pay Gap	
MEAN 14.6%	MEDIAN 18.1%
The mean Pay Gap (-2.1% on 2020)	The median Pay Gap (-1.6% on 2020)

Asian colleagues

Pay Gap	
MEAN 5.6%	MEDIAN 14.0%
The mean Pay Gap (-1.6% on 2020)	The median Pay Gap (-1.6% on 2020)

Minority Ethnic colleagues

Pay Gap	
MEAN -3.0%	MEDIAN -2.8%
The mean Pay Gap (0.07% on 2020)	The median Pay Gap (-2.3% on 2020)



Data definitions:
'Black' colleagues refers to: 'Black - British' or 'African' or 'Caribbean' or 'Any other Black background'
'Asian' colleagues refers to: 'Asian - British' or 'Indian' or 'Pakistani' or 'Bangladeshi' or 'Chinese' or 'Any other Asian background'
'Other Minority Ethnic' colleagues refers to: 'Middle Eastern or North African' or 'Mixed/multiple ethnic groups' or 'Other ethnic group'

Methodology and signatories

Matt Sinnott,
Group Director –
People & Property



Methodology

This data is based on a disclosure rate of 84% (disclosure is higher for senior colleagues).

In scope population:

- All colleagues employed on the snapshot date (5th April 2021) are within the calculations.
- Includes all colleagues who have been determined to be either a 'full-pay relevant employee' or a 'relevant employee' according to the Gender Pay Gap Regulations.
- Calculations do not include the Not Disclosed population.
- There is insufficient data at an entity level to publish by entity.

Goal reporting data is calculated differently to Ethnicity Pay Gap reporting data and includes non-disclosed colleagues. This means the representation of Black, Asian and Minority Ethnic colleagues shows as lower.

Signatories

As a business, we are striving to create a fully inclusive environment where all our colleagues can reach their potential. By publishing this data, we are being transparent and holding ourselves to account for the changes we need to make.

Publishing our Ethnicity Pay Gap data is an important step in understanding the challenge we face as a business and the actions we need to take to improve the diversity within Lloyds Banking Group. We are challenging ourselves to do better and are committed to tracking, measuring and publishing our data to support in our journey of improving our diversity as a business.

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