



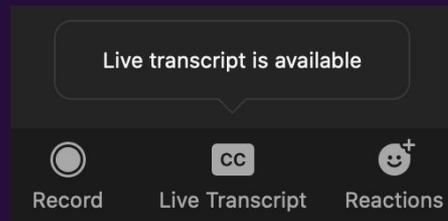
Syndio Briefing

The California Median Pay Gap Bill: What Companies Should Know Right Now

We will begin shortly.

This webinar is being recorded and will be shared with all registrants.

We have live transcript enabled for this webinar. If you would like to use this feature, please turn on this setting in your Zoom toolbar now.



AGENDA

- 01 Intro & housekeeping
- 02 What does the CA Median Pay Gap bill entail?
- 03 How to meet the requirements
- 04 How your company can be ready
- 05 Q&A

| Speakers



**Rob
Porcarelli**

COO and CLO
at Syndio



**Joseph
Vaughan**

Director of
Government Relations
at Invariant



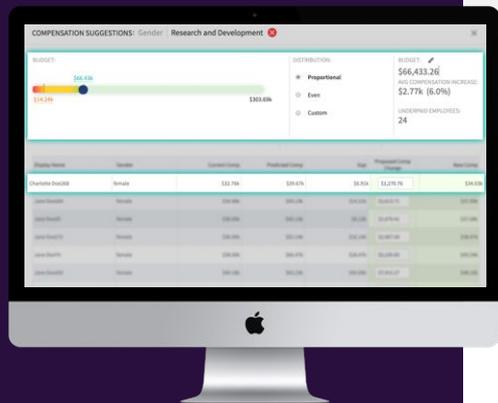
**Christine
Hendrickson**

VP of Strategic
Initiatives at Syndio





The platform that helps you measure and improve workplace equity — from the experts who keep you on track.



Real-time insights

Platform to continuously analyze, resolve, and prevent pay and opportunity inequities



Expert advice

Ongoing legal, statistics, labor economics, and communications consulting and support



NORDSTROM



“Pay equity” vs. “pay gap”



- Tin Man and Scarecrow: \$3,000/week
- Cowardly Lion: \$2,500/week
- Dorothy: \$500/week



- The Munchkins: \$50/week
- Toto/trainer: \$150/week



| Same data, two different headlines

**Oz has achieved
100% pay equity**

**Lead women in Oz earn
18 cents on the dollar of
their male peers.**



We're not in Kansas anymore



CAREERS • INTERNATIONAL WOMEN'S DAY

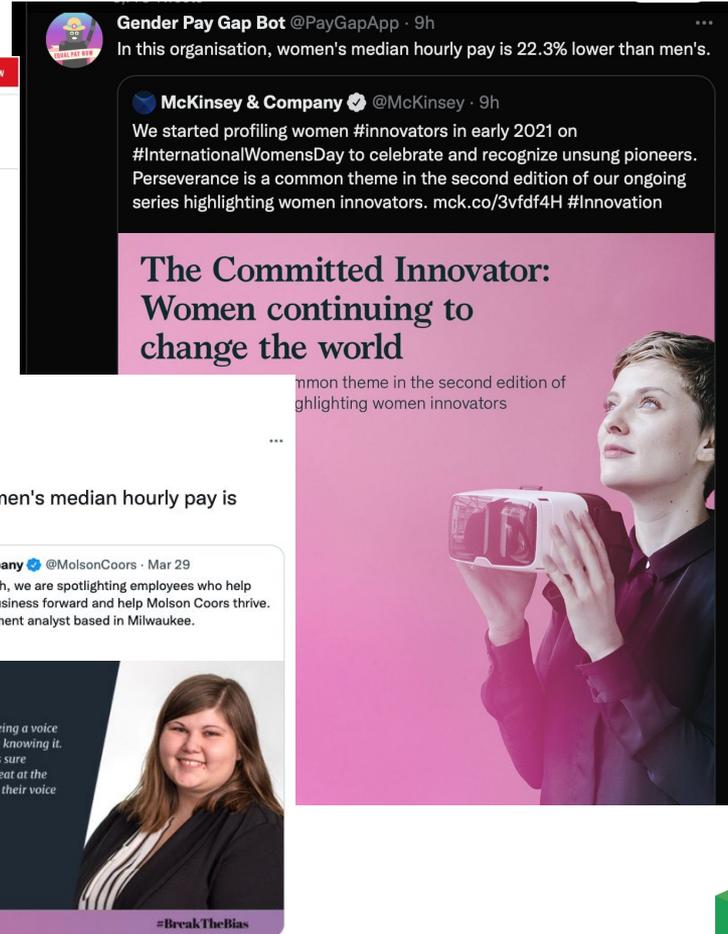
Companies flooded Twitter with International Women's Day platitudes. Then a bot began replying with their gender pay gap figures

BY SOPHIE MELLOR
March 9, 2022 4:31 AM PST

The New York Times

Twitter Bot Highlights Gender Pay Gap One Company at a Time

Britain requires companies with 250 or more employees to report gender pay gap data. On International Women's Day, one couple used it to raise awareness about lingering discrepancies.



| California pay transparency bill

SB 973 “at a glance”

Requirements:

Pay gap report +
public report disclosure +
pay scale transparency +
records retention

Proactive pay scale disclosure:

Yes, in the job posting

Coverage:

Employers with 100+ employees
(any of whom in CA) and/or 100+
labor contractors

Next step:

Before Judiciary Committee
on 4/26



California is also focused on contractors, not just employees

The law applies to all private employers with 100+ employees if 1+ is in California.

It covers employees employed during previous year.

The EEO-1 filing requirement would be gone.

PLUS must disclose contractors:

- If employer has 100+ labor contractors within the prior calendar year, must submit a separate pay data report to the department covering the employees hired through labor contractors in the prior calendar year
- Must also disclose the names of all labor contractors used to supply employees



| Timeline for filing



Deadline if adopted

- First deadline: May 10, 2023
- Subsequent Deadlines: Second Wednesday of May of each year thereafter



| Calculation of pay gaps

“Within each [EEO-1] job category, for each combination of race, ethnicity, and sex [covered employers] must disclose the median and mean hourly rate”

Based on W-2 earnings

- Likely Box 5 of W-2

Mean and median
pay gap



| Pay reporting penalty

- Previously: No penalty, just costs
- Would add a civil penalty not to exceed \$100 per employee upon any employer who fails to file the required report; if fail to file subsequent report up to \$200
 - At request of DLSE, imposed by court



Public disclosure

- DLSE will publish each private employer's pay data report on an internet website available to the public.
 - The current report
- For this reason the CA Chamber has called the bill a "job killer" and attractive to plaintiff's counsel.
- The median or mean **would not** be required to be publicly disclosed.

| Transparency and wage scales

- Must include the “pay scale” in job postings
- Must provide pay scale to employees for their current role, upon request
 - Pay scale = base salary or hourly wage
 - Must provide pay scale to third party agencies who post on behalf of employer

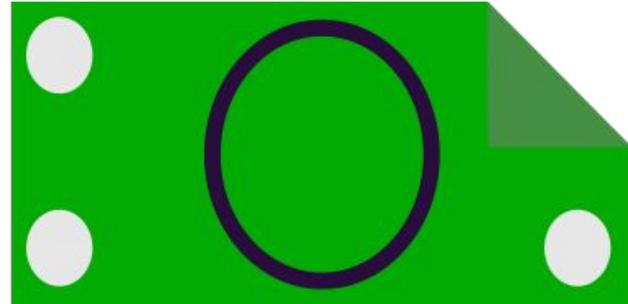
| Record retention

- Must maintain:
 - Job description
 - Wage rate history
- Retention period
 - 3+ years after employee terminates



| Pay transparency penalty

- At least \$500 but no more than \$10,000, per violation
 - Factors considered: totality of circumstances, including prior violations
- Rebuttable presumption if fail to keep records



Understanding the median & mean pay gap disclosures



“While closing statistically adjusted pay gaps can be done relatively quickly by making a handful of pay adjustments within certain employment categories, closing median pay gaps require...companies to evaluate their hiring, development, and promotion practices.”

*Arjuna Capital,
2022 Racial Gender
Pay Scorecard*



Median and mean

Median

“Median pay gap”: The median pay gap is the difference between midpoints. So, taking a gender example, you take the W-2 earnings of all women, line them up in order from lowest to highest, and pick the middle employee. Then you do the same of men. Then you compare the pay of the middle male and middle female to calculate the median pay gap.

Mean

“Mean pay gap”: The mean pay gap is just the average, not adjusting for any factors that are relevant to pay. The mean gap is more sensitive to outliers (an advantage of the median) but the mean may be more revealing for employers with large hourly populations.



Legislative landscape Q&A with Joseph Vaughan



California is leading the way on pay transparency



- California was the first state in the nation to pass a **mandatory pay transparency statute**
- California passed the nation's first **pay data reporting obligation** in September 2020
- CA first to propose **public median pay gap reporting in 2017**, with public reporting concept introduced again with SB 1162



Communicating results when they're less than perfect

Apple UK

"We know that there is work left to do, and that significant change takes time. We will continue our efforts to improve the representation of women at all levels of the company, and hold ourselves accountable for driving progress."

"Since 2017, Apple has achieved and maintained gender pay equity for our employees worldwide. le, 100% pay equity.

"The mean pay gap is 9 percent lower for women and the median pay gap is 10 percent in favour of men."

Amazon Global

"Representation matters. We track the representation of women and underrepresented communities because we know that diversity helps us build better teams that obsess over and better represent our global customer base.

"We have made year-over-year progress, and we will continue to strive for better representation across our company."

"A review of the compensation awarded in 2021 at Amazon, including base, cash bonuses, and stock, shows that women globally and in the U.S. earned 99.8 cents and 99.9 cents, respectively, for every dollar that men earned **performing the same jobs**, and minorities in the U.S earned 99.2 cents for every dollar that white employees earned performing these same jobs. We continue to prioritize pay equity."



Clarity, context, action

Starbucks explains for each factor impacting pay equity:

- Reason for the U.S. pay gap
- Best practices and tools they use to achieve pay equity



HOW STARBUCKS IS

ACHIEVING 100% PAY EQUITY

Working with experts and our partners (employees), we've developed a set of best practices and tools designed to address systemic barriers impeding equal pay for equal work. We hope that others will join us in employing best practices, not only at Starbucks, but at companies across the world.



HIRING



BENEFITS AND DEVELOPMENT



CULTURE

REASON FOR THE U.S. PAY GAP



Starting compensation offers are subjective and determined by the hiring manager, allowing for the effects of bias.



New salary offers are based on salary history, so pay inequities follow employees from job to job.



Lack of transparency about pay ranges for roles within companies.

BEST PRACTICES AND TOOLS WE USE TO ACHIEVE PAY EQUITY

We create all compensation offers consistently. For our most common jobs, we use an offer standards calculator to determine target starting pay ranges based on a candidate's experience. Other offers follow guidelines that account for geography and capability in role when setting pay within a competitive range.

We do not ask for compensation history. We do not use someone's prior compensation to determine the base compensation offer for a new role.

We provide pay ranges for any role to U.S. and Canada job candidates who ask.

Communicating results when they're less than perfect

Wells Fargo

“Making progress on the gender pay gap is a long-term commitment and I want to reinforce my personal commitment to diversity, equity and inclusion (DE&I) and to taking the necessary steps to improve gender and broader diversity representation across our business.”

— John Langley, Head of Wells Fargo International and Regional President, EMEA

Mean and median gender pay gap

	Mean	Median
Hourly pay	20.7%	15.1%

Stitchfix

“We understand the power of data and analytical rigor... we are committed to sharing [representation and pay data] publicly to illuminate where we've made progress, where we've fallen short and why and where we need to focus our efforts moving forward.”

STITCH FIX

MEAN & MEDIAN GENDER PAY GAP - HOURLY



Difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees, expressed as a percentage of the **mean hourly rate of pay of male full-pay relevant employees: 34%**



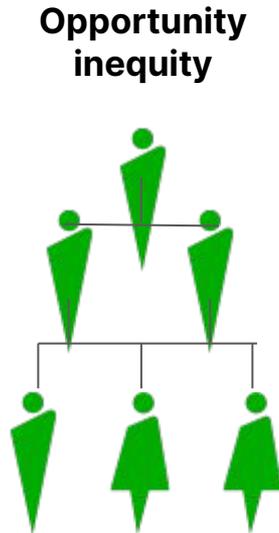
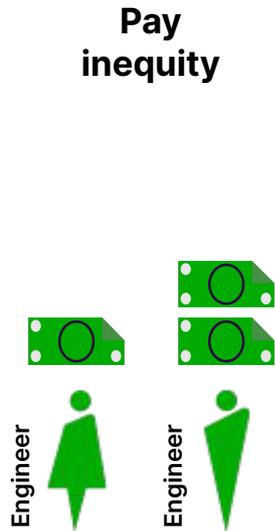
Difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees, expressed as a percentage of the **median pay of male full-pay relevant employees: 24%**



What causes the pay gap?

Typically 4 Root Causes of the Pay Gap

Explained using a gender example



Which factors drive the gap?

The average woman earns 82 cents for each \$1 earned by the average man.

8¢

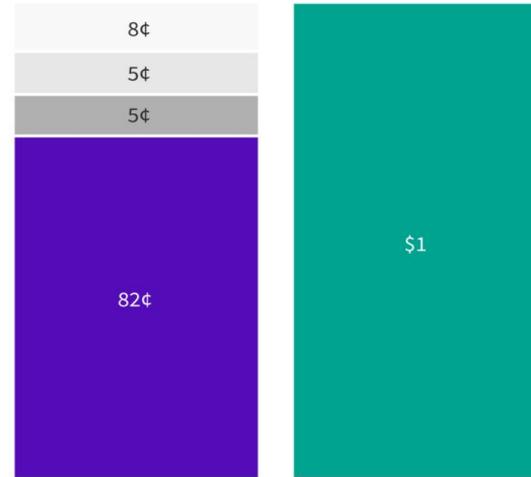
Level: Differences in the distribution of women across levels contribute to 8 cents of the difference in pay.

5¢

Job Group: Differences in distribution of women across job functions contribute to 5 cents of the difference in pay.

5¢

Other: All other reasons, explainable or not, except level and job function, contribute to 5 cents of the difference in pay.

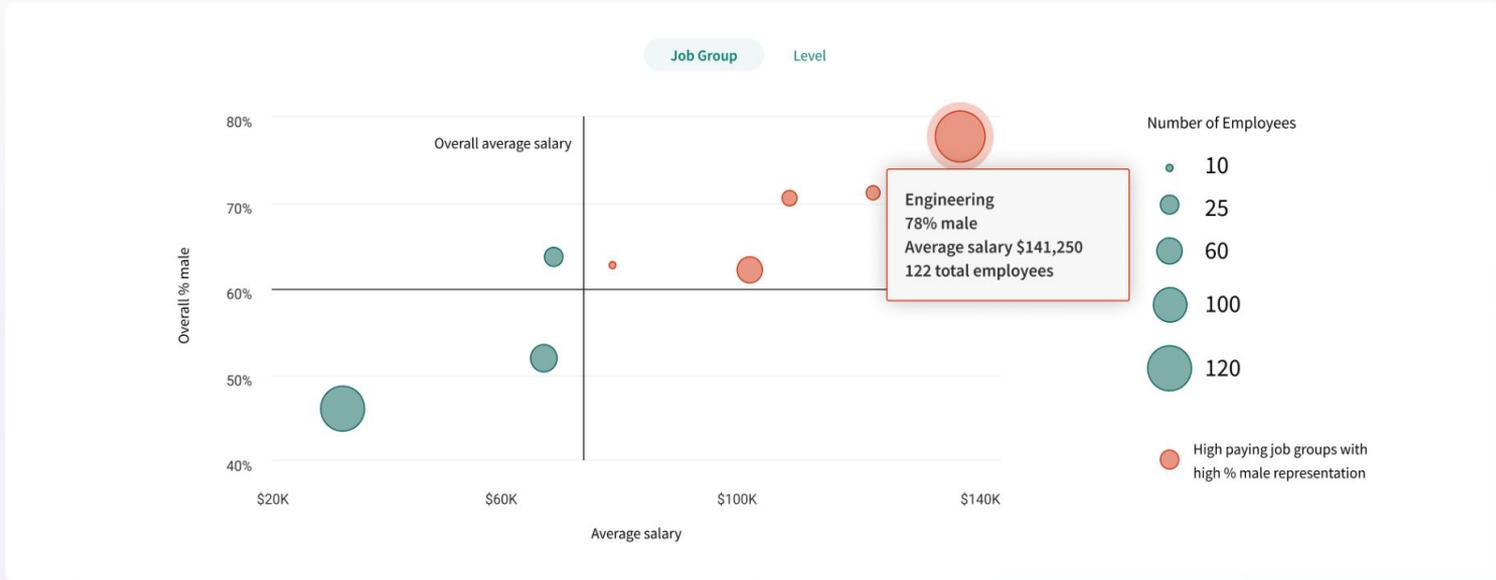


Women's Pay

Men's Pay



Which job groups are driving the pay gap? ?



Which groups across the org have gaps relative to availability?

Benchmark: Labor pool availability

Level	Headcount	CFO	CHRO	COO	General Counsel	International	Supply chain
Executive	6	-	-	-	-	-	-
VP and SVP	20	🔍	🔍	🔍	🔍	🔍	-
Director	30	✅	✅	✅	✅	⚠️	❌
Manager	100	✅	✅	❌	❌	⚠️	✅
IC	500	❌	✅	❌	✅	✅	✅

❌ Statistically significant gap ⚠️ Approaching Statistically significant gap ✅ No statistically significant gap

🔍 Too few people for analysis - No one in group



Hide filters

Overall

▼ Headquarters

- ▶ Engineering
- ▶ Research and strategy
- ▼ Operations
 - ▶ Supply chain
 - ▶ Procurement
 - Forecasting
 - ▶ Quality control
 - ▶ Distribution
 - Customer service
- ▶ Finance
- ▶ Marketing
- ▶ Business dev
- ▶ Human resources
- Legal
- ▶ Retail
 - ▶ East
 - ▼ West
 - ▶ California

In headquarters, where does women's representation fall short of labor pool availability?



There is a statistically significant gap in representation when moving from IC to Manager

❌ Women's representation falls short of labor pool benchmarks in 3 levels.





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