

Gender Pay Gap

2023 REPORT

Sotheby's EST.
1744



Sotheby's façade © Peter Parr



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Minding the Gap

As part of the Government's aim to close the gender pay gap within a generation, the regulations require all companies with 250 or more employees in England, Scotland and Wales to publish annual information regarding their gender pay gap on their company website and on a dedicated Government website. This fifth annual report includes the requisite disclosures as well as additional information relating to 2023. We confirm the data reported herein is accurate.

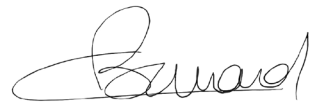
Sotheby's welcomes the evaluation and analysis required under the gender pay gap regulations. It is universally acknowledged that diversity is a key driver of success. We believe that a diverse and gender-balanced workforce makes for a more stimulating and innovative environment for our staff, which in turn benefits our clients, shareholders and the wider business.

Closing the gender pay gap requires sustained effort and attention. We have much to be proud of at Sotheby's, including female role models in leadership positions and female representation at all levels of our work force, yet our analysis under the gender pay gap has identified that there are areas to be explored and overcome.

This report offers insight to help us focus on and drive appropriate and effective procedures to ensure we offer equal opportunities, progression and pay for our staff in all functions, both in the UK and globally.



Jayne Franks
Regional Director, HR



Cécile Bernard
Managing Director



Helpful Definitions

Equal Pay vs Gender Pay Gap

According to the UK Equal Rights Commission, whilst both equal pay and the gender pay gap address the disparity of female pay in the workplace, they are two distinct issues.

Equal pay means that men and women in the same company must be paid equal pay for equal work, as set out in the Equality Act 2010.

The gender pay gap is a measure of the difference between male and female average earnings across an organisation, expressed as a percentage of male earnings.

The gender pay gap regulations have been introduced to create visibility around the levels of seniority and pay that men and women are achieving as well as the roles they are accessing. There is a significant difference between the two definitions and it is possible for an organisation which has no equal pay gap to show a gender pay gap, due to the number of men and women at different levels in the organisation. However, the gender pay gap is one statistic which highlights that we still have areas to explore and overcome at Sotheby's.

Mean vs Median

The Gender Pay Act reporting regulations specifically require two of the most common statistical averages, the mean and median, to be reported. These metrics are complimentary but identify different aspects of pay distribution across an organisation.

The “mean” is the “average”, adding up all of the values and then dividing the total by the number of values. The mean can be skewed by any outliers at the top or bottom of the sample (i.e. very high or very low salaries and bonuses).

The “median” is the “middle” value in the list of numbers arranged in numerical order from smallest to largest. It looks at the ‘central tendency’ of the sample, showing the middle place salary. It is less affected by outliers and provides a helpful measure of the centre of a dataset.

By comparing the median to the mean, we can get an idea of the distribution of our data. When the mean and the median are the same, the dataset is more or less evenly distributed from the lowest to highest values.

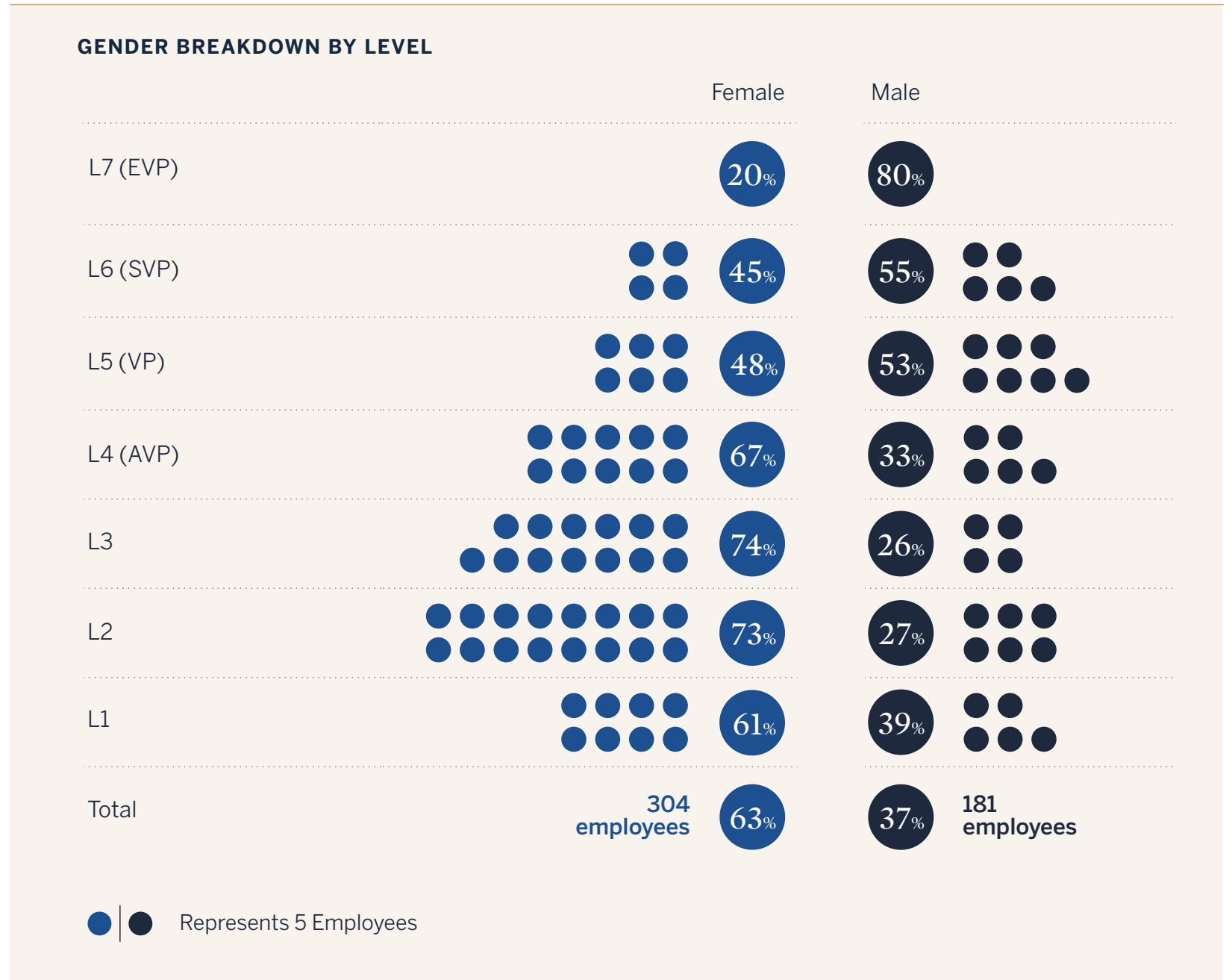


Gender Pay Gap at Sotheby's

The total workforce in the reporting period was 485 and the overall workforce split was 63% female and 37% male.

As can be seen from the chart below there are higher percentages of females in more junior grades of the organisation. The proportional percentage difference between males and females, reduces with seniority. This is illustrated in the 2023 data where 62% of our most junior L1 to L3 roles were female (a decrease from 69% in 2022, and 71% in 2021). However, in more senior grades at L4 and above, there are 37% of females in these roles. We are pleased that women are so well represented at all levels of the company although the greater number of women in more junior roles has an impact on the overall statistics.

Beyond the demographics there are other factors which influence equitable individual compensation outcomes, such as the scope of roles and responsibilities and individual experience and capability. We believe in paying for performance and remunerating men and women equally for doing equal jobs. Our meritocratic approach underpins our formal officer promotion process as well as our annual pay review, the guidelines for which have been formulated to ensure employees are rewarded appropriately on an individual basis. We are able to showcase how this process has aided female progression as in 2023, 76% of L5 (VP) annual promotions were female and 71% of L6 (SVP) annual promotions were female.



Gender Pay Gap at Sotheby's

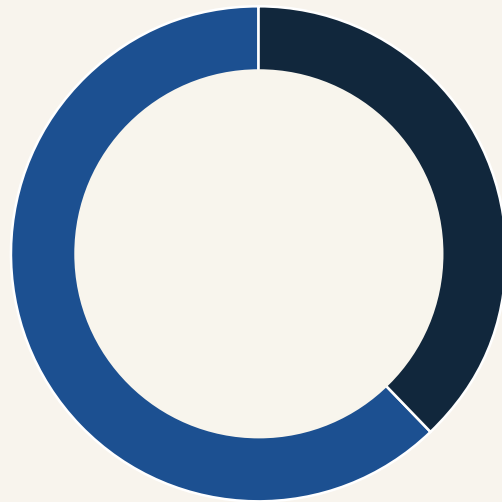
As of 5th April 2023 our median gender pay gap was 27.27% (an increase from 26.92% in 2022). The UK median was 14.3% in 2023 as reported by the Office of National Statistics.

Our mean gender pay gap has decreased to 26.98% compared to 30.82% in 2022. These statistics are largely driven by the proportion of women in more junior roles within the company.

Overall, both our Median and Mean gender pay gap has decreased significantly since 2021 where our Median was 30.7% and the Mean was 32.1% which demonstrates that we continue to make improvements in this area.

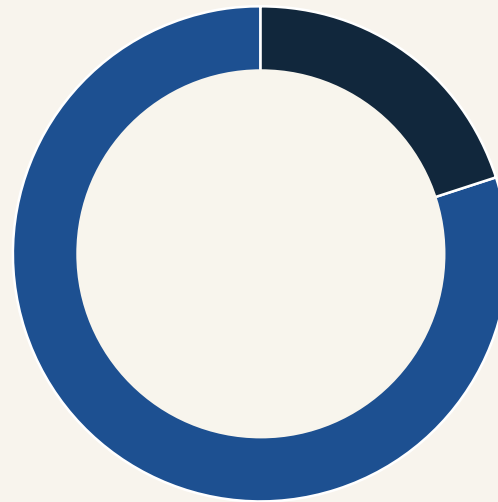
We can see that the lower two quartiles were predominantly made up of female employees with 62% and 80% respectively. This reflects a decrease from 72.8%. However, we are pleased to see a closer split in the upper pay quartile and a higher percentage of women (62%) in the upper middle quartile. This reflects the broadly even proportion of staff at our higher corporate grades and demonstrates that all have an equal opportunity to be amongst our highest paid staff.

GENDER PROFILE BY PAY QUARTILE



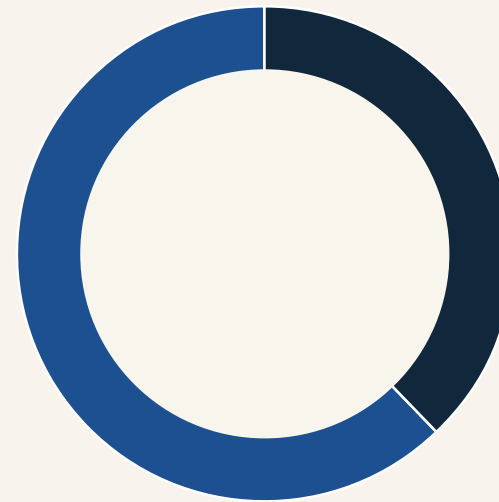
LOWER QUARTILE

● Female 62%
● Male 38%



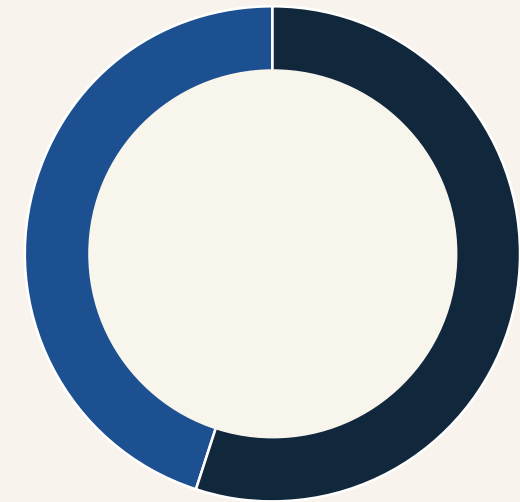
LOWER MIDDLE QUARTILE

● Female 80%
● Male 20%



UPPER MIDDLE QUARTILE

● Female 62%
● Male 38%



UPPER QUARTILE

● Female 45%
● Male 55%

Gender Bonus Pay Gap

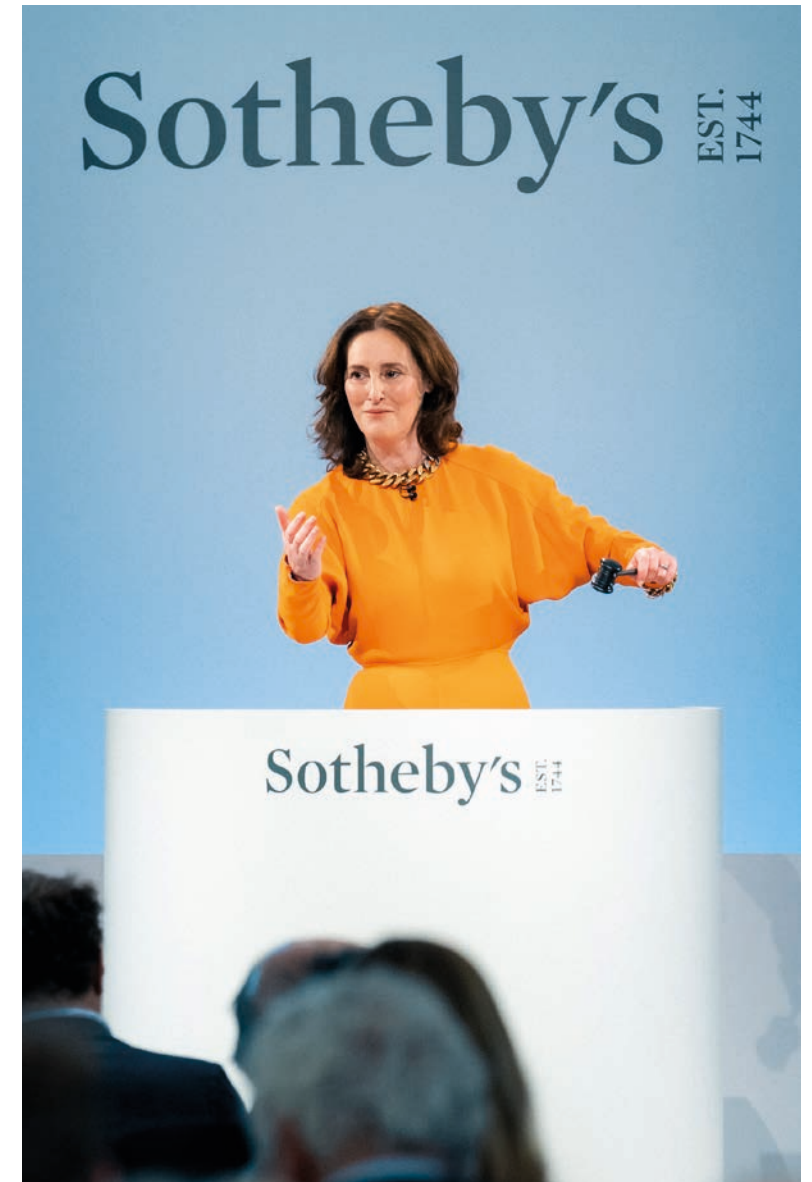
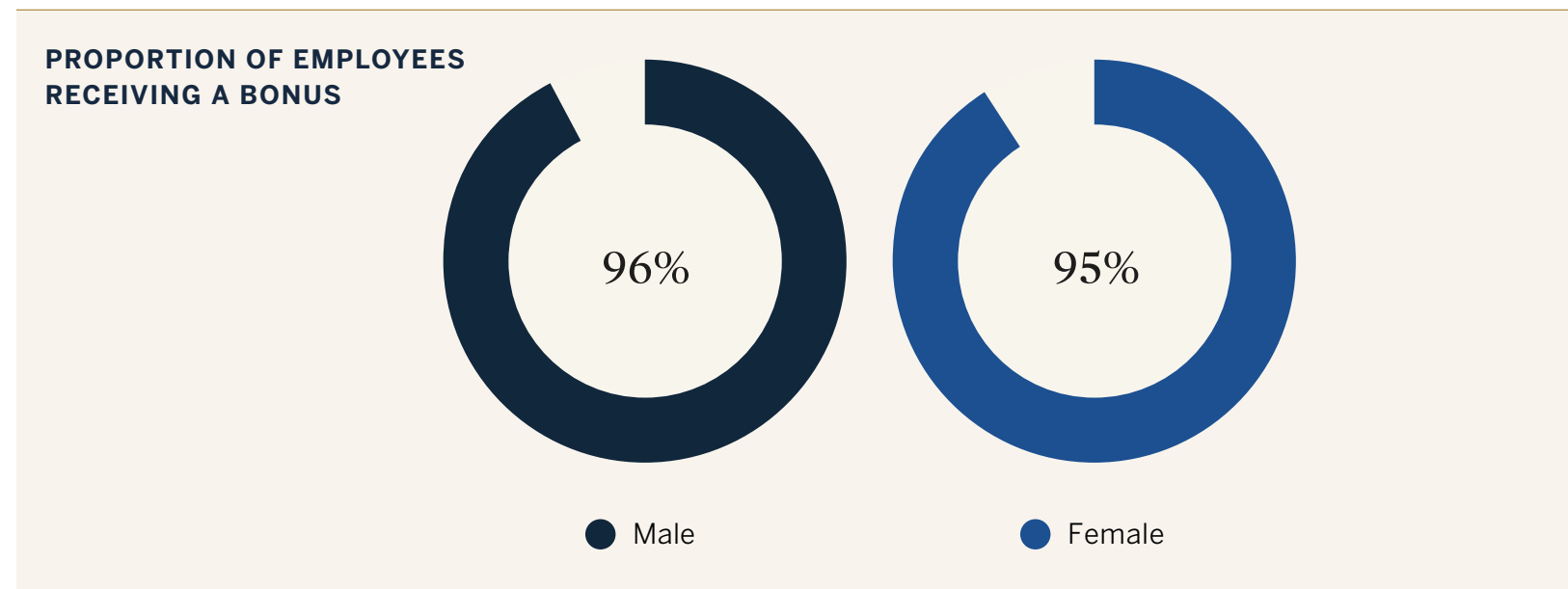
As per the regulations our gender bonus pay gap calculations include incentive compensation elements such as annual cash discretionary bonuses, private sales commissions and stock vests.

In the disclosable period 90% of males and 88.5% of females received a bonus as defined above.

When we apply our existing eligibility criteria to the reported population (which would exclude employees whose start date makes them ineligible to receive a bonus that year), 96% of males and 95% of females were paid a bonus.

Our median gender bonus pay gap was 55% and our mean gender bonus pay gap was 73%. Factors that influence bonus pay differences include role scope and individual performance.

Sotheby's recognises that the majority of employees who are in business getting roles are male. We are committed to broadening the representation of women beyond corporate function roles. Sotheby's is actively working to cultivate a pipeline of female talent capable of assuming business getting positions across the organisation.



Closing the Gap

Sotheby's embraces the insight that the Gender Pay Gap reporting brings and the increased awareness around gender representation and gender pay.

Whilst we are pleased that we have a nearly equal gender representation in our upper pay quartile, closing the gender pay gap continues to require our attention.

We are now able to focus on areas to sustain longer term progress, such as finding ways for all staff to overcome barriers to career progression, looking at how we train and encourage staff in private sales (which offer high levels of commission) and re-examining how we support individuals to achieve their maximum potential. We continue to strive to offer equal opportunities and progression for male and female staff in all functions across the company.

Sotheby's commitment to diversity and inclusion is at the forefront of our recruitment strategy. We acknowledge that diversity will drive our future performance and are working to increase awareness of and access to opportunities at Sotheby's for existing and future talent.

Diversity of all kinds will drive our future performance.

We offer our colleagues a range of internal and external opportunities for personal and career development:

Job Architecture Framework:

- Sotheby's continues to utilize its job architecture framework to ensure fair hiring practices and benchmarking within the organization. This framework provides a structured approach to evaluating roles, skills, and compensation, helping to minimize biases and promote transparency in pay decisions.
- We continue to imbed the work done by our employee-led Employee Resource Groups for example the Women's Empowerment and Support Employee Resource Group (WESERG) organise panel discussions featuring our female Sotheby's leaders. This enables colleagues to hear from Sotheby's female leaders on their experiences and career progression.
- Sotheby's continues to further enhance its use of data and data analytics, we are in the first phase of creating a more sophisticated D&I dashboard to track and analyse data related to the workforce demographics, pay and career progression. This helps us to identify areas where improvements are needed and develop effective strategies to address these issues.
- In addition to this Sotheby's is having a big push for improving the quality of data to ensure it is accurate and reliable. This involves reviewing and updating our data collection processes and investing in technology and training.
- Focussing on training to raise awareness and understanding of diversity and inclusion among their employees. This includes providing training on unconscious bias, inclusive leadership and cultural competence.

Focus on Diverse Hires:

Sotheby's has intensified its efforts to recruit a more diverse workforce, with a particular emphasis on increasing the representation of women in key business getting roles. This commitment to diversity is evident in the recent surge of female hires and promotions within the company. By fostering and nurturing talent from diverse backgrounds, Sotheby's aims to create a more inclusive and equitable work environment.

Entry-Level Programs:

Sotheby's is actively addressing the gender pay gap at its entry level by offering opportunities for female candidates to join its internship and associate programs. Out of 500 applications received, the company selected 19 female candidates out of a possible 20 for internship positions last year, with 11 out of 12 subsequently joining the Associate Program. Notably, the majority of these female hires are placed in business-oriented and client-facing roles, underscoring Sotheby's commitment to empowering women in key areas in the future.

Senior Female Leadership:

While acknowledging the presence of senior female leaders within the organisation, Sotheby's recognises the need to broaden the representation of women beyond corporate function roles. While senior leadership roles are traditionally dominated by men, Sotheby's is actively working to cultivate a pipeline of female talent capable of assuming leadership positions across various departments and functions.

- By implementing these initiatives, Sotheby's is not only addressing its gender pay gap but also fostering a culture of diversity, equity, and inclusion throughout the organisation. Through ongoing efforts and commitment, Sotheby's aims to create a more balanced and equitable workplace where all employees, regardless of gender, have equal opportunities for growth and advancement.



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