



# ENCOURAGING TRANSPARENCY AND ACTION ON PAY DISPARITY

Engagement Case Study



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At ESG-AM, we believe that addressing social inequalities is fundamental to stable economic development and long-term financial returns. Companies with strong sustainability performance, particularly in the social dimension, are generally better positioned for future success. They tend to attract and retain talent, maintain stakeholder trust, and navigate regulatory and reputational risks more effectively.

One critical aspect of social performance is equitable pay. Disparities such as the gender pay gap and excessive CEO-to-median-worker pay ratios can signal deeper structural issues within a company's culture and governance<sup>1</sup>. Since 2022, ESG-AM has been engaging with a number of companies on the theme of pay disparity. The objective of this engagement theme is to increase transparency of these two key metrics, enabling the evaluation of how effectively companies are addressing these specific pay-related issues. Once such metrics are disclosed, and where appropriate, we focus on encouraging the closing of identified gaps in compensation policies and practices.

One of the companies we targeted under this theme was the Iliad Group, a delisted and now privately held European telecommunications provider. Addressing these gaps is particularly important in the telecommunications and broader ICT sector, where gender equity and pay transparency remain persistent challenges. In particular, gender pay gaps across the European ICT sector, which includes telecommunications, ranged from 10.8% to over 30% in 2024<sup>2</sup>, driven by

occupational segregation and underrepresentation of women in technical and leadership roles.

We first approached the Iliad Group in December 2022. While the company performed well on national gender equality benchmarks<sup>3</sup>, it had not disclosed its group-wide gender pay gap or CEO-to-median-worker pay ratio, nor had it communicated public, time-bound objectives and measurable KPIs to address pay disparities.

After reviewing the company's response to our proprietary questionnaire on pay disparities provided in 2023, we renewed our efforts to encourage disclosure. A key moment came in April 2024, during a call with the Group's newly appointed, and first, Chief Sustainability Officer. We used the opportunity to reiterate the importance of disclosing the gender pay gap and CEO pay ratio, and of setting time-bound objectives, highlighting regulatory expectations, peer examples, and reputational benefits.

During the call, the company explained that it had not disclosed its group-wide pay gap due to complexities in internal reporting. Promisingly, the Iliad Group confirmed that its HR department was actively addressing these issues, improving HR data systems, in preparation for upcoming EU disclosure requirements under the CSRD<sup>4</sup>.

Importantly, the company highlighted that in its French operations, the gender pay gap was not significant, with some entities even showing higher average pay for women. Moreover, the company launched a Gender Equality Month in March 2024, which led to the development of a

group-wide roadmap that same year. The roadmap sets strategic priorities through 2025 and beyond, focusing on increasing the number of women in tech, combating gender stereotypes, and empowering women in the workplace.

Regarding the CEO pay ratio, the company did not reveal a timeline for disclosure. However, it highlighted that ESG governance was strengthened with the introduction of a long-term share plan in December 2023, with part of the shares granted to executive officers linked to the achievement of an environmental target. A move that reflects a step forward toward greater accountability by linking executive compensation to measurable ESG outcomes.

In 2025, we were pleased to see and commend the Iliad Group for taking a significant step forward by publicly disclosing both its group-wide unadjusted gender pay gap and CEO-to-median-worker pay ratio<sup>5</sup>. Given the company's private ownership structure and the complexity of its executive compensation framework, this level of disclosure reflects a strong commitment to accountability and stakeholder trust. It also sets a positive example for peers in the sector, showing that

private companies can lead on transparency in social performance.

Encouragingly, these disclosures also led to an improvement in ESG-AM's proprietary Social Transformation Score (STS)<sup>6</sup> for the Iliad Group, which moved from 2.0 to 1.8, on a scale where 1 indicates leading issuer performance on social factors and 4 the weakest. This puts the Iliad Group ahead compared to the average STS performance of telecommunications companies represented in investment indices referenced by ESG-AM for benchmarking.

As the Iliad Group continues to implement its gender equality roadmap, we believe this disclosure lays a critical foundation for driving measurable change. While we welcome the company's 2025 focus areas for promoting gender equality, we encourage the company to build on this momentum by translating its commitments into specific, time-bound objectives supported by measurable KPIs—particularly in relation to reducing the group-wide gender pay gap. We view this as essential to moving from intention to impact and will continue to engage constructively to support the company in this next phase of its progress.

#### CONTACT

We are committed to continuous improvement and value feedback from our stakeholders. We invite readers to share their feedback on this case study via [engagement@esg-am.com](mailto:engagement@esg-am.com). For further inquiries on our engagement framework, please reach out to our Engagement Manager, Paula Krol: [paula.krol@esg-am.com](mailto:paula.krol@esg-am.com)



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## ENDNOTES

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- <sup>1</sup> Workforce Disclosure Initiative (2022). Wage Levels and Pay Gaps. Available at: <https://wdi.trust.org/resource/company-guidance-2022-wage-levels-and-pay-gaps/> (Accessed on 12 May 2025).
- <sup>2</sup> Gaweł, A. and Kapsdorferová, Z. (2024) "Women in the ICT Sector in European Union States: Facing Gender Inequalities". *Studia Europejskie – Studies in European Affairs*, 1/2024, pp. 111-130. DOI: 10.33067/SE.1.2024.
- <sup>3</sup> The Gender Equality Index is a national metric composed of five indicators: gender pay gap, gap in individual raises, gap in promotions, percentage of female raises after maternity leave, and gender representation among top earners. Iliad has consistently achieved good scores in the past years, most recently achieving a score of 94/100 in its 2024 Gender Equality Index for French operations. Read more here: <https://www.iliad.fr/en/actualites/article/2024-gender-equality-index-the-iliad-group-achieves-an-overall-score-of-94-100>
- <sup>4</sup> Corporate Sustainability Reporting Directive: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>
- <sup>5</sup> Iliad's group-wide unadjusted gender pay gap stands at 14.8%, while the CEO-to-median-worker pay ratio is reported at 37:1. See page 171 of the 2024 Universal Registration Document: [https://www.iliad.fr/media/ILIAD\\_URD\\_28042025\\_ENG\\_81bbd00ae3.pdf](https://www.iliad.fr/media/ILIAD_URD_28042025_ENG_81bbd00ae3.pdf) (Accessed on 20 May 2025).
- <sup>6</sup> ESG-AM's Social Transformation Score (STS) Methodology: The proprietary score model developed by ESG-AM is a positive screening tool, which enables the investment manager to screen issuers' social performance. The tool draws on data from leading ESG data providers. The ESG-AM Social Transformation Score (STS) Methodology evaluates issuers' performance in the following topic areas: fair working conditions; diversity and equal opportunities, including for example equal pay for equal work and CEO pay ratio; gender equality; fair supply chain and supplier standards; and human rights and non-discrimination policies. The positive screening process results in the allocation of a Social Transformation Score (STS) to issuers and enables the investment manager to focus on better performers. The STS score ranges from 4 (worst) to 1 (best), with lower scores indicating stronger social performance.