

# Gender pay gap

2018 to 2019 reporting year



# Welcome

## to our gender pay gap report



Preben Prebensen, Chief Executive

**We are building an inclusive environment where all colleagues feel proud to work. We are also passionate about fairness and equality, regardless of how our colleagues identify.**

As a diverse and inclusive employer, we are confident that men and women are paid equally for performing equivalent roles across our business. As part of our commitment to taking all steps possible to see a long-term change we are focused on continuing our efforts to reduce our gender pay gap.

When looking at the gender pay gap, it is important to note that it is different from equal pay. The latter focuses on parity between pay for different genders performing at similar levels in similar roles, whereas the gender pay gap focuses attention on the absolute gap, which is mostly driven by a larger number of males in front office and senior roles where market rates are higher.

For executive targets on gender balance, as of 30 June 2018, we are in line with the Hampton-Alexander gender targets and exceed the Government target of 33% of Board members identifying as female.

As part of our long term broader ambitions around inclusion, we are committed to improving gender balance. We continue to create opportunities to improve our female talent pipeline at all levels of our business and have initiatives in place where we aim to improve the intake of females in entry level roles. We are also focused on promoting talented females within the front office.

We are pleased that our employees continue to feel that we are inclusive – in our 2019 Employee Opinion Survey, 88% of males and females agreed that their division treats employees fairly regardless of their gender or ethnicity, and 91% of our colleagues felt that they could be themselves at work. Additionally, we continue to work with *Stonewall*, a leading LGBTQ+ rights charity and the *Employers Network for Equality and Inclusion (ENEI)* who support our activities and commitments to drive forward change in the diversity and inclusion sphere.

# Some key statistics about gender balance and gender pay

## Our female employees represent<sup>1</sup>...

 **44%** of our workforce

 **28%** of our Senior Managers<sup>2</sup>

 **40%** of our Managers

 **36%** of our Board

<sup>1</sup> The above figures are calculated on a three year rolling average with data as at 5 April 2016, 5 April 2017 and 5 April 2018. All other statistics within the report are calculated as at 5 April 2018.

<sup>2</sup> We define Senior Managers within the Group as those who have line management responsibilities for a line manager. They are generally heads of departments, functions or larger teams.

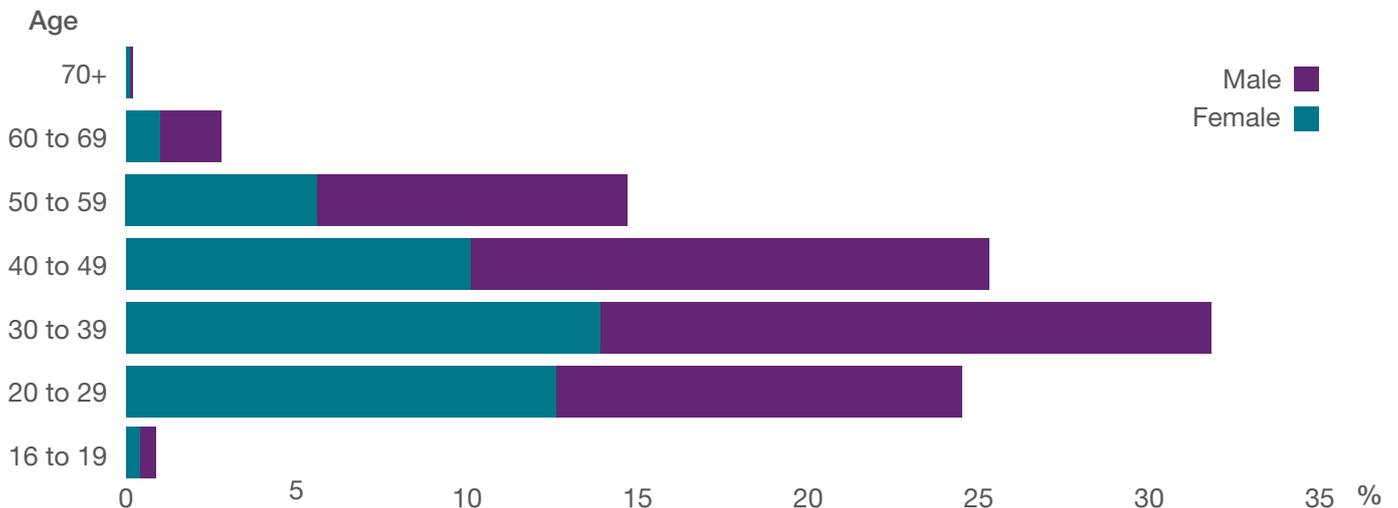


**8%** of our employees have elected to work part-time



**86%** of part-time workers are female

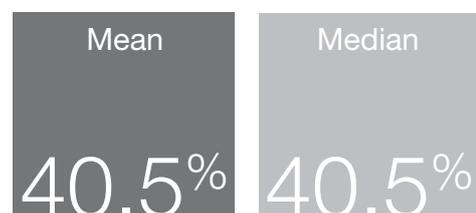
## Our workforce spans seven decades



**2.8%**

Average pay gap between employees in the same salary band

## Our Group-wide gender pay gap



# What are we doing to improve diversity and inclusion?

## Our progress so far

Through a variety of initiatives, we are focusing on improving diversity and inclusion across the Group. Below are a number of steps we are taking to promote gender balance at all levels and to continue to create a culture where all our colleagues can thrive.

### Inclusive attraction and recruitment

All our entry level and formal training programmes aim for a 50:50 gender split. This includes our Asset Finance Sales Academy and our Aspire school leaver and Graduate programmes.

In our 2018 intake, 60% of the Aspire school leaver programme and 54% of the Graduate programme were female. Our annual 'Future Female Talent' continues to help attract talented females to the Graduate programme.

We launched our summer internship programme in partnership with UpReach, for undergraduates from a less-advantaged background.

### Benefits and flexibility

Flexible working is promoted across the Group wherever possible.

We continue to review our benefits offering and provide a variety of family friendly benefits for our colleagues to utilise, including enhanced parental leave and emergency backup care for children and elderly relations.

### Tackling bias and driving accountability and awareness

Training has been delivered on bias and perceptions for over 250 managers and senior managers, highlighting how behaviours and decisions drive our culture and enable an environment where everyone can thrive. All training has been delivered face-to-face to make it as impactful as possible.

### Development programmes and mentoring

A range of development and mentoring programmes are offered across our different businesses, which are designed to foster and enable talented females to thrive and progress across the Group.

We partner with the 30% Club and participate in their leading cross-company mentoring scheme. 32 of our talented females have taken part in the scheme, with a further 20 currently being mentored. We are also delighted that Lance Brodie, our Bank COO was named as 'Most Inspirational Mentor of the Year' at the *#InspiredByMentoring* awards.

### Partnership with leading diversity organisations

Three leading organisations partner with us to inform our thinking and provide support for inclusion-based activities throughout our businesses.

- *30% Club* is an institution focused on developing diverse pools of talent and promoting better gender balance at all levels of organisations
- *Stonewall* is Europe's largest LGBTQ+ charity supporting individuals and employers
- *The Employer's Network for Equality and Inclusion* is the UK's leading employer network covering all aspects of equality and inclusion in the workplace

### Improving our gender balance

We have become a signatory of the Women in Finance Charter, a government-backed initiative dedicated to improving gender balance in senior positions across Financial Services.

By 2020 we aim to have at least 30% female representation in our senior management population.



## Continuing our efforts

**Over the next year, we will continue to take further steps to improve the gender pay gap and increase the diversity of our talent pools through commitment and initiatives. We believe having a diverse and engaged workforce is the key to enabling all our employees to thrive.**

### **Improving our gender balance across the front office**

We aim to increase the proportion of female senior managers over the medium term, with a particular focus on front office roles.

Our front office talent pipeline continues to improve from a gender balance perspective with the successful launch of the second Asset Finance Sales Academy in 2018.

### **Monitoring perceptions of fairness**

The breakdown of data from our 2019 Employee Opinion Survey will be utilised to identify any 'hotspots' where there is a perceived lack of fairness and create action plans to address any challenges.

### **Enhancing our inclusive attraction and recruitment**

For senior roles, we insist that a diverse shortlist of candidates is provided. With a focus on direct sourcing, we will broaden this out to manager level roles.

Our entry level programmes will continue to have an explicit 50:50 gender balance objective.

Our use of recruitment tools and line manager training will be reviewed to ensure we are recruiting diversely, from attraction through to offer.

Training will be offered to managers to upskill their ability to write non-gendered job descriptions and recruit effectively.

### **Everyday flexibility**

Flexible working is embraced for both males and females and everyday flexibility is being embedded and promoted across our businesses. We continue to empower and support our colleagues to work where, when and how they choose, enabling them to improve their wellbeing and balance their work and home lives effectively.

### **Mental health and wellbeing**

We are committed to helping our colleagues to improve and maintain their wellbeing, both physical and mental. Following the introduction of Mental Health first aiders, we will aim to increase awareness and upskill our managers to enable them to support our colleagues.



## Our gender pay gap **figures**

**As a diverse and inclusive employer, we are confident that men and women are paid equally for performing equivalent roles across our businesses.**

We continue to take action to address any gaps and make sure our policies and practices are fair including actively reviewing decisions around recruitment and our annual compensation review cycle.

All figures relate to Close Brothers Group as a whole. We provide a breakdown of our figures for the Banking division, Close Brothers Asset Management, and Winterflood Securities in the appendices to this document.

## Gender pay gap figures

The gender pay gap is an equality measure that shows the difference between the average earnings male and female colleagues receive in an organisation. These figures are provided in the chart opposite based on hourly rate of pay as at 5 April 2018.

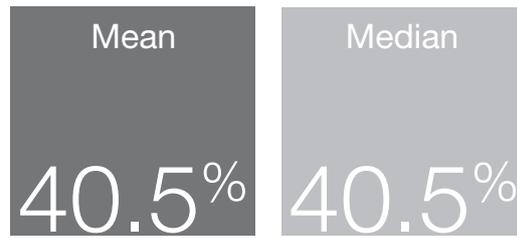
### Understanding our gender pay gap

This chart shows the gender split within four equal quartiles, when we order the hourly rate of pay from highest to lowest. It also provides details of the gender pay gap within each quartile.

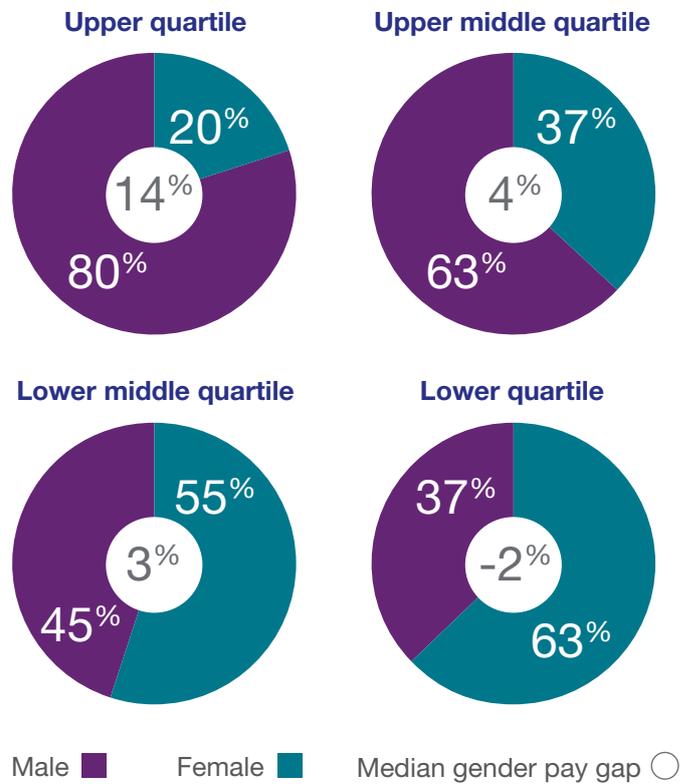
The overwhelming majority of our gender pay gap exists because women hold fewer senior positions within the Group.

If we adjust for the fact that we have more men in senior positions by instead looking at the differences in average pay between males and females in the same salary band, the gap drops to 2.8%. We remain confident that this gap is due to differences in roles and responsibilities within the pay band, and that all employees are paid equally when they are performing the same role.

## Our Group-wide gender pay gap



### Proportion of male and female colleagues in each pay quartile



### Average pay gap between employees in the same salary band



# Our gender pay gap figures continued

## Gender bonus gap figures

The gender bonus gap is an equality measure that shows the difference between the average annual bonus that male and female colleagues receive in an organisation. These figures are provided in the chart opposite based on all bonus amounts paid within the reporting period (6 April 2017 to to 5 April 2018).

## Understanding our gender bonus pay gap

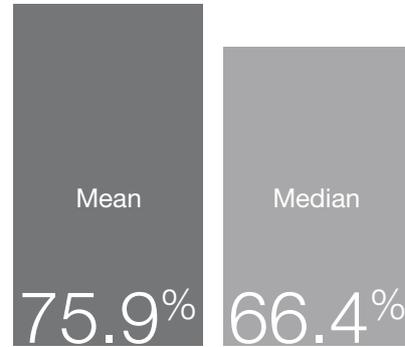
All colleagues within the Group are eligible to receive a bonus.

The reason for those not receiving a bonus is generally down to one of two factors:

- The individual joined the company after a certain point in the annual compensation review cycle
- Unsatisfactory performance during the year

We remain confident that performance is measured fairly and we analyse the gender split of our performance ratings to ensure equitable treatment of all our employees. In FY18, a higher proportion of males received an unsatisfactory performance rating than women. Therefore the difference in percentage between males and females that actually received a bonus can be attributed to a higher proportion of females joining the organisation during the year.

## Our Group-wide gender bonus gap



## Proportion of males and females receiving a bonus



Our gender bonus pay gap is higher than our gender pay gap. There are two main reasons for this.



of our front office roles are filled by men

Due to market driven factors beyond our control, variable remuneration for front office roles is generally higher than support function and back office roles.



of our part-time roles are filled by women

As salary directly impacts bonus opportunity, part-time employees will receive a pro-rated bonus compared to a full-time employee performing the same role.

As outlined on page five, we continue to take various steps to address these imbalances. Initiatives have been put in place to attract talented women into our front office roles, and to coach and develop them once they are in these roles.

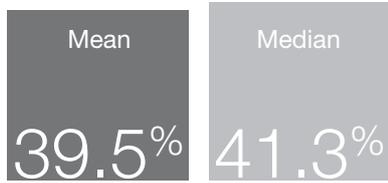
Regardless of how our colleagues identify, we are committed to providing part-time or other flexible working opportunities where possible, and have put in place policies and benefits to support working parents.



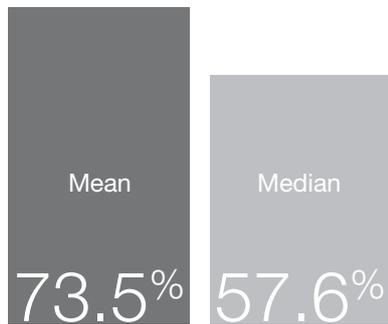
## Summary statement

Since first taking action on diversity and inclusion in 2014, we are making progress and are aware our efforts must continue to achieve long term change. We remain committed to reducing our gender pay gap and supporting our colleagues in order to thrive in their careers at Close Brothers, regardless of how they identify. We are striving for better gender balance across all levels and areas of our organisation.

## Appendix: Close Brothers Banking Division



Gender pay gap figures



Gender bonus pay gap figures

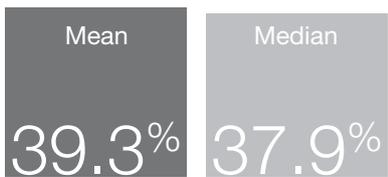


Proportion of male and female colleagues in each quartile band

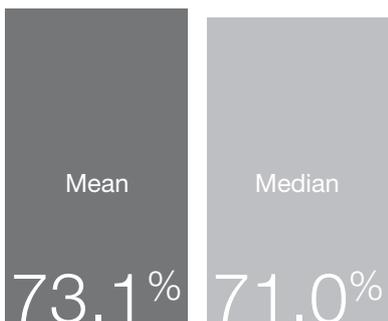


Proportion of males and females receiving a bonus

## Appendix: Close Brothers Asset Management



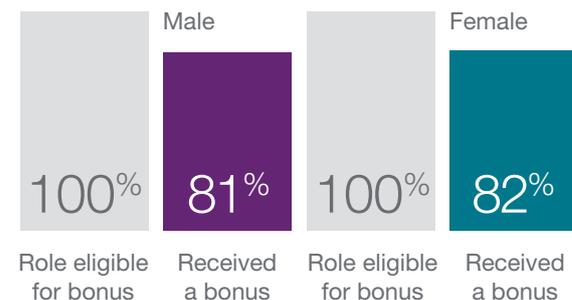
Gender pay gap figures



Gender bonus pay gap figures

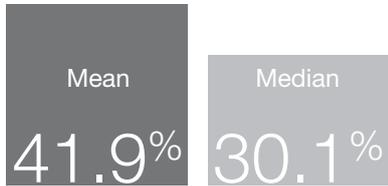


Proportion of male and female colleagues in each quartile band

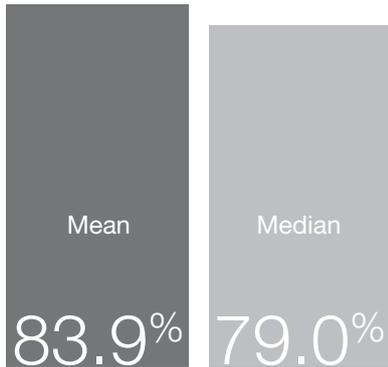


Proportion of males and females receiving a bonus

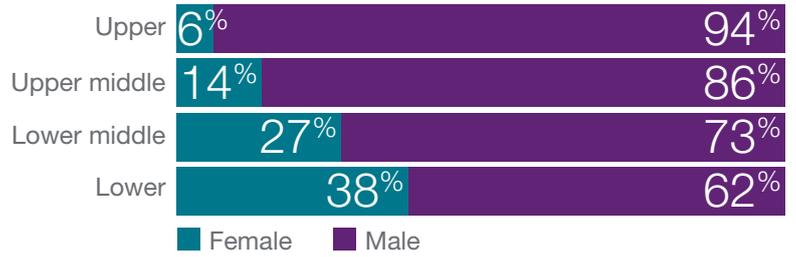
# Appendix: Winterflood Securities



**Gender pay gap figures**



**Gender bonus pay gap figures**



**Proportion of male and female colleagues in each quartile band**



**Proportion of males and females receiving a bonus**

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