



HM Treasury



# Empowering Productivity

Harnessing the Talents of Women  
in Financial Services







The focus of this report is both important and timely. The business case for fairness, equality and inclusion is clearer than ever, and financial institutions must embrace diversity in their organisation in order to reap the benefits. The Bank of England already recognises the value of diversity and has put inclusion at the heart of its practices, working hard to ensure progress in this area.



**Mark Carney,**  
**Governor, Bank of England**

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# Foreword – Harriett Baldwin MP

## Economic Secretary to the Treasury



Harriett Baldwin MP  
for West Worcestershire

“

When I was a managing director in the City, only about 10% of my senior peers were women. Ten years on, the gender dial in Financial Services at senior levels has not moved by much. This matters for the economy as Financial Services is our highest paid sector, with the widest gender pay gap.

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In the UK economy there are now record numbers of women in work, the gender pay gap is at a record low and has been almost completely eliminated for women under 40. Women now comprise 26% of FTSE 100 Board members. But if we want to have economic equality we need to move the dial further in UK Financial Services.

Jayne-Anne Gadhia's Review is a vital stage in our work to tackle workplace inequality, and complements the Government's progress in this area by providing a set of strong recommendations to increase the representation of women in senior managerial roles in Financial Services. I want to thank Jayne-Anne and her team for the immense amount of work they have put into this Review. They have gone the extra mile to ensure that anyone in the sector with a view on this subject has had a chance to be heard. Thousands responded to a survey and there have been two rounds of industry consultation across the whole UK.

This Review is one part of the Government's overall commitment to tackling gender inequality in the workplace and ensuring that women everywhere are able to fulfil their potential. This extensive programme of work includes efforts to close the gender pay gap, where new regulations will require every firm with over 250 employees to publish the difference in average pay between their male and female employees, and Lord Davies' review on improving the gender balance on British Boards.

The strong moral case for helping women reach their aspirations is obvious, and the economic case is compelling. The OECD has estimated that equalising the role of men and women in the labour market could increase GDP by 10% by 2030. Since the Financial Services sector is the highest paid sector in the UK economy, where the gender salary gap for full-time employees is at its most stark, it merits its own review. Financial Services is at the centre of driving productivity in the UK and is our largest export – Financial Services and related professional services employ over two million people, two-thirds of which are outside the M25.

I fully support Jayne-Anne's findings and believe that widespread adoption of the Review's recommendations will help make a genuine difference to gender diversity in Financial Services. I encourage all firms across the Financial Services sector to support this Review and commit to the implementation of these recommendations, to help ensure that women everywhere are able to fulfil their potential.

*H Baldwin*

Harriett Baldwin MP  
March 2016

# Jayne-Anne Gadhia

CEO, Virgin Money



Jayne-Anne Gadhia CBE

“

The Economic Secretary to the Treasury, Harriett Baldwin, invited me to lead this Review following the publication of the Government’s Productivity Plan ‘Fixing the Foundations: Creating a More Prosperous Nation in 2015’. I was asked to focus on the representation of women in senior managerial roles in the Financial Services industry.

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This Report and its recommendations are about fairness, equality and inclusion for men and women. Because the achievement of a balanced workforce at all levels in Financial Services will undoubtedly improve culture, behaviours, outcomes, profitability and productivity.

More women than men are employed in Financial Services but, many do not progress beyond middle management levels, leaving almost all of the top jobs in the hands of men.

This outcome has, arguably, contributed not only to the financial crisis, but also to an imbalance in a society in which banks and Financial Services firms provide the life-blood for economic progress.

Few people disagree with the need to address gender balance and there are many reports written on the subject and several groups working hard to address it. Indeed, there is real engagement, from men and women at all levels in the sector to help address the issue. Nearly 3,500 people - men and women - contributed to this Report through a variety of channels and I am delighted their views will be heard.

There are a range of issues that organisations must address in order to develop a fully inclusive workforce at all levels. When we asked mid-tier managers in Financial Services, they identified ten key enablers, including the need for a supportive people manager, having the technology to support flexibility and creating the right culture.

We recommend that all organisations explore these - and the other issues identified in this Report - in considering how to improve inclusion in their own workplaces.

But, in the end, we did not find a magic bullet. All organisations are different and have differing priorities. All individuals necessarily have different requirements and views.

Through our roundtables, we asked people if gender targets would make things better. Here we discovered a difference of opinion among the generations. Younger people, especially women, do not want positive discrimination. They want simply to be valued for themselves. However, we found that as women get older – and particularly when they reach their 50s and realise that nothing fundamental has changed since they started their careers – their views change. Mine certainly did. Women get to a point where they say, “let’s do it”. And then they realise that if they want to see meaningful change in gender equality, businesses need to measure it; because what gets measured gets done.

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Emboldened by Lord Davies' success in requiring targets for women on Boards, and supported by men and women from across the industry, we recommend that we take advantage of this opportunity and turn it into a reality.

We recognise that every business will have its own priorities and requirements and indeed its own views on gender and inclusion. So we recommend that every Financial Services firm operating in the UK be encouraged to publish its own inclusion strategy and targets on an annual basis - and that progress against these internally generated targets be reported.

We recommend that this strategy is owned and driven at Executive Committee level by a senior member of the Committee responsible and accountable for its design, execution and success.

And we propose that success against these internal measures forms part of the annual bonus outcome of all senior Executives.

It is my hope and aspiration that shareholders (including the major investor groups), members, customers and staff of Financial Services firms will see that successful inclusion policies will drive superior service and improved financial performance. As a result, and through the attention of the media, individual firms will be held to account for improving their culture, behaviours and their workforce balance.

I believe that these recommendations allow firms to find their own ways to achieve an outcome that will drive superior local results and a material improvement in productivity for the UK economy.

I would like to thank the many people who have contributed to this Review for their support and encouragement.

Leading this Review into the representation of women in senior managerial roles in the Financial Services industry made me worry that some might perceive this as an initiative to promote women at the cost of men. Let me knock that on the head. This Review is about fairness for men and women.

Together, we will achieve greater inclusion at all levels of Financial Services and, as a result, a fairer and more productive society for now and the next generation. It is the right thing to do.

And we must do it now.



Jayne-Anne Gadhia CBE  
March 2016

# Executive Summary

## Our three overarching recommendations are:

### Reporting

Firms should set their own internal targets, against which they publicly report progress;



### Executive Accountability

There should be an Executive accountable for improving gender diversity at all levels of their organisation and in all business units;



### Remuneration

Executive bonuses should be explicitly tied to achieving the internal targets which firms have set for themselves. It would be up to the institution to determine how they would do this.



Our research shows that in 2015 women made up only 14% of Executive Committees in the Financial Services sector. Too few women get to the top and there is a “permafrost” in the mid-tier where women do not progress or they leave the sector. This is not just about childcare. Women are leaving because the culture isn’t right.

These figures are deeply disappointing and demonstrate the need for a Financial Services specific review. A sector so crucial to the UK’s economic success must lead the way on gender balance issues, rather than lag behind. This Review supports the economic and business case for change. It argues that senior Executives in the UK sector must treat this important issue like any other business problem and make addressing gender imbalances a priority.

The Review asked what would enable women to progress in Financial Services and our key recommendations have emerged from an extensive period of consultation with Financial Services firms and with a wide range of men and women who work in the Sector. Our objective was to have an open, transparent and democratic debate – involving as many firms and individuals as possible and to ensure that as many voices as possible were heard. This was to ensure that we consulted fully on the approach and implementation to ensure our final proposals had widespread support, without which we felt they would be unlikely to succeed.

The focus of this Review and our research has been on the Executive pipeline and the mid-tier level. For this reason – whilst we know that some firms do go further and publish additional data voluntarily – the Review urges firms to publish metrics on gender that penetrate throughout the organisation. In addition, the research shows why the scope of such reporting should extend beyond FTSE companies to the many unlisted Financial Services firms operating in the UK and those which are domiciled abroad.

Meaningful change will require senior Executives in Financial Services to take direct and personal responsibility for addressing gender imbalances within their organisations.

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As a result the Review recommends that a senior Executive – sitting on the firm’s Executive Committee – and preferably from a business-facing role rather than a support-function – should be given explicit responsibility for progress on gender balance issues. To this end, making an explicit link between variable remuneration and progress on internal plans for gender outcomes will further focus the minds of all senior Executives and incentivise them to take the issue seriously.

These proposals, taken as a whole, have the potential to make a real difference.

The recommended actions are voluntary and will form part of a voluntary Charter that is owned by HM Treasury. HM Treasury will ask firms to sign up to the Charter but our expectation is that most firms will choose to implement our proposals.

It would, however, be a matter of concern if large sections of the industry did not engage with our recommendations, and may result in calls for HM Treasury to re-examine whether a more prescriptive approach is required.

Our research also includes our findings on good practice which are based on an extensive survey undertaken by YouGov with men and women working in the mid-tier.

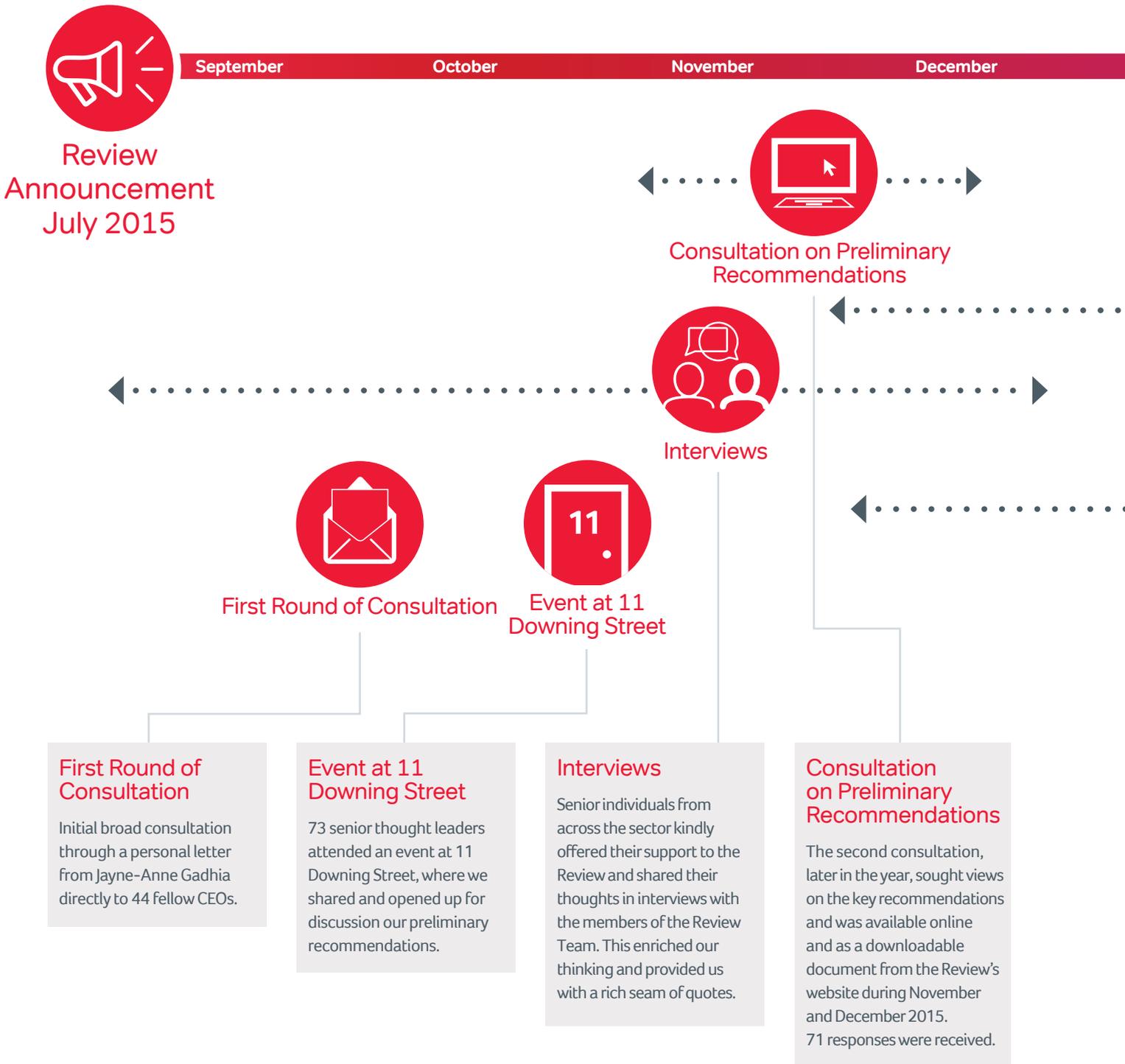
Whilst the mandate of the Review has been to examine the progression of women, many firms and individuals felt that having a workforce that is representative of the UK’s rapidly changing communities was their corporate ambition and a potential source of competitive advantage. Progress on gender equality will be a catalyst for change for other under-represented groups and these recommendations could be extended to diversity beyond gender.

“Congratulations on taking up the challenge to look at how we create better diversity in our workplace. Gender diversity can make a difference on so many levels, and a balanced workforce is, undoubtedly, a stronger workforce.”

Marlene Shiels, Capital Credit Union

# Our Approach

## Timeline of Events





# The UK Financial Services Sector

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## Contribution to Productivity

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According to TheCityUK's report from March 2016, UK-based financial and related professional services contributed 12% of UK economic output in 2014. The report found that over 2 million people work in the industry across the country, two thirds of whom are outside London. Our industry employs 7% of the [working] population and the productivity of these jobs is 67% above the UK average.

Banking is the largest employer in Financial Services, followed by insurance, securities markets and fund management.

London is regularly rated the top global Financial Services centre, and is home to many of the world's leading markets and exchanges, dispute resolution bodies and professional institutions. Much of this activity is concentrated in the City of London and Canary Wharf, the two main financial districts. There are also important financial centres throughout the UK – for example, Edinburgh, Manchester, Leeds and Newcastle.

“UK-based financial and related professional services contributed 12% of UK economic output in 2014.”

“Over 2 million people work in the industry across the country, two thirds of whom are outside London.”

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## Contribution to Productivity

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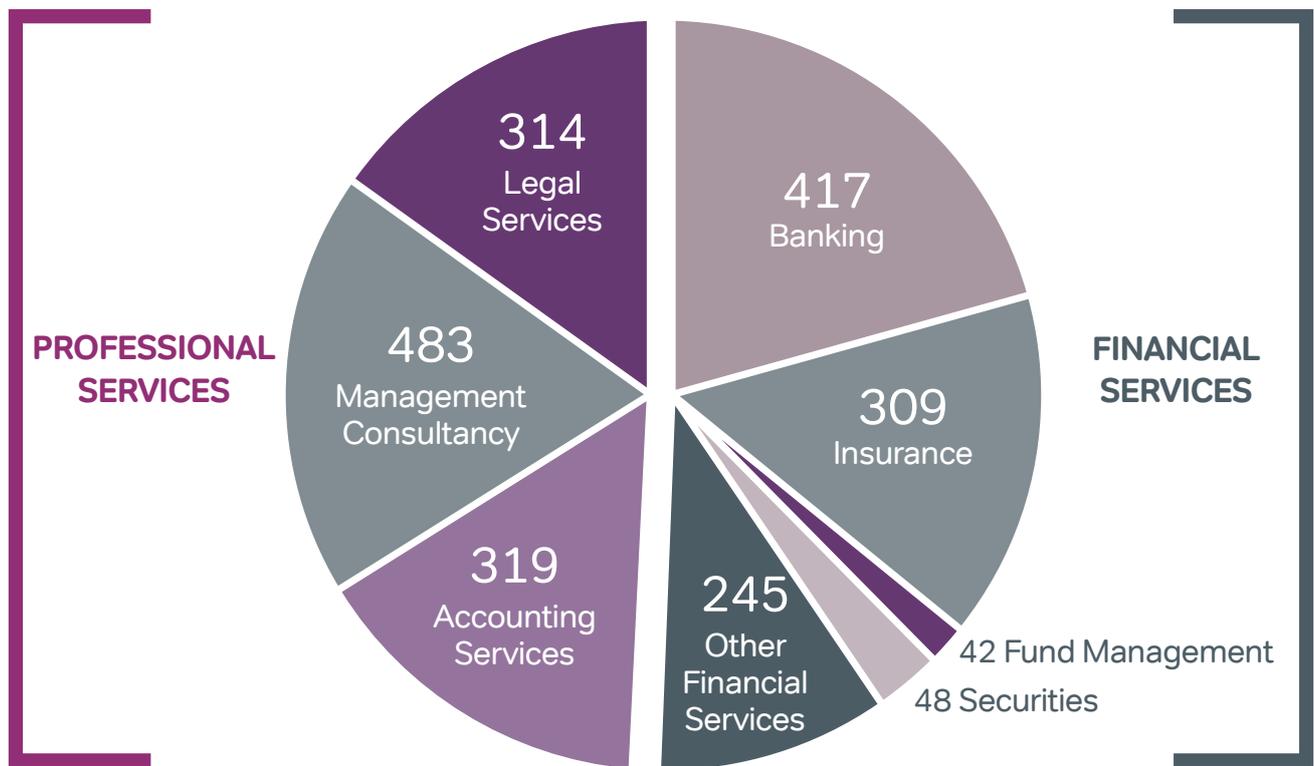
“ The Financial Services sector is responsible for 9.6% of national output, while associated professional services contribute a further 4.9%. ”

“ The UK is the world's largest exporter of Financial Services, generating a trade surplus of over £47bn in 2011. The industry contributed £63bn in tax to the exchequer in 2011-12 – 11.6% of tax receipt. ”

# The UK Financial Services Sector

## Employment in UK Financial Services

Total UK Employment in Financial and Professional Services 2.2m



Employment in main sectors, thousands, 2014

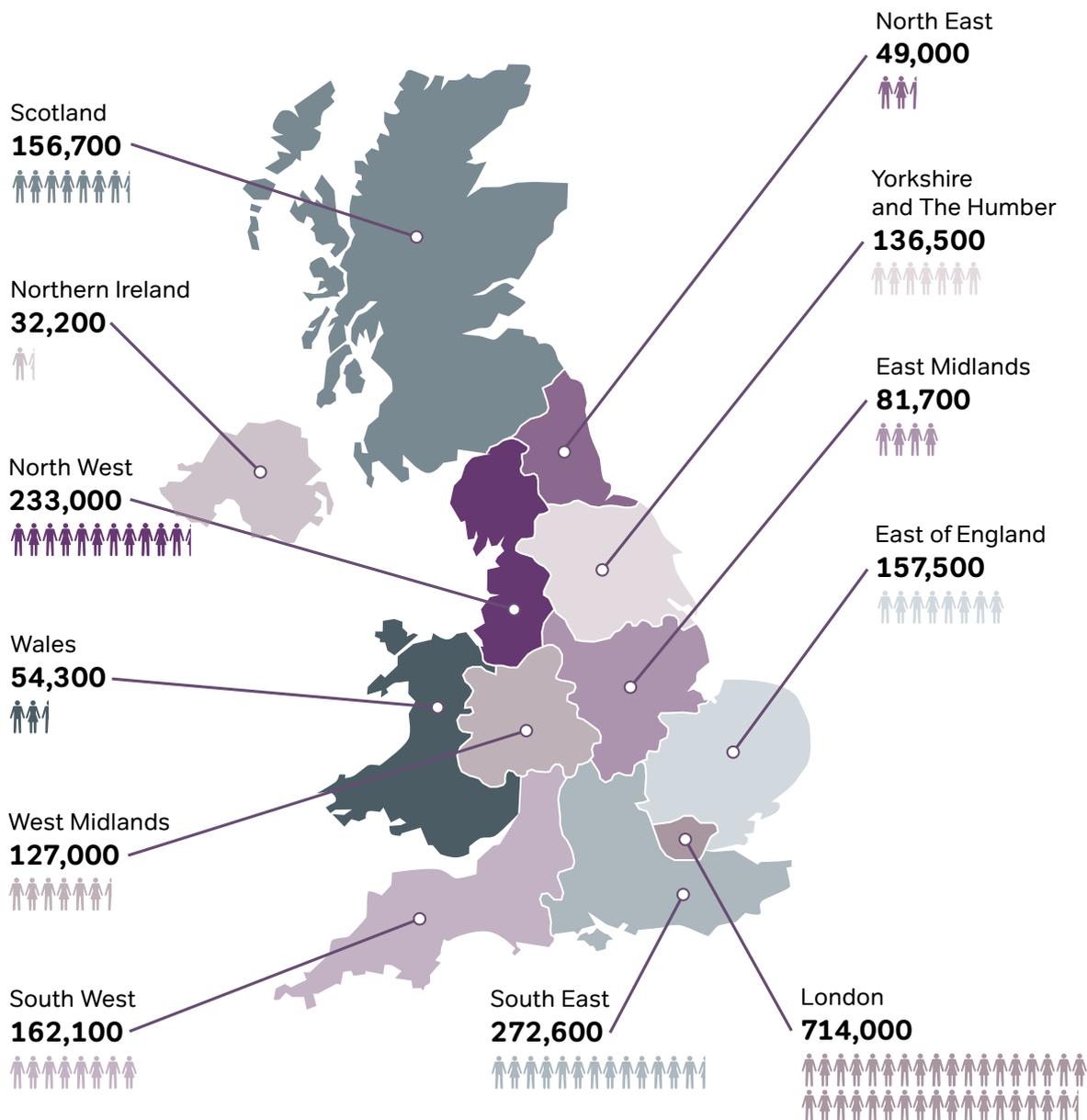
Source: ONS Business Register and Employment Survey

## Financial Services – London and Beyond

The Financial Services sector makes an important contribution to productivity across the UK. As part of the Review, we were keen to hear from people in a range of firms from regions with a strong Financial Services presence.

### Breakdown of Employees in Financial Services by Region

Total **2,176,700**



# The Economic & Business Case for Gender Diversity

## The Economic Case

This chapter outlines the macroeconomic case for harnessing the talents of women in Financial Services. It examines the business case and it concludes with the role of investors and other stakeholders.

### The Macroeconomic Case

This Review was announced by HM Treasury in their Productivity Plan 'Fixing the Foundations: Creating a More Prosperous Nation in 2015'.

The 'Productivity Plan' sets out the Government's framework for raising the UK's longer-term economic performance, and is built around two pillars:

- ▶ encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- ▶ promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use.

A central aim of the plan is to give more people a chance to work and progress, arguing that there are still too many women "whose high levels of skill are too often underused."

Announcing the Review in the 'Productivity Plan' clearly demonstrates that the Government sees the removal of barriers which prevent women from participating as fully in the labour market as men, as a crucial part of improving the UK's long-term economic performance.

The Government has repeatedly stressed that addressing gender – and other – imbalances in the labour market will have significant macroeconomic benefits as well as improving the international competitiveness of UK Financial Services.

The Minister for Women and Equalities, Nicky Morgan MP, has stated that removing barriers to women's success is a key priority for the government:

"The UK economy is dependent on us better using the talent of women, capitalising on the wealth of skill and talent that female leaders can bring to our top companies..."

Improving the gender diversity at the top of British business will help to unleash the full extent of female talent; this is not only great for women, providing positive role models in leadership positions, but it's also good for business".

The Economic Secretary to the Treasury, Harriett Baldwin MP, who commissioned this Review, has also frequently linked addressing gender imbalances in the labour market to improved economic performance.

In a speech in July 2015 on maximising the benefits of capital markets, Harriett Baldwin spoke of the important contribution increasing gender diversity in Financial Services could play in improving the competitiveness of the UK Financial Services sector:

"It is now time to move on to a new level – getting Financial Services back to their rightful place as one of the aces in this country's pack, and giving us the best, the most competitive Financial Services in the world...we're investing in talent in the Financial Services industry. I believe this is a great opportunity for the sector to show real leadership..."

One real boost for the industry will be expanding female representation in senior positions. We have come a long way since I joined the sector – but there is much more we can do".

The Government Equalities Office has stated that equalising women's productivity and employment to the same levels as men's could add £600 billion to the UK economy, whilst equalising participation rates could add 10% to the size of the UK economy by 2030.

A recent McKinsey report notes that \$12 trillion could be added to global GDP by 2025 by advancing women's equality.



## Case Studies

As an organisation which is owned by its members, Nationwide Building Society is all too aware of the importance of promoting gender diversity within its workforce. The mutual model ensures that members' priorities shape the organisation and it is clear from their feedback that gender diversity at all levels within the Society is an issue which matters to them. With a relationship with one in four households within the UK, it also makes good business sense for Nationwide's employees to represent the diverse make-up of its members.

In terms of recruitment, organisations are in competition to employ the most talented people which is why throughout Nationwide there is a focus on removing obstacles to progression and continuing to make sure we nurture a culture where everyone – irrespective of gender – has the opportunity to thrive in their career.

### Missing persons: Gender balance in asset management

Columbia Threadneedle Investments investigated why there were so few female asset managers. The findings indicated there was a financial case for redressing the balance. Representation of women in asset management is persistently low and just seven per cent of funds in the UK are managed or co-managed by women. They reviewed research from a number of sources that showed there was a strong business case for more women asset managers.

Firstly mixed-gender teams, which benefit from the neurological and behavioural differences between women and men, were the best long-run performers. Research measured results from 12 months' to 10 years and mixed-gender teams came out on top.

Next, they report evidence that female fund managers produce more consistent and less volatile performance than their male counterparts. During the financial crisis of 2008 women comfortably outperformed men. This was attributed to women focusing more on downside protection than men, and sticking to their investment choices (most notably through market turbulence). This diversity of decision making and approach adds to the evidence that mixed-gender teams performed best.

Finally, the report cites research suggesting that while female fund managers are rarely among the top performers, they are less likely to be among the bottom performers. This is linked to them producing more reliable and less volatile results.

# The Economic & Business Case for Gender Diversity

## The Business Case

There is a growing body of evidence which suggests that there is a strong link between diversity and firm performance.

Over the last decade, there have been a range of initiatives to highlight and address the issue of female under-representation in senior managerial and Board-level positions in UK companies.

Organisations such as the 30% Club have transformed the debate on gender diversity by focusing on how increasing gender diversity positively correlates with superior firm performance.

In addition, many firms – such as Nationwide, Deutsche Bank, Legal & General, Lloyds of London, RBS, TSB, Lloyds and HSBC – have implemented programmes to develop their female talent pipeline and promote and recruit more females into senior roles.

“ We recognise that gender data disclosure and debate are the first steps towards improving diversity. As an industry, we need a broader mix of thoughts, ideas and opinions if we are to understand and deliver the financial outcomes our clients expect. European capital markets serve a diverse population - we need to look and think more like our whole customer base, not just a part of it. ”

**Alison Jefferis,**  
Head of Corporate Communications,  
EMEA at Columbia  
Threadneedle Investments

“ Senior management commitment to increasing diversity is critical to making progress. Understanding and articulating the business case, role modelling the right behaviours and ensuring that terms are clear on the overall goals of the organisation in relation to diversity and inclusion are all key levers. ”

**Peter Horrell,**  
Managing Director,  
Fidelity Worldwide Investment

“ We know that the leaders who maximise the performance of their people maximise the performance of their business. ”

RBS

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## The Business Case

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The business case for diversity has three particular elements:

› **Increased challenge and reduced chance of ‘groupthink’**

Diverse groups tend to have a well-rounded view on business issues and risks. It is widely believed that greater diversity of thought results in better decision making and improved corporate governance and risk management, thus avoiding the perils of ‘groupthink’.

› **Enhanced connection to customers**

It is argued that if the composition of a firm’s leadership team is representative of its shareholders, employees, and customers, it will aid firms’ retention of the best talent and allow firms to understand their customers better. In the United States alone, women control 50% of private wealth; senior women bring a unique vantage point to firms in relation to both attracting and serving this customer base.

› **Access to a wider talent pool**

Internally, firms have access to a wide pool of talent. Through not fully utilising the skills of all employees, firms risk failing to leverage their resources to their full potential.

This should mean that increased diversity will provide firms with a competitive advantage.

Given such business benefits, the debate on gender equality in the workplace has fundamentally shifted over the last few years. Originally, gender diversity in firms was primarily viewed through the prism of equalities. However, it is now seen as a mainstream business issue and, furthermore, an issue which should be of importance.

“ Women control \$12 trillion – or 65% – of the \$18.4 trillion in consumer discretionary spending. ”

International Herald Tribune  
Rebalancing Child-Care Equations:  
The Female Factor,  
November 21, 2012

# The Economic & Business Case for Gender Diversity

## The Business Case

### Other major research and studies includes:

- › Credit Suisse who reported that the average return on equity (ROE) of companies with at least one woman on the Board between 2006 and 2012 was 16%; four percentage points higher than those companies with no female Board representation.
- › McKinsey's research which shows that companies with top quartile representation of women in Executive Committees generally perform better than companies with no women at the top, by some estimates with a 47% average return on equity.

This research combined with the advocacy of groups such as the 30% Club has helped to make the business case for encouraging greater diversity at the top of UK firms, which is now widely accepted.

“Improving gender diversity is a strategic priority for me and our global Senior leadership team. The correlation between diverse teams and improved decision-making, innovation and performance aligns with our values of leading with exceptional ideas, putting clients first and doing the right thing in the communities in which we operate.”

**Rob Rooney,**  
CEO of MS International &  
Head of Morgan Stanley EMEA

McKinsey & Co's report 'Diversity Matters' (2015) demonstrates that more diverse workforces perform better financially. They quote the following:

- › Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians.
- › Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above average financial returns than the average companies in the data set (that is, bottom quartile companies are lagging rather than merely not leading).
- › In the United Kingdom, greater gender diversity on the Senior-Executive team corresponded to the highest performance uplift in our data set: for every 10% increase in gender diversity, EBIT rose by 3.5%.
- › While certain industries perform better on gender diversity and other industries on ethnic and racial diversity, no industry or company is in the top quartile on both dimensions.
- › The unequal performance of companies in the same industry and the same country implies that diversity is a competitive differentiator shifting market share toward more diverse companies.

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## The Business Case

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### Conclusions

There is a strong macroeconomic and business case for taking steps to utilise the talents of women in the economy more fully. This begins through increasing female representation in senior leadership roles in firms.

The importance of this issue is underpinned by the moral case for change. Every person should be able to fulfil their career aspirations, regardless of whether they are male or female.

“Diverse groups tend to have a well-rounded view on business issues and risks. Studies have found that gender-balanced Boards are more likely to focus on risk management throughout the organization.”

PwC, *Mending the Gender Gap:  
Advancing Tomorrow's  
Leaders in Financial Services*

“We believe the lack of diversity on the boards of many, if not most, of our major financial institutions, may have heightened the problems of ‘group-think’ and made effective challenge and scrutiny of Executive decisions less effective.”

House of Commons Treasury Committee  
‘Women in the City’



## Case Studies

Aviva Investors are in the vanguard of investors who include gender and diversity in their voting policy. They abstain or vote against the re-election of the chairman of the nomination committee at FTSE350 companies with all-male Boards and/or no disclosure on how they intend improving their gender and diversity representation at Board level.

Aviva Investors also raise gender and diversity in their engagements with companies as a matter of course. The calibre of response from companies has increased rapidly over the last few years.

LGIM have been an instrumental investor in pushing investee companies for change in gender balance on Boards. They are recognised as being a leading investor in this space and have been engaging with many market participants - companies, the Government, investors, headhunters - on this issue for the last 4 years.

In 2014, whilst the FTSE 100 had met (on average) the 25% target set for women on Boards, the FTSE 250 had been lagging. Therefore, LGIM undertook a targeted engagement with the 26 remaining all-male Boards to request meetings with the Chairs to specifically discuss diversity at Board level. Of those 26, twelve companies responded to set up a meeting. The quality of these meetings varied, with some Chairs being very engaged and committed telling LGIM they were in the process of appointing a female and keen to have the opportunity to communicate this, to those where the Chair was more defensive and less open to understanding the business imperative of this issue.

Following this engagement project, during the 2015 AGM season LGIM voted against four company Board Chairs of FTSE 250 companies for a lack of response and a continued absence of a robust diversity policy or female talent on the Board. One company followed up on the vote action since the AGM which resulted in an engagement meeting with the SID to discuss what the company was doing to improve its diversity focus. The remaining companies with all male Boards appointed a woman before or at their AGM or have committed to doing so, therefore LGIM did not vote against the Chair. LGIM will follow up with all these companies in 2016 to ensure progress in the FTSE 250 continues to be made.

L&G Group's Chairman is a member of the 30% Club and LGIM are active members of the 30% Club Investor Group, which is a group of investors who work together to push for change.

### The role of Investors

Many large Financial Services firms, operating in the UK, are listed either in London or overseas.

This means that investors play a key role in promoting greater diversity, including gender diversity, in such companies.

If diverse leadership teams produce better results as the evidence in this chapter demonstrates, then we would expect institutional investors to be pushing companies to promote greater gender diversity in company management and on corporate Boards.

Some institutional investors told us that they increasingly take diversity issues seriously – scrutinising firms to assess whether Boards are sufficiently diverse.

However, it appears that many institutional investors still do not take account of gender balance issues when scrutinising and making investment decisions. For example, despite a series of high-profile campaigns to appoint more female directors, just 23% of decision makers at institutional investors say gender diversity at Board level is important, according to a 2015 survey from Hermes Investment Management of more than 100 UK and European institutions.



## Case Study

### Why gender inclusion matters to TSB

TSB was set up in the wake of the financial crisis when just 20 in every 100 people thought banks tell the truth. TSB needed to give the 4.5 million customers they inherited, not one of whom chose to be part of TSB, a reason to stay and also to attract new customers to join them.

TSB spent thousands of hours talking to customers and consumers about banking and what they wanted from their bank.

Their vision was to return banking to its original purpose, by putting power back in the hands of consumers. Their strategy was to build a bank with the culture and values to offer a customer experience which reflected our purpose.

They have sought to achieve this through their partnership culture which aligns customer outcomes and employee rewards, and by creating a Partner culture which better reflects the customers they seek to serve.

TSB believe there is a clear business case for gender diversity.

But for TSB it is not just about more women in senior positions, it is about sustainable long-lasting gender inclusion, in every part and at every level of the bank.

### What the result is

When it comes to metrics, TSB has achieved a leading position with broad gender representation across their business, from the very top:



TSB notes the improving landscape on gender equality as highlighted in Lord Davies' recent report on the issue. They believe however that more still needs to be done to achieve genuine long-lasting cultural change in the sector.

By making inclusion and diversity part of the everyday working environment at TSB, driven forward by clear Business Executive responsibility, they are building a bank which lives and breathes gender balance in the long-term.

### How TSB has set about delivering long-lasting cultural change

They did not want to create a bank which gave the impression of offering something different, or delivered gender balance only in the short-term; they wanted to build a bank which lived and breathed a different culture for the long-term.

Instead they have focused on delivering their aspiration of gender balance by driving it from the top, they have also sought to ensure diversity and inclusion policies are actively promoted right across our business, so that they become normal working culture in every part and at every level of TSB.

The ways in which they have sought to achieve this include:

#### › Responsibility at the highest level

A member of TSB's Business Executive is responsible for gender balance at TSB. By making gender balance a priority at the highest level, negative patterns and behaviours, and potential remedies to address them, are considered by those who are best able to address them effectively. The TSB Gender Executive Sponsor receives information regularly on TSB's performance on gender, and the rationale for various trends, across a number of different measures; these are frequently reported on and discussed them with the whole Business Executive.

#### › Policies that deliver a sustainable long-lasting gender balance culture

They allow their Partners, from branch to head office, the opportunity of flexible working. They believe that fairness of treatment for all genders is imperative, which is why they have implemented their own Shared Parental Leave policy along with a Paternity Leave policy.

#### › Practical support directed at key junctures

The TSB Promotion Ready Programme aims to provide the needed uplift to employees who are ready to take on a more senior role, the initiative was borne out of the Diversity and Inclusion Programme to increase the number of women going through TSB's talent pipeline. But as the number of female senior managers across TSB has increased and they learnt more about the different issues men and/or women struggle with when striving for a more senior role, they also decided to roll out the programme to all genders and Partners from across the business.

#### › Gender balanced recruitment procedures

When using external recruitment agencies, if not presented with a gender balanced shortlist, TSB seeks clarification and may ask that the shortlist be reviewed.



Government  
Equalities Office

## A Government Perspective

Successive governments have taken steps to increase female participation rates in the economy, to encourage more female entrepreneurs and to open up more careers to women.

The present Government reiterated its commitment to gender diversity and parity issues in its 2015 election manifesto which stated:

“

We now have more women-led businesses than ever before, more women in work than ever before and more women on FTSE 100 Boards than ever before. We want to see full, genuine gender equality. The gender pay gap is the lowest on record, but we want to reduce it further and will push business to do so: we will require companies with more than 250 employees to publish the difference between the average pay of their male and female employees. Under Labour, women accounted for only one in eight FTSE 100 Board members. They represent a quarter of Board members today and we want to see this rise further in the next Parliament. We also want to increase the proportion of public appointments going to women in the next Parliament, as well as the number of female MPs.

”

The Coalition Government made a number of important public policy interventions in this area – in particular, the introduction of shared parental leave.

In this Parliament the present Government has committed to addressing the gender pay gap through requiring every company with more than 250 employees to publish the difference between the average pay of their male and female employees.

In February this year the Government announced that Sir Philip Hampton, the Chair of GlaxoSmithKline, had been appointed to lead an independent review on increasing representation of women in the Executive level of FTSE 350 companies.

Sir Philip's new review will continue from Lord Davies' Women on Boards Review, but crucially will switch focus towards "building the pipeline for female Executives and emerging Non-Executive Directors, to continue the work already done on increasing Board representation".

We welcome the decision to examine how to increase female representation in FTSE 350 companies across the UK economy and believe the Review will complement our work on increasing female Executive representation at FTSE 350 as well as other Financial Services firms in the UK.



## A Government Perspective

### Government policies and initiatives to support the participation of women in the workforce

#### › Childcare Business Grants

This scheme (£2m in 2015-2016), provides small grants of £500 or £1000 to new childcare businesses.

#### › Women and Broadband Challenge Fund

£1.1m was secured in the Budget 2015 to extend this broadband programme which supports women-led enterprises to move or grow their businesses online – launched in July 2015. 16 local authorities (covering 19 areas) were awarded funding to deliver projects across England. This builds on the £1m invested in 2014-2015.

#### › Women's Start-up Project

£50,000 was invested to provide opportunities for young women studying in the Creative Industries and Leisure and Tourism sectors to start-up their own businesses. The scheme was managed by Young Enterprise and finished in July 2015.

#### › Meet a Mentor Roadshows

UK Sector Skills Body for Enterprise (SFEDI) was commissioned to run five 'Meet a Mentor' events in England and Scotland to allow prospective female entrepreneurs to seek useful advice from mentors. These events ran from October 2015 to January 2016 at a total cost of £50,000. This was a continuation of the 12 "Meet a Mentor" events which took place in 2014/15 and attracted over 700 attendees.

#### › Skills Assessment Toolkit

£50,000 was invested in developing a web based self-assessment toolkit for new and existing entrepreneurs. This is delivered by Enterprise Nation and was launched in August 2015.

#### › Rural Growth Network

£1.6 million has been invested to support rural women's businesses to start and grow in rural areas. The support being offered includes improved access to transport links, virtual assistants for those in remote areas, online help, and local business support through business mentors, skills training and networking. This funding was part of a larger investment made by DEFRA in the Rural Growth Networks.

Grants  
of £500  
or  
£1,000

to new  
childcare  
businesses

£1.1m  
in Budget  
2015

to extend this  
broadband  
programme

£50,000  
to provide  
opportunities for  
young women

to start-up  
their own  
businesses

£1.6m  
to support  
rural women's  
businesses

to start  
and grow in  
rural areas

# Representation of Women in Senior Roles: Existing Research and New Data

Our Review is focussed on the UK Financial Services sector which is extremely diverse. It incorporates a wide range of activities – including investment and retail banking, asset and investment management, insurance, pensions and building societies. In this chapter, we consider the existing reporting requirements for Financial Services firms and the challenges, the progress following Lord Davies’ review of women on Boards and the lack of data on the gender split of the mid-tier in Financial Services.

## Existing Reporting Requirements

The obligation for listed companies to publicly report on Board gender diversity has existed for a number of years and it takes a myriad of forms. Whilst reporting obligations do exist, they tend to have application at the highest level – namely Boards – and by no means do they cover the whole of the sector – applying mainly to listed businesses and ‘significant firms’.

- ▶ The UK Corporate Governance Code on a ‘comply or explain’ basis requires listed companies to report on the Board diversity policy and objectives for implementing the policy.
- ▶ The Companies Act 2006 also requires listed companies to include entries in their strategic report on the gender balance of directors, senior managers and employees.
- ▶ Finally, CRD IV requires certain firms to develop a diversity policy on the Boards including a gender target for the composition of the Board.

Whilst these steps are to be welcomed they do not apply to the vast number of unlisted Financial Services firms and, with a few notable exceptions such as Lloyds Banking Group, Deutsche Bank, Barclays and RBS, do not cover the depth of reporting that is required to appropriately bring scrutiny to the talent pipeline and the progression of women from the mid-tier.

## Women in Listed Businesses

There is a lot of publicly available data on female Board representation in FTSE 350 companies, including listed Financial Services firms.

This shows that in 2011, when Lord Davies began his work on improving the gender balance on British Boards, 12.5% of directors of FTSE 100 companies were women, and just 7.8% of directors of FTSE 250 companies were women.

The number of women sitting on FTSE 100 Boards now stands at 26.1% and the number of women sitting on FTSE 250 Boards stands at 19.1%, a marked improvement over the last five years.

Equally importantly, there has been a significant reduction in the number of all-male Boards. There are now no all-male Boards in the FTSE 100 and only 15 in the FTSE 250. This is compared to 152 five years ago.

Importantly, Lord Davies has reported progress in terms of increasing female representation on Boards has come largely on the Non-Executive side.

Whilst the number of women on FTSE 100 Boards is now 26.1%, the breakdown is heavily skewed towards women occupying Non-Executive positions –with just 9.6% of female FTSE 100 Board members holding an Executive position. This applies to many Financial Services FTSE-listed companies as well as those in other sectors.

The relatively low number of women holding Executive positions on UK Boards illustrates a wider problem regarding the number of women who occupy senior managerial roles in firms, including Financial Services firms. Furthermore, it suggests that much more can, and should, be done to develop the female talent pipeline.

## The Limits of Existing Data

Whilst reporting requirements enable us to gain an accurate picture of female representation at the highest levels in FTSE listed companies, there is far less data available with respect to:

- › firms operating in the UK but which are not listed on the FTSE 350; and
- › levels below the so called ‘c-suite’ – both for UK listed, foreign listed and unlisted firms.

In order to take the debate forward, later in this chapter we discuss the new research we commissioned to address some of the data deficiencies in this area.

## Attrition in the Mid-Tier

One of the areas we were most keen to explore was the rate of female attrition at the mid-tier. Anecdotally and in our structured interviews we heard frequently that large numbers of females – regardless of whether they have children – were choosing to leave the sector in their 30s. We also heard that females are less likely to progress to Executive roles in profit and loss/commercial functions and we were keen to explore this further.

“ I think when you start with your male counterpart at the same level, as you move forward, the male colleague seems to go further. ”

International Capital Markets  
Association Roundtable

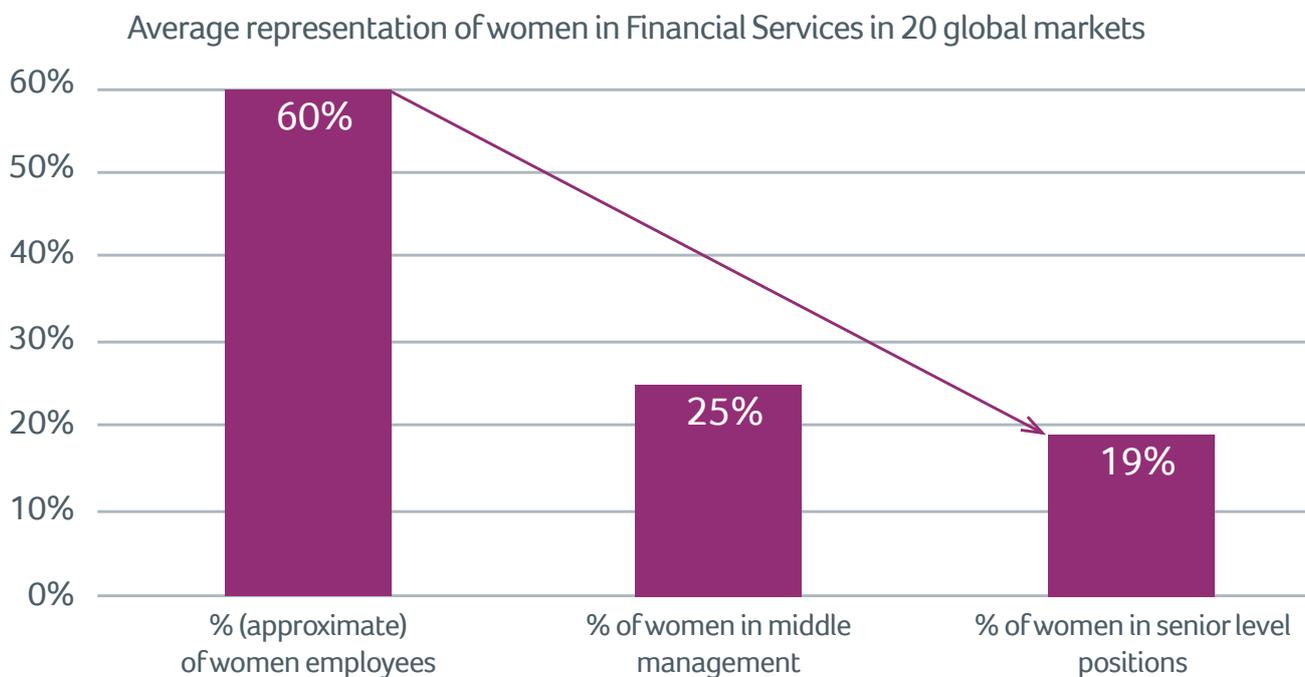
“ What we’re seeing right now, is that women, who are not starting families, are nonetheless deciding to leave, at around the same point [early 30’s] and I can’t figure out why. ”

International Capital Markets  
Association Roundtable

# Representation of Women in Senior Roles: Existing Research and New Data

## Challenging Preconceptions

We examined the existing data on gender balance within the sector, with a particular focus on whether gender imbalance emerges at the mid-tier. Many firms told us that the gender balance followed a 'pyramid' model, with the number of women diminishing in line with seniority. This is supported by PwC's 2013 research on the progression of women in Financial Services across 20 global markets, shown below.



Source: PwC, Mending the Gender Gap: Advancing Tomorrow's Women Leaders in Financial Services, 2013 (data was collected in the US)

### The existing literature on women in Financial Services also shows that:

▶ that women have been most successful in reaching Executive Committee positions in support and compliance functions. Research by Oliver Wyman, across 150 firms internationally, found that whilst, on average, 13% of Executive Committee members were female, this figure rose to over 25% for Executive Committee members who headed up audit, legal, compliance or marketing functions. Additionally, the Head of Human Resources – a senior role, but often not a member of the Executive Committee – was also more likely to be female.

▶ that when looking at career progression, a 'clear pattern' emerges. PwC's US research found that female representation in many parts of the sector fell sharply between mid-manager and Executive level. This was in contrast to male representation, which they found to take the opposite trajectory.

PwC's research also found that women make up:

- 54% of all funds/trust employees
- 42% of professional/technical/sales staff
- 26% of Executive/senior level positions.

PwC concluded that, after mid-manager level, the percentage of women dropped sharply, suggesting a high attrition rate.

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## Challenging Preconceptions

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Whilst existing data provided us with a useful overview of diversity within UK Financial Services, we found that much of the data:

- ▶ treated Financial Services as a single entity and did not differentiate between the different parts of the sector. This meant that we were unable to establish which parts of the sector have made the most significant progress and conversely left us unable to identify where female under-representation is greatest;
- ▶ was largely, if not exclusively, focussed on Board and Executive Committee level within Financial Services firms. We were, therefore unable to establish an accurate picture of what was happening at mid-tier and senior managerial levels below the Executive Committee – and at precisely what point many females were leaving the sector or failing to progress further;
- ▶ was not granular enough. We could not assess where female under-representation was greatest, as we heard through the course of our work, that this was in business-facing or (so-called profit and loss) activities as opposed to roles in HR, communications and legal functions; and
- ▶ was often focussed on FTSE listed firms – where reporting requirements are most developed – with very little information publicly available for the large number of Financial Services firms who are unlisted or who have significant operations in the UK but are listed overseas.

We felt that existing data, whilst valuable, was not granular enough to give us an accurate picture of female representation in Financial Services throughout the sector and at all levels of firms in the UK.

## The Need for New Data

As a result we worked together with New Financial, a forum and think tank that makes the positive case for the important role that capital markets play in driving economic growth, and also works on diversity issues within the sector, to try to establish a more detailed picture of the situation on the ground.

New Financial examined average female representation for Financial Services Boards and Executive Committees across the sector – insurers, UK retail and challenger banks, listed companies in FTSE 350 classified as diversified financials, building societies, and some UK asset managers, private equity firms and hedge funds.

Significantly, New Financial broke down the figures by sub-sector and job function and their sample also included large numbers of organisations which are not listed on the FTSE. The results are not comprehensive – for example, it was not possible for us to ascertain figures for gender diversity below Executive Committee because the information is not in the public domain.

## NEW FINANCIAL

### Challenging Preconceptions – Building on Existing Work

#### Who are New Financial?

New Financial are a think tank and forum. Their belief is that Europe needs bigger and better capital markets to kick-start its recovery and growth – and that this presents a huge opportunity for the industry and its customers to embrace change and rethink how capital markets work.

New Financial have three main aims:

- ▶ To present the positive case for bigger capital markets as a force for economic good. They believe capital markets can play a vital role in driving prosperity across Europe.
- ▶ To make the case for better capital markets. They believe that by embracing change the industry can make capital markets work better for customers and restore trust with policymakers.
- ▶ To encourage more collaboration. They believe the best way to achieve real change is for different market participants to work together to address common challenges.

#### High-Level Methodology

New Financial collected data from 200 companies and institutions across 12 different sectors:

- ▶ Banking Groups;
- ▶ Investment Banks;
- ▶ Challenger Banks;
- ▶ Building Societies;
- ▶ Asset Managers;
- ▶ Diversified financials 1 (a selection of FTSE 350 and AIM-listed companies under the FTSE definition Diversified Financials);
- ▶ Diversified financials 2 (market infrastructure, trading platforms, cards and payments systems companies);
- ▶ Financial technology (technology platforms in areas such as investment, payments, alternative lending, crowdfunding, not including information and data);
- ▶ Private Equity;
- ▶ Venture Capital;
- ▶ Hedge Funds; and
- ▶ Insurers.

All are regulated in the UK by the PRA/FCA. In each sector, New Financial selected UK companies or non-UK companies with significant operations in the UK based on their size, activity, and availability and quality of information.

All data was collected in January 2016 from company websites, annual reports, Companies House and other public sources, FCA register data was collected using IMAS, and additional information was requested from companies directly.

Where individual members of Executive Committees were not publicly named, New Financial asked the company to share this information privately. If the company was unable to, New Financial identified senior Executives (using the same public sources listed above) to create a proxy Executive Committee that was comparable to peers in the dataset. Where a company was a subsidiary of a listed entity and had no Board, the parent group Board was recorded.

All the data used in this report was collated by New Financial researchers Laurence Bax, Ana Gallego and Kiran Krishna, under the supervision of William Wright and Yasmine Chinwala.

## Key Findings

Key results from our study include:

- ▶ The overall average for our sample of 200 firms active in UK Financial Services was 23% female representation on Boards, but only 14% on Executive Committees.

This demonstrated that far more progress has been made with respect to the former compared to the latter. This may reflect the fact that political and media focus – both in the UK and elsewhere – over the last few years has been on the measurement of Board composition.

The 14% figure is surprisingly close to the 12.5% figure, which marked the starting point of Lord Davies' push to increase the representation of women on Boards. This suggests that there may be a natural floor above which female representation will fail to progress without measurement, scrutiny and action.

- ▶ The 23% Board figure is not far off the Davies review target of 25% by 2015 for UK-listed companies, but UK Financial Services lag behind the FTSE 100 for both Boards and Executive Committees.

This suggests that progression to the most senior leadership positions for females in Financial Services may be more difficult than in other sectors.

- ▶ There is a large difference within the Financial Services sector in the number of women at both Boards (where female representation ranges from 7%-31%) and Executive Committee level (where female representation ranges from 10%-24%).

This appears to support the evidence we received through the course of our inquiry that problems with female under-representation are more pronounced in particular parts of Financial Services;

- ▶ 25% of companies in our sample have no women on their Executive Committee
- ▶ more than 60% have between 0 and 15% female representation
- ▶ nearly 17% have no women on their Board

This demonstrates that little or no progress has been made in some firms, particularly on the Executive side.

- ▶ The 23% average figure for female representation on Boards disguises the under-representation of women holding Executive directorships with the proportion of female Non-Executive Directors (27%) nearly four times that of female Executive Directors (7%).
- ▶ Where women do sit on Executive Committees, these tend to be in corporate and support functions – such as HR, communications, legal and compliance, marketing, strategy, treasury, audit, policy and public affairs.
- ▶ Female representation for listed company Boards at 26% is nearly twice that for privately-held companies – this may reflect the fact that listed company Boards have been the focus of efforts to increase female representation.

Overall average was 23% female representation on Boards, but only 14% on Executive Committees.

25% of companies in our sample have no women on their Executive Committee.

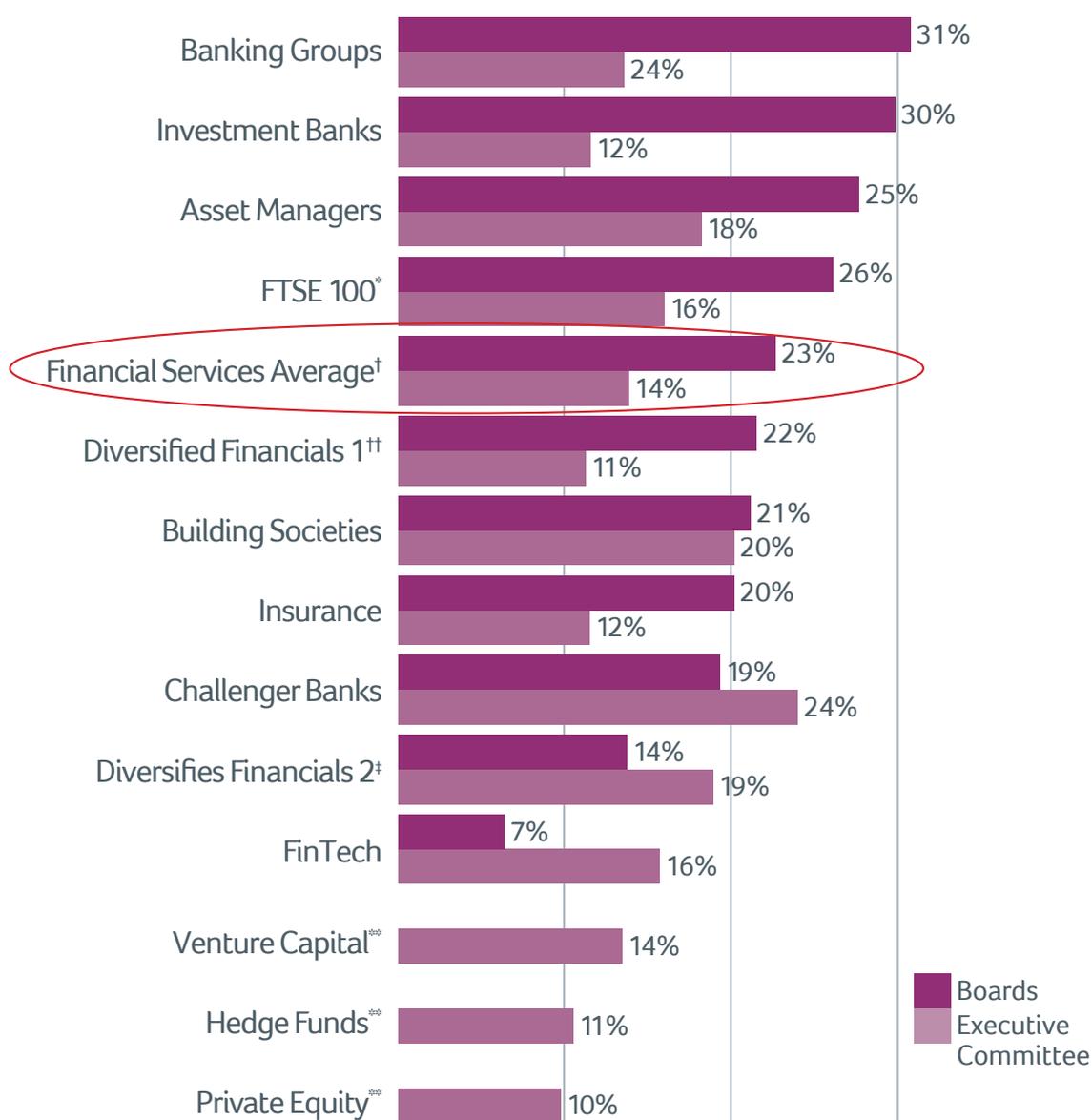
Female representation for listed company Boards at 26% is nearly twice that for privately-held companies.

# Representation of Women in Senior Roles: Existing Research and New Data

## New Research – The Representation of Women in Senior Roles

### Average Female Representation on Boards and Executive Committees across UK Financial Services

The chart below shows in granular detail the percentage of women at Board and Executive Committee level within each sub-sector of UK Financial Services. To allow for comparisons, data is also included for all FTSE 100 companies and a whole Financial Services sector average has been calculated (this is made up of the 200 firms in our sample).



\*FTSE 100 Boards figure based on data taken from Women on Boards, Lord Davies Review, Five year summary, October 2015.

\*FTSE100 Exco figure from taken from Cranfield Female FTSE Board Report 2014 (this is the most recent data available on FTSE 100 Executive Committees).

†Financial Services Average is calculated from the 200 Financial Services firms in this sample.

††Diversified Financials 1 consists of a selection of FTSE 350 and AIM-listed brokers and asset managers under the FTSE definition Diversified Financials

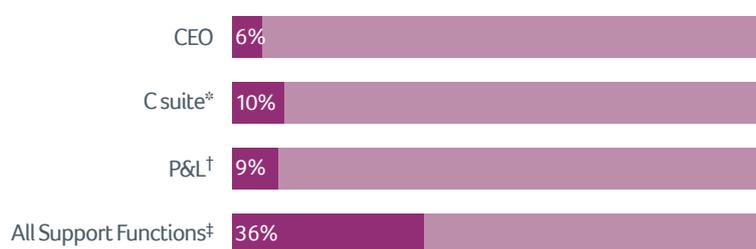
‡Diversified Financials 2 consists of market infrastructure, trading platforms, cards and payments systems.

\*\*\*Boards were not included for venture capital, hedge funds and private equity due to inadequate data

## Key Findings

Through the course of our Review we heard from individuals and firms who told us that the scale of female under-representation differed not only across the sector, but also with respect to the types of roles and job functions within institutions.

### Gender Breakdown of Executive Committee Roles

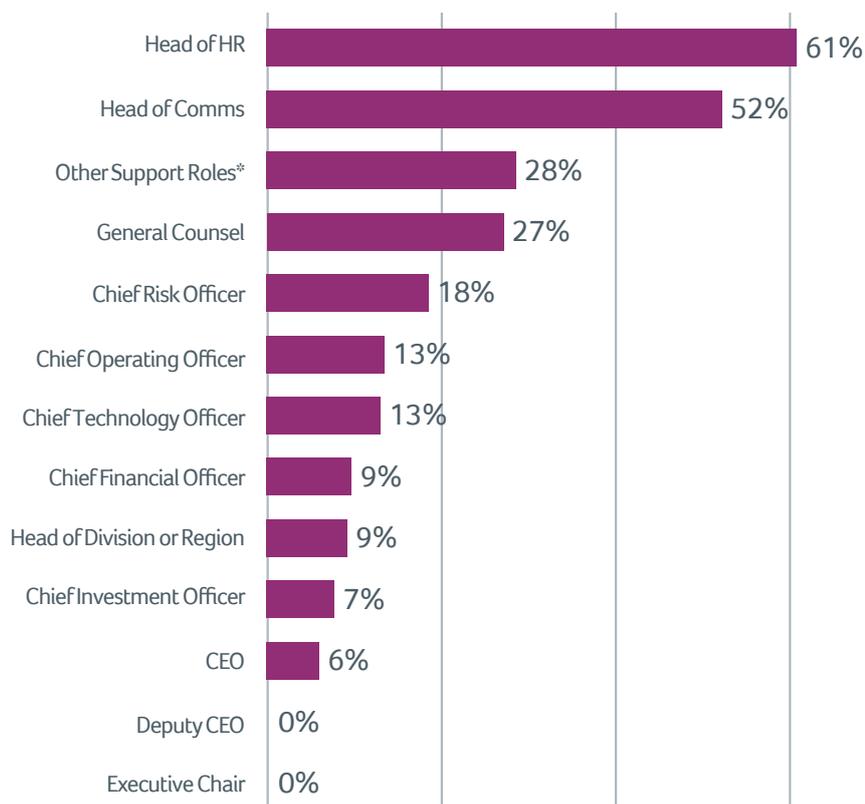


\*Includes CEO, deputy CEO, CFO, COO, CRO, CTO, Executive chair and for asset managers CIO.

†profit and loss functions, i.e. revenue generating roles including divisional or regional business responsibility.

‡ Includes Communications, HR, Legal and other central support functions such as Marketing, Strategy, Policy, Corporate Affairs.

### Gender Breakdown of all Executive Committee Functions



\* Includes central support functions such as Marketing, Strategy, Policy, Corporate Affairs, treasury, audit, compliance, excluding roles listed above.

This data set includes all Executive Committees that were publicly disclosed (113), that were privately disclosed to New Financial (20), and functions of Executive Board directors that were publicly disclosed (20).

# Representation of Women in Senior Roles: Existing Research and New Data

## Female Representation on Executive Committees in Financial Services

Rank	Company	Sector	% Female Representation
1	Virgin Money	Challenger Banks	50%
2 =	Lloyds of London	Insurance	44%
2 =	Visa Europe	Div Fin 2	44%
2 =	WorldRemit	FinTech	44%
5	Capital One UK	Div Fin 2	43%
6	MBNA Limited	Div Fin 2	42%
7 =	TSB	Challenger Banks	38%
7 =	Nottingham Building Society	Building Societies	38%
7 =	FundingCircle	FinTech	38%
10	Clydesdale Bank	Challenger Banks	36%
11	T Rowe Price International	Asset Managers	36%
12	Standard Chartered	Banking Groups	36%
13 =	Admiral Group plc	Insurance	33%
13 =	SVG Capital	Private Equity	33%
13 =	Close Brothers	Div Fin 1	33%
13 =	Starling	FinTech	33%
13 =	Fidelity International	Asset Managers	33%
13 =	Metro Bank	Challenger Banks	33%
19	Santander UK	Banking Groups	31%
20 =	American Express Europe	Div Fin 2	30%
20 =	Paragon Group	Div Fin 1	30%

Note: Executive Committees with fewer than 6 members have been excluded from this ranking.

## Conclusions

Lord Davies' review has shown that public reporting and accountability drives improved gender balance in business.

Our new research shows that more progress still needs to be made at the Executive level in Financial Services firms, and there is a need for more data on how the sector is performing on gender diversity.

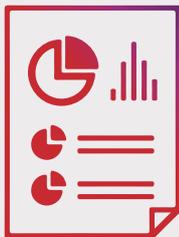
Public reporting on the representation of women in the mid-tier level of Financial Services is necessary to continue working towards change and progress in the sector.

# Review Findings & Recommendations

## Our three overarching recommendations are:

### Reporting

Firms should set their own internal targets, against which they publicly report progress;



### Executive Accountability

There should be an Executive accountable for improving gender diversity at all levels of their organisation and in all business units;



### Remuneration

Executive bonuses should be explicitly tied to achieving the internal targets which firms have set for themselves. It would be up to the institution to determine how they would do this.



In this chapter we outline our three recommendations to achieve a balanced workforce and fairness, equality and inclusion for men and women. We address key points from our consultation, before turning to each of the recommendations in more detail. We also set out our proposed way forward with respect to the implementation of our recommendations through asking firms to sign up to a voluntary Charter.

We consulted extensively on the recommendations. Many firms, such as Lloyds Banking Group, RBS, HSBC and Barclays are already leading the way by setting public targets. In this respect we see the recommendations as an evolution of the good practice that already exists.

Our Review found when looking at the sector as a whole that few Financial Services firms publicly set targets. New Financial's research found that only 26% disclose diversity targets. For some, gender data is not gathered and analysed in the first place. We believe this Review will catalyse the discussion that needs to take place within firms to ensure there is scrutiny and focus at the appropriate levels. The industry may be shocked by the disconnect between how it sees itself and reality, but examining the data will begin the process of accepting that gender ratios at different levels of organisations shouldn't be a secret.

We found strong support for reporting itself, however we have also heard that the proposals - whilst welcome - do not go far enough. Equally we heard from a small but vocal number of individuals who in particular expressed reservations about our third recommendation. Our challenge has been for the preliminary findings to develop in a way that leads to lasting change, not just another set of rules for the Financial Services sector to work around.



## The Charter

### The key features of our proposed Charter:

#### Who is in scope?

- ▶ The recommendations will apply to all Financial Services firms as defined by the FCA and all firms with headquarters overseas but with significant operations in the UK.

#### Is it mandatory to participate?

- ▶ We envisage a voluntary Charter to which firms would be expected to adhere.

#### Are there any exemptions?

- ▶ We would recommend a de minimis rule under a proportionality principle to ensure that smaller firms or those with limited activity in the UK are not unduly impacted.

#### Who owns the Charter?

- ▶ HM Treasury would own the Charter.

#### What is expected of firms who embrace the Charter?

- ▶ Participating firms would be expected to set out their approach to each of the three overarching recommendations.

#### What is the frequency of reporting obligations?

- ▶ We would envisage that Financial Services firms would report annually on progress against their targets. Targets could be set on an annual or up to a 3 year basis. Firms would be welcome to choose a different timescale but would be expected to explain why they believe a different timescale is more appropriate towards meeting their objectives.

#### Where would firms be required to report on progress against the three recommendations?

- ▶ Whilst we do not wish to be overly prescriptive, the publication should be easy to find. It should either form part of the applicable Annual Report and Accounts or equivalent for firms such as Building Societies or be in a prominent and signposted place on the firm's website.

#### Are there sanctions for deciding not to participate?

- ▶ No, but we hope that firms who do not participate would face scrutiny as to why they have made this decision.

#### Who will assess compliance?

- ▶ HM Treasury will monitor participation and progress in this area.

# Review Findings & Recommendations

## Consultation – Key Points

### Who is in Scope?

The terms of reference for our inquiry asked us to look at the “representation of women in senior managerial roles in the Financial Services industry”. There is no universal definition of Financial Services and we have examined various approaches to identifying which firms would be subject to our proposals. Following discussions we have concluded that our recommendations should, in the first instance, apply to all firms who meet the Financial Conduct Authority (FCA) definition of a Financial Services firm.

However, we fully acknowledge the concerns of those who have argued that our recommendations should satisfy the ‘proportionality approach’. We therefore propose exempting Financial Services firms who fall into proportionality level three under the existing PRA and FCA Codes based on the following criteria:

- › the average of the firm's total assets on the firm's last three accounting reference dates;
- › for overseas (that is, a non-EEA) New Code firms, the average of the firm's total assets that covered the activities of the branch operation in the UK on the firm's last three relevant dates. Relevant dates for these purposes means 31 December.

Another approach for determining which firms we would encourage to embrace the Charter would be to follow the proposals set out in the draft Gender Pay Gap Regulations. The Regulations will only apply to those firms who employ more than 250 employees in Great Britain. We recommend that both this approach and the proportionality principle are adopted on an ‘either or basis’. This means that firms would be encouraged to adhere to the Charter if either their total assets are of the requisite size or they employ more than 250 employees in Great Britain.

### The FCA's definition of “Financial Services Company” includes:

- › Consumer Credit
- › Bank
- › Building Society
- › Credit Union
- › Wealth Manager
- › Investment Manager
- › Insurer
- › Insurance Intermediaries
- › Mortgage and Home Finance Lenders
- › Mortgage Brokers and adviser
- › Payment Services Institution
- › Electronic Institution
- › Fin Tech

### The need for proportionality

The effect of the proportionality principle is that not all firms have to give effect to the remuneration requirements in the same way and to the same extent. Proportionality operates both ways. Some firms will need to apply more sophisticated policies or practices in fulfilling the requirements whilst other firms will be able to meet the requirements in a simpler or less burdensome way.

In respect of **The Remuneration Codes** firms are categorised into three levels, based on total assets (formerly four tiers, based on capital resources) as a starting point to help them understand the general expectations of the PRA and FCA. In broad terms, the more significant the firm and the greater potential risk that firm's activities pose to financial stability, the higher that firm's proportionality level. Firms that are part of a group containing one or more entities caught by the New Codes will generally fall into the highest proportionality level of those entities, although a firm can apply for individual guidance from the PRA and FCA to vary its proportionality level.

## Consultation – Key Points

We see our three recommendations as a package. Greater transparency will be achieved through reporting on gender ratios throughout organisations. The setting of internal targets, which firms are required to publicly report on, will act as a catalyst for change. This is a necessary step to encourage a step-change in behaviour across the sector.

Meaningful change will also require senior Executives in Financial Services to take personal responsibility for addressing gender imbalances within their organisations. To this end, we believe that making an explicit link between variable remuneration and progress on gender outcomes will focus the minds of senior Executives and incentivise them to take the issue seriously.

### The quotas debate

During our research, we have heard many different views on the use of quotas as a tool for achieving gender balance.

Quotas continue to divide opinion.

- › Whilst quotas have gained traction in other parts of Europe, corporate UK remains largely united against them. In making change we wish to do so by building consensus as opposed polarising opinion and the problem being viewed ‘as a compliance’ issue.
- › Whilst those who are in favour of quotas tend to argue strongly in favour of them, we have been urged to take a non-prescriptive approach which recognises that a ‘one size fits all approach’ would not work well in a sector as diverse as UK Financial Services.
- › As demonstrated by the work of ‘Women on Boards’ the approach advocated by Lord Davies has worked well and is consistent with the UK tradition of free markets and **information driving** best practice rather than rules.

“ In some cases we’ve said ‘if you’re not hiring the female candidate for a role you have to do a full business case of why that individual can’t be appointed’. We’ve had to just take to really tough measures in areas where it’s most difficult to move the dial. ”

Lynne Atkin, HR Director, Barclays Bank

# Review Findings & Recommendations

## Consultation – Key Points

### Mandatory or Voluntary

We have consulted the sector on whether our final recommendations should be mandatory for all Financial Services firms who fall in scope or whether we should adopt a purely voluntary approach. On balance the decision has been made not to recommend prescriptive measures. We recommend a business-led approach, but Government should reserve the right to introduce alternatives if the business-led approach does not achieve significant change.

Whilst there was some support for our recommendations to be mandatory, we were keen to avoid a heavy-handed approach. Equally, the success of the Lord Davies business-led approach shows that real change can be made without the change being forced.

“ I think that the more information firms can make available, before you get to interview stage, [the better], so that awkward questions [can be avoided]. ”

International Capital Markets  
Association Roundtable

“ As well as firms publishing information on the website, it would be really useful if there was some comparison done and that was also made publicly available. ”

International Capital Markets  
Association Roundtable



## Signing up to the Recommendations



# Review Findings & Recommendations

## Reporting Requirements – What gets measured gets done



Our first recommendation concerns reporting on gender balance and internal targets – namely, that firms should set their own internal targets, but publicly report on them and the progress against them.

Our focus throughout this Review has been on the Executive pipeline and the mid-tier level. For this reason – whilst we recognise that some firms do go further and publish additional data voluntarily – we believe firms should publish metrics on gender that penetrate throughout the organisations. Our approach in this area aims to build on the successful work of Lord Davies which made a number of important recommendations around greater transparency, disclosure and targets. We believe that transparency should also extend beyond FTSE companies to the many unlisted Financial Services firms operating in the UK as well as those who are domiciled abroad.

More specifically, we believe that firms should publish key metrics on gender balances at all levels of the organisation. This should include metrics in individual business units as well as by broad job functions. Firms should explain what steps they have taken to promote gender balance through the course of the year and what they intend to do in the following year. Publishing the data in this way is likely to raise awareness amongst Executives of existing gender disparity in their organisations which they may not have considered before.

We believe that increased transparency in this area has the potential to act as a catalyst for individual firms to review policies and practices that may hold back women from progressing in their careers, and that requiring firms to publish figures on gender should act to ensure more firms put in place strategies to tackle problems where they exist.

Throughout our consultation we were told that commentary is of equal importance to the metrics. For firms at an early stage in their plans to tackle gender diversity, narrative reporting that provides the context of what is being done to improve female representation is almost as important as publishing.

### Suggested reporting requirements

- 1 Statement on the firm's diversity policy (Board and the corporate group)
- 2 Name and role of the Executive accountable for diversity and summary of impact of diversity performance on variable pay
- 3 In-year progress update
- 4 Summary of aims and targets for the coming year
- 5 Data metrics – annual report and comparison to previous year(s)
  1. An overall gender split for the whole firm
  2. The gender split for the Board
  3. The gender split for the leadership of the firm
  4. The gender split for each business unit in the UK
  5. The gender split across the separate functions of the firm
  6. The gender split by organisational level
  7. The gender split of all newly hired employees over the last year
  8. The gender split of all promoted employees over the last year
  9. The percentage of the company working flexible working patterns
  10. The gender split of those employees working flexibly
  11. The percentage of maternity/paternity and shared parental leave employees returning to work
  12. The gender split of those employees leaving the firm over the last year

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## Reporting Requirements – What gets measured gets done

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“ At Barclays we have implemented a target for diversity within all candidate short lists at the Director and Managing Director levels to ensure we are drawing from a fair representation of talent. In addition, all hiring panels at Barclays must contain a gender mix of interviewers.

**Lynne Atkin, HR Director, Barclays Bank** ”

“ There is some way before the glass ceiling is cracked in the boardroom and on issues of pay. There have been a number of high-profile campaigns to improve diversity on Boards, notably from groups such as the 30% Club. However, while these campaigns have achieved some progress, it is clear UK plc is still poorly diversified at senior management level.

**Harriet Steel,  
Hermes Investment Management,  
The Independent,  
12 October 2015** ”

“ The numbers become a catalyst to explore the end to end business of all of the practices. ”

**HM Treasury  
Roundtable**

## Reporting Requirements – What gets measured gets done

Carbon reporting is used as a case study to show how an initial voluntary reporting requirement can have a positive impact in tackling the issue at hand.

### A Story of Measurements – Learning from Carbon Reporting

The Stern Review (2006) and the United Nations Climate Change Conference in Copenhagen (2009) drew firms attention to the need to address climate change. Many proposed voluntary reporting of greenhouse gas emissions. Some firms took an early lead and campaigned for voluntary action within their sectors, this included setting out public statements about their intentions such as ‘to reduce our carbon emissions by 50% by 2020’ etc. It was soon realised that reporting could be complex and was less valuable if not consistent, this allowed some organisations to unjustifiably promote their achievements with what became known as ‘greenwashing’.

Over time these commitments have become more specific, more measurable, and more comparable across firms as media and pressure groups demand greater transparency and hold firms to account against their targets; similarly firms have welcomed the move towards standardised measures and the sharing of best practice and that can provide comparable data between firms, and help achieve the targets.

Since 1 October 2013 the amended Companies Act (Strategic Report and Directors’ Report Regulations 2013) has required all UK quoted companies to report their figures.

**Stephen Heal, Frontier Economics, March 2016**

## Executive Accountability – Getting the tone from the top right



Our second recommendation – that there should be Executive accountability for increasing gender diversity at all levels of the organisation and in all business units – is a recognition that the ‘tone from the top’ and senior Executive buy-in and accountability is key to achieving change.

This recommendation seeks to build on broader regulatory changes in the aftermath of the financial crisis, principally, the introduction of the Senior Manager Regime, which tries to assign and pin-down Executive accountability for specific roles and responsibilities. It is recognised that too often collective responsibility means that, in practice, no one takes responsibility or accountability.

We believe that the same argument applies here, and that whilst all senior Executives should have collective responsibility for diversity issues, someone from the senior Executive team should have a specific accountability.

In interviews, roundtables and consultation responses, we found almost universal agreement that such accountability was a key element in driving firms to take diversity and inclusion issues more seriously.

There were a broader range of views as to how firms should implement this recommendation. In particular, we found that:

- › views differed over whether accountability should sit with the HR Director or whether it should sit with another Executive Committee member. However, a clear majority of individuals felt that primary responsibility should sit with someone in a business-facing role;
- › alternatively, it was suggested that the Chief Executive should be held accountable, as the best way to ensure a clear unambiguous message from the top of firms that they take the issue of gender diversity seriously;
- › there were suggestions that, in addition to a member of the Executive Committee having accountability, a Non-Executive Board member should be given responsibility for holding the Nominated Executive accountable for performance in this area.

We believe that firms should have discretion as to who in their senior Executive team takes on responsibility for gender diversity issues. However, we believe that there is a strong case for this responsibility sitting with someone in a profit and loss line – both to ensure that the risk of diversity becoming a silo issue is reduced, but also to ensure that female under-representation which appears to be greatest in such roles may be better addressed.

Furthermore, we believe that there is a case for this responsibility to be given to a male rather than to a female, once again reducing the risk that it is viewed by senior Executives as a silo issue.

Accountability is essential to ensure progress. Only when diversity is part of the overall strategy of a firm, in terms of driving performance and improving decision-making, can there be a real shift in mind-set to achieve gender balance. Each firm has to identify the levers that drive performance and who is responsible for pulling those levers, and those will be different in different companies and across different business lines. But the tone has to come from the top, and it has to be integrated into the everyday functioning of the business, not delegated to a function of HR.

“ The answer to the question when you are looking at the individual accountability is much more focused on the how are we going to reach our numbers targets. ”

**Dame Fiona Woolf DBE, Partner,  
CMS Cameron McKenna and Member  
of the Women’s Business Council**

“ One of the things that I think one notices, is that although there seems to be a lot of talk about how important management is, and that is also part of the culture discussions. I am not aware of any actual compensation impact on managers for being good managers. ”

Quite the opposite in fact.

**International Capital  
Markets Association Roundtable**

LLOYDS  
BANKING  
GROUP



## Case Study

### Executive accountability in improving gender diversity

In 2014, Lloyds Banking Group took the bold step of setting a public commitment to increase the representation of women across their senior management population to 40% by 2020, as part of their strategic Helping Britain Prosper Plan.

Their CEO recognised that Executive accountability would be crucial, not only in achieving their numerical goal, but in ensuring that their commitment resulted in genuine, sustainable cultural change across the organisation. He appointed a member of the Group Executive Committee to act as both Executive Sponsor for Diversity and Inclusion (D&I) for the organisation and also as Executive Sponsor for Gender. The Executive Sponsor is directly responsible for the entire commercial division of the business, employing almost 7,000 permanent staff.

The Executive Sponsor was chosen carefully on the basis of a number of factors – not least his personal passion, commitment and desire to achieve real change in the diversity space. The decision to appoint an accountable Executive from a core business function, rather than HR, was also taken very deliberately. HR is involved in all aspects of Lloyds' diversity strategy, but the appointment of an accountable Executive has demonstrated clearly that diversity is not just an HR issue or a problem for HR alone to solve.

The first action was to establish a D&I Operational Committee which meets monthly and consists of Managing Directors from each area of the business, as well as key functional directors and the Chairs of our colleague diversity networks. A core focus of the Committee is to track progress against the gender strategy and action plan each month, paying very close attention to gender representation figures, engagement scores and trend data on hires, promotions and attrition of female colleagues at every level across the entire business.

The Executive Sponsor has personally fronted multiple campaigns and initiatives across the organisation to ensure Lloyds' staff see D&I as business imperative and not 'nice to do'. He has also led press campaigns about the setting of their public goals. He has written to his peers and all of the top leaders in the organisation to ensure they understand this and are leading by example. At a recent leadership offsite meeting, he put on hold his BAU presentation and used his presentation slot to talk about why D&I is vitally important for their business.

He used his position to influence the ExCo, CEO and HR Director to agree to provide an enhanced Shared Parental Leave package to all colleagues, matching their enhanced maternity pay offering.

Within his own area of the business, he has spearheaded the gender agenda and has ensured that all of his senior team and his leaders understand the importance of the agenda and are role modelling the right behaviours in their departments. He has appointed a senior manager within the Commercial business to work solely on the D&I agenda and hold the leadership to account on making changes to their behaviour and decision-making. Actions taken during 2015 have included amending the recruitment process within the division so that every shortlist for a senior role must include a suitably talented female candidate, or explain why not.

Lloyds has met its public goals in the last two years because of the increased focus on this issue over the past 18 months. In the Commercial Banking business, the impact on women's progression has been significant; during 2015 external hires into senior management roles have been 31% female, compared to just 17% during the same period in 2014. The proportion of female promotions into senior management has increased from 26% to 33%.

Lloyds has seen a transformation in its approach to D&I since their accountable Executive took the lead, and more specifically in its approach to gender equality. The D&I Committee he Chairs successfully introduced a monitoring process for gender diversity in shortlists for senior managerial roles, reducing the proportion of all male shortlists at senior management level from 21% to just 13% during 2015.

He has been a very visible advocate for the D&I agenda and for gender equality throughout 2015. With the full support of the CEO, Executive Committee and senior leaders across the organisation, he has ensured that Lloyds have enhanced their brand reputation, both as an employer and as a leader in the diversity and inclusion field among peers, competitors, customers, the government and media.

## Remuneration – Hitting the bottom line



Our third recommendation – the bonuses of Executives are explicitly tied to achieving greater gender balance – is intended to reinforce the importance we believe firms should attach to diversity issues. It is based upon our belief that well-structured incentives to promote good outcomes can make a real difference as well as the fact that bonuses make up a significant ‘chunk’ of income for many senior Executives in some parts of the sector.

It is for firms to determine to whom this recommendation will apply – we have debated the merits of it applying only to Executives or to all hiring managers, as they all have an important part to play in culture change. We also considered the merits of firms reporting on the proportion of variable pay which is linked to progress in this area. We have chosen not to be prescriptive.

Remuneration structures and links with variable pay can be a powerful tool to change behaviours and act as an important signal to Executives. We have seen Financial Services firms link a proportion of bonuses to good consumer outcomes or customer satisfaction levels, which has encouraged Executives to focus on these issues. This could be done via a balanced scorecard mechanism or by a link to performance management and objectives. Again, we have chosen not to be prescriptive and it is for each firm to determine their approach.

We recommend that individual firms set their own targets for gender diversity by the most appropriate mechanism. Progress should then be linked to variable pay. This could be done via a balanced scorecard mechanism or by a link to performance management and objectives. Again, we have chosen not to be prescriptive and it is for each firm to determine their approach.

We believe that broader cultural change is driven forward most effectively by encouraging senior Executives to take an active, year-round approach to promoting diversity. Therefore linking variable pay and performance to action against clear plans to promote diversity would send a strong message that firms take the issue seriously.

“ We have some policies and we brief our agencies and we’ve made improvements but again there are pockets that say ‘I tried really, really hard but we just didn’t get the candidates’. And I think at the moment the response is ‘okay, well, we tried’. But [it needs to be] ‘okay, but you’re going to take a hit in your pay packet because of that’ it might make them try a little harder and seek the expertise that is required because I’m slightly sceptical about it. ”

HM Treasury Roundtable

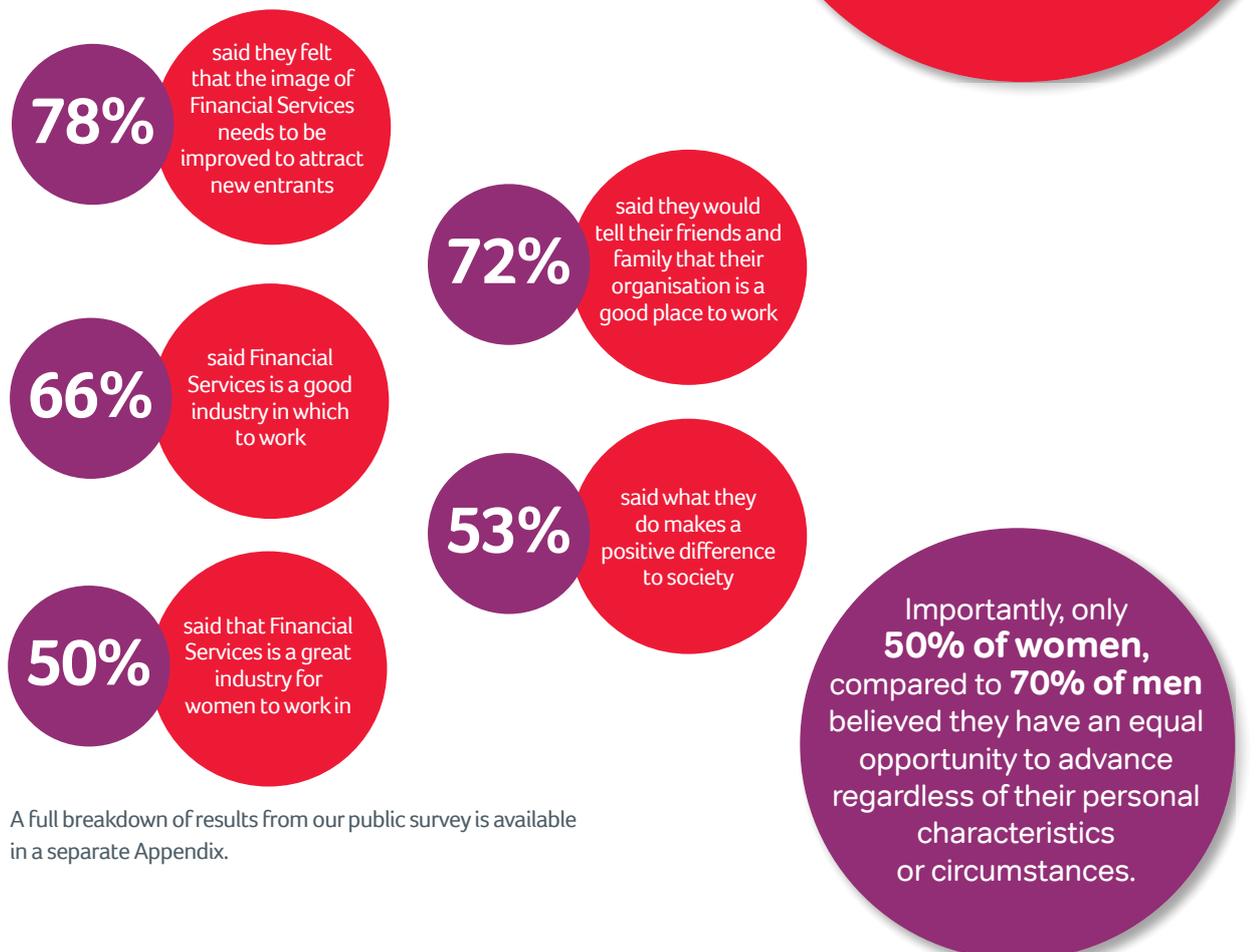
# Turning Talk into Action

The three overarching recommendations aim to help achieve greater gender parity throughout the UK Financial Services sector.

The research also includes our findings on good practice which are based on an extensive survey undertaken by YouGov. Our aim was to hear the voice of men and women in the mid-tier across the sector about what they believed would help women to progress in Financial Services.

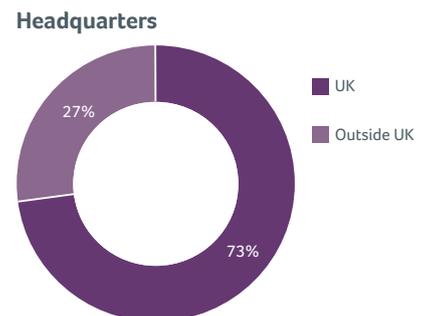
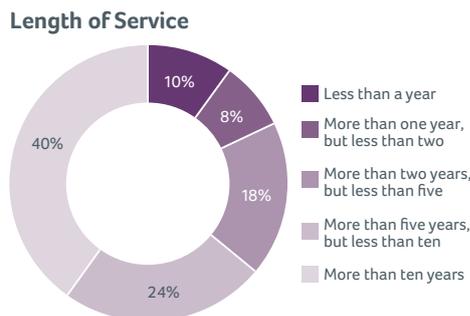
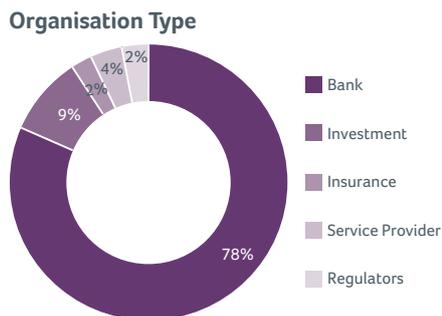
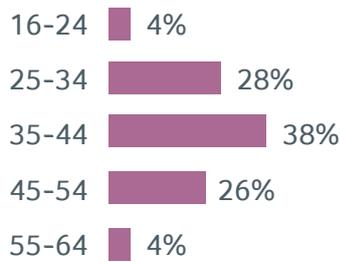
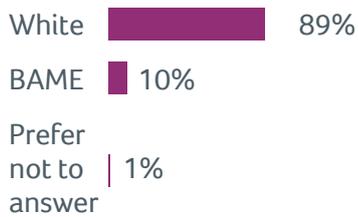
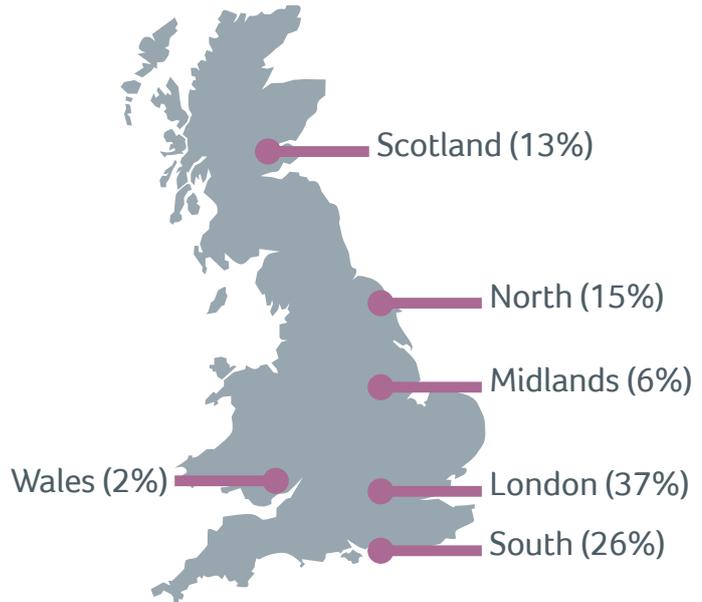
This chapter summarises the practical actions firms could implement to achieve greater gender balance in senior roles. The 'top 10' are a blend of the outcomes from our YouGov survey, suggestions made by attendees at our Roundtables and written responses to our consultations.

The headline findings from the YouGov survey are as follows:



A full breakdown of results from our public survey is available in a separate Appendix.

## Profile of Respondents of the YouGov Survey



“

Nearly 3,500 people - men and women - contributed to this Report through a variety of channels and I am delighted to be able to make their views heard in this way.

There are a range of issues that organisations must address in order to develop a fully inclusive workforce at all levels. When we asked mid-tier managers in Financial Services, they identified ten key enablers, including the need for a supportive people manager, having the technology to support flexibility and creating the right culture.

We recommend that all organisations explore these - and the other issues identified in this report - in considering how to improve inclusion in their own workplaces.

**Jayne-Anne Gadhia**  
CEO, Virgin Money

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## Ten Positive Actions

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Invest in Supportive  
People Managers

**1**



Create the  
Right Culture

**2**



Provide Technology which  
Supports Flexible Working

**3**



Ensure there are  
Transparent Pay Structures

**4**



Increase the Number of  
Female Role Models

**5**



Implement Good Flexible  
Working Policies

**6**



Support  
Working Parents

**7&8**



Offer Mentoring Schemes  
and 'Active' Sponsorship

**9**



Provide Opportunities  
for Women to Gain  
Commercial Experience

**10**

# Turning Talk into Action

## 1 Invest in Supportive People Managers

The biggest challenge in relation to gender diversity in firms lies in the quality of people management.

90% of female respondents and 83% of male respondents to our survey said that supportive and flexible people managers would have a positive impact on gender diversity in the workplace.

People managers play a vital role in encouraging and facilitating the performance and well being of their people. They encourage or inhibit hiring and promotion and make key decisions on pay and bonuses. They influence the training and development of their people.

Good policies will have little impact unless they are supported by people managers. If employees feel their careers will be jeopardised if they access the policies, then they will have limited effect.

Trust is imperative to creating confidence and security. This view is supported by Mercer's 2014 research which commented, in relation to maternity leave policies and other health related programs, that 'what matters most is not the presence of a program but how it is activated'.

There is still more work to do, with only 39% of women reporting that managers in their firms treat all people equally in relation to career progression. This is in contrast to 61% of men.

People managers can make a significant contribution to addressing gender imbalances:

- ▶ 66% of respondents felt that encouraging women to push harder for promotion would make a difference.
- ▶ Only 59% of women and 65% of men felt they had been encouraged to gain the skills they needed for more senior roles.

In order to overcome this barrier we have seen that many organisations are investing in unconscious bias training. Barclays "run mandatory Unconscious Bias training for all Managing Directors and Directors globally which underpins all of [their] key people and processes such as recruitment, promotion, talent management, development and performance management".

We have repeatedly heard that unconscious bias training makes a difference and we believe it should become the norm.

Sometimes the simple things have the biggest impact.

“ They might be star bankers, but they are lousy managers. ”

Female Non-Executive Director in the City

“ There needs to be more support for managers to become better managers. ”

International Capital Markets Association Roundtable



## 1 Invest in Supportive People Managers

“

If you don't have a manager that understands that you need to be at home or picking up your kids from school and then working from 8 to 10pm you will never make it. So I think the flexibility is extremely important at the early stage if a woman wants to stay in the finance sector.

**Broadminded Roundtable**

”

“ Put simply, it is about creating a level playing field which is key part of managing people well.

**RBS**

”

“ That is the problem: in our industry because of technical ability, or because you're a good trader you get promoted, you become a people manager. You've got no idea how to manage some of these teams that you inherit or some of the issues. I think that is part of the problem. We put all this pressure on line managers, when in reality we haven't given them the ability to deal with some of those subjects.

”

**International Capital Markets  
Association Roundtable**

# Turning Talk into Action

## 2 Create the Right Culture

Our survey found that 87% of women and 84% of men believe that the right culture creates the ability for greater diversity.

- › 49% of respondents felt that the more senior you become, the more it feels like the firm 'owns' you.
- › 65% of respondents felt that you have to work long hours in the office in order to progress.
- › 71% of respondents said that their firms have a culture of flexible working.

Firms need to provide a supportive culture that enables people to continue to work as their lives progress and circumstances change and must ensure that people have the support they require to adapt.

Having such a culture is important for creating trust and is crucial in dispelling the view shown in many studies that working part-time or indeed flexibly hinders career development. In order to tackle this cultural issue, tone from the top plays a vital role. We heard that the face time culture which continues to exist in Financial Services causes flexible working patterns to be looked upon negatively. Managers can tackle this by encouraging teams to have meetings within 'normal' working hours and reducing the need for travel, by making greater use of technology.

Crucially, a culture of flexible working is not just about women. At a major retail bank, their flexible working policy operates so that "if someone wants to play football during the afternoon and work a bit later that is fine. Equally it's fine if colleagues **need to collect** their children from school. They just need to be **honest** about where they are."

The culture in the sector still needs to change. We were told: "There is still too much public school banter which is very English male. They form a dominant group which see themselves as hilarious in a genteel way. It is instantly off-putting and it is hard for women and others who do not fit into this mould". We believe that changing the culture in Financial Services will engender lasting progress.

“ As you get more senior you can set the culture for your team.

Senior Female  
in the City

“ Tone from the top is instrumental in driving and shaping the success of diversity and inclusion.

Nationwide

“ Organisations require leaders from diverse backgrounds that can engage employees, foster innovation and make the most of their potential. We know that leaders who maximise the performance of their people maximise the performance of the business. By encouraging diversity of thought and accepting that "their way" is not the only way, inclusive leaders drive inclusive cultures.

RBS



## 2 Create the Right Culture

“

For us to see progress on gender equality, it's critical that we secure the commitment of our senior men as well as women. We also need to make sure this is seen as a business issue and that we set ourselves measurable goals to track progress.

**Standard Life**

”

“ The industry needs to communicate more to employees that they want to recruit and retain a greater female workforce all the way to the top. In my view the approach to such initiatives needs to be top-down, and implemented by senior and middle managers. The days are over of leaving this issue to HR only. ”

**Cecile Hillary,**  
Co-Head of Financial Institutions and  
Fixed-Income Capital Markets EMEA,  
Morgan Stanley

“ Why do women leave the sector? Their bulls@@t barometer is lower. ”

**Female Executive,**  
Chester

# Turning Talk into Action

## 3 Provide Technology which Supports Flexible Working

Technology can help and hinder gender diversity. In our survey, respondents told us that having technology which allowed them to work flexibly is welcomed.

- ▶ 86% of women and 81% of men felt it was important to have technology that supports flexible working.

But, we have also heard that it is important that access to technology is used to support flexible working, not to require 24-7 availability.

Having the right technology, and easy access to this technology, is crucial to a successful culture of flexible working. Technology can also be instrumental in allowing companies to keep in touch with employees who are away from the business, allowing for a smoother return to work. However, the fine line between technology which allows flexible working and technology which stops workers from ever 'switching off' can only be addressed through culture and role models within an organisation who use the technology in the right way.

Many Financial Services firms are already utilising technology to improve the experience for colleagues. In particular, RBS have decided to tackle the issue through a Virtual Client Service which allows staff to access systems remotely through any computer. This is complemented by the bank's RBSelect home computing option where staff have access to a range of desktop computers, laptops and tablets as part of their flexible benefits options. In their latest technology-based initiative, RBS have also partnered with Facebook to offer colleagues a platform to share ideas and communicate quickly and efficiently. RBS has found that this has enabled staff to work much more efficiently together, answer customer questions faster, update other colleagues on their work in a much more engaging way and source a far wider range of ideas for on-going projects. Given how many people already use Facebook in their everyday lives, it was picked up quickly by those on the pilot, with minimal training needed.\*

When used in the right way, technology has the potential to offer not only flexibility but higher levels of engagement within a workforce.

Barclays have also created an innovative 'Stay in Touch' App. This initiative was developed based on feedback from colleagues who attended a bespoke event on maternity and paternity leave. The aim of the App is to help those out of the business on maternity or paternity leave to feel connected. The App can be accessed from personal smartphones and tablets and offers useful bite-sized information in a family friendly tone including key dates for applying for childcare vouchers and access to the Company's return to work policies.\*\*

\*RBS, Working Families, 'Top Employers for Working Families Awards' 2014 winner innovation.

\*\*Barclays, Working Families, 'Top Employers for Working Families Awards' 2015 winner innovation.



### 3 Provide Technology which Supports Flexible Working

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“ Ensuring that meetings are held during working hours only and avoiding unnecessary travel through the use of technology would not only benefit women, it would benefit everybody, and save company money in reducing travel budgets. It is absolutely the way forward for any modern workplace.

YouGov Survey

”

“ Big events and meetings at Board level tend to only happen in one location. If you have family commitments it's very difficult to attend some of those meetings. There is absolutely no reason in this technological age, why you can't make use of video conferencing facilities.

Newcastle Roundtable

”

“ The key is educating people about the ability to work flexibly as the technology improves.

Newcastle Roundtable

”

# Turning Talk into Action

## 4 Ensure there are Transparent Pay Structures

87% of women in our survey felt that transparent pay structures would have a positive impact on gender diversity. This is compared with 69% of men.

Senior women have repeatedly told us that they do not earn as much as senior men. The gender pay gap in Financial Services remains at 39.5%.

Transparency of pay is also something that the new generation entering Financial Services are asking for, with 89% of respondents between the ages of 16–24 believing this would be effective.

Pay is just as important when looking for a new job for women (87%) as it is for men (85%). However, women are less likely to ask for a pay rise; 60% of women would not ask, compared with 49% of men. The issue of pay and transparency needs to be looked at not just for new hires but across the organisation.

As part of this Review, we have been told that there are a number of levers that enhance the trajectory of an individual's pay:

- ▶ male candidates have a greater propensity to take external roles than female counterparts, thus making them a more likely flight risk which could drive higher pay outcomes;
- ▶ men are more likely to negotiate their own remuneration packages – both on moving roles and when staying with their firms; and
- ▶ men are less likely to take career breaks with parental leave or to spend periods of time working part-time.

All of these factors affect both fixed and variable pay.

Pay equality exists at the entry stages to many firms. The inequalities creep in over time based on the factors above. In our research we have heard that one of the contributory factors is lateral hires from external firms and we think this is an area that should be given greater consideration by firms.

Pay equality matters because it is a critical driver of gender diversity. Not only does it result in fairness but, crucially, it puts women on a more equal footing with men in the household, with the result that women are more likely to stay in the workforce.

The Government's plans to introduce mandatory gender pay gap reporting by firms, with a first reporting date of no later than April 2018, will be important in bringing more transparency to this issue. We believe that through the inclusion of bonus payments together with base salary, the disclosures will have more impact and more potential to drive change.

“ Pay equality is always difficult to tackle as there are several factors that need to be considered, however what is unacceptable is for pay to be unbalanced simply as a result of gender or any other personal characteristic. ”

Direct Line Group

“ We have salary and variable compensation, and the problem is there is a lack of transparency as to what people are actually getting paid. Where you have this lack of transparency I think it keeps it, unequal if you like, or it makes it easier for it to be unequal. ”

International Capital Markets  
Association Roundtable



## 4 Ensure there are Transparent Pay Structures

### It starts young!

A poll by Halifax of children between the ages of 8 and 15 showed that boys were statistically more likely to ask for a rise in their pocket money than girls of the same age. A further poll by Opinium found that on average, a boy between the age of 11 and 18 gets £11.47 pocket money per a week but a girl gets only £10.67, a difference of 80p a week, or just over £40 a year.



“ I think it comes down to being valued. On top of all of that, having to work harder and feel that you have to achieve more just to get the same result, you then add on the fact that actually, although it's a pay gap, what it results in is you feeling less valued than the people who are doing exactly the same role. And you cannot separate the two, because they are inherently linked. If you feel less valued, you are going to leave. ”

International Capital  
Markets Association Roundtable

# Turning Talk into Action

## 5 Increase the Number of Female Role Models

85% of female respondents to our survey said that an increase in strong female role models would have a positive impact on workplace diversity. A number of our interviewees said that role models need to be people they can identify with rather than senior women who take the view that 'because they reached the top the hard way that others should have to do the same'.

We have met many senior women who are holding out the hand of friendship to others. But there is no single solution that will create a culture which values a diverse workforce. We all have to be part of the change. This requires male role models too.

At the Bank of England more than 4% of high earning men now work part-time. This has increased since 2013 when Mark Carney took over as Governor, showing that tone from the top can be effective in allowing employees to take advantage of policies which are available to them.

“

Until women can be successful because they are women, any changes will end up being lip service.

YouGov Survey ”

“

Senior management buy-in and commitment will make this happen. In my opinion, for us to see progress on gender equality, it's critical that we secure the commitment of our senior men as well as women.

Standard Life ”

“

It is not that there aren't successful women, more that they each tend to be a living example of the sacrifices that need to be made.

YouGov Survey ”



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## 5 Increase the Number of Female Role Models

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“ If you look at most of the women role models in finance and asked them 'did you feel any sort of holdback because you're a woman', they'd probably say no, they didn't. And so the women who are going to succeed tend to be a certain type of woman as well. ”

Broadminded Roundtable

“ We need more visible women to help. ”

Female Non-Executive Director

# Turning Talk into Action

## 6 Implement Good Flexible Working Policies

Flexible working policies are valued by both men and women.

- ▶ 80% of female responders and 80% of male responders said that flexible working policies are essential for progress.

However, our survey also found that work-life balance is still a challenge for the sector and increasingly so at senior levels:

- ▶ 45% of respondents said their line manager managed to successfully balance work and family life.
- ▶ 25% felt that senior managers successfully managed their work-life balance.
- ▶ 19% of Executives successfully managed their work-life balance.

We have been told that “a full time culture” prevails for senior roles and that the world of work has been “designed by men for men”. There is still a belief that there are jobs “which must be done full time” and for those on the way up, the perception is that firms will want “your mind, body and soul” and that working part-time will affect your opportunities for promotion. The tipping point at which people move to senior management roles with bigger demands can coincide with the point at which people are also making important decisions on family life.

Equally we have heard that frequently more flexibility exists in practice for those women that do make it into senior positions. Women in senior positions find it easier to manage the combination of work and family or outside interests because they have autonomy and control over their work. Role models are important in this area. Senior people in firms shouldn't hide the fact they have flexible working arrangements as they could be strong role models for others.

Wherever in the structure of a firm a person sits, there may be requirements for flexibility for radically different reasons – whether it's millennials who have grown up with technology and have different attitudes and ways of working or it is working grandparents or those who care for elderly relatives. They all demand a shift in how we define a working day and our ways of working.

The culture shift is happening alongside a move to a digital society. A response to flexible working will be critical to adapting to changing customer demand. Creativity in this field will be a differentiator for firms as they seek to attract talent who can work for other more attractive industries and retain those they already have.

“ Investment banking is competitive, long hours and hard to plan. ”

Female in the city

“ Senior people exacerbate the issue. They need to promote how people get more balance in their lives. It needs to be more overt. ”

Female Executive



## 6 Implement Good Flexible Working Policies

“

When I really need to focus on family or my personal life, I need to feel that the organisation will support me. You only have to go through it once and for it not to work and you won't try it again. If people need to take time, the organisation needs to give it to them and not harass them whilst they are off.

**Female Executive**

”

“ If men in very senior positions need flexibility to pick up children and drop children off. This has only happened in the last couple of years – prior to that it was no-go territory. ”

**Building Society Roundtable**

“ I still think that there are not enough men who are asking to work flexible hours. And if they did it would help women immensely. ”

**International Capital Markets Association Roundtable**



## Case Study

### Flexible Working

Coventry Building Society (CBS) has long recognised the benefits of flexible working but they felt there was more they could do. CBS wanted to respond to the increasing relevance of flexible working in today's society as a means to secure and retain the best talent and to maximise engagement amongst their employees.

CBS believed this would, over the longer term, help them to support and develop female talent within the organisation by allowing more freedom for women to be able to balance children and families with work. They recognised that it's not just women who want to work flexibly and that many reasons other than childcare may prompt a request.

They introduced the concept of informal flexibility, where within certain boundaries, people can change their working hours through discussion and agreement with their manager and without the need to submit a formal flexible working request.

If more fundamental changes to working hours are requested, the formal flexible working request route is still available. For more formal changes, CBS did more to publicise the different kinds of flexible working opportunities available and aimed to dispel some of the myths surrounding it, both amongst employees and managers.

While the shift in approach is not radical, the results show that flexibility has become more of an accepted way of working at the Society. In the 6 months since the launch, CBS received 166 formal and informal requests for flexible working, 95% of which were agreed. During the same period last year, they received just 60 requests and agreed 78%. The change in their approach to flexibility is just one of the ways in which they are working to create an organisational culture which supports all employees to achieve their potential.

“

Proactively driving the recruitment of diverse talent is a particular passion of mine. One example of our drive to boost gender diversity is our global Return to Work programme. With programmes in North America, EMEA and Asia, Return to Work is a 12 week paid internship within a specific business unit that provides opportunities for skilled professionals who have taken a career break and are looking to re-enter the workforce. Participants have typically been out of the workplace for two years or more and have a minimum of five years of financial services experience. The programme provides them with the opportunity to rebuild strengths, hone expertise and focus skills in a new direction, while providing us with a fantastic opportunity to tap into some strong talent. Participants gain on-the-job experience, meet with senior leaders, attend professional development sessions and network with each other and a cross section of colleagues. A sizeable number of participants have received and accepted permanent offers of employment. We are just entering our third year of this important initiative in London and are pleased to be expanding its reach with a pilot programme in Budapest.

”

**Rob Rooney,**  
CEO of MS International & Head of Morgan Stanley EMEA

# Turning Talk into Action

## 7&8 Support Working Parents

### Shared Parental Leave

In 2015 the UK Government introduced Shared Parental Leave reforms in order to give parents greater flexibility to 'mix and match' their childcare. It is beginning to get traction.

- ▶ 96% of respondents said that family was extremely important or very important to them.
- ▶ 77% of respondents said that work was extremely important or very important to them.
- ▶ 80% of female respondents and 75% of male respondents felt that broader family friendly policies assist women.
- ▶ 78% of women and 72% of men felt that enabling men to take on childcare responsibilities would make a difference.
- ▶ 79% of women said that support for women returning to work is essential.

In the broader context of the social changes and the changes to the world of work, we also think that firms could think more creatively about how they support colleagues who wish to take advantage of options such as shared parental leave and how they can accommodate flexibility and temporary flexibility in their working arrangements.

In many cases the reason why the uptake has been low for benefits like extended paternity leave is because it is not economically viable for the person or household in question. Shared Parental Leave is currently paid at the rate of £139.58 per week. In order for this to be a real benefit, firms need to make it easier for dads and partners to take the time off by enhancing pay. As part of our work we have heard that a number of firms are leading the way in equalising paid benefits for maternity leave and Shared Parental Leave and we think this should be encouraged.

If Shared Parental Leave is taken up regularly it will create a culture within an organisation where both men and women feel that they are able to take a break from their career.

This sits well with the Chancellor's announcement that he will extend Shared Parental Leave and pay to working grandparents. The planned changes will increase flexibility and choice in parental leave arrangements and support working parents with the cost of childcare during the first year of a child's life. The Government will consult on the changes during the first half of 2016 with the aim of implementing the policy in 2018.

“

We pride ourselves on our family-friendly and home/work-life policies – from parental leave and unlimited leave to flexible working.

”

**Josh Bayliss, CEO at Virgin Management**

“ It's going to take a huge amount of collective effort to change social attitudes to make choices for women ok. ”

**Senior Female in  
Retail Bank**



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## 7&8 Support Working Parents

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### Return to Work Programmes

Alumni networks can offer a good source of talent to firms. The role of these networks in facilitating the return of skilled and experienced women to the workplace will help counter the perceived issue that there is a lack of talented women available for senior roles. In turn this will help close the gender pay gap.

In order to address the disconnect which can occur when women take career breaks, firms are increasingly offering Returning Professional Internships or 'Returnships'. The internships are a relatively new concept in the UK, originally pioneered in the Financial Services sector and now are broadening into other areas such as legal services.

The programmes are typically aimed at women who have been out of the workplace for two years or more and are looking to return. Originally pioneered in 2008 by Goldman Sachs, momentum in this area is now quickly building. During 2014 Credit Suisse, Morgan Stanley and Deutsche Bank launched returnship programmes for career break returners and in 2015 RBS, PwC and Lloyds launched similar initiatives.

“ Grandparent Leave would be wonderful because people at that point of their career know they are nearing retirement. It would be better than Shared Parental Leave because the parents are at a point in their lives when it is difficult to take a step back. ”

Building Society Roundtable



# Turning Talk into Action

## 9 Offer Mentoring Schemes and 'Active' Sponsorship

- ▶ 77% of women felt that mentoring schemes would make a difference.
- ▶ 68% of women but only 40% of men felt that sponsorship for women would make a difference.

A recent article in the Financial Times commented that the first rule of sponsorship and mentoring is: never confuse the two.

So what is the difference between mentoring and sponsorship? Sponsorship is a senior Executive taking personal responsibility for creating opportunities for people and acting as their champions. Sponsors are advocates in positions of authority who use their influence intentionally to help others advance, while mentors provide advice, feedback, and coaching.

In order to combine mentoring and sponsorship, UBS's Wealth Management Division has developed an award winning UK Female Sponsorship and Mentoring programme, which focuses on the career development and advancement of top performing female employees. UBS told us that talented senior females are assigned a management level business sponsor, who they build a relationship with through monthly meetings and by participating in structured events. In turn these senior women are asked to mentor a more junior female employee.

During our research we have heard that both sponsorship and mentoring are important: mentoring is critical to building confidence and networks, and sponsorship is vital to getting more senior jobs. Firms should think about how both can apply within their organisations.

“ Women have mentors and men have active sponsors – the senior guy who is actively advocating for their guy to get the job. ”

Senior Female in the City

“ Whilst women are learning how to raise their hands, men are learning how to run the business. ”

Female in the City



## 10 Provide Opportunities for Women to Gain Commercial Experience

- › 76% of women and 50% of men said that firms should provide opportunities for women to gain Profit & Loss experience.
- › 69% of women and 59% of men said that firms should proactively offer women secondments.
- › 73% of women and 47% of men said that early identification and management of female talent is important.
- › 72% of women and 49% of men said that the succession planning process should actively include women.

The New Financial figures demonstrate that where women succeed, it tends to be in areas they can access with professional qualifications, for example in Legal or Audit, or on other support functions such as HR and Communications. We have been told that very few women are coming through the commercial business lines and generally Executive Committee roles are recruited from those business lines with P&L experience.

We believe firms should consider proactive management of talent and place high potential women into career paths that rotate people between business lines and support functions. Initiatives such as these will help women and men to develop a broader view of their firm, which will in turn, mean they have more to contribute.

New Financial's research showed that only 9% of profit and loss (or 'revenue generating') roles on Executive Committees are held by women.

# Turning Talk into Action

## Advice from People in Financial Services

Our focus throughout the Review has been the Executive Committee level and mid-tier pipeline, and during the course of our work firms and individuals have told us that women themselves need to be part of the change. Here is some advice the women we spoke to in Financial Services had for other women wanting to progress their careers in this sector.

“

It is interesting to see the difference between men and women during appraisals. It is absolutely amazing how the guys turn up to the meeting and sell themselves to the point that you're really impressed by the end of the meeting. The women talk about their failures and the things they need to improve. It's such a poor way of going about it. It's been a really big eye opener for me.

”

**Broadminded Roundtable**

“ Work hard and build good networks on the way. Give a little and get a lot back. ”

Marlene Shiels  
CEO, Capital Credit Union

“ The old boy's network may have gone but you still need a network to progress. Do not feel that you have to tick every box. You won't always get it right but the world doesn't end. Push yourself out of your comfort zone early on because the consequences are less severe. I realise that I have become more cautious as I have become more senior.

CEO, Unity Trust Bank

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## Advice from People in Financial Services

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“ Just because you are a woman, doesn't mean that you have to be superwoman. I think there is a real danger in over compensation. That feeling that you have to work longer hours – no you don't. Take risks and trust yourself more. ”

Non-Executive Director,  
Buckinghamshire Building Society

“ Don't assume you don't have allies in the room. Do whatever it is that you want to do. ”

Birmingham Roundtable

# Wider Observations

## Observations for Government

We do not think that firms alone can overcome challenges that currently limit the progression of women in Financial Services. It will take societal change, led by Government, in tandem with proactive steps by firms and individuals.

We received many interesting ideas and suggestions in the responses from firms, which could make a vital contribution to ensuring that the sector remains attractive to future generations.

We have the following points arising from the consultation for Government to consider. A number of these suggestions would require additional Government spending and would therefore need to be considered against other spending pressures.

### 1. Investment in Science, Technology, Engineering and Mathematics (STEM) initiatives.

There was almost universal agreement that the talent pipeline for expertise in STEM subjects is limited. Many respondents see addressing this as critical to unlocking the talent pools for recruitment, and also assisting women to enter the commercial functions of Financial Services firms. This was further supported by our YouGov survey where 85% of respondents agreed that more work needs to be done in schools to tackle gender diversity.

Our specific observations in this area are:

- ▶ Support should be continued for the “Your Daughter’s Future” initiative which was launched by the Government Equalities Office.
- ▶ Firms and Government could increase university funding for women applying to study STEM subjects.
- ▶ Firms and Government should work together to increase the quality and quantity of career guidance advisors in state schools.
- ▶ Seek nominations for the most promising female students from state schools and match them to mentor volunteers within the Financial Services industry.
- ▶ Firms to collaborate together to host one day conferences for target audiences featuring female role models.

We repeatedly heard the importance of encouraging young girls to consider the broadest range of careers and continued investment in career advice. It was suggested that the Government could support better links between businesses and local primary and secondary schools.

### 2. Shared Parental Leave

Many responders felt that there had been a shift in culture, in recent years with men increasingly accepting more responsibility for childcare. Shared Parental Leave was an important step forward with this regard, although others felt the Government could provide greater support in the form of better guidance.

A number of firms suggested that the Government could work in partnership with firms to encourage equal weighting in maternity and Shared Parental Leave. This practice of enhancing the pay for Shared Parental Leave is already happening in a number of firms, and we believe fully paid leave is vital to encouraging partners to take the time off.

Many firms face the challenge of trying to break down cultural values where people, in particular men, still feel uncomfortable requesting leave. We believe more should be done to raise awareness and encourage couples to re-balance childcare responsibilities.

Finally, we believe the Government could also positively encourage firms by publicising and celebrating those firms who are running successful Return to Work Schemes or Internships, and could encourage firms and participants to share best practice and talk about how they have been successful.

### 3. Support childcare

The need to address the challenges posed by childcare obligations was highlighted in many responses to our consultation and was also frequently cited by participants in our roundtables.

We believe the Government should consider continuing to subsidise childcare costs and employer based childcare facilities. In addition the Government should consider how to;

- ▶ Enable more women within a specified salary bracket to access reasonably priced, subsidised childcare for all age groups and increase the tax relief available; and
- ▶ Increase the amount that can be claimed with tax relief on childcare vouchers. These offer working parents a more cost effective way to manage the ever increasing costs of childcare.

Both of these proposals would fit well with the agenda of supporting working families and promoting the value of labour participation in the workforce.

## Observations for Government

### 4. Develop help for carers

We found that flexibility is valued by people with older relatives and caring responsibilities. More could be done to support and develop help for carers. Some organisations such as Nationwide are already developing a Carers' Agenda to support employees and also are in the process of setting up a carers network. The Government should consider how it can effectively highlight this issue, promote good practice, and encourage firms to proactively develop policies and support.

### 5. Help for older workers

As demographics change, the Government could also play a greater role in ensuring that older working women are able to fulfil their career potential by offering grants for re-skilling/training to encourage employers to continue to develop the older population.

### 6. Create more forums for firms to share best practice

It was suggested that the Government could consider introducing in the Financial Services sector a similar initiative to 'Powerful Women', which seeks to develop the professional development and leadership of women in the energy sector. **Powerful Women** has helped create a competitive marketplace within the energy sector in relation to firms' commitment to long term gender inclusion.

The detailed and thoughtful responses, we recommend demonstrate the genuine desire within the sector to find ways of addressing gender imbalance at the senior level of Financial Services firms.

“

Industry wide approaches like Shared Parental Leave provide invaluable tools for organisations to provide a more equal playing field in respect of gender and perceptions about gender roles in work and at home.

”

**First Round of Consultation**

“

Despite advancements in legislation and attitudes, a variety of recent studies (including one by EDF in 2015) show that young women and girls are still far less likely to see Financial Services as a future career than their male counterparts. Financial Services employers have a job to do to in, first, projecting an overall image that is attractive and welcoming to young women and, second, to encourage women and girls to participate in STEM subjects at school and university, so that they have the grounding in these subjects, which are essential for more senior level roles in Financial Services.

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Nationwide

# Reflections

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The reasons why there are so few women at the top of the Financial Services industry are varied and ultimately we did not find a magic bullet. The sector includes a wide spectrum of firms of different sizes and organisational structures. They approach the issue of gender balance from very different starting points and perspectives. For these reasons in the end, it is important for each firm to set its own targets and implement the right strategy to address this important issue for itself.

At its core, a gender-balanced workforce at all levels of Financial Services firms, is good for business and is increasingly being sought by investors, employees, members and customers.

We are optimistic for the future. This Review has generated a phenomenal amount of goodwill and we believe the industry will evolve and change. But, sustained pressure is required. The Financial Services industry should be leaders not stragglers when it comes to gender diversity.

We have sought to avoid a prescriptive approach and we are optimistic that firms will willingly sign up to the Charter and implement our recommendations. But, if in 12 months' time, large sections of the industry have not engaged, we would expect HM Treasury to re-examine whether a more prescriptive approach is required.

A year from now we hope to be able to report a positive change towards a more balanced workforce at all levels in Financial Services which, in turn, can be demonstrated through an improvement in culture, behaviours, outcomes, profitability and productivity.



“ We're all used to having bosses that are men, pilots that are men, train drivers that are men. We're used to having secretaries that are women. We need to have role models for ourselves but we also need to have role models for our children. ”

**Broadminded Roundtable**



# Appendices

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Appendix One – New Financial's Data by Sub-Sector

Appendix Two – Public Survey by Segment

Appendix Three – Bibliography

Appendix Four – List of Acknowledgements and Thanks

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## Appendix One – New Financial's Data by Sub-Sector

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The table shows the percentage of women on Boards and Executive Committees for the various sub-sectors of UK Financial Services.

This information shows that across the sector there is a difference between the percentage of women on Boards and Executive Committees.

Within the Asset Management, Banking and Investment sub-sectors there are more women on Boards as opposed to Executive Committees.

The data for Challenger Banks and Diversified Financials 2 shows a higher percentage of women at Executive Committee level than Boards.

Building Societies, Diversified Financials 1, FinTech and Insurance sectors have a similar percentage of women at both Board and Executive Committee level.

It is also interesting to note that if the Lord Davies 25% target for women on Boards for the FTSE 100 companies, was set for Executive Committees. Many of the Top 5 firms would have to take action.

## Appendix One – New Financial's Data by Sub-Sector

Financial Sub-Sector	Range between the Top 5 Firms for Female Representation in each Sub-Sector	
	Boards*	Executive Committee**
Asset Managers	47% - 33%	36% - 25%
Banking Groups	50% - 35%	36% - 20%
Building Societies	33% - 22%	38% - 25%
Challenger Banks	44% - 18%	50% - 25%
FinTech	43% - 17%	44% - 20%
Diversified Financials 1	38% - 29%	33% - 22%
Diversified Financials 2	33% - 23%	44% - 14%
Investment Banks	50% - 35%	29% - 15%
Insurance	42% - 27%	44% - 18%
Private Equity		33% - 17%
Venture Capital		27% - 15%
Hedge Funds		23% - 14%

\*Figures show the difference (in percentages) of female representation at Board and Executive Committee level for the first and fifth ranked firms in each sub-sector

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## Appendix Two – Public Survey by Segment

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### Banks

Number of respondents: 2,445

#### Top 10 Best Practices

1. Supportive and flexible line managers
2. A culture which supports flexibility
3. Technology to support flexible working
4. Transparent pay structures
5. Flexible working policies
6. Increase in strong female role models
7. Family friendly policies
8. Support for women returning to work
9. Enabling men to take on childcare responsibilities
10. Mentoring schemes

#### Key differences from generic Top 10

Increase in strong female role models has moved from 5th overall to 6th.

### Investment Firms

Number of respondents: 270

#### Top 10 Best Practices

1. Supportive and flexible line managers
2. Increase in strong female role models
3. Transparent pay structures
4. A culture which supports flexibility
5. Technology to support flexible working
6. Enabling men to take on childcare responsibilities
7. Providing opportunities for women to gain the P&L experience required for Board level roles
8. Mentoring schemes
9. Family friendly policies
10. Early identification and management of female talent in particular

#### Key differences from generic Top 10

The only sub-sector Top 10 with P&L experience for women and identification and management of female talent in particular.

### Big 4 Banks

Number of respondents: 1,677

#### Top 10 Best Practices

1. Supportive and flexible line managers
2. A culture which supports flexibility
3. Technology to support flexible working
4. Flexible working policies
5. Transparent pay structures
6. Family friendly policies
7. Increase in strong female role models
8. Support for women returning to work
9. Mentoring schemes
10. Enabling men to take on childcare responsibilities

#### Key differences from generic Top 10

Flexible working policies is higher at 4th position instead of 6th in overall Top 10. Mentoring schemes are more important than enabling men to take on childcare responsibilities.

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## Appendix Two – Public Survey by Segment

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### New Banks

Number of respondents: 308

#### Top 10 Best Practices

1. Supportive and flexible line managers
2. A culture which supports flexibility
3. Transparent pay structures
4. Technology to support flexible working
5. Flexible working policies
6. Family friendly policies
7. Enabling men to take on childcare responsibilities
8. Support for women returning to work
9. Increase in strong female role models
10. Mentoring schemes

#### Key differences from generic Top 10

The need for stronger role models is lower 9th position instead of 5th. Enabling men to take on child responsibilities has moved up from 9th to 7th.

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### Service Providers

Number of respondents: 116

#### Top 10 Best Practices

1. A culture which supports flexibility
2. Supportive and flexible line managers
3. Enabling men to take on childcare responsibilities
4. Technology to support flexible working
5. Increase in strong female role models
6. Transparent pay structures
7. Support for women returning to work
8. Mentoring schemes
9. Flexible working policies
10. Family friendly policies

#### Key differences from generic Top 10

Culture is more important than supportive and flexible line manager. Enabling men to take on childcare is more important at 3rd compared to 9th in the overall Top 10. Mentoring is higher at 8th which is 10th overall.

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### Regulators

Number of respondents: 84

#### Top 10 Best Practices

1. Transparent pay structures
2. A culture which supports flexibility
3. Supportive and flexible line managers
4. Enabling men to take on childcare responsibilities
5. Technology to support flexible working
6. Increase in strong female role models
7. Family friendly policies
8. Flexible working policies
9. Support for women returning to work
10. Mentoring schemes

#### Key differences from generic Top 10

Transparent pay structure is top of this list, compared to 4th in the overall Top 10. Enabling men to take on childcare responsibility has increased from 9th to 4th. Technology to support flexible working has less importance - this has moved from 3rd overall to 4th for regulator.

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## Appendix Four – List of Acknowledgements and Thanks

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I would like to thank the Minister for appointing me to this role, it has been an honour to meet so many fascinating people and organisations during the course of my work, and I hope my report makes a valuable contribution to the future of women in financial service.

I wish to thank all the members of Virgin Money and the Virgin Group who brought so many ideas and so much enthusiasm to writing the report, and everyone I met at the many events I attended and visits I undertook, as well as those who travelled to meet me.

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Finally, and most importantly, I want to thank all those who took the time to speak to me or to write in to me. Your experiences and insights were so valuable in shaping my thinking. I hope that I have managed to convey the importance of this issue for so many in our society.



When a little boy asserts himself, he is called a 'leader'. Yet when a little girl does the same, she risks being branded 'bossy'. Words like bossy send a message; don't raise your hand or speak up. By middle school, girls are less interested in leading than boys – a trend that continues into adulthood. Together we can encourage girls to lead.

**Sheryl Sandberg**



