

Gender pay gap

2017 to 2018 reporting year



Welcome to our gender pay gap report



Preben Prebensen, Chief Executive

We are passionate about fairness and equality, and are committed to creating an environment that allows all our employees to feel proud to work for us, regardless of their gender, age, race, ethnicity, disability, sexual orientation or background.

We are confident that men and women are paid equally for performing equivalent roles across our business, and are committed to taking all steps possible to reduce our gender pay gap. We are pleased that our employees feel that we are inclusive – in our 2017 Employee Opinion Survey, 90% of males and females agreed that their division treats employees fairly regardless of their gender or ethnicity.


When looking at the gender pay gap figures, it is important to note that they are distinct from equal pay. The latter focuses on the equality of pay between genders for staff performing at similar levels and roles, whereas gender pay gap focuses attention on the absolute gap, generally driven by a greater proportion of males in senior and front office roles where market rates are higher.

We already exceed the Government's target of 33% of Board members being women, and are in line with the Hampton-Alexander gender targets for executives and their direct reports. However, we know there is far more to be done to improve our female talent pipeline at all levels of our business, and have made a number of commitments in order to drive forward change.

Whilst we are committed to improving gender balance, our ambitions around inclusion are much broader. We have recently joined Stonewall, a leading LGBTQ+ rights charity, and the Employers Network for Equality and Inclusion (ENEI) to help shape our thinking and activities in the diversity and inclusion sphere.

Some key statistics about gender balance and gender pay


Our female employees represent...

 **44%** of our workforce

 **29%** of our Senior Managers*

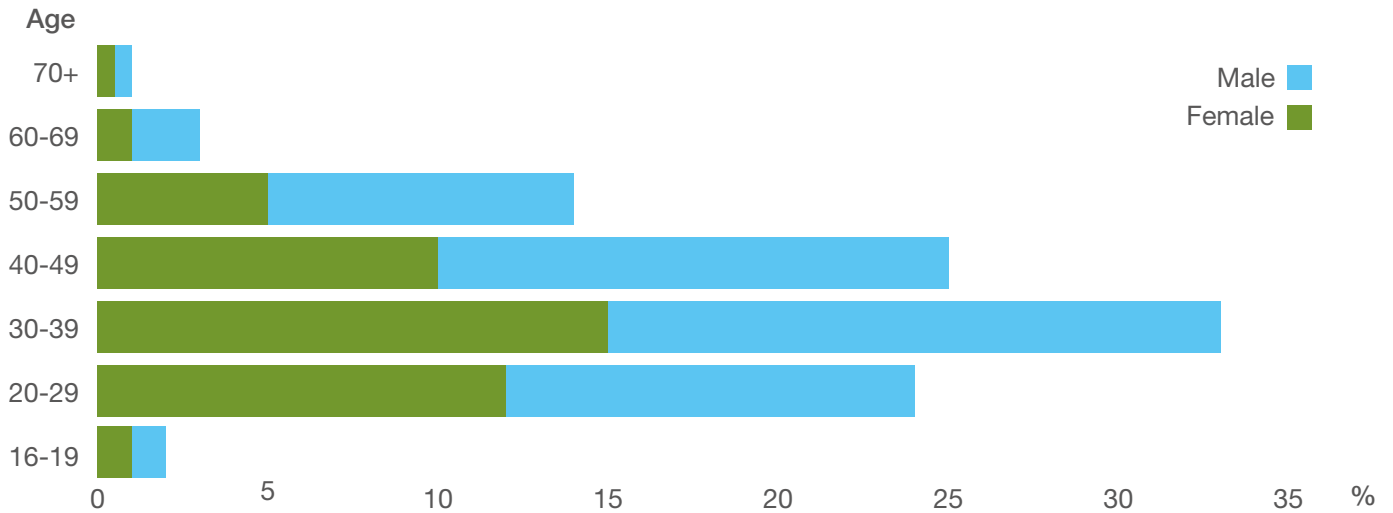
 **38%** of our Managers

 **37.5%** of our Board

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

 **88%** of part-time workers are female

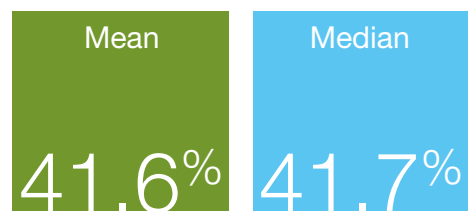
Our workforce spans seven decades



 **1.6%**

Average pay gap between employees in the same salary band

Our Group-wide gender pay gap



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

What are we doing to improve diversity and inclusion?

Our progress so far

Over the past few years we have been focusing on improving diversity at all levels through a number of initiatives. Outlined below are some of the steps we have taken to promote gender balance throughout the Group and provide an inclusive environment for all our colleagues.

Tackling unconscious bias

We have developed unconscious bias training for all managers, highlighting the need to recognise how our subconscious impacts the decisions we make.

In order to make it as impactful as possible, we made sure it is face-to-face rather than via e-learn.

Gender balanced benefits

We offer a range of family friendly benefits aimed at making it easier to balance work and life as a parent.

We have introduced the same enhanced parental leave to all new parents, and provide emergency backup care for children and elderly relations.

All employees at all levels are entitled to request flexible working.

Partnership with leading diversity organisations

We partner with three leading organisations to inform our thinking and promote inclusion throughout our businesses.

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

Inclusive recruitment strategies

We aim for a 50:50 gender split in our Aspire school leaver and Graduate programmes.

We run a 'Future Female Talent' event to help attract talented females to our Graduate programme. Last year this provided 13% of total hires.

Driving awareness and accountability at senior levels

We have developed a dashboard of key diversity statistics which are provided to business leaders on a monthly basis. These can be broken down to show gender balance within each individual business.

Inclusion is now a regular agenda item at Executive Committee meetings to ensure we are delivering on our commitments.

Mentoring and leadership programmes

We offer a range of mentoring and leadership programmes across our different businesses, designed to foster female talent and drive internal promotions.

We participate in the leading 30% Club cross-company mentoring scheme, with 23 of our talented females currently taking part.

Stepping up our efforts

Over the next year, we plan to take further action to tackle the gender pay gap and build a diverse talent pipeline through a number of initiatives and commitments. We want to ensure we are fostering a culture of meritocracy and inclusion where everyone has an equal opportunity to develop and progress.

Improving opportunities for women in sales

Our Asset Finance Sales Academy will run for the second time in 2018, with a primary focus on improving our female representation in sales.

The programme aims to develop our next generation of Sales Managers through classroom-based training, job shadowing and regular coaching from senior mentors.

Helping women return to work

We are making sure that colleagues who go on maternity leave are set up for success and supported in their return to work by upskilling our line managers.

We have been trialling returnships in order to help talented females return to the workplace after an extended absence.

Enhancing our inclusive recruitment strategies

For all entry level programmes, we now have an explicit objective to seek a 50:50 gender balance split, and a mandate to seek ethnic diversity.

For our senior roles, we insist that search agencies provide us with a diverse shortlist of candidates.

Improving our gender balance at senior levels

We aim over the medium term to improve our representation of Senior Managers to 30%, to fall in line with our Board representation.

We will particularly focus on improving the gender balance in our senior front office roles, where female representation tends to be lower.

Introducing everyday flexible working

We embrace flexible working wherever possible throughout all our businesses.

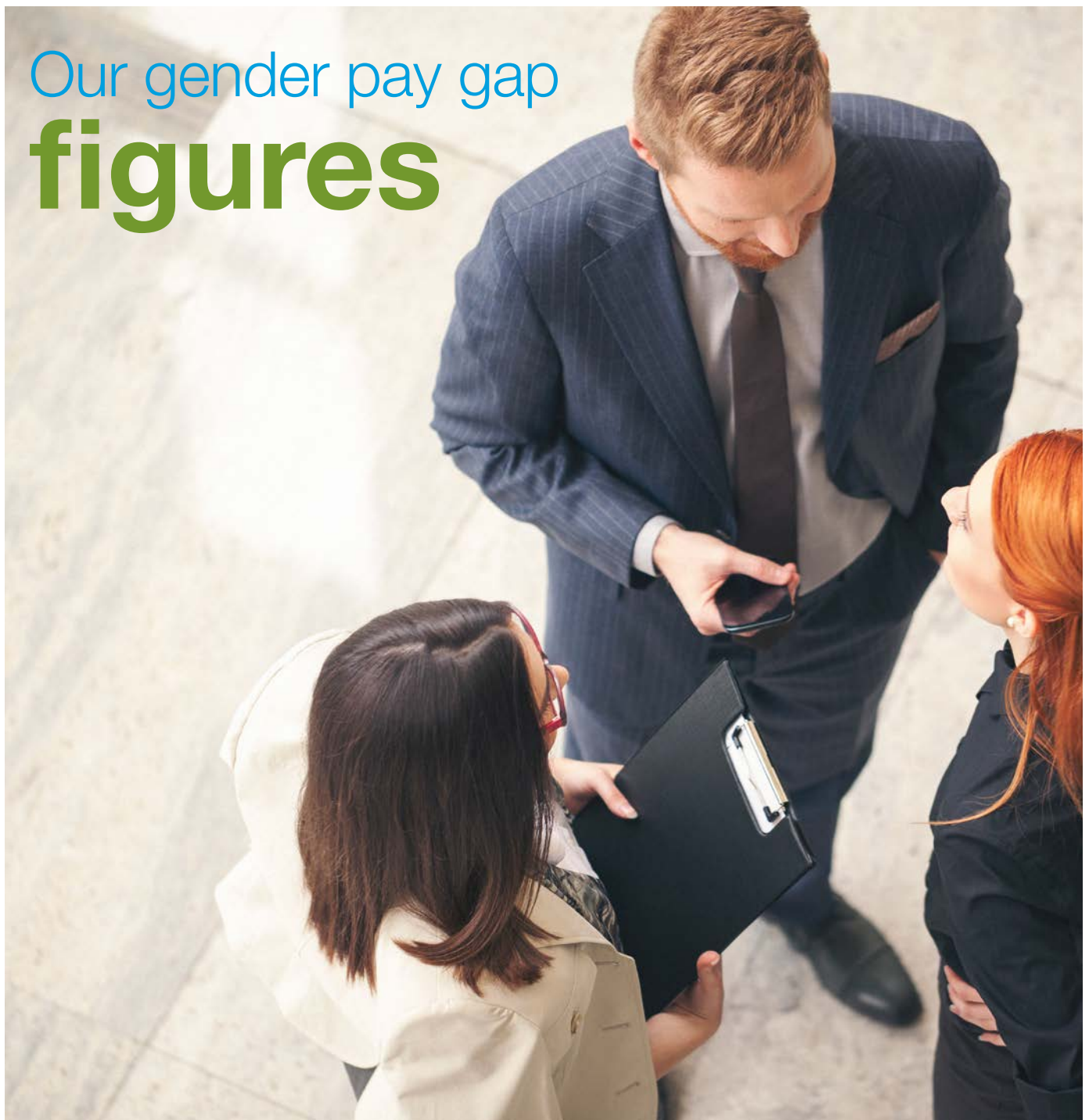
In order to embed this further, we are working to promote the advantages of everyday flexibility to allow all our employees to balance their work and home lives effectively.

Our line managers will be given enhanced guidance on flexible working, highlighting the importance and benefits of providing flexibility to their teams.

Supporting social mobility through UpReach internships

We are passionate about social mobility and creating an organisation with equal opportunities for all, regardless of background.

For the first time this year we will be working with UpReach to launch an internship programme for undergraduates from less-advantaged backgrounds.



Our gender pay gap figures

We are confident that men and women are paid equally for performing equivalent roles across our businesses.

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

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

Gender pay gap figures

The gender pay gap is defined as the difference between the average (mean or median) earnings male and female colleagues receive, as a percentage of men's earnings. These figures are provided in the chart opposite based on hourly rate of pay as at 5 April 2017.

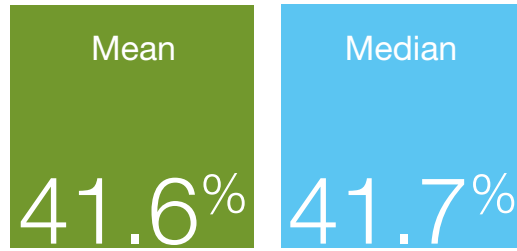
Understanding our gender pay gap

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

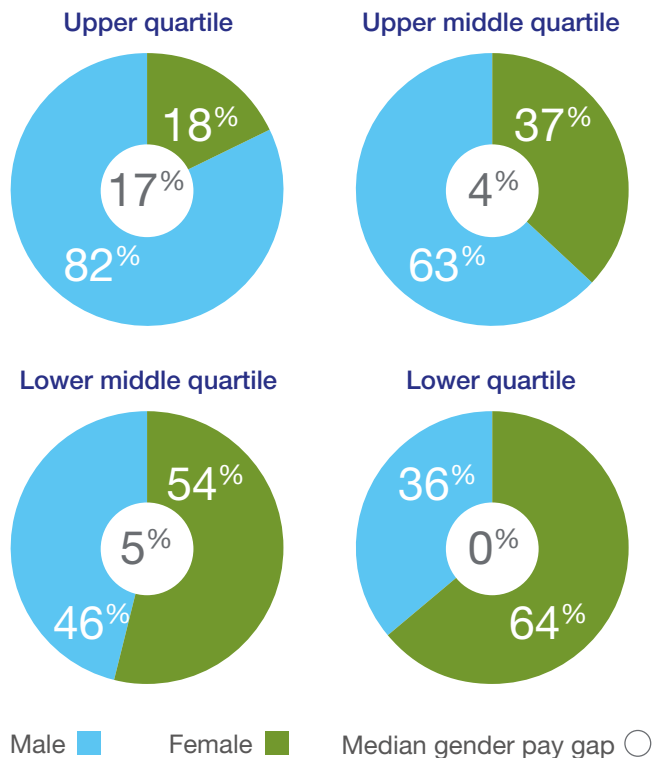
The overwhelming majority of our gender pay gap exists because women hold fewer senior positions within the Group.

If we adjust for the fact that we have more men in senior positions by instead looking at the differences in average pay between males and females in the same salary band, the gap drops to 1.6%. We are confident that this remaining gap is due to differences in roles and responsibilities within the pay band, and that all employees are paid equally when they are performing the same role.

Our Group-wide gender pay gap



Proportion of male and female colleagues in each pay quartile



Average pay gap between employees in the same salary band

Our gender pay gap figures continued

Gender bonus gap figures

The gender bonus gap is defined as the difference between the mean or median annual bonus figure that male and female colleagues received in the year to 5 April 2017, as a proportion of the male figure.

Understanding our gender bonus pay gap

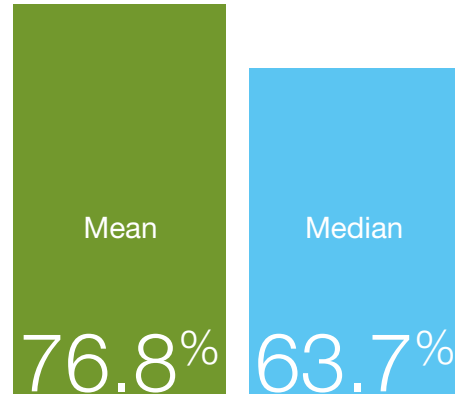
All colleagues within the Group are eligible to receive a bonus.

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

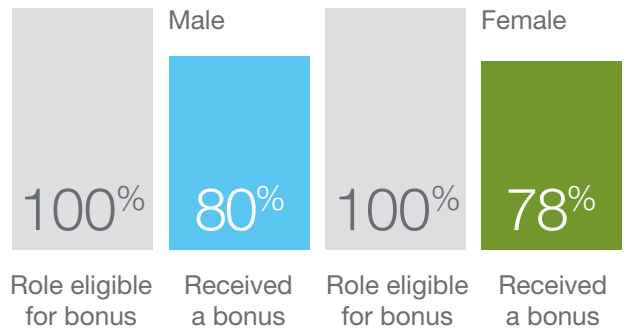
- The individual joined the company after a certain point in the annual compensation review cycle
- Unsatisfactory performance during the year

We are confident that performance is measured fairly and we analyse the gender split of our performance ratings to ensure equitable treatment of all our employees. In FY17, a higher proportion of males received an unsatisfactory performance rating than women. The difference in percentage between males and females that actually received a bonus can therefore be attributed to a higher number of females joining the organisation during the year.

Our Group-wide gender bonus gap



Proportion of males and females receiving a bonus



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



of our front office roles are filled by men

Front office roles generally attract a higher level of variable remuneration than back office and support function roles due to market driven factors beyond our control.



of our part-time roles are filled by women

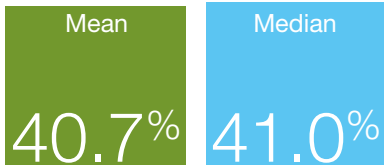
As salary directly impacts bonus opportunity, part-time employees will receive a pro-rated bonus compared to a full time employee performing the same role.

As outlined on page 5, we are taking a number of steps to address these imbalances. We have put in place initiatives to attract talented women into our front office roles, and to coach and develop them once they are in these roles. We are committed to providing part-time or other flexible working opportunities where possible for all our colleagues regardless of gender or life stage, and have put in place policies and benefits to support working parents.

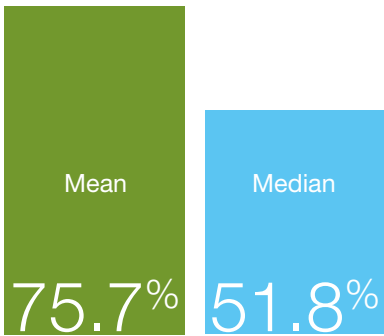
Summary statement

We have made good progress since first taking action on diversity and inclusion in 2014, but know we have a long road ahead of us. We are committed to taking steps to reduce our gender pay gap, and to support our talented females through their careers at Close Brothers. We want to strive for better gender balance across all levels and areas of our organisation.

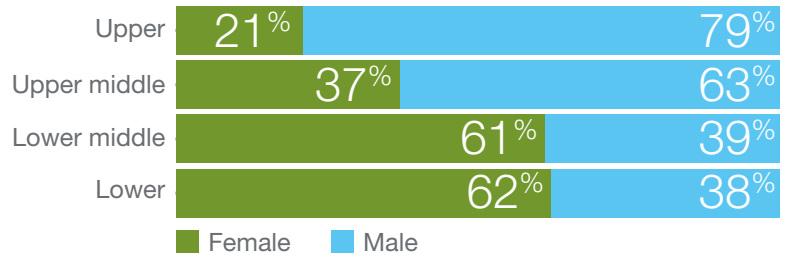
Appendix: Close Brothers Banking Division



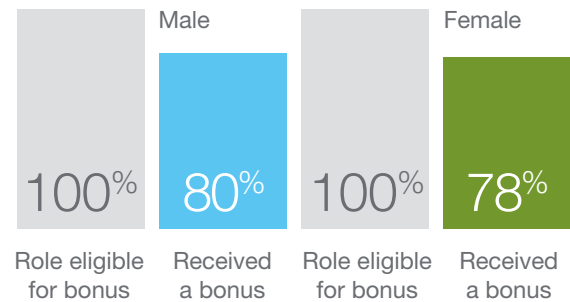
Gender pay gap figures



Gender bonus pay gap figures

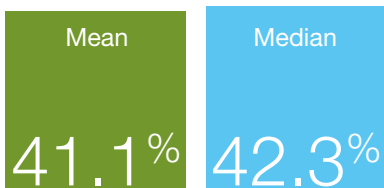


Proportion of male and female colleagues in each quartile band

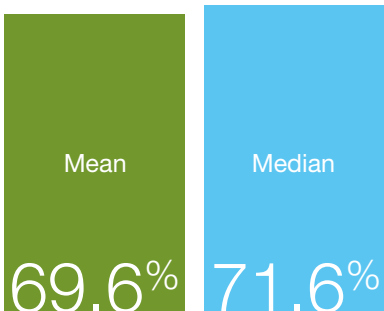


Proportion of males and females receiving a bonus

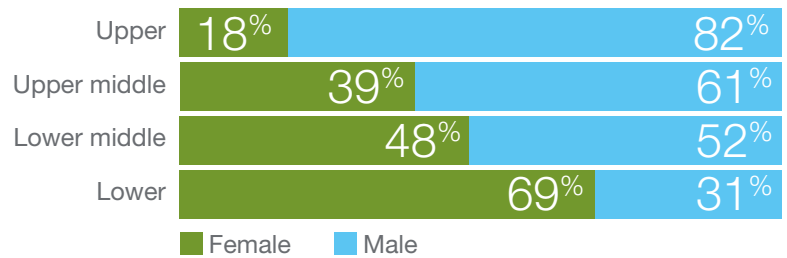
Appendix: Close Brothers Asset Management



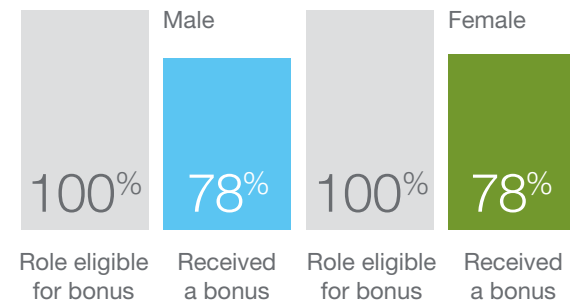
Gender pay gap figures



Gender bonus pay gap figures

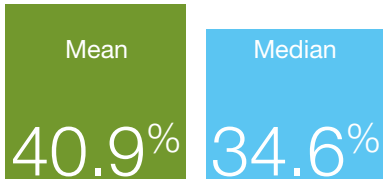


Proportion of male and female colleagues in each quartile band

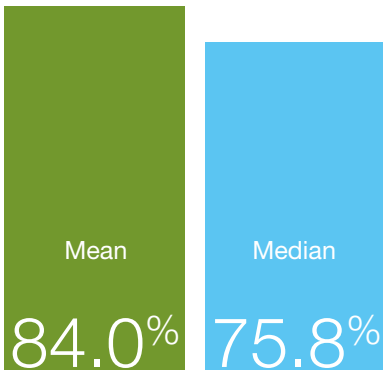


Proportion of males and females receiving a bonus

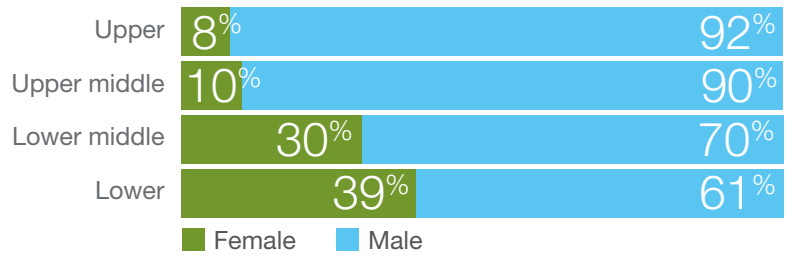
Appendix: Winterflood Securities



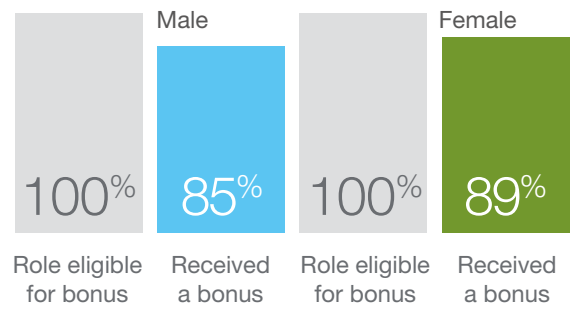
Gender pay gap figures



Gender bonus pay gap figures



Proportion of male and female colleagues in each quartile band



Proportion of males and females receiving a bonus

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