



Gender pay gap

2019 to 2020 reporting year

Welcome

to our gender pay gap report



Preben Prebensen, Chief Executive



At Close Brothers, we are committed to creating an inclusive environment where all our colleagues can thrive. Our aim is to ensure that all our colleagues feel proud to work for us, in an organisation where they are valued and respected.

The results of our most recent engagement survey show that we are continuing to make progress against this goal. 89% of our employees feel they are treated fairly, regardless of different characteristics or how they identify and 94% feel people of all cultures and backgrounds are respected and valued here. We are focused on maintaining our strong and inclusive culture and as part of this we are working to reduce our gender pay gap and drive forward our broader inclusion initiatives.

The gender pay gap is one of a number of measures that we use to review our progress on improving gender balance across all levels and roles of our organisation. The gender pay gap shows the difference between the average male and average female pay in an organisation. In Close Brothers, this is predominantly driven by both senior and front office roles having a high proportion of male incumbents. It is important to note that the gender pay gap is different from equal pay, which ensures equivalent pay for different genders performing at similar levels in similar roles.

We are also signatories of the Women in Finance Charter, as part of which we set a target of 30% of senior manager roles being held by a female by 31 July 2020, and as of March 2020 I am pleased to confirm the figure stood at 33%. We have spent time considering a new target for 2025 of 36%, and we will continue to update on our progress against this. Our targets are also now linked to executive pay through our risk management objectives within our long-term incentive plan.


To support the initiatives underway to help us achieve both our gender balance targets and broader inclusion goals, we have set up a number of working groups with colleagues from across the business. All of our groups have executive sponsorship, in recognition of the important role they play in our organisation, and you can read more about the projects our gender balance working group has been focusing on later in this report.

We also continue to partner with a number of inclusion organisations to further support our goals including Stonewall, a leading LGBT rights charity and the 30% Club, focused on improving gender balance at executive and board level. This year, we have also joined the Business Disability Forum, a leading disability-smart organisation and we have become signatories to The Social Mobility Pledge as part of our commitment to providing opportunities regardless of background. We continue to work with all our partners to ensure a career at Close Brothers is accessible to everyone.

Some key statistics about gender balance and gender pay

Our female employees represent¹...

 **45%** of our workforce

 **29%** of our Senior Managers²

 **40%** of our Managers

 **37.3%** of our Board

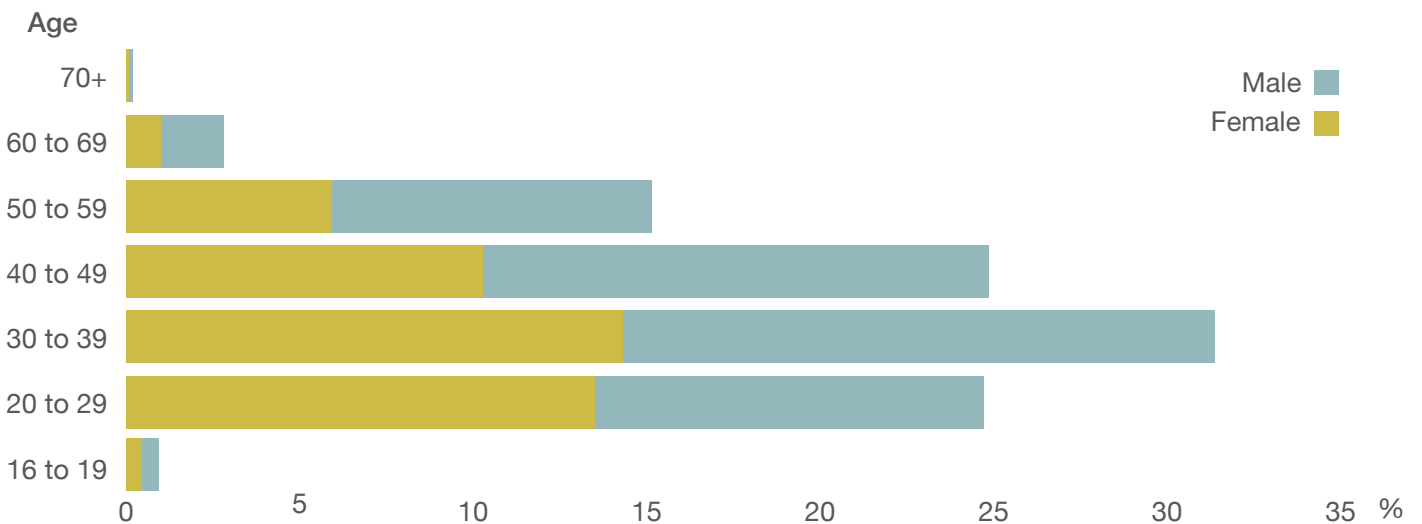
¹ The above figures are calculated on a 3 year rolling average with data as at 5 April 2017, 5 April 2018 and 5 April 2019. All other statistics within the report are spot figures at 5 April 2019.

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

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

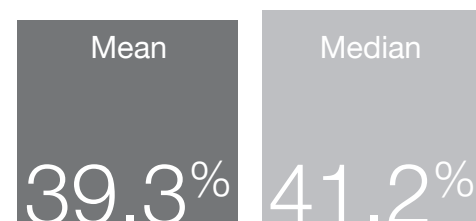
 **85%** of part-time workers are female

Our workforce spans seven decades



 **1.4%**
Average pay gap between employees in the same salary band

Our Group-wide gender pay gap



What are we doing to improve gender **balance?**



Philip Yarrow | Executive sponsor of gender balance

As executive sponsor of gender balance, I'm pleased to say I have seen some big steps taken this year to progress our initiatives in this space. Most significantly, our gender balance working group has commenced, with representatives from across the business offering their thoughts and suggestions and driving actions forward to improve our gender balance at all levels, and across all roles. I am looking forward to seeing how our initiatives will progress over the next year as we continue to make our organisation a great place to work for everyone.

Inclusive attraction and recruitment

A key focus of our inclusion work has been reviewing both what attracts people to our organisation and how to make our recruitment processes as inclusive as possible. We have done an end-to-end review of our candidate journey and made a number of enhancements, including changing the wording in our job adverts, making it clear that we are open to talking about flexible working options from the start and reviewing our use of recruitment tools such as psychometric assessments. New recruitment training has also been launched, which includes unconscious bias and how this can affect a recruitment process.

We also continue to have, and achieve, clear 50:50 gender split targets for all our entry level programmes and we seek balanced shortlists for senior roles.

Career progression

We continue to partner with the 30% Club to provide cross-business mentoring for our talented females, and 62 mentees have participated in the scheme. This year, we have also launched a sponsorship pilot in our Finance function, with eight female sponsees and eight male and female sponsors which we will be following over the next year.

Within our Technology function, we have joined the TechSheCan charter and launched a new cross-business technology mentoring programme for talented females, and within our Motor Finance business we have joined the UK Automotive 30% Club.

Our gender balance working group is also focused on providing informal networking opportunities for females across our organisation, alongside our development programmes across the Group where gender balance is always considered.

Leadership

We have had a number of senior females join us over the past year and our gender balance working group have been focused on how to showcase our role models and senior allies.

A number of events are scheduled over the coming year that provide our colleagues with an opportunity to hear career stories from females working in various roles at various levels. Our spotlight event series kicked off this year on International Women's Day.

In recognition of the importance of this work, Philip Yarrow has chosen to become our executive sponsor of gender balance across the Group.

We also continue to provide face to face training for managers on how decisions and behaviours influence an inclusive culture.



Continuing our efforts on **inclusion.**

We believe that having diverse and engaged colleagues, who work in an inclusive environment is key to enabling all our employees to achieve their full potential. Alongside our work on gender balance, we are focused on our broader inclusion initiatives too.

Mental wellbeing

Over the past year we have been focusing our efforts on improving the visibility of support we offer to help mental wellbeing.

We have launched our network of over 50 Mental Health First Aiders across the organisation, who are easily accessible to all our colleagues and can provide direction and support as needed. Employees also have access to our Employee Assistance Programme and the Thrive app that offers techniques for meditation, calm breathing and Cognitive Behavioural Therapy.

We are committed to de-stigmatising mental health and have had a number of senior leaders speak about the importance of mental wellbeing.

Agile and flexible working

We recognise how important it is for our colleagues to be able to balance their work and home lives, which is why we have been focused on making flexible working more accessible.

We have also successfully trialled agile working across a number of areas this year. We have committed to rolling this out across other parts of our organisation.

Ethnic diversity

Our ethnic diversity working group kicked off this year, providing thoughts and driving action to increase black, Asian and minority ethnic representation at all levels.

To demonstrate our commitment to this, we have become signatories to the Race at Work Charter, where we will continue to focus our efforts on building our inclusive culture and providing career progression opportunities.

Social mobility

We continue to partner with UpReach to run our summer internship programme for those from less advantaged backgrounds, and offer opportunities to apply for permanent roles at the end.

This year, we have also become signatories of The Social Mobility Pledge, as part of which we have reviewed our recruitment assessment tools and made updates to our process.

LGBTQ+ inclusion

We continue to work with Stonewall, a leading LGBTQ+ charity who has been supporting our efforts over the past year to create our LGBTQ+ Network.

Our LGBTQ+ Network will be launching this year, with an elected committee and members from across the Group who have been instrumental in our Pride celebrations throughout our organisation.

Over the coming year, in partnership with our network we will be focusing on increasing the visibility of our LGBTQ+ role models and allies.

Working parents and carers

This year we have reviewed our parental leave offering and associated benefits and how we communicate them.

We now publish our maternity, paternity, adoption and shared parental leave offering on our website and on our job adverts.

We have also introduced a new buddy scheme for both carers and those returning from parental leave.



Our gender pay gap **figures.**

We are confident that different genders are paid equally for performing equivalent roles across our business.

As part of our policies and processes, such as our annual compensation review cycle and recruitment decisions, we continue to take action to address any gaps.

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

Gender pay gap figures

The gender pay gap is an equality measure that shows the difference between the average earnings male and female colleagues receive in an organisation.

Our gender pay gap figures are provided in the chart opposite. They show both the mean and median gender pay gap based on hourly rate of pay at 5 April 2019. When comparing mean hourly wages, this shows that women's mean hourly wage is 39.3% lower than men's.

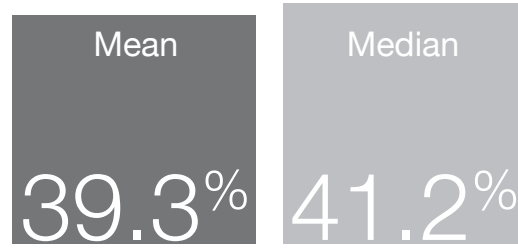
Understanding our gender pay gap

The quartile chart on the right shows the gender split within four equal quartiles, when we order the hourly rate of pay from highest to lowest.

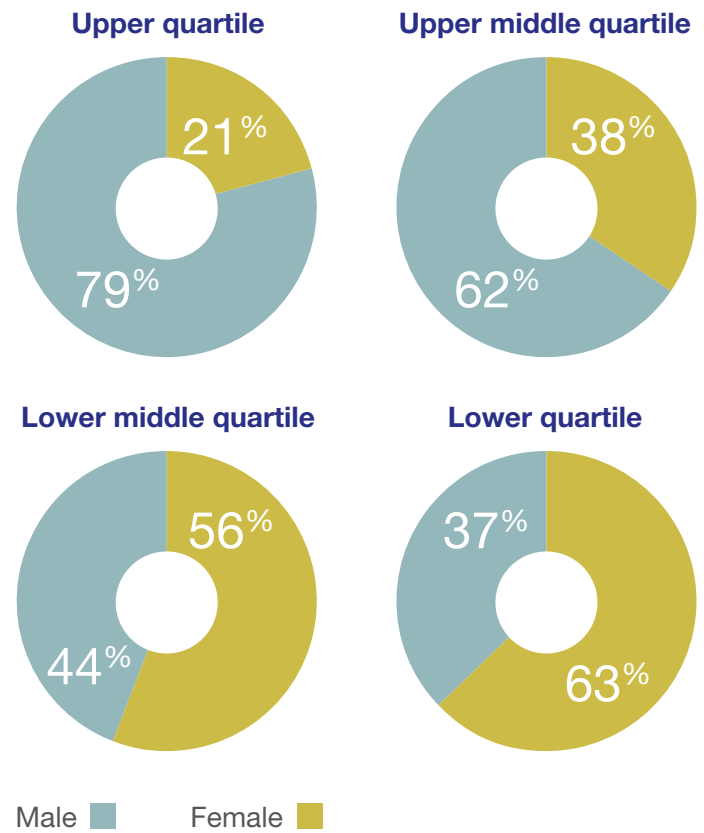
The overwhelming majority of our gender pay gap is driven by the fact that women hold fewer senior positions across the Group. However, we have a number of initiatives in place to improve the gender balance at this level.

If we adjust for the fact that we have more men in senior positions and instead look at the difference in average pay between genders in the same salary band, the gap drops to 1.4%. We remain confident that all employees are paid equally when they are performing the same role, and that this gap is due to differences in responsibilities within the pay band.

Our Group-wide gender pay gap



Proportion of male and female colleagues in each pay quartile



Average pay gap between employees in the same salary band



Our gender pay gap figures continued

Gender bonus gap figures

The gender bonus gap is an equality measure that shows the difference between the average annual bonus that male and female colleagues receive in an organisation in the year to 5 April 2019.

Our bonus pay gap figures are provided in the chart opposite. When comparing mean bonus pay, this shows that women's mean bonus pay is 76.9% lower than men's.

Understanding our gender bonus pay gap

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

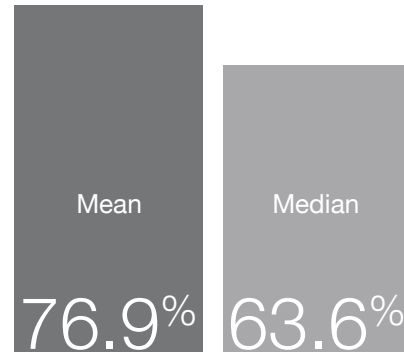
The reason for those not receiving a bonus is generally down to one of two factors:

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

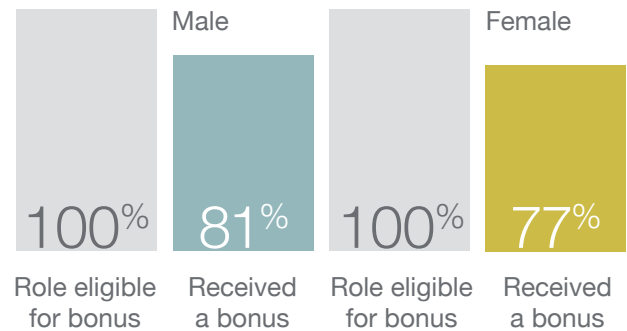
We remain confident that performance is measured fairly and we analyse the gender split of our performance ratings to ensure equitable treatment of all our employees.

In the 2019 financial year, the difference in percentage between males and females that actually received a bonus can be attributed to a higher proportion of females joining the organisation after the eligibility date for bonus consideration in our annual compensation review cycle.

Our Group-wide gender bonus gap



Proportion of males and females receiving a bonus





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

 **77%** of our front office roles are filled by men

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

 **85%** 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.

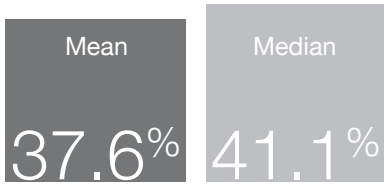
As outlined in this report, we continue to focus on addressing these imbalances, and have made progress over the past year in improving female representation in front office roles and improving the gender balance of those working part-time.

We are committed to finding solutions that enable all our colleagues to balance their work and home life.

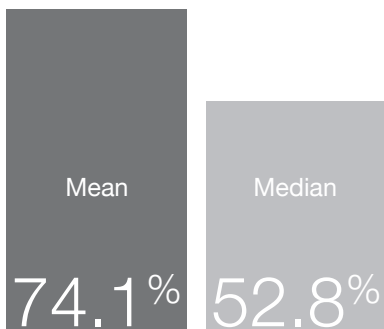
Summary statement

We have made good progress on our inclusion initiatives this year and are focused on ensuring change happens over the long term. We are committed to creating an inclusive environment, where all our colleagues, regardless of background or how they identify, can thrive in their career at Close Brothers. We continue to focus on improving our gender balance at all levels and remain committed to reducing our gender pay gap.

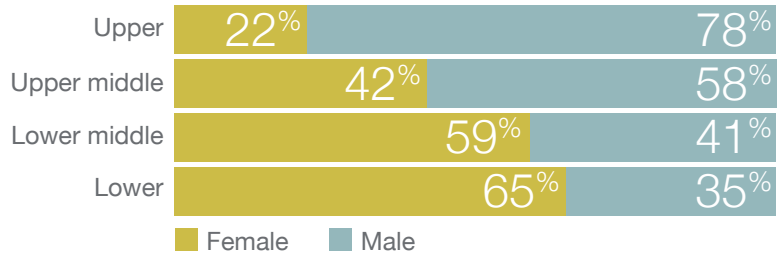
Appendix: Close Brothers Banking Division



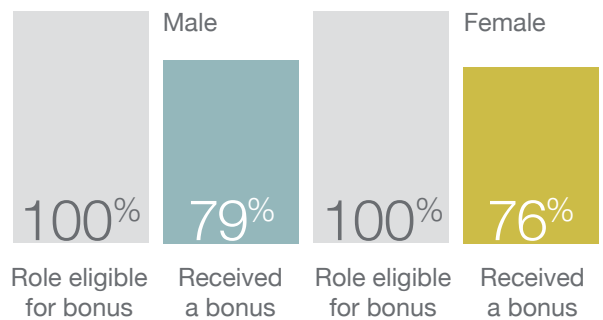
Gender pay gap figures



Gender bonus pay gap figures

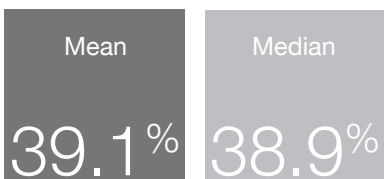


Proportion of male and female colleagues in each quartile band

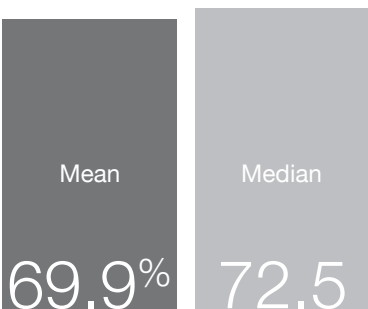


Proportion of males and females receiving a bonus

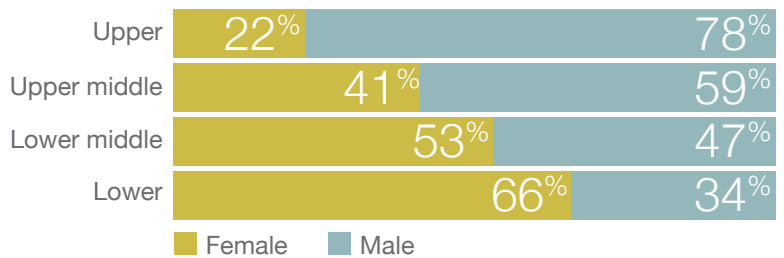
Appendix: Close Brothers Asset Management



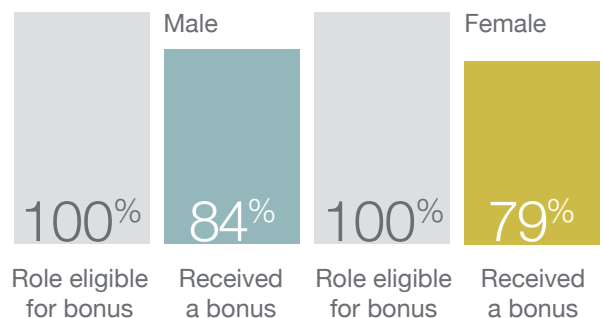
Gender pay gap figures



Gender bonus pay gap figures

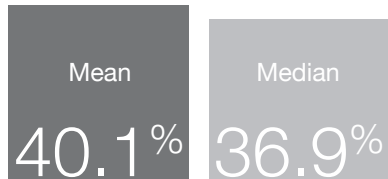


Proportion of male and female colleagues in each quartile band

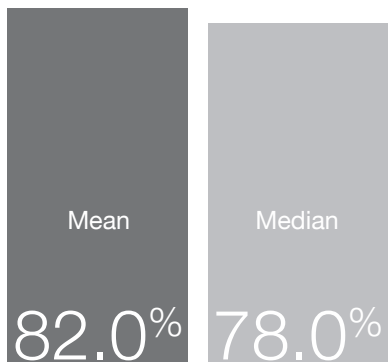


Proportion of males and females receiving a bonus

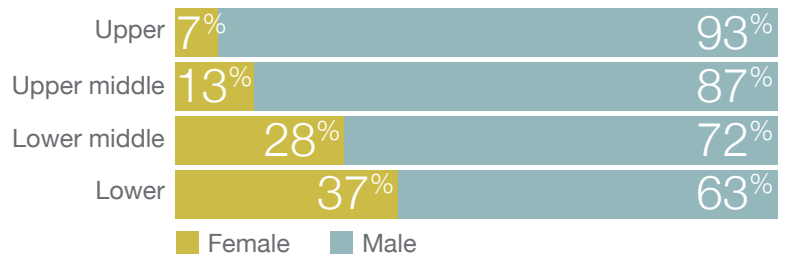
Appendix: Winterflood Securities



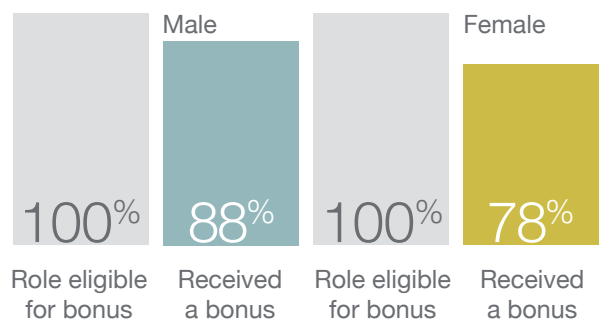
Gender pay gap figures



Gender bonus pay gap figures



Proportion of male and female colleagues in each quartile band



Proportion of males and females receiving a bonus

Close Brothers Group plc
10 Crown Place
London EC2A 4FT
Tel: +44 (0)20 7655 3100

closebrothers.com