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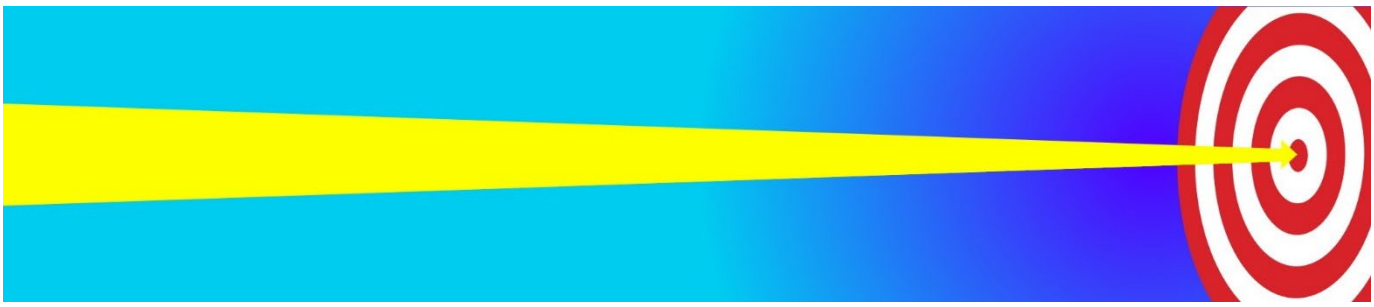

HM TREASURY WOMEN IN FINANCE CHARTER: ANNUAL REVIEW 2019

MONITORING THE PROGRESS OF SIGNATORIES AND HOLDING THEM TO ACCOUNT

June 2020

by Yasmine Chinwala, Manuel Haymoz and Jennifer Barrow

> This third Annual Review analyses the largest cohort yet, with data from 187 signatories. Progress is steady – four out of five have met or are on track to meet their targets for female representation in senior management.

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INTRODUCTION AND CONTENTS

What this review is about

The UK government launched the HM Treasury Women in Finance Charter in March 2016 to encourage the financial services industry to improve gender balance in senior management. The Charter now has over 370 signatories covering 900,000 employees across the sector.

This third annual review monitors the progress of signatories against their Charter commitments and holds them to account against the four Charter principles (see p3). This year's analysis is bigger and deeper as the number of signatories has grown – here we include data from 187 signatories, of which 90 are reporting for the first time, 43 for the second and 54 for the third time.

This review also aims to offer the broadest possible insight into actions signatories are taking to drive progress towards their targets. The data provides important benchmarking for signatories, both against their peers and to our view of working life before the Covid crisis.

Our analysis looks at:

Progress:
- those that met targets or had target deadlines in 2019
- whether signatories are on track to meet their targets
- signs of improvement in female representation

Challenge ahead:
- how ambitious signatories' targets are
- where signatories are today compared to their targets
- the context of targets and senior management definitions, as well as how and why they are evolving

Driving change:
- what signatories are doing to achieve their targets, including common actions with examples and case studies
- the role of the accountable executive
- how signatories are linking progress to pay
- assessing public annual updates

Methodology notes

This review analyses annual updates from 187* signatories that:

- signed the Charter before September 2018,
- provided† an annual update to HM Treasury in September 2019,
- have at least 50 staff‡.

The data was shared with New Financial on a confidential basis. All data has been anonymised and aggregated, and no data has been attributed without consent from the relevant signatory. The data was analysed by Manuel Haymoz and Jennifer Barrow under the supervision of Yasmine Chinwala. Please see Appendix (p25) for full methodology.

* Signatories that signed the Charter after September 2018, or with fewer than 50 staff, or did not return an adequate annual update within HMT's deadlines, have not been included in this analysis.
† The data provided by each signatory has not been verified by HM Treasury or any other body. Enquiries on any individual firm's approach to the Charter should be directed to that firm.
‡ An additional 51 signatories with fewer than 50 staff provided an annual update. This data was not included in this analysis in order to focus on comparability across the cohort.
NB: References to 2018 in this review reflect data provided by the 187 signatories in their 2019 submission forms – therefore the 2018 data analysed in this review is not comparable with the 2018 data from 123 signatories presented in the Annual Review published in March 2019.

NEW FINANCIAL
Rethinking capital markets

New Financial is a think tank and forum that believes Europe needs bigger and better capital markets to help drive its recovery and growth.

We believe diversity in its broadest sense is not only an essential part of running a sustainable business but a fundamental part of addressing cultural change.

We provided data to the government-backed Gadhia review of senior women in financial services, *Empowering Productivity*, and we are HM Treasury's data partner monitoring the progress of signatories to the HM Treasury Women in Finance Charter.

New Financial is a social enterprise that launched in September 2014. We are funded by institutional membership.

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SUPPORTER FOREWORDS

John Glen MP, Economic Secretary to the Treasury

I am pleased to welcome the publication of the third annual review of the Women in Finance Charter. Particularly in the data-driven world of financial services, understanding the numbers is key to unlocking progress. It is great to see firms reporting an increasingly rigorous approach to their own diversity data, and I hope this report will provide a helpful resource for those seeking to understand the picture across the sector.

This is a snapshot of 2019 – the world has changed since we collected data from UK financial services firms. The landscape on issues like flexible working has changed faster than we could have expected. As a result, it is critical to embed diversity in our thinking as we plan our recovery from this crisis.

I am determined to see the financial services sector make progress on this. With the scale of challenges and opportunities facing financial services, we cannot afford to miss out on the best talent and leadership. I look forward to seeing more firms meet their targets this year, and will continue to hold senior leaders accountable for delivering a more diverse and stronger workforce.

Dame Jayne-Anne Gadhia, Government Women in Finance Champion

The third review of the effectiveness of Women in Finance Charter provides an important indicator of where British business stands, and steps still to be taken, on the journey to achieving real equality.

It's no secret that the most diverse companies are typically the most productive, the most attractive places to work and successful at retaining their people - treating employees as stakeholders in the organisation's success. Where companies have not stepped up or have fallen behind on their gender balance targets, the risk to shareholder as well as stakeholder return is clear. The Covid crisis has shown us that remote working is not just a diversity issue, it is a business continuity issue.

The progress made by the Charter's signatories demonstrates how disrupting the status quo, driving change through diversity requires strong leadership and focus. Continued transparency in how we measure equality and report on our efforts will instil confidence in employees that they will be treated fairly and afforded opportunity. Celebrating success and acknowledging opportunities for improvement will strengthen business performance and provide an example for society to follow.

Background to the HM Treasury Women in Finance Charter

In 2015, the UK government commissioned Dame Jayne-Anne Gadhia to lead a review of women in senior management across UK financial services. The review team published their findings in March 2016 in the report *Empowering Productivity: Harnessing the talents of women in financial services*.

In support of the Gadhia review's recommendations, the UK government launched the HM Treasury Women in Finance Charter in March 2016. Firms of all shapes and sizes across financial services have signed up, with headquarters in the UK, USA, Europe and Asia. Firms sign the Charter on a voluntary basis and set their own targets.

The four principles of the Charter

In becoming a Charter signatory, firms pledge to promote gender diversity by:

- Having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion.
- Setting internal targets for gender diversity in senior management.
- Publishing progress annually against these targets on a page on the company's website dedicated to their Charter commitment.
- Having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.

https://www.gov.uk/government/publications/women-in-finance-charter

SPONSOR FOREWORDS

David Duffy, Chief Executive Officer, Virgin Money

The third annual review of the signatories to the HMT Treasury Women in Finance Charter emphasises the positive impact that firms can have on gender balance in their organisation when enough focus and momentum is put behind delivering a truly diverse culture.

As we look beyond the Covid 19 crisis and how we adapt as an industry, we are presented with an opportunity to accelerate our commitment to diversity. The Charter plays an important role at the centre of this. It is highly encouraging that amongst the signatories, female representation in senior management continues to rise. But this year's review also recognises that there is still so much more to be done and encourages firms to make more timely changes and take a bolder approach to target setting.

As we enter what is widely coined as the new normal, leaders have a responsibility to drive this change and challenge themselves and their businesses to think and act differently. Only then will the financial services sector truly start to reflect society as a whole.

David Craig, Chief Executive, Refinitiv

Alongside hard work and a continuous focus, ending discrimination depends on the willingness of society to change. That is why, after these extraordinary last few months, I am more optimistic about the prospects for women in leadership. On the one hand, Covid 19 has changed the working world forever. On the other, the senseless murder of George Floyd has amplified demands for equality. There can be no 'return to normal'.

For women in leadership, we have seen some promising moves: barriers to hiring women are coming down and retention and the promotion of women is improving. However, it is still taking too long. We'd like employers to factor gender into compensation activity, draw up gender-balanced shortlists and interview panels, use more gender-neutral language in job descriptions, and more.

As the CEO of a company committed to building an open and inclusive culture, I wholeheartedly commend this review.

Catherine McGuinness, Chair of the Policy and Resources Committee, City of London Corporation

The City of London Corporation is pleased to support this annual review of the Women In Finance Charter. It is notable how much has been achieved and how highly the Charter is regarded since it was established in 2016. This review shows signatories are moving in the right direction, but we need to increase the pace.

I am proud that the City of London Corporation has supported the Charter and I remain committed to its essential goals. We all face a much more challenging environment now, and women have been hit particularly hard by the economic impact of Covid 19.

I hope we can all contribute to further progress in the difficult times ahead and ensure we do not lose any of the progress which has already been made. As we adapt to new ways of working and rebuild our economy, let us use this opportunity to support women in finance.

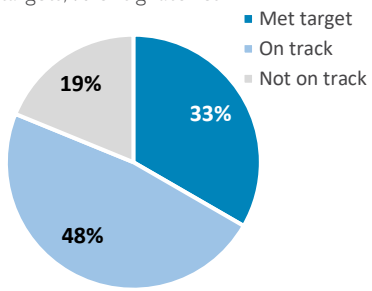
SUMMARY

Highlights of the review

1. **The power of the Charter:** The Charter provides uniquely rich insight into gender diversity in financial services. Now with three years of signatories' annual updates, we have an even greater understanding into how companies are executing the Charter principles and where they will need to maintain focus as they face the consequences of the Covid crisis.
2. **Meeting targets**: A third (33%) of the 187 signatories analysed in this review have met or exceeded their targets for female representation in senior management. A further 48% that have targets with future deadlines said they are on track to meet them (Fig.1).
3. **Moving in the right direction:** Female representation in senior management at signatory firms is rising – three out of four (76%) signatories either increased or maintained the proportion of women in senior management during the reporting period (fig.2).
4. **Slow pace of change:** On average across the group as a whole, female representation has edged up by one percentage point each year since the first cohort reported in 2017, and is on the brink of the critical 33% level on average – but far short of parity (Fig.3).
5. **Stretching targets**: The majority of signatories have set ambitious targets for increasing their proportion of senior women, with 26 firms (14%) setting a goal of parity (Fig.9). Nearly 60% have set targets at 33% or above and HM Treasury would like to see all targets move to at least this level in order to align the Charter with the *Hampton Alexander* review.
6. **Defining senior management:** There is an established consensus around signatories' definitions of the senior management population to which the Charter applies – for half of signatories senior management accounts for up to 10% of the total workforce (Fig.12). However, there is a wide variety of definitions, even among firms of a similar size and sector.
7. **Top actions driving change:** The most common actions signatories reported are focusing on diverse shortlists, providing diversity-related training and promoting flexible working. These actions are similar to those reported in previous years, but there is a notable shift in how signatories are using data to embed diversity into the business, drive accountability and quantify the impact of actions.
8. **Accountable at the top table:** Accountability is sitting in the right kinds of roles and at the highest levels of seniority. Almost all (96%) accountable executives sit on executive committees, nearly half (46%) are CEOs, and around three-quarters (72%) are in revenue-generating roles (Fig.13).
9. **Linking to pay:** A third (34%) of signatories believe the link between pay and diversity targets has been effective, while more than half said it is too early to tell (Fig.14). There are encouraging signs that firms are using the link to pay to drive accountability more widely, with 29% extending the link beyond exco members.
10. **Publishing updates:** Signatories are improving their compliance with their transparency obligations around the Charter. Two thirds (68%) published an online update on their progress by the required deadline (Fig.15), but the quality and format of reporting in published updates varied significantly.

Fig.1 Progress against targets

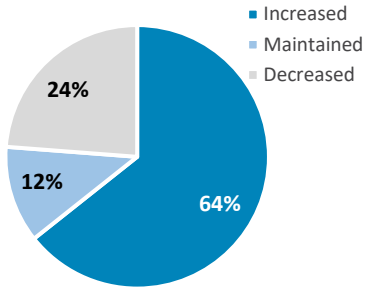
How signatories are progressing against their targets, % of signatories



n=186, excludes one signatory with inadequate data

Fig.2 Improving gender diversity

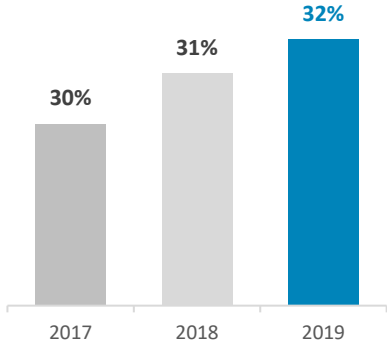
How female representation has changed for signatories, % of signatories



n=185, excludes two signatories with inadequate data

Fig.3 Change since 2017

Average female representation as % of senior management in each year



2019 n=187, 2018 n=185 (excludes two firms with inadequate data), 2017 n=94 (excludes 90 that joined the Charter in 2018, three with inadequate data)

PROGRESS: SIGNATORIES THAT ARE MEETING TARGETS

Fig.4 **The 62 signatories that have met their targets** (listed by level of target)

Signatory name	Target for female representation in senior management	Deadline
Bovill	50%	2020
Castlefield Partners	50%	2020
HM Treasury	50%	2020
PensionBee	50%	2021
Teamspirit	50%	2018
Unity Trust Bank	50%	Maintain*
NS&I	50% (+/- 5 roles)	2020
Payment Systems Regulator	50% (+/- 10%)	2020
Sesame Bankhall Group	50% (+/- 10%)	Maintain*
Association of British Insurers	45%	2019
Brightstar Financial	45%	2020
Association of Accounting Technicians	40%	2022
B&CE Holdings	40%	2020
Global Processing Services	40%	2021
Hinckley & Rugby Building Society	40%	Maintain*
ICAEW	40%	2020
Mastercard	40%	2020
Pension Protection Fund	40%	2021
Starling Bank	40%	2021
Tesco Underwriting	40%	2020
The Co-operative Bank	40%	2020
The Investment Association	40%	2022
LifeSearch	39%	Maintain*
Progressive Building Society	38%	Maintain*
Visa (Europe)	36%	2019
Allianz Insurance	35%	2020
Axa XL (formerly XL Catlin)	35%	2021
BUPA	35%	2019
Motor Insurers' Bureau	35%	2020
Northern Trust	35%	2020
Nottingham Building Society	35%	Maintain*
Paragon Banking Group	35%	2022

Signatory name	Target for female representation in senior management	Deadline
Atom Bank	33%	2020
Brewin Dolphin	33%	Maintain*
Coventry Building Society	33%	2019
Financial Reporting Council	33%	2020
Leeds Building Society	33%	2021
Market Harborough Building Society	33%	Maintain*
RSA Insurance Group	33%	2019
Standard Life Aberdeen	33%	2020
Canadian Imperial Bank of Commerce	30-35%	2019
Lazard & Co	30-35%	2023
Lazard Asset Management	30-35%	2023
Australia and New Zealand Banking Group	30%	2019
Aviva	30%	2019
Charles Stanley	30%	2020
Close Brothers Group	30%	2020
Direct Line Group	30%	2019
Ecclesiastical Insurance	30%	2020
HSBC UK	30%	2020
Mercer	30%	2020
NEST Corporation	30%	2019
OneSavings Bank	30%	2020
Prudential	30%	2021
Simply Business	30%	2020
Vanguard Asset Services	30%	2019
State Street	25-33%	2020
Hargreaves Lansdown	25-30%	2021
Janus Henderson Investors	25% (+/- 5%)	2022
Wellington Management International	20%	2023
Mizuho Bank	5-10%	2021
Cicero Group	50% of all new hires	Maintain*

PROGRESS: SIGNATORIES WITH A 2019 DEADLINE

Signatories that have met targets

Setting and meeting targets for female representation in senior management is the foundation of the Charter. Of the 187 signatories in this year's analysis, a third (62) have met or exceeded their targets, including 41 ahead of their deadline (Fig.4).

The 62 that have reached their targets have a wide range of targets, from as low as 5% up to 50% female representation. Two-thirds (40) have a target of at least 33%, including nine achieving parity. The 62 come from all sectors, with insurance having the highest number (13) of signatories. In terms of size, two-thirds (39) of the 62 are either small (50-250 staff) or medium (251-1000) sized. There are eight very large (more than 10,000 staff) signatories that have met their targets.

The 16 signatories with a 2019 deadline

Sixteen signatories had a 2019 target deadline. Of these, 11 have met or exceeded their goal:

- **Association of British Insurers** slightly reduced female representation in senior management, but remained in line with its 45% target.
- **Australia and New Zealand Banking Group** exceeded its 30% target since signing the Charter in 2018.
- **Aviva** reached its target of 30% women in senior management roles in 2018 and continued to exceed the target in 2019.
- **BUPA** met its goal of 35% female representation in senior management and exceeded 40% at both board and executive level.
- **Canadian Imperial Bank of Commerce** met its target range of 30%-35%.
- **Coventry Building Society** exceeded its goal of 33% women at board level in 2019 and is working to improve gender balance at other senior levels.
- **Direct Line Group** met its 30% target by the end of 2019.
- **NEST Corporation** exceeded its 30% target for female senior management by seven percentage points and is now reviewing its 2020 targets.
- **RSA Insurance Group** met its target of 33% female representation in senior management globally and is now working towards this goal in every region.
- **Vanguard Asset Services** exceeded its 30% target with women holding 35% of senior management positions in 2019. It has set a new 2021 target of 36%.
- **Visa (Europe)** achieved its 2019 goal of 36% female senior managers and its secondary target of 38% women across its European business. The firm has an additional target of 38% for women in senior management by 2021.

Five signatories with 2019 deadlines did not meet their targets:

- **Chartered Insurance Institute** exceeded its target of 30% women in senior management in 2018, but was unable to maintain it in 2019.
- **Financial Ombudsman Service** has achieved parity at board and exco, but fell slightly short of its 50% goal across wider senior management. It has rolled this target into its new diversity and inclusion action plan which runs to 2023.
- **Jupiter Asset Management** met its target at board level and for overall staff, but missed its 30%-50% target for both senior management and exco. It is taking a more strategic approach to targets, moving from one to three year deadlines.
- **MetLife** achieved 45% of senior management positions held by women, against a goal of 50%, following a team restructuring after its London office closed.
- **Schroders** met its original target of 30% female representation in senior management globally in 2017, so set a more challenging goal of 33%. It fell just short of its revised target.

"Having achieved our initial target, we are setting a new one that will encourage further improvement. Every month, we update our data to see how we are tracking relative to target. This information is reflected on our executive leadership team dashboard for discussion."

Vanguard Asset Services

Ongoing targets

Nine signatories have "maintain" targets that do not have a specific deadline. Eight of these continued to meet their targets (as listed in Fig.4), however one did not:

- **Beckett Investment Management** dropped below its 50% target for women at board and senior manager level but is positive about its strong pipeline of female talent.

One signatory has yet to hit its passed deadline:

- **BNY Mellon** narrowly missed hitting its 2018 deadline of 30% for women in senior management in EMEA. In December 2018, it came within two percentage points of its goal and in 2019 it reached 29%.

PROGRESS: IS FEMALE REPRESENTATION IMPROVING?

A positive picture overall

It is encouraging to see that signatories are continuing to move in the right direction. On the whole, female representation in senior management is increasing.

Nearly two-thirds (64%) of signatories increased the proportion of women in senior management over the past year, 12% maintained the same level, but for 24% of organisations, the proportion of women fell (Fig.2, Fig.5).

The overall average has increased from 31% in 2018, to 32% in 2019 (Fig.3, Fig.6), which is equivalent to roughly 2,000 women joining the ranks of senior management.

Seven of the nine sectors have increased their average level of female representation in senior management in 2019, while at the remaining two, fintech and government/regulator/trade body sectors, the proportion of women has remained flat (Fig.6).

As in previous years, the global and investment banking signatories have the lowest average proportion of women in senior management at 25% (Fig.6) and the lowest average target of 28% (Fig.11).

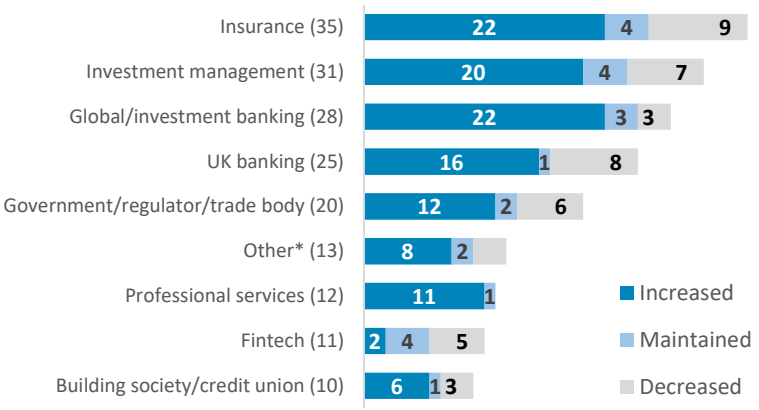
At individual signatories, levels of female representation today range from as low as 8% all the way up to 67%. There are 12 firms where at least half of senior management are female.

"We are pleased to report that, for the second year running, we have seen an increase in female representation at senior management level. Our focus now is to continue to optimise our recruitment, development and retention activities."

Charles Stanley

Fig.5 Signatories moving in the right direction

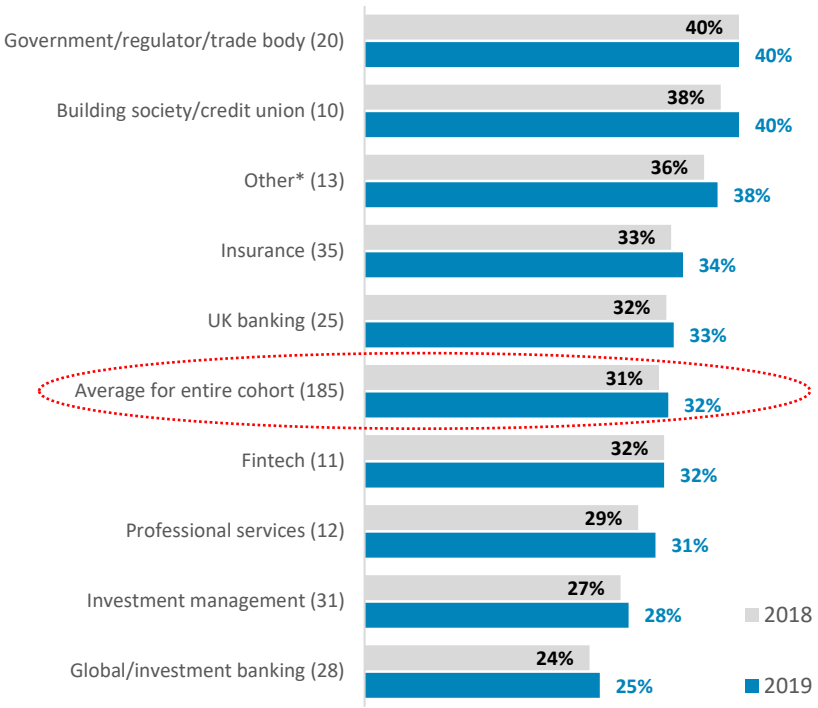
Number of signatories where female representation as % of senior management increased, was maintained or decreased over the reporting period, by sector



n=185, excludes two signatories with inadequate data
*Other includes market infrastructure, payment systems, energy, financial advisers, life and pensions, marketing and communications, mortgage brokers, consumer credit, compliance advisers

Fig.6 Rising levels of female representation across sectors

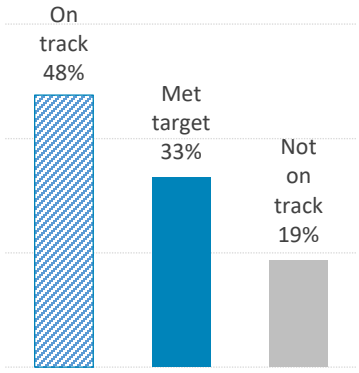
Average levels of female representation in senior management over time, %



n=185, excludes two firms with inadequate data.
*Other as for Fig.5 above

Fig.7 Staying on target

Percentage of signatories that have met target, said they are / are not on track to meet targets, %

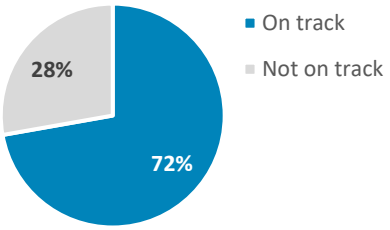


n=186, excludes one signatory with inadequate data

Fig.8 Mainly on track, but not there yet

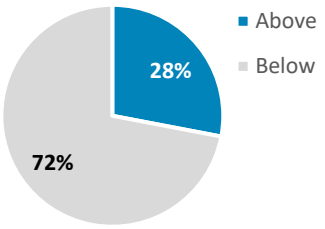
Of those signatories that still have a target to meet:

a) Percentage of signatories that are on track, based on their own estimates, %



n=124, excludes 62 signatories that have met targets and one signatory with inadequate data

b) Percentage of signatories that are above or below their required annualised rate* of increase in female representation, %



n=123, excludes 62 signatories that have met targets, two with inadequate data
*Annualised rate of required increase assumes constant annual rise in each year for each firm

Monitoring interim progress against targets

While 33% of signatories have met their targets, the remaining 67% still have targets with deadlines ahead of them to achieve (Fig.7).

More than 70% of the group with targets outstanding believe they are on track to meet their target by their deadline, based on their own estimates and expectations (Fig.8a). Just over a quarter (28%) said they were behind their interim objectives, due to setting deliberately ambitious aspirational targets, lower or higher turnover than expected, or organisational changes (for example, a merger or internal restructuring) leading to headcount cuts.

To better understand how signatories are moving towards their future targets, we compared their progress in this reporting period to the annualised rate of increase in female representation they require in order to meet their individual deadlines, assuming a constant annual rate of increase. On this basis, 28% of signatories are at or above the level they need (Fig.8b). While we would not expect progress to be constant, those below their annualised rate will have to make up for lost ground in order to hit their targets by their deadlines.

"As we are three years into our five-year plan to reach a target of 33% from our original position of 23% we are pleased with the progress we have made so far, we are now 80% towards our target with two years remaining. We will keep challenging ourselves on our recruitment initiatives, leadership development plans and succession planning to reach our target and move beyond it."

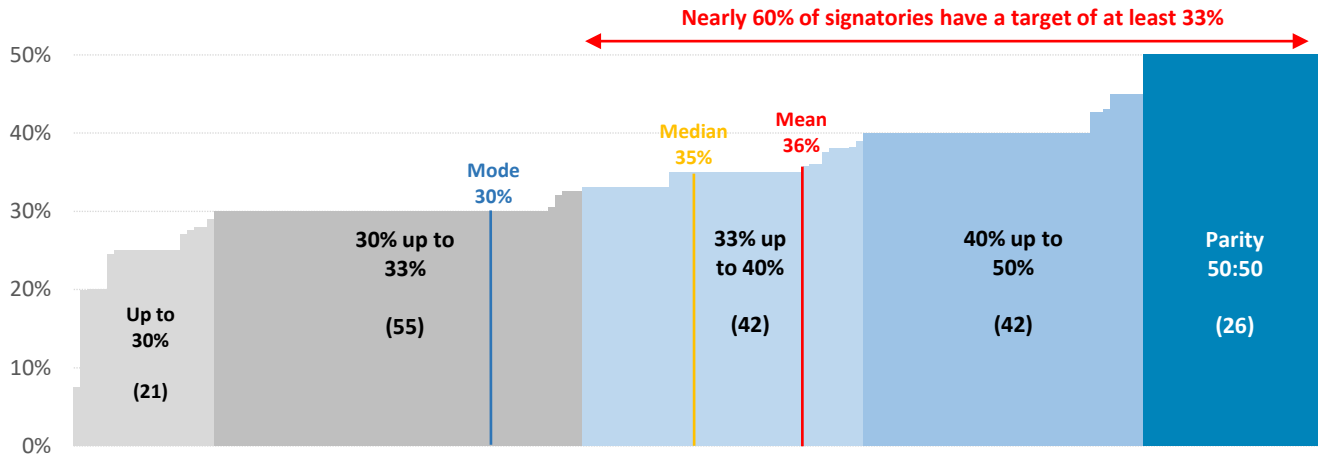
Principality Building Society

The ebb and flow of improvement over time

Tracking changes for several years offers food for thought. For 28 firms that have not met targets, we have three years of data (as they joined the Charter by September 2016). Many reported slow progress in their first year as they were laying foundations and expected that work to yield results in future years. On average, this group of 28 increased female representation by 2% in 2017, rising to 8.5% in 2018, and slowing to 3% in 2019. The data indicates that this slow down occurs as signatories get closer to their targets – of the 28, 11 firms are within two percentage points of reaching their target.

Fig.9 The full range of signatory targets

Distribution of all signatories by headline* target for female representation in senior management



n=186 excludes one signatory without comparable headline target
*This analysis is based on headline senior management targets, see appendix for further methodology notes

How ambitious are signatories' targets?

The Charter offers signatories the flexibility to choose their own targets for female representation in senior management. This approach recognises the variety of company sectors, types, sizes and structures captured by the Charter, the differing levels of organisational maturity around improvements to gender diversity, and different views on target-setting on the spectrum from realistically achievable to aspirational.

Targets range from 5% to 50% (Fig.9) with an average of 36%. Those at the lower end may seem unambitious, but some of them are starting from a very low base so their targets are more challenging than they first appear.

Thirty percent is the most common target, chosen by 50 signatories, and almost 90% of signatories have set a target of at least 30%. Nearly 60% have set targets at 33% or above. HM Treasury would like to see all targets move to this level in order to align Charter targets with the *Hampton Alexander* review, which encourages FTSE 350 companies to reach at least 33% female representation on boards and in leadership teams by 2020.

An ultimate goal of parity

There are 12 signatories where at least half of senior management are female. As yet, only 14% of signatories (26 firms) have gender balance as their Charter target, with another seven explicitly stating a level of tolerance (+/- up to 10%) around parity. But there are others with lower targets that mention parity as their ultimate goal, for example the Financial Conduct Authority and RBS Group.

"At Santander, we feel strongly that our workforce should represent the customers we serve, the communities we operate in and our shareholders. We also believe in equality of opportunity for all colleagues. Therefore our executive committee and board to set an ambitious gender balanced target of 50% (+/- 10%) in senior roles."

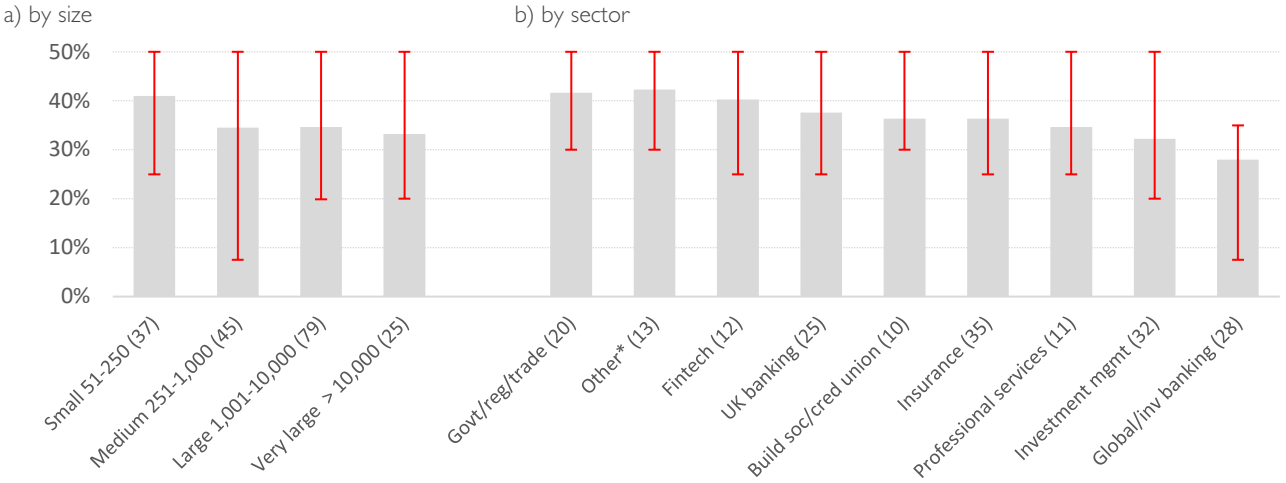
Santander UK

"The Bank's targets were set to be deliberately aspirational, in recognition that greater progress would be made if we set ourselves challenging goals."

Bank of England

Fig.10 How targets vary by sector and size

Average target and target ranges for female representation in senior management by sector and size, red bars show category target range



n=186 excludes one signatory without a comparable headline target
*Other includes market infrastructure, payment systems, energy, financial advisers, life and pensions, marketing and communications, mortgage brokers, compliance advisers

A closer look at targets

Segmenting targets by sector and size shows that 50% targets appear across all firm sizes and sectors (Fig.10), with the exception of global/investment banking, which has the lowest average target at 28% and target range at 8%-35% (Fig.10b).

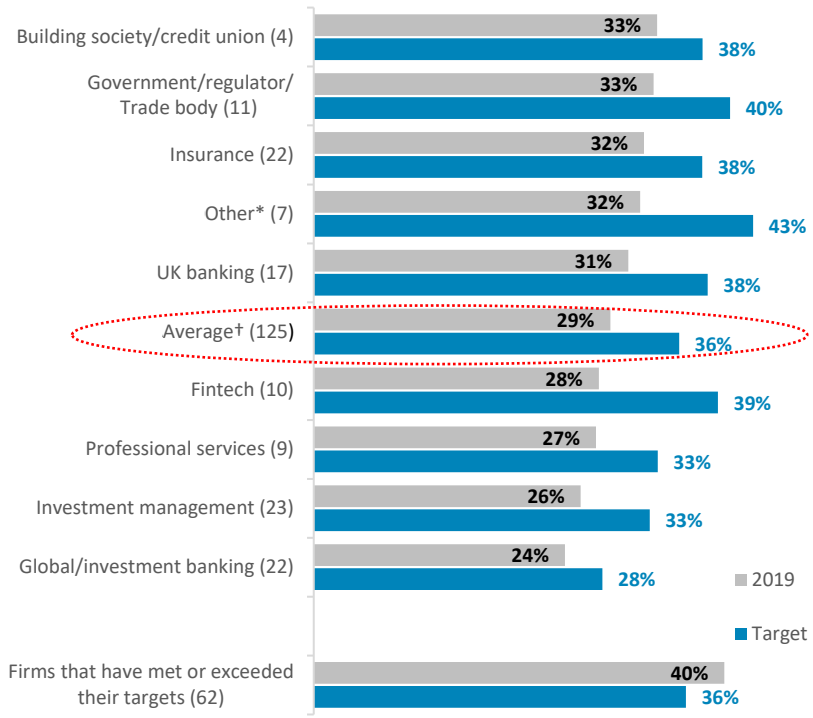
When we break down signatories and exclude those that have already met their targets, again global/investment banking has the lowest average proportion of women in senior management in 2019 at 24% (Fig.11).

Analysis of signatories with outstanding targets shows that of the number of women still required for this group to reach their targets, a third will need to join the ranks of senior management at global / investment banks and another quarter at UK banks. Nearly 60% of the additional women required will need to take up senior roles at the largest firms.

It is interesting to note that the 28 non-FCA-regulated signatories tend to have more ambitious targets than regulated firms – on average 41% compared to 35%.

Fig.11 Today compared to targets

Average level of female representation in senior management in 2019 and target, by sector for those that still have a target to meet, %



n=187, category n (*x*)
† Average excludes 62 signatories that have met targets
*Other as for Fig.10 above

HOW TARGETS ARE EVOLVING

Moving targets

While the Charter provides a clear framework for improving female representation, it is flexible enough to accommodate the need for signatories to respond to changing circumstances. Nineteen signatories have revised their targets in 2019, with five hitting their targets and setting new ones, seven setting more challenging targets and a further seven extending their deadlines. The length of deadline extensions varies from three months up to five years.

Raising the bar – meeting target and increasing it

• **Brewin Dolphin** has increased its target to 35% female senior managers by 2021 having exceeded its original goal of 33%
• **Federated Hermes** reached the lower end of its target range of 25% to 40% senior women in 2018, and has set a new target of 35% by the end of 2021.
• **Nottingham Building Society** has increased its minimum target for female leaders from 30% to 35% having exceeded this target since 2016. It also expanded its senior management definition (see p14).
• **Post Office** is aiming for 50% women in senior management by 2020 having met its 40% target in 2018.
• **Vanguard Asset Services** has set a new goal of 36% senior women in its UK management team by December 2021 having exceeded its original 30% target.

Increasing target

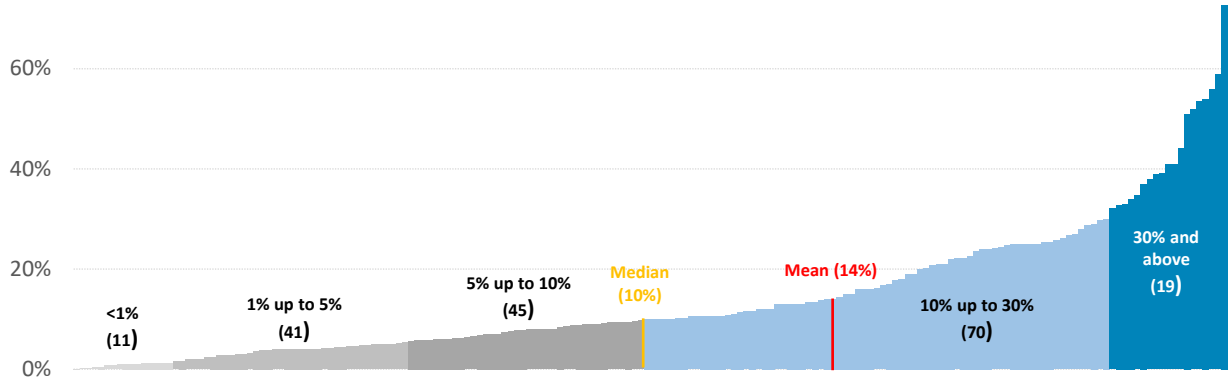
• **Barclays** just missed its 2018 target of 26% senior female managers globally but has set a new higher target of 28% by 2021.
• **Deloitte** has added a new longer-term goal of 40% female partners by 2030. The firm remains on track to achieve its target of 25% senior female representation by 2020 and 30% by 2025.
• **Columbia Threadneedle Investments** has raised the lower end of its target range for senior female representation from 20%-40% to a minimum of 30% by 2025 – despite slipping below 20% in 2019. It has met the top end of its 40% target range at board and executive committee level.
• **EY** has changed its target from at least 30% of new UK partner intake being women (measured over a rolling three-year period) to 40% female partners in the UK by July 2025.
• **KPMG** has extended its target deadline from 2018 to 2022 and increased two of its three goals. It continues to aim for 25% female partners and has set a new target of 39% female directors (up from 36%) and 49% female senior managers (up from 46%).
• **State Street** has increased its target range for senior female leaders globally to 25%-30% by 2020 (from 20%-25%), having passed 20% in 2018.
• **Unum** has increased its target from 35% to 40% senior female representation by 2021, while broadening its definition of senior management (see p14).

Extending target deadline

• **Collinson Group** has extended its target deadline to April 2022 for achieving 40% senior women in its global insurance business following an internal restructuring.
• **Financial Ombudsman Service** has extended its deadline for gender parity in senior leadership from 2019 to 2023 in line with its revised D&I action plan, which runs to 2023. It met its 50% target for board and exco level under its previous plan.
• **Nomura International** has extended its target deadline to achieve 19% women in senior management roles by three months from December 2021 to March 2022, to align reporting with its financial year end.
• **Pinsent Masons** has extended its 30% female partners deadline from 2020 to 2024.
• **Royal Bank of Canada** has extended its timeframe for achieving 25% female senior leadership from 2020 to 2025, citing industry-wide challenges and low turnover of senior managers within its UK business.
• **Shawbrook Bank** has cut its senior female leadership target from 40% to 30% and extended its deadline by two years to 2022. The proportion of women in senior roles fell by a third over the past year due to restructuring activity.
• **TSB Bank** has extended its deadline for achieving 45%-55% senior female representation from 2020 to 2025 with annual targets in the interim to maintain momentum.

Fig.12 How definitions of senior management vary

a) Distribution of senior management as a percentage of total workforce



n=186, excludes one signatory with inadequate data

Who is included in senior management?

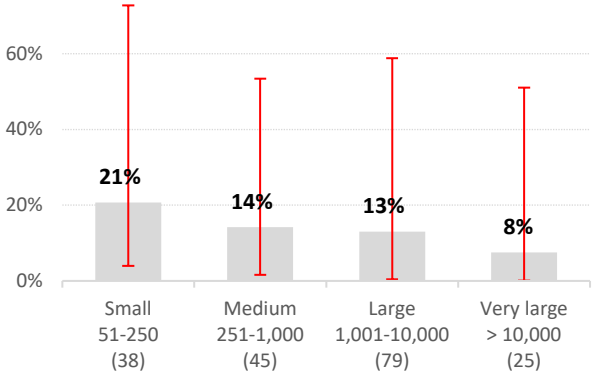
Just as the Charter allows signatories to choose their own targets based on their own strategy for improving gender diversity, it also allows signatories to choose how they define their senior management population. This approach recognises the huge variety of company types, sizes and management structures across the financial services industry.

The size of the senior management population varies enormously from signatory to signatory, and there are outliers even among firms of a similar size. The spectrum ranges from 0.04% up to 73% of total workforce, with the average being 14% (Fig.12a). However, the data shows there is a clear consensus around who is included in senior management, as for half of signatories the definition accounts for up to 10% of staff, and for more than a third of firms (38%), senior management accounts for between 10% and 30% of total workforce.

At smaller signatories, senior management accounts for a larger proportion of the total workforce – 21% on average for small companies, dropping to 8% for very large firms (Fig.12b).

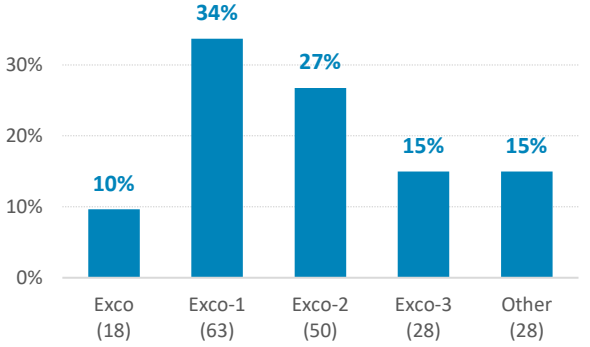
Nearly three quarters of signatories (71%) have chosen a definition which includes the top three levels of management (Fig.12c), with the most common definition being exco-1 (executive committee and the reporting layer below it), used by a third of signatories.

b) Senior management as a percentage of total workforce, average by signatory size, % (red bars show range within each size category)



Category (n), total n=186, excludes one signatory with inadequate data

c) Senior management definition by percentage of signatories, %



Category (n), total n=187

*Other includes signatories that define senior management as board, partners, top quartile of organisation by remuneration, exco-4 or exclude exco from the definition of senior management

HOW SENIOR MANAGEMENT DEFINITIONS ARE EVOLVING

Redefining senior management

Just as business does not remain static, nor does any company's workforce. Twelve* signatories changed their definition of senior management during 2019. Their reasons include reflecting the workforce beyond the UK, company growth, to accommodate internal restructuring and organisational changes, and to align with a new grading system or better reflect their governance structure.

Of the 12, three narrowed their definition of senior management to focus on a more senior level, four have broadened their definition and five signatories made changes or clarifications that had little or no impact on the size of the senior management universe to which their targets apply.

Widening senior management population

• **BlackRock** has clarified the geographical scope of its definition to cover all global senior managing directors, managing directors and directors. With female senior managers at 28.4% globally, it is on track to hit its 30% target in 2020.
• **Collinson Group** has increased its senior management universe to include its international operations following a restructuring, and has extended its deadline to April 2022 for achieving 40% senior female representation in its insurance business (see p12).
• **Nottingham Building Society** widened its definition to include all direct reports of exco members in its leadership team (as part of adopting Willis Towers Watson's global job grading system), and set a more challenging target of 35% women in leadership roles.
• **Unum** has broadened its definition of senior management to include its senior leadership team as well as its exco (which was the previous definition) and raised its target from 35% to 40% female by 2021. It is still seeking to achieve 35% on its exco.

Narrowing senior management population

• **AIB** has changed its definition of senior management to level 4 and above (excluding board) following a restructuring that reduced its senior manager population.
• **Morgan Stanley International** has revised its senior management definition from its EMEA officer population to the UK staff on its European operating committee and the two layers reporting to it. Last year it set a higher target of 30% senior women by the end of January 2023.
• **Zurich Insurance** has changed its definition to monitor only those reporting into the UK executive, and not those on UK contracts reporting at group level.

Minimal impact on senior management population

• **Chartered Insurance Institute** changed its definition to reflect an internal organisational review that has created two layers of management and reduced the size of its senior management population by the equivalent of just one person.
• **Handelsbanken** has clarified its senior management definition in response to the firm's Brexit preparations and the UK business becoming a subsidiary with its own management board. Its target of 30% female leaders by 2021 and 40% female leaders by 2026 remains unchanged.
• **Leeds Building Society**'s addition of executive board directors to its definition only marginally increases the population of its most senior leaders and decision-makers.
• **Principality Building Society** has changed its senior management definition to reflect the introduction of a new grading structure that includes all key decision-makers. The number of roles within its senior management population remains unchanged.
• **ReAssure Group** has redefined its leadership team following a restructuring that increased its workforce by 25% as it separated from parent Swiss Re and prepared for its initial public offering.

*An additional nine signatories changed their definitions of senior management but they are reporting for the first time in 2019, so we do not have comparable 2018 data.

DRIVING CHANGE: ACTIVITIES TO SUPPORT TARGETS

So what changes are signatories making in order to achieve their targets?

All 187 signatories reported on their top three actions undertaken to meet their targets and the quality of narrative reporting has continued to improve year-on-year. The list is long and varied, showing the many areas that required attention pre-Covid 19 – and will continue to do so in remote-working environments and as staff return to the office.

While actions are largely similar to those reported in previous annual reviews, it is encouraging to see a greater willingness on the part of signatories to experiment and share new ideas. There is also a notable shift in how signatories discuss the impact of their actions, with increased references to data or expressing an intention to quantify impact.

Trying something new

Some signatories are experimenting with new ideas around recruitment. For example:

- **Bank of England** has adopted a pooled approach to recruitment and promotion at senior management level, appointing cohorts of colleagues rather than advertising and filling individual roles.
- **Nucleus Financial** has shifted from recruiting for culture fit (whether or not they will get on with the rest of the team) to cultural contribution (what the new colleague can add to the team).
- **AXA UK** no longer asks applicants for salary information.

A multi-pronged approach: *"There is no silver bullet, therefore having a robust plan and understanding the compound nature of its component parts has proven essential, as is measuring its impact."*

RBS Group

Recruitment

Actions related to recruitment were the most popular, mentioned by more than half (57%) of signatories. Specific activities include:

- **Diverse longlists and shortlists:** More than a quarter (28%) of signatories are concentrating on diverse shortlists when hiring. For example, each division at Goldman Sachs International is accountable for embedding this approach and hiring managers are expected to demonstrate that a sufficiently diverse slate of candidates has been considered. Lloyds Banking Group has monitored the impact of diverse shortlists and found the proportion of female external hires rose from 28% in 2014 to 36% in 2019.

- **Diverse interview panels:** One in eight signatories have introduced diverse interview panels. For example, at one signatory firm this approach is sponsored by the executive team and any deviations require their approval.

- **Job advert focus:** Ten percent of signatories have focused on removing bias from job adverts. Several, such as Brightstar Financial and Nutmeg Saving and Investments, have introduced text analytics software to identify gender-specific language that might deter potential candidates from applying. An emerging trend is for signatories to promote flexible and part-time working options in job adverts – for example, Zurich Insurance has made all vacancies available part-time or as a job-share, as has Grant Thornton, which has also coached hiring managers to ensure policy is incorporated into practice. QBE European Operations and National House Building Council have added a 'always happy to talk flexible working' tagline to job adverts and across the business.

- **Returners programmes**: Fifteen signatories have introduced programmes to encourage women back into the sector after a career break, with training, mentoring, work shadowing and networking opportunities.

- **Blind CVs**: Eight firms have removed personal information such as name, gender and/or educational attainment from CVs, for example, at Citi.

- **Training**: A handful of signatories are focusing on training recruiting managers on inclusive recruitment processes. For example, Northern Trust has mandated training for all hiring managers and Federated Hermes has created an inclusive recruitment guide and training for hiring managers.

Retention and promotion

- **Flexibility and agile working:** Bearing in mind that the signatory data pre-dates the Covid crisis, it is interesting to note that signatories were reporting an increased focus on flexible working to aid retention and ensure working practices were not a barrier to progression, with more than a quarter (26%) mentioning it as a top three action. Firms positioned flexible working as relevant to everyone, and some reported measuring adoption rates more robustly, for example, by gender across different levels and roles. These metrics were also incorporated into data dashboards, as seen at Deloitte and Admiral, while Invesco had instigated a staff survey to gauge the response to its "Smart Working" initiative. Since March 2020, remote working has become the norm for the majority of staff across the industry. For many companies, adoption occurred overnight. Clearly the nature of the discussion of agile working has changed rapidly, but the signatory data presented here is a pertinent reminder of prevailing attitudes just a few short months ago.

- **Mentoring and sponsorship**: One in five signatory firms are focusing on mentoring and sponsorship programmes.
  - Nine signatories reported having introduced formal sponsorship programmes (where senior sponsors advocate for their sponsee rather than just advise). For example, Aon runs a sponsorship programme that links high-potential mid-level and senior female colleagues with senior leaders to provide them with career support, mentoring and guidance.
  - Three firms have launched reverse mentoring schemes where senior leaders are matched with people from under-represented groups in order to hear different perspectives, for example at Unum, Financial Ombudsman Service and Pinsent Mason.

- **Identifying female talent and succession planning**: Signatories reported an increased emphasis on identifying and developing existing female talent for progression into senior management positions. One in 12 cited this as a top three action. For example:
  - UBS has embedded gender metrics in promotion discussions and Northern Trust has mandated diverse succession listings.
  - Signatory firms are closely monitoring their pipelines, and some are aiming for an equal gender split on succession plans. For example, BNP Paribas is seeking to actively identify more women to join talent programmes and succession plans, which has already led to an increase in female representation.
  - Other firms are ensuring that gender balance is reflected in their leadership and development programmes, such as Mazars and Payment Systems Regulator.
  - PwC is ensuring that women are benefitting from the most stretching of client engagements/work allocation to ensure they have the optimum experience to position them for promotion.

- **Leadership and development programmes**: Thirty-three signatories reported on women's leadership programmes to strengthen their talent pipelines, and firms that have been running programmes for more than a year are beginning to capture their impact. For example, AXA UK has achieved a retention rate of 95% for women who have been on its programmes, and at Tesco Underwriting, 33% of participants have been promoted.

Sponsorship: *"The sponsor works with the individual and their manager to become an advocate of the individual, champion visibility and understand their career path. Since rolling this out, we have had a very low attrition level of senior female talent assigned a sponsor and have seen more promotions to MD or bigger roles."*

Citi

Debiasing promotion: *"We have redesigned key components of our director and partner promotion processes, and moved from an assessment centre method to a longer term 'development journey' approach to suit a wider range of candidates."*

Deloitte

Leadership schemes: *"Our programmes are designed to be a direct feeder into our most senior roles and we are tracking the progress of the individuals who undertake them."*

Aon

Embedding diversity into the business

More than a fifth (22%) of signatories reported on accountability and data as a means of embedding diversity into the business in their top three actions, which is a significant increase from last year's annual review. Five firms have focused on accountability alone, 11 have improved their data dashboards and 26 have worked on both areas.

- **Improving data collection and analysis**: Signatories are becoming more sophisticated in how they collect and analyse data to drive action, with 22% mentioning it as a top three action. Data is being captured across the employee life cycle, with varying degrees of sophistication. Examples include:
  - UK Government Investments breaks down annual performance review scores by gender.
  - Columbia Threadneedle Investments analyses recruitment by department, leader and level.
  - Axa XL publishes a quarterly diversity dashboard and tracks gender diversity in all hiring, succession planning and talent plans.
  - The Financial Conduct Authority annually samples and tests salary distributions on entry to the organisation to confirm that salary offers and progression are not gender biased.
  - EY and Coventry Building Society provide real-time data to improve decision-making.
  - Two signatories are preparing their leaders to understand the data and their role in making change happen. JP Morgan has introduced diversity scorecards for senior leaders and created a customisable business planning toolkit with 30 practical steps leaders can take to drive action, and the Financial Conduct Authority has created a session for senior leaders on how to make best use of the data.

- **Cascading accountability for gender diversity:** Signatories are upping the ante by introducing divisional targets and customised plans. For example:
  - MUFG has implemented tailored diversity and inclusion plans for each department and Standard Life Aberdeen has published divisional commitments alongside progress updates to promote transparency.
  - Plans are monitored at the highest levels. For example, at Morgan Stanley International, the CEO and COO set divisional targets and host annual diversity progress review meetings with each of the 16 divisions and regional heads.
  - Progress is built into senior leader score cards and objectives. For some firms, non-achievement of any key performance indicators can be reflected in both the end-of-year appraisal and financial bonus.

Moving beyond gender

Firms continue to extend their approach to gender to other diversity strands. For example, Phoenix Group have set ethnicity targets, while Hinckley & Rugby Building Society has expanded polices to include those with disabilities.

A systemic approach to change

A new theme signatories reported was taking a more systemic approach by debiasing processes and policies, mentioned by 13 signatories. For example:

- Payment Systems Regulator has conducted a review of how people allocate work to ensure that decisions are free from unconscious bias.
- Vanguard Asset Services has evolved its appraisal system to include the assessment of leaders against their record at building diverse teams.
- Pinsent Masons is looking at the structure of billable hours and how this may or may not negatively affect women and work allocation.
- Two firms, AXA Investment Managers and Wesleyan Assurance Society, have commissioned external partners to help them conduct root and branch reviews of their policies and procedures.

Signatories have also been experimenting with different approaches to target activity and measure impact. One firm reviewed scientific journals and leveraged its behavioural science insights team to create a list of recommended interventions; Citi introduced the use of 'Bias Bingo' to inject challenge during promotion discussions; and the Financial Conduct Authority and RBS Group have implemented positive action frameworks which focus on the full employee lifecycle.

Behaviour and culture

- **Diversity-related training:** About a quarter (24%) of signatories are delivering some kind of training to help them achieve their Charter goals.
  - Unconscious bias training remains popular, with one in six signatory firms citing this as a top priority. Some firms, for example Columbia Threadneedle Investments and London Stock Exchange Group, have made training mandatory for certain groups, and 10% have extended it beyond senior management. There is evidence of firms monitoring the impact of the training, for example Canadian Imperial Bank of Commerce and RSA Insurance Group.
  - Inclusive leadership is also emerging as an area of focus, with seven signatories delivering this kind of training to senior leaders.
  - It is interesting to note how some firms are moving beyond unconscious bias training to programmes that cover inclusion more generally. For example, Investec Bank runs a two-day workshop on inclusion called 'Zebra Crossing' and Legal & General Group have created a toolkit to encourage inclusive decision making and the formation of diverse, high-performing teams. EY has created a 'Partner Inclusion Journey' incorporating different training elements to equip partners to lead inclusively, and Nationwide Building Society has educated line managers around measuring outputs and behaviours rather than presenteeism.

- **Parental and family leave policy review**: Nearly a fifth of signatories (18%) either refreshed or ran awareness campaigns relating to parental and family leave policies.
  - Some signatories have enhanced maternity pay and shared parental leave arrangements, for example Deloitte has doubled paternity leave pay in "recognition that in order to improve gender equality (both within our firm and more widely in society) we need to offer, and encourage, parental leave and flexibility amongst both parents".
  - There are signatories looking at the role of the extended family. For example, Danske Bank has launched a Grandparents Leave policy providing grandparents with paid leave to look after grandchildren.
  - Firms are providing coaching for expectant parents, including the Chartered Insurance Institute, and UBS is also coaching line managers on how to support staff through parental transition.

Measuring the impact of training: *'Building inclusive cultures' (unconscious bias) training has been rolled out across the UK, including the group exco. 78% of people leaders have attended face-to-face workshops so far. Overall feedback has been positive, with awareness of what unconscious bias is increasing from 30% to 95% and confidence to challenge behaviour creating exclusion increasing to 90%."*

RSA Insurance Group

Challenging carer stereotypes: *"We have broadened our parental support in order to break down the perception that women are the primary carers. We want to ensure that all our people (men and women) can be professionals and parents."*

Mazars

Supporting working parents: *"We continue to look for ways to enhance our support for working parents, both mothers and fathers. Recently in our Chester office we created a maternity room for expectant and nursing mothers. We have an active parents and carers network and provide coaching opportunities for all new parents."*

Bank of America

Network groups and awareness raising

One in five signatories mentioned diversity councils and network groups, particularly around awareness-raising. Thirteen signatories mentioned running campaigns in 2019 to build a broader base of support for their Charter ambitions. A similar number of firms launched new groups, for example, Nucleus Financial focused on encouraging allies; UK Finance has developed a network of Appropriate Behaviour Champions; and Citi's network group has created a 'Call a Coach' initiative where senior women provide a mentoring service to other women in the business.

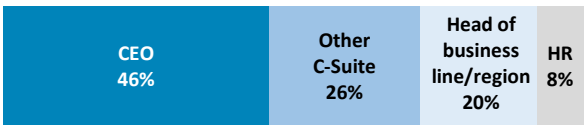
Allies: *"We are shifting focus from minority groups to engaging the majority. We've created 'allies' of activists rather than passive bystanders of under-represented groups."*

Nucleus Financial

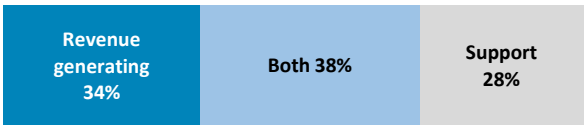
Fig.13 The role of the accountable executive

a) AE breakdown by gender

b) Breakdown of AE job titles



c) Breakdown of AE job by role



n=199 as one signatory has two AEs and one has 12

Accountability at the top

All Charter signatories must name an accountable executive (AE) who is responsible for gender diversity and inclusion. While the Charter is not prescriptive, Dame Jayne-Anne Gadhia's *Empowering Productivity* review recommended that the AE should be a senior member of the executive team, sit in a business-facing (i.e. revenue generating) profit and loss line rather than a support function, and be male.

More than two thirds (68%) of accountable executives are men (Fig.13a). Nearly all (96%) AEs sit on the executive committee, 63% sit on the board as well, and only 2% sit on neither board nor exco. When it comes to the types of jobs held by accountable executives, nearly half (46%) of AEs are CEOs and just 8% are from HR (Fig.13b). More than two-thirds (71%) sit in revenue generating roles (Fig.13c).

It is not uncommon for the AE to change – 50 of the 187 signatories in this analysis changed their accountable executive over the reporting period, largely due to the predecessor leaving or changing job. At half of these signatories the new AE's job title was different, however, the level of seniority overall remained unaffected.

How accountable executives are driving change

Ninety percent of signatories provided information on action points undertaken by their AE. The five key areas of focus were:

1) A strategic approach: More than a third of signatories said their AEs are active in embedding diversity into strategy. AEs are ensuring diversity remains on the agenda at the very top of the organisation, for example at Admiral, Danske Bank, Aldermore and Handelsbanken – a responsibility that will be vital as companies face the long-term consequences of the Covid crisis. AEs are also holding individual leaders and/or different business lines to account against their diversity targets, for example at AXA Investment Managers, Bank of America and Post Office; and they are increasingly using data to strengthen accountability, for example, AEs at Canada Life and Grant Thornton oversaw the creation of data dashboards to measure progress.

2) Internal and external advocacy: Ambassadorial and awareness raising was cited by a third of signatory firms. This included championing diversity internally, sponsoring events and participating in external panel discussions.

3) Working with councils and networks: More than a quarter of signatories said the AE chairs diversity and/or gender-related committees, or worked with employee-led networks to expand membership and reach. For example, Santander UK's AE encouraged its Women in Business group to appoint a male co-chair alongside a female one to recognise the importance of male allies.

4) Dedicating resource: A quarter of signatories said their AE was instrumental in sponsoring and/or participating in specific D&I projects and initiatives. For example, at AXA UK, the AE advocated flexible working, a global mentoring programme and inclusive talent management practices; the AE at Aon instigated a female leadership programme; and at Credit Suisse the AE secured dedicated resource for its UK Gender Diversity Data Project. For others, the AE took part themselves, for example in mentoring programmes at Association of British Insurers and Monzo.

5) Recruitment focus: At 10% of signatories, the AE was actively involved with improving recruitment practices. For example, Northern Trust's AE has led the charge on mandating diverse slates for all senior level hires and reviewed all promotion rounds broken down by gender.

Bringing diversity targets into pay

As part of their Charter commitments, signatories must have an intention to link the pay of the senior executive team to performance against internal gender diversity targets. Of the 187 signatories in this analysis, 160 have complied with this Charter principle, a handful have an intention to introduce a link and eight do not offer any kind of variable pay (HM Treasury allows an exemption on link to pay for signatories that do not offer variable pay. Those firms must state their position on variable pay to HM Treasury in writing).

The most common mechanism for linking targets to pay (used by 117 signatories) is to include gender diversity criteria among the factors that contribute to variable pay, as recommended by the Gadhia review. Four firms linked gender diversity to pay via salary review and at another six firms gender diversity is considered in the context of both salary review and variable pay.

How and who?

Diversity is one of a wide range of factors included in bonus pay – for one signatory diversity is one of 19 criteria, for another it is one of 3. This range affects how much of the bonus payment is impacted if diversity targets are not met. For signatories that provided a breakdown of the portion of bonus allocated to diversity, the portion ranges from 1% to 50%.

About a quarter (43) of signatories used a balanced scorecard approach to connect diversity targets to pay and half (83) refer to incorporating diversity into personal objectives. For those with a balanced scorecard approach, the majority link diversity under the 'people' element of the non-financial metrics.

Firms provided examples of both qualitative and quantitative criteria for determining the link to pay. For example, one signatory has a staggered quantitative approach, allocating up to 4% of bonus if the target is hit, falling to 2% if female representation falls two percentage points short of the target.

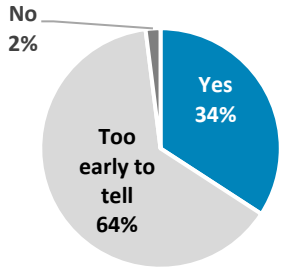
Examples of qualitative approaches include asking leaders to show how they have built a diverse team and an inclusive culture, with specific measures such as improvement in their team's representation, encouraging team members to disclose their diversity data, and achieving positive results in employee engagement surveys.

In addition to the bonus carrot, a handful of firms are employing stick tactics with their links to pay, for example by reducing the overall bonus pool available or withholding individual bonuses if diversity targets are not met.

For half of signatories (88), the link to pay only applies to executive committee members. But there are encouraging signs that firms are using the link to pay to drive accountability more widely, with 54 signatories (29% of the total cohort) implementing the link to pay beyond the exco. Of those, 28 have extended the link to department and group heads, six have extended to all people managers and 12 have extended it to all employees.

Fig.14 Impact of the link to pay

Percentage of signatories that said they believed the link to pay has been effective



n=155, excludes 27 signatories with no link to pay and 5 that did not provide data

Effectiveness of the link to pay

A third (34%) of signatories that have a link to pay believe it has been effective (Fig.14). Of these 53 firms, we have multiple years of data points for 33, which offers greater insight. Sixteen of the 33 changed their assessment to "yes" from previously having answered "too early to tell". This implies that it takes time to embed and realise the benefits of linking pay to diversity targets.

"Senior leaders are held accountable for progress on diversity… by creating focus and transparency, leaders challenge themselves and make the day-to-day decisions that will drive the diversity agenda. Our progress over the past three years provides evidence in support of this."

BlackRock

"Effective to us means that people are taking personal accountability and making changes in their behaviour as a result and that these behaviours are having a positive impact."

Financial Conduct Authority

Reporting obligations

As part of their Charter commitments, signatories are obliged to publicly report on their progress against their gender diversity targets to support the transparency and accountability needed to drive change.

There has been significant improvement in embedding this Charter principle, with more than two thirds (68%) of the 187 signatories publishing an update by the deadline of December 31, 2019 (Fig.15), compared to just over half (54%) in 2018. However, a third still failed to provide an update by the deadline. We do not have any data to inform us why updates were delayed or unavailable.

What signatories published in their updates varied. Of the 128 signatories that had published an annual update on their website by January 17, 2020:

- **82** stated whether or not the signatory is on track to meet its target;
- **84** provided a historical data point showing female representation in senior management to provide context for comparison;
- **115** included an accompanying narrative explaining progress over the past year and expectations for the coming year;
- **55** covered all three of these aspects in their updates.

Approaches to narrative reporting

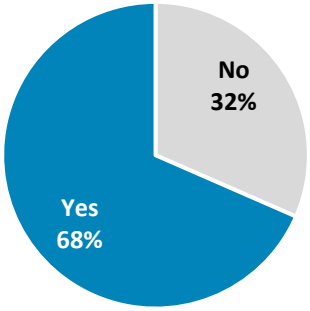
While the quality and format of narrative reporting in published updates varied significantly, there were signatories that presented their information clearly and accessibly – for example, Fidelity International provided graphics with historical data points for female representation.

Most signatories frame their update by stating why diversity is important to their organisation. Several signatories discuss the Charter in the context of their wider diversity and inclusion initiatives, for example Allianz Insurance, Bank of Ireland and Schroders.

Some included a statement from their CEO, including BNP Paribas Personal Finance, Morgan Stanley International and London Stock Exchange Group. Others linked the content of their annual updates with their gender pay gap reporting, for example, Tesco Underwriting and Deutsche Bank.

Fig.15 Publishing progress online

Percentage of signatories that have published* an annual progress report on their website



n=187
*This data was gathered January 1-17 2020

NB: HM Treasury has removed 14 signatories from the Charter this year for failing to comply with this principle. Transparency is a key pillar of the Charter, and HM Treasury will continue to remove signatories who do not submit or publish their updates on time.

POINTS FOR DISCUSSION

"For HM Treasury as the economics and finance ministry, the Charter has always been about creating a more effective and more productive financial services sector.

Financial services organisations are increasingly recognising the business benefits that diverse teams bring. In these challenging times, it is paramount that firms continue to improve and embrace diversity.

It is encouraging to see signs of progress in the representation of women in senior roles, with a number of women appointed to top jobs this year. At HM Treasury, we hope to see this progress continue."

Gwyneth Nurse,
HM Treasury

10 suggestions for debate

This review shows that four years since its launch, the HM Treasury Women in Finance Charter is having a measurable impact on the financial services industry. Here are 10 discussion points raised by our findings to contribute to the debate on improving diversity:

1. **Tipping point:** The analysis shows how the Charter principles are becoming increasingly embedded in how signatories approach diversity in their everyday business. There are firms that are taking this agenda seriously and driving strategic change. Those that do not take action, and swiftly, run a real risk of being left behind.
2. **Pace of change:** Is a one percentage point increase in female senior managers a year enough? The industry needs to think hard about what genuine sustainable change will look like how long it will take to get there, and what it needs to drive improvement.
3. **A systemic approach:** Individuals can only do so much – it is organisational structures that must be updated to tackle bias. As the diversity data and research canon grows, firms must move away from a reactive and often scatter gun approach, to more holistic, strategic actions focused on debiasing processes and systems.
4. **Covid as a catalyst:** The Covid crisis has shown just how quickly companies can adapt. Aspects of diversity and inclusion were front and centre of the remote working transition and remain front and centre of plans for returning to workplaces. There is an opportunity now to challenge legacy thinking in all areas (not just flexible working), cement diversity as a strategic business priority and accelerate the pace of change.
5. **Use the evidence:** Every year, the Charter data set becomes richer and more compelling. This analysis is a valuable resource for signatories, or indeed any firm, to benchmark and potentially adjust their own processes and practices. Signatories should be asking themselves if they are outliers and which areas of best practice resonate with them.
6. **Targets in the context of parity:** Progressive signatories are hitting their targets and setting new ones, but only one in five signatories explicitly mention gender parity as their ultimate goal. If targets are not viewed as milestones on the road to parity, the target can itself become the ceiling, with pipelines built to reach the target and no further.
7. **A step change for accountable executives:** The executives named accountable for gender diversity and inclusion need to work out where they can make the most impact. The most progressive are doing much more than speaking at events – they are keeping diversity high on the board and exco agenda, fighting for airtime and resource, putting accountability mechanisms in place and personally holding peers to account.
8. **A public conversation:** Publishing a Charter update is one of the four core Charter principles and should be taken seriously, but many signatories still lack the skills, resource and confidence to communicate their Charter commitments effectively, both internally and externally. It's important to remember why transparency is so valuable to this agenda, and for signatories to leverage this Charter principle to achieve their own ends.
9. **Embedding link to pay:** Thinking around how to effectively link pay to diversity targets is developing. It takes time for the link to embed, to have an impact on behaviour and then be used more widely to hold line managers to account. Alongside gender pay gap reporting and the Financial Conduct Authority's remuneration codes, the stakes are high (particularly in a highly-paid sector) to get the link to pay right.
10. **Taking the lead:** The banking sectors (UK, global and investment banking) have a crucial role to play in shifting the numbers for the whole industry, as do the other big employers. If these firms can set a course towards parity, the face of the entire industry will change.

APPENDIX

Fig. i List of 187 signatories included in this analysis, grouped alphabetically by sector

This review includes data from the 187 signatory firms listed below, in alphabetical order by sector.
For an up-to-date list of all Charter signatories, visit https://www.gov.uk/government/publications/women-in-finance-charter

Banking (global/investment banks)
Australia and New Zealand Banking Group
Bank of America
Barclays
BNP Paribas
BNY Mellon
Canadian Imperial Bank of Commerce
Citi
Credit Suisse Securities
Daiwa Capital Markets Europe
Deutsche Bank
Goldman Sachs International
Handelsbanken
JP Morgan
Lazard & Co
Mizuho Bank
Mizuho International
Morgan Stanley International
MUFG
Nomura International
Northern Trust
Royal Bank of Canada
RBS Group
SMBC Nikko Capital Markets
SMBCE
Standard Chartered
State Street
UBS
UniCredit Group

Banking (UK banks)
AIB Group
Aldermore Bank
Atom Bank
Bank of Ireland (Retail UK)
Brown Shipley
Cambridge & Counties Bank
Close Brothers Group
Danske Bank
HSBC UK
Investec Bank
Lloyds Banking Group
Metro Bank
Monzo
OneSavings Bank
Paragon Banking Group
Post Office
Sainsbury's Bank
Santander UK
Shawbrook Bank
Starling Bank
Tesco Bank
The Co-operative Bank
TSB
Unity Trust Bank
Virgin Money

Building societies/credit unions
Coventry Building Society
Hinckley & Rugby Building Society
Leeds Building Society
Market Harborough Building Society
Nationwide Building Society
Nottingham Building Society
Principality Building Society
Progressive Building Society
West Bromwich Building Society
Yorkshire Building Society

Fintech
10x Future Technologies
Funding Circle
Global Processing Services
HUBX (The Hub Exchange Limited)
IPC Systems
Landbay
Nucleus Financial
Nutmeg Saving and Investments
PensionBee
RateSetter
TotallyMoney
Zopa

Government/regulators
Bank of England
British Business Bank
City of London Corporation
Financial Conduct Authority
Financial Reporting Council
Financial Services Compensation Scheme
Financial Ombudsman Service
HM Treasury
NS&I (National Savings and Investments)
Payment Systems Regulator
Pension Protection Fund
UK Export Finance
UK Government Investments

Insurance
Admiral Group
Ageas Insurance
Allianz Insurance
Aviva
AXA UK
Axa XL (formerly XL Catlin)
B&CE Holdings
Beazley
BUPA (British United Provident Association)
Canada Life
Collinson Group
Covéa Insurance
Direct Line Group
Ecclesiastical Insurance
esure Group
Just Group
Legal & General Group
LifeSearch
Lloyd's of London
LV=
Marsh UK
MetLife
Motor Insurers' Bureau
National House Building Council
Phoenix Group
Prudential
QBE European Operations
RSA Insurance Group
Shepherd Compello
Royal London Group
Simply Business
Tesco Underwriting
Unum
Wesleyan Assurance Society
Zurich Insurance UK

NB: The company names listed here include a mixture of group, parent company, subsidiary and trading names. For many companies, the Charter applies to a subsidiary, a specific entity, a branch, a division or region, and not necessarily to all staff at the company name as listed here. The sector allocations are based on signatories' own selections.

Fig. i (continued) List of 187 signatories included in this analysis, grouped alphabetically by sector

This review includes data from the 187 signatory firms listed below, in alphabetical order by sector.
For an up-to-date list of all Charter signatories, visit https://www.gov.uk/government/publications/women-in-finance-charter

Investment management
AXA Investment Managers
Beckett Investment Management
BlackRock
Brewin Dolphin
Brooks Macdonald
Castlefield Partners
Charles Stanley
Columbia Threadneedle Investments
Fidelity International
Foresight Group
Franklin Templeton Investments
GAM Investments
Hargreaves Lansdown
Federated Hermes (formerly Hermes Investment Management)
Intermediate Capital Group
Invesco
Investec Asset Management
Investec Wealth & Investment
Janus Henderson Investors
Jupiter Asset Management
Kames Capital
Lazard Asset Management
LGT Vestra
Man Group
PIMCO
Quilter
Rathbone Brothers
Schroders
Standard Life Aberdeen
St. James's Place
Vanguard Asset Services
Wellington Management International

Market infrastructure
London Stock Exchange Group

Payment systems
Mastercard
Visa (Europe)

Professional services
Aon
Bovill
Cicero Group
Deloitte
EY
Grant Thornton
KPMG
Mazars
Mercer
Pinsent Masons
PwC
Smith & Williamson

Trade associations
Association of Accounting Technicians
Association of British Insurers
Association for Financial Markets in Europe
Chartered Insurance Institute
ICAEW (Institute of Chartered Accountants in England and Wales)
The Investment Association
UK Finance

Other
BNP Paribas Personal Finance
BP Supply & Trading
Brightstar Financial
Capital One (Europe)
Equifax
Mortgages for Business
NEST Corporation
ReAssure Group
Sesame Bankhall Group
Teamspirit

NB: The company names listed here include a mixture of group, parent company, subsidiary and trading names. For many companies, the Charter applies to a subsidiary, a specific entity, a branch, a division or region, and not necessarily to all staff at the company name as listed here. The sector allocations are based on signatories' own selections.

Methodology notes

This review analyses annual updates from 187* signatories that signed the Charter before September 2018, provided† an annual update to HM Treasury in September 2019, and have at least 50 staff‡. The data was shared with New Financial on a confidential basis. All data has been anonymised and aggregated, and no data has been attributed without consent from the relevant signatory.

Headline senior management targets

All analysis of targets is based on a single headline target and deadline for each signatory.

- For firms that set targets for multiple tiers of senior management, we used an average weighted by the size of the senior management population in each band.
- For those that set targets for multiple groups including one for senior management, we used the senior management target.
- For firms that submitted targets against multiple deadline years, we used the shorter-term target and deadline provided (for example, if a signatory set targets for 2019, 2020, and 2025 we used the 2019 deadline year and corresponding target as the headline target).
- For firms with a target range, we used the midpoint.
- For firms that set a target with a tolerance of +/- *x*%, we used the midpoint.

Criteria for meeting targets

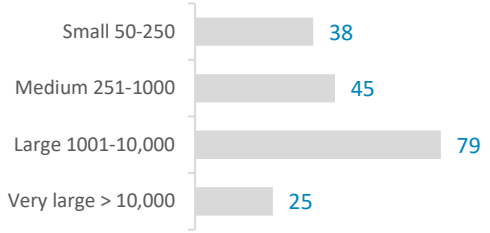
A signatory has been listed as having met its target if the firm has met or exceeded its stated target during the reporting period.

- For firms with targets for multiple tiers of senior management or multiple groups, we also take into account whether the firm believes it has met its targets as a whole, not just on a weighted average basis.
- For firms with a target range or range of tolerance, we accept meeting or exceeding the bottom of the range or range of tolerance as having met the target.

* Signatories that signed the Charter after September 2018, or with fewer than 50 staff, or did not return an adequate annual update within HMT's deadlines, have not been included in this analysis.
† The data provided by each signatory has not been verified by HM Treasury or any other body. Enquiries on any individual firm's approach to the Charter should be directed to that firm.
‡ An additional 51 signatories with fewer than 50 staff provided an annual update. This data was not included in this analysis in order to focus on comparability across the cohort.

Fig.ii Signatories by size

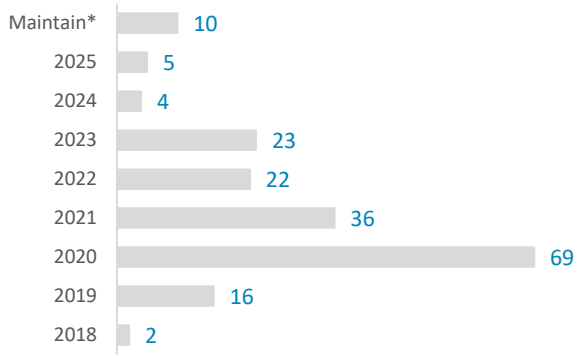
Signatories grouped by number of employees to which the Charter applies, number of firms



n=187

Fig.iii Signatories by deadline year

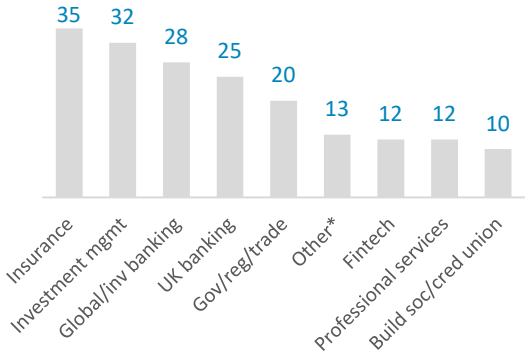
Signatories grouped by year of target deadline, number of firms



n=187
*Maintain refers to an ongoing target which has already been met

Fig.iv Signatories by sector

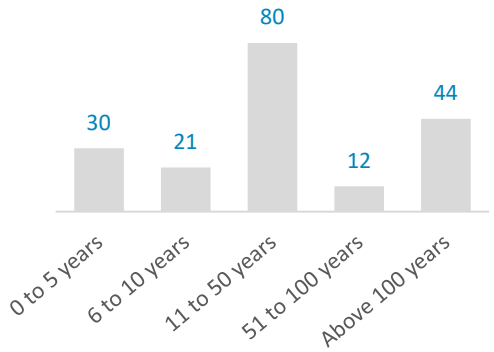
Signatories grouped by sector, number of firms in each



n=187
*Other includes market infrastructure, payment systems, energy, financial advisers, life and pensions, marketing and communications, mortgage brokers, compliance advisers

Fig.v Signatories by age

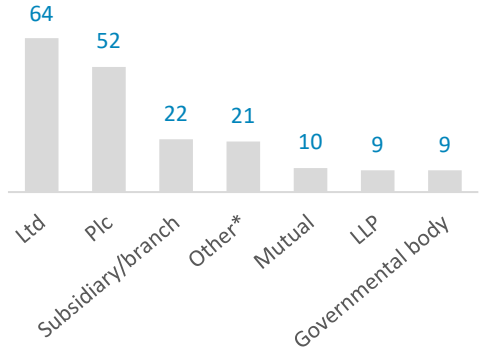
Signatories grouped by age, number of firms in each category



n=187

Fig.vi Signatories by company type

Signatories grouped by company type, number of firms in each category

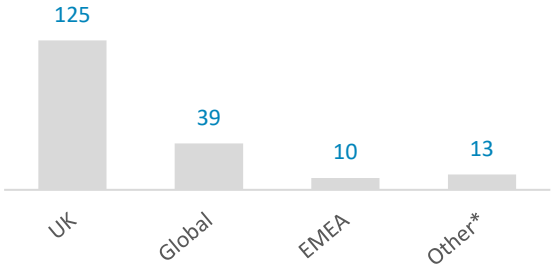


n=187

*Other includes royal charter bodies, group, private unlimited companies, partnerships, not for profit organisations, unincorporated trade bodies, chartered bodies, building societies, friendly societies

Fig.vii Region to which target applies

Signatories grouped by region to which Charter target applies

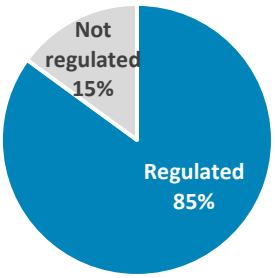


n=187

*Other refers to signatories whose target applies to UK and Ireland or UK, Ireland and Jersey

Fig.viii FCA-regulated signatories

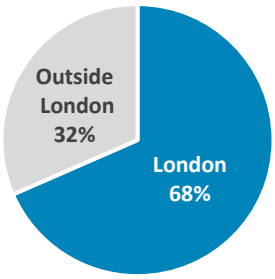
Percentage of signatories that are regulated by the Financial Conduct Authority or conduct regulated activities, %



n=187

Fig.ix Location of headquarters

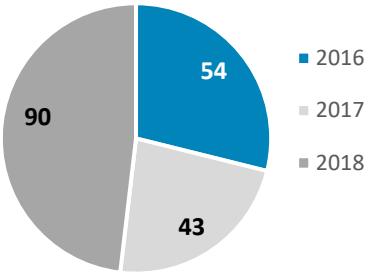
Percentage of signatories with headquarters in London, %



n=187

Fig.x Signatories by year of joining the Charter

Signatories grouped by year of joining the Charter



n=187

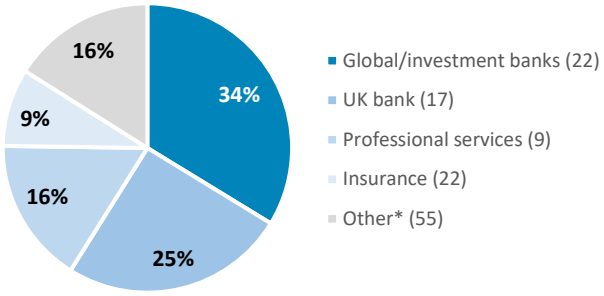
Fig.xi Size of total workforce and senior management populations by sector

Sector (n)	Number of employees to which Charter applies	Number of senior managers as per senior manager definition	Number of female senior managers in 2019
Global/investment banks (28)	562,735	31,406	8,060
UK banks (25)	169,546	12,572	4,451
Insurance (35)	159,250	9,745	3,341
Professional services (12)	75,573	18,758	7,103
Investment management (32)	61,285	8,452	2,390
Building societies/credit unions (10)	29,026	1,477	524
Government/regulators/trade associations (20)	20,034	1,383	534
Other* (13)	16,056	1,624	553
Fintech (12)	3,263	359	91
Total (187)	1,096,768	85,776	27,047

*Other includes market infrastructure, payment systems, energy, financial advisers, life and pensions, marketing and communications, mortgage brokers, compliance advisers

Fig.xii How many women by sector

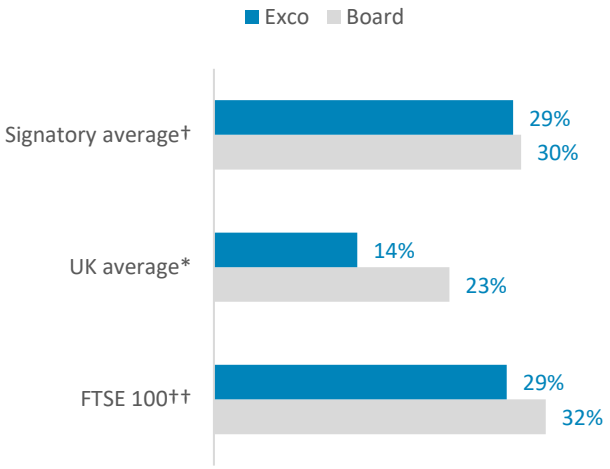
We estimate the signatories would have to add around 3,000 women in order to meet their targets which would be an increase of around 11% on today's population of female managers. This is a rough estimate – we assume the size of the senior management population will stay the same as it is today (but we accept that this is unlikely), we had to exclude signatory data that was incomplete or inconsistent and there is rounding error. This chart shows the sectoral breakdown of the 3,000 women required to join senior management, by sector, % of 3,000 women.



n=125 signatories that still have targets to meet, category (n)
*Other includes investment management, building societies/credit unions, government, regulators, trade bodies, fintech, market infrastructure, payment systems, energy, financial advisers, life and pensions, marketing and communications, mortgage brokers, compliance advisers

Fig.xiii Female representation on boards and excos

Average female representation on boards and excos of signatory firms



†149 signatories provided data, 146 for boards, 149 for excos
*UK average from New Financial data for Jayne-Anne Gadhia's *Empowering Productivity* review in 2016
†† Hampton Alexander data from the 2019 Review. Note that the HAR definition used here is executive committee and direct reports.