

# Gender pay gap

2023 to 2024 reporting year



# Welcome

## to our gender pay gap report



Adrian Sainsbury, Chief Executive



I am encouraged by the progress made across the Group and am committed to support positive change.”

I would like to take this opportunity to share our gender pay and bonus gaps with our internal and external stakeholders, as well as providing background as to why they exist.

The gender pay gap shows the difference in average pay between women and men.

This reporting year, both our pay and bonus gaps at Group level have narrowed. This can be partially explained by our response to the cost-of-living crisis, where we have made a sustained effort to support our lower paid employees, a greater proportion of whom are women. Secondly, challenging markets meant that variable remuneration for some of our client-facing roles such as trading were materially lower this year. Additionally, we have been successful at increasing female representation at manager level, where roles command higher pay for greater responsibility.

Our remuneration gaps are driven by two main factors: a higher proportion of male incumbents in senior and client-facing roles and a greater number of women who work part-time, leading to a pro-ration of their bonus amounts.

Increasing the representation of women at senior levels is a key priority. As signatories of the Women in Finance Charter, we continue to work towards our target to achieve 36% of senior manager roles being held by women by 2025. Progress against gender balance targets is one of the metrics that contributes to the vesting of our Executive Long-Term Incentive Plan.

Additionally, we continue to promote flexible working, part-time and job share options to prospective candidates and existing employees. This year, a successful recruitment pilot was run within our Finance team, and we continue

to encourage employees of all gender identities to consider flexible working options.

It is important to note the gender pay gap is different from equal pay, which ensures equivalent pay for employees of all gender identities performing at similar levels in similar roles. Through continuous reviews of the compensation processes, we remain confident that our people are paid equally for performing equivalent roles across our business.

Our Employee Inclusion Networks proactively collaborate across the Group to raise awareness and advocate for positive change. They regularly interact with their Group Executive Sponsor and senior business leaders. They provide peer-to-peer support, alongside encouraging allyship and engagement across the organisation. Our Gender Balance Network and the recently launched Menopause Forum Working Group, actively drive and promote initiatives related to gender pay, representation, policies and education.

Throughout this report we refer to men and women, however, at Close Brothers, we recognise that gender identity is broader than male and female.

We want to affirm that we welcome colleagues of all gender identities. Our Unity (LGBTQ+) Employee Network continues to champion inclusive ways of working through educating colleagues around gender identity and pronouns.

We are encouraged by the progress made across the Group to address the causes of the gender pay and bonus gaps. I am proud that in our FY23 employee opinion survey, 96% of colleagues said they felt included, however, I recognise there is more we can do and am committed to support positive change.

# Some key statistics about gender balance and gender pay



Our female employees represent<sup>1</sup>:

**45%** of our workforce

**40%** of our Managers

**33%** of our Senior Managers<sup>2</sup>

**41%** of our Board

<sup>1</sup> The above figures are calculated on a three-year rolling average with data as at 5 April 2021, 5 April 2022 and 5 April 2023. We do this to provide a continuous view of our representation across levels. All other statistics within the report are spot figures at 5 April 2023.

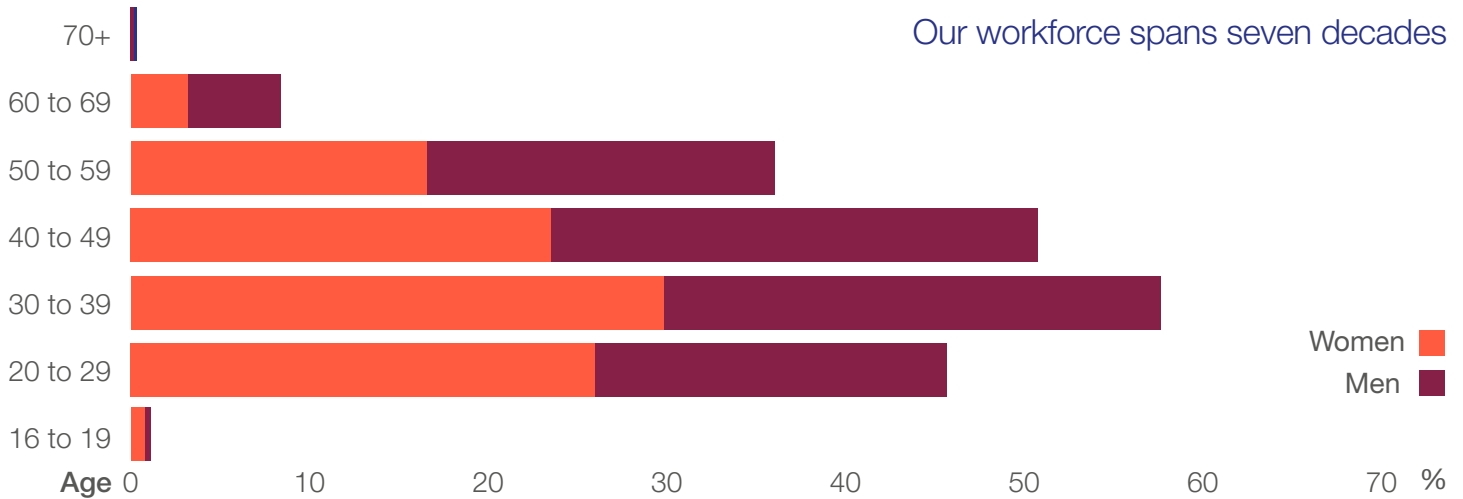
<sup>2</sup> We define Senior Managers within the Group as those who have line management responsibilities for a line manager. They are generally heads of departments, functions or larger teams.



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



**83%** of part-time workers are women



Analysing our data through an intersectional lens allows us to implement initiatives which more effectively address challenges faced by specific groups. For example, we have a sizeable population of menopause-age women in the organisation, so the Menopause Forum Working Group drives policy improvements and systems changes, and organises awareness raising events for line managers and peers.



Average pay gap between employees in the same salary band

**1.52%**

Our Group-wide gender pay gap

Mean	Median
<b>32.5%</b>	<b>35.9%</b>



# Our Gender Balance Network

The Gender Balance Network was set up in 2021. Its mission is to identify and challenge imbalances to improve gender equality at every level across the organisation.

Sonia Sooma  
Gender Balance Network Chair



I am delighted to continue leading the Gender Balance Network as Chair, now entering its third year. The Network is committed to supporting our colleagues and the business to develop our talent pipeline, so that we can see tangible progress in improving gender representation at every level across CBG.

Gender Balance is run by a group of passionate colleagues who take time out of their daily roles to support and deliver various initiatives. Significant progress has been made since the Network was formed and we remain ambitious to continue to do more.

As Executive Sponsor for Gender Balance, I am pleased to be supporting the Network's mission and strategic objectives.

This year the Network has actively worked to provide opportunities that support the growth and development of colleagues, especially those early in their careers. There has also been a strong focus on male allies and collaboration with other Networks to increase allyship intersectionality.

As an ally myself, I remain committed to promoting gender balance and inclusion more broadly in all we do at Close Brothers.

Bradley Dyer  
Executive Sponsor of Gender Balance



Some of the highlights of the Gender Balance Network initiatives this year include: International Women's Day and International Men's Day celebrations in partnership with our Mental Wellbeing, Unity (LGBTQ+), Working Parents and Carers, and Veterans Networks; the launch of a quarterly newsletter for all members; and building a pipeline of female talent through participation in the Diversity Project Pathway Programme. Gender Balance also led the effort in our first ever application for The Times Top 50 Employers for Gender Equality.

The Gender Balance Network is also a member of Gender Networks, a networking forum connecting volunteer leads from across 100 companies to share challenges and opportunities, and leverage peer-to-peer support.

In addition, our business areas are actively engaged in gender equity initiatives. The 'Women in Motor' group at Close Brothers Motor Finance proactively raises awareness about female representation in the industry and celebrates female role models. In addition to previously winning awards at the Inspiring Automotive Women Awards, this year, two of its members were nominated as 'Advocate of the Year' at the 'Women in Credit Awards'. This is in recognition of their efforts to champion incredible women and those who empower them across the entire credit and financial services industry.

Close Brothers Asset Management was also highly commended for 'Contribution to Gender Diversity' at the 'Women in Financial Advice Awards 2023' with one of our colleagues winning the Award for Financial Adviser of the Year for Northwest.

# Our commitment to improve gender balance

At Close Brothers, we believe in treating everyone in an equitable and fair way. Working towards equal representation across business areas and job roles, we have analysed the employee lifecycle through an inclusion lens and have identified the following priority actions.

## **Inclusive recruitment**

We aim to attract a diverse group of candidates for every open job role. We guide hiring managers on how to write inclusive job descriptions, for example the importance of using non-gendered language. We have also removed unnecessary criteria from our recruitment processes, such as specifying a degree for a role that will not require one.

We aim for balanced shortlists when recruiting both directly and through our partner agencies. We also ensure our interview panels are diverse and gender-balanced where possible.

Hiring managers attend our 'Licence to Recruit' training where we educate them about biases that can impact interviews, and how to manage them. A pilot scheme was run in 2023 within our Finance division to accommodate job share, flexible working and part-time options when hiring. Following its successful completion, we are looking to extend it to other areas of the organisation.

## **Inclusive talent development**

We want to increase the proportion of women receiving promotions and continue to participate in cross-company mentorship schemes such as Moving Ahead (the 30% Club) for women and under-represented groups. We also run internal mentorship programmes as well as mutual/reverse mentoring schemes.

Our Learning and Development team delivers inclusion awareness training. We also operate an open application process for our junior talent programmes to ensure equal access for all.

Gender and other demographic characteristics are considered and reported on for all talent development programme selections.

Managers are educated to help reduce bias when evaluating performance and calibration sessions are held with leadership teams where diversity is considered and reported on. We also actively consider talent development opportunities and succession planning for high-potential individuals from under-represented demographics.

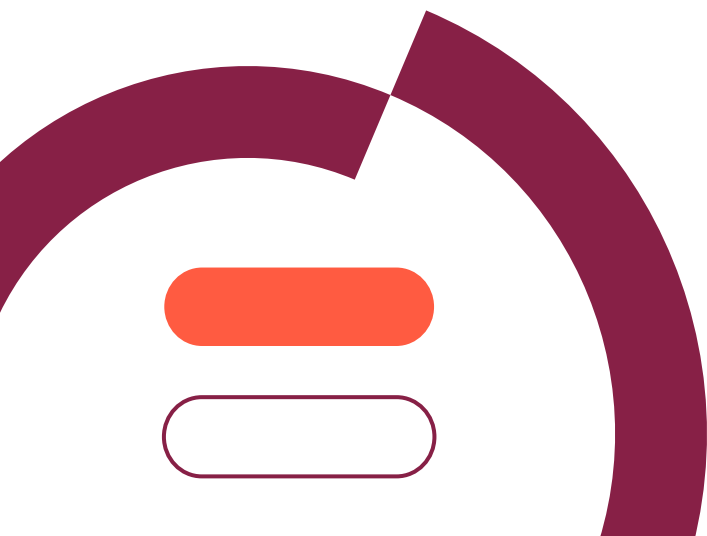
## **Embedding Diversity & Inclusion (D&I) into our 'BAU', our culture and everyday behaviours**

We analyse our recruitment, development, remuneration and exit data by looking at different demographics and monitor trends as well as success stories in order to identify challenges and risks.

We also conduct demographic analysis of our annual employee opinion survey results. One area of focus involves looking at responses from colleagues of all gender identities, to understand if there are any differences in scores. We gather further insight through focus groups involving colleague groups and our Employee Inclusion Networks.

Based on this quantitative and qualitative data, we create action plans and implement changes across the organisation. Regular monitoring is embedded to assess progress alongside Executive Committee accountability for meeting our gender representation targets.

Our Gender Balance Network and Menopause Forum Working Group are actively involved in raising awareness and promoting inclusive behaviours within the Group. They run educational campaigns and events, advocate for policy changes and provide a safe space for peer-to-peer discussions and support. These groups are sponsored by members of the Executive Committee and are actively supported by senior leadership teams.



# Continuing our efforts on **inclusion**

A key enabler for our overall business success is our inclusive culture. We are proud to create an environment where colleagues can thrive and in turn, deliver excellent outcomes for customers. Our FY23 engagement survey showed 96% of colleagues feel included and 93% feel they can be themselves at work. In addition to our commitment to improve gender balance across all levels of the organisation, we invest in, and promote, a range of broader D&I initiatives.

## **Employee Inclusion Groups**

We are proud of the enthusiasm, passion and hard work of our eight Group-wide Employee Inclusion Networks, one Working Group and multiple local D&I Forums. We fund and support their initiatives, with our most recent launches being the Veterans and Social Mobility Networks and the Menopause Forum Working Group.

## **Pledges and memberships**

We are signatories to a wide range of charters and commitments across a broad spectrum of inclusion themes, including; the Women in Finance Charter, Race at Work Charter, The Valuable 500, Social Mobility Pledge, Mental Health at Work Commitment, Disability Confident Employer Scheme, and the Armed Forces Covenant.

We partner with leading organisations and participate in wider membership bodies, including Stonewall and the Diversity Project, to help inform our thinking and subsequent actions.

## **Inclusive recruitment practices**

We analyse the outcomes of each stage of the selection process, against our diversity data.

## **Education and awareness**

The 'Close Brothers Way' code of conduct sets out the values and inclusive behaviours we expect from our people. This is shared with all new starters and current colleagues complete an annual refresher module. Our D&I priorities and initiatives are shared during our company induction and we deliver ongoing inclusion awareness training across the organisation. We have also collaborated with one of our charity partners, Stop Hate UK, to deliver allyship training to colleagues.

## **Development programmes**

We run an apprenticeship programme, and two internship programmes in partnership with 10,000 Black and Able Interns and upReach. These aim to increase social mobility, accessibility and ethnic diversity in our industry and organisation.

We're building inclusion through mutual mentoring where currently we are matching members of our senior leadership team with junior colleagues in some business areas.

Externally, we continue to partner with Moving Ahead on mentorship programmes for women and all under-represented groups. This past year, our L&D specialist leading the programme won the 'Programme partner of the year' award. We were further nominated for 'Mentor organisation of the year', and one of our mentors was shortlisted for 'Most inspirational mentor of the year'.

## **Inclusive ways of working**

As previously noted, we encourage flexible, part-time and job share arrangements for candidates and employees.

All line managers are trained in inclusive performance reviews to ensure fair assessments at mid and end-of-year, as well as people-centric leadership throughout the year. Following performance calibration sessions, we analyse the outcomes against our demographic data to highlight any areas of improvement.

Our benefits are regularly reviewed and publicised. A recent enhancement was the inclusion of menopause support in our private medical cover and the launch of a menopause policy across the Group.

We support everyday flexible working empowering colleagues to achieve an optimal work/life balance. We are proud to be working on making Close Brothers a family friendly workplace through the provision of benefits such as emergency care cover. We also value and act on the feedback constructively shared through our Working Parents and Carers Network.

## **Culture initiatives**

We celebrate National Inclusion Week Group-wide, as well as Culture Weeks locally in our business areas.

Our Employee Networks, Groups and Forums further deliver excellent sessions and employee engagement opportunities throughout the year. Examples include Neurodiversity roundtables, Black History Month book clubs and film fests, and Bring Your Child to Work days.

## **Mental health and wellbeing**

All employees have access to our 24/7 Employee Assistance Programme, Mental Health First Aiders and the Thrive app that offers techniques for meditation and Cognitive Behavioural Therapy.

Employees can also book one additional day a year off to focus on their mental health and wellbeing.

Our Wellbeing Network further supports us with education and awareness raising initiatives.





## Our gender pay gap figures

We maintain confidence that men and women are paid equally for performing equivalent roles.

As part of our policies and processes, such as the 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 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 a measure that shows the difference between the average earnings of male and female colleagues in an organisation.

Our figures in the chart on the right show both the mean and median gender pay gaps based on hourly rate of pay at 5 April 2023. When comparing mean hourly wages, women's mean hourly wage is 32.5% lower than men's. This is a 4.4% reduction from last year's gap reported in April 2023.

### Understanding our gender pay gap

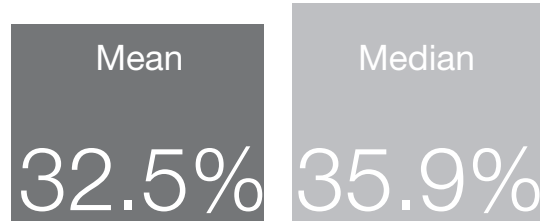
The chart on the right shows the gender split within four equal quartiles, when we order the hourly rate of pay from highest to lowest.

The overwhelming majority of our gender pay gap is driven by the fact that women hold fewer client-facing positions across the Group.

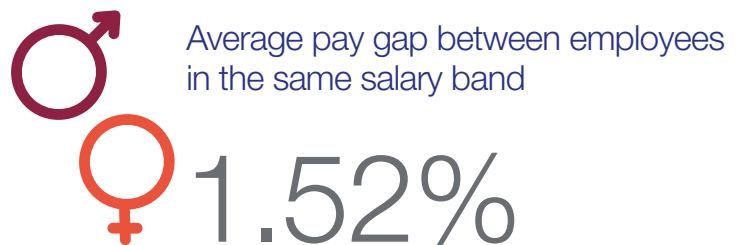
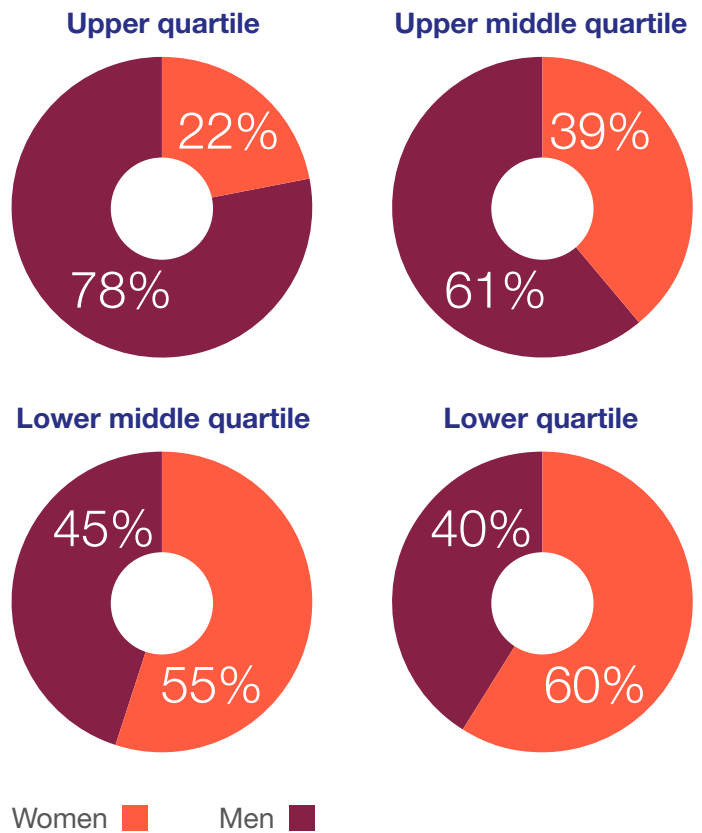
As shared earlier in the report, we have a number of initiatives to further improve the gender balance at all levels of the organisation.

We remain confident that all employees are paid equally for performing the same role. When we look at the difference in average pay between genders in the same salary band, the pay gap reduces to 1.52%. This is due to differences in role responsibilities within the pay band.

### Group-wide gender pay gap



### Proportion of men and women in each pay quartile





# Our gender pay gap figures continued

## Gender bonus gap figures

The gender bonus gap is a measure that shows the difference between the average annual bonus that men and women received in the year to 5 April 2023.

Bonus pay gap figures for Close Brothers are provided in the chart opposite. When comparing, this shows that women's mean bonus pay is 72.5% lower than men's. This gap has reduced by 10.5% compared to last year.

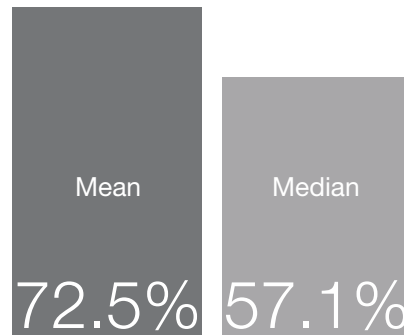
## Understanding our gender bonus pay gap

All colleagues within the Group are eligible to receive a bonus, aside from where:

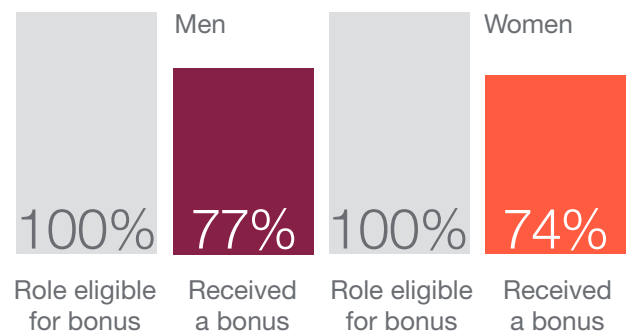
- the individual joined the company after a certain point in the annual compensation review cycle; or
- there has been an unsatisfactory performance or behaviours that fall below expectations have been demonstrated

We remain confident that overall performance is measured fairly, and we analyse ratings by gender alongside other demographics, to ensure equitable treatment of all employees.

## Group-wide gender bonus gap



## Proportion of men and women receiving a bonus





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

**♂ 69%** of client-facing roles are filled by men

Due to market driven factors, variable remuneration for client-facing roles is generally higher than support function and non-client facing roles.

**♀ 83%** of 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 shared in this report, we are committed to addressing imbalances, and will continue to work on improving female representation in client-facing roles and the gender balance of those working part-time.

Our job share, part-time and flexible working pilot has been positively received and is an example of practical action we have taken to improve representation through attracting and recruiting people of all gender identities into roles with flexible working arrangements.

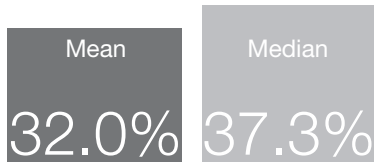
## Summary statement

Diversity and inclusion initiatives have enabled us to achieve greater diversity of our talent pipeline and maintain our inclusive culture.

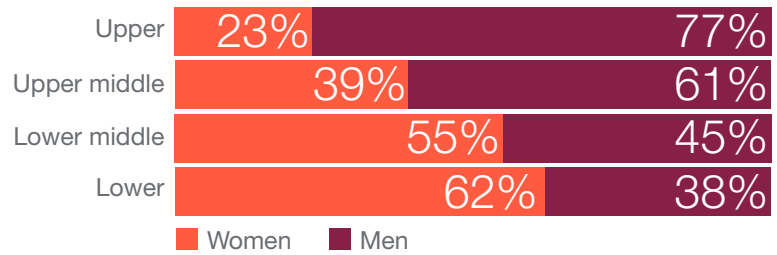
We will continue to focus on improving gender balance at all levels and across job roles, especially for manager roles and above, and to offer flexible working options to both men and women.

We remain committed to reducing our gender pay and bonus gaps.

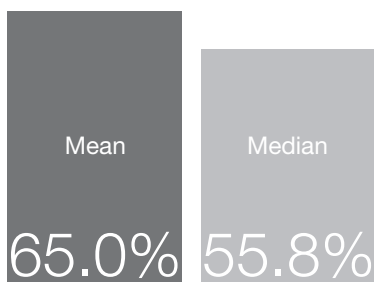
## Appendix: Close Brothers Banking Division



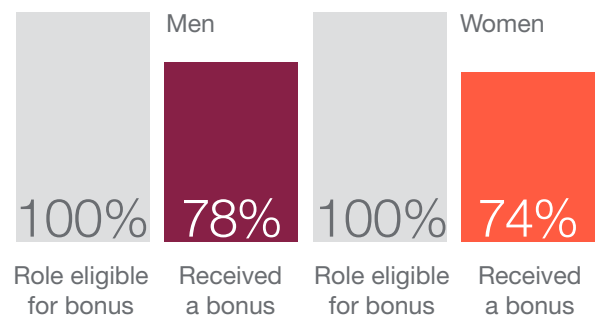
Gender pay gap figures



Proportion of men and women in each quartile band

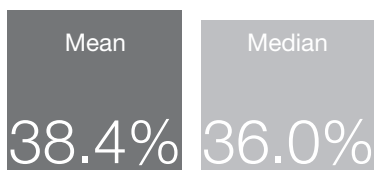


Gender bonus pay gap figures

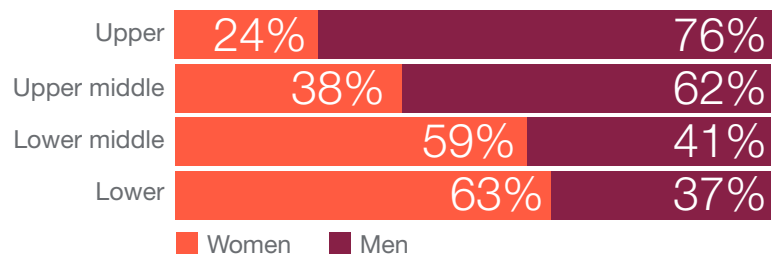


Proportion of men and women receiving a bonus

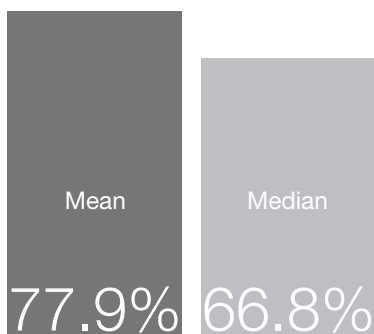
## Appendix: Close Brothers Asset Management



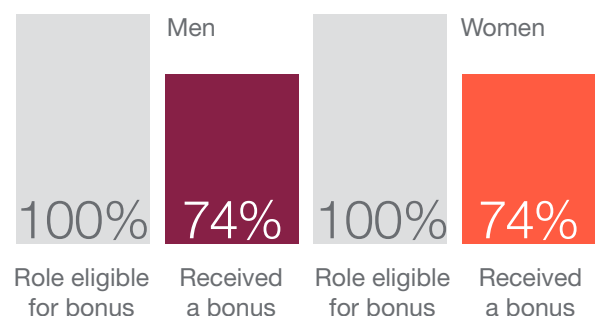
Gender pay gap figures



Proportion of men and women in each quartile band



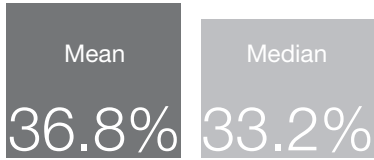
Gender bonus pay gap figures



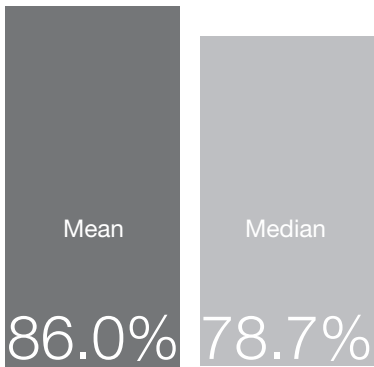
Proportion of men and women receiving a bonus



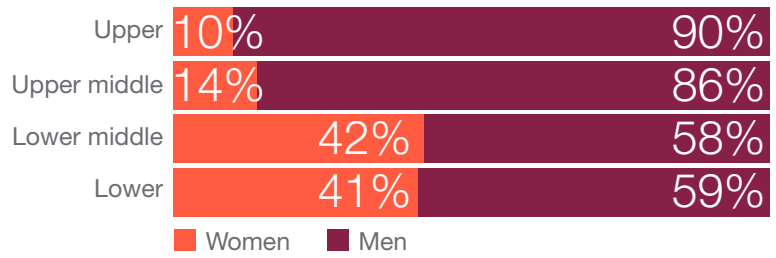
# Appendix: Winterflood Securities



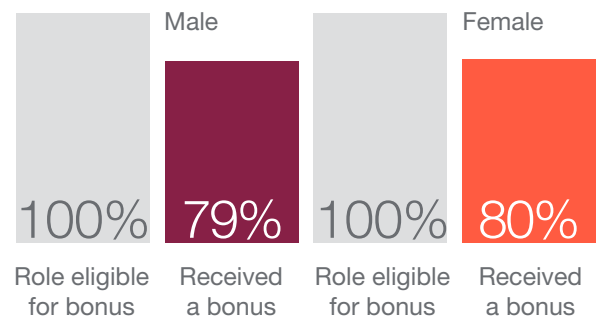
Gender pay gap figures



Gender bonus pay gap figures



Proportion of men and women in each quartile band



Proportion of men and women receiving a bonus

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