Women in Finance Charter
Progress Report

Progress against targets

The Women in Finance Charter requires businesses to set a target for female representation in senior management. The Group has chosen to set further targets to support its initiative.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
<th>At 31 December 2017</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female representation in Senior Management*</td>
<td>35%</td>
<td>29.2%</td>
<td>-</td>
</tr>
<tr>
<td>Additional targets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females in workforce</td>
<td>50%</td>
<td>52.5%</td>
<td>✓</td>
</tr>
<tr>
<td>Females as a percentage of employees receiving management career development / leadership training</td>
<td>50%</td>
<td>58.8%</td>
<td>✓</td>
</tr>
<tr>
<td>Gender pay gap difference †</td>
<td>&lt;8%</td>
<td>1.7%</td>
<td>✓</td>
</tr>
<tr>
<td>Managers from an ethnic minority background</td>
<td>10%</td>
<td>3.0%</td>
<td>-</td>
</tr>
<tr>
<td>Workforce on flexible working</td>
<td>10%</td>
<td>34.6%</td>
<td>✓</td>
</tr>
<tr>
<td>Flexible working available on a part time basis</td>
<td>50%</td>
<td>53.8%</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Senior Management is defined as being Executive Directors, Executive Committee members and their direct reports, in accordance with the recommendations in the Hampton-Alexander Report.

† The Group measures its gender pay gap internally by dividing its workforce into subsets based on their duties, skill-sets and responsibility levels. The headline measure quoted above is the weighted average of the median pay gaps in each subset.

The reduction in the measure quoted for female representation in senior management from the 31.4% reported in the year end accounts to 29.2% results from a reorganisation in reporting lines, as a result of which certain senior managers no longer report directly to an Executive Committee member and are hence excluded from the calculation. This reduced the total number of senior managers (as defined) from 51 to 48.

The measure of gender pay used for the purpose of the Group’s targets differs from that set out in the UK government’s gender pay regulations, which were finalised after the targets were set. It is considered to be more useful for the purposes of the initiative, highlighting those roles and areas of the business where particular attention may be required.

The gender pay metric summarised above is derived using subsets comprising 80% of the Group’s workforce. The remaining 20% was made up of roles where all position holders were the same gender and employees whose roles had no direct comparators in the organisation.

Of this 80%, 74% of employees (59% of the total) were included in subsets where the median female pay was greater than the male equivalent or less than 8% below (the Group’s target). 56% of the analysed employees were included in subsets where median female pay was greater than median male pay.
As part of the continuing initiative, further work will be done in the coming year to allocate the remaining 20% of the workforce to appropriate groups, as far as possible, and to investigate those sub-sets with the largest pay gaps in both directions.

The Group is pleased with the progress to date and will be working to ensure that all of its benchmarks are met by the target date of January 2022.

**Progress on action plan**

To date the Group has:

- Reviewed recruitment and selection practices and now instructs search firms to provide improved gender diversity amongst candidates
- Begun to increase its focus on providing female career development and leadership training
- Commenced a programme to identify female leaders and potential leaders amongst the workforce, providing those individuals with more mentoring opportunities
- Conducted its first diversity survey amongst employees (discussed further below)

In March 2017, the Group conducted its first diversity survey, obtaining anonymous feedback from employees on their age, gender, ethnicity, sexual orientation, religious beliefs and disability. A positive response rate of 78% was received and, as expected, the survey illustrated the diversity of the Group’s workforce. The results were reviewed at executive level and a number of actions were agreed in line with the Group’s commitment to the Women in Finance Charter.

Over the coming year the Group will:

- Anonymise CVs before the initial internal screening process
- Deliver training on unconscious bias
- Continue to provide female career development, leadership training and increased mentoring opportunities
- Continue to identify female leaders
- Seek better gender balance in succession planning