ADDRESSING THE GENDER PAY GAP

Industry Initiatives

May 2020
ABOUT THE IA

The Investment Association (IA) champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad.

Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage £7.7trillion for savers and institutions, such as pension schemes and insurance companies, in the UK and beyond. 40% of this is for overseas customers.

The UK investment management industry is the largest in Europe and the second largest globally.
THE INVESTMENT MANAGEMENT INDUSTRY CONTINUES TO STRIVE TOWARDS ATTRACTING AND RETAINING THE BEST TALENT AVAILABLE, BUT IF THE INDUSTRY IS TO ENSURE IT HAS ACCESS TO THE WIDEST POOL OF CANDIDATES, IT IS ESSENTIAL PROACTIVE MEASURES ARE IN PLACE.

Following the publication of Closing the Gap in 2019, our latest report showcases and celebrates initiatives our members have implemented and developed to address their gender pay gap. Doing so continues to be a priority for the Investment Association (IA), both as a trade body and as an employer, and for our members.

This year marks the IA’s second voluntary disclosure under gender pay gap reporting. We are proud to have reduced our gender pay gap over the past year, demonstrating the importance the IA places on transparency and our continued dedication to further improving these figures.

To achieve this progress, efforts have been targeted at all levels of the organisation. As signatories of the Women in Finance Charter, HM Treasury’s pledge for gender balance across financial services, our senior management currently has a ratio of 62.5% women to 37.5% men. Senior executives continue to be held accountable for ensuring that gender diversity also exists within the wider organisation through linking their remuneration to progress made.

The IA has successfully utilised the initiatives of Investment20/20, the industry’s award-winning talent programme which looks to open up routes into investment management to a more diverse pool of talent. To date, the IA has taken on fourteen trainees, nine of whom are women, to support the internal development of a diverse talent pipeline of senior leaders of the future.
The IA’s Institutional Voting Information Service (IVIS) has continued to highlight to shareholders those companies not on course to meet the Hampton-Alexander Review target of 33% women on boards and senior leadership team by the end of 2020. In February this year, the IA and the Hampton-Alexander Review wrote to 63 FTSE 350 companies asking them to outline what action they are taking to improve the gender balance in their companies – targeting those companies with one or fewer women on their boards, and those with All-Male Executive teams. IVIS will continue to give a ‘red-top’, its highest warning level, to companies with just one woman (or less) on their board, and extend the scope to include companies which have 20% or less gender diversity on their board or in their senior leadership teams. In 2019, this approach of writing to those companies with one or fewer women on their boards and assigning a ‘red-top’ helped to result in an increase in women’s representation on boards of 5 percentage points in the FTSE 250 and 2 percentage points in the FTSE 100.

Whilst we recognise there is still a way to go, and that every company’s journey looks slightly different, I am encouraged by the commitment that can be seen in the industry to increasingly treat diversity as a business priority. We hope this report provides companies with real food for thought as to how the industry can continue to address, and ultimately close, their gender pay gap.

“I AM ENCOURAGED BY THE COMMITMENT THAT CAN BE SEEN IN THE INDUSTRY TO INCREASINGLY TREAT DIVERSITY AS A BUSINESS PRIORITY”

Chris Cummings
Chief Executive, The Investment Association
While the gender pay gap reporting deadline for 2020 has been suspended due to the COVID-19 pandemic, gender equality and closing the gender pay gap remains high on the investment management industry's priorities.

In March 2019, the IA produced the report *Closing the Gap: Addressing the Gender Pay Gap*, which sought to understand the factors that may contribute to the gender pay gap and its impact on the investment management industry. Part Three of the report showcased a number of policies, programmes and procedures embedded by the industry to address their gender pay gaps.

A year on, this report revisits what has been implemented and developed within the industry through the sharing of practical examples and innovative initiatives.

While it is acknowledged that the headline figures will not change overnight, the initiatives showcased in this report demonstrate the commitment the industry places on tackling the root causes, that they are in the position to influence, of the gender pay disparity.

It is also worth noting that a number of firms are now approaching diversity within their organisations more holistically, as reflected in a number of the case studies.

Actions are grouped into three specific areas: attraction and recruitment; retention and advancement; and measuring and monitoring.
Attraction and recruitment

Attracting and recruiting women into the industry continues to be a crucial step towards addressing the gender disparity and the gender pay gap within investment management.

Recognising that, in order to do so, the wider public must first be aware of the investment management industry, members have looked to awareness events and partnerships to promote the industry’s value and purpose.

Firms have also focused on implementing the necessary measures to bring these women into their businesses once this pool of talent is accessible to them. Measures to mitigate bias at the recruitment stage have played an important role.

For many, recruitment efforts have been particularly targeted at bringing women in at entry level. Whilst this takes a more long-term approach to addressing a firm’s gender pay gap, it enables firms to widen industry access to a more diverse pool of talent by providing supported routes in.

Retention and advancement

Attraction and recruitment must also be supported by a structure to retain women who are new to the industry, and those already building their careers within investment management.
Many interventions both act as mechanisms to attract more women in and as incentives to retain them. A particular focus has been on programmes and policies which seek to empower women to have more control over their working arrangements.

The industry also recognises that in order to utilise the richness of this talent, there needs to be a proactive effort to advance and develop these women. This is critical for closing the gender pay gap, as a significant driver of its existence is the greater number of men than women in senior and high-earning roles.

Technical training is key, but this must be continued in parallel with opportunities to build relationships and networks for career progression too. Providing safe and structured spaces for women to be supported and celebrated is particularly valuable in firms that currently have a lack of existing senior women to identify with and learn from.

Underlining all efforts must be a proactive focus on continuously communicating the existence and benefits of these interventions. Without cascading these messages effectively throughout the organisation, at all levels, the value and impact will not be seen.

**Measuring and monitoring**

Crucially, an accurate picture of a firm’s current position and a clear idea of where it wants to be provides a basis on which firms can build their diversity strategies efficiently and effectively, ensuring that measures are targeted in the appropriate areas.
INITIATIVES

COMMUNICATING THE INDUSTRY’S VALUE AND PURPOSE

INSIGHT DAYS

TRAINING

ADDRESSING BIAS

THIRD PARTY PARTNERSHIPS

INTERNSHIPS

APPRENTICESHIPS

RETURNER PROGRAMMES

PUBLICISING AND SOCIALISING INITIATIVES THROUGHOUT THE ORGANISATION

MAKING SENIOR MANAGERS ACCOUNTABLE

GRADUATE FAIRS

COMPETITIONS

DIVERSITY POLICIES FOR RECRUITMENT

GENDER DECODING JOB DESCRIPTIONS

ANONYMISING APPLICATIONS

FLEXIBLE WORKING ARRANGEMENTS

PARENTAL LEAVE POLICIES

WOMEN’S NETWORKS

LEADERSHIP TRAINING

SETTING CLEAR TARGETS

GRADUATE SCHEMES

WORKING WITH SCHOOLS TO ADDRESS FEWER GIRLS TAKING STEM SUBJECTS

MENTORING

COACHING

COLLECTING DIVERSITY DATA

DIVERSITY DASHBOARDS
Across the industry, we continue to see initiatives that directly look to attract and recruit more women into the workforce. To access a wide pool of diverse talent, including more women, that pool must first be accessible to firms. A reoccurring concern is that the general public are not aware of the value and purpose (or in some cases, the existence) of the investment management industry. This poses a significant barrier, particularly for those who take a less traditional route into financial services.

Before firms are able to ensure recruitment processes are free from bias and attractive to women, the industry must first ensure it is known and understood across society.

We may consider in the context of gender representation, for example, that historically fewer women study STEM subjects at school\(^1\). Some firms are actively addressing this through engaging directly with government, schools, charities or organisations that look to encourage more girls to study STEM subjects beyond the mandatory level at school. Others are encouraging their businesses to look for recruits outside of traditional STEM subjects.

\(^1\) Department for Education, Attitudes towards STEM subjects by gender at KS4, Research brief, 2019
Majedie’s Diversity & Inclusion Committee created a university outreach competition – ‘Next Generation Investor 2020’ – in order to address the industry wide challenge of encouraging more young women into investment roles.

Majedie worked with 68 universities to advertise the scheme and the strong response from female students evidences the demand among women to learn about opportunities within the financial sector. Majedie is committed to playing its part to encourage and nurture this interest, thereby lowering barriers to entry. Teams from four universities were selected to take part. In January each team was given a notional £25,000 to invest and trade in listed equities until 30 June 2020. Majedie will provide the competing teams with in-depth training on stock selection, portfolio construction, financial modelling, ESG integration and individual mentoring by its award-winning fund managers throughout the period.

The notional profits earned during the competition by each team will be matched in real money by Majedie and donated to the respective UK registered charity of their choice. The team with the best investment performance over the period will also receive an additional £5,000 donation to be made to their chosen UK registered charity. The whole Majedie team is supportive of this initiative and the initial feedback from the students themselves has been that this is a worthwhile, effective scheme.
Third party partners are also bringing more diverse groups of candidates into investment management through raising awareness of the industry and the variety of opportunities it holds, and by providing clear and supported routes in.

In the last year, Investment20/20 have run 250 outreach events, and have now built contacts with 3,700 schools, colleges and universities.²

Some firms are targeting specific areas of business where the representation of women is lowest, which it is often where the high-earning potential exists.³

Firms are continuing to address biases and perceptions that exist within the industry too.

Acknowledging the existence of these, whether conscious or unconscious, must be considered and appropriately addressed when implementing any initiative for it to have real value in practice.

From a recruitment perspective, this may include implementing diversity policies for recruitment, gender decoding job descriptions, or anonymising applications.

² Investment20/20, Attracting Diverse Talent into Investment Management, 2020
³ The Investment Association, Closing the Gap: Addressing the Gender Pay Gap, 2019
JUPITER ASSET MANAGEMENT

Jupiter have introduced anonymised applications for entry level recruitment and are taking a more consultative approach with line managers throughout the recruitment process. Through anonymisation, Jupiter identified different styles of writing by male and female applicants for fund management roles, and are consequently conscious of biases in styles of writing when reviewing applications.

The new recruitment process has resulted in more diverse candidates progressing through the various recruitment stages and an increase in female representation on their summer internship programme. Overall, they have seen successful candidates coming from a much broader range of backgrounds and an increase in ethnic diversity too.

For those focusing on the recruitment of women at entry level, efforts have been targeted at apprenticeships, internships and graduate schemes.

Many firms have taken the long-term view that, though it may cause their gender pay gap to initially widen due to an increase in the number of women in junior entry level roles, the most sustainable way of closing their gender pay gap is to build their talent pipeline from the bottom up.
Man Group has developed a focused and multi-faceted approach to ensure it attracts early-stage talent from a wide range of backgrounds, and particularly from groups historically under-represented, including women, into financial services.

This approach includes an apprenticeship programme and bi-annual five-day insight sessions, which provide students from non-traditional backgrounds with an opportunity to find out more about investment management. At present, six individuals that have come through the apprenticeship programme are in permanent positions.

Man Group has also initiated a series of partnerships and outreach initiatives with charities, schools and colleges in an effort to drive greater female and minority participation in STEM subjects and, over time, broaden the pipeline of talent entering the industry.
Attracting and recruiting more women into the industry is key to sustainably closing the gender pay gap, but this must also be supported by a programme to retain and develop these women.

As identified in *Closing the Gap*, the key driver behind the gender pay gap’s existence is the greater proportion of men than women in senior and high-earning roles⁴. It is crucial therefore that the industry is retaining both women already in these senior positions and those in more junior roles who will develop and advance over time.

Policies and programmes that act as incentives for staying at a company are also likely to play a part in attracting more women in.

One of the most immediate impacts of the COVID-19 pandemic has been on working arrangements. In response to COVID-19, the industry has moved rapidly to agile and remote working. This has also produced an acceleration in **flexible working arrangements**, particularly for those that are currently juggling additional caring responsibilities. Some firms, however, have faced a less significant transition and shift here. It is in these firms that greater flexibility has historically been seen as a business priority.

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⁴ The Investment Association, *Closing the Gap: Addressing the Gender Pay Gap*, 2019
INVEESCO

During 2019, Invesco relaunched its approach to flexible working. This was delivered as an EMEA wide priority in recognition of the fact that greater flexibility is key in supporting workplace diversity and challenging the outdated notion that productivity is intrinsically linked to the number of hours spent in the office. They wanted to ensure that in their messaging to current and future employees this was perceived as an approach that would improve the work/life balance for people of all stages of life and whatever their personal circumstances.

As a result, “Smart Working”, which looks to create a flexible culture that enables people to deliver challenging objectives for the business in a way that also works for them as individuals, was promoted. Teams value being better able to manage their work and personal lives and the company now has a more productive and engaged workforce. The concept is pretty simple but it is critical both to diversity efforts and in attracting, motivating, retaining and engaging the talent needed to be successful in the future.
Parental leave policies have been a key area that firms have reassessed and invested in over the past year. Many are now focusing on broadening their policies to encourage more paternity and shared parental leave uptake.

The imbalance in parental leave policies in the UK historically meant the caring responsibility sat disproportionately with mothers. Providing alternative arrangements ensures all carers are empowered with the ability to choose whether or not to take a career break for caring responsibilities, removing any assumed obligation.

STANDARD LIFE ABERDEEN

In 2018, Standard Life Aberdeen pledged to increase support for working families knowing that this will help to attract and retain a broad range of talent with diverse needs. Their Parent Leave policy was launched in the UK in 2020. The policy was developed in partnership with the gender and LGBT+ employee networks, and the Employee Forum.

The policy sets a new precedent for the UK, and demonstrates Standard Life Aberdeen’s commitment to all the families in their workforce. All genders of UK colleagues welcoming a child through birth, surrogacy or adoption are entitled to 52 weeks leave. Leave can be taken in up to three blocks over two years, with 40 weeks fully paid, and additional paid leave for premature births. There’s no requirement to share leave between partners; enabling both parents to fully participate at early stages in ways that suit their family.

Supporting working families differently will help to break down stereotypes around caring and career, and reduce potential for gender bias, particularly at the mid-career stage.

In the two weeks following the launch, 37 colleagues made use of the policy and two have utilised premature baby leave. Really encouragingly, 46% of applications to date have been from men.
Employers have also been mindful as to how they retain key talent who do take career breaks. Returner programmes are a key example of this. Whether explicitly focused or not, these predominantly target women who have taken career breaks of two years or more. Returners are typically provided with placements which integrate structured programmes of mentoring and training. These look to support individuals’ transitions back into the work place, investing in their confidence and ensuring they are up to speed on regulatory and technical change. The aim is that placements will also result in individuals gaining permanent employment.

**AVIVA INVESTORS**

Aviva Investors launched its *Return to Work* programme in 2019, a six-month placement for finance professionals returning to work after an extended career break of two years or more. Those on the programme work in an area that fits with their experience, receive coaching, mentoring and training, and are tasked with delivering a specific project for the business. In its first year, the programme offered placements to eight people; four of whom went on to find full-time roles. Delighted by this success, Aviva Investors is running the programme for a second time in 2020.
Building relationships and networking are important for retaining and developing existing women.

**Women’s networks** provide a safe and structured space in which women can: share experiences; celebrate success stories; develop relationships across the business; and drive wider strategies for further improving gender diversity and closing any gender pay gap within their organisations. There are also a number of external women’s networks working across the financial services industry.

**Mentoring** has been used to support women in their career progression. Typically this is when senior employees, both women and men, act as a mentor for more junior individuals. This relationship is considered particularly important for providing invaluable support and insight in firms that have a lack of existing senior women to aspire to, learn from, and identify with.

A number of firms are now also looking to other forms of mentoring, such as **reverse mentoring**. This provides the opportunity for junior members to act as the mentor, aiming to provide fresh, new perspectives and the sharing of expertise that the mentees may not already possess.
JANUS HENDERSON INVESTORS

At Janus Henderson, mentoring is seen as one of the most impactful steps you can take in your professional development. The influence of people in our lives shapes our outlook, defines our values and contributes to how we approach every aspect of life, including our careers. There are undoubtedly a range of factors that contribute to one’s professional development, including the guidance of others. Mentoring is a proven, powerful and practical way to grow through supportive relationships and the sharing of expertise.

Janus Henderson is proud to offer a global mentoring programme that consists of internal, reverse, community and cross-company components. Over 180 employees have participated in one of the programmes since their inception in 2018. These programmes create a platform to share diverse perspectives while creating a learning environment for all to thrive. As a result of their D&I strategy, including their mentoring programmes, there has been an increase in the number of women new joiners, people managers, and senior leaders.
Whether firms are focusing on developing entry level recruits or looking to upskill senior women, leadership training continues to be a popular route for firms to take.

Future leadership programmes identify and invest in high potential women. As is the case in the recruitment process, identifying future leaders can be a key area in which bias may threaten the advancement of women. Employers must be mindful of this and put the necessary measures in place to mitigate this risk.

SCHRODERS

In 2019, Schroders introduced the Future Leader Experience, a new approach to identifying and developing their emerging talent pipeline. To counter potential manager bias, they invited those who had at least a year’s service at Schroders and 4 to 6 years career experience to self-nominate.

Applicants were asked to complete an online assessment, along with their manager and two key stakeholders which considered their potential readiness for leadership. Questions were asked to establish their career aspirations and motivations. This allowed all participants to give an objective view on their leadership potential as well as to give them training and support on using the data to inform their career conversation.

A cohort of 44 were subsequently invited to take part in further developmental coaching as well as a two day workshop on the future of the industry, leadership and the world of work. The experience created a highly engaged, gender balanced cohort.
Effectively communicating the existence and benefits of all new initiatives through a positive lens and, crucially, a senior champion is essential for the success of these interventions.

Firms must be mindful as to how they are effectively publicising and socialising initiatives throughout their workforce and in all recruitment communications. Advocates amongst senior leaders have been effective for gaining buy-in amongst the wider workforce, through setting the tone from the top.
MEASURING AND MONITORING

To make a real impact on the gender pay gap, the industry must understand where it is now and identify where it wants to be.

Capturing diversity data allows firms to see their current position, where the particular gender imbalances lie within the business, and provides a basis on which the causes and drivers can be identified and addressed. Some firms have integrated this data into a dashboard which is then overseen and monitored by senior leaders.
It’s important to have a measure of workforce diversity in order to understand the current picture and how this can be improved across policy and development.

In 2019, L&G group-wide recognised a gap in their diversity data, and a lack of an obvious mechanism to capture or allow employees to disclose their personal (diversity) information. It was key to capture the data to give a measure of workforce diversity and ensure it was efficiently used across the employee ecosystem (for recruitment, onboarding and current population). L&G now ask for gender, ethnicity, marital status, disability, sexual orientation, gender identity – giving people the option to define their gender identity – caring responsibilities and socio-economic backgrounds.

Part of this process was to develop a **Culture, Inclusion & Diversity Dashboard** which monitors and assesses gender and ethnicity across the employee life cycle to provide information on both attracting and retaining diversity. Leadership teams review this dashboard regularly, finding value in the narrative it provides behind the numbers, assessing what is working well and where L&G can work harder, or put improvements in place, to make sure they are promoting equality for all.

There has also been an increase in clients asking for information as part of their business prospecting and submissions, and within defined contribution pension scheme implementations. This is a demonstrable example of working across all business lines, to drive consistency in outlook, impact and ability to measure, resulting in an uptick in data quality across all business areas.
Setting clear targets permits firms to build an effective and measurable strategy to address their gender pay gap.

Firms are setting clear targets in two key ways:

1. Focusing on the representation of women at senior levels.

In such cases, efforts may be targeted towards specifically recruiting senior women from other industries, developing a returner programme, or building a future leadership structure.

2. Focusing on the percentage of women coming through as entry level hires.

This approach may look to invest in entry level initiatives, such as awareness events and apprenticeships.

Some firms have made senior managers accountable for meeting these targets for the business areas they oversee, and may even link diversity targets to their remuneration.
Fidelity are committed to achieving a greater gender balance, and set a clear target in 2016 to reach 30% women in their senior leadership team by December 2020. In the effort to achieving this, they have: established a firmwide Gender Balance strand with two Executive Sponsors to set the focus; implemented new Ways of Working to build a more agile family-friendly culture; built a more gender-balanced and diverse talent pipeline through focusing on talent identification and development, refining hiring and mobility practices including the successful New Horizons returners programme; and worked with strategic partners to encourage more women to consider careers in investment management. Fidelity also launched their global, award-winning Women & Money campaign to empower women to take control of their financial futures.

As a result of all these efforts, Fidelity achieved their 30% women in senior leadership target a year early in November 2019.
THANK YOU TO ALL THOSE WHO CONTRIBUTED CASE STUDIES TO THIS REPORT.

AVIVA INVESTORS
COLUMBIA THREADNEEDLE INVESTMENTS
FIDELITY INTERNATIONAL
INVECO
JANUS HENDERSON INVESTORS
JUPITER ASSET MANAGEMENT
LEGAL & GENERAL
MAJEDIE ASSET MANAGEMENT
MAN GROUP
SCHRODERS
STANDARD LIFE ABERDEEN
The Investment Association (the “Association”) has made available to the public the Addressing the Gender Pay Gap: Industry Initiatives (the “Publication”). The Publication has been made available for informational purposes only, and to showcase and celebrate innovative initiatives that its members and the industry have implemented and developed to address the gender pay gap.

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