HOUSE OF COMMONS

Treasury Committee

Oral evidence: Women in Finance, HC 477

Tuesday 27 February 2018

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Watch the meeting

Members present: Nicky Morgan (Chair), Rushanara Ali, Mr Simon Clarke, Charlie Elphicke, Stephen Hammond, Stewart Hosie, Mr Alister Jack, Alison McGovern, Catherine McKinnell.

Questions 149 - 212

Witnesses

[I]: Anne Richards, CEO, M&G Investments; Amanda Blanc, Group CEO, AXA UK; Susan Allen, Head of Retail Distribution, Santander.

Examination of witnesses

Witnesses: Anne Richards, Amanda Blanc and Susan Allen.

Q149 **Chair**: Good morning. Thank you very much indeed for coming to give evidence to the Treasury Select Committee this morning, for our third evidence session in the women in finance inquiry. We are really grateful to you for giving up your time this morning. We have a number of questions, and hopefully we can make this a really good evidence session and cover the areas that we are uncovering in the inquiry, but also that you want to cover. Perhaps, for the record and for the benefit of those watching not in the room, you could introduce yourselves.

Susan Allen: Hello, good morning. My name is Susan Allen. I work in Santander UK, where I am responsible for all our retail branches and contact centres across the UK. I have been in financial services for about 30 years, mostly in retail but also in corporate banking. I am also on the advisory board for Women in Banking and Finance, so I am particularly interested to be here today.

Amanda Blanc: Good morning. I am Amanda Blanc. I am the group CEO of AXA for the UK and Ireland. I look after the AXA UK and Ireland business, which is 10,000 people in the UK. I am also the chair of the ABI's general insurance committee.

Anne Richards: I am Anne Richards, and I am the chief executive of M&G Investments. We are an investment management company. We look after the savings and the pensions of a large number of UK and, indeed, international customers. We have somewhere over 2,200 people across the UK and elsewhere. I am very happy to be here this morning.

Q150 **Chair:** Lovely. Thank you very much indeed. I wanted to start with a broad look at the benefits of diversity, although, of course, you are at perfect liberty to disagree with that assertion. An IMF report in 2016 found that adding one more woman in senior management or on the corporate board is associated with a high return on assets of between eight to 13 basis points.

A Credit Suisse report in 2016 found that gender diversity resulted in lower leverage, higher pay-outs and higher return on capital employed, which implies better returns for lower risk. You are three very successful professional women in financial services. Would you agree that there are benefits of gender-diverse senior leadership teams, and why do you think firms with more women in senior management perform better?

Susan Allen: I definitely think that the business case for gender diversity has been made very well over the last five to 10 years. I was looking at the McKinsey report that came out in January this year. It did a report back in 2015 that talked about the benefit of diverse companies, in terms of their performance and profitability, and it showed that there was a very strong correlation between more gender-diverse teams and stronger profitability. It updated that data in January this year, and has shown that the correlation has increased over the last few years. Interestingly, there is a stronger correlation when you look at not just gender, but other forms of diversity, such as ethnicity, as well.

In the last 10 years, there have been a number of pieces of research that have shown that business case. That has been really important, because to make progress on this issue—and we have not made enough progress yet—we need to see that it is not just a fairness issue, but something that will make a huge difference for the economy and for our organisations.

On a personal level, when I have worked in gender-diverse teams and teams with broader diversity, it is a more enjoyable place to work. There is more challenge, more openness and more transparency. On a personal level, it is much more engaging to work in a diverse team than in one that is more homogeneous.

Amanda Blanc: From my perspective, we can quote all the numbers. The numbers are very clear from all the various reports, whether it is the IMF, the OECD or the McKinsey reports. For me, it is very simple and intuitive. We have 11 million customers as AXA in the UK. Those customers are from all backgrounds. They are men; they are women, and therefore it is really important that the management team is able to understand that. If you are going to deliver great customer outcomes for your customers, it is absolutely vital that you are diverse and that you understand that.

The same thing goes for employees. You asked a question around the benefit of working in a gender-diverse team. From an employee's perspective, employees are diverse, so it is really, really important that the management team is and the leadership team is. I agree completely: not enough has been done yet; not enough has been achieved. For me, the numbers say it, but intuitively we all know it to be true.

Anne Richards: There is a great danger in going third that you simply repeat everything that has been said, so I will take that as read. There is an element of this that is about using the talent that we have right across society as effectively as we can do. The truth is that there are more differences between women and women, and between men and men, than there are between women on average and men on average. If you are restricting yourself, intentionally or unintentionally, to a narrower pool than that, you are simply not getting access to the best possible talent.

I absolutely believe that the more different paths people have walked in life, when you bring them together, the better problem-solving you get. That applies to virtually every decision that you are making, but if you are not doing that—if you are not looking very broadly—you are restricting yourself in the talent pool. In addition to everything that has been said, which I wholly agree with, that is a final point to bear in mind.

Q151 **Chair:** All three of you will probably answer all our questions, but we are time-limited. If there are things that somebody else is answering that you want to come in on, we want to hear from you.

You have all said that there are good arguments for this, but lots more to do. I suppose the next question is why the proportion of women at middle management and senior levels in financial services firms drops off so dramatically, and whether you agree with that. Do you see many younger women entering at perhaps graduate levels, and then women not making it through to the tops of your companies?

Amanda Blanc: We unfortunately do see that. It is very, very clear that, once we reach the mid-quartile, it is pretty balanced, and then once we get into the upper quartile it falls off dramatically to 40% women, 60% men. Why is that? It is really difficult. It is a hugely complex number of reasons, and if it were really, really simple I guess that we would have fixed it already by now.

There are the straightforward things like maternity policies, paternity policies, return to work, and all those sorts of things. There are also lots and lots of other reasons, such as confidence reasons. We see the role that the regulator and head-hunters have to play in terms of how we fix this issue, and how we make sure that we change that dynamic within the organisation. For certain, we absolutely see it. We have lots and lots of policies in place to try to address it, but it is not moving the dial quickly enough.

Anne Richards: One of the things that has definitely shifted over the last 10 years or so is that, if you went back to looking at how this problem was being addressed 10 years ago, the onus was still very much on the women to do things differently in order to solve the problem. The big shift that we have seen more recently, very much helped by this focus that we are getting on it, is a realisation that, of course, women have responsibility for their own careers and their own progress, but the system itself has to be structured in such a way that there are not unintentional impediments along the way.

As Amanda said, we need to disaggregate the process at every step of the way, right from the earliest recruitment when people come into the business all the way through how pay is evaluated, how performance is evaluated and how promotion has taken place. All those processes need to be disaggregated, looked at and examined for unintended hurdles or barriers that might be being put in place. That is one of the great things that we have seen start to evolve over the last three or four years: really understanding how you need to drill into the specifics at every single one of those stages if you want to build something that will give us a much better-looking outcome five to 10 years down the line.

Q152 **Chair:** Before I hand on, I have just a couple more questions. I suppose the first thing is whether the financial services industry is doing enough to promote itself to women in the first place, or whether there needs to be much more of a campaign just to increase the numbers of people coming into financial services.

Susan Allen: If you look at our business, we do very well at getting women into the organisation. The problem is that we do not do very well at getting them through to the most senior roles, and that is the challenge. Could we do more to open ourselves up to broader talent? Absolutely. We always could do that, and certainly we will need different types of skills for a bank in the next 10 years than we needed, in some cases, in the last 10 years.

We do not have an issue with getting great, talented women in. I am responsible for a team of about 13,000. We have some absolutely fantastic women and men in the branches and contact centres around the UK, but there is a real challenge, because we see the phenomenon that you have described: just before getting into those more senior roles, we see a significant drop-off in the number of women. I agree with Anne: over the last few years, everybody has certainly started to really drill into the detail, break down that problem and understand the data.

In the beginning, 10 years ago, we knew that there were not enough women through at senior levels, but I do not think we were so precise in looking at the data. Maybe we thought that the interventions we were doing would make a difference. Now, I look back as somebody who has been very involved in gender diversity for the last 12 or 13 years, and see that we did not move the dial. We have all started, as Anne said, in the last few years to really go into what is happening on recruitment, what is happening on maternity, what is happening when people leave the workplace for other reasons and how we can get women through. What are those issues?

We did a really interesting piece of work last year with 260 of our women who were just below what we call the senior managerial level, to ask them what they saw as the barriers to getting through to more senior levels. It was very interesting. It was not actually maternity as an issue, but there was an issue about flexible working, for sure. There were also issues around confidence, and also people not really understanding what roles were there. They are the sorts of things that we are now taking very clear action on, in terms of coaching and developing those women, making sure that we are more transparent about roles and opportunities across the organisation, and really giving people the opportunity to understand different career paths. There is a lot more that we can do.

Q153 **Chair:** Jayne-Anne Gadhia told us that the banks had got this message much more clearly and were doing something about it, perhaps because they had had to look at culture in the light of the financial crisis, but she did specifically pick out the insurance sector. Amanda, I just wanted to ask you whether you thought that that was fair.

Amanda Blanc: I guess I was expecting that question, because it was the stand-out point that came out of the Jayne-Anne Gadhia session. It did surprise me in a way, I have to say.

The first thing to say is that I do not really see this as being a competition between the banks and the insurers. If you look at the statistics from both the banks and the insurers, neither of them is good enough. In Jayne's own report, the difference between the banks and insurers for excom was 2%. Okay, on the boards, there was more success; it was 20% to 30%. If we look at the ABI stats that were issued yesterday, and the D&I research that the ABI has done more recently, in the last few months, on the 41 firms, insurance excoms are up at 21% and boards are at 21%. There seems to have been some movement from a much wider population.

From my point of view, we can spend hours and hours looking at the numbers, but the fact is that we need to start talking about it and actually do something about it. I do not recognise the culture in insurance. I do think that the insurance industry is really serious about it. Again, from the ABI research issued yesterday, 78% of firms have a D&I strategy; 74% of firms have an exec member who is responsible for diversity and inclusion. All the activity is there. As Susan said, we are not seeing the outcomes. Instead of us competing, we should be looking together to ask how we work together as a financial services industry to make improvements. I do not believe that insurance is in any real worse position than the banks, but I do not see it as a competition. It is just really important that we get on with it.

Chair: My colleagues are going to tease out how we are going to get on with it. I am going to ask Simon to carry on now.

Q154 **Mr Clarke:** Good morning. You have all had hugely successful careers in financial services, and are among a handful of women who have risen to the very, very top of the profession. Reflecting on your own personal experiences, what challenges did you come across as you progressed your careers?

Anne Richards: It is a challenge. I have been a working mum all my career, and unquestionably there have been challenges about juggling childcare, particularly living and working in London with the expense around that. I have benefited from a partner who has had more flexibility than most, but nonetheless the cost and the availability of childcare unquestionably were issues when my children were younger.

My first degree was in engineering, so I have always been in an environment where women have been relatively modest in terms of the absolute proportion, and this perhaps did not worry me as much as it did some of my colleagues. There is a feeling from time to time that, if you are the only person who is different to the rest of the group, when you are in a dominant group—you are the only female in the room, for example, but there can be other points of difference; it is not unique to women in that respect—it can have an isolating effect. We should not underestimate the effect that, as you become more senior in an organisation, you often become more isolated in that respect. That can have a slightly corrosive effect on people.

One of the things that we have pushed at M&G—and I believe that this is important—is the benefit of affinity networks. That is not necessarily around gender; it could be around a whole range of different dynamics, but it is a way of reducing that feeling of being isolated that people sometimes talk about. As a result of that, that makes them feel more robust, resilient and willing to keep pushing on. We need to bear in mind those sorts of things, in terms of how we help encourage people to stay in the workforce, as we want them to.

Amanda Blanc: From my perspective, I went to a comprehensive school in the Rhondda valley in south Wales. Both my grandparents were miners, so the last place I expected to be, to be quite honest, was here today. What were the barriers for me? Honestly, I have not experienced barriers, certainly in the first 20 years of my career. I have two children. I have a very supportive husband. Perhaps that might be a common feature; I do not know. It makes a massive difference.

I have perhaps experienced more challenges in the last few years than in the previous few years. I think that is because, when you start to interact at a more senior level, there is an expectation that you will have experience of everything. Sometimes, that is not the case, and you really have to get over that. There is occasionally—whether it is with regulators or head-hunters—an expectation that you can tick absolutely every box. I see it with women all the time: you feel that you have to be able to do everything. Sometimes, the barrier is within you.

You have to get around that barrier and say, "I do not have to be able to do everything. I do not have to be at every school performance, at every school thing", because otherwise you will never be able to do everything, and you will spend your whole life feeling guilty. This goes to the point that Susan was making: helping women to overcome that confidence point can sometimes be the biggest barrier, but there are also other barriers. I believe that there can be a perception from others that women need to be able to do everything and tick every box as well.

Susan Allen: Listening to both of those examples was really interesting. I have not experienced any particular barriers in the workplace that I would say are down to me being a woman. Most of the teams I worked in very early on in corporate banking were all men, but I did not even realise that. Somebody said to me at a dinner 10 years ago—it was a retirement dinner for a senior leader, and we were all in the room with the old team—"Do you know, I always meant to ask you how it felt being the only woman". Honestly, when he said it to me, I had not even realised. I looked around the table and thought, "Gosh, I was". I did not actually realise. I cannot say that I experienced any particular difficulty.

It became clear to me as I went through my career that, suddenly, the women disappeared, and I got to a point when I was involved in setting up a women's network when I looked around and suddenly thought, "Where have they gone? Where have they gone, all those great women I started with? Where have they gone?" That was when I started to get more interested in this as a topic, but I have not had any real barriers in my way, other than that I was smiling inside at Amanda's story and that point about confidence, because that is really true.

If I look back at some really key points in my career—looking back, it always looks easy—one thing that has been very, very important to me has been sponsorship and mentorship. I was fortunate enough to be on a programme run by the FTSE 100 mentoring scheme, and the mentor I had there helped me to make a couple of very critical decisions in my life, at points where, as Amanda described, I was wondering, "Can I really go for this?" It was that classic point about thinking that you have to be able to do every single aspect of a job to go for it.

When I had a senior man from another industry say to me, "Susan, get some perspective here and understand that not everybody can do everything", it helped me to make critical decisions. I am a real supporter of sponsorship and mentorship, because that, combined with the networks that Anne described, can give you somebody to talk to, to help you realise that you are not the only one who feels like this. That is very important.

The last thing that is important is role-modelling. I do not think that any of us would naturally say that we were role models, but it struck me, as I talked to many, many women across the industry, that the things that women want to know are often very simple. "How do you manage to have a home life and a work life? How do you manage to have children?" It is interesting that all three of us have children. I have two teenage children. What people want to know from me is not anything technical about banking, but: "How do you manage getting the packed lunches, getting to the school sports day, and working out where you need to be and when?" That practical information is really important.

Q155 **Mr Clarke:** I was a financial services solicitor myself, and I saw the incredible culture of long hours that goes with my work. I have vivid memories of going home with my head literally hitting the taxi window on the way back as dawn broke. On that point about the hours culture, is it ineluctable that that has to be the way in which companies operate, and if it is not how do we encourage best practice so as to allow a better family balance?

Amanda Blanc: I just do not see that at all. I leave the office at five o'clock every day, unless I have a dinner, which is once a week sometimes. I work from home on a Friday, and as I am walking out of the office I am not hiding behind anything. I walk out and I say, "I am going. Why are you all still here?" I just do not see the need for the long hours. It is ridiculous that people think that they have to work those really long hours.

Of course, there needs to be flexibility. I may want to go at five and then switch my email on at nine o'clock at night to just check my emails, and others may want to stay until a bit later. That is about difference. To the point about presenteeism, which I know is a point that Jon Terry raised in his previous session with you, it is incumbent on those in senior teams and senior leadership positions to lead by example on that, so you get home to do the bath and to help with the homework, which we all love and enjoy.

Q156 **Mr Clarke:** Assuming you all agree on that point, I am trying to tease out the structural factors—the character traits or the personality traits—that go towards helping you to succeed in this culture. I suppose confidence to actually do that is one thing, but are there structural factors that you would want to identify, in terms of identifying why you succeeded?

Susan Allen: On the point of presenteeism, it is a culture that has pervaded for a long time because it has been possible to. If it has historically been men at the senior levels, often with partners at home who were able to support them, they have just been able to do those hours. It is up to us—all of us, men and women—to demonstrate that it is possible to work in a different way.

I completely agree with Amanda's point. I remember coming back from maternity leave after my second child and being interviewed for a job. I said to my boss, "I will do all the hours I need to do to get this job done, but they will not all be done sitting at that desk". Many times, I would go home when the children were small, put them to bed, read them a story, and then go back on my BlackBerry, as it was then. I think we all need to demonstrate that it is possible to do these jobs in a different way. I am convinced that it is possible.

We are working hard on that at Santander. We have flexible working policies. We are working out new styles of offices to encourage more flexible working, but, gosh, it is hard work. It is hard work. There are plenty of people who still think that it is essential to be there. Also, I find in our business that a lot of people think they need to be in the head office, rather than the local offices. We just need to keep on it, challenging all the time why people need to be in a meeting, rather than on the end of a phone or on a video. We do not allow routine meetings to be scheduled before nine or after five, but you need a real commitment to push through.

Anne Richards: First, the perception of it is worse than the reality of it, in terms of the long hours culture. There are definitely places where it is still an issue, particularly if you are in a transaction-based team in an investment bank, for example, or in a legal firm. That is still an issue. For most of our businesses as they run day to day, we work hard; we work longer hours than perhaps in some other industries, but I do not think they are absurdly out of kilter in that sense. That is the first thing.

Secondly—this is a really important point—part of the way that we succeed for women is that we succeed for men. What I mean by that is that the more we can give opportunities for men, for example, to take advantage of shared parental leave, to take advantage of flexible working, to allow them, if they have a family, to share in those family responsibilities, the more we will also help women. Part of this is about what we can do for men to give them more flexibility in their lives, so that we can benefit everybody in the community and our employee base.

Mr Clarke: That is a very positive point. Thank you very much.

Q157 **Charlie Elphicke:** You are talking, effectively, about what I used to call the presenteeism culture. If you have gone home and snuck off early, you leave your jacket to look like you are there. How do we measure productivity and output if we are having home working and people doing stuff at home?

Everyone thinks, "They have snuck off home to 'home work', and they are not really working at all. They are just going on an errand or something". How do we make sure that an employer can measure productivity, so that you can get rid of all this presenteeism culture thing, and just have the output and say, "Look, this is my output"? How do employers meet that challenge?

Amanda Blanc: A lot of that is down to trust, to be honest. If you believe that you have the right people and the right team, you should be able to trust them to work wherever. At the end of the day, the results of the organisation will be testament to that. It becomes more difficult—you are absolutely right—if you have contact centres. Trying to bring agile working into a contact centre is something that we are piloting and working very hard on, to make working from home and flexible working a reality not just for senior leaders, but also for people in the contact centres.

Technology allows us to do that. Technology allows us to measure productivity—number of calls taken, number of pieces of work completed—and digitalisation will make that a lot easier, but trust is a key factor in terms of senior leaders or middle management. I do not think that people abuse it. They value it so much; they do not want it to be taken away, and they probably work harder, but just at the times that suit them.

Chair: Thank you. Charlie, I think we were intrigued by your disclosures about your previous working life, which is what caused the interest from the rest of the Committee.

Q158 **Mr Jack:** I would like to thank Simon and Charlie for asking one of my questions. As Anne Richards said earlier, it is the problem with coming third.

Charlie Elphicke: You will now have to prove how flexible you are.

Mr Jack: Do you think that maternity leave is a barrier to women progressing in the financial services industry?

Anne Richards: The way that you put it is an interesting question. I do not think it should be, and I do not think it need be. As somebody who had maternity leave and came back running a team, which all worked pretty seamlessly, I think the evidence is that businesses can cope when people are out of the business, for whatever reason, for periods of time. We are definitely seeing, for example, as careers are lengthening and people are working for longer, more requests, for example, from people who want to take sabbaticals of three or four months later on in their career, just as a way of taking a pause and a break and coming back into it. Strangely enough, our businesses do not fall over.

Is there a risk that there is a perception that it is an issue? Sometimes, I think that that perception is still there. The reality and the practicalities of it in today's world are that our businesses are flexible, resilient and resourceful enough that we can all cope. It never worries me, and I would say that it never worries my senior management team. Sometimes, in middle management, the perception is a bit more challenging, but we need to work on that and remove unintended and unconscious bias within those middle management layers.

Q159 **Mr Jack:** So you would say that the perception is significant, but not the reality.

Anne Richards: The perception sometimes is that there is an issue. I would not even put it as great as "significant", no, but sometimes there are those who think that it might be. I am reasonably confident in saying that that is now a minority.

Amanda Blanc: The uptake of shared parental leave is interesting. We have had a very, very low uptake of shared parental leave, even though our policy is quite generous, and I wonder why that is: why the co-parent does not feel that they can take time off. That suggests to me that people still believe that there is an issue in terms of being away from the workplace for more than a usual holiday period of a couple of weeks, so it is an issue that needs to be addressed.

Is maternity leave in itself an issue? No. Being away from the office for a couple of months, people perceive that they are missing out on opportunities, and that they are not going to be relevant and current when they come back, but it absolutely should not be. I am somebody who took a new role while three months pregnant. I was a chief executive of my previous organisation; I started a new role while six months pregnant. It was absolutely fine, and there was no issue at all, from their perspective or from my perspective. There is this absence issue, where people think, "I just cannot be away for that period of time". I think that that explains the lack of take-up of shared parental leave.

Susan Allen: I would just like to pick up on that point. Equally, I do not agree that maternity leave is, or should be, an issue. I have come into a new role while I have been on maternity leave, and I have also promoted people in my team who are pregnant or about to go on maternity leave. I certainly do not see it as a barrier to progression.

I think it is the case, as Amanda touched on, that quite often women who go off on maternity leave feel a lack of confidence. One of the things that I have personally made it my business to do is to talk to women before they go on maternity leave, just to say, "You might feel like this". Everybody is different. It is very easy to generalise, and of course different people's experiences will be very, very different but, from talking to many women over the years in banking, I see that a lot of women have this perception that the world will have moved on while they have been out.

Sadly, I have found, when I have come back from maternity leave, that some things had not moved on that I had rather hoped might have moved on. I am very open with people, saying, "You might just feel like this and, if you do feel like this, just understand that that is quite normal, and we will support you in coming back into the workplace and make sure that you are up to date". In our maternity policy, we also have a certain number of what we call keep in touch days to allow women, if they want it, to come back in and to be kept updated. We also have a buddy system for people who are going through maternity leave, so we try to tackle some of those feelings of lack of confidence during that period.

Q160 **Mr Jack:** If we turn to the issue of confidence, which, Amanda, you raised, when Jayne-Anne Gadhia was here before the Committee, she said, "The issue that does exist…is that women say if they have had time off for maternity, they either find it is more difficult to get back in because business has moved on or because sometimes they have lost confidence because they have been out of circulation for a while". Is this a concern that financial services firms recognise, do you think?

Amanda Blanc: To build on Susan's point, one of the ways that you can get around that is the buddying and coaching system. AXA has a buddying system for women who are on maternity leave. We also have a coaching system for when they return, not just for them, but for their manager, so that they can both manage the re-entry into the workplace. I do not think that it is a particular area for financial services. Why would financial services be different to any other industry in that respect? But I do feel that, if you have been sat at home for a few months and you have not been part of what is going on in the office, it is almost natural to feel, "Oh, I wonder what has been happening. I wonder if it has moved on significantly". As Susan says, it is always massively disappointing that it actually has not.

There is a lot that organisations can, and should, do to prevent that from being a personal issue. The issue of confidence, for me, is more one around, when somebody is looking for a new role, whether they have the confidence to do that if they zoom back after maternity, or at any time, in fact. It is about giving women the confidence that they can do this.

Q161 **Mr Jack:** So you have an enhanced maternity regime for people who are coming back. If they are behind with regulatory issues, there is a package to bring them up to speed. There is buddying; there is coaching.

Amanda Blanc: Yes, we have all that.

Q162 **Mr Jack:** Do both other firms have that?

Susan Allen: Absolutely. We have the support while you are on maternity leave, and then 10 keep in touch days. When people come back, particularly because so much of our business is regulated, we have to make sure that they have all the information and the training they need to get back to speed before they start speaking to our customers again.

Q163 **Mr Jack:** What about M&G?

Anne Richards: Yes, we do. If you look from a pure behavioural point of view, humans suffer from overconfidence. That is a known human characteristic. All humans, men and women, suffer from overconfidence; it is just that women tend to score slightly lower on overconfidence than men do. There are all sorts of psychological tests that you can do around that.

That is quite an interesting point to bear in mind, because women are, quite rationally, perhaps, a little more unsure about coming back into an environment if they have been out for six months, as we have discussed. The onus is not simply on the women and what we can do to help the women in that situation. It is also about dealing with their managers, and making sure that their managers are trained to understand what they can do that is most constructive and positive to help women back into the workforce.

Again, I would take some of the pressure off the women and what they need to do, and say, "We need to put in place frameworks so that managers understand what women are likely to be going through through that process, and therefore work with them in that sense". It is also about the management structure that you place around them, as well as the onus and responsibility on the women themselves.

Q164 **Mr Jack:** Can I go back to this flexible roles thing, away from maternity leave and more into parenthood? Going back to the Jon Terry comments that were referenced earlier, is enough being done to ensure that, where possible, job roles are offered as part-time roles, with flexible arrangements built in?

Anne Richards: From an M&G perspective, we have moved enormously in recent years around this, to the extent that 19% of our women are in part-time roles. For men, it is only 1%, so there is a difference in the take-up of those part-time roles, but there is a growing understanding that, with flexible working, technology and more agility in the workplace, we are able to craft roles quite differently to the way that would have been possible 15 or 20 years ago.

One of our challenges, specifically in investment management, is that, for many years, it was believed that you could not do that on a part-time basis, and we are moving beyond that now. That understanding is, again, helped by technology, but also by the fact that the need for a long-term view and not a short-term view in markets is really important. I certainly see a sense that that is changing now.

Q165 **Mr Jack:** Did you say 19% and 1%?

Anne Richards: 19%, yes. There is a very big difference in take-up.

Q166 **Mr Jack:** What do you think is behind the 1%?

Anne Richards: We are now seeing that women have much more confidence in mid-career roles to ask for flexible working, which may correspond with family commitments. Interestingly, we tend to see that it is slightly older and more senior men, on average, who are likely to request flexible working, so they are at slightly different stages in their careers. We are working through this. This is a work in progress, but we would like to get to a situation where we get more parity between men and women, right across the seniority structure.

I am quite interested in the comments about the take-up of parental leave by fathers. We are seeing about 16% of men who are becoming fathers taking up their shared parental leave, which we feel is quite good progress. It has been in place less than two years. It is not perfect yet, but we feel that we are seeing some shift in this respect. We have very low staff turnover. All these things take a long time to work through, but we feel that the direction of travel on some of this stuff is positive, if, perhaps, not as fast as we would like.

Susan Allen: Could I add something on part-time and flexible work? We have a very good level of part-time work, particularly among women, within Santander. About 6,500 of our employees out of 21,000 work part time in some shape or form, but we are seeing a much smaller proportion at this more senior level. The work we have to do is creating some of those role models at more senior levels.

Mr Jack: That was my last question.

Susan Allen: About 10% of our women at senior levels work part time, but only about 1% of men. There is still a lot that we could do to promote some of the more flexible working, because it is not just an issue of part time. We find that it is not necessarily part time that people want, but they want to have more flexibility. We have the policies and enabling technology, but we need to do more to capture the data on that, so that we can use that to demonstrate just how easy it is now to work more flexibly.

Q167 **Mr Jack:** This was my last point: on the flexibility, you are not seeing so much take-up in the senior roles.

Susan Allen: Not in part-time, but I think that there is more flexibility than we would have data for. We do not capture all those people who have the ability to work at home one or two days a week, for instance, or work slightly flexibly. In my own team, I have women and men who work from home one or two days a week, because they do a lot of travelling. That is a fair balance, but that is not recorded anywhere in any system. Our data on flexible working is incomplete. Our part-time data is good; our data on flexible working could be better, and that would help demonstrate to people in our organisation just how possible it is to work flexibly.

Q168 **Rushanara Ali:** I want to talk about culture, and particularly the alpha male culture, in banking. Jayne-Anne Gadhia noted that this culture of winning at all costs, rather than doing the right thing, was something that was acting as a barrier for women in the financial services industry. How do you think it affects women reaching boards and executive-level positions in the industry?

Amanda Blanc: First, if we think about the culture within financial services, there is a perception that everybody is running around Leadenhall Street or running around the City in this very male, alpha environment. In my organisation, 95% of people work outside of London. For the insurance industry overall, 80% of people work outside of London, so financial services are way more than the City of London. We need to stop that perception that it is all about what goes on here. The world does exist beyond Watford.

I do not recognise this very alpha male culture within the insurance industry at all. When we start off, we have 50/50 men and women, and the issue then is that as things progress, as Susan has said, it drops off. I do not think that the drop-off is due to the culture particularly. The culture may be one part of it, but I also noted Jayne's comments around bonuses and negotiation.

Q169 **Rushanara Ali:** You do not recognise any kind of existence of an alpha male culture in the insurance sector. Is that what you are saying?

Amanda Blanc: There is some element of that. I do not recognise a significant element of that at all. Ten or 15 years ago—or when I started my career, which I would like to think was 10 or 15 years ago; it was a lot longer than that—you would go to industry conferences and there would be lots of scantily clad women, lots of encouragement, lots of drinking and all that sort of stuff.

Rushanara Ali: You are painting a picture of "Mad Men", the TV programme.

Amanda Blanc: That would have been 20 years ago. If you go to the industry conferences of today, they are professional events where people are talking about business. That behaviour just does not exist any more. Would there be examples of bad culture? Of course, but there would be examples of bad culture everywhere. Is it systemic within the industry? I do not believe that it is, and certainly not within the insurance industry.

Susan Allen: I would agree with Amanda. I joined banking a very long time ago. I worked in a dealing room in the early 1990s, and the culture then I would have described as alpha male. The industry has been on a journey since then, and I am sure that it is not just financial services; it is also society, in terms of what is acceptable. Today, I would not recognise that culture.

Across Santander, we have a very different type of culture, and in the industry. I work with many women and men across the industry, and see that there has been a sea change in the last 15 to 20 years. That is not to say that there are not still examples of poor behaviour in areas, because our businesses are made up of people, but it is not something that I would recognise as a systemic issue in the industry, no.

Q170 **Rushanara Ali:** Are there particular areas where you think that it is still an issue—particular sectors or departments?

Susan Allen: There are particular areas that are not yet as diverse. Within our own business, you will see that there are some teams—HR and comms, for instance—where we have very good representation of women. You have some other teams in the corporate banking areas where there is still less representation of women at a senior level, and that will take time to adjust, because you need the experience to get through to the more senior roles. That is something that we are absolutely committed to changing, and we have some very clear plans.

Q171 **Rushanara Ali:** Ms Richards, did you want to add anything to this point, broadly as well as specifically, if there are areas of concern?

Anne Richards: If you come back to the biases and conditioning that we have in society as a whole, we have some very clear biases around what leadership looks like, and it tends to be tall and it tends to be male. That often has quite a strong overlap with what we call an alpha male. When you look at the leadership of Fortune 500 and FTSE 100 companies, they are, on average, tall and male. That is a fact.

There are many attributes that strong male leadership can bring to us, but it comes back to the point about diversity. It is not the only thing that we want, and therefore we need to have the processes in place to make sure that those drivers, those alpha males who can be very, very good at blasting through stuff—that is a real skill, and we should not underestimate the fact that that can bring benefit to our businesses—cannot be unbridled.

If you look back at the crisis, and you look at where some of these comments have come from, it is because those teams looked exactly like each other. They were all alpha male. There was no leavening in the mix from men or women who were less alpha, and as a result of that, crudely, groupthink took hold and bad stuff happened. That is what we should focus on. It is not trying to say that one particular group are bad or evil in and of themselves, because they are not. It is about how you get a blend of skills so you get balance in decision-making and problem-solving, going back to the point about diversity.

Q172 **Rushanara Ali:** You have mentioned 15 or 20 years ago, but since the financial crisis what changes have you observed in terms of culture? That is not just around the so-called alpha male culture, but more generally in the financial services sector, both positive and perhaps less positive changes.

Anne Richards: There are two slightly opposing things that have gone on. There is a much better general awareness of how that groupthink led certain parts of the industry to what became very bad outcomes, and nobody you talk to, male or female, about what went on through that period would not acknowledge that. That is why we are here; that is why we have all been doing things in our own business to try to put in place processes that will mitigate any repetition of that.

The perverse consequence of 2008 is that we saw, first of all, a drop-off in female applicants to the industry, on which we have been working really hard. In M&G, for example, we have been driving up the number of female graduate applicants that we have had. In the industry as a whole, anecdotally, it got down to about 10% at one stage post crisis. We have managed to push that up to about a third of applicants now, through a whole range of different measures.

We are increasing the appeal to women, but we appeared, across financial services, to lose a disproportionate number of women at a middle management layer immediately post crisis. That is one of the reasons why, now, at the most senior levels, we are all finding it very difficult to find enough women to get us to gender parity in our leadership teams, for example.

Q173 **Rushanara Ali:** Was there much evidence gathered about this? Did they identify the financial crisis as a reason, or reputational risk? What were their reasons? Do you have any sense of that, about why that happened?

Anne Richards: I have seen different explanations of it. I do not know that I have seen a truly analytically robust analysis but, from some of the anecdotal things that I have heard said, investment banking was highlighted as one area where a disproportionate number of female managing directors lost out as part of restructuring. Again, that is anecdotal; I do not have the data to back that up, so I say that with caution.

There was an element of some cultural distaste. Some women just felt, because of the reputational hit that financial services had taken, that they did not want to be associated with that. That did not help, because on average reputation matters more to women than it matters to men. There are modest differences in that. I have not seen any really sharp and clear data that gave a truly analytical explanation of it.

Q174 **Rushanara Ali:** Turning to board membership, what are the issues that you have come across for women being on the boards of financial services organisations, and what is required in terms of a critical mass in order to break down any cultural barriers, whatever they may be? If it is not alpha male culture, are there other barriers that hold women back from joining boards?

Amanda Blanc: From a boards perspective, it is interesting, because I obviously sit as part of the AXA Group. In France, the AXA SA board has to have a 40% female balance. Having attended one or two of those meetings, sitting and being part of the discussion—it is 43% women to 57% men on the AXA SA board—it is definitely a different discussion. There is definitely a different feeling in the room. You cannot quantify it in any way, which is the difficult thing, but Deanna Oppenheimer and Irene Dorner both sit on that board, and that gives a different culture and feeling.

In terms of barriers and what more needs to be done on boards, from my perspective, in many respects, the NED barriers are starting to be cracked, and we are seeing some real progress in terms of female NEDs on boards to get better gender balance. The issue is still one of executives. If you look at the Hampton-Alexander review, you still have a shortage of female executive directors on boards. That really is the piece that needs to be cracked.

What are the barriers there? They are many and complex, as we have spoken about. They include all the issues that we have spoken about this morning, but I know that the head-hunters are part of that issue, ensuring that there are diverse longlists and shortlists; ensuring that the right women are found through the talent pipelines and given the opportunity to do that. That is just one issue. There are very, very many, and they are all the issues that we have built on this morning.

Susan Allen: It is possible to make progress. If I look at Santander, for instance, our chair in the UK is female. Our chair for the group is female, and, when Baroness Vadera took over, we had two women on our UK board. We now have five on a team of 14, so 36%. Our executive committee, when Nathan Bostock took charge, had only two out of 14 women, and now has six out of 15.

What has been quite helpful there is that, to create boards and strong executive committees, it is not just about people with financial services experience. Diversity comes in many forms, and we have been able to bring in some great women from outside financial services who are really adding value. There are women you can bring in. I would agree with Amanda: I have been in many rooms, as I have already mentioned, where it has been predominantly men. If you are in a debate where there is a balance, not just of diversity, but of perspectives and background, such as socioeconomic background, it brings very different perspectives and, I think we would all feel, better outcomes.

Q175 **Rushanara Ali:** I have been allowed one more question, so I have three sub-sections in that question.

Chair: Very ingenious.

Rushanara Ali: What is holding back women who want to work part time, or who are working part time, in terms of progressing through their careers? To what extent do you believe that the bonus culture is a barrier for women? Finally, point C is whether you could give your reflection on how this agenda affects ethnic minority women and women of other backgrounds—faith backgrounds and so on—the intersection between different characteristics of women, and how the financial services sector is addressing those wider issues around multiple identity. We are lots of different things, in terms of our identities. How much do our workplaces understand that?

Anne Richards: Perhaps I might kick off on that, because it is such a good question. When I talk about diversity more generally, it is not just about gender, as far as I am concerned. I am also comprehensively educated, which is interesting. It is about all aspects of diversity, whether it is ethnicity, sexual orientation or social background; whatever it might be, it is really, really important.

Going back to what I was saying earlier, about breaking down to every stage in the process, we have gone back and deconstructed right at the basic level how we bring people into the organisation from different backgrounds, which includes different ethnic backgrounds, who might potentially not have thought of financial services as a natural career. We have a number of different schemes, where we go right to early stage. We go into schools. We work with Speakers for Schools. We bring children into the business at points through the year—and this is boys and girls, from very different backgrounds—to give them a flavour of what it is like in the industry, and to give them an aspiration to do that.

We have had an apprenticeship programme running for eight years now, with a very diverse mix of backgrounds. It is about 50/50 male and female. We have our graduate programme. It is about structuring at every stage how we broaden the net. Projects like the Diversity Project in asset management have been really helpful, because we can come together as an industry and widen the net together in a way that is harder for us. We are not as large as banks or insurers, for example, in terms of the numbers that we employ.

There is a lot of work that goes alongside gender, for exactly the reasons that you mention, and we can build on all that together, including things like the internal affinity groups that I touched on before. There is a really exciting programme of work that we are doing. It will take time for that to feed all the way through to the most senior levels, but I am quite excited by the progress that we have there.

Regarding the bonus culture in my industry, variable pay—pay for performance—is an important part of what we do. We always need to challenge ourselves as companies to make sure that, where variable compensation is a major part of compensation, the criteria by which it is awarded are as objective as we can make them. One of the things that we know is that, if you do not have objective criteria, women tend to be paid disproportionately less than men. The more objective you make the criteria, the more balance you get into it. Again, that is about societal conditioning.

We are pushing hard to make those criteria—the objectives that people are measured against—clear-cut. If it is investment performance, that is clear-cut. If it is sales performance, that is clear-cut. If they are personal objectives, you can see, "Yes, I have achieved it" or "No, I have not", and "If you have achieved it, this is what you can expect as a bonus". There is more work to do there, as everywhere, but that is really important.

Amanda Blanc: On the point about bonus culture, I would wholeheartedly agree with that. The bonuses at AXA are not a negotiation. They are based upon a very clear set of personal and business objectives, and therefore they are very formulaic, which takes away the need to feel that it is part of a negotiation. That is really important. One of the objectives that I have is around diversity, and that is set for the top 150 people within AXA. That is an important cascade objective, as well.

Susan Allen: I would like to put in a few points from Santander. On the bonus point, exactly as both Anne and Amanda described, we focus on having very clear objectives for individuals and transparency around performance. As part of bonus, every single one of our senior leaders has a diversity and inclusion objective. That is broader than just gender.

For us and, I think, all the other organisations represented here today, it is not just about gender diversity. It is about diversity and inclusion in its broadest sense. We have multiple different strands, all with executive sponsorship, led by Nathan from the top. For instance, I sponsor our LGBT network, where we have grown from 400 people to over 2,000 in the last year. We have an ethnicity at work network. We have parents and carers. We have a disability network and a mental health network, as well as women in business, and they all have equal focus. We want to create an environment where everybody who works for us and every one of our customers feels comfortable being in our organisation and being supported by us. That is really important to us.

In terms of our recruitment, we try to spread the net as wide as possible. We do apprenticeships. We had 136 last year; we have 430 this year. We are also trialling traineeships, where we are relaxing some of our academic criteria and bringing people in at more junior levels to give opportunities to people who might not have considered financial services as an opportunity for them. We are also looking—I think that this is very interesting—at returnships, trying to go out and tap into those women, and indeed men, who have been out of the workplace for a number of years. I am sponsoring a pilot that has just started a 20-week programme, and that is looking really promising in terms of bringing people back in from all sorts of backgrounds.

We have talked a lot today about the impact of maternity, but it is very clear that people often step out of the workplace for many different reasons. The people on our pilot would be representative, some of them having parental responsibilities, for instance, or other things that they want to do with their lives. We are trying to look, as Anne has described, at every single aspect of our recruitment and how we can make sure that we are bringing in people from different backgrounds and with different experiences, so that we can reflect the customers that we are serving and the type of organisation that we want to be.

Chair: They were three very good questions.

Q176 **Stewart Hosie:** The idea of apprenticeships and traineeships is a really good idea. It avoids the rather obvious pitfall of certain people from certain universities out of the milk round, looking the same, talking the same and dressing the same. It is a very long-term strategy, though. It is nothing to do with the questions I have, but are these people, when you bring them in, if you think they will be good enough quickly, going to be coached all the way through?

Susan Allen: Absolutely. We have different apprenticeship programmes that run for three or four years, depending on the level that you want to get to. Our pilot programmes have been phenomenally successful. The attitude and work ethic of the people we have brought in is just tremendous, and I think that they are going to be a huge asset to our organisation.

Q177 **Stewart Hosie:** That is helpful. I want to probe a little more on the issue of bias. The report by Oliver Wyman in 2014 showed that the biases and assumptions about what it takes to be an effective leader can influence hiring decisions, promotions, allocation of career opportunities and performance evaluations. Do you think that the issue of unconscious bias against female progression in financial firms, certainly to the excom level, is significant?

Anne Richards: It is still an issue across society as a whole. I do not think that it is unique to financial services. We have to acknowledge that. Some would argue that it is true in this place; it is true in technology; and it is true in other sectors as well. I do not think that, just because there is bias still there, you need to accept that there is nothing you can do about it. There are some people who feel that unconscious bias training can be counterproductive. Done poorly, it can be but, for those who go into it with an open spirit and have their biases reflected back at them, it is a very interesting learning curve.

Biases are something that we as humans do as short cuts, because we are all processing so much information the whole time. We put effort into unconscious bias training, but we also try to put in place training that is positive: "Okay, you want to do this right. What should you do on a positive basis to make your team, as a manager, more inclusive?" There are things you can do around that, but the starting point is to help people acknowledge and understand that we all have biases, and it does not make us bad people; it is just a reflection of being human.

Q178 **Stewart Hosie:** What work have you done in your own firms to identify and address unconscious bias? What process did that take? What did it look like?

Susan Allen: We have done unconscious bias training for all our senior leaders. We started with the executive committee. We first of all did questionnaires and tests that you do online that assess your biases, because, as Anne said, we all have biases of some form or another, and it is about understanding those. We looked at those. You have your own individual results, but then you also look at what it meant as a team. If you have different biases in a room, that is not necessarily a bad thing at all, and they can cancel each other out. If you have a spike in a particular area, you need to be very mindful as a team when you are making decisions that that might influence it.

We did that training at a team level. We have rolled it out to all our teams and now 660 of the senior leaders have been through this. Understanding that you might have a bias is one thing; knowing what to do about it is quite another. We talk a lot about the things we can do to make sure that, in our decision making, those biases do not have too much impact. We also, though, have targets, as I have already said, on diversity and inclusion. I am having conversations with all my teams about the diversity of their teams and how they make sure that they get the right people through with different experiences, skills and backgrounds to make those teams stronger.

***Amanda Blanc*:** We have done exactly the same. We have had about 2,500 people each year in the last two years go through unconscious bias training. We are just about to mandate that for everybody so that everybody has an awareness of it. It is about what mitigating factors you need to put in place to prevent unconscious bias, whether it is on longlists for roles, whether it is around recognition through the talent pipeline and support of the talent pipeline. Recognising that everybody has an unconscious bias, what are the control mechanisms? As we are all in risk businesses, we are very used to putting mitigating factors in place around the management of those perceived risks. Therefore, that is what we need to work hard on.

Q179 **Stewart Hosie:** How many of your staff have had a eureka moment, when having gone through the training they said, "My God, the head of HR does not need to be a woman and the facilities manager does not need to be a man"?

***Amanda Blanc*:** It is interesting for us because, if the eureka moment is that the CEO does not need to be a tall male, we might have had our own eureka moments. I do not know about eureka moments. People come out of the training with a greater awareness of the team and the biases within the team, and with an idea of how to try to mitigate that. It is the start of a journey.

Q180 **Stewart Hosie:** Susan, you mentioned diversity. Earlier, you also spoke about the McKinsey report from 2015. That said that moving the needle on diversity is harder than completing a typical change programme due to the barriers like unconscious bias. It said that it was important that businesses explicitly addressed unconscious bias and it was a visible commitment from the leadership team to do that. I presume you all agree with that. What is the rather obvious thing your leadership teams have done, other than being women, to encourage diversity and try to erode some of this unconscious bias, which clearly exists?

***Susan Allen*:** One of the most important things is that leadership from the top. In our organisation, starting with the CEO, he chairs our diversity and inclusion forum. I have been on that for two years and he has been there every single meeting. In there we have, as I have already mentioned, a number of different strands of diversity, not just gender but LGBT, ethnicity etc. Each of those is sponsored by an exco sponsor. It is really important. I am a sponsor of LGBT. I am very visible on that, and it would be expected that every one of our senior leaders will be very visible on sponsoring diversity and inclusion initiatives, and showing that it counts for the organisation. That, married with the targets we have set for our senior leaders in the organisation in terms of building more diverse teams, has been really important.

I have spent a lot of my career driving big transformational change programmes. The things that you would do to ensure the success of a change programme are exactly the things you would do here: having that clear leadership from the top, having clear accountability of the senior leaders and having some objectives that you hold yourself to account for. Some measures we are doing really well on; in other measures, we are not where we need to be yet. Then there are clear actions that we will follow through on. Following that disciplined approach is what will make a difference.

***Anne Richards*:** It is really important that you set your management teams up for success. What I mean by that is that it is not enough simply to point out that they need to improve the diversity, go through unconscious bias training and shock themselves. It is not even enough to make sure that you take the bias out of the way you do job adverts. You need to help them learn to manage more diverse teams and less homogeneous teams, because they are harder to manage. It is much easier to manage a bunch of people who are very like you. You have to set them up for success. That is an important part of it.

Q181 **Stewart Hosie:** That is the final question that I have. That 2015 report also said there are "persistent institutional barriers to the recruitment of women such as exclusion from networks that open doors to development and unexamined assumptions about the tension between family demands and job requirements". I think what that means is that you are not in the golf club; you are not in the rugby club; you do not share the soft, non-work values that mean I would understand what he said even if he was talking mash because you are women. How do you break that down, and how do you manage to say, "No, we are bringing someone else in from a different background, different colour, different religion or different gender?" What do you do to say, "It is good to have these people" and then support them, as you said, so they do not feel isolated over the next part of their career?

***Amanda Blanc*:** By keeping it constantly on the agenda, but also if you play to: "What is it that these people are interested in?" Is it the business benefit? You can trace it back to: "There is a business benefit in this. There is a profit upside. There is an employee engagement upside". There are lots of actual tangible benefits. The golf club culture and all that is broken down by having more diverse people on the excom teams, and that does not become the issue that it maybe once was. I genuinely believe that, by having people from different backgrounds, whether it is gender or ethnicity, you start to slowly break that down, by keeping it very, very focused on the agenda: it is always an item for excom discussion; it is always an item for excom leadership; it is sponsored by the most senior people in the organisation; and the organisation just keeps talking about it all the time.

I see that not just within AXA, but also as part of the ABI, the Association of British Insurers. We had a diversity and inclusion breakfast only three weeks ago; there were 10 CEOs around the table. If you had done that 12 or 18 months ago, you would not have had that senior level of engagement. The companies that could not send the CEOs sent the CFOs or CIOs. They did not send the HR directors. They did not send the comms directors; they sent the non-traditional attendees. It was a really powerful meeting. Everybody felt that the mirror was being held very closely to their face to say, "What are you actually going to do about this?"

Q182 **Stewart Hosie:** It is easy to do in big organisations when there is a huge talent pool. How do you do it in smaller operations unless there is a serious commitment from the very top?

***Anne Richards*:** There is a combination of top down and bottom up. M&G is a smaller organisation than the other two businesses that are represented here. As I mentioned earlier, we also have very low staff turnover, which means the pace of change in any of this stuff will simply be lower, because in our investment teams we typically have less than

5% turnover a year. It will take a long time. I believe you achieve more with change through celebrating success than you do through the big stick. It is quite handy to have a big stick in the cupboard and people need to know that the stick is in the cupboard, linking personal objectives for diversity and inclusion with your bonus. That really helps.

Some of our greatest champions of change have been people you might have put in the category of being alpha male, but when they get it they really get it. There is a bit about harnessing the positivity and not simply using a lack of diversity as a stick to beat people with. That is how you get deep organisational buy-in. It is more important to younger generations coming through because they are much more likely to have dual-working households than old people like me, sadly. That is a factor, because it matters to both partners in that relationship that there is an inclusive environment. We are seeing some change in that, but the challenge is time: it will take a long time.

***Susan Allen*:** There are challenges in smaller organisations. The things we have talked about are fantastic, but might not be available in those smaller organisations. That is where bodies such as Women in Banking and Finance, of which I am on the advisory board, have a role to play. We have 20 corporate members, but also 1,500 individual members who pay for their own subscriptions. What we do through that is, first of all, celebrating the successes of women who stand out in the industry, which is very important to creating those role models and success stories.

We also look at how we enable women to come through to more senior roles. A number of the development programmes we offer for our members are exactly the sorts of things that a Santander would do internally but might not be available to people who work in smaller organisations. We will do some of that development focus on resilience, confidence building and negotiating skills for women across the industry. Those are some areas. As Amanda said earlier on, this is not a competitive sport; this is something where, across the industry, we need to make sure we are working together to share best practice and bring as many women in and up through the organisations as possible. We can work together on that.

***Amanda Blanc*:** The trade associations have a big role to play. We see, with the ABI, the diversity and inclusion networks bringing together the talent leaders. It means that the big programmes can be shared and there is no competitive element in that at all.

Stewart Hosie: I am tempted to ask what your shareholders think about that, but I will not.

Q183 **Catherine McKinnell:** I have been listening very carefully to some of the answers you have been giving. There are two things, Anne, that you said in particular. I was relieved to hear when you said we need to focus as much on the behaviour of the managers as on the women themselves, because too much of this is about how confident and included women feel when they come back from maternity. We have heard some testimony from people that when they have gone on maternity leave their manager has been sponsored as much as they have in terms of coming back into the workplace. I think that is really important.

I picked up on something you said there, Anne, which is that this takes time. We have seen in politics that, unless you take some radical action, it could take a ridiculously and unacceptably long time. To see the change that we need to see, sometimes you have to take steps that make some people uncomfortable. I am wondering, in terms of your industries, to what extent you are confident that in the actions that are being undertaken—I commend you for all the work you are doing in this area—there is not a risk that it becomes a box-ticking exercise but will not deliver that real change. What are the key challenges that you see, and what makes you confident that the steps that are currently being taken are enough to see that sea change, particularly at senior positions?

***Amanda Blanc*:** I am confident because it is constantly on the agenda, and it is something that we are all working on and talking about all the time. This is not a phase. This is not something that is just going to go away. I am confident because so many women have signed up to the Women in Finance Charter. That is a real commitment to see women move through to senior positions. But I am also nervous. On the point that Anne made about time, I am nervous that it is going to take too much time. I am also nervous that we talk a lot about what we think we know the answers are. We know what the numbers say. We have loads of quantitative research. We do not have really meaningful qualitative research focused on financial services as to what is stopping women progressing through that upper quartile.

To be absolutely honest, my lightbulb moment has been in doing the research to come here today, really looking at what is going on and thinking not just about what is going on at AXA. I know all the great stuff that is going on there, but I am looking at all the great stuff that is going on elsewhere and asking, "Are we actually going to hit this nail? Is this the right hammer?" At the next ABI board meeting, I am going to say that I believe that there needs to be a piece of research. Let us speak to some of the women in that upper quartile or the level just below that to understand what will stop them from progressing. What is the combination of factors that need to be right to get them through to that point? I still do not believe we know the answer to that. We probably will not at the end of that, but we might have a better idea that all this energy and all these initiatives that we have are focused in the right direction. There is a huge amount of energy. The danger is that it does not achieve what we want it to achieve.

***Anne Richards*:** One of the most interesting pieces of research in this whole area that I saw was one done by the 30% Club, probably four or five years ago, which looked at professional services firms rather than financial services. It looked at accountancy firms, legal firms and management consultancies. It was exploring why women were not reaching the partnership level, because they have the same classic pyramid we are all wrestling with. Prior to the research, the anecdotal reasons that were expressed were that women were leaving more often to have children and families, and that was why they were not progressing.

When they actually broke the research down—I do not know if any of you have seen this research—from the most junior level, coming in at a graduate level, all the way up through the organisation, and they did men versus women, they found across all three categories attrition rates for men and women were pretty much the same, barring one or two percentage points, which could be either way, at every single level. It was not true that women were leaving more often than men, which was what the story was.

What was also true was that, from the moment that they walked into the organisation, again regardless of whether they had children or not, it was taking longer for them to get promoted at every single level. That is really important, because that comes back to the hidden and invisible structures, rolling right back to where we started this conversation. It is about disaggregating down our processes and eliminating the potential for bias to creep in, whether it is how we advertise for jobs and the words that we use, whether it is how we screen CVs when they come in, whether it is the universities or colleges that we recruit from, and so on and so forth. How are internal jobs advertised? Are you anointed into a new position? Is it truly open and transparent? These are all structural things. They will probably not be sufficient but they are definitely necessary. We still have a way to go to really tackle some of these things, but the pressure from things like this on it increases the transparency and is so helpful to keep us all focused on it.

***Susan Allen*:** I would absolutely agree. We would all like to sit here and think the things we are doing will make a difference. Unfortunately, we have been working in this area for such a long time now, and we have seen some progress but not quickly enough. The increased focus over the last few years, the transparency and the charter will be a great help in bringing that visibility and making this a real business issue. We are trying all the things we think we need to try, but it is going to take a little bit of time to see if that comes through. Honestly, the more you delve into it, the more you peel back the layers of the onion, the more you find small things you need to tackle.

As one very little example, I have been looking at how I get more people from the regions, because a lot of our people are around the UK and not really in London. Some of the bigger jobs are in London, and we are trying to encourage people to come into some of the head office teams. I was out talking to some people in our branches and asking why they did not put themselves forward. I was showing jobs and saying, "You would be great at this", and they said, "But, Susan, the job description says you need a degree and I do not have a degree". I thought, "Why does the job description say you need a degree? You actually do not need a degree". I came back to our HR team and said, "Please take this off because you do not need a degree to do this job. We need people with the right attitude and approach but we do not need a degree".

That is a very tiny, micro example, but I did not know that was on a job description. Now I have had to go back and challenge the job descriptions. We need that relentless focus. We would all like to feel confident. We all feel we are doing things that are going to make a difference but the question is: will they be enough? I imagine we are going to have to keep focusing on this and we will uncover, to Anne's point, other things that we need to tackle as we go through this.

Q184 **Catherine McKinnell:** Going back to maternity, I know it is not the be all and end all of women in the workplace, but it has been raised a number of times in terms of the stages of a woman's career and whether she may or may not come back to work, enjoy the return to work or feel that she can reach her full potential when she comes back. I know that M&G has a returnship programme that has been spoken about as quite successful. What are the successful elements of that, and to what extent could we learn from that in terms of this inquiry?

Anne Richards**:** We launched it in 2015, and we have had over 20—I think 22 now—returners come back into the workforce. The criterion is that you have to have been voluntarily out of the workforce for two years or more. It would be an extended maternity leave; it would not be regular maternity leave, but it could also be somebody who has had to care for an elderly parent or for other reasons, such as ill health, has been away from the workforce. It has been incredibly successful. We have had, I think, 16 women and six men coming back using that route. It is open to both men and women. This is an important point for us. We lost people in that post-crisis era and, if we are going to bring people in at a senior level, we have to find a new source of talent to tap into, because otherwise we are all going to be poaching each other's senior women.

We all have the same problem. There is not that much difference in it. As a way of finding a new pool of talent and welcoming them back into the workforce, whether it is putting in place regulatory or other trainings, or whether it is just reminding everybody what it feels like to be on the tube in the morning, coming into London and the office environment, there is a whole bunch of stuff. There is training for the manager about how you welcome someone back in. How do you help them get up to speed? For us, that is now as important as our apprenticeships and our graduate training programme in looking for a new pool of talent. It is a great initiative and we will be looking to do even more in that respect over time.

Q185 **Catherine McKinnell:** Is that something that you do in your organisations?

***Amanda Blanc*:** As part of our internal resourcing, we will always look at a wider pool of talent: people who have left previously and not returned after maternity leave. We did a piece of work on it a couple of years ago to try to identify specifically the women who had left, and in financial services there are lots of them. It is part of our wider recruitment programme, yes; we do not call it a returnship programme.

Q186 **Catherine McKinnell:** Is returnship only for people who have previously worked for M&G?

***Anne Richards*:** No, not at all. You can go on to our website, click and say, "I am interested in returning to a career in the City".

Q187 **Catherine McKinnell:** It is wider. That is what I thought: "I am returning to the workplace".

***Anne Richards*:** Yes, exactly.

***Susan Allen*:** Santander identified this as one of the interventions in our D&I programme that we could do to tap into another pool of people. As I said earlier on, I sponsor our pilot programme. So far, we are really excited by what we have seen in terms of the calibre of the candidates. It was open to anybody in the industry, men and women. We had hundreds of applicants. We brought 50 of them through to a one-day session where we gave them some coaching and skills development. We picked 10 people to come through on the pilot programme: nine women and one man. It was a 20-week programme. At the end of that, we will have roles available for those who feel they want to join Santander if we feel they are a good fit. We are really quite optimistic. As Anne said, the people who are on the programme have been out of the workplace for a number of reasons: some maternity, but equally some are returning from overseas; some have been caring for an elderly parent. There is a range of reasons, and that is one of the big opportunities for us to bring people in at that more senior level who have been out of the workplace.

Q188 **Catherine McKinnell:** I have one final question. We heard from a number of people who work within the industry, and one of the big frustrations is this sense that financial services are quite political with a small "p", in terms of the way people get themselves promoted and the way they present themselves. The jacket on the chair was an example of presenteeism culture, but there is also, "I have done this today", "I have done that today", and talking a lot about your successes, which is not necessarily what women do within the workplace. The idea is that women focus on getting the job done sometimes, and do not go around advertising themselves as much as their male counterparts. That is what has been presented to me. Is there something in particular about the financial services industry that fosters that culture, which, partly through unconscious bias from managers, recognises success in a way that perhaps disadvantages women more than men within the workplace? Is that something you are aware or conscious of? Is it an issue, or is there something else that means women feel they are not being recognised for their talents and hard work in the same way?

***Anne Richards*:** It depends on where you sit. It comes back to that. There is an element that it depends on what role you are doing and where you are doing it. If you go back to the films of the 1980s and so forth, there was this very alpha male, highly competitive view of what a trading desk was like.

Catherine McKinnell: "Buy, buy", "sell, sell".

***Anne Richards*:** Exactly. The reality is that that is not a very large part of financial services. An image has been created and the reality is quite different. Are there still places where there is still that element of aggressive individualistic competition? Yes, I am sure that there are. It is not something that I recognise in my business. It is not something that we reward in our business. It is behaviour that is actively discouraged, because it is so against the collaborative culture that we have, we foster and we believe is important. We cannot ignore that it exists in places, but it is a minority in places. We need to do more to rebuild the trust in our industry as part of this, but also an understanding of what you actually do when you come to work in an investment management company like ours. It is not hanging on the phone shouting at people wearing loud braces. We just do not do that, but there is this external perception of it. We need to do more to combat the perception of that.

Q189 **Catherine McKinnell:** That is the testimony of people who work in financial services. That is not an external perception; somebody who works in a bank has given that testimony.

***Anne Richards*:** I cannot claim it does not exist in places; it is just not something that I recognise from the businesses that I have been involved with over the years.

***Amanda Blanc*:** That is not to say we should not say to women that it is okay to talk about the successful things they have done, though. You often see a woman with her head down and just getting on with it. It is something we should encourage, because workplaces are competitive environments. It is not the braces and all that stuff, certainly not, but we say that you have to tell people what you have done and not think that people will come to find you and say, "You did that great thing". You have to be able to talk about it and not feel that that is in any way showing off.

Catherine McKinnell: Or alpha.

***Amanda Blanc*:** Yes. You can do it in a nice way. The coaching and development programmes we can put in place with our female talent and pipeline talent will help with that, to put them on a more equal footing. As far as promotions and so on being done with a tap on the shoulder, that is certainly not the way that business operates today. People apply for roles. There are proper longlists. There are proper processes. There are proper interview panels to make sure that we remove that old way of doing things.

Susan Allen: I would agree. This point about being able to talk about your successes, and men and women sitting down to talk about things they have learned in their career, is interesting. That is something that I certainly did not do enough of in the early days. I felt that I had joined a meritocracy and, if I worked hard and kept my head down, somebody would notice. It took me a while to realise that that is not going to happen. I would say that that applies to men as well as women, and I am sure it applies in other industries. Some of the work we do now, particularly with more junior women, is to coach them on, first of all, understanding themselves, their own ambition, and helping them. I would also say the same things to men. Organisations are pyramids, and for you to stand out you have to have something different. We should not hide away from the fact that we want people to succeed and get through, but you have to have something a little bit different about you, whether you are a man or a woman, to get through the pyramid.

In terms of promotions and performance assessments, they are much more balanced now. Most organisations now would work to a balanced scorecard. In our organisation, 50% of anybody's performance assessment is based on their behaviours and not just what they have done. That includes collaboration, teamwork and supporting your colleagues. People who are just out for themselves would find it quite difficult to succeed in those terms because they would not be displaying all the right behaviours. We have a very balanced assessment that covers both what you do and how you do it.

Q190 **Stephen Hammond:** Good morning. Thank you for coming to give evidence this morning. In listening to your answers, Amanda, I was struck by your remark about the breakfast, how successful that had been and who had come. Susan, I think in one of your first answers, probably to the Chairman, you said you were struck by making sure that people had the skills to get through to senior management. Anne, you made a comment about hidden, invisible structures. That comes to my set of questions. Have we been very successful at the macro level, but are there still micro-culture barriers at middle management level that we should be addressing further? It seems to me from all your answers that we are doing quite a lot about the senior level. I take your point that people need to stand out, but when Jon Terry, who is the partner at PwC, came to see us he said that the biggest reason was that there was a significant majority of people decision-making at middle management, which meant there was still an inherent bias. I would be grateful for your comments.

Amanda Blanc: We have talked a lot about the leadership, role models and the senior level engagement. That is vital because, if that is not in place, the organisation does not feel the permission to be able to move on something. That is really important. From an AXA perspective, a significant amount of the work we will be doing and are doing is at the middle management level, because we know that that is where the potential problem is. That is where the leadership programmes will be aimed at, to work with women: not just at the women themselves, but also at their managers, to ensure that we get the buy-in at that level as well. We have spoken a lot about what is going on at a senior level. There is a huge amount going on throughout the whole organisation, whether it is training and development programmes, talent pipelines, mentoring, coaching or buddying, to ensure that the progress is felt through the whole organisation.

Q191 **Stephen Hammond:** Do you think those programmes do enough to specifically train the middle management to spot the talent—the signs of that talent—and recognise their own potential inherent bias?

***Amanda Blanc*:** Part of the problem is that middle management recognises the talent, but the organisations need to reward the middle management to release the talent. The biggest issue that we have found is that we have very talented people within the organisation, but they just cannot get through because they are doing such a great job that nobody wants them to move. We have three operating companies. You want to keep them in one operating company and not share them with another operating company. That is where the talent pipelines are, and the focus on that means that it takes the decision away from the middle management and takes the focus out of the organisation to say, holistically, "Where is the talent pipeline? It is all across the organisation. What about if we look at giving people opportunities in different parts of the business?" That is more the issue: that everybody can see a talented person and everybody can recognise somebody with potential. How do you ensure that they get out from underneath that middle management level where they are sometimes hidden?

***Susan Allen*:** I agree. As I mentioned earlier, we interviewed 260 of our women who are just below that senior manager level to ask them what they saw as the barriers for coming through. Flexible working was one of them, but another key barrier was people feeling that they would not be able to be released from their jobs to go through to more senior roles. We have identified that we need to, as an executive committee, go further down in the organisation in our oversight. Where, historically, we would have looked at the next level of people to come to the executive committee or two levels down, we are now going three or four levels down and looking at the talented individuals.

Then we are looking at interventions, identifying people who could benefit from a career move, to get some new skills to help them to move up. To your point, we are taking that a bit away from the line managers. Equally, putting this in the targets of all the line managers, which we are planning to do, would make it much more part of their objectives for the year. There is also a focus on behaviours. If you are a team player and collaborative, you should be supporting your colleagues to help them to build great teams, and you should be supporting the colleagues in your team. We also believe that, through the focus on behaviours, it makes it more obvious to people what they should do, but it is challenging.

Anne Richards: There is a little bit about releasing talent. That is absolutely right. There is another part, though, particularly when it comes to hiring decisions and how you structure teams, which is permissioning our middle managers to be willing to take risks. When you are running an organisation and you think, "I want to do something a bit different. I am going to hire somebody who does not look like a cookie cutter for this role. We will take that risk, we will work with it and make it work", you are empowered to do that.

If you are a middle manager who has a business-critical project to deliver, you might feel that hiring someone who is not cookie-cutter is a big personal risk to your career, because if it does not work out you could be on the hook for something. You will tend to gravitate towards the perceived less risky hire, even if that means you might be consolidating groupthink so the risk might be hidden. There is a bit about not just releasing talent but encouraging and empowering them to try something that might have been different to what they have historically done. That is a critical part of this, as well.

Susan Allen: One thing we have identified is that we need to make sure that our HR teams are involved in hiring at a much earlier stage. There is sometimes a danger that people think, "I need somebody for this job, and I know somebody I have worked with at another organisation", and they are perhaps not thinking about the most diverse pool of candidates. We have an objective of a 50/50 slate for the more senior roles, but it is very important that we get oversight of all the hiring further down the organisation, to make sure we are considering more diverse pools of candidates at more junior levels.

Q192 **Stephen Hammond:** A number of your answers have taken away the need for me to ask another couple of questions. It is very helpful. Carrying on the last point you made, Susan, to get an organisational structure that works all the way through, in terms of ensuring it reflects gender diversity and the access to talent, the hiring, the training, the people or the structure of the middle management level—whichever way you want phrase it—is key. How much are you doing to look at that and make sure that level reflects gender diversity?

Amanda Blanc: That level better reflects gender diversity, certainly in our organisation, at a middle management level. The gender diversity is not an issue there. It becomes a much greater issue as you get to more senior levels.

Q193 **Stephen Hammond:** I have one final question. You have all spoken about what your companies do and have reflected a lot of good and best practice. You are all in an industry, but you look at a number of other industries by the nature of the jobs you do. Are there other industries where best practice is still significantly lagging?

Susan Allen: To be honest, I have tended to seek out where I think there is best practice, and to look for companies that are doing great jobs in other sectors and work with those. I have not particularly tried to look for people who are not doing well. I am more interested in who is doing well and what we can learn from them, rather than looking for industries that are performing less well than us.

***Amanda Blanc*:** We need to look more at the good performers. I know Jon Terry has spoken about other industry sectors where there is a lot of collaboration between them. That is something that we could do better at. We should create our own best practice, as far as that is concerned.

Q194 **Alison McGovern:** You have all given very helpful and useful answers. I have some questions on the Women in Finance Charter, but before that I want to slightly challenge the idea that finance is not different to the rest of society. Anne, you mentioned that before. The *FT* reported that in asset management the gender pay gap is about 27%. Among the civil service it is only 13% and from the Treasury's reporting, in its senior civil service roles—the country's top economists—it has barely any gender pay gap at all. It is down in low single figures. You are different, are you not?

***Anne Richards*:** You have to disaggregate the numbers. On a like-for-like basis, with two people doing an identical job, in my business, we do not have a pay gap. We pay people equally for doing the same job. It is the structure of who is doing which jobs that gives rise to the gender pay gap. Just over 20% of our investment teams are female. Investment jobs are, for us, the highest-paying jobs. If you drill that down still further into lead or deputy lead fund manager, it is only 11%. When you think about where the highest paying jobs in the company are and you work out how that affects the pay gap, you can see mechanically how it happens. I am not defending that that is where we want to be. We clearly do not want to be there, but it is what mechanically comes as a result of the calculation.

Alison McGovern: Just to be clear, AXA's is about the same.

Chair: Charlie is going to cover the pay gap.

Alison McGovern: Sure. I just wanted to get the answer to the question.

Chair: Are you talking more about the difference in the industries?

Q195 **Alison McGovern:** Finance is different. HMRC is employing people with similar skills at the top level of its business; its pay gap is 5%. I just want to challenge you. Your companies are different. They are the worst, right?

***Amanda Blanc*:** I do not believe that they are. We still have a number of people to report on the gender pay gap. The median pay gap in AXA is 17%. It is exactly as Anne said. Somebody doing exactly the same job will be paid exactly the same. The issue is that you do not have enough senior women in the organisation, and all the things that we have talked about today are about moving senior women through the organisation.

Q196 **Alison McGovern:** I will come on to the Women in Finance Charter, but I will just make the point that the numbers tell a slightly different story. It is still financial services firms that are the worst. If you look at people with similar skills in government or whatever, there is a contrast.

Anne Richards**:** Where you are absolutely right, and where we have to take it on the chin, is that we should have started doing this 15 years ago, and then we would not have had the disparity at the top level. I absolutely take that point. We have too few women in those roles. I totally agree.

Q197 **Alison McGovern:** To come on to the charter for women in finance, if there were one or maybe two things that the Treasury could do to improve it, what would they be?

Amanda Blanc**:** To improve the actual charter itself?

Alison McGovern: Yes. Now that we have the charter and different organisations signing up to it, what could be done to improve it?

Amanda Blanc**:** The focus that you have put by writing to firms to ask them about why they have not signed up is a very positive move. That will cause quite a lot of debate around boardroom tables, I am sure. That is a really positive move. I would go back to my earlier point about a move from quantitative to more qualitative points. That becomes much more difficult to measure, but it is more around the qualitative outputs.

Susan Allen**:** Having this spotlight on it is helping. It is keeping the debate alive. It is making sure there is more discussion and transparency. That is an invaluable thing. There are lots of things we can do ourselves. You can help by making sure we keep visibility and transparency on this issue. It is an important issue.

Anne Richards**:** I would agree with that. We have it. We should run with it. We should get the longitudinal data that is starting to be run on it and see how things are improving. If they are not improving as a result of that, we take a step back, take stock and figure out what else we need to do.

Q198 **Alison McGovern:** Might there be any negative consequences? This goes back to the question that Rushanara was asking. Is there a danger that the charter results in the promotion of a subset of white, well-educated, degree-educated, middle-class women, and it does not answer a whole range of other diversity questions? Are there unintended consequences of it?

Anne Richards**:** Clearly there is an issue around gender and I do not think we should shy away from the fact that we need to address that. As we have already said, it is by no means the only battle that we are fighting in all this. As an industry, we definitely need to broaden our recruitment base in all sorts of different ways. We should always remember that this is one part of a problem. By sorting the issue on gender, I do not think we will have a negative effect on some other aspects of diversity. I think the opposite: it will ultimately benefit everybody. I accept that this is not going to sort, in isolation, some of the other issues on that.

What is really beneficial about it is that we are having, across the industry and within our organisations, a much broader discussion about what diversity and inclusion means, in a way that we simply did not have 10 years ago. There is a kind of slipstream benefit from this in this sense. It will help other things, although it is by no means the cure for all the challenges that we have.

***Susan Allen*:** I agree with Anne. If we were only focusing on gender diversity, there would be a danger that we might take some actions that did not benefit others, but because we are focusing on diversity in its broadest forms, and we have a series of initiatives, we are looking through all lenses. When we look at representation at senior levels, we are not just looking at women; we are looking at women, ethnic minorities, sexuality and those with disabilities. We are looking at all strands of diversity. Because we are watching that very carefully, if we took some action that improved one strand and had a negative impact in another, we would spot that and have to correct. Anne is right. By focusing on all these, we improve the workplace and make it a more inclusive workplace for everybody.

Q199 **Alison McGovern:** Do you ever hear that argument that all this stuff about women is all very well, but in the City you used to be able to join as a young working-class lad with minimal qualifications and work your way up, so it is bad for working-class men? Do you ever hear that?

***Anne Richards*:** No. I might have read that on the comment line of the odd newspaper article from time to time; let us be honest. Again, go back to what I was talking about: the work we do with Speakers for Schools and the work that we do on the apprenticeships. There are other mechanisms. We have seen big societal shifts. We know it has been more challenging for white working-class boys to get progress in recent years than it was 25 years ago. We are not going to sort that in isolation, but we are doing other interventions to try to reach a cohort that is more difficult to reach now than perhaps it was pre big bang.

***Susan Allen*:** I am running branches and contact centres. One of the things I am proudest of is when I see people from quite difficult backgrounds come in, work part time, manage to get a contract, then make their way through the grades. It is still an industry where you can come through.

Q200 **Alison McGovern:** I have two brief, technical questions. Is there merit in the argument that, if you are a multinational firm, it is difficult to sign the charter?

***Amanda Blanc*:** We are a multinational firm and we have signed the charter.

Chair: That proves the point.

Q201 **Alison McGovern:** The last one is for you, Amanda. You are a board member of ABI. Do trade associations have a role to play?

Amanda Blanc**:** The trade associations have a really important role. The ABI plays a very good role in holding the mirror up to the industry. It has basically said, "We are not going to defend reputations on these sorts of topics. We have to act". I think it was the first trade association to sign the Women in Finance Charter. It has already achieved its 45% target. By creating the diversity and inclusion networks, by bringing the talent leads together, it has a big role to play, which deals with the problem we talked about earlier around whether small firms can do what bigger firms do, in constantly keeping on the shoulder of everybody, saying, "What progress is being made on this?" It has a big role to play. The ABI has played an excellent role. I am not here to speak on its behalf but I believe it has played an excellent role.

Chair: The ABI will be pleased to hear that, no doubt.

Q202 **Charlie Elphicke:** Before I ask my question, I want to draw attention to my registered interests. My wife is a director of a building society, where she chairs the risk committee. It is the Principality Building Society, which she has successfully encouraged to sign the Women in Finance Charter. Amanda, you once said that, if you were Prime Minister for a day, you would change the compensation culture. What did you mean by that?

Amanda Blanc**:** Gosh, I do not even remember saying that.

Q203 **Charlie Elphicke:** It was in the *Evening Standard* in 2016. What might you have meant by that?

Amanda Blanc**:** I think I meant the whiplash compensation culture, not in relation to pay and bonuses. I was thinking, "Did I?" I meant the whiplash compensation culture, which is prevalent, and I am sure that this is not the Committee to discuss that, but I am quite happy to if you would like to.

Chair: We will return to that.

Q204 **Charlie Elphicke:** You said a few moments ago that someone doing exactly the same job will get paid exactly the same in your organisations. Have your three organisations published the pay gap, and what is the pay gap in each of your organisations?

Amanda Blanc**:** Yes, we have published. We published about three weeks ago. The median pay gap is 17%.

Charlie Elphicke: For your organisation?

Amanda Blanc**:** Yes.

Susan Allen**:** We have not published yet so I cannot share the data, but I am happy to share it once it is published. Unfortunately, we will not be out of line with the financial services industry in terms of numbers already published, which is exactly the reason why we are here and we need to do more work.

Anne Richards: We are part of Prudential and we are hoping to publish next week, so I cannot give you the data, but again I am sad to say that the numbers will not look better than the industry. We are where we are, and that is why we are here and trying to do something about it.

Q205 **Charlie Elphicke:** According to a *Financial Times* report on 2 January, overall, financial services has a gap of 24%. It is one of the three highest, the others being construction, and information and communication. It is now a requirement to publish this information. How helpful is this kind of reporting in driving change?

Amanda Blanc: It is helpful that it gets it on the agenda for the discussion. It can be difficult to explain the median, the mean and what it means. There is an assumption sometimes when you read the reporting that people are not paid the same for the same jobs. That is just not true. Everybody gets paid the same if they do the same job. We also need to somehow find a way of talking about the number of senior women or the progression in the organisation as well, recognising that this is about getting more senior women into the organisation. That will help to address the gender pay gap. We sometimes get caught up in the debate the supermarkets have had around the people in the warehouse getting paid the same as the people stacking the shelves and whether that is the same job. That is not the case here.

Q206 **Charlie Elphicke:** The other day, we held an evening seminar with a lot of women in finance to talk about the issues. It was very successful. I spoke to one lady who said that she and her husband work for the same organisation. He gets paid twice as much as she does for the same job, and her bosses say, "Are you pleased with the bonus?", meaning the one they gave to her husband, not to her. Does that kind of practice need to be deplored and, frankly, condemned, if it goes on?

Amanda Blanc: If it goes on, absolutely.

Susan Allen: I think you heard an intake of breath from all of us. I obviously cannot comment on an individual case or organisation. I can tell you for pay and bonus we go through gender splits, age splits and length of service splits, to make sure that there is no bias in the way we pay and reward, and that, if you are doing an equivalent job, you are getting an equivalent level of pay and bonus for the same performance. We are very, very rigorous about that.

Q207 **Charlie Elphicke:** You guys are all focused on this requirement to publish figures. Has it focused everyone else in your organisations on this issue and on making sure that old-style practices are extinguished?

Amanda Blanc: Yes. Quite interestingly, the blog that I wrote on the day that we published the gender pay gap started to spark a debate among the employees within the organisation, which I thought was fantastic.

People were starting to talk about it. It gives permission, because often people do not like to talk about salaries, bonuses and all that sort of stuff. It gives permission for people to talk about it. It is a really good thing.

***Susan Allen*:** It is opening up the debate, because it is a debate that has been happening in executive committees but suddenly it is very transparent to all our teams. That is a really good thing. It is a really good thing to be having conversations about why we are not seeing more balance at senior levels and what the barriers are. The more we explore and understand that, the more successful we will be at creating an environment for more people to come through at senior levels.

***Anne Richards*:** I agree. It is deeply uncomfortable to sit here and read those articles, but I am a huge believer in transparency. If it challenges us to make sure we are doing things better, that is a good thing.

Q208 **Charlie Elphicke:** You are great troubadours, but in January the *Financial Times* article that I referred to reported the result of a survey of 1,000 senior managers. It found that more than four-fifths of senior managers believed that reporting the gender pay gap would damage the reputation of the organisation. More than three-quarters said organisations would likely lose staff over the issue, while 73% believed the worst offenders would find it harder to recruit. What do you have to say to these senior managers who fill in these surveys with these kinds of answers?

***Amanda Blanc*:** It is just nonsense.

***Anne Richards*:** It shows that they are worried, I guess.

***Amanda Blanc*:** It really is nonsense. The publishing of the gender pay gap is a reputational point. You look at it and you think, "This does not look good. How do we explain this?" Transparency goes to the heart of financial services, not just the gender pay gap. Transparency is the biggest issue that financial services faces, whether it is clarity around product wordings, clarity around what we will or will not pay claims for, who gets paid what in the commission process for products. All that is stuff that we need to get a grip on, get over ourselves on and get to be much more transparent on. If you believe that, it is really quite worrying, because transparency is an excellent thing.

***Anne Richards*:** People are always scared before these things come out. Now we are where we are, and perhaps next time we do the survey they will be a bit less concerned about it, and more focused on positives and what we do to change it. That would be my hope.

Q209 **Mr Clarke:** Thank you again for really excellent and thought-provoking evidence today. The issue of the gender pay gap is vital, and driving it down is one of the key social imperatives, alongside it being good business sense. I just wondered, to close on an optimistic note, whether you think there are good grounds for believing that the problem is going to logically dissipate over time. If you look at the ONS annual survey of hours and earnings, among younger workers in the 16 to 21, 22 to 29, and 30 to 39 brackets, the wide societal gender pay gap is 2.4%, and in part-time work it is actually negative. That presumably was not the case in the past. As that generation of younger women come forward, they will have no truck, I would assume, with the idea that they are going to return from maternity leave and be on substantially less than their male counterparts. Is that too optimistic, or do you think there is going to be ineluctable generational change?

***Amanda Blanc*:** It is not too optimistic. It is about whether the progress is quick enough, and whether we continue to have very good role models and keep the focus on this issue. We cannot get bored with it in two years' time and focus on something else.

***Anne Richards*:** It is really important that we need our male leaders to continue to embrace this and push this forward. It cannot just be the female leaders leading the charge on this; we need our male leaders to be doing it and realising that it is important for their business results and potentially for their children; if they have children, it matters for them and the next generation. I am confident about the progress. The rate of progress is slower and will be slower than I would ideally like it to be. It will not continue to happen unless we continue to focus on it, push forward, challenge ourselves about all those processes and find new ways of making sure that we deal with the glitches, hidden hurdles and barriers that we have perhaps not uncovered yet. It will not happen without effort and we need effort to come from everybody.

***Susan Allen*:** That would be my point. We cannot yet think it is going to happen naturally. It is going to need many more years of concerted effort from all of us. As Anne said, there may be some issues that we have not yet uncovered that we need to tackle, but I am confident that, with that effort, we will make a difference.

Q210 **Charlie Elphicke:** Thank you very much for your excellent evidence this morning. It has been fascinating. I have learned a huge amount. This question is the flipside of my previous question about poor attitudes. Some firms are concerned that policies designed to boost the number of women into senior positions, like flexible working and recruiting more junior staff, could make the pay gap worse. How does one manage round that situation and get to the right result?

***Anne Richards*:** Alison, going back to your question about whether there are things that we could do a little bit differently, more granularity in explaining the data is quite important on that. We must not then end up with a situation where the apparent data is making something look like it is a deterioration, when in fact it is an improvement. Perhaps a better adjustment for part-time or flexible working, certainly with my own data, would make a meaningful difference. There is something about how you present to give a more insightful view of what the data is actually saying. That is part of that.

I have seen in other hats, in some of the not-for-profit work that I have done, exactly that point: as you see women accelerate through into the senior grades, but they come in at the bottom spinal points, the numbers apparently start to deteriorate before they start to improve again. It can mechanically happen. The mechanics of it should not hide the fact that we are talking about progress. We need to make sure we capture the data in the right way. That is quite important.

***Anne Richards*:** I would agree. Whatever the data shows, the data shows. It should not stop us doing the right thing. The other point I would make is that, if we can make it more acceptable for everybody to work more flexibly, we should see more men moving on to more flexible and part-time roles, just as much as we should see women coming through. I would like to hope it is not just going to go one way.

Q211 **Chair:** There is a final question from me. It has been an excellent session. I think you said, Amanda, that this is much more on the radar of senior people in organisations. Is it more on the radar of junior potential recruits? I wonder whether issues around diversity, culture and the figures that are being published are things that you are beginning to see, or had already seen, potential recruits asking about or raising in interviews when you are recruiting.

***Amanda Blanc*:** They absolutely do. They care more about it than we probably did when we were being recruited.

Q212 **Chair:** Are we talking much younger graduates and millennials?

***Amanda Blanc*:** Absolutely, and we have refocused our career website so we are focused on positive female role models and other diverse role models, because we recognise that people, when they are recruited, are looking for the values of the organisation as much as they are looking for the pay, benefits and other things. It is very important.

Chair: Are you both seeing the same?

***Susan Allen*:** Absolutely. We are seeing junior women very interested in the profile of the organisation and the potential to go through to more senior levels, in our graduate hiring in particular. I am seeing, in middle management, more and more of the women who are considering joining Santander asking to see another senior woman as part of the process. Specifically, if there is not a particularly senior line manager interviewing them, they will ask to meet a senior woman.

I would also agree on this point about culture, which is broader than diversity, of people being really interested in the values and behaviours. As a slight aside, we produced some literature recently and tested it with some apprentices and graduates. What really resonated with them was a section we had on our values and behaviours, so much so that we brought it up to take a couple of pages in the final publication. That is what people are interested in: what sort of organisation are you, and do I want to be part of your organisation?

Chair: Anne, would you agree?

Anne Richards**:** Totally. It is all about talent and the future. We need to be building today for the business in 25 years' time.

Chair: Finishing on that hopefully positive and optimistic note for the future, can I thank you all very much indeed for your time this morning, for the evidence, and for the work that you are doing generally? It is all contributing to a fascinating inquiry, and I really hope the Committee's spotlight on this is going to help all of you to make a difference. Thank you very much.