

# Treasury Committee

## Oral evidence: Women in finance, HC 477

Wednesday 12 June 2019

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Members present: Nicky Morgan (Chair); Colin Clark; Mr Simon Clarke; Charlie Elphicke; Catherine McKinnell; John Mann; Alison Thewliss.

Questions 314 - 350

### Witnesses

I: Kate Grissing, Founder and Managing Director, Sapphire Partners; Corinne Carr, Independent Remuneration Consultant, PeopleNet; Joanna Place, Chief Operating Officer, Bank of England; Angela Darlington, Interim CEO, UK Insurance, Aviva; Tracey Newton, Director of People Performance, Yorkshire Building Society; Terry Mellish, Senior Advisor of Institutional Sales, Government Relations, Diversity & Inclusion, Natixis Investment Management; Megan Butler, Executive Director of Supervision – Investment, Wholesale and Specialists Division, Financial Conduct Authority; and Elaine Arden, Group Chief Human Resources Officer, HSBC

## Examination of witnesses

Witnesses: Kate Grussing, Corinne Carr, Joanna Place, Angela Darlington, Tracey Newton, Terry Mellish, Megan Butler, and Elaine Arden.

**Q314 Chair:** Good morning, ladies and gentlemen. Thank you all very much for being here. This is a Treasury Select Committee evidence session with a difference, because it's not going to be just us—well, we might ask some questions, but I'm sure you will have questions and discussion as well. This is all being televised. In a moment, I shall ask people round the table to introduce themselves, for the benefit of those watching. We have some broad outline questions, but we particularly want to get your thoughts on the "Women in finance" report that we published a year ago and, one year on, what if anything has changed and what progress has been made, and to hear your own experiences. I know your organisations have been doing a lot in this space. We held a session last week on the gender pay gap. As I said, this is being televised, but there will also be a transcript of what is said.

We have people in the Public Gallery as well. Because this session will be more discursive, I will just say that normally we ask that people in the Public Gallery do not say anything, but today you are very welcome to do so. You can react, watch and everything else in relation to what is being said. Is there anything else I need to do before we start? No? Good. First of all, let's go round the table and just say who everybody is, including Committee members. A couple of my colleagues are going to have to leave at quarter to 10 to go to another event. We also welcome Alison: this is her first Treasury Select Committee evidence session. They are not all like this; it is going to be more fun than some of them are. And the witnesses wanted to be here, which is also not like some of our other evidence sessions. Elaine, may we start with you?

**Elaine Arden:** Hi there, everyone. Thanks for inviting me today. I'm Elaine Arden, the global HR director at HSBC.

**Angela Darlington:** I'm Angela Darlington, interim chief executive of UK operations for Aviva.

**Catherine McKinnell:** I'm Catherine McKinnell, MP for Newcastle North.

**Megan Butler:** I'm Megan Butler, executive director of supervision at the Financial Conduct Authority.

**Kate Grussing:** I'm Kate Grussing, managing director of Sapphire Partners, an executive search consultancy.

**Charlie Elphicke:** I'm Charlie Elphicke, the Member of Parliament for Dover and a member of this Committee.

**Gosia McBride:** Gosia McBride, Clerk of the Committee.

**Chair:** I'm Nicky Morgan, MP for Loughborough and Chair of the

Committee.

**Tracey Newton:** I'm Tracey Newton, director of people performance at Yorkshire Building Society.

**Terry Mellish:** I'm Terry Mellish, head of international diversity and inclusion at Natixis Investment Managers.

**Colin Clark:** I'm Colin Clark, MP for Gordon.

**Joanna Place:** I'm Joanna Place, chief operating officer of the Bank of England.

**Alison Thewliss:** I'm Alison Thewliss, MP for Glasgow Central.

**Corinne Carr:** I'm Corinne Carr, founder of PeopleNet Ltd, an independent remuneration consultancy.

**Mr Clarke:** I'm Simon Clarke, MP for Middlesbrough South and East Cleveland.

Q315 **Chair:** Thank you all again for being here; I shall chair. If you want to say anything—I hope that you will be generous in the evidence and thoughts that you want to share—please catch my eye. Some Committee members have specific questions to ask. We are aiming to finish at about 11 o'clock, given business in the House and everything else, so I shall keep things moving along, but equally, if there is something that you came here with a burning desire to say and put on the record, please make sure that you do so.

I am going to start with an open question. Last week, as I said, we looked at the gender pay gap. We have various figures that some of you have published for 2017 and 2018, and we heard last week that financial services companies are among the worst for having a gender pay gap and for having quite a large pay gap and bonus gap. The 2018 figures show very little improvement overall on 2017, so I suppose the first question is: why are we not seeing a positive change in the sector? Someone has to be brave and speak first.

**Elaine Arden:** Perhaps I can speak about HSBC and our figures. We published a variety of numbers last year, showing both ups and downs, but we are very conscious that we published for seven or eight and now this year for eight entities. I know the Committee discussed this last week, in terms of when there are a number of entities. We decided this year to publish an aggregate number, just to try and help the comparability on that, because it is a complex set of data.

On your point on the sector being high, I think in HSBC we are very focused on how that number compares and trying to understand what is behind that. I guess there are a couple of things that we are very aware of. It is about the shape of our organisation. We do have a large global banking and markets population here in London, and we have our global head office here in London. The Committee considered last week, I think,

the point from the statistician, which is that the wide spread of pay and roles in the financial sector plays into that.

For us, the focus has to be the causes rather than just on that number, so the gender imbalance in the organisation, in the senior jobs, and the gender imbalance in the higher-paid jobs—of course, a number of the roles I talked about are in that—but we also have a very high proportion of women working part time in our junior roles, so we are very conscious across that. I guess for us, it is about addressing those things and a focus on making progress in the numbers there.

It is also about a better and more inclusive culture where we are listening to people and responding to what they are telling us on it, rather than managing the number, which I think can lead to some unintended consequences. The focus for us is getting behind what is driving it, understanding it, and deciding some of the things we want to change. I would imagine we will go on to how we are making progress on that, but I think those are important. It was great to see the Committee talking about some of those drivers for the sector last week.

**Terry Mellish:** I work for the only asset management firm here today. We have more than \$1 trillion of assets around the world and we own 27 underlying asset management firms, which are based in the US, Europe, London, and Asia. We have about 4,000 people in our total group in asset management, and 41% of our workforce is female, which is fantastic.

**Chair:** That's quite high, yes.

**Terry Mellish:** That is very high by asset management measurements. Some 30% of our investment professionals are women, which is high as well by industry standards, for us.

We have taken a lot of steps to increase that diversity. Lots of new metrics have come through; we are partnering with a lot of those underlying 27 groups we own in diversity and inclusion and in measurement. Every person in the company is eligible for a bonus, male and female. We have deferred a lot of cash from those bonuses for everybody, so we have to meet certain metrics as a firm and as individuals over a rolling three-year period to get the rest of the bonus. There is a lot still to improve on, but we are very much cognisant of the fact that we as an asset manager are probably above industry averages, and we are working to improve those numbers still further.

Q316 **Chair:** Has that been a deliberate intention over the years, to have more women than is standard in the industry?

**Terry Mellish:** We are basically a French company with a big US and global presence. In France, we signed up to diversity charters in 2009 for the first time—so a decade ago—and that has been the basic tenet of what we are trying to do as a firm globally, both within our underlying asset managers that we own and within the business, certainly here in the UK. It has been led by our global CEO, a big key initiative and driver in our business, as part of our philosophy. I mean, he has said, "Diversity isn't

an option; it's a must, because it's good for the business, it's good for people within the firm, and more importantly it's good for our clients as well."

**Chair:** It's that leadership from the top.

**Terry Mellish:** Exactly.

**Joanna Place:** At the Bank of England, we have already published this year's gender pay gap numbers; we published them in our annual report. We are moving in the right direction, but we are only edging in the right direction, so the challenge is, "Why aren't we moving more?" With Elaine's comments, as well, it's about the shape of our organisation. We want to look at the causes, which is primarily that we want to get more senior women at the top.

We have moved tremendously, I think, over the last five years in terms of numbers. I am a big fan of the gender pay gap—I think it has really brought issues to the surface—but it is, of course, a crude measure. What we are also trying to do is increase, in terms of our graduate intake and our apprenticeships, the number of women. Of course, actually, by doing that at the entry level, it means that the gender pay gap moves in the opposite direction, so although we are doing great things—we are moving in the right direction with the gender pay gap—the potential move is muted by all the good stuff we are doing in the pipeline. The important thing for us, as some of you may have seen in our annual report, is that we do not just produce the number, we talk about the actions that we are taking and the reasons for them. That is the real benefit of gender pay gap reporting, because it gets that conversation going.

**Chair:** We will come on to look at some of the things that people say in their reports about what they want to do, how those are put in place and how they are working.

Q317 **Charlie Elphicke:** I want to pick up on what has been said. In a way, looking at the figures and the tables, it is not hard to see why there is this gap. At the lower pay levels, and in the more junior positions, it is about 50/50 men and women, but as soon as you get to management and specialists, it becomes 60% to 40%, and then at senior management it is 70% to 30%. The real challenge is, how does one get to a situation where the upper tiers of the organisations are more balanced? There is a challenge. On HSBC, you were saying earlier that there is the whole issue that the men seem to be on a director track, but is there the issue that the women are on a mummy track, and what we need to do is provide that career progression as well as the ability to have a family? That has often been an issue in the past. The question is, it is still an issue, so what can one do to overcome that?

**Elaine Arden:** I think there are a couple of things. One of the advantages of the Women in Finance Charter is that we are beyond debating setting goals and targets. In the run-up to that, and as the consultation was running on the Women in Finance Charter, there was quite a lot of



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dialogue about whether it was the right thing to do—setting goals for people getting into senior roles—and whether it was wrong or would drive the wrong behaviour. Speaking for HSBC, we set a goal to get to 30% of our senior populations globally by the end of next year, and year on year, there is steady progress on that. Setting a goal has really helped. We are all beyond debating whether that is a good thing to do.

To your point about the tracks, the other thing that was really helpful from the Government Equalities Office last summer, off the back of the “Women in finance” report, was that the behavioural science unit worked with Iris Bohnet and What Works, and that is the approach that we are taking to exactly what you are saying. One of the things that we are finding has really started to make a difference is targeted sponsorship programmes that get to your most high-potential middle layer women and help them with sponsorship and connections, rather than just mentoring, and drive them and support them with a really transparent promotions process.

It is the first year that we are seeing the fruits of that. That is about us getting women into the managing director roles in our global banking and markets business, so those higher-paid jobs. On the numbers year on year, 16% of those promotions were women last year, and it is 30% this year. That was about some of the things that the Government Equalities Office report pointed to, such as transparency—tell people what it is you are looking for, describe what the roles do and describe how the process works. The programme that we had alongside that helped to point people towards it. You are trying to encourage people along. That has had great success year on year, and we want to follow that through and see how we can break through what you were talking about.

**Megan Butler:** Looking across the industry, which we have the opportunity to do here, what we hear more broadly is consistent with what we have heard here, which is that most firms are identifying this as a problem around the seniority of women, as opposed to an equal pay issue that they find within their own statistics. We also see most firms using recruitment as the key lever they are pulling to change this, which is important, but I would also observe that there is a much bigger journey to go on in understanding the environment into which they are recruiting the women.

We would expect it to take quite a long time to build a resilient change in industry around that set of issues, so we would not expect it to move that quickly. In fact, moving quickly might be a poor indicator, because it would mean that they were parachuting people in, which is not good. We need to see industry thinking more broadly about the environment into which they are recruiting these women, not merely an emphasis on recruiting more women into more senior positions. We are not there yet.

**Terry Mellish:** It is often quite a tough, in some cases brutal, industry for women joining, or who are already in, the industry. We as an industry need to go back to teaching kids finance at school, and the benefits of working in firms such as asset managers. We are trying to do a lot of that. We are taking kids from Loughborough University on one-year internships,

for example. Two of the three we have currently are women, so that's great.

We want those people, who are doing a brilliant job for us, to look at asset management as a long-term career option, but to do that we need to ensure that the culture of the firm is right, that the benefits for women are the best that they can be, and that they have all the flexible arrangements that they need, particularly if they are going to be mothers at some stage in the future, although that applies to dads as well, not just mums. We are looking at all those initiatives, and we have introduced some of those already as hard policies in the firm.

**Chair:** Of course, all Loughborough students are brilliant.

**Angela Darlington:** I would just like to reiterate the point about equality and the mummy track versus the director track. One of the most interesting things that we have done is our equal parenting leave. A bit like the report, that is a year old now, so we have some stats on take-up and the difference that that has made. We have had 700 employees take up the scheme, of whom 300 were men. The men took 21 weeks of paternity leave; it was two the year before. I think 70% of our new UK dads took their full allotment.

That starts to change the problem from "the women" to "the culture in the organisation", which is generally levelling the playing field and making it clear that looking after your family is a joint job. I think the young people coming into our organisation believe that, and we need to change our culture to be much more about changing the organisation so that it is fit for both men and women, not changing the women to fit into a particular view of what a senior leader in a financial services organisation looks like.

**Tracey Newton:** There is an element of reinforcing a number of things that have been talked about in the room. The key thing around the gender pay piece is that it drew attention to an issue, so it started a conversation. People started to look at it and started to think about what that means. Once you start to measure something, something gets done, so you investigate and find out more.

The Yorkshire Building Society is no different to any of the other organisations that we have talked about in the room around our challenges, shape of organisation and representation. We have more females within our branch network, and within our more lower-paid roles, than we do in our senior roles.

The key thing for me is around the conversation that we have just mentioned about how you change the environment and the culture to challenge some assumptions that women themselves make around options for them—"I have to choose between mummy track and director track"—and challenging the norms that individuals who are recruiting those individuals into roles carry with them.

We have done a huge amount of work around creating an inclusive environment across all characteristics, not just females, and that has been around creating a culture where we role-model, share stories, and have females talking about their own particular tracks and journeys, and the things that they believe were challenges for them. We had one individual moving into a middle management role. Her challenge was location. When you started to look at things like that, that drove you into flexibility in a different way, not just about parenting.

We have done a lot of work over the last two years around reintroducing an initiative called "Finding the Balance", which was about working with the Working Families charity on how to create more inclusive working environments and the perception of flexibility changing, in that it is not just part-time working; it is about where you work and how you work. We have done some structural pieces around benefits, for example. We significantly enhanced our maternity benefit and our paternity benefit for individuals, so colleagues were not feeling that they had to make choices.

Some of it has been around creating an environment where some of the barriers are away, and where people can see that progression is wanted and encouraged. Role-modelling from the top is pretty significant in that. We have flexible working at all levels in our organisation. We have senior individuals who work from home quite frequently, which gives permission for others to think differently. So I think the thing for us has been that data drove attention, the attention took us to a challenge around representation and then we are looking to address that on a number of levels, and not just one. A big piece has been around unconscious bias and actually starting that conversation, and we have trained over 500 managers around actually recognising that for themselves.

**Chair:** That is brilliant. We will come back to a lot of those issues. We will move on in a moment, but we have a couple of quick questions. Colin.

**Q318 Colin Clark:** Everybody has mentioned culture and I wanted to come back to something that Mr Mellish said about bonus culture; I just want to dig into it a little deeper. Are firms making it clear to candidates when they apply what the bonus package is, and would it affect the type of applicant? I suppose that what I am getting at is whether there is something in the bonus culture that is an attraction or a distraction. Mr Mellish, maybe you could start and explain that to me.

**Terry Mellish:** We make it very explicit to everybody joining what the compensation and other benefits are in the group, that they are part of that, and that their role in developing and achieving their objectives is part of the wider group objectives. So, the group has its own KPIs—key performance indicators—and you will not get that deferred part of your bonus if, first, the group doesn't meet its objectives, and we are very transparent on that, and if, secondly, you don't meet your own personal objectives.

**Q319 Colin Clark:** What I am getting at is that everybody keeps mentioning culture and the bonus culture. Your company has deliberately changed the



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way you are doing it—I imagine it will be interesting to see what other people say—so is it a cultural issue? Was it a cultural issue? Was there a cultural barrier to applicants?

**Chair:** Having the bonus culture.

**Colin Clark:** Having the bonus culture. You know, the City is well known for it.

**Elaine Arden:** The report last year had a whole section on this and you took evidence on it. I have worked in the sector for just about all my career and I think in the last decade the bonus thing has changed hugely, with everything from the introduction of the bonus cap, the introduction of deferral, which I think many firms didn't have before that, and the introduction of a kind of balanced scorecard approach to it.

Going to your question—how do we explain that to people when they join? Really, what we are explaining is, what does performance look like round here? What is good? That is about more than revenue. It may have been pointed at that in the past in some firms, but now it is about, "Here's how we measure your performance," and it is on a balanced scorecard of finance, risk and conduct, people, customers—depending on the role you do—and many of us sit it alongside the core values rating, which is whatever your behavioural expectations are round here.

We have to explain to people what we are looking for and what "good" looks like round here; it is not quite as blunt a tool as I believe it was more than a decade ago.

**Joanna Place:** Just to add to that, we do not have a big bonus culture; at the Bank of England, it is a relatively small amount of our variable pay. But the important thing is that we have two ratings: one on performance objectives and one on our values, one of which is inclusivity. So people are actually rated and rewarded partly on inclusivity, which I think is very important for the culture.

**Tracey Newton:** Yes, I would reinforce that. From a YBS perspective, we have made some significant changes to our bonus schemes over the last year. So, this year we took away any individual element to the bonus scheme that the majority of our colleagues operate under, and it is about reinforcing our cultural aspirations around open and honest conversations, working together and how we want to operate. It sends a signal that it is group performance, not individual, and it is how everyone comes together in the right way and uses their own skills and attributes in the role that they are in that drives that out.

Certainly, the majority of our colleagues are on a bonus that runs in that way. We have a small number of individuals at a senior level where the bonus has individual elements to it, but like you, Joanna, it is a balanced scorecard approach, and there are specific pieces in there around inclusion.



**Megan Butler:** I will just comment on this from a regulatory perspective, because this touches straight into a set of regulatory issues and not merely things that firms may choose to do.

We have been looking at remuneration within banks particularly for quite a few years actually—since the financial crisis and the changes in regulation here. We have seen everybody move to balanced scorecards, which assess not just what you do but how you do it. However, I would observe that it is much harder when you drill into that to find examples where people have been rewarded for good behaviour as opposed to penalised for poor behaviour. That is quite an interesting set of drivers about who might be attracted to that environment, or not, to go back to your point there.

I think there is more to do around that remuneration piece in understanding how you incentivise behaviours within firms. We wrote at the end of last year to the chairs of the remuneration committees at the major banks, asking not merely, “Do you understand your gender pay gap?”, but actually trying to drill into exactly this set of issues, which is about understanding how you award bonus, whether you have objective bonus criteria that you can see are being fairly, appropriately and transparently applied and whether, when you get your bonus, you understand what it is telling you about your behaviour. Actually, I am really pleased to hear everyone thinking that we are on that journey, but I would observe from where we sit that as an industry, it is not necessarily where we need to get in terms of incentivising good behaviour, as opposed to penalising bad.

**Corinne Carr:** As a woman in remuneration, I thought that this would be my place to say something. I want to go back to the charter itself and the fourth pledge, which I will read back to remind everyone of it. It says: “My organisation pledges to promote gender diversity by...having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.” We are talking about “having an intention to ensure”. The wording has clearly been interpreted as being optional.

When we look at the numbers and the remuneration reports by the FTSE 350, a number of companies refer to diversity in their annual reports. If we look closely, some of them refer to it in their remuneration reports. However, looking at the analysis carried out by a partner firm, E-reward, there are only three firms—three signatories—with a clear link between diversity targets and bonus percentages. There are three firms where we can say, “This is how much of their bonus is at stake against diversity targets.” The wording of that fourth pledge perhaps needs to be looked at. Is it a requirement or is it optional? At the moment, the numbers do not show that we have a clear link between targets and the weighting of the bonus.

**Q320 Chair:** That is really helpful. We are going to move on in a moment, but I want to ask two specific questions about the gender pay gap that came up in last week’s session. First, do you think the data needs to be professionally audited? Secondly, some of you have pored over producing



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this data, but how readable is it for a lay person? We had a look at some of the data. There are pie charts, and your point, Terry, about financial education is well made, when we know that people still struggle with percentages and everything else. When you are putting together the data—this is perhaps to those companies and organisations that do—who stands back and says, “Is this understandable to anyone but the board?” Elaine, do you want to start? You have just gone through this process again, haven’t you?

**Elaine Arden:** Yes, and we brought our reporting forward. I dropped you a note. We reported early last year, and we were intending on reporting in the next few months alongside a wider diversity campaign. Given that we were here today and were going to talk about it, we just updated. That is reviewed. We do all sorts of sense checks on it. My colleagues in internal audit will audit that data for us, and anything that we disclose goes through a disclosure committee. I am sure that most of the other financial services organisations will do similar things.

To your bigger question of how you explain it, you are right. It is about pie charts and various other versions of chart.

**Chair:** Graphs.

**Elaine Arden:** We test that with communications colleagues and other colleagues and say, “Does it make sense to you?” I think we are making progress, but we need to keep at it. Probably the most important thing to come back to is, “What are your action plans and what are the metrics that are going to drive some of the progress?”, rather than just necessarily looking at whether a number went up or down, because there are various drivers of that. It is about the action plan.

On Nigel’s point last week, which I thought was—one of the things that does tell the story well is what we all seem to call quartiles, but I think you put us straight last week that it is quarters. The quarters tell the story, and we see that in our different entities. With HSBC UK, the bank you see on the street—the retail and commercial bank—has a high proportion of women at 42% in the top quartile, whereas in the wholesale bank it is much lower. That speaks to one of the earlier points. The quarters bring it to life a bit, and that is something to stick with. I think that has been really useful.

**Chair:** Does anyone else have a view on formal audit or checks that they do to ensure that it will be understood by people? Charlie.

Q321 **Charlie Elphicke:** I was very struck by what Megan said, which was that it is all very well to have these criteria but, unless you actually enforce them and penalise, people are not going to wake up and smell the coffee. Joanna, you are saying that you have inclusivity in your criteria and that it is a measurement. How many times at the Bank of England have you guys said to someone, “You have failed on that, so you are going to lose out.”?

**Joanna Place:** In terms of our individual inclusivity?



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**Charlie Elphicke:** Yes, because that would send a tremor through the organisation and people would then think, "Oh!"

**Joanna Place:** Indeed. In terms of how we do our performance awards, yes we have said this to people. We have two ratings, as I say. If you do not score well on values, it takes your overall rating down. I haven't got the statistics off the top of my head, but we have said to people, "Your values have brought your overall performance down, and that affects your pay award." Yes, we do say that.

That does make an impact, so people can see that it impacts not only on performance awards but future progress in the organisation. Just as a general point, this is all part of the culture. We all talk about culture but culture is not just something in the air. Culture depends on leadership, on following through, on having these practices and policies in practice. So, we absolutely follow through on that.

**Terry Mellish:** The culture thing is really critical because we do lots of training on biases, cognitive biases, stuff that you wouldn't normally think that you are doing but are. We do a lot of training on women returning to the workplace. We are trying to ensure that everybody is on a level playing field when it comes to our total business. Culture is critical to us because we are quite a complex group, working with so many different partners.

I was interested that one of the signatories to the review had fewer than 250 people in their group. So, we in London in asset management said we are looking at doing the gender pay gap analysis anyway, just for transparency purposes, because I think our clients would expect that from us. Our parent company is a signatory to the charter. We are not yet but we are taking direct leads from them. We are trying to work to best practice across the group, even though, relative to the whole group, with 4,000 people, we are a pretty tiny entity in the UK.

Q322 **Chair:** I want to come back to signatories and whether the charter has shifted the debate. Kate and then Angela.

**Kate Grussing:** I think the financial services sector, unlike perhaps other sectors in the UK economy, benefits from a high degree of scrutiny and regulation. Things like the senior managers regime and the focus on culture mean that the sector takes this incredibly seriously. I don't think the auditing of gender pay reports for this sector is perhaps as important as another sector's. Because I think it really is being scrubbed and the senior managers are taking it very seriously and are reporting to their regulators on it, which is a good thing.

**Angela Darlington:** As a mathematician by training—

Q323 **Chair:** Do you understand audit reports?

**Angela Darlington:** I sometimes find myself creasing my brow trying to understand some of the detail in the gender pay gap because there is part-time in there. Our job as senior leaders is to stand back from that



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and say, "Are we making enough progress?" I completely agree with Elaine that it is about what you are doing about it.

I think we are probably on a hiding to nothing when we try to explain that detail. In fact, when we do try to explain it, it sounds like we are excusing ourselves, and that is culturally really unhelpful for us. We need to focus on what we are doing and how quickly we are getting there. This took a long time to build up. We are not going to fix it overnight but, if we are chipping away and moving it forward it every year, that is the key, as is focusing on what we are doing about it.

**Terry Mellish:** That is important. As a global firm, we are probably pitching for a new client every day of the week somewhere in the world. We learned from the school of hard knocks that, if you make your presentations too complex, they are not going to understand it. Because we are dealing with a lot of lay people. Trustees in the UK, for example, are often drawn from the workplace; they are not professionals in financing and we have to be very cognisant of that.

Q324 **Chair:** Moving on, some of you have been in business for some time and you will have seen the changes that we have talked about in culture. Has the Women in Finance Charter changed things? Has it changed the conversation? Kate, you gave us evidence last year and will have talked to lots of different organisations. I remember a senior female executive saying to me, "The issue is now being discussed in the boardrooms in a way that it wasn't before." Has the charter and the interest of the Treasury Committee sparked some further interest?

You mentioned, Terry, that some organisations have not yet signed. What are the conversations that you hear around those that haven't? Do you think more organisations are now thinking, "Yes, we should sign up to this, even if we are not within the exact letter of the charter"? Kate, how have things changed?

**Kate Grussing:** As search consultants who talk to a wide range of financial services firms—we have been in business for 15 years—certainly in the last year we have seen more interest from financial services firms than we have in the prior 14 years put together. I am optimistic that the pressure of things like the charter and the Treasury Committee is an incredibly good thing. Financial services firms recognise that there is no easy answer. While recruiting at a junior level is part of the challenge, we focus at a senior level. That pressure is important and needs to continue.

The second silver lining is that I think women are feeling more supported—whether it is that they are having their promotions taken more seriously, that they are being given more mentoring or sponsorship, or that there are more search consultants seeking them out or competitors calling up and saying, "Are you interested in me?" Again, that is a very good thing.

Thirdly, I think that financial services firms recognise that treating their senior and mid-level female talent well is a competitive advantage. I recall at the meeting last January highlighting the firms that were doing this



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well. I think that they have been able to attract more business, whether it is clients or talent, to them. The firms that have been slow to the party benefited from having the spotlight shown on them. Sometimes it was their women internally saying, "Hold on here—how come we're the only firm of our bulge bracket that has not signed up?"

While that is all positive, I am worried that we cannot let the scrutiny dampen. We have to be realistic that there is fatigue, and there are no easy answers or a silver bullet.

Q325 **Chair:** Fatigue because it takes time to effect change.

**Kate Grussing:** Absolutely.

**Corinne Carr:** We are talking about large financial firms today, and signatories to the charter, but let's just remind ourselves that this is not a problem that is just financial services-specific. It covers public and private sectors, and organisations of all sizes. Should we look at the charter to broaden its coverage beyond financial services?

Q326 **Chair:** Absolutely. I think other Government Departments are looking at the charter and thinking, "Can we do something for the organisations and businesses that we have most dealings with?"

**Joanna Place:** I think the Women in Finance Charter really came at a good time, because most of us were on this journey, and it gave an injection of more impetus. Greater transparency and discussions like this are hugely helpful, because most of us, I think, had targets and networks—we had the basics—but we have really had to think quite innovatively.

Most of us had a flexible working policy, but ours—I can speak for the Bank of England—has really come alive. We have role models. I work very flexibly. I work full time, but everybody knows that I come in at a different time every day and leave at a different time every day because I have three children. It is really important that senior women, and senior men, do that.

We had a women's network for a long time. We now have a "Women in the Bank" allies network, run by two men, because they said, "This isn't just a women's issue; this is a people issue." Whether we are talking about maternity leave, paternity leave or the impact of the menopause, men are interested in all that sort of stuff, so that is really important as well.

One thing that I will briefly share with you that has been really good for us is a career returners scheme. We all know women—some men as well—who have left the workplace to look after children, and they do not come back. When asked why they do not come back, a lot of them have said to me, "Oh, it's not worth it because of my partner's hours," or, "I'm not sure given the cost of the train ticket in." They make excuses.

It is actually about confidence, so we introduced this scheme where we said to people, "Come and work for us for six months." It is a sort of "Try



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before you buy." We had 16 people who said, "Okay, I'll sign up to that," because we said, "We'll let you work flexibly," and 15 of them have converted that to a permanent appointment. They have just thought, "Actually, they do mean flexible working when they say it."

**Q327 Chair:** Were they previous Bank employees?

**Joanna Place:** No, none of them were previous Bank employees. There were 16 people. We don't discriminate. It was open to men and women, and it was 15 women and one man. Fifteen people have converted to full-time, because it has given them the confidence that it works with the nursery run and partner's hours and so on. Going back to the people who have not signed the charter, if I was looking for a financial services company to join now, I would look at it. When I joined all those years ago, there was not much on diversity, so I didn't quite know what I was getting into, but now there is so much transparency, which has to be a good thing. I am sure it will hit recruitment if firms cannot say, "This is what we offer." Being a signatory of the Women in Finance Charter is a very bold statement to women and men that we are serious about this, so it is a good thing.

**Tracey Newton:** I think you make a very good point on colleague expectations and female expectations. Firms know that commercially it makes sense not to ignore half of the talent pool in terms of females. There is a lot of work on how we can—there is a difference between intellectually knowing that and changing your biases and making that come through, and we are making real strides in that space, certainly within Yorkshire Building Society.

A lot of what we are doing is around creating pipeline, opportunity and optionality for individuals. An example would be that we recently had a senior leader development course. I think it is 14 females versus seven men who were nominated to go on that. That is a significant shift. Things like that are working through, but I agree that one of the bigger pushes is the expectation of colleagues. We ran a session last year where we brought about a thousand colleagues together over two days to talk to senior leaders about strategy and lots of future thinking and so on. Everyone got an opportunity to ask questions. We used technology where you could ask a question and people could vote for it. The question that was the most popular—if it was not the most popular, it was the second most—on both days was about females on the board and at a senior level.

**Q328 Chair:** Was it about the numbers, whether there will be more or about the pipeline?

**Tracey Newton:** Mainly it was about numbers and will there be more. We are very lucky in that we can then demonstrate to colleagues that the past two appointments that we put on to our executive team were both female, so we are showing them the prove points, but the more powerful piece is that they were asking the question. That expectation is there, and that is what will potentially push us on with some of that intellectually knowing that half the talent pool is important to us. If you move on those biases,



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you have got another push in there. That is a real shift and a bit of a game changer for us.

**Angela Darlington:** I think I would agree with Joanna that this is about timing. If I look back seven years ago, when I was trying to think about my first exec role, the debate was, "Are quotas a good thing? Are targets a good thing?" People were intellectualising the problem. We have moved completely on from that now, and things like the charter give you firm things to focus on. If you commit to them, they become firm targets—things that we must do. That completely changes the dialogue internally from, "Should we do it?", to, "How do we do it?" Signing up to these external charters is a really important part of that journey from just thinking about it to actually doing it.

We have worked on our targets. We have got a programme internally. Some 37% of the people who have been on our internal women's programme have gone on to bigger or broader jobs, so you can really see that starting to drive that focus on our women. It is not changing our women. The focus is on our women understanding themselves, their place in the world and then helping our men help them on their journey. It really starts to get you into, "How do you change these things?" Every organisation will be different. Even within our organisation, different parts of our organisation have different challenges. The question now is not, "Will we?", but, "How?" That is what these sorts of charters change.

**Elaine Arden:** Picking up on most of those points, this bit about listening to people is almost not an option now. Going back to everyone saying it is the conversation in the organisation that is driving this, the expectation of the workforce is that you are having these conversations and you are listening. I think the leadership in financial services has changed remarkably during my career, in terms of retention and seeing it as a critical part of the business. The other thing that has changed is the expectation of the workforce. One of the things that we are trying to drive is that we do not think we will just fix this top-down, because we do not have all the answers. A lot of this is about opening up a dialogue. Some of the ideas come from slightly adjacent topics.

We recently ran a wellbeing month in the UK, which was all about being healthy and whatever that means to you. There were a number of dialogues and the menopause point came out of that, which of course is something that will play into this conversation. Some of our people said, "This feels like, in the wider world, one of these unspoken things, almost like the last taboo, and we want to talk about this and what it means to us." And we thought, "Great." But we might not have come up with that if we were just seeing it as a top-down thing, so I think it's about showing that you are listening, responding and engaging with people on it, because their expectations are much higher.

**Terry Mellish:** I think that's really important as well. I chair our international D&I team. It is often the millennials who drive a lot of the thinking and the ideas. I have got one lad, as I call him. He is a young German kid on one of our teams who came up with an idea about having



sub-sectors of inclusion and diversity, where we create little sub-groups, and we have somebody mentoring people who want to be part of that sub-group. A month after he made that proposal he came back to me and said, "Why haven't you done that yet?" It came up at the next steering group meeting. I said, "Hold on a minute. It takes a little time to think through that and who's going to do it." But it's fantastic. As an old white man working in diversity who has spent all his life in asset management, it is incredibly refreshing with things like the charter. I liken it to ESG responsibility in investment. If you go back 20 years, people paid lip service to it. "Climate change? What's that? Carbon footprint measurement? What's that? Sustainable finance? What's that?" Today it is so mainstream that you cannot think of running a portfolio without looking at ESG factors, and the same is true of diversity now. It's about where we were with the ESG. In five or 10 years' time, we will look back and think, "Why weren't we doing it?"

**Chair:** Catherine, did you want to add something? Or Megan?

**Catherine McKinnell:** I am happy to go after Megan.

**Megan Butler:** I just wanted to say that, from our perspective as an employer, I would echo an awful lot of what we have just heard here. As a signatory to the charter, it has been hugely important to our own people and our colleagues, and also to people who are coming to join us. They test our values, quite rightly, before they are willing to come into the organisation. So it has been a really important signalling point that we should not underestimate or dismiss. As we have all individually been on these journeys, on some level at any event, it is a really important point.

You also asked a question as to whether the engagement of this group and others has been important, and I would say hugely important. We have some direct evidence of this in a sense. I gave evidence to the Women and Equalities Committee last year. We could track that the publicity around it led to a direct pick-up in whistleblows to us around the issues we talked about and that were publicised by the interest of the Committee. We can see a direct response to the engagement of this and other Committees with these issues, so it is hugely important that the focus stays.

**Chair:** Excellent.

Q329 **Catherine McKinnell:** This all sounds incredibly positive. It's really heart-warming to hear about the practical examples of how it is being implemented, rather than whether. I recall one of the roundtables that we had at the very beginning of this inquiry. It was with a whole variety of women who work in financial services, although not at your level. Some of the feedback that we got was really quite powerful in terms of the reality on the ground for women working in financial services. I fully delight in your positivity and determination, but to what extent are you confident and aware of how this is perceived on the ground at the level of those women I know you want to empower? Are they feeling that empowerment? To what extent are you measuring that?



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**Joanna Place:** I can speak about the Bank of England. We are slightly different from the commercial banks in terms of the culture. That aside, we measure it through a staff survey. We have an annual staff survey and pulse surveys as well. We have more than 80% of people who say, "Yes, the Bank takes diversity seriously." Then we will pulse particular groups of people to see how they feel. Also, we work with our networks, but not just our women's networks. If we look at inclusion in total, we have 12 networks: women, ethnic minority, LGBT, parents, carers, faith and so on. We work very closely with them, so they can talk to their members about how they feel as well. So it is a qualitative thing as well.

The other thing we are very proud of, in terms of quantitative measurement, is the fact that our attrition levels among women are consistently lower than men. That is because of the work environment. I have always said to people, "We attract people to work at the Bank because of the work and the public sector contribution; we keep them if we get those environmental factors right." Every company probably says that their working environment, their flexibility and their inclusiveness are fantastic, but when I look at our attrition figures, which are relatively low anyway—they are hovering under 7%—they are even lower for women than men. Those are some of the quantitative and qualitative ways in which we measure how women are feeling.

**Megan Butler:** I want to come back to the first remark I made, which was that we see a great deal of discussion and a lot of senior management engagement on the issue, and chief executives come and talk to me, voluntary, about their diversity and inclusion practices, all of which is great. The backdrop to that, however, is that I also receive a steady stream of horrifying whistleblows that indicate pockets of truly toxic cultures that operate sometimes in the same institutions that are coming to tell me about the great initiatives that are under way. That does not mean that anyone is lying. It just shows the journey that still has to be gone through to drive some of these changes through organisations. We are at the early stages of some of those cultural changes we need to see going down some of our major institutions.

I would also make the point that it is not just a big bank question. In fact, we often see better outcomes in some of the larger institutions than the smaller ones. When we look at the signatories to things such as Women in Finance, and compare them with some other data we see, we see at least as big a set of problems, if not bigger, in the huge tail of financial services firms—the smaller ones that do not get the same level of immediate attention, the media attention and perhaps your attention. They have even further to come, I would suggest.

**Kate Grussing:** I would add that the spotlight that forums such as this give the issue gives oxygen to the women and men who might have just bitten their tongue and kept their qualms to themselves. Whether it is using whistleblowing websites, or forums such as Glassdoor, where employees can go and put their honest feedback about their prior employers, or another forum called Emolument, where you can benchmark



your compensation, the younger generation is being encouraged in a positive way to be more forthright about what is wrong with their employer, or what is right about them. The more we can use forums such as this to encourage people to come forward, the better.

**Q330 Alison Thewliss:** To follow up on what you said about the attrition rates among women, how commonplace is it that that kind of thing is measured, and how commonplace are exit interviews? If there is a problem that is not identified, or women do not feel able to ask or whistleblow or anything like that, but they just leave, is there something that is regularly put in place to make sure that if you are leaving, you are not leaving that mess behind for the next woman who comes in?

**Chair:** Elaine and Angela, you both want to come in. Given your roles, how do you measure attrition and do you have exit interviews?

**Elaine Arden:** We measure it as Joanna does, so we look at male and female attrition as well as feedback and feedback surveys and so on. Women tend to be more positive. Our attrition in the UK is a bit like yours, just a little bit lower.

I have seen various attempts to get the coverage of exit interviews, because of course it is up to people whether they want to tell you. That is one of the hardest things about it. I think we have about 30% but I am not sure—I would need to check. People get something when they tell us they are leaving that says, "Please answer these few questions, which will help us" and so on, but of course whether they tell you is a matter of choice. That is a tough area.

It is probably much more about the data while you are in the workforce and a number of things that people have mentioned, such as conduct issues, whistleblowing cases and just sentiment generally on the ground, that we look at to try to see if we have issues. Sometimes it is just that a case comes up and you put it together with something, and you think, "We maybe need to go and have a look in here."

The other point that goes with that—I think it was the "Women in finance" report, but it may have been something else—is the importance of the middle management.

**Q331 Chair:** I want to come on to that, because it is really important. The middle management is one of the things that struck me in the evidence session we had with Kate and Jon Terry last year.

Angela, do you have anything on exit interviews, attrition or anything like that?

**Angela Darlington:** I was just going to say to Katherine that I think that our positivity is because we have made a lot of progress, but don't take that to mean that we are in any way sorted, because I think there is a huge amount to do.

Data analytics is starting to become a really powerful tool that we have now. While making sure that we don't use our staff surveys in any way



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that gives up the confidentiality, you can now start to correlate with big data sets areas that just give you a highlight when something is going on. Sometimes it's about diversity, but often it is about other things. But that gives you those pockets to go and have a look at in your organisation.

Cultures are not one size in an organisation. Our job is to find the areas where there are great cultures and where there are not-so-great cultures. Sometimes we can buddy those people up to try to learn from each other, and sometimes there are more radical solutions, but you do need to be quite analytical about that.

**Chair:** I want to bring in Corrine in a moment, but Catherine do you want to say anything else?

**Q332 Catherine McKinnell:** I want to put another challenge back. You talked about the attrition rates being lower for women. This is just a challenge. Quite often, because there is still such a long way to go for women in this sector, where they have been accommodated with a part-time, flexible working arrangement, they will cling on to that. I know that from experience. You will sometimes feel very grateful for it, so you might go above and beyond, and end up almost working full time while being paid a part-time salary.

**Joanna Place:** I've been there.

**Catherine McKinnell:** It can be win-win for the financial institutions as well, when they get that commitment and loyalty from their female workforce. I am just putting that back as a challenge.

**Terry Mellish:** With respect, you get that from men as well. I only work a four-day week now, so I do not get paid for one day a week. Sometimes I think I am trying to cram five days into four, but my wife is very keen that I do not look at my phone to check emails on the day that I don't get paid—sometimes I have to.

**Catherine McKinnell:** It is about flexibility generally.

**Terry Mellish:** We want to be incredibly flexible in everything, and not just for women but across the whole workforce. We work in asset management. Our philosophy is what we call active thinking. We are much more long-term and strategic with clients. We are not very transactional. We don't want to do a job for a client and then move on to the next one. We are very long-term as investment managers. We want to partner with clients for 20, 30 or more years, offering them a solution.

We expect to be fired if we don't meet their objectives—that is business practice, which is fine—but we align our interests with the clients all the time. People joining us see that long-term nature of our business, the active thinking philosophy, as really positive for them as well, because they know that we are in this for the long term, working in partnership with our partners, and they love that culture and approach.

**Q333 Chair:** Corrine, I want to bring you in at this point, but I also want to ask you something else. We know that there are some organisations that were



doing what they could not to comply with the gender pay gap disclosures, or potentially signing up to the Women in Finance Charter and then not actually doing what they were meant to be doing. We know that there was an issue last year with the gender pay gap about people with partnerships, with organisations trying to break down into smaller companies, so that they do not have to disclose, as opposed to people with fewer than 150 employees wanting to disclose. What is your view of that? Have you done any analysis? Do you hear any rumours?

**Corinne Carr:** I watched your session last week. That was very entertaining, that's for sure. I hope that we are not talking about too many organisations that are doing it on purpose. There was certainly a lack of understanding by some at the very beginning, as far as the formula was concerned. I think there has been some clarification. There is definitely a number of suppliers on the market that offer their services to run gender pay gap reports for organisations, so I think there are solutions out there. As to the dilemma about partners, I think that is also being included on a voluntary basis.

I would like to pick up on the point that you raised earlier. From personal experience, when I started my career in banking 30 years ago, I had made it—you started in a global bank, which was the top sector and that was definitely something that was very attractive. The younger generation has choices—I am generalising—and will look at their options. Banking is no longer as attractive as it was all those decades ago. They are looking for organisations with a clear purpose—for some, that is definitely part of their offering—and they want to identify with that purpose. Money is not necessarily the primary factor, because housing is so expensive anyway. It is probably not enough regardless. We need to be mindful that the sector is not as attractive as it was. Any initiative that we are talking about, which we can do to restore trust and confidence in the sector, is paramount.

Q334 **Chair:** I want to move on to recruitment and promotion, exactly as Elaine said. I was struck last year by the middle management issues. Often, middle managers are in charge of recruitments and organisations give them permission to recruit, not in the image of the person they are replacing but to recruit for the whole company and to take a leap. Tracey, I was struck that earlier you said that about 500 people in the organisation had been trained in unconscious bias, and perhaps other organisations have done the same. How did that work? Was it compulsory? Have you noticed a change in attitudes? Tell us more.

**Tracey Newton:** We have run a comprehensive diversity and inclusion programme across YBS for the last couple of years. A key part of that has been about starting conversations and opening mindsets to difference, and what that can bring. One of the elements that we included in that was unconscious bias training. It was not mandatory, but more than 500 managers went through that process, including our executive team and our non-executive directors. The key thing that we have seen is that it has opened minds and brought attention to it.

In terms of diversity and inclusion as a challenge and an issue from an organisation level, the work that we have done on inclusion has been starting the conversation and putting it on the agenda. We talk about it at our senior meetings; we talk about it when we are in that recruitment process, and we utilise data in the same way that everyone else has talked about, to keep attention on whether we are moving and progressing.

I think the unconscious bias training has open minds, created a conversation and has got people thinking differently, challenging themselves and being open to challenge. If I think about our recruitment team and our HR team, a lot of the time when they are working with line managers, it is much easier now to challenge them on what exactly they require in the role. Is a degree required? What are the attributes that you are looking for? Could we find them in different—

**Chair:** And location, for example.

**Tracey Newton:** Yes, location. I think the unconscious bias training has opened a door and started a conversation, and it helps our recruitment team to have different conversations with leaders.

Q335 **Chair:** Has anyone else done training, or tried to or needed to change attitudes?

**Joanna Place:** We have done inclusive leadership training for the whole of the top 150, led by the Governor. We have also done unconscious bias training for all our recruiters. Like you, we look through all the ads that we post to see whether everything we say is really essential. Research shows that a woman often will not apply for jobs unless they think they can do all the essential things, whereas a man might take a different approach. We look for gender-neutral language as well. When we did our career returners scheme for people who have been out of the workplace for five years, we did not post an ad that said "Join a fast, dynamic place." We thought about the language. This was a supportive, intellectually challenging environment with supportive training. We really think about our language to get that inclusivity. We do it across the Bank.

**Tracey Newton:** I would reinforce that. In the way we present ourselves to the world in job advertisements and giving a sense of the organisation, we are much more careful about the language we use and the way in which we do that. We are also taking that into our recruitment practices, so we are trialling strength-based recruitment because we know that creates a different conversation and gives people different opportunities to demonstrate that.

Q336 **Chair:** Could you unpick that? What does "strength-based" mean?

**Tracey Newton:** Strength-based recruitment will be more about asking questions that ask people to talk about how they would react in a particular situation, or share elements of themselves where you can get a sense of where their energies may naturally flow and where they may thrive, rather than, "Give me an example of when you did something at a certain point of time." If you look at different gender traits, females find it



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more difficult to demonstrate that, so the strengths base just gives you another tool and another route to get a sense of where someone's capabilities might lie.

**Joanna Place:** We've all got unconscious bias. The point is to actually recognise that we've all got it, but if you were choosing people for a pub quiz team, you would not choose somebody who had exactly the same general knowledge as you, would you? It is a waste of a space, if you like. It is the same with a team: you are tempted to recruit somebody in your own image, but actually, that's the last person you should recruit who's actually got those skills. That's what the training is; it gets that at the front of your mind.

**Terry Mellish:** I—

**Chair:** Can I bring in Catherine in? She's got a question, and then I've got a couple of other ones. I'll come back to you, Terry.

Q337 **Catherine McKinnell:** On a more practical level, to what extent do you advertise all roles as "Possibly flexible", "Available for job share", "Can consider part time"? Is that standard now?

**Joanna Place:** That is standard.

**Catherine McKinnell:** Okay, great.

**Angela Darlington:** Yes, 100%. Actually, we celebrate some of our job shares. We have a very senior male job share, which is a fantastic one. They work three days and three days; they set up work practices and they talk about it, which is a really important thing. Language is hugely important in a lot of this, and it is surprisingly undervalued. We have a little tool—I think it's called Textio—where you can run all your job adverts through it, and actually, it is really surprising. Because we have been in these organisations for so long, when we are creating a job advert we take the previous role profile, change the name on the top, and advertise it.

Q338 **Chair:** That is exactly what Susan Allen said last year. It's got degree qualifications, and to your point, why do we need a degree for it?

**Angela Darlington:** Even as subtle as words like "drive". Women get, "I don't drive things." I remember being coached to say "I" more, when I naturally say "we". I am a "we" person, and coaching me to say "I" more is really detrimental to my ability to answer the questions. There are now tools and techniques, and people have analysed these things. You can change words like "drive" to something else that attracts women, because they will naturally say, "Yes, that is what I do: I lead teams. I don't drive teams; I lead teams." There are those subtle differences, and as the organisation starts to understand them—it takes time to get that all the way down through the organisation.

The other thing is 100% of our roles are advertised as home working, flexible hours, dedicated policies and so on, and care leave as paid leave, for example—things that we do not talk about so often. Lots of women

take on the care responsibilities late in life as well, so having all those supporting policies and then targets and training is all part of the package to try and change this.

**Catherine McKinnell:** You are absolutely right, though: it is about men being as flexible as the women.

**Chair:** Absolutely. Terry, go on.

**Terry Mellish:** I am one of the few people, I think, at my level in asset management who did not go to university. For personal family reasons, when I was 15, I did my O-levels—because we did O-levels in those days—and then did my A-levels and decided I needed to go out to work to support my family, so that is what I did. I am incredibly passionate about that social mobility aspect of working in a firm like ours.

What I want to do is introduce, for example, a policy that looks at schoolchildren who do not want to go to university. Why shouldn't we take them in and train them up? If I can do it, anyone can do it, and I did it 40-plus years ago, when it was incredibly tougher and much more difficult than it is today, potentially. I am full on for that.

**Joanna Place:** The apprentice levy helps us with that, because we are looking at degree apprenticeships to bring school leavers on, for exactly that reason. It gives us more diversity.

**Terry Mellish:** We do lots of training; they've all got funny names like "Busting biases" or "Millennials at work" and stuff like that. We do a lot of that sort of thing, because it is important to everybody in the firm, and it is led by our global CEO, so that is brilliant. He is driving that whole push into—

**Chair:** Pushing it right from the top. Catherine, do you want to take on the next couple of sections on policies and flexible working?

**Catherine McKinnell:** Okey-doke.

**Megan Butler:** I was just going to reiterate from our perspective as an employer some of the things we have heard today, but I think the key point here is that there is no one solution to any of this; you've got to do all of it. You've got to do your unconscious bias training, not to break the unconscious biases but to make people aware of them.

You've got to have broad conversations about inclusivity and the different ways that manifests, so we do a lot of that. We have some of our most senior people talk about when they didn't feel included in an organisation, and we've found leaders showing vulnerability around aspects of this to be very powerful within the organisation. Words matter in the job ads; they're absolutely important. We do blind CV sifting—I am sure other people do that. We make sure that we have mixed panel interviews, so that you don't just get a single voice type in an interview context. We try to do all these things. We bring in apprentices and graduates. Obviously, you cannot do it just once; you have got to keep doing this, because those



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unconscious biases trickle back every day. There is something about never thinking this is done. It has got to be a way of thinking, and we are probably all at the early stages of ensuring that we have got that embedded across organisations.

**Terry Mellish:** Interestingly, we are working with executive search firms that are looking at the same policies as we are. They can help us with how to frame a job spec, what is looked for in recruitment and how to push those D&I things into our business more. That is really helpful as well.

**Megan Butler:** Absolutely.

**Chair:** That's good to hear.

**Kate Grussing:** I will just jump in there. I think all the firms in the financial services sector need to push their search firms more. It is more difficult to put together diverse shortlists, but it is essential, as a search consultant, if we are going to do good value not just by our candidates, but by our clients. I perceive that not enough firms push back when a search consultant says, "Sorry, there aren't any diverse candidates out there." The financial services firms need to say, "That's not good enough."

Q339 **Catherine McKinnell:** I was just going to go into a little bit more depth about some of the policies you have, and whether they are yet having the intended effect—looking at issues such as maternity and paternity. You have mentioned carer's leave as well. I know that the Economic Secretary, John Glen, said just last week at the Women in Finance Summit that there is little point in having the right policies on parental leave if new mothers or fathers—he said both—feel that taking that entitlement will affect their careers. We have focused on broadening that flexibility and ensuring it does level the playing field, but is there still an impact on career progression and pay progression that we have not yet quite got over the challenge of?

**Terry Mellish:** I personally think the UK is—*[Interruption.]* Sorry—you go ahead.

**Elaine Arden:** Carry on—you started.

**Terry Mellish:** I was at a fascinating presentation by an executive search firm one morning last week, where they showed us the UK's offering for paternity and maternity leave compared with, say, that of Sweden. Sweden is incredible. If I've got the number right, I think they offer 480 days of full paid leave after a child is born, which is incredible. If they can do it, why couldn't the UK do it? We have policies now. Actually, it is driven a lot by dads as well as mums—what they want from life once their children are born. We want them to come back—especially the mums—at the same level and in the same role. We have actually discussed—it is almost an affront to women—that we think working mums will want a calmer or easier life in some ways.

**Chair:** Some uninterrupted coffee, that's for sure.



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**Terry Mellish:** We've challenged that perception. Why shouldn't a mum come back and want to take on a role with us in Hong Kong or somewhere, just because they've had kids? We are looking at all those aspects, which are really important.

**Elaine Arden:** Maybe on that, obviously we talk about all of the normal policies, such as maternity and paternity. Shared parental leave is one—it is about encouraging male role models to take that up and tell their stories. One of the policies surprised us. We introduced a sabbatical policy, which means you can have a break of up to six months. It could be to go round the world or to look after an elderly parent—it's down to you. We thought we might have to encourage more men to take it up, because you have the sense that there is a kind of presenteeism or an expectation. In fact, 45% of the people who have taken it up in the last couple of years are men. I chatted to someone who was just coming back from a four-month break. I had spoken to him before he went off and said, "Look, this is going to go so quickly. You're going to get a great four months, but here, where we are, it's going to be superfast, and we're going to say, 'Oh, are you back already?'" He said it was exactly like that, and he felt that he slotted right in.

The key thing is giving people the choice up front: "Do you want to stay in touch while you do this, or actually is part of the point that you don't?" It is about having that conversation and giving people licence to go and do that and feel they can just slot back in. It has been really interesting to watch. We have had one or two very senior people take sabbaticals for different reasons, and people have thought, "Oh right, even they can do that." It has made a real difference to perceptions of what you are able to do around here.

**Angela Darlington:** I gave you our stats. We are in the middle of our experiment on equalising this. Alongside the stats goes the conversation you have. The conversations I had with guys in my team ranged from, "What's this going to do to my career?" to the women saying, "Great, you can empathise with me." That is creating a generation of leaders who have real empathy with that question. Only time will tell whether they come back and take on an equal weight of family life.

I think that younger generation are more minded to have a more equal home life and dual careers. That is more normal, so the more we can have policies internally that give people empathy on both sides, the greater chance we have of looking at both men and women and saying, "What would you like now? Would you like to carry on spending more time with your family, or are you going to focus on your career?" That is an open question we should ask everybody.

Only a small proportion of our population want to give up so much of their life to become senior, and that should be a conversation we have with our people, not an expectation. We are at the beginning of that, which is an equal conversation with men and women. It will take time for that to run through the system, because, by definition, these are the more junior people.



**Q340 Chair:** You are absolutely right about that. I am an ex-lawyer and worked in some of the big magic circle firms. There is an expectation that everyone is going to want to become partner and, "Frankly, if you don't want to become partner, we're actually not very interested in you." That was certainly the case when I was there. The law firms did develop a professional support role, which is what I ended up doing. Do you think organisations do as well as they should at having roles for people who are experienced but do not want to go into management?

**Angela Darlington:** Yes. By definition, the majority of people in our organisations fit into that camp. Other people have talked about all the various diversity streams we have, but carers and generations are really important diversity streams for us as well. What do we do to get people back into the workplace in later life and keep them, on a very different basis, as work evolves in later life—as people do more part-time work and retire slowly over time, rather than retiring in one portcullis? All that changes the conversation we have about our careers in our organisations.

**Q341 Catherine McKinnell:** Corinne, you made an interesting point about how, for many women, the priority is not pay but having flexibility. It will be interesting to see what effect the focus on creating this more flexible environment has on the gender pay gap. You would hope that both men and women will take up the opportunity to work more flexibly and fit work around their family lives. However, one of the risks is that it will be taken up mostly by women and it will only exacerbate the gender pay gap. Have you given some thought to where the stats are going at the moment?

**Tracey Newton:** The key thing with all those elements is moving us to a place where a female has a genuine choice about how they want to live their life and how they want to operate. There is something for me in a lot of the conversations we have been having about policies and aspirations and what we want to do. I think everyone is putting similar pieces in place, but the key thing is cultural—driving a culture that says it is okay to take up those policies, in which people believe and can see that those are real intentions.

There is a phrase we use quite a lot at YBS: "You can't be what you can't see". There is a whole piece for us around role modelling. When we publish our gender pay gap details each year, we build communications around that. In the first year, it was an interview with me, talking to somebody in our contact centre. The primary basis of that conversation was about me being a senior woman who is a very hands-on parent and how I had made those choices and made that work. Again, it was just about saying, "These things can happen." The following year we did a piece in which we talked to colleagues about the different barriers to their progression that they felt might or might not be there at different levels in the organisation. We had a guy do a piece about how working flexibly and having a day a week with his children had not affected him, and about how much he had benefited at YBS from doing that.

There is a whole piece here around how we should not be uncomfortable that that flexibility, which enables people to integrate life, career and



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aspiration in a really effective way, breeds commitment. Actually, that is what we want from our colleagues. We want them to feel that, but it is about making sure that it is a two-way piece, not the commitment out of fear that you describe, which is about thinking, "I can't get this elsewhere". The more other organisations say, "Flexibility is a given, it is how we want to operate and it is the right thing to do," the less colleagues will feel like they have to tolerate to have flexibility. You shift the dial to a much more two-way piece.

For me, our emphasis now should be on saying, "We have created these policies and these aspirations. How do we really bring this to life and show colleagues that it is appropriate and is actually happening? How do we create an environment where it is not acceptable for it not to be like that and where colleagues can call that out?"

**Megan Butler:** There is an issue around flexibility being a trap for people, on some level: you get yourself a working pattern that there is no way anyone else would tolerate or accept, even as a move in the organisation. That is something that we need to be very careful with as we implement our flexible working policies, as I suspect we all have.

The issue we tackle is around work allocation—not the main piece of the job, but the interesting extra things that we ask to be done, the emergency things and the special projects. There is a temptation to always reach for the usual suspects, but actually we should remember that some of these people may be just as open to doing those things. It may not be a promotion question, but it may well be a personal development question.

I think that there is a broader set of things that we need to think about for our people who are sitting in flexible working roles: what might their ambitions be, how can we meet them, and how do we have to challenge our standard set of responses to them? That picks up a little bit on your point.

**Terry Mellish:** I think flexibility is—

**Megan Butler:** I think it is a really important thing. I just do not think that as an industry we are quite where we need to be in thinking more broadly about that. It is a lot about role-modelling. I took six weeks off at the beginning of the year, because I wanted to be at home for my daughter doing bits of her A-levels. I did not talk about it, because actually on some level I was slightly embarrassed about it.

**Chair:** But now you are—on television.

**Megan Butler:** Actually, when I came back, I was told, "Stand up and talk about it," so I did. Again, that had a big impact, but I came back to the fact that even I, in my position, was embarrassed to talk about it because I was worried what people might think about commitment. There is something quite interesting in all that, but it shows the power of role-modelling.



**Kate Grussing:** I know that a remit of this Committee is that the financial services sector is an incredibly important engine for the economy in our country. We need the sector to be as productive and attractive as possible. Corinne mentioned the challenge that the bloom is off the rose a bit in financial services—at least among the young grads, relative to where it was when we started our careers and perhaps relative to something like the technology sector today. It is about the ability of financial services to show how much more attractive and how much more flexible the sector is. The culture in the past may have been one of presenteeism, but that has changed hugely.

You are right that we definitely have to challenge the preconceptions. Megan's example is a great one. We need to encourage more shouting about best practice and role-modelling. I would not pretend that every financial services firm is fantastic at flex working—they might have the right policies, but that is a long way from having the right practices—but succeeding at this will help the whole sector, which will help the economy.

**Chair:** I think everyone wants to come in. Terry?

**Terry Mellish:** We have almost a mandatory "You must work from home" approach in Natixis. In France, everybody has to work two days a week from home.

Q342 **Chair:** That is a company policy, is it?

**Terry Mellish:** Yes, it is. In London, everybody, male or female, is given the option to work from home. I took Monday off this week. Actually, when I work from home my productivity goes through the roof because I don't get any distractions. I read this whole report again, with all my new highlights, in less than two hours; I would never have been able to do that in the office, because you have people coming in and meetings to go to. When you have flexible working productivity improves. That is really important.

**Joanna Place:** I want to come in on Megan's point about opportunities in reaching for the usual suspects; we used to do that, it is very easy to do it, and then you don't give other people the opportunity. We introduced something on our internal intranet site called an opportunities board. For example, if someone in the Governor's office goes on holiday for two weeks they post on the opportunities board, "Do you want an opportunity to work in the Governor's office for two weeks?" and people can apply. It has been massively successful, because people have come out and said, "Actually, I would really like that." People that we didn't know. This has been going on for almost two years across the Bank, and has been massively successful in the visibility and development in confidence of a lot more people. It is a really simple tool using the internal intranet site.

**Corinne Carr:** I want to go back to your point, Catherine. Clearly, there are a number of good initiatives taking place that we are sharing today. The monitoring of the action plans is going to give us the answer as to whether they are working or not. Clearly, the end result and the evidence



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is going to be whether diversity targets are going up; they are the results of whether those policies and practices have been put in place. In turn, that will impact the gender pay gap and, if we look further down the line, the pension gap; that is a very big issue, which leads and feeds straight from the gender pay gap. The evidence will be in whether the diversity targets have been reached, once they have been communicated by organisations in their reports and publicly.

**Chair:** Elaine, you wanted to come in.

**Elaine Arden:** Just on your first point, Corinne, about how much stuff can be in the system in a big organisation. I think you said that we are all doing lots of similar things; it is the middle manager point that is key. I talked about that senior commitment tone from the top and about seeing this as really about good business. Then there is the bit about the high expectations of everybody to be in the conversation and chasing you down for actions, and so on; that's true.

I have been in HR for a lot of my career, and we can talk about middle managers as "the problem"—it is quite an easy place to get to—but it is a tough job to be a middle manager in a big organisation. There are a lot of demands on them, from all angles, so our challenge as leaders is to get to some things we think work and to try to get to that point on some of the programmes, and not drown them in everything.

To go back to that Government equalities thing—the behavioural science—what are the things that you try to do? An evidence-based approach that says, "We are trying this; this looks like it works. Push that harder; try and keep some of the other things over here." You need to be very conscious that you're trying to do this with people and you're trying to bring everybody with you. A few people talked about this, but a big part of it is balance networks. Ours is about 50,000 people; 10,000 of them are men. It is really important. That is another thing that has maybe changed in the last decade, or a wee bit more. It is seen as part of a bid that you need to bring people with you, and it not feel like it has been too done unto, with goals, encouragement, measurement and so on. Keep it really focused, which goes back to the tracking of the action plans.

Q343 **Chair:** You are right about the challenges for middle managers, but equally, presumably, there are some people who want to start a conservation—life changes, something happens or they decide they want a day a week to do something else. Is there an automatic yes if somebody asks for flexible working or is there a process? Is there an appeal process if somebody says no? How does it work at HSBC if somebody wants that?

**Elaine Arden:** Two things, I guess. We always encourage the local dialogue with the manager, and my team have an HR advisory-type thing. You do get people calling up to say, "I'm going to have this conversation with my manager. How should I have it?" or indeed, the manager sharing something. It can be quite rare; you can be in a small team and think, "Oh God, nobody has ever asked me that before, and I don't know." Again, it



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is a big employer so we have an advisory service where both colleagues can ask for a bit of advice and support.

**Joanna Place:** We have similar, but the assumption is yes. That is the culture. The assumption will be yes. We have 14% of our workforce officially working part time, but actually in senior management it is 18%. That is the role-modelling—it is seen as an accepted thing to do. So the assumption would be yes.

Q344 **Chair:** What about the culture of presenteeism, where people have got to be there? So it might be that there has been a yes, but actually there is a slightly snide look. The culture is, “Well, you’re not really pulling your weight in the team, because you are not here; you are leaving at 5 o’clock” completely ignoring the fact that somebody goes home, picks up children, logs on and does more work in the evening, as many people do. Is that an issue?

**Terry Mellish:** There has been a massive cultural problem historically in our industry in that unless you were there from 7 o’clock until 9 o’clock in the evening or something—one of my best mates in the industry went for an interview with one of the big American investment banks with an asset management arm. Not only did he have to go through 30 interviews—

**Chair:** Thirty or 13?

**Terry Mellish:** Thirty—three zero.

**Chair:** God!

**Terry Mellish:** The last one was at something like 9.30 in the evening with the CEO in London. The CEO asked him a question, and he saw loads of people dotted around the room, still working at 9.30. He didn’t want the job anyway, but he said, “The only reason all these people are here is because you’re here. As soon as you go, they will all go.” That has been the culture in certain parts of financial services for decades.

We are very flexible. I worked from home on Monday and I don’t work on Friday any more. We want to offer those opportunities for everybody from the top down. It is not just “there’s a woman, you can be flexible.” It is for everybody.

Q345 **Catherine McKinnell:** But is there not almost a new presenteeism whereby now you cannot get away from your work—you have your phone with you—so the new presenteeism is sending an email at midnight?

**Joanna Place:** I think as senior people you have got to be quite careful of that. I am often not in the office, actually, at 5 o’clock. I have gone by that time if I am doing a school run. I do tend to work a second shift, as it were, but there are certain people who do not like emails at midnight, so you have to put them in your drafts folder and remember to send them the next day. As a senior person, you have to accommodate that. I am quite careful about that. For me it is a choice that I do two shifts, but I have to think about colleagues—

**Chair:** Those who are at the receiving end.

**Joanna Place:** That's exactly right. Because even if I say that you don't have to read it, they will read it if it is there, and they will think that they have to respond. So you do have to be careful. But you are right that there is a sort of new presenteeism. Spot on.

**Terry Mellish:** But it is difficult in a global firm because we have got people literally from Australia to Alaska and they are all online at some stage of the day. Personally, I look at emails at 5 o'clock in the morning because I am a very early bird, and I turn it off at 10 in the evening. Nothing gets in the way of me turning it off. I am quite disciplined about that, but I do check everything on holiday because I would much rather come back to no mess and be able to look at it while I'm away. Culturally that is just me. I am very old school.

**Tracey Newton:** The key thing coming out here is having the conversation around the behaviour. We do small things. On the bottom of every email I send, there is a note that says, "I choose to work flexibly. I don't expect you to reply to this email." We must get more of our senior leaders doing that. It is a small thing, but it says something.

I am like you, in that I have a nine-year-old and I don't miss school, I don't miss sports days and events and things like that. But equally, one of the greater powers of that is that my team know that. So we have those conversations and you role-model that behaviour.

There are still challenges, however, around how you manage flexibility in an organisation where you are serving customers. The biggest shift for us has been rebalancing that conversation. We, too, have something called "Finding the Balance", a flexible working policy. We aim for our starting point to be yes, but we have started to move to having a better dialogue with colleagues. Colleagues have come to us with, "I want to work flexibly. This is how I think it could work for me, my team and my customer." Then you have a much more adult conversation where you can work that out and trial that through. That is a shift. We have been working with Working Families to help us to help our line managers to have that conversation, because you often find that if line managers are not comfortable doing that, it is easier to say no to everyone than yes to one person. I completely agree with Elaine that we forget how difficult it is for line managers at times to do some of these things, so it is about how we support them and how we give them that. I think a lot of it comes back to that contract with the colleague—we are here to serve a customer, so how do we do that in the right way, how do you work that in your team, and how do we have those conversations and find a route for that to work through?

**Megan Butler:** Middle managers do only what their bosses expect them to do, or what they think their bosses are expecting, so it is rough to blame the middle management layer for some of this. Actually, there is no getting away from the power of data in terms of presenteeism. We ask



everybody to record their time. Long hours are not regarded as a good thing.

Q346 **Chair:** Would that spark a conversation?

**Megan Butler:** It would spark a conversation with the leaders of those areas about what is going on there: "Are you under-resourced? Why do you have people in pockets not working or working ludicrously long hours? Do we need to give you more resources? Are they having a problem? What support do they need?" It is not regarded as a positive thing if someone's time recording goes through the roof in terms of hours. There is no getting away from the power of data.

**Angela Darlington:** It is not unique to financial services. We are all trying to figure out how to lead in this world where the technology could lead your work to drive you rather than you to drive the work. It is about having a grown-up conversation about what your rules are. Mine are weekends. I will not send you an email on the weekend unless there is an emergency, because that is my thinking time and my family time. As a leader, the more I say that, the more people believe me if I really do not send them emails at the weekend. That all becomes part of walking the walk. Laying out what your rules are and allowing other people to have different rules is really important, but it is not easy.

The technology, for women, is really freeing. We are no longer tied to a desk. Our work is our work, in many of our roles in financial services—maybe not so much if you are dealing with customers. For many of us, however, our work is not tied to a desk any more, which gives you incredible flexibility. You just have to have the discipline to have a life around that. Men and women have different challenges in that regard.

On presenteeism, our office is almost empty on a Friday now, particularly in London. A year or so ago, I said to my team, "You don't know where I am most of the time, because I'm not sat at my desk a large amount of the time. I don't really care where you are, as long as you're doing the work." If the alternative is commuting into London, people jump at the chance to work at home. With technology such as Skype, we can have meetings using technology.

The world of work has changed immensely over the last couple of years. As long as we keep on investing in those things and caring about people, because there are also problems with working from home around not having boundaries between work and the home. We have a vast range of challenges as leaders in modern organisations, which are not unique to men or women, actually.

**Joanna Place:** We have seen companies that have unlimited holiday, where it is up to you to choose how much holiday you want. We have not gone there, because the research shows that people take less holiday, because they feel a bit guilty about it. Speaking personally, for many years I took unpaid leave in the summer to cover the school holidays, whereas if it was unlimited, I would have felt a bit guilty about that. We



have not gone that far, because we think that it is helpful for people to have some sort of rules around the amount of leave, but we do not have core hours, so we do not say to people, "You have to be in by at least 10 and you can't leave until at least 2". We do not have any core hours, and that has helped presenteeism, I think, because people can be a bit more fluid.

**Corinne Carr:** Due to the nature of my work, I have probably worked for at least 25 different firms, so I have an overview across the sector. I would say that it very much depends on the part of the business that you are looking at as well. Some businesses, especially in the big banks, will be more prone to working regular hours than others. There is time of the year as well; you have pressure points during the year where a certain level of flexibility is expected. However, long hours do not just affect women. They affect men as well in a big way—in a way, even more than women, because there is definitely an expectation that they should be there and they cannot use outside of work reasons for not being there. That is really what I wanted to say, which is that it affects everybody, not just women.

**Catherine McKinnell:** I would say that men having to work long hours and not being able to use the same reasons to be off affects women, because obviously somebody in the household needs to pick that up.

**Q347 Chair:** In the last 10 minutes or so, I want to pick up on something you said, Terry. You mentioned getting pupils in from different backgrounds. One of the things that the Committee has been considering is how people focus very much on gender diversity, but there are other forms of diversity, including social background. For those of you who read the evidence, we asked at the end of last week whether the lessons from gender pay gap reporting could be transferred particularly to ethnicity pay reporting, which the Government have been consulting on. The message came back pretty loud and clear for the witnesses that that was a bad idea—not that pay reporting was a bad idea, but that gender pay reporting might not be suitable for that. There were some concerns about whether people might not self-declare. Within your organisations, have you had any thoughts about widening out the discussions around gender diversity to other forms?

**Joanna Place:** We have published our ethnicity pay gap for the last few years. We think it is a good thing. We have worked with our BAME network to increase the people who do disclose, which we think is very helpful for a number of reasons, not least because then the pay gap is a bit more accurate. So we have done that.

We also go into a lot of schools throughout the country to give talks about what the world of finance is about and what the Bank of England does. We do that not just at a senior level. Throughout our staff we encourage people to go out, and that has been really interesting. We went to some schools in St Helens recently. It was fascinating. They did not really know what the Bank of England or finance was. Many of them are potentially third generation unemployed and we just talked to them. I ended up



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talking to them mostly about my career paths, how I had gone to a state school and so on, and what I had done. Just for us to get out there is a good thing, but for people to hear directly from us and then potentially think about the Bank as a career has to be a good thing in opening their minds.

**Terry Mellish:** We, as a firm in the UK, partner with two east London charities. One is called Providence Row and the other is called Inspire! They both work with some desperately unfortunate and sad people. Providence Row is trying to get people out of sleeping rough in doorways—in London there are thousands of them—and into accommodation overnight or longer, and then into some sort of employment, often lower-skilled employment. Inspire! is the last resort for young people who are basically looking at skid row for the rest of their lives unless they can get some professional help. So we are supporting those two charities, and that is really humbling from our perspective, and also very informative. We look at some of those young kids and think there must be opportunities for them to be reskilled or retrained.

One of the heads of our sales teams went into an east London school two weeks ago to talk about the work that we do with charities and to talk about financial services, particularly asset management. So we are trying to grab those young people to try and get them to think about how this isn't a scary life. We say, "It could be incredible for you if you just looked at it in a completely different way."

**Kate Grussing:** I do think the progress with minorities in the financial services sector needs a boost. Disclosure, as we have seen with gender pay reporting, is a good thing. The challenge is getting it not to be seen as too rigid, but certainly I know most financial services firms are desperately keen to increase their proportion of BME talent. There are not any easy answers. Charities certainly help. There are fabulous organisations like Rare, which help financial services firms bring in BME recruits at a very junior level, but it is a much longer-term challenge than in gender where more than 50% of the population is female.

**Megan Butler:** In terms of BAME, the conversation around whether you should have targets or particular initiatives within organisations feels a lot like the gender conversation 10 years ago. A great many of those things are just as applicable in the context of BAME, and that is why, as an organisation, we have targets and mandatory objectives for all of our leaders around ethnicity just as much as we do around gender. We track pay and bonus differentials and all of those things in exactly the same way. The data is harder because we have colleagues who do not want to identify, but we are working to make people feel confident in their identification. Our numbers on that are getting better, which will mean that our data becomes much more reliable over time. Our general view is that, as a set of issues, they are just as susceptible as gender to the sorts of solutions that we have talked about here.

**Angela Darlington:** I would agree. Aviva would support more transparency on this. It takes time; I have to out myself as a gay woman



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from a working-class background fairly regularly, because people would assume that I am not any of those unless I tell them. We need to talk about the people who have got to the top of our organisations from different backgrounds. As with the gender reporting, we are competitive individuals and giving us something to aim for is hugely powerful. You will get there faster in that environment than you will in one where we choose to wait.

We do have to be careful about the data. We started collecting information about people's gender preferences and sexuality a number of years ago. In our first year, I did not declare myself because I was not sure what it would be used for. Now, we have a much higher rate because people can see that we are genuinely interested and we are using it to try to find out what the problems are in the organisation. We need to earn people's trust in collecting that data. Perhaps that is a reason to go slowly, but transparency is hugely valuable for speeding us up.

**Elaine Arden:** Echoing that, and going back to Joanna's point, I am conscious of the issues raised about data on ethnic minorities. I am really interested in what the Bank of England are doing, which is involving people. When people feel that something is done unto them, it is almost like we are reporting on them. As I understand, you have worked really heavily with the network and you have your self-declaration rates up. I think that is an approach that we may be able to learn from.

I echo everything else; I am really interested in the social mobility point. I do think that financial services is possibly much less privileged than people expect in terms of where it sources people and the sort of people who can get into the highly paid roles. As an industry, it changed in the late '90s or something like that. When I joined, as somebody from the east end of Glasgow sent to Edinburgh, I certainly felt completely out of my depth. As you know, that is like emigrating. But that was not for long; even when I joined HSBC a few years ago, I talked to a number of colleagues from some interesting but way less privileged backgrounds than people would expect. It is up to us to tell those stories and to let people see that.

**Q348 Chair:** What was the phrase that you used, Tracey?

**Tracey Newton:** The whole notion that you cannot be what you cannot see. Social mobility is a really tricky one, because you really cannot see that. Individuals are sometimes uncomfortable being at the other end of the spectrum at the moment. That is an interesting place to be.

**Joanna Place:** We did a cognitive diversity survey, to try to get to some of that. Inclusivity and diversity comes in all different shapes and sizes; there are some certain things that you can measure and see and some things that you cannot. It was very interesting for us to slice and dice the data about whether people were included in a different way. There was some social mobility stuff in there as well. It was very interesting.

**Q349 Alison Thewliss:** I want to introduce something brand-new to this discussion. What consideration is given to disability and progression



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through firms for people with disabilities? As much as it was hinted at earlier that women might stay in roles because they feel comfortable there, that is also true of people I have spoken to people who have disabilities, because reasonable adjustments have been made, their team know them and they feel it is a huge risk to try to move on. It might be useful to have further consideration of that.

**Chair:** Are there any initial thoughts from organisations?

**Elaine Arden:** Just things that have really worked in my experience: the Business Disability Forum, which I think is now trying to go global on guidance on practical things to put in place, such as how quickly you can make workplace adjustments. One of my colleagues sponsors this and has just taken it up. He has a hearing disability that you would not know, but he tells the story of how he got that. We are going to do the same here, which is focus on the key areas that the Business Disability Forum mentions. It kind of gives you best practice and what to do. We have a lot to do in that space.

**Joanna Place:** We have a disability network—we have had one for 10 years—and that has made a big difference. Our disclosure rates for disability are 76%, so not as high as for gender or ethnicity, but working with the network has really helped. We have done lots of practical things within that. We include mental health in that, if people want to disclose. We have done a lot on mental health as well, which is of course a much bigger topic.

**Chair:** It is a really good challenge to have wider diversity work, definitely.

**Terry Mellish:** The more that we are transparent and open, the more the stigma of being disabled or having a mental health problem and not wanting to tell anyone, or reveal your ethnicity or gender biases, is coming out. That is really healthy.

**Elaine Arden:** On what I said earlier about listening to people, I talked about wellbeing, and that led to a discussion on the menopause. Our chief executive is really passionate about the mental health thing because of the mental health issue. We are finding that just talking about that opens up a whole different set of conversations. People do not necessarily expect the senior leaders to be having those conversations, and that leads to so many other inputs from people. We think that we are at the start of something quite powerful in the organisation by focusing on that.

**Terry Mellish:** Speaking from personal experience, my son has MS, and I was talking to a female colleague at work about it and had absolutely no idea that she also had MS. She had never told anyone. She thought that it was apparent, but I said, "I didn't know it. I didn't see it. I couldn't see it in my son, and I didn't see it in you." That lady and my son now have a regular dialogue of sharing issues and concerns—"This is what I'm doing"—and it has been brilliant. That would never have happened if we had not had that open discussion.



## HOUSE OF COMMONS

Q350 **Chair:** Thank you very much indeed. Before we conclude, was there anything else? Was there a burning issue that we have not covered that you came armed with to tell the Committee and to add to the discussion?

**John Mann:** Or is there anything that you think the Committee ought to be doing that you think we are not doing?

**Corinne Carr:** I would say shine the spotlight on initiatives that are clearly conducive to achieving the pledges of the charter. In parallel, make sure that companies that pay lip service to the charter are contacted in some way.

**Chair:** I cannot say just how powerful it is when we have these sessions and people contact me. They are either keen or not so keen to appear, but are very happy to meet me privately to have a discussion about these issues. But that is a very good point. I noticed that a few times when people came up with or talked about initiatives in their organisations, a few others were writing things down. That is the great thing about borrowing each other's ideas.

I did not introduce John Mann, who joined us halfway through, but he is deputy chair of the Committee. I thank all our witnesses very much for being here this morning. It has been a really fascinating discussion, which I hope that you have enjoyed. For those watching, if there is anything else that they want to add, they are very welcome to send evidence and thoughts on this to the Committee. Thank you for now.