

EMPOWERING PRODUCTIVITY – A CHARTER FOR CHANGE

Kitty Debenham, Senior Professional Support Lawyer at Simmons & Simmons provides an overview of the Women in Finance Charter

As part of the Government's 2015 Productivity Plan, HM Treasury commissioned Jayne-Anne Gadhia to produce a report looking into improving the participation of women in senior management in financial services.

The recommendations in the report '*Empowering Productivity*' were immediately translated into the commitments required by those signing up to HM Treasury's '*Women in Finance Charter*' (published alongside the report).

HM Treasury published the first cohort of signatories on 11th October, with Lloyds Banking Group, Barclays, Credit Suisse and RBS (see article on p3) being early adopters. The first wave of signatories shows organisations are taking a mixed approach to target setting, with most including a numeric target aligned to a specific date for the increase in female representation in senior management, and a variety of methods as to how this will be achieved. Featuring among these are mandatory female candidates on shortlists for senior appointments, sponsoring or mentoring schemes and more 'family-friendly' working policies.

Firms in scope

The Charter is voluntary, but most firms in scope are expected to commit to the Charter.

The commitments are aimed at all financial services firms (as defined by the Financial Conduct Authority) with significant operations in the UK. It is primarily aimed at firms with over 250 employees but firms of any size are welcome to sign up.

The commitments

An organisation signing up to the **Charter** pledges to promote gender diversity by:

- having one member of the senior executive team responsible and accountable for gender diversity and inclusion
- setting internal targets for gender diversity in senior management
- publishing progress annually against these targets in reports on its website
- having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets.

Accountable senior executive

Within three months of signing the Charter, firms must appoint a member

of the senior executive team responsible and accountable for gender diversity and inclusion. The name does not have to be published, but details must be provided in confidence to HM Treasury.

Remuneration

Firms have discretion on how executive pay is linked to delivery, which employees are in scope and the proportion of bonuses affected. Details do not have to be published but firms must submit a short statement in confidence to HM Treasury to explain the link.

Firms that do not operate bonus schemes must explain their position on variable pay to HM Treasury.

Internal targets

Firms should set their own internal targets for gender diversity in senior management. Organisations have discretion on the detail of these targets and any narrative explaining the rationale for the targets and plans to achieve them. HM Treasury expects to see at least one numerical target.

Targets can be set on an annual basis or up to five years. Longer term targets may be set, after discussion with HM Treasury.

Reporting targets

Targets should be reported to HM Treasury within three months of signing the Charter.

They must be published on the firm's website on a page which is easily navigable with the targets being clear and easy to find. A link to this webpage will be published on the gov.uk website.

The webpage should include narrative text which explains why the targets have been chosen and how they can help improve gender diversity in senior management.

Firms have 12 months from setting their targets to report progress against the targets to HM Treasury and on the firm's webpage. Reporting progress against these targets will then be on an annual basis with the narrative explaining why the firm has or has not met their targets.

Next steps

In December 2017, HM Treasury will publish the first annual review on how signatory firms have performed against the Charter commitments.

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