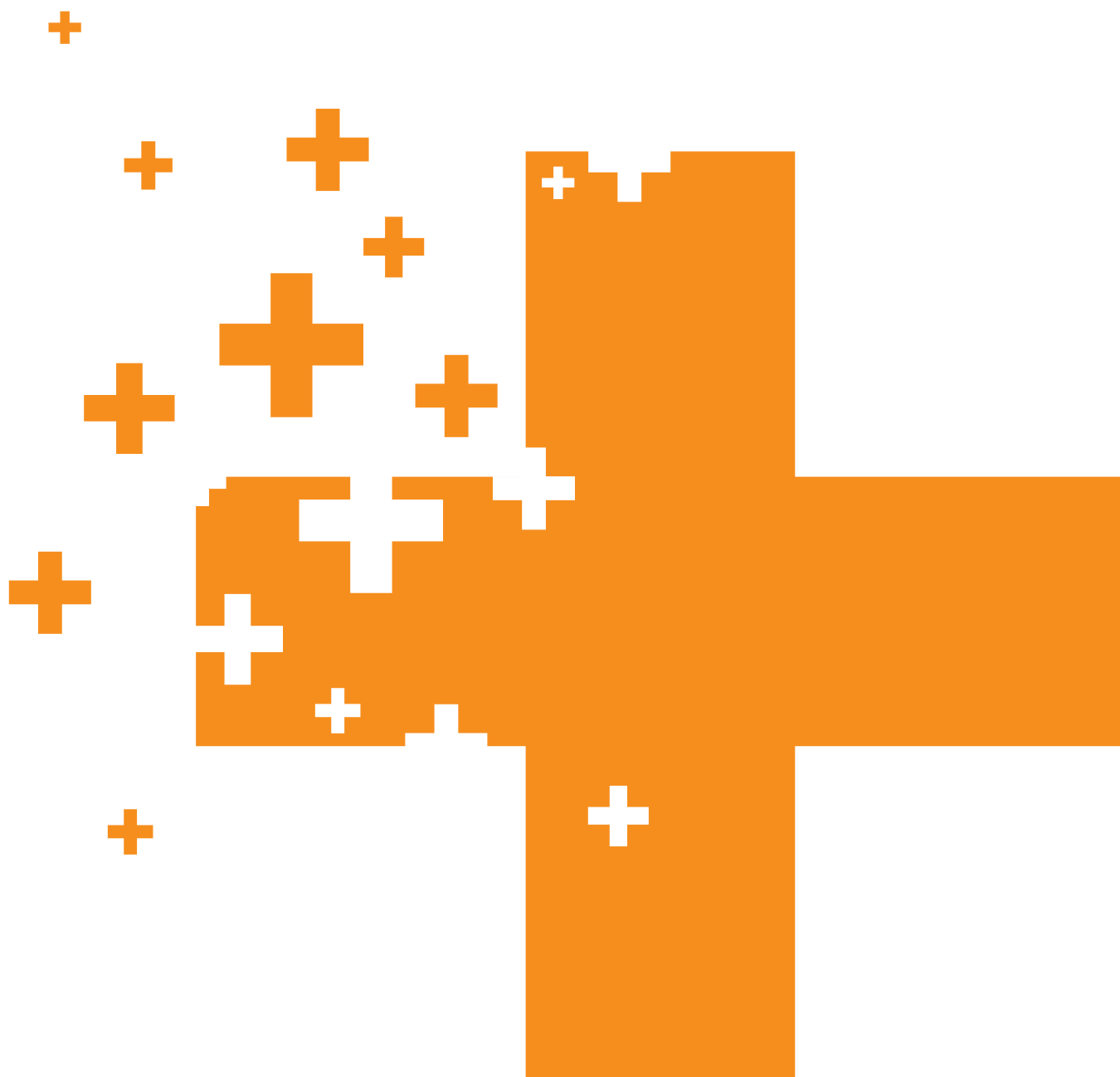


# Gender Pay Gap Report

**CDC, the UK's development finance institution**

April 2019



## The view from our CEO and Board

In this report we present our gender pay gap results as of 5 April 2018. We confirm that our calculations are accurate and meet the requirements of the Regulations.

There is a divergence in the trends of our mean and median average pay gaps: while the median has dropped from 33 per cent to 28 per cent, the mean has increased from 29 per cent to 30 per cent. With a relatively small workforce, small shifts in the shape of the organisation can have differing impacts on the mean and median numbers.

As we identified in our 2018 report, there are two drivers of our pay gap: the disproportionate number of men at director levels with commensurately higher salaries (particularly in our investment teams, which have traditionally been very male dominated) and the disproportionately high number of women in administrative roles. In the same way, our bonus eligibility criteria are set by grade and paid to a standard formula. Therefore, gender variances in these numbers reflect these same structural dynamics.

Although we are disappointed that these numbers show little change from last year, we are confident that subsequent reporting will begin to reflect the strides we have been making over the past year. This anticipated improvement is because much has happened since the publication in April 2018 of our April 2017 data:

- + We have worked hard to increase the representation of women in senior ranks and to build a strong pipeline of female talent. We expect that a growing number of women will be advanced to fill director roles as we build a more diverse team at every level;
- + Externally we have taken steps to attract more female applicants by modifying our recruitment practices – rewording job advertisements, insisting on gender-balanced shortlists and ensuring mixed interview panels;
- + We have expanded our search methods to find more female applicants, through membership of 100 Women in Finance and targeted job boards, and actively support hiring managers in breaking with stereotypes – for example by hiring a woman returning to work after a long career break;
- + We have trained our leaders in unconscious bias, scrutinised our promotions process and launched employee networks - all of which help us improve our procedures and policies and shape our future activities.

With all these changes and the progress made, we are proud to have become recent signatories to [HM Treasury's Women in Finance Charter](#).

We're committed to driving change outside as well as inside CDC. In the markets in which we invest, women continue to face barriers and we see it as our role as an investor to help overcome them. To that end, in 2018 we formed a new Gender team whose launch was marked by the publication of a [Gender Position Statement](#) and report on [Women's Economic Empowerment](#). We have underlined this commitment to gender equality by our investment in the pioneering organisation, TheBoardroom Africa, whose aim is to improve women's representation in boardrooms across Africa through its unique pool of peer-endorsed female leaders from over 45 countries across the region.

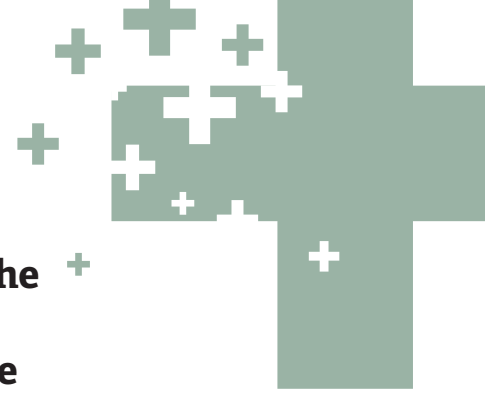
Over the past year these targeted actions have started to bear fruit. We are determined to continue to lead the necessary cultural changes across CDC to bring about sustained improvements and to realise the immense benefits of a truly diverse and inclusive organisation to women and men at CDC and in our portfolio companies.



**Nick O'Donohoe**  
Chief Executive Officer



**Laurie Spengler**  
Non-executive Director and Chair  
People and Remuneration Committee



**CDC is the UK’s development finance institution. Our mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people’s lives in some of the world’s poorest places. Through our investments we look to deliver on the UN’s Global Goals, which include improving gender equality.**

## Our vision

We’re determined to improve diversity of all types at CDC. Diversity has a positive impact on the well-being and career prospects of all our employees and helps us understand and meet the needs of our customers – the people, companies and markets in which we invest – so that we make better decisions and improve our business outcomes.

As well as improving diversity within our own organisation, we’re also committed to using our role as an investor to help close the gaps between men and women in the markets and companies in which we invest, as well as demonstrating to the wider investment industry the social and economic value of investing in women.

## Understanding the difference between equal pay and the gender pay gap

Equal pay means that men and women in the same employment performing the same jobs, similar jobs or work of equal value receive equal pay, as set out in the Equality Act 2010. It is unlawful to pay people unequally because they are male or female.

The gender pay gap is a measure of the difference between men’s and women’s average pay in an organisation. If an organisation has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

## Our results

### Our gender pay gap results

Mean average salary gap	<b>30%</b>
Median average salary gap	<b>28%</b>
Mean average bonus (LTDPP at CDC <sup>1</sup> ) gap	<b>25%</b>
Median average bonus gap	<b>30%</b>
Proportion of men receiving a bonus	<b>11%</b>
Proportion of women receiving a bonus	<b>6%</b>

The proportion of men and women in quartiles by salary from low (Quartile 1) to high (Quartile 4)

Pay bands	Male	Female
Quartile 4	<b>75%</b>	<b>25%</b>
Quartile 3	<b>52%</b>	<b>48%</b>
Quartile 2	<b>46%</b>	<b>54%</b>
Quartile 1	<b>22%</b>	<b>78%</b>

<sup>1</sup>CDC does not operate an annual bonus scheme, but some employees are eligible for a long-term development performance plan award. This award is linked to the development outcome and performance of CDC’s portfolio. It is determined by tenure and capped relative to an individual’s salary. More information can be found in our Annual Accounts on [cdgroup.com](http://cdgroup.com)

## Delivering on our plans

Throughout 2018 we worked to improve gender diversity within CDC and to increase the participation of women in the workforce of the companies in which we invest. Alongside gender, we are committed to improving diversity more broadly as we strive to build a more inclusive and dynamic organisation.

Diversity is a top priority for all our leaders. It's a standing item on our Board's People and Remuneration Committee agenda, and our gender diversity target is embedded in our corporate objectives. In April 2018, when we produced our first gender pay gap report, we set a target to fill at least 30 per cent of director level roles and above with women by 2023. In just one year, we've increased the proportion of women in these roles by seven percentage points, from 18 per cent to 25 per cent. Emboldened by our progress we've raised our target for 2023 to 34-36 per cent. Achieving this target will rely not only on recruitment and internal progression, but on retention of our senior women, which is also a key priority.

To help progress towards our target, we've consulted with women across the organisation. We brought together an advisory group of senior women to help identify what needs to change and their recommendations have guided our recent activities.

## Changing our culture

Change is led from the top. Over the past year we've trained our Board members, Executive Committee members and team directors in unconscious bias and inclusive leadership behaviours and commenced work to refresh our company values to promote a more collaborative and inclusive workplace.

We've encouraged employees to set up employee networks and now have three: She works, our gender network; Caring works, for parents and carers, and Pride works, representing our LGBTQI+ colleagues. Members of these networks come from all parts of our organisation and have informed our policies, such as our newly-launched informal flexible working policy.

## Using data and insight

We partner with leading external specialists to help illuminate our blind-spots and design our interventions. For example, we opened our promotion discussions to the scrutiny of occupational psychologists who are specialists in understanding unconscious bias, and have made changes to the process following their recommendations.

An analysis of our data on promotions over the past five years has shown that men and women progress at the same rate. There is a good balance of men and women in quartiles 2 and 3 of the organisation so, by focussing on internal development and progression of colleagues, particularly from quartile 3, we expect the improvements that we are beginning to see in the percentage of women at senior levels to continue.

Nevertheless, there is a lower percentage of women in our Investment teams at all levels, so our focus in those teams is to identify ways to increase their number (this lower percentage, coupled with higher salaries in Investment roles, is one of the drivers of our gender pay gap). The attrition rate for women in our senior Investment roles is lower than that for men in equivalent roles, and through our interventions – such as coaching support for returning mothers – we hope to continue to create an inclusive workplace where women want to stay and develop.

## Ongoing and future activities

The requirement to publish one-year old data means we are disappointed that our progress and recent successes are not reflected in our figures, particularly the material increase of women in the top quartile. The actions we have taken have enabled us to make good progress, and we will continue to focus on changing our behaviours, processes, policies, communications and support systems. Data analysis will continue to inform our decisions.

Increasing the development opportunities for women is an area of growing importance for us. We have introduced a mentoring programme, initially targeted at women, and aim to provide a broad range of specific training courses to equip women to take up senior positions at CDC.

Looking at job design, we're understanding more about the challenges facing women at CDC – for example the requirement to travel – and exploring how to help working parents and carers to balance the needs of their family and their job, as well as ensuring women are safe and treated with respect when they travel.

Our new policy on informal flexible working is being taken up, but we have more work to do to ensure that all our managers feel confident to make the shift required to manage work produced rather than time spent in the office.

Finally, we're taking steps to ensure that women and ethnic minority employees are fully represented in the various decision-making forums of the organisation so that everyone, at every level, can fully contribute to our mission.





Investment works

CDC Group plc  
123 Victoria Street  
London SW1E 6DE  
United Kingdom  
T +44 (0)20 7963 4700  
E enquiries@cdcgroup.com

**cdcgroup.com**

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