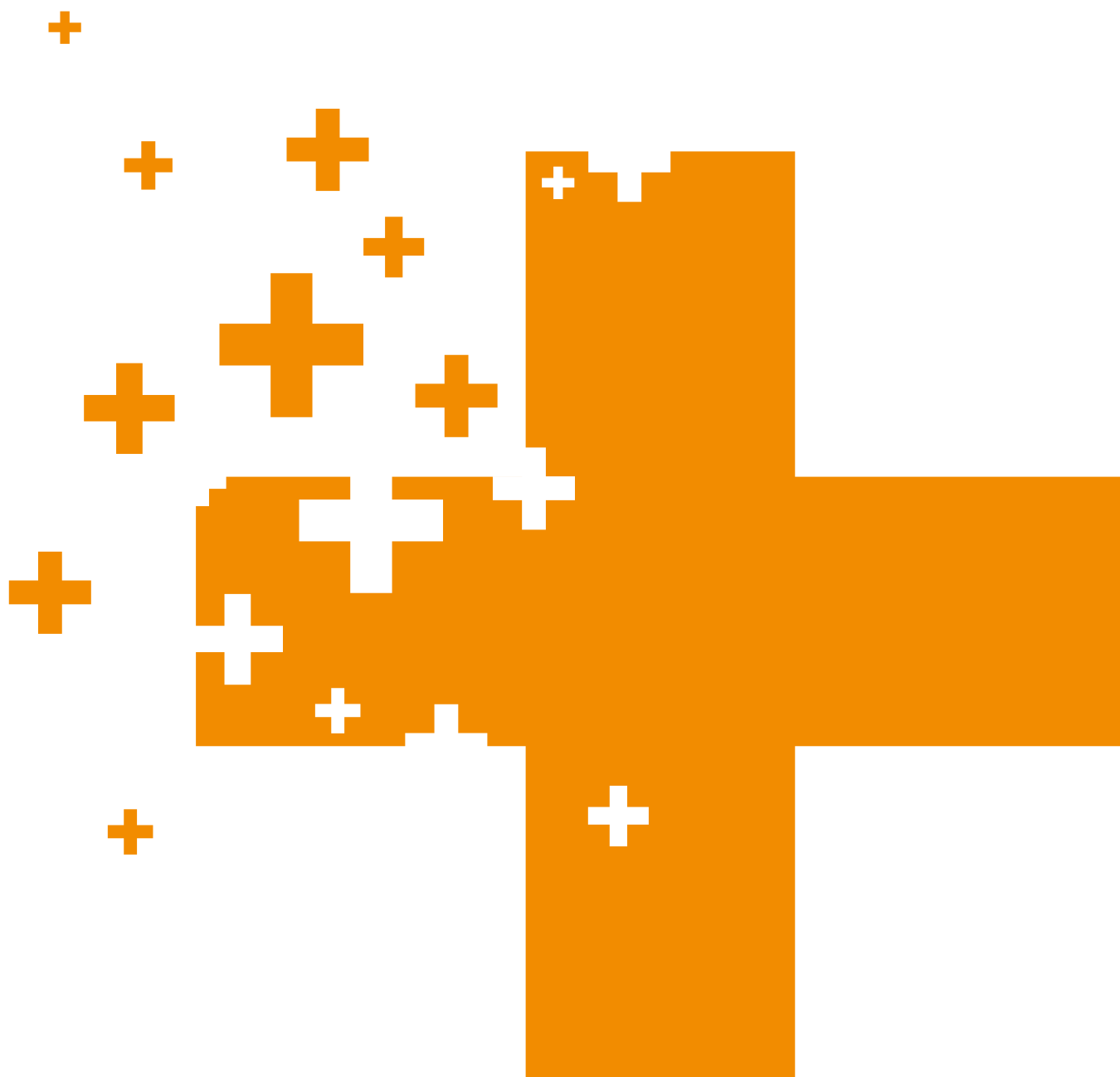


Gender Pay Gap Report

CDC, the UK's development finance institution

April 2020



The view from our CEO and Board

In this report we present our gender pay gap results as at 5 April 2019. We confirm that our calculations are accurate and meet the requirements of the Regulations.

Between 2018 and 2019, our mean pay gap has decreased by one point from 30% to 29% while the median was unchanged at 28%. This is disappointing given the increase in the proportion of women in the top quartile during the period. The CDC gender pay gap is the result of a disproportionate number of men at director level with commensurately higher salaries (particularly in our investment teams which have been traditionally very male-dominated) and a higher percentage of women in our most junior roles, and, at the mid-levels, a greater proportion of women in lower-paid functions.

Although our gender pay gap remained almost static in the year to April 2019, the percentage of women in the top quartile improved markedly – up 11 points from 25% to 36%. This reflects the success of deliberate actions we are taking to increase the representation of women in senior ranks and to build and promote a strong pipeline of female talent. We were proud to have been recognised by the Employers' Network for Equality and Inclusion in 2019 with a Bronze Award for our work in improving diversity and inclusion. In the last year we have become signatories to HM Treasury's Women in Finance Charter. In light of the progress we have made in increasing the proportion of women in director roles, we have raised our target to 34-36% by 2023. The Board and Senior Management are committed to building on our actions taken over the past year and to reaching this target as soon as possible.

Over the period, the mean bonus gap reduced by 8 percentage points to 17% while the median bonus gap was 44%. This differential is driven by three factors associated with the structure of CDC's long-term incentive programme (LTDPP) which is based on tenure and where eligibility differs by function. There are more women in functions that are less well-paid in CDC's UK market, and in which eligibility to participate in the bonus scheme begins at a more senior level - and then initially at a lower rate. Where eligible, women's tenure in the scheme is often shorter, due to a recent promotion into an eligible role.

Finally, although we are promoting at least an equal number of women and men into our most senior roles, the need for additional external recruitment into these roles – a facet of the organisation's rapid growth – is still disproportionately male, diluting the concentration of women at senior levels. To address the continuing challenges of attracting men and women in equal numbers, particularly into investment roles and senior management, we have modified our recruitment practices – rewording job advertisements, insisting on gender-balanced shortlists, ensuring mixed interview panels and introducing more flexibility into our working practices. Over the coming year we are planning more targeted improvements, especially in how we source candidates. Specifically, we will be sourcing candidates from a wider range of career and educational pathways as we seek to identify capabilities aligned with CDC's needs for the future.

We are utterly committed not simply to reducing our gender pay gap but to driving the advancements which create sustained culture change in our organisation. Our efforts are intended to make CDC a uniquely rewarding place to work and to provide a purpose-driven career opportunity for all our employees.



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. We help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation. Through our investments we look to deliver on the UN’s Sustainable Development Goals, which include improving gender equality.

Our vision

We continue to prioritise improving diversity of all types at CDC and creating an inclusive working environment which enables everyone to thrive. The case for a diverse and inclusive organisation is established: the positive impact on employees across our increasingly geographically distributed organisation, the advantages of tapping into the widest pool of talent and the business benefits of being able to understand and connect with the people, companies and markets in which we invest so that we make better decisions and improve our business outcomes. By many benchmarks CDC as an organisation is highly diverse, but our diversity is not always evenly distributed within the different levels or functions.

As well as improving diversity within our own organisation, we are 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 salary gap	29%
Median salary gap	28%
Mean bonus (LTDPP at CDC ¹) gap	17%
Median bonus gap	44%
Proportion of men receiving a bonus	48%
Proportion of women receiving a bonus	21%

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

Pay bands	Male	Female
Quartile 4	64%	36%
Quartile 3	52%	48%
Quartile 2	46%	54%
Quartile 1	14%	86%

¹CDC 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

Delivering on our plans

In the year since we last published our gender pay gap, we have continued to make changes which we believe will help us to achieve a balanced organisation over time, particularly in the area of cultural enhancement and strength.

Monitoring our activities

We report monthly on the gender balance of our teams and of our progress towards achieving 34–36% of our director population being female by 2023.

We assess our promotion and progression decisions to ensure they reflect the gender balance of the talent pipeline. We focus on career development and aim to ensure that individuals are promoted only if they satisfy the requirements of the technical and behavioural competencies for their role.

We test employee feedback to our diversity and inclusion work through targeted questions in our annual engagement survey.

The ratio of male and female recruitment candidates, which is monitored for all our hiring activities, is considered before successful candidates are made an offer of employment, and is captured in our offer documentation.

Values and behaviour

In April we launched an updated set of company values which places collaboration and caring at the heart of our culture. Our values convey a strong emphasis on our belief that our diversity helps us take a wider view, generate deeper insights and better ideas.

It takes time to shift culture and we have been doing this by gradually embedding our values and behaviours into the firm, including into how we manage people – our performance feedback and assessment mechanisms, the training we give our line managers which emphasises emotional intelligence and inclusive leadership, and our recognition programme. We have translated the values into a set of standards – the behavioural competencies noted above – which articulates how we expect everyone at CDC to behave towards one another, from our Board members through to entry-level positions.

Policy improvements

We believe that parity between women and men will only be achieved when there is an equal sharing of domestic work and child care. We have therefore focussed efforts on improving our family policies, for example by enhancing our maternity, paternity and shared parental leave provisions which apply equally to women and men.

We have improved our support to expectant mothers by publishing new maternity leave guidance and building connections through periodic pre-maternity coffee chats, alongside the personal coaching sessions we already offer before, during and after maternity leave. This support has contributed to a high retention rate of returners. We have also published a new IVF policy for women and men, recognising the stresses put on parents wanting to conceive.

We take measures to fulfil our Duty of Care towards all our staff. Along with health and wellbeing, this encompasses our travel security and safeguarding policies, both of which have a gender dimension.

Flexible working

We continue to encourage more flexible working which has been a consistent request through our staff surveys and feedback from our employee networks. This has meant upgrading our IT infrastructure as well as training managers on how to manage teams working flexibly and remotely, and on drawing up workable team plans. Greater flexible working has involved a cultural shift for some and of course always needs to be balanced with the needs of the organisation. We are making good progress and managers now feel more comfortable that, with greater flexibility, productivity can be maintained, even improved, and employee engagement and loyalty enhanced.

Employee diversity networks

In 2019 we launched a women's network – She works – with a very active committee, alongside Pride works, our LGBTQI+ network, Caring works, for parents and carers and our ethnicity network, Umoja works.

Together with events such as a Women of the Board seminar series and networking evenings, She works convenes mixed, women-only and men-only focus groups for employees to raise and explore issues of concern for CDC's female employees. Their insights and recommendations have helped inform our activities, from providing better security training for female travellers to improvements in the promotion process.

Governance

To strengthen governance of our diversity and inclusion commitment, planning and activities in 2020, we have set up a D&I Steering Committee. This is chaired by a member of the Executive Committee and includes members of our employee diversity networks and international offices. In addition, the People and Remuneration Committee of the Board (PremCo) discusses diversity and inclusion matters as a standing item at each Committee meeting. PremCo also invites members of the various employee diversity networks to present at PremCo meetings, strengthening the connection between CDC staff and the Board.

Learning and development

Expanded training programmes are vital to strengthening the CDC culture consistent with our values. We have launched a five-module line manager training course which has emotional intelligence as its foundation. Using role playing with actors, we teach managers to give honest performance feedback in a constructive way. Research shows people are sometimes less likely to give direct, developmental feedback to women.

We have also increased our technical training, particularly training our investment staff in Board Director skills to equip staff of both sexes to join the Boards of the companies in which we invest.

We provide support and guidance to develop mentoring relationships across the organisation and are exploring opportunities to include relationships with Development Finance Institutions in other countries.

To empower staff to step in when they see behaviour which falls below our expected standards, we are running 'bystander' training this year. Our aim is to equip employees with the skills to intervene with confidence when they witness inappropriate behaviour that might include more subtle micro-inequities and micro-aggressions towards, or by, our colleagues and clients.

Career development – building the talent pipeline

Responding to feedback from our employee survey for more guidance and opportunities for career development, we have launched a career navigation tool, along with a mentoring programme and more global assignments.

We have instituted an annual talent review to help us identify and accelerate our future leaders. We are pleased that our data shows an improvement in the numbers of women making their way into more senior levels in the organisation - which reflects our success in promoting women at the same rate as men through the firm.

Whilst promotion of women is good news, we are not yet as successful at hiring women into senior roles. This has remained a more difficult area to change and is a focus for 2020, although we are proud to have hired a woman to join our Executive Committee, and another to head our Kenya office, whilst also significantly improving the gender balance in our investment teams in India in the last year.

Expanded memberships

In addition to being signatories of HM Treasury's Women in Finance Charter, we are members of Working Families, Carers UK and the Employers' Network for Equality and Inclusion (enei). We are proud to have been awarded a Bronze Award in 2019 by the enei for our action towards creating a more inclusive workplace.

Gender in our markets

Externally we continue to advance our commitment to gender equality, setting up the Gender Finance Collaborative of 14 Development Finance Institutions to ramp up gender smart investing with women entrepreneurs, leaders, employers and the products and services that support women. We are also founding members of the 2X Challenge, an initiative launched at the G7 in June 2018 which seeks to invest and mobilise \$3bn into women's economic empowerment by 2020.

Collecting gender disaggregated data across the markets and companies that we invest in is also critical to helping us understand how to further identify and close gender gaps. Over the past year, we have been leading a task force in collaboration with the broader impact investing community to create and harmonise key gender metrics to be tracked across investments over time and to help us continue to identify where challenges and barriers for women remain.

We also work directly with the businesses in which we invest to identify and close gender gaps, often drawing on our internal approaches such as by providing unconscious bias training, female mentorship programmes and advocating for higher representation of women on boards and in senior management.

In December, we published a Good Practice Note on Gender Based Violence and Harassment, a collaboration between CDC and the International Finance Corporation (IFC).





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