

Gender and Ethnicity Pay Gap Report

**British International Investment plc,
the UK's development finance institution**

April 2022



The view from our CEO and Board

In this report we present our gender pay gap results as at 5 April 2021. We confirm that our calculations are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations. In addition, although we are currently only required by law to publish our gender pay gap, for the second year we have also calculated our ethnicity pay gap and are pleased to be reporting here on both gender and ethnicity. This reflects our commitment to identifying and addressing our pay gaps and to driving a sustained inclusive culture through greater diversity and participation.

Between 2020 and 2021 our mean gender pay gap reduced by five points from 30 per cent to 25 per cent; the median remained constant at 31 per cent. The gender pay gap is not a result of paying differential salaries to men and women doing comparable roles – indeed such a policy would be illegal. At British International Investment it is the result of two main factors. First, a disproportionate number of men are at director level and above with commensurately higher salaries; second, a higher percentage of our female employees are in more junior administrative roles and in roles within our more operational areas (which are less well-paid than roles within our Investment teams).

It is encouraging that the pay gap has narrowed, and that female leadership among our UK-based staff (directors and above) increased in the year to April 2021 from 33 per cent to 36 per cent. This reflects the success of deliberate actions we have continued to take to increase the representation of women in senior ranks through recruitment and promotion from our pipeline of female talent. Given that we have now met our original Women in Finance Charter target of 34-36 per cent female directors (and above) by 2023, we have formally set a new target, aiming for 40 per cent of our director population to be female by 2023, reflecting our Board and Senior Management's aspiration to raise our sights and keep challenging ourselves.

The gender pay gap, however, is driven by the whole population, and our senior leaders only made up around 19 per cent of our UK headcount in April 2021. We have continued to be successful in recruiting female talent at all levels; more than half of recruits within the period were female. While we have seen a welcome increase in the number of females at director level and above, the number of females in the middle levels of the organisation has reduced slightly, and our most junior roles remain overwhelmingly female, all of which contributes to the gender pay gap.

As to the gender bonus gap, over the period the mean gap reduced by 12 points from 32 per cent to 20 per cent, while the median bonus gap fell from 52 per cent to 33 per cent. This gap continues to be driven by factors associated with the structure of our former long-term incentive programme (LTDPP) which was based on tenure and where eligibility differs by function. This plan has been replaced with a new programme which is expected to narrow the bonus gap figures, although payments under this scheme will not be made until 2023.

Turning to our ethnicity pay gap, which we have again calculated using the same methodology as for the gender pay gap, this showed a mean pay gap of 11 per cent (and a 10 per cent median) for black, Asian and minority ethnicity colleagues (BAME) compared to white colleagues. At 11 per cent, the ethnicity pay gap is smaller than our gender pay gap and is the result of BAME employees being more consistently represented across the full pay range than female employees. As with gender, the way to reduce the pay gap is to increase the number of BAME colleagues in senior, more high-paid roles. However, comparison of BAME employees as a group generally masks specific pay gaps experienced by Asian and black employees. Representation of black employees (and the much smaller group of ethnic minority employees who do not identify as Asian, black or white) decreases slightly as salaries increase, while Asian employee representation increases across the first three quartiles.

Analysis of our talent pipeline tells us that the speed of promotion does not differ by ethnicity or gender. We are promoting at least an equal number of women and men into our most senior roles and recruiting women into director roles at a higher percentage than their current representation in the director population, both of which help move us towards our gender target.

To maintain the same focus on increasing ethnic diversity as well as gender diversity in our senior team, we have set a target for black leadership of 11 per cent of our UK-based staff by 2023. We have also become signatories of the Business in the Community Race at Work Charter. In 2021, we were proud to be recognised by the Employers' Network for Equality and Inclusion with a second Silver Award for our work in improving diversity and inclusion, as well as being signatories of HM Treasury's Women in Finance Charter.

We continue to focus on developing and maintaining a talent pipeline that is balanced, both by gender and ethnicity. To address the continuing challenges of attracting diverse candidates, particularly into investment roles and senior management roles, we continue to monitor our recruitment practices, such as insisting on diverse shortlists (and keeping some roles open for longer to do this), engaging specialist, diversity-focused search firms and ensuring a good mix of interviewers.

We remain committed to reducing our pay gaps and improving gender and ethnicity representation throughout the organisation. We will do this by embedding sustained culture change and continuing our efforts to make British International Investment a diverse and inclusive workplace enabling all our people to pursue a fulfilling and purpose-driven career.



Nick O'Donohoe

Chief Executive Officer



Dolika Banda

Non-executive Director and Chair,
People Development and
Remuneration Committee

Important note

On 4 April 2022 CDC Group plc became British International Investment plc. Although all historic data and past actions in this report relate to CDC, for the avoidance of confusion, British International Investment has been used throughout this document.

British International Investment 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 aim to deliver on the UN's Sustainable Development Goals, which include improving gender equality.



Our vision

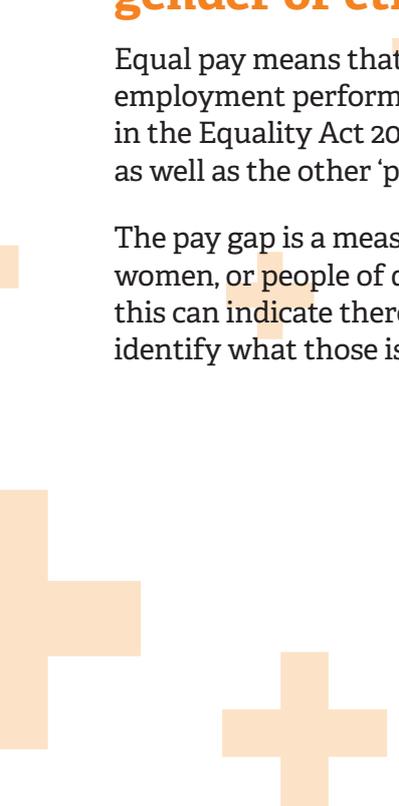
We continue to prioritise improving all types of diversity and creating an inclusive working environment which enables everyone to thrive. The case for a diverse and inclusive organisation is established. The positive impact on employees across our increasingly geographically distributed organisation is clear, along with the advantages of tapping into the widest pool of talent. We also see 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, British International Investment 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 support inclusive development. This includes helping close the gaps between men and women in the markets and companies in which we invest; promoting black African business owners and promoters on the African continent within our portfolio; and demonstrating to the wider investment industry the social and economic value of investing in women and indigenous businesses.

Understanding the difference between equal pay and the gender or ethnicity pay gap

Equal pay means that men and women, or employees of different ethnic backgrounds, 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 on the grounds of gender or ethnicity, as well as the other 'protected characteristics' which include sexual orientation, age and disability.

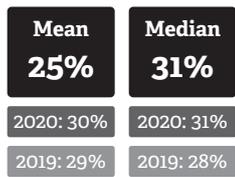
The pay gap is a measure of the difference between the average pay in an organisation – of men and women, or people of different ethnicity. If an organisation has a particularly high pay gap for a group, this can indicate there may be issues to deal with, and the individual calculations can help us to identify what those issues are.



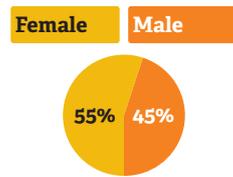
Our results¹

Our gender pay gap results

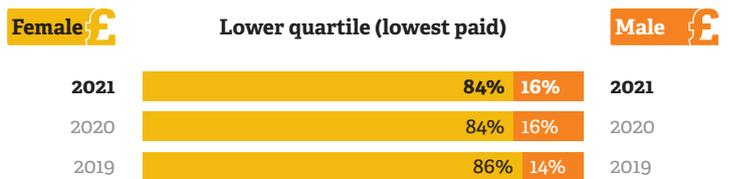
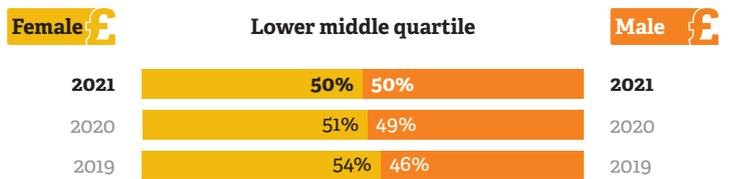
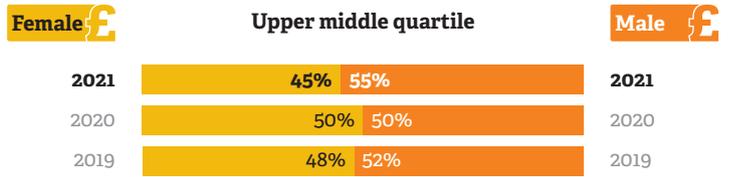
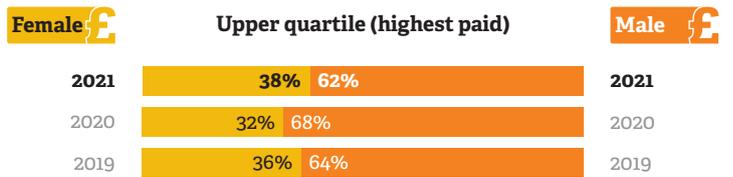
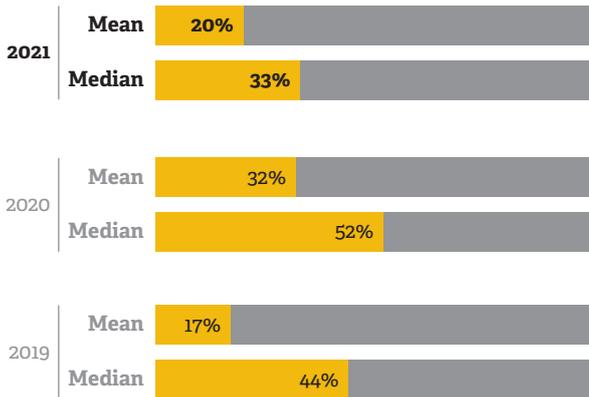
The gender pay gap



Our gender split

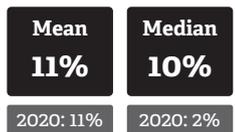


Gender bonus gap

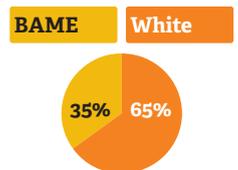


Our ethnicity pay gap results

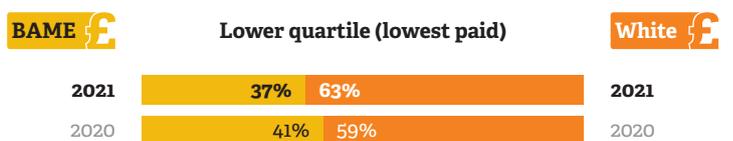
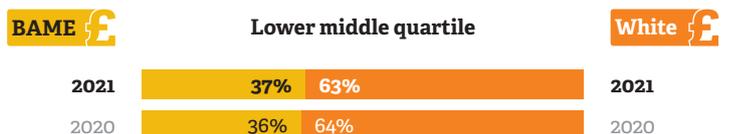
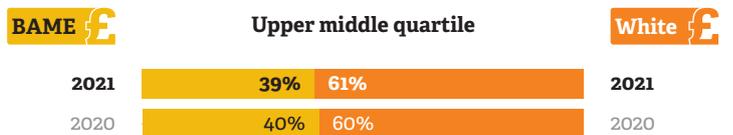
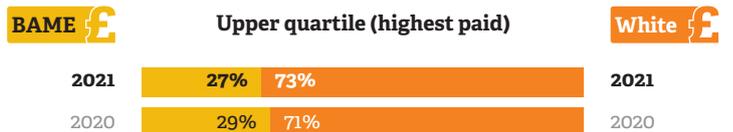
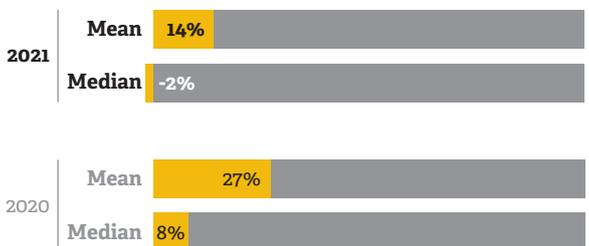
The ethnicity pay gap



Our ethnicity split



Ethnicity bonus gap



¹We do not operate an annual bonus scheme, but at the time of reporting some employees were eligible for a long-term development performance plan award. This award was linked to the development outcome and performance of our portfolio. It is determined by tenure and capped relative to an individual's salary. More information about the scheme, and its replacement, can be found in our Annual Accounts.

Delivering on our plans for reducing the pay gaps

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 more balanced organisation over time. Alongside gender and ethnicity, we are committed to improving diversity more broadly as we work to strengthen our culture and build a more inclusive organisation.

Monitoring our activities

We report quarterly on the gender balance of our teams and of our progress towards achieving our female leadership target by 2023. As noted above, given that we had reached 36 per cent by April 2021, we have now raised this target to 40 per cent by 2023.

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

We gather employee feedback on our diversity and inclusion work through targeted questions in our annual engagement survey. In 2021 we underwent the EDGE Plus gender certification process, a global assessment of gender and intersectional equity within organisations. We have used the results of the EDGE Plus all-employee survey (which captured feedback by gender and ethnicity) to help us develop our plan of future activities.

We monitor our recruitment pipeline by gender and ethnicity. We ensure that this information is reviewed before successful candidates are made an offer of employment.

Setting and meeting our ethnicity target

To accelerate our progress on increasing representation, we have set ourselves a challenging target for black leadership in our senior UK-based staff, aiming to increase from 7 per cent to 11 per cent of black directors and above by 2023. This target is informed by the UK's Office for National Statistics data on the London labour market's ethnicity profile, as projected to 2023.

We aim to meet our ethnicity target in several ways. We have increased our focus on recruiting diverse talent, while ensuring that all our processes are fit for purpose, and that our hiring managers have had awareness training on unconscious bias as part of the overall inclusive leadership training. Our performance management process takes into account performance against technical and behavioural competencies. It also looks at individuals' contribution to the wider organisation and our corporate objectives. We ensure that our talent review process is inclusive when identifying and developing talent.

Values and behaviour

Our company values aim to promote high standards of behaviour. Our values of collaboration and caring are at the heart of our culture; they underline our belief that inclusion and diversity help us take a wider view, generating deeper insights and better ideas.

We continue to embed our values and behaviours within the organisation, including how we manage people – for example, our performance feedback and assessment mechanisms, and the training we give our leaders and line managers. We translated our values into a set of standards – the behavioural competencies noted above – which articulate how we expect everyone at British International Investment to behave towards one another, from our Board members through to entry-level positions, and we measure candidates on their behaviours in line with our values when making promotion decisions. We periodically provide feedback to the Board on the cultural health of the organisation against a wide set of metrics.

Policy improvements

We believe that parity between women and men will only be achieved when there is an equal sharing of domestic work and childcare. 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. Wherever possible we apply our policies globally.

We provide support to expectant mothers through maternity leave guidance and build 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 very high retention rate of returners. We also have an IVF policy for women and men, recognising the stresses put on parents wanting to conceive. We have also developed guidance around menopause and women's health in general.

We are carrying out an ongoing review of our policies to ensure that the language used and benefits provided are inclusive (for instance in respect of same-sex partners).

Our broader approach to diversity and inclusion

Speak-up mechanisms

Our aim is to foster an environment of psychological safety in which everyone feels able to speak up and share their views and opinions. Alongside expanded inclusion training for managers and staff, we have enhanced confidential channels by which employees can share a concern so that we can address issues swiftly and effectively. These channels include an anonymous 'concerns register' and an informal grievance process, as well as a small group of employees from within the organisation who have been appointed to provide a point of contact for staff independent of HR.

Flexible working

We know that women, in particular, stand to gain from increased flexibility. In common with many other businesses, as the pandemic restrictions have been lifted, we have used what we learned during that challenging time to improve our flexible working offering. Our periodic surveys tell us that employees adapted well to working from home but also missed having the opportunity to meet in person. Managers now feel more comfortable that, with greater flexibility, productivity can be maintained, even improved, and employee engagement and loyalty enhanced. We have adapted our office set-up to promote more collaboration and social interaction within informal meeting spaces. We now offer hybrid working arrangements to all our staff where practical, with an expectation that they will come to the office for four days every fortnight. We are also sensitive to the needs of parents with young children, and carers.

Employee diversity networks

We have four well-established networks: Umoja works, a network for employees associated with or interested in Africa; our women's network, She works; Pride works, our LGBTQI+ network; and Caring works, for parents and carers. Our existing networks have continued to run periodic events throughout the year, mainly virtually although there has been a welcome return to face-to-face events recently. We have also launched a Disability Working Group with the aim of establishing a new employee network focusing on building disability confidence across the organisation.

Governance

Our Diversity and Inclusion Steering Committee is chaired by a member of the Executive Committee and includes the executive sponsors of each of our employee diversity networks, along with representatives of these networks and of our international offices. In addition, the People Development and Remuneration Committee of the Board (PremCo) discusses culture, diversity and inclusion matters as a standing item at each Committee meeting.

Employee Forum

Our Employee Forum aims for continuous improvement of our working culture and to strengthen engagement between the Board and our staff. Laurie Spengler, the designated non-executive director for employee engagement, leads on this. She is supported by Employee Forum members whose intentionally diverse composition ensures the Board has a broad and rich perspective on workforce considerations.

Although the Board already has several touchpoints with staff, this forum – launched in 2021 – provides another, more focused, opportunity for them to be involved in shaping and contributing to improvements to our culture and employee experience.

Learning and development

Training programmes are vital to strengthening our culture consistent with our values. To raise awareness of behaviour which falls below our expected standards, we run training on inclusive behaviours to all our people, including our Board members. In 2021 we appointed a permanent Head of Diversity and Inclusion who has developed a range of short diversity and inclusion programmes for delivery in-house. We have also commissioned an external provider to provide a range of video-based experiential learning material covering a range of diversity and inclusion, and broader leadership and behavioural topics.

We provide support and guidance to develop mentoring relationships across the organisation and have been exploring opportunities for mentoring relationships with development finance institutions in other countries. In 2021 we piloted a reverse mentoring programme for our leaders with black colleagues. This programme is now being extended further and will, in due course, be offered wider still and will cover other aspects of diversity.

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, more global assignments, and greater visibility of internal moves.

We have an annual talent review to help us identify and accelerate our future leaders. This was originally only for our director population but, from April 2022, it will be extended to cover our entire employee population.

Whilst the rate of promotion and progression of women in general is good news, we continue to work to improve our recruitment of women into senior UK roles. We have also continued to improve the gender balance and senior female representation of our teams in Africa and India.

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 have also become signatories of the Business in the Community's *Race at Work Charter*.

Supporting our markets

We recognise the barriers that women in our markets face and, as an impact investor, we have been working to close gender gaps, as well as demonstrate the social and economic value of investing in women. To help move gender-smart investing into the mainstream we created a free-to-use, accessible toolkit aimed at investors and companies working in our markets. Launched in December 2020, the [Gender Toolkit](#) brings together resources, guidance, and templates that focus on gender-smart investing, gender diversity and inclusion, and gender considerations across a range of sectors. The toolkit joins the Good Practice Note on Gender Based Violence and Harassment, a collaboration between British International Investment and the International Finance Corporation (IFC), which we published in December 2019.

Gender smart investing

We know that the COVID-19 pandemic has had a disproportionately negative effect on women, who have been nearly twice as likely as men to have lost their job. Over the past two years we have been actively working to try to mitigate the negative effects of the pandemic on women by supporting business to engage and protect women in the workforce, and by improving access to finance for women and women-owned businesses. We have done this through our commitment to gender-smart investing using the 2X criteria – the emerging industry standard for gender finance, which we co-created with our partners in the 2X Challenge initiative. In 2021 we set a new target for 25 per cent of our annual average commitments to be 2X Challenge qualified over the 2022-2026 strategy period.

Collecting gender-disaggregated data across the markets and companies we invest in is also critical to helping us understand how to further identify and close gender gaps. Over the past two years, we have been leading a taskforce in collaboration with the broader impact investing community to create and harmonise gender metrics based on the 2X criteria. These will 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. This includes providing unconscious bias training, female mentorship programmes and advocating for higher representation of women on boards and in senior management.

Investing in Africa

In addition to our gender-focussed investing, we widened our scope to include a new diversity investment dimension: promoting African representation, and specifically black African business owners and sponsors in our Africa portfolio in the 2022-2026 strategy period. Building on our gender finance experience, we are incorporating this into our impact scoring system and ongoing monitoring.

This document demonstrates the breadth of our work to keep developing the diversity of our workforce, and to build an inclusive working environment.

Our pay gaps show that there is still more to be done.

However, we remain committed to our goals and will continue to develop British International Investment to be a truly inclusive workplace.



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