

Gender and Ethnicity Pay Gap Report

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

January 2023



The view from our CEO and Board

In this report we present our UK gender pay gap results as at 4 April 2022. 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 third 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 sense of belonging.

Between 2021 and 2022 our mean gender pay gap remained constant at 25 per cent; the median reduced slightly from 31 per cent to 30 per cent. The gender pay gap is not a result of paying differential salaries to men and women doing comparable roles – this 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 generally less well-paid than roles at a similar level within our Investment teams).

It is disappointing that the pay gap has not reduced, but female leadership among our UK-based staff (directors and above) increased in the year to April 2022 from 36 per cent to 37 per cent. We will continue to work to increase the proportion of women in senior roles through recruitment and promotion from our pipeline of female talent, reflecting our Board and Senior Management's aspiration to raise our sights and keep challenging ourselves. We are signatories of HM Treasury's Women in Finance Charter, and have set the challenging target of 40 per cent of our global leadership population to be female by the end of 2023.

The gender pay gap, however, is driven by the whole population, and our senior leaders only made up around 20 per cent of our UK headcount in April 2022. Overall, 45% of recruits within the period were female but mainly into less senior positions. While we have seen a slight increase in the number of females at director level and above, our more junior roles remain disproportionately female.

As to the gender bonus gap, over the period the mean gap reduced from 20 per cent to 18 per cent, while the median bonus gap fell from 33 per cent to 19 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 May 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 reduction in the mean pay gap from 11 per cent to 5 per cent (and from 10 per cent to 9 per cent for the median) for black, Asian and minority ethnicity colleagues (BAME) compared to white colleagues. Both our ethnicity pay and bonus gaps are significantly smaller than our gender gaps and are the result of BAME employees being more consistently represented across the full pay range than female employees. As with gender, the way to reduce these gaps 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 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.

To maintain the same focus on increasing ethnic diversity as well as gender diversity in our senior team, we have set a target for UK-based black leadership of 11 per cent by the end of 2023. We are also signatories of the Business in the Community Race at Work Charter. In 2022, we once again took part in the Employers Network for Equality and Inclusion's Talent, Inclusion and Diversity Evaluation (TIDE) and are proud to be recognised with a Gold Award for our work in improving diversity and inclusion.

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 monitor our recruitment practices, such as insisting on diverse shortlists (and keeping some roles open for longer to do this). We also challenge when search firms do not provide sufficiently diverse candidate lists and have engaged specialist, diversity-focused search firms for certain roles.

We remain committed to reducing our pay gaps and improving gender and ethnicity representation throughout the organisation. We will continue our efforts to make British International Investment a diverse and inclusive workplace fully representative of all stakeholders and 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

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 in some of the most challenging markets. 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 and the advantages of tapping into the widest pool of talent are clear. 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 (BII) 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 operating 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.

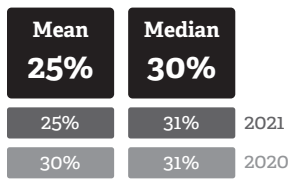
The pay gap is a measure of the difference between the average pay in an organisation – of men and women, or people of different ethnicity. If an organisation has a particularly high pay gap for a group, this can indicate there may be issues to deal with, and the individual calculations can help us to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



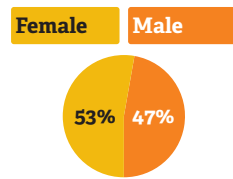
Our results¹

Our gender pay gap results

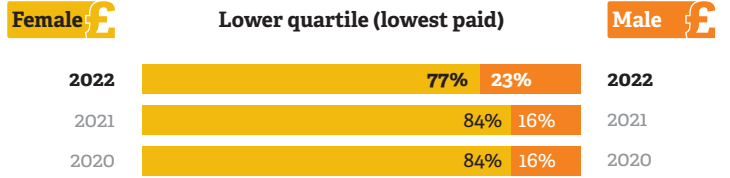
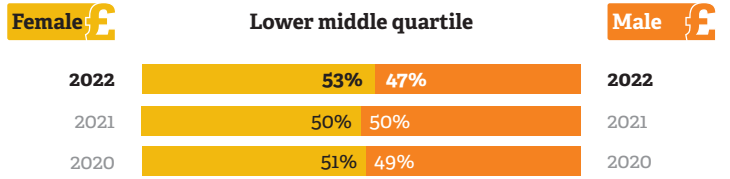
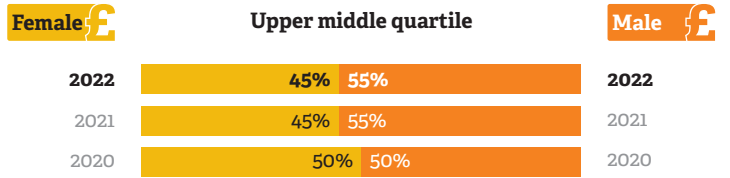
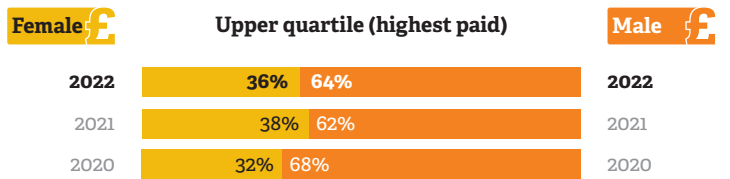
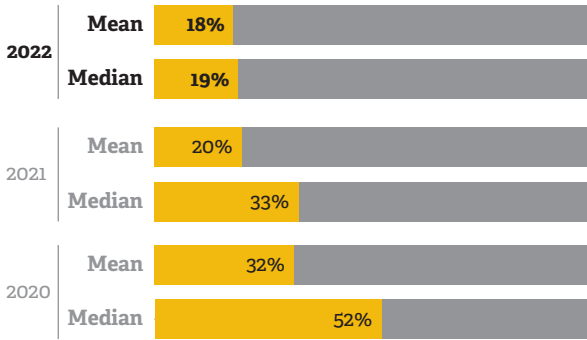
The gender pay gap



Our gender split

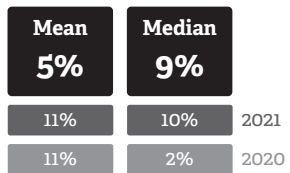


Gender bonus gap

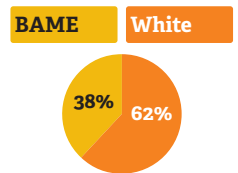


Our ethnicity pay gap results

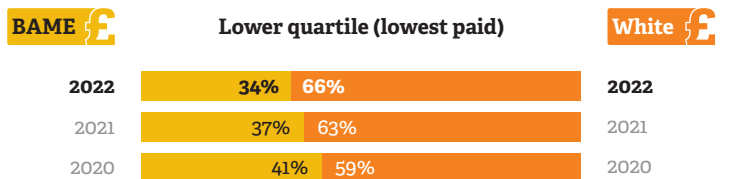
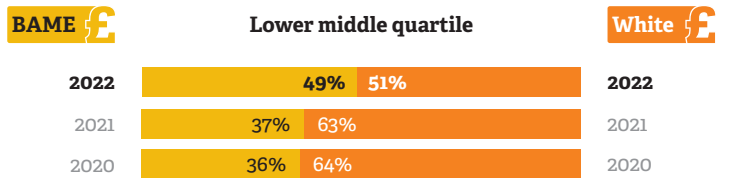
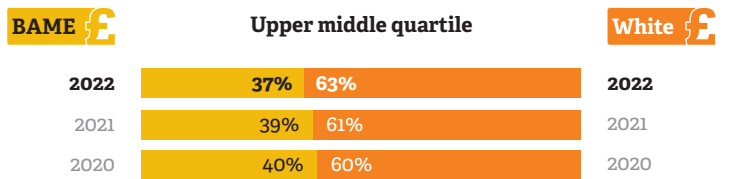
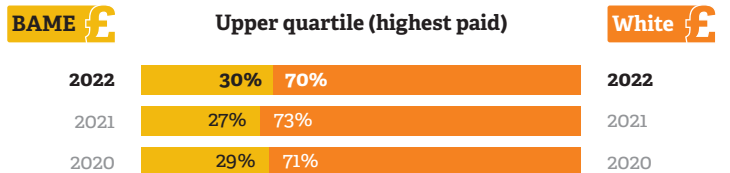
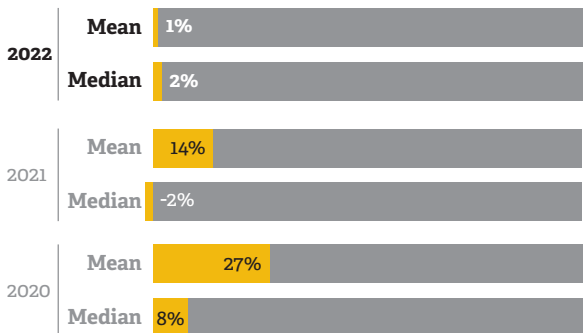
The ethnicity pay gap



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 and ethnicity pay gaps, we have continued to take actions 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 our progress towards achieving our global female leadership target of 40 per cent at director and above by the end of 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 and this year have engaged an external consultancy to facilitate a series of focus groups to gather additional feedback from across a broad range of employees.

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.

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 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. 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 entry-level positions through to our Executive and Board, 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; the framework for these metrics – both quantitative and qualitative – is an expression of our commitment to living our values.

Policy improvements

We recognise that parity between women and men cannot be achieved unless there is an equal sharing of domestic work and childcare. We have therefore focussed efforts on improving our family policies, for example we already offer enhanced maternity, paternity and shared parental leave and plan a further review of our paternity leave provision. Wherever possible we apply our policies globally.

We continue to provide support to expectant mothers through maternity leave guidance and build connections through periodic pre-maternity meetings, alongside the personal coaching sessions we already offer before, during and after maternity leave. This support contributes to our high retention rate of returners. More recently, we have gathered feedback from parents to understand how we can support them further. As a result, we are improving the induction process when employees return from a period of family leave, offering coaching for fathers taking long periods of SPL and extending the buddy programme so expectant mothers can access a buddy before and after family leave.

We also provide support for those undergoing IVF, recognising the stresses put on parents wanting to conceive, and have also developed guidance around menopause and women's health more broadly, as well as providing a range of additional wellbeing resources. We will consider implementing formal policies covering these areas later this year.

In 2023 we will also conduct a further review of all 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

Flexible working

We know that employees stand to gain from increased flexibility. 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 prepared to discuss alternatives to the hybrid arrangements to support individual and the organisation's needs.

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. During 2023 we expect to launch two new networks. One will focus on people with disabilities and building disability confidence within BII; the other will focus on employees of Asian heritage or associated with Asia.

Governance

The People Development and Remuneration Committee of the Board (PremCo) takes a keen interest in culture, diversity and inclusion matters, and the subject is regularly discussed at Committee meetings.

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 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. Our Head of Diversity and Inclusion (D&I) delivers a range of short diversity and inclusion programmes. We have also acquired a range of video-based experiential learning material covering a range of diversity and inclusion, and broader leadership and behavioural topics, and will be mandating a D&I module for all employees in 2023.

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. During 2022 we extended our reverse mentoring programme where our leaders are mentored by more junior black colleagues to include additional members of our senior leadership team. In 2023 this programme will be extended to cover other aspects of diversity.

Career development – building the talent pipeline

We operate an annual talent review to help us identify and accelerate our future leaders. We continue to work to improve our recruitment of women into senior UK roles and to improve the gender balance and senior female representation of our teams in Africa and India.

Speak-up mechanisms

Our aim is to foster an environment in which everyone feels able to speak up and share their views and opinions. Alongside 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 given appropriate training and appointed to provide a point of contact for staff independent of HR. These avenues are promoted to all our employees via a number of mechanisms including mandatory safeguarding training.

Expanded memberships

In addition to being signatories of HM Treasury's Women in Finance Charter and Business in the Community's Race at Work Charter, we are members of Working Families, Carers UK and the Employers' Network for Equality and Inclusion (enei).

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 and diversity finance

We are committed 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. Our target is 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 three 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.

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 sub-Saharan 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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