

HARGREAVEHALE

The gender pay gap

A photograph of a dark room with a bright light source from a window on the right, casting long, warm, golden rays of light across a wooden floor. The light creates a strong contrast between the dark shadows and the bright, glowing beams. The floor is made of dark wood, and the walls are also dark, making the light from the window the central focus of the image.

As at 5 April 2017, Hargreave Hale Ltd (HHL) employed 262 staff: 137 men and 125 women. We have analysed our pay by gender which has revealed a sizeable gender disparity in certain roles. In line with the rest of the industry, we have very few women in the more highly paid investment/fund and senior management roles and this has significantly impacted our overall gender pay gap.

Where we have comparative roles employing both genders in the same location, the pay gap improves markedly and both genders are paid virtually the same.

This is not to diminish the societal issue of there being fewer women in fee-earning and senior roles, and we believe the new requirement for businesses such as ours to disclose this information is an important milestone to help raise awareness and drive action across business, education and other areas of the community.

We acknowledge our firm's gender pay gap is disappointing and are committed to making improvements. As such, we have taken some time to analyse the gender pay gap at HHL to understand why it exists, consider how to address it and accelerate progress.

An industry dominated by men

We note that gender pay reporting is not the same concept as equal pay for equivalent work.

Our pay gap reflects the trend seen across the whole industry which points to the high concentration of men in client-facing investment and fund management roles. Research conducted by Citywire in May 2016 found that just 7% of investment managers in the UK are women, with only 10% of funds worldwide managed by women accounting for 4% of assets¹. Our data shows similar results as only 7% of our investment managers are women.

Notwithstanding the industry's issues, the situation at HHL is amplified by the firm's breadth of roles and regionality in a relatively small business.

A significant proportion of our male staff are based in a more highly-paid central London, while the majority (68%) of our female staff are based in our operations centre in Blackpool, with the majority of those undertaking administration roles (68%). London-based pay is also disproportionately impacted by the highly paid and male-dominated HHL fund management business.

Analysing our comparative roles

Where the firm has comparative roles employing both genders in the same location, the gender pay gap improves considerably. When analysing the pay of all our administrative staff, for median differences, women are paid 8.81% more than men.

In Blackpool – HHL's main operations centre – we are a highly regarded employer of choice with a strong local reputation. The firm offers flexible working and excellent training and development, resulting in staff retention rates of 91%. For administration roles, the firm pays 6.5% more than the national average hourly rate and 13.9% more compared to the Northern average hourly rate.

In summary, while we have a significant gender pay gap at company level, it is the lack of women in different roles that needs addressing, and this is very much in line with the rest of the industry.

We value diversity in our business

There are many well-documented reasons why diversity matters and delivers better business results – it can help avoid innate behavioural biases and the risk of 'groupthink' typically resulting in unchallenged, poor quality decision-making. A wide range of experience, ideas and opinions are essential to help us better understand our increasingly diverse client base and deliver the outcomes they expect. Further, while there is less tangible evidence, generally mixed gender teams are seen to deliver a better long-run performance than single-sex managed funds².

¹ Citywire Smart Alpha, Alpha Female, May 2016 – <http://citywire.co.uk/wealth-manager/news/diversity-crisis-just-10-of-fund-managers-are-women/a914900>

² Morningstar Research Report Fund Managers by Gender – June 2015 - <https://corporate.morningstar.com/US/documents/ResearchPapers/Fund-Managers-by-Gender.pdf>

This report covers:



Investment managers



Our data shows only 7% of our investment managers are women.

What does this mean for HHL?

There are clearly some factors within our control and some more structural and deeply embedded across the profession that are more difficult for us to influence. Hargreave Hale Limited was acquired by Canaccord Genuity Wealth Management (CGWM (UK)) in September 2017. Together, we are already considering measures to address the issues as part of the integration over the next two years, including:

Culture and values

The industry has struggled to attract and retain women historically due to the perception of a long working hours and a male dominated culture. This is not the case at CGWM (including HHL) where we actively promote a more balanced work environment. We are working hard to build and communicate our culture and values to develop an environment where both men and women can thrive:

- **Accountable** – we encourage our people to take responsibility and work with autonomy
- **Aligned** – we work collegiately and encourage team-working to deliver client outcomes
- **Approachable** – we encourage a friendly dialogue and willingly share our knowledge.

Flexible working

The perception of long hours and a lack of flexibility has made the profession relatively unattractive. However, HHL has well-established flexible working policies and practices, which both men and women can benefit from. As at 5 April 2017, 15% of HHL staff worked part time; we also regularly agree flexible working requests in relation to start and finish times to accommodate competing demands on staff time for example.

Training and development

For all staff, we actively encourage professional qualifications and offer a wide range of training and development opportunities, including leadership and coaching abilities, presentation skills, relationship management, productivity techniques and softer skills.

Mentoring

CGWM has recently launched a mentoring initiative in the UK as we believe mentoring plays a vital role in encouraging our younger, less experienced staff to learn from colleagues. This is backed by a series of networking events, so staff can informally meet and learn from our senior managers, including our female leaders.

Recruitment

Graduates

We are supportive of industry-wide initiatives to encourage more young women into wealth management and will review our own combined position regarding a formal graduate scheme in the future.

Women

During 2017, CGWM has been actively seeking to fill front office investment management roles with female candidates – something we will continue to do.

Process

We are reviewing our recruitment process to ensure we appeal to the broadest possible talent pool from all backgrounds. We will actively challenge hiring managers and recruiters to deliver more qualified female candidates to ensure female representation on longlists and shortlists where at all possible.

Global gender initiative

CGWM's parent company, Canaccord Genuity Group Inc., has launched a global initiative to encourage more diversity and sharing of best practice across the whole Group. CGWM in the UK and Crown Dependencies is an active and enthusiastic participant leading on a number of initiatives.

In conclusion

The HHL gender pay gap analysis has been a valuable and important exercise and we will work hard to address the disparities.

As a fair and equal opportunities employer we enjoy a long-standing and loyal staff base – more than 10% of HHL staff have been with us for over 20 years, with an average service of eight years.

We are committed to building our culture and values so we become an employer of choice for more people as we combine HHL and CGWM.

There will always be some differences based on an individual's role, location, experience and performance – but this should never be based on their gender.

The true opportunity here is to encourage more women into a profession that reflects the sort of culture and environment they would like to work in while offering them a rewarding and well paid career. We believe we need to work together as an industry to address some of the fundamental issues – this is essential if

we are to have the speed and impact the industry undoubtedly needs to change its reputation and encourage more women into highly rewarding careers.

No matter where they are based or the type of role they do, HHL and CGWM are committed to treating men and women equally.

We strongly believe that a diverse workforce enhances business performance and delivers better client outcomes – and we will actively pursue this long-term ambition.

We confirm the data reported for HHL is accurate.



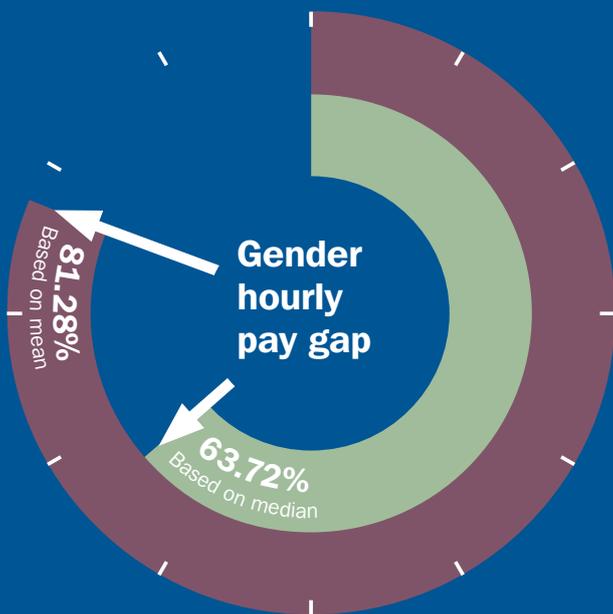
Stuart Brookes, Joint Managing Director
Hargreave Hale Ltd



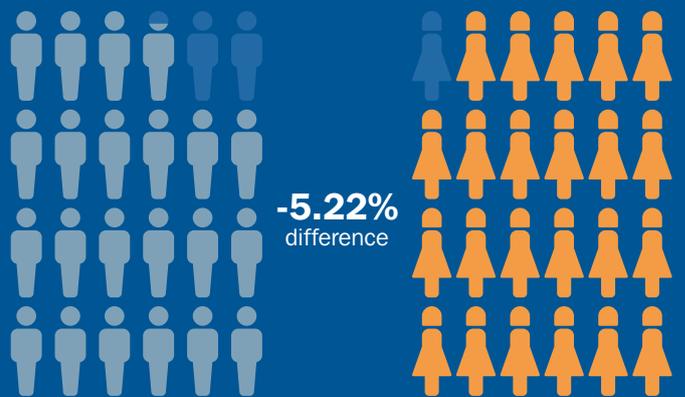
Lee Finlayson, Joint Managing Director
Hargreave Hale Ltd

The gender pay gap

The following gender pay gap data is based on HHL employees as at 5 April 2017 across nine locations in the UK and has been submitted to the Government's website. It covers:



Bonus pay gap



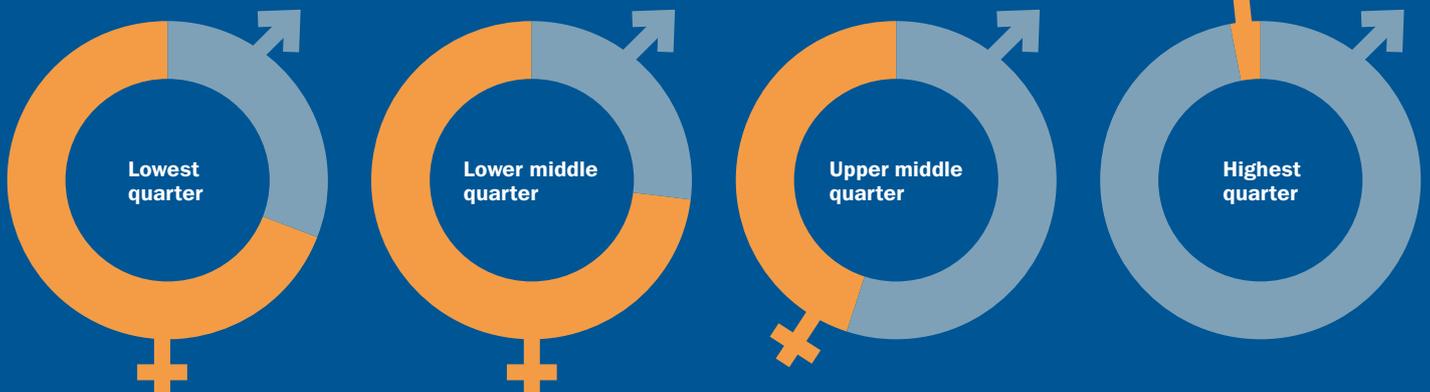
There is a -5.22% difference between the number of male and female employees being paid a bonus for their work performance for 2016, as 96% of women received a bonus compared to 91.24% of men.

	Mean	Median
Bonus pay	93.11%	90.52%

Pay quartiles

The quartile distribution analysis shows the highest quarter dominated by male employees who are mostly investment/fund managers.

● Male ● Female



	Lowest quarter	Lower middle quarter	Upper middle quarter	Highest quarter
Male	31%	27%	55%	97%
Female	69%	73%	45%	3%

