

Promoting Broader Equality in the Workplace

Women in Finance Charter and Pay Gap Reporting (including both gender and ethnicity pay gap reporting)

January 2024

The **co-operative** bank

Ethical then, now and always

Contents

A Message from Nick Slape, CEO

1

**Committed to Co-operative
Values and Ethics**

2

Pay Gaps Explained

3

Our Gender Pay Gap Figures 2023

4

Our Ethnicity Pay Gap Figures 2023

6

Our Five Point Diversity Plan

8

**Our Commitment to an
Ethical Workplace and Culture
Priorities for 2024**

9



“ *As one of the first banks to sign up to the HM Treasury’s Women in Finance Charter in 2016, The Co-operative Bank has remained committed to improving its female representation at senior leadership levels.* ”

Embedding our commitments to make a difference in gender equality in 2023, we stretched our original goal of 40% to an aspirational target of 45% women in senior roles by the end of 2023. I am pleased to report we now have **43.3% women in senior roles**. Despite falling slightly short of our aim, we have some exciting opportunities ahead and our determination remains strong to achieve a greater gender balance. We will continue to encourage and support women to develop their confidence in seeking progression opportunities alongside their male colleagues in 2024.

Our mean gender pay gap has continued to improve and now sits at **22.8%** (down from 25.0% in 2022) whilst our median gender pay gap has also improved and now stands at **18.1%**.

This year we are again reporting our ethnicity pay gap alongside our gender pay gap data. We are confident that in the long term our focussed work on inclusion and balance will result in these gaps continuing to reduce.

We are proud of what we’ve achieved so far but know there is still more work to do. To galvanise our commitment, not only to improve the gender and ethnicity balance across our Bank, but in all other aspects of diversity, we were pleased to announce a new lead Equality, Diversity, and Inclusion role at the Bank in October 2023.

2024 will see us undertake the development of a new Diversity & Inclusion strategy that will aim to enhance our dedication towards the Women in Finance Charter and our pay gap reporting going forward. This will also align our Equality, Diversity & Inclusion approaches to any future Diversity & Inclusion Regulation.

I can confirm the gender and ethnicity pay gap reporting data in this document to be accurate.

Nick Slape.

Chief Executive Officer

Committed to Co-operative Values and Ethics

We are committed to the values and ethics of the co-operative movement and this will continue to be demonstrated in our future inclusion and diversity strategy, which will align with proposed regulation and continue to include a strong focus on:

- Increasing the number of women in senior roles at The Co-operative Bank
- Increasing the number of women in historically male dominated areas
- Building an even gender balance across all levels of the organisation
- Building an ethnicity balance which is representative of the UK population across all levels of our organisation
- Overall building a more diverse workforce which reflects the diverse society we operate within.

By developing an enhanced D&I Strategy that further compliments our values and ethics we can ensure we are fully embracing and celebrating the rich diversity within our society.

We believe that this focus on a more diverse workforce will create a more productive, successful and engaged workforce and will consequently help us reduce our gender and ethnicity pay gaps over time and address inequalities overall.

This report provides updates on our diversity approach, an overview of our progress towards our HM Treasury Women in Finance Charter targets as well as outlining our gender and ethnicity pay gap reporting for 2023.



What is a pay gap?

Pay gaps refer to the difference in average pay between groups of colleagues.

The gaps are a snap shot of pay within an organisation and show the difference, in the case of gender pay gaps, in the average pay between all men and all women in workforce.

The calculations make no distinction based on role content, band, location etc. and instead simply apply an average across the entire Bank.



Pay Gaps Explained

Which pay gaps do we look at?

Since 2015 we have been examining our gender pay gap. This is a regulatory requirement for any businesses with 250 colleagues or more. From 2021, voluntarily, we extended this analysis to include our ethnicity pay gap. All our policies and procedures are designed to ensure that all groups of colleagues are treated fairly and equally with regards to remuneration.

What is the difference between pay gap reporting and equal pay?

Pay gap reporting looks at the gap across the whole organisation when colleagues are divided into two groups, be that males vs females or non-ethnically diverse vs ethnically diverse colleagues. This is different to equal pay, which compares the pay of colleagues doing the same or similar work. As with our pay

gaps we remain committed to equal pay. We carry out equal pay audits annually to ensure that colleague pay remains fair and equitable and to ensure that unjustified differences do not occur at the individual role level.

Does a pay gap mean one group is being treated unfairly?

Not necessarily. Pay gaps show the average of a population as a whole. Therefore if there are particular roles which are highly paid with suitable applicants not equally represented, this can skew our overall figures. By looking further into the data though, this helps us to highlight where we can do more to attract females and ethnically diverse colleagues to apply for these types of roles.

As in previous years, we wanted to combine our HMT Women in Finance Charter update with the publication of our 2023 gender pay gap figures. Going forward we will continue to report our HMT Women in Finance Charter update in December, however will report our gender pay gap figures by April.

We have substantially more females than males in our lowest quartile, traditionally in customer service roles, and a lower number of female colleagues within the highest quartile. This also demonstrates that it may take us some time to redress the gender balance within this space.

We therefore remain committed to our five-point diversity plan which we believe will, over time, support our ambitions in this area and drive a reduction in our pay gap.

This is particularly evident in the proactive actions taken throughout our recruitment process to ensure we attract diverse candidates. In 2023 we have seen an increase of 48% in the number of males in customer facing roles, a larger increase than we have seen in females. We have seen a greater increase in our female population than male in our more senior roles. Both of these changes should reduce our gaps over time.

Our Gender Pay Gap Figures 2023

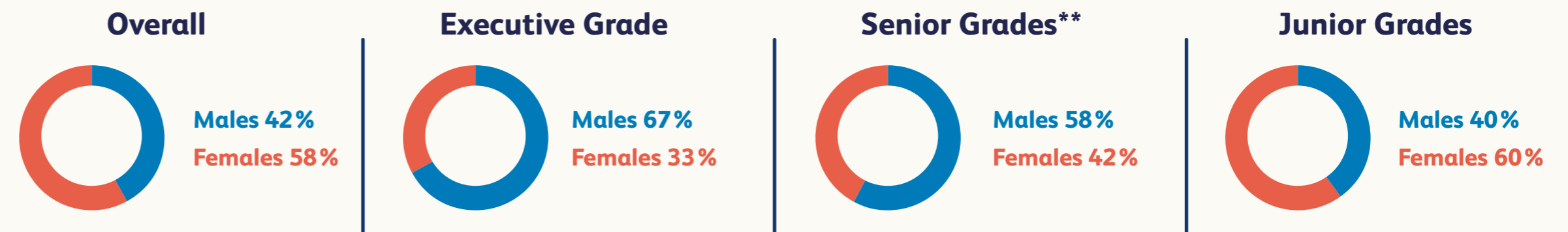
Key drivers behind our gender pay gap

Our pay gap is due to the imbalance of women and men across the Bank, with a higher proportion of women in customer-facing roles, and a high proportion of men in more senior and executive grade roles. This is ultimately what impacts our overall mean and median gaps.

This does not mean that women are paid less than men in these roles. Our equal pay audits ensure this is not the case. Our bonus gaps are higher than our pay gaps because a large number of our female colleagues work part time, and are therefore eligible for a pro-rated bonus, which skews the bonus gap figures.

Equal representation at all levels across our Bank remains a focus moving forwards. The development of a new D&I strategy will aim to enrich our dedication to this.

2023 gender balance figures*



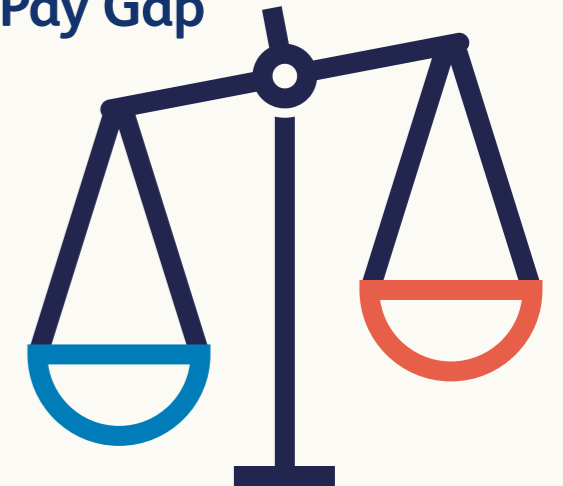
*Nov 2023 data linked to grade

**this data aligns with our Women in Finance figures

The difference between Mean and Median Pay Gap

Mean Pay Gap

The mean gender pay gap is the difference in the average hourly pay for women compared to men, within a population.

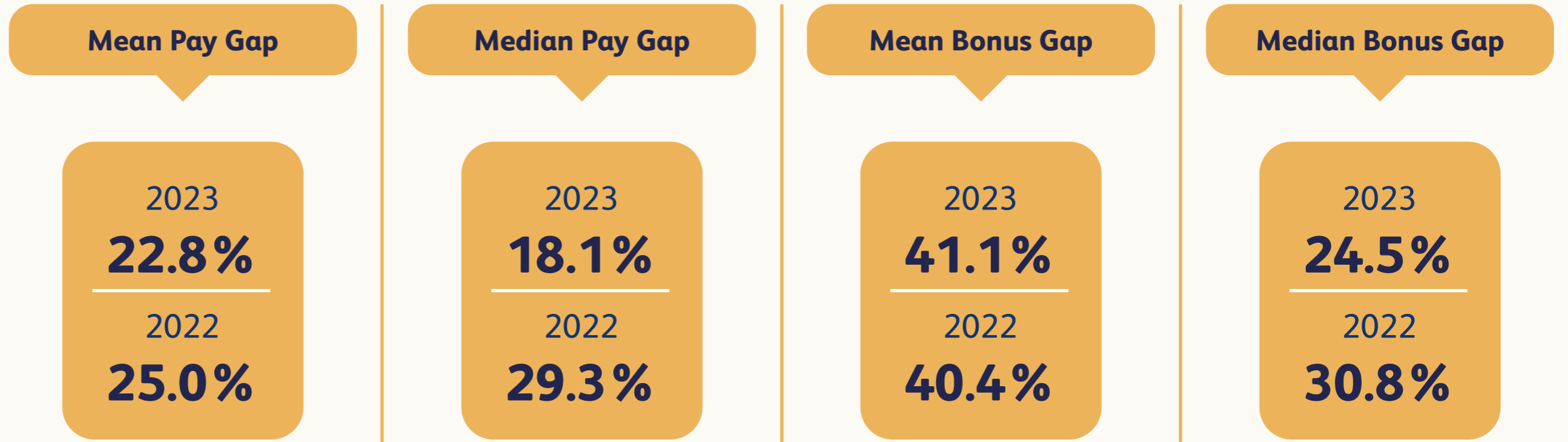


Median Pay Gap

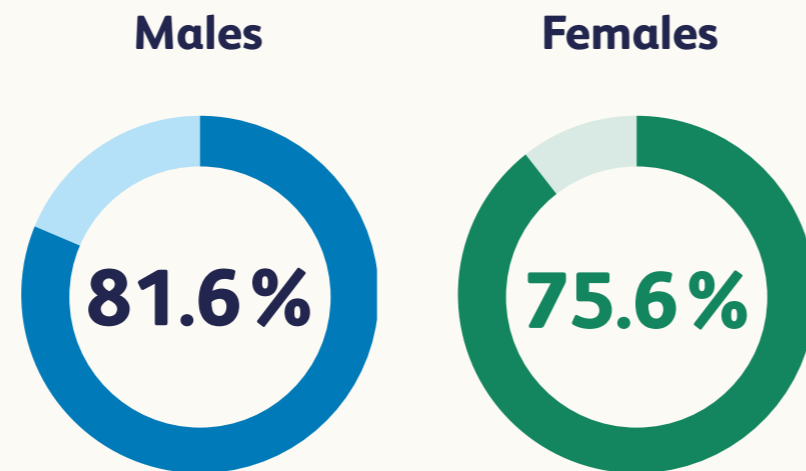
The median represents the middle point of a population. If you separately lined up all the women and all the men in a company in order of hourly pay, the median pay gap is the difference between the hourly pay rate for the woman in the middle of the data compared to that of the man in the middle of the data.



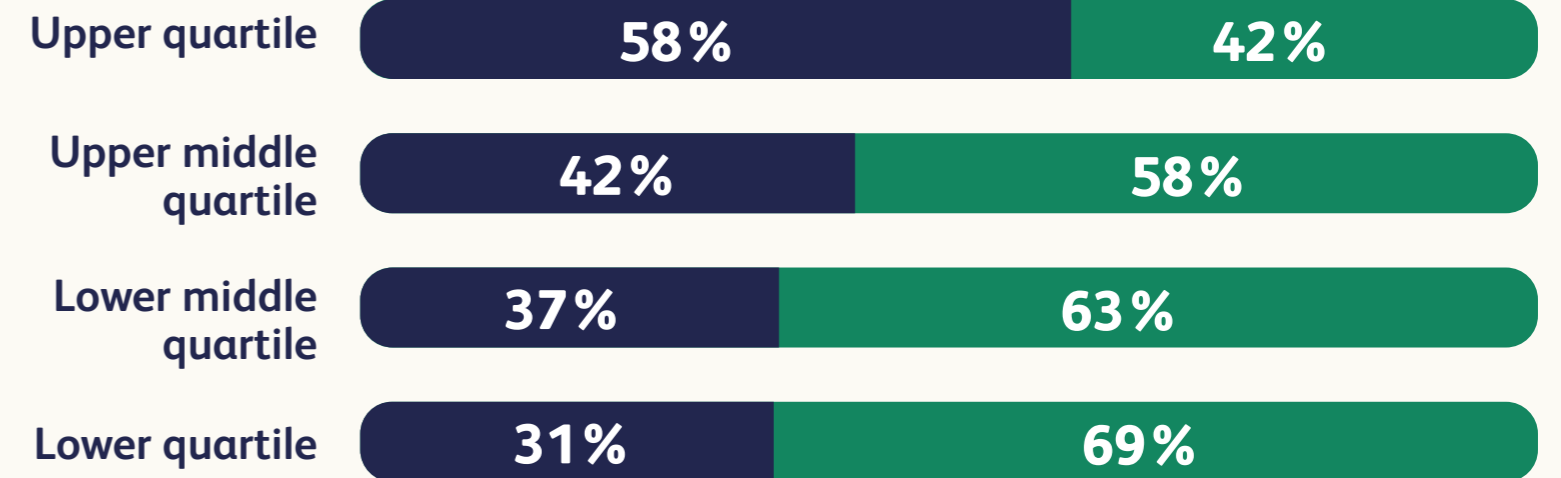
Our Gender Pay Gap Figures 2023



Received a bonus



Pay quartiles



● Males ● Females

In 2021 we broadened our pay gap focus to include a review of the ethnicity pay gap in our organisation. Going forward, we will begin to report our ethnicity pay gap figures in April.

This year we have 3 years' worth of data to share to demonstrate our current position.

Our ethnicity pay gap uses the same methodology as our gender pay gap.

This measures our pay gap between non-ethnically diverse and ethnically diverse colleagues. For simplicity and to maintain employee confidentiality, colleagues with a white background are classed as non-ethnically diverse. All other ethnic backgrounds are included under ethnically diverse.

In 2023 our colleague ethnicity data voluntary disclosure rate was 83.4%, an increase from 81% in 2022.

Our ethnicity split across the overall organisation is non-ethnically diverse 86% vs ethnically diverse 14%.

Our Ethnicity Pay Gap Figures 2023

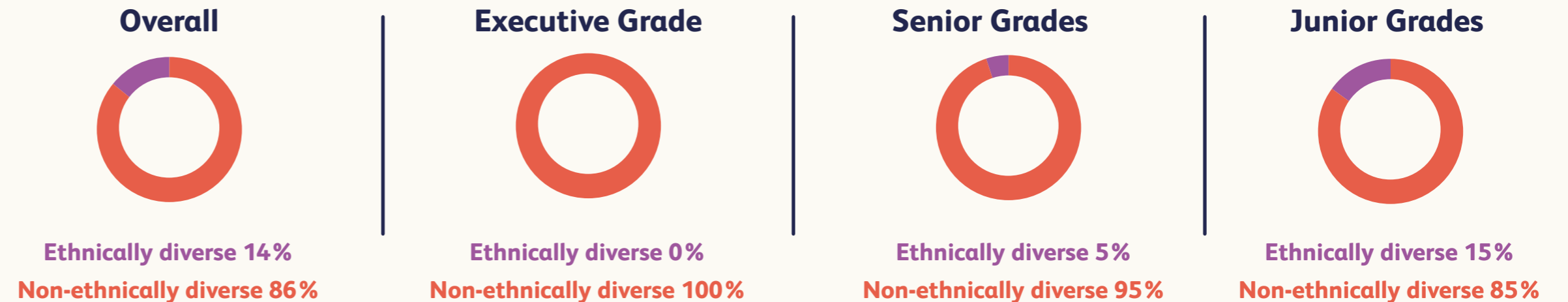
Key drivers behind our ethnicity pay gap

The main driver behind our ethnicity pay gap, similar to our gender pay gap, is our low overall representation of non-ethnically diverse colleagues across the bank. Our bonus gaps have worsened this year due to a number of new starters in the ethnically diverse population who receive a pro rata bonus in line with our policy position.

We have work to do to attract more ethnically diverse colleagues to the bank which over time will help to drive an improvement in our ethnicity pay gap.

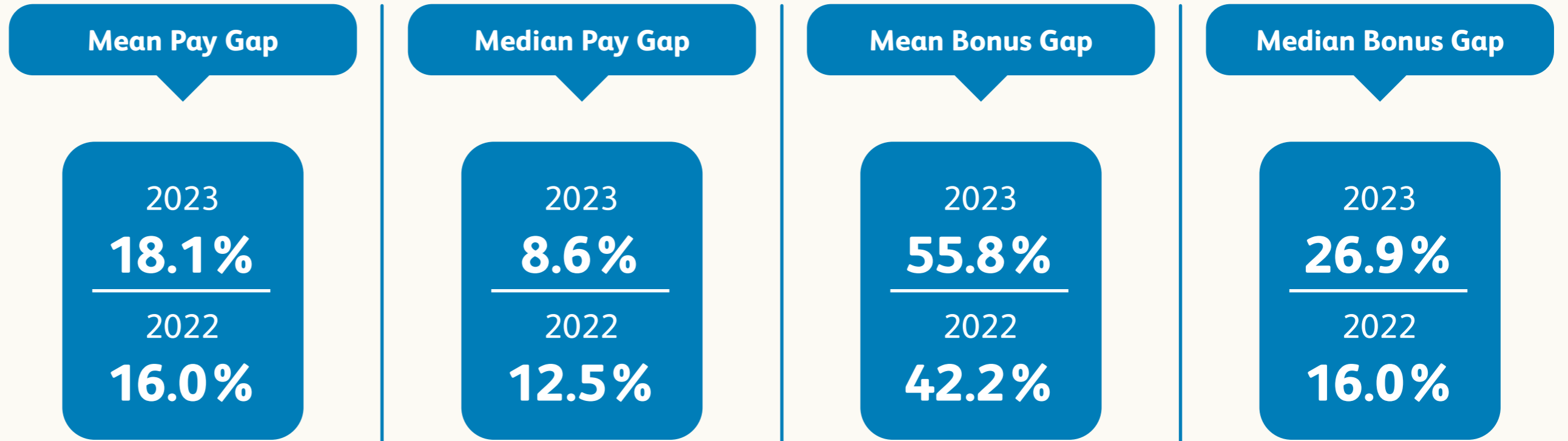
This does not mean that ethnically diverse colleagues are paid less than non-ethnically diverse colleagues across our Bank. Our equal pay audits ensure that this isn't the case.

2023 ethnicity balance figures*



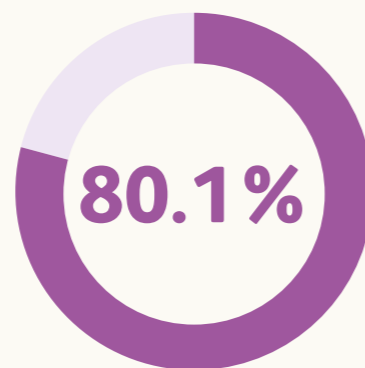
*Nov 2023 data linked to grade and includes only colleagues who have voluntarily disclosed this data.

Our Ethnicity Pay Gap Figures 2023

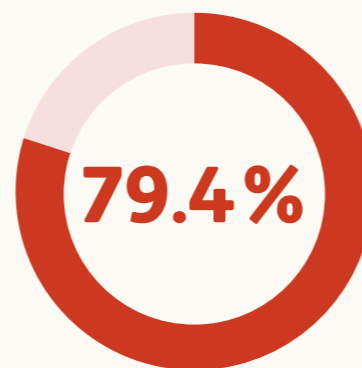


Received a bonus

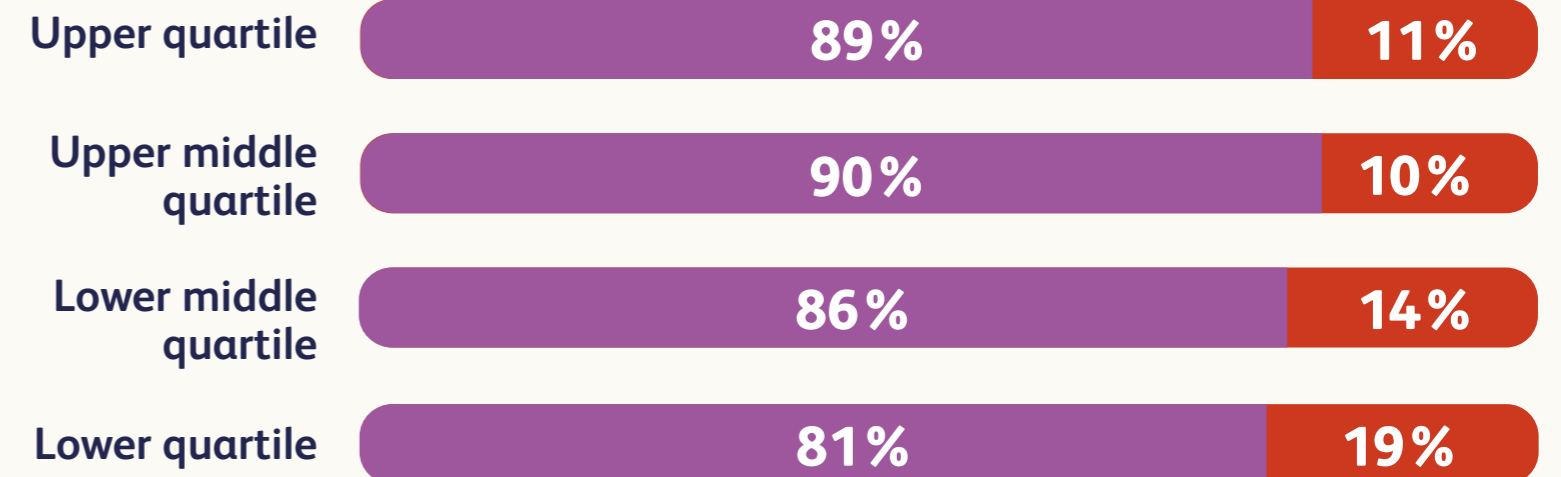
Non-ethnically diverse



Ethnically diverse



Pay quartiles



● Non-ethnically diverse ● Ethnically diverse

In 2024 our 5-point diversity plan will develop as we create our new D&I Strategy aligned with future regulation on D&I.

The new EDI Lead is committed to a collaborative working practice in partnership with our Inclusion Networks that are run by colleagues, for colleagues, championed by a member of our Leadership team.

Elevate, our gender network, aims to encourage and empower members through offering support to colleagues in relation to gender-based issues and topics, with a primary aim to support women in the workplace.

Highlights of their work in 2023 include celebrating International Women's Day, hosting events around promoting Women in Tech and tackling Imposter Syndrome. They facilitated an initiative to provide free, environmentally-friendly period products to all colleagues who menstruate, to go the extra mile to improve colleague wellbeing in the workplace. As part of their focus on career progression, the network has provided several opportunities for their 500+ members to network face-to-face with senior leaders at the Bank, and to hear from senior leaders about their inspirational career journeys. The network has hosted webinars with colleagues to support them with domestic and economic abuse, in collaboration with Refuge, and signposted to resources around menopause through safe space communities.

Our Five Point Diversity Plan

Once our enhanced D&I Strategy is in operation in 2024, and to enable consistency of approach, we will generally maintain our existing 5 Point Diversity Plan for the 2024 report with the existing expectations.

1. Listening to our colleagues and supporting progression through our values-led workplace environment and family friendly policies

- Our Colleague Co-operative Forum and Inclusive Networks provides an opportunity to amplify our colleague voice. Topics raised and feedback given on behalf of colleagues, support the communication and embedding of initiatives across our organisation.
- We monitor our regular colleague pulse survey for inclusion themes and cultural shift.
- We promoted our inclusive policies, specifically our flexible working policy. During 2023 embedding a new menopause policy and introduced a pregnancy loss policy. Our enhanced paternity / secondary carer leave reinforces the importance of the balance of care between the primary carer (traditionally female) and secondary carer.
- Our inclusion networks: a number of panel events run by Elevate (gender inclusion network) and Access (network for colleagues with disability, long term health conditions and caring responsibilities) on topics such as menopause, pregnancy loss and caring responsibilities, which also highlight the policies and support offered by the Bank. REACH network regularly raise awareness of events of cultural significance and opportunities for colleagues to educate themselves around race matters via a monthly newsletter.

2. Focused programmes and initiatives to encourage internal progression

- Implementation of enhanced D&I Strategy will be undertaken by the New EDI Lead for the Bank setting aspirational targets.
- Bankwide mentoring scheme to support colleague development.
- Career development programmes – Leader Development programme, new to leadership pathway, Graduate schemes.
- Inclusion networks activity continues to include CV feedback, Senior Leader career aspirational sessions, shadow a tech professional.

3. Proactive attraction of diverse candidate shortlists for all externally advertised roles

- Use of wider advertising channels and technology to increase the gender diversity of our candidate shortlists for all roles up to Board level.
- Embedded focus on balanced shortlisting using labour market insight technology and diverse interview panels.
- Bias focused training for all colleagues engaged in recruitment practice and processes.
- Our Digital Bees network focus on sharing skills and knowledge of digital careers to raise awareness of opportunities for women within technology across various events and external initiatives.
- DigitALL community group in Digital & Change – set up to help woman in particular build a support network across the department where they can raise concerns and find support.
- Partnerships with diversity job boards and organisations like Get Optimal, Horsefly, Hirevue and Manchester Digital (Women in Tech). All partnerships are utilised to either broaden the diversity of our candidate shortlists or remove unconscious bias from the recruitment process.

4. Ensuring equal pay between colleagues and a tailored business

- We regularly monitor our business and guide our leaders to ensure that colleagues with similar skills and experience are being paid consistently for doing the same or similar roles, regardless of gender and ethnicity. Our activities include:
 - Annual equal pay audits
 - Using pay reference guides to help ensure colleagues are paid fairly, equitably, consistently and in line with comparable roles within our business
 - Equality reporting pay gap to include Gender and Ethnicity.

5. Tailored business plans to target specific challenges

- Including HMT Women in Finance metrics on our performance scorecard.
- Every area of our Bank takes responsibility to proactively focus on diversity and equality of opportunity.
- Extensive EDI Data & Insight to inform all EDI activity.

Our Commitment to an Ethical Workplace and Culture Priorities for 2024

We're committed to gender and ethnic equality and ensuring a diverse and inclusive workforce. This is reflected in our heritage; The Co-operative Bank was originally formed to support the co-operative movement, and to reflect the values and ethics of that cause.

Today, our commitment to ensuring an ethical workplace reflecting co-operative values is one of the key pillars of our Ethical Policy. This policy has been shaped by over 370,000 customer responses over the last 30 years. As part of our Ethical Policy, we commit to ensuring pay and rewards for all colleagues are fair and equitable and to monitor and address diversity related pay gaps as appropriate.

In addition to our five point plan, during 2024 we are committed to:

- Development of D&I Strategy for a better inclusive culture and society
- Comply and support proposed D&I regulation
- Continued promotion of inclusive behaviours across our bank to benefit our colleagues and our customers lead by the EDI role
- Continued positive action to focus on wider diversity groups and gender inclusivity
- Acting on insight and feedback to support positive progress in support of all demographics.



Find out more about how we inspire, connect and develop at The Co-operative Bank:

Our report is released once a year but you can keep up to date with our activities by following us on social media and on our website.

And we're always keen to hear from you, so please keep in touch.

Find us here:



@CooperativeBank



@TheCooperativeBank



@thecooperativebank



The Co-operative Bank plc

The **co-operative** bank

Ethical then, now and **always**