

# Diversity Annual Report 2021/22



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# 1. Foreword



## Our Diversity Annual Report is an opportunity to reflect on the work we have done to make progress on diversity and inclusion (D&I).

We know the outcomes we need and expect from financial services cannot be achieved without greater diversity of thought and more inclusive behaviours. Diverse, inclusive organisations better understand the needs of their consumers and create the conditions for sustainable market success.

Fair value, fair treatment, suitability, confidence, and access: they can only be secured if we integrate organisational D&I into our efforts. Failure to shape more diverse and

inclusive practices risks group-think, bias, and even underlying prejudices that – left unchecked – can result in consumer and market harm.

That's why over the last 12 months we've continued our work on regulatory diversity and inclusion with the Bank of England and the Prudential Regulation Authority. We have engaged with industry and a wide range of organisations to better understand what informs our forthcoming proposals. We have also sought to understand how and where organisations across the sector use diversity data. We have also published rules to promote diversity and inclusion across the boards and executive levels of listed companies.

Internally, as an employer, we have embarked on a major programme to deliver a new diversity and inclusion strategy that is informed and led by data. This will prioritise areas where we need to take urgent action so we can make the best possible impact for our people. It will lead to programmes and interventions that nurture a working environment where everyone can bring their authentic selves to work so they can fulfil their potential and contribute meaningfully to the FCA's outcomes. We have

also revised our gender and ethnicity targets: expanding targets to pipeline grades and making them more ambitious to boost representation of women and minority ethnic colleagues across all levels of our organisation.

Before the Covid-19 pandemic there was growing acknowledgement and 'buy-in' towards the principles of organisational D&I. As we emerge into a 'post-pandemic' world, many are now doubling down on their efforts embracing D&I as a business imperative. Further events across the world over recent years have highlighted long-standing societal issues, disparities and inequalities that were previously easier to overlook and now demand our focus.

We are pleased to be taking tangible steps to be at the forefront of a renewed focus on D&I. It is important for us to lead by example, continuing to transform our own organisation for the better and taking definitive action to further progress on D&I for firms, consumers, and markets. Reflecting on what we've done, as well as what we plan to do next, I look forward to continuing the journey that lies ahead.

**Nikhil Rathi**  
Chief Executive



## 2. Our approach to diversity & inclusion (D&I) and our D&I strategy

This is the ninth FCA Diversity Annual Report and fulfils part of our Public Sector Equality Duty under the Equality Act 2010 and related secondary legislation.

### Why we prioritise diversity & inclusion

Diversity and inclusion (D&I) are critical to the FCA, as an employer, a regulator and a public body. Our [analysis](#) points to the [greater business performance and positive outcomes in risk management, good conduct, healthy working cultures, and innovation](#) that diverse and inclusive organisations benefit from.

As an employer, we are committed to reflecting the

diverse lived experiences of the communities in which we work and the consumers we protect. We endeavour to address societal and cultural imbalances in our workplace to deliver fair and equitable outcomes for our people. We strive to create a culture of inclusion and belonging and take top-to-bottom accountability for progress against our D&I aims.

As a regulator, we are taking steps to address the negative impact that inequalities and lack of inclusion have within financial services. We are prompting the firms we regulate to do more – faster – to improve D&I within their workforces. Our ambition is to ensure the financial system is better able to support the economy through well-run firms and sound financial markets that can meet the diverse needs of their consumers.

As a public body, we are subject to the requirements of the Public Sector Equality Duty (PSED). This means we must look for ways to eliminate discrimination, advance equality of opportunity and foster good relations between people who share protected characteristics, and those who do not.

All aspects of D&I are important to us, including diversity in the context of the nine protected characteristics, but also in relation to diversity of experience, background and working style. We believe diversity of perspective and thought delivers better judgements and better decision-making in the public interest. Diversity of thought can be influenced by many factors, including demographic characteristics which may affect viewpoints and life outcomes.



At the start of the last year, we identified a clear need to direct our primary focus for D&I towards the following areas:



- **laying the foundations for our new data and evidence-led D&I strategy**
- **reinvesting in sponsorship to encourage talent acceleration for high-potential minority ethnic employees**
- **improving the quality of our D&I data and development of our dashboards to measure progress against key employee lifecycle metrics**
- **engaging further with our colleagues to ensure that diverse views are used to inform our strategic approach towards D&I work and our transformation programme.**

We are pleased with the progress we have made over the past twelve months. Work on our new strategy has progressed well and we have expanded on our use of diversity data as a tool for designing D&I interventions and driving accountability on D&I progress. Our far-reaching transformation programme is changing how we operate as a regulator and is bringing D&I benefits to our organisation. Using our unique position as a regulator, we have started a conversation on how D&I can be improved in the financial services sector. Our work on this is already yielding results, with us publishing policy statements on diversity in listed companies and further consultation in the pipeline for later in 2022.



**We believe diversity of perspective and thought delivers better decision-making in the public interest**

Over the year ahead:

- We will begin implementation of our refreshed D&I strategy, delivering targeted interventions to drive change. A key focus of this will be cultural change initiatives, aimed at equipping our colleagues with the tools and learning to build a truly inclusive culture.
- We acknowledge that we have more work to do to increase diversity in roles which form the pipeline for our future senior leadership positions and will expand our work in this space.
- We will further develop our use of diversity data, by expanding our data dashboard and reporting to cover additional diversity characteristics and providing more granular detail to local management to drive local positive action to address diversity issues.

## Our diversity and inclusion vision and equality objectives

In 2017 we introduced our 'Positive Action Framework' to guide our work internally. Our strategy has four objectives, with the framework at the centre.

The Positive Action Framework (see figure 1) focuses on the value of difference, especially in situations where it is easier to favour those who are similar to ourselves. Our focus has been to ensure our internal policies and practices work to support the framework, which is delivered through diverse recruitment, leadership role modelling, data analysis and developing and nurturing an inclusive culture.

## Our future internal strategy

In 2021 we committed to reviewing our D&I strategy for the three years from 2023. In October 2021, our ExCo approved an evidence-based approach to the strategy review involving four core elements:

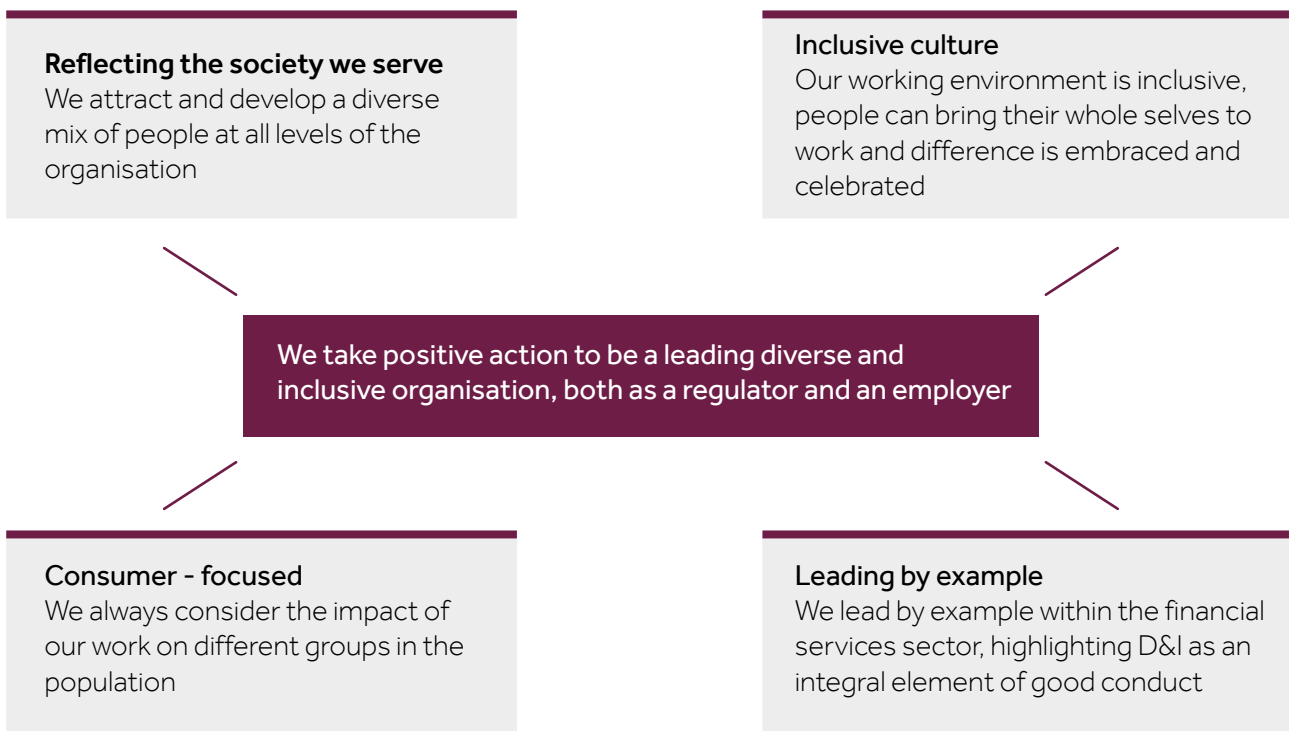
- internal data analysis
- external empirical studies
- stakeholder views and engagement
- practitioner professional expertise

The new strategy will seek to redefine our D&I priorities and measures of success in a way that reflects the current D&I landscape and fits the evolving needs of the FCA.

This new strategy will be data and evidence-led, prioritising the areas where we need to take action to have the greatest positive impact. We completed the first phase of the review in March 2022, which comprised:

- Undertaking a comprehensive analysis of around 260 items of evidence relating to D&I at the FCA and external industry insights. Each item of evidence was reviewed in detail, key issues and insights identified, categorised and impact rated.

Figure 1: Positive Action Framework



- Developing four priorities for the new strategy based on this analysis, each with associated outcomes describing where we want to be at the end of the three-year period, and areas of success and progress measurement. These priorities will replace our legacy areas of focus on ethnicity, gender and social mobility and apply across all diversity demographics. The four priorities are:



- **Diversity:** We promote diversity of thought and we reflect the diverse lived experiences of the communities in which we work and consumers we protect
- **Equity:** We acknowledge that we don't all start from the same place and that we need to make adjustments to address imbalances and deliver fair and equitable outcomes for our people
- **Inclusion:** We have an inclusive culture where our people experience psychological safety and feel like they belong
- **Personal Leadership and Accountability:** We are all accountable for delivering and embedding our Diversity Equity & Inclusion (DEI) strategy and our PSED obligations

- We have also identified from the analysis 13 focus areas where we want to improve, against which we will develop targeted interventions to drive change. We have consulted with our staff diversity networks, divisional D&I working groups and other key stakeholders on all our strategy proposals.
- Rebuilding our D&I data dashboard with improved functionality, providing us with better insights.

Following ExCo agreement of the priorities and areas of focus, we have commenced Phase 2 of the project to develop interventions for the focus areas, as well as an implementation plan and revised D&I Governance and Delivery Model. We will launch internally in the second half of 2022 and then publish the agreed strategy.

## How we make it happen

The Board and the Remuneration Committee provide oversight of strategic people risk, of which D&I is an important part, and provide assurance that our D&I strategy is appropriate.

Internal D&I is led by the Executive Diversity Committee (EDC), a sub-committee of the Executive Committee (ExCo) and is chaired by the Chief People Officer (CPO). This committee acts with ExCo's full authority, approving organisational D&I activity and monitoring progress against our strategic objectives.

The membership of EDC includes key figures from across the FCA including the Senior Champions of our diversity network groups, divisional leaders, representatives of the General Counsel's Division, Risk and Human Resources, ensuring we have a good balance of demographic and organisational representation.

A full time Corporate Responsibility function sits within HR, which leads on both D&I and community engagement initiatives across the FCA.

Our Diversity and Inclusion Advisory Group (DIAG) acts as an advisory body, representing the broad spectrum of the FCA's workforce, primarily advising EDC on designing and implementing the FCA's D&I

strategy. Members include our network group Co-Chairs, divisional D&I working group leads, as well as representatives from our Communications, Human Resources, Payment Systems Regulator (PSR), Staff Consultative Committee, and Corporate Responsibility Teams.

We also have eight diversity network groups open to all colleagues, which form an important pillar of our D&I infrastructure. They provide peer-to-peer connection and support to those with shared lived experiences and identities and raise awareness of the issues and experiences that impact on our different demographics. They also promote positive change and D&I progress by advising on relevant corporate policies and initiatives, and consulting and challenging the organisation.

Our regulatory D&I work is co-ordinated by our Executive Committee (ExCo), which provides direction on the overall approach to the FCA's major and strategic policy initiatives. At executive level this is led by Sheldon Mills, Executive Director of Consumers and Competition, and supported by Georgina Philippou, the FCA's Senior Advisor on the Public Sector Equality Duty and former Chief Operating Officer.

Our regulatory D&I work is led at working level by the Strategic and Cross-Cutting Policy function. The policy team is

supported by a Regulatory D&I working group, which brings together representatives from Supervision, Authorisations, and Enforcement to ensure that future policy proposals are as ambitious and achievable as possible. The policy team work closely with the Environment, Social & Governance (ESG) and General Counsel's Divisions, and engage extensively with Corporate Responsibility, the FCA Statutory Panels, the staff network groups, other policy teams, and external stakeholders at various points throughout the policy development process.

## Reporting on our recent activity

The remainder of this report outlines our progress against our four legacy D&I objectives, focusing on the key activity and successes over the year. The data we use in this report is for the year ending 31 March 2022, unless otherwise stated.

**We also have eight diversity network groups open to all colleagues, which form an important pillar of our D&I infrastructure.**





# 3. Reflecting the society we serve



## Revising our targets

In 2016 we were in the first group of organisations to sign up to the Women in Finance Charter. This charter seeks to increase the representation of women in the financial services sector, particularly at senior levels.

In line with the charter we set stretching targets for our Senior Leadership Team (SLT) for gender parity (50%) to be met by 2025. At the same time, we set targets to improve senior representation for minority ethnic colleagues, targeting 13% representation in our SLT by 2025.

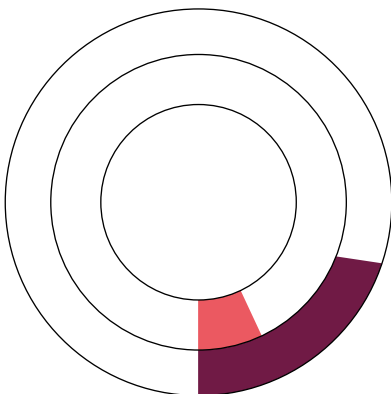
After reviewing progress against our targets in Q2 2021, we have expanded our gender and ethnicity targets beyond our SLT, introducing targets at Manager, Technical Specialist and Senior Associate (inclusive of Lead and Senior Associate) levels in July 2021. Improving diversity at these levels is vital, not least because individuals in these roles are the pipeline for our future senior leadership and setting these targets will ensure we drive positive change and are held accountable for our progress across the organisation.

Our targets for women remain 50% and we have extended these to all relevant grades. We increased our 2025 SLT ethnicity target from 13% to 20% and introduced a 25% target for minority ethnic representation across all pipeline grades.



**We acknowledge that lived experience and career progression is not the same across all minority ethnic groups ...**

We acknowledge that lived experience and career progression is not the same across all minority ethnic groups and are particularly aware of a lack of Black individuals in senior roles in financial services. Our own data shows slower career progression for Black individuals at the FCA. We have committed to increasing Black representation at SLT level, targeting 4% SLT Black representation within our target for 2025.



■ By 2025, we commit to a target of 20% of SLT identifying as Minority Ethnic

■ Within that target, we commit to 4% of SLT identifying as Black

### Progress against our targets

At the time of reporting for our 2020/21 Annual Diversity Report, our Senior Leadership Team (SLT) female representation figure was 43.5%. In the last year, we have seen good progress towards our 2025 target:

- 46.5% of our SLT identified as female on 31 March 2022. The figure excluding the Payment Systems Regulator (PSR) is 44.5%.

Progress towards our pipeline grade targets has been slower. On 31 March 2022:

- 42.1% of the manager population is female
- 29.4% of the technical specialist population is female
- 48.1% of the senior associate population is female
- The figures excluding the PSR are 41.5%, 29.7% and 48.2% respectively

This represents an increase of 3 percentage points for SLT, no change at management level, a decrease of 1 percentage point for technical specialists and an increase of 1.6 percentage points for senior associates.

Our minority ethnic SLT representation has shown growth over the last year:

- 14.7% of SLT is from a minority ethnic background as of 31 March 2022, up from 12.9% in 2021. The figure for March 2022 excluding the PSR is 15.4%
- Our Black SLT representation has also shown growth, with 2.3% of the population identifying as Black as of 31 March 2022, up from 1.6% in 2021

Our pipeline grades have shown modest minority ethnic growth. These have increased from:

- 12.9% to 14.2% at manager level
- 14.7% to 17.4% at technical specialist level
- 25.1% to 27.2% at senior associate level
- The figures excluding the PSR are 14.1%, 17.8% and 27.3% respectively

While this shows improvement, we acknowledge that we need to do more to meet our stretching objectives.

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The table below (see table 1) indicates our revised ethnicity and gender targets, and our position against these targets on 31 March 2022. Historically we have used headcount when reporting on our progress against targets. This year we have updated our reporting approach to use FTE (full time equivalent), to ensure we are aligned with our internal progress reporting. We also believe using FTE gives a more accurate view on the representation of our workforce, and the impact and influence this translates to at senior levels. We are now also reporting our progress against our targets to one decimal place to provide an additional level of granularity and insight. The 2021 figures below have been restated using FTE. A comparison of the 2021 headcount/FTE figures can be found in the Appendix.

## Diversity of our board and executive management

We have published final rules promoting transparency on the diversity of listed companies' board and executive management. Alongside this, we are requiring companies to disclose the breakdown of diversity by sex or gender and ethnicity for their boards and executive management level.

In line with these requirements, and as part of our commitment to transparency we are also reporting on the diversity of our board. As of 31 March 2022:

**33%** of our board are women (three out of nine directors)

**11%** of our board is from a minority ethnic background (one out of nine directors are from a minority ethnic background)

None of our senior board positions (Chair, CEO, or Senior Independent Director) are held by women\*

\* The Senior Management Function 'Chief Finance Function' is allocated to the COO. The COO is not a board director position but is a member of our ExCo. This position is held by a woman.

**Table 1**

| Representation of women        |                        |                        |                 |
|--------------------------------|------------------------|------------------------|-----------------|
|                                | Progress at March 2021 | Progress at March 2022 | Target for 2025 |
| Senior Leadership Team (SLT)   | 43.5%                  | 46.5%                  | 50%             |
| Manager                        | 42.1%                  | 42.1%                  | 50%             |
| Technical Specialist           | 30.4%                  | 29.4%                  | 50%             |
| Senior Associate               | 46.5%                  | 48.1%                  | 50%             |
| Minority ethnic representation |                        |                        |                 |
|                                | Progress at March 2021 | Progress at March 2022 | Target for 2025 |
| Senior Leadership Team (SLT)   | 12.9% (1.6% Black)     | 14.7% (2.3% Black)     | 20% (4% Black)  |
| Manager                        | 12.9%                  | 14.2%                  | 25%             |
| Technical Specialist           | 14.7%                  | 17.4%                  | 25%             |
| Senior Associate               | 25.1%                  | 27.2%                  | 25%             |

All members of the FCA Board are appointed by the Treasury, except two who are appointed jointly by the Secretary of State for Business, Energy and Industrial Strategy and the Treasury. In these processes head-hunters and recruiters are asked to ensure diverse pools of candidates. We welcome the Treasury's ongoing commitment to the Women in Finance Charter, to which we are a signatory. The Charter aspires to see gender balance at all levels across financial services firms including the regulators, and we expect to see this reflected in future non-executive director appointments. We continue to encourage the Treasury and

the Department for Business, Energy and Industrial Strategy to consider diversity in all its forms in future appointments.

Our Executive Committee (ExCo) diversity representation figures as of 31 March 2022 were:

Sustaining meaningful progress in the diversity of our ExCo is part of our wider objective to improve representation of women and minority ethnic colleagues in our SLT.



**13%**

of our ExCo identify as gay/lesbian (one out of eight ExCo members)



**50%**

of our ExCo were in the first generation of their family to attend university (four out of eight ExCo members)



**25%**

of our ExCo are from a minority ethnic background (two out of eight of our ExCo members are from a minority ethnic background), of whom 13% are Black (one out of eight of our ExCo members)



**50%**

of our ExCo are women (four out of eight of our ExCo members)



**13%**

of our ExCo have a disability (one out of eight ExCo members)





## Replacing the term BAME

The term BAME (an acronym which stands for 'Black, Asian and Minority Ethnic') has been commonly used in the UK by government, public bodies, the media and others when referring to minority ethnic groups for much of the past decade. Initially intended as a way of describing data about unequal outcomes for Black and other minority groups, the term has developed into a 'catch all' phrase to discuss experiences of minority ethnic individuals. The term has attracted a lot of criticism, especially as its usage in the public sphere increased following the wide-ranging discussions on race equity in British society that took place after the death of George Floyd in 2020. Many communities

who the term is supposed to represent feel its usage has the effect of categorising, or even marginalising Black and Asian people and those from other ethnic minorities into one homogenous (and therefore reductive) group.

The [government-commissioned report from the Commission on Race and Ethnic Disparities](#) recommended in 2020 that the term 'BAME' should not be used by organisations and public bodies. This was reiterated in the 2021 findings of the [Court Review of Ethnic Diversity and Inclusion](#) conducted by the Bank of England.

Words matter, and this is especially true when it comes to identity. Having committed publicly to reviewing the use of this term in 2021, we have adopted the terms 'race and

ethnicity' when talking about the topic and 'minority ethnic' where discussing our people, colleagues and data. We have committed to consistently adopting this language in conversations, events, written content, speeches and materials.

In deciding these terms, we consulted with the FCA's race and ethnicity network Spectrum and a body of research and best practice. The terms are also consistent with the language we use in our [Ethnicity Action Plan](#) and [Ethnicity Representation Targets](#).

## Race & Ethnicity Sponsorship Programme

In 2019 we launched our Race & Ethnicity Sponsorship Programme (previously the BAME Sponsorship Programme). This is our flagship minority ethnic talent programme designed to deliver a targeted intervention to tackle the lack of ethnic diversity in our key SLT pipeline roles. After two successful cohorts and a hiatus in 2021, an improved version of the programme was launched for a third cohort in March 2022; rebuilt from the ground up following a detailed impact data and metrics review.

The aim of the new programme is to tackle the under-representation of minority ethnic staff in our leadership pipeline by:

- helping participants build and enhance existing leadership skills and behaviours
- securing stretch development opportunities for participants to raise their profile across the organisation
- increasing participants' confidence and resilience
- building strong networks for participants within the FCA and possibly externally

The programme will run for 12 months and will see 18 individuals in key pipeline grades sponsored by a member of our Senior Leadership Team, alongside gaining access to a bespoke learning and development offering.

### Our approach to diversity data and our new data questions

We implemented a new HR system in March 2021. In December 2021, we made significant changes to our diversity data collection, improving the framing of our questions and the answer options. We also added new questions to improve our reporting and cover previously uncollected areas of diversity data in line with recognised good practice in this space. Details of how we collect diversity data can be found in the Appendix.



**It is vital for employees to have the opportunity to self-identify their D&I data on our HR systems.**

It is vital for employees to have the opportunity to self-identify their D&I data on our HR systems. This allows us to improve our monitoring and reporting on demographic data across the employee lifecycle. It is also key in allowing us to implement strategies to build a culture that supports all employees and measure our progress towards our diversity goals.

Changes made include additional questions on disability, physical and mental health and its impact on our people, inclusion of a wider range of questions on socio-economic background to reflect industry best practice and wider data collection on those with parenting and caring responsibilities. We have also made changes to the way we collect data on sex and gender to capture data based on legal sex, trans status and gender identity, ensuring our data capture on these topics follows current best practice and government guidance.

## Our diversity and inclusion dashboard

We aim to be a data and evidence-based regulator and apply this thinking to our work on D&I. Our D&I dashboard is central to understanding our progress and where we still face issues. We report on data across diverse representation, progression of colleagues, recruitment, and turnover, all of which has fed into our current D&I strategy review. Given the importance of data, we have continued to improve our dashboard.

In March 2022, we completed the transition of our D&I dashboard from a static reporting platform to one which shows historic trends and offers additional functionality to drill down for intersectional analysis and greater insight. We intend to publish the high-level version of this dashboard (protecting individuals from being identified) for all our colleagues to see, so that we are better informed and transparent on our progress on D&I.

Our dashboard currently captures gender and ethnicity data across all divisions and at all contractual grades. Once we have transitioned to the more functional platform, we will expand the dashboard to cover other diversity characteristics to create a more comprehensive view of issues and progress. We also intend to report in more granular detail, with appropriate protections to data, so that local management teams can take focused and more positive action to address local diversity issues.

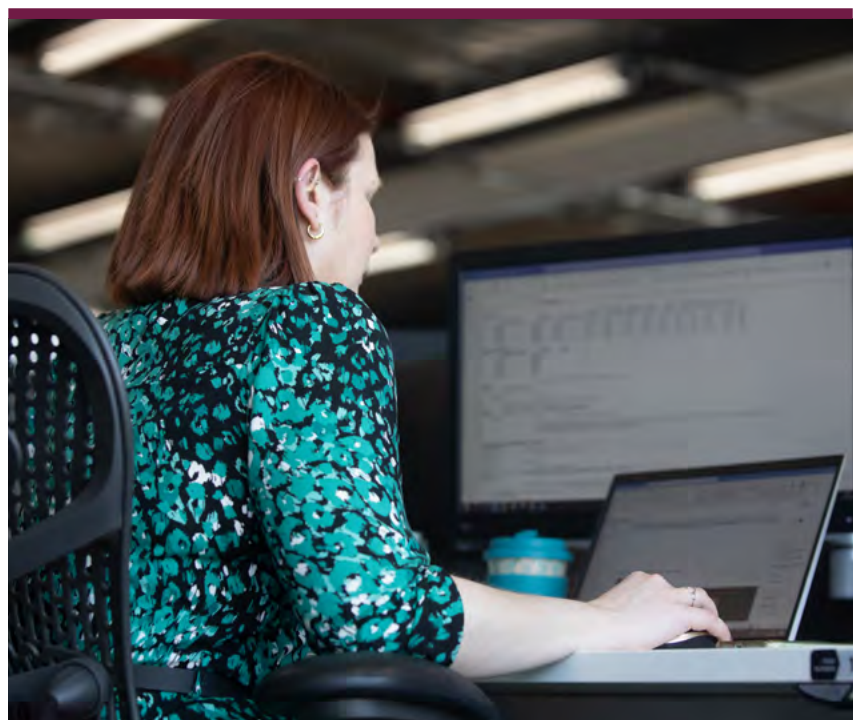
## Our diversity and inclusion resourcing strategy

Our D&I resourcing strategy aims to bring together inclusive recruitment practices to deliver the right solutions for the FCA.

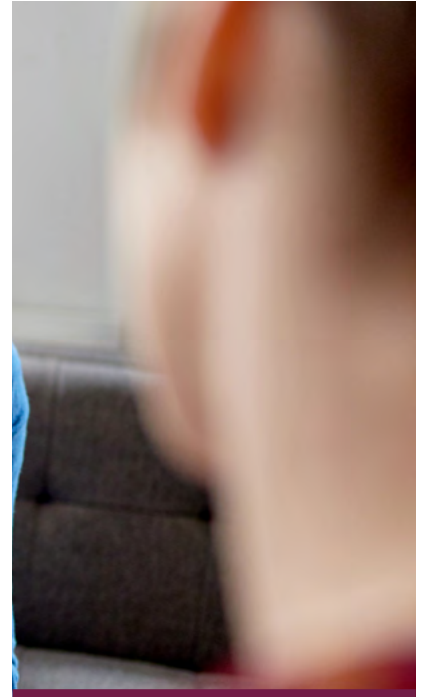


## We recognise the importance of having diverse teams that reflect the society we serve.

We recognise the importance of having diverse teams that reflect the society we serve. The D&I resourcing strategy brings together positive initiatives from across the organisation and applies them at scale, so we can measure success using recruitment data insights, and further adjust our approach. Our strategy aims to help us achieve this through improvement to our resourcing practices.







**Our key objectives are to:**

- create a level playing field for diverse talent by removing barriers
- challenge and support hiring manager decision-making from the start of the process, through to assessment and offer
- use data insights to inform action and drive better outcomes

During 2021, previously piloted initiatives were rolled out to wider parts of the organisation. These include, but are not limited to, the sharing of interview questions in advance of candidate interviews and the use of diverse hiring

panels. We have also introduced supplementary interview skills training resources to bolster D&I in decision making.

As at early 2022, alongside the wider D&I Strategy review, we are reviewing our approach to achieving the above objectives for the organisation. Research shows an appetite for greater consistency and accountability to ensure the best outcomes are achieved.

Building on the success of the ethnicity focused Black Futures Programme, which aims to upskill and engage Black undergraduates, our Early Careers team launched our Opening Horizons programme. Collaborating with the [Bright Network](#), the programme offers students from low-socio economic backgrounds the opportunity to participate in events that provide skills and

insights to the FCA and a chance to be assessed for a place on the following year's summer internship. Following changes in the market, timing of these events is being reviewed for 2022 with the expectation that similar insight events will be offered to both target audiences again between late summer and early autumn. We are proud that we have maintained a high level of diversity with our 2021 graduate programme hiring. 49% are female, 44% identify as minority ethnic and 19% declared a disability. Across our intake of 25 summer interns, 48% are female, 52% identify as minority ethnic and 20% declared a disability. For our 2021 apprentice intake, 48% are female, 40% from a minority ethnic background, and 8% declared a disability.





A tailored strengths-based online selection test, a key sifting tool in early careers recruitment, was built and introduced in partnership with [Cappfinity](#) in autumn 2021. This is a significant shift to recruiting using techniques designed to measure potential rather than experience and is expected to be more accessible to applicants from a diverse range of backgrounds.

We continue to partner closely with [EmployAbility](#) to enable candidates with any disability or neurodiversity adjustment needs to perform to the best of their ability at all stages of our application/selection process. Candidates have access to an application workshop at the start of the recruitment cycle and receive a video raising awareness of reasonable adjustments and the support available to them. Neurodiversity training is encouraged for all early careers assessors before they participate in assessment centres.

We are members of the national [Disability Confident Employer Scheme](#) (with Level 1 accreditation), which supports employers to make the most of the talents people with disabilities bring to the workplace.

## Our gender, ethnicity and disability pay gaps

The full details of our gender, ethnicity and disability pay gap figures for the year ending 31 March 2022 are on our [website](#).

Our latest figures compared to last year are shown in the table below. Our pay and bonus gaps are measured on a median and mean basis.

|             |           | Median |       |       | Mean  |       |       |
|-------------|-----------|--------|-------|-------|-------|-------|-------|
|             |           | 2022   | 2021  | 2020  | 2022  | 2021  | 2020  |
| Gender      | Pay gap   | 19.8%  | 20.1% | 20.4% | 15.6% | 16.3% | 18.4% |
|             | Bonus gap | 33.3%  | 23.5% | 32.0% | 16.4% | 20.2% | 31.8% |
| Ethnicity   | Pay gap   | 22.5%  | 24.5% | 28.9% | 22.8% | 24.4% | 27.0% |
|             | Bonus gap | 33.3%  | 28.8% | 32.0% | 13.7% | 25.9% | 31.8% |
| Disability* | Pay gap   | 9.3%   | 9.4%  | 7.7%  | 6.2%  | 3.8%  | 11.6% |
|             | Bonus gap | 17.9%  | 15.1% | 3.9%  | 5.3%  | 15.3% | 5.2%  |

\*Our numbers declaring a disability are small at less than 10% and this can cause fluctuations in yearly comparisons.

Key changes for 2022 (reflecting the reporting period April 2021 - March 2022) compared to the prior year:

- Improvements to all of our pay gaps with the exception of our mean disability pay gap.
- Significant improvements in our mean bonus gaps including a 12.2% reduction in our ethnicity bonus gap.

- Our median bonus gaps have increased, in contrast to the mean improving, and reflects a change in the pattern of bonus awards this performance year.

Our pay and bonus gaps continue to be driven mainly by imbalances in the distribution of colleagues in different roles and grade levels within the organisation. We acknowledge there is still more work to do for us to see impactful sustainable change.

The changes we have made, and continue to make – including revising our SLT and pipeline grade diversity targets, our Ethnicity Action Plan, our transformation work and our future D&I strategy – should help to further narrow our pay gaps in future years. The discretionary performance bonus scheme that has now been withdrawn will be included for the last time in our bonus gap published in 2023 (covering the reporting period from 1 April 2022).



## Greater transparency in our pay gap reporting

We continue to provide an increased level of transparency, publishing our ethnicity pay gaps and disability pay gaps, despite there being no legal requirement to report these, as we believe that data transparency drives positive action. For the third year, we have also published more detailed data, sharing our ethnicity pay gap broken down into the UK census ethnicity categories, our pay gaps by contractual grade, as well as the intersectional gender and ethnicity pay gap. We know that the experience of different ethnic groups is not the same, and more granular data helps us better understand our challenges and take more targeted positive action.

Our gender pay gap reporting is currently based on legal sex (HMRC set a requirement to report for payroll purposes using legal sex). The Government Equalities Office (GEO) advises organisations to report on pay gap data using information employees have provided for payroll purposes. This is a binary field (male or female). Employees can also choose to disclose to us their gender identity. We offer five response options for employees who wish to self-identify (Female, I use another term, Male, Non-Binary, Prefer not to say). We

are committed to respecting how an employee identifies in terms of their gender. We follow current GEO guidance on pay gap reporting in cases where an individual identifies as non-binary (not identifying as either male or female). This allows for employers to omit non-binary individuals from gender pay gap calculations.

## Movements in our pay and bonus gaps

We continue to see slight changes in our pay gap figures. For this reporting period, the FCA did not increase salaries as part of the annual pay award in April 2021. An exception was made for those paid below £24,000 per annum on a full-time equivalent basis. The changes in the pay gap therefore largely reflect new appointments and other movements within the workforce.

We have seen more significant movements in our bonus gap figures. For this reporting period, the FCA changed how discretionary performance bonuses were awarded in April 2021. Considering the impact of Covid-19 and wider economic conditions we made short-term changes in our approach. The overall funding was reduced and the awards were based on a fixed value as calculated as a percentage of the average salary for each grade. This is in contrast to the bonus being calculated as a percentage of individual salary as in previous years. Bonuses started at 11% for the most junior roles and stepped down to 8% for the most senior roles. This stepped rather than graduated approach, combined with an imbalance in representation, led to a greater disparity between the median bonus awards of each group. However, the positive impact of this is seen in how the mean bonus gaps have reduced. The most significant fall is in our ethnicity mean bonus gap, reducing by 12.2%.

**... we believe that data transparency drives positive action....**

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## Our new employment offer

We announced our new employment offer to colleagues in March 2022. This followed an extensive consultation period that began in September 2021. Our new grading, pay and benefits offer aims to ensure we can retain and attract the skills we need to meet our vital objectives – protecting consumers and markets and promoting competition – for the long term.

It is designed to reward strong, consistent performance and aid career development. Importantly, the changes also advance our diversity and inclusion objectives.

The changes focus the greatest pay increases on those in less senior roles. The result is a positive impact on the pay of younger, female and minority ethnic colleagues in particular.

Simplifying and making more transparent our approach to pay and job families, as well as assisting career development and mobility, will deliver diversity and inclusion benefits as part of our broader strategy.

The combined impact of this in closing our pay gaps will be reflected in future reporting periods.

## Professional Support roles

Our Professional Support grade remains majority female, with 87% of this grade made up of women as of 31 March 2022. As these grades are at the lower end of our organisational pay scales, this is a major driver of our organisational pay gap.

We have also heard from our colleagues that career advancement in this grade can be a challenge, particularly for those looking to progress from a Professional Support role to an Associate role.

Our new employment offer seeks to address some of these issues. We have repositioned administration as Professional Support in our organisational grading structure and the senior Professional Support role now clearly sits at the same level as the starting Associate role. These changes create a clearer career progression pathway into associate roles for those wishing to progress via this route.

Our data shows that those in Professional Support roles at the FCA are disproportionately less likely to have attended university. According to the Social Mobility Commission this is still perceived to be a barrier to some in certain parts of the workforce, as some organisational cultures favour university attendees. We believe that in creating long-term career progression opportunities for those in Professional Support roles, this will also support our wider efforts to promote social mobility within the FCA.



**We have repositioned administration as Professional Support in our organisational grading structure and the senior Professional Support role now clearly sits at the same level as the starting Associate role.**



## 4. Inclusive culture

### Hybrid working

**To inform longer-term strategic decisions on flexible working, the FCA is piloting both hybrid and fully dispersed working. The pilots aim to determine the appropriate balance of in-office and offsite working, taking into account both organisational and colleague needs.**

For the hybrid pilot, colleagues are currently being asked to spend a minimum of 40% of their working time over a month, based in the office. A smaller trial of around 140 colleagues is continuing to work on a 100% dispersed basis (ie offsite). Both pilots will run until the end of July 2022.

A key part of our evaluation of hybrid and dispersed working is the impact these forms of working have on D&I. We believe that these more flexible forms of working support our desire to nurture a workplace that caters to the breadth of diverse needs of our people, for example through offering a greater degree of flexibility in working arrangement to those with caring responsibilities or physical

and/or mental health needs. This also supports our ability to recruit diverse talent into the FCA.

Throughout the trial, we will evaluate employee experience, organisational effectiveness, sustainability and cost. We will be gathering quantitative and qualitative data to support decision making on any future changes. We are monitoring the pilot closely to identify any potential diversity impact and unintended consequences that may emerge over a longer

period. Where we identify any challenges created by hybrid working, we will take active steps to mitigate these to ensure that this new working model does not lead to inadvertent discrimination or negative impact towards our people. We are also actively engaging with our network groups and Corporate Responsibility team to identify and assess the D&I benefits of the pilots and will explore how to build on these benefits in the future.



## Transformation

Our transformation project continues at pace. This is a bold and far-reaching programme that will change how we operate and help us to continue to deliver good outcomes for consumers. In the same way that we require regulated firms and individuals to keep pace with the changing world, our day-to-day regulation must continually adapt. As the world around us becomes more complex, we need to grow and develop our capabilities. We are adapting our approach so that we are as effective as possible and can make confident, well-informed decisions.

We have established a 'D&I Challenge and Support Forum' to ensure D&I considerations are central to transformation plans and programmes. The forum takes place every three weeks for transformation workstream leads to share current thinking with diversity network Co-Chairs and Corporate Responsibility representatives, answer questions and incorporate their D&I feedback into workstream designs and delivery approaches.



The transformation project has identified five FCA values and six culture objectives. One of these objectives is to ensure the FCA has a diverse, inclusive and flexible workforce that reflects the public we protect and brings a full range of perspectives and ideas to our work.

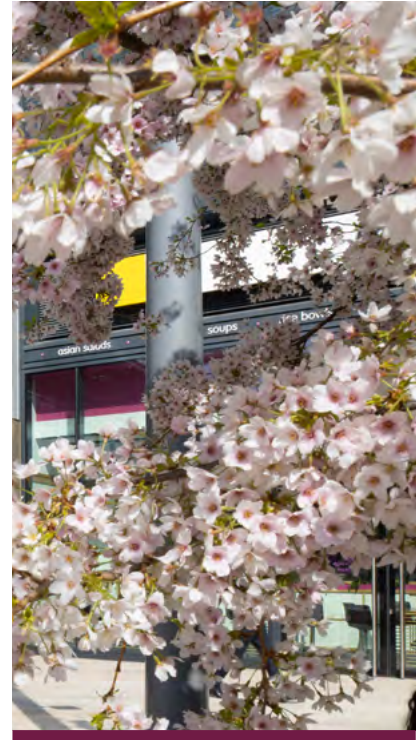
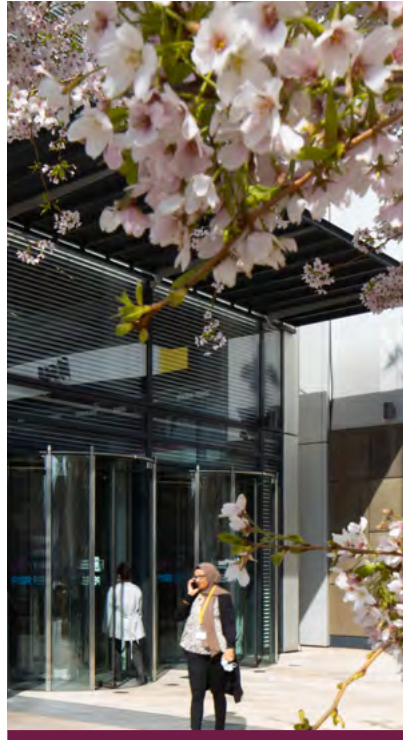
These values are an effective way of communicating the behavioural expectations of colleagues in a compelling manner.

## Supporting accessibility needs

We believe that accessibility is central to an inclusive environment and supports in making the FCA an employer of choice. Meeting our Public Sector Equality Duty obligations in addition to being a Disability Confident Employer impacts our activities, including accessibility.



**These values are an effective way of communicating the behavioural expectations of colleagues in a compelling manner...**



Accessibility is about making sure our systems and applications work in the interests of all our staff. Inaccessible information technology (IT) negatively impacts people in a variety of ways, which can be exacerbated for individuals with acute and chronic conditions.

Through consultation with Embrace, our physical and mental health network, we have identified that we need to do more to get this right for our colleagues. Our current systems and processes do not always effectively support colleagues with accessibility needs and dispersed working as a result of Covid-19, has highlighted these issues. Our Supporting Accessibility Needs

(SAN) initiative aims to enhance the provision of accessible technology through:

- Improvements to processes associated with the deployment and remediation of accessible technology.
- The introduction of a catalogue of agreed workplace adjustment (WPA) hardware and software solutions that can quickly be deployed.
- Updating the change delivery lifecycle and software testing processes to ensure adequate consideration is given to accessibility users across all technology delivery settings.

A Workplace Adjustment (WPA) survey carried out in October 2021, identified areas to respond to the needs of our colleagues impacted by either temporary or long-term accessibility issues relating to assistive technology. In Q1 2022 we:

- Introduced the 'Assistive Technology (AT) Flag' that will inform our IT ServiceDesk that the person calling uses assistive technology thus enhancing the ServiceDesk support.



- Launched the Accessibility intranet pages providing guidance and support to users of AT as well as hiring/line managers, team leaders, project teams and colleagues who want to know more about AT and what it means to us all.

The Accessibility intranet pages and AT Flag are increasing organisational-wide awareness of accessibility and providing improved support function to our AT users. An Accessibility Subject Matter Expert (SME) will be joining the End User IT team, to engage with our AT user community and provide specialist support and process improvements.

For the remainder for 2022 the SAN initiative will continue to deliver improvements through:

## Workplace Adjustment Passports

Work has been underway for the last year to create a Workplace Adjustments Passport (WAP) for staff at the FCA. The Embrace physical and mental health network have collaborated with HR and our Wellbeing team to develop this document. The passport will allow colleagues to record their physical and mental health challenges and any workplace adjustments they have in place.

WAPs will limit the burden on colleagues having to repeatedly disclose this information if their line manager changes or they make an internal move across the organisation and facilitate simpler renegotiation of adjustments.

To make the passport more inclusive, it has been expanded to include non-health related adjustments, such as those an individual needs to meet their caring responsibilities.

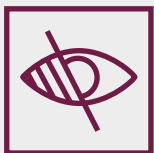
## Our employee surveys

Our annual employee survey allows for colleagues to feedback on their day-to-day-experience of working at the FCA. Survey results inform our D&I priorities which aim to make the FCA an even more inclusive place to work.

In 2021 we ran our annual employee survey in January, followed up by a shorter mid-year pulse survey in July. Our pulse survey followed immediately after key transformation programme announcements and 18 months into the Covid-19 pandemic. In



- **Embedding an operating model that ensures that FCA staff have sensitive and effective support and WPA needs are considered throughout Business Technology Solutions (BTS) activities.**



- **An 'accessibility by design' initiative that will make changes across BTS processes and governance to ensure that any future technology delivery considers accessibility throughout.**



- **A review of existing WPA solutions and accessibility gaps across existing systems.**



**To make the passport more inclusive, it has been expanded to include non-health related adjustments, such as those an individual needs to meet their caring responsibilities.**



recognition of the impact these factors were having on how our people experienced work at the FCA, the survey was designed to learn how our colleagues were feeling and what their perspectives were.

Positive sentiment in the mid-year pulse survey decreased across multiple categories. We attribute the fall in results in part to the fact that colleagues felt they needed more clarity on both 'what' was changing as part of the transformation programme and 'why' it needed to change.

75% of colleagues contributed to the annual survey and our pulse survey achieved 70% response rate – a good sign that people are very willing to share their views. Several questions in our main and pulse surveys align to D&I, with these key insights:

**'People here are treated fairly regardless of their gender' – 80% of respondents agreed in January 2021 (69% in July).**

**'I can be myself around here' – 73% of respondents agreed in January 2021 (59% in July).**

**'People here are treated fairly regardless of their race or ethnic origin' – 75% of respondents agreed in January 2021 (66% in July).**



**'People are treated fairly here regardless of their disability' – 86% of respondents agreed in January 2021 (73% in July).**

**'I am treated as a full member here regardless of my position' – 76% of respondents agreed in January 2021 survey (60% in July).**

These results have created a platform and opportunity for our staff to engage with FCA's leadership team to help shape our organisation's future. As a result of the link between lower results and the transformation programme, from September 2021, Executive Committee (ExCo) members held 77 'ExCo Conversations' sessions for colleagues across the organisation to share their thoughts, listening to their views and answering questions directly. We have also carefully analysed output from both surveys as part of the D&I strategy review project; and findings have informed our thinking and approach around inclusion, culture and belonging.

Open conversations are key to ensuring that the FCA remains a great place to work. The results of our 2022 employee survey will be available in summer 2022.

## Working with other organisations

We continue to collaborate with industry and government on programmes and initiatives designed to increase diversity in the workplace. This includes the Government's Women in Finance Charter which commits financial services firms to support women's progression into senior roles and the City of London Corporation (CoLC) independent taskforce on socio-economic diversity (commissioned by HM Treasury and the Department for



Business, Energy and Industrial Strategy). The taskforce is made up of businesses, sector bodies and regulators and aims to boost socio-economic diversity at senior levels across the UK.

We also work closely with several external specialist interest groups and non-governmental organisations including Stonewall, City Mental Health Alliance, Inclusive Employers, Business Disability Forum, PurpleSpace, The Gender Network, The Employers' Initiative on Domestic Abuse, The Social Mobility Foundation, Bridge Group and Employers for

Carers. Our partnerships and work with these organisations helps us to build a more engaged workforce, informs our internal people policies and provides our employees with wider specialist resources.

## Benchmarks and awards

The FCA ranked 83rd in Stonewall's 2022 LGBT+ Workplace Equality Index.

The Index is a benchmarking tool used by employers to assess their achievements and progress on LGBT+ equality in the workplace, as well as their wider work in the community and on service provision. We were recognised with a Gold Award signifying our delivery above a key threshold of LGBT+ inclusion work. In addition, our LGBT+ employee Network, InsideOut, was named an LGBT+ Employee Network Group of the Year by Stonewall, in recognition of their work to support LGBT+ communities at the FCA and wider afield.

In 2021, we were awarded the Carer Confident benchmark of Level 2 'Accomplished' by Employers for Carers. Our Scotland Office also achieved the equivalent 'Established' award from Carer Positive (Scotland). This is an important benchmark that encourages workplaces to foster an environment where carers are recognised, respected, and supported. They look at how organisations encourage those with caring responsibilities to self-identify to their employers, and the policies, practical support, and peer support in place.

The FCA has been named as one of the Times Top 50 Places to Work for Women for



2022. The evaluation for this recognition includes, but is not limited to, action taken to increase the representation of women in senior positions, intersectionality, supporting parents and carers, prevention of bullying and harassment towards women and what organisations are doing to promote gender equality outside their organisation.

We were ranked 27th in the 2020 Social Mobility Employer Index. We did not take part in the 2021 Index but remain committed to driving forward social mobility at the FCA. We submitted again to the 2022 Social Mobility Employer Index and expect results in autumn 2022.

In the 2022 National Undergraduate Employability (NUE) Awards we were ranked 67th in the Rate My Placement Best 100 student employers (ranking is based solely on student written reviews). The awards celebrate the outstanding achievements of employers, agencies, students and universities in undergraduate work experience across the UK.

We were also rated 100th in the TargetJobs UK 300 Top Graduate Employers, moving up seven places from the previous year.

## Our Ethnicity Action Plan

We are working hard to ensure the FCA reflects the diversity of ethnicity in the society we serve and that everyone regardless of their ethnic background has equity of opportunity, fulfilling their potential and contributing to the mission of the FCA. We acknowledge that we are on a journey, and in 2020 we created an Ethnicity Action Plan which sought to make clear our challenges, create accountability for progress and set an example for the firms we regulate. Our representation and pay gap data both show that we have a race and ethnicity imbalance across the organisation and some difficult issues to address. We have grouped the strategic actions of our ethnicity action plan into five areas of initial focus (see figure 2):

## Our Ethnicity Action Plan progress

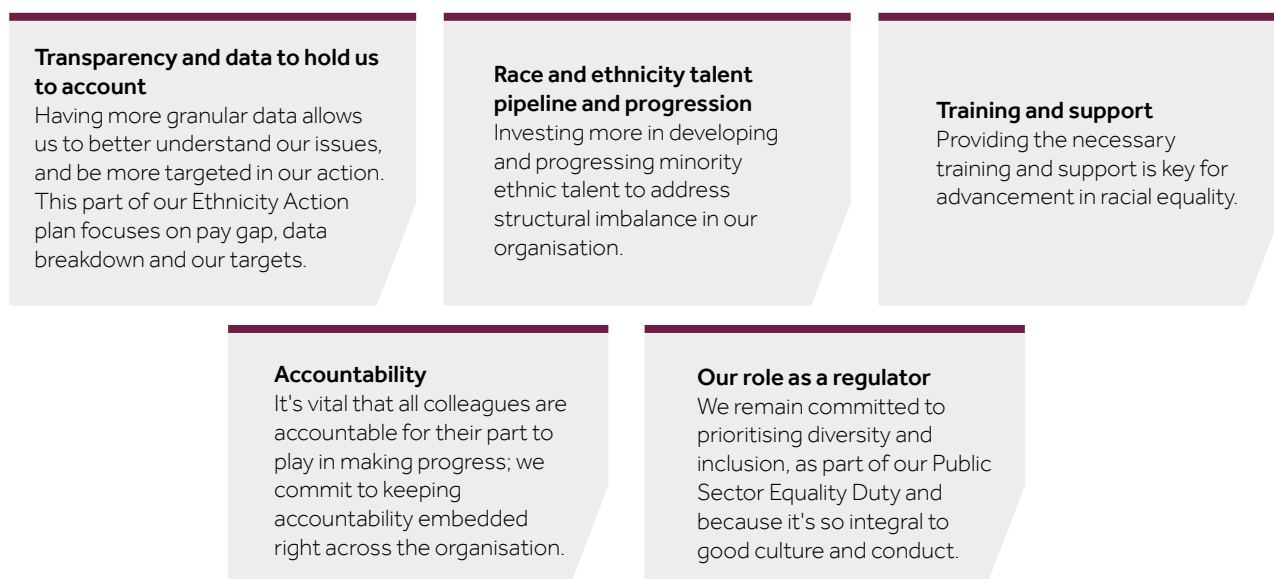
### Transparency and data to hold us to account

- We continue to analyse our ethnicity pay gap across UK census ethnicity categories, to increase transparency in our ethnicity pay gap reporting. We also review our pay gap by contractual grade and publish intersection gender and ethnicity pay gap data.
- We are transforming our D&I Dashboard to offer additional functionality on historic trends and intersectional minority ethnic analysis. This will allow local management teams to report in more granular detail on race and ethnicity and take focused and more positive action to address local diversity issues. We increased

our 2025 SLT ethnicity target to 20% and introduced a 25% target for minority ethnic representation across all pipeline grades. We have also committed to targeting 4% SLT Black representation within our 20% SLT target for 2025.

- In December 2021 ExCo reviewed the organisational risk appetite towards D&I data and how we use this in targeting and driving meaningful change. Our approach will continue to be risk aware but will be more ambitious in how we use data to identify issues and adopt informed approaches to our D&I challenges.

## Figure 2: Ethnicity Action Plan







## Minority Ethnic talent pipeline and progression

- We have launched a third cohort of our Race & Ethnicity Sponsorship Programme. The programme is our flagship minority ethnic talent accelerator programme and aims to tackle the under-representation of minority ethnic staff in the FCA's leadership pipeline.
- We have now implemented our Inclusive Talent Review Process and delivered the first round of these reviews. Periodically, line managers and leadership teams discuss the development and future potential of our people as part of our Performance, Career and Development (PCD) cycle. These reviews provide insights into the depth and breadth of capability across the FCA and support informed decision making on development, deployment and recruitment of people at the FCA. Our new approach is designed to mitigate the influence of racial biases by introducing greater objectivity, inclusivity and transparency to the way that we assess, discuss and develop the potential of our people.
- We participated in the Black British Talent Accelerator programme in 2021. The programme is delivered by the Black British Business Awards (BBBA) and provides participants with opportunities to reflect, deliberate and develop, surrounded by minority ethnic peers and senior executive role models. The FCA had two representatives take part in the 2021 programme.
- We broadened our utilisation of a number of new recruitment practices following pilots of these in 2020. These include the use of diverse hiring panels and the sharing of interview questions in advance of candidate interviews.
- The Black Futures Programme was run in April 2021, welcoming a cohort of Black undergraduates and acting as a diverse pipeline for our summer internship and graduate programmes. We extended three offers onto our 2022 summer internship, which has a total of 44 places. We extended eight offers onto our 2022 Graduate Programme to previous Black Futures Programme participants who had been offered a place on and successfully completed the 2021 Summer Internship.



## Accountability

- Our new D&I strategy will place greater focus on accountability across all levels of the organisation. We are assessing the best ways to integrate contributions towards D&I and performance against D&I metrics into our performance and evaluation processes.



- Our new D&I dashboard will drive greater accountability in local management teams in addressing D&I issues and support localised activity to boost minority ethnic representation.

## Training and support

- We completed a roll out to SLT and people managers across the organisation of D&I workshops focusing on privilege, microaggressions and bystander intervention. Some local areas have continued to expand these workshops by delivering them for all colleagues.
- The Spectrum race and ethnicity network has continued to host 'Time to Connect' sessions focused on different topics and often delivered in collaboration

with other network groups. These sessions are open to all employees and offer a safe space for colleagues to connect and speak freely about issues and ideas on topics of race and ethnicity.

- We have introduced supplementary interview skills training resource to bolster D&I in decision making.
- During Black History Month in 2021, the Spectrum network delivered a full series of event and awareness raising activity, accessible to all employees at the FCA. This included four talks from external speakers, 'fireside' style chats with senior minority ethnic colleagues from across the FCA, blogs from colleagues across the organisation and a social media 'takeover' of the FCA's social media platforms.

## Our role as a regulator

Please refer to section 6 for information on our recent Discussion paper and Policy Statement related to diversity and inclusion in the financial sector/listed companies.



**We completed a roll out to SLT and people managers across the organisation of D&I workshops focusing on privilege, microaggressions and bystander intervention.**



## 5. Consumer focus

### The Financial Lives Survey

The Financial Lives survey (FLS) is our flagship survey of UK consumers. We conducted it in 2017, in early 2020 and are doing so again this year.

The survey provides a wealth of information about consumers' attitudes towards managing their money, the financial products they have and their experiences of engaging with financial services firms. The survey is unique in the combination of its highly robust design (using random probability sampling), its breadth (with questions covering all the retail sectors we regulate) and its size (over 18,000 respondents

targeted in the current survey). As a tracking survey, it provides evidence of how things are improving, worsening, or staying the same, from the consumer's viewpoint.

### Improving our D&I survey questions and the way we report

The FLS's nationally representative data helps us to deliver our consumer protection and competition objectives through identifying harm and improving consumer outcomes. We capture the following diversity characteristics in the FLS, ensuring our survey is representative of multiple demographic groups but also report for these populations:

- age
- sex
- sexual orientation
- trans status and gender identity
- marriage or civil partnership
- disability
- ethnicity
- religion

Our third 2022 survey is the first to capture religion, and we have added questions that will allow us to report for the first time on disability as defined in the Equality Act 2010.

We have updated our survey question on ethnicity, using the 2021 census question, and, when we report on ethnicity, we will no longer use the term BAME.

We are increasing our total sample size for the 2022 survey, in part to allow us to analyse data and understand outcomes and disparities better for specific groups. Within the constraints of sample size, we will report quantitative results for White, Black, Asian and mixed-ethnicity UK adults, while having the opportunity through smaller sample qualitative follow-up research to explore the experiences in financial services of detailed ethnic groups such as Black Caribbean.

Our latest survey will enable us to report across multiple new age groups (including those 85+), for adults with a mental health challenge or disability, and for a greater range of LGBT+ adults.

We are mindful that inequalities can also be driven by geography and social background. We can report survey findings not only by country and English region, but by urban and rural areas, by types of town (eg coastal), by English counties and comparable units in the other UK countries, and by the Index of Multiple Deprivation deciles. In the 2022 survey we have added questions reflecting current best practice (established through engagement with the Bridge Group and Social Mobility Commission) to capture social mobility data and socio-economic background.

## Selected results about LGBT+ adults from FLS 2020

Data from the FLS shines a light on a wide range of diversity issues, as the publications cited below show. A wide range of information is made available through use of the data tables in the [FLS resources library](#). In Summer 2021, information from the FLS 2020 was analysed through an LGBT+ lens, to ascertain LGBT+ consumers experiences, perceptions, and behaviours in relation to financial services and products. This information was shared in June and July to correspond with Pride Month in 2021.

Findings show that:

- **More LGBT+ adults than the UK average lack trust in the financial services industry, as of February 2020:**

- **34%** of LGBT+ adults disagree with the statement 'I have confidence in the UK financial services industry', vs 26% of all UK adults.
- **42%** of LGBT+ adults disagree that most financial firms are honest and transparent in the way they treat them, nearly a third higher than 32% of all UK adults who hold this view.

- **LGBT+ adults are nearly twice as likely to have had issues with accessing financial products or services in the two years to February 2020:**

- One in ten (**11%**) LGBT+ adults have been declined a financial product or service, vs **6%** of all UK adults.
- One in ten (**11%**) of LGBT+ adults have been offered a financial product or service that they wanted, but at a price, or with terms and conditions, they felt to be completely unreasonable, vs **7%** of all UK adults.



## Our D&I FLS publications

FLS insights are included in many FCA publications. Since we often analyse data across the diversity demographics of age and gender, most of our FLS reporting highlights any existing disparities across these demographics or confirms where no such disparities exist.



Below are some examples of reporting, where we have placed diversity characteristic analysis centre stage:

- For the first FLS 2017 report we analysed results primarily by age; we also introduced the algorithm we use in the FLS to identify UK adults with characteristics of vulnerability, including low financial resilience. The second FLS 2017 report looked at results by geography across the UK. In the FLS 2020 report we focused on age, gender, and ethnicity, among other characteristics; we also examined results for consumers with characteristics of vulnerability including low financial resilience and poor health.
- In the FCA's Insight series we have published three papers that have drawn on FLS 2020 and on our October 2020 survey about the impact of Covid-19. These papers look at personal finances, as affected by Covid-19, in respect of ethnicity, health or gender.
- We have published FLS diversity insights in the last two Annual Diversity Reports, using FLS 2020 data: in the ADR 2019/20 a short article on demographics, financial products and vulnerability by gender and ethnicity, while in the ADR 2020/21 we looked at the impacts of Covid-19 on finances, people's worsening financial situations and their

coping mechanisms, focusing on women and ethnic minorities.

## Equality Impact Assessments

We continue to strengthen our Equality Impact Assessment (EIA) process to ensure, in pursuing our regulatory objectives, we consider, embed, and support equality of outcomes for all consumers. Our renewed process encourages us to thoroughly consider the likely impact of our work on different groups and the consequences of our policies (to ensure that we do not inadvertently disadvantage or discriminate against any characteristic group). It also offers opportunities to promote equality of opportunity in our policy making.

Having trained new Equality Impact Champions in early 2021 we have since implemented new

processes for policy drafting and critical assessment, to better embed thinking around equality in policy making across the FCA. We have developed and launched new resources to complement EIA training and introduced new standardised forms and documentation to be completed when writing new policy. The aim of these processes is to embed thinking around equality in the early stages of policy making and therefore pre-empt any issues which may be identified at later stages of review.

We have also introduced a case study format to our bi-monthly Equality Impact Champion meetings to share learning and best practice, update on relevant court judgements involving equality law, discuss issues and concerns being identified and develop solutions to shape better and more equal policy outcomes.







## Diversity and inclusion in our supply chain

We made changes to our supplier code of conduct in 2021 to include a wider consideration of D&I. This sets a baseline expectation from us to our suppliers around values, behaviours and deliverables from a D&I perspective. We will continue to develop this work and are focusing on assessing

the risks and opportunities that exist in our supply chain to prioritise where we can have the most input and influence in relation to D&I.

We have begun to use the Financial Services Qualification System (FSQS), a sector-wide database on commonly used suppliers in financial services over the last year. This database allows suppliers to upload information that is regularly requested before awarding

contracts and streamlines many supply chain processes. Using the FSQS, we can filter questions, data and information in relation to D&I and view ratings and feedback on prospective suppliers. This has opened up new options for us to conduct due diligence and assurance actions for D&I pre and post contract award.

## Making our information more accessible

As a public service organisation, we aim to make the information we provide accessible, through inclusive design. We provide information in alternative formats on request, and over the last year we have seen an increase in these requests, including for large font, audio and easy read publications. We make sure our website complies with Web Content Accessibility Guidelines (WCAG) 2.1 A and AA standards; and we aim for higher where possible. We also test that our website works with assistive technologies such as screen readers, to make the site easier for everyone to use.

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## Our Supervision Hub has continued to ensure its services are accessible, working to the British Standard of Inclusiveness.

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### Our Supervision Hub

Our Supervision Hub has continued to ensure its services are accessible, working to the British Standard of Inclusiveness. We receive an average of 9,000 consumer contacts a month via our different channels – telephone, webform, letters and live webchat. Use of our translation service is increasing each year. In 2021 we received an average of 300 requests per month for our Correspondence Team and an average of 48 contacts a month for our Telephony Team. The most frequently requested languages are Italian, Spanish, Portuguese and German. We offer a 48-hour call back service to consumers who are potentially vulnerable to check how they are getting on and if they have understood the guidance we gave them. We have a well-established relationship with the Samaritans, and we offer a referral service to them in exceptional circumstances as well as informing consumers about the services they offer. We also have relationships with Age UK, Shelter and Scope who sometimes refer consumers to us.

### Our complaints process

In January 2022 our Complaints Team updated the acknowledgement letter/email template we send to complainants to highlight accessibility support which is available from the FCA. The letter/email identifies a number of communication methods open to complainants. This includes:

- speaking with complainants, in addition to sending a letter or an email
- corresponding with complainants in Braille, or using large print or coloured paper
- providing audio recordings of our letters or using text relay
- giving written translations of correspondence to or from another language
- with consent, corresponding with a representative on a complainant's behalf, such as a relative, friend or community advocate

The INTACT case management system used by the FCA was updated in the summer of 2021 to allow the organisation to record reasonable adjustment requests and GDPR consent (in order to process special category data). These system changes applied across the FCA and our complaints handling and INTACT manuals were updated accordingly following this change.

## 6. Our role as a regulator

### Regulatory Diversity and Inclusion

Work on D&I in the financial services sector is an FCA Business Plan priority. We believe that improving D&I in financial services firms will help us achieve our objectives.

- Ensuring markets work well and market integrity:** We want to reduce groupthink by encouraging firms to promote diversity of thought and an inclusive culture where people can contribute, challenge and question. We think this will drive better, more robust decision making, which will protect and enhance the integrity of the UK financial system. We also want to advance our market integrity objective by increasing transparency about demographic diversity for investors about the companies they invest in.
- Promoting competition:** by encouraging regulated firms to look more closely at the needs of a diverse customer base, they will develop products and services which are better tailored to customer needs, thereby promoting greater innovation and competition. We think that increased transparency regarding the D&I of firms will facilitate consumer choice by enabling people to make comparisons between firms, which will again foster greater competition.
- Protecting consumers:** we will drive greater diversity and more inclusive cultures in regulated firms to promote better understanding of the needs of diverse consumers, which will reduce consumer harm and improve outcomes.

We published [Discussion Paper \(DP\) 21/2 Diversity and Inclusion in the Financial Sector: Working Together to Drive Change](#) jointly with the Prudential Regulation Authority (PRA) and Bank of England in July 2021, using our unique position as regulators to start a conversation on how D&I can be improved in the financial services sector. The DP set out possible policy options, asking for stakeholder views and/or alternative ideas.







## We want to see meaningful change ...

We need to drive positive change, as although industry has taken steps to improve D&I, change has been slow and uneven. The 2021 [Women in Finance Charter Annual Review](#) reports that in 2020 there was, on average, 32% female representation in senior management in charter signatories - an increase of less than 1 percentage point year on year from 2017. The position of ethnic minorities shows signs of going into reverse. [Fewer than one in ten](#) management roles in financial services are held by Black, Asian or other minority ethnic people. There is also limited progress with social mobility. A deep dive study of eight financial firms found that 89% of senior roles are held by people from higher socio-economic backgrounds.

We want to see meaningful change and are seeking to achieve the following outcomes:

- **more diverse and inclusive regulated firms and listed companies**
- **senior management includes individuals with a wider range of characteristics to support robust decision-making in a way that challenges shared assumptions and cultural biases**
- **products and services are designed and delivered to meet the needs of a diverse customer base, offer fair value and are accessible**
- **firms collect and use data to monitor progress and target action**

Our DP was the first step in formally setting out our expectations of firms in terms of D&I. It closed on 30 September 2021, and we received 183 responses from a wide range of stakeholders. Feedback has generally been positive, recognising the need for action and the value of a regulatory

framework in raising standards and ensuring consistency across the sector. Some respondents flagged concerns about the risk of unintended consequences of a 'one size fits all' approach, and reputational risk if we do not ensure we deliver lasting impact. Some respondents preferred a more prescriptive approach on the basis that it would be clearer, while others preferred a flexible approach to allow for the fact that firms are at different stages. Targets, data collection, disclosure and proportionality were the areas where we received the most comments.

We have carefully considered all the feedback we have received, in written responses to the DP and via extensive external engagement with a range of stakeholders. Our next steps are to produce a Consultation Paper (CP), which is ambitious but achievable and will allow for further opportunity for others to join the conversation. We are aiming to publish the CP in the summer. After that, we will publish a Policy Statement which will set out the new rules, requirements and guidance, some of which may be new and some of which may build on existing requirements.





In doing this work, we acknowledge that we are also on a journey, as is transparent in our Diversity Annual Reports, our Ethnicity Action Plan and in our published pay gap data. However, we have a responsibility to obtain better outcomes for consumers and markets, so we are acting now.

Alongside the DP, we published a [Literature Review](#), an analysis of over 100 academic and other research reports that provides an overview of what evidence there is on the impact of D&I in the workplace. This supports a connection between D&I and better business outcomes such as corporate governance and risk management for diverse and inclusive organisations, particularly when it comes to gender. However, we recognise that some areas of academic literature are less well developed, eg demographic diversity other than gender and ethnicity and on inclusion rather

than diversity. Nevertheless, the business case for D&I is there, alongside the moral and ethical case.

We have carried out cost benefit analysis work which will inform our decisions on proportionality.

In October 2021, we carried out a pilot data survey with a sample of regulated firms and received around 650 responses. We wanted to gather information to help us understand levels of workforce diversity, the types of diversity data collected and plans for data collection. This work confirmed that data collection at present is patchy and inconsistent. The insights the survey has given us will inform the development of any future regular data collection.

We have engaged widely across the FCA in developing our proposals, including with our senior leadership team and our Staff Network Groups. We have also engaged our Non-Executive

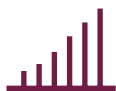
Directors and the independent statutory panels. We continue to work closely with both the PRA and the Bank in developing this joint work.

We have also engaged extensively with external organisations, here and overseas. We have had bilateral discussion with the Equalities and Human Rights Commission (EHRC), a number of trade and professional associations and consumer and campaign groups, as well as some regulated firms and consultancies. We have hosted round tables, given speeches, and been represented on panel discussions. We have participated in discussions with UK economic regulators through our membership of the UK Regulators Network and we have engaged with our overseas counterparts. All this has had the effect of moving D&I further up the agenda.

## Diversity & inclusion on company boards and executive management

Last year we committed in our Business Plan to consider our approach to diversity in listed firms. On 28 July 2021, we published consultation proposals in CP21/24 on 'Diversity and inclusion on company boards and executive management'. Our proposals were designed to improve transparency for investors on diversity at the most senior levels of listed companies, which would inform investment decision-making and shareholder engagement with companies to support market integrity. In turn, we expect these disclosures and market scrutiny of issuers may promote greater diversity on company boards and at senior management levels and encourage wider considerations of D&I across their businesses.

Our proposals were to require listed companies to make annual disclosures against 'comply or explain' targets for:



**at least 40% of their boards to be women**



**at least one board member to be from a minority ethnic background**



**at least one of the senior board positions (Chair, CEO, CFO or Senior Independent Director) to be held by a woman**

Alongside this, we proposed to require companies to disclose an accompanying numerical table on the breakdown of their board and executive management by gender and ethnicity. We also proposed to change our disclosure guidance and transparency rules (DTRs) to indicate that board diversity policies could consider wider diversity characteristics (including disability, sexual orientation and socio-economic background), address diversity on key board committees, and encourage companies to publish more data on the outcomes of their policies, if appropriate.

Our consultation closed in October 2021, and we received extensive feedback. Overall, we received broad support from consultation responses on the main elements of the proposals, with the exception of concerns raised around the basis for reporting on the representation of women and some feedback relating to overseas data protection laws. Based on our careful consideration of feedback and further legal analysis we finalised rules in PS22/3, published April 2022.

While the final rules were similar to those consulted on, we decided to provide more flexibility for companies on:

- how they collect and report data relating to the representation of women
- the data reporting requirements for companies with board members or executive management situated overseas, where feedback noted that local privacy and data protection laws may prevent companies asking for the relevant data which is required to be reported.

This approach gives issuers the option to align their reporting on women with disclosures they are required to make under the Companies Act, reporting for voluntary initiatives, or alternatively to take an approach that best suits their workforce and existing D&I policies.

Our final rules apply to accounting periods starting on or after 1 April 2022, meaning these new disclosures will appear in end of year financial reports published after 31 March 2023. However, we encouraged companies whose financial years began on 1 January 2022 or after to consider reporting on the targets and in the table format we have set out at an earlier opportunity, for example, in reports for financial years ending on or after 31 December 2022.

These final rules are intended as a first step to promote company and investor engagement on D&I. We have committed to reviewing this policy in three years' time to assess the effectiveness of our policy and consider progress on wider aspects of D&I.



## The proposed Consumer Duty will be a significant shift in what we expect of firms...

### Diversity and inclusion in our policy work

In December 2021, we consulted on proposals for our flagship new Consumer Duty (CP21/13). The proposed Consumer Duty will be a significant shift in what we expect of firms and how we regulate. It will build on our guidance on the fair treatment of consumers with characteristics of vulnerability. It requires firms to consider the broad-ranging diverse needs of their customers and avoid disadvantaging customers on the basis of any protected characteristic. In both cases, we remind firms of their obligations under the Equality Act, and warn that breaches of the Act may also be a breach of our rules.

### Work with the Equality and Human Rights Commission

Last year we signed a Memorandum of Understanding (MOU) with the Equality and Human Rights Commission (EHRC), the regulator responsible for the Equality Act. This MOU formalises our relationship and enables us to co-operate as effectively as possible. Key areas of co-operation include:

- sharing knowledge and expertise and working together to address problems that we have identified as being of interest to both regulators

- co-operation on research and policy work
- signposting to advice and guidance on our respective websites
- referral to each other of concerns and complaints received

### Diversity and inclusion in speaker requests

Every year we accept hundreds of requests for speakers at external events. These include conferences, panels, webinars and keynote speeches. As a public body, it is vital we visibly show our aim to be a diverse and inclusive organisation, reflecting the communities we serve. As a regulator, we also encourage diversity within financial services. Events set the tone for the industry, which is why we expect to see consideration given to D&I in events we agree to speak at.

In January 2022 we changed our existing speaker request process to improve our focus on diversity, publishing internal guidelines for speakers and updating our external website with information on our approach for event organisers. This applies to requests for speakers at events organised by third parties and seeks to encourage event organisers and the wider industry to improve the D&I of the events we attend and promote a more diverse range of speakers representing the FCA.



When considering a request to provide a speaker, we want to understand the steps taken to ensure diversity at the event, including how organisers plan to have a diverse range of speakers and panellists. If panels or speaker lists do not appear to be inclusive, we want to understand why. We also ask for more information on the steps taken to make sure event spaces are accessible and inclusive. Organisers must use their own judgement when planning their events. We do not intend to prescribe a 'one size fits all' approach but would like to see that diversity has been considered in the events we agree to speak at.

## Updating the FCA's Handbook

We have created a workstream to ensure the language of our [Handbook](#) is more inclusive. When developing new rules or amending existing ones, we have conducted due diligence to ensure any language used in legal instruments is inclusive.

Where language and terminology in older parts of our Handbook could be considered non-inclusive, unnecessarily gendered, and potentially cause for offence, we are taking steps to replace this with more inclusive terminology, phraseology and expressions.

## Diversity and inclusion inside FinTech: Regulatory Sandbox and Innovation Pathways

D&I is pivotal in contributing to a healthy and well-functioning FinTech system, leading to positive consumer outcomes and protections. We want to see increasing value placed on D&I across the firms, both incumbent and challenger technology firms, that access our services in the Regulatory Sandbox and Innovation Pathways.

In August 2021, we introduced additional questions into the application form for our firm services. These request information on the age, disability, gender, race/ethnicity, sexual orientation, religion, and social backgrounds of the leaders of the firms we support through our services. Our long-term objective is to understand the diversity profile of innovative firms accessing our services and the practical policies that firms have in place.

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**We want to promote positive practices including encouraging firms to share details of any internal policies and procedures developed to support a healthy D&I culture.**

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Since the relaunch of the [Innovation webpage](#) in March 2022, we have encouraged innovators from all backgrounds to apply to our services to drive meaningful change. In line with the more assertive position the FCA has taken with respect to speaker requests, inside Innovation we have committed to prioritising the diversity of panels and events we attend as an example of setting higher standards. We have also explored and engaged closely with firms, industry bodies, tech communities and academics to better understand key FinTech D&I issue areas. We are currently exploring additional ways we can continue to support firms on their D&I journey with increased focus on enabling underrepresented groups to access our services.





## 7. Workplace profile and network groups

**Self-identification is an important tool that provides an opportunity for our employees to share their diversity data with us so that we can better understand the demographic make-up of our workforce and implement strategies to build a culture that supports all employees. It also forms a vital tool in measuring progress towards our diversity goals.**

In December 2021 we improved the framing of our questions and the answer options. We also added questions to improve our reporting and to cover new areas. We require all employees to complete this data but include an option for most questions for employees not to disclose

information should they prefer not to.

This Section reports against each of the 9 'protected characteristics' under the Equality Act 2010, and in addition includes demographic data and metrics we view as important to monitor and report on. Sharing this data publicly shows our commitment to transparency and owning our diversity representation challenges and successes. It also sets an important example to industry.

These figures are taken from populations at the FCA and our subsidiary, the Payment Systems Regulator. References to 'SLT' refer to our Senior Leadership Team which includes Heads of Department, Directors, Executive Directors, the CEO and the Chair. For the purposes of this report, data is published to the nearest percentage. Some figures add up to more than or less than

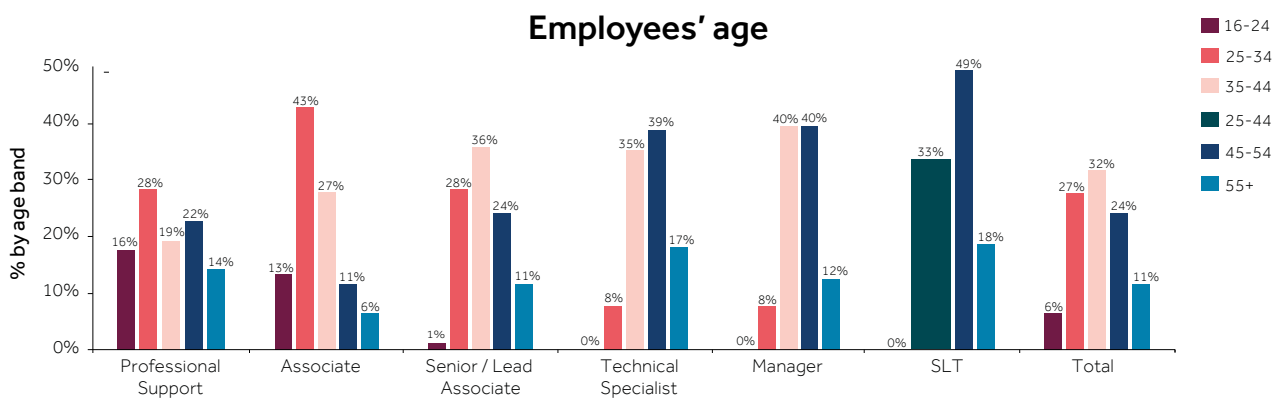
100% due to rounding. Any data used is for the year ending 31 March 2022, unless otherwise stated. We have introduced updates to our HR system which were effective from 1 April so we have cut our data on this date to ensure these improvements could be included in our reporting.

As with our reporting on our progress against our targets we have moved from reporting using headcount to using FTE. This is to ensure we are aligned with our internal reporting and we believe this is a more accurate way of understanding our representation. Where there is reference made to previous year's figures these have been restated using FTE. Declaration rates are now also calculated using FTE.

## Age

We collect data on our employees' age, and we have a 100% declaration for this category.

- The largest group of colleagues by age fall within the 35-44 age bracket (32%).
- Most of our Senior Leadership fall within the 45-54 age bracket; Professional Support and Associates fall mainly in the 25-34 age bracket.

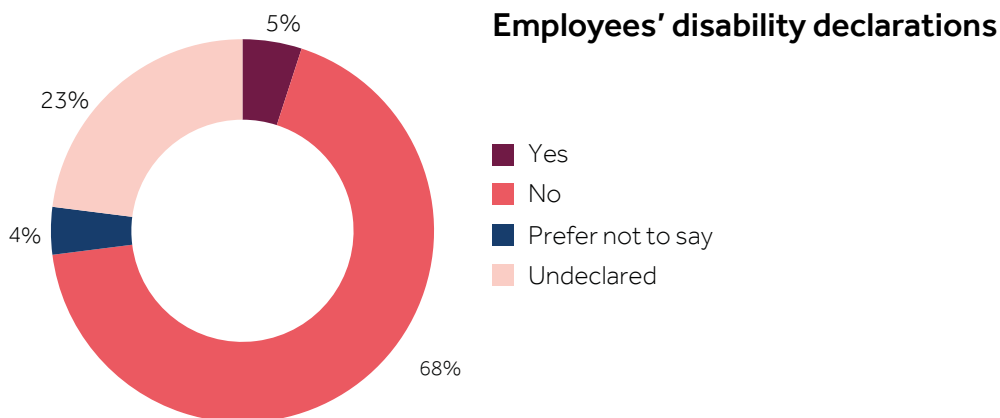


As our SLT population is small we have grouped the 25-34 and 35-44 age bands when reporting on our SLT representation to remove any risk of identifying individual colleagues.

## Disability

We ask employees whether they have a disability, and we have a 77% declaration for this category. Of those colleagues:

- 68% do not have a disability
- 5% have a disability
- 4% prefer not to say



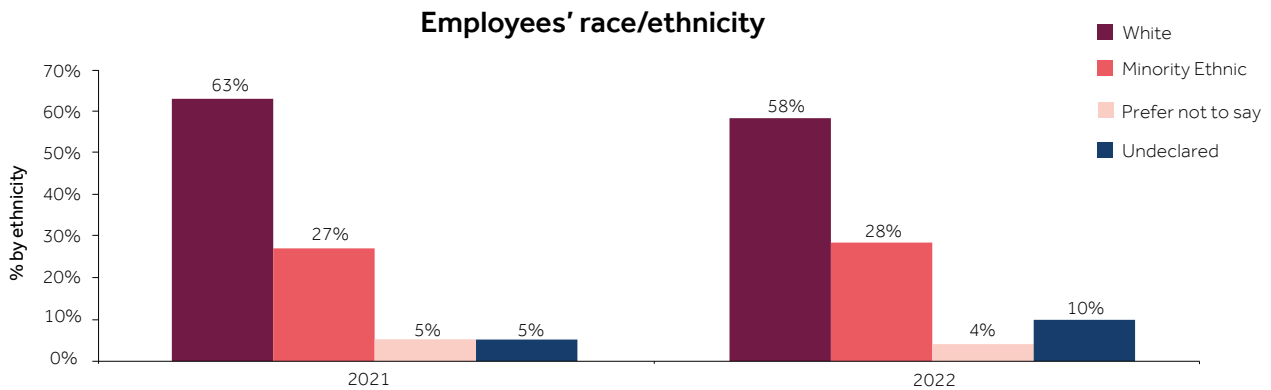
## The Embrace network

Embrace, the FCA's network supporting colleagues with physical and mental health challenges, conducted a staff survey in late 2021, with almost a thousand colleagues participating. The survey findings have been instrumental in informing the organisation's approaches to the post Covid-19 return to the office and our hybrid working pilot. They have also fed into wider work on adjustments and accommodations for those with physical and mental health needs at the FCA.

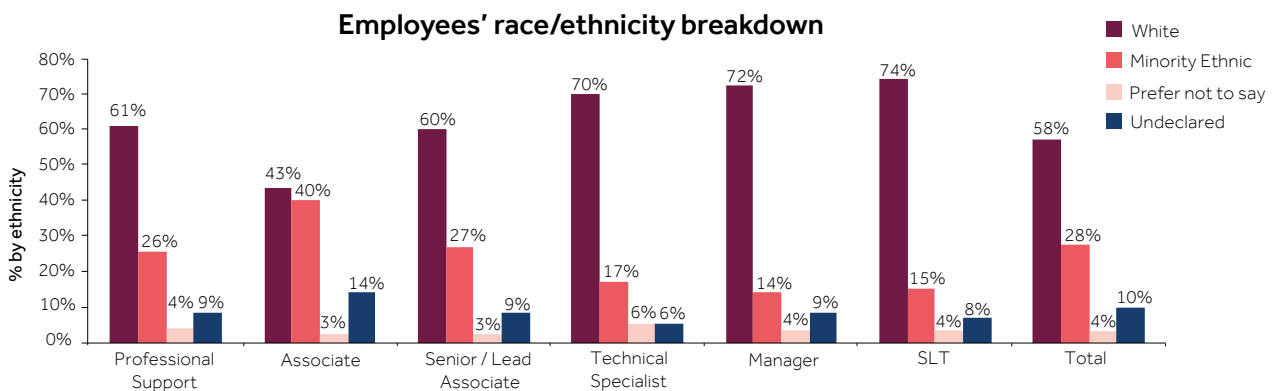
The network has been actively involved in the creation of the Workplace Adjustments Passport for colleagues at the FCA. They have led on developing the passport and ensuring that process is in place to deliver these inclusively to those with physical and mental health needs when launched.

## Race/ethnicity

We ask employees about their race/ethnicity, and we have a 90% declaration for this category.



The chart below shows the ethnicity breakdown by contractual grade and our FCA overall figures for 2022.



Minority ethnic representation at an overall level has increased by 1 percentage point to 28% from 27% in 2021. We continue to see minority ethnic representation increase at SLT level with 15% of SLT now identifying as Minority Ethnic, an increase of 2 percentage points from 13% in 2021.

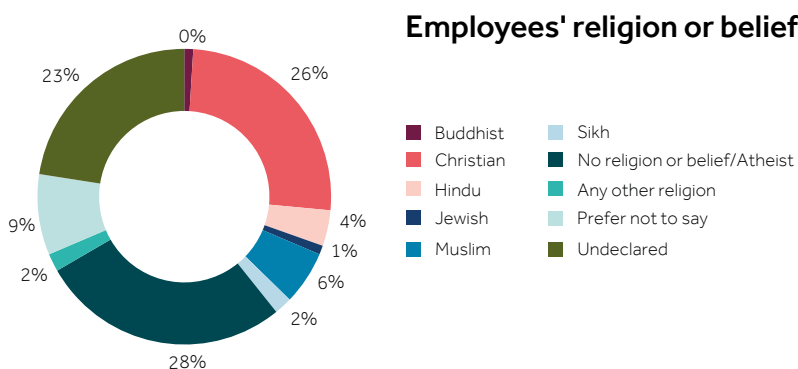
### The Spectrum network

Spectrum is the FCA's Race and Ethnicity network and aims to foster an environment in which ethnic diversity is championed at all levels of the organisation and maximises opportunities for career progression for minority-ethnic staff. The network has focused its efforts in three key areas over the last year:

- The network has continued delivery of the Better Allies Self-Education Club (BASEC) training workshops, enabling divisions to implement the programme locally.
- While the majority of people at the FCA were working from home in 2021, the network ran nine 'Time to Connect' sessions giving all members and allies of the Spectrum network the opportunity to meet online and discuss a range of subjects - from anti-Asian violence to colleague views on the FCA's transformation programme proposals.
- The network ran an extensive programme of awareness raising and educational events during Black History Month with over 1,000 colleagues attending these sessions. The FCA also ran a social media campaign featuring eight Black colleagues on the theme #ProudtoBe on the FCA's official Twitter and LinkedIn feeds.

### Religion or belief

We ask colleagues about their religion, and we have a 77% declaration for this category



### The Faith & Roots network

The Faith & Roots network is a multi-faith network, which supports and represents individuals from across the faith, religion, and belief spectrum. Over the last year the network has been instrumental in creating an organisational calendar of significant faith dates and holidays to ensure that these are factored into organisational planning. The network also delivered a 'Who Is' blog series delivered over 2021 drawing out key figures central to various faith identities and educating colleagues on who these figures are. It also created resources for managers to support those observing faith dates, periods and events such as Ramadan and Passover.



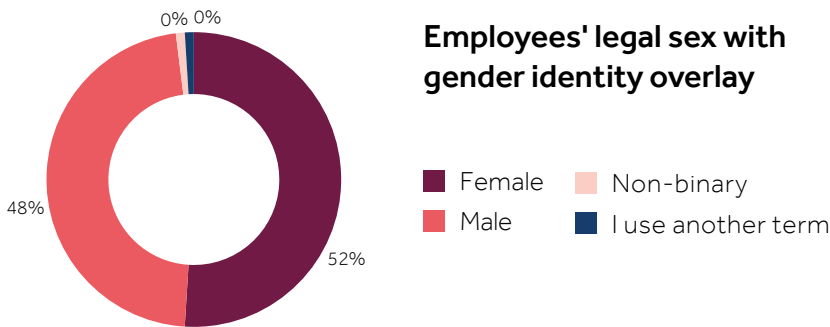
The network includes five faith subgroups representative of individual faith identities, including Jewish, Christian, Hindu, Sikh and Muslim groups. These groups offer connection and support to colleagues from a particular faith background. They also work intersectionally with other network groups, including Spectrum and the International Network, in recognition that in many cases religious identities intersect with ethno-cultural identities. This has resulted in the running of events and awareness raising initiatives led on by these groups to mark dates such as Holocaust Memorial Day and International Remembrance Day for the 1994 Genocide in Rwanda.

## Sex

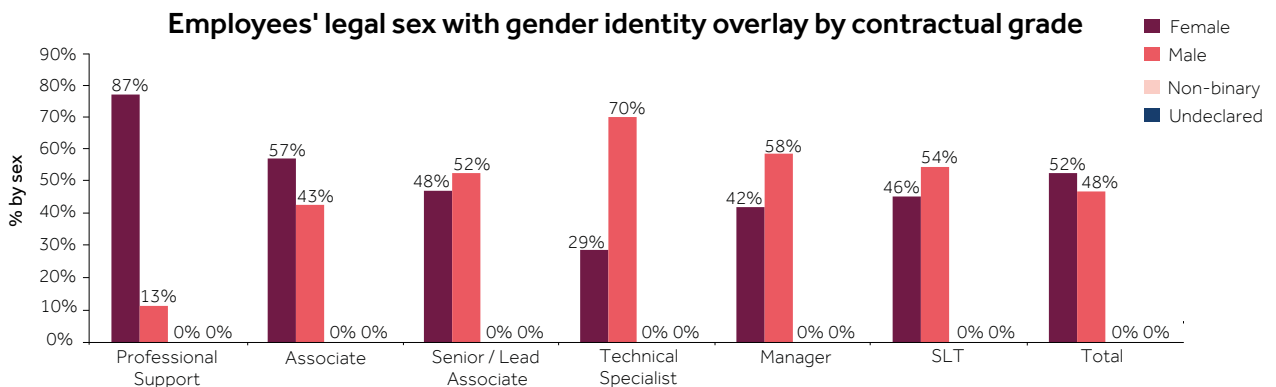
The FCA follows current ONS and EHRC guidance which is to ask a question on legal sex with an additional voluntary question on gender identity. The question on sex is a mandatory binary response field, as required for HMRC purposes and for calculation of our pay gap reporting. The question on gender identity includes a wider range of response options for employees who wish to self-identify (including a prefer not to say option).

We are careful to ensure that no reporting results in employees being singled out based on their legal sex and/or gender identity and take steps to prevent identification of any individuals based on their disclosure. We overlay gender identity data and sex data to report on our employee demographic data and SLT gender targets using self-identity.

We have a 100% declaration for legal sex and 18% declaration for gender identity.



The overall split for our employees is 52% female and 48% male. We have some colleagues who identify as non-binary or who use another term; however, as these numbers are less than 1%, they are currently shown as 0% in our chart.



Our total female representation has increased from 51% in 2021 to 52% this year. Female representation at SLT level has increased by 2 percentage points to 46% from 44% in 2021. Female representation at technical specialist level has decreased by 1 percentage point from 30% in 2021 to 29% this year.

### The Balance network

Balance is the FCA's gender network aiming to challenge gender discrimination, and positively promote gender equality. The network is open to colleagues of all genders and one of its key objectives is to encourage more male engagement with gender issues.

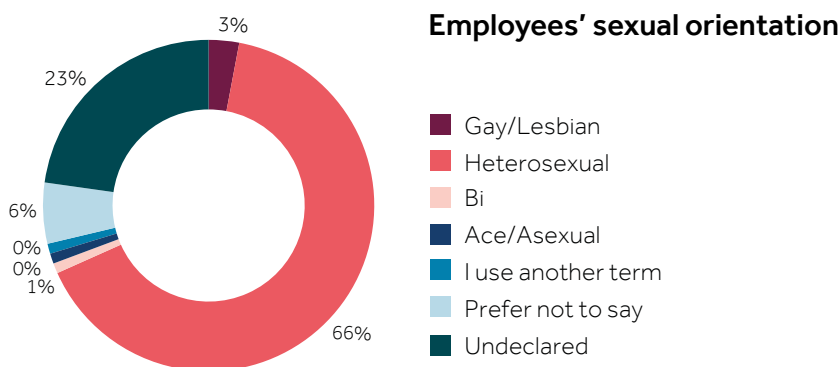
Over the last year the network has provided a forum for discussion around gender-related issues creating a safe space through events and open-door sessions to discuss topics such as the menopause, every-day gender bias, overcoming obstacles and setbacks at work and baby loss awareness (jointly hosted with the FCA's Parents and Carers Network).

### The Multi-Ethnic Women's Group

The Multi-Ethnic Women's Group recognises the intersectional nature of the challenges for women of different ethnicities, providing a forum for Multi-Ethnic women to meet and empowering them to reach their full potential. This year, the Multi-Ethnic Women's Group has continued to run a Support Group Series, focussed on personal development and career progression for minority ethnic women. The Group also launched an impactful Senior Leadership Team (SLT) Series, where internal leaders hosted virtual sessions, sharing their own career journeys, as well as providing advice and guidance to attendees.

### Sexual orientation

We ask employees about their sexual orientation, and we have a 77% declaration for this category



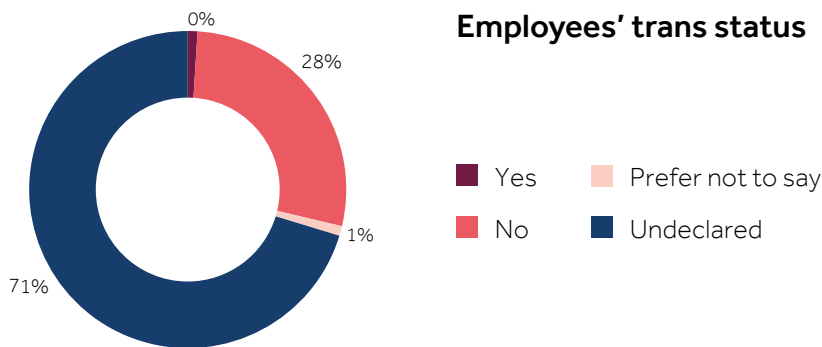
We have some colleagues who identify as ace/asexual and who prefer to use another term; however, as these numbers are less than 1%, they are currently shown as 0% in our chart.

## Gender reassignment

In addition to the question asked on gender identity (referenced above) we also ask a question on trans status (including a prefer not to say option). This is based on guidance and recommendations from the ONS and government and allows us to capture information on people who identify as trans.

We have a 29% declaration for this category

We have some colleagues who identify as trans; however, as these numbers are less than 1%, they are currently shown as 0% in our chart.



## The InsideOut network

The LGBT+ network, InsideOut, represents colleagues based on sexual orientation and gender identity and allies across the FCA and PSR, and aims to raise awareness of LGBT+ lived experience and celebrate dates within the LGBT+ and wider D&I calendar. Over the last year the network has continued to focus on intersectionality by partnering with other network groups to deliver an events series which has covered LGBT+ and faith identities, LGBT+ issues and mental health and issues facing LGBT+ asylum seekers and refugees. It has also launched a new allyship programme, enabling colleagues to take 'positive steps' to support LGBT+ equality.

The network has developed peer-to-peer support sessions for LBT+ women, non-binary and bi+ employees, LGBT+ parents and those parenting LGBT+ children, and guidance for managers on LGBT+ issues. Notably, InsideOut, together with the International network, worked to deploy system changes allowing colleagues to add their pronouns and the pronunciation of their names to our internal colleague directory and intranet pages.

InsideOut's work was recognised in Stonewall's 2022 Workplace Equality Index with an award for LGBT+ Employee Network Group of the Year.

## Marriage and civil partnership

We ask employees about their marital status, and we have a 47% declaration for this category.



## Pregnancy and maternity

We collect data about our employees who take maternity and parental leave.

- 214 women took maternity leave
- 25 men and 5 women took shared parental leave
- 1 woman took adoption leave
- 78 men and 3 women took paternity leave

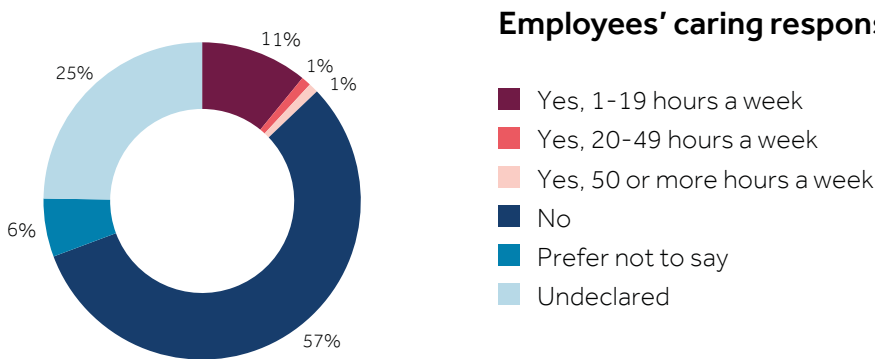
## Additional demographic groups

In addition to collecting data on the protected characteristics, the FCA also captures a broad range of data on other demographic groups and characteristics that we view as critical in monitoring and analysing to support our commitments to diversity and inclusion and better inform our strategy and approach.



## Caring responsibilities

We ask employees whether they have caring responsibilities and we have a 75% declaration for this category



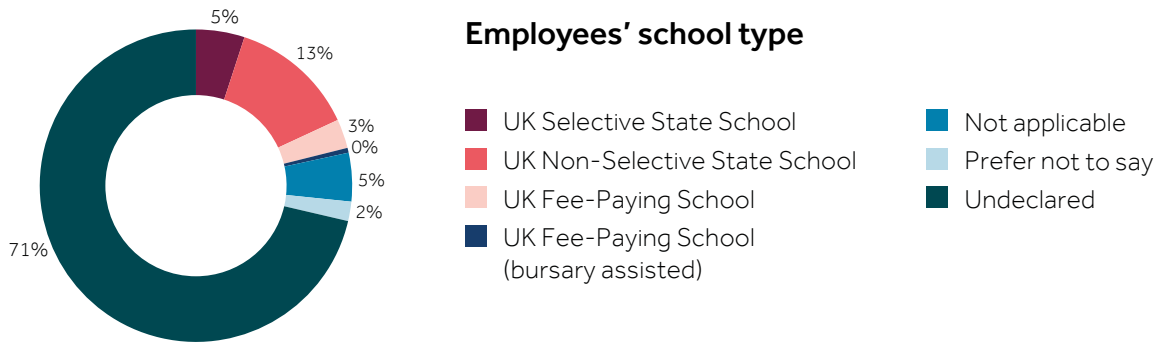
## The Carers and Parents network

The aim of the Carers and Parents network is to support staff working at the FCA and PSR while enabling them to meet their important responsibilities at home. The network's overarching focus over the past year has been supporting parents and carers through the Covid-19 pandemic providing advice and facilitating staff discussions on homeworking and home-schooling. The network has also supported the organisation to build awareness and understanding of the challenges facing parents and carers and the positive impact the FCA can have as an employer in helping our people successfully manage home and work commitments.

Carers UK / Employers for Carers has awarded the FCA and PSR the Carer Confident benchmark of Level 2 'Accomplished'.

## Social background and social mobility data

We ask employees about what type of school they went to and we have a 29% declaration for this category.



Of those colleagues who answered this question 13% went to a non-selective state school and 5% went to a selective state school. 3% of colleagues went to a fee-paying school and a small number of colleagues attended a fee-paying school with a means tested bursary; however, as this number is under 1% it appears as 0% in our chart. 2% of employees preferred not to say and 5% of employees answered not applicable (for example they attended school outside the UK).

We ask our employees whether, if they went to university, they were the first in their family to do so and we have a 75% declaration for this category.



## The Social Mobility Network

Our Social Mobility Network organises regular events encouraging awareness of social mobility and related issues for all FCA and PSR colleagues. This has included events featuring Board members at the FCA, academics, and industry leaders.

Over the last year the FCA has launched a new careers insight programme, Opening Horizons, supported by the Social Mobility Network. This programme enables 10-15 students from lower socio-economic backgrounds to gain experience of the FCA's work and provides a pipeline to our summer internship programme. This is in addition to our work with around 450 students from local schools in Newham on our flagship Inspiring Futures Programme.

Following research with the City of London and Bridge Group in 2020 (which the network was instrumental in coordinating), several senior representatives remain actively involved in the Treasury, BEIS and City of London Corporation independent taskforce to improve socio-economic diversity at senior levels in UK financial and professional services. This work will contribute to the formation of future policy on social mobility.

## International

### The International Network

The International Network supports and advises on matters relating to international FCA colleagues, including but not limited to EEA (European Economic Area) nationals, anyone with ties to international staff, any colleagues who have mixed heritage or is a member of an international family.

The International Network's work over the last year has centred on working with the business to develop an international working policy that is suitable for the business and takes account of the needs of colleagues who are from overseas or have family or friends abroad. The network has also hosted a series of internal international career talks where senior colleagues who have moved to the UK from overseas shared their experiences and reflections, and worked with InsideOut on the system changes to display how colleagues pronounce their names..

## Declaration rates

In December 2021, we made changes to our diversity data collection, improving the questions and the answer options. We also added new questions to build on our reporting and cover previously uncollected areas of diversity data.

Declaration rates vary across diversity characteristics, in part explained by the timing of the introduction of new questions and our reporting date on 1 April 2022. We are working towards building a strong declaration rate across all of our D&I data. We continue to engage with our people to build trust, knowledge and understanding of the importance of diversity data, and its role in implementing strategies to build an inclusive culture and in measuring progress towards our diversity goals.

| Question                            | Declaration rate |
|-------------------------------------|------------------|
| Age                                 | 100%             |
| Disability                          | 77%              |
| Race/ethnicity                      | 90%              |
| Religion or belief                  | 77%              |
| Legal sex                           | 100%             |
| Gender Identity                     | 18%              |
| Sexual Orientation                  | 77%              |
| Gender Reassignment                 | 29%              |
| Marriage/civil partnership          | 47%              |
| Caring responsibilities             | 75%              |
| School Type attended                | 29%              |
| 1st generation to attend university | 75%              |



# 1. Appendix

## Diversity data collection at the FCA

In October 2021, we carried out a pilot data survey with a sample of regulated firms. Our aspiration was to gather information to help us understand levels of workforce diversity, the types of diversity data collected and plans for data collection. This work confirmed that data collection practices at present are inconsistent across the sector. The insights the survey has given us will inform the development of any future regular data collection.

Internally, our new D&I strategy will be data and evidence-led, prioritising areas to take action to deliver the greatest positive impact. We have made significant changes to our diversity data collection, improving the framing of our questions and the answer options. We also added new questions to improve our reporting and cover previous uncollected areas of diversity data in line with recognised good practice.

It is vital for us to be able to offer employees the opportunity to self-identify their D&I data on our HR systems, so that we can improve our monitoring and reporting on demographic data across the employee lifecycle. It is also key for us in being able to

implement strategies to support all employees and measure our progress towards our diversity goals.

In line with our public commitment to transparency and to set an example to industry, we have included information and reasoning below for the data collection questions that we ask our employees.

### Age Monitoring question(s)

Age is calculated based on employee date of birth data. This is a mandatory declaration field which requires an employee response. The question we ask is:

- Date of Birth

### Disability Monitoring question(s)

We ask a number of questions on physical and mental health. We know that not every person with a physical or mental health condition will consider themselves to be disabled (according to the definition found in the Equality Act). We want to give our employees the opportunity to disclose information relevant to them, to encourage disclosure and foster trust between employees

with physical and mental health needs and the organisation. We also capture information on medium-term physical and mental health conditions, as we know that peoples' health needs and challenges may change and vary over their lifetime, and we believe that asking this question offers flexibility for people to disclose information as it relates to them. The questions we ask are:

Do you consider yourself to have a disability? In the Equality Act, a disability means a physical or a mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

- Yes/No/Prefer not to say

Do you consider yourself to have an ongoing/long-term physical and/or mental health condition?

- Yes/No/Prefer not to say

Are your day-to-day activities limited because of a physical and/or mental health condition or disability which has lasted, or is expected to last, at least 12 months?

- Yes/No/Prefer not to say

## Race/ethnicity

### Monitoring question(s)

We ask a single question on race or ethnicity. The answer options provided were selected based on current ONS data collection recommendations on race and ethnicity. This gives us the ability to assess data and evaluate equality outcomes across specific minority ethnic groups. The question we ask is:

Which of the following best describes your race or ethnicity?

- Asian / Asian British - Any other Asian background
- Asian / Asian British - Bangladeshi
- Asian / Asian British - Chinese
- Asian / Asian British - Indian
- Asian / Asian British - Pakistani
- Black / Black British - African
- Black / Black British - Any other Black background
- Black / Black British - Caribbean
- Mixed /multiple ethnic groups - Any other Mixed / multiple ethnic group
- Mixed /multiple ethnic groups - White and Asian
- Mixed /multiple ethnic groups - White and Black African
- Mixed /multiple ethnic groups - White and Black Caribbean
- Mixed - White & Chinese
- Other ethnic group - Any other ethnic group
- Other ethnic group - Arab

- Prefer not to say
- White - Any other White background
- White - British / English / Welsh / Northern Irish / Scottish
- White - Gypsy or Irish Traveller
- White - Irish

## Religion or belief

### Monitoring question(s)

We ask a single question on religion or belief. The answer options provided were selected based on current ONS data collection recommendations. The question we ask is:

What is your religion?

- Any Other Religion
- Atheist / No religion or belief
- Buddhist
- Christian
- Hindu
- Jewish
- Muslim
- Prefer not to say
- Sikh

## Sex

### Monitoring question(s):

Under the Equality Act 2010, 'sex' is understood as binary, being a man or a woman. For the purposes of the Act, a person's legal sex is their biological sex as recorded on their birth certificate. A trans person

can change their legal sex by obtaining a Gender Recognition Certificate. A trans person who does not have a Gender Recognition Certificate retains the sex recorded on their birth certificate for the purposes of the Act.

'Sex' and 'gender' have been used interchangeably as terms in the past, however the terms 'gender' or 'gender identity' are subject to differing interpretations. Government guidance recommends that employers should be sensitive to how an employee identifies in terms of their gender identity and the law stipulates that the collection of data on sex and gender/gender identity should be determined for the purposes for which the data are being collected.

We follow current ONS and EHRC guidance which is to ask a question on legal sex with an additional voluntary question on gender identity. The question on sex is a mandatory binary response field, as required for HMRC purposes and for calculation of our pay gap reporting (as advised by the ONS). The question on gender identity includes a wider range of response options for employees who wish to self-identify (including a prefer not to say option).

We are careful to ensure that no reporting results in employees being singled out based on their legal sex and/or gender identity and take steps to prevent identification of any individuals based on their disclosure. We

overlay gender identity data and sex data to report on our employee demographic data and SLT gender targets using self-identification.

The questions we ask are:

*This question relates to your legal sex (as recorded in your Birth Certificate or Gender Recognition Certificate). A question on gender identity follows. This is needed for HMRC and pay gap reporting purposes.*

What is your legal sex?

- Female
- Male

Which of the following best describes your gender identity?

- Female
- I use another term
- Male
- Non-Binary
- Prefer not to say

### Sexual orientation Monitoring question(s):

We ask a single question on sexual orientation, with a range of answer options informed by current best practice recommendations (including a prefer not to say option). The question asked is:

Which of the following best describes your sexual orientation?

- Ace/Asexual
- Bi
- Gay/Lesbian

- Heterosexual/Straight
- I use another term
- Prefer not to say

### Gender reassignment Monitoring question(s)

An individual is covered by the protected characteristic of 'gender reassignment' under the Equality Act 2010, when their gender identity is different from the sex assigned to them when they were born. There is no requirement for a trans person to have any kind of medical supervision or intervention to be protected from gender reassignment discrimination. A person does not need a Gender Recognition Certificate to be protected under the characteristic of gender reassignment.

In addition to the question we ask on gender identity (referenced above) we also ask a question on trans status (including a prefer not to say option). This is based on guidance and recommendations from the ONS and government and allows us to capture information on people who identify as trans. The question we ask is:

Do you consider yourself to be trans?

*The Office for National Statistics (ONS) defines transgender or trans as an umbrella term for people whose gender identity is different from the sex assigned at birth.*

- Yes
- No
- Prefer not to say

### Marriage and civil partnership Monitoring question(s)

We ask two questions on marriage, civil partnership and relationship status. The questions we ask are:

Marital Status:

- Civil Partnership
- Civil Partnership Dissolved
- Co-habitee
- Common-Law
- Divorced
- Legally Separated
- Married
- Other
- Prefer not to say
- Single
- Surviving
- Unknown
- Widowed

Marital Status Date

## Pregnancy and maternity

### Monitoring question(s)

We collect data on parental leave based on reporting from our HR systems, which indicates who is taking parental leave (maternity, paternity, shared parental leave, adoption leave etc.) and the duration that leave is for.

## Additional demographic groups

In addition to collecting data on the protected characteristics, the FCA also captures a broad range of data on other demographic groups and characteristics that we view as critical in monitoring and analysing to support our commitments to D&I and better inform our strategy and approach.

## Caring responsibilities

### Monitoring question(s)

We are committed to supporting our employees with caring responsibilities. We capture data on those with parenting or caring responsibilities for children under 18 and for employees with caring responsibilities for adults based on physical or mental health needs. We offer a range of answer options for this demographic to better understand the time commitments of adult carers and inform our carers policies and support accordingly. The questions we ask are:

Are you a parent/carer for a child or children under 18?

- Yes
- No
- Prefer not to say

Do you look after, or give any help or support to family members, friends, neighbours, or others because of either long-term physical or mental ill-health / disability or problems related to old age?

- No
- Yes, 1 – 19 hours a week
- Yes, 20 – 49 hours a week
- Yes, 50 or more hours a week
- Prefer not to say

## Social background and social mobility data

### Monitoring question(s)

There is no single measure of data collection for social mobility. Through consultation with the Bridge Group and Social Mobility Commission we have identified data sets which we collect to inform our understanding and approach for the social background and social mobility of our people.

We ask a question on the occupation of our employee's main household earner at age 14. This is recommended by the Social Mobility Commission as the best measure to assess someone's socio-economic background. It is relatively easy to understand and applies to people regardless of age and national origin.

We ask a question on the type of school our employees attended for the most time between 11 and 16 years old. This question is recommended as a measure of economic and cultural advantage. Research from the Sutton Trust demonstrates that private school attendees are overrepresented in top jobs. As this data set has been collected by organisations for several years it also offers a strong data point of longitudinal performance.

We ask a question on eligibility for free school meals. This is a measure of extreme economic disadvantage, with the poorest 15% of the population in England and Wales receiving free school meals.

Finally, we ask a question on whether our employees are from the first generation in their direct family to attend university. Attending university offers a form of nuanced cultural advantage. Being the first in the family to attend signals a potential lack of support to navigate university and entry into the graduate workforce. This data point is particularly beneficial in understanding the experiences and needs of graduate hires.



The questions we ask are:

What was the occupation of your highest household earner when you were about aged 14?

- Modern professional & traditional professional occupations, such as: teacher, nurse, physiotherapist, social worker, musician, police officer (sergeant or above), software designer, accountant, solicitor, medical practitioner, scientist, civil / mechanical engineer
- Senior, middle or junior managers or administrators, such as: finance manager, chief executive, large business owner, office manager, retail manager, bank manager, restaurant manager, warehouse manager
- Clerical and intermediate occupations, such as: secretary, personal assistant, call centre agent, clerical worker, nursery nurse
- Technical and craft occupations, such as: motor mechanic, plumber, printer, electrician, gardener, train driver
- Routine, semi-routine manual and service occupations, such as: postal worker, machine operative, security guard, caretaker, farm worker, catering assistant, sales assistant, HGV driver, cleaner, porter, packer, labourer, waiter/ waitress, bar staff
- Long-term unemployed (claimed Jobseeker’s Allowance or earlier unemployment benefit for more than a year).
- Small business owners who employed less than 25 people, such as: corner shop owners, small plumbing companies, retail shop owner, single restaurant or cafe owner, taxi owner, garage owner
- Other, such as: retired, this question does not apply to me, I don’t know
- Prefer not to say

Which type of school did you attend for the most time between the ages of 11 and 16?

- A UK Selective State School
- A UK Non-Selective State school
- A UK Independent/Fee-paying School
- A UK Independent or Fee-paying school, where I received a means tested bursary covering 90% or more of the total cost of attending
- I attended school outside the UK
- Prefer not to say

If you finished school after 1980, were you eligible for free school meals at any point during your school years?

- Yes
- No

- Not applicable (finished school before 1980 or went to school overseas)
- I don’t know
- Prefer not to say

If you went to University (to study a BA, BSc course or higher), were you part of the first generation of your family to do so?

- Yes
- No
- I did not attend University
- Prefer not to say

## International Monitoring question(s)

We collect data for our people based on citizenship status and nationality (including options for employees to disclose both a primary and any additional nationalities).

The questions we ask are:

- Primary nationality
- Secondary nationality

## 2021 headcount and FTE data

We have now moved from using headcount as the basis of our reporting on diversity data and progress against targets, to using Full Time Equivalent (FTE). We have restated our 2021 progress against our targets in FTE. A comparison of the headcount and FTE figures is provided below. We are also now providing figures to 1 decimal place.

| Representation of women        |                                    |                              |                 |
|--------------------------------|------------------------------------|------------------------------|-----------------|
|                                | Progress at March 2021 (headcount) | Progress at March 2021 (FTE) | Target for 2025 |
| Senior Leadership Team (SLT)   | 43.3%                              | 43.5%                        | 50%             |
| Manager                        | 43.2%                              | 42.1%                        | 50%             |
| Technical Specialist           | 31.4%                              | 30.4%                        | 50%             |
| Senior Associate               | 47.4%                              | 46.5%                        | 50%             |
| Minority ethnic representation |                                    |                              |                 |
|                                | Progress at March 2021 (headcount) | Progress at March 2021 (FTE) | Target for 2025 |
| Senior Leadership Team (SLT)   | 12.7% (1.5% Black)                 | 12.9% (1.6% Black)           | 20% (4% Black)  |
| Manager                        | 12.9%                              | 12.9%                        | 25%             |
| Technical Specialist           | 14.5%                              | 14.7%                        | 25%             |
| Senior Associate               | 24.8%                              | 25.1%                        | 25%             |

