

## Joseph Rowntree Charitable Trust

### Statement of expectations of our fund managers in relation to gender balance

#### Background

As the trustees of the Joseph Rowntree Charitable Trust we are clear that gender is a non-binary issue and we welcome the development of thinking in this area. However, we also recognise that from a traditional female/male perspective a significant gender imbalance exists in the fund management industry amongst fund managers and analysts, and that women are significantly under-represented. This anomaly is particularly disappointing because it is in an industry which attracts some of the finest brains and in which we might have expected significant progress to have been made well before now.

#### Concerns

This is an issue with real implications for equality of opportunity. However, we are concerned that the failure of fund management firms to draw on more diverse viewpoints may result in inferior investment performance.

#### Expectations

In response to this, we expect our fund managers to actively strive to achieve a good gender balance within the teams that are managing the funds in which we are invested. We will always be on the lookout for teams that have a good gender mix and will monitor the progress that our existing teams are making towards this over time. Poor progress will be noted and may result in the withdrawal of our business. To assist our managers in understanding our expectations of them, we have put in place various targets. While they are not absolute goals they do provide an indication of the direction of travel that we expect to see and they are included in our requests for proposals. Our managers' progress against them is reviewed each year and as part of our periodic manager review process.

#### The targets

**Target 1:** To conduct a gender blind pay analysis for analysts and fund managers, to be shared with female and male colleagues.

**Target 2:** To establish a formal mentoring scheme for female analysts and fund managers such as those promoted by the 30% Club Mentoring Scheme and 'Lean In Circles'. To the extent that our managers struggle to find senior female fund managers able to provide such mentoring, we encourage them to consider mentors from outside the investment world. We also encourage them to establish peer networks internally or seek to access them externally. The cost of external support should be provided by the employing organisations.

**Target 3:** To have ‘correcting gender imbalances in the team’ worked into the targets of those who are responsible for recruitment, mentoring, promotion and retention, for example through bonus targets. Our belief is that what gets measured gets done.

**Target 4:** To ensure that at least 20% of their “sustainability team” managers comprise females within five years in order to create the right culture within their organisations.

**Target 5:** To ensure a 75% retention rate over five years of all female graduates and analysts hired, to help correct what we see as a gender imbalance at fund manager level. We recognise that this is a particularly challenging target and will require buy-in across their organisations.

**Target 6:** To ensure bias free selection policies and processes.

**Target 7:** To ensure robust policies and processes for retaining women such as flexible work practices, a return to work programme and assistance with childcare provision.

**Target 8:** To ensure that at least 30% of the members of their own Board and advisory Committees comprise females. This is in line with what we expect of our investee companies.

We recognise that none of these targets are particularly easy to achieve and that, realistically, if we are to create a more even gender balance, our managers will find themselves challenged for a while.

### **Other accountabilities**

We also expect our managers to:

- Improve their own understanding of gender issues by undertaking relevant gender bias training.
- Share with us internal gender benchmarking information to help us measure their progress over time.
- Share with others in the fund management industry the knowledge and expertise that they have built up on improving their own gender balance.

### **Further action**

Our hope is that managers will not feel limited by our targets and will go above and beyond them. It is clear that, unless there is a significant change in the number of female graduates and analysts recruited and subsequently retained, we cannot hope to develop over time a pool of more experienced female analysts who have a realistic prospect of becoming fund managers, and the situation will not improve. We cannot ask our managers to positively recruit more women because this would not be lawful under the Equality Act. However, we would encourage them to revisit how they attract female applicants, given that this is an area they have identified as being challenging, for example through university, and even earlier, outreach. We would also ask them to consider, when facing a tie break situation between candidates of different genders, whether one would enhance gender diversity within their team.