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Gender Equality Study of the European Banking Sector 2022

November 2022

Introduction | BCG Gender Equality Study reveals, that there is still a long way to go towards Gender Equality in European Banking - but the trend is positive

Study overview

A diverse workforce is not only a key enabler to business success but the basis for a successful talent management. Social & regulatory requirements intensify this call for action.

Therefore, the **BCG Gender Equality Study of the European Banking Sector 2022** takes a closer look at:



The current situation of gender equality and the year-over-year development in the top leadership of European Banks - assessed by the **BCG Gender Equality Index 2022** - evaluating equality of gender representation & remuneration and ranking the 50 largest listed banks in Europe per 31.12.2021.



The **top 10 best-performing banks** and initiatives implemented to achieve gender equality in the top management level.

Key results

Overall, the European Banking Sector is still far away from achieving holistic gender equality in the top leadership. But the BCG Gender Equality Study 2022 reveals a **slightly positive trend with regards to equal representation** in Executive as well as Supervisor Boards. Compared to last year, the average index points of the 50 assessed banks improved by **+4 index points**.

The Index is led by the **top scorers DNB (1st) and AIB (2nd)**, both banks with equal representation in both Boards. **3rd position goes to Unicredit**, which also showed the best improvement compared to 2021. UniCredit, Banca Monte dei Paschi di Siena, ING and Deutsche Bank entered the Top 10.

But despite this positive news, continuing with the current moment **would take further 10 years to reach equal representation** in the Executive Boards.

Furthermore, there still exists a **remuneration gap**. The reasons are twofold: (1) women are still **significantly less represented in CEO or chair positions** and (2) women are more likely to be **hired for lower-paid positions such as HR or marketing**. This trend is also reflected in the newly appointed members and upholds imbalances.

Motivation | Diversity of workforce and Gender Equality is increasingly important, particularly in large banks - for internal and external reasons

Internal Reasons

Innovative strength of a diverse workforce essential to succeed & meet current challenges in FI sector:

Diversity drives performance & resilience through innovation & better decision making



Net profit margin¹



Stock performance during crises²



Innovations³

Diversity as basis for a successful talent management



of the potential workforce is female



of job seekers would exclude firms based on their diversity beliefs

External Reasons

Social and regulatory requirements increase the call for action even more:



National gender quotas for boards are installed by almost every country



2021 **European Central Bank set new standards for diversity** in Executive and Supervisory Boards to ensure effective governance



New European ESG⁵ standards incl. Gender diversity policies and targets to become effective in 2023

1. Petersen Institute for International Economics, 2016 2. Diversity, Equity, and Inclusion Still Matter in a Pandemic, BCG 2020 3. How Diverse Leadership Teams Boost Innovation, BCG 2018 4. Decoding Global Talent, BCG 2021 5. Environment, Social & Governance; Source: Revised Guide to FAP-Assessments; Proposal for a Corporate Sustainability Reporting Directive

Overarching Results | Women still underrepresented in management boards - however, upward trend of 3 percentage points compared to previous year

2021 | 2022



Women representation

Executive Board

19%

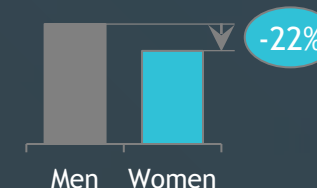
22%

+3pp vs. prior year

10 years

6

7



out of 520 members are women

to reach equal representation
(based on current trend)

banks with no women in ExBo¹ (out of 50)

women as CEOs (out of 50)

Pay gap at 22% based on comparison of median remuneration²

Supervisory Board

36%

39%

+3pp vs. prior year

4 years

All

3



out of 610 members are women

to reach equal representation
(based on current trend)

banks have women in SB³ (out of 50)

women as Chairs (out of 50)

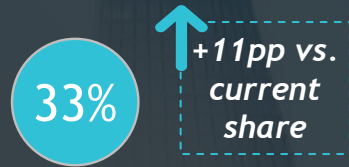
Pay gap at 14% based on comparison of median remuneration⁴

Note: pp = percentage points; Pay gap analysis based on median remuneration of men and women; only including banks with available remuneration data for both gender; excluding chair remuneration for SBs 1. Executive Boards 2. Based on N = 87 including 16 banks incl. CEOs 3. Supervisory Board, most likely driven by quota regulations & Worker's Council regulations 4. Based on N = 431 including 43 banks excl. Chair Source: BCG Gender Equality Index 2022 (as per 31.12.2021)

Overarching Results | Visible improvements evident among the newly appointed board members

Newly appointed board members in 2021

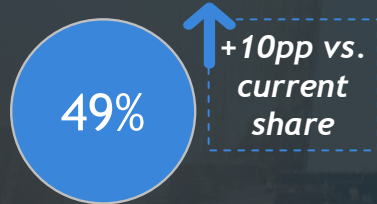
Executive Board



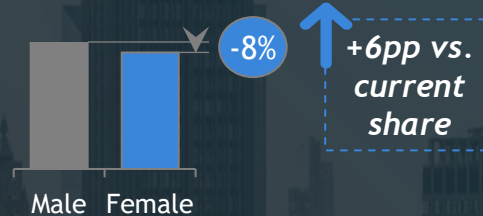
out of 83 newly appointed members are women

Not enough disclosed remuneration data in ExBo's to perform pay gap analysis

Supervisory Board



out of 91 newly appointed members are women



Pay gap at 8% based on comparison of median remuneration¹



Share of women in Executive Board and Supervisory Board increases by ~10pp each



Share of women and men in Supervisory Board almost completely balanced (~49%)

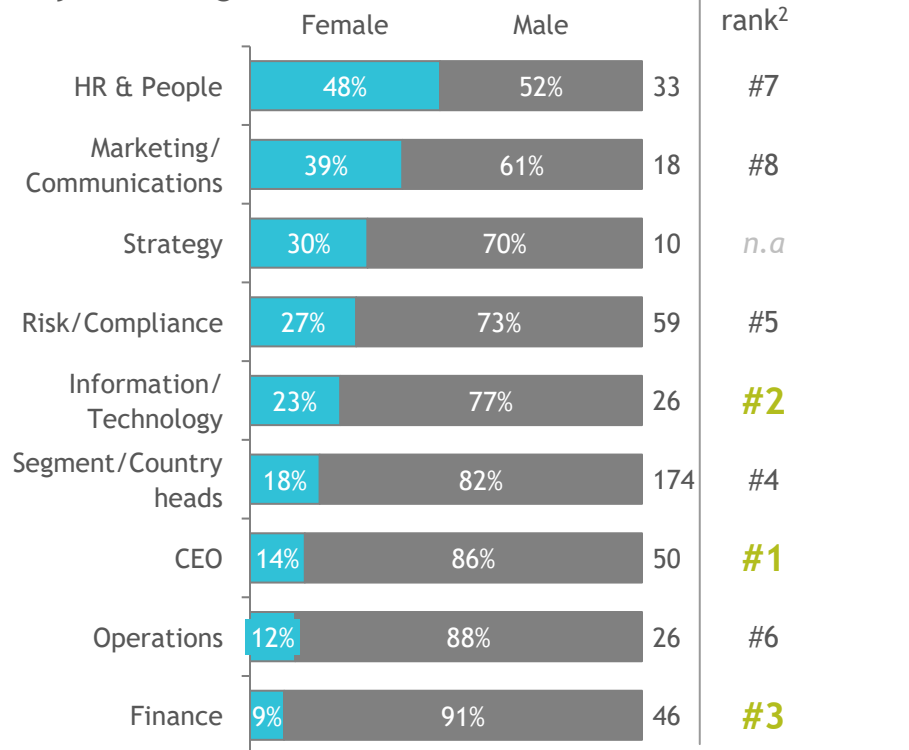


Pay gap in Supervisory Board decreases leading to more equal remuneration

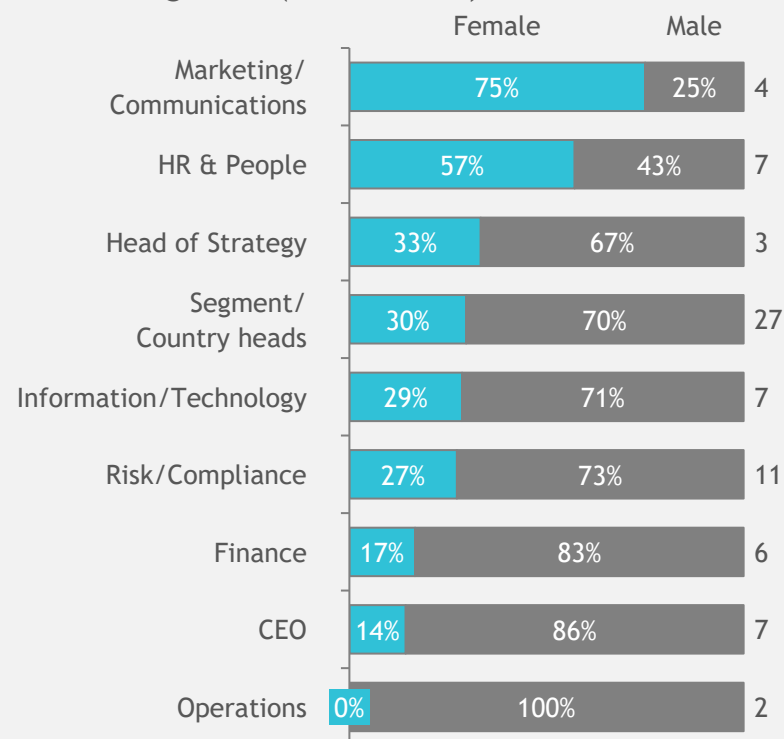
Note: pp = percentage points; Pay gap analysis based on median remuneration of men and women; only including banks with available remuneration data for both gender; excluding chair remuneration for SBs 1. Based on N=53 including 12 banks; Source: BCG Gender Equality Index 2022 (as per 31.12.2021)

Executive Board | Gender stereotypes of women in positions as HR & Marketing exist in Executive Boards and remain even among newly appointed members

442 ExBo members split by role and gender¹



74 newly appointed ExBo members split by role and gender (excl. others)³



Women still more represented in lower-paid positions like HR & Marketing



Still only 14% of CEO roles filled by women

1. Total N = 514; category 'Others' excluded in this view 2. Top rank (#1) with highest average remuneration per role observed in 2021 among top 50 listed European banks; if no remuneration data available then marked with n.a., N = 116 for remuneration rank given limited public availability of remuneration data for Executive Board roles 3. Total N = 83 new board members; category 'Others' excluded in this view; Source: BCG Gender Equality Index 2022 (as per 31.12.2021)

BCG Gender Equality Index 2022 | Top 10 listed European Banks 2022

| Ranking | | 2021 | Company Name | Country | % Women | | Equality Trend (Score) 2022 |
|---------|------------|-------|--|-------------|----------|----------|-----------------------------|
| 2022 | Score 100 | | | | ExB / SB | ExB / SB | |
| 1 | 90 | 1 83 | DNB | Norway | | | ↑ 7 |
| 2 | 89 | 4 78 | AIB Group | Ireland | | | ↑ 11 |
| 3 | 86 | 30 57 | UniCredit New | Italy | | | ↑ 29 |
| 4 | 83 | 3 80 | ABN AMRO | Netherlands | | | ↑ 3 |
| 5 | 81 | 2 81 | Bankinter | Spain | | | → 0 |
| 6 | 75 | 5 74 | Commerzbank | Germany | | | ↑ 1 |
| 7 | 74 | 8 72 | Nordea Bank | Finland | | | ↑ 2 |
| 8 | 73 | 15 67 | Banca Monte dei Paschi di Siena New | Italy | | | ↑ 6 |
| 9 | 72 | 41 39 | ING Groep New | Netherlands | | | ↑ 33 |
| 10 | 72 | 18 66 | Deutsche Bank New | Germany | | | ↑ 6 |

Score Range: From Top (90) to Bottom (33); $\emptyset = 62$, on average +4 index points in 2022 compared to 2021

Legend:

ExB = Executive Board or equivalent
SB = Supervisory Board or equivalent

Source: BCG Gender Equality Index 2022

All data available (4 components)

Remuneration data of executive team not publicly available; Proxy calculated (Average of the three available components)

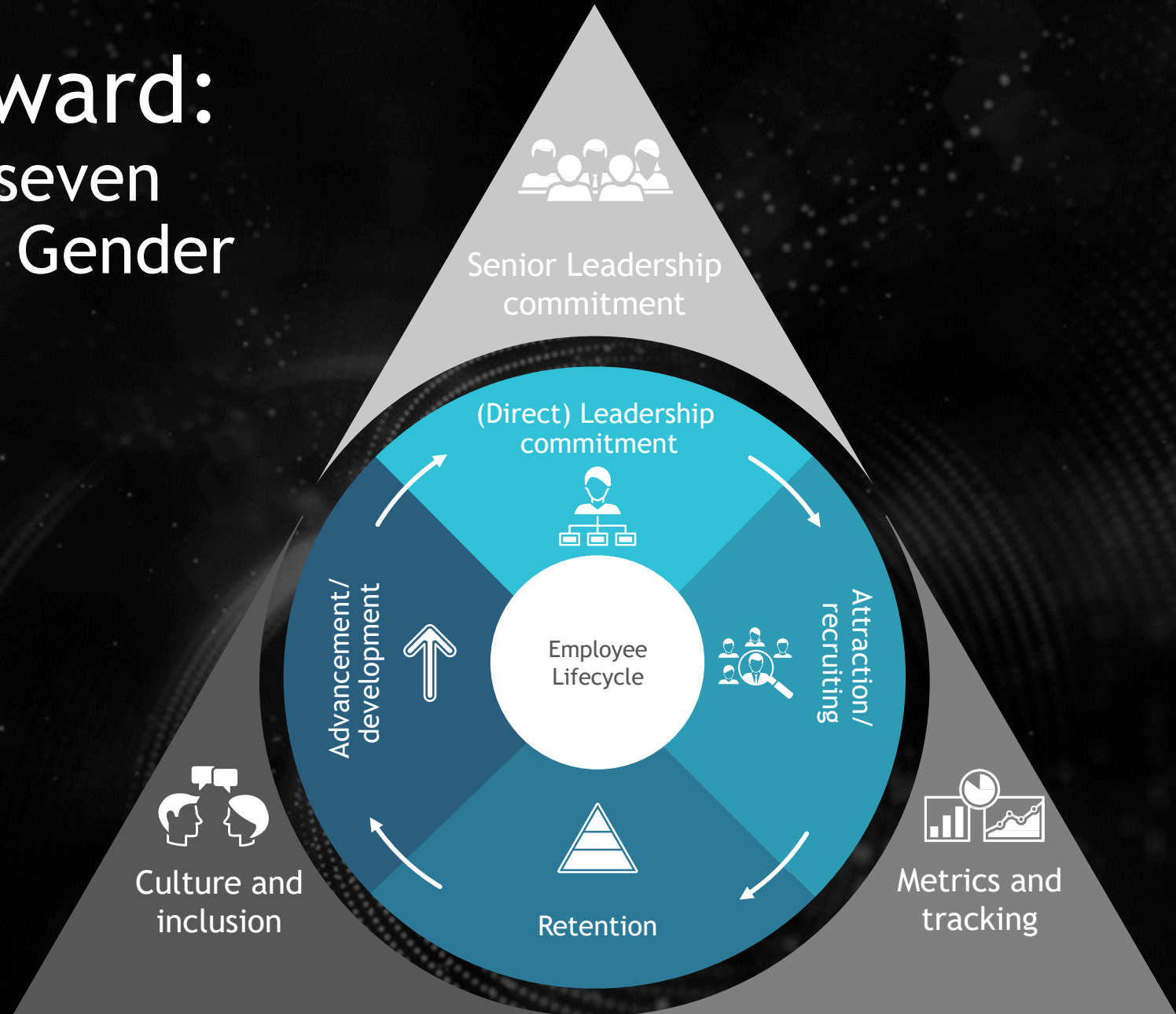
Woman as
..CEO - ExBo
...Chair / Lead
Indep. Director - SB

Change in Score compared to Index 2021

Negative change No change Positive change

Source for Index Score: Annual reports & remuneration reports 2021, Composition of boards as of 31. Dec. 2021

The way forward: Initiatives along seven dimensions drive Gender Diversity



Best practice examples to promote gender equality

Senior leadership commitment

- Setting and communication of diversity targets
- Diversity board or dedicated diversity role
- Public Commitment e.g., diversity report, only joining panels with women representation, etc.
- (External) engagement e.g., leadership-participation in networking events, partnerships with women networks

Culture and inclusion

- Anti-discrimination policies, policies that require diversity from suppliers, etc.
- (Mandatory) unconscious bias trainings
- Offering networks/support for women and ensure that the initiatives achieve 'emotional connection'
- Making work more flexible (abolish office presence culture, home office for all staff, etc.)
- Equal support of men in gender equality efforts e.g., paternal leave

Metrics & tracking

- Continuous and transparent tracking of progress towards diversity targets
- Embedding diversity KPIs in leadership performance management (bonus/incentive schemes)
- Integrating diversity questions in employee surveys and use pulse checks



(Direct) Leadership commitment

- Visible role models (men & women)
- Allyship/Awareness-campaigns
- KPI accountability – embedded in performance management

Attraction/recruiting

- Diversity recruiting strategy
- De-Biased job description
- Unconscious bias training of interviewers
- Blind screening of candidates
- Diverse Interviewer Panel

Retention

- Equal & transparent pay initiatives
- "Moments of Truth"-programs - support during special career/personal events e.g., return after maternity leave or promotion (specific trainings, family & work-offers etc.)

Advancement/development

- Removing bias from evaluation/ promotion decisions (e. g. Balanced short-list of candidates)
- Formal sponsorship and individualized roadmaps for advancement
- Formal leadership training program

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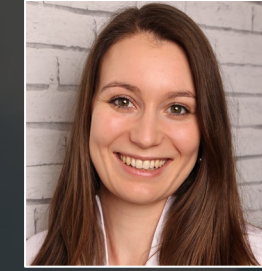
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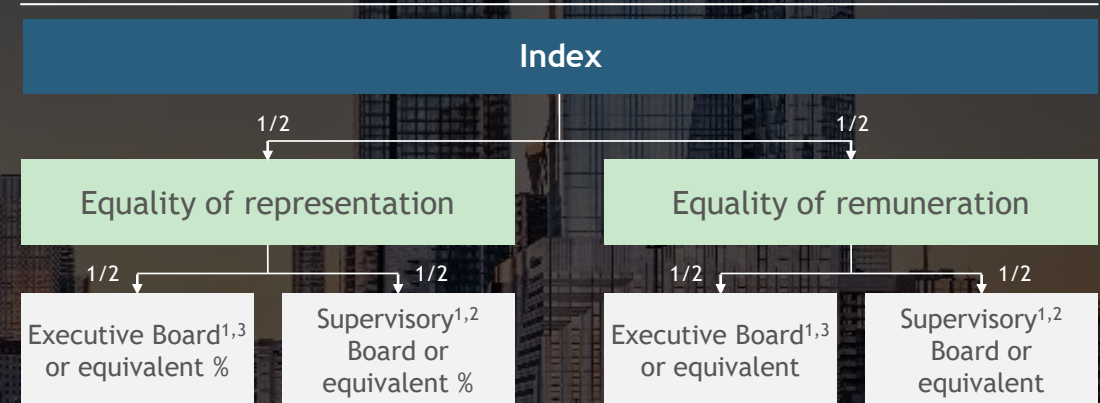
Appendix

Established methodology of previous BCG studies ...

... is applied to rank European banks regarding their gender diversity



BCG Gender Equality Index methodology



Scope of Index ranking

50

Largest listed banks in Europe

- 50 largest listed banks in Europe
- Index based on year-end 2021 data
- Harmonization of board definition and data to enable comparability between One¹ & Two-Tier Systems
- Use of proxies in case of missing data

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