

ALWAYS
BE YOURSELF

Diversity and Inclusion at Castlefield 2021



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THE THOUGHTFUL INVESTOR

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OUR PURPOSE, VALUES AND AMBITION

When Castlefield was established in 2002, the intention was always to make it a force for good. Castlefield acts for individuals and organisations that seek an outcome where business is recognised within the framework of its impact on people and planet. Our purpose sets out the role of our firm in society and outlines our responsibilities towards those around us. It starts with the statement that we are a profit seeking business – not a profit maximising business. Castlefield exists to help clients and co-owners to achieve their personal goals, whilst promoting and supporting the welfare of the widest community of stakeholders. In a Corporate Social Responsibility (CSR) context, it means that we believe that it is just as important how we earn money, as the way in which it's ultimately distributed.

As we grew, we found it was necessary to define who we are and what we want to be known for. Over time we have identified set values that describe our co-owners' competencies and goals. Our values are brought to life by all co-owners and we make sure we emphasise their importance in our day-to-day roles. Getting the right people to join our business is paramount to securing our future and ensuring we are continuing to do well by doing good. Having clarity on our values means our co-owners are engaged and aligned with the organisation's vision.

OUR CULTURE

Our culture has directly supported our success because we've embedded our values at the heart of everything we do. Our EO status is one of four "CORE" values and is essential to recruitment, performance management and continuing development. Without our people, we wouldn't have been as successful as we have been to date and without our EO ethos, we wouldn't have had the people to make it possible.

From day one, the people involved in our day-to-day operations have held a majority stake in our business, alongside a major grant-making charitable foundation. It's helped us to define our values, predicated on long-term sustainable growth, independence and innovation, respect and responsibility; all designed to create an environment in which colleagues, as co-owners, can achieve their full potential.

We aspire for our business to make a meaningful contribution to society. To do so, we pay particular attention to developing a respectful, diverse workforce that reflects our wider community. We want our people to be themselves at work: we know that we are all at our best when we are free to be ourselves. We know too that when our co-owners feel a sense of belonging, they're better able to help and support our clients, and can contribute to the communities where we operate.

Creating a diverse and inclusive workplace is an important part of who we are. Our commitment to building a better tomorrow for generations to come means we focus on the areas below:

- **Showing sensitivity and respect to others**
- **Demonstrating openness to diverse views and opinions**
- **Building positive working relationships with immediate colleagues**
- **Sharing data and information to inform work in our teams**
- **Handling difficult situations calmly and contributing to finding a way forward**



change starts with
self-reflection and
honesty.





MESSAGES FROM OUR CO-OWNERS



Most of us, at some points in our lives, have felt excluded: at parties where we didn't know anyone, in the school cafeteria or gym class, in some other situation where we felt like the odd person out. When we've been in those situations, we've felt palpable relief when someone we knew arrived or when someone we didn't know made an effort to engage with us. As a part of my role in Castlefield, this is what I want to offer beyond being a financial adviser. My recent talk at Levenshulme High School was an excellent experience for me. Somehow, by sharing my positive experiences of working within financial services as a woman it felt like I was giving something back to the community and making a difference. Maybe even inspiring some of the next generation to become female advisers in a traditionally male-dominated industry.



Pooja Shah

Associate, Financial Advice

– is inspiring other women to join financial services



OUR GENDER PAY GAP

The gender pay gap is a measure of the difference in the average pay of men and women across an entire organisation, regardless of the nature or level of their work. It is different from an equal pay comparison, which involves a direct comparison of two people or groups of people carrying out the same work or work of equal value.

We have decided to report our gender pay gap data voluntarily because we know this transparency is valued by our co-owners and other stakeholders.

To calculate our gender pay gap we have used salary data from the 2020 – 2021 financial year, and our methodology aligns with the pay gap reporting requirements set out by the UK government.

All our co-owners within the same seniority level receive pay within a range for that level

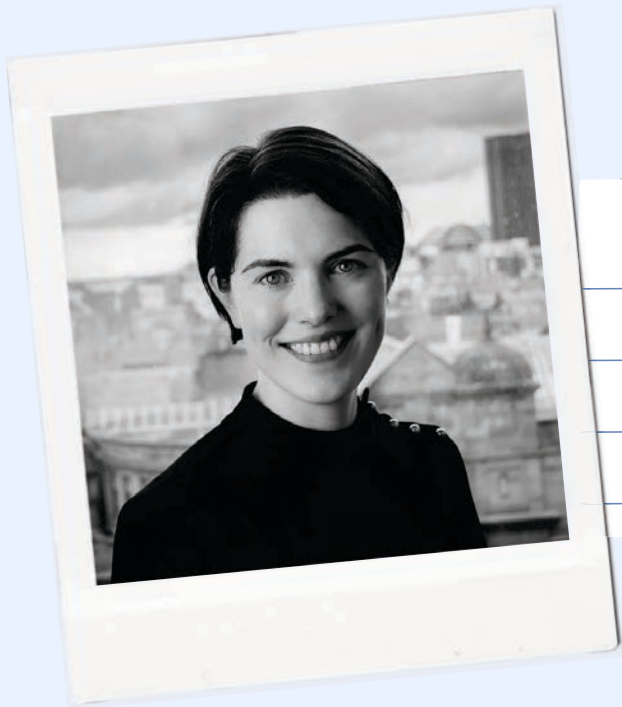
- We continue to see a high proportion of female co-owners in our two lower pay levels – Executive and Senior Executive.
- Our internal promotions process considers co-owners' competencies and achievements to date, showing a consistent approach where promotions are awarded on merit.
- We continue to offer opportunities for advancement to all co-owners, across the whole firm at every stage of their career.



MESSAGES FROM OUR CO-OWNERS



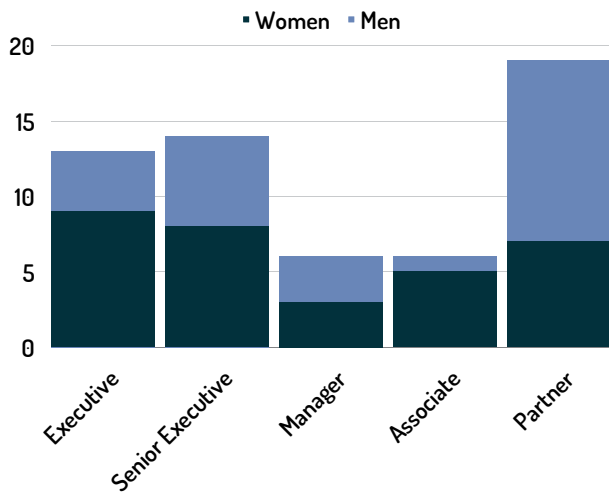
At Castlefield we use our role as investors to champion greater diversity within the companies that we invest in. We regularly engage with companies on the gender and ethnic diversity of their board, their executive team and their wider workforce. We encourage companies to be transparent and publish diversity data so that employees, investors and other interested stakeholders can hold them to account.



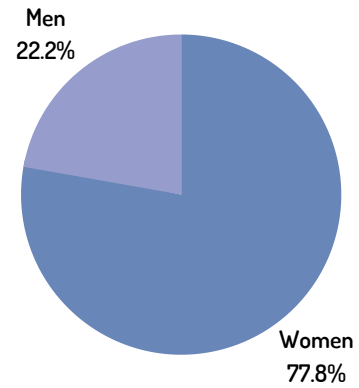
Ita McMahon
Associate, Investment Management
on our engagement as investors

GENDER DIVERSITY

Gender by seniority October 2021



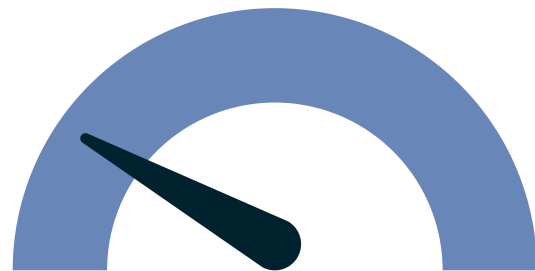
Internal promotions Oct 2020-Oct 2021



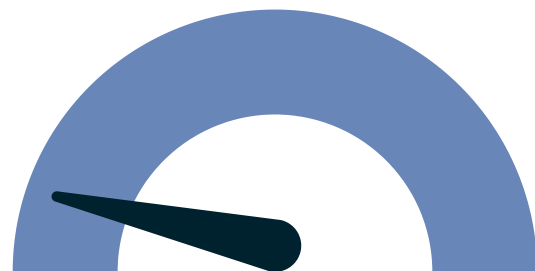
What is the difference between median and mean figures?

Median pay gap: Imagine a picture where all our female co-owners stood next to each other in one line in order of lowest hourly pay to highest and imagine the same picture where all our male co-owners did the same. The median gender pay gap is the difference in pay between the female co-owner in the middle of their line and the male co-owner in the middle of their line.

Mean pay gap: The other measure is the mean gender pay gap, which shows the difference in average hourly rate of pay between men and women.

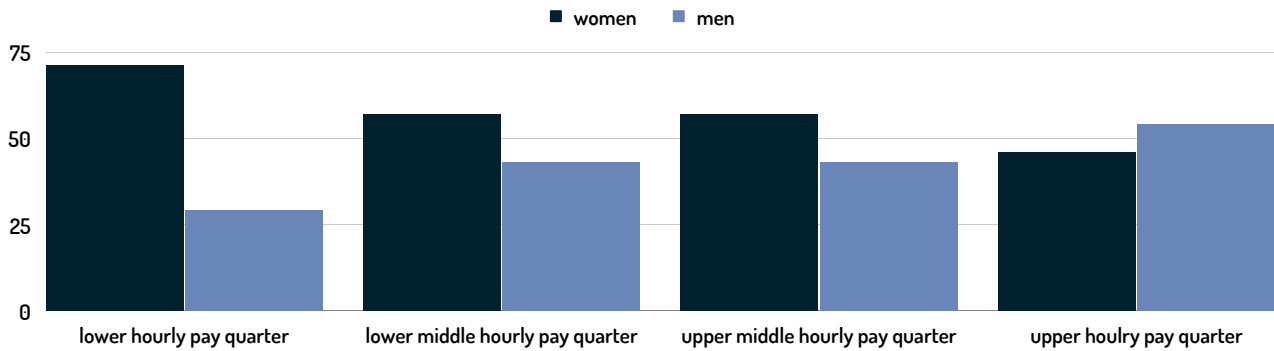


Median pay 2021 18.92%



Mean pay 2021 10%

Pay quartiles October 2021



Women occupy 46% of the highest paid jobs and 71% of lowest paid jobs at Castlefield

OUR BONUS PAY GAP

Both women and men earn exactly the same when comparing median calculations of all performance related bonus pay. Their median bonus pay equaled £1122.45 for the year 2020-2021.

As an employee-owned business in December 2020 we paid bonuses related to the performance of our business. The ability to share in our business success is one of the principles of being employee owned. The eligibility criteria for the bonus is linked to the time co-owners work in the business and can make changes to business performance. The amount everyone in the business received is the same (pro-rated for those not on full time contracts and for those starting part way through the year) and is not linked to percentages of salaries.

In a relatively small business of c.60 people, small changes to the workforce – a new person joining or someone getting promotion – can have a big impact on the statistics that we report. This can make the data more difficult to interpret and rarely indicates a trend or amended way of thinking or direction.

What we do know, and believe to be driving our pay gap, is that we have a larger representation of female co-owners in our lowest paid roles – especially in entry level roles.

HOW ARE WE CLOSING IT?

We always promote and recruit based on merit alone but in the last 12 months, nearly 80% of internal promotions were female co-owners, across all levels of the business. Although women typically join us at lower paid levels, we are committed to the development of that talent, as reflected in the data on promotions.



We continue to see a balanced spread for female co-owners at all levels within Castlefield.

Salary ranges have been introduced for each level and are applied consistently to all co-owners within each range. This provides an element of safeguarding and self-check to ensure we are fair and consistent across all teams within the wider business.

We have now been WIFC (Women in Finance Charter) signatories for 3 years in 2021 with an ongoing target to maintain a gender 50:50 ratio amongst our senior leaders.

Blended working and flexible working policies have been introduced in the past year for all co-owners. Co-owners now have more choice and flexibility in terms of where they work, and how they structure their working hours. This opens opportunities, removing location as a barrier and creating a level playing field.

MESSAGES FROM OUR CO-OWNERS



Investment management is an area which many young people consider to be an attractive career choice and we'd certainly agree with that. Equally, lots of young people think our industry is not for them, perhaps because nobody from their background works in finance. To help address this, I've been involved for several years in mentoring students on various aspects of investment management and financial advice, offering work experience and support to local sixth formers, undergraduates and even post-graduates. Through the Chartered Institute for Securities and Investment (CISI), our professional body, we've forged good links with a nearby school as well as a large sixth form college and we have provided formal work experience for Year 12 students from both of those places. As an alumnus, I also offer support to lecturers and students at Alliance Manchester Business School, which is just down the road from our office.

Looking to the future, I plan to keep doing the mentoring and there's another area where I think we as a firm can play a role and that's in financial literacy and inclusion. Young people's awareness of "money" in general can be quite sketchy and, in early adulthood, it's important that they know more about bank accounts, credit cards, student loans, mortgages and pensions.



David Gorman

**Partner, Investment
Management**

OUR DIVERSITY REPORT

Many companies are taking steps to increase the diversity of their workforce. And for good reason. Research shows that bringing diverse perspectives to the table increases companies' resilience and agility, boosting innovation and financial performance. Yet, hiring diverse employees is only the first step – to reap the benefits, companies must include those employees in the conversation. Castlefield recently conducted a survey aiming to learn more about our co-owners and to gather data about diversity and inclusion specifically.



We need to create a fair society in which our origins do not determine our destinies



David Isaac, Chair of the Equality and Human Rights Commission

The survey asked respondents for their perceptions on critical aspects of their work life. This included whether they have sense of belonging and also whether they have trust in leadership and feel valued.

We are fully aware that diversity data does not tell the whole story but is a useful starting point for understanding what action we need to take to ensure all co-owners have an equal opportunity to progress in our business and to ensure that Castlefield remains a workplace that is representative of the community we feel part of.

Co-owners of Castlefield are seeking to demonstrate and act as advocates for the principle that there is great value in including everyone and embracing difference at all levels of our business and in all of our teams.

As an employee-owned business, we know how to exercise our right to have a say and to be heard. We also know how to ask, explore, and tolerate a diverse range of perspectives and views. The diversity and inclusion agenda is not a tick box exercise here, or a race to fill some quotas.

We recognise that no one firm or business in the wider economy, including us, has all the answers to these difficult questions, and that there is a huge amount we can learn from one another on this important topic.

At Castlefield, we believe in the importance of creating connections and building collaborative relationships. We seek to create opportunities to success for everyone.

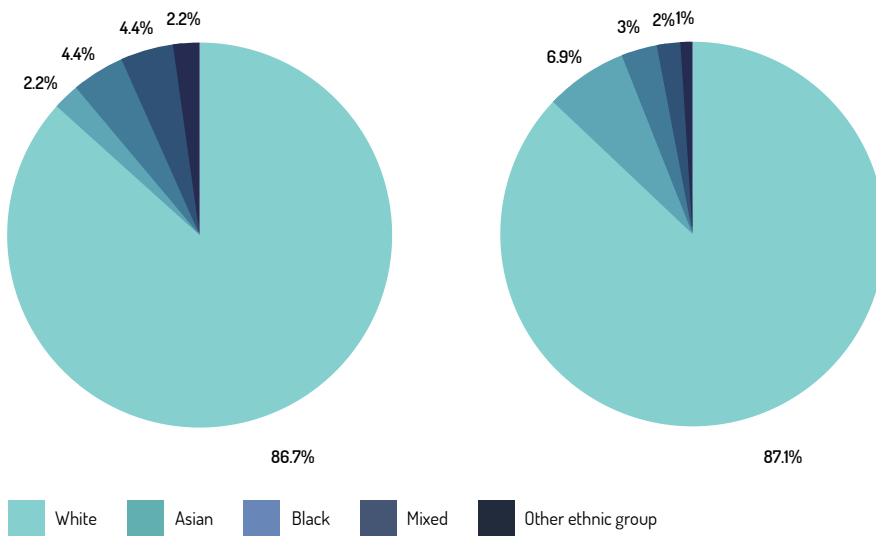
OUR PROFILE - ETHNICITY AND AGE

Ethnicity

Ethnicity figures collected from Castlefield co-owners survey in October 2021 are compared with UK Ethnic Groups data obtained from 2011 census ONS via NomisWeb site.

CASTLEFIELD

UK (2011 CENSUS)



Notes:

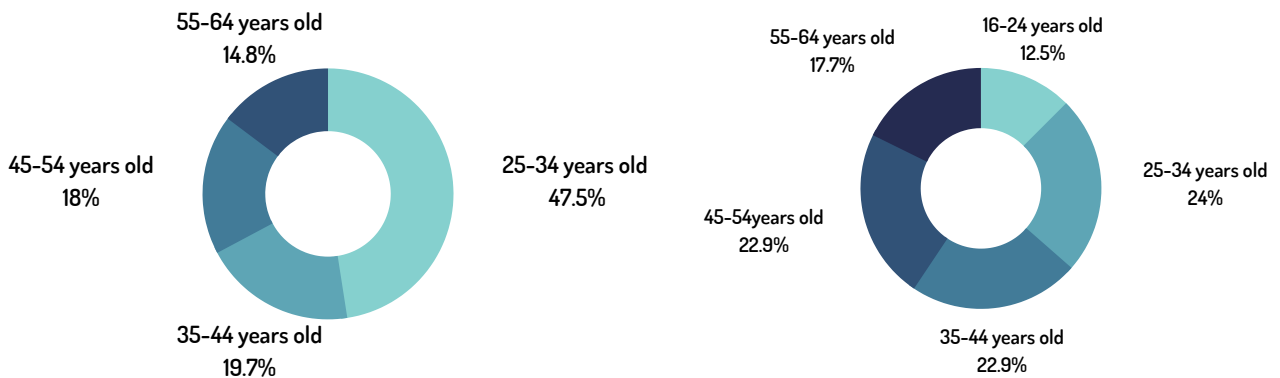
All Castlefield data in this report is accurate as at October 2021, unless otherwise stated. Responses to the survey have been received from 75% of co-owners.

Workforce Age statistics of co-owners at Castlefield versus Labour Status by Age in the UK

Age figures collected from Castlefield co-owners survey in October 2021 are compared with UK Labour Market Status by Age data obtained in November 2021 from ONS via NomisWeb site.

CASTLEFIELD

UK (2011)



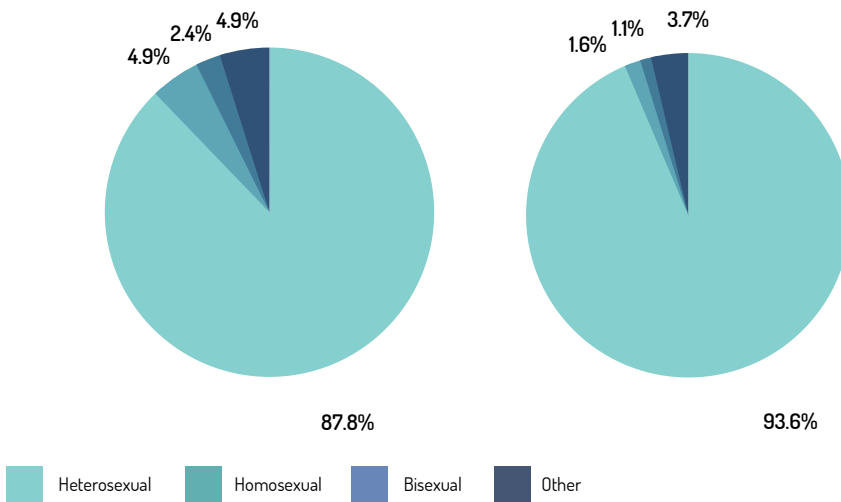
OUR PROFILE - SEXUAL ORIENTATION AND DISABILITY

Sexual Orientation

Sexual orientation figures collected from Castlefield co-owners survey in October 2021 are compared with UK Sexual Orientation data obtained from the Annual Population Survey 2019 from the ONS website.

CASTLEFIELD

UK (2019 ONS)



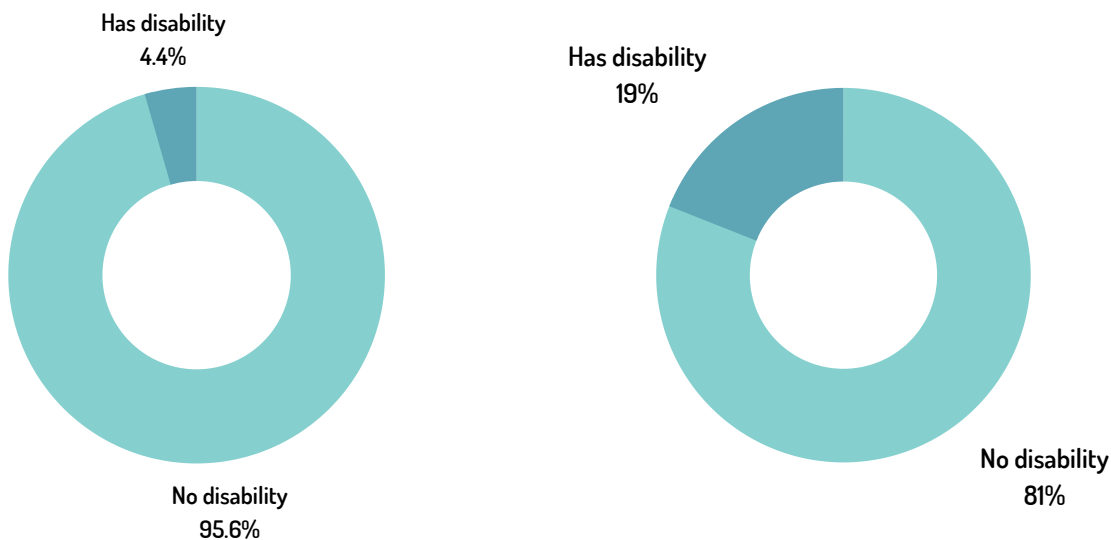
Notes:
All Castlefield data in this report is accurate as at October 2021, unless otherwise stated.
Responses to the survey have been received from 75% of co-owners.

Disability

Disability figures collected from Castlefield co-owners survey in October 2021 are compared with disability within working population of the UK obtained from Family Resources Survey 2019-2020

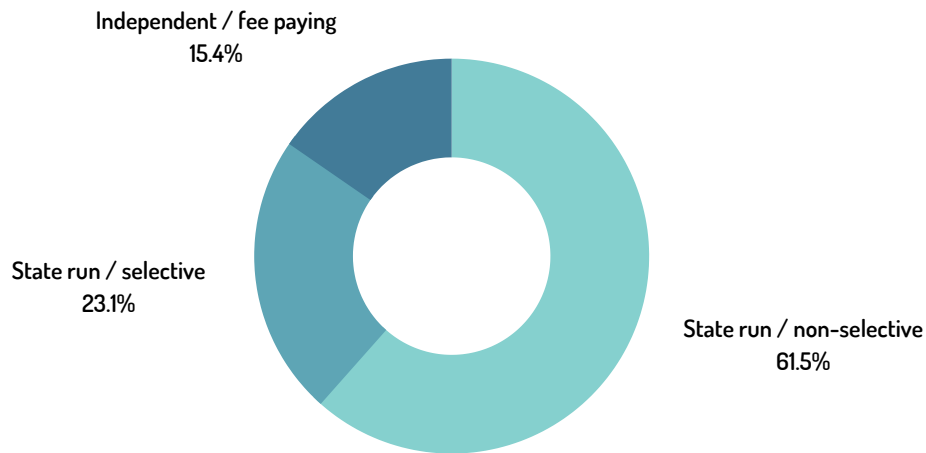
CASTLEFIELD

UK (2018)



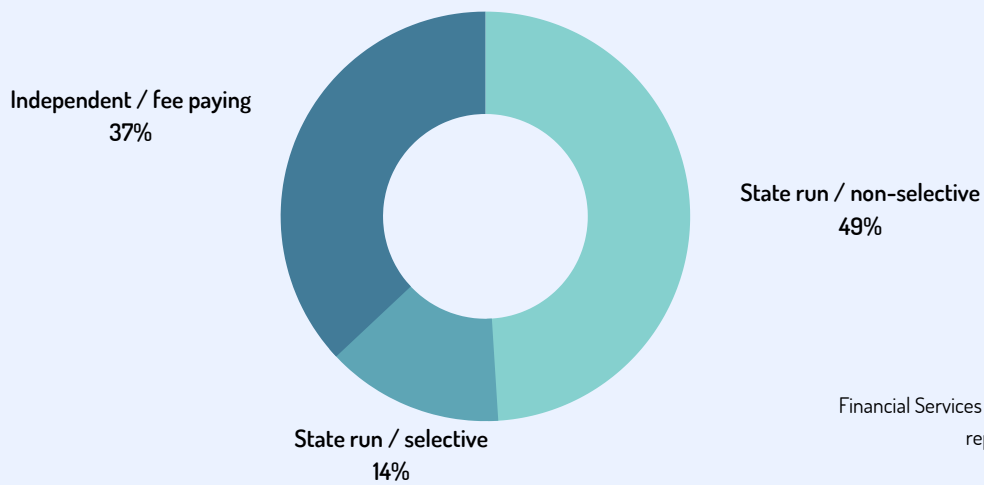
OUR PROFILE - OUR EDUCATION

CASTLEFIELD



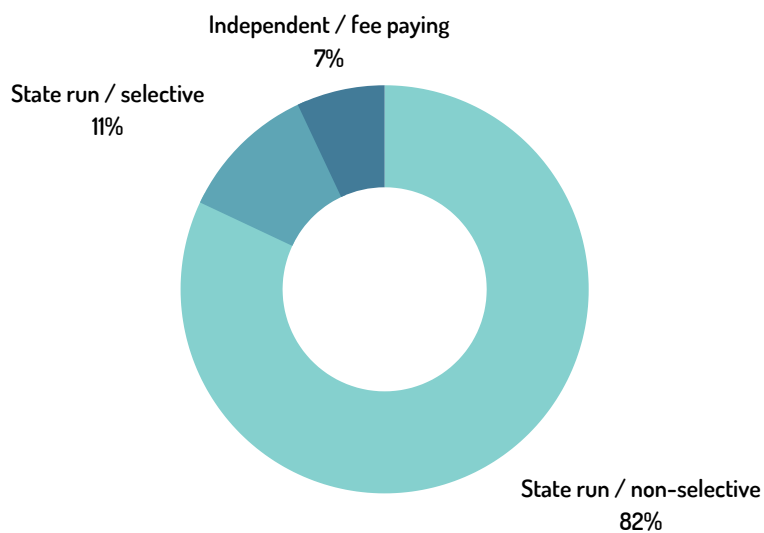
School type attended Castlefield v Financial services (2014) v UK (2011)
Castlefield educational background figures collected from survey in October 2021.

FINANCIAL SERVICES (2014)



Financial Services data obtained from Sutton Trust report 2014 (Pathways to Banking)

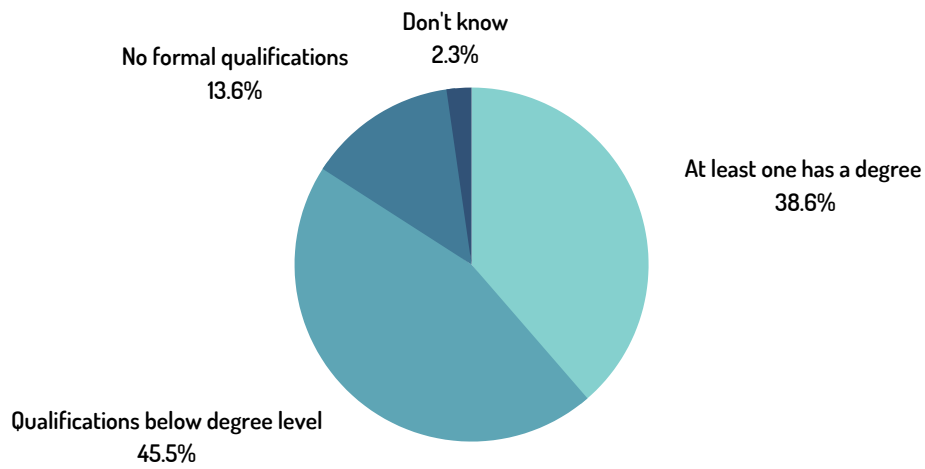
UK (2011)



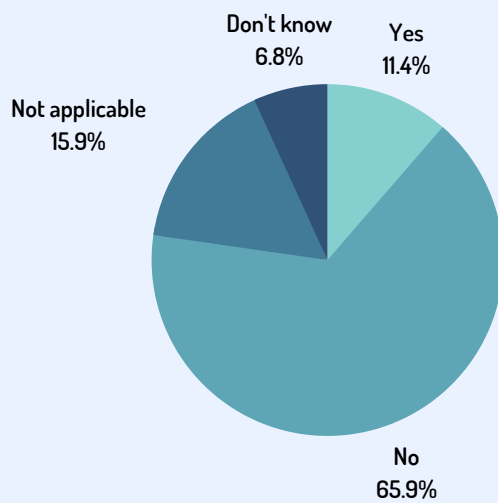
UK data from ONS via NomisWeb.

OUR PROFILE - OUR SOCIO ECONOMIC BACKGROUND

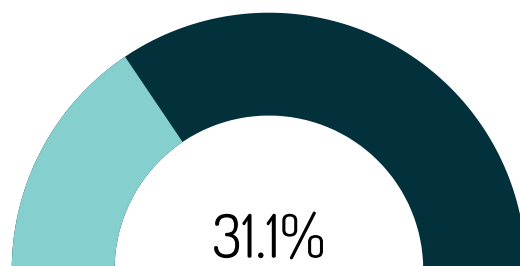
CASTLEFIELD- HIGEST LEVEL OF QUALIFICATIONS HELD BY PARENTS/ GUARDIANS



CASTLEFIELD - ELIGIBILITY FOR FREE SCHOOL MEALS



CASTLEFIELD - CONSIDER SELF FROM LOWER SOCIO-ECONOMIC BACKGROUND





OUR DIVERSITY REPORT

Our vision is to be inclusive of people of every race, ethnicity, nationality and faith across our workforce. Having colleagues with a mix of backgrounds and life experiences makes us better at supporting our clients and communities. It promotes diversity of thought, encourages innovation and makes us more reflective of the individuals and businesses we serve. Supporting ethnically diverse co-owners at Castlefield is very important for us.

We are satisfied that our firm is representative of the wider community at large. We are still asking ourselves whether what we do is enough. Over the last year we have considered carefully what we have been doing to aid the fight against racism. We know the answer is that we can and should do more to help create a world in which racial discrimination is not tolerated, and in which we first acknowledge every individual's background and uniqueness. That effort has to start with listening, learning and understanding more – which we are committed to do.

When analysing the age of our co-owners we can clearly see that the population of those in the youngest age group (25 to 34 years old) is the largest in our firm.

It does not include anyone younger than 25, whereas in the UK those between 16-24 make up 12% of all economically active persons. Castlefield has not been involved in graduate recruitment since pre-pandemic and we have also not considered apprenticeship for a similar period. This would have had an impact on changes around the 16-24 years old group, however it would still not amount to comparable UK average of 12%.

Historically, we've found that apprentices have required more support and one to one guidance than we were ultimately able to offer them. Our internal culture of learner-led development appeared not to suit school leavers. That said, over the last year or so we've continued to make changes to our induction programme, the development of our people managers and to the career pathways within our Castlefield Academy. It might now be possible for us to consider once again introducing some future vacancies, of a type suitable for those in the youngest age group. This could well provide a route into financial services straight from school, that does not involve first obtaining a University degree.



OUR DIVERSITY REPORT (CONT)

All other age groups are spread evenly and in line with the general UK labour market. Social mobility continues to be a priority for us, and we want to make sure we continue to offer opportunities for all co-owners. Over 30% of respondents to our questionnaire consider themselves to be from lower socio-economic backgrounds and over 11% were on free meal provisions when at school. We are delighted to see that we continue to enable them to progress their careers with us.

Castlefield has a high proportion of those who attended either independent or selective schools (15% and 23% respectively). Looking at UK financial services as whole, it becomes apparent that the sector is heavily skewed towards those with an independent-school (37%) and selective schools (14%) background, particularly at senior levels,

while students from modest backgrounds play a disproportionately small role. Castlefield has a wider representation of those from comprehensive schools – 62% comparing with 49% of the sector.

Responses also suggest that we have a high percentage of co-owners who are the first generation in their family to have gone to university with 17 out of 44 indicating that they have degree level qualifications, but that their parents do not. This is particularly significant given the social element of Castlefield's purpose. It is worth highlighting here that this data has been gathered and published for the first time and has never been required pre or post recruitment in the past.

20% of Castlefield co-owners do not have a qualification at degree level.

MESSAGES FROM OUR CO-OWNERS

Joining a company that was willing to embrace all of me was very important to me, as I believe that I'm at my best when I'm my authentic self. Being personable, I have always enjoyed a work environment where I could balance fun, laughter, and business delivery. I've always believed that for me to look forward to going to work every day, I must be truly happy with not just what I do, but with the people I work with.

When I interviewed for my current role, I expressed how diversity and inclusion was very important to me. In my 17 months of being here, I have never felt that being a black woman and a mum were barriers to me achieving my desired professional goals.

Before joining Castlefield, I was at a place where I needed clarity and guidance professionally. Within 3 months of being at Castlefield, I was able to get the help I needed, so much so that I can now say I have the clarity I sought for years; with continuous support and opportunities for development being offered to me along the way.

I've been able to build great relationships with fellow co-owners who I've only met a handful of times and it honestly feels like I've known them for way longer. At Castlefield, I feel seen, valued, and heard and this is a further testament to our ethos. Joining the Castlefield family has been one of the best decisions I've made professionally and I'm looking forward to what the future holds for me here.



Efua Uke

Senior Executive, Financial Advice

'Being myself'

MAKING CASTLEFIELD MORE INCLUSIVE

We must lead by example. We want to be role models in our sector. We want it to be as diverse and as inclusive as possible, and we are committed to addressing areas that will impact the accessibility of our workplace to all.



Ways of working

- Flexible Working and Hybrid Working Policy
- Family Friendly Support Pack with both maternity policy and a birth leave policy
- Leave for co-owners with dependents, allowing carers to take paid time off
- Recruitment practices – mixed gender interview panels / accessible selection methods



Culture and Values

- Educate our co-owners
- Survey and focus groups
- Employee Ownership rights and responsibilities
- Diversity & Inclusion questionnaire



Work with those outside of Castlefield

- WiFC (Women in Finance Charter)
- Work experience for pupils and students from Manchester schools and colleges
- Social Mobility Foundation
- GBG (Give Back Group)
- Greater Manchester Good Employment Charter

Our October 2021 D&I questionnaire tells us that most of our co-owners feel a sense of belonging at Castlefield and feel that those like them can succeed here. Co-owners trust the leadership team and they know that diversity is treated as a critical issue in our firm. The sense of inclusivity and belonging displayed by our co-owners is indicative of our culture, which in turn is underpinned by our four main values. However, there is more to do still. We are ready to do more.



HEALTH & WELLBEING

The wellbeing of our co-owners is especially important to Castlefield and we have been supporting it on many levels. Castlefield's approach is to tailor the support to the individual needs of our co-owners and ensure we invest in meaningful wellbeing initiatives. Over the years we have carefully chosen Employee Assistance Programme providers that work not only with our co-owners but with their families as well. Similarly, when looking at an NHS Top-Up Scheme to help employees with health-related costs, we wanted to ensure that this comes with a GP service that our co-owners and their families can access.

We recognise the importance of financial wellbeing and that is why co-owners from our Financial Advice team often deliver sessions internally to fellow co-owners on topics such as retirement planning, household budgeting and how to manage emergency situations. We offer hardship loans to our co-owners and being an EO firm we offer all co-owners participation in a tax incentivised Share Incentive Plan (SIP) whilst doubling the benefit via a Buy One Get One Free offer.

Wellbeing initiatives 2021:

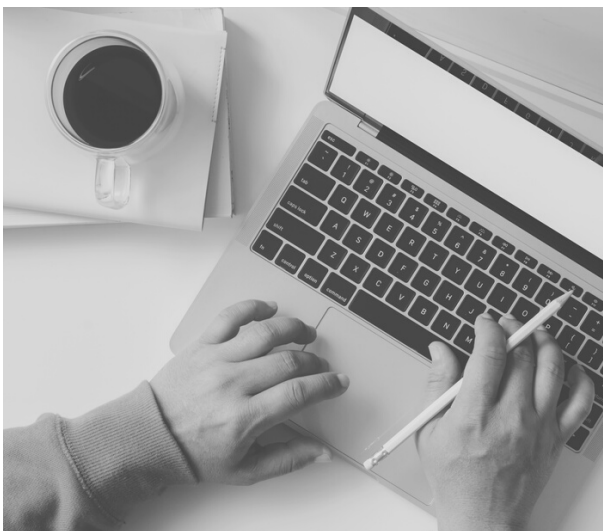
- NHS Screening – encourage co-owners to attend those and do not make the time up
- EAP via Health Assured with the counselling sessions
- Additional EAP service via WPA
- WPA NHS Top Up cover
- GP line access for co-owners and their family providing opportunity to speak to GP with no waiting times
- Dependents leave
- COVID support
- COVID safe workplace
- Bradford factor not inclusive of COVID absences
- Health and wellbeing initiatives at work – yoga, walking challenge, head and neck massage....
- Monthly one to ones encouraged and all line managers asked to do so



WHAT IS THE PLAN FOR 2022?



We will continue to develop and promote our people based on merit and merit only, because it is the right thing to do. We recognise that diversity is key to the success of our business. Building and maintaining that diversity requires a culture that makes all our colleagues feel included and respected for being themselves at work. We believe that the stronger our culture is, the better the choices our people will make – and the stronger our business will be for all our stakeholders. Our culture also helps us to reduce the impact of poor conduct on our customers.



Current ways of working, with most of our co-owners choosing to work from home, add an additional dimension to the conversation about an inclusive workforce and require our leaders to demonstrate a strengthened approach to equality. While we may not be able to control external forces, we can help to ensure that diverse perspectives, combined with an inclusive culture continue to drive better decision-making, stimulate innovation, increase organisational agility and strengthen resilience to disruption.



Inclusive leadership calls for equitable decision making, and this in turn encompasses equity in pay, promotions, access to interesting and challenging assignments and projects, and the need for unbiased feedback.

WHAT IS THE PLAN FOR 2022? (CONT)

Formalising and structuring our approach is one of the main goals for 2022. We are starting with this first report which summarises our collected data and the initial feelings of co-owners around inclusivity. Capturing ethnicity data is important to establish a baseline, so that we can measure progress where we identify the need for improvement. It is also a crucial step towards becoming an organisation able to report on ethnicity pay. We intend to include the D&I questionnaire to our annual calendar of events at Castlefield.

We recognise that we need to provide visible leadership on race and ethnicity in our organisation so we can drive key actions. The IDEA group, which has evolved from the initial Women in Finance Charter group into a body with a wider scope, is looking at diversity and inclusion across the firm and is working through our key action points. In 2022 we aim to position the group as an integral part of our Co-owners' Council, which in turn will assume a more formal and expanded role within our overall governance structure.



As a woman in financial services, it's important to me to encourage the next generation of female advisers. Financial advice is a wonderful career – you get to build excellent relationships with clients, with flexible working hours. It's enabled me to raise my children without sacrificing my career aspirations. We need a diverse advice team that reflects the diversity of our clients.



Olivia Bowen, Partner, Financial Advice



WHAT IS THE PLAN FOR 2022? (CONT)

All our leaders are focused on making sure that equality in the workplace is the responsibility of all and this commitment has already been included in the specific job purposes of people managers. We want to develop this and continue with our thought-provoking training featuring real life experiences to better educate all our leaders.

Over the last few years, we have made encouraging progress to increase the number of women in senior leadership positions. We know we must remain vigilant to ensure there is no bias in our hiring decisions, as well as to provide targeted opportunities for our female colleagues to develop their careers. We take time to ensure we are providing the right support and connectivity for women, especially when returning from maternity leave and also feel it is important that we are considered as a menopause and endometriosis friendly place.

Those are the issues affecting many of us, our partners, parents, aunties, sisters, and friends. We want to remove the stigma attached to both of those words and include our leaders and all men in those efforts.

We will continue to run diversity sessions for all our co-owners. We want to continue to be prepared to have difficult conversations; we want to be challenged and encouraged to be kind and to listen to others. Whilst we are aware that there are no quick fixes, and we are taking actions which will bring about longer term, sustainable change within our company and our industry.