

DIVERSITY &
INCLUSION AT
CASTLEFIELD
2023



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THE THOUGHTFUL INVESTOR

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INTRODUCTION

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."

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.



Written by:

Ewelina Niziolek-Wilson




Partner, Head of People & Training

OUR CULTURE

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.

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:

-  **Show sensitivity and respect to others**
-  **Demonstrate openness to diverse views and opinions**
-  **Build positive working relationships with immediate colleagues**
-  **Share data and information to inform work in our teams**
-  **Handle difficult situations calmly and contribute to finding a way forward**

CASTLEFIELD IN NUMBERS


<p>60 </p> <p>employees</p>	<p>27 </p> <p>men</p>
<p>13.3%</p> <p>are part-time</p>	<p>69% </p> <p>Co-owners have been at Castlefield for more than 3 years.</p>
<p>33 </p> <p>women</p>	<p>86.7%</p> <p>are full time</p>

A note on data: all Castlefield data in this report is accurate as at February 2023, unless otherwise stated.

Gender by seniority - February 2023



Our executive pay ratio is currently 5 This means that the highest-paid Co-owner earns 5 times more than the Co-owner with the lowest salary.



OUR GENDER PAY GAP

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 2022 - 2023 financial year, and our methodology aligns with the pay gap reporting requirements set out by the UK government.

SUMMARY



The proportion of female Co-owners in our two lower base levels – Executive and Senior Executive has reduced over the past year, and this had a positive impact on our overall gender pay gap.



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 to all Co-owners, across the whole firm at different stages of their careers to advance and the growing number of females in more senior roles had an impact on reducing the reportable gap.

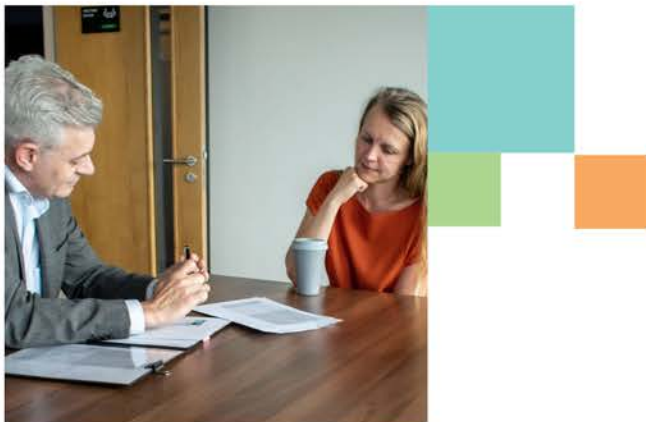


In a relatively small business, small changes to the workforce can have a big impact on the statistics that we report.

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 GAP



4.57%

During the last 12 months
(as of June 2023)



18.92%

2021-22 figure

MEAN HOURLY PAY GAP



7.44%

During the last 12 months
(as of June 2023)



10.72%

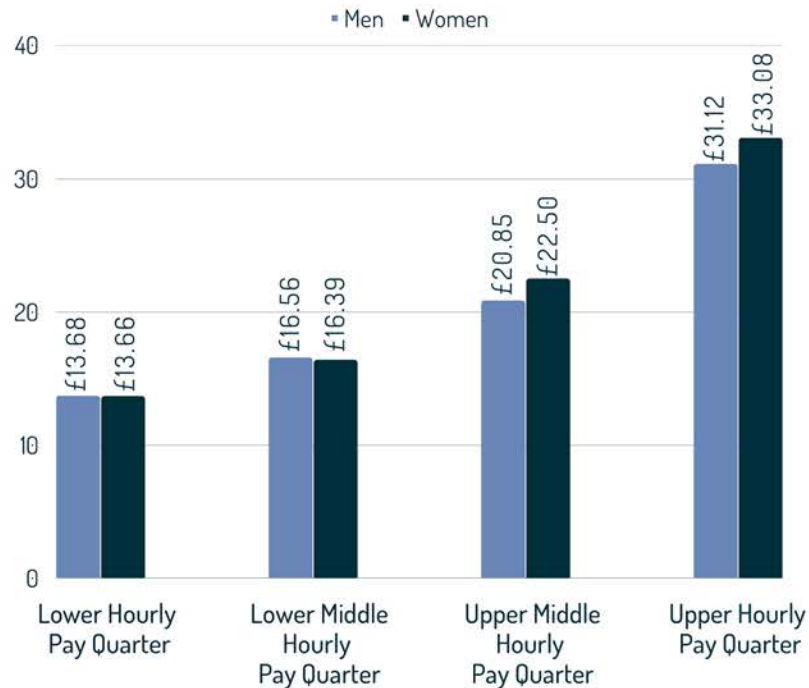
2020-21 figure

PAY QUARTILES

Women occupy 54% of the highest-paid jobs and 62% of the lowest-paid jobs.



PAY QUARTILES



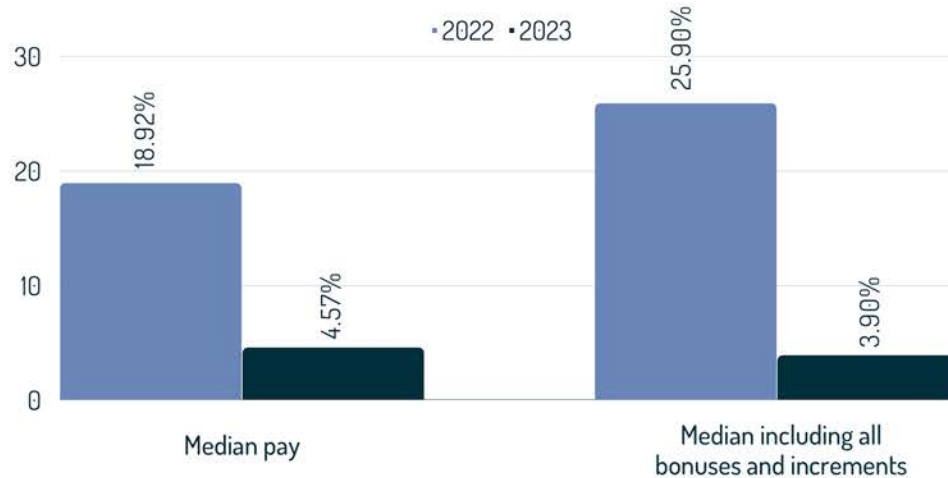
OUR BONUS PAY GAP

As an employee-owned business in December 2022 we paid bonus related to the performance of our business. 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 have worked in the business during the qualifying period and can make changes to business performance. The amount everyone in the business receives 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.

100% of both eligible men and women at Castlefield received bonus pay, through our employee ownership or performance-related bonuses. Eligibility criteria is linked to the length of service - Co-owners needed to work for Castlefield during the financial year the bonus referred to.

WHAT IS DRIVING OUR GAP AND HOW ARE WE CLOSING IT?

2022 V 2023



The gap has significantly changed year on year. This is a result of a combination of factors and can be attributed to some planned and implemented initiatives, as well as to the voluntary movement of Co-owners including resignations of high-profile senior Co-owners.

Although the recruitment has slowed down in the last 12-18 months, we remain committed to ensure we select candidates, internally and externally, based on merit alone, across all levels of the business. Our biggest challenge is in attracting female candidates to the more senior roles, especially within investment management.

Salary bandings remain in place for each position and are applied consistently to all Co-owners. 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 reviewed our bandings to ensure we commit to pay fair, consistent wages that are appropriate for the responsibilities in each role. The new methodology will be implemented in September 2023, and although we are not expecting drastic changes, the transparency around the job evaluation and bandings we are proposing will have a positive impact on Co-owners perceptions of each other contributions.

We are continuing to be committed to the Women in Finance Charter (WIFC) and set the ambitious goal of maintaining our 50:50 ratio of females within senior management.

Flexible work arrangements as well as blended working policies are in place and remain our key priority. This is in place for all Co-owners to provide flexibility in how they structure their working hours. The introduction of core hours and the ability to plan has been welcome by Co-owners. We have seen that this opportunity has been most sought after by women and helps remove location as a barrier and create a level playing field.

OUR DIVERSITY REPORT



A diverse mix of voices leads to better discussions, decisions, and outcomes for everyone.

Sundar Pichai, Managing Director of Google



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 conducted a survey in spring 2023 aiming to learn more about our Co-owners and to gather data about diversity and inclusion. This was the second time the survey was conducted and we have seen an increased engagement since the last year.

Similarly to the last year, the survey asked respondents for their perceptions on two critical aspects of their work life:

- Whether they feel free to be their authentic selves at work
- Whether their perspectives at work matter and are listened to

We are fully aware that the diversity data does not tell the whole story but is useful 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.

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.

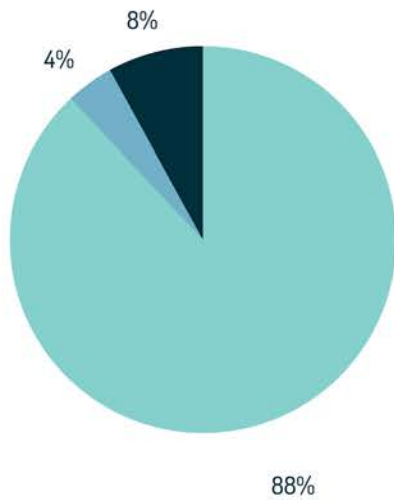
At Castlefield, we believe in the importance of facilitating all connections, and building collaborative relationships across all sorts of boundaries because it is who we are. We create opportunities for success for all.

OUR PROFILE - ETHNICITY

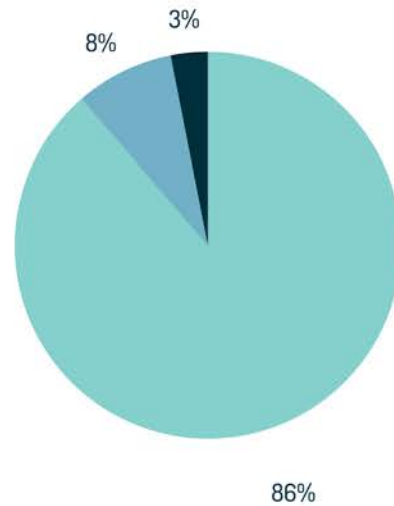
ETHNICITY

The responses have been received from 50 Co-owners (75% participation) taking part in our survey in early 2023. The responses do not include Co-owners who are on parental leave or long-term sickness.

CASTLEFIELD



UK ETHNIC GROUPS (2021 CENSUS)*



White Asian Black

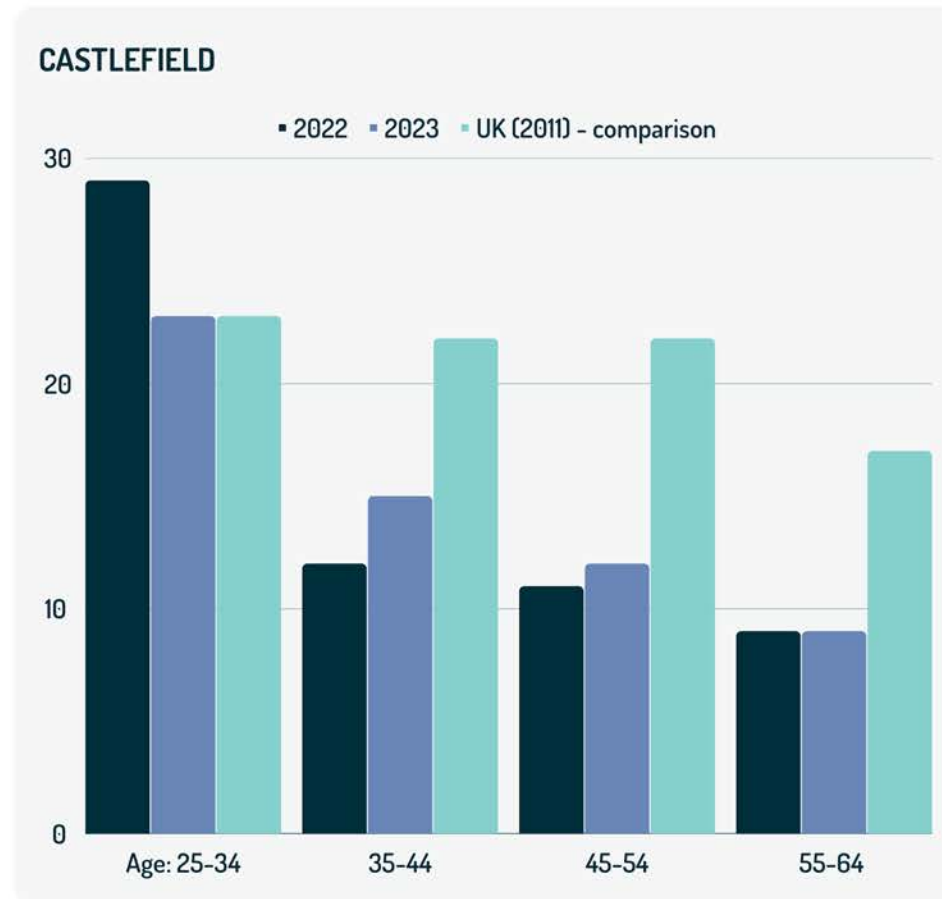


*Nomis - Official Census and Labour Market Statistics - Nomis - Official Census and Labour Market Statistics (nomisweb.co.uk)

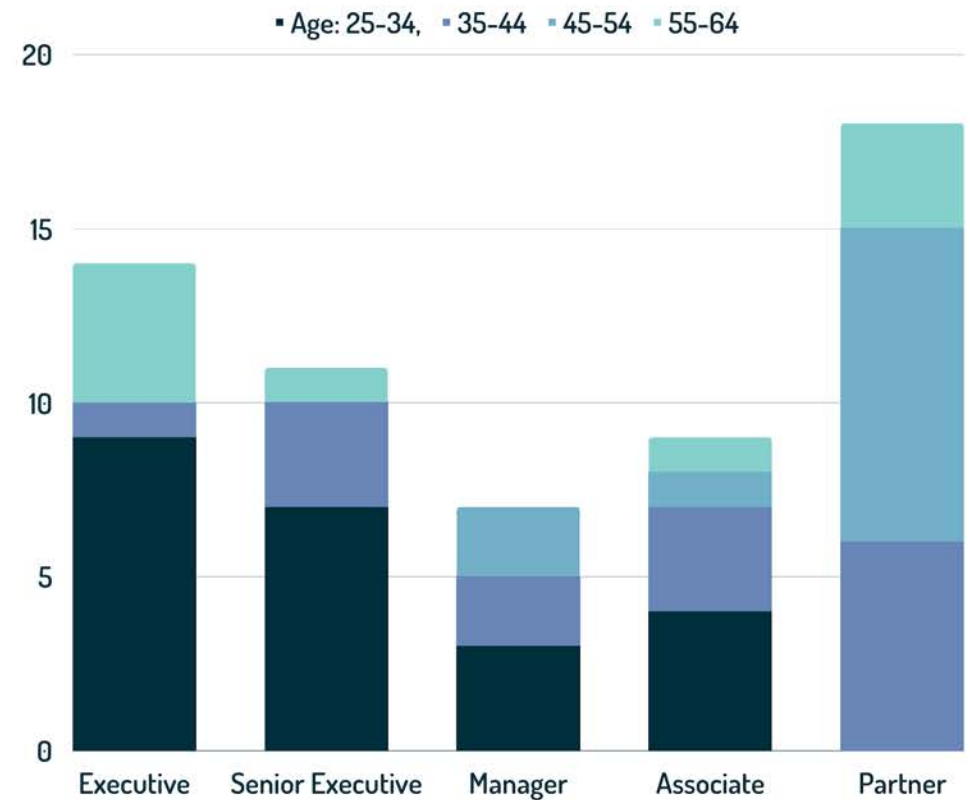
OUR PROFILE - AGE

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 Spring 2023 are compared with UK Labour Market Status by Age data obtained in June 2023 from ONS via NomisWeb site.

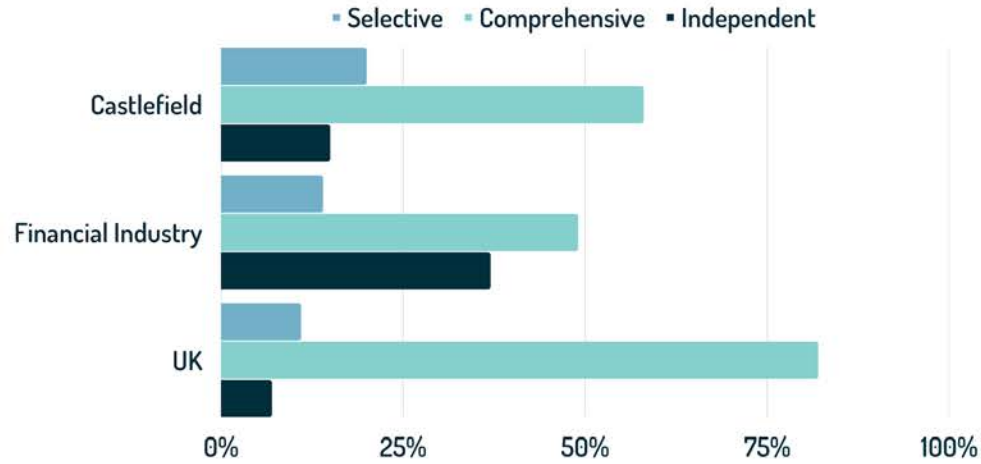


AGE BY SENIORITY - FEBRUARY 2023

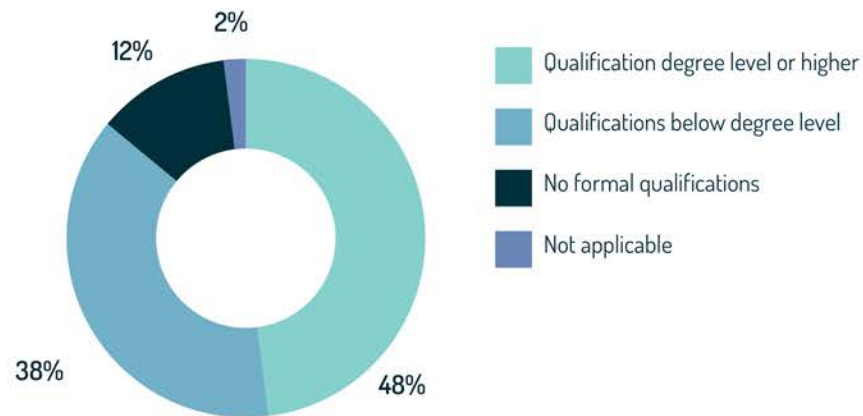


OUR PROFILE - SOCIOECONOMIC BACKGROUND

CO-OWNER EDUCATION BACKGROUND COMPARISON*



CO-OWNER QUALIFICATION LEVELS



*<https://www.suttontrust.com/wp-content/uploads/2020/01/pathwaystobankingreport-24-jan-2014.pdf>

OUR DIVERSITY REPORT (CONT)

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 customers, 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.

Considering the available via ONS on the Nomis website of the general ethnicity makeup of the UK we are satisfied that our firm is representative of the wider community at large.

When analysing the age of our Co-owners we can see that the population of those in the youngest age group (25 to 34 years old) is the largest in our firm. It is noticeable that we fall short of recruiting those younger than 25. In the UK 12% of all economically active persons are those aged 16 to 24. Castlefield has not been involved in graduate recruitment since the COVID pandemic and we have also not considered apprenticeship for a similar period. This has impacted on Castlefield's 16-24 years old group demographic, however, it would still not amount to a comparable UK average of 12%. During 2022, we have recruited one person younger than 25 who represents a typical 'recruit' for an executive role in the UK, having a

degree and just over a year of industry experience. Co-owners will naturally move into older age categories over time and this will be the case with young recruits as well.

"All other age groups are spread evenly and in line with the general UK labour market."

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.

Castlefield has a high proportion of those who attended either independent or selective schools (15% and 20% respectively). Looking at UK financial services as a whole, it becomes apparent that the sector is heavily skewed towards those with an independent schooling (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 - 58% compared with 49% of the sector.

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 Pack with both a maternity policy and a birth leave policy
- Leave for dependents allowing carers to take paid time off to look after dependents
- Recruitment practices –mix gender interview panels / accessible selection methods



CULTURE & VALUES

- Educate our Co-owners
- Survey and focus groups
- EO rights and responsibilities
- D&I questionnaire



WORK WITH THOSE OUTSIDE OF CASTLEFIELD

- WiFC
- Work experience for Manchester schools and colleges
- Social Mobility Foundation
- GBG (Give Back Group)
- Greater Manchester Good Employment Charter










Our 2023 D&I survey tells us that 76% of our co-owners feel that people like them, are likely to succeed at Castlefield and most feel a sense of belonging at Castlefield. Co-owners continue to 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 AND WELLBEING

The wellbeing of our Co-owners is especially important for 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 well-being 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 well-being and that is why our Financial Advice Co-owners often deliver sessions internally to Co-owners around retirement planning, household budgeting, and how to manage emergencies. 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 offering Buy One Get One Free.

WELLBEING INITIATIVES 2022-23

-  NHS Screening - encourage co-owners to attend those and 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 an opportunity to speak to GP with no waiting times
-  Dependents leave
-  COVID-safe workplace
-  Health and wellbeing initiatives at work - step challenge, sleep workshop, etc...
-  Promotion of financial benefits

WHAT WE'VE DONE SINCE THE LAST REPORT

Our 2022 report set out the plans for Castlefield to position the working group, then called the IDEA group as an integral part of our Co-owner representations. Since September 2022 the group has been incorporated as a part of the Employee Ownership Committee reporting back to the CPL Board on their progress. With a clear plan and accountability the renamed DEI (Diversity, Equity and Inclusion) Group managed to progress activities on a few different platforms.

1

The revised WIFC goals include maintaining 50:50 ratio amongst senior management roles within Castlefield.

2

The Menopause Policy statement has been designed, approved, and launched

3

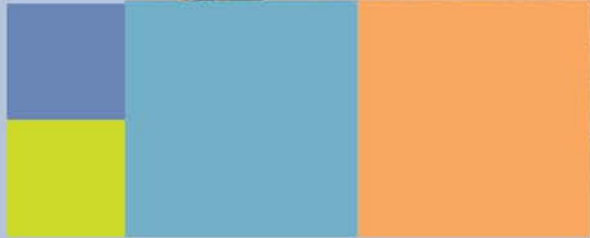
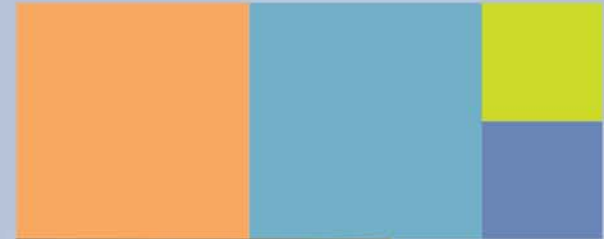
Castlefield signed Age Friendly Employer

4

Disability Confident scheme

5

Birth Leave for co-parents increased to two weeks of paid leave.



WHAT IS THE PLAN FOR THE NEXT 12 MONTHS

We will continue to develop our people 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 bringing their whole selves to 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. We do not intend to repeat the errors of the past.

One of our key challenges for the years ahead lies in attracting more women to work in the Investment Management team. The vacancies attract a large number of quality applicants, however, most identify themselves as male with women often being in below 5% of applications. It

means that our investment management team has a meaningful gender imbalance. We've agreed that a strategic approach to improving the gender balance for fund management is required; in its bluntest form, all our fund managers are men. Ethnic diversity on the investment management team is also lacking and something which needs addressing, being equally as important as gender diversity.

Re-establishing relationships with universities and a proactive presence in the circles of potential future candidates seems strategically useful for future recruitment. The language used in recruitment adverts can play a part in who they appeal to, so gaining more knowledge here can help us tailor our targeting to make female applicants more likely.

We recognise that it can be a challenge to retain younger recruits when they've no experience



WHAT IS THE PLAN FOR THE NEXT 12 MONTHS (CONT)

with other workplace environments against which to judge our EO structure. While we've lost male recruits as well, the female Co-owners were examples of talented young women we would've hoped could forge a long-term career with us. This opens up the idea of recruiting people with at least a couple of years experience who might be more likely to stay for longer. That in turn opens up the likely salary differentials that such potential recruits may have earned elsewhere.

On a separate but related note, we also are looking at the importance of ensuring diversity of thought in major projects. Having diverse inputs is vital both internally and when presenting externally, with audiences increasingly aware of the diversity of the businesses in front of them seeking to win their customers. Avoiding all-male teams, whether internally or externally, is one simple way of starting to evidence this.

All our leaders are responsible for making sure equality in the workplace is the responsibility of all and that has been already 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.

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

