

Gender Pay Gap Report – As at 5 April 2021

Daiwa Capital Markets Europe

The following document comprises the annual external disclosure of the Gender Pay Gap, as per the Equality Act 2010 (Gender Pay Gap Information) Regulations (2017), for Daiwa Capital Markets Europe Ltd. Alongside this report, first published on our website, we have submitted our statistics to the UK Government website.

Introduction from Doug Van den Aardweg, Executive Chairman and CEO

Daiwa Capital Markets Europe Limited (“DCME” or “The Company”) is the wholly owned subsidiary of Daiwa Securities Group Inc., one of the largest brokerage and financial services groups in Japan. Daiwa is proud to have had a presence in the City of London for over 50 years, and recognises that, by harnessing the skills and experience of a diverse workforce, we maximise our strengths and competitive advantage.

We recognise that, like many other firms across the financial services industry, there are fewer women in the more senior and more highly paid roles than men. The Board of Directors and Executive Committee are firmly committed to taking steps to increase the representation of women in senior roles and reduce the pay gap, although we acknowledge that this will take some time to achieve.

I confirm that the below information in this report is accurate for the period between 6 April 2020 and 5 April 2021, and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations (2017).

Gender Pay Gap

Since 2017, organisations with over 250 employees are required to report pay and bonus gaps, using calculations provided by the relevant legislation. These statistics must be reported to the UK Government, as well as on the Company website for at least three years.

The gender pay gap is calculated as the difference between the mean and median hourly earnings of all men and all women in an organisation, expressed as a percentage of men’s earnings. Our figures are taken at the snapshot date of April 5 2021, and incorporate 1/12th of the annual bonuses, which were paid in the relevant pay period, which was from 1 April 2021 to 30 April 2021.

Year	Gender Pay Gap (Mean)	Gender Pay Gap (Median)
2021	38.8%	37.9%

The median Gender Pay Gap has widened to 37.9%, following the improvement made last year. This is due to larger bonuses being paid in the main trading businesses as a result of strong performance in the 20/21 financial year. These business areas are predominantly male, including in senior roles. It is however encouraging that the mean gender pay gap continues to decrease.

The Company continues to support D&I across the organisation via company values and ESG/SDG goals, which has a positive impact on promoting gender balance within the firm. Talent Management is seen as a key driver for change in closing the gender pay gap. Initiatives such as the launch of an internal referral scheme to support resourcing and talent planning alongside more prominent and transparent internal advertising has already seen applications from females. We also work with our external recruitment partners to ensure we receive a balanced selection of both male and female candidates, as well as ensuring that all new recruits, regardless of gender are remunerated in line with the market.

Alongside these initiatives the company has now established a D&I Working Group to research, propose and organise D&I initiatives and events relating to D&I implementation across the firm. Examples this year have been promoting topical articles of interest and demonstrating support for International Women’s Day as well as other events.

Gender Bonus Gap

The gender bonus gap is the percentage difference in total bonus payments received by men and women in the twelve-month period prior to the snapshot date, specifically 6 April 2020 to 5 April 2021. There is a greater percentage of women receiving a bonus compared to men. However, bonus payments tend to be higher in more senior roles, and there are currently more men in those roles than women at DCME. Typically, bonuses are larger when paid to Senior and/or Client-facing roles, of which men currently staff the majority at DCME.

Year	Gender Bonus Gap (Mean)	Gender Bonus Gap (Median)	Men who received Bonus pay (%)*	Women who received Bonus pay (%)*
2021	65.1%	54.3%	73.3%	84.1%

*Please note that all employees are eligible for bonuses as part of the annual compensation review.

Proportion of Men and Women in Each Pay Quarter

The information below shows the gender pay distribution across the Company in the UK. The quarters reflect the fact that we continue to have a higher proportion of women in more junior roles, and a higher proportion of men in more senior and management roles.

	Men	Women
Quarter	2021	2021
Upper	84.7%	15.3%
Upper Middle	80.4%	19.6%
Lower Middle	62.9%	37.1%
Lower	32.7%	67.3%

The shift in the upper middle quarter is due to employees taking maternity leave during the period, and thus not being considered under the 2021 calculations (in line with the Government Guidance’s definition of “full-pay relevant employees”¹).

Diversity and Inclusion at Daiwa

Daiwa has continued to build on its diversity and inclusion (D&I) strategy this year, with a focus particularly on addressing gender balance. Daiwa operates a D&I Policy, which emphasises its commitment to treating everyone fairly, and with dignity and respect. It is available to all employees, workers or self-employed contractors whether part time, full time or temporary, and visitors.

During the current financial year (ending 31 March 2022), there have been some significant female appointments to the DCME Leadership team. Two female Non-Executive Directors were appointed in April 2021, and Megan McDonald joined DCME as our new CEO in January 2022. With these appointments, the Board is now comprised of 36% women. This highlights DCME’s commitment to achieve its Women in Finance targets of 40% representation of women within the company overall, and 30% of women in senior positions both of which by 31 October 2023.

¹ <https://www.gov.uk/guidance/the-gender-pay-gap-data-you-must-gather#task-1>

A number of initiatives have been developed to promote gender balance by focusing on resourcing, talent planning, promotion, and retention.

These include:

- A competitive benefits package which includes a Nursery benefit and Employee Assistance Programme. The Company also offers flexible working across many roles.
- The Covid-19 pandemic has triggered a trial in Hybrid Working (working both at home and in the office), regularly assessing its effectiveness, and measure the impact on the Company and the staff if it was adopted permanently.
- Partnering with Tommy's Pregnancy and Parenting at Work in order to support parents in Daiwa. Tommy's provide a wealth of resources to provide support before, during and after pregnancy, as well as during and after baby loss. Tommy's is the largest UK charity researching the causes and prevention of pregnancy complications, miscarriage, stillbirth, premature birth and neonatal death. They provide information to expecting parents and managers to support working parents during and after pregnancy and pregnancy loss.
- We have maintained our Corporate Membership with CityParents, who provide practical content to employees, covering a range of wellbeing, parenting, inclusion, workplace and career-related topics to support parents and professionals in their work and personal lives.
- A continued focus on education, with the roll-out of an e-learning programme focusing on equal opportunities and dignity and work.
- D&I events have been run this year, including an 'Embracing Gender' event delivered jointly by our Senior INED, the Chair of Diversity and Inclusion Working Group and the HR Management Team, all of whom are senior female leaders at DCME.

Gender Pay Gap Report – April 2020

Daiwa Capital Markets Europe Limited

Introduction from the Chief Executive Officer

Daiwa Capital Markets Europe Limited is the wholly owned subsidiary of Daiwa Securities Group Inc., one of the largest brokerage and financial services groups in Japan. Daiwa is proud to have had a presence in the City of London for over 50 years, and recognises that by harnessing the skills and experience of a diverse workforce we maximise our strengths and competitive advantage.

We are confident that men and women in our organisation are paid equally, but also recognise that across the financial services industry there are fewer women in the more senior and more highly paid roles than men. The Daiwa Senior Management team are firmly committed to taking steps to increase the representation of women and reduce the pay gap, although we also recognise that this will take some time to achieve.

I confirm that the below information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.¹

Keith Meekins, CEO

Gender Pay Gap

The gender pay gap is the difference (mean and median) between average hourly earnings of all men and all women in an organisation, expressed as a percentage of men's earnings. Our figures are taken at the snapshot date of April 5 2020, and incorporate 1/12th of the Company-wide annual bonuses, which were paid in the relevant pay period. The Gender Pay Gap is expressed as the mean or average, and median, which is the difference between the midpoints in the ranges of men and women's pay.

Year	Gender Pay Gap (Median)	Gender Pay Gap (Mean)
2020	37.3%	40.4%
2019	38.4%	45.6%
2018	35.3%	44.3%

The median Gender Pay Gap, typically the metric to which companies are held publicly, has closed to 36.3%, following the unfortunate increase experienced last year. Although this is not our best performance, it does illustrate our continuing improvements to close the gap.

Gender Bonus Gap

The gender bonus gap is the percentage difference in total bonus payments received by men and women in the twelve-month period prior to the snap shot date. Whilst there is little difference in the proportion of women and men in receiving a bonus, the bonus payments can be higher in more senior roles, and currently Daiwa has more men in those roles than women.

Year	Gender Bonus Gap (Median)	Gender Bonus Gap (Mean)	Proportion of Men Receiving Bonus	Proportion of Women Receiving Bonus
2020	47.7%	60.1%	84.4%	77.4%
2019	54.3%	67.8%	80.6%	79.5%
2018	44.2%	64.8%	82.7%	81.8%

The gender bonus gap is the percentage difference in total bonus payments received by men and women in the twelve-month period prior to the snap shot date. Although there has been a reduction in the bonus gap (both mean and median) from 2019, this does not represent our best performance. Typically, bonuses are larger when paid to Senior and/or Client-facing roles, of which men staff the majority.

¹ The metrics were republished following a clarification of the calculation methodology.

It is important to note that the Bonus Pay Gap is calculated based on the bonuses paid in the previous calendar year, for example, the Bonus Pay Gap for our April 2020 snapshot is reflective of bonuses paid in April 2019. The proportion of men and women receiving bonus is therefore representative of those employed during Compensation Review the year previous who are still in employment. The disparity is then further increased by the fact that, in 2019-20, the Company saw a higher rate of women recruited by DCME than men.

During any Compensation Review period, almost all current employees are eligible for, and in receipt of, a bonus.

Proportion of Men and Women in Each Pay Quarter

The information below shows the gender pay distribution across the Company in the UK. The Quarters are a reflection of the fact that we continue to have a higher proportion of women in more junior roles, and a higher proportion of men in more senior and management roles.

Quarter	Men		Women	
	2020	2019	2020	2019
Upper	85.1%	88.2%	14.9%	11.8%
Upper Middle	73.9%	78.8%	26.1%	21.2%
Lower Middle	62.5%	65.9%	37.5%	34.1%
Lower	33.0%	36.0%	67.0%	64.0%

We have increased the representation of women across all four Quarters, which is promising especially in the upper and upper middle Quarters. Whilst greater representation is still required at Daiwa, especially at senior positions, this data continues to support the need to attract more women into financial services roles generally, especially those in higher-paying, client-facing positions.

Diversity and Inclusion at Daiwa

In the financial year, we externally recruited women into key senior roles, including the Chief Information Officer, Head of Legal and Transaction Management, and the Company Secretary. In 2020, we also welcomed a new Independent Non-Executive Director, Ewa Kerin, to the Board. We also focused our recruitment efforts at graduate level, including a graduate cohort of six women, taking places in Compliance, Risk, Legal, and Front Office Control. Members of our Graduate Recruitment team have attended recruitment fairs, including those that focus on Women in STEM (Science, Technology, Engineering, Mathematics) to exhibit the rewarding opportunities available in Daiwa, and the Financial Services industry as a whole. We have also had the opportunity to promote women in the existing workforce into senior positions, including the Head of Debt Capital Markets and the Head of Human Resources.

In 2020, the Chief Executive Officer created the Diversity Working Group, who exist to identify issues and initiatives within the Company on all matters relating to diversity across all characteristics (orientation, gender identity, ethnicity etc.). The Working Group has a direct reporting line into the Chief Executive Officer, who in turn will take points of escalation to the Board as appropriate.