

Bank of England PRA

Appendices to CP18/23 – Diversity and inclusion in PRA-regulated firms

Consultation paper | CP18/23

September 2023

Draft for consultation



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1: Draft instrument: PRA Rulebook: CRR Firms, Solvency II Firms: Diversity and Inclusion Instrument 2023

Draft instrument: [PRA Rulebook: CRR Firms, Solvency II Firms: Diversity and Inclusion Instrument 2023](#)

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2: Draft amendments to supervisory statement 5/16 – Corporate governance: Board responsibilities

In this appendix, new text is underlined and deleted text is struck through.

Introduction

...

1.4 To be effective a board needs to include individuals with a mix of knowledge, skills, diversity¹ and experience. Their knowledge and skills should be that are up to date, and Their backgrounds should be varied enough to cover the major business areas, so that the board as a whole can ~~in order to~~ make informed decisions and provide effective oversight of the risks. This also requires robust and well-targeted management information.

...

1.7 The statement applies generally to PRA-regulated firms, including, banks, insurers, designated investment firms, building societies, friendly societies and credit unions, though it is recognised that different governance models may apply depending on the nature and size of the firm and any wider group and that expectations of boards should also be proportionate. Good governance is important for all regulated firms, although the degree of supervisory attention paid to governance issues for particular firms may vary according to the risk profile of the firm and the potential impact of failure. Equally, judgements on the adequacy of governance arrangements may be influenced by the culture, diversity, management incentives and business goals of the firm, and the extent to which the PRA judges that these may otherwise lead to outcomes inconsistent with the PRA's statutory objectives.

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2 Setting strategy

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2.3 The setting of the corporate strategy is core to the responsibilities of the board and it is important that the strategy is owned by the board as a whole. However, as recognised in the PRA rules for the Senior Managers Regime², the chair of the ~~governing body~~ board ('the chair') and chief executive have leading individual roles to play in the board's development and maintenance of the firm's business model. These roles include giving all the directors, but particularly the non-executive directors, the time and opportunity to contribute to the

¹ For the PRA's definition of 'diversity' in this context, please see paragraph 2.2 of the draft SSXX/XX – Diversity and inclusion in PRA-regulated firms [link tbc for final policy].

² See the PRA's dedicated Strengthening Accountability webpages at www.bankofengland.co.uk/pru/Pages/supervision/strengtheningacc/default.aspx.

development of the strategy, and to provide appropriate challenge, before final sign off by the board.

2.4 As part of this responsibility, the board should oversee the firm's diversity and inclusion strategy (including the firm's approach to developing diverse talent internally). For all PRA-regulated firms, the PRA expects firms to be able to provide evidence of how the board has taken an active role in understanding and progressing the effectiveness of the firm-wide strategy. Boards should exercise this responsibility in a way that complements the individual responsibilities of the SMFs with specific responsibilities for the effective development and implementation of the firm's diversity and inclusion strategy.

3 Culture

3.1 The board should articulate and maintain a culture of risk awareness and ethical behaviour for the entire organisation to follow in pursuit of its business goals. The board should consider how a diverse and inclusive culture can strengthen governance and risk management, and how this supports effective oversight of firm risk. As part of this, the board may want to consider how poor diversity and inclusion can threaten a firm's risk management and control environment. The PRA expects the culture to be embedded with the use of appropriate incentives, including but not limited to remuneration, to encourage, and where necessary require, the behaviours the board wishes to see, and for this to be actively overseen by the board. The non-executives have a key role to play in holding management to account for embedding and maintaining this culture.

4 Risk appetite, risk management and internal controls

4.1 The business strategy should be supported by a well-articulated and measurable statement of risk appetite (expressed in terms that can be readily understood by employees throughout the business), which is clearly owned by the board, integral to the strategy the board has signed off and actively used by them to monitor and control actual and prospective risks and to inform key business decisions. All the directors should have the time and opportunity to contribute to the development of the risk appetite, and to provide appropriate challenge, before final approval by the board. To facilitate appropriate challenge, the chair is responsible for ensuring board discussions are sufficiently inclusive, and that the overall culture of the board is such that individuals will feel enabled to speak up against prevailing views if necessary. The PRA will expect to see evidence of this active oversight of risks according to the risk appetite, and records of robust discussions. The risk control framework should flow from the board's risk appetite.

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5 Board composition

5.1 The principles of good governance should apply to all boards, including parent and subsidiary companies. A cornerstone of best practice is for the non-executives to be able to hold management to account effectively and to ensure that the executives are discharging their responsibilities properly. The board should include a sufficient number and quality of non-executives who are independent and who between them have sufficient breadth of skills, experience, and understanding of the firm's business to provide effective challenge to the

executives. The board should also include individuals with a diverse range of demographic characteristics to help support diversity of thought and mitigate groupthink.³

...

7 Knowledge, ~~and experience~~ and diversity of non-executive directors

7.1 Between them the non-executive directors need to have sufficient current and relevant knowledge and experience, including sector experience, to understand the key activities and risks involved in the business model and to provide effective challenge across the major business lines of the firm. The PRA expects to see evidence of effective challenge, particularly in relation to key strategic decisions. It is the role of the chair to ensure an inclusive culture in which ~~that all views are~~ can be shared and heard, and to ensure that the executives are not able to control the board discussion. However, board responsibility is collective and an effective board is not simply a collection of specialists. So just as the board should not delegate responsibility for major decisions to particular directors, the non-executives should not simply delegate responsibility for challenging the executives on particular issues to individuals among them who are considered specialist in the area.

7.2 Even a broadly constituted and well-experienced board cannot necessarily be expected to have expertise in every aspect of a broad and complex financial business. The point is to have the diversity of diverse experiences and backgrounds to support the ~~and~~ capacity to provide effective challenge across the full range of the firm's business, and the opportunity to explore key business issues rigorously. Sometimes that may require the board to understand and reach decisions on complex technical, legal, regulatory or other issues. It is the responsibility of the executives to explain such issues in clear and transparent terms that enable the board to exercise their collective judgement and, where necessary, non-executive directors should be able to call on appropriate professional advice, although the directors will always remain ultimately and collectively accountable for all the board's decisions.

...

10 Succession planning

10.1 The PRA expects boards to pay close attention to the skills, experience and effectiveness of its members. Boards should ensure they have robust succession plans that recognise current and future business needs and requirements. Upcoming appointments should also be considered in the context of diverse representation. This might include engaging more positively with recruitment firms when seeking candidates for future directorships and developing a collective set of expectations to access a more diverse pool of candidates. Developing a diverse pipeline internally can also support building diverse representation at the executive level over time.

...

12 Subsidiary boards

...

³ Within the limits of what the law on 'positive action' allows.

12.2 In general, therefore, the principles of good governance also apply to significant PRA-regulated subsidiaries, including independence of the chair and having a substantial and effective independent presence across the board. This will help ensure that the subsidiary board is alert to the potential for conflicts of interest and able to take decisions independently where required to meet its own legal and governance responsibilities or in the interests of the safety and soundness of the subsidiary. Subsidiary boards should also include individuals with a diverse range of backgrounds and demographic characteristics to support understanding and representation of the society they work with.

...

13 Board committees

13.1 The role of a board sub-committee is to support the board. The committees are accountable to the board, but should not relieve the board of any of its responsibilities. Board diversity and inclusion strategies should also apply to board sub-committees as appropriate.⁴

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⁴ See Rule 8.3 in the General Organisational Requirements Part, and Rule 13.2 in the Conditions Governing Business Part.

3: Draft amendments to supervisory statement 28/15 – Strengthening individual accountability in banking

Prescribed Responsibilities relating to culture

2.42 An example of the interplay between the principles of appropriate individual accountability, which lies at the heart of the SMR, and collective decision-making can be found in the two Prescribed Responsibilities in Allocation of Responsibilities 4.1 relating to culture. The responsibility for diversity and inclusion is proposed to be encompassed within the existing prescribed responsibilities for culture,

2.43 These Prescribed Responsibilities reflect the expectation set out in the PRA's Approach Documents that firms should have a culture that supports their prudent management and builds on the idea that boards and management of regulated firms should embed the principle of safety and soundness in the culture of the whole organisation. The holders of these PRs are expected to contribute to firm culture and the implementation of diversity and inclusion strategies. The SMF holding Prescribed Responsibilities (PR) I would be responsible for ensuring the board sets, approves, and adopts an appropriate diversity and inclusion strategy. Consequently, that SMF would be expected to ensure all members of the board have adequate time and opportunity to contribute to the development of the strategy and provide independent challenge.

5.6 The SMF holding PR H would be responsible for ensuring that the strategy set by the board is implemented across the firm. This SMF would be expected to ensure all business areas understand the role they play in implementation. The SMF holding PR H would be expected to have their responsibility for diversity and inclusion appropriately reflected in their performance objectives and remuneration scorecard, and their performance against these reflected in their remuneration decisions, via the application of risk adjustments (where these apply).

5.7 For firms that are not in scope of culture PRs, the PRA proposes that at least one SMF should have responsibility for the implementation of the firm's diversity and inclusion strategy reflected in their Scope of Responsibilities. Where this is assigned to an executive SMF, diversity and inclusion responsibility should also be reflected in their performance objectives, as well as their variable remuneration where this exists.

2.43A In embedding the principle of safety and soundness in firm culture, the PRA expects firms to consider the role of diversity and inclusion in fostering open discussions and effective challenge, which can support prudent decision-making and risk management.

2.44 While the PRA acknowledges that a firm's culture is a collective matter for the board (as also noted in the FRC Code), these responsibilities seek to ensure that the CEO and Chair assume a leading role in the development and implementation of Relevant Firms' culture, including with respect to diversity and inclusion.⁵

⁵ Please see draft SSXX/XX – Diversity and inclusion in PRA-regulated firms for more information on SMF responsibilities for diversity and inclusion.

...

Persons and activities to which the Conduct Rules Part apply

...

5.6 The conduct rules apply only to an individual's conduct in relation to the activities of the firm at which they are employed or are approved to perform an SMF. These rules do not relate to a person's actions in their private life if those actions are unrelated to the firm's activities and the PRA would not generally expect to assess such actions against its rules. However, an individual's wider behaviour could affect their ability to comply with rules. The way in which a person behaves in their private life may be relevant to any assessment, by the PRA or by the firm itself, of whether that person is or remains fit and proper.

5.6A The PRA may take into consideration established patterns of behaviour of an individual that would, or would be likely to, affect the firm's safety and soundness, when considering whether the individual meets the PRA's standards of fitness and propriety. Examples of such conduct include evidence of bullying, discrimination, and harassment which would, or would be likely to, have the effect of hindering individuals within an institution from speaking up and providing effective challenge as part of the firm's decision-making processes. Firms should ensure that individuals subject to allegations of such behaviour are given an opportunity to respond to the allegations, and that the allegations and responses are assessed objectively and independently by an appropriately qualified person.

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4: Draft amendments to supervisory statement 35/15 – Strengthening individual accountability in insurance

Prescribed Responsibilities relating to culture

2.53 An example of the interplay between the principles of appropriate individual accountability, which lies at the heart of the SMR, and collective decision-making, can be found in the two Prescribed Responsibilities in Insurance – Allocation of Responsibilities 3.1 and Large Non-Solvency II Firms – Allocation of Responsibilities 3.1 relating to culture.

2.54 These Prescribed Responsibilities reflect the expectation set out in the PRA's approach documents that firms should have a culture that supports their prudent management and builds on the idea that boards and management of regulated firms should embed the principle of safety and soundness in the culture of the whole organisation.

2.54A In embedding the principle of safety and soundness in firm culture, the PRA expects firms to consider the role of diversity and inclusion in fostering open discussions and effective challenge, which can support prudent decision-making and risk management.

2.55 While the PRA acknowledges that a firm's culture is a collective matter for the board (as also noted in the Financial Reporting Council (FRC) Code), these responsibilities seek to ensure that the CEO and Chair of the board assume a leading role in the development and implementation of firms' culture, including with respect to diversity and inclusion.⁶

...

Application of the Conduct Standards

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3.8 The PRA expects that the Conduct Standards apply only to an individual's conduct in relation to the activities of the firm or group for which they are working. These standards do not relate to a person's actions in their private life if those actions are unrelated to the firm's activities and the PRA would not generally expect to assess such actions against these standards. However, the PRA notes that an individual's wider behaviour could affect their ability to follow these standards more generally. The way in which a person behaves in their private life may then be relevant to any assessment, by the PRA or by the firm itself, of whether that person is, or remains, fit and proper.

3.8A The PRA may take into consideration established patterns of behaviour of an individual that would, or would be likely to, affect the firm's safety and soundness, when considering whether the individual meets the PRA's standards of fitness and propriety. Examples of such conduct include evidence of bullying, discrimination, and harassment which would, or would be likely to, have the effect of hindering individuals within an institution from speaking up and

⁶ Please see draft SSXX/XX – Diversity and inclusion in PRA-regulated firms for more information on SMF responsibilities for diversity and inclusion.

providing effective challenge as part of the firm's decision-making processes. Firms should ensure that individuals subject to allegations of such behaviour are given an opportunity to respond to the allegations, and that the allegations and responses are assessed objectively and independently by an appropriately qualified person.

Draft for consultation

5: Draft amendments to supervisory statement 34/15 – Guidelines for completing regulatory reports

1 Overview

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1.4 The guidance on completing data items is set out in the following series of appendices:

| Appendix | Data items | Description |
|----------|--|---|
| 1 | FSA005 to FSA048; PRA101 to PRA108. | Instructions for completing data items FSA005 to FSA048 and PRA101 to PRA108 |
| 2 | MLAR | Notes for completing Mortgage Lenders and Administrators Return (MLAR) |
| 3a | Removed 16 November 2016 (see Annex) | |
| 3b | Removed 16 November 2016 (see Annex) | |
| 4 | Prudent Valuation | Guidelines for completing the prudent valuation return |
| 5 | Close links monthly report | Guidelines for completing the close links monthly report |
| 6 | Close links annual report | Guidelines for completing the close links annual report |
| 7 | Controllers report | Guidelines for completing the controllers report |
| 8 | UK FINREP templates | Details of UK FINREP templates required and related reporting instructions |
| 9 | Reporting requirements for ring-fenced bodies (RFBs) | Instructions for completing data items RFB001 to RFB008 |
| 10 | PRA109 | Instructions for completing data item PRA109 |
| 11 | PRA110 | Instructions for completing PRA 110 |
| 12 | Removed 4 September 2020 (see Annex) | |
| 13 | Branch Return | Guidance for completing the Branch Return (from 1 January 2020) |
| 14 | Diversity and inclusion reporting | Guidance for completing the diversity and inclusion return (from xx date TBC) |

Appendices

1 Guidelines for completing data items FSA005 to FSA048 and PRA101 to PRA 108

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14 Guidelines for completing the diversity and inclusion return (in force from xx date TBC)

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Appendix 14 – Guidelines for completing the diversity and inclusion return

| Name | Data item | Instructions |
|------|-----------|--------------|
|------|-----------|--------------|

| | | |
|--|------------------------|------------------------|
| REPxxx Diversity and inclusion | [Link] | [Link] |
|--|------------------------|------------------------|

Draft for consultation

6: Draft new SS – Diversity and inclusion in PRA-regulated firms

Please see separate pdf document: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/september/cp1823app6.pdf>

Draft for consultation

7: Draft regulatory reporting return: REPxxx – Diversity and Inclusion

Please see separate Excel document: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2023/september/cp1823app7.xlsx>. Please note that the template is presented in Excel for consultation purposes, but ultimately, should it become final policy, would be submitted via the FCA's RegData system.

Draft for consultation

8: Draft regulatory reporting guidance notes

Introduction

1. These notes are to assist firms in completing data item REPxxx Diversity and Inclusion (the return). Dual-regulated firms are only required to make a single reporting submission to the regulators to comply with the FCA's and the PRA's reporting requirements. The return should be submitted via the FCA's RegData system.
2. These notes should be read alongside the return and the following PRA and FCA rules:
 - SYSC 29.4 Data Reporting (FCA)
 - Chapter 24 of CRR Firms: Regulatory Reporting (PRA)
 - Chapter 9 of Solvency II Firms: Reporting (PRA)

Scope

3. FSMA firms with a Part 4A permission/s (excluding all Limited Scope SM&CR firms) will need to complete Part 1. **SYSC 23 Annex 1** (part 6) provides further information on which firms fall under the Limited Scope SM&CR category. This part of the return requires firms to provide the average number of employees predominantly carrying out activities from an establishment in the UK on [*Editor's note: the calendar day on which the final rules are published will be added here*]. The average number of employees is calculated by taking the total number of employees as at [*Editor's note: the calendar day on which the final rules are published will be added here*] in each of the three (3) most recent years and calculating the arithmetic mean of those numbers.
4. Where a firm's average number of employees is 251 or more, it is required to complete Parts 2, 3 and 5 of the return. It may also choose to provide data on any of the questions in Part 4 on a voluntary basis. Please see Part 1 of these guidance notes below for further information.
5. Where a firm's average number of employees is 250 or fewer, it is not required to complete any of Parts 2-5 of the return but may do so if it wishes to.
6. Limited Scope SM&CR firms are **not** required to report their employee numbers to us so will not see the return on their reporting schedule within RegData. However, if they wish to voluntarily report this data to us, they should **contact us** so the return can be added to their RegData schedule.

General reporting guidelines

7. Firms are expected to take a reasonable and proportionate approach to how they collect the information required in the return. In some cases, for example the responses to the questions on culture and inclusion (Part 5), firms will need to ask for information at least annually. In others, for example where information is unlikely to change over time, one-off data collection may be sufficient.
8. Parts 1, 3, 4 and 5 of the return should be completed with whole numbers only.

9. Where a percentage is requested (in Part 2 only), this should be rounded to the nearest whole percentage.
10. The return applies on a solo entity basis, corresponding to the firm reference number (FRN).

Defined terms

11. Firms should consult the definition of 'employee' in the **FCA** or **PRA** rules, as it covers a range of individuals who work for the firm. For example, this includes contractors and individuals seconded to the firm. The effect of these definitions is that non-executive directors will be employees for these purposes.
12. Dual regulated firms should apply the **PRA employee** definition rather than the **FCA employee** definition.
13. Overseas firms should only report on:
- activities carried on from an establishment in the UK by
 - employees predominantly carrying out activities from an establishment in the UK.

Part 1: Number of employees

| Question | Guidance |
|---|--|
| 1 Average number of employees (FCA or PRA rules) as at [<i>Editor's note</i> : the calendar day on which the final rules are published will be added here] over the three most recent years | <p>Calculate an average of the number of employees in your firm predominantly carrying out activities from an establishment in the UK as at [<i>Editor's note</i>: the calendar day on which the final rules are published will be added here] in each of the three (3) most recent years.</p> <p>Where it is not reasonably practicable for a firm to obtain the total number of employees for any given year, it may exclude that year from the arithmetic calculation.</p> <p>Another exception relates to newly authorised firms - SYSC 29.1.7G of the FCA Handbook provides worked examples of what firms should do.</p> |
| 2 Voluntary reporting | <p>After having reported their employee numbers in Part 1, Parts 2, 3 and 5 are only mandatory for firms with an average of 251 or more employees as at [<i>Editor's note</i>: the calendar day on which the final rules are published will be added here]. These firms may also choose to complete any of the questions in Part 4 on a voluntary basis.</p> <p>Firms that fall below this threshold are only required to complete Part 1 of the return. These firms should respond 'Yes' if they wish to complete the remainder of the template on a voluntary basis.</p> <p>If 'Yes' is selected, you will be prompted to complete Parts 2-5. You may choose which Parts, or which</p> |

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| | <p>questions within a Part, to complete.</p> <p>If 'No' is selected, you will be able to submit the return.</p> |
|--|---|

Part 2: Target setting and progress

| Question | Guidance |
|------------------|---|
| General guidance | <p>Firms are ordinarily expected to set at least one target for each of the following categories of employees: board, senior leadership, and all employees (including senior leadership and board). Firms can also choose to set targets at other specific levels within the firm (eg Vice President, Graduate, Apprentice).</p> <p>The board category refers to the FCA Handbook term 'management body', and the PRA Rulebook terms 'management body' (for banks) and 'governing body' (for insurers). This category includes both executive and non-executive members of the board.</p> <p>Please see the definition of 'senior leadership' in the Glossary Parts of the PRA Rulebook and/or FCA Handbook to understand which employees would fall into the senior leadership category.</p> <p>The 'all employees' category includes all members of the board, including non-executives, as well as any other employees of the firm, that meet the definition of 'employee' in the FCA Handbook and/or PRA Rulebook.</p> <p>Please note that it is acceptable for there to be overlap between the categories of employees. For example:</p> <ul style="list-style-type: none"> • Executive Directors who are board members could be counted under all three headings. • A member of senior leadership who is not a member of the board would be counted under both 'senior leadership' and 'all employees'. • An employee who is not part of the board or senior leadership would only be counted under 'all employees'. <p>A firm must set appropriate diversity targets to address the underrepresentation of demographic characteristics within the firm.</p> <p>As above, the FCA and the PRA would ordinarily expect a firm to set at least one target for each of the board, senior leadership, and all employees categories of employee. Overseas firms that do not have a board or senior leadership based in the UK are not required to set targets for these categories.</p> <p>The template allows firms to enter multiple targets at</p> |

| | |
|--|--|
| | <p>different levels within the firm. A firm should use its judgement in deciding which demographic characteristics to set targets for.</p> <p>Firms can set targets for underrepresented demographic characteristics beyond those covered by the reporting and disclosure obligations in SYSC 29.4 and SYSC 29.5 of the FCA Handbook and in Chapter 24 of the Regulatory Reporting Part, Chapter 4 of the Public Disclosure Part and Chapters 9 and 10 of the Reporting Part of the PRA Rulebook.</p> <p>A firm must disclose its rationale for the targets it has chosen under question 12.</p> <p>A firm may also choose to set inclusion targets for different employee categories across the firm.</p> <p>If a firm does not set any targets for a certain role category, it should briefly explain why under question 13.</p> |
| 3 Grade or level(s) target applies to | <p>This row only applies under the 'all employees' category. While a firm may choose to set a target for 'all employees' in general, they could also choose to focus on a particular level of employee. The dropdowns offer some possible options of employee level (eg Vice President or Graduate). If 'Other' is chosen from the dropdown list, please specify which level this refers to in question 13.</p> |
| 4 Demographic characteristic for which target is set | <p>Where a firm has identified an underrepresented demographic characteristic and decided to set a target it should fill in this section.</p> <p>The dropdown menu provides a list of demographic characteristics against which firms may consider it appropriate to set targets.</p> <p>If a firm chooses a characteristic not on the list, it should select 'Other' and state what this characteristic is under question 13.</p> <p>A firm may decide not to set a target for a category of employee in relation to which it has identified an underrepresented demographic characteristic, eg a firm has chosen to focus efforts on entry-level employees rather than senior leadership although they have identified areas of underrepresentation at all levels across the firm. If that is the case, the firm may choose 'Not applicable'. and provide their rationale under question 13.</p> |
| 5 Subcategory of demographic characteristic | <p>The dropdown offers options to describe what subcategory of demographic characteristic the target has been set for. For example, if the target set was for</p> |

| | |
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| | <p>'ethnicity', a firm could specify in this field that the target was for 'Black or Black British'. If none of the dropdown choices match the nature of the target set, choose 'Other' and specify the details in question 13.</p> |
| 6 Target set | <p>Enter a percentage only. This should represent the percentage the firm wants to achieve in terms of representation of the demographic characteristic that they have selected under question 4.</p> <p>For example, if the target is to achieve 40% representation of women on the board, then in column C, the answer to question 6 would be '40'.</p> |
| 7 Year targets set | <p>Enter the year that the firm set the target outlined in question 4.</p> <p>Where a firm has reviewed and updated a target, it should use the date the revised target was set.</p> |
| 8 Year targets aimed to be achieved | <p>Enter the year the firm aims to achieve the target outlined in question 4.</p> |
| 9 Firm's current position | <p>The response to this question should reflect the firm's current position in terms of representation of the demographic characteristic for which the target is set, as reported under question 4 as at [<i>Editor's note: the calendar day on which the final rules are published will be added here</i>] for that reporting year. So, for example, if the board is composed of 30% women as at [<i>Editor's note: the calendar day on which the final rules are published will be added here</i>], enter '30' in this field.</p> |
| 10 Inclusion targets | <p>A firm may also voluntarily set targets based on the inclusion metrics that they are required to report and disclose on.</p> <p>The dropdown list provides some options for types of inclusion targets that could be set.</p> <p>These targets could be qualitative or quantitative, and firms could also set an inclusion target that is not on the list by choosing 'Other'. If a firm chooses to report on an inclusion target that is not on the list, please provide a short explanation of the nature of the inclusion target in question 13.</p> |
| 11 Other diversity and inclusion targets set | <p>If after filling in questions 3-10, the firm still has additional targets to report, answer 'Yes' to this question. This functionality should only be used to report targets on additional demographic characteristics. Targets set for different employee categories should be reported in the pre-provided columns. This will create a copy of questions</p> |

| | |
|----------------------------------|---|
| | 3-10 above. Firms can report as many targets as they wish. |
| 12 Rationale for the targets set | Firms should outline the rationale for their chosen targets. |
| 13 Additional information | <p>Firms should use this field to include anything else they would like to explain about their targets. Text in this field should be kept brief and concise.</p> <p>In particular, there are three situations in which a firm would be expected to input information into this field:</p> <ul style="list-style-type: none"> • if a firm has selected 'Other' in response to questions 3, 4, 5 or 10, they should state what demographic or inclusion target they have set • if a firm has inserted 'Not applicable' in any column under question 4 they should briefly explain why they are not setting any targets for demographic characteristics. • If a firm has chosen to set an inclusion target under question 10, they should explain whether it is quantitative (eg increasing the number of employees that agree with the statement/s in part 4 of the template) or qualitative (eg by changing some firm practices, processes or policies to encourage improvements to culture and inclusion). |

Part 3: Composition (mandatory reporting)

| Question | Guidance |
|--|---|
| General guidance | This part of the template aims to collect information in respect of a firm's composition. Responses should be submitted in whole numbers and not percentages. |
| 25 Number of employees in each role category | <p>Please indicate the number of employees in each category of employee. For more information on how to understand the different categories, please refer to the 'General guidance' for Part 2 of the template, above.</p> <p>If the firm does not have a board (management/governing body), state N/A in the relevant field, and then enter 0 for all other inputs in that column.</p> |
| 26-70 Demographic characteristics | <p>Please indicate the number of employees that fall into each of the categories listed under each question.</p> <p>Mandatory reporting:</p> <ul style="list-style-type: none"> • Age • Sex or Gender • Disability or long-term health condition/s • Ethnicity |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Religion • Sexual orientation <p>The information to be reported should be extracted from the firm's system on [<i>Editor's note: the calendar day on which the final rules are published will be added here</i>] each year. The data should reflect information reasonably available to the firm. However, please ensure that employees are given the option to 'Prefer not to say' or to not respond for each demographic characteristic. The number of employees that choose these options should be reported in the relevant fields of the return.</p> <p>Firms are required to report on either Sex or Gender in Part 3 of the return.</p> <p>The PRA and the FCA are not providing set definitions for each of the demographic characteristics. Firms should consider how to define these characteristics for themselves and their employees.</p> |
|--|---|

Part 4: Composition (voluntary reporting)

| Question | Guidance |
|-------------------------------------|--|
| General guidance | This part of the template aims to collect additional information in respect of a firm's composition. Any firm may choose to submit data on any of the demographic characteristics in Part 4 on a voluntary basis, regardless of whether they are above or below the employee number threshold. Responses should be submitted in whole numbers and not percentages. |
| 71 – 98 Demographic characteristics | <p>Please indicate the number of employees that fall into each of the categories listed under each question.</p> <p>Voluntary reporting:</p> <ul style="list-style-type: none"> • Sex or Gender • Gender identity • Socio-economic background • Parental responsibilities • Carer responsibilities <p>The information to be reported should be extracted from the firm's system on [<i>Editor's note: the calendar day on which the final rules are published will be added here</i>] each year. The data should reflect information reasonably available to the firm. However, please ensure that employees are given the option to 'Prefer not to say' or to not respond for each demographic characteristic. The</p> |

| | |
|-----------------------------------|---|
| | <p>number of employees that choose these options should be reported in the relevant fields of the return.</p> <p>Firms are required to report on either Sex or Gender in Part 3 of the return. Having done so, firms may also choose to make a voluntary report on the other demographic characteristic (either Sex or Gender) that was not reported in Part 3. If reporting voluntary data on either Sex or Gender, please provide this in Part 4 of the return.</p> <p>The PRA and the FCA are not providing set definitions for each of the demographic characteristics. Save to the extent set out below, firms should consider whether, and if so how, to explain the terms used in the template.</p> |
| 85 – 90 Socio-economic background | <p>Our approach to measuring socio-economic background is based on guidance from the Social Mobility Commission (SMC) and focuses on a single question measure of socio-economic diversity.</p> <p>In accordance with the SMC’s approach, firms should ask their employees the occupation of their main household earner when they were aged about 14. When asking employees about their socio-economic background, firms should provide multiple choice options for answering the question, as listed in the SMC guide under the ‘Key question’ section. This will aid classification of the occupations into the categories in the template.</p> <p>Firms should then report on the following categories: (i) Professional background; (ii) Intermediate background; (iii) Lower socio-economic background; (iv) Other; (v) Prefer not to say; and (vi) No response. An explanation of the meanings of (i)-(iii) can be found in the SMC guide <u>by clicking on the ‘Key question’ tab. The explanations are then found in the sections headed ‘What to ask?’ and ‘How to analyse’.</u></p> <p>The (iv) ‘Other’ category should include the following options: ‘Retired’, ‘This question does not apply to me’ and ‘I don’t know’.</p> |

Part 5: Culture and inclusion

| Question number/topic | Guidance |
|-----------------------|--|
| General guidance | This part of the template aims to form a picture of how employees respond to an employee survey that requests their views on particular aspects of culture and inclusion at the firm. Responses should be submitted in whole |

| | |
|--|--|
| | <p>numbers and not percentages.</p> <p>For more information on how to understand the different categories of employee (ie board, senior leadership, and all employees), please refer to the 'General guidance' for Part 2 of the template, above.</p> <p>When collecting information for this part of the template, firms should ensure that employees cannot be individually identified.</p> <p>Employees should be asked to what extent they agree with each of the statements in the template. Firms should report the number of employees that answered each question with each level of agreement (ie Strongly disagree, Disagree, Neither agree nor disagree, Agree, Strongly agree), Prefer not to say and who did not respond.</p> |
|--|--|

Draft for consultation

9: Draft voluntary data collection template

Draft diversity and inclusion (optional) data collection template for individuals employed by financial services firms

This questionnaire is intended to be a helpful illustration of a questionnaire firms could use to collect data from their employees for the purposes of monitoring diversity and inclusion and/or undertaking regulatory reporting. Firms may choose to use this questionnaire template, but this is neither required nor expected.

Questions/options which feature an asterisk(*) are necessary for firms to collect in order to obtain the minimum data requested in the regulatory reporting return. In addition, firms are required to report on either sex or gender, though they may also choose to make a voluntary report on the other characteristic (either sex or gender). These questions are indicated by a dagger symbol (†). The remaining questions may be useful for firms to collect to monitor diversity and inclusion.

Part 1: Inclusion at your firm

[Insert instructions for employees to understand how to complete this section of the questionnaire]

| 1. I feel safe to speak up if I observe inappropriate behaviour or misconduct.* | |
|---|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 2. I feel safe to express disagreement with or challenge the dominant opinion or decision without fear of negative consequences.* | |
|---|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |

| | |
|-------------------|--------------------------|
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 3. I feel as though my contributions are valued and meaningfully considered.* | |
|--|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 4. I have fair access to opportunities supporting career progression | |
|---|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 5. I have been subject to treatment (for example actions or remarks) that have made me feel insulted or badly treated because of my personal characteristics.* | |
|---|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |

| | |
|-------------------|--------------------------|
| Prefer not to say | <input type="checkbox"/> |
|-------------------|--------------------------|

| 6. I feel safe to admit an honest mistake.* | |
|--|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 7. I believe the firm actively seeks out diversity during recruitment. | |
|---|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 8. My manager cultivates an inclusive environment at work.* | |
|--|--------------------------|
| Strongly disagree | <input type="checkbox"/> |
| Disagree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Agree | <input type="checkbox"/> |
| Strongly agree | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| Part 2: Role categories* | | |
|---|--|--------------------------|
| Select one category that best describes your role in the firm. | | |
| Board Member | Refers to all executive and non-executive directors who are members of the Board. | <input type="checkbox"/> |
| Senior Leadership | Refers to executive members of the Board, members of the Executive Committee, and those employees who are direct reports to Executive Committee members. If your firm does not have an 'Executive Committee' or similarly named organisational structure, it should be the nearest equivalent senior executive or managerial governing body that sits below the Board, often chaired by the CEO, or in the absence of this, the collective of employees that report directly to the CEO. This excludes administrative staff. | <input type="checkbox"/> |
| All other employees | All other full time or part time individuals working for a firm that are not members of the board or senior leadership. For the purposes of this survey, we are excluding non-executive directors in this category. However, we are including contractors within the definition of employees. | <input type="checkbox"/> |
| Prefer not to say | | <input type="checkbox"/> |
| 9. Which age category are you in?* | | |
| 16 – 24 | | <input type="checkbox"/> |
| 25 – 34 | | <input type="checkbox"/> |
| 35 – 44 | | <input type="checkbox"/> |
| 45 – 54 | | <input type="checkbox"/> |
| 55 – 64 | | <input type="checkbox"/> |
| 65 and above | | <input type="checkbox"/> |
| Prefer not to say | | <input type="checkbox"/> |
| 10. What is your sex? † | | |
| Female | | <input type="checkbox"/> |
| Male | | <input type="checkbox"/> |
| Prefer not to say | | <input type="checkbox"/> |

| 11. What is your gender? † | |
|----------------------------|--------------------------|
| Man | <input type="checkbox"/> |
| Woman | <input type="checkbox"/> |
| Non-binary | <input type="checkbox"/> |
| Prefer to use another term | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 12. What is your gender identity? | |
|--|--------------------------|
| Is your gender identity the same as sex registered at birth | <input type="checkbox"/> |
| Is your gender identity different from sex registered at birth | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 13. Relationship status: Are you currently? (Select all that apply) | |
|---|--------------------------|
| Co-habiting or living with a partner | <input type="checkbox"/> |
| Married or in a civil partnership | <input type="checkbox"/> |
| Separated, divorced or civil partnership dissolved | <input type="checkbox"/> |
| Single | <input type="checkbox"/> |
| Widowed or a surviving partner from a civil partnership | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 14. Do you have any of the following listed conditions, at box 15 below, that have a 'substantial' and 'long-term' negative effect on your ability to carry out normal day-to-day activities?* | |
|--|--|
| <ul style="list-style-type: none"> • 'Substantial' is more than minor or trivial, eg it takes much longer than it usually would to complete a daily task like getting dressed or reading and writing. You may or may not have adjustments or equipment in place to aid with these tasks. • 'Long-term' means has lasted or is likely to last 12 months or more, eg a breathing condition that develops as a result of a lung infection. Your condition may be acquired or you may have been born with the condition. | |

| | |
|---|--------------------------|
| <ul style="list-style-type: none"> Note that conditions with 'substantial' and 'long-term' negative effect on your ability to do normal day-to-day activities qualify as a disability under The Equality Act 2010.⁷ | |
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 15. If you answered yes to Question 14 above, please select all that apply below: | |
|--|--------------------------|
| Mental health difficulty such as bipolar depression, schizophrenia or anxiety disorder | <input type="checkbox"/> |
| Neurodiverse condition (such as ADHD, autism, dyslexia, dyspraxia, dysgraphia or dyscalculia) | <input type="checkbox"/> |
| Physical impairment or mobility issues (such as difficulty using your arms or using a wheelchair or crutches) | <input type="checkbox"/> |
| D/Deaf[^] or have an hearing impairment ([^] the use of 'D/deaf' incorporates those who identify as audilogically deaf and those who are deaf and identify as part of a social and cultural community of deaf people) | <input type="checkbox"/> |
| Long standing illness or health condition (such as cancer, HIV, diabetes, chronic heart disease or epilepsy) | <input type="checkbox"/> |
| Blind or a visual impairment not corrected by glasses | <input type="checkbox"/> |
| Speech and language impairment (such as a stammer or Tourette's syndrome) | <input type="checkbox"/> |
| Other – impairment/health condition/learning difference not listed | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 16. What is your ethnic group?* | |
|---------------------------------|--------------------------|
| Asian or Asian British | |
| Bangladeshi | <input type="checkbox"/> |
| Chinese | <input type="checkbox"/> |
| Indian | <input type="checkbox"/> |

| | |
|---|--------------------------|
| Pakistani | <input type="checkbox"/> |
| Any other Asian background | <input type="checkbox"/> |
| Black or Black British | |
| African | <input type="checkbox"/> |
| Caribbean | <input type="checkbox"/> |
| Any other Black background | <input type="checkbox"/> |
| Mixed or Multiple ethnic group | |
| White and Asian | <input type="checkbox"/> |
| White and Black African | <input type="checkbox"/> |
| White and Black Caribbean | <input type="checkbox"/> |
| Any other Mixed or Multiple ethnic background | <input type="checkbox"/> |
| White | |
| British, English, Welsh, Northern Irish or Scottish | <input type="checkbox"/> |
| Irish | <input type="checkbox"/> |
| Gypsy or Irish Traveller | <input type="checkbox"/> |
| Roma | <input type="checkbox"/> |
| Any other White background | <input type="checkbox"/> |
| Other ethnic group | |
| Arab | <input type="checkbox"/> |
| Any other ethnic group | <input type="checkbox"/> |
| Prefer not to say | |
| Prefer not to say | <input type="checkbox"/> |

| | |
|------------------------------------|--------------------------|
| 17. What is your religion?* | |
| No religion | <input type="checkbox"/> |
| Christian (all denominations) | <input type="checkbox"/> |

| | |
|--------------------|--------------------------|
| Buddhist | <input type="checkbox"/> |
| Hindu | <input type="checkbox"/> |
| Jewish | <input type="checkbox"/> |
| Muslim | <input type="checkbox"/> |
| Sikh | <input type="checkbox"/> |
| Any other religion | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 18. Which of the following best describes your sexual orientation?* | |
|---|--------------------------|
| Bisexual | <input type="checkbox"/> |
| Gay or Lesbian | <input type="checkbox"/> |
| Heterosexual or Straight | <input type="checkbox"/> |
| Other sexual orientation | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

Part 4: Social Mobility

| 19. What was the occupation of your main household earner when you were about 14? | |
|---|--------------------------|
| Modern professional and traditional professional occupations such as: teacher, nurse, physiotherapist, social worker, musician, police officer (sergeant or above), software designer, accountant, solicitor, medical practitioner, scientist, civil / mechanical engineer. | <input type="checkbox"/> |
| Senior, middle, or junior managers or administrators such as: finance manager, chief executive, large business owner, office manager, retail manager, bank manager, restaurant manager, warehouse manager. | <input type="checkbox"/> |
| Clerical and intermediate occupations such as: secretary, personal assistant, call centre agent, clerical worker, nursery nurse. | <input type="checkbox"/> |
| Technical and craft occupations such as: motor mechanic, plumber, printer, electrician, gardener, train driver. | <input type="checkbox"/> |
| Routine, semi-routine, manual, and service occupations such as: postal worker, machine operative, security guard, caretaker, farm worker, catering assistant, sales assistant, HGV driver, cleaner, porter, packer, labourer, waiter/waitress, bar staff. | <input type="checkbox"/> |
| Small business owners who employed less than 25 people such as: corner shop owners, small plumbing companies, retail shop owner, single restaurant or cafe owner, taxi owner, garage owner. | <input type="checkbox"/> |

| | |
|---|--------------------------|
| Long term unemployed (claimed Jobseeker's Allowance or earlier unemployment benefit for more than a year) | <input type="checkbox"/> |
| Other, such as: retired / this question does not apply to me / I don't know | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 20. Which type of school did you attend for the most time between the ages of 11 and 16? | |
|---|--------------------------|
| If you changed schools, please base your answer on the last two years of your education. | |
| State-run or state-funded school (selective on academic, faith or other grounds) | <input type="checkbox"/> |
| State-run or state-funded school (non-selective) | <input type="checkbox"/> |
| Independent / fee-paying school | <input type="checkbox"/> |
| Independent / fee-paying school where I received a bursary covering 90% or more of my tuition | <input type="checkbox"/> |
| Attended school outside the UK | <input type="checkbox"/> |
| Don't know / not sure | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

Part 5: Carer Responsibilities

| 21. Are you a carer for a child, or children, under 18? | |
|--|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |

| 22. Do you look after, or give any help or support to, anyone because they have long term physical or mental health condition or illness, or problems related to old age (not in a paid capacity)? | |
|---|--------------------------|
| No | <input type="checkbox"/> |
| Yes, | <input type="checkbox"/> |
| Prefer not to say | <input type="checkbox"/> |