

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.

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	36.3%	40.3%
2019	38.8%	46.3%
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 snapshot 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	50.4%	62.5%	84.4%	78.0%
2019	53.6%	69.1%	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 snapshot 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.

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 Quartile

The information below shows the gender pay distribution across the Company in the UK. The quartiles 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.

Quartile	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 quartiles, which is promising especially in the upper and upper middle quartiles. 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.