

Sustainable Investing Case Study: Social, Governance Engagement

IG Wealth Management partners with leading global asset managers who share our commitment to **Sustainable Investing** because it helps reduce investment risk and enhance our clients' financial well-being over the long term.

Our asset managers are expected to engage with companies when they identify a material **Environmental, Social, Governance (ESG)** issue or company practice they believe may have an impact on the long-term sustainability of a company and ultimately, its investment performance.

Engagement is an effective strategy used to communicate with companies in order to influence, remedy, and improve their ESG business practices leading to real world benefits with measurable outcomes.

J.P.Morgan Asset Management

COMPANY ENGAGED

CapGemini SE is a global leader in consulting, digital transformation, technology and engineering services.

ESG ISSUE

Social, Governance – Board diversity, diversity in the workplace.

SITUATION

There are company-specific and market wide benefits to having a good balance of gender diversity at all levels within a company. We agree with **J.P. Morgan Asset Management's (JPMAM)** belief that greater diversity through a broader range of views, backgrounds and values leads to better group decision-making. Closing the gender gap also has real-world economic benefits.

There is a growing body of research, completed in recent years, supporting the economic and business case for gender-balanced organizations. We believe that harnessing all talent available can ultimately improve performance and lower risk for companies and investors.

Diversity can be measured in several ways: gender, ethnicity, education, age and geographical background. However, gender diversity is the metric that is reliably reported and measured by companies.

J.P. Morgan Asset Management (JPMAM) expects companies to breakdown their gender diversity disclosures and make them transparent from the outset.

ASSET MANAGEMENT TEAM

JPMAM recognizes that some companies and sectors face more challenges than others at attracting a diverse group of employees; therefore looking at diversity at different levels within a company can capture a pipeline of talent.

The type of analysis that can be considered:

1. % of women and men on the board
2. % of women and men at management level
3. % of women and men in management at executive level
4. % of women in the wider workforce

JPMAM expects companies to breakdown their gender diversity disclosures and make them transparent from the outset. Diversity and inclusion are not just the right thing to do but are important to the business agenda.

Boards are at their best when there is diversity of culture, thinking and perspective. Having a broad range of collective attributes, rather than overlapping or redundant qualities, helps the board significantly in fulfilling its responsibilities to provide good corporate governance and strategic oversight. This structure can then be overlaid within an entire business model and thus translated through the wider work force.

Being a global leader in technology and engineering, **CapGemini SE** was selected to demonstrate how they are attracting a diverse pool of candidates within their sector, especially marketing the technology and engineering industry to prospective female candidates and diversifying the Board proportionately with the relevant skillset and gender balance.

ACTION

J.P. Morgan Asset Management (JPMAM) held two meetings with **CapGemini SE** to discuss board diversity and diversity in the workplace.

In 2018, members of the JPMAM Investment Stewardship Team held a call with CapGemini SE, on Board Diversity and evolution of the Board. CapGemini SE noted, that the Board is looking at non-French candidates with technology knowledge and seeks to improve its gender ratio (which already stood above 30%). JPMAM cited, that they agreed that more digital expertise should be brought onto the Board, in addition to adding further female representation to the Board.

“CapGemini SE has now found recognition from the industry for its diversity initiatives.”

CapGemini SE mentioned that they were facing difficulty with retaining talent and were investigating avenues on training programs/promotion within the business. During this meeting, CapGemini SE also confirmed that a female had been appointed as head of Corporate Social Responsibility, on the Executive Committee, and would be working on publishing their first integrated report.

In 2019, members of the JPMAM Investment Stewardship Team held a call with CapGemini SE, where they provided an update on human capital management and diversity. CapGemini SE is looking to improve their geographic expertise across the board and also bring on a candidate to help further digitalize.

CapGemini SE has been taking measures to ensure that they retain female staff and create flexible working opportunities in some of the markets that they operate within. (JPMAM stressed the importance of this). CapGemini SE places high focus on diversity through specific initiatives to bring more women into management and the workforce. JPMAM requested evidence of this be achieved, because despite the improved ratios, as compared to the company's past performance, female/male ratios continue to be low, with 20.8% of women in executive management and 31.4% of the workforce being female.

OUTCOME

Further to the continued engagement that JPMAM has had with CapGemini SE on their Governance, Diversity and Human Capital Management Programmes, the company has provided details on measures taken. JPMAM recognizes them on promoting diversity within their brand, both at the board level and throughout the wider workforce.

As part of JPMAM's ongoing engagement, the CapGemini SE Board appointed Belen Moscoso del Prado, (a Spanish citizen) expanding international diversity, while bringing digital and data strategy experience to the Board. The Board will comprise of 27% international expertise and will compose of a gender split of 40% female vs 60% male split.

In addition, as part of ongoing discussions, JPMAM has been encouraging CapGemini SE to split the CEO/Chairman role, and post the 2020 AGM, this will have been achieved.

JPMAM continues to support CapGemini SE at their 2020 AGM and will continue to hold an ESG dialogue with the company.

“CapGemini SE has been recognised by The Times Top 50 Employers for Women for four years in a row.”

Key Cap Gemini SE diversity, recruitment and corporate reputation achievements:

- CapGemini SE has a talent pipeline strategy program, which focuses on graduate training programs, new hires, hiring needs, and continued employee training programs.
- CapGemini SE has found recognition from the industry for its diversity initiatives, in 2017 it was named on the list of Best Diversity Employer in Canada and UK by The Times and as one of the top 100 companies for women in India by Best Companies for Women in India. (BCWI)
- CapGemini SE has graduate traineeship and apprenticeship programs.
- CapGemini SE Partners with the educational institution to develop or deliver joint training programs for staff.
- CapGemini SE has a formal talent pipeline development strategy, which forecasts hiring needs and actively develops new pools of talent.
- CapGemini SE is recognised as a top employer on the credible external list.
- CapGemini SE is promoting women and millennials. They launched a campaign aimed at millennials across 18 countries (Gradathon), and another dedicated to women (IWD2018), in which female role models shared how they overcame obstacles on their path to success.
- The Indian 2018 hackathon campaign enabled CapGemini SE to scout 40,000 candidates and recruit the most promising experts in digital and cloud technology.
- CapGemini SE has 40% female board members by 2020.
- CapGemini is now targeting three man pillars in social responsibility; environment, diversity and digital inclusion.
- CapGemini SE has been recognised by The Times Top 50 Employers for Women for four years in a row.
- CapGemini SE has 120+ nationalities globally employed.
- CapGemini SE board gender split is 40% female vs 60% male.
- CapGemini SE is rated highly for their employee satisfaction and surveys.

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