



Ethnicity and Gender Pay Gap Report

Introduction

This is our fourth year of publishing our gender pay gap data. We are taking it one step further this year and are pleased to provide our first ever publication of our ethnicity pay gap. Only a handful of other firms operating in the Wealth/Asset/Investment Management sector have voluntarily published their ethnicity pay gap data, so we are pleased to be one of the first to do so and we encourage other businesses to do the same in the coming years.

Being able to analyse our pay gaps through both an ethnicity and a gender 'lens' provides us with further transparency and input of where we stand, as well as identifying further areas of our diversity and inclusion (D&I) we wish to address.

Our results indicate there is much more to be done to ensure we promote and provide a truly inclusive workplace for our people. It is a top priority for our business to continue to promote and encourage diversity and inclusion across all our people and we fully believe that, by embracing and leading on D&I across the business, we will excel against our peers in the industry and deliver superior business results.

Our gender and ethnicity pay gap report looks at the following:

- Mean pay gap in hourly pay
- Median pay gap in hourly pay
- Mean bonus pay gap
- Median bonus pay gap
- Proportion of employee populations receiving a bonus payment
- Proportion of employee populations in each pay quartile

Hourly pay: calculated on what had been paid in the period including the 'snapshot date' (i.e. in the April 2021 payroll). As we pay our annual bonuses in April, the total hourly rate incorporates the bonus for the 2020 review year, which does widen the pay gap. It also means that we are, to some extent, double counting the bonus which is clarified later in the report.

Bonus: payment received in the 12-month period that ends on the 'snapshot date' (i.e. the bonus payment period is 6 April 2020 to 5 April 2021). For the vast majority, this is the bonus that was paid in April 2020.

Mean: represents the difference between the average of white and ethnic minority groups' pay as expressed as a percentage of the average pay for the white ethnic group.

Median: represents the difference between the midpoints in the ranges of white and ethnic minority groups' pay.

Gender Pay Gap: introduction

On the 'snapshot date' of 5 April 2021, our headcount was 276 employees (112 females and 164 males) in our largest entity, LGT Wealth Management UK LLP. Although the report excludes the data of our 63 partners* in line with the regulations (Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), for transparency we have made reference to this in the report.

(*Our partners are not defined as 'employees' and are not on our payroll.)

The results

Employee hourly pay and bonus gap

For full transparency, we have compared our pay gaps over the past three years and have indicated the trends below:

Three year pay gap trends

| Hourly mean pay and bonus gap | | | | |
|-------------------------------|-------|-------|-------|-----------------|
| Gap | 2019 | 2020 | 2021 | Trends |
| Mean Pay Gap | 30.6% | 29.6% | 28.4% | ▼ Reduced Gap |
| Median Pay Gap | 22.1% | 25.0% | 23.9% | ▲ Increased Gap |
| Bonus Mean Gap | 40.0% | 52.4% | 55.2% | ▲ Increased Gap |
| Bonus Median Gap | 39.9% | 44.8% | 41.2% | ▲ Increased Gap |

Hourly pay trends

Although slow progress, we are now starting to see a reduced mean pay gap across our gender pay. We are hopeful that this trend will continue and pick up pace considering our ongoing efforts on achieving gender parity.

When calculating our hourly pay gaps, the regulations stipulate including any bonus payments made in the period which includes the snapshot date. This affects our pay gap calculations as our annual bonus payment date is in April, which, in our situation, creates an additional increase in our pay gaps. As not all firms pay their annual bonuses in April, comparing our pay gaps against our peers is not relevant.

If we were to remove the bonus element of the pay gap calculations, both the mean and median figures reduce accordingly:

| Hourly mean pay gap | | | |
|---------------------|----------------|---------------------------------|------------|
| Gap | Hourly pay gap | Hourly pay gap, excluding bonus | Difference |
| 2021 Mean Pay Gap | 28.4% | 24.3% | 4.1% |
| 2021 Median Pay Gap | 23.9% | 18.2% | 5.7% |
| 2020 Mean Pay Gap | 29.6% | 23.7% | 5.9% |
| 2020 Median Pay Gap | 25.0% | 21.6% | 3.4% |

Bonus trends

Regrettably, the firm's bonus pay gap has increased over the past three years and we want to provide transparency as to why this is the case.

In addition to our senior manager roles, roles across the firm that receive the highest bonus payments are those where the significant element of the award is calculated on new assets and revenue (client relationship managers and business developers).

Considering these roles, the gender split in April 2021 is as follows:

- Senior management roles (per our Women in Finance Charter definitions): 27% female / 73% male
- Client relationship managers / business developers: 20% female / 80% male

Until our firm is able to address our gender imbalance within these two areas, our bonus pay gaps will remain high. This is an area of focus as evidenced by the progress we have made since signing the Women in Finance Charter [here](#).

We also need to take into account our 16 part-time employees: 15 are female. As the figure used for the calculation is the actual bonus payment received, rather than factoring in the full time equivalent, this too has a key impact on the bonus gap.

Partner and employee hourly pay gap combined

Although it is not required to include our Partner data, we strive for transparency and have therefore looked at these figures too. When we include our Partner pay data (comprising 20.6% females), our mean hourly pay gap increases to 38.86% and the median hourly pay gap is 41.62%, indicating that our gender pay gap further widens when we include our partners.

Partner and employee hourly pay gap combined

| | 2021 | 2020 | Difference |
|----------------|-------|-------|------------|
| Mean Pay Gap | 38.9% | 45.6% | 6.7% |
| Median Pay Gap | 40.8% | 40.5% | -0.3% |

Although our pay gaps increase when we include our partners' pay data, we have seen a 6.7% decrease in the mean pay gap between our 2020 and 2021 pay data.

We continue to promote employees into the partnership each year and therefore we are keen to monitor our people's progression and pay, not just solely across our employee population. By having both sets of pay data available, it helps track our progress and further identify barriers to females gaining senior positions within our firm.

Proportion of male and female employees receiving a bonus

This is calculated by separating out all employees at 5 April 2020 by gender and accounting for how many of each gender received a bonus in the relevant bonus payment period (6 April 2019 to 5 April 2020). Some employees at 5 April 2020 were not employed during the bonus payment period or did not have the requisite length of service or performance standards to qualify for a bonus payment. This had an impact on the percentage difference between our male and female employees.

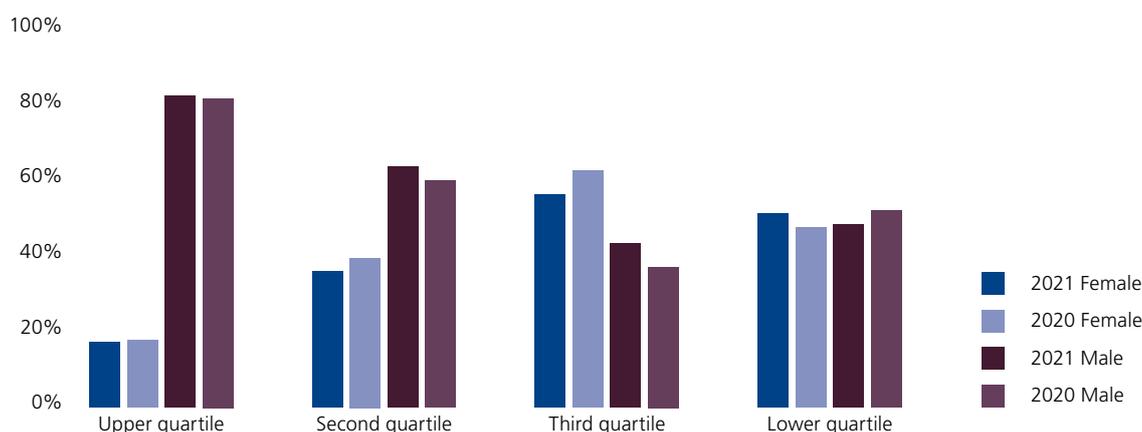
% received bonus

| Gender | 2019 | 2020 | 2021 |
|--------|--------|--------|--------|
| Male | 67.58% | 74.23% | 77.58% |
| Female | 68.00% | 79.34% | 75.21% |

Proportion of male and female employees in each quartile

We divided the hourly rates for our 276 employees into quartiles, from largest to smallest hourly pay rate, in order to derive the proportion of our male and female population.

Proportion of male and female employees across each quartile: 2021 and 2020 comparison



Unfortunately, our female representation in the highest quartile remains similar to 2020 (around the 17.5% mark) with a very slight improvement since our first 2019 pay gap report (with only 14% female representation).

Our entry level recruitment practices remain in line with our commitments to gender balanced shortlists and this translates into greater gender balance in our lower quartiles.

Overall, our 2021 gender pay gap results indicate our progress towards reducing (and ultimately eliminating) our pay gaps remains slow. However, that does not mean we are losing momentum in the work we are doing, both as a firm and in the wider industry, to create and provide an inclusive culture where everyone feels they belong and can achieve their full potential with us.

Ethnicity Pay Gap: introduction

We are dedicated to improving ethnic diversity across our business and creating an inclusive environment for individuals from all ethnicities. Our ethnicity pay gap results have been undertaken on a voluntary basis, where we have been able to collect ethnicity data from 59% of our people. Without our people’s input, it would not have been possible to analyse and report this data or compare our ethnicity breakdown against the England & Wales 2011* census data.

In future, we hope to collect 100% of our workforce’s ethnicity data to ensure the results we publish are a completely accurate record of our firm’s ethnic diversity and any pay gaps.

(*2011 England & Wales census data is the most up to date, publicly available data. The results of the recent 2021 census has not yet been published.)

Methodology

On the ‘snapshot date’ of 5 April 2021, we had 360 employees and partners across our UK based entities. As ethnicity/gender pay gap reporting regulations are UK based, we have excluded our Jersey data from this analysis. We have however, included our Jersey data when reviewing our overall workforce ethnicity demographics.

The results

Ethnicity Demographics

(also includes Jersey)

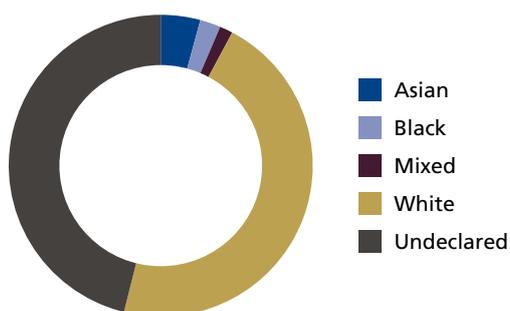
The below table provides a breakdown of our declared ethnicity groups in comparison to England and Wales’ 2011 ethnicity census data. We also chose to review our ethnicity population in comparison to London as this is where the vast majority of our people live and work:

| Ethnicity | LGT Wealth Management declared | London 2011 Census | England & Wales 2011 Census |
|---|--------------------------------|--------------------|-----------------------------|
| Asian ethnic groups; <i>Asian, Asian British</i> | 7.0% | 18.5% | 7.5% |
| Black ethnic groups; <i>Black, African, Caribbean, Black British</i> | 4.0% | 13.3% | 3.3% |
| Mixed/Multiple Ethnic Groups | 3.0% | 5.0% | 2.2% |
| Other Ethnic Groups | 0.0% | 3.4% | 1.0% |
| White ethnic groups; <i>White British, White European, White Other</i> | 86.0% | 59.8% | 86.0% |

As expected, and from the data we have collected thus far, the vast majority of our workforce is from a white ethnic group (86%) with 14% of our workforce being from an ethnic minority group. This reflects England & Wales’ overall ethnicity breakdown, however, it is more accurate for us to be more closely aligned to London’s statistics.

Our declared ethnicity data only accounts for 59% of our workforce, so our actual ethnicity groups could differ from the results we are able to publish here. However, from our own assessment of our workforce, we believe the above table reflects a fairly accurate analysis of our ethnic diversity.

Ethnicity



Ethnicity hourly pay and bonus gap

The below table provides our first insights into whether we have an ethnicity pay and/or bonus gap and if so, to what extent:

| Ethnicity hourly pay and bonus gap | |
|------------------------------------|--------|
| | 2021 |
| Mean pay gap | 16.54% |
| Median pay gap | 3.67% |
| Bonus mean gap | 12.36% |
| Bonus median gap | 35.00% |

From our own assessment of the ethnicity diversity across our whole workforce, we believe that the ethnicity mean pay gap published here is larger than our actual ethnicity pay gap. This further indicates the need for us collect all our people's ethnicity data to ensure accuracy in our reporting.

Due to ethnicity pay gap reporting being a relatively new concept and not a mandatory government requirement for businesses to publish, there is only a small percentage of businesses who have actually published this data (including just 13 of the FTSE 100 employers (September 2021), CIPD). Therefore, we do not know whether we are above or below average in comparison to other businesses across the UK and specifically within our sector. MPs are currently debating whether to make ethnicity pay gap reporting mandatory, which we as a firm are supportive of as we believe it will help create fairer workplaces and societies and continue to drive positive momentum for equal representation and opportunities.

In comparison to our 2021 gender pay gap, our ethnicity pay gap is smaller than our gender pay gap.

Proportion of white and ethnic minority groups receiving a bonus

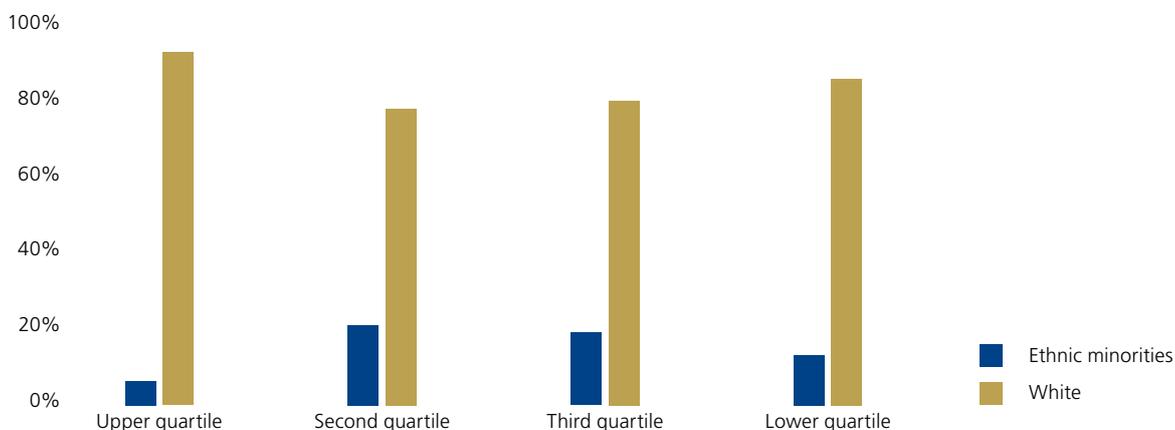
This is calculated by separating out all our staff at 5 April 2021 by ethnicity and accounting for how many of our white population versus our ethnic minority population have received a bonus in the relevant bonus payment period (6 April 2020 to 5 April 2021). Some of our staff at 5 April 2021 were not working with us during the bonus payment period or did not have the requisite length of service or performance standards to qualify for a bonus payment. This had an impact on the percentage difference between our male and female employees.

| Ethnicity bonus gap | |
|----------------------------|--------------------------------------|
| | % received bonus in 2020/2021 period |
| Ethnic minority population | 64.29% |
| White population | 79.52% |

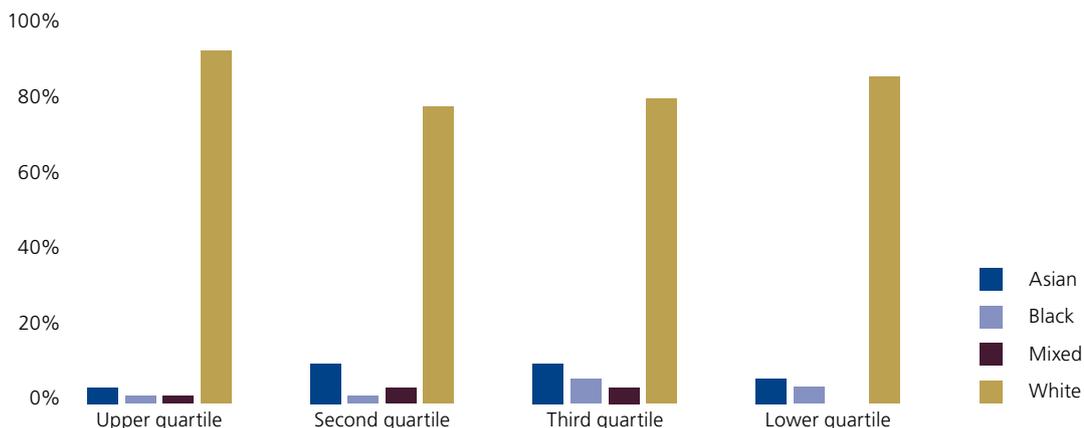
Proportion of white and ethnic minority groups in each quartile

We divided the hourly rates for our 360 staff members into quartiles, from largest to smallest hourly pay rate, in order to derive the proportion of our white and ethnic minority groups.

White vs ethnic minority groups combined



White vs different ethnic minority groups



Both graphs illustrate that we have a small percentage of staff in ethnic minorities across all four paying quartiles, however our ethnic minority population is least represented in our highest paying quartile. Perhaps surprisingly, our lowest paying quartile is also underrepresented in terms of our ethnic diversity across our firm. We are currently working with a number of social mobility, grassroots focused organisations (including #10000blackinterns and Investment20/20) to ensure we are able to attract a wider and more socio-economically diverse range of candidates to join our firm via our early careers recruitment drives (including apprenticeships, graduate roles and internship opportunities) to address this imbalance.

This is the first time we have been able to gain a detailed snapshot of our ethnic diversity across our business. This report indicates that we have more progress to make in ensuring our workforce population moves towards becoming an accurate reflection of the society and the clients that we serve. Whilst our declared ethnicity population is similar to England & Wales' overall ethnicity population (according to the 2011 census), there are stark differences between our ethnicity population versus London's ethnicity population which we hope to align closer with in the future. We also have a smaller percentage of ethnic minority staff in our highest paying quartile, so we will continue to provide equality of progression and promotional opportunities as well as fairness in our recruitment practices.

Conclusions from our CEO

Overall, the results from our 2021 ethnicity and gender pay gap report provide us with mixed messages. Whilst our gender pay gap results do not yet indicate our progress with our long-term commitments, initiatives and achievements to "attract, develop and retain the best and brightest from all walks of life and backgrounds", we are pleased to be one of the first firms in our industry to voluntarily publish our first ever ethnicity pay gap data.

Data alone does not provide a full picture of the significant progress made to improve our culture, placing diversity and inclusion at the heart of it.

For the first time in 2021, we sought to compare our overall diversity and inclusion approach against our peers in the asset and wealth management sectors, by submitting to the inaugural Personal Investment Management & Financial Advice Association (PIMFA) Diversity and Inclusion Awards in October. Following our submission, we were delighted to be awarded 'Best Diversity and Inclusion initiative'. Those shortlisted in this category included Coutts, Raymond James, Rothschild, and Women in Banking and Finance UK. Judges said that this was a highly contested award and it was our all-round approach to diversity and inclusion, demonstrating examples across multiple diversity dimensions with a high measure of ability, results and impact, that meant we were awarded.

We feel this is a promising result that reflects the important diversity and inclusion work that #included (our diversity and inclusion committee) and our wider firm has set out to achieve, particularly as PIMFA is our independent industry body.

Furthermore, a current topic we are engaged in with PIMFA and the Social Mobility Taskforce is the FCA's recent Diversity and Inclusion discussion paper. With growing evidence that diversity of thought (when part of an inclusive culture) leads to better outcomes for firms (both financially and from a consumer perspective), there is now clear momentum for change across our whole sector which we are encouraged to be part of.

Our key diversity and inclusion focuses and achievements are detailed on our website [here](#), with some of our key achievements over the past year highlighted below:

Equalised Parental Leave

We now challenge the norm of second parent leave and offer six months of equal paid parental leave for all our people to take

within their first year of having a child. We understand that, no matter our people's intentions, unconscious bias in hiring and promotions can still occur in any system that treats men and women differently when they become parents.

We have already had six male employees confirm that they would like to take all or part of this additional enhanced leave since our announcement in June 2021, which we are pleased to accommodate. Ultimately, none of our people should feel that they have to choose between caring and career when choosing to become a parent. We are proud to make a bold statement in support of this.

Launch of our LGBTQ+ network

In June 2021, we launched our LGBTQ+ network, *Belong*, which is committed to creating an inclusive workplace. Our founding principle, which leans heavily on the concept of belonging, reads: "If we know that we belong somewhere, we can go as far as we like from that place and we will still feel like we belong." We support a workplace in which all our people can be themselves, regardless of how they identify in terms of their sexuality or gender.

Early focus areas include peer community support, representation and raising awareness with the importance of inclusion including marking Pride celebrations. We recently published an *article* raising awareness of the importance of authenticity within the workplace and the business case for inclusive policies such as equalised parental leave.

Appointment of Jo Shackleton, Head of HR, to the advisory board on the City of London Socio-Economic Taskforce

We are committed to attracting a workforce that is more reflective of the socioeconomic composition of the UK. An ambition shared by many, HM Treasury and the Department for Business, Energy & Industrial Strategy has commissioned the City of London Corporation to lead an independent taskforce to boost socio-economic diversity in UK financial and professional services. We are delighted that our Head of Human Resources, Jo Shackleton, has been appointed to the Taskforce Advisory Board.

Continued progress against our Women in Finance Charter targets

We have continued to make progress against our first Women in Finance Charter targets, where we now have 27% of females in senior management positions, up from 22% in 2019. By December 2022, our target is to increase our senior female population to 30%.

Our female representation on our management board has also increased to 33% since January 2022, with the appointment of two further female members.

We are also pleased to announce that our parent company, LGT Group, has recently made an ambitious gender target, looking to increase their senior female representation to 30% by 2030.

More than numbers, policies and analysis, diversity and inclusion has to be something that comes from our people. Although #included and its network of ambassadors can drive forward the discussion, we cannot do this in an empty room. We know that, at LGT Wealth Management, the room is not empty – it is filled with discussion, interest and authentic voices. The strength of our strategy is demonstrated by the buy-in of our people, who during a recent firmwide consultation of our company internal values identified 2 (out of 5 in total) which focused on diversity and inclusion: *Belonging* and *Respect*. It is a reflection of how embedded diversity and inclusion are in our culture that these came out so highly.

We are proud of the success of our strategy so far and we have an exciting programme of events and initiatives for the coming year which will reinforce our aims and continue to attract, develop and retain the best and brightest from all walks of life.



Ben Snee, Chief Executive Officer

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Important information

LGT Wealth Management UK LLP is authorised and regulated by the Financial Conduct Authority (FCA). Our registration details are set out in the FCA Register: Firm Reference No. 471048, www.fca.org.uk/register. Registered in England and Wales: OC329392. Registered office: 14 Cornhill, London, EC3V 3NR.