

HOWARD KENNEDY

Gender Pay Gap Statement

2023



Executive Summary

At Howard Kennedy, we believe in fostering a fair, respectful and inclusive culture. A culture where all team members feel empowered and supported to be themselves and achieve their career ambitions, while being valued and rewarded fairly.

To monitor progress against our diversity, equity and inclusion commitments, pay gap analysis is one of the measures we use to understand the progress we are making and to help decide where to focus efforts into the future.

The Gender Pay Gap ('GPG') measures the difference between the average hourly total pay for all men versus all women at an aggregate level across an organisation. The firm has a continuing commitment to reduce the pay gap further at both the mean and median level.

As at April 2023 (the date at which pay must be analysed), we have seen an increase in both our mean and median gender pay gap for our employees compared to our 2022 data.

It is important to note here that the GPG figures do not relate to equal pay. We monitor our reward practices and processes to ensure we pay our people fairly for equivalent roles.

Why has the gap increased?

In 2022/23, approximately 50% of our vacancies were for roles in the lower salary quartile (i.e. in the bottom 25% of salaries paid to all employees) and the majority of these were filled by women. This has resulted in a widening of the GPG.

As a firm, we are proud that we have excellent female representation at all levels; 36% of our partners are female, and over 69% of our non-partner fee earners are female. This compares to an average of 37% in comparable firms at partner level, and 62% of other fee earners.

We offer a suite of development initiatives to support individuals at every stage of the pipeline including:

- **Academy**, developing the competencies that support individuals to grow within their role;
- **Aspire**, developing the mindset and capabilities of individuals with a case for promotion.
- **Parental coaching** is provided to support parents to return to work and regain career development momentum after parental leave.

In 2024, as part of our refreshed Diversity, Equity and Inclusion ('DEI') strategy, we re-launched our DEI Committee and the networks. The Empower network's vision is to create a firm where gender is woven into its fabric, where individuals are respected, regardless of their gender, and are empowered to reach their full potential and have access to all opportunities within the firm. The firm actively champions diversity, inclusivity and equitable opportunities by dismantling barriers and stereotypes and nurturing a culture of mutual respect and understanding. In the year ahead, we will continue to engage with our people and review our working practices, policies and processes to ensure they are fair and inclusive.

The remainder of this report provides the full data and the background to the numbers, as well as the actions and plans we are undertaking to redress this imbalance.

Definitions & Understanding the Data

The difference between pay gaps and equal pay

What is the "gender pay gap"?

Pay gaps show the difference in average hourly pay between two groups of people within a workforce. It is based on a snapshot of 05 April each year which is 05 April 2023 in this report. It does not take into account their job type or level, so if you have more of one gender in senior roles (with higher salaries) than in junior roles, this creates a pay gap.

The 'gap' is reported as a percentage, with a positive result showing in favour of men, and a negative result showing in favour of women.

Reporting encourages discussion around the factors that can limit female progression: such as occupational segregation, unconscious bias, family responsibility and how this is viewed and treated.

How is this different from equal pay?

- Equal pay compares the pay of employees doing the same or similar work, rather than the average across different roles and levels like the pay gaps.
- This report does not cover equal pay.
- We have real-time processes throughout the year to ensure decisions on rewards are fair and guided by evidence and data.

What are the mean and median pay gaps, and why show both?

Mean pay gap: The difference between the mean (average) hourly earnings between all women and all men who are employees, irrespective of their level of seniority.

A "mean" (average) calculation is useful as it gives a good overall indication of the gender pay gap. However, the result can be distorted by outliers (for example, an individual who is paid significantly more or significantly less than others in the firm) in the data.

Median pay gap: The difference between the mid-point of hourly pay for all women and all men who are employees.

A "median" calculation is useful as it indicates the 'typical' situation, as they are not distorted by outliers. However, this wouldn't effectively highlight where there are pay gap issues at the highest and lowest levels.

Using these two different types of calculations gives a more balanced overview of the overall gender pay gap.

Pay quartiles: If all employees were ordered by their hourly rate of pay (highest to lowest), then split into four equal groups, the quartile figures show the proportion of women and men in each group.

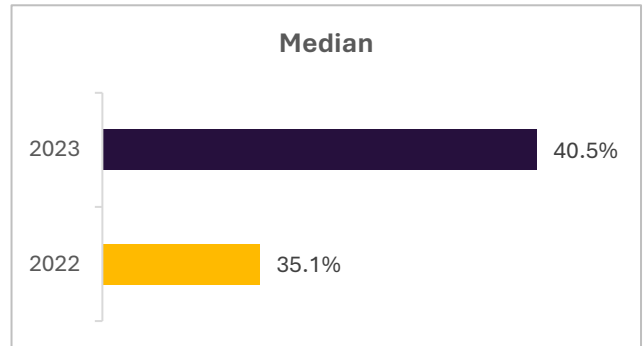
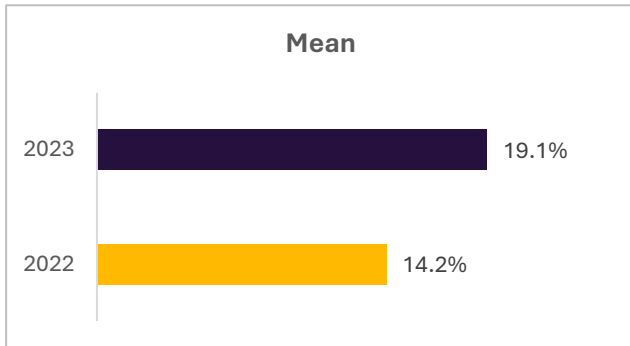
Gender Pay Gap Calculations

- Our UK employee data is mandatory to report.
- The data in this report is from 5th April 2022 to 5th April 2023.
- We are required to report the data in a binary way ('women' and 'men') by the UK's Government Equalities Office which does not take into account other gender identities (e.g. non-binary). Throughout the pages we use the terms 'gender', 'women' and 'men' but recognise this refers to the biological sex rather than gender identity for some.

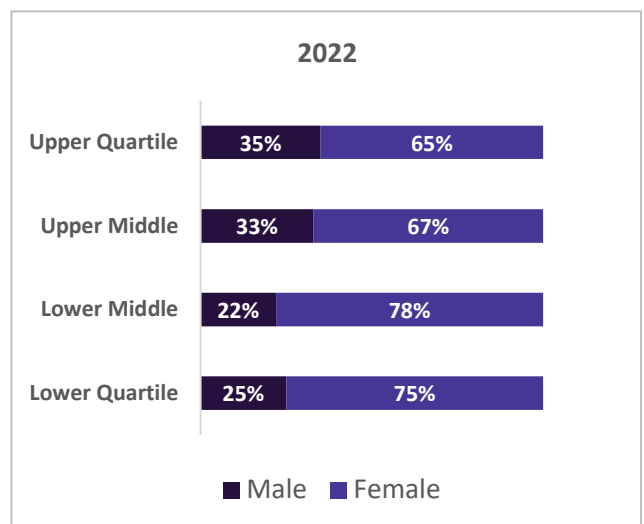
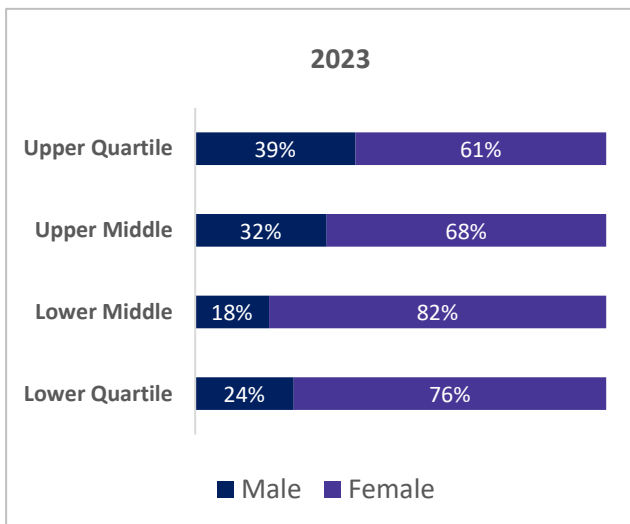
Executive Summary of Results

This section shows the 2023 gender pay gaps, along with a comparison to previous years.

Gender Pay Gap



Hourly Pay by Quartile



During the reporting period, we are proud to report that 89% of promotions were female and 69% of new hires between 2022 and 2023 were female, showing we can attract and retain women at all levels across the firm. There are, however, some roles in the lower quartile range that predominantly attract female applicants over male applicants, which has increased our pay gap.

The gap widening is due to the majority of our 2022/2023 vacancies falling in the Lower Quartile salary range and being filled by females, as well as our male hires in 2022/2023 being in our upper quartiles. As the population of male employees is significantly smaller than our female population, where we have multiple hires in a single quartile, this greatly influences both the mean and median ranges for salaries in comparison to our female population. Our recruitment strategy will continue to focus on diversity in hiring to address this.

Executive Summary of Results

This section shows the 2023 gender pay gaps, along with a comparison to previous years.

Gender Bonus Gaps

Calculation

This data shows any bonus payments made to employees between 1 May 2022 and 30 April 2023.

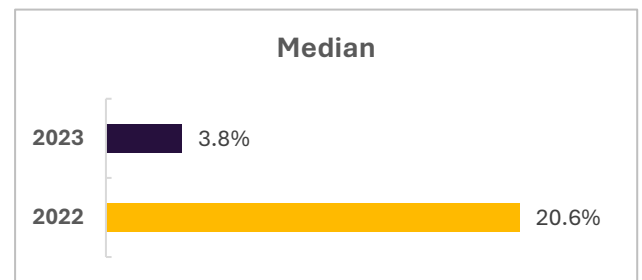
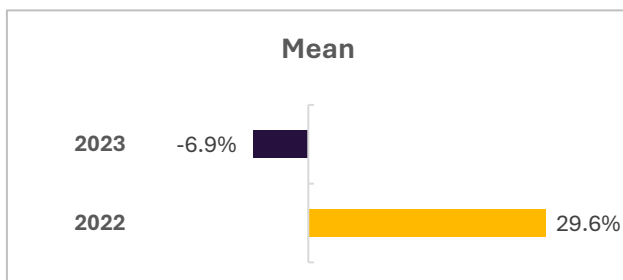
Bonus gaps show the difference in **bonus payments** related to the fee earner or discretionary bonus schemes. Those who join during the reporting period, work part-time or take family leave have pro-rated bonuses.

Definitions

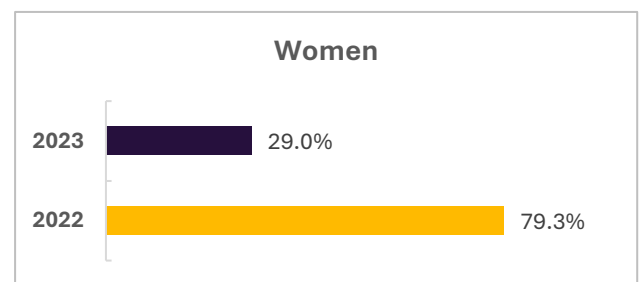
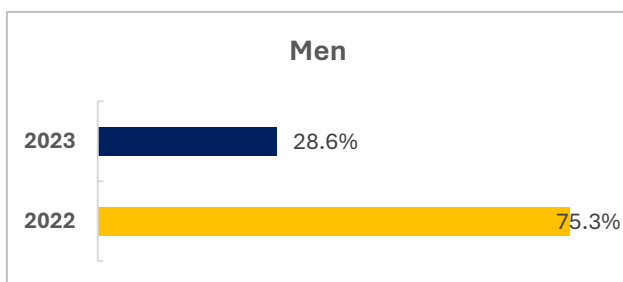
- 1. Mean:** The difference between the mean (average) bonus payments made to all women compared to all men who are employees.
- 2. Median:** The difference between the mid-point of bonus payments made to all women compared to the mid-point for all men who are employees.
- 3. Proportion of the group receiving a bonus:** The proportion of women and men who were paid bonus a bonus in the reporting period.

Negative pay gap (-%): A negative percentage figure indicates a pay gap in favour of female employees.

Gender Bonus Gap



Proportion of women and men who received a bonus in the pay per



During the reporting period, we are pleased to report there has been an improvement in our mean bonus gap in this pay year, with a pay gap in favour of women. Additionally, our median bonus gap has reduced from 20.6% to 3.8%.

There has been a reduction in the number of bonuses awarded overall as compared to the previous reporting year. This is primarily influenced by the fact that in 2021/2022, the firm was keen to support our employees through times of uncertainty and also recognise firm performance, and therefore awarded firm-wide bonuses. We continue to be transparent in our process of giving bonuses and strive to be consistent and fair in our approach.



Looking Ahead; Our Strategy

We are pleased to see an increase in women in our promotions and new hires across all levels, but acknowledge we need to do more to balance the split throughout the quartiles. We continue to place emphasis on addressing these through the many initiatives described below.

We are committed to inclusion and providing everyone with opportunities to progress and develop. We are doing this through initiatives such as our development curriculum, mentoring and career frameworks. We continue to raise awareness of the challenges facing women in the workplace and with the recent relaunch of our DEI Committee and introduction of our Empower network, backed by Partner Champion Amanda McNeil and Board sponsor Simon Taylor, we are working on our key objectives for the year ahead.

We still have a lot of work to do and are excited about the opportunity to build on the changes made already through focus on ESG/Responsible Business, a strategic imperative for 2024 and beyond.

We are also proud to be corporate members of WorkLife Central because we recognise that it can sometimes be difficult balancing home life with a progressive career and we want to support our working parents with access to networking, events, webinars and mentoring.

We continue to provide transparency around our pay philosophy, including publishing our pay bands for each level. We aim to standardise pay ranges for roles to ensure comparable pay for broadly similar jobs, while reflecting the specific market value of different specialisms.

Our goal is always to improve our statistics from last year which, although we achieved on the gender bonus gap, was unfortunately not achieved on the pay gap. However, the firm has a continuing commitment to reduce the pay gap further at both the mean and median level.