

2024 Gender and Ethnicity Pay Gap

External Statement

Summary

At Howard Kennedy, we remain committed to creating an inclusive culture and environment of equality where all our people can realise their full potential. We believe in fostering a fair, respectful and inclusive 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, the outputs from which enable us to review and adjust our long-term strategy, if necessary.

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.

The Ethnicity Pay Gap ('EPG') measures the difference between the average hourly total pay for all white colleagues versus all ethnic minority colleagues, at an aggregate level across an organisation. The EPG reporting is entirely voluntary, and it is calculated using the same methodology as the GPG reporting to help us compare progress, year-on-year. This means everyone from an ethnic minority background (e.g. Black, South Asian) is grouped and compared to anyone who identifies as white. We recognise there are differences across ethnic groups and limitations of this grouping.

Our ethnicity data is based on **voluntary self-identification**. The more complete this is, the more accurate our calculations. As of 5 April 2024, 19% of our employees self-identified as being ethnic minority, 62% white, 2.3% "prefer not to say" and 16% unknown.

In summary, our mean gender pay gap increased by 1 percentage point, from 19.1% in 2023 to 20.1% in 2024. In contrast, the median pay gap decreased by 5.6 percentage points, from 40.5% in 2023 to 34.9% in 2024.

Due to fewer outliers in the 2024 dataset, the mean gender bonus gap increased by 8.5 percentage points, shifting from -6.9% in 2023 to 1.6% in 2024. Meanwhile, the median gender bonus gap decreased by 2 percentage points, from 3.8% to 1.8%. Although the median bonus for both males and females was higher in 2024, the smaller difference between them led to a reduced median bonus gap.

This year, we are also publishing the partner GPG and EPG for transparency and we are proud to have a 4-percentage point increase in our female partners, from 36% in 2023 to 40% in 2024.

The remainder of this report provides the full data and the background to the numbers, and our strategy is outlined in the **Looking Ahead** section of the report.

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 2024 in this report. It does not consider 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 undertaking a role that is worth significantly more or significantly less than other roles 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 would not effectively highlight where there are pay gap issues at the highest and lowest levels.

Using these two distinct 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

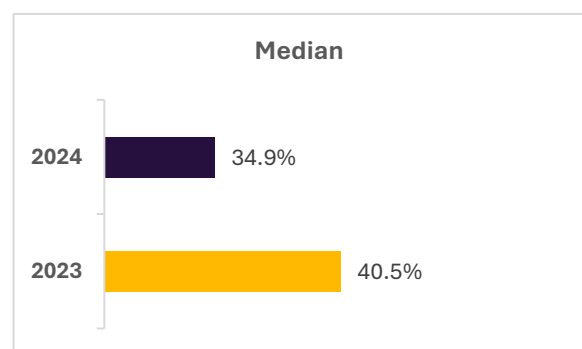
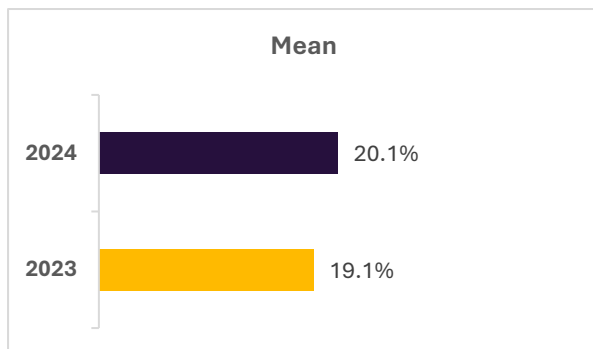
- Our UK employee data is mandatory to report.
- The data in this report is from 5th April 2023 to 5th April 2024.
- We are required to report the data in a binary way ('women' and 'men') by the UK's Government Equalities Office which does not consider other gender identities (e.g. non-binary). Throughout the pages we use the terms 'gender,' 'women' and 'men' but recognise this refers to the biological sex rather than gender identity for some.

Employee Gender Pay Gap

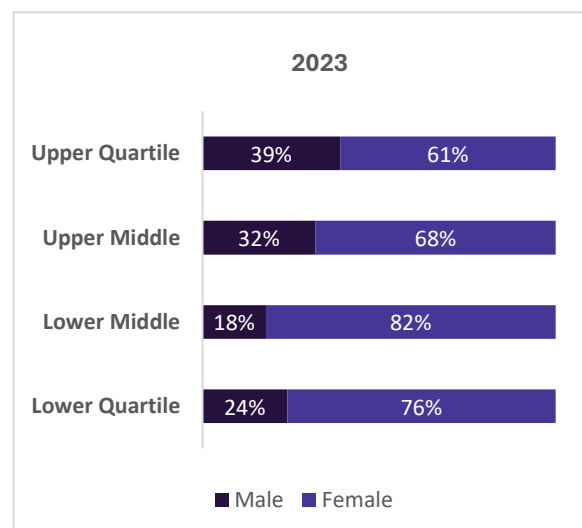
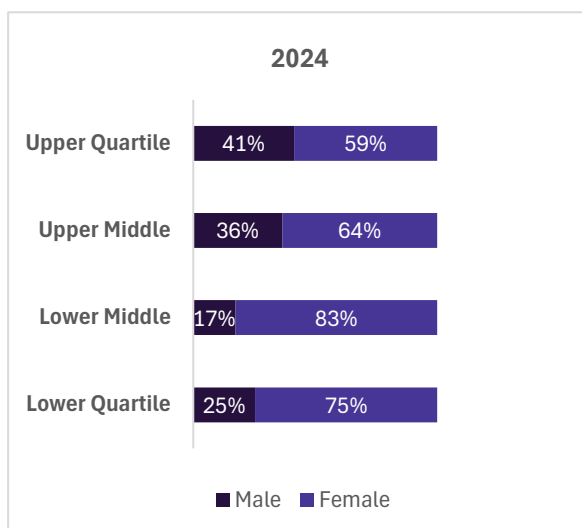
Executive Summary of Results

This section shows the 2024 employee gender pay gaps and distribution of male and female employees across the pay quartiles within the Firm, along with a comparison to previous years.

Gender Pay Gap



Hourly Pay by Quartile



As at April 2024 (the date at which pay must be analysed), we have seen a decrease in our median gender pay for our employees and a slight increase in our mean pay gap, compared to our 2023 data.

As a Firm, we are proud that we have excellent female representation at all levels; 40% of our partners are female (an increase from 36% in 2023), and 66% of our non-partner fee earners are female. This

compares to an average of 34% in comparable firms at partner level, and 53% of other non-partner fee earners.

Our median pay gap has reduced as we have had shifts in pay across the Upper Middle and Lower Middle quartiles.

Gender Bonus Gap

Calculation

This data shows any bonus payments made to employees between 1 May 2023 and 30 April 2024.

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

Mean: The difference between the mean (average) bonus payments made to all women compared to all men who are employees.

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.

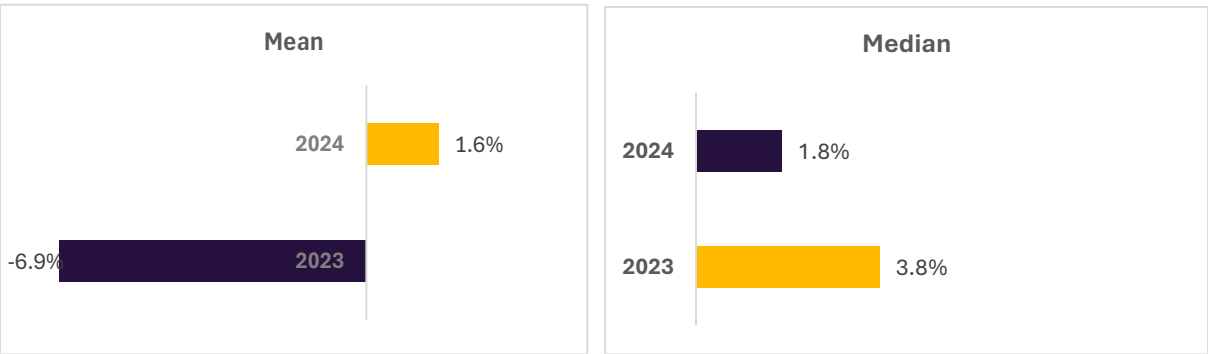
Proportion of the group receiving a bonus: The proportion of women and men who were paid bonus a bonus in the reporting period.

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

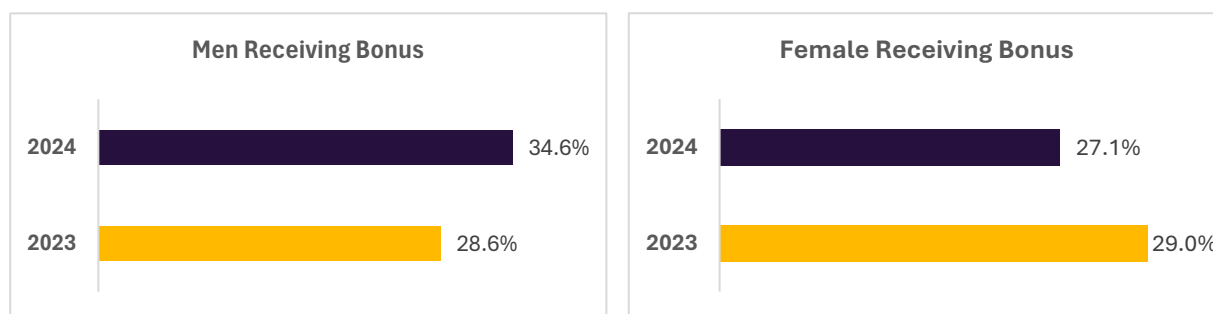
Employee Gender Bonus Gap

Executive Summary of Results

This section shows the 2024 employee gender bonus gaps, along with a comparison to previous years. A negative bonus gap indicates a pay gap in favour of females.



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



During the reporting period, we are pleased to report there has been an improvement in our median bonus gap in this pay year. The similarity between the mean and median bonus gap suggests a more balanced distribution of bonuses, with fewer extreme outliers.

There has been an increase in the number of bonuses awarded to males as compared to the previous reporting year and a slight reduction in the number bonuses awarded to women. We will continue to monitor bonus allocation across the Firm.

Ethnicity

Definitions

Mean pay gap: The difference between the mean (average) hourly earnings between all ethnic minority employees and all white employees, irrespective of their level of seniority.

A "mean" (average) calculation is useful as it gives a good overall indication of the ethnicity 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 ethnic minority employees and all white employees.

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

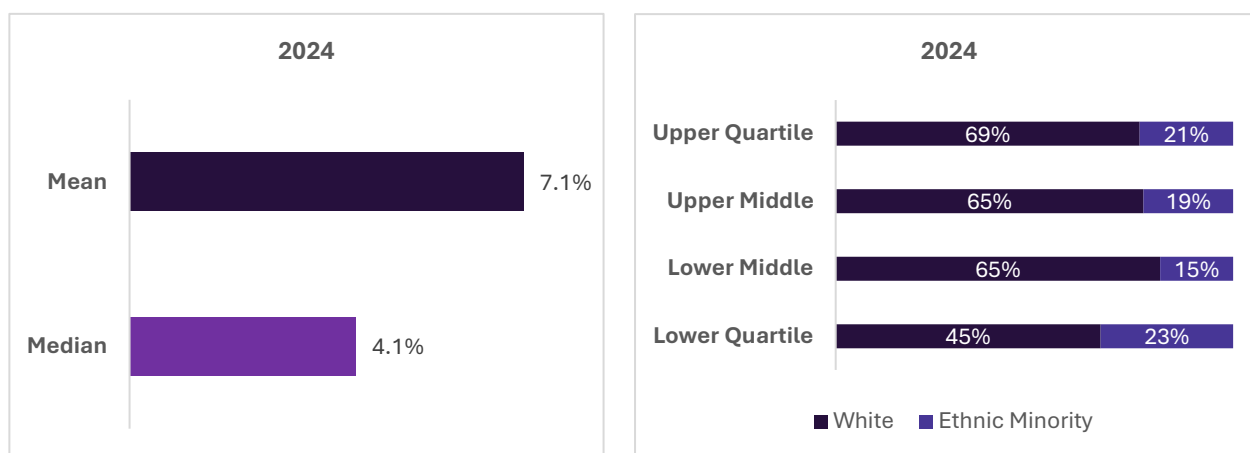
Using these two distinct types of calculations gives a more balanced overview of the overall ethnicity pay gap.

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 ethnic minority and white employees in each group.

Employee Ethnicity Pay Gap

Executive Summary of Results

This section shows the 2024 employee ethnicity pay gaps and the distribution of white and ethnic minority employees across the different pay quartiles within the Firm.



We will continue to report on the ethnicity pay gap and review the year-on-year changes.

Employee Ethnicity Bonus Gap; Definitions

Mean: The difference between the mean (average) bonus payments made to all ethnic minority employees compared to all white employees.

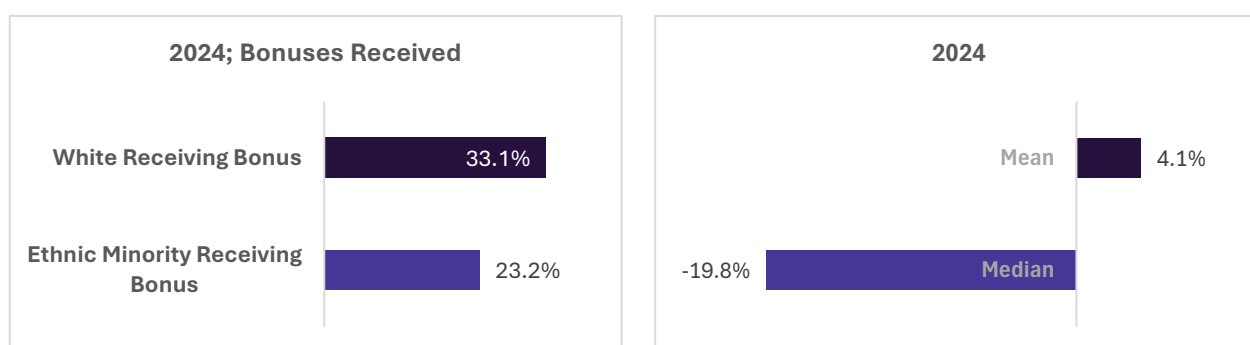
Median: The difference between the mid-point of bonus payments made to all ethnic minority employees compared to the mid-point for all white employees.

Proportion of the group receiving a bonus: The proportion of ethnic minority employees and white employees who were paid bonus a bonus in the reporting period.

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

Executive Summary of Results

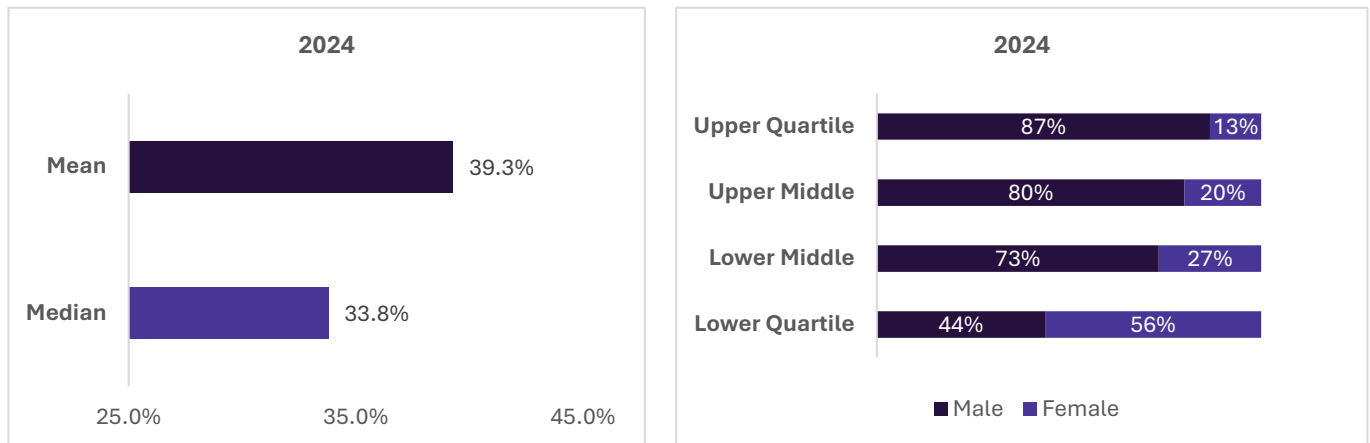
This section shows the 2024 employee ethnicity bonus gaps and the percentage of white and ethnic minority employees receiving a bonus. A negative percentage figure indicates a pay gap in favour of ethnic minority employees.



Partner Gender Pay Gap

Executive Summary of Results

This section shows the 2024 partner gender pay gap and the distribution of male and female partners across the different pay quartiles within the Firm.

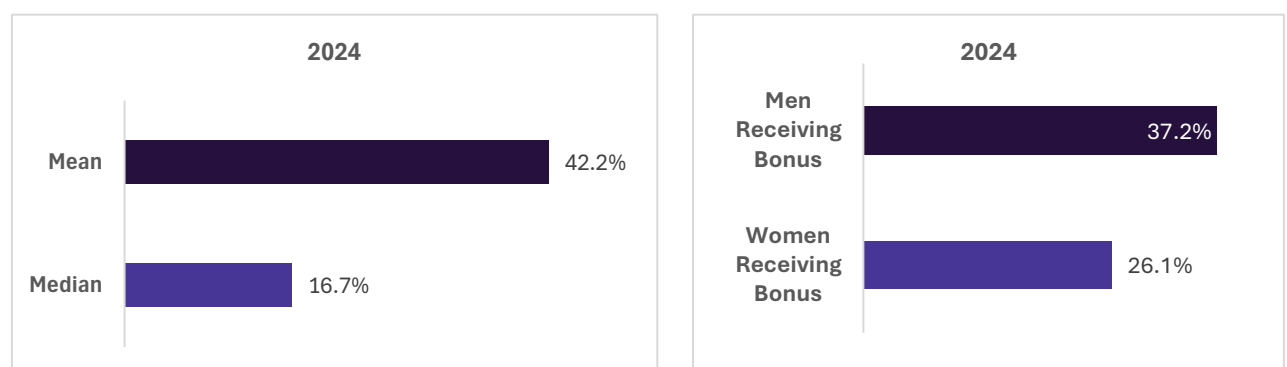


We acknowledge that our gender pay gap for partners is wider than for employees. This can be attributed in part to the proportion of women at partner level not being representative of the gender split across the Firm. This is something we are addressing as part of our long-term strategy; in 2022 28% of the partnership was women, in 2024, 40% of the partnership was women.

Partner Gender Bonus Gap

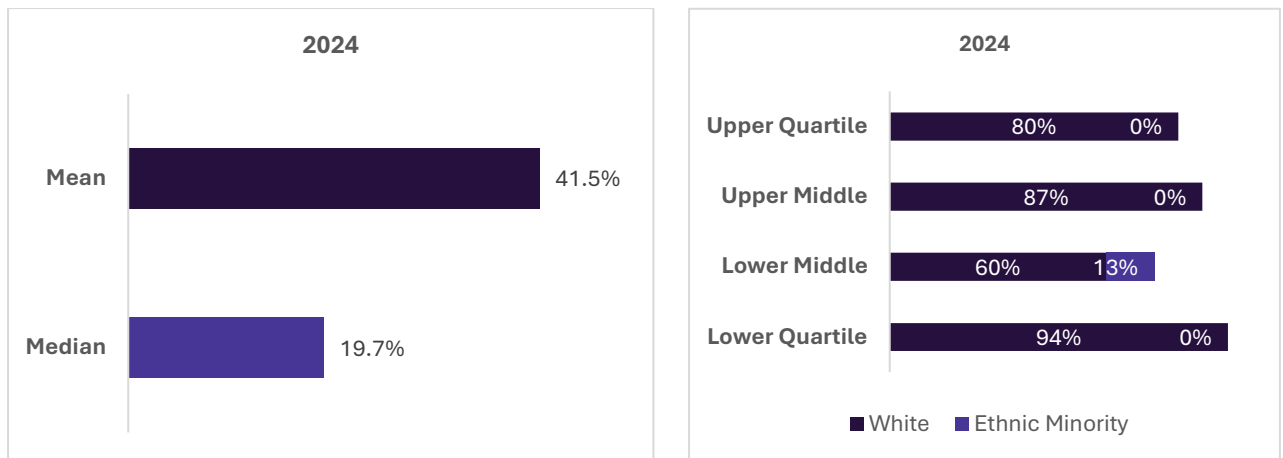
Executive Summary of Results

This section shows the 2024 partner gender bonus gap and the percentage of male and female partners receiving a bonus.



Partner Ethnicity Pay Gap

Executive Summary of Results



The ethnicity pay gap is reported in a binary way; where partners have not stated their ethnicity or have selected the "prefer not to say" option, this has not been included in the dataset.

Due to the small number of ethnic minority partners, bonus gap data is not statistically reliable and has therefore not been included.

Looking Ahead

Our strategy

To achieve sustained progress in closing our gender and ethnicity pay gap, we remain fully committed to our long-term strategy, even though we are aware that our further development may only be visible stepwise over time and will not be represented in our results right away.

With any longer-term strategy, this pace is expected while it is being mobilised, and before we can start to realise the more fundamental benefits. We aim to have greater diversity within our senior (and thus generally higher paid) roles, and we have robust expectations from our development programmes to build the pipeline for the future and to attract diverse candidates to senior roles in these areas in the longer term, alongside these more immediate improvements.

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

- **Inspire at HK**, developing management and leadership competencies of the Firm's leaders within a collaborative networking environment
- **HK Mentors**, launching Q4 2025, provides access to internal mentoring relationships, supporting progress towards personal development objectives and increasing the internal profile of mentees

In 2024, as part of our refreshed Diversity, Equity, and Inclusion ('DEI') strategy, we re-launched our DEI Committee and introduced five new networks. As an example, the REACH network's vision is to embrace cultural and ethnic diversity, ensure equity of opportunity and celebrate the diverse faiths and heritages of our people. The network has delivered a wide range of educational and awareness raising activities and events across the Firm to support these aims and to create an open environment

for discussion around inclusivity. Howard Kennedy is also a signatory to the [Race Fairness Commitment](#). We want fairness at work for people of all ethnic backgrounds, so everyone has an equal chance to succeed.

Similarly, the Empower network's vision is to empower everyone, regardless of their gender to reach their full potential and have access to all opportunities within the Firm. They also deliver a range of educational and awareness raising activities throughout the year.

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 reporting capability and ability to understand our workforce makeup and therefore report on our data in its most complete form, is underpinned by the completeness of our workforce demographic data obtained through our voluntary self-identification process.

Our annual pay gap reporting provides an important measure of progress and, while our figures show there is still work to do, when it comes to representation within our workforce we are making progress. We are focused on addressing representation which will deliver long-term, meaningful change.