



Gender and Ethnicity Pay Gap Report 2023

Introduction

We continue to analyse our pay gaps through both a gender and ethnicity lens to ensure we identify areas to focus on in continuing to build a more inclusive sector. We strive towards ensuring our workforce is representative of our society, with a fair and equitable opportunity for all to succeed.

This report provides analysis and observations of both our current gender and ethnicity pay gaps, applying the UK regulation methodology (*Appendix A*). The data for 2023 shows that we have decreased the pay gap across the mean and the median overall since 2022. However as with the wealth management sector more broadly there is more to do, especially in relation to those roles with higher levels of bonus payment.

We remain committed to harnessing diverse talent and fostering our inclusive culture, which includes addressing imbalances where possible. This is evidenced by our year-on-year increase in female senior management representation. As at June 2023, 33.3% of our senior manager positions are held by women. This is an 11% increase in representation since we first committed to the Women in Finance Charter in 2019, when we had 21.8% of women holding senior management roles.

Great strides have been made in our commitment to collect, analyse and report on our people's data. We conducted an additional ethnicity and social mobility data capture request across our firm in the first half of 2023 and now hold 93% and 90% of our people's ethnicity and social mobility data respectively. This enables us to report more accurately on ethnicity and social mobility pay gaps as well as analyse wider people metrics across our talent acquisition, development, reward and HR business partnering practices. This will be included for the first time in our 2024 report.

It remains a top priority for our business to continue to promote and encourage diversity and inclusion and we fully believe that, by doing so, we will enhance our culture and deliver superior business results.

Gender Pay Gap

Introduction

As a sector, financial services remains significantly behind the national average, with the mean gender pay gap currently 24.7% compared to the national average of 7.7% (*Appendix B* [Office for National Statistics](#)). Women remain underrepresented at the top end of the industry compared with the rest of the UK economy, which is further exacerbated by over representation of women at the bottom end of the pay scale. Investment, asset & wealth management national average pay gap remains higher than the financial services average.

On the 'snapshot date' of 5th April 2023, our headcount was 370 employees (150 females and 220 males) in our largest entity, LGT Wealth Management UK LLP. The official data submitted to the regulator excludes the data of our 68 partners¹, which is in line with the regulations (Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), however, for transparency we have included partner data in this report ensuring as a business we have a full picture of our pay gap.

¹ Our partners are not defined as 'employees' and are not on our payroll

Results

Employee hourly pay and bonus gap

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

| | 2021 | 2022 | 2023 |
|------------------|-------|-------|-------|
| Mean pay gap | 28.7% | 32.1% | 28.5% |
| Median pay gap | 24.4% | 23.6% | 21.7% |
| Bonus mean gap | 55.2% | 39.8% | 53.0% |
| Bonus median gap | 41.2% | 50.0% | 21.4% |

LGT's pay gap figures are technically a year ahead of the bonus gap figures

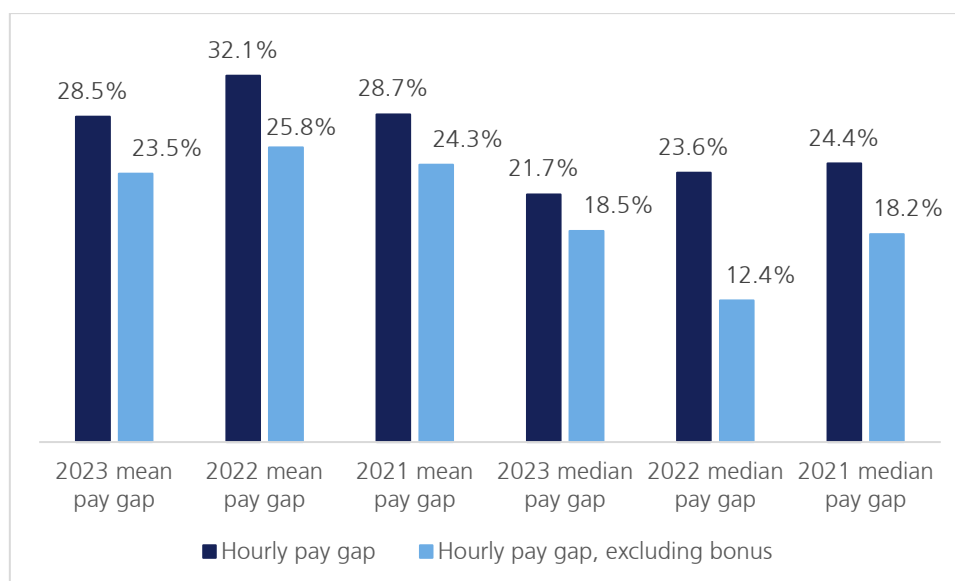
Employee hourly pay and bonus gap

Our 2023 gender pay gap results overall have improved for both the mean and median hourly pay gap. The mean pay gap has decreased by 3.6% and our median pay gap continues to reduce for the third year running.

When analysing our April 2022 mean pay gap, we envisaged that our April 2023 mean pay gap would reduce in line with the firm's overall financial performance decreasing in 2023 (indicative of the wider wealth management industry) when compared to 2022. The variable bonus awards of our relationship managers are linked to financial performance and with this cohort comprising a disproportionate number of males, the decrease in the gap was expected.

Our mean and median pay gap data is required to include our people's annual bonus payments due to the regulations stipulating that bonus payments made in the period, including the snapshot date, are reflected. 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. This is reflective of the higher number of males in relationship manager roles. As not all firms pay their annual bonuses in April, comparing our pay gaps against our peers is not always accurate.

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



Whilst we are pleased to see our median pay gap reduce year-on-year, it is regrettable that our mean pay gap figures have not decreased meaningfully. This remains a reflection of the wealth and asset management industry more widely and something we continue to address.

Bonus trends

Our most recent bonus gap trends look inconsistent as we see a 13.2% increase in our mean bonus gap, yet in the same report period we see a significant 28.6% decrease in our median bonus gap.

The significant decrease is due to our firm awarding an additional bonus across the business in 2022 and 2023 that captured a much larger cohort of individuals being eligible to receive a bonus across these years. You can see this spike in bonus eligibility below, with circa 92% of our workforce receiving a bonus in the relevant bonus payment period (6th April 2022 to 5th April 2023).

Proportion of male and female employees receiving a bonus:

| Gender | % received bonus | | |
|--------|------------------|-------|-------|
| | 2021 | 2022 | 2023 |
| Male | 77.6% | 84.2% | 91.8% |
| Female | 75.2% | 80.4% | 92.9% |

This additional bonus award was a relatively small amount which is why our median bonus gap reduced so significantly.

In comparison, our mean bonus gap was predicted to increase again in line with our firm having a stronger financial year in 2022, thus resulting in higher bonus payments to our relationship managers. Despite a reduction from 80.8% in 2022, 78% of our relationship manager roles are still held by males. While we continue to work towards improving the ratio of males to females, until this reaches closer parity and our sector as a whole is able to address the gender imbalance within these roles, our bonus pay gaps will remain high.

Partner and employee hourly pay gap combined

Although it is not a regulatory requirement to include our partner data, we strive for transparency so this report also includes those figures. When we include our partner pay data (comprising 28.3% females) our mean hourly pay gap increases to 41.78%. These results indicate again the strong financial year and hence bonus awards in April 2022 as mentioned above.

| | 2021 | 2022 | 2023 | Difference |
|----------------|-------|-------|-------|------------|
| Mean pay gap | 38.9% | 47.6% | 41.8% | 2.9% |
| Median pay gap | 41.6% | 33.5% | 29.4% | 12.2% |

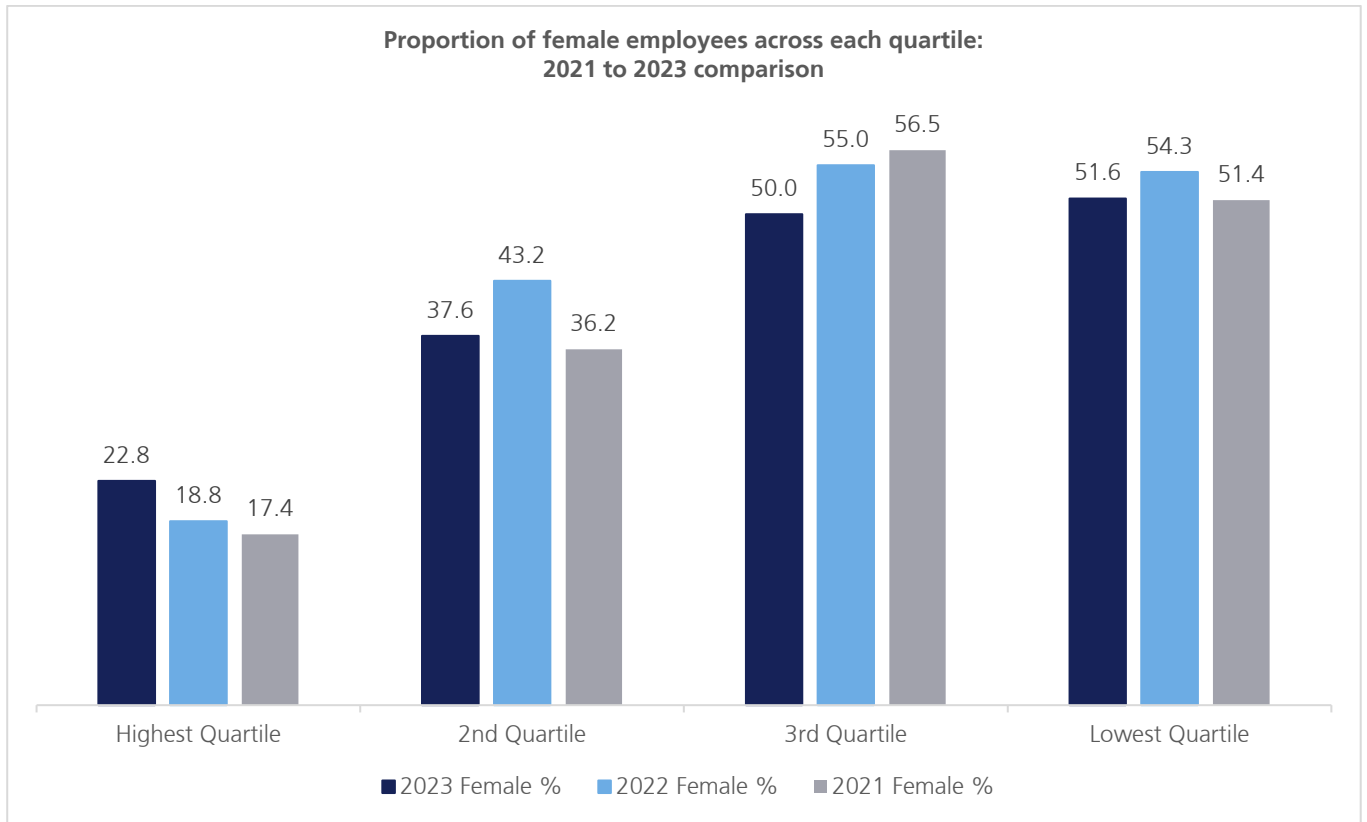
Although our mean pay gaps increase when we include our partners' pay data, we have seen a 12.2% decrease in the median pay gap between our 2021 and 2023 pay data, which is a promising trend and aligns with our median pay gap data.

If we were to remove the bonus element of the April 2023 hourly pay from the partner and employee pay gaps, our mean pay gaps is 30.9% and median gap is 28.7%.

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 any barriers to diversity and inclusion.

Proportion of male and female employees in each quartile

We divided the hourly rates for our 370 employees into quartiles, from largest to smallest hourly pay rate in order to derive the proportion of our male and female population.



Our female representation in the highest quartile has continued to increase year-on-year (4.08% increase in 2023), showcasing a consistent 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 2023 collective gender pay gap results indicate progress towards reducing our pay gaps: our median hourly pay gap is now consistently reducing annually. In comparison, our bonus pay gap data still fluctuates depending on the bonuses awarded in April. This will remain a consistent and long-term challenge for our firm to address, clearly requiring increased female representation within our relationship manager cohort.

Ethnicity Pay Gap

Introduction

This is our third year of publishing our ethnicity pay gap data. Although pay gap reporting is no longer a new concept in the UK, it remains that only a handful of firms operating in the wealth/asset/investment management sector have voluntarily published their ethnicity pay gap data.

We continue to conduct our own independent research and did so in January 2024 to assess our market comparison:

Women in Finance Charter signatories: ethnicity pay gap

- 39 investment management signatories
- Only **four** firms (10.3%) reported their ethnicity pay gap in 2023

LGT competitors: ethnicity pay gap

- 37 competitor firms
- Only **six** firms (16.2%) reported their ethnicity pay gap in 2023

Whilst we are pleased to be one of the first firms in our industry to voluntarily publish our ethnicity pay gap data, we would have hoped for a larger percentage of our sector to have started reporting on their own ethnicity pay gap data by now. We understand that, when speaking with peers, many businesses struggle to obtain a meaningful response to requests for ethnicity data collection.

Until more firms publish their own ethnicity pay gap data, it is difficult to understand where LGT stands with our own data.

Methodology

We have been able to collect ethnicity data from 90.4% of our people for this April 2023 reporting period (a 24.9% increase from 65.5% data in our 2022 report).

On the 'snapshot date' of 5th April 2023, we had 415 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 the official analysis. However, for a full and transparent view, we have included our Jersey data when reviewing our overall workforce ethnicity demographics for this report as set out below.

Results

Ethnicity demographics

(Includes our Jersey population)

The below table provides a breakdown of our declared ethnicity groups in comparison to England and Wales' 2021 ethnicity census data. We also chose to review our ethnicity population in comparison to London as this is where the majority of our people live and work:

| Ethnicity groups | LGT declared 2021 | LGT declared 2022 | LGT declared 2023 | LGT declared 2021 | LGT declared 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Asian ethnic groups: <i>Asian, Asian British</i> | 7.70% | 8.40% | 10.60% | 18.50% | 7.50% |
| Black ethnic groups: <i>Black, African, Caribbean, Black British</i> | 4.10% | 5.80% | 5.50% | 13.30% | 3.30% |
| Mixed/multiple ethnic groups | 2.60% | 2.90% | 1.80% | 5% | 2.20% |
| Other ethnic groups | 0% | 0.40% | 0.70% | 3.40% | 1% |
| White British, White European, White other | 85.60% | 82.50% | 81.30% | 59.80% | 86% |

Census data from the [Office of National Statistics](#)

The majority of our workforce is from a white ethnic group (81.3%), which is reflective of England and Wales' overall ethnicity breakdown.

However, we feel it is more accurate for us to be more closely aligned to London's statistics given our London headcount and continue to work towards these levels.

With our ethnicity disclosure rates above 90%, we are confident that this demographic data is an accurate reflection of our workforce.

Results

Ethnicity hourly pay and bonus gap

The below table provides our first insights into our ethnicity pay gap trends over the past three years:

| | 2021 | 2022 | 2023 |
|-------------------------|-------|-------|-------|
| Mean pay gap | 42.2% | 36.2% | 32.9% |
| Median pay gap | 7.2% | 5.5% | 24.5% |
| Bonus mean gap | 12.4% | 40.4% | 58.7% |
| Bonus median gap | 35.0% | 24.0% | 46.3% |

April 2023 is the first year that our firm can confidently state that our pay gaps are an accurate reflection of our workforce and we can now draw comparisons between our gender and ethnicity pay gaps. As a starting point, it appears that our ethnicity mean pay gap is slightly larger than our gender pay gap. We will now also be able to measure consistent year-on-year trends across these four pay gap metrics.

Again, if we were to remove the bonus element of the April 2023 hourly pay from the ethnicity pay gaps, our mean pay gap is 23.1% and median gap is 21.5%:

| | Hourly pay gap | Hourly pay gap, excluding bonus | Difference |
|----------------------------|----------------|------------------------------------|------------|
| 2023 mean pay gap | 32.9% | 23.1% | 9.8% |
| 2023 median pay gap | 24.5% | 21.5% | 3% |

Proportion of white and ethnic minority groups receiving a bonus

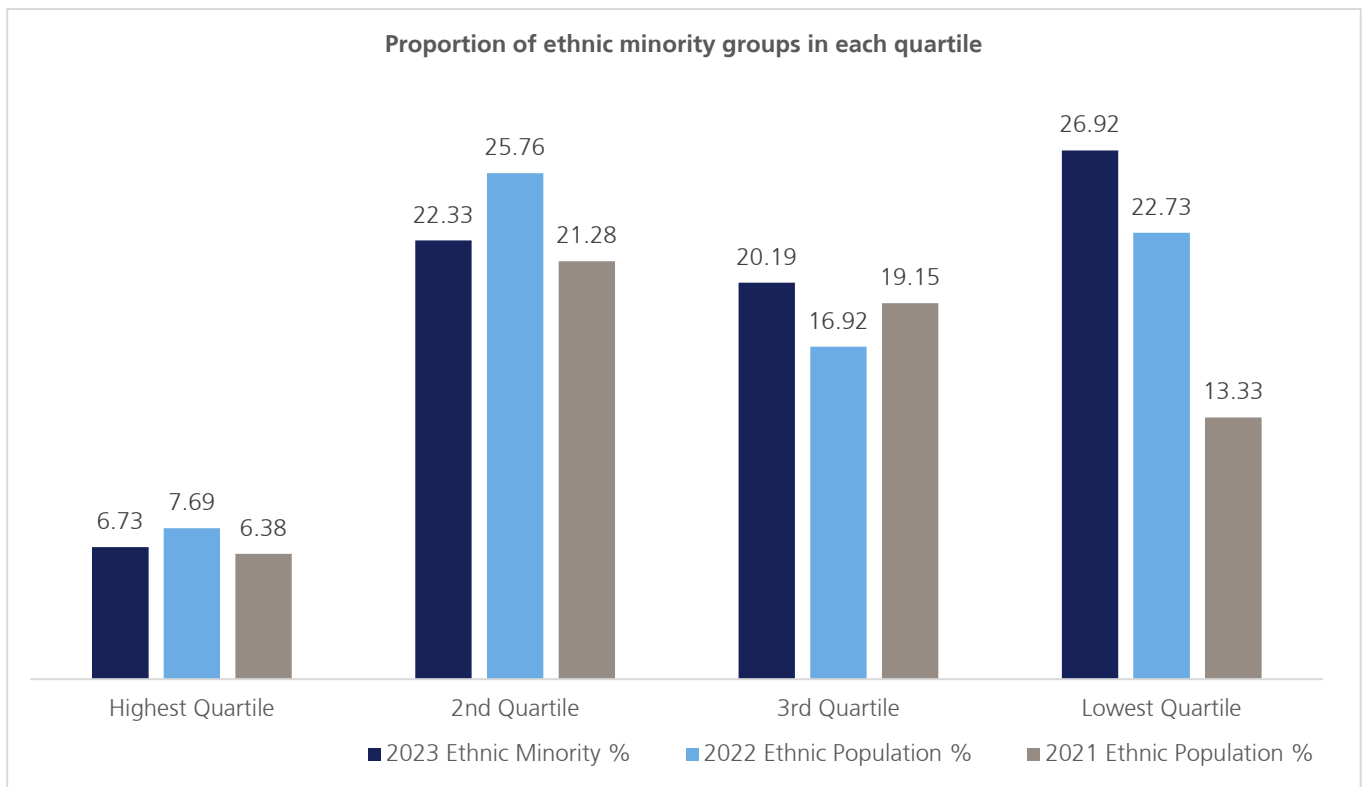
This is calculated by separating out all our staff at 5th April 2023 by ethnicity and accounting for how many of our white population versus our ethnic minority population have received a bonus in the relevant bonus payment period (6th April 2022 to 5th April

2023). Some of our staff at 5th April 2023 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 ethnic and white groups of employees.

| % received bonus | 2022 | 2023 |
|----------------------------|-------|-------|
| Ethnic minority population | 66.6% | 89.9% |
| White population | 85.5% | 86.9% |

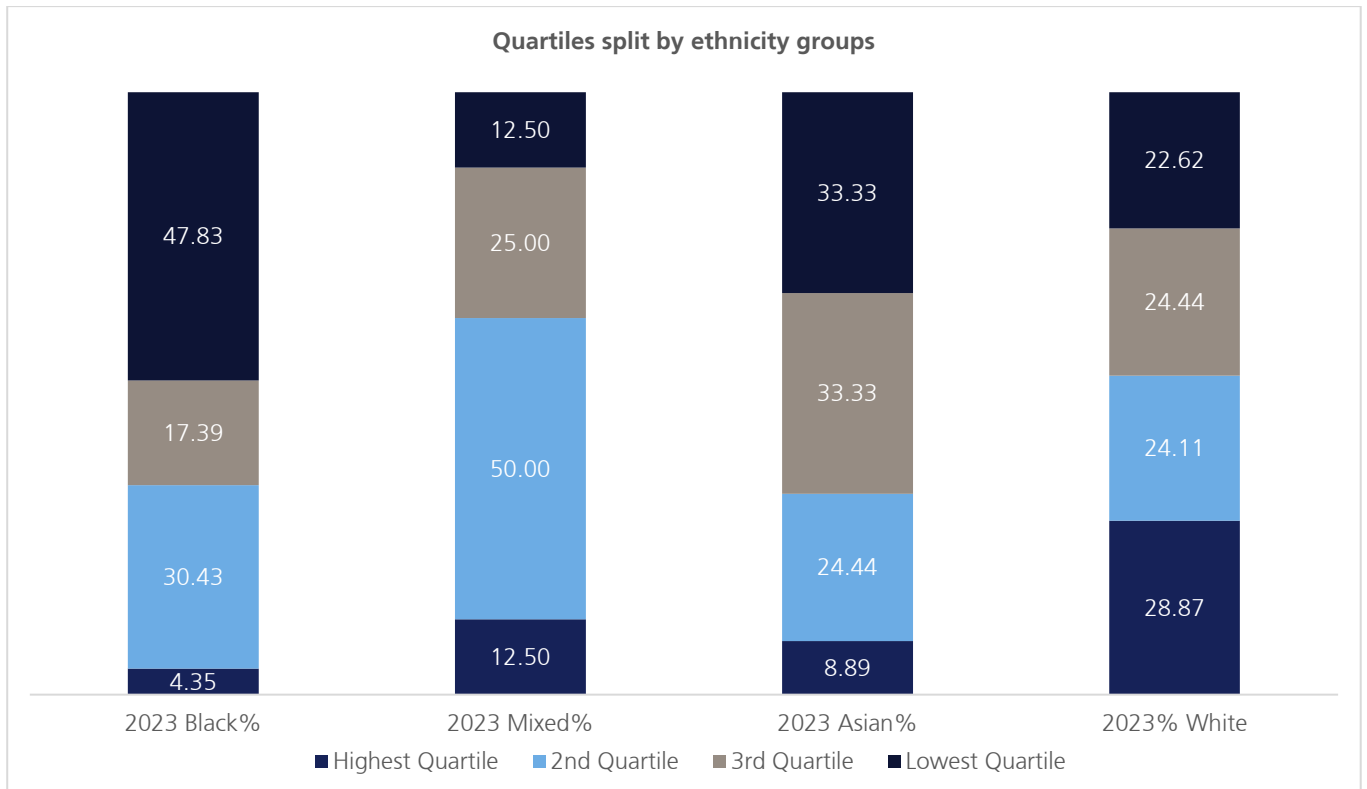
Proportion of white and ethnic minority groups in each quartile

We divided the hourly rates for our 415 staff members into quartiles, from largest to smallest hourly pay rate in order to derive the proportion of ethnic minority groups across our four pay quartiles:



Our declared ethnic minority demographic is 18.7% of our population. We have a good spread of ethnically diverse people across our first, second and third quartiles. Similar to our gender quartiles, we have less representation in our highest paying quartile currently.

We also reviewed the representation of different ethnic minority groupings (Asian, Black, Mixed and White) across our four quartiles:



Both graphs illustrate that we have a small percentage of staff from all ethnic minorities across all four paying quartiles.

However, when we review across the different ethnic minority groups, we can see that the pay quartile distributions vary. Whilst 65% of our black population are in the two lowest paying quartiles, 62.5% our mixed ethnicity population are placed in our two highest paying quartiles. Ideally, we would expect to see a more equal distribution of all ethnicities across all pay quartiles (circa 25% across every quartile, similar to our white ethnicity quartile spread) and something we will continue to measure in the coming years.

Overall, now that we have over 90% of our people’s ethnicity data, we expect our upcoming ethnicity pay gap reports to provide us consistent data outputs that we can take confidence in and utilise when aligning our current and new progression and promotion opportunities as well as ensuring fairness in our recruitment and people development practices. We are dedicated to improving ethnic diversity across our business and creating an inclusive environment for individuals from all ethnicities.

Appendix A: Pay Gap Definitions

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

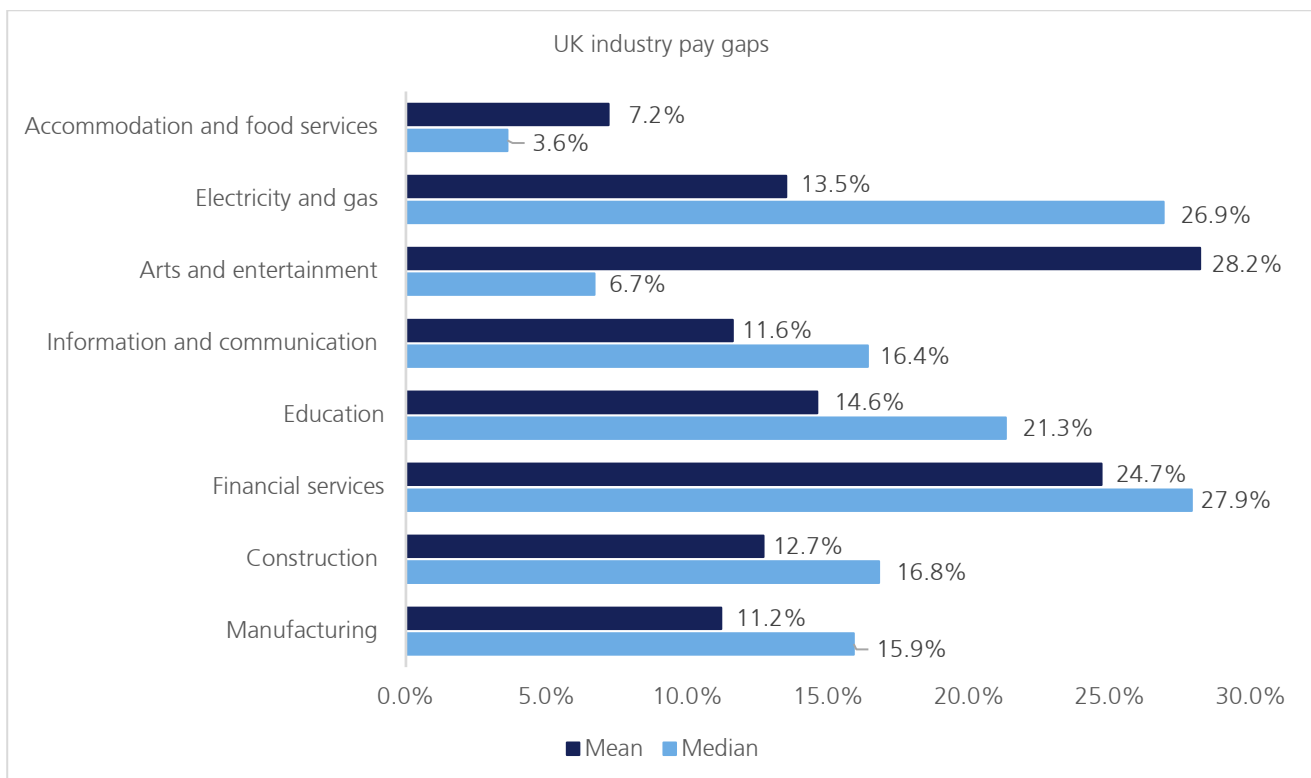
Hourly pay: calculated on what had been paid in the period including the 'snapshot date' (i.e. in the April 2023 payroll). This snapshot data is the monthly pay for April not annual salaries. As we pay our annual bonuses in April, the total hourly rate incorporates the bonus for the 2022 review year, which does widen the pay gap. It also means that we are, to some extent, double counting the bonus which is explained 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 2022 to 5 April 2023). For the vast majority, this is the bonus that was paid in April 2021.

Mean: represents the difference between the average of male, female, 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 male, female, white and ethnic minority groups' pay.

Appendix B: UK Industry Pay Gaps 2023



[Office of National Statistics](#)

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