

2022 UK Gender and Ethnicity Pay Gap

PAY GAP REPORT

Foreword

People are at the heart of everything we do at Baringa.

Our culture is defined by our people, from the significant equitable steps we make as a business, to the smaller daily actions of our people, we create impact and 'everyday inclusion' becomes reality.

We believe that by fostering a culture that empowers our colleagues and clients from all backgrounds to be their full and authentic selves, we get the best from our people, and in return our clients and the community get the best from us.

Increasing our gender and ethnic diversity at Baringa is a continued focus of ours **and we've seen growth from last year of our female representation in the UK** (43% – April 2022) (+7% 2021) and **ethnically diverse representation** (20% – April 2022) (+3% 2021).

At our senior leadership levels (Director and Partner) we are also benefiting from more female leaders (24% – April 2022) (+4% 2021) and ethnically diverse leaders (12% – April 2022) (+1 2021). We know there is a long journey ahead of us to achieve gender parity across levels and be truly representative of the community we work in, and that's something we are committed to and holding ourselves accountable on. This is a change we want (and need) to see.

We are happy to share that our **2022 gender pay gaps have reduced significantly this year.** Our mean pay gap is **20.9%, this is a 2.9% decrease from 2021** and our median pay gap has the most significant reduction and is now at **21.0% – this is a 13.2% decrease since 2021.** When we first started reporting on the gender pay gap in 2017, we knew that the way for us to see real and sustainable change was to grow our female talent organically, and we're proud to have kept aligned to that effort through the years. We are now *starting* to see that commitment come to fruition.



Foreword



Our 2022 report also marks our second-year of reporting on our ethnicity pay gap. We're extremely proud that we have increased our ethnic diversity in the UK, and as such, have a greater depth of data to pull insights from which has given us blended results.

We're pleased to see that our **Black talent's** mean and median pay gaps have both reduced – our mean pay gap is 24.8% which is a 14.7% reduction, and our median pay gap is now 31.3% which is a 15.2% reduction from the 2021 results, however our pay gaps for our Asian and Other Ethnic Diversity talent have increased.

We believe these changes stem from an increase in representation of these groups in the lower and lower-mid quartiles compared to last year, which weighted towards the upper-middle and upper quartiles.

Overall, our **Total Ethnically Diverse (Black, Asian and Other Ethnic Diversity talent combined) shows a reduction in mean and median pay gaps.** Similarly, to our approach with the gender pay gap, we intend to increase our ethnically diverse representation towards the junior ends and grow the talent organically. Both reports highlight that our challenge is not pay disparity or equal pay for equal work but ensuring Baringa has greater female and ethnically diverse representation, at leadership level. We want to ensure we are upskilling and investing in our colleagues to progress through the quartiles. Whilst this takes time, we believe it is the most effective way to achieve substantial and sustainable change.

We are richer for the diversity we have at Baringa, and we are actively sharing equitable opportunities to become even more diverse and inclusive at every level. Our great progress this year inspires us to continue our work, because we've proven to ourselves that meaningful change is possible. We know real change takes time and huge dedication, both of which we promise to continue to give. We are determined to be a truly diverse company where everyone feels that they belong.



Katy Mirzaie DEI Partner Sponsor

Putting people first. Creating impact that lasts.

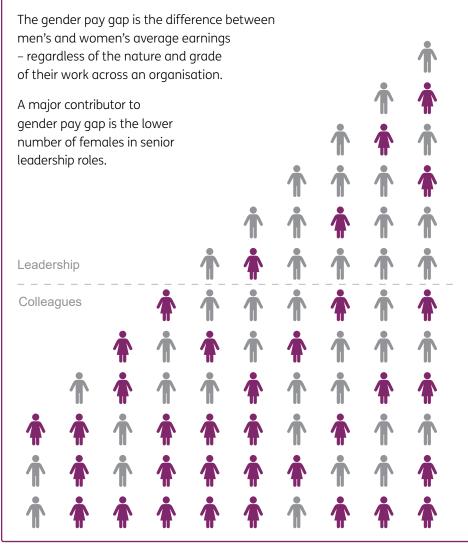
Ethnicity pay gap

Gender pay gap



Gender pay gap report explained

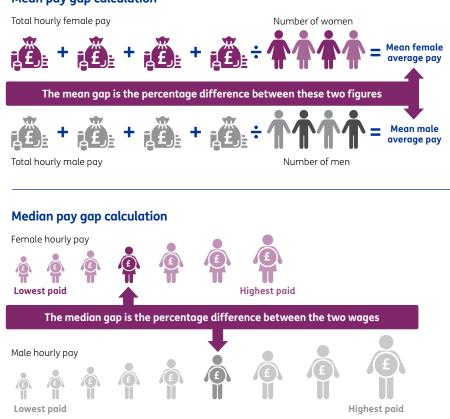
What is the gender pay gap?



How we calculate the median and mean gaps

We have followed the calculation methodology set out by the Government Equalities Office (the main governing body of Gender Pay Gap) to report our mean and median gender pay gap, bonus gap and distribution across quartiles.

Mean pay gap calculation



Gender pay and bonus gap – Results

Pay gap

We are happy to see a strong reduction in our mean and median pay gaps.

Our 2022 mean pay gap is 20.9%, this is a **2.9% decrease** from 2021 and our median pay gap has the most significant reduction, now at 21.0% – **this is a 13.2% decrease** since 2021.

These reductions are reflective of the rebalancing across quartiles with more males paid within our lower quartile (+2%) and more females sitting within the upper quartile (+3%). In our 2019-2021 gender pay gap reports, we cited our commitment to growing our female talent within the business organically and recognised this would be a long journey before seeing results. Our 2021 promotions reflect these efforts with 46% of all UK promotes identifying as female, and 39% of Director and Partners – (see further breakdown in the report below). We are delighted to have started seeing the impact of this commitment in our 2022 pay gap results and will not lose traction or commitment to furthering this change.

Uur pay gap* for 2022 has reduced

	2019	2020 (exc. furlough	2020 (inc. furlough)	2021	2022	Differential
Mean pay gap	23.5%	8.1%	24.1%	23.8%	20.9%	-2.9%
Median pay gap	29.5%	26.0%	34.3%	34.2%	21.0%	-13.2%
Mean bonus gap	37.6%	41.0%	41.0%	40.6%	38.7%	-1.9%
Median bonus gap	46.3	51.2	51.2	52.8	46.4	-6.4

*Please note, pay gap data includes only UK salaried colleagues, and excludes partners who are owners of the business.

Bonus

We've also seen a reduction in our mean and median bonus gaps.

Our 2022 mean bonus gap is 38.7%, **a reduction of 1.9%** and our median bonus gap is 46.4%, **a reduction of 6.4%**. Whilst our bonus gaps are reducing, and we are pleased we are heading in the right direction, we note that our bonus gaps are much too high.

100% of men and women in Baringa received a bonus in 2022, however our bonus structure takes into consideration tenure. It will take a little while for our efforts to attract more diverse talent into the firm, for this to flow through the full three years of our profit share 'tail'.

(i) 100% of women received bonuses in 2022

	2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
% of employees who received a bonus	100%	99.7%	100%	100%	100%	100%	100%	100%
Lower quartile	36%	64%	40%	60%	37%	63%	39%	61%
Lower-middle quartile	53%	47%	50%	50%	49%	51%	43%	57%
Upper-middle quartile	62%	38%	60%	40%	63%	37%	54%	46%
Upper quartile	75%	25%	77%	23%	70%	30%	70%	30%
Company wide	58%	42%	57%	43%	55%	45%	52%	48%

FY22 recruitment – Gender diversity

New hires

- 46% of all new joiners in the UK identify as female of all UK hires, above the 40% of male recruits who shared their gender. 46% female recruits exactly mirrors that of FY21.
- 39% of our UK Director & Partner (D&P) hires are female, an increase (+14%) from 25% in FY21.

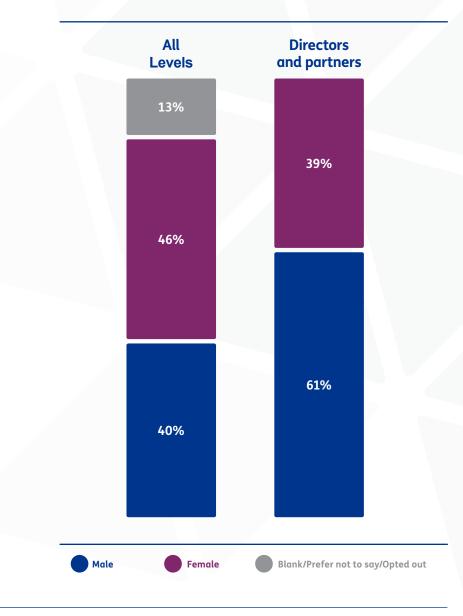
How this feeds into our wider UK representation*

- 43% UK identify as female (+7%) from 36% in April 2021
- 24% UK Director and Partners identify as female, (+4%) from 20% in April 2021.

These increases are due to a combination of greater equal opportunity data completion rates and a greater number of diverse candidates being recruited.

We strive to reach gender parity at Baringa and are proud of the steps forward we have taken year on year in this journey. We take simple steps from ensuring our job descriptions include gender neutral language, and terms which implore all candidates to apply rather than using specific masculine terms, as well as ensuring our female candidates always have an opportunity to meet our female talent along their recruitment process.

With focused equitable leadership programmes (e.g. female leadership programme), we aim to see our female colleagues progressing through to the upper quartile and Partnership. We recognise that recruiting well is only half the battle and ensuring that our female colleagues feel valued, invested in, and see a future with us is crucial in increasing our female leadership.



 $^{*95\%}$ of colleagues in the UK have consented to share their equal opportunity data

FY22 promotions – Gender diversity

Promotion data

Our commitment to growing our female talent is reflected in our FY22 stats which show:

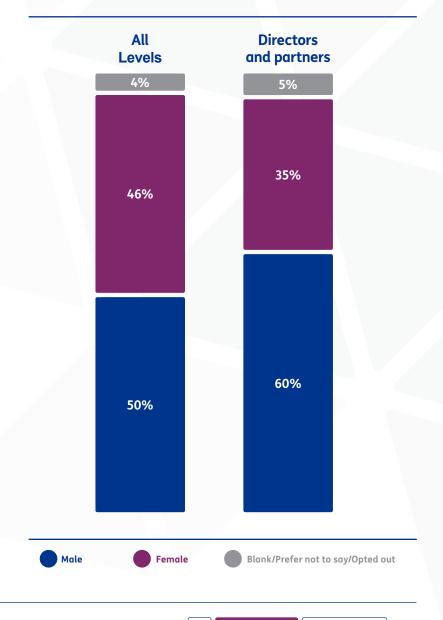
- 46% of all UK promotes were female*. This is above our 43% UK female representation as of April 2022.
- 35% of UK Director and Partner promotes identified as female. This is up (+6%) from our 2021 report at 29%. This increase in female D&P promotes is reflected in our overall female identifying UK Director and Partners which now equates to 24% of UK leadership (+4%) from 20% in April 2021.

We continue to ensure that our promotion process allows everyone the same opportunity to success with a clear expectations matrix where all promote applicants complete with their advisor. This is then taken to their leadership team to discuss the merit of it, before then qualifying to be reviewed at the final promotion committee where every promotion case is reviewed and tested. On top of this, we then review our promotion rounds (4xpa) by gender and ethnicity to ensure no demographic is being under-represented in the process.

We remain committed to developing our talent organically with the intention of retaining our leaders of the future.



*95% of colleagues in the UK have consented to share their equal opportunity data



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Gender action plan

Our focus areas to drive us forward as we continue our journey to gender parity

In Feb 2021, we launched a number of key actions we committed to taking in order to reduce the gender pay gap and ensure we are consciously and considerately building our female talent pipelines, from our graduate programmes through to our senior leadership.

In the last year we have made progress, both in our gender pay gap and against our action plan, but there is more for us to do.



10 focus areas



1. Educate the business on the Gender Pay Gap Report – what it is and what influences it.



2. Promote the intersectional female experience.



3. Introduce a regular focus group for women to share in a safe space.



4. Review recruitment and promotion processes.



5. Enhance the female development offering to ensure we supporting our female talent across all levels.



6. Run an employee lifecycle review to improve processes and mitigate bias.



7. Continue to review policies and bridge where there may be any gaps in relation that relate to the female experience.



8. Improve our external presence – attending/sponsoring events as well as submitting awards to amplify the incredible female talent and work we do in this are.



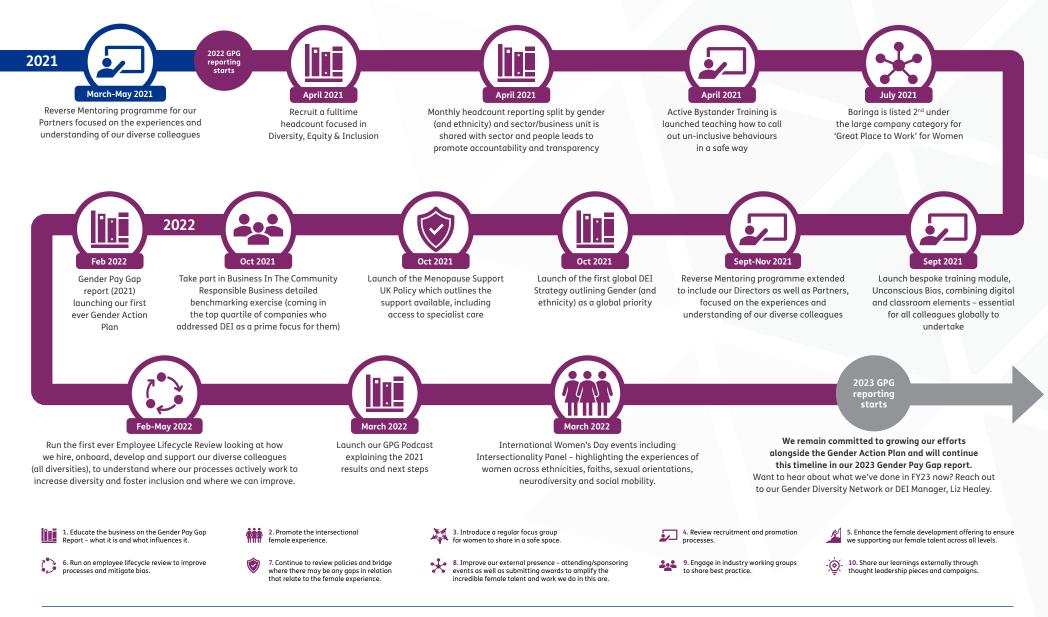
9. Engage in industry working groups to share best practice.



10. Share our learnings externally through thought leadership pieces and campaigns.

Gender action plan

We are keeping ourselves accountable by sharing what we've done. See below the actions we've taken as we continue our journey to gender parity.

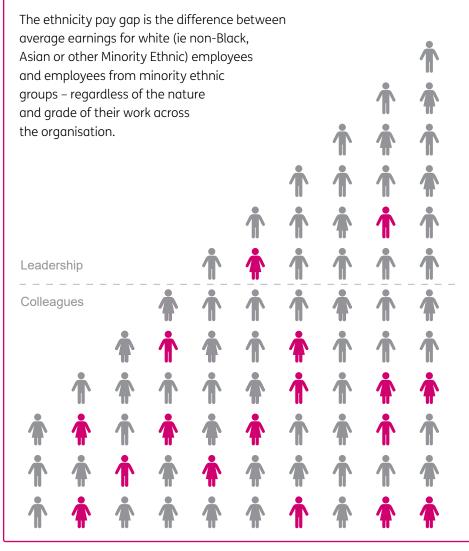


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Ethnicity pay gap

Ethnicity pay gap report explained

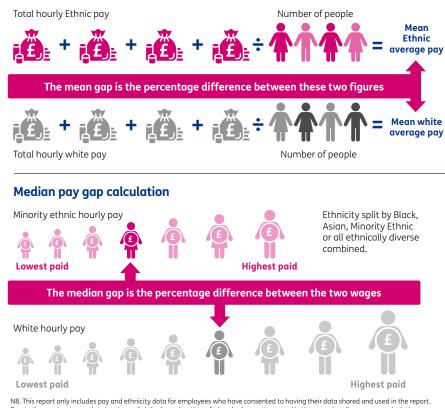
What is the ethnicity pay gap?



How we calculate the median and mean gaps

We have followed the calculation methodology set out by the Government Equalities Office (the main governing body of Gender Pay Gap) to report our mean and median ethnicity pay gap, bonus gap and distribution across quartiles.

Mean pay gap calculation



NB. This report only includes pay and ethnicity data for employees who have consented to having their data shared and used in the report. Due to the pandemic, our data has been slightly skewed as those furloughed are not counted in the mean/median pay gap calculations (but are in the bonus data). While mean and median pay and bonus data has been collated for both consulting and corporate employees.

Ethnicity pay gap – Results

86% of colleagues in the UK disclosed their ethnicity on the snapshot 5 April 2022

We have seen a significant change in our 2022 ethnicity pay gap results from our first-year reporting in 2021.

Our overall ethnically diverse representation has increased (excluding partners and only of those who have consented to share their data) to 26%, **up from 22% in 2021.** Whilst there is a blended outcome, we are happy with how the pay gaps have reduced for our Black colleagues and Total Other Ethnically diverse colleagues, whilst our pay gap for our Asian colleagues and Other Ethnically diverse colleagues has increased.

Ethnicity		Mean		Median			
pay gap	2021	2022	Differential	2021	2022	Differential	
Black	39.5%	24.8%	-14.7%	46.5%	31.3%	-15.2%	
Asian	4.2%	7.4%	3.2%	0.0%	8.7%	8.7%	
Other Ethnic Diversity	9.4%	9.5%	0.1%	10.4%	11.7%	1.3%	
Total ethnically diverse	10.6%	10.4%	-0.2%	14.3%	11.7%	-2.6%	

BLACK – We are delighted to see a significant pay gap reduction for our Black colleagues. Our 2022 mean pay gap is 24.8%, a reduction from 39.5% in 2021 (-14.7%), and our median pay gap is 31.3%, a reduction from 46.5% in 2021 (-15.2%). This is due to the rebalancing across levels as highlighted in the upper-middle (3%) and upper pay quartiles (2%) as detailed above. This is a big improvement in comparison to 2021 where both upper middle and upper quartiles had only 1% Black talent representation. Whilst our Black talent remains anchored towards the junior levels of the business (lower quartile and lower-middle quartiles) we are starting to see Black talent progress to more senior levels of the business and in turn, this has helped us reduce our Black talent pay gap. As our Black talent continues to progress to more senior levels (and therefore throughout the quartiles) our Black talent pay gap will reduce. We recognise this is not a quick solution, and expect this, similarly to the gender pay gap report, to take years of consistent and committed actions before nearing parity.

ASIAN – There has been a clear increase in our 2022 mean and median pay gaps from our 2021 results for our Asian colleagues. The Asian talent mean pay gap is now 7.4% (+3.2%) up from 4.2% in 2021 and our median pay gap is 8.7% (+8.7% up from 0.0% in 2021. This pay gap increase is due to the increased representation at more junior levels, ie the lower quartile 10% (+4%) and lower-middle quartiles 19% (+4%), rather than attrition at our more senior levels. This is in line with our approach to recruit and grow our Asian talent organically. As our talent progresses through the quartiles, we will see a reduction in the Asian talent pay gap but recognise it will most likely get worse before it gets better.

Ethnicity pay gap – Results

OTHER ETHNIC DIVERSITY – Our pay gap results for Other Ethnic Diversity talent has increased slightly since 2021. The mean pay gap is 9.5% (+0.1%) and the median pay gap is 11.7% (+1.3%). Our representation has also grown to 7% in 2022 (+1%) most notably at our upper-middle quartile at 8% (+ 2%) since 2021 which is where we understand the small reduction in mean pay gap to stem from. Whilst this is not moving in the direction we want, we are not worried actively worried but will keep a close eye on our efforts to ensure it does not grow into a problem. As with our Black and Asian talent approaches, we intend to recruit our diverse talent at our junior end to the develop and retain them into future leaders. As we recruit more Other Ethnically Diverse talent, it may increase our pay gap before reducing as they progress.

TOTAL ETHNICALLY DIVERSE – We are happy to see an overall reduction to total ethnically diverse pay gaps (our Black, Asian and Other Ethnically Diverse pay gaps combined). There is a slight reduction in our mean pay of 10.4%, a 0.2% reduction from 2021, and a greater reduction of 2.6% at median pay gap which is now 11.7%. As we have highlighted across the demographics, we have seen an **increase in of representation across all lenses which we believe has had a positive impact on our 2022 pay gap results.** Whilst we have made significant improvements with our pay gap for Black talent, we recognise we have much further to go before our Black colleagues pay gap align to our Asian, Other ethnic diversity or gender pay gaps. Black talent now equates (excl. Partners) to 4% of representation at Baringa (excluding Partners) which is something we are committed to improving. In doing so, we believe we will see further improvements in the pay gaps.



Ethnicity bonus gap – Results

Ethnicity		Mean		Median			
bonus gap	2021	2022	Differential	2021	2022	Differential	
Black	55.2%	49.6%	-5.6%	66.4%	57.8%	-8.6%	
Asian	10.1%	13.1%	3.0%	9.6%	17.9%	8.3%	
Other Ethnic Diversity	5.5%	15.0%	9.5%	22.1%	15.5%	-6.6%	
Total ethnically diverse	15.9%	18.7%	2.8%	28.7%	24.2%	-4.5%	

Pay			Other	Total	Non-			
quartiles	Black	Asian	ethnically diverse	ethnically diverse	ethnically diverse			
2022								
% employees who received a bonus	100%	100%	100%	100%	100%			
Lower quartile	7%	14%	8%	29%	71%			
Lower-middle quartile	3%	19%	6%	28%	72%			
Upper-middle quartile	3%	16%	8%	27%	73%			
Upper quartile	2%	12%	5%	18%	82%			
Company wide	4%	15%	7%	26%	74%			
		2021						
% employees who received a bonus	100%	100%	100%	100%	100%			
Lower quartile	8%	10%	8%	26%	74%			
Lower-middle quartile	3%	15%	7%	24%	76%			
Upper-middle quartile	1%	17%	6%	24%	76%			
Upper quartile	1%	10%	5%	15%	85%			
Company wide	3%	13%	6%	22%	78%			



100% of our Black, Asian and Other Ethnic Diversity colleagues received a bonus in FY22.

Whilst our ethnic diversity has increased, we recognise that our bonus structure takes into consideration tenure (up to 3 years). We believe the impact of tenure is what has slowed the reduction in the bonus gaps. This, coupled with the increase in Asian and Other Ethnic Diversity representation at our more junior levels (the lower and lower-middle quartiles), that have increased their pay gaps will in turn have influenced their bonus gaps. Similarly, to our pay gap approach, as our diverse talent progresses through to more senior levels (and thus quartiles), the bonus gaps will begin to reduce, however we fully expect this to take slightly longer.

BLACK – Similarly with the Black pay gap reductions, we're happy to see this trend reflect in our mean and median bonus gaps for Black colleagues. The mean bonus gap is now 49.6% (-5.6%) and the median bonus gap is now 57.8% (-8.6%). We recognise that whilst we are moving in the right direction, the bonus gap is still extremely high. The reduction in both bonus gaps for our Black talent is due to a number of our Black talent has progressing through the business which however we know the (still) high Black talent bonus gap overall is a direct result of our Black talent being anchored towards our more junior levels of the business (lower quartile and lower-middle quartiles). Our Black talent pay gap has reduced at a far faster rate between 2021-2022 in comparison to our Black talent bonus gap. This is due to bonus structure that is impacted by tenure (up to 3 years) therefore we believe we will see a continued reduction year on year as the bonus gap catches up with the pay gap reductions.

Ethnicity bonus gap – Results

ASIAN – Our bonus gap has increased for our Asian colleagues. The mean bonus gap is 13.1% (+3%) and the median bonus gap is 17.9% (+8.3%). This is due to a shift in where our Asian talent is anchored in the business. In our 2021 report, our Asian talent was anchored towards the more senior levels (upper-middle and upper quartiles) whereas in this report, we have increased our Asian representation at the more junior levels (lower quartile and upper-lower quartiles) in an effort to build a more diverse business. This is aligned to our approach to recruit diverse talent at our junior levels and develop them into our leaders of the future. We know this approach may increase our bonus gap before it gets better.

OTHER ETHNIC DIVERSITY – We have blended results for our other ethnically diverse talents bonus gaps. The mean gap has increased to 15% (+9.5%) whilst the median pay gap has reduced to 15.5% (-6.6%). This is due to the increase in other ethnically diverse representation at our more senior levels (uppermiddle and upper quartiles). Whilst ordinarily we'd expect both to reduce in tandem, we recognise that due to our bonus structure which takes tenure into account (up to 3 years) there will be a slight delay before the mean bonus gap catches up. As our talent continues to progress to more senior levels, the bonus gap will in turn reduce.

TOTAL ETHNICALLY DIVERSE – We have blended results for our bonus gap for Total Ethnically Diverse colleagues (all Black, Asian and Other Ethnically Diverse colleagues combined). The Mean bonus gap has increased to 18.7% (+2.8%) however the median bonus gap has reduced to 24.2% (-4.5%). Whilst we have seen some significant reductions in bonus gaps across individual groups, particularly with our Black talent, collectively, ethnically diverse representation continues to be weighted towards the more junior levels of the business (lower and lower-middle quartile.) This coupled with the impact of tenure (up to 3 years) on the bonus, we believe the bonus gap reductions will take a longer time before we see a significant reduction in the total ethnically diverse bonus gap.



FY22 recruitment – Ethnic diversity

New hires*

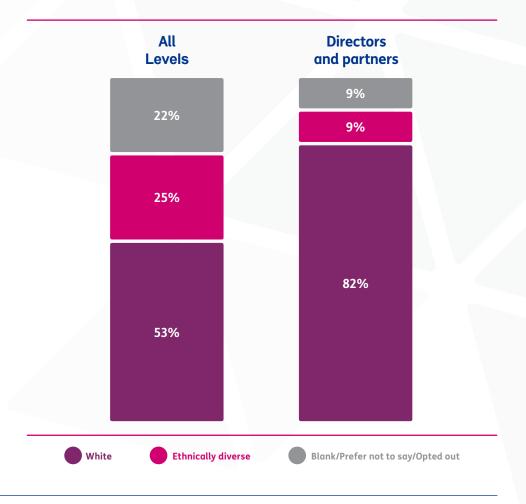
- 25% of all our new UK hires have been ethnically diverse, which is a slight reduction (-1%) on FY21 at 26%. We believe the year on year % difference is in part, reflective of the significant increase in roles recruited in FY22, compared to FY21. Whilst the % has decreased, the actual number of colleagues brought into the business has increased substantially.
- **9% of our Director and Partner recruits were ethnically diverse in FY22.** We recognise this is an area of development and are currently reviewing how we can improve this through improved and expanded recruitment partnerships, refining our recruitment processes (both attraction and selection) and increasing our external presence to truly highlight our inclusive aims and culture as a business.
- **3% of recruits in FY22 identified as Black, (+1%) from 2% in FY21.** We believe the increase in Black recruitment is in part, due to our efforts such as partnering with BYP (Black Young Professionals). This is also above the 2.5% Black community in the UK (Black, Black British, Black Welsh, Caribbean or African: African) as stated in the 2021 ONS Ethnicity census. Whilst this number is not where we'd like it, it is moving in a positive direction and have already seen the impact of this recruitment on our EPG and our growing Black at Baringa Network. We remain committed to increasing the number of Black colleagues in our business.

How does the diversity of our FY22 recruits breakdown:



How this feeds into our wider UK representation

- 20% of UK colleagues identify as Black, Asian of Other Ethnically Diverse, (+3%) from 17% in 2021 please note this statistic also includes Partners.
- 12% of Directors and Partners identify as Black, Asian and Other Ethnically Diverse (+1%) from 11% in 2021.



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FY22 promotions – Ethnic diversity

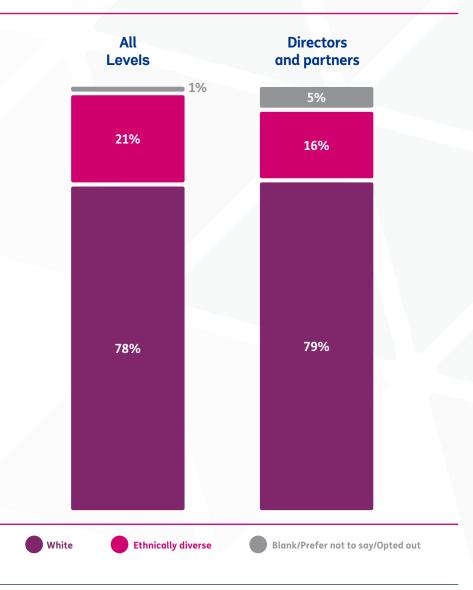
Promotion data

Our commitment to growing our Black, Asian and Other Ethnically Diverse talent is reflected in our FY22 stats which show:

- 21% of UK promotes were ethnically diverse. This is above our ethnically diverse population of 20% at Baringa (as of 1 April 2022 UK) but lower (-4%) from FY21 promotions.
- 16% of our Director and Partner promotes were ethnically diverse but lower (-4%) from FY21 promotions. Whilst we recognise this is not where we want it, we know to see real change at our Directors and Partners levels, we first need to build a greater pipeline of ethnically diverse talent at our Manager and Senior Manager levels to develop steadily into these roles. As our ethnically diverse representation grows in our Manager and Senior Managers, in turn so will our Director and Partner promotes.

We continue to ensure that our promotion process allows everyone the same opportunity to success. This starts with a clear expectations matrix where all promote applicants complete a promotion case with support of their advisor, which is then taken to their leadership team to discuss the merit of it, before then qualifying to be reviewed at the final promotion committee where every promotion case is reviewed and tested. On top of this, we then review our promotion rounds (4xpa) by gender and ethnicity to ensure no demographic is being under-represented in the process.





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Ethnicity action plan

10 Commitments to Anti-Racism

Towards the end of 2020 we launched our 10 Commitments to Anti-Racism to ensure we are consciously and considerately building our Black, Asian and Other Ethnically diverse talent pipelines, from our graduate programmes through to our senior leadership. In the last 2 years we have made progress however we know we are in the early chapters of our change and have further to go in building a truly diverse and equitable business.

Statement – Dec 2020

"We are wholeheartedly against racism and prejudice of all forms.

We have been taking this time to listen and understand how Baringa can drive a positive change, which reflects our promise to change any behaviours and processes within Baringa that create a different employee experience for our Black, Asian and Minority Ethnic people, and, in particular, our Black colleagues.

We are committed to creating and sustaining a business that attracts diverse talent, provides a consistent work experience and equitable opportunities for career progression for all our people.

Going forward, we will do the work required to be more anti-racist. Now is a time to drive the change, to work together, and to make a stand."

Our 10 commitments





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