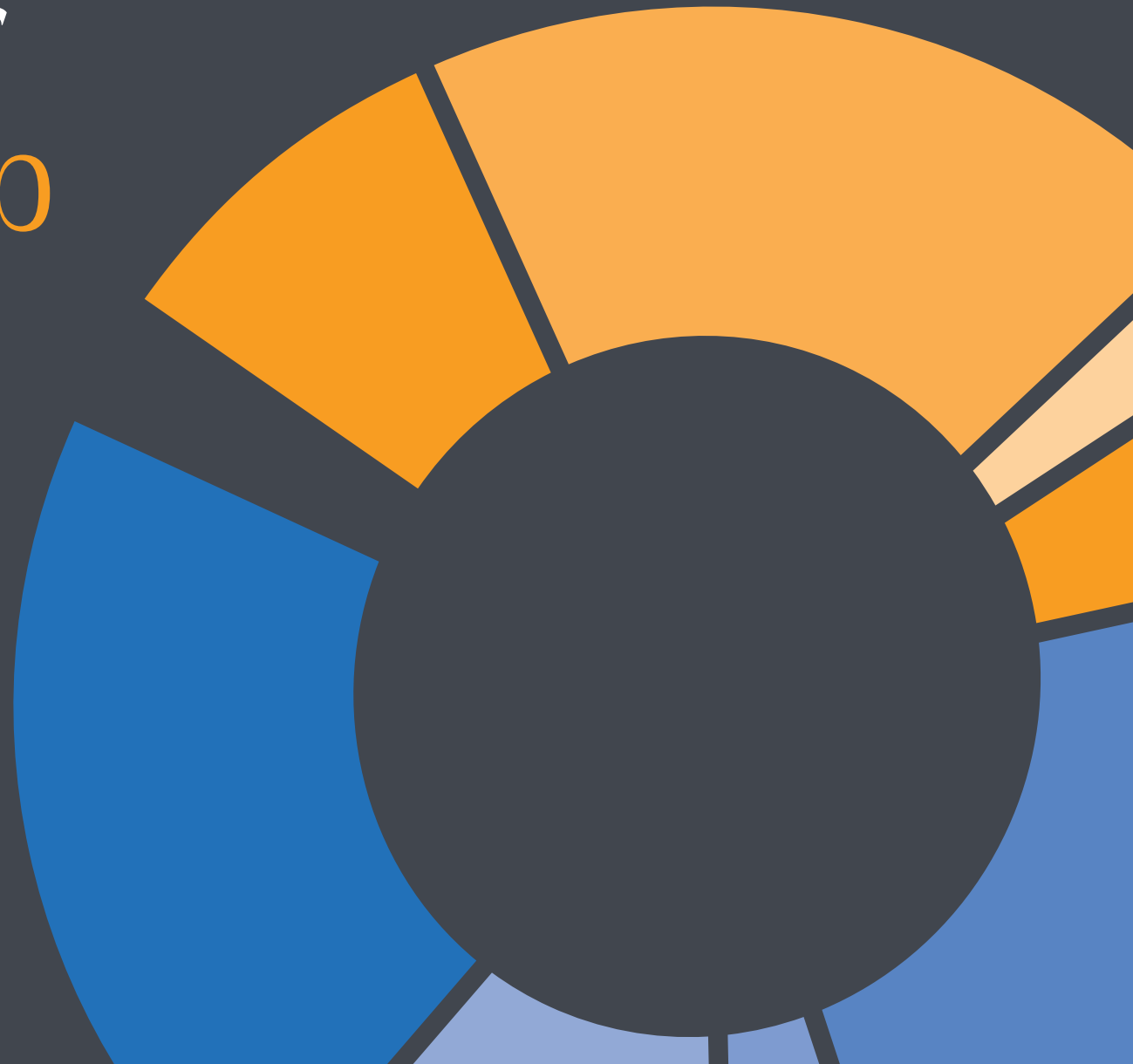


ARTHUR COX

DECEMBER

2022

Gender Pay Gap Report



Introduction

At Arthur Cox, we are committed to creating an environment where every employee feels valued and supported so they can achieve their full potential. We recognise the importance of a balanced gender representation throughout the business, particularly at partner and executive level.

We are focused on supporting women to advance their careers and to reach leadership positions. Our overall compensation philosophy is founded on the principles of equality and fairness, which are essential in attracting, retaining and developing key talent. Our goals with this report are to be transparent about where gender pay gaps exist and to share our action plans to address areas in need of improvement.

Equality, Diversity and Inclusion (EDI) is central to the culture and ethos of Arthur Cox. Our overarching purpose is to represent all-round excellence in the law firm experience, for both clients and our people. We recognise and reward talent, excellence, ambition and commitment regardless of gender or other aspects of diversity. This is reflected in our latest EDI Strategy, which will be launched in early 2023. It focuses on four pillars: Gender, Race and Ethnicity, LGBT+ and Disability and Neurodiversity. Our EDI Strategy will help us focus on our initiatives and commitments and will play an important role in the Firm's strategic direction in the medium term.

In 2020, we set targets for female representation at partner level by 2028, and have delivered on our targets as follows:

TARGET	CURRENT STATUS
To increase the percentage of female equity partners to 30%	Currently at 27%
To increase the percentage of all female partners (fixed share and equity) to 40%	Currently at 40%

Our Gender Diversity Initiatives

The following key initiatives have been core to our Gender Diversity Strategy in recent years. They ensure our continued support for female employees as they progress through Arthur Cox, that periods of leave are supported, and that there is equal access to high quality work and development opportunities.

Sponsorship and mentoring:



We operate sponsorship and mentoring programmes which support the development of employees at every stage of their career. These programmes are reviewed regularly to ensure they are achieving their purpose. For senior female lawyers, we focus on tracking the impact on their progression through sponsorship review and feedback.

Women's networking programme:



This is designed to support the development of business relationships and networks across the Firm and with our partners.

IMI/30% Club mentoring programme:



This programme ensures that both men and women have the opportunity to benefit from mentoring by senior leaders outside the Firm.

Work allocation:



There is oversight to ensure our legal professionals are receiving the appropriate work and client exposure.

Progressive and supportive leave policies and ways of working:



Our progressive policies are designed to support family-friendly leave such as parental, paternity, fertility and maternity leave, including maternity and parental coaching support. In February 2022 we launched our 50% hybrid working policy, and continue to explore new ways of working and to provide flexible working arrangements to support our people to achieve greater work-life balance.

What is the Gender Pay Gap?

The Gender Pay Gap shows the difference in the average hourly rate of pay between men and women in an organisation, expressed as a percentage of average male earnings. This is different to equal pay, which is the legal requirement to pay men and women equally for the same work.

A positive percentage means that the data is favourable to male employees while a negative percentage means that the data is favourable to female employees. The closer the percentage is to zero, the narrower the gap.

We are required to report on mean and median data – mean hourly rate is the same as the average hourly rate, whereas the median hourly rate is the middle data point in a range of hourly rates.

+%

A positive percentage means that the data is **favourable to male employees**

-%

A negative percentage means that the data is **favourable to female employees**

Mean rate = average rate

Median rate = middle point in a range

What's in the Data?



The Gender Pay Gap Information Act 2021 requires each employer with 250 employees or more to publish gender pay gap reports. Both Arthur Cox Unlimited Company (the “Company”) and Arthur Cox LLP (the “Firm”) have more than 250 employees and as such each has its own reporting obligation.

We have chosen the snapshot date of **30 June 2022** for the purposes of our reporting requirements.

The Firm mainly remunerates those who do fee earning work for clients.

The Company mainly remunerates those who work in business services and support roles as well as trainees.

Our **equity partners** are owners of the business, are remunerated differently to employees and elements of their compensation are paid through both the Firm and the Company. In order to ensure full transparency, as well as calculating our mean and median gender pay gap for both entities for employees, we have also calculated our gender pay gap for both entities including equity partner remuneration.

We are fully committed to driving gender equality and improving female representation at all levels in the business. The inclusion of the equity partner data brings the focus and transparency required to achieve this.

Gender Pay Gap Summary

Key Findings

The mean gender pay gap for Arthur Cox – The Firm is 1%, in favour of male employees excluding equity partners.

The mean gender pay gap for Arthur Cox – The Company is -9%, in favour of female employees excluding equity partners.

The ideal position for the gap is 0%. We will work towards this and expect that our gender diversity initiatives will help us move closer to this position over the coming years.

GENDER PAY GAP (ALL EMPLOYEES - EXCLUDING EQUITY PARTNERS)

Note that the gender pay gap data includes all aspects of remuneration – including base pay and bonus.

When we exclude our equity partners from the dataset, the Firm has a mean gender pay gap of 1% and a median of 2%. The comparable gender pay gap for the Company shows a mean gender pay gap of -9% and a median of -12% in favour of female employees.

For the Company gap analysis, it is important to note that our business services teams, our more senior executives and our support staff are predominantly female, with more managerial positions held by women than men.

MEAN GENDER PAY GAP	
The Firm	The Company
1%	-9%

MEDIAN GENDER PAY GAP	
The Firm	The Company
2%	-12%

GENDER PAY GAP (ALL EMPLOYEES - INCLUDING EQUITY PARTNERS)

Equity partners are remunerated differently from other employees. This gender pay gap data includes equity partners and all elements of their compensation, including profit allocation.

The gender pay gap displayed here is predominantly driven by the distribution of genders across different roles and levels of seniority in the business and the fact that we currently have a significant majority of male equity partners. Male equity partners comprise 30% of the overall male pool in the Firm, whereas female equity partners comprise 8% of the overall female pool.

Therefore, it is easy to see the impact that equity partner compensation has on the averages of both gender pools.

Over time, with our partner representation targets, this gap should move closer to zero but we acknowledge the need to be realistic about our targets and understand that it will take time to close this gap.

There are no part-time or temporary contract male employees in the Firm which means there is no gender pay gap for these categories. For the Company, the part-time mean gender pay gap is 6% and the median is 13%. The temporary contract mean gender pay gap is -11% and the median is 0%. For both, there is no difference including or excluding the equity partners.

MEAN GENDER PAY GAP	
The Firm	The Company
52%	11%

MEDIAN GENDER PAY GAP	
The Firm	The Company
17%	0%

Gender Bonus Gap Summary

We used a similar approach for the gender bonus gap to the one used for the gender pay gap. Elements of equity partner compensation fall into the definition of bonus. We have included these elements in the calculation in line with our goal of being transparent.

GENDER BONUS PAY GAP (ALL EMPLOYEES - EXCLUDING EQUITY PARTNERS)

Calculating the gender bonus gap excluding our equity partners highlights that we still have employee gender bonus gaps that we need to address.

For the Company bonus gap analysis, the differential in favour of women is reflective of the fact that most of our business services employees are women.

MEAN GENDER BONUS GAP

The Firm

11%

The Company

-5%

MEDIAN GENDER BONUS GAP

The Firm

26%

The Company

-59%

GENDER BONUS PAY GAP (ALL EMPLOYEES - INCLUDING EQUITY PARTNERS)

When we include equity partners, we have a gender bonus gap for the Firm that is wider than we would like. It is important to note that this does not mean that our male partners receive more favourable bonuses than our female partners, as the representation issue already referenced is a major factor in the gap.

For the Company mean bonus gap analysis, once again the significant differential in favour of women is driven by the fact that most of our business services executives are women, in addition to our Company employees being predominantly women. This is a gap we need to address over time with improved male representation at executive and support staff levels.

MEAN GENDER BONUS GAP

The Firm

39%

The Company

-37%

MEDIAN GENDER BONUS GAP

The Firm

31%

The Company

-79%

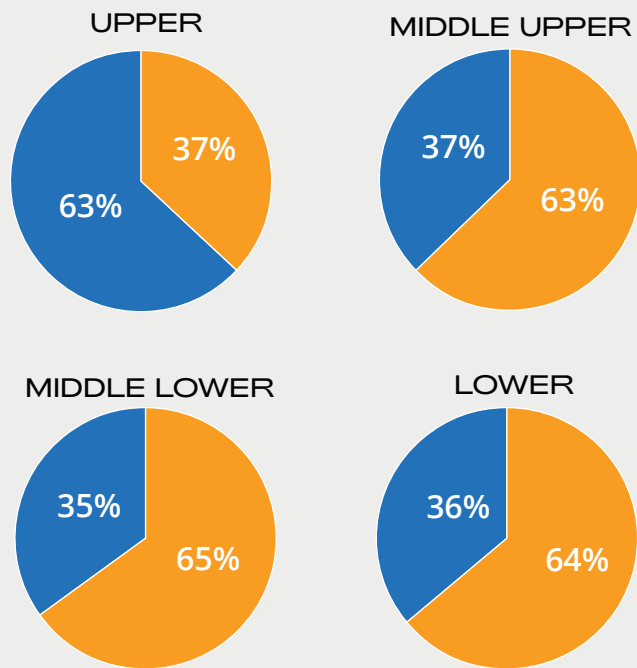
Quartiles

Including Equity Partners

Pay quartiles are calculated by dividing all employees in an organisation into four even groups according to their level of pay. Looking at the proportion of men and women in each quartile shows the gender representation at different levels of the organisation.

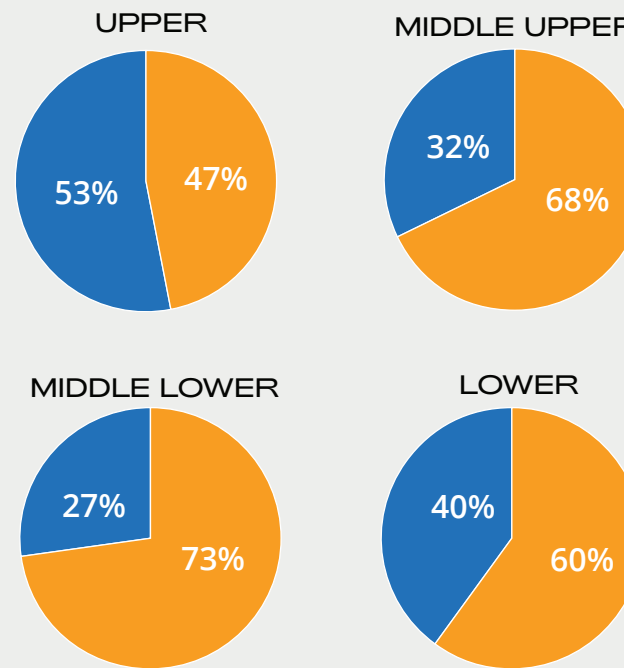
The Firm

These charts for the Firm show an overall majority female population, while the upper quartile is 63% male. This is driven by the percentage of equity partners who are male, and therefore in the upper quartile for pay. As we continue to progress our targets of improved female representation at senior levels, this will over time be represented in our upper quartiles.



The Company

These charts for the Company also show a majority female population. The upper quartile, which is split 53% male and 47% female, is comprised of equity partners, senior executives and senior business services employees. If we removed the equity partners, this would shift the gender division in the upper quartile from 47% female to 71% female.



Bonus and Benefits in kind

Including Equity Partners

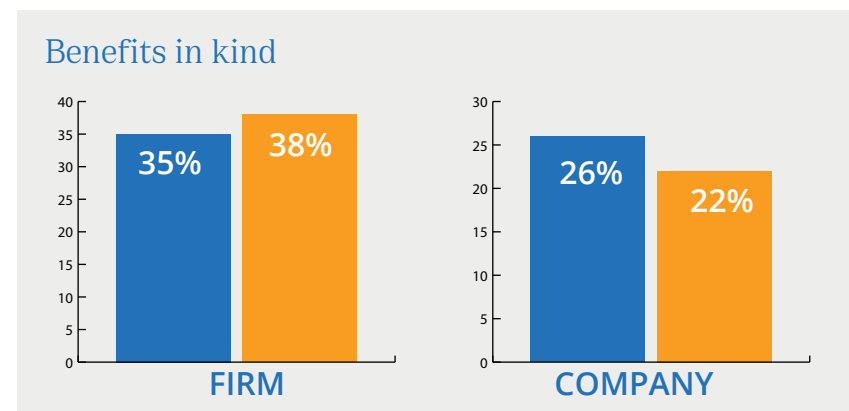
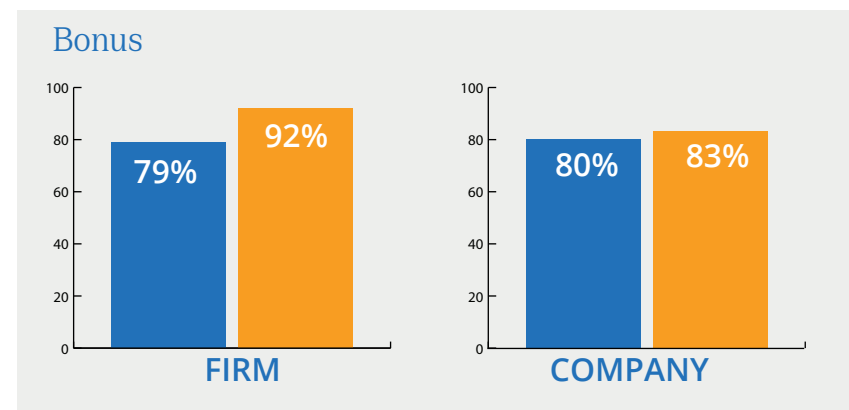
The Regulations also require us to report the percentage of women and percentage of men who receive a bonus and receive benefits in kind. Our bonus and benefits in kind are operated on an equal opportunity basis.

As of the snapshot date in June, 79% of men and 92% of women employed by the Firm had received a bonus during the previous 12 months. Of those employed by the Company, 80% of men and 83% of women had received a bonus during the previous 12 months.

At any given time, not everyone working in the Firm is eligible for a bonus as employees need to have at least six months' service before being eligible.

As of the snapshot date in June, 35% of men and 38% of women employed by the Firm had received benefits in kind during the previous 12 months. Of those employed by the Company, 26% of men and 22% of women had received benefits in kind during the previous 12 months.

For benefits in kind, this primarily includes benefits such as conveyancing and gifts from the Firm for key occasions (wedding, family events), which apply equally to all employees. We were pleased to provide Health Insurance for all employees effective July 2022, which will be reflected in next year's report.



■ % Men ■ % Women

Our Action Plan

In 2020, we published our strategy to accelerate our progress and achieve greater representation of women at all levels in the business, especially at senior level. As mentioned previously, we have already achieved one of the goals set out as part of this strategy, namely to increase the percentage of all female partners to 40%. However, we realise that we cannot be complacent and we need to maintain our focus on senior female representation.

Our updated EDI Strategy Paper and our existing gender targets will assist us as we work towards narrowing the gender pay and gender bonus gaps. With continued commitment from our Managing Partner, our Chair and the wider partnership, the focus on EDI and reducing our gender pay gap will become further embedded in our strategy.

We acknowledge that, as a business, we are not positioned as we would like to be in relation to our gender pay gap. Our gender pay gap is predominantly driven by the distribution of genders across different roles and levels of seniority across the Firm and the Company. This is something that we will continue to address on an ongoing basis over time. Our gender targets for our partnership are one of the tools we will use to close the gap in the coming years.

Over the next year, we commit to the following:

EDI Strategy for 2023-2025:

This includes the four key pillars of **Gender, Race & Ethnicity, LGBT+ and Disability and Neurodiversity**. Within our Gender pillar, our strategic priorities include:

- A refresh of our Sponsorship and Work Allocation Programmes
- Enhancement of support around family leave
- Continued investment in coaching and leadership development
- Optimisation of our use of female networks and alliances, both internally and externally

Measurement:

Continue to track our progress against our Gender KPIs and action plans

Reward and bonus process:

Review and ensure the transparency of our reward structure, particularly in relation to the correlation between performance and bonus level

Culture:

Promote a culture in which every employee feels valued and supported in achieving their full potential. Specific areas of focus following our 2022 Culture Survey include priorities around leadership culture, enhanced career and feedback support for all employees, and celebration and recognition of success

Conclusion

Our commitment remains to [drive gender balance and appropriate representation](#) at all levels of the business.

Our aim is to continue to create a culture and environment where every individual can realise their full potential. With our gender diversity action plans and the commitment of our senior management, we are confident we have an effective roadmap to help us close our gender gap in the coming years.

Geoff Moore
Managing Partner

Appendix

Gender in Arthur Cox

The gender distribution is predominantly female across the Firm and the Company, which results in a majority female population within the business.

