



Grant Thornton

An instinct for growth™

Grant Thornton outlines 2020 pledge to help further create culture of inclusion

Gender pay gap report

December 2017



Summary

Grant Thornton pledges to tackle the root causes of our gender pay gap. We recognise that this imbalance is caused by systemic cultural barriers to progression.

To achieve sustainable change we are embracing different ideas and approaches to the way we work, and challenging ourselves to step up and create an inclusive culture, as seen in the successful implementation of our social mobility measures.

An inclusive culture is one which truly values and respects diversity in all its forms. It is one that will better understand all of its clients, communities and people to provide the very best in innovative and creative services.

To help us to achieve an inclusive culture we outline our firm's 2020 commitments.



Stephanie Hasenbos-Case

Leader of People and Client
Experience at Grant Thornton UK LLP

Why inclusivity matters

As Grant Thornton shapes a vibrant economy, we believe that businesses and communities must come together to create diverse and inclusive environments where all people can flourish.

We're committed to creating a different kind of firm – one where every one of us has the opportunity to share our views and have our ideas listened to; one where our best thinking is done together, collaboratively; one where leaders are open and transparent and where everyone plays their part.

Under new laws, all UK firms with 250 or more employees need to report their gender pay gap by April 2018 along the following metrics:

- mean gender pay gap
- median gender pay gap
- mean bonus gender pay gap
- median bonus gender pay gap
- proportion of males and females receiving a bonus payment
- proportion of males and females in each pay quartile

Grant Thornton UK LLP has two legal entities with at least 250 employees for which we are required to report our gender pay gap data, (see Statutory declarations). The gender pay gap metrics for these two entities are detailed in this report, along with our overall gender pay gap data combining both entities.

We welcome this drive towards greater transparency. You need only look at the gaps reported so far, both in our sector and beyond, to see that the system isn't working. We believe that rather than trying to fit women into the current system, we need to change it.

And that's what we're doing at Grant Thornton – tackling the root causes of gender imbalance and ensuring that all our people, regardless of their background, are able to take advantage of equal opportunities and can bring their whole selves to work.

The right thing to do, and a commercial imperative

Creating a futureproof, diverse workforce is not only good for business; it's an urgent and ongoing priority for the future of a vibrant economy. Our clients and prospects value diversity in the teams they work with, and this can also inform who they choose to work with.

Several independent studies offer a compelling commercial argument for diversity and inclusion:

- our Vibrant Economy Index highlights that the most prosperous regions in the UK are those with top ranking scores for 'inclusion and equality'
- a McKinsey report found that firms in the top quartile for gender diversity are 15% more likely to outperform firms in the bottom quartile

for gender diversity. The same trend applied to ethnic diversity, where those in the top quartile were 35% more likely to perform better

- research from Catalyst, a global non-profit helping to build workplaces for women, identified 39 reasons why diversity matters, including better financial performance, higher return on equity, and performance that outperformed industry averages
- the Center for Talent Innovation identified a 'diversity dividend' that inclusive firms benefit from.

The evidence is clear. Not only is this the right thing to do; it is a commercial imperative to keep pace with the business environment.

Our gender pay gap

While we are proud of our even gender balance (51% men to 49% women across our combined entities), our mean gender pay gap of 26.56% shows that we have more work to do on the balance of skills and seniority.

This gap is mostly down to the structure of our workforce. We have a greater number of men at senior manager (64.5%), associate director (64.5%) and director level (75.9%) and a higher

proportion of women in our first grade bracket (56%). The different levels of remuneration at these levels almost completely accounts for our gender pay gap.

Pay difference between men and women

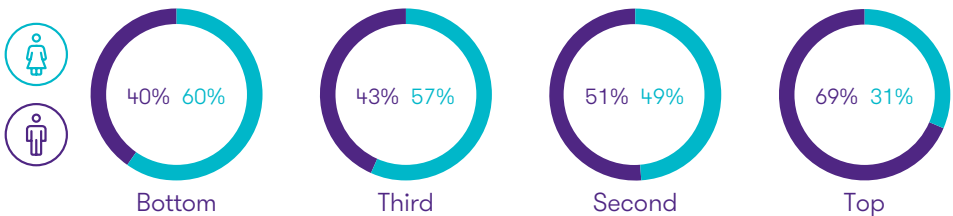
| | Mean | Median |
|-----------|------|--------|
| Pay gap | 27% | 24% |
| Bonus gap | 52% | 55% |

Percentage receiving bonus*



*in year ending 5 April 2017

Proportion of males and females in each pay quartile



Our mean bonus gap of 51.78% is also influenced by the structure of our workforce.

As with the gender pay gap, the reason for men being more likely to receive larger bonuses is due to the higher proportion of men in higher-graded roles. This highlights the need to create a culture where everyone feels supported and empowered to make the choices that are right for them and take advantage of the opportunities offered to all.

Our adjusted gender pay gap

When we adjust the data to take into account the number of men in senior roles, along with factors relating to service line, location and grade, our mean gender pay gap based on gross basic FTE pay was 1.7% as of April. Our most recent analysis in October has shown that we have further narrowed this adjusted gap to 1%.

This shows that the problem we need to solve is much greater than an issue about pay alone - and we are confident that we pay men and women comparably for the same or similar work, or work of equal value. At trainee entry level the gender split is broadly 50:50. Our gender pay difference is a symptom of the overall gender gap that manifests itself as our people's careers progress, and the fact that there are more men than women in senior positions.

That's why we've been working to both understand and address the societal and cultural reasons for this imbalance. We have committed to targets, though while these are a good benchmark of progress, we know that targets alone will not tackle the problem. We are committed to creating an open culture where people feel safe to express themselves. By firstly understanding the barriers to progression, we can put in place recommendations that will shift the dial on the real issues.

If we had an equal gender split across all roles

26.56%



Our gender pay gap
(statutory reporting)

1.7%



Our adjusted
gender pay gap

Calculated in April from the average male and female pay for each firm sub-group, based on an equal gender split across every combination of grade, service line and location.



How we will understand and overcome barriers to progress

Building on the measures and initiatives that are already in place, we have outlined additional steps and targets that we will introduce before 2020, to help tackle the gender imbalance specifically and build wider diversity and inclusion.

To understand the systemic barriers in our culture that are creating gender disparity we will:

- analyse our internal pipeline of talent to understand career drivers and systemic cultural barriers to progression
- review the findings and agree recommendations to address these barriers both in our systems and processes and in the mindsets of our leaders.

To educate our people on the causes of gender bias in our firm, we will:

- have concluded inclusive decision making learning for our people by summer 2018. The programme will support our people managers and leaders to be aware of the impact of their unconscious decisions using neuroscience and case studies
- establish a UK Inclusion community of practice to holistically tackle bias of any kind in recruitment, performance and learning.

To build a culture where everyone has the opportunity to thrive, we will:

- continue to shape our culture of Shared Enterprise, encouraging our people to think independently and take ownership and responsibility for creating ideas which shape the future of our business

- continue to embed agile working to help our people choose when, where and how they work to meet the needs of their clients and teams, enabling better balance in their lives. This is about more than just home-working or hot-desking – it's about improving productivity, increasing innovation and boosting collaboration. We gave our people a framework to embrace agile working last year and will continue to encourage the practice.

To encourage the progression of female talent, we will:

- actively support accelerated career progression for female senior managers and directors
- ensure at least one female is put forward for final selection for every externally advertised senior position in the firm
- ensure the interview panel consists of both men and women
- continue to develop policies and frameworks to help people balance their lives. For example, we introduced flexible working for all our people ahead of legislative requirement and will continue to measure the number of formal flexible working arrangements taken up
- build on our award-winning enhanced parental leave by reviewing all family leave policies in the same way to create better working environments for our people
- widen our offering of transitional coaching for new parents following the success of the pilot.

Our 2020 targets

We will measure progress in diversity and inclusion at Grant Thornton by creating annual transparency reports and quarterly reports for our business unit leaders using the following targets:



Reduce the reported pay gap to **18-20%** and ensure the adjusted gap remains in a range of **-1% to 1%**



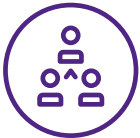
An increase of parents returning to work after extended parental leave from **66% to 86%**

An increase of parents remaining in work for longer than two years after return from extended parental leave from **57% to 77%**



Increase the percentage of female partners from **16% to 22% by 2020 and 25% by 2022**

An increase of promotions following return to work after extended parental leave



Externally recruit **20%** more female senior managers and directors



Increase the percentage of flexible workers from **14% to 20%**, and increase approvals of flexible working requests by **50%**



It's clear that much needs to be done as we continue to create a firm where people can flourish; where we are open and transparent about the issues we must address; where we back up bold statements of intent with firm commitments; and where we create a new system that works for all of us.

If we can do all this, we will be much closer to our purpose of shaping a vibrant economy.

Statutory declarations

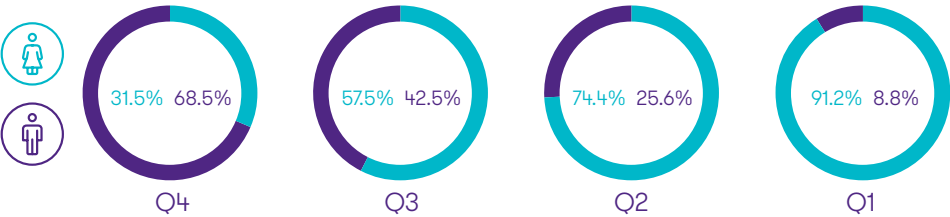
Grant Thornton UK LLP has two legal entities with at least 250 employees for which we are also required to report our gender pay gap data: Grant Thornton Services LLP and Grant Thornton Business Services. The data for both these entities is included in our overall gender pay gap reporting however, under the government regulations, we are required to individually report the gender pay gaps for each of these entities. This is outlined below.

Grant Thornton Services LLP

| | Pay difference between men and women | | Percentage receiving bonus* | |
|-----------|--------------------------------------|--------|---|-----|
| | Mean | Median | | |
| Pay gap | 37.5% | 34.5% |  | 58% |
| Bonus gap | 53.5% | 62.5% |  | 77% |

*in year ending 5 April 2017

Proportion of males and females in each pay quartile



Grant Thornton Business Services

Pay difference between men and women

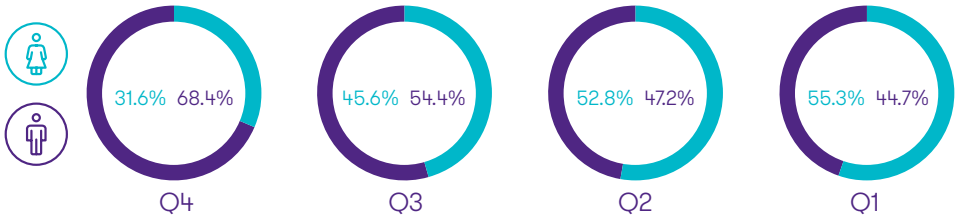
| | Mean | Median |
|-----------|-------|--------|
| Pay gap | 22.6% | 18.3% |
| Bonus gap | 50.6% | 50% |

Percentage receiving bonus*



*in year ending 5 April 2017

Proportion of males and females in each pay quartile





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