

In recognition of our statutory duty and in support of the pursuit of equality, I am pleased to present TLT's fourth gender pay gap report and our second voluntary ethnicity pay gap report. In the pages that follow, we declare the current aggregate pay gaps to help level the playing field within TLT, and contribute to the vital conversation on the participation of women and ethnic minorities within the wider labour market.

This report is published against the backdrop of a pandemic which has exposed existing inequalities and had the capacity to disproportionately impact women and ethnic minorities, or both. As we begin to look beyond this crisis, we know we must place the empowerment of women and ethnic minorities at the fore – recognising that this is a pre-requisite not just to our organisational resilience, but to full-scale economic recovery.

I am pleased to highlight a decrease in our gender pay gap from last year, and a cumulative decrease since 2018. These figures show we are maintaining a downwards trajectory and the accompanying commentary within this report details how. However, I recognise that it is important to increase the pace for those of us who are eager for change. We know that closing the gender pay gap will take time, but we are alert to the areas where we need to focus, and we take encouragement from the signs of progress along the way.

Since the onset of the pandemic, we have not faltered in making gender and ethnicity pay gap reporting a priority, and we continue to work towards our usual reporting timelines irrespective of any legislative or regulatory allowances, as evidenced through the publication of this report.

This report includes an explanation on our pay gaps and our statutory reporting information on the mean and median pay gaps for salary and bonus, as well as the proportion of men and women that sit in each pay quartile. In addition to this, in the interests of transparency and inclusivity across the whole of our organisation, we are also voluntarily publishing our ethnicity pay gap, our partner gender pay gap and gender pay gap inclusive of those based in our Northern Ireland office.

I confirm that the data reported is accurate.

John Wood | Managing Partner

About pay gaps

Pay gaps measure the difference in pay between people with different characteristics, such as gender or ethnicity, within a single organisation. They are calculated as the difference between the average (mean or median) gross hourly earnings and used to measure progress towards a more equal, inclusive and transparent labour market. Almost all organisations have a gender pay gap with the last reported UK average being 15.5% in April 2020.

A pay gap is not the same thing as equal pay. Pay gaps compare the average pay of one demographic against the average pay of another demographic across an organisation as a whole, regardless of the individual jobs being performed.

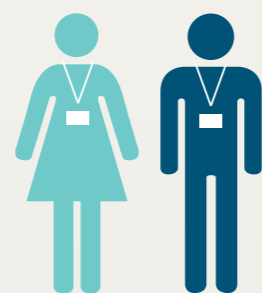
Equal pay is about the pay of individuals with differing characteristics, such as men and women, who are carrying out the same or equivalent jobs. We fully comply with equal pay legislation and regularly monitor this as part of our annual pay review.

Our gender pay gap

This report is a snapshot of pay data on 5 April 2020 and for bonuses awarded during the 12 months prior to that date.

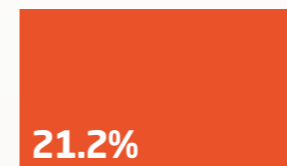
Employees (excluding partners)

72%
(591)

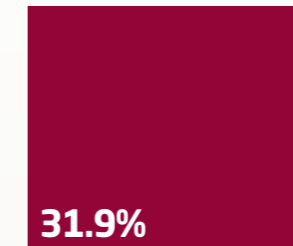


28%
(235)

Gender pay gap - salary



Mean pay gap all employees

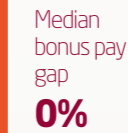


Median pay gap all employees

Gender pay gap - bonus



Mean bonus pay gap



Median bonus pay gap



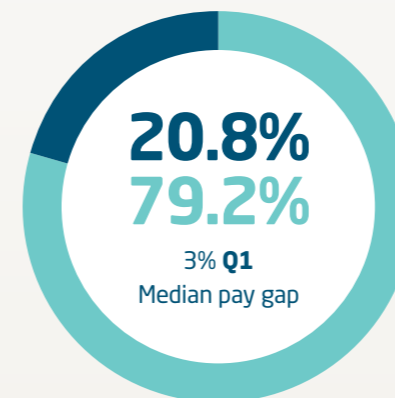
% of men receiving bonus



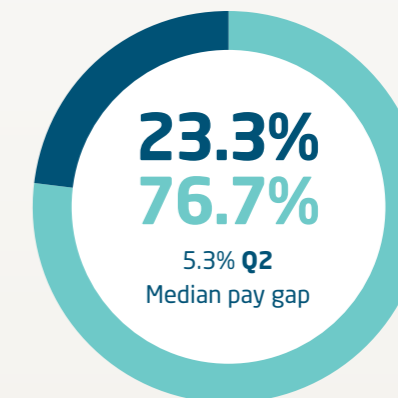
% of women receiving bonus

Pay quartiles

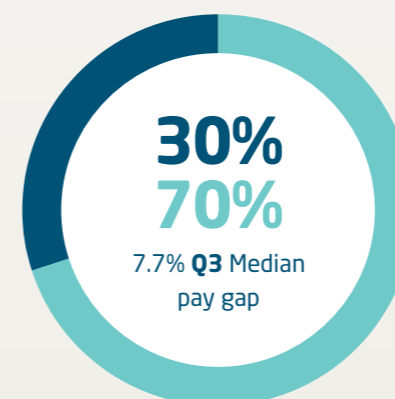
This is the workforce (excluding partners) split into four pay quartiles showing the proportion of men and women in each. For context we have also provided the gender pay gap by quartile too.



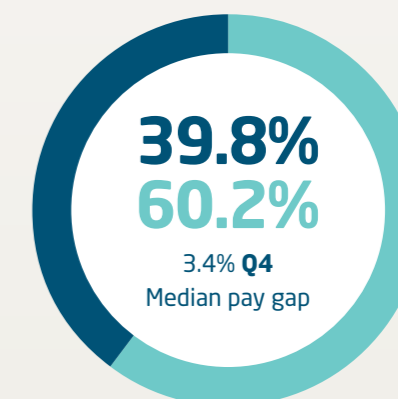
Lower quartile



Lower middle quartile



Upper middle quartile



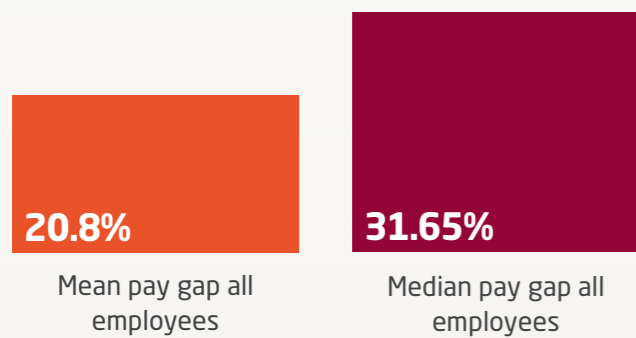
Upper quartile

Employees (excluding partners but including Northern Ireland)

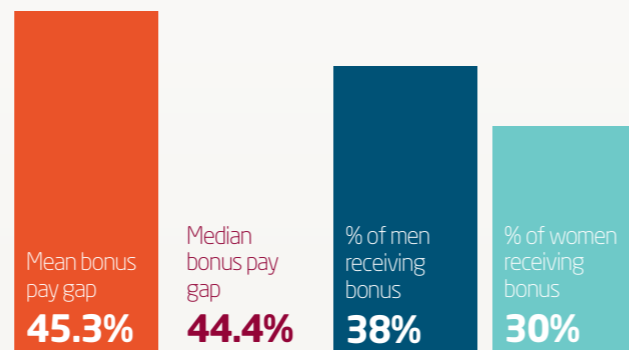
Gender breakdown



Gender pay gap - salary

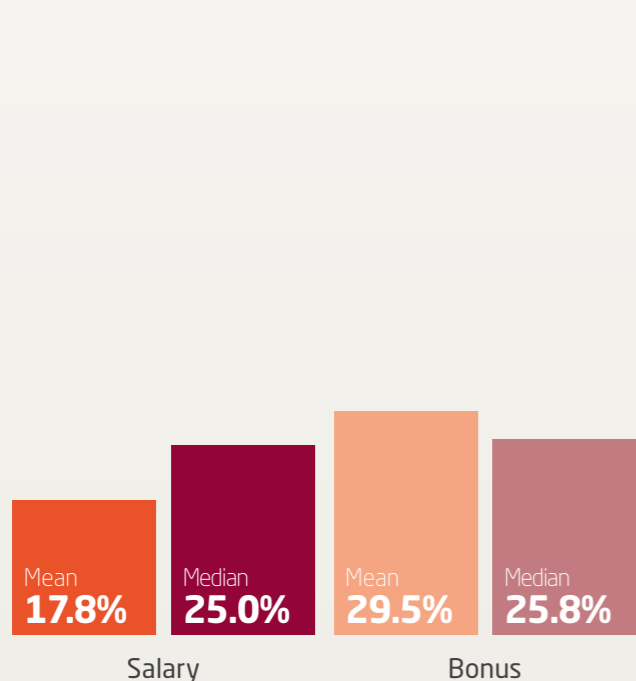


Gender pay gap - bonus

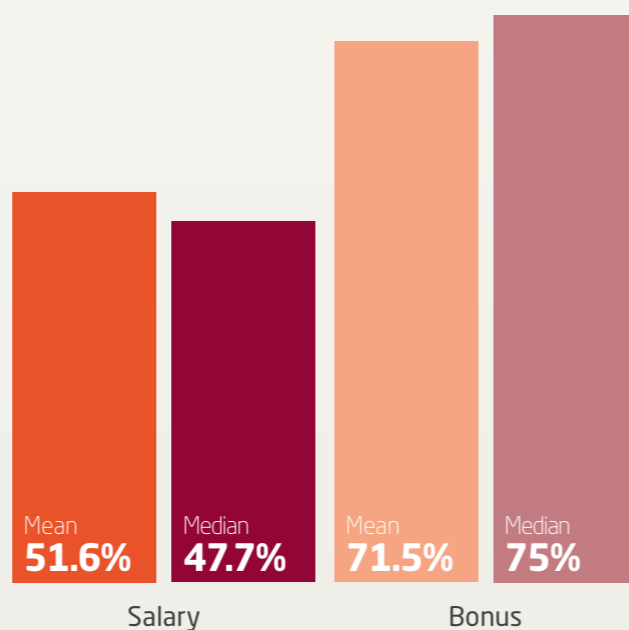


Partners

Our UK partner pay gap data

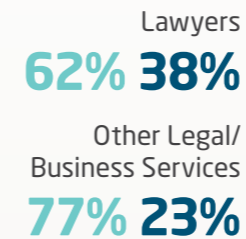


UK combined pay gap (employees & partners)

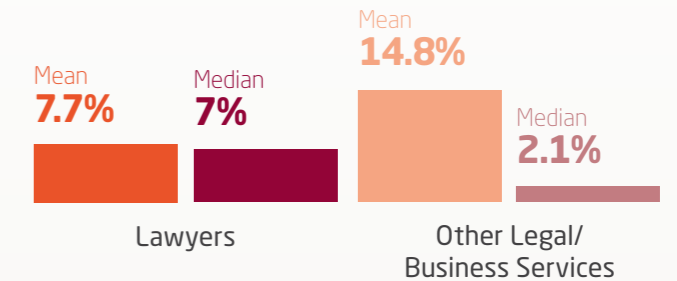


Our UK pay gap data broken down by job type

Gender Distribution



Pay Gap



About our gender pay gap

In simplified terms, there are two fundamental contributing factors of our pay gap – the greater proportion of men in higher salaried positions, and a greater proportion of women in lower salaried roles. The bonus pay gap also reflects the greater representation of men in senior roles, which currently carry more potential to earn a bonus.

Whilst these factors seem straightforward, the reasons which give rise to them are both complex and numerous. We share some contributing causes with many other organisations, such as the historic sociological and economic inequalities inherent within today's labour market. But, we are also aware of sector and organisational-specific challenges which must be addressed.

For a third consecutive year, we are pleased to report a modest improvement in our mean pay gap this

year (from 21.7% to 21.2%) and our median pay gap (from 32.2% to 31.9%), which reinforces a downward trajectory of our pay gap. In addition to this, our mean bonus gap has decreased for this reporting period (from 67.9% to 45.2%).

When taking into account additional voluntary data provided, we are also pleased to report that our partner pay gap has improved in both mean (from 22.7% to 17.8%) and median (from 27% to 25%), coinciding with the same year we saw a marked improvement in female partner representation that increased from 22% to 26%. Whilst viewing the pay gap by job type, we can see that our gender pay gap also remains low amongst our lawyer population, of which 62% are women, with a median pay gap of 7%.

Closing our gender pay gap

Whilst the gains are modest, the broad picture is one that affirms the effectiveness of our interventions to date, which have focused on identifying the barriers to career progression for female employees to improve representation at senior levels. We undertake this work in close collaboration with our Women's Network and some notable recent examples include, but are not limited to:

- A new holistic view of performance and talent evaluation, and improved success criteria transparency through a review of performance management and appraisal processes;
- The implementation of three-year talent tracking for improved visibility of the TLT pipeline and introduction of accompanying development plans;
- Promotion of informal flexible working arrangements to support working parents throughout the pandemic, and a focus on encouraging shared parental leave particularly targeted at our male employees.

Our comprehensive Equality, Diversity and Inclusion strategy is aligned to continue this work within a four-

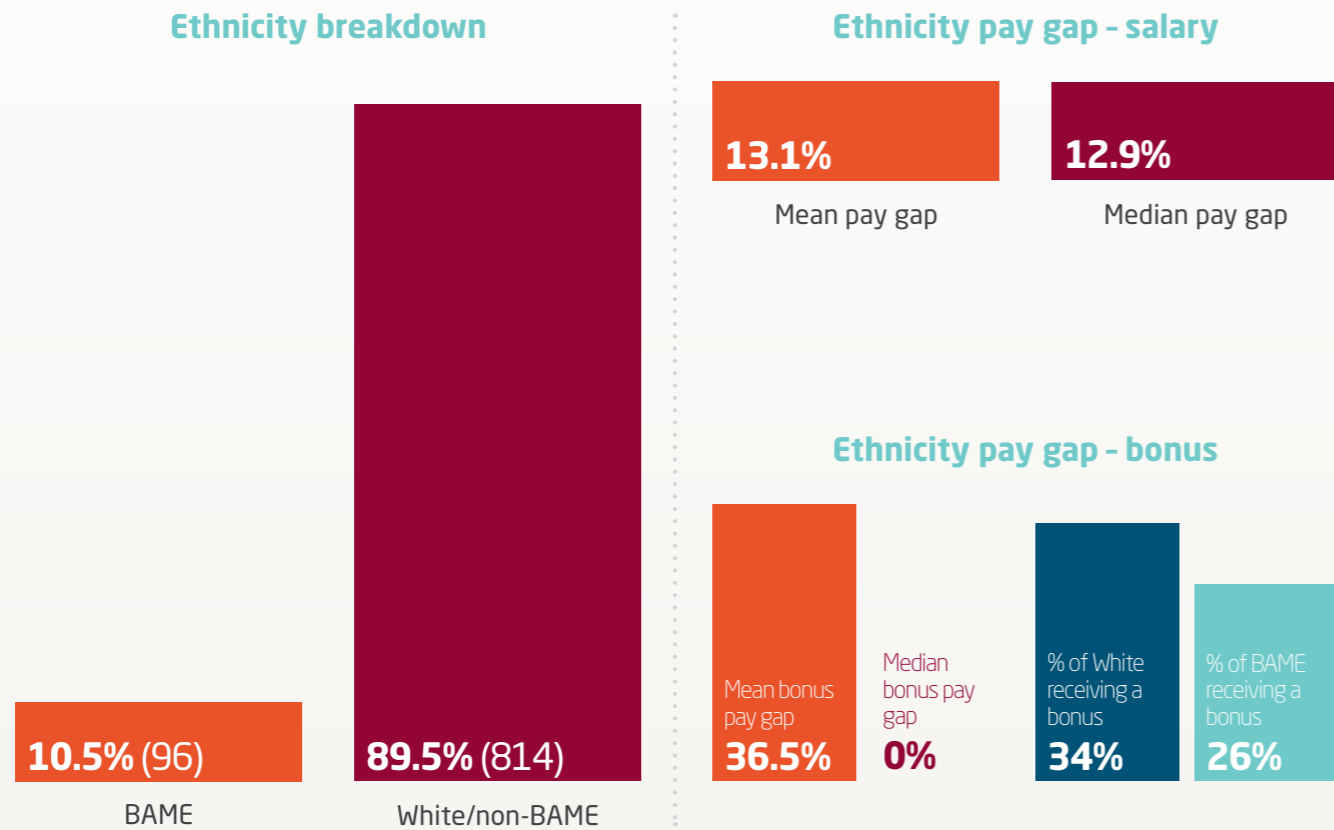
pillar framework of Lead, Flex, Grow and Respect. This approach is founded on TLT-specific insights as to the necessary behavioural, cultural and structural change needed to drive progress on gender diversity. Some notable examples of upcoming interventions include, but are not limited to:

- Benchmarking TLT against market-leading Employers for Women for affirmation of existing best-practice, as well as meaningful lessons and insights to help;
- Capitalising on the flexible working practices achieved through the pandemic through the adoption of a hybrid flexible working model which aids the progression of women;
- Reviewing our maternity, paternity and shared parental leave provisions with proposals of market-leading support.

All of our work is driven by dedicated equality, diversity and inclusion expertise within the business, with the full backing of the firm's leadership and executive boards accountable for delivery.

Our Ethnicity Pay Gap

This report is a snapshot of pay data on 5 April 2020 and for bonuses awarded during the 12 months prior to that date.



‘Throughout this past year, we have sought to understand in greater detail the barriers and challenges our BAME colleagues encounter.’

About our ethnicity pay gap

The pay gap has been calculated by reference to two groups: BAME (Black, Asian and Minority Ethnic) and White (non-BAME). Those who have not disclosed are excluded from the calculation. We recognise the shortcomings of the term BAME, which can hide the specific challenges faced by particular ethnicities within this term.

We remain committed to seeking out and listening to those individuals and have, within this past year, supported the establishment of a BAME network at TLT to further aid this conversation. However, for the purposes of a meaningful interpretation, as well as for ease of benchmarking and reporting, we have used terminology consistent with existing Ethnicity Pay Gap publications.

At present, 92.6% of our employees have chosen to voluntarily declare their ethnicity and as at April 2020, 10.5% of our employees that declared their ethnicity identified themselves as BAME. We view our publication of the ethnicity pay gap as a meaningful use of their data and hope publishing the pay gap continues to encourage further disclosure, including across additional diversity strands.

Closing our ethnicity pay gap

In keeping with the firm's intentions to evidence its commitment to race inclusion, we are voluntarily reporting our ethnicity pay gap for the second time. In doing so, we seek to hold ourselves accountable to progress and offer the necessary transparency to both current and prospective BAME employees.

Throughout this past year, we have sought to understand in greater detail the barriers and challenges our BAME colleagues encounter. Through engagement, discussion and the active leadership of two newly-appointed partner sponsors for race inclusion, we are able to draw on the lived experiences of our people to inform and focus our efforts on the changes needed.

Importantly, so that our strategy delivers measurable and sustainable change; with improved career progression, opportunities and recognition at the fore. Upcoming areas of focus include, but are not limited to:

This year's mean and median ethnicity pay gap has increased from the previous year (from 10.4% to 13.1% and from 8.3% to 12.9% respectively). This can be largely attributed to a lack of ethnic diversity within our legal director pool following promotions from the year prior. When viewed with wider available data of BAME representation within the business, we know they are currently underrepresented within senior roles, suggesting that they are not experiencing equivalent levels of progression as their White counterparts.

This particular challenge concerning progression is broadly reflective of existing research on race and ethnicity in the workplace, although, as with the gender pay gap, there will be unique organisational challenges which are for us to identify and work to resolve. Our focus looking ahead will be on increasing TLT's ethnic representation within the firm and ensuring this representation is at all levels of the organisation – including at senior levels.

- Implementing a reciprocal mentoring programme with representation from BAME colleagues;
- Rolling out a four-part 'Reflections on RACE' series across the firm for sustained attention on anti-racism and BAME experiences;
- Expanding the diversity data on existing talent identification and tracking processes to include ethnicity, where available;
- Improving exit processes to understand motivators and factors associated with the departure of BAME talent.

In addition to this, embedded within the aims of TLT's BAME network is an emphasis on the retention and progression of BAME talent, which will both aid accountability on our progress against this, as well as add vital support to this area of increasing focus.