

Gender Pay Gap report

April 2021





“Our commitment to creating a workplace in which difference is valued and respected remains resolute. We are confident that our strategy will accelerate our progress in the years ahead”

Paul Barry
Group Head of HR

Rothschild & Co remains committed to creating a working environment where everyone irrespective of gender, race, age, religion and belief, sexual orientation, gender identity, disability or nationality has the same opportunity to thrive.

The group's diversity and inclusion strategy is led by the Global Balance & Inclusion Committee. Chaired by one of the Managing Partners and the Head of the WM UKSGI business, this group of global, senior leaders has a clear mandate, to develop and implement a strategy that creates and maintains a balanced and inclusive workplace which enables all employees to achieve their personal and professional aspirations.

Underpinning that strategy is a clear set of principles which, detail the specific areas of focus for the firm and where we are committing to make tangible progress. Our approach centres around recruitment, development and retention, and progression. This includes, but is not limited to, the following initiatives:

Recruitment

One of the priorities of our **Balance and Inclusion Committee** is to make significant and sustainable changes to how we attract diverse talent. This includes, but goes beyond, a focus on women. For example, over the past two years, we have increased our direct sourcing for experienced hires. This proactive method of recruiting allows us to engage with talent directly, and as such we have been able to tailor the search to the needs of the business and ensure a diverse mix of candidates are considered.

In addition, we are creating new global interview and assessment materials to enhance our selection process. This process will create a consistent approach to selection, testing key competencies fairly throughout the process.

We believe this will enable us to diversify our talent pool by mitigating biases that can impact hiring decisions and ensure we benefit from an increase in the diversity of background, thought and experience in the people we attract and hire.

We recognise that building a diverse, junior pipeline of talent is a critical element of our strategy. We are committed to helping young people of all backgrounds to develop the skills that will help them to succeed and give them early access to our industry. For example:

- In the US and UK we continue to offer **Insight Programmes** for women before they start university, and in France we hold events for female students to demystify the industry.

- In the UK, we partner with the **Bright Network** to attract candidates from underrepresented groups to our intern programmes and to expose these students to the opportunities, insights and advice needed to succeed in the workforce of tomorrow.
- In 2020, we joined the **#100 and #10000BlackInterns programme** to help address the underrepresentation of Black talent in our sector. Through the programme, we offer Black students paid internship opportunities as part of our regular summer internship programme.
- In the UK, we partner with **UpReach**, an award-winning social mobility charity, that provides personalised support helping to broaden horizons, raise aspirations and enable students with socio-economically challenged backgrounds to develop the skills, networks and experiences to succeed on their merit.
- As an industry, more work is required to educate underrepresented groups of young people on the career opportunities available. To help accelerate this, we teamed up with seven independent advisory firms in the UK and SEO to host an event focussed on Black talent and have a further event scheduled for female talent this year.

Development & Retention

Nurturing talent and encouraging people to achieve the best out of their careers is a key focus of our people strategy. In particular, we believe that effective leadership and people management are critical to the ongoing success of our business and to shaping a culture of inclusion in which all colleagues can thrive. We believe that it is everyone's responsibility to create an inclusive workplace.

In support of that belief, we are introducing a number of new training programmes, focused on:

- The **Inclusion Fundamentals** for our early career professionals, to create a shared understanding of the topic and identify the small actions we can each take that help create a culture of inclusion.
- **Managing Inclusively** to equip managers with the knowledge and skills to build and maintain inclusive teams.
- **Allyship** to equip senior leaders with a deep understanding of privilege and how to be an active ally to individuals and an advocate for the diversity and inclusion agenda.

Against this backdrop we continue to offer the **Shine for Women Programme**, designed to empower senior women. The adaptation of this programme to the virtual environment coincided with the addition of new elements including group coaching and manager briefings, to highlight the critical role they have in the success of women in our firm. Since its inception in 2018, the majority of our most senior women have participated in this programme.

Over recent months we have learned a great deal about the adaptability, commitment and resilience of our people. As we return to the office after lockdown, we believe there are opportunities for all of us to enhance our working lives and outcomes, by applying a more agile and flexible approach to where and when we work.

We continue to value the important role **Network Groups** play in engaging colleagues on matters relating to diversity and inclusion, and in supporting the group with the delivery of its wider Balance and Inclusion strategy. Within the UK we are proud to have a number of active networks, focused on women, race, LGBT and family, that work collaboratively, to raise awareness of the issues different constituencies manage in their working lives, to provide a forum for sharing common issues and opportunities for networking and mentoring, and to bring about positive change in the workplace.

We continue to offer active support for parents embarking on and returning from maternity, paternity and adoption leave in the UK, and we continue to monitor our maternity, paternity and parental leave policies to ensure they support our colleagues through these important life events.

We provide mentoring assignments, allowing employees to learn from the advice and career experiences of more senior colleagues as they progress through the firm. In 2020, we launched a **Reverse Mentoring Programme** where members of the Global Balance & Inclusion Committee act as the mentees and more junior colleagues from across the firm act as the mentors. By sharing their perspectives and personal experience those junior colleagues provide valuable insights to our leaders and input into the balance and inclusion strategy.

In the UK, we continue to participate, as mentors and mentees, in the **FTSE 100@Cross-Company Mentoring** programme. This matches women with mentors who are chairs or senior leaders in other companies.

Progression

In 2020, we launched a **Global Female Sponsorship Programme** which matches high performing, talented women at the Assistant Director and Director grades with a senior leader across the organisation. Sponsorship is widely considered a critical success factor in career progression. For us this is an important programme to increase our engagement with the 50 women participating, to better understand their career aspirations, challenges and opportunities and ensure advocacy for them as they navigate their careers.

We publish our promotion policies on our intranet to increase transparency for all colleagues globally. These policies are implemented by divisional committees who oversee promotions on a global basis. The decisions made at these benchmarking committees are based on clear criteria and are critical to promotion decisions.

Similarly, in order to provide clear and consistent performance expectations, **Career Frameworks** are published and reflect the group's guiding principles for all levels across six core competencies:

- Leadership
- Technical proficiency
- Commercial awareness
- Rothschild & Co way
- Communication
- Compliance & Risk

The Financial Services sector suffers from the legacy of being traditionally male-dominated. It will take time to correct the imbalance. We believe that our diversity and inclusion strategy will allow us to continue to take meaningful and sustainable steps to bring about change across the whole group.

Measurement

In late 2019, Rothschild & Co signed the **Women in Finance Charter**. This is an important commitment made by the firm to HM Treasury to build a more balanced workforce.

Whilst this is a purely UK governmental initiative, the group has implemented the pledge at a global level, as we believe that to make a real difference it is important to measure and report our progress groupwide on excellent initiatives like this one. Our commitments are:

- The firm's Managing Partners are responsible and accountable for gender, diversity and inclusion
- We set ourselves a target that 30% of our Assistant Directors and above should be female by the end of 2024
- At 31 December 2020, 24.1%, an improvement of 0.7% from 2019, of our Assistant Directors and above globally were women
- We will publish progress annually against this target in reports on our website
- We will ensure that the pay of the senior executive team is linked to delivery against our Balance & Inclusion initiatives

At Rothschild & Co we work hard to create a unique and inclusive atmosphere, style and culture that encourages the highest standards of quality, collegiality, professionalism and ethics.

To cultivate our distinct perspective as a business, we need a team that can respond to our clients' business requirements in various circumstances around the world. This means building a supportive environment where diversity and difference are valued and respected.

Pay & Bonus Gap

Our approach to compensation is gender, race, age, religion and belief, sexual orientation, gender identity, disability and nationality neutral. As part of our annual compensation process, we review compensation across the firm to ensure that we pay equally for equivalent roles/experience and levels of contribution.

The gender pay gap that exists in NM Rothschild is not a result of unequal pay. It is a reflection of the higher proportion of men in senior, client facing and revenue generating roles.

The table below shows the mean and median hourly gender pay and bonus gap between all men and women within NM Rothschild.

	Mean	Median
Hourly pay	46.6%	46.0%
Bonus	86.2%	84.5%

Whilst still reflecting the higher number of men in senior positions, our hourly pay mean and median gaps have narrowed by 4.7% and 10% respectively year on year. This improvement is as a result of number of things but most notably the relative seniority and salaries of female new recruits compared to male new recruits and the impact of promotions and pay rises during the year.

Senior management bonuses are most impacted by the fluctuations in our results and are therefore greater when we announce strong results.

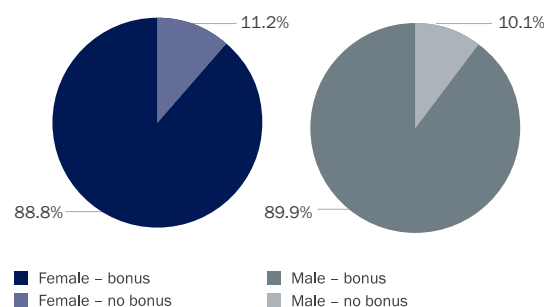
Senior management are also subject to the greatest levels of deferred pay and, as a result, the impact of strong results can be seen both in the year of the results and a number of years following.

As we currently have a higher proportion of men at senior levels within the firm, our bonus gap will continue to be disproportionately affected by our results whilst we address this structural imbalance.

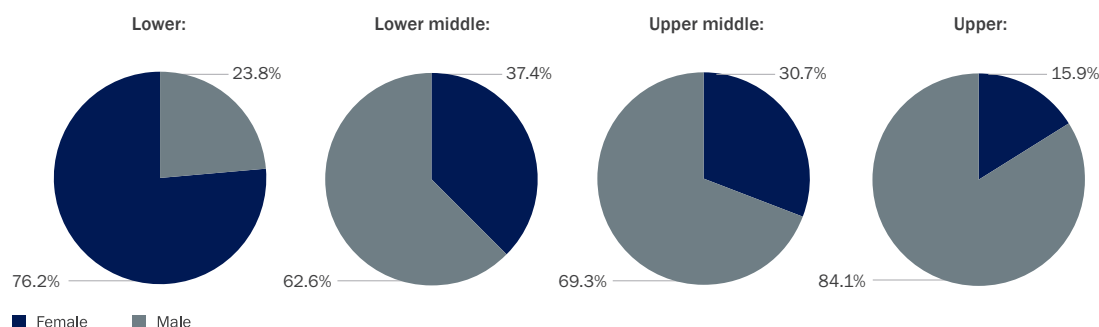
Proportion of Employees Receiving a Bonus

Rothschild & Co promotes equal opportunity and inclusion throughout the group. All permanent employees, regardless of their gender, age, belief, sexual orientation, disability or ethnicity who have worked at NM Rothschild during the financial year are bonus eligible.

88.8% of females received a bonus award; compared to 89.9% of males in the same period at NM Rothschild.



Pay Quartiles – Proportion of Females and Males



This data illustrates the gender distribution at NM Rothschild across four equally sized quartiles, each containing fewer than 200 employees. This illustrates that NM Rothschild has more senior men in higher paying roles than women.