

GENDER PAY GAP REPORT 2021

PUBLISHED Q1 2022

Since reporting Capco's first Gender Pay Gap results in 2018, we have continued to focus on improving our gender representation and pay gaps by increasing our focus on attracting, retaining, developing and progressing diverse talent.

Our aim is to continue to build a diverse workforce and promote an inclusive culture, where all our employees can be themselves at work and achieve their full potential. We celebrate diversity as a source of innovation and recognise that it is fundamental to the success of our business.

We have enhanced the data available to us, enabling us to gain more insight into diversity trends and themes within the business so that we can make continuous improvements in our processes to address any gaps. The introduction of a Return to Work programme, our mentoring pilot in our Scotland office (which was focused on women and ethnically diverse talent) and the roll-out of Inclusion Workshops for leaders and senior managers are all examples of this. We have also set company targets for hiring female talent by 2025.

The pandemic has led to rapid change in ways of working, with virtually all our workforce working remotely for most of the previous year. As restrictions have eased, we've enabled hybrid working so that people can enjoy the benefits of time spent with colleagues in the office alongside the flexibility of home-working. This flexible approach facilitates a balance between business, client and individual needs and preferences. Importantly, it enables us to provide working parents and those with caring responsibilities, who are predominantly women, with the flexibility they desire.

This report shows comparisons between 2019–2020 and 2020–2021, along with progress against our gender diversity targets.

SUMMARY OF OUR RESULTS

Our median pay gap is just over 3% and has remained consistently below 5% in recent years. We've also seen a year-on-year improvement in our mean gender pay and bonus gaps. These figures reflect our commitment to paying fairly and equitably, with starting salaries, promotion salaries and bonus awards reviewed for consistency and equity. Our small median pay gap is in contrast to the wider financial services and insurance sector, which has the largest industry median gender pay gap for full-time employees (25.2%)*.

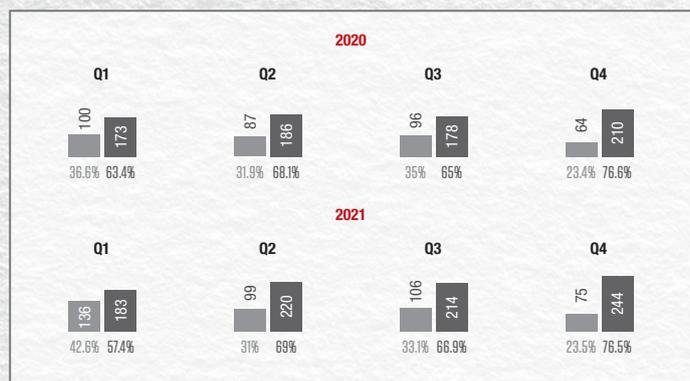
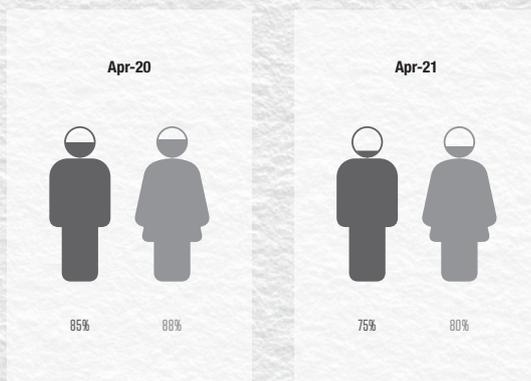
Improving the representation of women at senior levels is key to closing our pay gaps even further. As the quartile data illustrates, women are least well represented in the top quartile, so it's vital to address this imbalance by maintaining our focus on the development and progression of top talent. In 2021, women represented 44% of our promotions to Executive Director and 43% of our promotions to Associate Partner, which bodes well for improving representation in the top quartile. Further detail on how we'll continue to build our pipeline of female talent is discussed later.

In the past twelve months, there has been a 6% increase in the representation of women in the bottom quartile, with minor changes to the other three quartiles. On the face of it, this has prompted a slight widening of our median pay gap (more so on bonus). However, this shift in the bottom quartile reflects our long-term approach to improving gender diversity by achieving at least equal representation at entry level. In the short-term, an increase in entry-level, female talent – where salaries and bonuses are inevitably lower – has slightly skewed the pay gap. In the longer term, it's fundamental to building a sustainable pipeline of diverse talent, underpinned by our strong track record for developing, promoting, and retaining talent from our Associate Talent Programme (ATP).

RESULTS COMPARISON

GENDER PAY GAP			BONUS PAY GAP		
	Apr-20	Apr-21		Apr-20	Apr-21
Mean	14.5%	13.8%	Mean	35.8%	10%
Median	1.8%	3.2%	Median	0%	9.1%

% OF EMPLOYEES RECEIVING A BONUS



* House of Commons, Gender Pay Gap Report, November 2020, p. 19
<https://researchbriefings.files.parliament.uk/documents/SN07068/SN07068.pdf>

PAY GAP ACTIONS – PROGRESS AND NEXT STEPS

ADVANCING DIVERSITY, EQUITY AND INCLUSION (DE&I)

Within the last year, we've established a global Diversity, Equity & Inclusion team with a new DE&I Lead. In parallel, we've further developed our DE&I strategy, which is focused on the following priorities and areas of action for 2021/22, supported by new programmes and partnerships:

- Accelerating belonging, inclusion and respect;
- Increasing opportunities for diverse talent;
- Building more diverse teams; and
- Leading by example.

These priorities are championed by our CEO and Leadership Team, several of whom have executive sponsor roles in support of specific Affinity Groups.

CHAMPIONING AND SUPPORTING WOMEN: WOMEN@CAPCO

Women@Capco is our most established Affinity Group and is now operating on a global basis, with a very active UK branch. The group is focused on promoting awareness and inclusion around gender and creating an environment for people to connect, engage, educate, inspire, and celebrate each other. The group is also integral to our efforts to attract and retain female talent, contributing to the actions and progress outlined in the following sections.

The group has also been responsible for Capco becoming a signatory to the Women in Finance Charter in 2020. Our first annual progress update highlights progress in female leadership and overall workforce representation over the last year.

ATTRACTION

- We set a target that women will represent 50% of our Associates (our entry level grade) by 2023. We are currently on track to achieve this target early, having improved from 41% to 48% over the last year, which is underpinned by women representing 51% of new hires.
- We've made several impactful changes to our Associate Talent Programme to attract more women. A shift to a virtual recruitment process has enabled us to reach a wider range of universities and target new sources of talent. We've also partnered with Debut, a digital platform, to extend our reach, enabling us to focus on a wider range of universities and target female STEM candidates.
- At more senior levels, we are currently focusing on market mapping with a DE&I lens. This is already helping us to attract passive candidates who are women and/or ethnically diverse and will remain a key part of our talent sourcing strategy over the next year.
- We launched our first Return to Work pilot programme in 2021, with a focus on women who have been out of the workforce for at least two years. This has been successful in reaching women at junior manager level in particular. The programme will run twice a year going forward, with the next cohort in January 2022.
- Taken together, these actions have produced a 4% year-on-year increase in the representation of women among new hires.

RETENTION

- We recently introduced a structured Welcome Back to Capco programme for employees who have been on parental leave or other extended periods of absence. This tailored programme provides support before, during and after their leave of absence, including focused training modules to support reintegration back into the workplace.
- We have been reviewing our current policies to align with industry standards. Following this, we have enhanced our Maternity and Shared Parental Leave policies and introduced additional policies for paid leave for pregnancy loss, fertility treatment and menopause.
- We will continue to review our policies to help ensure that we remain competitive in the market and provide a plethora of support within Capco.
- Our hybrid working approach is enabling more flexibility across the workforce, lifting some of the barriers many of our employees – both men and women – faced pre-pandemic. Since the pandemic began, we have had an open and flexible approach to working hours and have supported parents who were impacted by the need to provide home-schooling and other increased caregiving requirements. We have promoted inclusive, hybrid working approaches for teams to ensure team members are included no matter their working pattern or caring responsibilities.
- Our membership in Women in Banking & Finance (WIBF) is another important aspect of our retention strategy, as it provides valuable development and networking opportunities to our talented female employees.
- We have been actively recognising talented women in our workforce by nominating individuals for external awards. In 2021, we submitted 26 females for a wide range of awards. Five of the 26 made it past the initial nomination stage, with three being shortlisted and two winning awards, one for Women in Tech Consulting Award and another for We are the City – Rising Star in Digital.
- In 2021 to date, female attrition is 4% lower than our overall rate of attrition in the UK.

DEVELOPMENT

- In September 2020, we launched a mentoring programme pilot in our Scotland office. Targeted at women and ethnically diverse talent at junior manager level, feedback from the participants has been very positive and we're extending the pilot to our London office in Q4 2021.
- From a Learning & Development perspective, we've developed specific content to support DE&I, such as Inclusion Workshops for all leaders and senior managers, whilst integrating DE&I into our wider curriculum. For instance, we've developed new performance management training that raises awareness of the potential for bias in assessment processes. Having been successfully piloted earlier this year, it will be rolled out across the UK in the coming months. We also delivered training on Building Diverse Teams to 88 managers last year and will be running further sessions in October 2021 for new managers.
- Nominations for leadership development programmes and promotion processes are reviewed from a diversity perspective to ensure that bias isn't inadvertently creeping into selection processes. With women accounting for 44% of promotions to Executive Director and Associate Partner in 2021, we're making progress and expect to see this reflected in next year's upper quartile representation.

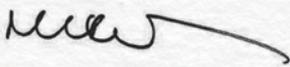
ETHNICITY PAY GAP

Building on our experience with Gender Pay Gap reporting, our next area of focus is Ethnicity Pay Gap (EPG) reporting. In doing so, we are looking to take a holistic approach, analysing trends in performance ratings and promotion nominations, as well as pay and bonuses.

In 2022, we aim to publish our EPG report, whilst continuing to deliver on our commitments to the Race at Work Charter, which we became a signatory to earlier this year.

DECLARATION

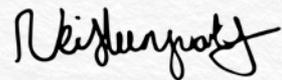
We confirm that Capco UK's Gender Pay Gap calculations are accurate and meet the requirements of the Regulations. The calculations, data and commentary contained in this report have been confirmed by our Leadership Team, who have confirmed that the methodology provided in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 have been applied correctly.



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