

AFH Wealth Management Gender Pay Gap Report

4 APRIL 2021



Together. A better future.

This report is based on AFH Independent Financial Services Ltd. (the 'Company').

For the purposes of this report, our **Gender Pay Gap** is calculated using the approach required by the **Equality Act 2010 (Gender Pay Gap Information) Regulations 2017** (the 'Regulations'), which compares the pay of males and females.

We have a greater number of females to males across the company which explains our Gender Pay Gap results. Furthermore, the shape of our Company is such that we have a higher number of females in our administration roles (which hold lower average salaries) than in our technical roles (which hold higher average salaries and have a more balanced male/female mix). We have a continued commitment to create a gender balanced workforce.

One of our core values is **trust** and **respect**. We have a continued commitment to creating a working environment where all our employees are valued equally. We know that talent is not dictated by race, ethnicity, gender, sexual orientation, age, religion, social class or background.

We take pride in offering our employees flexible working patterns and wherever possible we support part-time and flexible working hours. We also welcome applications for shared parental leave. We're focused on encouraging both men and women to make the most of the flexible working opportunities offered.

Annually we conduct a review of our salary structures with fairness and consistency being at the heart of what we do. Our approach to pay is no different.

About the Gender Pay Gap

A Gender Pay Gap is a **measure of the difference in the average pay of men and women** - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy. It can be driven by the different number of men and women across all roles. It is different from an equal pay comparison, which would involve direct comparison of two people or groups of people carrying out the same, similar or equivalent work.

Difference between men and women at 4 April 2021

Difference in hourly rate:

33% Median 25% Mean

On average across the company, women are paid 25% less than men, which is a drop of 1% difference as reported on last year.

Over the last 2 years the percentage has therefore dropped by 4% difference overall.

Difference in bonus pay:

26% Median 54% Mean

On average across the company, men receive 54% more bonus than women. This is an increase of 6% difference on last year.

Median and Mean gaps

Using the calculations set out in the Gender Pay Gap reporting regulations we have taken data that includes all roles across the Company which brings a variety of pay rates together.

Calculations of mean and median pay and of quartile pay bands are based on our snapshot date of 4 April 2021, including ordinary pay and bonus pay. Calculations of mean and median bonus pay use bonus pay from the 12 months ending on 4 April 2021.

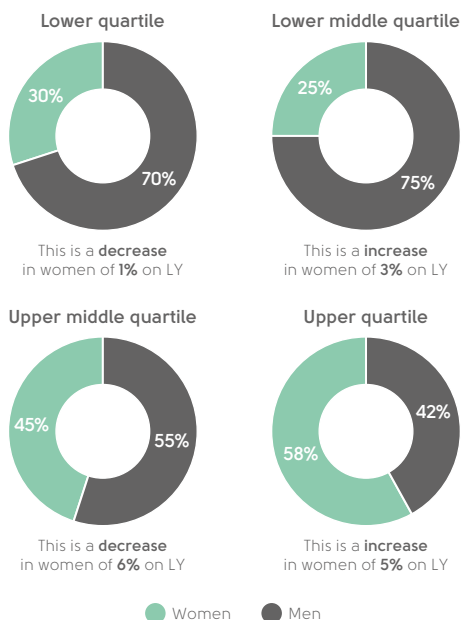


Pay quartiles

The gender distribution is demonstrated by the proportion of men and women in four equally sized pay quartiles. In the lower, lower middle and upper middle quartiles we have more women than men. In the upper quartile we have more men in higher paid roles than women.

However, this is positive progress over the last 12 months. Since 2020, we have seen an increase of 5% of women in the Upper quartile, meaning that more women are populating our senior roles in the business. There is a drop in the Upper Middle quartile which has likely been the source of the increase in the Upper quartile demonstrating career progression for our female population.

However, we have also seen an increase in the lower middle quartile, where there has been an increase in women of 3%, and a reduction in women in the lower quartile meaning that the balance of men and women is moving in the right direction. This change is representative of both career progression for women and an overall increase of women being recruited into the lower middle quarter roles through 2021.



We continue to work and strengthen this positive progress into 2022 and look forward to further positive movement ongoing.



Bonus structure

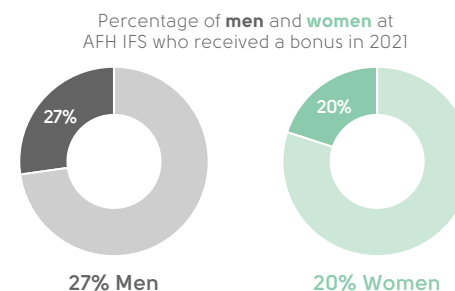
We have various types of Company bonus schemes, affecting different proportions of male and female employees, the main ones being:

- Annual Bonus Scheme for all employees
- Annual Bonus Scheme for Managers
- Quarterly bonus scheme for our employed Independent Financial Advisers

Those eligible within each of the bonus schemes are treated equally, whether male or female.

However, if we map these schemes to the populations of male and female employees within them, then as explained above, the annual bonus scheme for employees will be skewed to female and the Annual scheme for managers and IFA bonus schemes would be skewed to male.

Overall therefore, this will mean a higher mean and average in Bonus Gender Pay Gap towards our male employees. This picture is reflective of our recruitment application pool and therefore we will be looking at candidate attraction ongoing.



April 2021 - including the 12 months prior to this date, and therefore covers the period of time when COVID-19 disrupted our lives and work.

The average bonus Gender Pay Gap showed a 54% difference between male and female employees, which was an increase of bonus paid to men by 6% on last year.

Our annual bonus scheme is determined at the end of our financial year in December. In December 2020, following an uncertain year, unfortunately the business was not in a position to action a companywide bonus scheme, with a few exceptional performances being recognised.

Additionally, our sales team, consisting of employed Independent Financial Advisers, who attract bonus as part of their salary package, have a higher percentage of men.

These two elements together mean that the bonus Gender Pay Gap figure are skewed in favour of our male population in this snapshot. We anticipate that the overall picture will change in a positive direction for 4 April 2022.



What we're doing to **reduce** the Gender Pay Gap

Although we recognise there may be talent attraction challenges in this sector, for the technical roles, we are dedicated to creating an environment in which all of our employees can thrive.

Through our response to the COVID-19 pandemic, we have proven that we are adaptable and have increased our flexible working practice to allow employees to manage their time in a more sympathetic way to their personal needs, whilst promoting productivity. It was officially noted over this period that women picked up the childcare duties in the majority of cases through the lockdown period, hence our approach to work practices meant that we could accommodate our female employees needs and maintain the engagement and productivity of our workforce. This flexibility has remained a legacy of this time throughout our business, with the Company maintaining a hybrid approach.

We are continuing to make a significant number of strategic acquisitions which can come with its own challenges of inheriting pre-existing terms and conditions of employment that are protected by statutory legislation. However, we are conscious of ensuring any acquisition is culturally right for our business and promotes our positive approach to gender and equality.

We will continue to focus on reducing the Gender Pay Gap through the broad range of initiatives listed below:

- Continue to ensure our resourcing and talent management initiatives are free from bias and use targeted attraction channels.
- Look at how we can encourage more women into areas of our business which have historically been male dominated.
- Continue to develop our leadership programme to support all our managers in delivering an inclusive and diverse culture.
- Continue to develop and promote our career structure internally, supporting employee development to reach their potential.
- Develop and promote talent management programme within the business.
- Promote cultural changes to how we work on a day-to-day basis taking a hybrid approach and promoting flexible working opportunities to support the varying needs of our employees

We want to build on our success so far in making AFH Independent Financial Services Ltd a standout employer.

I confirm that the information contained in this report is accurate and aligned with the requirements of the Regulations.

Paul Wright

CHIEF FINANCIAL OFFICER

"We want to build on our success so far in making AFH Independent Financial Services Ltd a standout employer."



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