

The background of the slide features a dark blue silhouette of the London skyline, including the London Eye and Tower Bridge. In the foreground, a large, diverse crowd of stylized human figures in various colors and poses is scattered across the scene, representing a multicultural population.

Gender & Ethnicity Pay Gap

London 2018



Introduction

We are committed to ensuring that our business reflects the diversity of our society and our clients, and that our Firm is a truly inclusive place to work.

Inclusion and diversity, including gender equality, is integral to our culture and, as a key element of our 2020 Strategy, underpins everything we do. We have been working hard to introduce sustainable, long-term measures to reduce the gender pay gap and ensure equality of opportunity for men and women at all levels across the Firm, including at partnership level.



We don't just want to focus on breaking down gender barriers. Having a diverse workforce is a huge asset and we want our Firm to be diverse at all levels and across all strands of diversity, including ethnically and culturally, so that it better reflects the society we live and work in. That is why we are also publishing our ethnicity pay gap, together with a range of practical measures, including introducing ethnicity workforce targets in London, to ensure better ethnic minority representation across our business and at senior levels. We will be working towards achieving (or maintaining) as a minimum, 14% BAME representation through all levels of the Firm, with a specific focus on partnership and senior leadership levels.

We are realistic that these measures might take time to take effect - meaningful and lasting change doesn't happen overnight - but we are determined to make progress, and believe we have the right initiatives in place to do so.



Alex Chadwick
London Managing Partner



Sarah Gregory
Inclusion & Diversity Partner



Our 2018 Gender Pay Gap

Understanding gender pay

The gender pay gap shows the difference in the average hourly pay between all male and all female employees. It is measured by the mean (the average) and the median (the middle value in the range of hourly earnings) differences between pay and bonuses for men and women. This is different from equal pay, which refers to paying a man and a woman the same amount for jobs of the same value.

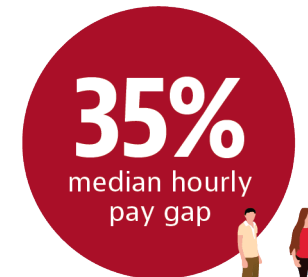
The UK has an average gender pay gap of 18%. The Office for National Statistics largely attributes this to the fact that more women work in part-time jobs, which have lower hourly rates than full-time roles. The reasons for any pay gap are multiple and complex. The legal sector, for example, tends to have more women than men in secretarial and other business services roles, which tend to be lower paid roles in firms.

Achieving greater gender parity and ensuring a more balanced spread of roles is something which will take time. It requires meaningful initiatives which tackle any obstacles to equality - and we are committed to addressing this.

Employee gender pay gap based on average hourly salary

In 2018 we had an average 22% hourly pay gap between our male and female employees. The median shows a 35% hourly pay gap between male and female employees. This reflects the full spectrum of employee roles and pay, from business and secretarial services to our legal services function.

Employee pay gap



Pay gap based on salary quartiles

These quartiles show the mean gender pay gap according to the spread of employee salaries:

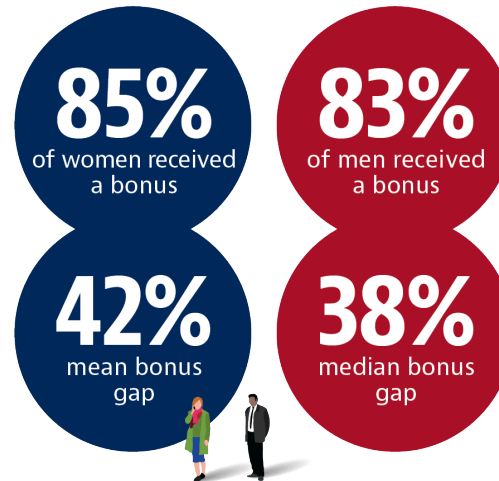
WOMEN	MEN
Lower quartile	
80%	20%
Lower middle	
68%	32%
Upper middle	
55%	45%
Upper quartile	
53%	47%

This highlights that we have a larger percentage of women in the lower and lower middle quartile roles, than in the upper quartiles.

Pay gap based on bonus

The bonus gap is calculated based on actual amounts paid, rather than on a full-time equivalent basis for those who work part-time. While our part-time employees are eligible for a bonus in exactly the same way as our full-time employees, we do have a higher proportion of women who work part-time (90% of our part-time employees are female) compared with men.

Because the reporting requirements are retrospective, these figures also do not reflect the removal of the 'hours bonus' for fee-earners and the introduction of a single performance bonus scheme which we announced last year.

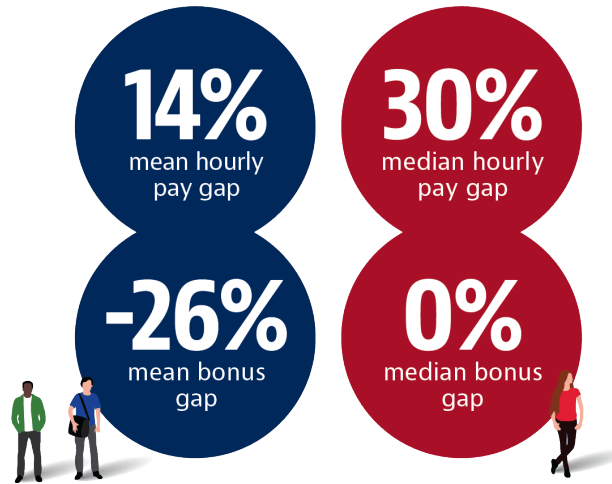


Partner pay and bonus gap

We welcome the move toward greater transparency on gender pay reporting, and are pleased to publish our partner remuneration figures for the first time, alongside our statutory (employee) data. Because partners and employees are remunerated differently, we have calculated the figures for partners based on a full financial year rather than just looking at a snapshot of our April 2018 figures. This provides a more meaningful assessment of the data, which also reflects non-discretionary and discretionary partner profit share as "pay" and "bonus" respectively.

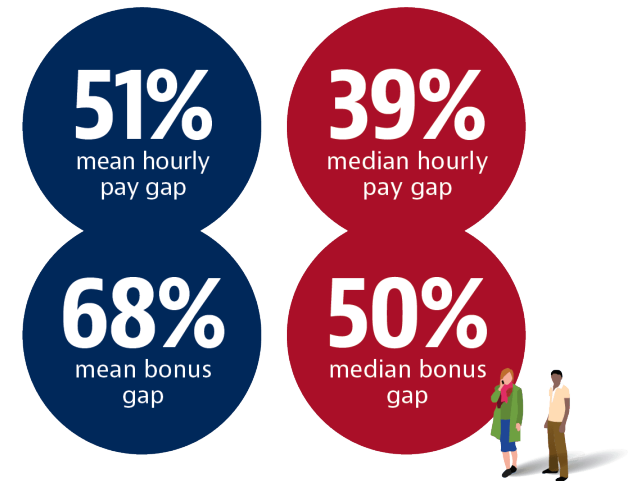
The hourly "pay" gap for partners is 14% and the "bonus" gap is a negative gap of 26%.

Partners



We have also included an overall pay gap figure, which combines both employee and partner data. When employee and partner data is combined, the mean hourly pay gap is 51% and the median is 39%.

Combined partners and employees



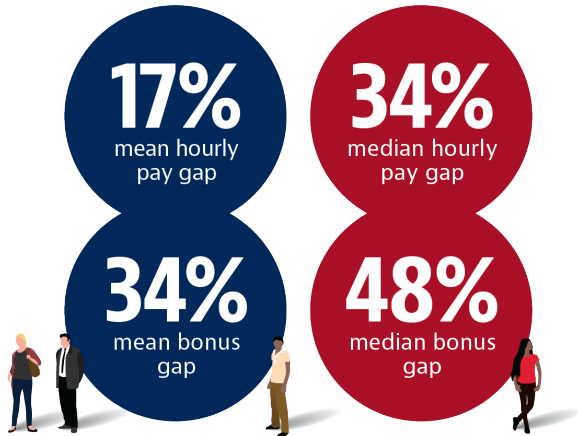


Our 2018 Ethnicity Pay Gap

Our 2018 Ethnicity Pay Gap

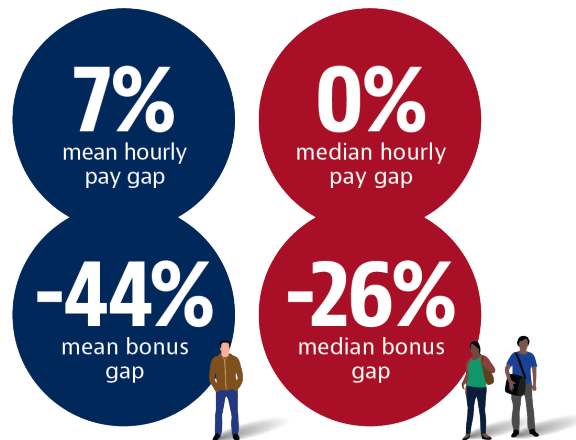
In 2018, there was an average 17% hourly pay gap for our black, Asian and minority ethnic (BAME) employees and a 34% average bonus gap. This represents the 91% of employees who disclosed their ethnicity and reflects the full spectrum of roles and pay, from business and secretarial services to our legal services function. We have included further analysis of the data, as well as the steps we will be taking to reduce the gap below.

Employees



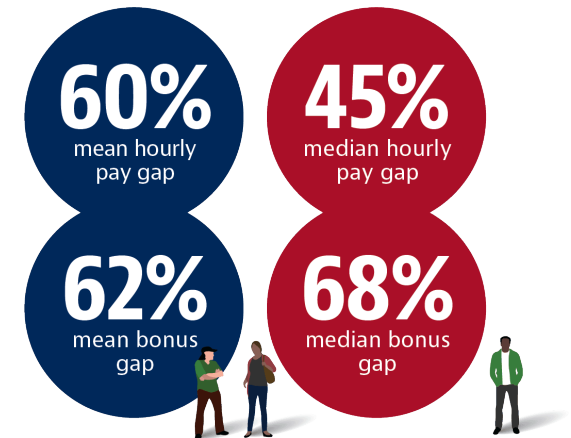
We have also analysed our ethnicity pay and bonus gap at a partner level. There is a 7% hourly pay gap for our BAME partners and an average negative bonus gap of 44%. These figures are representative of the 67% of partners who disclosed their ethnicity.

Partners



When combining both our BAME employees and partners, there is a 60% hourly pay gap and a 62% average bonus gap.

Combined partners and employees





Understanding our results

Gender

Our analysis confirms we have a gap that we need to work toward closing which we understand is driven by a combination of legacy and structural issues:

- **we have more senior male partners who have been at the Firm for longer than their female counterparts** - part of our partner remuneration scheme reflects length of service and we have more long-serving male than female partners.
- **the way in which roles between men and women are distributed across the business** - while we have more female than male employees overall, our secretarial roles are predominantly held by women. We also have more women than men in junior business services roles, and more of our senior director-level roles are held by men. This is something which we are addressing through our talent pipeline, together with other initiatives (see below).
- **we have a higher proportion of female part-time employees than male part-time employees** - we have a much higher percentage of women in part-time and job share roles than men; 90% of our part-time employees are female. This has an impact on our bonus gap which, according to the Government's methodology is

calculated based on actual amounts paid rather than on a full-time equivalent basis.

Our analysis does show that within our associate population, we are achieving gender parity and balanced gender representation across the Firm. Our recruitment efforts over a number of years has ensured a greater balance of under represented groups at junior levels and over the past 5 years, 42% of promotions to partnership have been female.

Our results according to role

We have also analysed the data by role.

Legal services

Amongst our trainee solicitors, we have a minimal pay gap of less than 1%. When the different associate-level roles are analysed, we have a small pay gap of between 1% and 4% on a mean basis. This reflects the full range of pay from junior to senior associates. This spectrum of pay is also reflected in the bonus gap, which increases for female employees and we have fewer male associates working on a part-time basis. The bonus gap is calculated based on actual amounts paid rather than on a full-time equivalent basis.

Business and secretarial services

We have a negative pay gap of 14% in secretarial services, where the majority of roles are held by women. Within business services, the pay gap is 17% and the reason for this gap is that we have more men in senior director-level roles than women.

Ethnicity

Having analysed our ethnicity pay gap for employees, we know that the reasons the gap exists are similar to those for gender. For example, our overall London BAME workforce stands at 18% however, we know that representation thins out at the most senior levels of the business. We need to do more to ensure greater pull-through rates of ethnic minority colleagues at the top levels of the Firm, and this is something we will be addressing.





Addressing the Gender and Ethnicity Pay Gap

Diversity is integral to our culture and is a key element of our 2020 strategy.

We are committed to ensuring that Baker McKenzie is a truly inclusive and diverse place to work. And we believe that a level playing field for all our people - no matter their gender, ethnicity, race or any background - is fundamental to this. That's why we have a number of practical measures in place to ensure equality of access to opportunity at every stage of our employees' careers, from recruitment all the way through to reward, development and promotion. These include:



Gender

Championing a gender balanced workforce is part of our continued commitment to advancing diversity and inclusion. Our on-going commitment to continuing and enhancing our initiatives and policies is key to creating a positive culture that is more impactful and supportive of women's careers. These include:

- Working with external recruitment partners to provide us with gender balanced long-lists for fee-earners and senior business services hires and working with them to build in regular diversity reporting;
- Continuing our inclusive leadership training programmes for partners and senior leaders, as well as respect at work training for all staff, and unconscious bias training for key decision-making bodies;
- A variety of flexible working options through our BAgile programme to ensure a better work-life balance for our male and female employees, including job share arrangements for senior lawyers;
- Enhanced maternity, shared parental leave and adoption policies to support parents;

- Coaching to support female lawyers and business services managers returning from maternity leave, and a guide for managers to support the return to work conversation;
- A single performance bonus scheme for fee-earners, with the separate "hours bonus" removed;
- Continuing to support the 'HeForShe' campaign, which encourages all of our male colleagues to act as allies and advocate for gender parity.

Ethnicity

Having a more ethnically and culturally diverse Firm is integral to how we practice and deliver relevant client service. We know that, in order to reduce our ethnicity pay gap, we need to achieve better BAME representation at senior leadership and partner levels. We will therefore:

- Continue with our targeted Graduate recruitment programme introduced a number of years ago by our BakerEthnicity employee group. This has drastically increased the number of BAME candidates in our graduate intake and subsequently our talent pipeline at associate level;

- Continue to support blind CV's, coupled with our use of the Rare contextual recruitment system which helps us to identify graduate candidates with the greatest potential from diverse backgrounds;
- Intensify our work with external recruitment partners to help them understand our commitment to identifying ethnically diverse candidates at all experienced hire levels;
- In addition to a range of inclusive leadership training programmes, including Respect at Work for partners and senior leaders, encourage an ethnicity lens within all coaching conversations to offer bespoke support to our high performing people;
- Progress our 'Colour Brave' campaign, launched in 2017, to encourage more open and honest discussions on race and ethnicity and working with Race for Opportunity and the Black British Business Awards to ensure that we're seen to be market innovators;
- Continue to work closely with a number of external Graduate partners, including the Black Lawyers Directory Foundation, the Social Mobility Foundation, Rare Recruitment and Aspiring Solicitors;
- As one of the first signatories to the Race at Work Charter, ensure our plans aligned to the good practice recommendations.

Our talent pipeline

We have designed an Inclusive organisational approach to developing and implementing people practices to support our goals to improve the gender and ethnicity balance at the top leadership levels of the Firm. Our lens is focused on recognising and identifying talent whilst managing any potential structural biases within existing processes.

- Our gender targets, which aim for women to represent a minimum of 30% partners and 30% of our leadership roles across the Firm;
- We monitor our pipeline closely and note that our London partner population over the past 5 years has risen to 29% from 21% female. Additionally 42% of all individuals promoted to partnership over the past 5 years have been female;
- We have introduced a key focus on our BAME talent pipeline and a target to achieve 14% BAME representation in London at all partnership and senior leadership levels according to cross industry good practice;

- Internal mentoring circles which match ethnic minority trainees, associates and business services colleagues with partners and senior managers to give them career advice and guidance, specifically target our female senior associate population based on workforce pipeline analysis;
- We also have targeted sponsorship programmes, as well as career guidance schemes to support female talent and help them reach senior leadership levels;
- We continue to focus on fair allocation of work with a dedicated work allocation manager in one department;
- An active BakerWomen and BakerEthnicity mixed-gender, pan-Firm and mix of seniority levels, employee networks. These forums enable the sharing of ideas and support wider engagement against our Inclusion plan; and
- Thoroughly moderating our annual performance evaluation processes and bonus decisions to avoid any gender, racial or other unconscious biases and introducing support to HR teams to facilitate these departmental and practice group conversations.

We will continue to closely monitor these gaps, as well as the success of these initiatives, so that we can deliver meaningful and long-lasting change.

London 2018

Gender & Ethnicity Pay Gap