



# Gender and Ethnicity Pay Gap Report



A snapshot, as of 5 April 2020



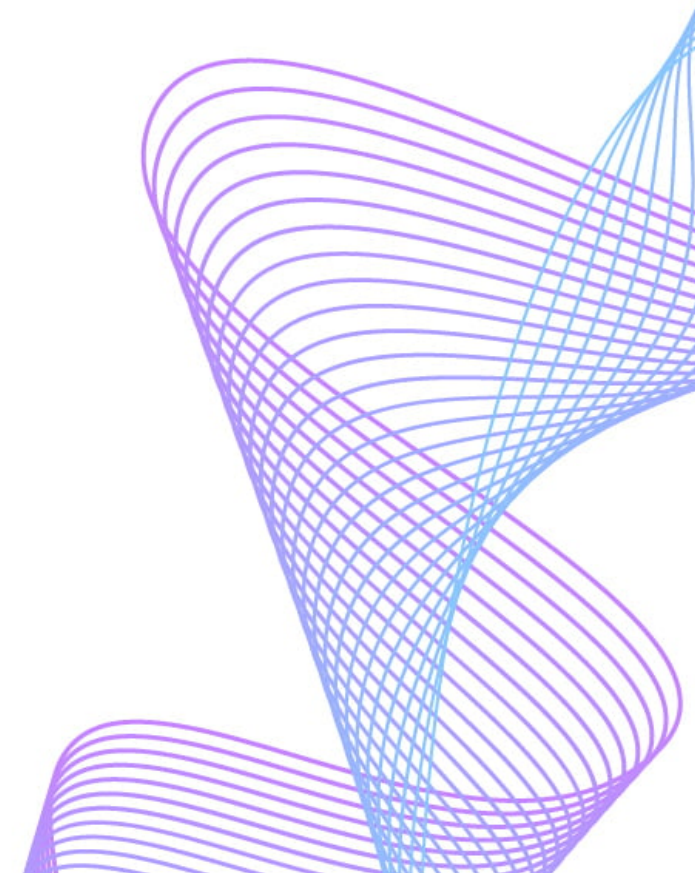
# **Introduction**

# Introduction from Ed Poulton and Sarah Gregory

**Over the past year, we have found ourselves working under conditions we could not have predicted. For some, this has meant closing deals from our bedrooms; for others, it has meant working alongside remotely-learning children at a kitchen table; and for many of us, we will have been touched by the effects of the Covid pandemic first-hand, having had to find ways to deal with loss, ill-health, and difficulties brought about by being away from loved ones. To say that it has been challenging, barely covers it. And yet, we have been so impressed by, and immensely proud of the Baker McKenzie team's collective ability to adapt to working in this hitherto untested way. In this vein, we congratulate the team that has worked hard to pull together our fourth annual pay gap report, without the regular meetings and resources we would previously have taken for granted.**

Although UK businesses have been granted a stay of some months before the statutory deadline for their gender pay gap report submissions, we wanted to publish our data as soon as it was ready to present. We are committed to openness and a continuous dialogue about the state of the pay gap, across both gender and ethnicity; we are proactively focused on inclusion, equity and diversity (IED) and believe it is vital to the sustained success of our global business. Although we may use the term BAME throughout the report, we recognize that, while it may be a convenient way to ascribe meaning to a group of people with some commonalities, it is also considered ineffective and often confusing and some feel reductive in acknowledging individual experiences. Our use of BAME is used to describe people from ethnic minorities (excluding white minorities).

As we have said before, progress in closing our pay gaps will take time - but we are heading in the right direction. Here are some of our key findings.



## Key findings

We are publishing our gender and ethnicity pay gap for employees and for partners. We have not published our pay gap in relation to sexual orientation or disability as part of this report because of the small size of reported data in these groups. Currently, both pay gaps are negative which is positive in this context, but we don't feel the data is robust as it can change substantially with small changes to the population size. We are focused on initiatives to support these groups, as well as those from different socio-economic backgrounds as part of our overall inclusion strategy.

- The mean hourly pay gap between male and female employees in April 2020 was 25% and the median gap was 39%. The mean bonus gap was 50% and the median was 44%.
- For partners, the mean hourly pay gap between male and female partners was 21% and the median was 69%. The mean bonus gap was -25% and the median was 29%.
- The mean hourly ethnicity pay gap for employees was 7% and the median was 18%. The ethnicity bonus gap was 16% mean and 14% median.
- The ethnicity partner pay gap was -10% (mean) and -89% (median). The ethnicity bonus gap was -128% and -64%.

Although these snapshot figures do represent some progress, we intend to go much further. With this in mind, we have set ourselves some ambitious targets to help close the gap over time.



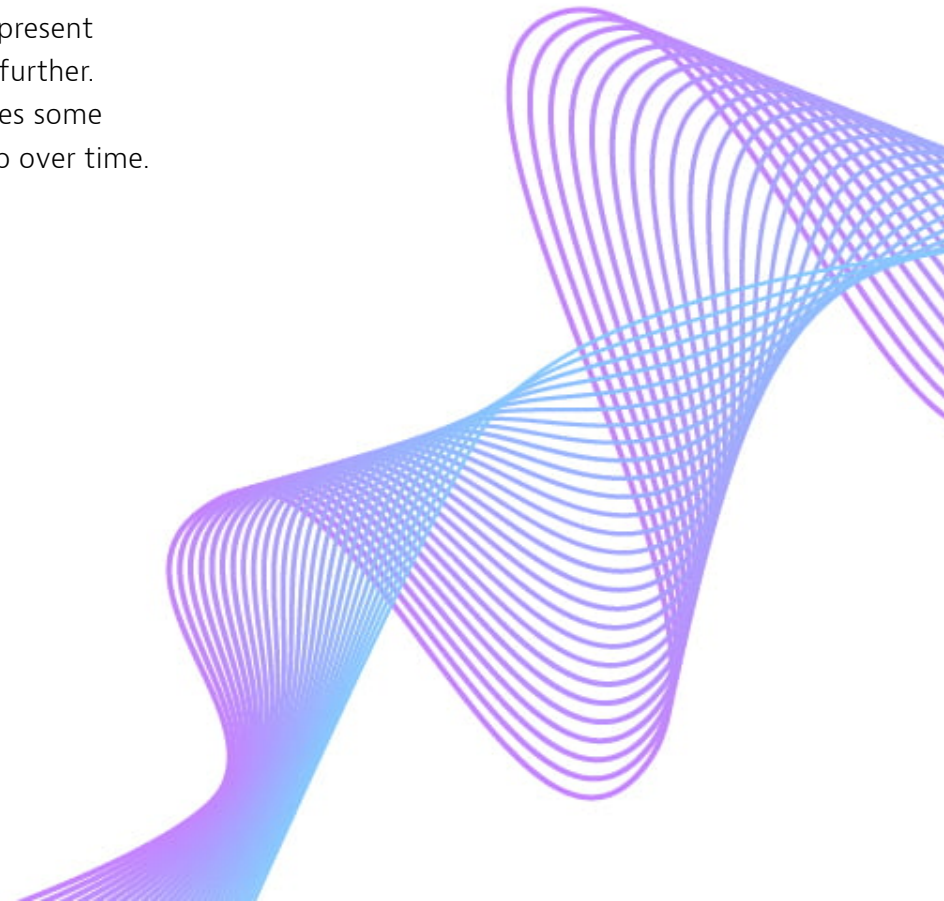
**Ed Poulton**

London Managing Partner



**Sarah Gregory**

Inclusion & Diversity Partner



# **Our strategy**

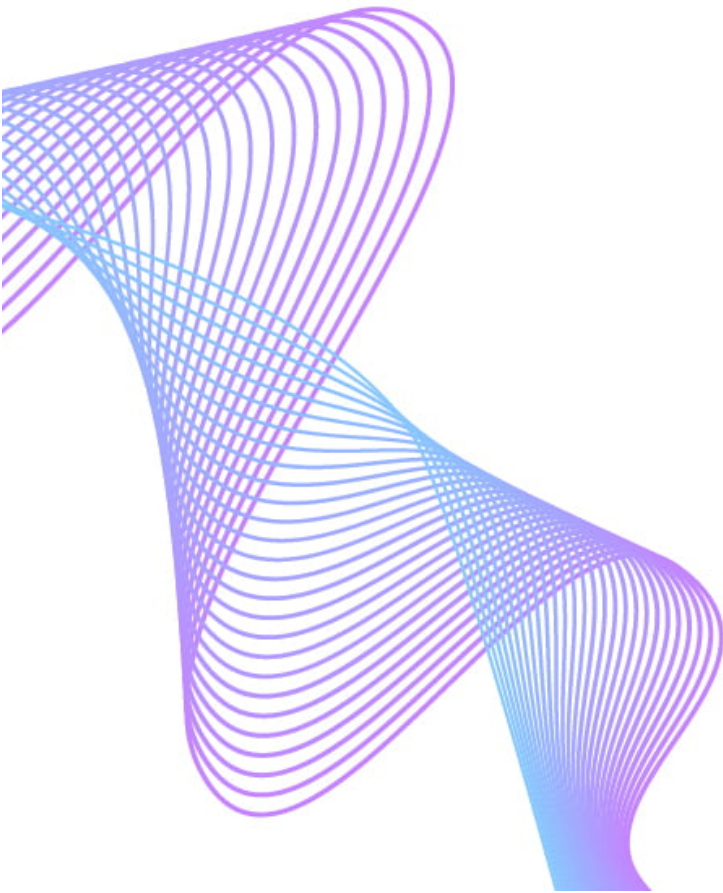
# Strategy

**We have been building on measures set out in the past few years to reach equitable solutions across our business, to ensure that our Firm is truly inclusive. At their heart are our efforts to embed culture change from the top down, to ensure new habits and new behaviours in helping to overcome bias, and conducting new ways of doing things throughout the organisation. We are realistic that these measures will take time to take effect - meaningful and lasting change doesn't happen overnight - but we are determined to make progress, and confident we have the right initiatives in place to do so.**

We have designed our strategy around an inclusive organisational approach which is based on the various touchpoints of the employee life cycle, to ensure inclusion is embedded across attraction, recruitment, retention, reward, development and progression, and that all our activity is inclusive across a wide range of identities and characteristics, including race, sex, gender identity or expression, religious belief, age, socio-economic background, sexual orientation and disability. Approaches we've introduced include:

- Ensuring people plans for all our teams are updated to include actions which focus on supporting diverse talent, achieving our inclusion and workforce targets and addressing any underrepresentation identified in diversity data.
- Applying an inclusion lens to key HR processes including performance evaluation, remuneration, recruitment, and development to mitigate any bias.
- Carrying out regular sessions with suppliers and recruiters to update them on our inclusion and diversity strategy and requirements, and to deliver insights based on their requests.
- Applying a blind recruitment process at graduate level to ensure no-one is disadvantaged by age, sex, race, disability, religious belief, sexual orientation, gender identity or expression and socio-economic background.
- Ensuring our inclusion and workforce strategies are embedded within all leadership training.
- For senior hires, renewing terms with agencies and headhunters to require a focus on diversity including diverse candidate long lists, and using retained searches/market mapping rather than speculative approaches to identify diverse talent

As a Firm, we use high quality data and research to highlight how we can understand the challenges and drivers for diversity, and in turn, help to monitor and focus our actions so that we can deliver the most effective results.



We believe that developing activities based on evidence allows us to target the areas of the business which merit our attention most. This helps us to deliver measurable change programmes, and is supporting us to create a more inclusive and better workplace. These activities include the following:

- We complete an annual review of our graduate recruitment from application to appointment, analyse any trends and develop our inclusive attraction strategy to specifically target underrepresented groups.
- We have developed a model which enables us to embed more credible socio-economic data into our inclusion processes.
- We monitor our pipeline closely and aim to reflect our targets in partner promotions each year. Going forward our aim is that at least 50% of our partner promotions will be female. We note that our London partner population has risen to 29% female, and has risen to 6% for our Black, Asian and Minority Ethnic (BAME) partners.

Our new approach enables us to review data on a department level and develop actions to address any areas of underrepresentation. Our findings have shown that no single department is perfectly representative and no two departments are the same. As a result of this programme of work, we have started to see: leaders engage in activity that specifically looks to address the challenges in their team; robust conversations about the leadership track and what the departments can do to increase opportunities for individuals from underrepresented groups; departments beginning to engage in a dialogue with members from their underrepresented groups, and advice being sought around how they can be more inclusive.

This is the beginning of a new conversation at Baker McKenzie as we continue to move towards a culture that is more inclusive, and with greater representation of women and ethnic minorities in the senior positions at the firm.

# **Building Communities during the Pandemic**



# Building Communities in the Year of a Pandemic – our people, our culture, our clients & community

**As the pandemic spread across the world, and our people were asked to work from home, it tested the Firm's ability to support our people and communities. We made great efforts to continue to develop and enhance our activities and policies to support engagement and to build inclusive environments for all. Conscious of the evidence that, following the last financial crisis, women and underrepresented groups were more adversely impacted and that many of the gains made in the area of diversity were reversed, we were determined that inclusion would remain high on our list of priorities.**

**Here are a few examples of work taking place behind the scenes:**

- Our established bAgile programme is the Firm's global initiative in response to technology enablement to meet our people's and our client's needs. It represents our opportunity to facilitate working in a more flexible and agile way. In 2020, it ensured a better work-life balance, and helped create a working culture during COVID-19 that brought together our communities, offering different types of work arrangements, including remote working and alternative hours for all of our employees - not just lawyers. bAgile continues to prove beneficial for those staff working from home, ensuring a focus on wellbeing.
- Throughout the pandemic we continued to host our general open days for potential future trainee solicitors, but also launched our new Specialised Open Day Series, which include interactive workshops, practice group overviews, application tips, and the opportunity to network with Partners, Associates, and Trainee Solicitors. Focus of these days included, wellbeing and disability, socio-economic diversity, LGBT+, race and gender.

- Our Black Lawyers & Allies Open Day demonstrated the importance of diversity and our dedication to broaden access to the Firm. Some of the feedback we received included:



**"It's so refreshing to see a company that is genuinely interested, invested in and so passionate about increasing diversity in the workplace and fostering an inclusive environment."**

From a 2021 future Trainee.



**"It reminded me why Baker McKenzie was my top choice. Diversity and inclusivity is by no means a tick box exercise and all the work being done 'behind the scenes' really speaks to that. Even more so in today's climate."**

From a 2021 future Trainee.

- Our Women+ open day showcased our commitment to championing women in the workplace. However, these events were not just focused on women. The sessions centre on equality in the workplace, regardless of gender and explained our global targets of 40% women, 40% men and 20% flexible (women, men or non-binary persons) by July 2025.
- During the pandemic, we introduced a programme of alternative working hours which was entirely voluntary and open to all. This included the option of reduced hours and/or part paid sabbaticals, both of which proved attractive to some of our people who were juggling caring responsibilities or other home commitments alongside business demands. Interestingly, we found take up of reduced working hours was even between both male and female employees and between fee earners and PBS staff.
- In June 2021, we launched our updated BAgile programme providing further commitment to agile working and ensuring that our people are able to work flexibly in terms of both hours and location. From September 2021, we will adopt a 2+2+1 pattern in relation to remote working; whereby the majority of our people will be able to work two days in the office, two from home, and one from either location, depending on their own, and their clients' or stakeholders' needs. Overall, we are taking an agile open minded approach, which is focused more on output and less on physical location.
- Our RISE programme is designed to increase the number of female associates promoted to Partner. It is aimed at senior associates around five years pre-partnership, helping to build confidence that this is a viable career pathway, equipping senior associates with the skills to make it a reality. Running twice per year, the programme accommodates 40 to 50 women on an annual basis and all participants are matched up with a partner mentor.

## Testimonials include:



"It has been an honour to participate in the EMEA Rise Programme. The opportunity has enabled me to expand my network within EMEA and connect with like-minded females who have similar career aspirations and boundaries. The modules and fireside chats have provided expert guidance on how to overcome various issues, progress my career and draft a professional business plan as part of my local partner application. Having access to a Senior Partner Mentor has been instrumental to my career progression in the last year."



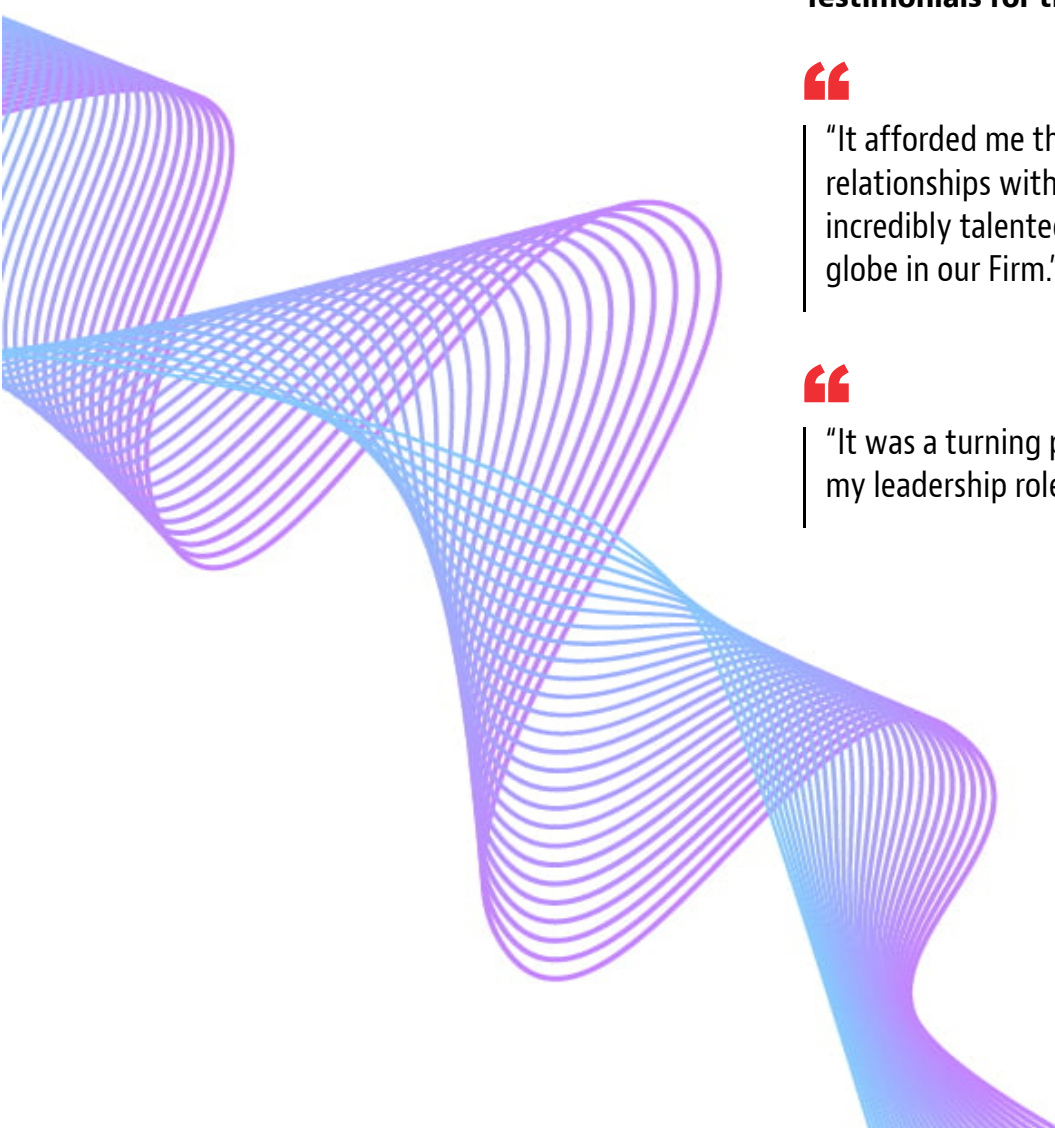
"Most of the time we are overwhelmed by our professional and personal life routine. We do not dedicate sufficient time to think about our professional future and to create/put in writing the steps to reach our professional goals. The RISE programme, with the periodic fireside chats and seminars, provides a great support to find the time for those activities. I think that initiatives like RISE programme makes the difference between a work place where you feel "someone" is investing in you instead of being just a number."

- Our major global sponsorship initiative, Leaders Investing for Tomorrow (LIFT) supports women partners in progressing to senior leadership roles. This impactful 12-month programme establishes sponsee-sponsor relationships focused on leadership development and advocacy. Since its commencement, more than 80 women have participated in the LIFT programme, many of whom have since advanced to equity partnership and senior roles at the firm.

FY19: 50% of female Principal promotions had participated in LIFT

FY20: 78% of female Principal promotions had participated in LIFT

25% of all LIFT participants from Cohorts 1-3 have since been promoted to Principal



**Testimonials for the LIFT programme include:**



“It afforded me the opportunity to create relationships with other high-performing and incredibly talented women partners across the globe in our Firm.”



“It was a turning point in terms of developing my leadership role.”

- Valuable 500 –Our work on disability inclusion continues to develop. Earlier this year, our global chair Milton Cheng joined CEOs across the world in becoming a signatory to the Valuable 500, a community dedicated to advancing disability inclusion through business leadership and opportunity. Our firm has committed to this global movement, which strives to put disability on organisations' leadership agendas. In doing so, we have pledged to remove barriers to participation at Baker McKenzie and to improve the accessibility of our communication platforms (including technology and in person) for our people, clients, candidate talent, guests and suppliers.
- We believe that everyone should be able to reach their full potential irrespective of their socio-economic background and circumstances. In 2021, we launched Our Global Socio-Economic Diversity Program which strives to make an impact in our communities through a wide range of internal initiatives and external partnerships.

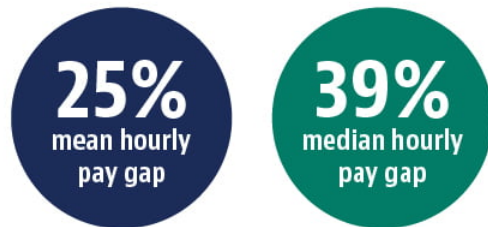
# **Our Pay Gaps**

# The Gender Pay Gap

The gender pay gap demonstrates the difference in hourly pay between all male and female employees within a business. This figure can be shown as a mean (average number) or median (whereby a figure is taken from the middle value within a range of hourly earnings) number. This report demonstrates both sets of figures for pay and bonuses for men and women working in Baker McKenzie's London office.

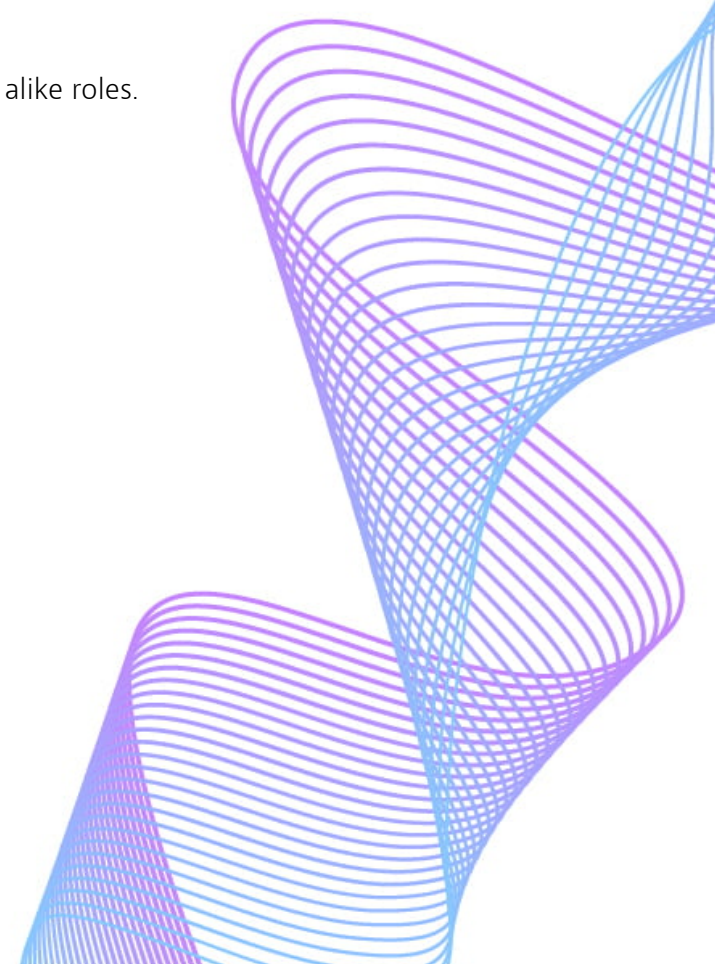
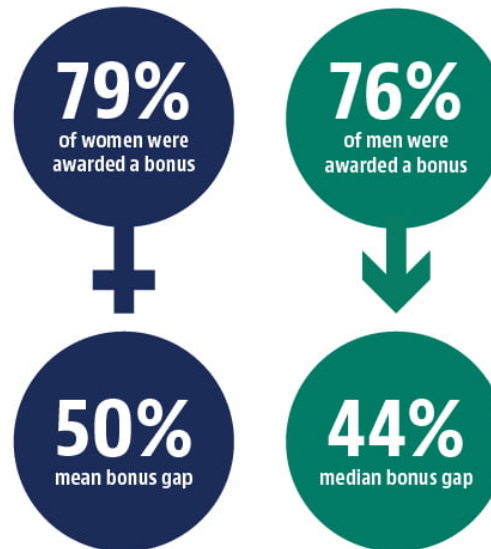
A negative pay gap means that women's average gross hourly earnings are greater than those of men. The gender pay gap differs from equal pay, which describes paying men and women undertaking the same, or alike roles.

## Employee pay gap



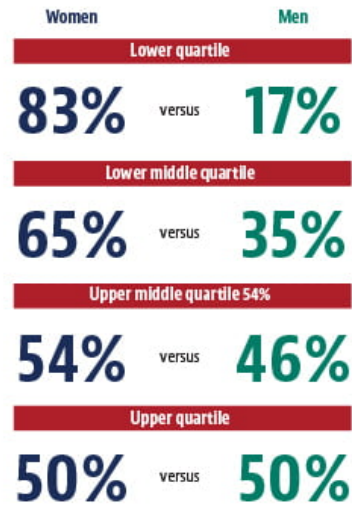
In 2020, we had an average (mean) 25% hourly pay gap between our male and female employees. The median figure shows a 39% pay gap.

## Employee bonus gap



## Pay gap based on salary quartiles

These quartiles show the mean gender gap according to the range of employee salaries.



Like many of our counterparts across the legal profession, we do employ more women than men across secretarial, and administrative positions. While these roles are well-remunerated, and benchmarked with others in professional services, they do tend to fall at the lower end of our paybands in the firm. Ensuring a more balanced spread of the seniority of roles within the firm will take time, but is something we are committed to addressing.

## Additional analysis

Further analysis has shown that, across our trainee and associate population, there is a small pay gap of between -1% to 4%

There is a negative pay gap of -14% across secretarial services, and an improved pay gap across business services, which is now 15%.

## Partner pay gap

Following the pattern of previous years, for openness and transparency, we are once again publishing partners' remuneration figures alongside our statutory data. Partners and employees are remunerated differently, so we have calculated figures for a full financial year, as opposed to the April 2020 snapshot which describes the firm's gender pay gap.

The partner figures incorporate non-discretionary and discretionary partner profit share as 'pay' and 'bonus' respectively.

## Partner pay and bonus gap



# The Ethnicity Pay Gap



# The Ethnicity Pay Gap

We report on the overall combined data for BAME groups on the basis that the relative small size of reported data in the specific ethnicity categories would potentially impact and identify colleagues. Although we are not publishing this level of data externally, we have analysed against the specific categories to support our inclusion strategy.

## Employee pay and bonus gap



In 2020 there was a 7% average hourly pay gap for our BAME employees, and a 16% average bonus gap. This is based on 94% of employees who have chosen to report their ethnicity.

## Partner pay and bonus gap



At partner level, there is a negative average hourly pay gap of -10% for our BAME partners and the average bonus gap is also negative at -128%. This is based on 87% of partners who have reported their ethnicity. (As noted above, a negative gap indicates that the average earnings of BAME employees is greater than that of white employees.)

## Partner and employee | Pay and bonus gap



## A headcount snapshot

Our total London BAME workforce stands at:

Job Category	Asian/Asian British	Black/African/ Caribbean/Black British	Mixed/ multiple ethnic groups	Other ethnic group	Total BAME	White	Unknown
Partners	3%	1%	2%	0%	6%	81%	13%
Associates/ Other Fee Earners	10%	1%	5%	2%	19%	74%	7%
Trainees	9%	3%	5%	0%	17%	71%	12%
Secretarial/ Business Services	6%	6%	4%	2%	18%	75%	7%
Grand Total	8%	3%	4%	2%	17%	75%	8%



**Fostering a culture  
that is truly inclusive**

# Fostering a culture that is truly inclusive

**In 2020 we appointed a Global Task Force on Race and Ethnicity, with the specific goals of promoting anti-racism and advancing accountability for racial and ethnic diversity and inclusion across our offices. We were the first among our peers to move beyond words to concrete action. The Task Force has developed and is rolling out a Racial and Ethnic Equity Leadership resource with specific, measurable leadership expectations to drive accountability, and embed the Firm's core value of racial equity into leadership and management practices.**

Fostering a culture that is truly inclusive, leveraging the collective strengths of our diverse workforce:

- We have active diversity affinity networks, BakerEthnicity, BakerLGBT+, BakerOpportunity, BakerWellbeing and BakerWomen which each play a key role in supporting our understanding of the actual or perceived challenges minority groups face at the Firm. We are now encouraging greater collaboration between these groups to create wider understanding of intersectional identities and in particular to build a truly inclusive culture.
- We have 50+ Inclusion Champions across the London office who act as a listening ear for our people. General trends and themes are reported and shared with our London Management Committee to ensure the right behaviours are continuously reinforced.
- We have a number of diversity related campaigns to engage allies including HeForShe which encourages male colleagues to advocate for gender parity and Colour Brave, which focuses on breaking down the awkwardness or discomfort when discussing race and listening to the challenges faced.





# **What we know**

# What we know

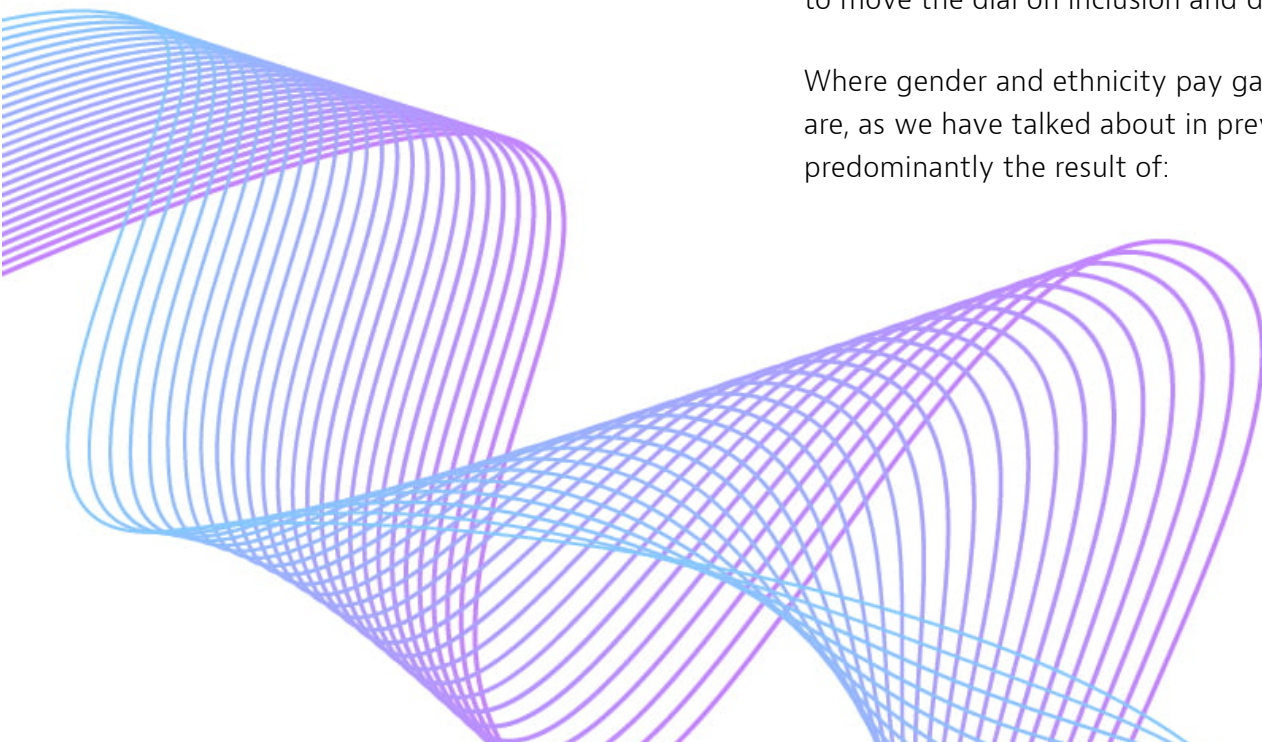
**From this analysis, we know we have a gender and ethnicity pay gap and we acknowledge that significant change will take longer to achieve.**

The figures we are reporting should not be looked at in isolation, as they are only a snapshot in time from April 2020, but the analysis is key to help inform, and is part of our broader approach, to move the dial on inclusion and diversity.

Where gender and ethnicity pay gaps exist they are, as we have talked about in previous reports, predominantly the result of:

- having fewer women and people from BAME backgrounds as partners and other senior roles;
- having a much higher proportion of women in business support/administrative roles;
- having a higher proportion of female part-time employees than male part-time employees which has an impact on our bonus gap; and
- investing in areas (i.e. banking & finance) which at senior level are predominantly in male-dominated sectors in the legal industry.

We will continue to monitor these gaps, as well as the progress of our activities detailed at the start, so that we can deliver meaningful long-lasting change.



# **Gender and Ethnicity Aspirational Targets**



# Gender and Ethnicity Aspirational Targets

**At Baker McKenzie, we are focused on increasing diverse representation among our lawyers and professionals at the most senior levels of the Firm, and are setting clear, measurable targets to hold us accountable for advancing toward our inclusion goals. In 2019 we enacted first-in-kind global 40:40:20 gender targets by July 2025. The targets, which represent 40% women, 40% men and 20% flexible (women, men or non-binary persons), apply to partners, senior business professionals, committee leadership and candidate pools for recruitment to these roles. Significantly, the targets 1) transform aspirational goals into measurable outcomes; 2) provide specific mechanisms to ensure management accountability and 3) are inclusive of non-binary individuals.**

As of 1st January 2021, our London gender data comprised 59% women, 41% men and 0% non-binary. Further analysis of the data shows the following breakdowns:

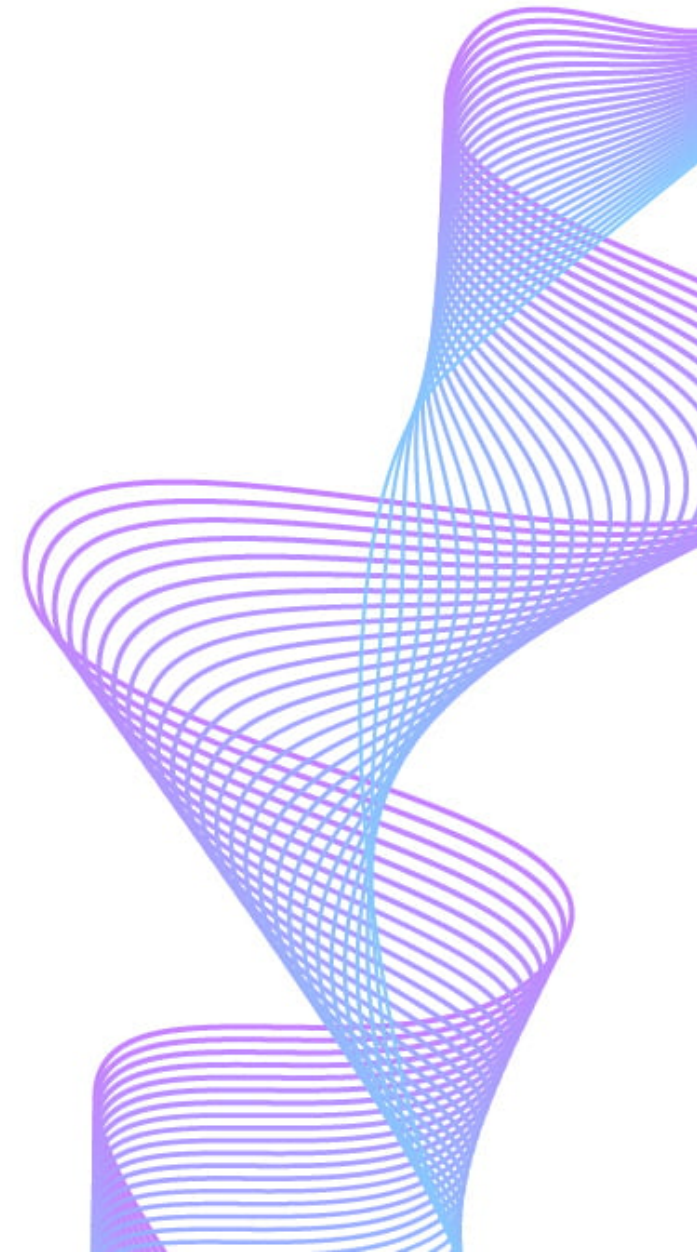
- Partners: 29% women, 70% men and 1% non-binary
- Associates: 54% women, 46% men and 0% non-binary
- Trainees: 72% women, 28% men and 0% non-binary
- Business Services: 60% women, 40% men and 0% non-binary
- Secretarial Services: 94% women, 6% men and 0% non-binary



Although we have a way to go to achieve our Gender Aspirational Targets, we have many initiatives and programmes to help us get there. Despite the pandemic, we have continued to roll out programmes such as our graduate-focused virtual Women+ Open Days which centre on equality in the workplace regardless of gender. We continue to be outcomes driven; intensely focused on further building and developing diverse and inclusive talent pipelines, driving inclusive representation at all levels, and strengthening the experience of all of our people. We are focused and determined on increasing diverse representation among our lawyers and professionals at the most senior levels of the Firm, and are setting clear, measurable targets to hold us accountable for advancing toward our inclusion goals.

In 2019, we also introduced ethnicity workforce targets for London to demonstrate our continuing commitment to improve ethnic and racial diversity throughout the Firm and in particular at senior leadership levels. Our target was set at 14% in light of the BAME working age population based on the UK 2011 ONS Census. Our overall BAME population stands at 17%. However, we understand that we need to continue our focus to improve the pipeline at senior levels and, additionally, we need to continuously evolve our approach to understand the different experiences and participation rates of specific ethnic minority groups.

This, as with many aspects of our approach to inclusion, equity and diversity, is a work in progress. We are committed to making and maintaining sustainable change with lasting impact.



Thank you for reading

# Gender & Ethnicity Pay Gap - London 2020