

Diversity and Inclusion at Osborne Clarke

Our gender and ethnicity pay gap report

Data from April 2020



Introduction

2020 has been a challenging year for all businesses. At Osborne Clarke it is no different. The effects of the global pandemic on our people, and the awakening in the aftermath of the death of George Floyd have confirmed the need to accelerate change.

Osborne Clarke has, over the last five years, built an excellent foundation on which to take action and effect change. The partnership and senior business leaders are united in our commitment to creating a more diverse and inclusive firm where everyone can fulfil their potential.

Change, especially when it comes to transforming the composition of the firm, is never easy and it's not fast, but it is necessary. With the support of our newly formed Diversity Champions Forum, the appointment of Executive Board sponsors for Diversity and for Race, the incredible support of our employee networks and sponsors, and the appointment of a new Head of Inclusion and CSR, I'm confident that we now have the tools to hold ourselves to account and, more importantly, achieve our goals.

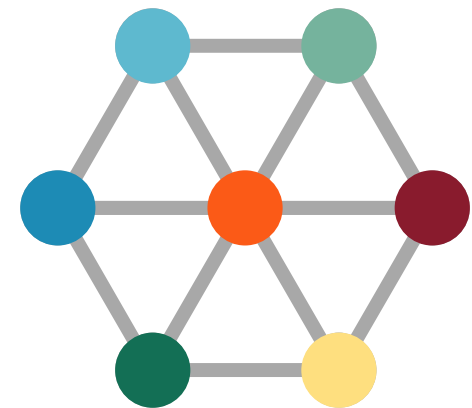
This is our fourth year of reporting our gender, ethnicity and partner pay gaps. While we've made some progress since we started reporting in 2017, we know that we can and will do better.



Ray Berg
Managing Partner



We continue to work with a number of external partners and clients to share best practice, and challenge ourselves to build a diverse and inclusive workplace.



Executive Summary

This report shares data from April 2020. While we actively continue to celebrate and promote our inclusive culture, we recognise we still have much to achieve. This report is one opportunity to recognise our challenges, celebrate our achievements and identify opportunities to achieve sustainable and material progress on our journey.

This is the fourth year we have published our gender pay gap, which is required by law. For transparency, we also publish our partner and ethnicity pay gaps.

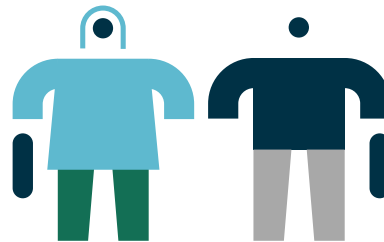
While our initial progress has been broadly sustained for gender, the pay gap has not closed as swiftly as we would want. Our ambition is to reduce our gender pay gap more substantially over the next four years, and we are creating a task force to deliver recommendations on actions we can take to do that.

This year's data shows our mean employee gender pay gap has remained largely unchanged (22%), while the combined partner and employee gender gap has reduced slightly (58%). Of the nine people who joined the partnership in the reporting year, six were women, primarily entering the partnership through our internal promotion process. This will have contributed to a reduction in the combined gap. However, the proportion of female partners at the firm remains below our 2022 target, at 23%.

Our gender pay gap is largely driven by regional pay differences (London vs Bristol), occupational segregation (the clustering of one gender in particular roles) and the recruitment of men into more senior roles.

Ethnicity pay gap reporting is not currently required by law, but we understand the importance of calculating and managing our gap, and being transparent in our progress. The results of this year's calculation underline the need for us to increase the proportion of ethnic minorities joining our firm and progressing through to partnership and senior management roles. The mean ethnicity pay gap stands at 17%.

In recognition of the work we need to do to improve the ethnic diversity of the firm, we signed up to both the Race at Work Charter and Race Fairness Commitment in September 2020. These commitments, action plans and the work being put in place to meet them will help increase the representation of ethnic and racial minorities at the firm as well as helping to drive down the gap.



2019-2020 highlights

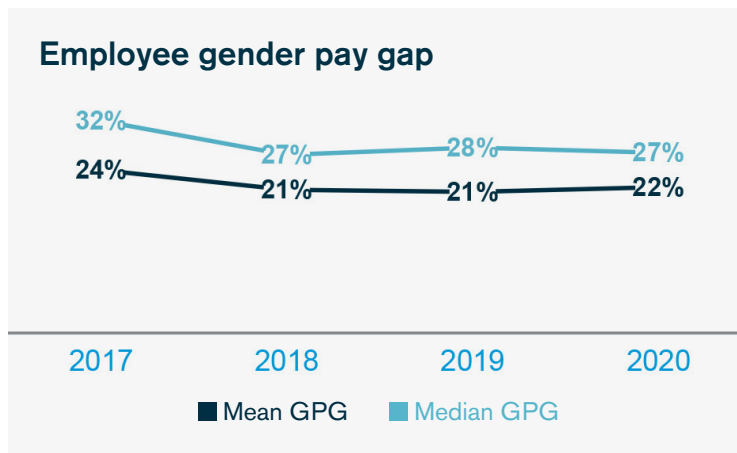
- Committed to the Law Society's Women in Law Pledge.
- Created a Family & Carers Group as part of our OC Gender Network.
- Enhanced measurement and analysis of employee engagement to improve our understanding of how people of different genders and ethnicities experience the firm.
- Explored gender specific issues in the workplace through targeted events and open dialog around topics such as menopause.
- Invited 13 women to undertake our Female Senior Associate Development Programme.
- Embedded our coaching offer for anyone taking a period of extended leave.
- Submitted our first Stonewall Workplace Equality Index assessment.

Our results ●

Our 2020 employee pay and bonus gaps

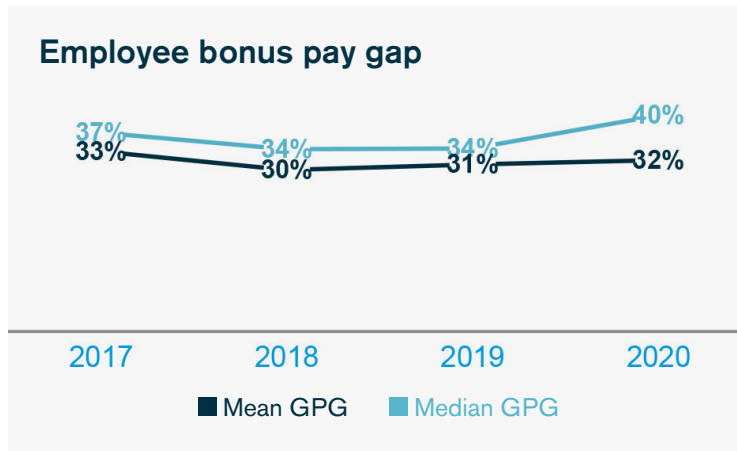
Our gender pay gap based on salary

- Our mean gender pay gap for 2020 is 22%. A 2% reduction on our 2017 baseline.
- Our median pay gap is 5% lower than our baseline year.
- While gains from our baseline year are important, the three year trend shows the gap has remained unchanged overall. This is due to an increase in the proportion of men in our higher pay quartiles and an overrepresentation of women in our lower quartiles. New hires over the reporting year contributed to maintaining the gap.



Our gender pay gap in our bonus payments

- Our median bonus pay gap has increased to 40%, 3% higher than our baseline year of 2017 and 6% higher than 2019.
- Our mean bonus pay gap has reduced slightly to 32%.
- A higher proportion of our women continue to receive a bonus, however, as bonus is currently calculated on a percentage of salary, the bonus gap reflects the imbalances shown in the pay gap.



“Between 2018 and 2020, on average 60% of promotions into Senior Associate and Associate Director roles in the firm were women. Our bespoke development programmes are one of a number of measures that support us in retaining and progressing great talent.”

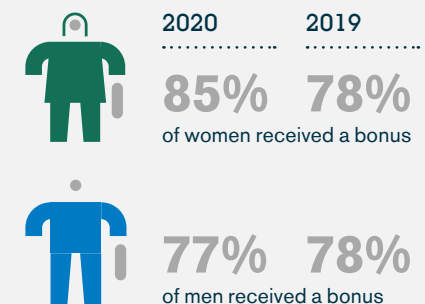


Sarah Hunt
Head of People Development

The gender split of our employees



The gender split of bonus recipients

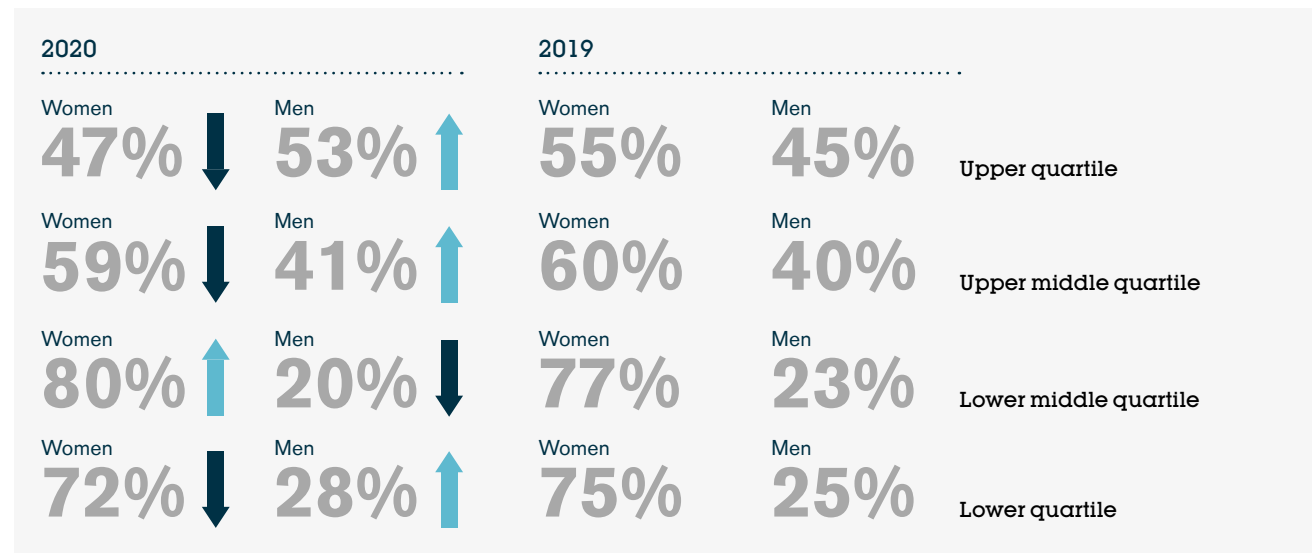


Our results ●

Our employee gender pay gap based on salary quartiles

Each year we split employees into four equal salary quartiles to demonstrate how representation of women in different quartiles may affect the pay gap. To do this we order the entire range of salaries from top to bottom and split an equal number of those salaries into four quarters. We then look at the gender representation in each of those quarters.

- Overall, women make up two thirds of our firm. They have traditionally held the majority of roles in all four quartiles. For this reporting year, the number of women in the upper quartile dipped below 50%.
- This decrease in the percentage of women making up the Upper Quartile represents a reduction of 5% from 2017's baseline, and 8% from 2019. Some of this was likely due to an increase in the number of women who moved into partnership, and an increase in the recruitment of men whose salaries fall in the upper quartile.
- We have made moderate progress over the years in reducing the proportion of women who make up the vast majority of people working in our Lower and Lower Middle Quartile.
- The proportion of men in the Lower and Lower Middle Quartile salary ranges has shown minor movement. Women continue to be over represented in roles that attract salaries in the lower end of the pay range.
- The regional nature of the firm is a significant contributor to the pay gap. London accounts for one third of our employees, but only one fifth of our support services. Administrative and secretarial services are predominantly concentrated in our Bristol office.



“The Diversity Champions Forum (DCF) was formed to transform our approach to diversity and inclusion. The group oversees our progress and provides challenge as well as support. Making more substantial progress on addressing gender imbalances in the firm is a priority we’ll be tackling head on. While we know change doesn’t happen overnight, we are committed to seeing consistent improvements in our performance over time.”



Victoria Parry
Partner, Practice Group Head and DCF Chair

Our results

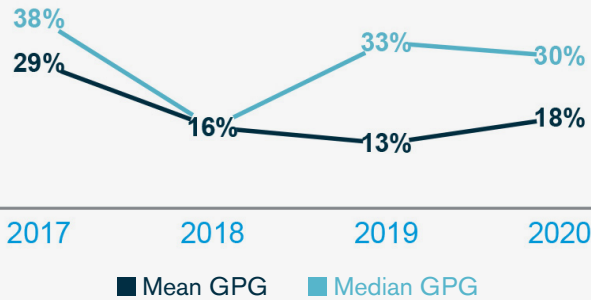
Our Partner and combined pay gaps

- During the reporting year the firm added nine new partners, of which two thirds were women. This has helped bring the percentage of women who make up the partnership to 23%.
- Due to the increase in the number of women being promoted into partnership compared to men, the mean partner pay gap increased to 18%, an overall decrease on 2017, though 5% higher than the previous year.
- The median partner pay gap is now 30%. This is a 3% reduction on 2019 and 8% reduction overall.
- The firm has set a target to achieve 30% women in partnership before 2022. This target is being reviewed in 2021 as part of work to develop a meaningful gender action plan.
- The combined partner and employee mean pay gap has reduced to 58%, a decrease of 7% overall.
- The median combined gap remains unchanged at 46%.

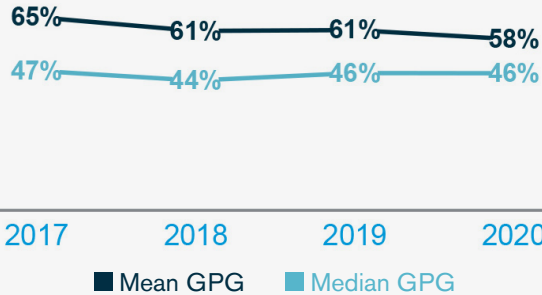


We are signatories of the Law Society's Women in Law Pledge and active participants in the Law Society's Lawyers with Disabilities Division

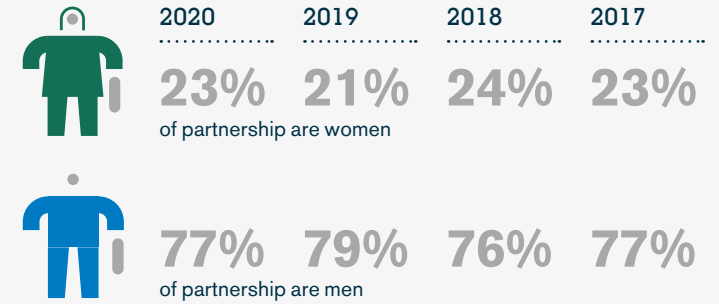
Our Partner gender pay gap



Our combined gender pay gap



The gender split of partnership



"Flexible working has enabled me to better balance my family responsibilities with my partner, but also to give me greater longevity in my career, by enabling me to pursue outside volunteering interests alongside my work life. Working for an employer that understands and supports this is critical to achieve gender equality in the workplace and it is really important that it is not only seen as an option for working parents."



Omar Al-Nuaimi
International CEO-elect

Our results

Our employee ethnicity pay gap

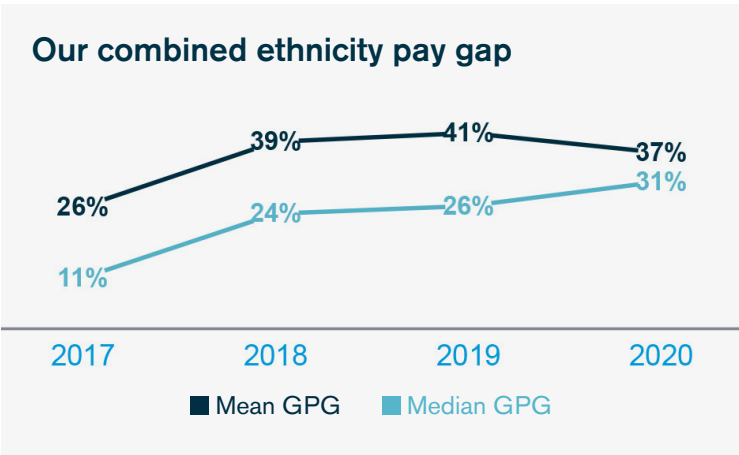
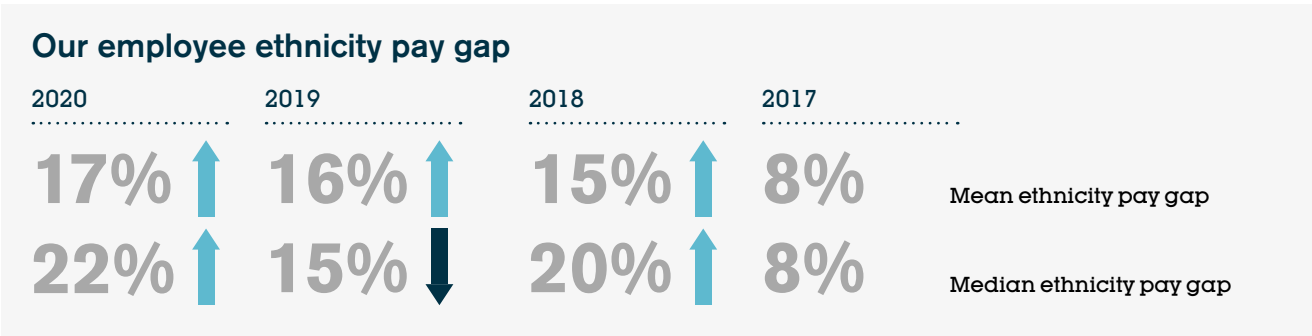
- The mean employee ethnicity pay gap has increased from our baseline year of 2017 to 17%. This has predominantly been driven by an overall decrease in representation of employees with an ethnic minority background in all three pay quartiles bar the Lower Middle Quartile.
- Occupational segregation, as seen in our administrative and secretarial services, may also be a factor as ethnic minorities appear to be concentrated in our business support and paralegal areas.

“2020 was a momentous year for ethnic minority inclusion across the world. It’s clear that we need to do more as a firm. Over the next three years we will focus on recruitment and engagement, increasing the representation of ethnic minorities across all areas of the firm and delivering on our race action plan.”



Rajindh Mangat
Partner, OC REACH
Champion, Partnership
Council Member


The firm has an active Race, Ethnicity and Cultural Heritage Network, OC REACH, which works to support and challenge the firm's diversity and inclusion strategy.

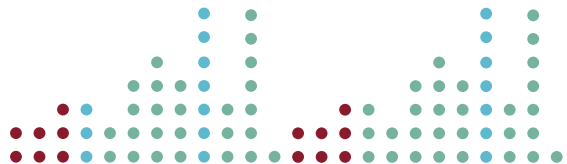


Our results

Our ethnicity bonus gap

- The overall number of employees receiving a bonus increased in 2020.
- There was an 8% increase in the number of employees with an ethnic minority background receiving a bonus. This contributed to a 10 point reduction in the mean ethnicity bonus gap from the previous year.
- The mean bonus gap remains higher than the baseline year by 5%. The Median bonus gap has risen to 33%.
- Some of the gap can be attributed to the reduction in representation in the Upper and Upper Middle quartiles, as well as the link between pay and bonus.

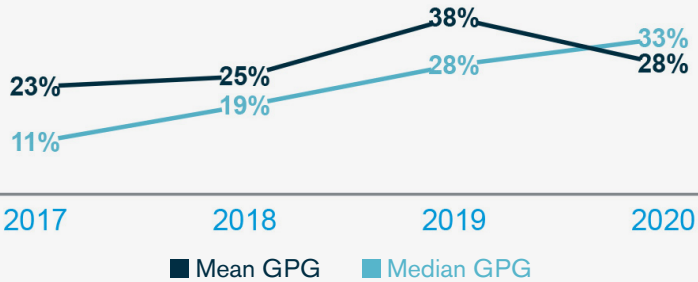
 In 2020 we became members of the Black Solicitors Network



Percentage of employees receiving a bonus

2020	2019	2018	2017	
79% ↑	71% ↓	83% ↑	80%	Ethnic Minority employees
83% ↑	79% ↑	72% ↓	78%	White employees

Our employee ethnicity bonus gap



Understanding our results ●

Key drivers for our pay gaps

- Our firm is split across three UK cities: London, Bristol and Reading and our pay reflects regional variations. As a result, London is a significant contributor to our employee pay gaps, accounting for over half of our gender pay gap.
- We have a disproportionate number of women in lower and lower middle salary quartiles. Many of these roles are within our Business Services and Support functions which are predominantly based in Bristol.
- The number of women progressing through to senior positions in our firm remains consistently high in our legal areas. However, recruitment into senior legal roles is skewed towards men. As a result, overall representation of women has remained static.
- Equally, partner recruitment has seen a greater increase in male partners than female partners in recent years.

“There are many drivers of the gender and ethnicity pay gaps. We recognise that to close the gap we need to be more targeted in our actions. It’s fair to say that all the drivers of our pay gaps are within our control. That’s why we’ve created specific action plans which we’re implementing with the support of the Diversity Champions Forum, Executive Board and business teams. While it’s possible that the situation will look worse before it looks better, our commitment to long term sustainable improvement remains and we will take the action necessary to create a truly diverse and inclusive firm.”



Bola Gibson

Head of Inclusion and Corporate Responsibility



We partner with organisations addressing social diversity, including the Social Mobility Business Partnership and Visionpath



We hold the National Equality Standard



We are a Stonewall Diversity Champion



Understanding our results ●

Addressing our pay gaps

We are committed to driving down the pay gap by 2025. We have already started taking actions which will affect the gap in the coming years. These include:

- Establishing a Gender Taskforce to target the pay gap and working with our data provider to provide evidence-driven recommendations to support the work of this group.
- Creating gender and race action plans in 2021 to address our most significant challenges in these areas.
- Conducting an independent review of our recruitment practices with a view to increasing overall representation of target groups across the firm.
- Improving our diversity data and disclosure to enable greater scrutiny of progress and a more accurate restating of our targets. As part of the Race Fairness Commitment framework we will be monitoring and tracking the outcomes for all our people at each stage of the employee lifecycle.
- Developing targeted interventions in parts of the firm when the representation of women in senior roles could be improved.
- Reviewing policies to better support people with caring responsibilities to thrive and progress at the firm.
- Increase cultural understanding across the firm by rolling out and expanding reverse mentoring and other awareness and education programmes.

Our race action plan

As part of our work to increase representation of Black, Asian and Minority Ethnic communities at the firm, by April 2022, we will:

1. Conduct an independent review of our recruitment practices to ensure we are attracting and hiring diverse talent;
2. Put in place a reverse mentoring programme to build understanding and empathy among partners and senior business leaders of issues affecting Black, Asian and Minority Ethnic colleagues;
3. Educate colleagues about the language of race, allyship and what it means to be anti-racist;
4. Ensure our policies and practices support a zero tolerance stance towards harassment, bullying and racism in the workplace;
5. Review our targets for increasing representation of Black, Asian and Minority Ethnic colleagues and put in place robust action plans to achieve them;
6. Develop action plans to deliver on our external commitments and report on progress towards achieving our goals annually; and
7. Develop and broaden support and outreach to Black, Asian and Minority Ethnic communities through the Stepping Up programme, annual mentoring programme and the 10000 Black Interns initiative.



About the report

What is the pay gap?

The gender pay gap measures the average difference in hourly earnings between all of the women and all of the men within an organisation. This is different to equal pay, which focuses on pay for women and men doing the same work. The UK has a gender pay gap of around 16% (Office for National Statistics). That means the average working man in the UK gets paid 16% more than the average working woman.

The reasons for a gender pay gap are not straightforward. There are still far more men in higher paid senior roles across all industries, and women still tend to be the majority in roles that attract comparatively low salaries. Things are changing and increased understanding of these complex issues helps us to remove obstacles and create opportunities for individuals to fulfil their potential.

The ethnicity pay gap is calculated in the same way but, instead of comparing the pay of women and men, we compare two binary groups, those who identify as coming from an ethnic minority or mixed background and those who identify as coming from a white background.

Means and Medians

In this report we often present both the mean and median results:

- **Mean** is the average of all the data when added together
- **Median** is the mid-point of the data when the results are in value order

Quartiles

We have split the firm into four equal salary-based quartiles to illustrate how the gender balance of our organisation influences our mean gender pay gap. This means that we've ordered the entire range of salaries we pay (from the highest to the lowest) and split them equally into quarters, so the highest salaries make up the upper quartile and the lowest salaries make up the lower quartile. We've looked at the gender representation in each of these groups.

Quartiles are important when viewing data as they help us to understand the representation of the different groups at different levels within the organisation, how this affects the gender pay gap and where we should focus efforts to drive change.

