



Diversity and Inclusion at Osborne Clarke

Our gender and ethnicity pay gap report

Introduction

The period covered by this report has been quite an eventful one when looked at through a D&I lens. It started with the coronavirus pandemic, its reshaping of working life and impact on workplace wellbeing, and was swiftly followed by the resurgence of the Black Lives Matter movement, the fight for trans rights and focus on male violence against women.

Throughout this challenging period, Osborne Clarke has remained committed to creating a firm where everyone can fulfil their potential. The programme of work led by our Diversity & Inclusion networks, largely delivered remotely and digitally while we couldn't be together in person, has inspired much learning and conversation about how we can support each other to thrive. Combined with our integrated change programme targeting key internal processes and policies, we are starting to create the conditions for success.

In last year's Gender and Ethnicity Pay Gap report we set out our ambition to reduce our gender and ethnicity pay gap, and increase overall representation over four years, with the support of a newly formed Diversity Champions Forum, the appointment of Executive Board sponsors for Diversity and for Race, our employee networks and sponsors, and the investment in a new Inclusion and CSR team. I also said that achieving the transformation we need would take hard work and time, and this is brought to bear in our latest set of data.

While the wheels of change seem to turn slowly we know we are making progress. This was recognised in the firm being awarded Law Firm of the Year at the British Legal Awards in November 2021, and by our rise of 33 places to rank 48 out of the top 75 best companies for social mobility. The firm's 'clear understanding of the importance of diversity' was a contributing factor in our success. I am proud that we are being recognised for doing the right thing and not just talking about it. It also reinforced for me the need to maintain the focus and ambition in our approach, and to continue to be deliberate in our decision making around all elements of our business.

We continue to identify areas for improvement and will keep challenging ourselves to drive the structural changes in our business which will see the gap close in the coming years.



Ray Berg
Managing Partner



Executive Summary

This report shares data from April 2021, one year into the Coronavirus pandemic. Throughout that year of lockdowns and home working, we actively strengthened and celebrated our inclusive culture, and planned for further improvement. This report recognises the challenges we face in embedding long term, meaningful structural change in our organisation, as well as the action we have taken so far to take us closer to our goal.

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

As a result of the pandemic, pay and bonus decisions were largely deferred, the recruitment market was muted and therefore our figures are broadly similar to the previous report. While we took the difficult decision to furlough some employees in the early stages of the pandemic, we were one of the first firms to repay those funds to the government and returned our colleagues from furlough as quickly as we were able to.

Our gender pay gap continues to be largely driven by regional pay differences and occupational segregation (the clustering of one gender in particular roles).

This year's data shows our mean employee gender pay gap has remained largely unchanged (22%), while the partner gender pay gap has reduced (14%). The proportion of female Partners at the firm has increased to 24%, but remains below our target of 30%.

Our bonus gap was exceptionally low – the median was 0% – but this was due to the deferral of bonuses and almost all employees being eligible for a universal 'thank you' payment for their contributions to the business during a difficult year.

Our ambition remains to significantly reduce our gaps by 2025. To do that we are developing and implementing systemic changes that will give us the foundation to achieve our goals in future years. In 2022 the firm will launch its Gender Action Plan to address the barriers and challenges to driving greater representation.

Ethnicity pay gap reporting is not currently required by law, but is an important tool for the firm to calculate and manage our gap, and in being transparent in our process. The results of this year's data is encouraging, with the mean ethnicity pay gap reducing to 12% and representation of ethnic minorities growing across the firm. There is still a need to maintain that trajectory and for us to increase the proportion of ethnic minorities progressing through to partnership and senior management roles.

The launch of a new development programme, the rollout of a reverse mentoring scheme with senior leaders and our commitment to the 10000 Black Interns programme are just some of the actions we are taking to improve the experience and opportunities for racial and ethnic minorities at the firm.

Highlights

- 24 partners taking part in inaugural reverse mentoring programme
- Roll out of inclusive manager training to all line managers
- Completion of full audit of our recruitment processes and action plan to implement changes
- Regular engagement surveys to track the impact of the pandemic on colleagues with different diversity markers



Our results

Our 2021 employee pay and bonus gaps

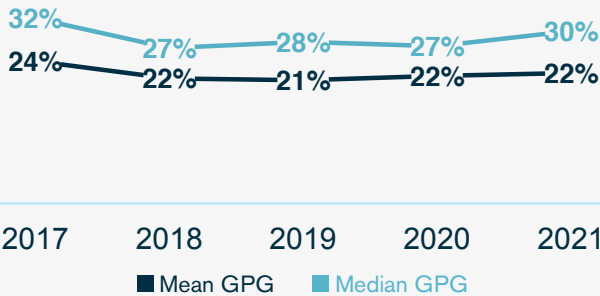
Our gender pay gap based on salary

- Our mean gender pay gap for 2021 is 22%, a 2% reduction on our 2017 baseline and a marginal increase on the previous year.
- Our median pay gap is also 2% lower than our baseline year but a 3% increase on 2020.
- The trend shows little change in our gaps overall, which was to be expected in a year where there was little movement as a result of the pandemic.
- Our gaps are explained by the higher proportion of men in roles in the higher pay quartiles, and an overrepresentation of women in roles that sit within the lower pay quartiles.

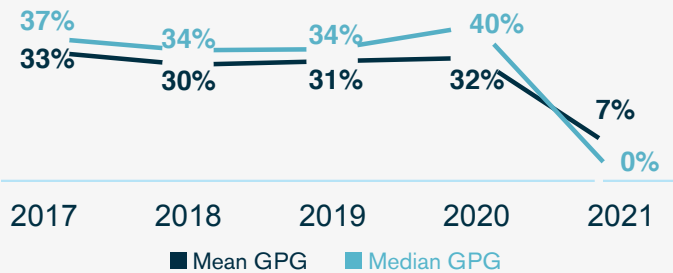
Our gender pay gap in our bonus payments

- Our median bonus pay gap was 0% this year, compared with 40% in 2020 and 37% in our baseline year.
- Our mean bonus pay gap reduced from 32% to 7%.
- A slightly higher proportion of men received a bonus (94.4% compared with 93.6% of women). This difference is attributable to a higher proportion of our new starters – who did not yet qualify for bonus payments – being women.
- This was an unusual year for bonus payments and not reflective of specific actions to address the pay gap. Performance-related bonuses were not paid during the reporting year, but a small ‘thank you’ bonus was given to the majority of employees for their hard work under exceptional conditions during the pandemic.
- This sharp downward trend in the bonus gap is exceptional. The delaying of pay and bonus decisions is expected to affect our gender and bonus pay gaps in the next reporting period.

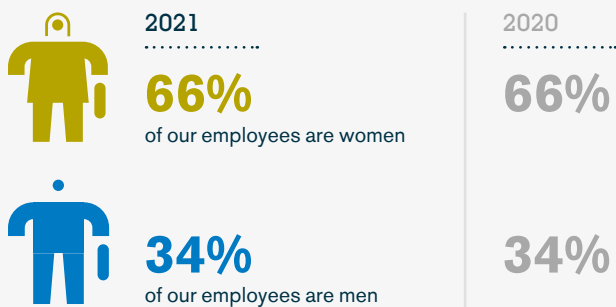
Employee gender pay gap



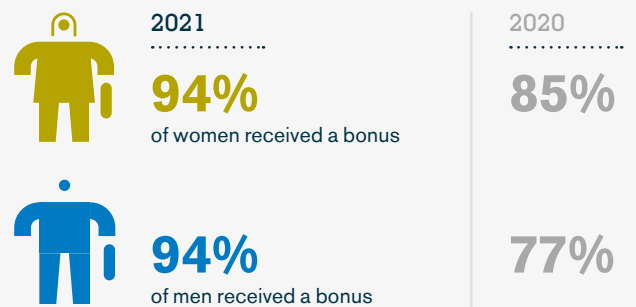
Employee bonus pay gap



The gender split of our employees



The gender split of bonus recipients



“The year 2020/21 was unlike any other for our people. During the pandemic we increased the support we give to working parents and carers, recognising the particular effect of home working, home-schooling and caring for others on their wellbeing.”



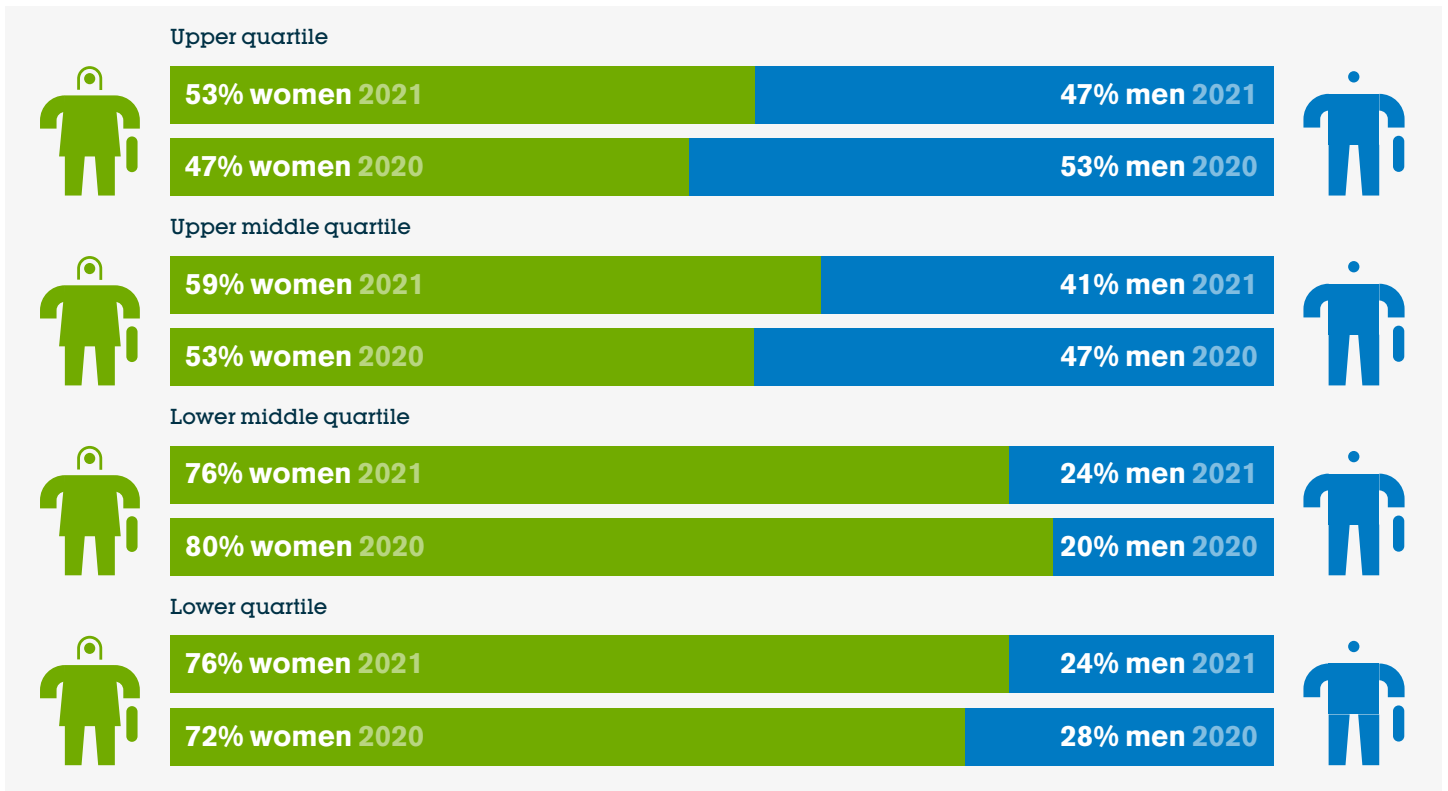
Liz Lovell
Head of Human Resources

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 men and 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 returned to above the baseline level after a dip in 2020.
- While we have seen a year on year improvement, there is an overall decrease in the percentage of women making up the Upper Quartile and Upper Middle Quartile compared with our baseline year. Some of this was likely due to an increase in the number of women who have moved into partnership, and an increase in the recruitment of men whose salaries fall into the upper quartile.
- We have reduced the proportion of women who make up the combined Lower and Lower Middle Quartiles, compared with our baseline year, however women continue to be over represented in roles that attract salaries in the lower end of the pay range, including business services, administrative and secretarial roles.
- This keeps the median wage of women down in the Lower Middle Quartile, while the median man is in the Upper Middle Quartile.



“It’s important that we look at specific parts of our business to understand and address the drivers of the pay gap. In Corporate, we are implementing a tailored programme of initiatives to support and develop our female talent.”



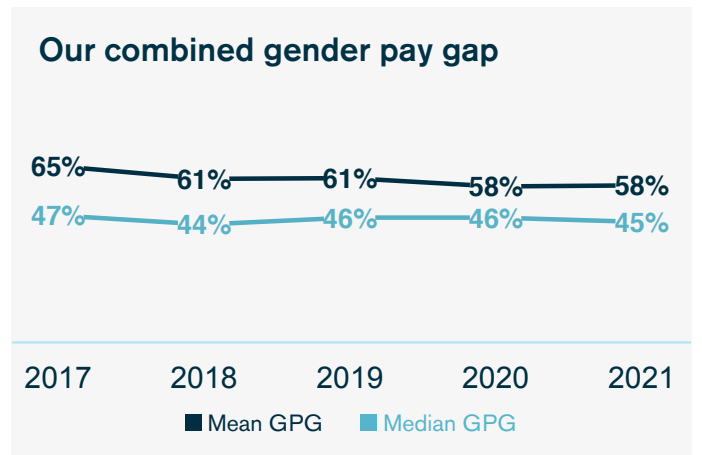
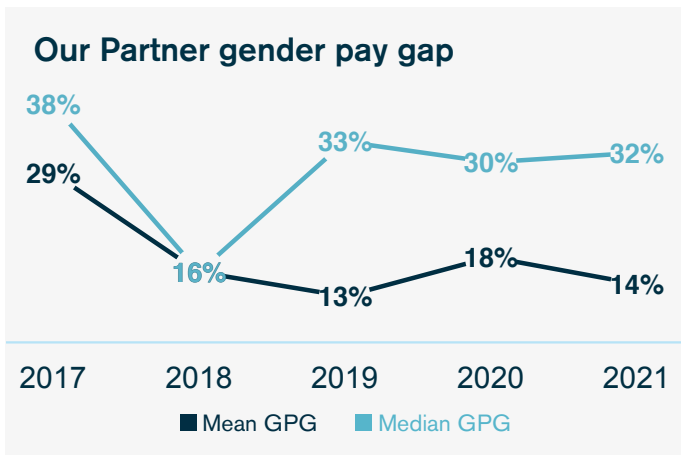
Pippa Byrne
Partner, M&A, Corporate Finance & PE

Our results


Our Partner and combined pay gaps

- The proportion of women who make up the partnership has shown a small increase, now 24% compared with 23% in 2020 and in the baseline year. The smaller number of women compared to men and the variable nature of partner pay means the partner pay gap fluctuates more than the employee gap.
- During the reporting year the firm added nine new partners, one of which was female and based in the Bristol office. Six of the new male partners are based in London.
- Despite this, the mean partner pay gap has fallen to 14%, compared with a 29% baseline. The increase in female representation in a growing partnership, coupled with improvements in progression of women through the partnership and partner exits, all contribute to the overall reduction in the gap.
- The median partner pay gap is now 32%. This is a 2% increase on 2020 but a 6% reduction on the 2017 baseline year. It is


- caused by an increase in women entering at the junior end of partnership, primarily through promotion. We would expect the median gap to grow in the short term as we increase the number of women in our partnership via internal promotion.
- The firm has set a target to achieve 30% women in partnership. This target is currently under review and will be restated in 2022.
- The combined partner and employee mean pay gap remains unchanged at 58%, a decrease of 7% overall since we started reporting in 2017.
- The median combined gap has fallen by a percentage point to 45%.
- Our combined pay gap is driven by the percentage of women in partnership, and the overall employee pay gap by the proportion of women occupying lower paid roles. The only way to tackle our combined pay gap is to reduce both the partner pay gap and the employee pay gap.



The gender split of our partnership



2021
24%
of partnership are women



76%
of partnership are men

2020	2019	2018
23%	21%	24%
77%	79%	76%

“We have undertaken detailed work this year to understand our challenges around retention, progression and the impact of lateral hiring on gender diversity at OC. Our leadership is in agreement that to move the dial an ambitious Gender Action Plan will be put in place by the spring of 2022.”



Mary Lawrence
Partner and OC Gender
Partner Champion



Matt Edwards
Partner and OC Gender
Partner Champion

Our results

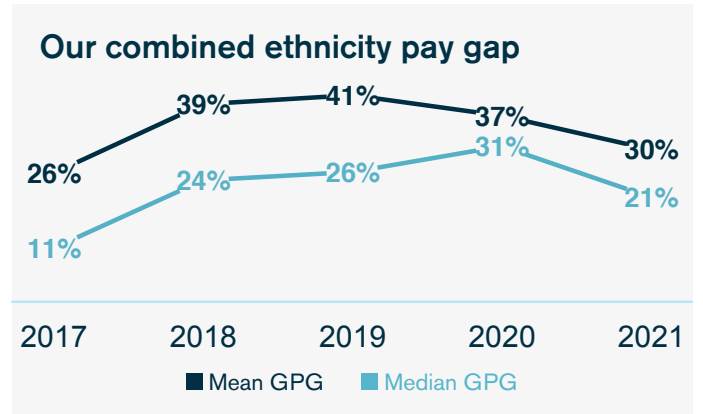
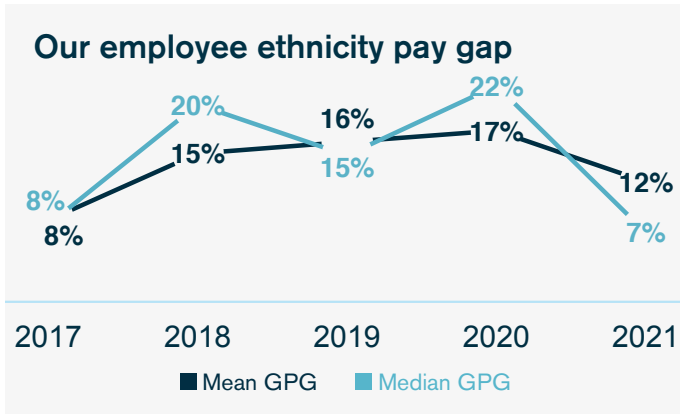
Our ethnicity pay gap

Our employee ethnicity pay gap

- Ethnic minority representation in the firm as a whole has increased to 11% during the reporting year. This increase has been seen across all but the lower middle pay quartiles.
- The greatest increase in representation has been seen across the top two pay quartiles.
- Consequently, the mean employee ethnicity pay gap has fallen 5 percentage points from 2020, to 12%. The median gap is at its lowest (7%) since we started reporting in 2017.
- While this increase in representation is positive, we recognise that small movements will significantly affect the pay gap. We therefore expect the gap to remain volatile until overall representation figures stabilise at a higher level.

Our combined ethnicity pay gap

- The combined mean gap has reduced to 30%, a 7% reduction on 2020, but up 4% from our baseline year.
- The combined median gap is now at 21%, a 10% reduction on 2020, but up 10% from the baseline year.
- The key driver for the reduction in the overall gap is the increase in representation of ethnic minorities in roles that sit in the upper middle and upper quartiles of the employee group.
- While we have seen an overall reduction in our gaps, we are conscious of our challenges around ethnic minority representation. In particular, growing the proportion of ethnic minorities in the partnership.



“Increasing and improving ethnic minority representation across all parts of Osborne Clarke is crucial to the adaptability and success of our firm and the proper integration and development of our business within our international footprint. Diversity offers us the advantages of greater innovation, creativity and variety in both expression and thought – vital to a dynamic legal practice. It allows us to share in and borrow from the rich experiences of our global client base and vibrant and diverse communities in which we operate.”

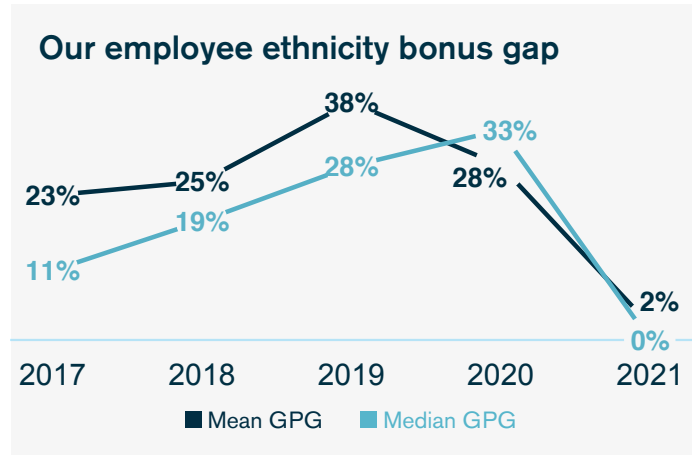


Raj Mangat
Partner and OC REACH Partner Champion

Our results

Our ethnicity bonus gap

- The overall number of employees receiving a bonus increased in 2021.
- There was a 16% increase in the number of employees with an ethnic minority background receiving a bonus.
- The mean ethnicity bonus gap was 2%, the lowest gap since we started reporting in 2017. For the first time in that five year period, there was no median ethnicity bonus gap.
- However, as with the Gender Bonus Pay Gap, this was an exceptional year with performance-related bonuses delayed and replaced with a 'thank you' bonus for the majority of employees following the first year of the pandemic.



Percentage of employees receiving a bonus

2021	2020	2019	2018
89% ↑ Ethnic minority employees	79% ↑	71% ↓	83%
95% ↑ White employees	83% ↑	79% ↑	72%



We are members of the Black Solicitors Network, Legal CORE and REAL



We are welcoming twelve interns in August 2022 as part of the 10000 Black Interns programme

Understanding our results

Key drivers for our pay gaps

The majority of our unadjusted gap is due to a number of factors:

- The primary driver of the pay gap, like many firms, is structural. We have a disproportionate number of women in job roles that fall in the lower and lower middle quartiles of our salary range. Many of these roles are within our Business Services and Support functions which are predominantly based in Bristol.
- Location is therefore a 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, where headcount has grown more this year than in other locations.
- Recruitment into lower paid roles is weighted more heavily towards women, with regional variation playing a part here too; recruitment into higher paid roles was predominantly in London.
- Unlike in previous years, this year women made up a smaller proportion of our promotions into higher paid legal roles. This is an exception to the trend we have seen over the five reporting years.

Analysis of our employee pay data indicates that when that data is adjusted for the factors that legitimately affect pay variances, such as length of experience, age, tenure, job level or location, the remaining unexplained pay gap is 3.29%. Additional analysis is required to further understand the contributing factors to this unexplained gap.



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



We were one of the first law firms to gain the National Equality Standard



We are a Stonewall Diversity Champion

“Our 2021 results are a reflection of the relative lack of movement in our workforce and the absence of pay and bonus decisions during the first year of the pandemic. However, while the workforce remained largely unchanged, our approach and appetite for change has grown. We are making significant investments into understanding the drivers of the outcomes we are seeing and taking the time to put in place meaningful strategies to drive change in future years.”



Bola Gibson

Head of Inclusion and Corporate Responsibility



Understanding our results

Addressing our pay gaps: Gender

We are committed to driving down the pay gap by 2025. Over the last year we have been conducting detailed analysis of the drivers of our gap and developing ideas to address those gaps. Our Gender Action Plan will focus on three overarching areas:

1. Creating and embedding an inclusive recruitment process which delivers gender balanced results at all levels of seniority
2. Providing opportunities for progression and promotion which are fair and transparent and reflect the pool of talent available; and
3. Challenging ourselves to create a culture and environment which meets the needs of a modern workforce.

These overarching ambitions are supported by a challenging set of actions which have been agreed by the firm's executive.

To deliver on our plan we are improving our data analysis capability in early 2022 to help uncover the root causes of the barriers to change. Improved data is also enabling us to consider the quality of our processes and practices at key decision making points in our promotion and pay review processes.

Shifting the gender pay gap is a long term goal for the firm. It's a commitment we do not take lightly, despite the challenges ahead.

“The initiatives we are implementing as part of our Gender Action Plan and Race Action Plan are key to making our offices happier, healthier and more inclusive places to work.”



Lara Burch

Partner and Bristol office Location Head



Understanding our results

Addressing our pay gaps: Race and ethnicity

In our last report, we shared our short term action plan on racial equality as part of our work to increase representation of Black, Asian and Minority Ethnic communities at the firm. The firm remains committed to achieving greater racial and ethnic diversity over the coming years and building a more inclusive culture.

Last year we committed to seven key short term actions that formed a high level action plan. All these actions have been progressed and are delivering benefits. A more comprehensive, long term race action plan is being developed in 2022.

Conduct an independent review of our recruitment practices to ensure we are attracting and hiring diverse talent. 	<ul style="list-style-type: none">– An independent audit was completed in the spring and summer of 2021, with a range of recommendations put forward.– The recommendations were adopted and are being implemented, including training all hiring managers in inclusive recruitment practices.
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. 	<ul style="list-style-type: none">– A successful pilot was run in 2021 with 24 partners paired with a mentor from our OC Reach employee group.– A more comprehensive programme is being rolled out in 2022 encompassing all six diversity strands.
Educate colleagues about the language of race, allyship and what it means to be anti-racist. 	<ul style="list-style-type: none">– A number of workshops and events were offered to colleagues in 2021, as well as resources around allyship and anti-racism.– A more structured offering is being developed for rollout in 2022.
Ensure our policies and practices support a zero tolerance stance towards harassment, bullying and racism in the workplace. 	<ul style="list-style-type: none">– Osborne Clarke does not tolerate harassment and bullying in the workplace.– An updated bullying and harassment policy is launching in 2022 which clarifies our stance.
Develop action plans to deliver on our external commitments and report on progress towards achieving our goals annually. 	<ul style="list-style-type: none">– In 2021 we submitted our first report as part of our Race Fairness Commitment.– We have further developed our reporting capability and will be broadening our external reporting in 2022.
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. 	<ul style="list-style-type: none">– We continue to support the Stepping Up programme including providing programme support and bursaries.– In August 2022 we will welcome our first cohort of 12 interns through the 10000 Black Interns programme.
Review our targets for increasing representation of Black, Asian and Minority Ethnic colleagues and put in place robust action plans to achieve them. 	<ul style="list-style-type: none">– New targets will be announced in May 2022.

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.



Osborne Clarke in numbers

1080+

talented lawyers

working with

300+

expert Partners

in

26

international locations*

advising across

8

core sectors

with insight into

3

Transformational trends

driven by

1

client-centred approach

Our locations around the world

Europe

Belgium: Brussels

France: Paris

Germany: Berlin, Cologne, Hamburg, Munich

Italy: Busto Arsizio, Milan, Rome

The Netherlands: Amsterdam

Poland: Warsaw

Spain: Barcelona, Madrid, Zaragoza

Sweden: Stockholm

UK: Bristol, London, Reading

USA

New York, San Francisco, Silicon Valley

Asia

China: Shanghai

India*: Bangalore, Mumbai, New Delhi

Singapore

Osborne Clarke is the business name for an international legal practice and its associated businesses. Full details here: osborneclarke.com/verein/

*Services in India are provided by a relationship firm

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