



Diversity and Inclusion at Osborne Clarke

Our gender and ethnicity pay gap report

Introduction

The year ending April 2022 was punctuated by some significant global issues: catastrophic weather events, the Russian invasion of Ukraine, an international refugee crisis and slow recovery from the covid pandemic, all of which has fed into a cost of living crisis and political upheaval in the UK.

We know that minority groups are likely to be disproportionately affected by these crises and there have been calls for Ethnicity Pay Gap reporting to be mandated in the UK to monitor and address pay disparities.

At Osborne Clarke we report our ethnicity pay gap alongside our gender pay gap, and analyse what's happening in both our employee and partner groups. This year we restated our gender and ethnicity targets, and the action plans that support them, and the firm remains dedicated to creating a more diverse and inclusive workplace where everyone can fulfil their potential.

Last year's report reminded us that increasing overall representation (ethnic minorities) and improving progression (women) is the key to bringing down our pay gaps, and that this takes hard work and time. This year's data continues to show incremental progress. As I start my term as Managing Partner I am committed to supporting the work of our Diversity Champions, our networks and our Inclusion and CSR team in embedding the practices we need to bring about change.

While it will take time to see the results, we continue to achieve small steps and recognition that shows we are on the right track. We recently published our first annual OC for Good report, demonstrating the progress the firm has made to build a culture we are all proud of. We were highly commended for Diversity and Inclusion at the Modern Law Awards 2022. Our ranking in the Social Mobility Employer Index rose a further 22 places to 26th in the 2022 Index, maintaining a place among the top 75 best companies for social mobility.

Continuing to build on my predecessor's commitment to diversity and inclusion is one of my priorities in this role. Our culture is one of the many things that make me proud to lead Osborne Clarke through the next phase of its growth.



Conrad Davies
Managing Partner



Executive Summary

This report shares data from April 2022, the end of a year when we readjusted to new ways of working as the Coronavirus pandemic finally took a less prominent position in our thinking. We were able to progress the implementation of recommendations from our inclusive review of recruitment. We also developed our reverse mentoring programme and piloted our OC Careers speaker series with targeted groups of female Senior Associates, racial and ethnic minorities, and Business Services professionals.

This report recognises the action we have taken to address our gender and ethnicity pay gaps, as well as discussing the challenges we face in reducing those gaps and improving representation, particularly in the higher paid roles in the firm. This is the sixth year we have published our gender pay gap as required by law. For transparency, we also publish our partner, combined and ethnicity pay gaps.

Our reportable employee gender pay gap has increased this year to 27.20%. In analysing the data we identified a one-off initiative that was remunerated via payroll. In this instance the resources were therefore classed as in scope for gender pay gap reporting. The impact is such that it masks more systemic reasons for our long term trends in pay and so the decision was taken to conduct two analyses of our data: one to generate our reportable figures and another to understand the real trajectories and underlying factors affecting our employee pay gaps. We therefore refer to our 'reportable' pay gap and our 'analysed' pay gap as two distinct sets of figures. The *analysed* mean gender pay gap is 20.32%.

This year was also unusual in having two rounds of pay and bonus decisions, having deferred one from 2020 due to the uncertainty caused by the pandemic, and reporting virtually no bonus gap in 2021. This risked exacerbating the pre-pandemic pay and bonus gaps, which we worked hard to mitigate. The fact we saw a 3% decrease in the mean bonus gap despite the extra round of pay and bonus decisions is positive news.

As in previous years, regional pay differences (London, Bristol), and occupational segregation (the clustering of one gender in particular roles) continue to be the key drivers of our pay gaps.

This year's data shows that female representation in the partnership increased to 25% in the reporting year, and the partner gender pay gap reduced to 11.66%. Of the 12 people who joined the partnership in the reporting year, four were women, with three of them entering the partnership through our internal promotion process.

Both the mean and median analysed ethnicity pay gaps have fallen to their lowest levels since 2017. Although ethnic minorities are still underrepresented in higher paid roles, they are better represented across the firm, with a decrease in the proportion of ethnic minority employees in the lowest paid roles driving the reduction in the pay gap. We also saw falls in our partner ethnicity pay gap and an increase in our combined ethnicity pay gap.

Our ambition remains to continue to reduce our gaps by 2025. We have also this year restated our partnership targets, choosing to focus on two priority areas: achieving 30% women and 6% ethnic minorities in partnership by 2025.

2021-2022 highlights

- ✓ Highly Commended for Diversity and Inclusion at the Modern Law Awards 2022
- ✓ Ranked 26th in the 2022 Social Mobility Employer Index, a jump of 22 places from our previous ranking
- ✓ Launched the Family & Carers group as a working group of our OC Gender employee network
- ✓ Rolled out a structured reverse mentoring programme following a successful pilot in 2021
- ✓ Delivered an OC Careers Speaker Series, with an average of 142 attendees per session
- ✓ Piloted our OC Careers Reflection Pods with a targeted cohort of 40 people
- ✓ Launched a new portal to help junior colleagues learn more about the destination roles in their career journey (e.g. partnership) and increase transparency around career paths
- ✓ Reviewed succession plans through a gender diversity lens to create a more diverse pool of talent for leadership
- ✓ Recruited our first cohort of Inclusion Allies and developed a programme of education around microaggressions, everyday misogyny, unintended consequences and structural bias
- ✓ Embedded a new diversity data monitoring system to deepen our understanding of recruitment, retention, work allocation and progression for underrepresented groups
- ✓ Developed local action plans with practice group leaders to meet their 2025 diversity targets
- ✓ Published Osborne Clarke's first international statement of our shared D&I priorities and commitments

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 15% (Office for National Statistics). That means the average working man in the UK gets paid 15% more than the average working woman.

The reasons for a gender pay gap are complex. 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 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.

Reportable, analysed and adjusted figures

Our reportable employee gender pay gap this year was significantly affected by a one-off initiative, that masks more systemic reasons for our long term trends. The decision was taken to analyse a second dataset which excludes this event, allowing us to see the underlying factors affecting the pay gap for our people. We therefore refer to our 'reportable' pay gap and our 'analysed' pay gap as two distinct sets of figures.

“Despite the relatively flat curve in our gender pay gap over the years we have been reporting, the work we are doing to bring about change is having a positive effect. Recruitment practices are contributing to a more diverse workforce and we are actively building more inclusive methods into our promotion process at every career stage.”

The figures discussed in this report are our 'unadjusted' pay gaps – the raw difference between mean (or median) average salaries. We also analyse what happens when we remove the known variables that affect our pay gaps, (job role, office location, length of service etc.) to show the extent to which gender is in itself a contributor to our pay gap. This is our 'adjusted' pay gap.

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 or ethnicity balance of our organisation influences our mean 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 and ethnicity 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.



Graham de Guise
Chief People Officer



Our results

Our 2022 employee pay and bonus gaps

Our gender pay gap based on salary

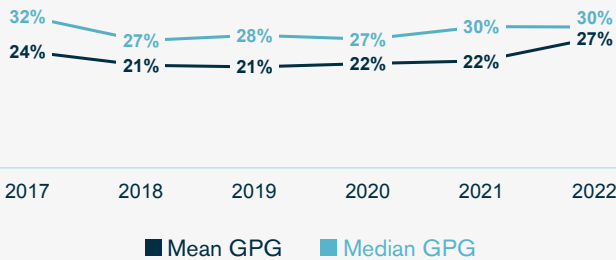
- Our reportable mean gender pay gap for 2022 is 27.20%; a 3.5% increase on our 2017 baseline and a 5% increase on 2021. Because more of our most highly paid employees are men, the average pay for all men in our employee group is higher than the average pay for all women.
- Our reportable median pay gap is 29.5%, marginally lower than our baseline year but higher than in 2021. Because more women than men are clustered in lower paid roles, the middle ranking female is paid a lower salary than the middle ranking male employee.
- Our analysed mean gap is 20.32%, so while there is very little change over the last five years, this would have been our smallest gap since we began reporting.
- Our adjusted gap is just 0.08%, meaning that almost all of the mean pay gap can be explained by the data where job level is the largest contributor: we have a higher 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, with women making up 90% of PA hires but just 31% of Senior Associate hires, for example.

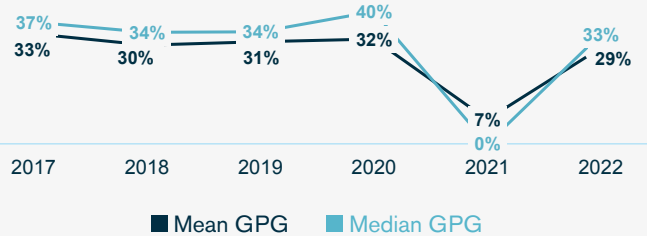
Our gender pay gap in our bonus payments

- Our median bonus pay gap was 33% this year, compared with 40% in 2020 and 37% in our baseline year. 2021 figures were unusually low as performance-related bonuses were not paid, so there is little value in a year-on-year comparison.
- Our mean bonus pay gap reduced from 32% in 2020 to 29% in 2022.
- A slightly lower proportion of women received a bonus this year (76.87% compared with 77.03% of men). However, this reportable figure combines profit share, which is awarded as a percentage of salary to all eligible employees, with bonuses, which are performance related. If we remove profit share from the data, 27% of our women received a performance bonus, compared with 25.5% of men.

Employee gender pay gap



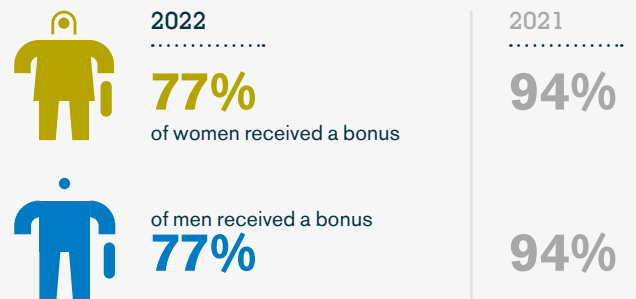
Employee bonus gender pay gap



The gender split of our employees



The gender split of bonus recipients



“This year we updated our Reward Strategy to acknowledge the breadth and variety of contribution from our people and ensure that our actions delivered positive diversity and inclusion outcomes. The fall in our bonus pay gaps shows that we are recognising contribution, development and collaboration and rewarding people appropriately for their work.”



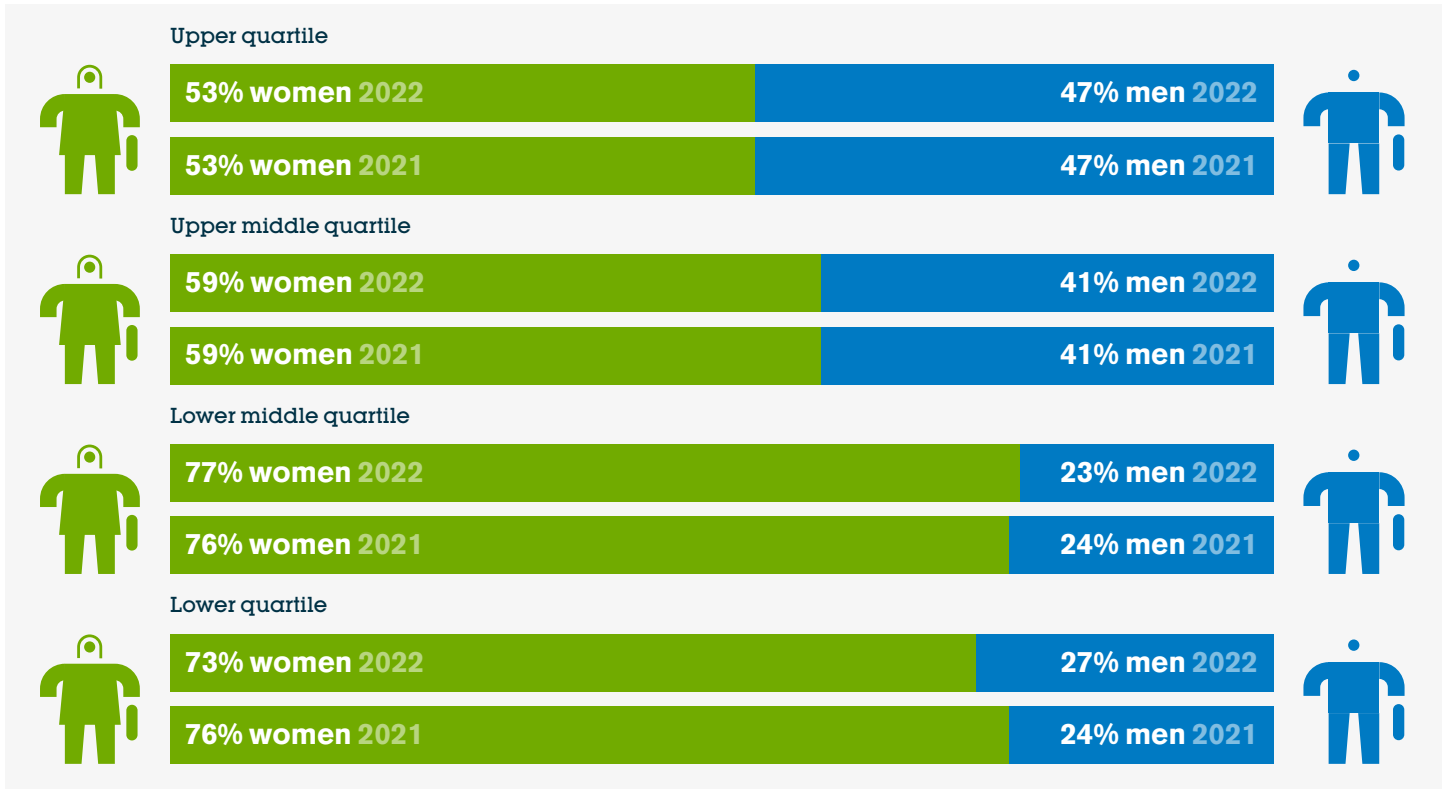
Sarah Underhill
Head of Reward

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. Gender representation in quartiles is part of our reportable pay gap.

- 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 proportion of women in the upper quartile increased by 0.7% to 53.3%.
- Compared with our baseline year, the proportion of women who make up the combined Lower and Lower Middle Quartiles is reduced. Representation in the combined Upper and Upper Middle Quartiles is also slightly lower than in 2017, but has increased since last year.
- Women continue to be over represented in roles that attract salaries in the lower end of the pay range. This keeps the median wage of women down in the Lower Middle Quartile, while the median man is still in the Upper Middle Quartile.
- 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.
- Our London office this year has a higher proportion of women in the upper quartile, which has helped to decrease the mean pay gap for the London cohort (21.44% down from 24.82% in 2021). It remains, however, the largest contributor towards the firm's mean pay gap.



“We recognise that gender representation in Business Services is a significant contributor to our pay gaps and that we have a particular challenge in reversing some of the trends we have seen over several years of reporting. I’ve been proud to lead our Business Services D&I forum, engaging our leaders to increase involvement in our D&I programmes to drive further change.”



Giles Jones
UK Chief Finance Officer and
Business Services D&I Champion

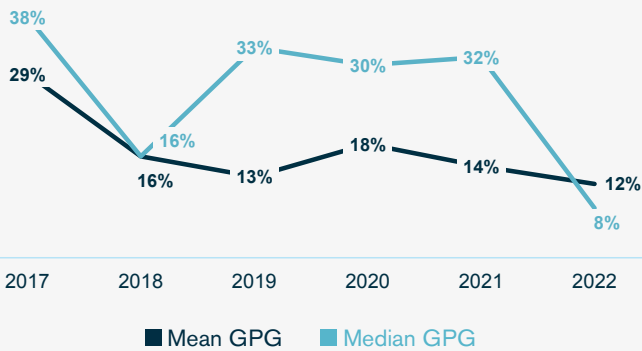
Our results

Our partner and combined pay gaps

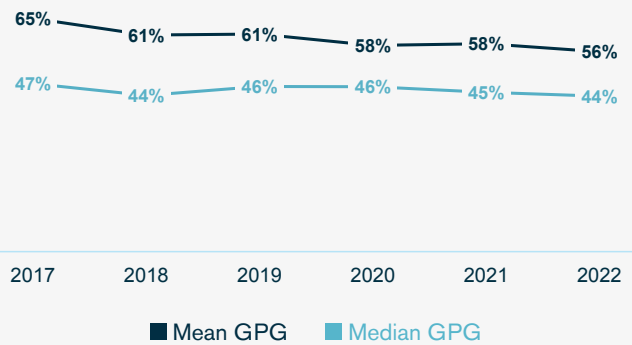
- Due to the smaller population and smaller salary range, the partner gender pay gap tends to fluctuate more than the employee pay gap. The firm has set a target to achieve 30% women in partnership by 2025, by developing the pipeline of legal talent throughout the firm. This may result in variations in the mean and median partner pay gaps over the coming years.
- During the reporting year the firm added 12 new partners, of whom four were female. Nine of the new partners, including the four women, are based in London. The proportion of women who make up the partnership has shown a small increase to 25% in April 2022, compared with 24% in April 2021 and 23% in the baseline year.
- The mean partner pay gap has fallen to its lowest level since we started reporting in 2017: 12% compared with a 29% baseline. Over that time we have seen distribution across pay levels even out, as more women have progressed to equity partnership. A similar proportion of female partners (30%) as male partners (32%) are now in the top half of the partner pay range. In 2017 it was 14% of female partners and 41% of male partners.

- The median partner pay gap has fallen substantially to 8%. It is caused by better representation of women across the middle quartiles.
- There are still relatively fewer women earning the highest salaries, and the difference between the highest earning man and highest earning woman is preventing the mean pay gap from falling as significantly as the median.
- The analysed combined partner and employee mean pay gap has fallen to 55%, a decrease of 10% overall since we started reporting in 2017.
- The analysed combined median gap has fallen by a percentage point year on year, to 43.5%.
- As we work to achieve our 30% target, we are seeing an increase in representation of women in the Upper Quartile of legal services employees (5.7% higher in 2022 than in 2021), demonstrating the effectiveness of measures to develop and progress female lawyers.

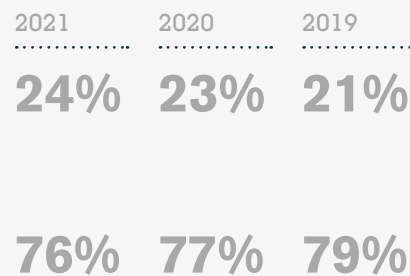
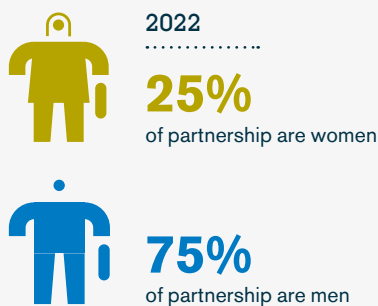
Our partner gender pay gap



Our combined gender pay gap



The gender split of our partnership



“According to the Law Society, women have represented more than 60% of new entrants into the legal profession since 1990, and so it is our duty to ensure they are fairly represented at all levels of qualification. Our OC 50:50 Gender Action plan strives for equality in representation, promotion and recruitment and we’ll continue to work closely with our leaders to move towards this goal in the coming years.”



Caroline Saul
Partner and OC Gender
Partner Champion

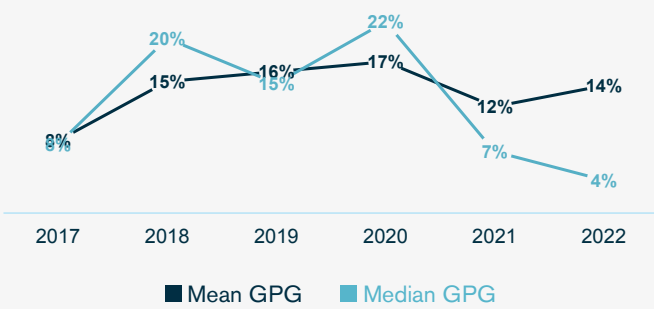
Our results

Our ethnicity pay gap

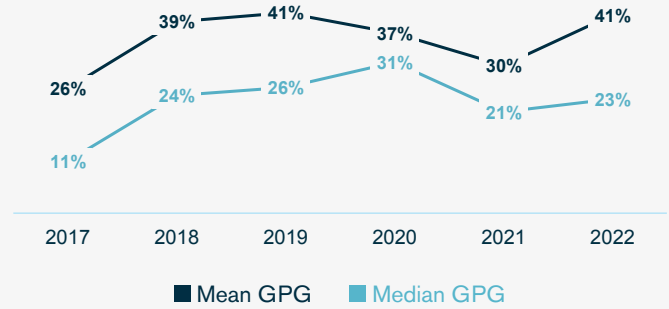
- We had a slightly lower disclosure rate for employee ethnicity data this year: 96.2% compared with 99.5% last year.
- Ethnic minority representation among employees has increased marginally to 11.5% (11.95% of employees who have disclosed their ethnicity).
- In particular, the two middle quartiles have increased representation. Subsequently, the analysed median gap is at its lowest (4%) since we started reporting in 2017.
- The analysed mean employee ethnicity pay gap has fallen from 12.0% in 2021, to 10.6%. The below graph represents what would be the 'reportable' mean ethnicity pay gap of 14.3%.
- The Upper Quartile contributes the most to the mean ethnicity pay gap due to the larger variance between white and ethnic minority employees in this quartile: representation of ethnic minorities is 7.7%. Representation in the Lower Quartile has fallen from 16.7 to 13.1% ethnic minority. This, coupled with

- the increase in representation in the middle quartiles, has contributed to the reduction in the ethnicity pay gaps.
- Paralegal and Associate job levels have again experienced the highest rates of recruitment of racial and ethnic minority employees.
- The pay gap is more significant among legal job roles than Business Support Services roles, where the ethnicity pay gap is reversed in favour of ethnic minority employees. Ethnic minorities are over-represented in the upper quartiles for Business Support Services, and under-represented in the lower quartiles. The reverse is true for Legal services quartiles.
- As a result of growth of the partnership, the proportion of ethnic minority representation in our partnership has decreased from 3.7% in 2021 to 2.7 in 2022. This offsets some of the gains in our employee ethnicity gap when we combine the data for Partners and Employees.

Our employee ethnicity pay gap



Our combined ethnicity pay gap



“Since joining OC in 2022 I’ve been encouraged by the scale of ambition to improve diversity and inclusion at all levels and functions of the firm. Supporting our people to be part of the change through employee networks and diversity programmes is a clear leadership priority; as is retaining and providing opportunities for progression for the growing number of racial and ethnic minorities joining our firm.”

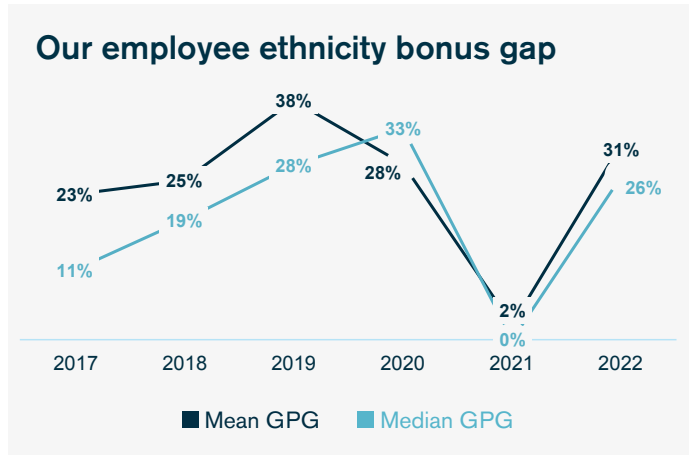


Anika Chandra
Partner and OC REACH
Partner Champion

Our results

Our ethnicity bonus gap

- As with the gender bonus gaps, ethnicity bonus gaps have increased from last year's anomalous figures but have stayed broadly in line with 2020 levels.
- The proportions of both white and ethnic minority employees who received a bonus decreased from 2020. The figure fell more sharply for ethnic minority employees, as higher rates of recruitment and new joiners mean a larger proportion of ethnic minority employees were ineligible for bonus payments.
- Our bonuses are linked to a percentage of pay, and therefore are likely to reflect differences in representation across pay quartiles.



Percentage of employees receiving a bonus

2022

69% ↓ Ethnic minority employees

81% ↓ White employees

2021

89% ↑

95% ↑

2020

79% ↑

83% ↑

2019

71%

79%

Building for the future: Our short term Race Action Plan

We have taken a number of short term actions since 2020:

- ✓ Appointing an executive sponsor for race
- ✓ Signing up to the Race at Work Charter and Race Fairness Commitment
- ✓ Delivering an external review of recruitment and begun to implement its recommendations
- ✓ Hosting our first cohort of 12 interns through the 10,000 Black Interns initiative, one of whom accepted a training contract
- ✓ Delivering an inaugural reverse mentoring programme with our ethnicity network, OC REACH, supporting 24 partner-colleague pairings and launching a second cohort across all diversity networks
- ✓ Delivering high profile events and workshops to support awareness and education of race in the workplace
- ✓ Repurposing the Female Senior Associate Development Programme into OC Careers, to deliver development for ethnic minority colleagues seeking progression
- ✓ Supporting OC REACH and other networks to take an intersectional approach to their work, for example when looking at paralegal development and routes to qualification
- ✓ Engaging with industry groups such as Legal CORE and REAL looking for a collaborative approach to tackle representation in the sector

Our new Race Action Plan (page 11) sets out the priority actions we'll take to support delivery of the firm's strategic objectives to 2025.

Understanding our results

Key drivers for our pay gaps

A number of factors are contributing to our unadjusted gaps:

- 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.
- This regional variation is a significant factor in our pay gap. Our London office is home to a higher proportion of people who sit in our upper two quartiles, with London salaries exacerbating the gap.
- Recruitment into lower paid roles is weighted more heavily towards women and ethnic minorities, with regional variation playing a part here too; recruitment into higher paid roles was again predominantly in London. Lateral hiring can perpetuate gender and ethnicity pay gaps in the legal sector and wider society, and so recruitment is a key focus of both our Gender and Race Action Plans.
- On average, women in fee-earning roles progress more slowly than men, with just over a year longer between qualification and promotion to Senior Associate over the last five years. However, we saw an increase in the proportion of women promoted to both Senior Associate and Associate Director this year, compared with 2020/2021.

Analysis of our employee pay data indicates that when the data is adjusted for factors that legitimately affect pay variances, such as length of experience, tenure, job level or location, the remaining unexplained gender pay gap is 0.08%. This 'adjusted' pay gap is well within the +/-5% boundary considered 'good' by the UK, EU and US standards, but we still need to focus on hiring, retaining and progressing women and ethnic minorities into more senior positions.



We are signatories of
BITC's revised Race at
Work Charter



We are a Stonewall Diversity Champion
and a Silver Employer in the Stonewall
Workplace Equality Index



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

"We have continued to invest in data and analysis to understand the drivers of the pay gaps we are seeing at Osborne Clarke. While it's disappointing to see an increase in our reportable pay gaps, there is cause for optimism in the fall of our analysed gender, ethnicity and Partner pay gaps, showing that the commitment of our leaders to creating an inclusive workplace is paying dividends."



Bola Gibson
Head of Inclusion and
Corporate Responsibility



Understanding our results

Addressing our pay gaps

We are committed to driving down the pay gaps through strategic action, guided by our Gender and Race Action Plans:

	Gender Action Plan objectives	Race Action Plan objectives
Recruit	Embed an inclusive recruitment process which delivers gender-balanced results at all levels of seniority	Increase ethnic minority representation in the junior lawyer talent pipeline to bring it in line with the market
Include and Retain	Provide opportunities for progression and promotion which are fair and transparent and reflect the pool of talent available	Increase retention and inclusion of ethnic minority colleagues through investment in cultural intelligence and allyship programmes
Progress	Continue to challenge ourselves to create a culture and environment which meets the needs of a modern workforce	Improve progression prospects of ethnic minority colleagues through increased investment in mentoring, sponsorship and other programmes that support development

Each Practice Group has modelled their own trajectory to meeting our goal of 30% women and 6% ethnic minorities in partnership by 2025, and is putting in place actions that are appropriate to their own challenges.

Actions Taken since our inclusive review of recruitment

- Providing Inclusive Hiring Skills training for all our hiring managers
- Supporting hiring managers from the very start of the recruitment process to set clear and inclusive criteria for candidate requirements
- Reviewing the language used in our role advertisements and application forms to ensure inclusivity
- Improving the objectivity of our interview and assessment process, for example through increased use of technical exercises and the use of standardised interview questions

“We want to build teams throughout the business with a diverse range of skills, experiences and viewpoints. The Inclusive Hiring Skills workshop gives helpful, practical tools for removing barriers and biases in the recruitment process, which is a crucial part of the overall Race Action Plan.”



Peter Day
Partner and London
office Location Head

Osborne Clarke in numbers

1240+

talented lawyers

working with

320+

expert Partners

in

25

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

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

osborneclarke.com