STEPHENSON HARWOOD

UK diversity pay report 2022

Foreword

Geopolitical uncertainty, inflation and the cost-of-living crisis are just a few of the challenges that our business, and our people, are facing. These challenges serve to remind us of the inequalities that our society faces, and the importance of our firm's role in continuing to challenge these, and make real progress in diversity and inclusion in our own workplace.

We remain committed to driving change in Belonging, Inclusion and Diversity, with a continued focus on using data to set goals, understand trends in our business, increase transparency, and drive accountability. Our diversity pay reporting is one of many tools supporting us to do that.

This year, we have once again gone beyond the statutory gender pay reporting requirements and have voluntarily published additional data relating to partners (currently excluded under the reporting requirements), and ethnicity pay reporting.

Eifion Morris
Chief executive

Jeff Marlow
Chief people and talent officer

Our action plan

Our pay gaps continue to be driven by the under-representation of ethnic minorities and women in the most senior roles within our business, and the over-representation of women in more junior business services and administrative roles. We have set ethnicity and gender targets to accelerate our progress and increase representation in the partnership in the long-term. Our ethnicity targets also focus on increasing representation at more junior levels. Our action plan targets the things that we believe will make the greatest difference in the long term:

Talent management/MyCareer

We have revamped how we manage our talent to provide greater clarity and consistency in our approach to performance and progression. This will benefit all of our people, but will be particularly beneficial in ensuring that underrepresented talent progresses at a proportionate rate in our business.

Resource allocation

We know that equality of opportunity is key to progression and reward. We continue to apply increased scrutiny to how we allocate resource, and to increase the reach of our structured work allocation programme, now in four of our practice groups, which supports us in ensuring that the distribution of work is equitable.

Monitoring pay and promotions by ethnicity and gender

We have monitored pay and promotion decisions by gender for many years now, so we can identify trends, monitor progress, and take appropriate action. We have also worked hard to improve our data to enable us to monitor pay and promotion decisions by ethnicity in the UK.

Recruitment

We want to make sure that our recruitment processes are open and attractive to all. We are committed to seeking gender balanced and diverse shortlists for experienced hires, and increasing the representation of minority ethnic lawyers in our firm.

We apply these principles internally, and also require the same of the recruitment agencies that we work with to source candidates.

Development and sponsorship opportunities

As part of MyCareer, every associate benefits from a dedicated career manager to help develop and sponsor their career at the firm.

Our *Female Career Progression Programme (FCPP)* supports associates to navigate their career and strengthen their networks in the firm and with our clients.

Flexible working

The last two years have transformed the way we work, prompting more open conversations about our work and life commitments, and our people's wellbeing needs. We are committed to maintaining this principle of flexibility, supporting colleagues to manage their work and personal lives.

Processes and policies

We continue to review our processes and policies, removing practices that can disadvantage particular groups, and ensuring that they reflect the inclusive and progressive firm that we aspire to be. This year we launched a range of new global policies supporting new parents and those on the path to becoming parents.

Our plans in action

Supporting new parents and those on the path to becoming parents

We know that balancing work and life can be challenging, and much of the time it is not straightforward.

We have published a range of policies to support our people with their journey into parenthood, and their ongoing parenting and caring responsibilities, in the hope that they will continue to thrive in their work and personal lives.

- Family dynamics and traditional gender roles at home and at work have evolved; we want to challenge stereotypes, and ensure that all new parents have time to bond with their children and share caring responsibilities from the outset. Our updated *new parent policy for secondary parents – paternity, adoption and surrogacy* offers all employees who are the partner of someone having a baby a minimum of four weeks leave at full pay globally. In the UK, they will be offered six weeks new parent leave at full pay, with the option of topping this up with unpaid leave or Shared Parental Leave.
- We have partnered with Bright Horizons to offer parental leave coaching for all colleagues who become parents for the first time, or who are growing their family.
- Our new *global carers policy* supports our people who have additional caring responsibilities, whether for their children, parents, other family members or friends.
- Our benchmark-setting approach to fertility and pregnancy loss offers 10 days of paid leave for fertility related appointments, and the same again for pregnancy loss; and people whose partners are going through treatment or lose a pregnancy can take up to five days.

Ethnicity action plan

In 2021, we launched our ethnicity action plan, which included targets around representation at partner level, and trainee recruitment. A year later, we are pleased to be making progress towards our targets.

To support us to achieve our targets, we launched the Black Talent Programme, which has been designed to increase the number of Black trainees that are attracted to, and recruited by, the firm. The programme, run in partnership with Aspiring Solicitors, provides mentors, skills development workshops, designated placement opportunities and guaranteed places on an assessment centre for a training contract for ten students. This year, five Black Talent Programme participants accepted a training contract offer at Stephenson Harwood. Most of these trainees will be joining us in 2024.

Ethnicity pay 2022

Following gender pay reporting principles, this report compares average earnings of Black and minority ethnic (BAME) and White colleagues at the firm as at 5 April 2022, and bonuses paid in the preceding 12 months.

We recognise that the representation and experiences of minority ethnic colleagues differs and that using the binary categories of Black, Asian and Minority Ethnic (BAME) and White in this reporting is imperfect. Due to the size of the individual populations we cannot report on specific ethnic groups.

The data below is based on 74% of our total UK population; those who have not disclosed their ethnicity data are not included. Based on this data, approximately 19% of our UK colleagues are BAME.

The key cause of our pay gap is that we have fewer minority ethnic colleagues in our most senior roles. These gaps are different from equal pay; we are committed to ensuring our people are paid equally for doing equivalent jobs across our business.

Snapshot of our ethnicity pay gap

- The percentage of BAME colleagues in our top pay quartile, including partners, has increased
- The mean hourly pay gap for the firm, including partners, has decreased; the median has increased
- The mean hourly pay and bonus gaps for employees have both decreased.

Definitions at a glance

Mean:
The difference between the mean (average) hourly pay for all male and all female employees.

Median:
The difference between the 'middle' rate of pay and bonus for all men and all women, when pay and bonus are ranked in numerical order.

Hourly pay (including partners)

	Mean	Median
2022	**39.1%**	**22.4%**
2021	42.8%	12.7%
2020	46.8%	13.2%

Pay quartiles (including partners)

	Upper (D)		Upper middle (C)		Lower middle (B)		Lower (A)	
	BAME	White	BAME	White	BAME	White	BAME	White
2022	**7.8%**	**92.2%**	**20.2%**	**79.8%**	**26.4%**	**73.6%**	**22.5%**	**77.5%**
2021	4.6%	95.4%	24.0%	76.0%	25.0%	75.0%	21.8%	78.2%
2020	3.4%	96.6%	18.8%	81.2%	24.7%	75.3%	20.9%	79.1%

Hourly pay (excluding partners)

	Mean	Median
2022	**10.7%**	**22.7%**
2021	12.7%	12.9%
2020	13.8%	6.7%

Bonus (excluding partners)

	Mean	Median
2022	**–2.6%***	**18.1%%**
2021	32.6%	3.4%
2020	52.1%	42.4%

Percentage receiving a bonus (excluding partners)

	BAME	White
2022	**54.3%**	**59.2%**
2021	47.1%	51.2%
2020	33.7%	46.0%

**The minus on this figure indicates that the average bonus that ethnic minority colleagues' received was 2.6% higher than that of white colleagues.*

Pay quartiles (excluding partners)

	Upper (D)		Upper middle (C)		Lower middle (B)		Lower (A)	
	BAME	White	BAME	White	BAME	White	BAME	White
2022	**17.6%**	**82.4%**	**20.4%**	**79.6%**	**24.3%**	**75.7%**	**25.2%**	**74.8%**
2021	14.7%	85.3%	24.8%	75.2%	26.3%	73.7%	21.6%	78.4%
2020	12.0%	88.0%	24.8%	75.2%	21.0%	79.0%	21.0%	79.0%

Gender pay 2022

Once again, this year we are voluntarily including data on the gender pay gaps for our London-based partners and also for our combined London-based partner and employee populations.

The most significant cause of our gender pay gap continues to be the composition of our workforce. We have a higher proportion of men in our most senior roles and more women in our more junior business services and administrative roles, which predominantly fall into the lowest pay quartile. These gaps are different from equal pay; we remain committed to ensuring our people are paid equally for doing equivalent jobs across our business.

Snapshot of our gender pay gap

- The percentage of women, including partners, in our top pay quartile has increased
- Our mean hourly pay gap for the firm, including partners, has decreased; the median has increased
- The mean hourly pay and bonus gaps for employees have both decreased.

Pay (including partners)

	Mean	Median
2022	**50.5%**	**42.2%**
2021	51.5%	33.6%
2020	53.2%	34.5%

This section shows the pay gap for our combined partner and employee populations. These figures include total annual earnings (salary and bonus).

Pay quartiles (including partners)

	Upper		Upper middle		Lower middle		Lower	
	M	F	M	F	M	F	M	F
2022	**67.8%**	**32.2%**	**42.0%**	**58.0%**	**41.4%**	**58.6%**	**22.4%**	**77.6%**
2021	72.2%	27.8%	44.6%	55.4%	41.7%	58.3%	22.6%	77.4%
2020	67.6%	32.4%	46.9%	53.1%	37.9%	62.1%	25.4%	74.6%

Pay (London partners only)

	Mean	Median
2022	**18.1%**	**23.5%**
2021	16.3%	32.6%
2020	14.3%	24.8%

Statutory reporting: Our employee gender pay data

Hourly pay (excluding partners)

	Mean	Median
2022	**21.6%**	**40.9%**
2021	24.5%	27.2%
2020	23.9%	25.9%

Bonus (excluding partners)

	Mean	Median
2022	**33.1%**	**39.4%**
2021	51.0%	67.6%
2020	49.1%	65.9%

Percentage receiving a bonus (excluding partners)

	Female	Male
2022	**49.9%**	**57.5%**
2021	46.2%	56.0%
2020	39.4%	43.7%

The proportion of employees in each pay quartile (excluding partners)

	Upper (D)		Upper middle (C)		Lower middle (B)		Lower (A)	
	Male	Female	Male	Female	Male	Female	Male	Female
2022	**52.4%**	**47.6%**	**48.0%**	**52.0%**	**42.4%**	**57.6%**	**14.4%**	**85.6%**
2021	51.8%	48.2%	45.3%	54.7%	41.7%	58.3%	18.0%	82.0%
2020	46.3%	53.7%	47.6%	52.4%	35.4%	64.6%	21.8%	78.2%

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