

Pay gap report

UK 2020/21



Foreword

“We want to create a culture that embraces difference, fosters innovation and delivers the best solutions to our clients. As leaders, we believe we achieve this by bringing together people with a range of backgrounds, perspectives and diverse characteristics, promoting fair treatment and providing equal access to opportunities.”



Peter Scott

Managing Partner, Europe,
Middle East and Asia



Farmida Bi

Global Chair and Chair Europe,
Middle East and Asia

Pay gap reporting has become an important part of our approach to promoting greater inclusion and equality. By reviewing where pay gaps exist we can better understand what is causing them and how we can close them.

Reporting for 2020 and 2021 has thrown up unprecedented challenges. As a business, the global pandemic forced Norton Rose Fulbright to take a different approach to salary and bonus. In 2020, to safeguard the business and our people, we launched our Flex programme, which asked staff to sign up to working 80% of their normal weekly work pattern and receive the equivalent reduction in their pay. Further, the firm did not undertake its usual annual salary review in 2020 and took a more cautious approach to bonuses. As you will see in this report, these measures have had some impact on our data outcomes and progress. We are pleased to say that our Flex programme ended in September 2020 with full pay restored and in early 2021, 50% of the monies saved during the Flex programme were paid back to employees together with a one-off special bonus for those who signed up to the scheme. Our usual salary review and bonus payments recommenced in 2021.

On a broader level, the events of 2020/21 have given us an opportunity for reflection and change. Not only the pandemic but other key events of 2020, including the death of George Floyd, prompted important discussion within our organisation and has led to a review of our Diversity and Inclusion (D&I) strategy.

Overall, our D&I strategy is a holistic one. We are setting targets and running programmes to improve the representation of certain groups, including the aspirational gender target, set in February 2020, of 40:40:20: a minimum of 40% women and 40% men, and 20% flexibility.

We continue to take proactive steps to improve the representation of Black, Asian and Minority Ethnic (BAME) professionals and partners in the business and are working towards a more balanced and proportionate representation of BAME colleagues at all levels within the firm. In October 2020, we launched a refreshed race and ethnicity strategy that introduces new targets, including our 2025 goal for the UK of 15% of our partners and 25% of our firm being BAME.

This report also covers, for the second time, the data we hold for our employees who identify as lesbian, gay, bi-sexual, trans and queer (LGBTQ+). While we have seen improvements in our disclosure rates, we do not yet have the complete picture and, given the size of the disclosed population, it is difficult to draw firm conclusions from this data. The data we do have shows an increase in the mean hourly pay and mean bonus pay gaps. In 2022, improving the data and pay outcomes for our LGBTQ+ colleagues remains a focus.

We were one of the first firms to publish partner data in 2019 and for the third year running, we have gone beyond the statutory gender pay reporting requirements and have published partner pay gap data.

We recognise that, to have real impact, D&I needs to be embedded throughout the firm so that it becomes part of business as usual, rather than a standalone issue. At a quantifiable level, we're pleased to say that some areas show real improvement in pay gap data. However, the path to reducing pay gaps is just that – a path. In a number of areas, we know we are still near the start. By embedding D&I throughout all levels of our business, driven by our strategy and D&I champions, we will continue to work to improve the pay gap across the board.

Our vision and commitments

We have a clear vision: to be a world-leading global elite law firm, collaborative and diverse, boldly dynamic and fiercely client focused.

We are committed to promoting a culture of respect for all. Our well-established employee networks in the UK build awareness, provide development and networking opportunities; support our own business development; increase our interaction with the community; and help the firm's position as an employer of choice.

As part of our Global Strategic Plan for 2021-2024, we will achieve our vision and continue fostering a diverse, inclusive culture by:

- Attracting, advancing and retaining women, people of Black, Asian and Minority Ethnic backgrounds and other under-represented groups
- Developing and implementing a global performance management and reward program
- Equipping our people to lead in a more volatile, uncertain, complex and ambiguous world
- Implementing a new Human Resource Information System and technology to support remote and on-line learning and development and enable us to make data driven decisions on our people strategy.

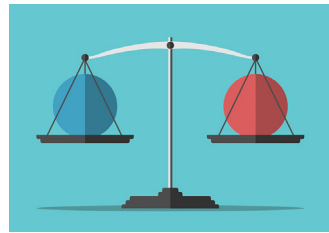
Our work in 2021 has been recognised by the following awards:

The Times Top 50 Employers for Women 2021

Working Families Top 30 Employers 2021

Our diversity and inclusion approach

Norton Rose Fulbright has a regional D&I governance structure. We have an EMEA D&I committee, made up of partners and senior members of Norton Rose Fulbright. It is co-chaired by the managing partner and the global chair and reports to our overarching management committee (MCOM). Our activities focus on seven areas, each supported by an employee network:



Gender balance



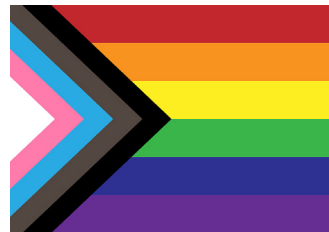
Racial, ethnic & cultural diversity



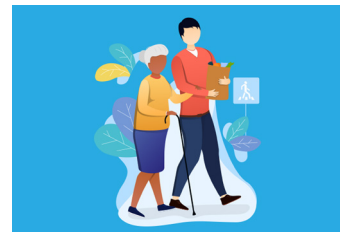
Disability confidence



Mental health



LGBTQ+ inclusion



Parents & carers



Social mobility

Pay gap reporting

The pay data used for this report is accurate as of April 5, 2021 and includes the results for 2020/21 alongside a comparison of the previous year (2019/20). The bonus data for employees is based on bonuses received in the 12 month period up to and including April 5, 2021.

Ethnicity and sexual orientation employee data is calculated using the same methodology as that used for gender and is expressed as a difference between each population and other staff. We recognise that the data we hold for both our BAME and LGBTQ+ staff is not complete, but we are pleased to have seen our race & ethnicity disclosure rate improve from 67% to 90%, from 2018 to 2021, and sexual orientation disclosure rate increase from 60% to 82%.

What is pay gap?

Pay gap, be it gender, ethnicity or sexual orientation, is defined as the difference between the mean or median hourly pay rate that two groups of staff (e.g. men and women) receive.

The mean pay gap is the difference between hourly earnings, taking the sum of all hourly rates divided by the total number of staff in the sample. The median pay gap is the difference between the midpoints in the ranges of hourly earnings between two groups. Median pay looks at all salaries in the sample, from highest to lowest, and picks the middlemost salary.

How is pay gap different to equal pay?



Equal pay means two groups being paid the same for carrying out the same or similar work. There is a legal requirement to ensure equal pay amongst men and women. This is very carefully monitored within the firm.

This report is principally about our pay gaps, which is the difference in average hourly pay, and bonuses, between all men and women, or BAME or LGBTQ+ staff compared with other populations, in a workforce, irrespective of their job role or seniority within the firm.


Pay gap UK 2020/21 at a glance

Overall, since our first report was published in 2019, we have seen a 13.8% improvement in the mean gender pay gap and 11.8% improvement in the median gender pay gap for staff.



Gender

-  **The mean gender pay gap is 11%**, down from 12.8% in the previous year.
-  **The median pay gap is 23.4%**, down from 31.2% in the previous year.



Partner

-  **The mean partner pay gap is 25.1%**, up 1.2% since the last report.
-  **The median pay gap for this population is 37.2%**, an improvement of 7.5%.

Ethnicity

-  **The mean ethnicity pay gap has increased by 2%**, from the last year.
-  **The median pay gap has increased by 1.4%**, from the last year.

LGBTQ+

-  **The mean pay gap for our LGBTQ+ population is 8.7%**, up from 4.7% last year.
-  **We see an increase in the bonus pay gap data** for this population.

Employee gender pay gap data

In January 2020, we announced our aspirational global target of 40:40:20 (a minimum of 40% women and 40% men, and 20% flexibility). Across the firm, we support gender balance programs in order to address and reduce unconscious bias in our decision making. We provide targeted leadership development for women, including coaching, mentoring and sponsorship, and we facilitate and strengthen professional networking through our women’s networks and D&I committee.

Career progression

Since 2010, the Career Strategies Programme (CSP) has been supporting women on track for partnership. To date, the CSP has increased female representation in partner promotion cohorts with 45% of programme alumnae making partner within three years. In EMEA, 59% of partners promoted between 2013 and 2021 were women and 79% were CSP alumnae.

We continue to promote more women to partnership than at any time in the past, with a more balanced approach to equality of pay. Our representation of women as at April 5, 2021, was 29% of the UK partnership; 30% of the EMEA partnership; 40% of the EMEA Management, 44% of EMEA partner promotions; and 44% of UK partner promotions.

Sponsorship

In our 2021 CSP, we introduced a session on sponsorship, which we know is vital in supporting the career progression of under-represented groups. We ran a training session for all partners who nominated individuals to the CSP to help them understand how to actively sponsor diverse talent and support their career progression.

We introduced a new quarterly recognition scheme, called Simply Thanks, to recognise high performing employees more frequently throughout the year. This scheme is in addition to our regular bonus scheme. The new quarterly scheme meant more of our people received an additional monetary reward, although this also meant that the range in bonus amounts paid to staff widened. This has contributed to an increase in our bonus pay gap.

The methodology for calculating hourly pay includes taking an individual's gross salary amount after any reductions for salary sacrifice payments are made. Voluntary salary sacrifice schemes (e.g. pension, childcare vouchers, holiday purchase) therefore lower the hourly pay rate, where applied. Analysis shows that 59% of women were part of at least one salary sacrifice scheme in 2020/21 compared with 41% men and sacrificed 26% more of their pay, which may be a contributing factor to the outcome of lower hourly pay rates for women compared to men.

Notwithstanding the two points above, we recognise that there is further work to do to reduce the pay and bonus gaps between men and women at the firm.

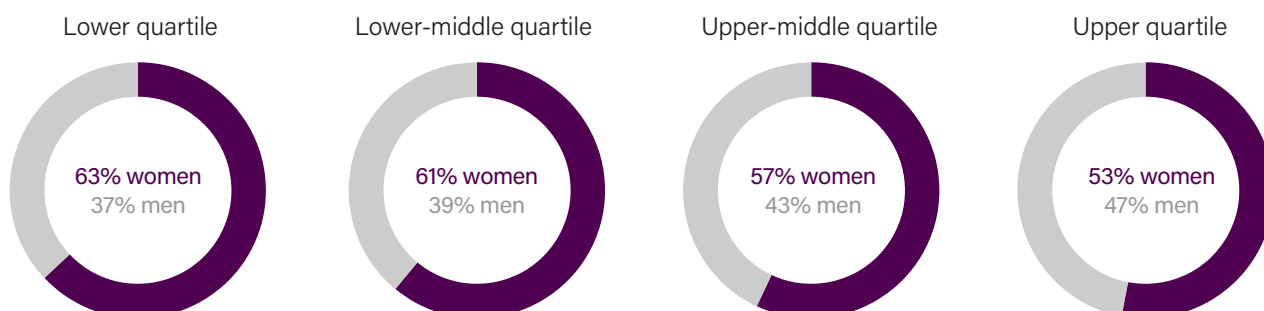
Table 1 Pay and bonus gap

	2019/20		2020/21		Mean % change
	Mean	Median	Mean	Median	
Pay gap	12.8%	31.2%	11.0%	23.4%	-1.8%
Bonus gap	42.3%	45.3%	53.4%	62.4%	+11.1%

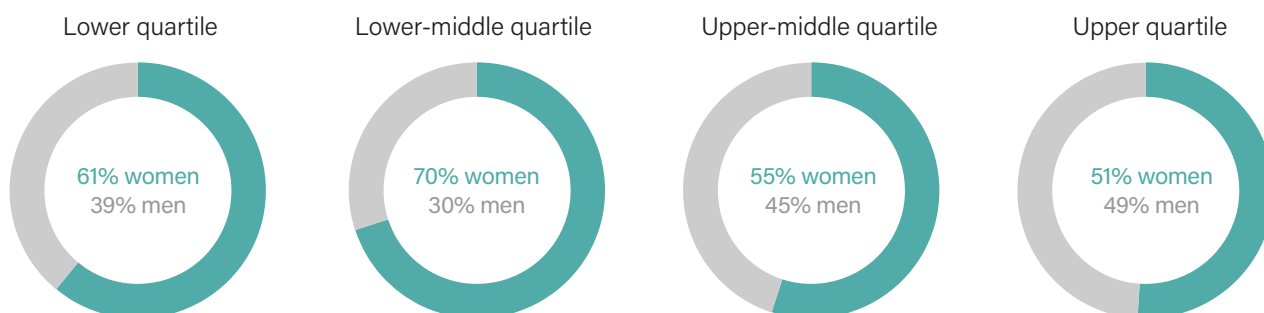
Table 2 Percentage of women and men receiving a bonus payment in the UK

	2019/20	2020/21
Women	27.1%	44.7%
Men	23.1%	48.4%

Pay quartiles 2020/21



Pay quartiles 2019/20



Our pay quartile data shows a more equal representation of men and women in the upper middle and upper quartiles, as well as more women than men in the upper middle and upper quartiles. We recognise there are also more women in the lower and lower middle quartiles and that there is some work to do to continue to address this balance.

Breakdown of data for associates and other staff

In addition to our statutory gender pay gap reporting, we have also analysed the mean and median pay gap difference in hourly pay and bonuses split between associates and other employees.

Table 3 Breakdown of pay data for associates and other staff

All associates ¹	2019/20	2020/21	All other employees ²	2019/20	2020/21
Mean pay gap	2.3%	5.0%	Mean pay gap	14.5%	13.2%
Median pay gap	1.6%	9.4%	Median pay gap	9.0%	8.4%
Mean bonus gap	7.5%	31.1%	Mean bonus gap	63.9%	64.3%
Median bonus gap	17.4%	51.2%	Median bonus gap	66.7%	15.1%

¹ Includes all qualified lawyers below partner level

² Includes all business services and secretarial staff, knowledge lawyers, and trainee solicitors.

17% of female associates and 1% of male associates worked part time within the period being reviewed. Of those that received a bonus payment, 10% were female part time workers, versus 0% men. This means their bonuses were pro-rated in line with their working pattern and as a result will be lower than that of someone working full time. Bonus pay gap for associates shows a significant increase and the firm is taking steps to address this as outlined in the last section of this report. The last section also references our actions for the business services staff bonus approach.

Partner gender pay gap data

As with previous years we have used the same methodology to produce the mean and median "pay" data for partners as we have for employees, noting that partners receive a profit share rather than "pay".

This analysis is based on UK partners only and includes all partners in management positions.

Table 4 Partners

	2019/20	2020/21
Mean pay gap	23.9%	25.1%
Median pay gap	44.7%	37.2%
Mean bonus gap	28.9%	24.1%
Median bonus gap	45.0%	33.3%

Combined employee and partner gender pay gap data

When we combine both employees and partners for the purposes of this exercise we see the following pay gaps:

Table 5 Employees and partners

	2019/20	2020/2021
Mean pay gap	49.7%	46.7%
Median pay gap	39.8%	25.8%
Mean bonus gap	62.7%	65.4%
Median bonus gap	54.4%	68.7%

Ethnicity pay gap

Our refreshed ethnicity strategy, as outlined in the Foreword of this report, is designed to accelerate progress to increase the representation of BAME colleagues in our workforce and includes a target of 15% of our partners and 25% of our firm to be BAME in the UK by 2025. The annual BAME trainee recruitment target remains 25%, and now includes a target of 10% Black trainees. Our UK BAME representation as at 5 April 2021 was: 9% of the partnership; 20% of all staff; and 38% of trainees.

Since 2019, our race & ethnicity disclosure rate has increased from 88% to 90%. Overall, we have seen a 23% improvement in race & ethnicity disclosure since our first equality report was published.

Career progression and sponsorship

Recognising the value of the women's Career Strategies Programme (CSP), in 2019 we launched a CSP for BAME lawyers and in 2022 we are hoping to launch a CSP for BAME business services professionals. We hope that by embedding a culture of sponsorship for under-represented groups, we will continue to build on supporting our BAME targets and sustain a more diverse partnership at the firm.

Table 6 Ethnicity pay gap data

	2019/20	2020 /21
Mean pay gap	2.6%	4.6%
Median pay gap	6.0%	7.4%
Mean bonus gap	17.8%	17.0%
Median bonus gap	6.7%	2.1%

The data shows that the mean ethnicity salary pay gap has increased by 2% from last year. The median pay gap has increased by 1.4%. These changes may be attributed to changes in the disclosure rates however, this continues to be a core area of focus for the firm.

The mean and median bonus gap data show decreases in the bonus gap, more significantly when reviewing the median bonus data. However there is still some work to do to close the bonus gap and ensure continued improvement in outcomes.

Sexual orientation pay gap

We are committed to creating an inclusive environment for our lesbian, gay, bi-sexual, trans and queer (LGBTQ+) colleagues. We have developed and implemented LGBTQ+ inclusive policies and resources, including toolkits to help managers understand the challenges that an LGBTQ+ team member may face and the support they can offer. These toolkits are found on our internal intranet pages and focus on inclusive language, trans guidance and resources for LGBTQ+ families, friends and allies.

In the coming months we will continue our work to strengthen and promote our commitment to LGBTQ+ inclusion through focused discussions with the LGBTQ+ community at Norton Rose Fulbright and by continuing to educate our people on LGBTQ+ identities. In particular we are focusing on trans inclusion and we have invited several speakers from the LGBTQ+ community to join internal events throughout the year ahead to share their story and raise awareness of LGBTQ+ matters.

We have seen improvements in our disclosure rates, from 60% in 2018 to 82% in 2021, but we do not yet have the complete picture. We will continue to work on encouraging disclosure rates by creating an inclusive environment for our LGBTQ+ colleagues and hope next year to be able to present a clearer picture of pay gap data. By better understanding the reasons behind the findings, we will be able to formulate clear strategies to address these and improve the data and pay outcomes for this population.

Table 7 Sexual orientation pay gap data

	2019/20	2020/21
Mean pay gap	4.7%	8.7%
Median pay gap	-5.3%	-0.5%
Mean bonus gap	1.4%	41.2%
Median bonus gap	-36.4%	59.9%

2022: Next steps

Reviewing and reporting on our pay data annually is an important part of formulating our people and reward priorities. Achieving the targets set out in this report will not be our final destination. We know there is more to do, but we also know that “what gets measured, gets done” and the targets provide a clear goal for us to aim for and a means of driving accountability, in order to achieve greater equality.

Whilst the data shows some improvements in pay gap data in some areas, we recognise there is still much work to do. Below is a summary of some of our key initiatives for the coming year, which we believe will help improve the data and be instrumental in embedding our D&I strategy across the business.

Reward strategy

We periodically review our reward strategy to ensure it remains competitive and that our pay and bonus schemes are not operating in a way that is systematically focusing on men over women, or overlooking our BAME and LGBTQ+ populations.

Changes have been made to the calculation of the associate bonus scheme, which is now payable in two parts throughout the year. In addition we have increased the number of value add hours included in the scheme; from 100 to 125, in order to recognise associates' contribution to activities such as D&I and pro bono work.

The firm has already undertaken a market review of salary levels for its associate population across EMEA and updated and communicated the new approach during 2021. The business services remuneration approach is also under review and we hope to introduce more people to the business services bonus scheme in the coming year. We continue to review our benefits on an annual basis to ensure they are appropriate and competitive and we continue to recognise our employees through schemes like 'Simply Thanks'.

Progressing talent

In addition to the bespoke Career Strategies Programmes outlined in this report, we recognise that fair distribution of opportunities is crucial to ensuring we make progress against the targets we have set ourselves.

To allocate career enhancing opportunities fairly amongst our fee earning populations in the UK, our resource management team monitor billable hours by gender, ethnicity and working patterns to ensure under-represented groups are not overlooked. This data-driven approach to work allocation dramatically improves decision-making during matter assignment by removing unconscious bias from resourcing decisions and promotes transparency.

Mentoring

The EMEA mentoring scheme was launched in September 2021 via an online platform. This regional scheme gives all staff from across the EMEA network support and guidance on diversification, development and progression from experienced, senior professionals at the firm. People can sign up to become a mentor and/or request a mentee directly by reading mentor profiles online. The scheme is still in its early stages, but feedback so far has been overwhelmingly positive, with 4.5 stars (out of five) awarded for ease of process and the quality of the support and resources available. Comments received include: "Easy to do and my first session was fantastic" and "The training materials were incredibly helpful".

Supporting families

We know that working parents and carers make up an increasing number of our working population and understand that it can sometimes be difficult to combine parenting and caring responsibilities with work. In February 2021, we launched a new policy allowing employees to take up to five days paid carer's leave per holiday year, irrespective of their length of service. Data on usage of the leave to date shows that women account for 62% of the instances of carer leave taken. We also announced a move to a hybrid working model post-pandemic to continue to provide everyone with a better balance and more autonomy over how and where they work.

We proactively market our benefits, policies and programmes for parents such as our maternity and shared parental leave policies that provide up to 28 weeks' of discretionary pay, subject to length of service. We also provide coaching for expectant and returning parents to support them in planning and managing their departure and return to work, including balancing the demands of their professional and personal lives.

Promoting an inclusive culture

Education and awareness-raising are central to our approach. In April 2021, we delivered Active Inclusion training to all staff as a follow-up to the Active Bystander training delivered in 2020 and have made this a part of our new joiner induction process.

We know that talking about difference in the workplace will be new for many, meaning there might be discomfort, mistakes and false starts for some. Building organisational confidence to have these conversations underpins our D&I strategy, allowing us to understand and remove the barriers facing people from under-represented groups. The strategy is further supported by the seven employee network groups in the UK, as described in page four of this report. These groups share the aims of building awareness, providing development and networking opportunities, supporting business development and profiling role models.

Our work on diversity and inclusion remains a work in progress. We will continue to engage our people, who are at the heart of our business, on the cultural changes we are driving which we believe will positively impact inclusion and our pay gaps.



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