### Bird&Bird

# UK Pay Gap Report

Reporting period: 2024

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### Introduction

Diversity and inclusion is firmly recognised as a leadership priority and a core part of our strategy. For us, inclusion is about creating an environment where everyone can enjoy what they do and perform at their best, in the knowledge that they will be treated fairly and with respect, no matter who they are. This belief runs deep in our firm culture.

Creating and maintaining a diverse and inclusive environment doesn't happen by chance, it requires deliberate, ongoing effort and well-targeted initiatives. A key focus for us is increasing the representation of women in our partnership. As part of our 5-year strategy, we set a goal last year to achieve 30% female representation in the global partnership, and we continue working toward this.

This year, we have also reported on our social mobility pay gap for the first time, reflecting our commitment to continuously improving our data. We will use this analysis to help shape our ongoing social mobility plans.

Our London Management Team remain committed to supporting the programmes, policies, initiatives and changes that foster an inclusive environment. You can find out more about these activities in this report, and we look forward to continue making progress in the year ahead.



Phil Sherrell

Partner, Head of London



Zoe Feller

Partner, London Management Team Chair of D&I Committee



Andrea Pankhurst

Head of HR



Elizabeth Lang

Partner and Chair of D&I Committee

### Executive summary

This report will provide an overview of the key definitions to help understand how the pay gaps are calculated and explanation of how to interpret the results.

We know that there are some key factors driving our pay gaps and we have initiatives and programmes in place as part of our D&I strategy, to help us attract a broader range of candidates, and retain and promote all talent.

Key drivers include less representation of women, people from an ethnically diverse background, and people from lower socioeconomic backgrounds in senior positions compared to their counterparts.

Specifically, there is an overrepresentation of women in the lower quartiles, and in particular roles such as secretarial positions. While these roles are competitively rewarded by reference to the market, the fact that so many of them are held by women has the effect of reducing the average pay and bonuses of women in our firm.

We have also seen an increase in junior women partners, which is a positive step for representation overall, but has the knock-on effect of increasing our partner pay gap. Previously, the representation of women partners has been predominantly at the senior level.

A key driver of the ethnicity employee pay gap is an overrepresentation of white employees in more senior positions where higher salaries are paid.

For the gender bonus gap, we have more men than women in senior positions and proportionately, more men received a bonus than women.

When considering our social mobility pay gap, we have a higher proportion of people from a professional background overall in senior positions. We are committed to ensuring those from a socially mobile background have access to the same opportunities at the firm and we are pleased to be publishing our social mobility pay gap data for the first time.

# Understanding the report

### Gender pay gap

The gender pay gap is the difference in hourly earnings between men and women. The gender bonus gap is the difference in bonus pay.

Gender pay gap reporting regulations requires reporting on the pay gap between men and women in a binary way, meaning that reporting does not include data on non-binary and trans identities. We do not have sufficient data sets for these identities for reporting purposes.

### **Ethnicity pay gap**

The ethnicity pay gap is the difference in hourly earnings between those who identify as ethnically diverse and those who identify as white.

We have voluntarily reported on our ethnicity pay gap since 2020, using data provided as part of our diversity monitoring initiatives. These figures are based on a 93% completion rate.

### Social mobility pay gap

This year, we have included voluntary reporting on our social mobility pay gap. The social mobility pay gap is shown in this report as the difference in hourly earnings between people from a lower socioeconomic, intermediate or professional background, based on their responses to the question "When you were aged 14, what was the occupation of the main earner in your household?".

### Reference period

Pay Gap: The snapshot date for the pay gap is 5 April 2024. As we pay monthly, the reference period for this report is April 2024 and includes pay after deductions for salary sacrifice benefits for all employees. Those who received reduced pay during this period have been excluded as per the regulations.

Bonus Gap: Includes bonus payments made within the 12 months up to and including the reference period 5 April 2024. The majority of our bonuses were paid in our May 2023 bonus round. In accordance with the Regulations, we have calculated our gender bonus gap using actual bonuses paid to employees working part-time rather than full-time equivalent amounts.

### **Relevant employees**

Relevant employees for the purpose of pay gap reporting are determined by the government's definition. These are people who are employed, and being paid in full, as at the snapshot date.

Anyone receiving reduced pay (for example, Statutory Maternity Pay), or on unpaid leave during the pay period in which the snapshot date falls, is excluded as per the regulations.

### **Statement of Accuracy**

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require all employers with 250 employees or more to publish data on their gender pay gap. We confirm the data reported here is accurate and meeting the requirements of this legislation.

# Understanding the report

#### Mean

The mean is calculated by adding up all the relevant values and dividing the result by how many values were in the list (the average).

For the **mean gender pay and bonus gap**, we calculate the mean rate of hourly pay, or bonus, for women and men, compare the two, and find the difference.

For reporting the **ethnicity pay and bonus gap**, the data set used is for colleagues who identify as either ethnically diverse or white.

For the social mobility pay and bonus gap, we analyse pay data from colleagues who identify as coming from lower socio-economic, intermediate, or professional backgrounds.

#### Median

The median is the mid point of a data set, when the values are ordered from smallest to largest. If there is an even number of results, the median will be the mean of the two central numbers.

The **median gender pay and bonus gap** is the difference between the 'middle' rate of hourly pay, or bonus, for men and the 'middle' rate of hourly pay or bonus for women.

The median ethnicity pay and bonus gap is calculated the same way, but we are comparing the pay of people who identify as ethnically diverse, and those who identify as white.

The median social mobility pay and bonus gap is calculated by comparing the pay of people who identify from a lower socio-economic, intermediate or professional background.

The gender pay gap is presented as a % of men's earnings. For example:

- A +10% pay gap would mean that women, on average, earn 10% less than men per hour
- A -10% pay gap would mean that women earn, on average, 10% more than men per hour

The ethnicity pay gap is presented as a % of pay received by White colleagues.

The social mobility pay gap is presented as a % of pay received by colleagues from a Professional background.

A pay gap is not the same as equal pay and does not mean women, people who identify as ethnically diverse or from a lower socio-economic background are being paid less than their counterparts in the same roles.

It is illegal to pay men and women different amounts for the same job, and this is not what pay gap reporting measures.



# Key findings



## Gender Pay Gap

### **Key findings**

- We are pleased to see that the mean and median gender pay gaps have reduced for employee pay:
  - The mean gender pay gap has reduced from 15.5% (2023) to 14.5% and the median has reduced from 34.2% (2023) to 33.5%.
- We have observed an increase in both the mean and median bonus pay gaps for employees:
  - The mean gender bonus gap has increased from 31% (2023) to 38%, the median has increased from 40% (2023) to 54%.
- The proportion of men receiving a bonus has reduced from 47.1% (2023) to 44.2% this year. Meanwhile, the proportion of women receiving a bonus has stayed at a similar level at 39.6% (39.7% in 2023).
- We continue to have more men proportionately in the upper pay quartiles and this has remained at a similar level. We have continued to see an increase in women's representation in the upper middle pay quartile at 60.1%, which is a 4.9% increase from last year.
- We have seen an increase in the partner pay gaps which is largely driven by appointments of women to partnership at a junior level, as well as senior women leaving the partnership.
- Overall, the combined Employee and Partner pay gaps have both reduced this year.
- Overall, we continue to have more women than men in the employee pay data set and these figures remain similar to previous years.

# Ethnicity Pay Gap

### **Key findings**

- The employee ethnicity pay gap has increased this year from 4.3% to 7.7% (mean) and from -0.03% to 8.6% (median).
- However, the employee ethnicity bonus gap has decreased significantly with the mean bonus gap reducing by 26.8% and the median bonus gap reducing by 28.1%.
- With a mean bonus gap of 12% and a median bonus gap of -0.2%, we are pleased to see the lowest bonus gap since we started voluntarily reporting on our ethnicity pay and bonus gap figures in 2020.
- Of the employees included in the data set for the 2024 reporting period, 20% of our people identify as being from an ethnically diverse background (which is unchanged from the 2023 data set).
- There are proportionately more employees from an ethnically diverse background in the lower middle pay quartiles, and fewer in the upper pay quartiles, which is a key driver for the pay gap.
- We do not currently have a large enough data set from which to report our Partner ethnicity pay gap.

# Social Mobility Pay Gap

### The reporting process

This year, for the first time, we have included pay gap data in relation to socio-economic background. In order to measure the pay gap, we have analysed responses to the following question: "When you were aged 14, what was the occupation of the main earner in your household?"

We have based this analysis and reporting on guidance taken from the Social Mobility Commission, which recommends measuring socio-economic background based on responses to the above question. This is regarded as the best measure to assess someone's socio-economic background. It is also easy to understand, it gets the highest response rates in testing, and it is appliable to those of all ages and from all countries.

The analysis and reporting includes grouping responses into three categories – Professional, Intermediate and Lower Socio-Economic (sometimes referred to as Working Class Background). Currently, these are the three broad categories as prescribed by the National Statistics Socio-Economic Classification to determine socio-economic background.

The social mobility pay gap is shown in this report as the difference in hourly earnings between people from a lower socio-economic, intermediate or professional background, based on their responses to this question.

### **Key findings**

- Reporting on our social mobility data for the first time shows us that we
  do have pay and bonus gaps, in favour of people from a Professional
  background.
- The most significant employee pay gap is the median pay gap between people from a Professional background and a Lower Economic background (41.9%). This is driven by there being proportionately more employees from a Professional background in senior positions, which are typically higher paid.
- We have a median employee bonus gap figure that is in favour of people from an Intermediate background when compared with employees from a Professional background.
- Employees from a Lower Socio-Economic background represent 26% of those who chose to answer the question regarding occupation of the main earner in the household. Those from an Intermediate background represent 5% and those from a Professional background represent 69%.
- Both the mean and median Partner social mobility pay gap figures are comparable to our Gender pay gap figures for Partners. Our partner figure combines Intermediate and Lower Socio-Economic backgrounds due to the sample size in the Intermediate group.

# Addressing our pay gaps

### 2024 highlights

- The latest iteration of our **Global Women's Development Programme** ran in London. Since it launched in 2016, 207 participants have taken part and, of those, 45% have subsequently received a promotion to Legal Director, Counsel or Partner.
- Our **Gender Balance Working Group** was formed to provide input and feedback into key elements of our gender balance initiatives.
- Our first **Reciprocal Mentoring Programme** was launched, pairing senior leaders with ethnically diverse employees to form new connections by mutually sharing information and perspectives on key topics relating to inclusion.
- We launched our **Career Impact Programme** a career-focused 2-day programme for ethnically diverse colleagues, involving workshops, panel discussions and Q&As with senior leaders.
- We achieved **Mansfield** certification for the third time, requiring us to consider at least 30% historically underrepresented lawyers for lateral hiring, senior leadership positions, and business development activities.
- We continued to see an increase in the number of employees requesting Shared Parental Leave and have undertaken a review of our family leave policies.
- We ran our second **Global Employee Engagement Survey** in 2024 to further understand the experience of our people, which will help inform key decisions and future planning.
- We completed our first submission for the **Social Mobility Employer Index**, marking our ongoing commitment to this area.
- We continue to partner with organisations to support our progress, including Reignite Academy, Legal CORE, WorkLife Central, Young Professionals and PRIME Commitment.

# Addressing our pay gaps

#### What's next?

- Continued focus on progressing towards our global goal to achieve 30% women in the partnership.
- Building on the success of our initial Reciprocal Mentoring Programme, which connected senior leaders
  with mentors from ethnically diverse backgrounds across all business levels, we are excited to expand
  this initiative and will be running the programme again.
- We remain part of the Mansfield Rule UK, whereby we are committed to expanding the pool of candidates considered for fee earning roles and leadership positions. In 2024, this expanded to include candidates from lower socio-economic backgrounds.
- We continue to commit to our pipeline of candidates from lower socio-economic backgrounds, through our flagship programme, Early Birds Pathway. Find out more about our programme here: <u>Social</u> Mobility at Bird & Bird.
- Enhancing development opportunities and curriculum content relating to gender and ethnicity.
- Continued use of our data analytics tool to better understand data and track our progress.

Gender balance, racial, ethnic and cultural diversity and social mobility are pillars in our global D&I strategy – read the full strategy on our website <u>here</u>





# Gender Pay Gap data

2024

# Statutory reporting

### **Employee gender pay gap figures**

Year	Mean	Median
2024	14.5%	33.5%
2023	15.5%	34.2%
2022	17.2%	39.1%
2021	21.6%	38.0%

- There has been a slight reduction in the mean and median employee gender pay gaps this year.
- This marks the fourth consecutive year of reduction for the mean pay gap figure.

### **Employee gender bonus gap figures**

Year	Mean	Median
2024	38%	54%
2023	31%	40%
2022	37%	50%
2021	34%	33%

- The mean and median bonus gap for all employees has increased by 7% and 6% respectively.
- In the employee data set, 44.2% of men received a bonus compared to 39.6% women.
- There has been a reduction in the proportion of men receiving a bonus this year (47.1% in 2023) whilst the proportion of women receiving a bonus has stayed at a similar level (39.7% in 2023).

A bonus gap reflects the difference in average payments received between two groups and does not reflect the likelihood of a particular section of the workforce receiving a bonus.

A **key driver** of the bonus gap is that amongst the associates included in the data set, a greater proportion of men received a bonus than women.

Amongst Business Services employees, there was a more equal proportion of men and women receiving a bonus.

# **Employee Pay Quartiles**

Year	Lower Men	Lower Women	Lower Middle Men	Lower Middle Women	Upper Middle Men	Upper Middle Women	Upper Men	Upper Women
2024	25%	75%	37.5%	62.5%	39.9%	60.1%	50.3%	49.7%
2023	21.9%	78.1%	40.3%	59.7%	44.8%	55.2%	49.4%	50.6%
2022	23.6%	76.4%	29.4%	70.6%	47.9%	52.1%	48.3%	51.7%
2021	20.1%	79.9%	33.8%	66.2%	51.5%	48.5%	53.4%	46.6%

- We have seen a 4.9% increase in women's representation in the upper middle pay quartile, which has been gradually rising over recent years.
- Women continue to have the greatest representation in more junior positions, which predominantly fall within the lower quartiles. Women's representation in the 'lower' quartile has been gradually reducing.
- Overall, we have more women than men in this data set (62% women and 38% men) and the overrepresentation of women in the lower quartiles (as shown above) drives the gender pay gap, in addition to having more men in senior fee earning positions.



#### Quartiles

Quartiles are used to help show the representation of groups at different levels of pay within the organisation.

To calculate this, we divide the total number of employees into quarters based on salary range, ordered from the lowest paid (lower hourly pay quarter) to the highest paid (upper hourly pay quarter).

# Voluntary reporting

### Partner gender pay gap figures

Year	Mean	Median
2024	14.0%	21.2%
2023	-2.7%	19.3%
2022	-10.8%	3.6%
2021	-7.9%	15.6%

- We have seen an increase in both the mean and median partner pay gap.
- This is largely driven by appointments of women to partnership at a junior level and senior leavers.
- We expect to see this trend for some time as we continue to focus on increasing women in the partnership, often at the junior level.

### Combined Employee + Partner gender pay gap figures

Year	Mean	Median
2024	46.3%	37.9%
2023	48.2%	40.5%
2022	50.1%	50.9%
2021	47.6%	49.1%

- Having more men than women in the partnership is the main contributor to the combined pay gap.
- Overall, we continue to have high representation of partners who are men, which is why our global 5-year strategy includes our goal to reach 30% of women in the partnership.

## Associate Pay Gap - Yearly Comparison

	Junior		Mid-Level		l-Level	So	enior
Year	Mean	Median		Mean	Median	Mean	Median
2024	-1.9%	-0.8%		1.8%	1.0%	-3.8%	-1.6%
2023	0.3%	0%		2.8%	2.6%	-4.3%	-1%
2022	1.9%	1.3%		-0.2%	-1.0%	-1.9%	-1.1%
2021	0.6%	-0.8%		-2.4%	-0.8%	-1.2%	-1.6%

- This table shows that there is a minimal pay gap for Mid-Level Associates, and a positive pay gap in favour of women at the junior and senior level.
- These differences are driven by a combination of the proportion of men and women at each PQE level within each band and the impact of pension contributions. As the pay gap is calculated after pension contributions, individuals choosing to contribute large amounts into their pension will affect the hourly rate (i.e. reducing their pay/hourly rate) and therefore impact the pay gap.



# Ethnicity Pay Gap data

2024

# Voluntary reporting

### **Employee ethnicity pay gap figures**

Year	Mean	Median
2024	7.7%	8.6%
2023	4.3%	-0.03%
2022	6.1%	11.5%
2021	11.8%	20.6%

- We have seen an increase in both the mean and median ethnicity pay gap figures this year.
- While we have the same representation of ethnically diverse employees as we did in 2023, there are proportionately more employees from an ethnically diverse background in more junior positions in this year's data set.
- We do not currently have a large enough data set to report on the partner ethnicity pay gap.

### **Employee ethnicity bonus gap figures**

Year	Mean	Median
2024	12.0%	-2.0%
2023	38.8%	26.1%
2022	44.7%	40%
2021	17.1%	48%

- The bonus gap has significantly reduced this year. Notably, the mean bonus gap has decreased by 26.8% and the median bonus gap figure has also reduced by 28.1%.
- In the data set for 2024:
  - 41% of ethnically diverse employees received a bonus compared to 38.2% in 2023.
  - 45% of white employees received a bonus compared to 44.1% in 2023.

# Employee pay quartiles

Year	Lower White	Lower Ethnic Minority	Lower Middle White	Lower Middle Minority	Upper middle White	Upper Middle Minority	Upper White	Upper Minority
2024	80.1%	19.9%	72.8%	27.2%	76.2%	23.8%	84%	16%
2023	78.6%	21.4%	77.9%	22.1%	75.2%	24.8%	81.9%	18.1%
2022	78%	22%	81%	19%	78%	22%	84%	16%
2021	74%	26%	79%	21%	79%	21%	89%	11%

- Of the employees included in the ethnicity pay gap data set, 20% identified as from an ethnically diverse background, 70% identified as being from a white background, 3% answered 'prefer not to say' and 7% did not respond.
- Therefore, the distribution of ethnically diverse employees in each pay quartile is generally representative of our population. We are aware we still have more to do to increase ethnically diverse representation at senior levels.
- This is based on a 93% completion rate.

# Social Mobility Pay Gap data

# Voluntary reporting

### **Employee social mobility pay gap figures**

Socio-economic background	Mean	Median
Professional vs Intermediate	16.4%	21.8%
Professional vs Lower Socio Economic	20.7%	41.9%
Intermediate vs Lower Socio Economic	5.2%	25.8%

The key drivers of the social mobility pay gaps are:

- Higher representation of people from Professional backgrounds in more senior roles, in particular senior fee earners
- Higher representation of people from lower-socio economic and intermediate backgrounds in more junior positions.

### Partner social mobility pay gap figures

Socio-economic background	Mean	Median
Professional vs Intermediate & Lower Socio-Economic background	12.7%	21.3%

# Voluntary reporting

### **Employee social mobility bonus gap figures**

Socio-economic background	Mean	Median
Professional vs Intermediate	35.7%	-13.7%
Professional vs Lower Socio Economic	37.5%	36.7%
Intermediate vs Lower Socio Economic	2.8%	44.5%

- The social mobility bonus gap is driven by a high proportion of our employees from a Professional background being in in fee-earning or senior management roles, with the opportunity to receive a bonus.
- From the data set in 2024:
  - 47.5% of those from a Professional background received a bonus
  - 38.5% of those from an Intermediate background received a bonus
  - 40% of those from a Lower Socio-Economic background received a bonus

# Thank you

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