

Gender Pay Gap Report 2023

At Farrer & Co, we are committed to narrowing our gender pay gap. The pay data is prepared as of 5 April 2023. For ease of comparison, we have included our 2022 figures in a separate column.

Introduction

This is our sixth external gender pay gap report. We are committed to narrowing our gender pay gap and set out the initiatives we are working on to help achieve this later on in the report.

All the data has been calculated using our reporting tool GapSquare.

The report is divided into three main sections:

1. Section One of this report focuses on our statutory obligations and includes some analysis of the data.
2. Section Two provides additional data and analysis, including our partner data. Although provision of partner data is not a statutory obligation, we choose to include this as it is a better reflection of the gender balance of the whole firm. We believe that reporting on and seeking to address the gaps are important measures by which the firm will be viewed by our partners, employees and clients.
3. Section Three provides details of the firm's current initiatives and relevant actions since our last report.

Before we take each section in turn, it is important to remember the difference between "gender pay gap" and "equal pay".

Gender pay gap information falls within The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which came into force on 6 April 2017. The regulations require all employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between male and female employees.

By contrast, equal pay is the right to be paid the same level of pay for "like work", work rated as equivalent and work of equal value. The gender pay gap is the difference in average pay and bonuses received by male and female employees within a workforce, irrespective of their role, responsibilities, or seniority.

Section 1: Employee data (all relevant employees excluding partners)

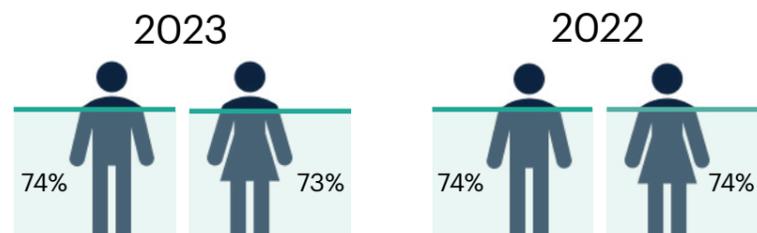
Employees pay and bonus gaps

	2023	2022
Mean pay gap	19%	22%
Median pay gap	23%	26%
Mean bonus gap	23%	29%
Median bonus gap	38%	52%

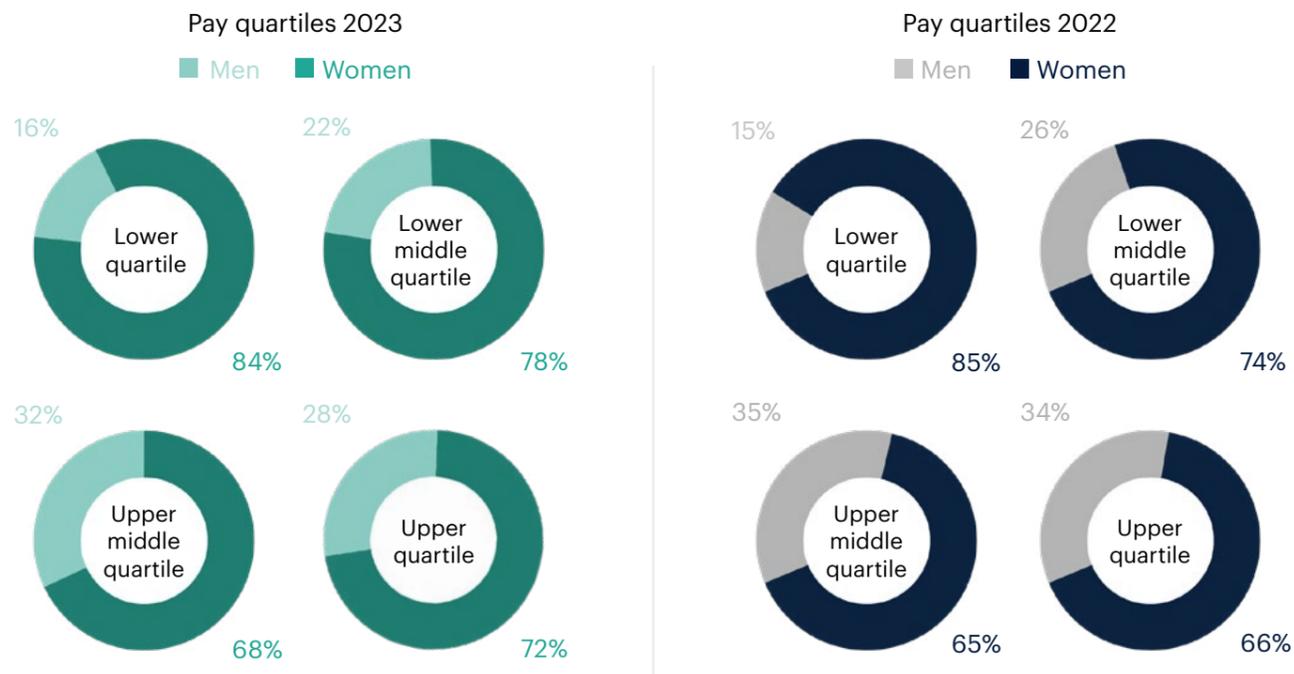
The *mean* is the average of all of the numbers in a data set. To calculate this, you add up all of the numbers and divide the result by how many numbers you are dealing with.

The *median* is the numerical value which sits between the top 50% of the population and the bottom 50%. To find the median, you list all of the values in descending order to find the number that sits in the middle.

Proportion of men and women receiving a bonus payment (excluding partners)



These charts show the percentage by gender in each of the pay quartiles (salary plus bonus on an FTE basis) across the employee population (excluding partners).



Analysis in brief (employee data)

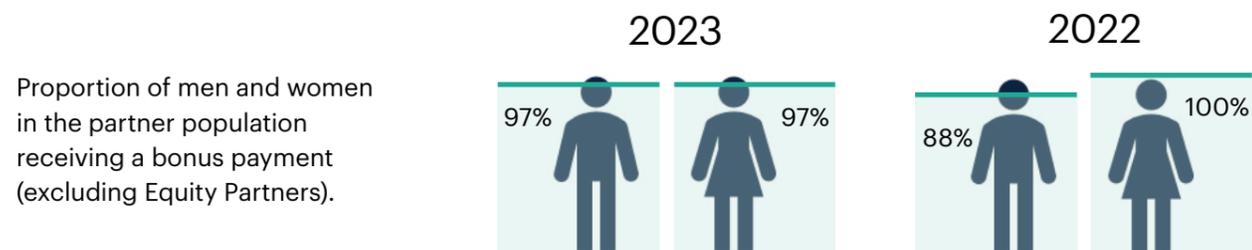
- This year, the mean pay gap has **narrowed** from 22% to 19% and the median pay gap has **narrowed** from 26% to 23%.
- The mean bonus gap has **narrowed** from 29% to 23%. The median bonus gap has **narrowed** from 52% to 38%.
- The distribution of gender across our employee pay quartiles highlights more female than male employees in all four quartiles with the highest percentages in the lower and lower middle quartile. The concentration of female employees in the lower and lower middle quartile is in part attributed to a higher representation of females in roles such as Practice Assistants.
- The proportion of women receiving a bonus remains broadly similar to men, yet a gap remains as the average female bonus is lower. This can be explained by a combination of factors including:
 - Significantly more women in the firm work part-time (90% of part-time employees are female as at November 2023). One of the reasons our employee bonus gap may appear more significant than our pay gaps is because of regulatory reporting requirements. Bonus gaps are calculated based on the actual bonus received based on part-time salaries rather than on a full-time equivalent (FTE) basis and this is relevant because a greater proportion of our part-time colleagues are women. We continue to support flexible working primarily to assist with wellbeing and achieving work life balance. We are keen to continue to support more of our men to work flexibly where they wish to do so and this could help to narrow the bonus pay gaps as bonuses for part-time male colleagues would also be pro-rated. The number of men working flexibly increased by 4% in the last year.

Section 2: Partner data

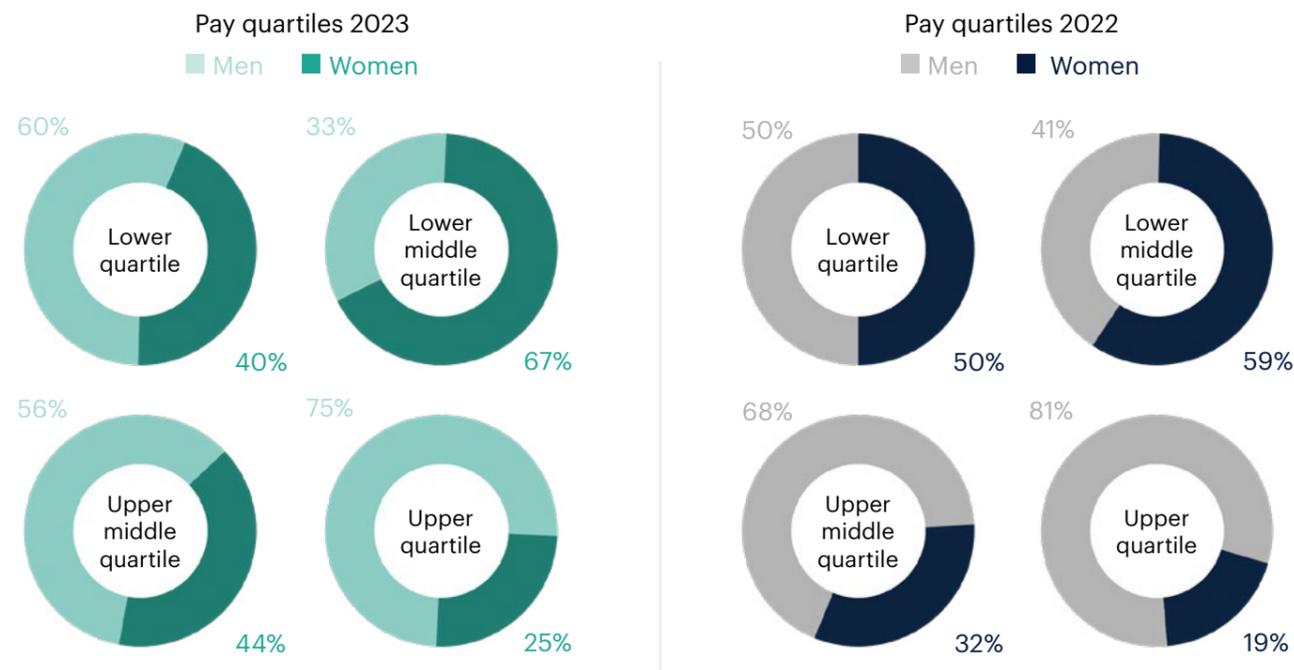
Partners pay and bonus gaps

	2023	2022
Mean pay gap	29%	34%
Median pay gap	31%	35%
Mean bonus gap	17%	4%
Median bonus gap	17%	7%

The bonus gap figures exclude Equity Partners.
The pay gap figures include Equity Partners.



These charts show the percentage by gender in each of the pay quartiles (remuneration plus bonus for those eligible across the partner population).



Analysis in brief (partner data)

For pay purposes, our data includes all of our Fixed Share and Equity Partners.

Our Equity Partner compensation package is made up of a portion of the firm's annual profit, some of which is not distributed on a monthly basis. To provide a more transparent representation we have used an annual compensation figure and divided it by 12 (rather than relying solely on a snapshot from a single month as per the regulations as this would not be an accurate reflection of compensation).

For bonus purposes, our data includes all of our Fixed Share Partners but excludes our Equity Partners as they do not participate in this scheme.

The composition of the partnership on the snapshot date of 5 April 2023 was made up of 44% female partners and 56% male partners which has changed from the previous year, where 41% of partners were female and this has helped to narrow the mean and median pay gap.

50% of individuals promoted to the partnership in May 2022 the last promotion date which is closest to the snapshot date were female. In May 2023, 67% of those promoted to partnership were female.

The mean pay gap for partners has narrowed from 34% to 29%. The median pay gap for partners has narrowed from 35% to 31%. This change can be attributed to the changing composition of the different levels within the partnership.

The pay quartile illustrations show that the number of women in the upper quartile has increased from 19% to 25% and similarly for the upper-middle quartile the number of women has increased from 32% to 44%.

The mean partner bonus gap has widened from 4% to 17%. The median bonus gap has widened from 7% to 17%. In 2023, both men and women received smaller bonuses compared to 2022. But even though the bonus amounts decreased, the difference between what men and women received in 2023 actually increased. We have 63 Fixed Share Partners of which 34 are female (and 18 of these work part-time). Therefore, the bonus calculations are lower for more females as they are based on their part-time/actual remuneration even though they may be awarded the same level of bonus as a percentage.

Whole firm analysis

The mean pay gap has stayed the same this year at 53%. This means that, on average, there is a similar difference in pay between men and women in both years, even though the actual amounts of pay changed. The median pay gap has widened from 22% to 25%.

The mean and median bonus gaps have widened compared to last year. Bonuses are awarded based on actual pay so with females making up a larger percentage of the lower pay quartile, this brings down the female mean and median bonus figure when compared to male.

	2023	2022
Mean pay gap	53%	53%
Median pay gap	25%	22%
Mean bonus gap	39%	33%
Median bonus gap	46%	38%

In general, our pay gap continues to be influenced by the composition and remuneration levels of our partners, and the significant presence of women in our Practice Assistant roles, who make up a large proportion of our lower quartile population for employees.

Section 3: Current initiatives and actions since our last report and some initiatives in progress

In October 2023, the firm launched its new Conscious Inclusion ED&I strategy and a key part of that strategy is investing in education for our people in relation to ED&I.

Our gender equity employee impact group (FarrerRise) has been restructured and we have appointed two new co-chairs. This group works closely with the central ED&I team and Human Resources to work on their action plan for this area. They are also supported by the firm's new ED&I committee.

We continually look at all aspects of our people strategy to consider how we can improve. For example, we continue to develop recruitment campaigns that encourage applications from a diverse range of talent. We also look at strategies that will help us to attract more female applicants at our most senior levels and attract more males at entry level and lower levels of the partnership. We also encourage men to apply for our Practice Assistant roles. We consider each vacancy carefully to assess if roles can be managed flexibly. We are working on a recruitment campaign at the moment that uses video to showcase what it is like to work at Farrer & Co and the support available for our people.

We encourage our people to make use of our family friendly policies and benefits such as shared parental leave. The firm reviewed its parental leave policies, and announced that from May 2023, short-term family leave would increase to 8 weeks' leave on full pay. We also encourage our men to work flexibly so that flexible working isn't seen as a benefit for women and everyone knows it is available to all of our people regardless of gender.

We continue to invest in leadership development. Our leadership development programmes support our existing leaders and potential leaders from all areas of the firm, which in turn supports progression into more senior roles.

We have implemented a number of initiatives following a review of our reward systems to support greater transparency with our pay, promotion/progression and bonus processes.

The firm continues to draw on the expertise of external organisations and we are proud to continue our corporate memberships with Working Families and WorkLife Central, as well as welcoming new memberships with Inclusive Employers and Includability.

A note on language: gender pay gap reporting regulations currently requires reporting on the pay gap between men and women in a binary way, meaning that our report does not include data on other gender identities.

We confirm that the data in this report is accurate to the best of our knowledge and belief.



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