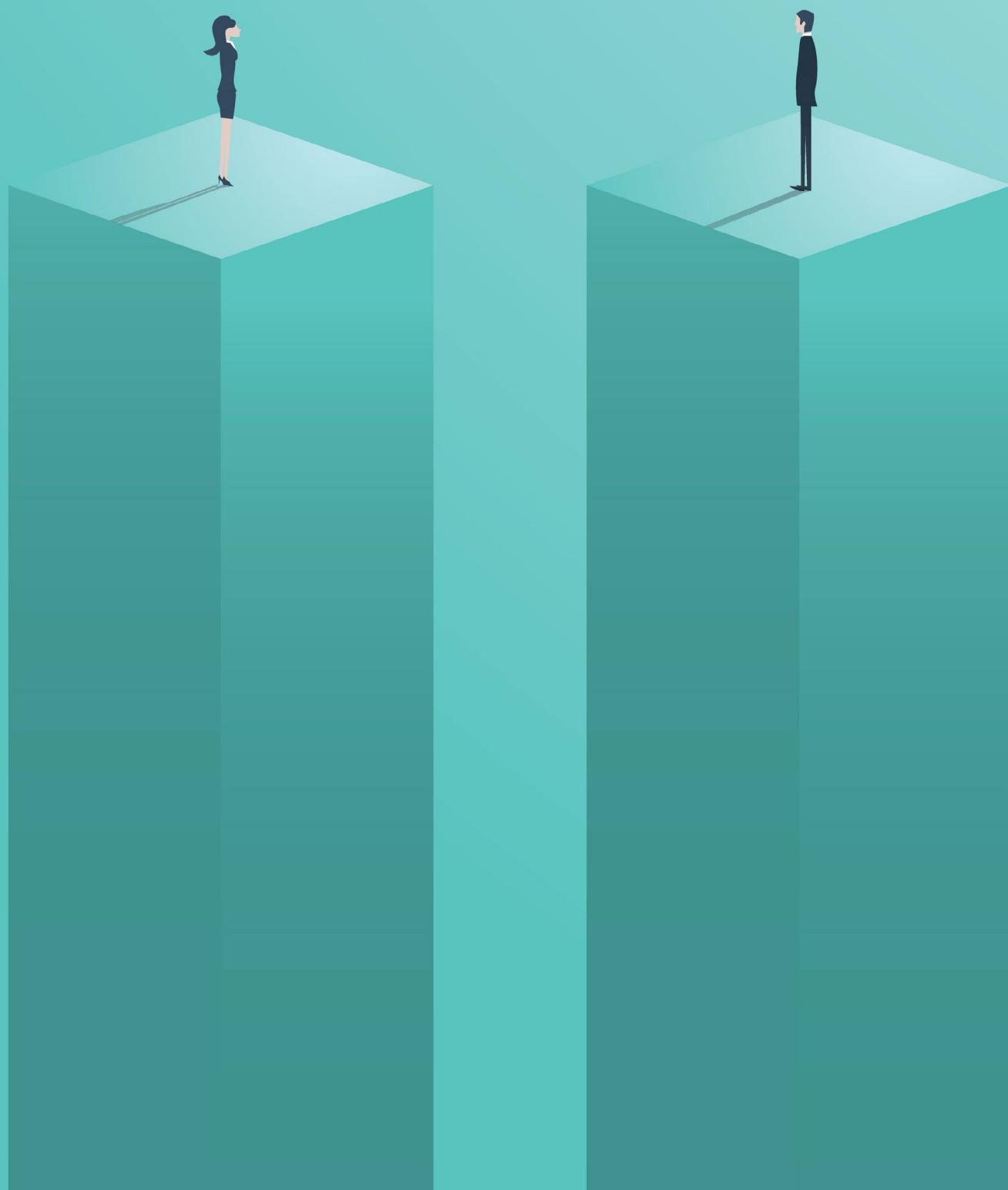


Gender Pay Gap Report



At Farrer & Co, we are committed to narrowing our gender pay gap. The pay data is prepared as at 5 April 2020. For ease of comparison, we have included our 2019 figures in a separate column.



Introduction

This is our third external gender pay gap report. We are committed to narrowing our gender pay gap and have actively put measures in place to achieve this, which we discuss in this report.

Although pay reporting was suspended last year due to the pandemic, we published our 2019 data internally. We are now publishing an external report including pay data as at 5 April 2019 and 5 April 2020. All of the data has been calculated using our reporting tool GapSquare.

Our previous gender pay reports are also available on our website.

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. Although statutory reporting was suspended in 2019 due to the pandemic, we have included that data for transparency and to allow for a year on year comparison of results.
2. Section Two provides additional data to include partners, and analysis. Although partner data is not a statutory obligation, being as open and transparent as we can be are values we live by and reporting on all aspects of the gender pay gap is demonstration of this. We believe that reporting on and seeking to address ways to narrow and eventually eliminate (where possible) the gaps are important measures by which the firm will be viewed by its partners, employees, and clients.
3. Section Three provides details of the firm's current initiatives and 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 and 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.

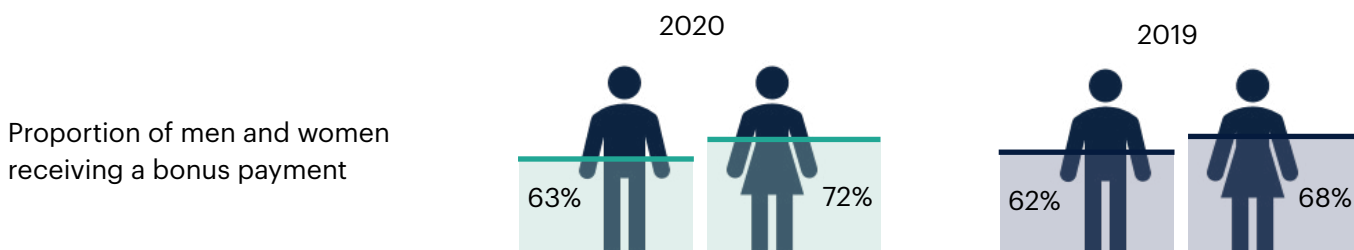
By contrast, equal pay is the right to be paid the same level of pay for “like work”, work rated as equivalent and work of equal value; whereas the gender pay gap is the difference in average pay and bonuses received by male and female employees within a workforce, irrespective of their role, responsibilities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

Section 1: Employee data¹ (all relevant employees excluding partners)

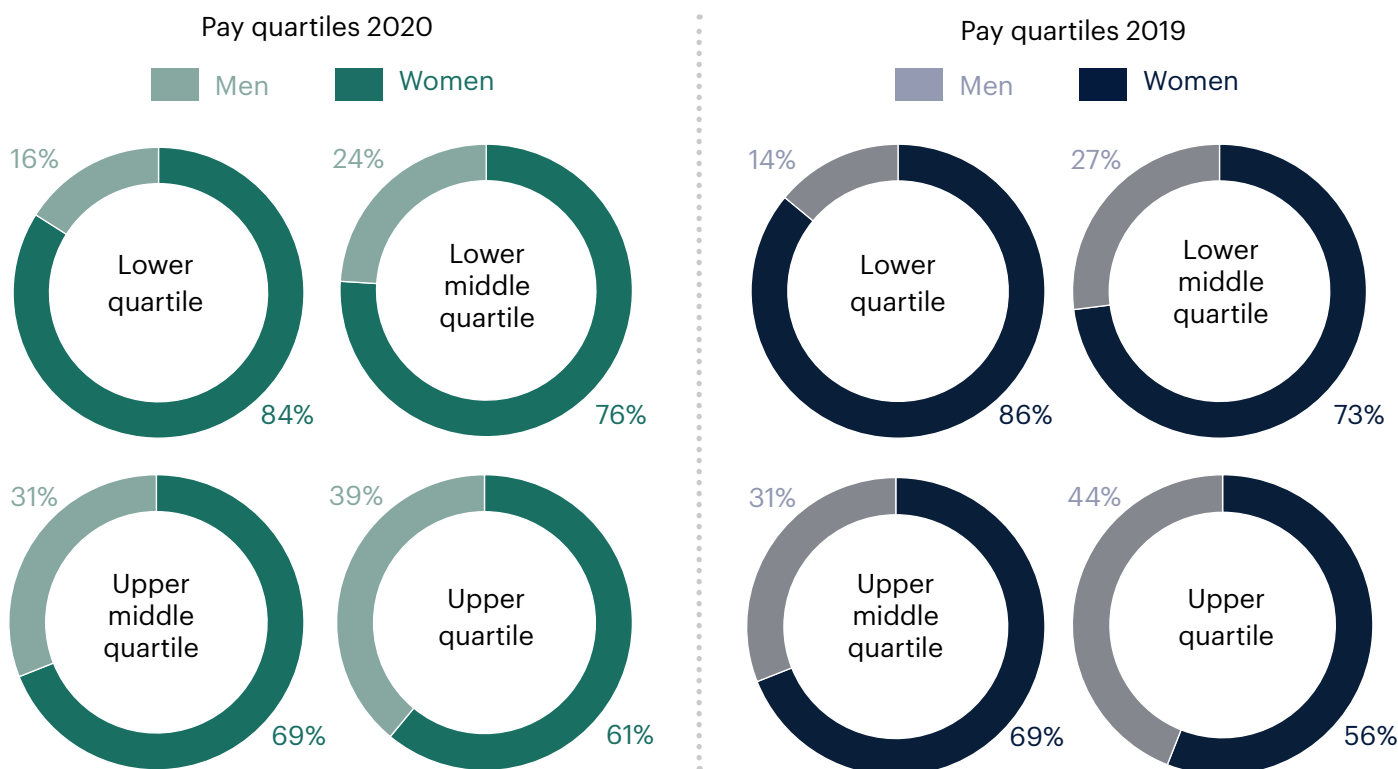
	2020	2019
Mean gender pay gap	26%	24%
Median gender pay gap	34%	34%
Mean bonus gender pay gap	49%	47%
Median bonus gender pay gap	59%	63%

The *mean* is the average of all 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.



These charts below show the percentage of men and women in each pay (salary plus bonus on an FTE basis) quartile across the employee population.



¹ Relevant Employees as defined in the Regulations and therefore excluding partners

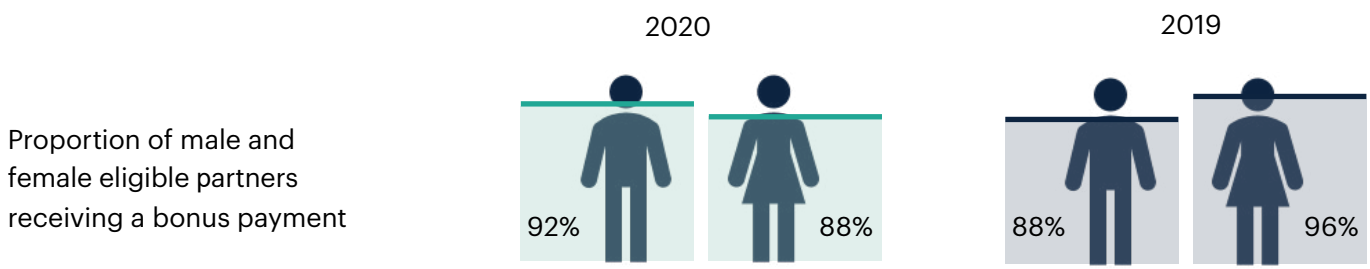
Section 1: Employee data – analysis in brief

- On a median basis, our pay and bonus gaps have remained the same or reduced.
- Our mean pay and bonus gaps have widened.
- The bonus gaps appear more significant than the pay gaps because the regulations require that the bonus gap is calculated on the actual figure rather than on a full time equivalent (FTE) basis. Our bonus payments are pro-rated in accordance with the number of hours worked and based on a percentage of base salary.
- The proportion of women receiving a bonus remains higher than men, however the average female bonus is lower. This can be explained by the following combination of reasons:
 - i. As significantly more women at the firm work part-time (as at 5 April 2020 91% of part-time employees in the firm are female) the figures for women are disproportionately affected. We are encouraging flexibility primarily to assist with wellbeing and achieving work life balance. We are keen to support more men to balance their work and home lives.
 - ii. Women make up a large percentage of the lower and lower-middle pay quartiles, and as a result the FTE bonus amounts are lower.

We changed the firm's bonus scheme to align with our one firm ethos – from 2019/20 all Practice Assistants (96% of whom are female) and Business Services Bands A & B (63% of whom are female) are eligible to receive a firm bonus in addition to a personal bonus. We have also introduced a firm bonus for Trainees. This will impact bonuses paid in July 2021 and we hope will have a positive impact on the bonus gaps in the future.

Section 2: Partner data

	2020	2019
Mean gender pay gap	39%	40%
Median gender pay gap	46%	58%
Mean bonus gender pay gap	10%	20%
Median bonus gender pay gap	11%	27%



Pay quartiles percentage of men and women for partners

	2020		2019	
	Men (%)	Women (%)	Men (%)	Women (%)
Lower quartile	45%	55%	47%	53%
Lower middle quartile	47%	53%	67%	33%
Upper middle quartile	55%	45%	61%	39%
Upper quartile	90%	10%	89%	11%

Whole firm including partners

	2020	2019
Mean gender pay gap	54%	55%
Median gender pay gap	38%	36%
Mean bonus gender pay gap	50%	51%
Median bonus gender pay gap	71%	67%

Section 2: Partner data – analysis in brief

- We have used the same methodology to produce the mean and median pay data for our partners as we have for our employees.
- As at 5 April 2020, 41% of our partners are women.
- The mean gender pay gap for partners has remained significant. This is due to the gender breakdown at different levels within the partnership. We continue to build the pipeline of female leaders: 66% of those promoted to the partnership in the last five years (up to and including May 2020) are women.
- The bonus pay gap is in favour of male partners. However, more positively, the bonus gaps for that group have almost halved. This a result of the average bonus received for a male decreasing and the average female bonus increasing, which in turn is influenced by the shifting gender make up through the pay quartiles - we can see that the percentage of women in the middle quartiles has increased.
- We have analysed the gender breakdown at different levels within the partnership. It is clear that the gaps are representative of the fact that there are significantly more men in the upper quartile of the partnership. If we look at the pay gap for partners excluding full equity partners, it drops to 15% on a mean basis and 30% on a median basis. This reflects a higher proportion of men to women in the equity than in the non-equity partnership.

Current initiatives and actions since our last report

In December 2020 we shared our 3-year Diversity & Inclusion strategy with the firm. As part of that, we are updating our diversity data with a view to publishing other pay gap data in the future.

The firm is committed to continuing to look closely at its gender pay and bonus gaps – to carefully analyse the reasons for them and to continue to identify the measures which we believe will have a positive impact on narrowing those gaps.

We are committed to continuing to develop our policies and practices and take action where possible to help us to reduce our gender pay gap. We believe this requires a holistic approach, looking at all aspects of our people strategy, from recruitment through to work allocation and promotion, supported by internal networks and external partnerships. Below we set out a summary of just some of the ways in which we have taken and continue to take action in this regard. Improving gender equality and ensuring career progression is open to all is a key part of the firm's Diversity & Inclusion strategy.

We are reviewing our recruitment practices to minimise risk of bias. Measurement and monitoring are key to our action plan and we have recently invested in analysis and reporting tool GapSquare, to enable us to do this more efficiently and comprehensively in relation to gender pay as well as other areas of diversity.

Our people policies are assessed for gender impact and in 2019 that included changes to our family related leave policies and as well as introducing gender neutral terminology. We have also increased the enhanced portion of pay during maternity and adoption and shared parental leave and removed restrictions from shared parental leave, both of which we hope will encourage greater take up by men. We have long supported flexible and part-time working at the firm and actively encourage its take up, by all. Our new agile working framework supports agility of location and, along with our existing flexible working policy, we think it will benefit women and men in balancing their work and other commitments.

We know that fairness and transparency in work allocation and promotion are key to achieving our aims and this forms an important part of our leadership training - covering scenarios in which there is potential for unconscious bias and arming leaders with a toolkit to assist them when making work allocation, business development, performance and promotion decisions. We recognise the importance of and value in employee support and voice and as well as our longstanding working families network, we have recently introduced a new women's network, Agender, who will be a representative voice to the Management Board on gender equality issues as well as encouraging participation from allies. A committee has been formed, made up of representatives across the firm, to drive forward the objectives of the network.

We wish to ensure we are continuously abreast of best practice and that we draw on the expertise of external organisations: our corporate memberships of Working Families and Cityparents will enable us to continue to do this.

We confirm that the data in this report is accurate.



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