



## Gender pay gap report 2017

We welcome the introduction of gender pay reporting and set out our report<sup>1</sup> below. Our gender pay gap is the difference between the average hourly pay for all men and all women employed by A&O in London – regardless of their role and seniority. This is not a comparison of how much we pay men and women in the same or similar roles and is therefore not a report on equal pay.

We have rigorous systems in place to review, benchmark and moderate our salaries and bonuses to ensure we pay our people fairly for the work they do. To reduce our gender pay gap, we recognise that we need to create a better gender balance in the top levels of our organisation.

This is one of our top strategic business priorities, and we have implemented a number of changes in recent years to ensure we continue to make progress on this issue. The benefits of a diverse workforce, with a genuinely inclusive culture, are very clear. We know that diverse teams drive originality and innovation; mitigate risks from 'group-think'; lead to greater engagement at work; and build stronger client relationships. This is why diversity remains a top priority for us.

### Hourly gender pay gap

Our mean and median gender pay gap as at 5 April 2017

	Mean	Median
Hourly gender pay gap	19.8%	27.4%

Our gender pay gap of 19.8% reflects the gender composition of our workforce. Over 25% of our people in London are women in business support (administrative) roles. We benchmark our salaries to ensure our people are rewarded fairly; however, the high proportion of women in these roles has a significant impact on our gender pay gap.

Our median gender pay gap is larger than the mean for the same reason. Having significantly more women in our lower pay quartile (see below) has the effect of bringing the median pay figure down for all women. This increases the pay gap with men, who occupy fewer administrative roles.

While we have an overall gender pay gap of 19.8%, on a pay quartile basis, the gap is much smaller. In the lower three quartiles, there is no material difference in the average hourly pay for men and women.

#### Definitions at a glance

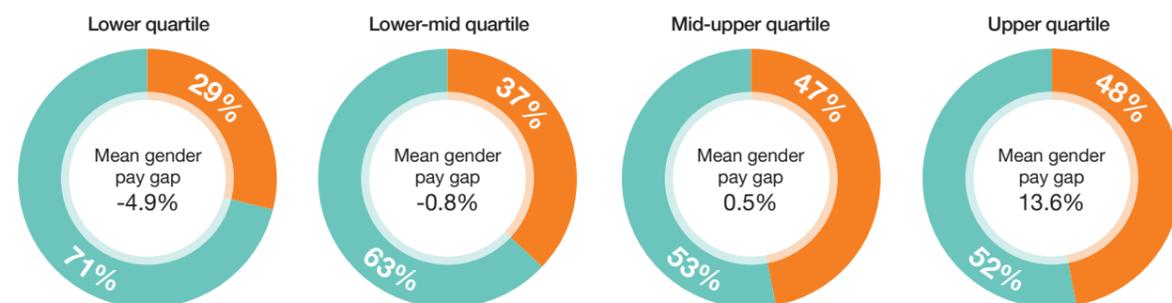
**Mean:** The difference between the mean (average) hourly rate of pay (or bonus) for all men and all women.

**Median:** The difference between the 'middle' rate of pay (or bonus) for all men and the 'middle' rate of pay (or bonus) for all women, when hourly pay is ranked in numerical order.

**Pay quartiles:** Calculated by ranking all employees' hourly pay in numerical order and dividing them into four equal size groups.

### Hourly gender pay quartiles

Women ● Men ●



The larger pay gap in the upper quartile – the highest paid people employed in our London office – is mainly due to the wide variety of roles and levels of seniority in this group, ranging from associates to counsel and senior managers to directors.

The proportion of women and men in the group overall is balanced, but we know that women become less well represented in more senior positions. This is something that we are actively working to improve.

### Bonus gender pay gap

Proportion of men and women who received a bonus payment in 2016



Our mean and median gender bonus gap for the 12 months ending 5 April 2017

	Mean	Median
Bonus gender pay gap	42.1%	23%

Two factors significantly impact our bonus gap:

#### 1 Work patterns:

In accordance with the Regulations, we have calculated our bonus gender pay gap using actual bonuses paid to employees. This creates a larger gap as, currently, more women than men take the opportunity to work part-time meaning they are more likely to receive a pro-rated bonus.

#### 2 Distribution of roles:

Our mean bonus gender pay gap for the lower three pay quartiles is less than 4%, while for the upper quartile it is 22.2%. The upper quartile includes our broadest and most diverse population in terms of variety of roles, levels of seniority and therefore bonus ranges. As for our hourly gender pay gap, while the proportion of men and women in the group is overall balanced, women become less well represented in more senior positions.

### Creating a better gender balance

Our aim is to reduce our gender pay gap year on year, but in order to achieve real progress our focus must be on improving the gender balance at the more senior levels within our business.

There is strong representation of women in leadership positions within A&O: with women representing one third of the elected Board members; 30% of the Executive Committee; 50% of the Risk Committee; and 42% of the People & Performance Board. But, like many organisations, we have not succeeded in retaining and promoting enough of our best women.

The reasons for this are varied and complex and we must accelerate our progress. We renewed our gender strategy in 2016, and again in 2018 to put the right measures in place. We have established a Gender Advisory Committee and introduced rigorous reporting across all offices to monitor our pipeline of talent and to track how well we are sponsoring and progressing women. We are also building a more flexible working culture so that all our people are supported to work in ways that better suit their lives.

We believe the strategies we have put in place will make a real difference. And, although demographic change will take time, we are committed to achieving a better gender balance.

We confirm the data in this report is accurate.



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1. In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the Regulations).