



## By Email

6 June 2018

Dear Ms Reeves

Thank you for your letter of 25 May requesting additional details regarding gender pay at Linklaters. We are pleased to be able to provide these and our answers to your questions are outlined in the attached.

Your letter highlighted the importance of “transparency and accountability” to this subject. We share this sentiment wholeheartedly and have devoted substantial resources to preparing our formal Gender Pay Gap submission, the additional non-mandated, voluntary disclosure of our partner pay gap details and the responses to the Committee’s further questions.

As I hope the Committee will agree the submissions we have provided demonstrate this is not a subject we take lightly. Being leaders in diversity and inclusion is an integral part of the firm’s strategy and part of our wider commitment to be a responsible business. Achieving greater gender balance at all levels, from trainee to partner and across our legal and business team population, has been a key strategic priority for Linklaters for many years.

What the first year of reporting has confirmed is that for many organisations including Linklaters, the gender pay gap reflects several structural and social challenges and that there is no one root cause. In addition, the exercise has also highlighted the potential for confusion amongst LLPs between the legal requirements and public expectations surrounding the disclosure of partner pay gap figures. We are pleased that the Committee is taking the time to understand these challenges in making its recommendations to Government.

Challenges however should not be an excuse for complacency and our view for a long time has been that we must move faster than legislation requires if we are to improve the gender balance within the Partnership and for women in senior positions. That’s why we launched our Women’s Leadership Programme in 2012, set gender targets in 2014, aiming to achieve at least 30% new women partner elections each year, and to double the number of women on our governance and management committees to 30%.

There is always more we can do but I hope the Committee will agree that the work we have done in this area to date, as outlined in our 3 May submission and in answer to question 5 below demonstrate our conviction that this is an issue which must be resolved at a fast pace.

We are committed to making the changes required and we thank the Committee for playing its role in scrutinising this new and important legislation. We made several recommendations in our earlier written submission to the Committee and we would be pleased to discuss these with the Committee and Government in more detail as required.

We very much look forward to reading your final report.

This communication is confidential and may be privileged or otherwise protected by work product immunity.

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Yours sincerely

A handwritten signature in black ink that reads "Charlie Jacobs". The signature is written in a cursive style with a large, prominent initial 'C'.

Charles Jacobs,  
Senior Partner, Linklaters LLP

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## 1 What is the average gender bonus pay gap at Linklaters when including all UK partners, either at 5 April 2017 (if readily comparable to gender pay gap without partners) or in the year leading to 5 April 2018?

We have previously published our gender pay gap inclusive of UK partners, as at 5 April 2017 as 60.3% (mean) and 44.2% (median). These calculations were based on Full Time Equivalent Total Earnings (ie. using employees' full-time equivalent salary and bonus), rather than comparing partner remuneration against only bonuses actually paid to employees.

The rationale for using this basis of calculation was twofold. Firstly, partners are remunerated on a different basis to our employees, based on a share of the distributable profits of the firm. As such, the profit share comprises the total remuneration of partners in the firm, and is therefore comparable to the combined salary plus bonus of employees. Secondly, as far as we could ascertain, this was the approach taken by other professional services firms who chose to publish their partner gender pay gap data, and therefore provided a basis for comparison with the data from those firms.

We note, however, that we are now requested to provide the pay gap data specifically in respect of bonuses. On that basis, our bonus pay gap data including UK partners as at 5 April 2017 is set out below (*the figure in brackets is our published bonus gap data excluding partners for comparison purposes*):

Mean bonus pay gap: 76.6% (57.9%)

Median bonus pay gap: 73.9% (62.1%)

The methodology for determining partner remuneration is set out in the Appendix.

## 2 What proportion of male and female staff at Linklaters received a bonus when including all UK partners, either at 5 April 2017 (if readily comparable to gender pay gap without partners) or in the year leading to 5 April 2018?

The proportion of staff who received a bonus, including all UK partners, as at 5 April 2017 is set out below (*the figure in brackets is our published data excluding partners for comparison purposes*):

Female: 79.1% (78.4%)

Male: 79.2% (75.9%)

## 3 What proportion of junior associates at Linklaters identify as female, as at May 2018?

We have defined 'junior associates' as being fee-earning lawyers who have been qualified for up to 4 years. The proportion identifying as female / male as at May 2018 are as follows:

Female: 51.8%

Male: 48.2%

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## 4 What proportion of senior associates at Linklaters identify as female, as at May 2018?

We have defined 'senior' associates' as being fee earning lawyers who have been qualified for 4 years or more, excluding partners and counsel. The proportion identifying as female / male as at May 2018 are as follows:

Female:	46.8%
Male:	53.2%

## 5 What success have you had with increasing female progression to partner, Executive Committee and Board levels through your various diversity initiatives? Please provide detailed statistics on success rates and the timeframe used for each indicator.

### Gender targets and the impact of our talent programmes

In 2014 the firm formally introduced gender targets to attain (i) 30% women on the firm's top two management committees (Executive Committee and Partnership Board) by 2018, and (ii) above 30% women for each round of new partner elections. We were the first Magic Circle law firm to adopt gender targets.

To help us attain our targets, a number of internal talent development programmes have been established to retain and progress our women.

We proactively invest in the career development of our female lawyers to enable them to progress to senior roles in the firm. Recognising that women face different challenges at different points in their careers, we offer specific career development support at key career stages. So far, we have had over 250 women in the firm complete one or more of our global women's development programmes:

- **Stepping Forward: Associate Coaching Programme** (launched 2016) – 6-month coaching programme aimed at female associates with approximately 2 to 3.5 years of qualified legal experience. The goal is to empower individuals to take ownership of their careers.
- **Women's Leadership Programme** (launched 2012) – 9-month career development programme aimed at high-performing female senior associates with 4 or more years of qualified legal experience. The objective is to develop and retain talented females as they progress through to Partner or Counsel promotions and give them access to senior leader sponsors.
- **Women's Partner Programme** (launched 2016) – aimed at all women Partners and Directors, to explore the role and experience of being a senior female leader. Facilitated by leadership development specialist, Dr Wanda Wallace and supported with executive coaching.

We also have a full range of learning and development programmes aimed at men and women. In 2016, we redesigned our Managing Associate Development Centre (MADC), which is a programme for all Managing Associates who have been identified as our partnership talent pipeline in 2-3 years-time. 90 people have participated in 5 programmes, of which 31 were women (34%). We will begin to see the success rates of this programme in the coming years as participants come through to partnership.

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However, our approach has not been solely to 'fix the women'; we have focussed equally on creating a culture in our firm that supports our gender diversity goals. This work has included appointing Executive level gender champions, regular reporting of progress to our Executive Committee and Partnership Board, increasing awareness amongst our partners of the challenges women can face in their careers through an innovative 'storyboard' approach and engaging our men as active gender champions through our HeforShe campaign.

## Progress against targets

Below shows our progress against targets and how our female talent development programmes have contributed to that progress:

### New Partner election statistics:

- **2014:** 43% women (33% of whom had taken part in the Women's Leadership Programme)
- **2015:** 30% women (57% of whom had taken part in the Women's Leadership Programme)
- **2016:** 20% women (60% of whom had taken part in n the Women's Leadership Programme)
- **2017:** 19% women (20% of whom had taken part in the Women's Leadership Programme)
- **2018:** 37% women (80% of whom had taken part in the Women's Leadership Programme)

### Voting Membership of Executive Committee and Partnership Board:

Year	Executive Committee	Partnership Board
<b>2014</b>	10% (1 out of 10)	20% (3 out of 15)
<b>2015</b>	18% (2 out of 11)	25% (3 out of 12)
<b>2016</b>	20% (2 out of 10)	25% (3 out of 12)
<b>2017</b>	42% (5 out of 12)	25% (3 out of 12)
<b>2018</b>	38% (5 out of 13)	25% (3 out of 12)

Four partners who participated in the Women's Partner Programme have been promoted to leadership roles, and a number of others have expressed interest in moving into roles in the future.

*Note: all programmes and statistics above are global.*

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## **Appendix – Methodology used in gender pay calculations**

Partner remuneration is determined according to a lockstep, whereby each partner is allocated a number of 'parts' by reference to their tenure as partner. The value of a part is determined each year, by reference to the distributable profits of the firm and the total number of parts allocated to all partners globally.

In order to determine partner remuneration for gender pay comparisons, we adopted the following methodology:

- Number of parts allocated to each partner as at April 2017
- Multiplied by the value of each part determined in respect of the 2017 financial year.

Partners pay for their benefits out of their profit share and thus receive no benefits in kind.

For employees, we used the definition of bonus payment set out in the gender pay regulations.