

8 June 2018

Your reference

Our reference

SJC

Rachel Reeves MP  
Chair of the Business, Energy and Industrial Strategy Committee  
House of Commons  
London  
SW1A 0AA

Dear Ms Reeves,

I write further to your letter of 25 May to provide clarification on the points that you raised in that letter.

It may be helpful for me to set our answers to your questions in context first.

- A. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the **Regulations**) explicitly exclude partners from gender pay gap reporting. The guidance produced by the Government Equalities Office and Acas explains that the reason why partners are excluded from the statutory calculations is that they are not "paid"; instead they take a share of the profits, which is not directly comparable with employees' pay. For that reason, and in common with many law firms, we did not include partners in our calculations.
- B. As Louise Meikle explained to the Committee, we are happy to provide this information but would prefer for the future that there be clear guidance from Government as to how partner reward should be treated so that valid comparisons between those reporting can be made. We would welcome the opportunity to contribute further to this discussion.
- C. Our partnership is a general partnership to which candidates are admitted based on merit. All partners have equal voting rights. Partners of the same generation are paid equally; the same is generally true for our associates and trainees. This reflects the strong collective belief in Slaughter and May's one-firm culture, supported by having no billable hours targets. There is no gender bias in our partner remuneration, nor the opportunity for any.
- D. All partners in our UK partnership are self-employed equity partners who receive a share of the firm's profits according to the length of time they have been a partner. The profit of the firm and length of service as a partner are the only two factors that determine partner earnings. Earnings are not determined by hours worked, fees billed or by a remuneration committee. The amount of profit share that partners receive varies month to month dependent on cash received into the business. Our partners do not receive any separate or additional bonuses on top of monthly earnings.

SJ Cooke  
SM Edge  
NPG Boardman  
PP Chappatte  
PH Stacey  
CWY Underhill  
DL Finkler  
RD de Carle  
SP Hall  
JD Boyce  
MEM Hattrell  
N von Bismarck  
PWH Brien  
JM Fenn

AC Johnson  
SR Galbraith  
SRB Powell  
AG Ryde  
JAD Marks  
DA Wittmann  
TS Boxell  
SJ Luder  
AJ McClean  
JC Twentyman  
DJO Schaffer  
STM Lee  
AC Cleaver  
DR Johnson

S Middlemiss  
RA Swallow  
CS Cameron  
CA Connolly  
PJ Cronin  
BJ-PF Louveaux  
E Michael  
RR Ogle  
PC Snell  
HL Davies  
JC Putnis  
RA Sumroy  
JC Cotton  
RJ Tumill

WNC Watson  
CNR Jeffs  
SR Nicholls  
MJ Tobin  
DG Watkins  
BKP Yu  
EC Brown  
RA Chaplin  
J Edwarde  
AD Jolly  
S Maudgil  
JS Nevin  
JA Papanichola  
RA Byk

GA Miles  
GE O'Keefe  
T Pharoah  
MD Zerdin  
RL Cousin  
BJ Kingsley  
IAM Taylor  
DA Ives  
MC Lane  
LMC Chung  
RJ Smith  
MD'AS Corbett  
PIR Dickson  
IS Johnson

RM Jones  
EJ Fife  
JP Stacey  
LJ Wright  
JP Clark  
WHJ Ellison  
AM Lyle-Smythe  
SC Macknay  
A Nassiri  
DE Robertson  
TA Vickers  
RA Innes  
CP McGaffin  
CL Phillips

SVK Wokes  
NSA Bonsall  
MJM Cox  
RCT Jeens  
V MacDuff  
PL Mudie  
OI Storey  
DM Taylor  
RJ Todd  
WJ Turtle  
OJ Wicker  
DJO Blaikie  
CVK Boney  
F de Falco

SNL Hughes  
PR Linnard  
KA O'Connell  
N Yeung  
CJCN Choi  
NM Pacheco  
CL Sanger  
HE Ware

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- E. The percentage of female partners in our UK partnership is 24%. 3 out of the 4 people promoted to the partnership this year were women. The percentage of female partners in our partnership who have become partners from 2008 is 34% and from 2013 is 37%.

We set out below the answers to the questions you have raised with us.

1. **Question:** *What is the average gender pay gap at Slaughter and May 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?*

**Answer:** As at 5 April 2017, the mean pay gap including all partners in our UK partnership was 61.8% and the median pay gap was 41.6%.

We have used the following methodology:

- (i) We have calculated the pay gap using the hourly rate for both partners and employees based on total earnings.
- (ii) Total earnings for partners are the annual profits for the 12 months to 30 April 2017. As noted at paragraph D. above, our partners do not receive any additional payments (such as bonuses).
- (iii) For employees, total earnings are the annual salary as at April 2017 plus any bonus paid during the relevant period, adjusted for statutory inclusions/exclusions (such as allowances and salary sacrifices) in accordance with the Regulations. No similar adjustments are required for our partners.

2. **Question:** *What is the average gender bonus pay gap at Slaughter and May 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?*

**Answer:** As at 5 April 2017, the mean bonus gap was 33.3% and the median bonus gap was 54.8%.

We have used the following methodology:

- (i) As noted at paragraph D. above, our partners do not receive bonuses. Bonuses are paid only to our employees.
- (ii) Although the Regulations (which, as mentioned above, explicitly exclude partners) define bonus to include profit share, we do not believe that showing partner profit as bonus only is appropriate because, if we were to do so, partner profit would not then be included as part of the gender pay gap calculation in the answer to Question 1 above.
- (iii) This answer therefore reflects the bonus gap for male and female employees only.



3. **Question:** *What proportion of male and female staff at Slaughter and May 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?*

**Answer:** As at 5 April 2017, the proportion of males receiving a bonus was 78.5% and females was 88.6%.

We have used the following methodology:

- (i) This answer reflects the proportion of male and female employees and partners who received a bonus.
- (ii) As noted at paragraph D. above, our partners do not receive bonuses. Bonuses are paid only to our employees.

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

**Answer:**

- a. The percentage of female partners is set out at paragraph (E) above. In addition, currently: (i) 6 of our 8 (75%) Business Services Directors are women; (ii) 3 of our 10 (30%) Practice Group Heads are women; and (iii) 1 of our 11 (9%) Board members is female.
- b. We are smaller than the other Magic Circle firms to whom you are also writing (and indeed other major UK professional services firms). We have approximately 1050 employees in London and 106 partners in our UK partnership, four of whom became partners in May 2018. We promote associate solicitors to partnership based on merit. All of the partners in our UK partnership, save for one lateral hire, have been promoted from associate. The percentage of female partners in our UK partnership who have become partners from 2013 is 37% and from 2008 is 34%. These figures demonstrate increased success over the last five and ten years in promoting female associates to partnership, although we recognise that there is further to go.
- c. Given our size and the above figures, we do not believe that targets or quotas are appropriate for our practice and could detract from our core principles for promotion. We remain committed to ensuring more appropriate female partner representation at all relevant levels.
- d. Our approach is to ensure that we have an inclusive and supportive environment for everyone and that we offer development opportunities for all. Our size enables us to ensure that the training and events we organise are personal and give trainees and associates direct contact with partners at all levels of the firm, including Practice Group Heads.

We have a three-pronged approach to gender balance in the partnership:

*(i) Supporting the career development of women throughout the pipeline to partnership*

We are founding members of the 30% Club Professional Services Firms' Initiative and participate in the 30% Club cross-company mentoring programme. We also participate in the Network for Knowledge initiative in the City of London and we run a Leadership Development programme for mid to senior level female associates in partnership with our European Network Firms. We know this work is having an impact as in the past five years over half of the new female partners accessed one of these programmes. In addition, we offer targeted coaching for high potential associates.

*(ii) Ongoing dialogue across the whole firm*

We run ongoing face-to-face unconscious bias training and inclusive leadership training with our partners and senior leaders as well as training for all employees to develop a shared language and understanding of the importance of Diversity & Inclusion to our continuing success.

We also run brainstorm sessions for male and female partners on increasing gender balance. In addition, our female partners host a series of events for all female associates and trainees to create an open forum to discuss being a female lawyer in the City and career ambitions. The events provide networking opportunities with female partners and peers and a forum for honest dialogue.

Our Women's Network aims to increase recognition and awareness of the career challenges faced by women, both at the firm and in professional services firms more generally. The Network's Committee regularly organises events for networking and formal skills development.

*(iii) Supporting working families*

We offer a competitive maternity and shared parental leave package along with maternity and paternity coaching for all associates before and after they become parents. We have an active Parents' Network that provides ongoing support, guidance and a buddy system and is strongly supported by partners. We also offer a range of agile working opportunities.

I understand that you propose making this letter publicly available on the Committee's website. We would also wish to publish your letter and this reply on our website.

Yours sincerely,



S.J. Cooke