

PAY GAP REPORT 2021

We are pleased to publish Watson Farley & Williams Pay Gap Report 2021 in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

In a rapidly changing world, attracting, retaining, and developing the very best talent is a priority for international law firms such as ours. As such, Diversity & Inclusion continues to be a business imperative.

As we begin our terms as Senior Partner and Managing Partner our focus is to ensure the long-term sustainability of the firm through promoting the values of teamwork, inclusivity, collaboration, and transparency. We want to create clear career paths and opportunities for all by ensuring our people have the chance to develop, express their views and ideas, have the opportunity to grow, see their careers fulfilled within the firm and ultimately support our next generation of leaders.

At Watson Farley & Williams, we truly value our diverse workforce. Encouraging diversity of thought and drawing on different perspectives means that we can provide innovative solutions to our clients' most complex matters. For this reason, we're working hard to develop a diverse pipeline of talent and, as you will see later on in this report, we are taking action through our Global Diversity & Inclusion Strategy to help us achieve this and close our pay gaps further.

We confirm that the data in this report is accurate and has been calculated in accordance with the legal requirements.




GEORGE PALEOKRASSAS
SENIOR PARTNER




LINDSEY KEEBLE
MANAGING PARTNER

DEFINITIONS

Gender Pay Gap

Is the difference between the average hourly pay for all men and all women employed by Watson Farley & Williams LLP. The Gender Pay Gap is different to equal pay and we are confident that we pay men and women equally for equivalent roles.

Mean

Is the difference between the average hourly pay gap and bonus gap for men and women.

Median

Is the middle hourly pay rate and bonus for men and women when values are arranged in order from lowest to highest.

ABOUT THIS REPORT

Our firm has two UK entities. The legal reporting requirements only cover Watson Farley & Williams LLP, which employs all London based Associates, Paralegals and Trainees together with Business Function employees who mainly support the London practice.

Our other UK entity, WFW Global LLP, employs Business Function employees who are based in London but provide support to our offices throughout our global network. Whilst not a requirement under the regulations, we have once again published figures with both of our UK entities combined to provide further context.

We are also pleased to share our Ethnicity Pay Gap data for the first time. Whilst this is not mandatory, we feel that publishing these figures is an important step towards greater transparency. This can be found later in this report.

PAY GAP REPORT 2021

STATUTORY REPORTING – WATSON FARLEY & WILLIAMS LLP

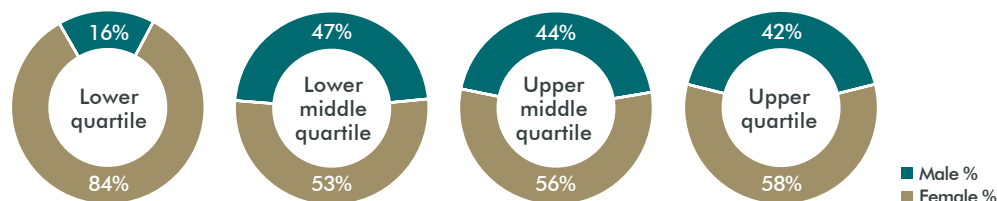
GENDER PAY GAP

We are proud to have a number of women in senior roles throughout the firm, as evidenced by the proportion of women in our upper middle and upper pay quartiles. Women make up the majority of fee-earning roles through to and including Senior Associate level and we are pleased that we continue to develop a strong pipeline of female talent.

Our pay gap is driven by our lower pay quartiles which are made up of a higher concentration of women. Our all-female secretarial population and junior Business Function roles (which are made up of a higher proportion of women) fall within the lower and lower middle quartiles of pay, which influences our pay gap overall.

Women make up a larger proportion of our lower pay quartiles compared to the previous reporting year. This has been influenced by employees returning from furlough (the majority of whom are placed within our lower pay quartiles) and will also have an impact on our figures.

Pay Quartiles



Gender Pay Gap based on hourly pay – 5 April 2021

	Mean	Median
Hourly Pay	12%	27%

GENDER BONUS GAP AND BONUS PAYMENT

During this reporting year, a higher proportion of women received a bonus compared to men. We have also seen our bonus gap decrease at both mean and median measures compared to last year's figures.

Our mean bonus gap indicates that, on average, men received a higher bonus than women this year. A driver for this is the higher proportion of women in our lower pay quartiles, where bonus payments are lower compared to bonuses received in our upper quartiles. The number of women in part-time roles who receive a pro-rated bonus payment compared to men will also affect our bonus gap.

However, at the median, we have a negative bonus gap, which indicates women receive a higher median bonus than men.

As we look towards our 2022 bonus round, we will continue to ensure that bonuses are awarded on a fair and consistent basis by considering bonus allocations through a gender lens.

Proportion of Men and Women receiving a bonus – 5 April 2021

Men	54%
Women	64%

Gender Bonus Gap – 5 April 2021

	Mean	Median
Bonus Pay	30%	-70%

PAY GAP REPORT 2021

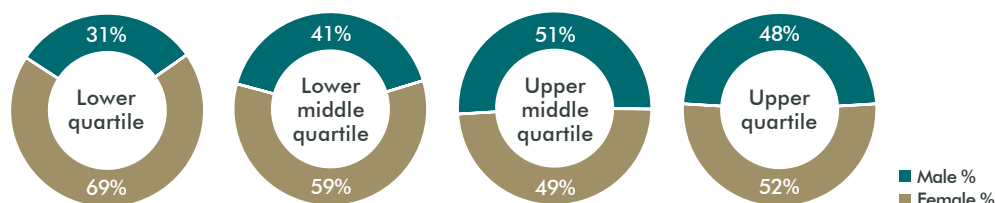
NON-STATUTORY REPORTING – GENDER PAY AND BONUS GAP INCLUDING WFW GLOBAL LLP

When WFW Global LLP data is included within our calculations, the pay gap is reduced at both mean and median measures. We also see our mean bonus gap decrease. This reflects the number of women in senior roles, including Global Business Function Directors, employed by WFW Global LLP.

Since our last report, our Gender Pay Gap for both of our UK entities combined has increased by 3 percentage points at the mean and 5 percentage points at the median. As with our statutory figures, employees in our lower pay quartiles returning from furlough will influence on our pay gap.

Our gender bonus gap for both of our UK entities combined has decreased at both mean and median measures. We are pleased that our median bonus gap has decreased to 0%. This indicates that there is no disparity between the median bonus values for men and women.

Pay Quartiles



Gender Pay Gap based on hourly pay – 5 April 2021

	Mean	Median
Hourly Pay	7%	26%

Proportion of Men and Women receiving a bonus – 5 April 2021

Men	52%
Women	58%

Gender Bonus Gap – 5 April 2021

	Mean	Median
Bonus Pay	5%	0%

NON-STATUTORY REPORTING – PARTNER GENDER PAY GAP

We have taken the decision to once again report our Partner data, which is not a requirement under the Gender Pay Gap Regulations. As our Partners are remunerated differently to employees, the calculations below reflect total gross profit share.

These figures demonstrate that within our Partnership, women are paid more on average than men. This reflects the fact that a higher proportion of women are Equity Partners, compared to the proportion of women in our Partnership overall. Many of our female Partners are in key decision-making roles.

As at April 2021, women made up 24% of our Partnership in the UK and 22% of Partners globally. Whilst our pay gap figures are positive, we recognise that this is not fully reflective of our talent pipeline and that there is more to do to ensure our female talent continues to stay with the firm and progress into more senior roles, including through to the Partnership.

Partner Gender Pay Gap based on total gross profit share

	Mean	Median
Gross Profit Share	-10%	-2%

PAY GAP REPORT 2021

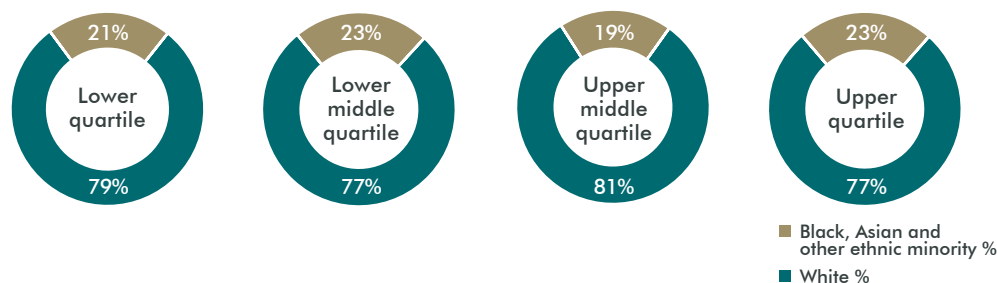
NON-STATUTORY REPORTING – ETHNICITY PAY GAP

We are pleased to share our Ethnicity Pay Gap figures for the first time. This information has been produced using the same methodology as our regulatory Gender Pay Gap reporting and shows the difference in hourly pay between employees from black, Asian and other ethnic minority backgrounds and employees from white / non-ethnic minority backgrounds.

Due to the difference in the size of the populations, small changes to workforce demographics can have a significant impact on our Ethnicity Pay Gap. Therefore, we have taken the decision to publish our figures based on both of our UK entities combined.

Unlike the Gender Pay Gap, calculating our Ethnicity Pay Gap relies on employees voluntarily disclosing their ethnic background. The figures below are based on the 97% of employees included within our Gender Pay Gap calculations who have disclosed.

Pay Quartiles



Ethnicity Pay Gap based on hourly pay – 5 April 2021

	Mean	Median
Hourly Pay	0%	8%

We are pleased that our mean Ethnicity Pay Gap is 0%. This means that, on average, there is no pay gap between black, Asian and other ethnic minority employees and white employees.

Our median Ethnicity Pay Gap is largely driven by our lower and lower middle pay quartiles, where we see a higher proportion of black, Asian, and other ethnic minority employees.

Partner Ethnicity Pay Gap

Partner Ethnicity Pay Gap based on total gross profit share

	Mean	Median
Gross Profit Share	-7%	-20%

Our Partner figures show a negative pay gap at both mean and median measures, which tells us that Partners from black, Asian and other ethnic minority backgrounds are paid more on average than Partners from white backgrounds.

As at April 2021, 7% of our Partners in the UK were from black, Asian or other ethnic minority backgrounds. 69% of Partners have disclosed their ethnic background. These figures may change as declaration rates improve.



PAY GAP REPORT 2021

OUR PLAN FOR CLOSING THE GAP

As a firm, we are committed to reducing our pay gaps and have been taking action through our Diversity & Inclusion Strategy to support this. Our work to date has included:

People processes

- Deploying the use of formal salary survey data relevant to the legal sector, to help attract, support, and maintain employees by creating a culture of fair pay for work based on a competitive approach.
- Reviewing pay and bonus awards through a diversity lens to ensure decisions are made on a fair and consistent basis.
- Re-engineering our Senior Associate and Partner promotion processes to ensure that we promote candidates in an objective and consistent manner, providing candidates with feedback and coaching at each stage of the process.
- Identifying potential barriers to progression for diverse talent through regular data analysis at each stage of the employee life cycle.

Support for working parents

- Revising our maternity returner processes to better support women returning to the workplace after a period of maternity leave and enhancing our family-related benefits.
- Providing maternity coaching to all women going on maternity leave and upon their return to work and offering an internal 'parental buddy' to all men and women returning from maternity, paternity, adoption, or shared parental leave.
- All working parents are provided with a suite of resources and training events through our relationship with CityParents.

Career progression and networking

- Supporting our people to navigate their careers and the firm through our Global Mentoring Programme, providing employees at all levels with a mentor.
- Our Diversity & Inclusion Networks (for women, ethnic & racial diversity and LGBT+) offer opportunities for cross-office networking and provide greater access to senior role models.

Offering greater flexibility

- Our SMART Working Guidelines give our people the flexibility to decide where best to work to fulfil the needs of their role and trusts them to make the best decision where to work on any given day (for example, at home or in the office). It also empowers our people to build greater flexibility into their working day, so long as client and team obligations are met.

