

2018 Gender pay gap report



Foreword

In this second year of statutory gender pay gap reporting, we have an opportunity to consider the progress that we have made in the past 12 months.

Reed Smith has had a very successful year, with revenues and profits both showing increases from last year. Our partners and our employees have been participants not only in the work that led to those successes but also in the rewards that came out of them. More than 80 per cent of male employees and almost 89 per cent of female employees received a bonus to celebrate these achievements.

None of this would have been possible without the wealth of ideas and improvements that our colleagues have brought to the table to make 2018 a transformative year. By ensuring that 'difference' is not only respected but valued, we have augmented our collective experience and paved the way for innovation to thrive. We have focused on future-proofing our firm and our industry by working to ensure that inequalities are minimised or eliminated; every contributor, no matter what gender, colour, sexual orientation, disability, or experience level, is entitled to the respect of his/her peers and their consideration of him/her as an equal.

But sometimes success might actually be counterproductive. Recent research indicates that oftentimes when people see women in senior leadership positions, they assume that the job of creating gender parity is done. They then see no need to continue to try to tip the scale toward balance and they take their foot off the pedal. Last year the World Economic Forum estimated that it will take over 200 years for the gender gap to close; that number was actually an increase from previous estimates. It would appear that we may have gone from progress at a glacial pace to stalling out or even going backward. If complacency is to blame, then it is important that we continue to report regularly and openly on the gender pay gap so that attention can remain focused on effective solutions for today.

In light of the global slowing of efforts toward gender equality, we are not displeased that the Reed Smith gender pay gap of 2018 shows only a slight improvement over last year. Of course we would have liked to see better results, but this data just reminds us that our work is far from finished and we need to reinvigorate our commitment to closing the gap completely.

It is important to note that the statutory requirements tell only part of the story. Last year we reported the gender pay gap of partners as well, since that is an area where our industry traditionally has failed to show much progress. In 2017 we were pleased to report only a modest pay gap, 8 per cent at the median and less than 1 per cent at the mean, but the report is even more encouraging for 2018, where we show a median gap of less than 1 per cent and a mean actually significantly in favour of women (-13.5 per cent). It is reassuring to see that our partner pay gap is minimal, despite the fact that men represent three of every four partners; however, we won't be letting up until gender equality is also achieved in the percentages of men and women in the partnership.

In addition, we have reported the gender pay gap of our combined workforce, recognising that transparency is critical to our philosophy of building an egalitarian team to take us forward. Because the numbers show us that we have more work to do, we are aggressively putting into place programmes that will help us close the gap more rapidly.

Through teamwork that incorporates every type of diversity and inclusion, we are working to ensure that tomorrow's workforce is innovative, enthusiastic, and equal.



M. Tamara Box
Managing Partner, Europe
and Middle East

About Reed Smith

Reed Smith is a dynamic international law firm dedicated to helping clients move their businesses forward. Our people are our biggest asset. We are determined to attract people from the widest pool possible to continue to be competitive and to ensure the very best service for our clients.

We monitor our diversity statistics across the entire firm to ensure that we are utilising the best talent possible in every one of our 28 offices, but the London office – our largest – is the only one that falls under the UK regulations for gender pay gap reporting in this reporting period.



Statutory data

Gender split by job responsibility

Fee earners



2017 comparison



Associates only



2017 comparison



Business services support staff



2017 comparison



Secretarial support staff



2017 comparison



Pay quartiles

Lower



2017 comparison



Lower Middle



2017 comparison



Upper Middle



2017 comparison



Upper



2017 comparison



We actively recruit and promote on a gender-neutral merit basis, so the percentage of women and men in each of the pay quartiles remains in line with those of last year. In every quartile, from lower to upper, women outnumber men.

Proportion of men and women receiving a bonus



2017 comparison



2017 comparison



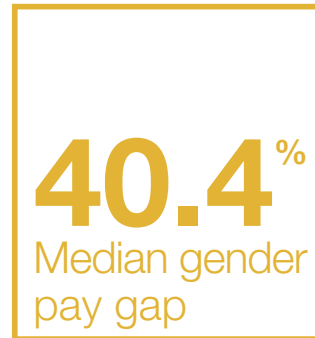
A slightly higher percentage of women than men received a bonus in 2018, but both groups saw an increase in recipients, primarily due to Reed Smith's successful revenue growth and performance.

Statutory data

Mean and median pay and bonus gap



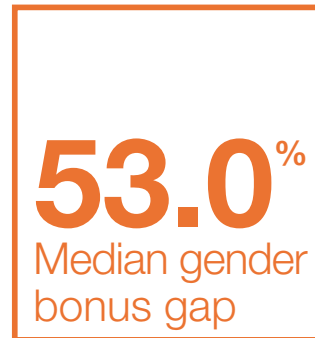
Comparison with 2017 **14.8%**



Comparison with 2017 **37.1%**



Comparison with 2017 **27.1%**



Comparison with 2017 **13.2%**

The gender pay gap is the difference between the average hourly pay for all male and female employees. It does not compare pay for men and women in the same or similar roles; rather, it measures the gap between the entire male staff and the entire female staff.

The mean bonus gap has shown a decrease of 9.7 per cent which demonstrates a positive shift in line with the broad aims behind this report.

We have calculated the median bonus gap slightly differently to how we did last year in that this year we excluded employees with no bonus. This has resulted in a significantly different figure compared to 13.2 per cent last year. The median bonus gap is noticeably wider as more women are in our lower pay quartiles.

When the median bonus figure is calculated on the same basis as last year, it is -1.0 per cent. The negative percentage indicates average bonus payments for women are slightly higher than for men.

Understanding our results

Reed Smith is committed to the principle of equal pay for all employees; remuneration and conditions of employment are constantly monitored to ensure that they are non-discriminatory and free from gender bias. We are not satisfied with the current gender pay gap, and we are actively working to achieve greater equality throughout the firm.

We have reported on hourly pay, as defined in the legislation, for the mean and median pay gaps and pay quartiles.

Findings from this report:

- Numbers of women lead men not only in the lower pay quartiles but also in the higher quartiles.
- The firm has numerous talent programmes designed to ensure that an equal proportion of the most senior roles at Reed Smith are populated by women; the significant increase in the percentage of women in the upper middle pay quartile attests to the success of those programmes.
- Although we continue to have a 100 per cent female team of secretaries, we will continue to review the role and make it more attractive to candidates of both genders.
- In both the hourly rate of pay and in bonuses, a gender pay gap is evident. These figures are heavily impacted not only by the lack of men in secretarial roles but also by the fact that more women than men work part-time, despite our gender-neutral, family-friendly policies.

Our partnership

Because partners are considered owners and are compensated in part on the profitability of the firm in any given year, the uncertainty of their remuneration led the regulators to exempt them from the statutory requirements. But since they are an integral and essential part of our business, we wanted to report any gender pay gaps that may be revealed in an analysis of their pay and bonuses.

Our partnership, like that of most large law firms, has a strong male majority. While we have improved significantly from last year when 23 per cent of our partners were female to now having 28 per cent female partners, the fact remains that almost three-quarters of our partners are men. But unlike many of our competitors, we have a negative mean gender pay gap, meaning that, on average, our female partners earn more than their male counterparts. The median gap is less than 1 per cent. Both of these figures are improvements over last year's numbers, which, even then, showed that the firm's partnership remuneration was close to gender parity.

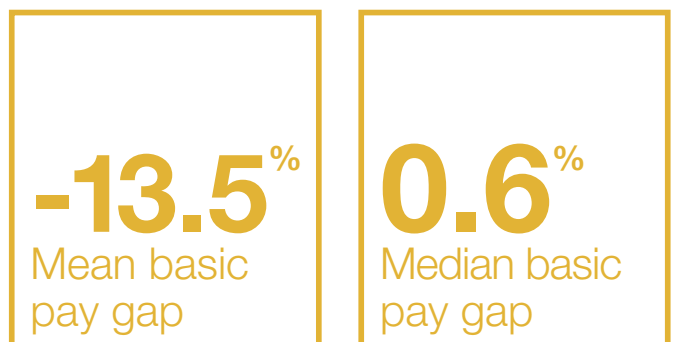
Reed Smith has long recognised the advantages of having a diverse group of leaders; nearly 50 per cent of our most senior leadership roles are held by women. We know that gender equality brings benefits in innovation, teamwork, and aspiration, as young women see those role models as career options for themselves. We think gender parity is the key to future-proofing our business.

Of course, all of our partners are leaders; for this reason, we have more work to do to reach the balance for which we are striving. We have in place many programmes aimed at bringing more women into the partnership, and particularly into the equity partnership, so that women and men can share equally in decision-making roles. Today, the percentage split of men and women in the partnership is still in favour of men, but we are gradually closing the gap.

Gender split of partnership – all partners



Mean and median basic pay gap – all partners



Combined pay gap for our partners and employees

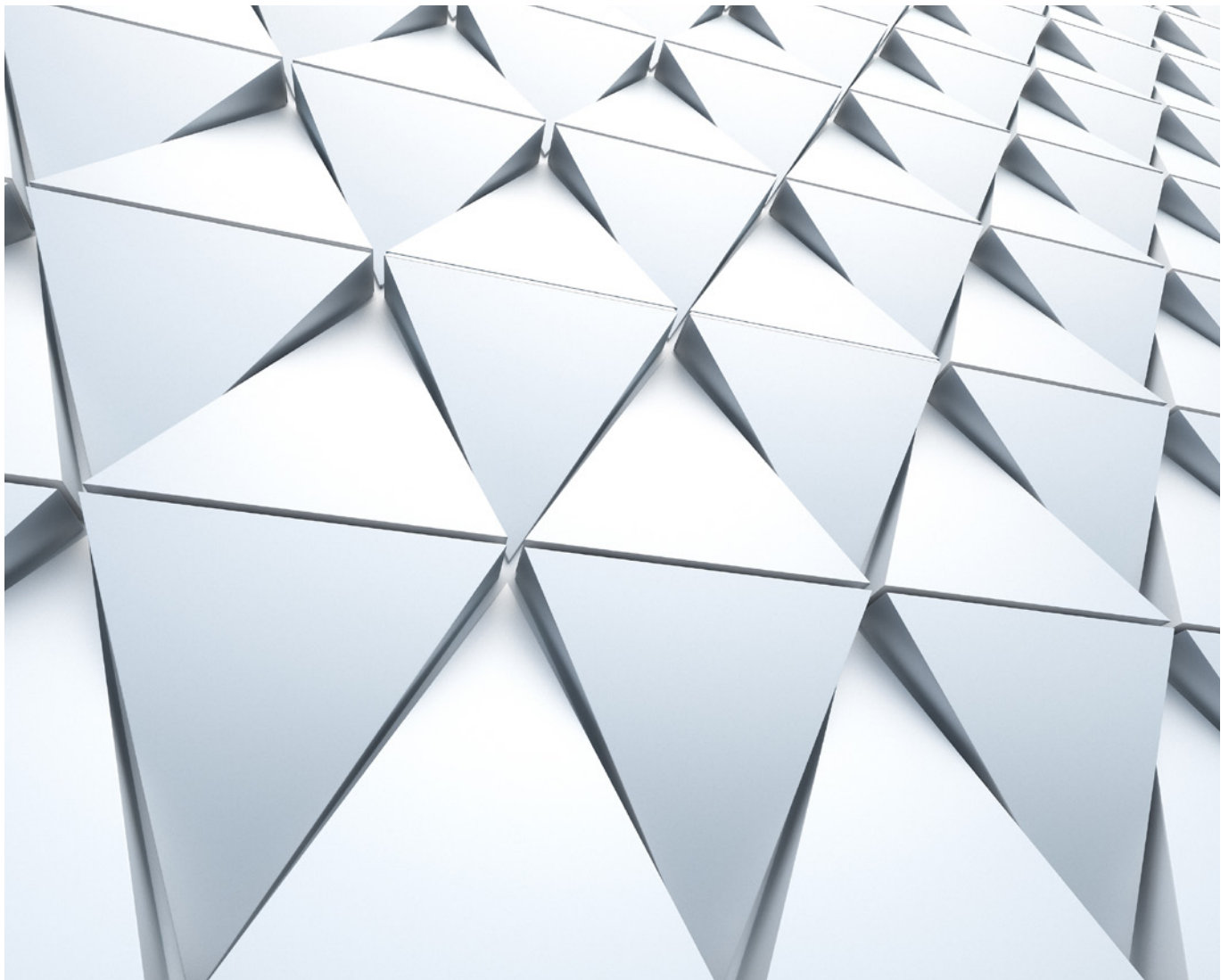
For the first time, we are reporting the gender pay gap of the entire London office, including partners, associates and business services staff.

This data is not required by the regulations, since partners are specifically exempt for reasons stated previously.

However, in the interests of transparency, we are reporting this combined gender pay gap figure to help us see a broader picture of our progress toward gender equality.

37.4%
Mean gap

54.4%
Median gap



Our commitment to closing the gap

What is Reed Smith doing?

The gender pay gap will not close without clear-eyed attention to addressing imbalance throughout the firm. When women are visible throughout the leadership, Reed Smith is better able both to garner the benefits of diverse thinking and to encourage women at every level to see that their career goals are attainable. By making all opportunities available to all people, we are building a law firm that is egalitarian and future-proof. What is right for our people is also right for our business.

- In 2017, Reed Smith partnered with Diversity Lab and 43 other leading law firms to pilot the Mansfield Rule, which measures whether law firms have affirmatively considered women lawyers and lawyers of colour for promotions, senior-level hiring, and significant leadership roles. In 2018, Reed Smith was awarded 'Certified Plus' status for its success with the Rule.
- In the latest round of promotions in Reed Smith's London office, four of the seven new partners are women, and five of the seven new counsel are women.
- We are committed to supporting our working parents and carers to effectively balance their work and home life. In addition to promoting agile working, we also offer emergency back-up childcare. We continue to encourage greater uptake of Shared Parental Leave, and we have an active Parental Networking Group.
- Reed Smith is a founding member of the Reignite Academy, a collaboration between six City law firms to enable career-break lawyers to return to private practice. Founded in June 2018, the project was driven by a desire to take practical steps to address the lack of women at senior levels in law firms by tapping into the potential of experienced lawyers who are ready to return after a career hiatus.
- Reed Smith, in collaboration with WeAreTheCity, launched 'The Art of Success: a guide for women embarking on a career in the City of London'. The report, published in April 2018, reflected the findings of a survey of more than 100 senior female leaders to find out what it takes to survive and thrive as a female senior leader in the City.
- We support our staff through a number of Business Inclusion Groups (BIGs), including LEADRS (disability), PRISM (LGBT+) and the Multicultural Network (BAME), in addition to the Women's Initiative Network of Reed Smith (WINRS).

We confirm the data in this report to be accurate.



Tamara Box
Managing Partner -
Europe and Middle East



Jeni Taylor
Director of
Human Resources

Awards in 2018

Reed Smith was named the winner of the **Excellence in Diversity & Inclusion** award at The Lawyer Awards 2018, recognising our long-standing commitment to diversity and inclusion and our continued efforts to innovate our approach across race/ethnicity, disability, social mobility, gender equality and LGBT rights.

Reed Smith's London office received the **2018 Commendation for Diversity Awards** from LawCareers. Net, recognising our commitment to creating a diverse workplace, providing equal opportunities, and eliminating bias or prejudice against individuals or groups.

Tamara Box, managing partner EME, was once again named one of the **top 20 champions of women in business** by the *Financial Times* and HERoes.

Partner, **Margaret Campbell**, was shortlisted as a Champion in the **WeAreTheCity Rising Star Awards 2018**, which recognise senior individuals who actively support the female talent pipeline.

Reed Smith was shortlisted in four categories in the **Europe Women in Business Law Awards**, with three partners shortlisted in their respective areas of specialisation: **Delphine Currie**, **Charlotte Møller**, and **Tamara Box**.

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Phone: +44 (0)20 3116 3000

Fax: +44 (0)20 3116 3999

DX 1066 City/DX18 London

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ATHENS
AUSTIN
BEIJING
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