



HERBERT
SMITH
FREEHILLS

2024 UK PAY GAP REPORT



Introduction

To deliver our HSF Ambition we are focused on building a culture of inclusion, high performance and collaboration.

Since the introduction of gender pay gap reporting in the UK, we have welcomed the opportunity to be more transparent. Each year, we've also gone beyond the scope of reporting requirements, by including our partner pay gap (since 2018) and our ethnicity pay gap (since 2019).

As a world-leading international law firm, known for our insight and diverse perspectives, we value the diversity of our people and put people and communities at the heart of our culture. We are proud to continue our work to ensure that we attract and retain a diverse range of people and that we embed a high performing culture of respect, inclusion and belonging. Our work to address the gender and ethnicity pay gaps in the UK is an important part of this commitment.



Alison Brown
Executive Partner, EMEA, UK and US

Definitions

Gender pay gap vs equal pay

Gender pay gap legislation requires us to report on the difference in hourly pay and bonus payments between male and female employees across all roles at the firm. In accordance with the requirements, hourly pay data is taken on the snapshot date of 5 April 2024, and bonus data is based on payments made between 6 April 2023 and 5 April 2024.

A gender pay gap is different from equal pay. An equal pay analysis considers whether men and women are paid equally for performing similar roles. We are confident that men and women are paid equally for doing equivalent jobs. We are also confident that men and women have an equal opportunity to earn a bonus.

Mean vs median

Mean: the mean takes the hourly pay for all male employees and adds the amounts together before dividing the total by the number of male employees to find an average. The same calculation is done for females. The difference between the two is then calculated by subtracting the mean female hourly pay from the mean male hourly pay. The number is then divided by the mean hourly pay for men and shown as a percentage.

Median: the hourly pay for males is ordered low to high, and the mid-point is selected. The same is done for females. The difference between the two mid-points is then calculated by subtracting the female hourly pay mid-point from the male hourly pay mid-point. The number is then divided by the median hourly pay for men and shown as a percentage.

UK gender pay gap: employees

In line with previous years, there are significantly more women than men in our lower pay quartiles because we have a high proportion of female employees in Business Services and secretarial roles. This distribution remains the primary driver behind our overall employee gender pay gap, rather than an absence of women in our upper pay quartiles. In fact, women now make up 51% of our upper pay quartile.

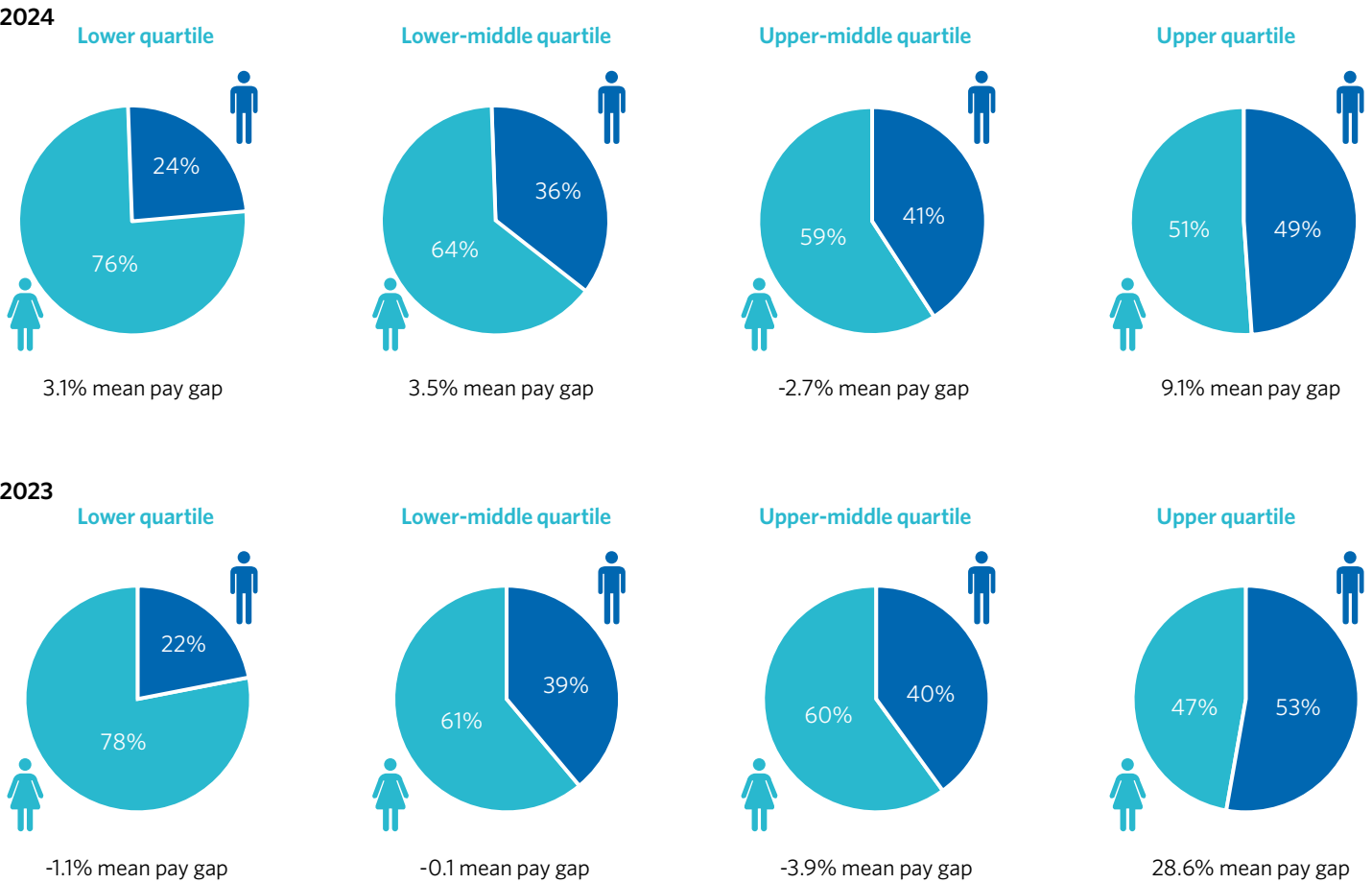
This year, both the median and mean pay gap decreased. The reduction was greater in the mean pay gap, driven by a substantial decrease in the mean pay gap at the upper quartile. This change was caused partly by an increase in the number of women in the upper quartile compared to last year. More women in this year's analysis held the highest-paid positions.

Despite the overall reduction in the employee gender pay gap, there were increases in the mean pay gap at the lower and lower-middle quartiles. There was also a small increase in the upper-middle quartile, although we continue to see a negative pay gap here (meaning women are paid more than men).

UK pay gap: employees

	2024	2023
Mean	20.8%	32.3%
Median	35.5%	36.8%

UK pay quartiles: employees



UK employees (continued)

UK employee bonus gap

In 2024, 55% of all men and women received a bonus, an increase of 13 percentage points from 2023. A similar proportion of men and women received a bonus (56% and 55% respectively).

This year, we reduced the mean bonus gap and reported an even larger reduction in the median bonus gap.

Because bonuses are based on a percentage of salary, the decrease in bonus gap in 2024 may have been because there were more women in the upper quartile, where bonuses are higher. Conversely, the overall mean bonus gap of 32% is still affected by the greater number of women in the lower pay quartiles, where bonuses are smaller.

Both the mean and median bonus values decreased for men and women this year compared to 2023. However, the decrease was greater for average bonuses paid to men. This further contributed to the reduction in the overall bonus gap.

As in previous years, bonuses are reported as actual, not FTE values. We continued to have more women than men working part-time in 2024.

UK bonus gap: employees

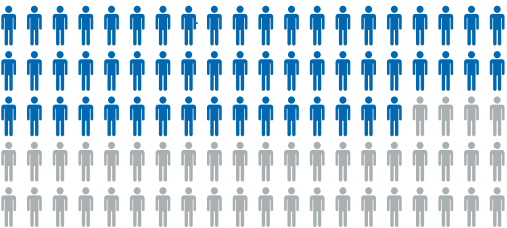
	2024	2023	2022
Mean	31.6%	34.8%	34.9%
Median	43.0%	50.2%	43.8%

Proportion of women and men (employees) awarded a bonus in the reporting period for 2024

55%



56%



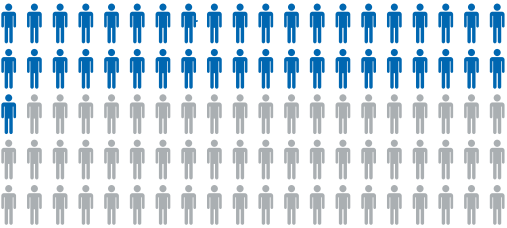
-  Received a bonus
-  Did not receive a bonus

Proportion of women and men (employees) awarded a bonus in the reporting period for 2023

43%



41%



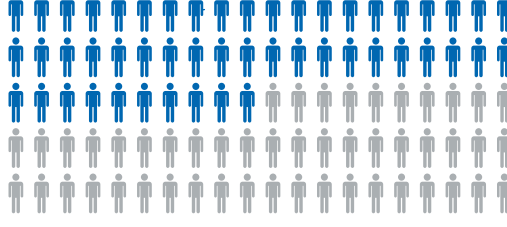
-  Received a bonus
-  Did not receive a bonus

Proportion of women and men (employees) awarded a bonus in the reporting period for 2022

50%



50%



-  Received a bonus
-  Did not receive a bonus

UK gender pay gap: partners

Partners are paid differently from employees, and there are no guidelines for reporting partner pay (nor is there a requirement to report these figures).

Unlike employee pay, payments to partners are not made evenly over 12 months. Therefore, to determine an hourly pay rate for partners, we have based our calculation on full pay entitlement, rather than adopt the approach used for employees in the statutory reporting (which bases the calculation on the actual payments made in the month of April 2024 only). This is the same approach we have used in our previous reports to allow for direct comparison.

This year, the mean pay gap in the partnership dropped to 19%. This was largely driven by change at the top end of the pay scale. Women were paid more than men in our most senior partnership roles – resulting in a negative pay gap (in favour of women) of -7.1%. We also had a negative pay gap at the upper-middle quartile.

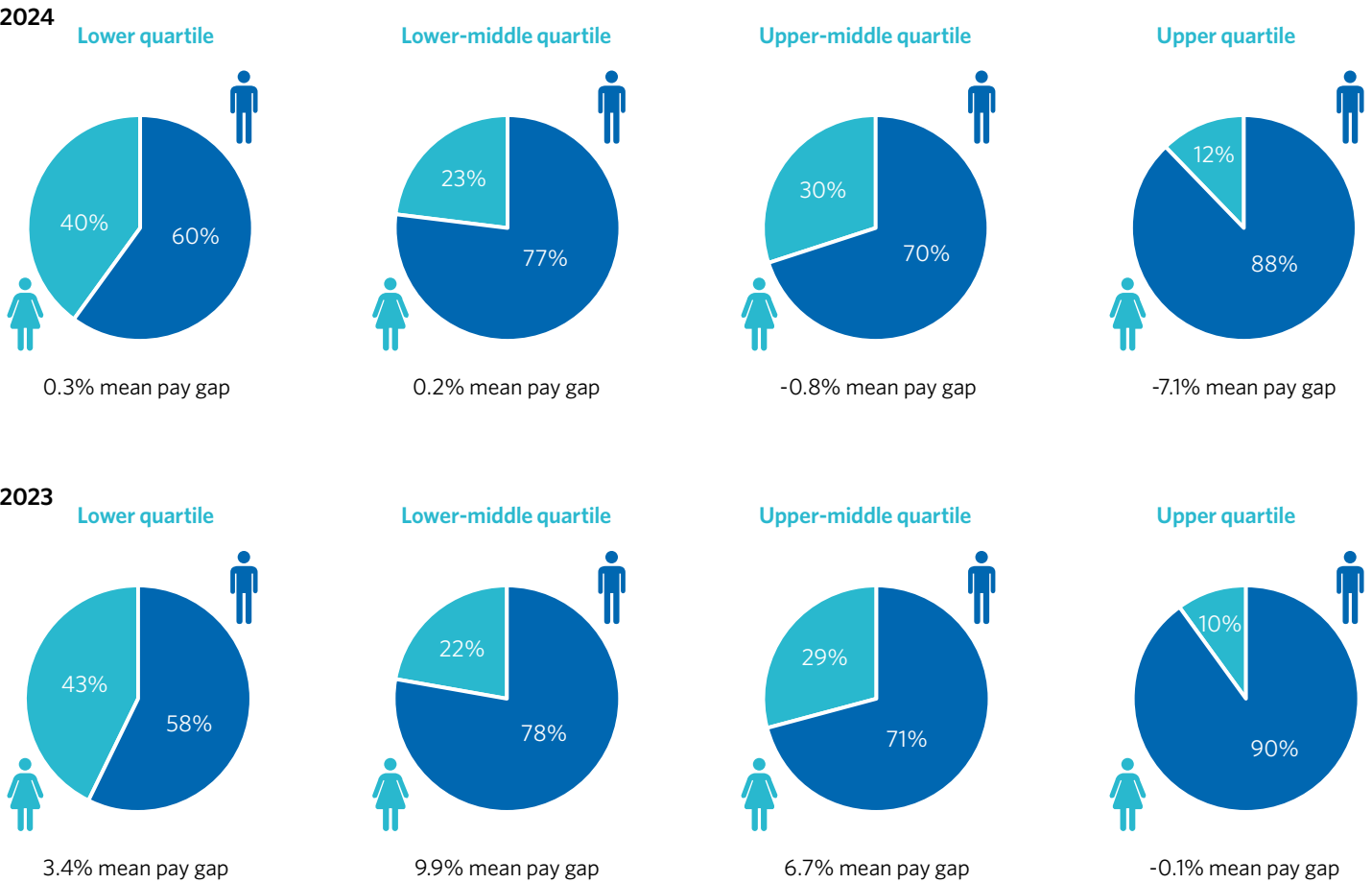
There was a decrease in the pay gap in every pay quartile within the partnership, with the most significant reduction occurring at the lower-middle quartile.

Men continue to account for 74% of partner roles overall in the UK and also are disproportionately represented at the most senior levels. This is the main reason for the overall pay gap. However, an increase in the representation of women at the more senior end of the partnership this year contributed to the overall reduction in the gap.

UK pay gap: partners

	2024	2023
Mean	18.8%	26.6%
Median	39.2%	39.5%

UK pay quartiles: partners



UK partners (continued)

UK partner bonus gap

In 2024, 31% of female partners received a bonus, compared to 20% of their male counterparts.

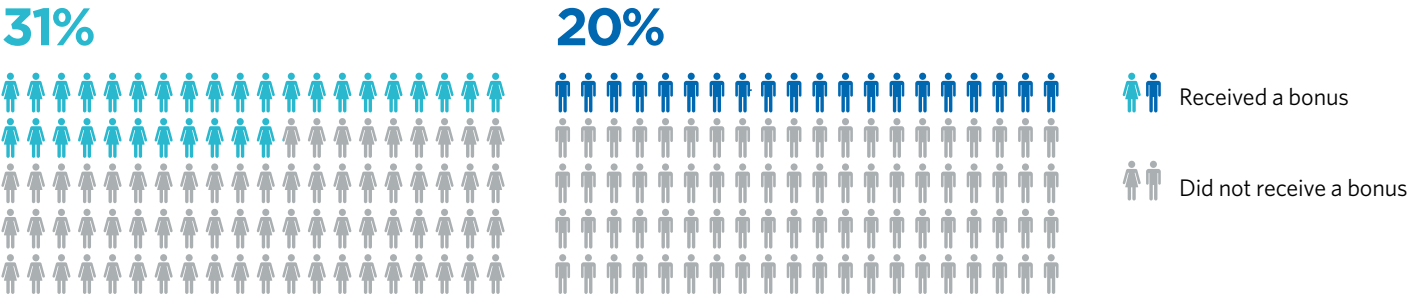
The mean bonus gap increased this year to 23%, while the median bonus figure was the same for both men and women. It is worth noting that the small sample size of the partner population means that some statistics can be significantly affected by small changes in headcount or the number of bonus recipients. This may have affected the median bonus gap in 2024.

The size of bonus awards tends to be higher for those in the upper pay quartile, and the disproportionate representation of men in this population continues to affect the bonus gap.

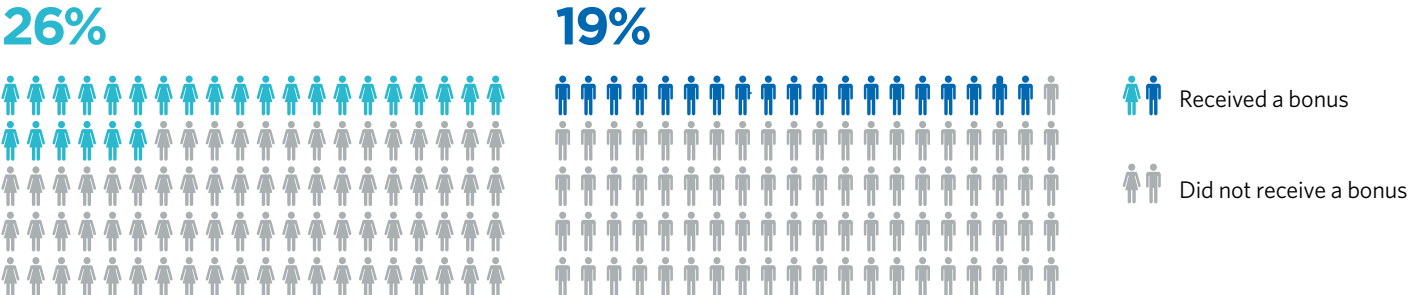
UK bonus gap: partners

	2024	2023
Mean	22.9%	13.6%
Median	0%	50%

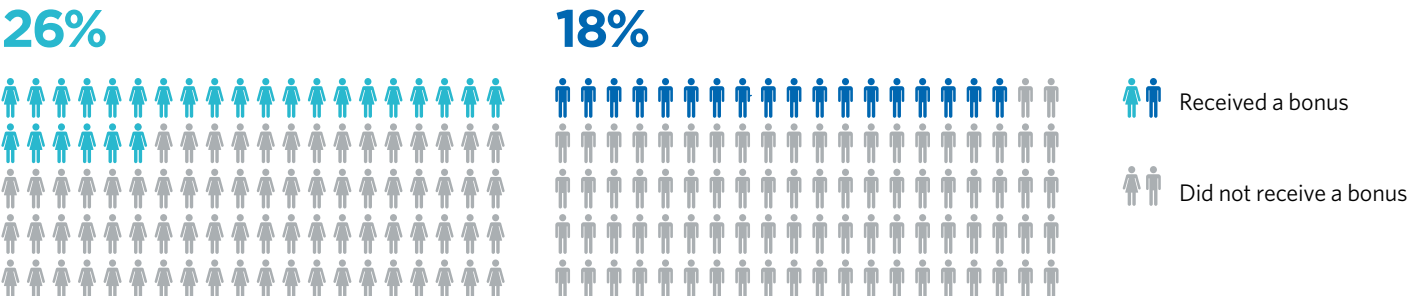
Proportion of women and men (partners) awarded a bonus in the reporting period for 2024



Proportion of women and men (partners) awarded a bonus in the reporting period for 2023



Proportion of women and men (partners) awarded a bonus in the reporting period for 2022



UK gender pay gap: employees and partners combined

Reporting on the combined gap for employees and partners goes beyond the Government's requirements. As a reminder, partners are paid differently from employees. Therefore, to produce the most meaningful picture, we have again used the statutory reporting method for employees, combined with the annual pay entitlement for partners.

Including partners in the overall picture significantly widens the pay gap. The mean calculation is most heavily affected because there are more men in the upper quartile within both populations. This effect is evident when comparing the mean pay gap in the upper quartile to that in all other quartiles, where the gap is much smaller.

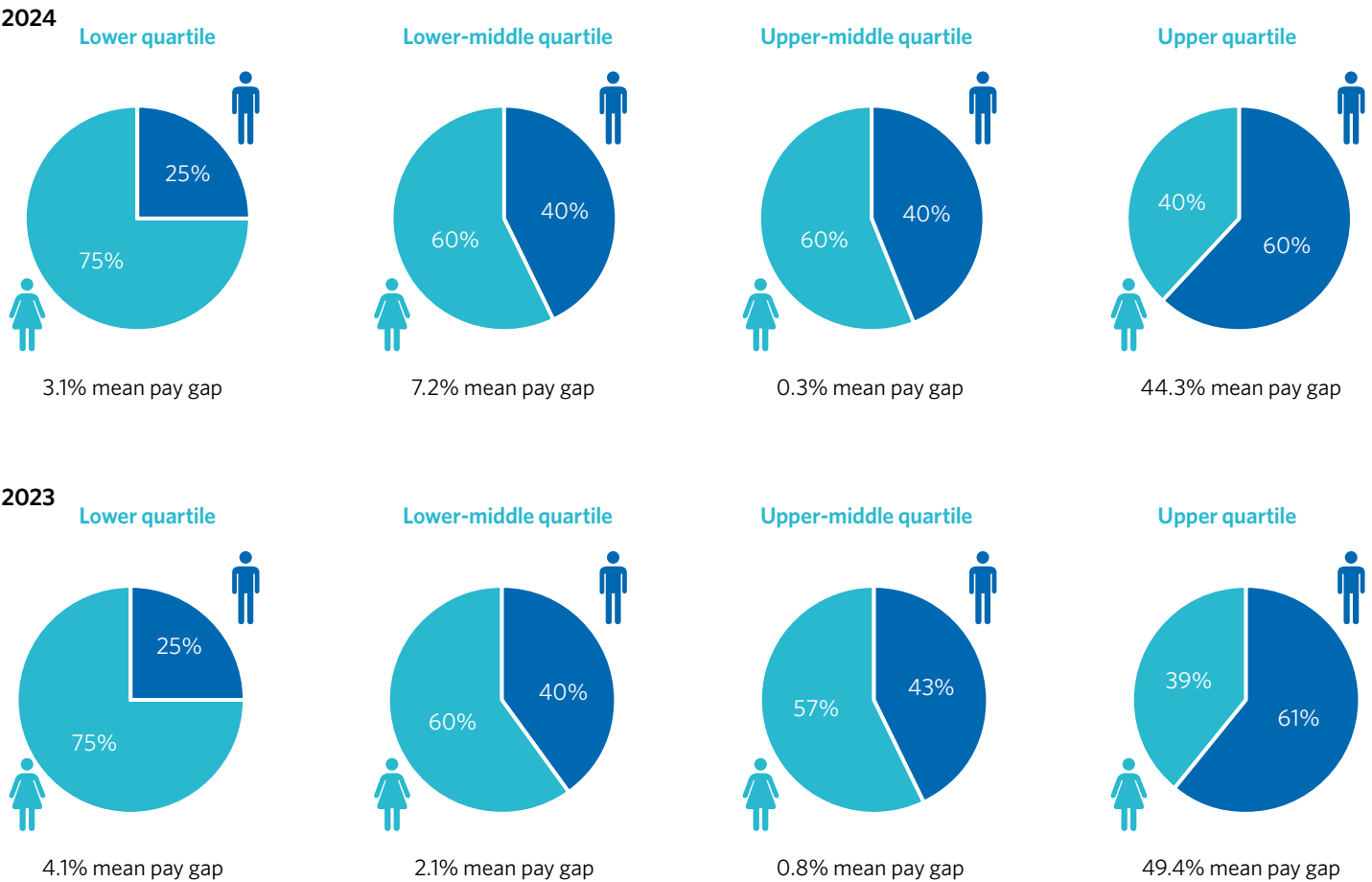
Compared to last year, we saw a decrease in pay gap across all quartiles except the lower-middle, where there was a slight increase. However, the increase in mean pay gap here was outweighed by reductions in other quartiles, resulting in a small overall reduction to mean pay gap. The most significant change was that the largest reduction in pay gap was in the upper quartile, where the pay gap is widest.

A greater representation of women in the upper-middle and upper quartiles across both populations this year also contributed to lowering the overall pay gap.

UK pay gap: employees and partners

	2024	2023
Mean	59.3%	60.7%
Median	38.5%	42.6%

UK pay quartiles: employees and partners



UK bonus gap: employees and partners

This year, more people received a bonus compared to 2023, with a greater proportion of women (54%) receiving a bonus than men (50%).

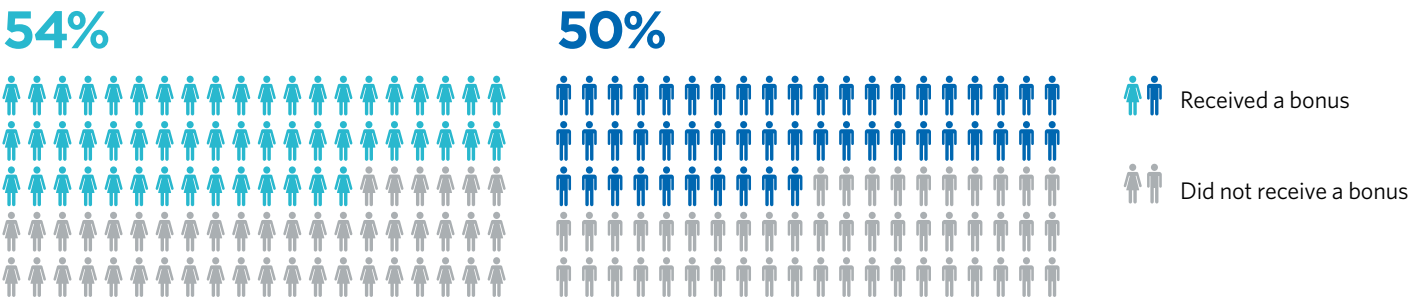
The mean bonus gap, however, remained roughly the same, while there was a small reduction in the median bonus gap.

The significant, persistent bonus gap is primarily a result of having a higher proportion of men in the upper quartiles of both employee and partner populations, and a higher proportion of women in the lower quartile. However, this year, started to see a shift in the upper quartile, which we expect to help reduce the bonus gap in the future.

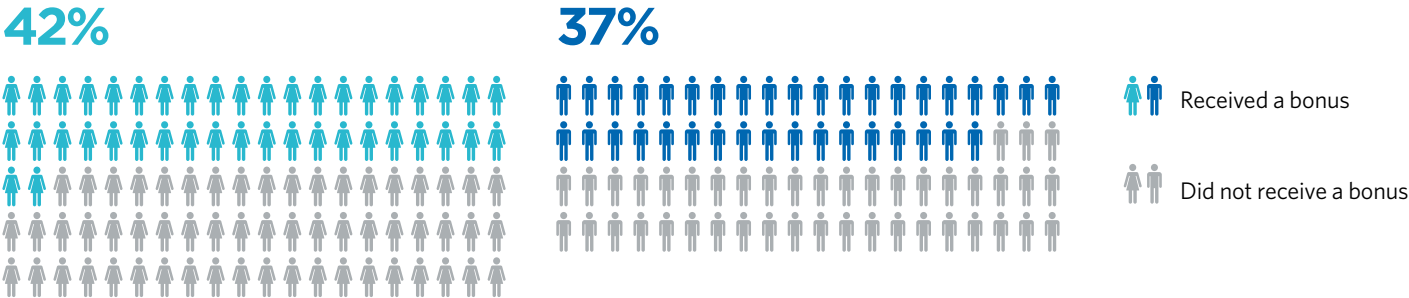
UK bonus gap: employees and partners

	2024	2023	2022
Mean	49.0%	48.6%	45.1%
Median	49.4%	54.9%	50.1%

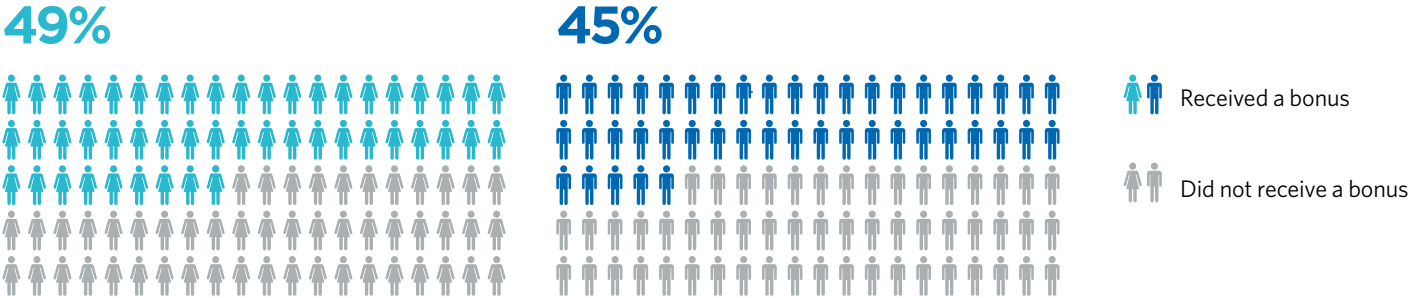
Proportion of women and men (employees and partners) awarded a bonus in the reporting period for 2024



Proportion of women and men (employees and partners) awarded a bonus in the reporting period for 2023



Proportion of women and men (employees and partners) awarded a bonus in the reporting period for 2022



UK ethnicity pay gap: employees and partners combined

Five years ago, we disclosed our ethnicity pay gap for the first time. Although there is no requirement to report these figures (nor guidelines for doing this), we believe doing so is an important step in enhancing transparency.

To protect the privacy of individuals in different groups (partners and employees), we are disclosing a combined ethnicity pay gap. We have used the same methodology as with our gender pay gap reporting to provide a representative figure of hourly pay that is consistent with both the employee and partner pay calculations.

This year, we saw a small increase in the percentage of employees and partners for whom we hold ethnicity data (78%, up from 76% in 2023). Although we do not hold ethnicity data for everyone, the data we do have is enough to allow us to make meaningful comparisons to previous years.

Overall, we saw a small increase in both the mean and median hourly pay gap in 2024. This overall increase was driven by increases in the pay gap within the lower-middle and upper-middle quartiles.

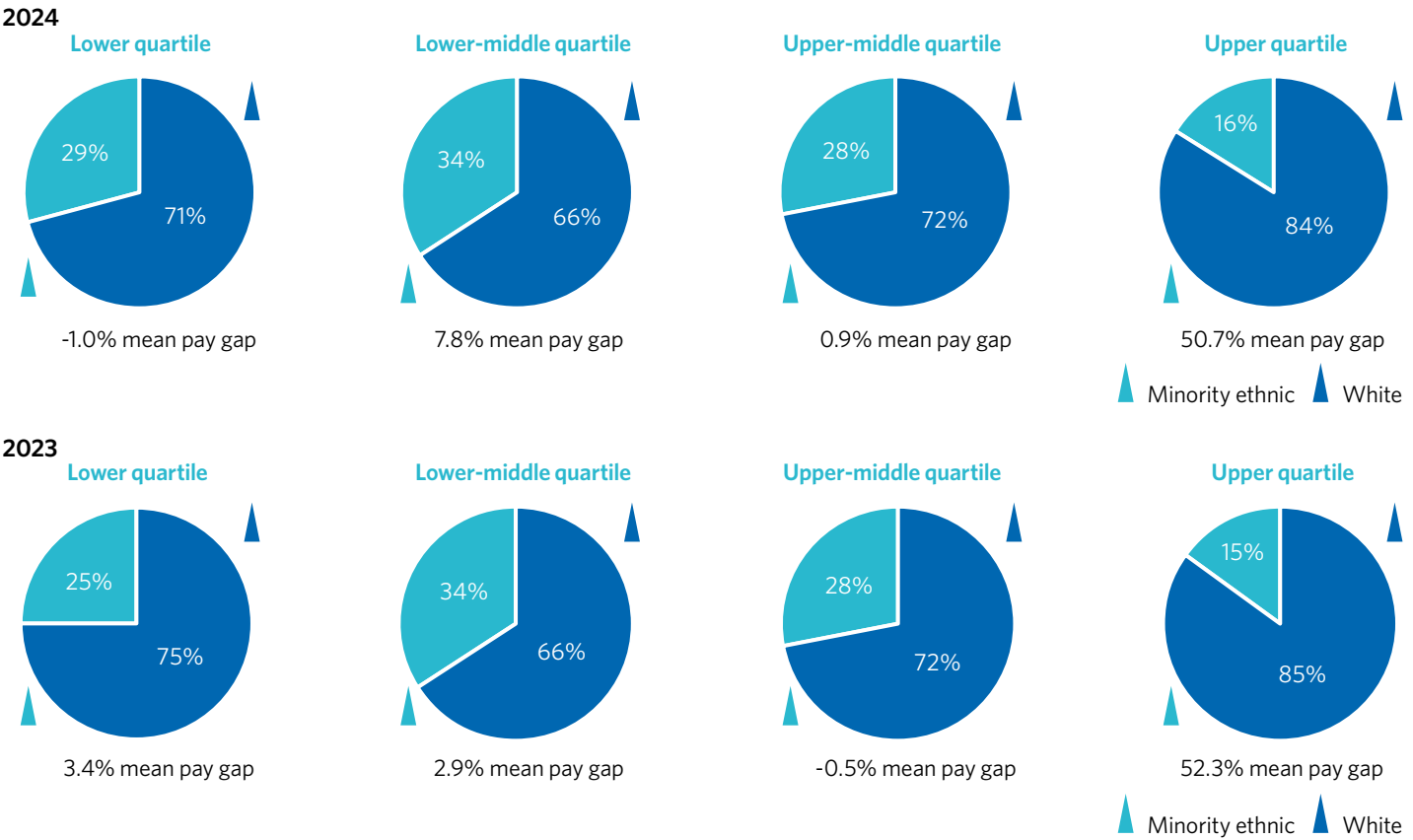
We now have a negative pay gap at the lower quartile (minority ethnic colleagues paid more than their white counterparts). In the upper quartile, where we have historically seen the biggest differences, we have had increased representation of colleagues from minority ethnic backgrounds and a decrease in the mean hourly pay gap.

However, the upper quartile still has the lowest proportion of minority ethnic employees and partners in the firm. Although there was a decrease in the pay gap in this quartile, our largest pay gap exists here because of this distribution – and this remains the primary driver behind the overall ethnicity pay gap.

UK pay gap: employees and partners

	2024	2023
Mean	53.9%	53.1%
Median	34.2%	32.1%

UK pay quartiles: employees and partners



UK employees and partners (continued)

UK bonus gap

In 2024, the average bonus received by minority ethnic employees was lower than those received by their white counterparts. This reflects the pay gap, as bonuses are paid as a percentage of salary. The distribution of white and minority ethnic employees and partners in our upper quartile (84% vs 16%), where bonuses are higher and the largest pay gap exists, largely accounts for this disparity.

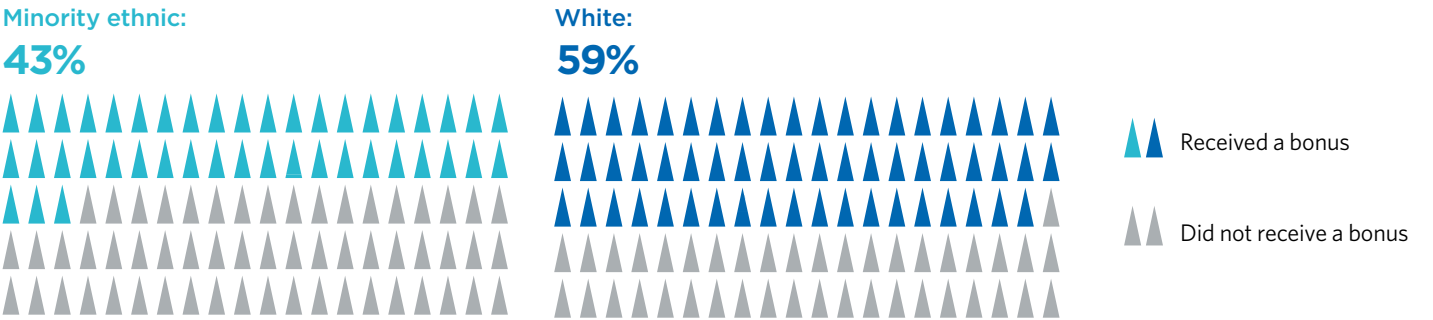
The ethnicity bonus gap increased in 2024. The higher proportion of employees receiving bonuses this year included those in the upper

quartiles, where the representation of minority ethnic employees is lower. This likely contributed to the widening of this bonus gap.

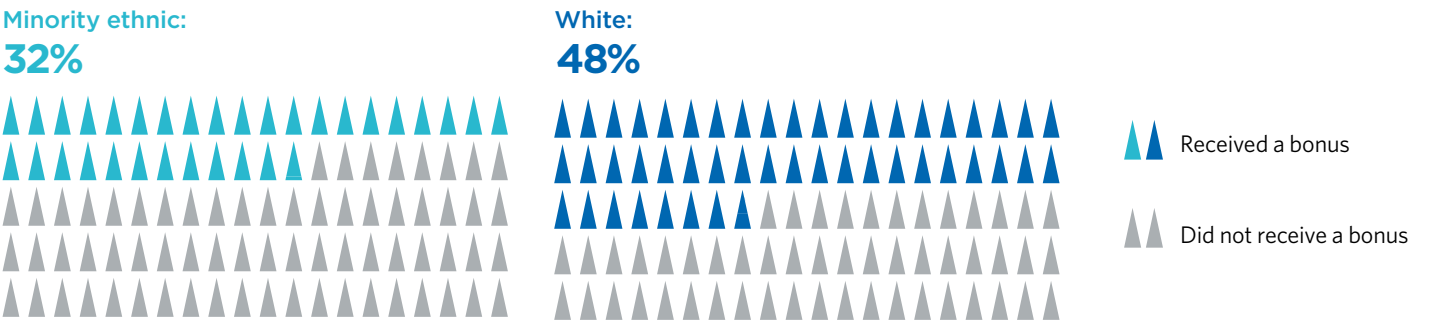
UK bonus gap: employees and partners

	2024	2023	2022
Mean	46.2%	34.9%	25.2%
Median	25.5%	11.1%	7.9%

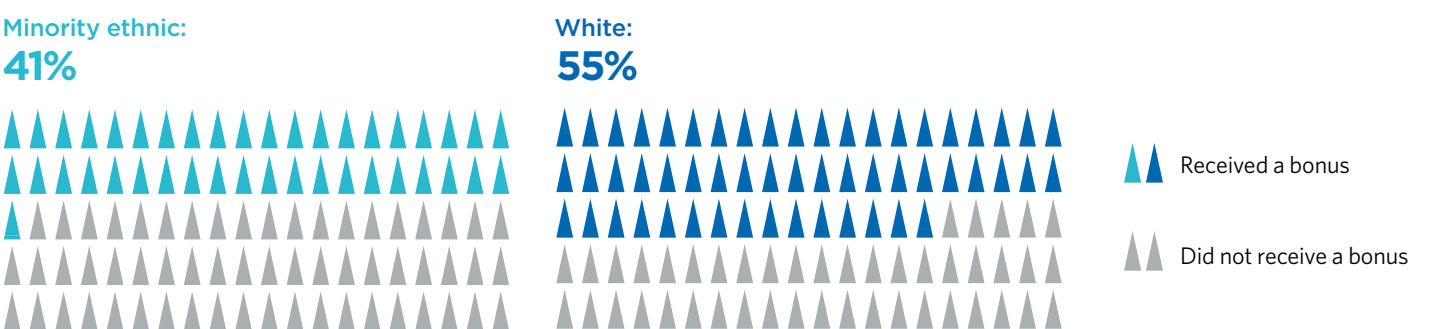
Proportion of white and minority ethnic employees and partners awarded a bonus in the reporting period for 2024



Proportion of white and minority ethnic employees and partners awarded a bonus in the reporting period for 2023



Proportion of white and minority ethnic employees and partners awarded a bonus in the reporting period for 2022



For a full list of our global offices visit [HERBERTSMITHFREEHILLS.COM](https://www.herbertsmithfreehills.com)