

# GENDER PAY GAP REPORT

December 2018

WELCOME TO CLARITY

At Morton Fraser we are committed to creating a diverse and inclusive place to work where our people can be themselves and be at their best. This is fundamental to Morton Fraser being an inclusive, innovative and higher performing Firm for the future. We take this commitment very seriously and within our People Strategy we have a number of initiatives planned to ensure this ambition is realised.

UK legislation requires legal entities that employ more than 250 people to share gender pay gap data. Whilst we currently fall below that level, (we employ 237 people currently), a modest growth would take us over this limit and so we share here our current position. The data is correct as at October 2018 and excludes Partners who are self employed.

## Terminology

The gender pay gap shows the difference between the **average** (mean or median) earnings of men and women. This is expressed as a percentage of men's earnings e.g. women earn 15% less than men.

The mean average involves adding up all of the hourly rates of pay for males and dividing the result by the total number of male employees. The same is then done for female employees and the two results are compared.

The median average involves listing all the hourly rates for male employees in numerical order. If there is an odd number of results, the median average is the middle number. If there is an even number of results, the median will be the mean of the two central numbers. The same is then done for female employees and the two results are compared.

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## Pay gap between women and men:

at 31 July 2018

Mean Gender Pay Gap	13.70%
Median Gender Pay Gap	23.80%
UK's National Gender Pay Gap	18.4%

The diagram above shows our "gender pay gap". This is a snapshot of the difference between the average hourly pay levels of our female employees compared to the average hourly pay levels of our male employees, irrespective of their role or level in the Firm.

Our figures show that the median average hourly pay of all our female employees is 23.8% lower than that for our male employees. This is primarily due to the fact that proportionately, we employ more women than men in the lower and lower middle pay quartiles.

For comparison the UK's national median gender pay gap is 18.4% (including both full and part time employees). The hourly pay figure used to calculate the difference includes all items specified in the regulations.

The "gender pay gap" is distinct from "Equal Pay", which looks at the individual level and is about ensuring that men and women are paid the same for carrying out the same work, or work of equal value. The evaluation of our gender pay data indicates that the difference in average pay is due to proportionately more men being in senior, higher paid roles.

We have a variety of mechanisms to promote consistency in reward between men and women in the same job grade or doing the same work. These include a structured approach to job sizing and pay determination.

### Bonus difference between women and men:

	Mean	Median
Bonus	10.9%	- 32.7%

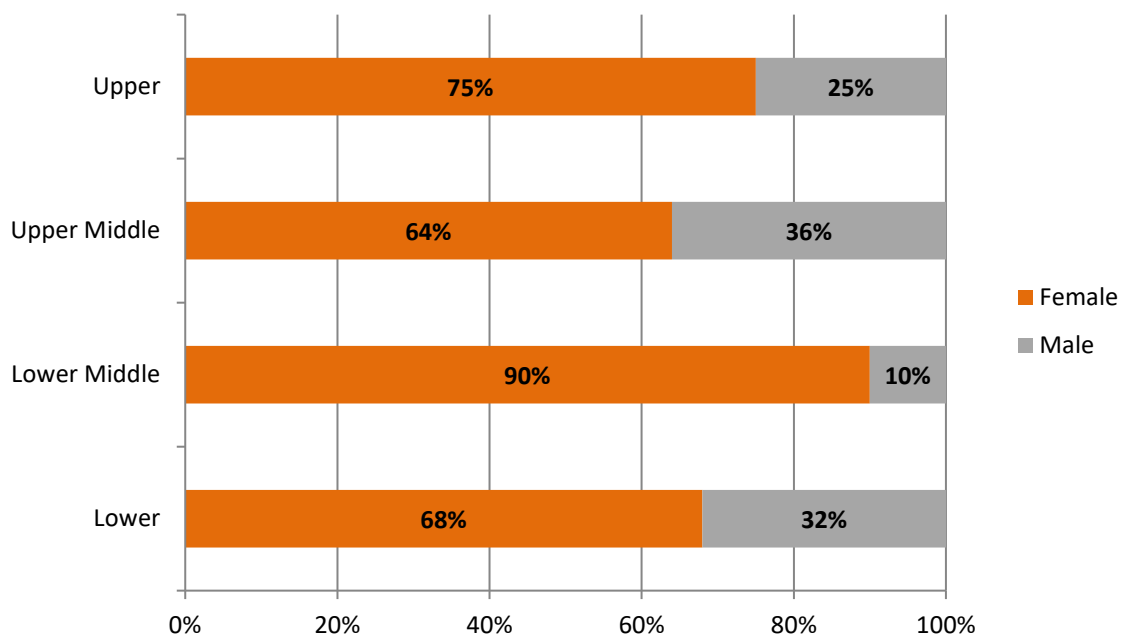
Our bonus is a profit share scheme that is offered to all of our people and is also based upon personal performance. Payments are based upon a percentage of earnings for the Firm's financial year to 30 April and are paid in August each year. The figures above show that median bonus payment for females was 32.7% **more** than the median bonus for male employees.

We believe this difference is accounted for in part through the fact that 79% of our female employees were eligible for a bonus compared to 61% of our male employees. In most of these cases ineligibility was due to not having enough service to qualify.

### Gender demographic per quartile

This calculation requires an employer to show the proportions of male and female full-pay relevant employees in four quartile pay bands. This is done by ranking all 237 employees from the lowest hourly rate of pay to the highest hourly rate of pay and then dividing the workforce into four equal parts.

The table below shows the proportion of males and females in each quartile.



For example, within the lower quartile, 68% of employees are female and 32% male. Overall, females currently represent 75% of Morton Fraser employees.

## Pay gap between women and men who are lawyers:

Of our 237 employees, 88 are lawyers (excluding trainees). We believe it is important to look at pay differentials in this group of staff for the sake of transparency.

Of our 88 lawyers, 63 (72%) are female.

Mean Pay Gap	3%
Median Pay Gap	Minus 1.1%

This shows that the median pay of our female lawyers is 1.1% **more** than the median pay of our male lawyers.

## Bonus gap between women and men who are lawyers:

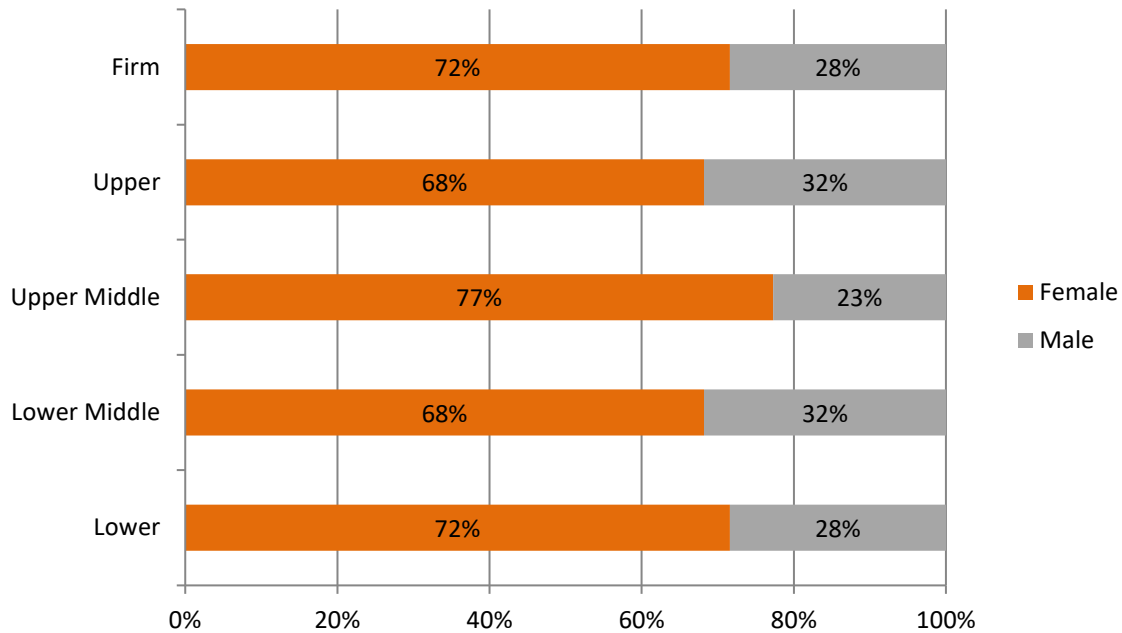
Mean Bonus Gap	Minus 5.5%
Median Bonus Gap	Minus 2.8%

This shows that the median bonus of our female employees is 2.8% **more** than the median bonus of our male lawyers.

In each case, this can be explained, in part, through the higher numbers of women employed as lawyers particularly in the upper and upper middle pay quartiles. In addition, the median pay of our female lawyers is slightly higher than that of males.

## Gender demographic per quartile - lawyers

72% of lawyers are female and as can be seen from how pay levels are distributed through the pay quartiles below, our female employees' pay is very much in line with their representation in the lawyer population.



### What about staff in support services?

We employ 100 staff who undertake support services roles (such as administration, Finance, IT and HR for example). Of these, 78% are women. In these roles the gender pay gap is balanced in favour of women by 10.63% and the bonus gap is 17.17%. The size of the bonus gap is due to the combined factors of more men in these roles holding higher paid roles attracting higher bonus payments and more women in lower paid roles attracting lower bonus payments.

Median Pay Gap	Minus 10.63%
Median Bonus Gap	17.17%

### What does this all mean for Morton Fraser?

We consider that our approach to pay within Morton Fraser as it relates to gender is fair. Jobs are graded according to an internal job evaluation system which allocates jobs of a similar value to a given job grade. This forms the basis of equal pay for work of equal value.

The disparities in gender pay when looking at the organisation as a whole point to the over-representation of our female colleagues at more junior levels within the Firm. It also points to the fact that many support jobs, which attract a lower salary, are also done by women. Both of these factors call for us to consider ways in which we can continue to attract more senior women in to the organisation and bring more diversity across the full range of all our career options at the Firm.

As part of our talent attraction strategies we are in discussion with executive search partners and external recruiters about the need for diversity in those we shortlist so that we have a strong pool of talent from which to choose. In addition we will be reviewing our recruitment collateral to ensure it is inclusive and attractive to all sectors of society.

Martin Glover  
**HR Director**  
 December 2018

Updated 18 January 2019