

DIVERSITY AND INCLUSION: UPDATED METRICS AND KPIS

MESSAGE FROM STEERING GROUP

Earlier this year (2020) we circulated draft Framework Material: an initial selection of papers and guidance to support to signatories to deliver real and sustainable change across our profession (see [here](#)).

The Framework Material included our suggestions on Diversity and Inclusion (D&I) KPIs and metrics. Since then we have sought further feedback from signatories and law firms, and the attached updated metrics and KPIs along with the new Guidance reflects the feedback that has come in.

Achieving consistent metrics and KPIs across the profession with uniformity of requests to law firms is in our view key to measuring progress and driving accountability both within law firms and in-house teams and we encourage signatories to adopt these where they can.

A fundamental point to highlight is that whilst the KPIs and metrics currently relate primarily to gender, we are committed to developing broader D&I and our goal over the coming months is to continue to actively work with signatories and others in the sector to identify the right metrics for wider under-represented groups (including BAME/POC and LGBTQ+). We are keen to invite suggestions from signatories on this and if you or a member of your team is interested in becoming involved in this work or you know of anyone in the sector who might have a valuable perspective to share please do let us know.

In the meantime, we encourage signatories to use these KPIs and metrics as a platform to extend the discussion to broader D&I aspirations including race and ethnicity. Against this background we have suggested a couple of questions which signatories might wish to put to their law firms to gain an understanding of their broader D&I commitments and we will be engaging further on this in due course. We also recommend that signatories aim to apply the gender-related metrics to other under-represented groups wherever possible.

We are keen to hear from you with your feedback and insights as you roll them out with your law firms. We would like to express our thanks to the members of the GCD&I Working Group who worked on these KPIs and to all those who provided feedback on the original draft.

Many thanks for your continued support on this initiative.

Kind regards



Ritva Sotamaa
Chief Legal Officer & Group Secretary,
Unilever



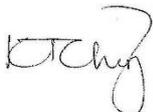
Rosemary Martin
General Counsel & Company Secretary, Vodafone



Caroline Cox
General Counsel & Company Secretary BHP



Richard Price
General Counsel & Company Secretary, Anglo American



Donny Ching, Legal Director, Royal Dutch Shell

DIVERSITY AND INCLUSION: UPDATED METRICS AND KPIS

OBJECTIVE

- Metrics assist in measuring progress and driving accountability, both within firms and in-house teams.
- We recognise a balance must be struck between the time taken to report against metrics, and the time dedicated to driving real change.
- With this in mind, our objective is to define a **uniform** set of metrics and KPIs for signatories to adopt and seek from their relationship firms on an **annual basis**, which are both **meaningful** and **readily produced**.
- Whilst the main KPIs focus on gender at this stage, we are committed to **broader Diversity & Inclusion (D&I)** and our goal over the coming months is to identify metrics for wider un-represented groups (including BAME/POC and LGBTQ+). We are keen to invite suggestions on how best to achieve this.
- Signatory in-house teams are encouraged to explore other KPIs and these ones are by no means meant to be definitive.
- We are keen to hear from signatories with feedback on what has worked well and what has not worked well, to help inform how we continuously seek improvements and progress in this area.

GUIDANCE

In asking firms to report on their Metrics and KPIs, in-house teams might note the following:

- As with all the Framework Materials the proposed metrics are not intended to be prescriptive, but rather a tool for signatories to use in your conversations with law firms and you should consider to what extent you wish to adapt or expand on them as appropriate.
- The intention is that the provision of the data will promote conversations between client and firm as to how to improve D&I collaboratively.
- We recommend that signatories use these metrics and KPIs as a platform to extend the discussion to broader D&I aspirations including race and ethnicity and, where possible, apply the gender-related metrics to under-represented groups more broadly.
- Each law firm will have its own way that it measures its D&I performance and may have observations on these KPIs, for example: some firms do not record origination credits, some treat equity and non-equity partners the same, and each law firm may have a different view on what it defines as management roles. It is worth discussing these metrics and KPIs in advance with each of your firms to understand these issues and to ensure that, where they do have the data, it is made available to you and, where they do not, you understand the reasons for this and discuss how you might address moving forward.
- Law firms have an annual business and reporting cycle and it is worth clarifying with each firm individually the best time to seek this information from them on an annual basis.
- You may wish to track the data to see how your law firms have improved over time but at this point this is a decision for each signatory to make.
- It is recommended that you agree and are clear with your law firm whether you are requesting global data or data for their HQ (or other location) only.
- If you intend sharing the performance of your law firms across your panel, make sure you have the arrangements in place with each firm to allow you to do so.

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LAW FIRM: PROPOSED ANNUAL METRICS AND KPIS

In line with our objectives (above) we propose the following annual KPIs and metrics:

1. Gender ratio of billed hours on the client's matters, broken down by seniority.
2. Gender ratio of non-billable/written-off hours for the client's matters, broken down by seniority.
3. Gender ratio for origination credit on the client's matters.
4. Gender ratio for relevant seniority levels and firm leadership roles as well as ratio of attrition and promotion for each level or role: i.e.
 - o Associate
 - o Senior Associate
 - o Counsel
 - o Non-Equity Partner
 - o Equity Partner
 - o Firm management roles
 - o Managing relationship roles for client accounts
5. Gender Pay Gap or equivalent data for law firms that already collect and report on that data.

Whilst the questions above relate to gender data only we are keen to highlight that we see this as a platform to extend the discussion to broader D&I aspiration and where possible apply the gender-related metrics to under-represented groups more broadly. In the light of this we also suggest you seek annual feedback from your law firms on the following:

6. Do you have broader D&I targets and if so, please describe the target and your progress?
7. Please describe two significant initiatives you're undertaking in order to create a more diverse and inclusive culture at your firm?

IN-HOUSE PROPOSED ANNUAL METRICS AND KPIS

We are committed to in-house metrics as a basis for sharing lessons, and holding in-house teams accountable and propose to provide the following on an annual basis:

1. Gender ratio of team by seniority level.
2. Annual of promotions and attrition by gender to relevant seniority levels.
3. Gender ratio of team working flexibly.

- Version 2: See Proposed Metrics and KPIS in the [Framework Material](#) published in April 2020
- Date: 28 September 2020