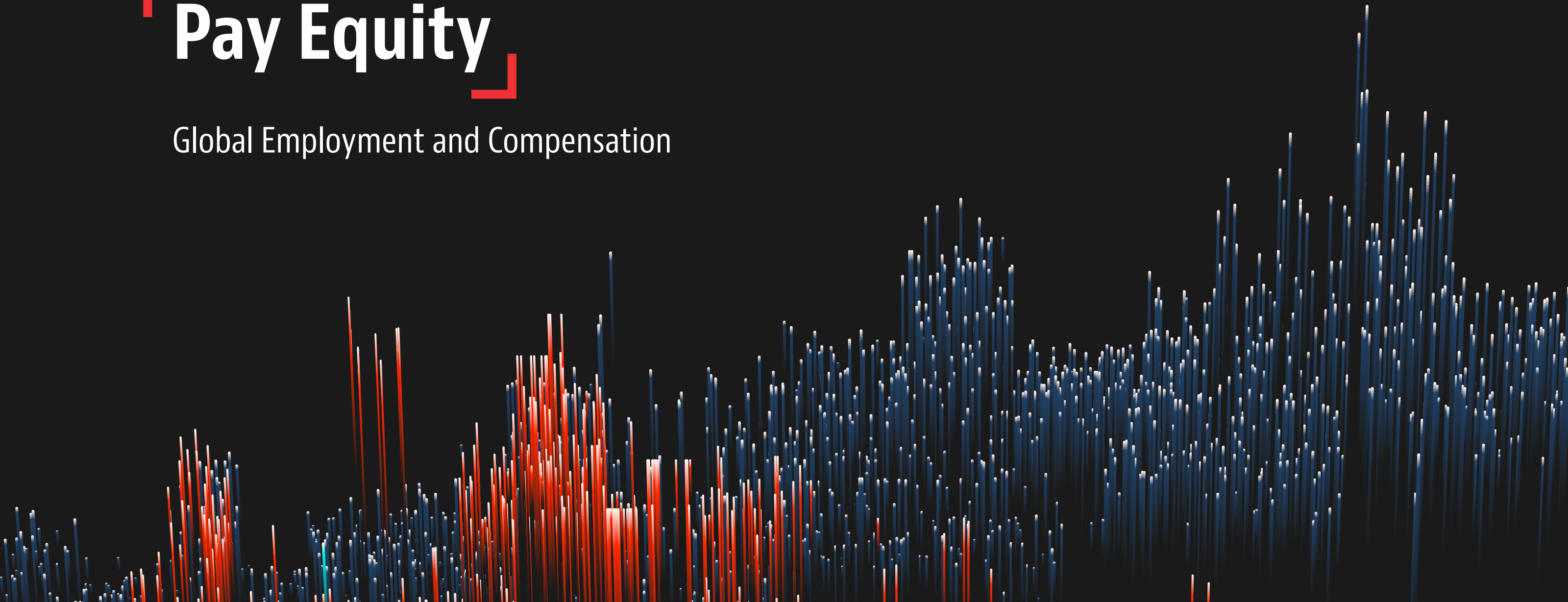


**Baker
McKenzie.**

Pay Equity

Global Employment and Compensation





Pay equity audits address the challenges global employers face

To maintain progress toward core I&D goals, pay equity audits are a vital tool in understanding and tackling pay inequality at work. Most countries have legislation prohibiting discrimination in respect of employment decisions and requiring equal pay for equal work. However, pay inequality is complex and slow to resolve prompting a number of countries to introduce more stringent rules.

Challenges global employers face in relation to pay equity include:



Regulatory and investor demands

Beyond strictly legal obligations, many companies also face shareholder and employee pressure for increased transparency around diversity and pay equity. Regulation is likely to increase but will not be globally consistent, while scrutiny from investors will intensify. Global employers should identify regulatory and investor requirements and key potential risks.



Global story

How to get the right message across to multiple stakeholders? Identify who is responsible for pay equity compliance in each country and who are the key stakeholders.



Culture and values

How does the need to address pay equity fit in within company culture and values? Assess extent of compliance with existing pay requirements and the impact of existing, and likely future, requirements.



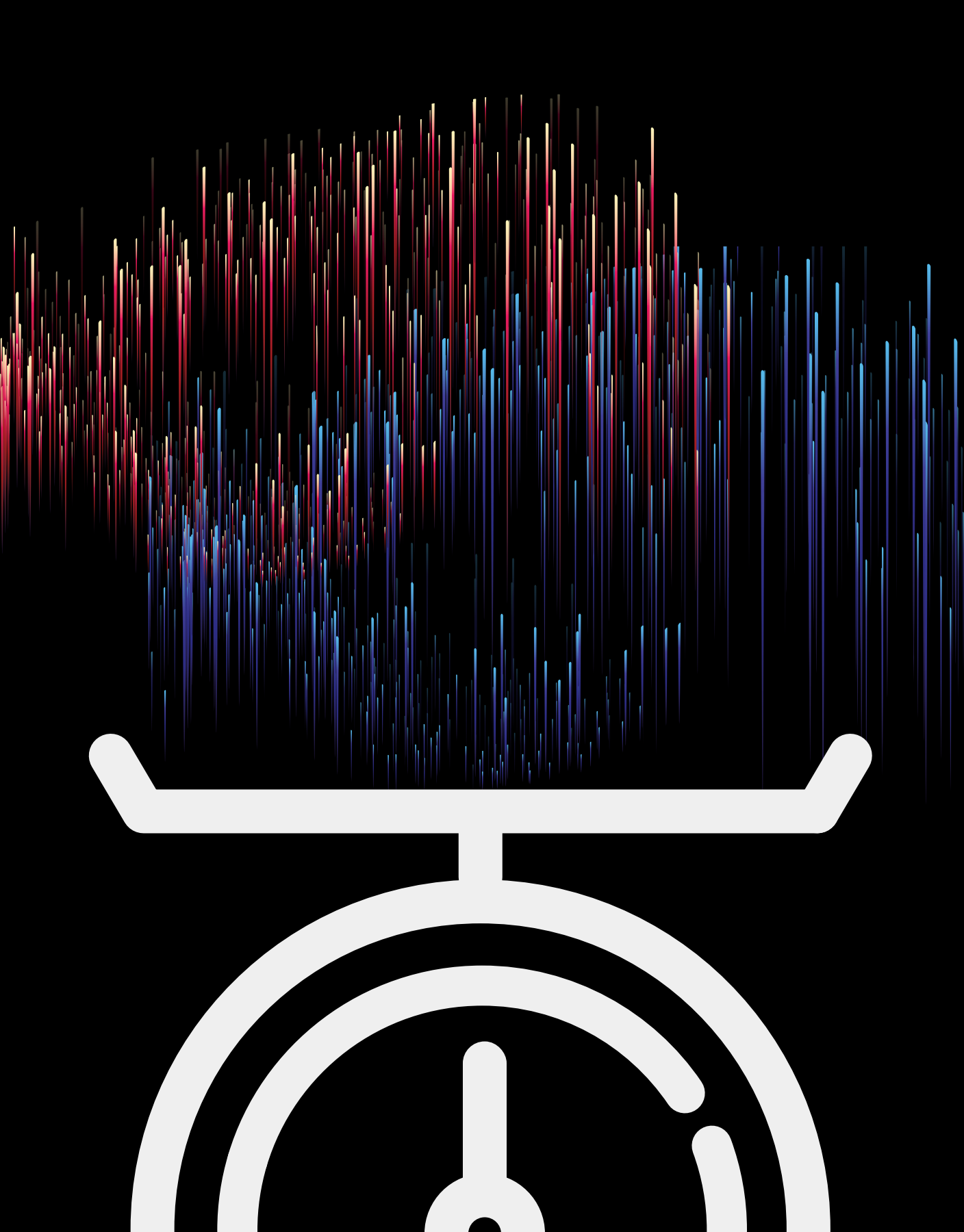
Equal pay lawsuits

With equal pay hot on the agenda and employees often seeking class or collective actions, employers should be especially diligent in identifying and rectifying unjustified pay disparities. Discrimination is not the only cause of the gap, but it can be one of the causes. What is the extent of that risk to the company? By carrying out a pay audit, the company can assess areas of key risk and exposure and plan what to do with the results.



How to narrow the gap

Are the company's existing policies addressing pay equity quickly enough? Design a gender pay action plan and global communication policy that will address any pay equity issues, as well as the broader issues of representation of women and ethnic minorities across all levels, including training and internal and external stakeholder management.



There is no "one-size fits all" approach to pay equity

We strongly believe that there is no "one-size-fits all" approach to analyzing pay data. Different types of analyses may be appropriate depending on business needs. For example, a multinational company may want to look at pay equity one way to understand legal risk, another to analyze potential pay remediation efforts and/or another to consider public-facing statements on pay equity.

Our team has extensive experience helping clients navigate these considerations at the outset to establish analyses that meet the company's legal and business challenges. We work with our in-house data analytics resource, partner with external consultants, and/or leverage the latest technology to ensure the audit is efficient, effective and designed to provide the company not just with technical compliance with the law, but with tailor-made solutions to help implement best practices.



Analyzing the Data In-House

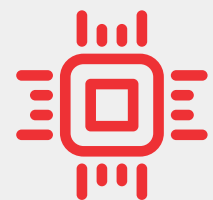
While consultants view an audit as purely mathematical, we help employers determine what is driving the change in analytics and leverage root cause analysis to identify the appropriate strategy for the company. We can handle the statistical analysis in-house with our own economists, statisticians and project managers. Our in-house data analysts are able to prepare statistical pay equity analyses, including regression analyses. Armed with the data, we identify risks, conduct "validation assessments" to understand any unexplained differences and outliers, prepare remediation and mitigation plans if necessary and assist with training and rolling out communications.

For a global audit, we collaborate with our clients to make significant strategy decisions at the beginning in order maximize efficiencies and keep costs down, as well as leveraging resource to best address legal privilege issues. Our teams have extensive experience explaining complex statistical issues to various internal stakeholders and are adept at providing details needed to sophisticated internal audiences as well as concise and clear explanations to business leaders without statistical backgrounds.



Partnership with External Consultants

For larger-scale projects, we are accustomed to partnering with sophisticated external statistical firms – such as Mercer, Towers Perrin, Secretariat Economists (formerly Economists, Inc.), Edgeworth Economics or Welch Consulting – to conduct the assessment under our guidance and direct the process under legal privilege in jurisdictions where that is possible. It is our experience that third-party data analysts typically do not have the requisite knowledge or resources to manage such an assignment on a global basis without significant legal oversight. Their typical course is to duplicate OUS what they do in the US. This is not our recommended course of action, as there are different considerations to account for when doing the analysis outside the US, and legal privilege can be a material issue.



Leveraging Technology

We have significant experience in working with commercially-available people analytics software (such as Syndio) to evaluate pay data and to conduct periodic (e.g., annual or biannual) pay equity analyses, assist with remediation efforts and for day-to-day review and consideration in connection with pay practices and decisions. We have supported clients in rolling out and adopting pay equity software and can provide legal advice in relation to the tool's output, as well as the strengths and common pitfalls associated with such projects. We have advised on how to set up possible units of analysis (similarly situated groups, business units, geographic units, etc.), how to employ controls within jurisdictions in the most acceptable manner, how to aggregate results across units of analyses, if desired, and more.

Baker McKenzie delivers integrated solutions to complex challenges.

Complex business challenges require an integrated response across different markets, sectors and areas of law. Baker McKenzie's client solutions provide seamless advice, underpinned by deep practice and sector expertise, as well as first-rate local market knowledge. Across more than 70 offices globally, Baker McKenzie works alongside our clients to deliver solutions for a connected world.

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