

Diversity and inclusion at Freshfields

UK pay gap report

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Freshfields Bruckhaus Deringer



We continue to evolve our efforts to drive long term change in our firm, profession and community

In 2021 we publicly launched [our five-year diversity and inclusion targets and commitments](#), and in 2022 we published our [first D&I Annual Review](#) to track our progress.

Data gathering and analysis help us see where we are doing well and where we need to take action to meet these ambitious goals. Using this data-driven approach to understand our pay gaps in the UK is crucial if we are to become a more diverse and inclusive business. This report is part of our efforts to transparently share our progress and collaboratively drive change.

Diversity is multi-dimensional and we seek to reflect this in our reporting. As with [last year's UK pay gap report](#), we are reporting our pay gap figures across gender, ethnicity, disability and sexual orientation, which helps us measure and track progress more comprehensively.

This year, for the first time, we are also reporting on socio-economic background, in line with research showing how socio-economic background (or social mobility) can affect access to the legal profession, people's sense of belonging and rate of progression. This year's 'baseline' of our socio-economic background pay gap will, along with other dimensions of diversity, help direct our strategy going forward.

All our reporting is based on the voluntary provision of personal data and self-identification. In 2022 we ran a campaign to encourage UK colleagues to update their diversity data and add

new insights, and we are pleased with the increase in the number of colleagues choosing to share information, although we recognise we can continue to improve this, particularly in relation to socio-economic background. Throughout this report, we have highlighted some of the active steps we are taking to work towards our targets, evolve our diversity and inclusion efforts and reduce any gaps. Examples include continuing to evolve our policies, publishing new D&I time recording codes and running targeted talent programmes.

We were proud to be one of 14 leading law firms to [pilot the Mansfield Rule UK Certification programme](#), which aims to boost the number of underrepresented lawyers in leadership roles, and were delighted to [achieve Mansfield Plus Certification status](#) in 2021/22. We continue to focus on our talent pipeline, where we have seen 50 per cent women partner promotes in London across the last three years.

Our UK colleagues have shown great engagement in helping us become more diverse and inclusive, including collaborations between our UK employee networks and leaders to drive meaningful change. We have worked cooperatively across teams and locations, and in partnership with our clients and with the broader community, on multiple efforts we believe will help us eliminate pay gaps over the longer term. We recognise there is more to do and we continue to strive to ensure that everyone feels they can belong, engage and excel at Freshfields.



Claire Wills
London
Managing Partner



Mark Higgs
UK Chief
Operating Officer



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Understanding the pay gap

What is pay gap reporting?

A pay gap shows the difference in the average pay between two groups in a workforce (eg men and women), regardless of job role or seniority.

How is it different to equal pay?

Equal pay deals with any pay differences between men and women who carry out equal work. Equal pay legislation is specific to gender and makes it unlawful to pay women less than men where they carry out equal work (ie like work, work rated as equivalent or work of equal value) unless there is a material reason not related to gender. Other discrimination legislation makes it unlawful to pay someone less because of their race or ethnic origin. Other characteristics are also protected, including disability and sexual orientation.

Who in the firm is included in the data?

As well as reporting the gender pay gap data for employees of Freshfields Service Company, we are, as before, voluntarily reporting our overall pay gap data for Freshfields Service Company and Freshfields Bruckhaus Deringer LLP, and reporting separately for the LLP in the UK. Our overall pay gap report includes data from both our Freshfields Service Company and Freshfields Bruckhaus Deringer LLP in the UK, including partners, members, consultants and employees.

To ensure clarity and comparability, we have used the same methodology when publishing our partner data for the last four years. Partners do not have to be included in statutory declarations as partners are not employees. However, we have included partners in this report to offer a comprehensive picture.

Understanding the pay gap

Examples of actions to drive change

We continue to evolve our diversity and inclusion efforts. Examples of actions we are taking to drive change are highlighted throughout this report. Some of these include:

- publishing our first report on [our progress towards diversity and inclusion targets and commitments](#), including specific targets for race and ethnicity for the UK, and global targets for gender and LGBTQ+;
- introducing new diversity and inclusion time codes for our lawyers to recognise the importance of the time spent on D&I activity;
- launching our global Future Leaders Programme for ethnically diverse colleagues with strong representation from UK colleagues and partners;
- intersectional events held by our employee networks for colleagues across the firm: more than 10 UK employee networks play a vital role in our D&I efforts, including sharing feedback and advice as we evolve our strategy and actions;
- continuing engagement for our [Global Reverse Mentoring Programme](#) from leaders and colleagues in the UK;
- increasing support for colleagues through evolved people policies, including agile working, enhanced family leave policies and family forming benefits; and
- achieving [Mansfield Rule UK Certification Plus](#), which focuses on increasing the representation of historically underrepresented lawyers, particularly in leadership roles, including women, disabled lawyers, LGBTQ+ lawyers and those from ethnic minority groups.

Understanding the pay gap

Understanding the numbers

Our overall mean and median gender pay gaps, including partners, have slightly increased this year. Our pay gaps are predominantly driven by the distribution of colleagues across different roles and levels of seniority.

The increase in the partner pay gap has been driven by a higher number of women joining the partnership this year and starting at the lower end of our 'lockstep' compensation model. Our lockstep model of compensation means that people who have served in the partnership longer are typically more highly remunerated.

For context, 27 per cent of our partners in the UK were women at the reporting snapshot date. This is an increase from the previous year.

Our partner data only references pay data as partners do not have a bonus plan equivalent to employees.

Recent actions on gender

- Achieving [Gold Standard Certification in Women In Law Empowerment Forum](#), having demonstrated a commitment to advancing women lawyers.
- The seventh cohort of our [Global Sponsorship Programme](#) is in progress.
- Continuing collaboration with the [30% Club](#), including participation in its cross-organisational mentoring scheme.
- Increased utilisation of benefits and policies, including family forming benefits and agile working.

Gender pay gap including partners

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|--------------|
| Difference in mean hourly rate of pay | 57.6% | 57.2% | 54.5% | 52.1% | 53.2% |
| Difference in median hourly rate of pay | 18.4% | 24.2% | 16.8% | 12.5% | 14.8% |

Gender pay gap for partners

(covering UK LLP members and consultants held out as partners)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|--------|--------------|
| Difference in mean hourly rate of pay | 18.3% | 10.4% | 2.4% | -2.6% | 12.2% |
| Difference in median hourly rate of pay | 20.6% | 13.3% | -6.7% | -13.3% | 18.4% |

Gender is referenced in binary terms of men and women throughout this report, Freshfields recognises that people are non-binary or gender non-conforming too and will not be represented by this breakdown.

Gender pay gap for employees

The numbers on the right reflect all UK employees of Freshfields Service Company, a subsidiary of Freshfields Bruckhaus Deringer LLP, which includes employees in both our London and Manchester offices.

Understanding the numbers

Our median pay gap for employees is 0 per cent. The mean hourly pay gap has increased as a result of a number of factors, including more women in junior support roles, a lower number of women in the top quartile and the distribution of men and women within each quartile.

More women than men received a bonus in 2022. Both the mean and median bonus gaps have increased in favour of men due to a higher proportion of men in senior positions and the proportion of women trainees receiving a bonus this year.

In the reporting year, many colleagues received a one-off payment following a review of the approach to pay conducted earlier in the year. This payment is relevant for all pay gap reporting this year as it is included in our bonus data so impacted the proportion of people who received bonus pay.

Gender pay and bonus pay gaps

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|--------------|
| Difference in mean hourly rate of pay | 5.7% | 3.8% | -1.1% | 0.7% | 7.6% |
| Difference in median hourly rate of pay | 6.2% | 7.8% | 3.9% | 1.0% | 0.0% |
| Difference in mean bonus pay | 32.7% | 7.1% | 2.4% | 11.6% | 21.3% |
| Difference in median bonus pay | 26.5% | 23.1% | 0.0% | 8.6% | 12.7% |

Proportion of women and men employees who received bonus pay

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------|-------|-------|-------|-------|--------------|
| Women | 55.4% | 51.8% | 60.3% | 64.6% | 75.6% |
| Men | 53.5% | 54.1% | 58.6% | 62.3% | 73.5% |

Gender pay gap for employees

Quartile pay bands – percentage distribution



Understanding the numbers

We continue to see some variance in pay gap by quartile. The pay gap in Q2 of this year moved in favour of women, while the gap in Q1 and Q4 moved in favour of men. We saw a slight increase of 0.6 per cent in the proportion of women in Q1 and an increase of 4.3 per cent in the proportion of men in Q4.

Gender pay gap for trainees and associates

Understanding the numbers

The mean pay gap has increased this year to 8.2 per cent and the median pay gap has decreased to 0 per cent.

The mean pay gap is driven by more women being in the earlier years of their associate careers, having been retained from our trainee cohort in 2021.

The mean and median bonus gap has been influenced by trainees and newly qualified associates receiving a one-off lump sum payment this year. A higher proportion of trainees were women and, therefore, the payment amount was lower than for other more senior colleagues, which affected the gap.

Gender pay and bonus pay gaps

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|-------|-------|--------------|
| Difference in mean hourly rate of pay | 3.2% | 3.2% | 2.4% | 3.5% | 8.2% |
| Difference in median hourly rate of pay | 0.6% | -0.1% | 6.5% | 9.1% | 0.0% |
| Difference in mean bonus pay | 23.5%* | 8.5%* | 9.4%* | 1.9%* | 14.9% |
| Difference in median bonus pay | 19.4%* | 21.9%* | 6.7%* | 0.8%* | 26.9% |

FTE bonus gap as a percentage of FTE salary

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|--------|--------|-------|----------------|-------------|
| Difference in mean bonus pay | 17.0%* | -0.2%* | 3.7%* | -5.9%* | 9.9% |
| Difference in median bonus pay | 6.3%* | 3.9%* | 6.7%* | -24.5%* | 0.0% |

*Note: Calculation includes associates only.

Gender pay gap for business services

Understanding the numbers

The mean pay gap this year is slightly in favour of men, while the median is slightly in favour of women.

The mean gender pay gap has increased, driven by a decrease in women in the upper quartile.

The median bonus gap still favours men but has decreased this year. The mean bonus gap has increased due a relatively larger group of senior men receiving bonuses.

The mean FTE bonus gap has increased in favour of men. The median gap still favours men but has decreased to 7.8 per cent.

There are more women employed in business services than men. However, there is a higher proportion of women in quartile 1 and in there are more men in the senior positions in quartile 4. This has increased the bonus gap in favour of men.

Gender pay and bonus pay gaps

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|-------|--------|-------|--------------|
| Difference in mean hourly rate of pay | -0.3% | -4.3% | -9.0% | -2.0% | 4.4% |
| Difference in median hourly rate of pay | -14.2% | -8.5% | -6.6% | -1.3% | -2.3% |
| Difference in mean bonus pay | 32.9% | -4.2% | -19.3% | 4.7% | 26.7% |
| Difference in median bonus pay | 2.0% | 28.7% | 8.8% | 19.9% | 11.6% |

FTE bonus gap as a percentage of FTE salary

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------|-------|--------|--------|-------|--------------|
| Difference in mean bonus pay | 12.2% | -18.8% | -26.3% | 3.8% | 22.8% |
| Difference in median bonus pay | 8.5% | 0.0% | 0.0% | 18.4% | 7.8% |

Overall ethnicity pay gap

Understanding the numbers

For context, 20.9 per cent of our partners and employee population in the UK self-identified as being part of a minority ethnic group at the reporting snapshot window (as a percentage of those who disclosed their ethnicity). We recognise the limitations of reporting on multiple ethnic groups together, and we recognise the differences across and within these groups. However, given the size of the populations, and for consistency and transparency, we are reporting on all ethnic minority groups collectively as we have done previously.

Our ethnicity pay gap data comes solely from individuals who voluntarily choose to share their diversity data with us. We have been working to increase our response rate over the past few years, which, for those included in this report, has increased again this year to 95 per cent (from 91 per cent in 2021).

The mean and median pay gap have increased this year. The pay gap is driven by the proportionately relatively small number of partners self-identifying as being from an ethnic minority and higher representation in more junior roles.

Recent actions on race and ethnicity

- Completing our pilot of the [Future Leaders Programme](#).
- Early outreach and building our talent pipeline, including the [Freshfields Stephen Lawrence Scholarship Scheme](#) and the [Aspiring Professionals Programme](#).
- Awarded Top 25 employer for race and ethnicity by [Investing in Ethnicity](#) following a submission of our process and policies.
- Reporting to [Rare Race Fairness Commitment](#) to track our progress and re-signed the [Black Talent Charter](#).
- Supporting the launch of the [Black Equity Organisation](#).

Ethnicity pay gap including partners

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|--------------|
| Difference in mean hourly rate of pay | 58.3% | 66.4% | 59.5% | 50.5% | 55.9% |
| Difference in median hourly rate of pay | 12.2% | 17.8% | 12.8% | 7.3% | 10.8% |

Ethnicity pay gap for partners

(covering UK LLP members and consultants held out as partners)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|--------------|
| Difference in mean hourly rate of pay | 33.4% | 32.9% | 30.0% | 28.2% | 16.0% |
| Difference in median hourly rate of pay | 44.7% | 60.0% | 56.3% | 52.9% | 40.0% |

We have used the same overall methodology for our ethnicity pay reporting as for our gender pay report. Where partners are included, we have only referenced pay data for the UK as partners do not have a bonus plan equivalent to employees.

Ethnicity pay gap for employees

Understanding the numbers

We have seen small changes in our pay gap for employees this year, with our mean gap increasing and median decreasing.

The mean increase is driven by an increase of employees identifying as an ethnic minority in the first two quartiles.

The mean and median bonus gaps have decreased this year. This has been influenced by trainees and newly qualified associates receiving a one-off lump sum payment this year.

The gap in the proportion of employees receiving a bonus is driven by a number of factors, including more ethnic minority employees joining after the qualifying date for the lump sum and bonus payments in this year.

Ethnicity pay and bonus pay gaps for employees

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|-------------|
| Difference in mean hourly rate of pay | 12.1% | 19.9% | 15.5% | 4.3% | 6.3% |
| Difference in median hourly rate of pay | 7.3% | 8.9% | 9.1% | 1.9% | 0.9% |
| Difference in mean bonus pay | 18.9% | 57.8% | 48.4% | 19.2% | 8.4% |
| Difference in median bonus pay | 0.0% | 16.9% | 16.7% | 16.7% | 9.8% |

Proportion of employees who received bonus pay

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------|-------|-------|-------|-------|--------------|
| White | 58.0% | 60.1% | 68.1% | 66.8% | 82.6% |
| Ethnic minority | 44.7% | 37.6% | 48.4% | 54.3% | 68.6% |

Ethnicity pay gap for employees

Quartile pay bands – percentage distribution



Understanding the numbers

The proportion of ethnic minority employees in all quartiles has increased, with greater representation in the lower quartiles. Pay gap favours white colleagues in Q1 and Q4, and ethnic minority colleagues in Q2 and Q3

Disability pay gap for employees and partners

Understanding the numbers

Six per cent of our partner and employee population in the UK identified as disabled at the reporting snapshot window (as a percentage of those who chose to disclose. For context 88 per cent of people disclosed).

The mean pay gap has decreased significantly and the median gap is 0 per cent. Given the size of the population, a small number of additional individuals choosing to disclose data for the first time can cause significant changes, which makes meaningful comparison of data difficult.

Recent actions on disability

- Undertaking a comprehensive review of our reasonable adjustments process with the [Business Disability Forum](#) providing recommendations and best practice insights.
- Co-leading the workstream focused on disability as a founding law firm of [General Counsel for D&I](#).
- Contributing as a member of the [Valuable 500](#), a global business collective committed to disability inclusion, including participating in their mentoring scheme.
- Raising awareness through disability allyship training and events open to all colleagues.

Disability pay gap including partners

| | 2020 | 2021 | 2022 |
|---|-------|--------|-------------|
| Difference in mean hourly rate of pay | 65.4% | 52.5% | 8.8% |
| Difference in median hourly rate of pay | 8.9% | -12.7% | 0.0% |

Our disability pay reporting uses the same overall methodology as our gender pay report.

Sexual orientation pay gap for employees and partners

Understanding the numbers

Seven per cent of our partner and employee population in the UK identified as LGBTQ+ at the reporting snapshot window (as a percentage of those who chose to disclose. For context 91 per cent of people disclosed).

The mean and median pay gaps have both closed again this year, with the mean pay gap in favour of LGBTQ+ colleagues. However, the size of the population makes meaningful data comparisons more difficult.

Recent actions on LGBTQ+

- Ensuring that family forming benefits are inclusive of all paths to parenthood.
- Membership of [Out Leadership](#), including providing opportunities for colleagues to attend talent programmes.
- Raising awareness with a number of events featuring external speakers focusing on intersectional identities.
- Engaging colleagues in multiple pro bono efforts focused on LGBTQ+ rights.

Sexual orientation pay gap including partners

| | 2020 | 2021 | 2022 |
|---|-------|-------|--------------|
| Difference in mean hourly rate of pay | 49.4% | 33.4% | -2.8% |
| Difference in median hourly rate of pay | 19.3% | 10.4% | 9.6% |

Our sexual orientation pay gap reporting uses the same overall methodology as our gender report.

Socio-economic background pay gap for employees and partners

Understanding the numbers

We have reported our socio-economic background pay gap data for the first time this year. In line with guidance from the [Social Mobility Commission](#) and the [National Statistics Socio-economic Classification \(NS-SEC\)](#) we have measured socio-economic background by using parental occupation at age 14. For context, 42 per cent of the population in the UK responded to the question.

We have analysed the pay gap between three groups of parental occupational background: professional, intermediate and lower socio-economic.

There are pay gaps between each group, with the gap favouring professional compared to intermediate and lower socio-economic backgrounds. There is a median gap in favour of lower socio economic backgrounds compared to intermediate backgrounds. These pay gaps, like others, are driven by the distribution of colleagues across different types of roles, and across different levels of seniority.

Recent actions on social mobility

- Ongoing work to broaden access to the legal profession including the [Freshfields Stephen Lawrence Scholarship programme](#) and [Aspiring Professionals Programme](#).
- Establishing a Social Mobility Working Group and Network, and appointing partner ambassadors to increase awareness and allyship.
- Membership of [PRIME](#), an alliance of law firms determined to improve socio-economic diversity within the legal profession.
- Contributing to [research](#) by the [City of London's Socio-economic diversity taskforce](#).

Our socio-economic background pay gap reporting uses the same overall methodology as our gender report.

Socio-economic background pay gap including partners 2022

| | Intermediate vs professional | Lower socio-economic vs professional | Lower socio-economic vs intermediate |
|---|------------------------------|--------------------------------------|--------------------------------------|
| Difference in mean hourly rate of pay | 27.9% | 31.3% | 4.4% |
| Difference in median hourly rate of pay | 49.8% | 45.0% | -9.5% |

Data is gathered by employees choosing to answer the question ‘Thinking back to when you were aged about 14, which best describes the sort of work the main/highest income earner in your household did in their main job?’

Some general examples of the occupations that fall into each category are:

- Professional background: Teacher, solicitor, accountant
- Intermediate background: Secretary, clerical worker, nursery nurse
- Lower socio-economic background: Plumber, gardener, postal worker

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