

UK pay gap report

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Freshfields Bruckhaus Deringer

As a firm we believe that an inclusive and diverse working environment where all can flourish is vital. This is an important part of delivering a culture that supports sustainable high-performance across all roles.

Diversity and inclusion continue to be a key priority for the firm, and this has led to several programmes and initiatives being delivered this year at a global senior leadership level right the way through to grass-roots efforts via employee-led initiatives. As we seek to better understand and implement actions, which we believe will bring about lasting change, we are having more open and transparent discussions around inclusion. We are also embracing further use of data to drive discussions and strategic decisions, and our pay gap reporting supports this approach.

This year, in close collaboration with our people, we set out a range of principles and behaviours that we want everyone in the firm to commit to and experience consistently across the globe. We have also surpassed our target to train one in 25 of our people in mental health first aid globally, and now have over 160 mental health first aiders in the UK. Both initiatives are testament to the firm's ongoing commitment to creating a supportive workplace where our people can bring their whole selves to work.

In addition to our established employee-led networks, this year we have seen more collaboration across networks in our UK offices, and new groups launched to continue to drive the inclusion agenda at the firm including our Mental Health Affinity Network and the Freshfields Enabled Network (focused on disability inclusion).

Additionally, we have built on our leadership commitment to promote diverse talent, including reviewing our pipeline on a monthly basis at our global practice committee and undertaking a person-by-person review of our senior legal talent pipeline.

In the last five years, at least 48 per cent of partner promotions in our UK offices have been diverse talent (including women, LGBT+ and black, Asian or minority ethnic (BAME) colleagues). 33 per cent of partner promotions have been women and our senior directors in the UK are made up of 73 per cent women, while our London management group is 55 per cent women. We are proud of the progress we have made but of course know that we have more to do.

Race and ethnicity is a particular focus for us in the UK this year. While we are delighted to see a diverse pool of talent in our trainee population (29 per cent BAME in this report), we are focused on ensuring that we create a culture where individuals feel they belong and can build a long, successful career with us. We have had great engagement from across the firm and, having invested in research and listening to feedback, have several efforts in place this year, which includes training for those in supervisory roles, mentoring and sponsorship opportunities, as well as a focus on ambassadors across the firm actively engaging on this priority. We are also taking steps to encourage self-reporting on ethnicity and other characteristics, to increase our response rate and ensure our data is as robust as possible for future reporting.



Claire Wills
Managing Partner,
London



Wendela von Munching
Chief Human Resources
Officer, Global



Olivia Balson
Global Centre Director,
Manchester



What is pay gap reporting and how is it different to equal pay?

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

Equal pay is different – it deals with the pay differences between men and women who carry out equal work. The legislation is specific to gender, and it is unlawful to pay women less than men in those circumstances, unless there is a material reason that is not related to gender. Other discrimination legislation also makes it unlawful to pay someone less because of their race or ethnic origin.



Gender pay gap for employees

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

Gender pay and bonus pay gaps

	2017	2018	2019
Difference in mean hourly rate of pay	13.9%	5.7%	3.8%
Difference in median hourly rate of pay	13.3%	6.2%	7.8%
Difference in mean bonus pay	41.0%	32.7%	7.1%
Difference in median bonus pay	33.3%	26.5%	23.1%

Proportion of men and women employees who received bonus pay

	2017	2018	2019
Women	64.5%	55.4%	51.8%
Men	58.9%	53.5%	54.1%

Understanding the numbers

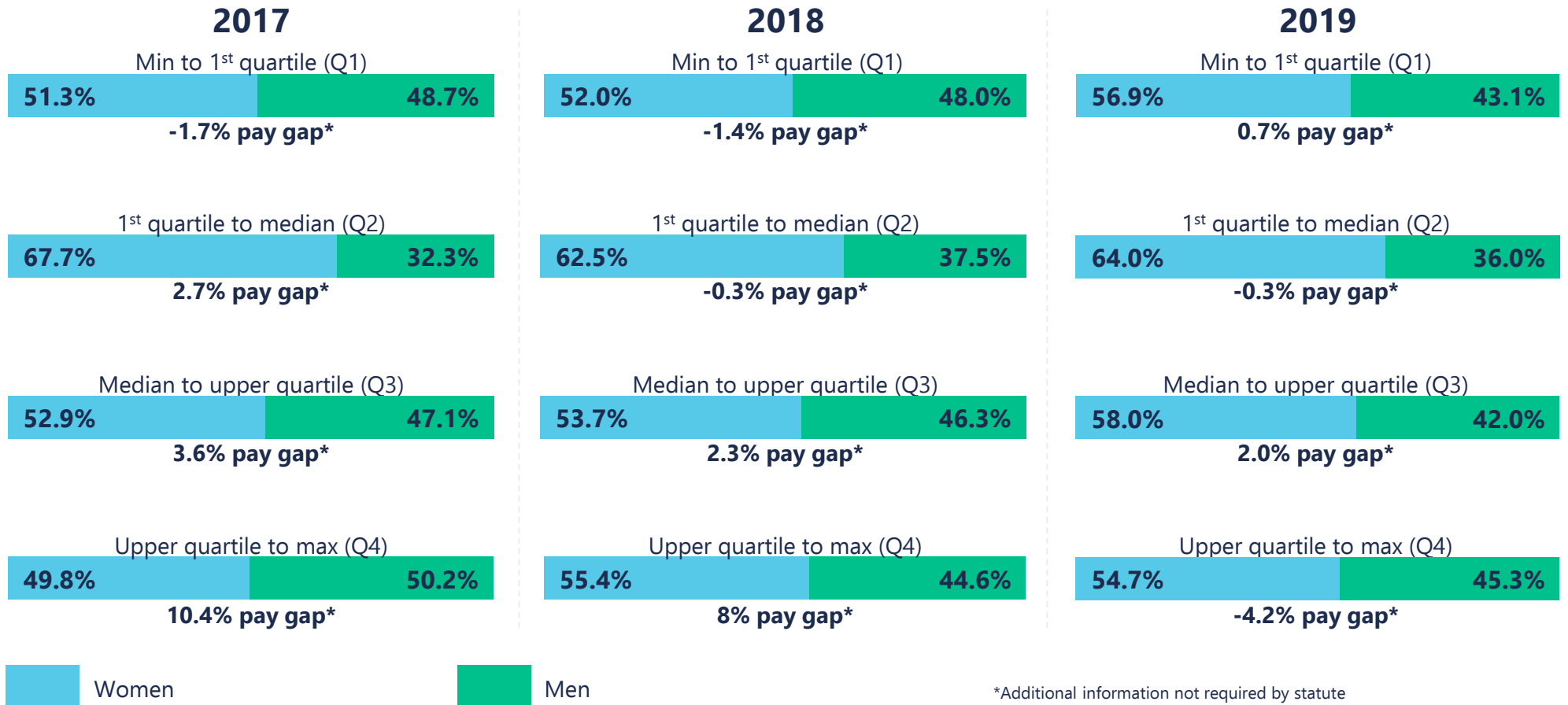
The 2019 results show an overall decrease in the pay and bonus gaps versus comparable data for 2018 except for the median pay gap which is slightly higher. The overall reductions have been driven by the hiring of women into senior roles, and higher compensation for some women in the most senior positions.

Our pay gap continues to be predominantly driven by the distribution of women and men across different types of roles and those at different levels in the organisation.

The proportion of men who received a bonus is slightly higher than for women. A significant contributing factor is that among our new joiners during the year, a much greater proportion of women than men joined the firm after the date for bonus eligibility.

Gender pay gap for employees

Quartile pay bands (percentage distribution)



The most significant change in our mean hourly rate gap is the reduction of our quartile four gap which is now -4.2 per cent down from 8.0 per cent driven by more senior women being employed by the firm.

Understanding the numbers

For context, 24 per cent of our partners in the UK were women at the reporting snapshot date. Our lockstep model of compensation means that those who have served in the partnership longer are typically more highly remunerated. We have seen a reduction in the pay gap for partners driven in the main by fewer men at the top of the lockstep model compared to the previous year. We have only referenced pay data as partners do not have an equivalent bonus plan when compared to employees.

Overall gender pay gap

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

There is no specific guidance as to how to calculate the pay gap for our partners. We are using the same methodology as we did when publishing our partner data for the last two years, to ensure it is comparable.

Gender pay gap including partners

	2017	2018	2019
Difference in mean hourly rate of pay	60.4%	57.6%	57.2%
Difference in median hourly rate of pay	34.1%	18.4%	24.2%

Gender pay gap for partners

(covering LLP members and consultants held out as partners)

	2017	2018	2019
Difference in mean hourly rate of pay	18.8%	18.3%	10.4%
Difference in median hourly rate of pay	17.6%	20.6%	13.3%

Gender pay gap for trainees and associates

Our pay gap for associates has decreased when we compare to 2018 with the median at -0.1 per cent.

Gender pay and bonus pay gaps

	2017	2018	2019
Difference in mean hourly rate of pay	6.0%	3.2%	3.2%
Difference in median hourly rate of pay	7.4%	0.6%	-0.1%
Difference in mean bonus pay	17.1%	23.5%	8.5%
Difference in median bonus pay	18.0%	19.4%	21.9%

FTE bonus gap as a percentage of FTE salary (associates)

2017	2018	2019
10.8%	17.0%	-0.2%
Difference in mean bonus pay		
2017	2018	2019
9.3%	6.3%	3.9%
Difference in median bonus pay		

Our trainees are paid equally and there is only a very slight difference for the associate group in the proportion of men and women who receive a bonus.

In 2019 43.1 per cent of men and 43.8 per cent of women were paid a bonus. Trainees and newly qualified associates were not eligible for bonuses and are not included in the proportion of men and women who received bonus pay in the voluntary bonus data.

When we consider the impact of part-time working (not accounted for in the statutory figures) our median bonus gap has reduced further in comparison to last year to 3.9 per cent for associates, and our mean gap is slightly in favour of women associates.

Gender pay gap for business services

Our pay gap for 2019 in business services is negative in favour of women, as is our mean bonus gap. Our median bonus gap is the exception, and this is driven by the distribution of men and women across the quartiles, with more women employed at each end of the spectrum, in junior and senior roles.

Gender pay and bonus pay gaps

	2017	2018	2019
Difference in mean hourly rate of pay	6.2%	-0.3%	-4.3%
Difference in median hourly rate of pay	-7.8%	-14.2%	-8.5%
Difference in mean bonus pay	48.9%	32.9%	-4.2%
Difference in median bonus pay	0.0%	2.0%	28.7%

The proportion of men and women who received a bonus was 67.4 per cent of men compared to 62.0 per cent of women.

FTE bonus gap as a percentage of FTE salary

2017	2018	2019
22.2%	12.2%	-18.8%
Difference in mean bonus pay		
2017	2018	2019
11.8%	8.5%	0.0%
Difference in median bonus pay		

For context, 94.7 per cent of our people who work part-time were women at the reporting snapshot date (business services, trainees and associates combined).

Ethnicity pay gap

Ethnicity pay and bonus pay gaps for employees

	2018	2019
Difference in mean hourly rate of pay	12.1%	19.9%
Difference in median hourly rate of pay	7.3%	8.9%
Difference in mean bonus pay	18.9%	57.8%
Difference in median bonus pay	0.0%*	16.9%

Ethnicity pay gap for partners

	2018	2019
Difference in mean hourly rate of pay	33.4%	32.9%
Difference in median hourly rate of pay	44.7%	60.0%

In our UK partnership 4.4 per cent identify as BAME and we have relatively few senior BAME partners.

*Number amended from that previously published in March 2019

Ethnicity pay gap including partners

	2018	2019
Difference in mean hourly rate of pay	58.3%	66.4%
Difference in median hourly rate of pay	12.2%	17.8%

Proportion of non-BAME and BAME employees who received bonus pay

	2018	2019
Non-BAME	58%	60.1%
BAME	44.7%	37.6%

Understanding our ethnicity pay gap

We have used the same overall methodology for our ethnicity pay reporting as we have for our gender report.

Where partners are included we have only referenced pay data for the UK as partners do not have an equivalent bonus plan when compared to employees.

For context, 13 per cent of our partners and employee population in the UK identified as black, Asian or minority ethnic (BAME) at the reporting snapshot date.

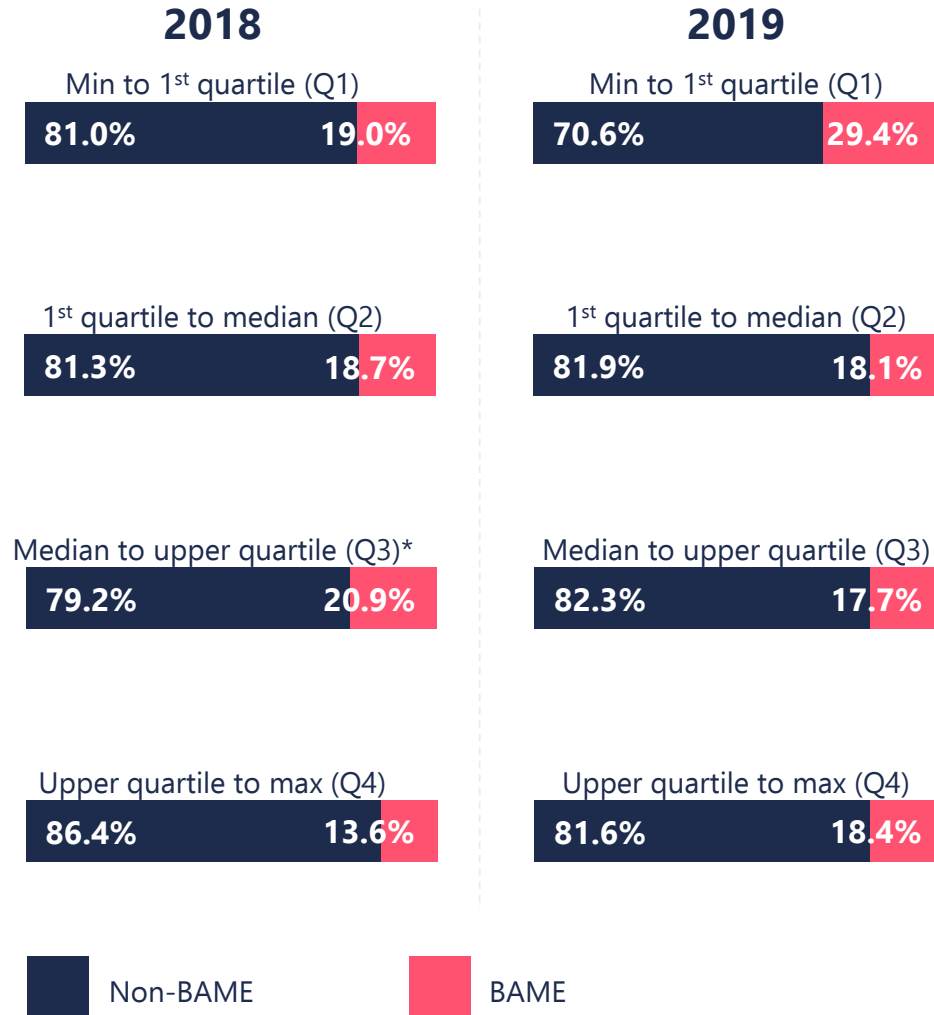
This statistic is based only on those individuals who voluntarily share their diversity data with us. We have an overall response rate of 70 per cent but within that 3 per cent of the workforce have chosen not to declare their ethnicity. Those who have not responded or who have elected not to declare their ethnicity have been excluded from the calculations. All the per cent figures in this section of the report are proportions of the relevant population who have declared their ethnicity.

Given the relatively small size of our BAME population this means that any changes in our population can have a significant impact on our reporting data. We believe it is important to be transparent, to promote dialogue and change, but are also working to ensure better response rates for new joiners to ensure our data is representative of our total population.

Definition of BAME: those who self-identify as black, Asian or minority ethnic.

Ethnicity pay gap for employees

Quartile pay bands (percentage distribution)



* Due to rounding, numbers presented do not add up to 100 per cent

As it was last year, our pay gap is predominately driven by the fact that we have relatively few senior BAME professionals at the firm, something we are working to address. We have a strong pipeline of BAME colleagues who have joined the firm and we are focused on continuing to attract and retain talented individuals to progress their career with us.

Fewer BAME employees received a bonus compared to non-BAME colleagues. Having investigated this, we know this is driven by the type of roles held by individuals, and their tenure with the firm impacting their eligibility for a bonus.

The widening of the pay gap for partners and employees is driven by the fact that our BAME population is more junior and there is a higher representation in lower paid roles.

The bonus gap is driven by the significant proportion of BAME colleagues who were new employees in 2019 which impacts their eligibility for bonus pay.

The proportion of BAME professionals in both the top and bottom pay quartiles has increased. In particular the growth in BAME representation in the first quartile has led to the overall widening of our pay gap, as we now have a greater proportion of entry level BAME professionals. However, we view this as a positive foundation for greater representation in the upper pay quartiles in the future, as those individuals progress in their careers with us.

We approach our diversity and inclusion strategy from a global perspective but for the purposes of this report we have focused on highlighting some efforts that are relevant in UK. We know that no one action will bring about change, but we believe through our shared efforts, internally and in partnership with others in the industry and community, we will see a positive impact longer term.



Black Affinity Network

'The 2019 joint celebration of UK Black History Month and the biennial Black Affinity Network Talent Meeting was an inspiring exploration into the breadth of the firm's representation of the diaspora, with ~60 BAN members across four continents gathering in London. From the spotlight on the firm's Africa practice to the diversity 'hackathon', the Barking Abbey School pro bono event and the Stephen Lawrence Scholars graduation, we delighted in bringing together colleagues, scholars and the community to celebrate #blackexcellence.'

Jillian Simons, associate



Shared parental leave

'I was encouraged to consider taking shared parental leave, and it's becoming increasingly common for men in the firm to do so. Partners and other colleagues went out of their way to make this work, staffing and covering jobs appropriately. So that meant I was able to spend this time focusing on what matters most – my family and enjoying our new arrival!'

Keith Chapman, senior associate



Global Sponsorship Programme

'There were so many positive aspects to attending the Global Sponsorship Programme. This is a 12 month programme for women lawyers, now in its 5th year. At the time, participating in the programme served as a real boost to my confidence and helped me map out carefully the direction of travel I wanted for my career, and how I might achieve that. But equally important were the practical aspects, much of which came from my sponsor, in helping to identify concrete opportunities to boost my profile, practice and experience.'

Ali Kirby-Harris, senior associate



Graduate recruitment

'As part of our graduate recruitment activities we visit around 30 UK universities in order to attract the best talent from a range of backgrounds and degree disciplines. Our partnership with Rare Recruitment connects us with BAME students and we are founding members of Aspiring Solicitors with whom we collaborate on a social mobility mentoring programme. Since Rare Recruitment's Contextual Recruitment System was launched, we have encouraged applicants to submit details relating to their background, allowing us to make more informed hiring decisions. We have longstanding relationships with My Plus Consulting and LGBT Leaders.'

Alison Smith, partner



Alternative pathways into law

'What initially drew me to the apprenticeship was the ability to go straight into the job and get real life training. The hands-on experience within a global law firm working collaboratively with different teams across offices has been invaluable to my studies and will really help the next stage in my legal career. When I started the apprenticeship, it was a fresh and innovative approach to legal training, that has since become more common in the sector. It's a testament to Freshfields for trying something different, challenging the traditional norm and modernising the profession.'

Samuel Cox, legal solutions specialist



Global Reverse Mentoring Programme

'I really enjoyed being part of our pilot global reverse mentoring programme 'Diverse Perspectives'. My meetings were lively and positively challenging! Our discussions and debates across a spectrum of topics have certainly influenced how I approach certain business issues and projects.'

John Kerr, global mobility senior manager



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