

Diversity and inclusion at Freshfields

UK pay gap report

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Freshfields Bruckhaus Deringer



Our UK pay gap reporting is an important part of our diversity and inclusion strategy and provides the opportunity for us to reflect, review opportunities for development and transparently share our progress.

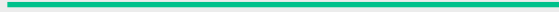
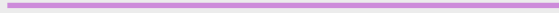
Our reporting highlights our commitment to inclusion across multiple dimensions of diversity – we are reporting our pay gaps, as we did last year, across gender, ethnicity, disability, sexual orientation and socio-economic background. We rely on the voluntary provision of personal data and self-identification to do this reporting. We encourage colleagues to share their data by highlighting the value of these insights to drive change and are continuing our work on this to ensure that our disclosure rates are consistently high.

We recognise that change takes time, and that our journey is not a straight line, but our commitment to inclusion and equality is ongoing. This is demonstrated through our efforts across the firm to ensure everyone can belong, engage and excel, in line with our diversity and inclusion priorities. This report, and our second [D&I annual review](#), include examples of the work we are doing to drive change, both in the UK and more broadly across our firm.

Our pay gaps are driven by the distribution of colleagues across different roles and levels and we recognise that we still have significant work to do to eliminate some pay gaps across groups. It is encouraging that we continue to see more diversity represented in our partnership – for example, our

UK partnership is now 33 per cent women, up from 22 per cent in 2018 when we started our pay gap reporting. While there are some negative pay gaps at present given relative seniority (eg where senior female associates are promoted to partnership, this impacts both associate and partner pay gap reporting), the broad trend towards increased female representation at senior levels is encouraging for our long-term goals.

We continue to evolve our efforts and recognise we need to take a multi-faceted approach to address pay gaps – from outreach and recruitment, to career development and progression, and building our inclusive culture. From access to the profession, and programmes like our award-winning [Aspiring Professionals Programme](#), to senior engagement such as our LGBTQ+ executive sponsors, we are working to ensure our firm, and our profession more broadly, is inclusive. With a more intersectional approach, including collaborations across our employee networks, events and storytelling, we also continue to work cooperatively, in partnership with clients and many other organisations in the broader community. We believe that these combined efforts will over time ensure we achieve our goals.



Mark Higgs
UK Chief
Operating Officer



Helen Ouseley
Global Head of
Diversity, Inclusion
& Wellbeing



Mark Sansom
London Managing
Partner



Understanding the pay gap

What is pay gap reporting?

A pay gap shows the difference at a point in time 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. 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.

In reviewing our historical reporting this year, we have updated some data which was previously published in error. In the interests of transparency, we have sought to clearly mark these instances with an * as appropriate. These adjustments have been made to ensure the report's consistency going forward. This does not impact our gender pay gap data and statutory declarations.

Understanding the pay gap

Examples of actions to drive change

Our commitment to diversity and inclusion is longstanding and over time we continue to evolve our efforts as we seek to drive long-term change. Below are a few examples, from specific interventions to broader inclusion efforts, of our work in this priority in the past year:

- published our second annual report on progress towards our commitments and targets;
- continued to evolve our global reverse mentoring programme with strong representation from Manchester and London offices;
- enhanced our Future Leaders Programme for ethnically diverse colleagues, including a live event in London for participants from around the world;
- our [Global Sponsorship Programme](#) seventh cohort for women associates included coaching, training and sponsorship;
- expanded engagement in cross-firm mentoring programmes for UK colleagues including Mission Include, Mission Gender Equity and with the Valuable 500;
- piloting new approaches including as part of our performance review processes, bespoke training sessions and new data insights;
- extending benefits including our Calm app, health provision and a series of events focused on gender and health for all colleagues;
- award-winning programmes focused on access to the profession including our [Aspiring Professionals](#) and [Stephen Lawrence Scholarship Programme](#);
- a dedicated working group to continue our focus on workplace adjustments including refreshed guidance and processes, training on accessibility and new equipment;
- collaborations including as a Lead Partner law firm with [General Counsel for Diversity & Inclusion \(GCD&I\)](#) and a founding committee member of Legal Core;
- our +10 employee networks (each focused on a specific dimension of diversity) which continue to drive engagement, and inform and shape our action planning;
- new training opportunities such as LinkedIn Learning for colleagues to ensure access for all; and,
- recognition of our efforts to ensure equality and inclusion based on data and insights including Stonewall Global Employer – Gold award, The Times Top 50 Employers for Gender Equality, Mansfield Rule Certification Plus, Investing in Ethnicity Top 25 listing and Top 75 listing in the Social Mobility Employer Index.

Gender pay gap results

Overall gender pay gap

Understanding the numbers

Our overall gender pay gaps have increased slightly this year, with a larger change in the overall median gap. Overall our pay gaps are predominately driven by the distribution of colleagues across different roles and levels of seniority.

This year, the median gap changed in particular as a result of structural changes to business services which has changed the distribution of colleagues overall. As shown on pages 9 and 10, when we review the pay gap by role group the gap is 0 per cent.

In the last few years we have promoted a higher number of women into the partnership and new promotes will naturally start at the lower end of our 'lockstep' compensation model. Our lockstep model of compensation means that those who have served in the partnership longer are typically more highly remunerated.

For context, at the snapshot date 30 per cent of partners in the UK were women. 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.

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

Gender pay gap including partners

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	57.6%	57.2%	54.5%	52.1%	53.2%	53.5%
Difference in median hourly rate of pay	18.4%	24.2%	16.8%	12.5%	14.8%	46.1%

Gender pay gap for partners

(covering LLP members and consultants held out as partners)

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	18.3%	10.4%	2.4%	-2.6%	12.2%	15.3%
Difference in median hourly rate of pay	20.6%	13.3%	-6.7%	-13.3%	18.4%	24.1%

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

Although the gender pay gaps for employees within the pay quartiles are relatively small (see page 8), there has been an increase overall driven by the proportion of women employees in both lower quartiles, and the largest proportion of men being represented in the highest quartile, which has had an impact on both the mean and the median pay gaps. Consequently, this has a knock on impact on our mean bonus gaps where bonuses are linked to salary levels.

As we have seen for the last few years, a slightly higher proportion of women received a bonus than men, but the bonus pay gap favours men. The bonus pay gap is impacted by a higher proportion of the women who received bonuses being in more junior business services and legal roles.

In 2022, there was an increase in the proportion of both women and men who received a bonus (due to a one-off bonus). In 2023, the proportion of colleagues receiving a bonus fell slightly but remained high. This is because more of our business services colleagues received a bonus in 2023.

Gender pay and bonus pay gaps

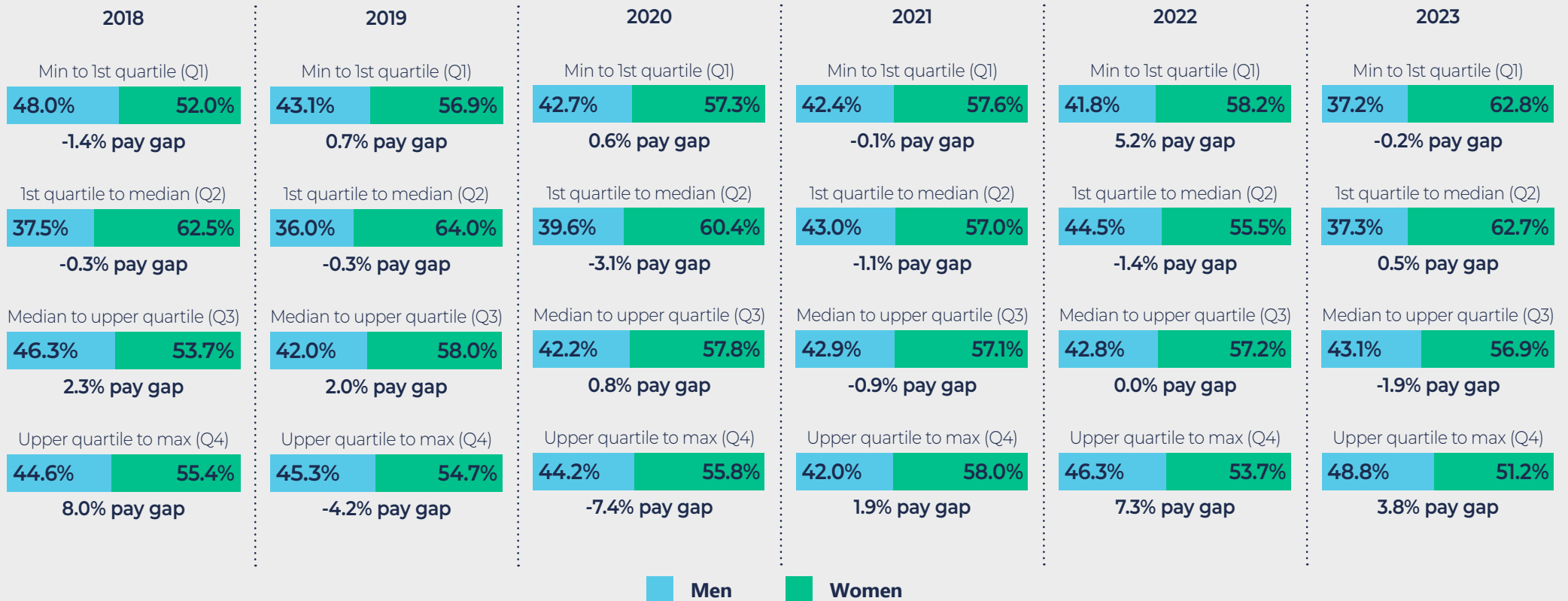
	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	5.7%	3.8%	-1.1%	0.7%	7.6%	12.0%
Difference in median hourly rate of pay	6.2%	7.8%	3.9%	1.0%	0.0%	27.0%
Difference in mean bonus pay	32.7%	7.1%	2.4%	11.6%	21.3%	33.1%
Difference in median bonus pay	26.5%	23.1%	0.0%	8.6%	12.7%	18.2%

Proportion of women and men employees who received bonus pay

	2018	2019	2020	2021	2022	2023
Women	55.4%	51.8%	60.3%	64.6%	75.6%	73.6%
Men	53.5%	54.1%	58.6%	62.3%	73.5%	70.1%

Gender pay gap for employees

Quartile pay bands – percentage distribution



Understanding the numbers

The pay gap across the quartiles has decreased since last year except for Q2 which has increased slightly to 0.5 per cent. The increase in Q2 can be explained by the larger proportion of women paid at the lower end of Q2 compared to their male colleagues. The biggest difference is seen in Q1 with a decrease from 5.2 per cent to -0.2 per cent. The overall headcount for business services employees has decreased in this year, which has resulted in a shift in representation within the different quartiles. The percentage of women in Q1 and Q2 has increased this year, while in Q3 and Q4 the percentage of men has increased.

Gender pay gap for trainees and associates

Understanding the numbers

The mean pay gap has halved in the last year, moving from 8.2 per cent to 4 per cent. The median pay gap remains 0 per cent.

As highlighted last year, we continue to see a strong pipeline of women as they progress in their careers, which is an encouraging factor to close pay gaps.

The mean bonus gap has decreased this year. The median bonus gap increase has been driven by the proportion of women in our more junior associate grades this year.

Gender pay and bonus pay gaps

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	3.2%	3.2%	2.4%	3.5%	8.2%	4.0%
Difference in median hourly rate of pay	0.6%	-0.1%	6.5%	9.1%	0.0%	0.0%
Difference in mean bonus pay*	23.5%	8.5%	9.4%	1.9%	14.9%	12.6%
Difference in median bonus pay*	19.4%	21.9%	6.7%	0.8%	26.9%	38.3%

FTE bonus gap as a percentage of FTE salary

	2018	2019	2020	2021	2022	2023
Difference in mean bonus pay	17.0%	-0.2%	3.7%	-5.9%	9.9%	8.6%
Difference in median bonus pay	6.3%	3.9%	6.7%	-24.5%	0.0%	34.7%

*Note: Bonus calculations include associates only, except in 2022 when a one-off bonus was paid to trainees

Gender pay gap for business services

Understanding the numbers

There are more women employed in business services, but the mean gender pay gap has increased to 9.6 per cent in favour of men this year, driven by the proportion of men currently in higher paying roles.

The median pay gap is 0 per cent this year, with no difference between men and women.

The increase in the bonus gap this year is driven by a small number of men whose bonuses impact the overall averages. The median bonus gap has increased slightly to 14.1 per cent in 2023.

The mean FTE bonus gap has increased in favour of men, while the median gap has decreased to 2.4 per cent.

Gender pay and bonus pay gaps

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	-0.3%	-4.3%	-9.0%	-1.8%	4.4%	9.6%
Difference in median hourly rate of pay	-14.2%	-8.5%	-6.6%	-0.2%	-2.3%	0.0%
Difference in mean bonus pay	32.9%	-4.2%	-19.3%	3.8%	26.7%	42.9%
Difference in median bonus pay	2.0%	28.7%	8.8%	18.4%	11.6%	14.1%

FTE bonus gap as a percentage of FTE salary

	2018	2019	2020	2021	2022	2023
Difference in mean bonus pay	12.2%	-18.8%	-26.3%	3.8%	22.8%	40.8%
Difference in median bonus pay	8.5%	0.0%	0.0%	18.4%	7.8%	2.4%

Ethnicity pay gap results

Overall ethnicity pay gap

Understanding the numbers

For context, 25 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 the differences across and within these groups. However, given the size of the populations, and for consistency, we are reporting on all ethnic minority groups collectively, as we have previously.

Our ethnicity pay gap data comes solely from individuals who voluntarily choose to share their data with us. For context, our response rate this year was 85 per cent. By continuing to encourage self-reporting, we are seeking to increase this.

Our overall mean pay gap has slightly decreased this year, while the median has increased. The pay gap continues to be driven by the relatively small number of partners who identify as from an ethnic minority group, and higher representation in more junior roles.

Ethnicity pay gap including partners

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	58.3%	66.4%	59.5%	50.5%	60.3%*	57.7%
Difference in median hourly rate of pay	12.2%	17.8%	12.8%	7.3%	17.0%*	26.2%

Ethnicity pay gap for partners

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	33.4%	32.9%	30.0%	28.2%	16.0%	26.0%
Difference in median hourly rate of pay	44.7%	60.0%	56.3%	52.9%	40.0%	38.3%

* Revised ethnicity pay gap figures due to error in previous calculation.

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

Ethnicity pay gap for employees

Understanding the numbers

We have seen small changes to our employee pay gaps this year. The mean pay gap has decreased slightly and this is driven by an increase in the number of associates from ethnic minority groups.

The bonus pay gap has increased for mean and median this year. This is driven by a number of factors including the relatively low representation of those from ethnic minority groups currently in senior roles.

As we have seen in previous years, a lower proportion of ethnic minority colleagues received a bonus, which is in part driven by a higher percent of trainees (who are not eligible for bonus) in the ethnic minority population.

Ethnicity pay and bonus pay gaps for employees

	2018	2019	2020	2021	2022	2023
Difference in mean hourly rate of pay	12.1%	19.9%	15.5%	4.3%	8.9%*	7.3%
Difference in median hourly rate of pay	7.3%	8.9%	9.1%	1.9%	5.2%*	5.8%
Difference in mean bonus pay	18.9%	57.8%	48.4%	19.2%	12.5%*	30.0%
Difference in median bonus pay	0.0%	16.9%	16.7%	16.7%	11.7%*	15.7%

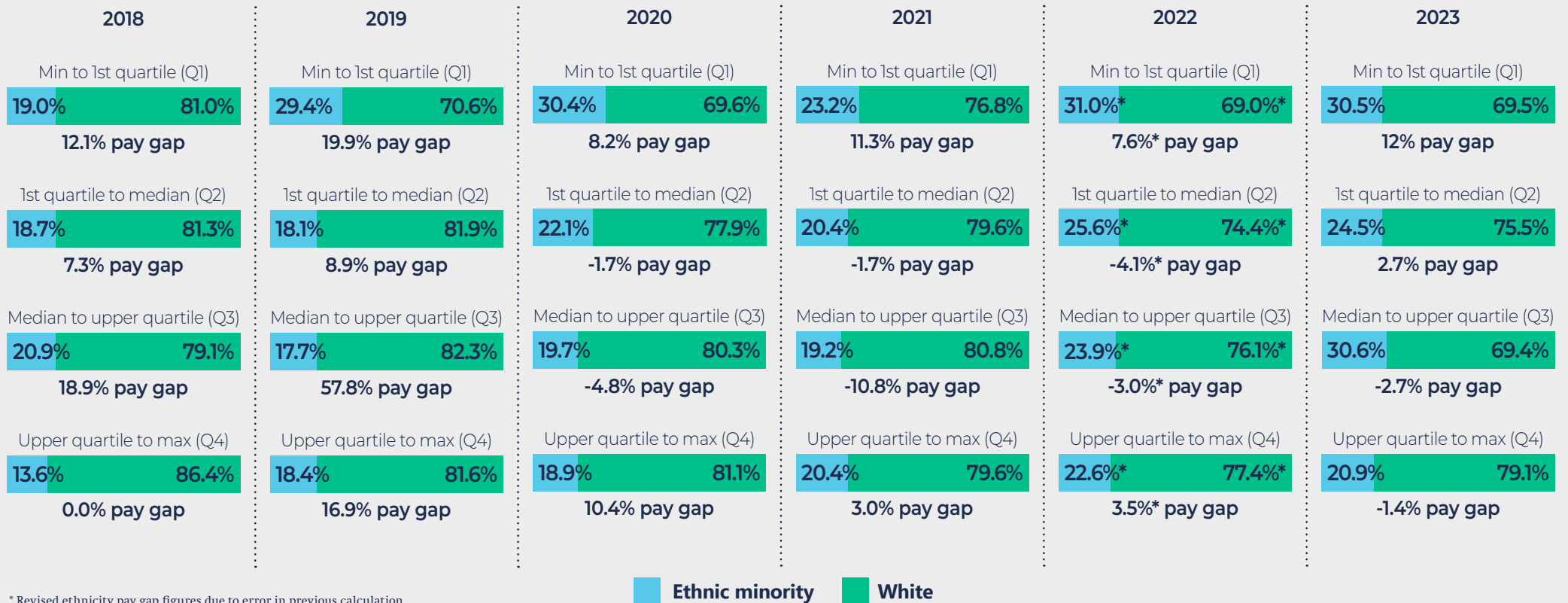
Proportion of employees who received bonus pay

	2018	2019	2020	2021	2022	2023
White	58.0%	60.1%	68.1%	66.8%	82.0%*	79.5%
Ethnic minority	44.7%	37.6%	48.4%	54.3%	68.6%	62.6%

* Revised ethnicity pay gap figures due to error in previous calculation.

Ethnicity pay gap for employees

Quartile pay bands – percentage distribution



Understanding the numbers

The overall headcount for business services employees has decreased this year, which has resulted in a shift in representation within the different quartiles. The pay gaps in the lower quartiles 1 and 2 favoured white colleagues, whereas in Q3 and Q4 they were in favour of ethnic minority colleagues. The pay gaps within quartiles have been driven by the distribution of employees across the group. For example, in Q1 there were a slightly higher number of white employees at the top end of this quartile compared to last year. The proportion of ethnic minority colleagues in each pay quartile has decreased this year, except in Q3 which increased from 23.9 per cent to 30.6 per cent.

Disability pay gap results

Disability pay gap for employees and partners

Understanding the numbers

Nine 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 choose to disclose). For context, our self-reporting response rate was 53 per cent.

The mean pay gap has slightly decreased this year while the median gap has increased. Given the size of the population, changes to those who disclose data has a significant impact on pay gaps and can make meaningful comparison of the data difficult.

Disability pay gap including partners

	2020	2021	2022	2023
Difference in mean hourly rate of pay	65.4%	65.7%*	5.8%*	5.6%
Difference in median hourly rate of pay	8.9%	27.3%*	19.1%*	32.3%

* Revised disability pay gap figures due to error in previous calculation.

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

Sexual orientation pay gap results

Sexual orientation pay gap for employees and partners

Understanding the numbers

9 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 choose to disclose). For context, our response rate was 79 per cent.

We have seen a few changes in representation (eg an increase in the number of associates who identify as LGBTQ+), but the pay gap overall is driven by a greater representation in more junior roles at the firm. The increase in the median is driven by the change in distribution of roles, as seen in the gender pay gap.

Sexual orientation pay gap including partners

	2020	2021	2022	2023
Difference in mean hourly rate of pay	49.4%	33.4%	35.3%*	45.7%
Difference in median hourly rate of pay	19.3%	10.4%	10.6%*	45.6%

* Revised sexual orientation pay gap figures due to error in previous calculation.

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

Social mobility pay gap results

Social mobility pay gap for employees & partners

Understanding the numbers

As we did last year for the first time, we have measured socio-economic background by using parental occupation at age 14. For context, our response rate was 53 per cent (up 11 per cent from last year).

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

The overall pattern of pay gaps that we observed last year remains, but we have seen a slight increase in pay gaps. These changes are driven by the increased response rate and the distribution of individuals in each group as a result. For example, we have a higher proportion of partners and associates from a professional background compared to some business services roles.

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

Socio-economic background pay gap including partners

	2022			2023		
	Intermedi-ate vs professional	Lower socio-economic vs professional	Intermediate vs lower socio economic	Intermedi-ate 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%	29.6%	38.5%	12.7%
Difference in median hourly rate of pay	49.8%	45.0%	-9.5%	55.2%	50.6%	-10.3%

Data is gathered by colleagues 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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