

# UK pay gap report

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Freshfields Bruckhaus Deringer

# As a firm we continue to build a culture of inclusion, where diverse talent can thrive. Our people are core to our success and so encouraging an inclusive culture is one of our three strategic priorities.

We have a range of initiatives across the firm that are designed to be relevant and impactful in each team and geography. We actively encourage our people to participate in and lead opportunities to encourage inclusion and improve our own diversity, as well as supporting clients in their diversity objectives. We recognise that the legal industry has much to do to improve diversity in business, and we are keen to play an active role in that. This report provides some context for our approach in the UK, as we publish our latest pay gap data. This year we are sharing data on UK ethnicity pay as well as on gender. We recognise that greater transparency drives progress and so we want to take steps to broaden the scope of our reporting to promote further dialogue and action.

We still have much to do to increase the representation of women and BAME talent at the firm, in particular at more senior levels. As importantly, at any level or in any role, we want everyone to feel that they can be themselves at work and their contribution is valued.

Diversity and inclusion will remain a strategic priority for us. We recognise we still have more to do, and we are committed to making a difference.



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# 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 (eg 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.

## Overall gender pay gap

Our overall pay gap includes data from both Freshfields Service Company and Freshfields Bruckhaus Deringer LLP, including partners, members, consultants and employees.

At this time 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 last year, so as to ensure it is comparable.

### Gender pay gap UK including partners

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

### Gender pay gap for partners

(covering members and consultants held out as partners)

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

For context our partnership is 23 per cent women in the UK and we have more men at senior levels of our partnership. Due to our lockstep model of compensation, those who have served in the partnership longer are more highly remunerated.

# 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
Difference in mean hourly rate of pay	13.9%	5.7%
Difference in median hourly rate of pay	13.3%	6.2%
Difference in mean bonus pay	41.0%	32.7%
Difference in median bonus pay	33.3%	26.5%

## Proportion of men and women employees who received bonus pay

	2017	2018
Women	64.5%	55.4%
Men	58.9%	53.5%

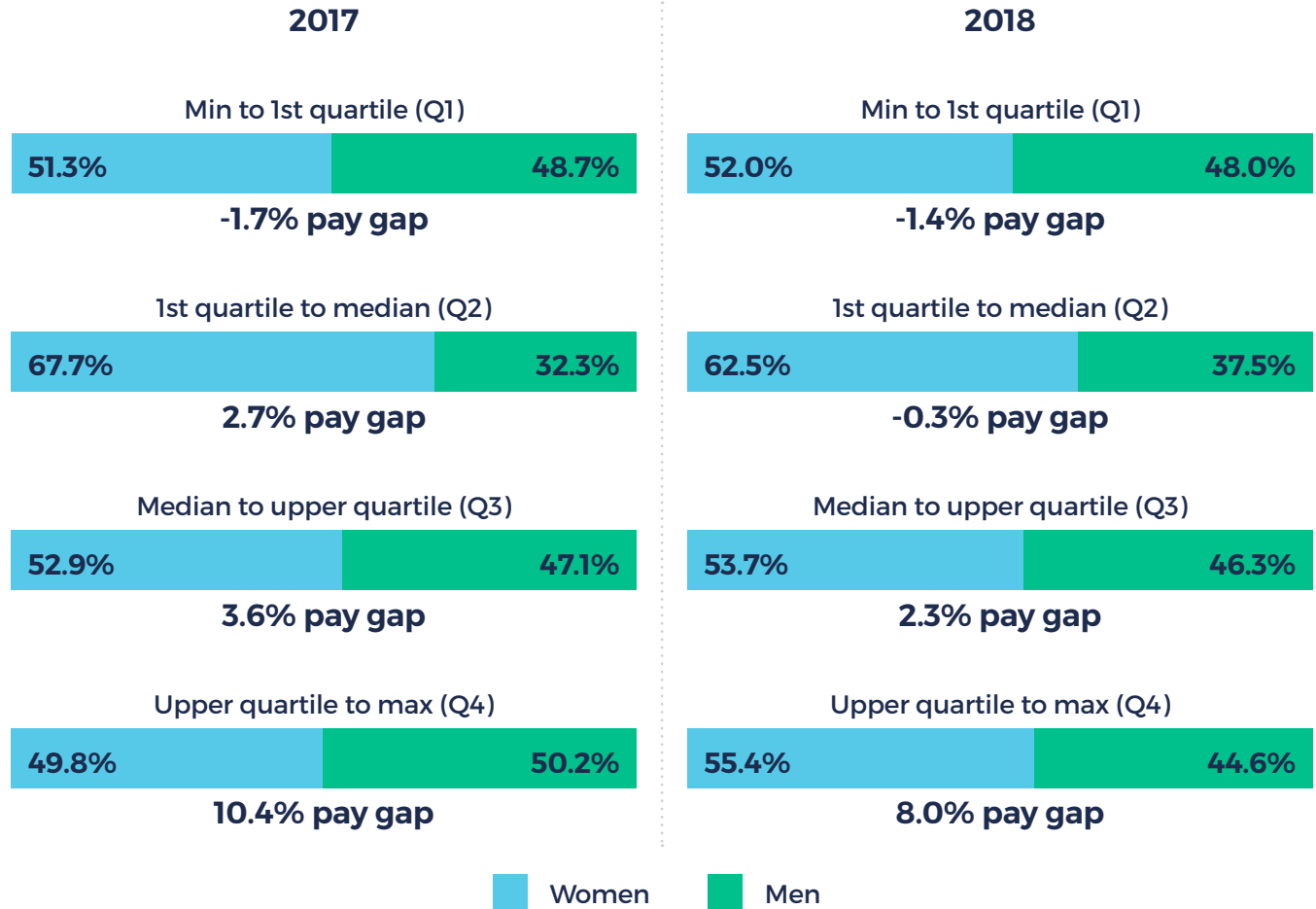
# Understanding the numbers

The 2018 results show an overall decrease in the gender pay gap versus comparable data for 2017. This change has mainly been driven by population changes including some women hires and promotions, and we continue to focus on talent management and retention.

This is the data the legislation requires us to report and publish on the Government's website.

# Gender pay gap for employees

Quartile pay bands (percentage distribution)



## Understanding the numbers

As it was last year, our pay gap is predominately driven by the distribution of women and men across different types of roles and the larger number of men in more senior roles. For example, our personal assistant/executive assistant population is predominantly women (98 per cent).

While we have a negative pay gap for employees in Q1 and Q2 (ie a small gap in favour of women), in the upper quartile (Q4) the pay gap is 8 per cent (down from 10.4 per cent last year) reflecting the larger number of men in more senior roles within this group.

# Gender pay gap for trainees and associates

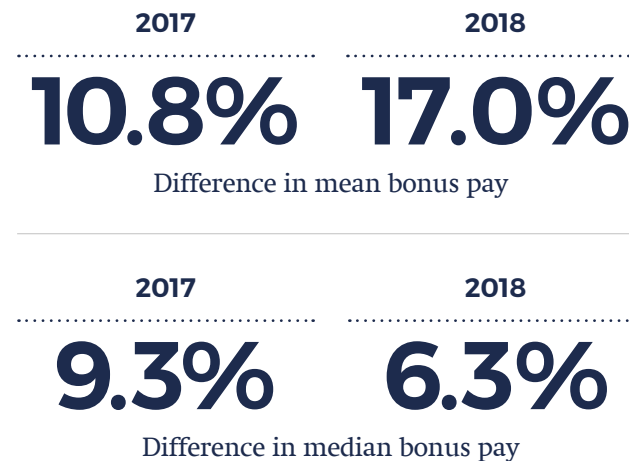
Our pay gap for associates has decreased when we compare to 2017.

## Gender pay and bonus pay gaps

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

Our male and female trainees are paid equally. There is only a small difference in the proportion of men and women who receive a bonus. In 2018, 35.4 per cent of women and 36.3 per cent of men were paid a bonus.

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



When we consider the impact of part-time working (not accounted for in the required figures), our median bonus gap has reduced in comparison to last year to 6.3 per cent for associates.

# Gender pay gap for business services

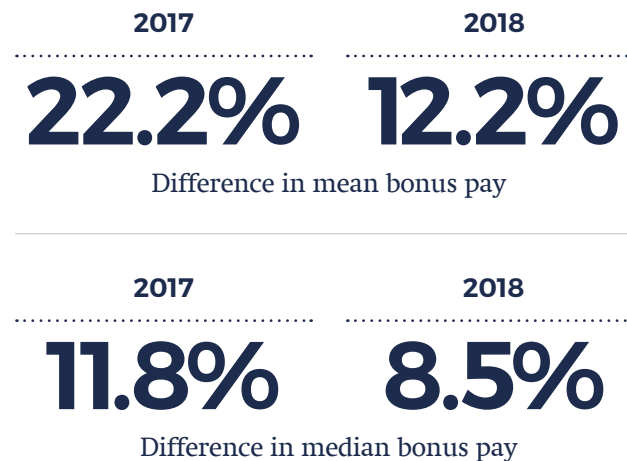
Our pay gap for 2018 in business services is negative (in favour of women) and our mean bonus gap has reduced.

## Gender pay and bonus pay gaps

	2017	2018
Difference in mean hourly rate of pay	6.2%	-0.3%
Difference in median hourly rate of pay	-7.8%	-14.2%
Difference in mean bonus pay	48.9%	32.9%
Difference in median bonus pay	0%	2.0%

The proportion of men and women who received a bonus was relatively even. In 2018, 65.5 per cent of women and 63.7 per cent of men were paid a bonus.

## FTE bonus gap as a percentage of FTE salary



Of our people that work part-time, 79 per cent are women at present.

# Understanding our ethnicity pay gap

Currently, 13.5 per cent of our UK partner and employee population identify as black, asian or minority ethnic (BAME). This statistic is based on the 80 per cent of individuals who voluntarily share their diversity data with us.

There is currently no guidance available as to how to publish this data and we have decided to use the same overall methodology as we have for our gender pay reporting.

Given the relatively small size of our BAME population, any changes in our population can have a significant impact on our reporting data but we believe that being transparent supports our goal to promote dialogue and change.

**Definition of BAME:** those who self-identify and voluntarily report their ethnicity as black, asian or minority ethnic.

## Overall ethnicity pay gap

### Ethnicity pay and bonus pay gaps UK - including partners

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

### Ethnicity pay gap for partners

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

In our UK partnership, 4.2 per cent identify as BAME and we have relatively few senior BAME partners. As the talent pipeline has diversified in recent years and more BAME professionals choose law as a career path, we are focused on attracting and retaining talented individuals and bringing them through to partnership.

### Ethnicity pay and bonus pay gaps - employees

	2018
Difference in mean hourly rate of pay	12.1%
Difference in median hourly rate of pay	7.3%
Difference in mean bonus pay	18.9%
Difference in median bonus pay	8.0%

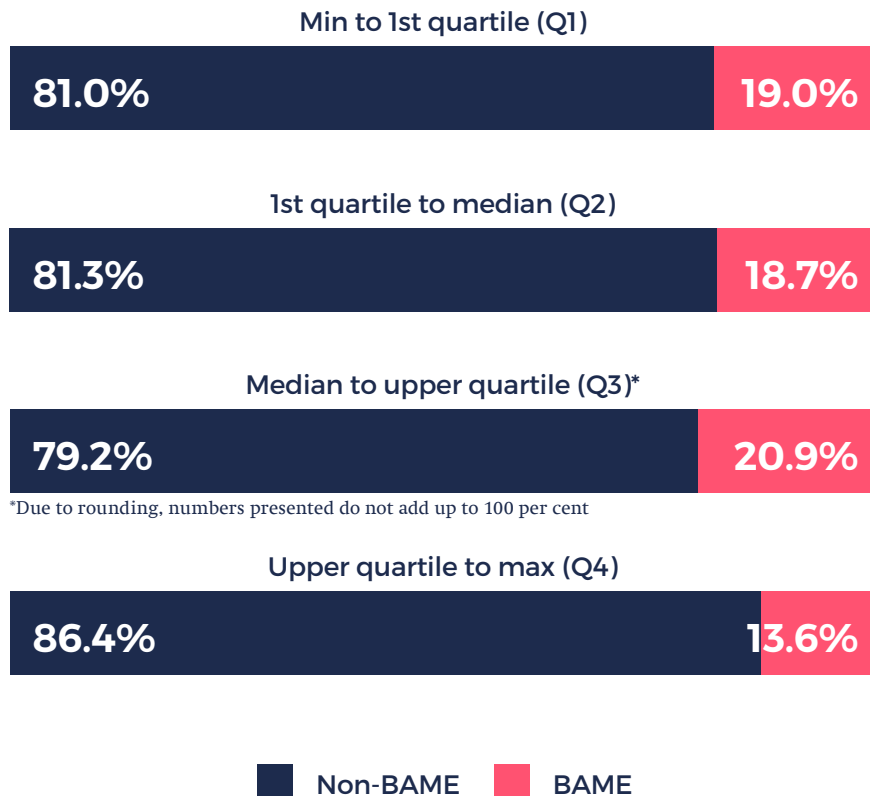
### Proportion of non-BAME and BAME employees who received bonus pay

	2018
Non-BAME	58.0%
BAME	44.7%



# Ethnicity pay gap for employees

2018



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

Our pay gap is predominately driven by the fact that we have relatively few senior BAME professionals at the firm, something we are seeking to address.

Our upper quartile pay band has the smallest representation of BAME professionals (13.6 per cent).

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.

We are encouraged by the impact of our graduate recruitment efforts, which has seen the diversity of our trainee population significantly increase over time, shaping the future of the firm. We need to continue these efforts but also recognise that our senior talent recruitment, pipeline and retention require focus too.

We confirm the data in this report is accurate.

## A few examples of recent activities to enhance diversity and inclusion include:



### **Inclusion workshops**

Our tailored inclusive leadership training workshops in the UK have been attended by over 100 leaders this past year, focusing on understanding bias and actions to promote inclusion.



### **Every Day Gender Equality (EDGE)**

Our Every Day Gender Equality (EDGE) Commitment, which was developed by our Women's Network in collaboration with colleagues across the firm, was launched with the aim of empowering people to take everyday actions that will make a real difference to gender equality.



### **Stephen Lawrence Scholarship Scheme**

Our award-winning Stephen Lawrence Scholarship Scheme continues to make an impact with 55 scholars now having benefited. The programme was devised to address the disproportionate under-representation of black and black mixed-race men from less privileged backgrounds in large commercial law firms and, more recently, the City of London.



### **Reverse mentoring**

Our recently launched reverse mentoring programme – Diverse Perspectives – connects senior leaders with our three global affinity networks: HALO (our LGBT+ network), the Black Affinity Network and the Women's Networks. We hope this will continue to promote dialogue, understanding and innovation.

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