

Gender Pay Gap Report 2022

Our commitment

D&I is central to the success of our firm. It's part of our firm's mission and at the heart of our firm's values. We are committed to operating in a diverse and inclusive workplace where all our people have the support and opportunity to achieve their full potential. We are committed to nurturing talent and ensuring that our promotion process is accessible, transparent and fair for all staff. We continue to encourage women and those from other under-represented groups (which includes ethnicity, disability, socio-economic background and sexual orientation) to progress through our firm and into senior roles. We are also committed to building a sustainable pipeline of diverse talent and to widening our talent pools in the legal sector.

A strategic priority for us is to build a more gender-balanced and diverse workforce at level within our business, which means supporting our people to develop their cultural awareness and understanding of D&I. To achieve this, we have launched our firmwide D&I pledge. Under this initiative all of our people (employees and partners) are encouraged to spend time either on improving their understanding of D&I through our extensive training hub, or supporting specific projects aimed at diversification within our firm or the wider legal profession.

Our legal requirement is to publish our gender pay gap data relating to our employees employed by Willoughby Corporate Services Limited (WCS), an employing entity of Freeths, but once again, we have voluntarily published our pay gap data relating to the members of our LLP ("Partners") and our ethnicity pay gap. We believe this provides a fuller and truer picture of our workforce and the challenges we face. It also gives us the data to enable us to engage in a robust tracking of our progress in relation to diversity which is key to our long-term success.

We believe that we are making meaningful progress towards closing the pay gap. We understand that eradicating our diversity pay gap will take time because it is primarily attributable to the profile of the staff across our firm. The slight widening of our gender pay gap this year largely reflects the higher numbers of female talent in our legal assistant and trainee populations as compared to those in more senior roles, from earlier generations of talent. Through our commitment to recruiting from a diverse talent pool and by supporting our talented people as they grow their long-term careers with Freeths, we will continue to have a positive impact on our gender and ethnicity pay gaps as these cohorts progress within the firm.

Diversity pay gap v equal pay gap

The purpose of the gender and ethnicity pay gap is to define the mean and median pay gap between two groups, it does not take into account the job roles or seniority of the person. For us, that means that our statistics relating to our WCS employees includes all lawyers from legal assistants to managing associates (i.e. those not yet qualified to those who have been qualified for more than 10 years) and for partners, the group ranges from newly appointed partners to the senior leadership team. The pay gap data is therefore different to equal pay which focusses on ensuring that men and women are paid the same for work of equal value.

Our gender pay gap is predominantly a reflection of the profile of our workforce. We have an imbalance towards white men in our senior roles which is reflected across the legal profession. The changes we are determined to bring about will therefore take some time to work through.

Key findings

Our gender and ethnicity pay gaps remain primarily attributable to our firm profile. This year we saw a slight widening in our gender pay gap for WCS employees from 6.76% in 2020 to 9% in 2021. When we drill down into the data, it is apparent that this is largely due to an increase in the number of women we employ, which rose from 70% in 2020 to 75% in 2021. In the last twelve months, the biggest increases in female talent were in our first and second seat trainee population, which went from 71% to 82% female, and our legal assistants who went from 71% to 87% female. This higher proportion of females in more junior roles also impacts on our median pay gap. In 2021, our female median pay moved down to the newly qualified associate level, compared to 1 year post qualification experience (PQE) associate in 2020. For males the median pay remains at 2 years PQE associate level. We anticipate that having a larger female talent pool will have a long-term positive impact on our gender pay gap but at present it causes a disparity. We are really pleased that we remain such an attractive employer to new female talent.

Demonstrating our commitment to gender equality at all levels in the firm, 44% of newly promoted partners in the pay period were female. Whilst this is positive news, having a higher proportion of newly promoted female partners has slightly increased our partnership pay gap. This has risen from 20.6% in 2020 to 24.4% in 2021. Again, we are hopeful that having more female talent progressing through to partnership will be a trend which will continue, and that in the longer term this will have a positive impact on our partnership pay gap.

Bonus pay gap

Our firm bonus payment is calculated based on firm performance with all eligible employees receiving an equal percentage share based on their actual salary rather than their full time equivalent (FTE). This year those receiving a bonus increased from 75% to 89%. In relation to the bonus gap itself, the medium bonus pay gap has reduced from 29.2% to 26.1%.

Again, the profile of our workforce impacts our bonus pay gap. Having a higher proportion of female talent in both junior roles and working part time has impacted on the bonus pay gap. Our bonus payment is calculated based on an individual's actual salary, rather than their FTE, and therefore having 20% of our female employees working part-time compared to 3% of men impacts significantly on our bonus gender pay gap. We do have small number of ad hoc bonuses paid to those adding significant value to the firm performance and at the snapshot date more of these bonuses were paid to senior male employees which again impacted our gender bonus pay gap.

Ethnicity pay gap

Once again, we are voluntarily reporting our ethnicity pay gap. Our employees voluntarily provide us with their ethnicity data and based on the data provided, at the reporting date, 17.5% of our WCS employees were from a Black, Asian or Minority Ethnic background. This is based on 95% of our workforce who have provided this information and those who have not provided the data have been excluded from the data. We have broad representation across all four quartiles, but we do have a smaller representation in senior roles. Given the relatively small number of our BAME population, any changes can have an adverse effect on our ethnicity pay gap.

Our ethnic pay gap is currently 11.8% and whilst this is a slight increase compared to last year, it remains significantly lower than when we first started monitoring this data in 2018 when it stood at

38%. Again, this increase is linked to an increase of legal assistant and trainees being from an ethnic minority background. We anticipate that this will positively impact the ethnicity pay gap as this cohort progresses through the firm.

As part of our wider diversity strategy, we are reviewing how we can increase the diversity representation across the firm and to ensure equality of opportunity across our firm. This commitment is reflected in our recruitment, promotion, and internal employment processes. Alongside our D&I Committee, our Black Lawyers Network, established in 2020, provides opportunity for our black and black heritage employees with the opportunity to drive change and influence business decisions – examples include, leading on our black history month celebrations, expanding our graduate recruitment outreach to specifically reach out to black heritage students such as our Instagram campaign with Lawcareers.net. We continue our partnership with Birmingham Black Lawyers and have joined up with the 10,000 Black interns project and the Aleto foundation to offer summer internships and mentoring to students from Black heritage backgrounds.

How will we close the diversity pay gap?

2020 was an extremely challenging year for all businesses, but it also provided the opportunity to drive change. Our agile working policy, introduced pre COVID, has now been fully integrated into our culture and working practices. With 18% of our WCS workforce (and 13% of our Partners) working part-time, we understand the importance of flexibility and agile working for everyone. Agile working is both at the heart of our success and a strategic priority for us. Similarly, equity in our benefit package is critical. We continually review our family friendly benefits to ensure we remain competitive and that they apply equally to all staff. As an example, our shared parental pay mirrors our maternity pay to support both men and women to take paid time off work when becoming a new parent. Our Parents and Carers Network, an employee led network, continues to offer support and advice to our working parents and carers. A key responsibility of the network is to review the support available for working parents and carers and to make recommendations for further activities, support and advice. We are currently reviewing the support available for women returning to work following a career break and how we can recruit from this talent pool.

In relation to gender equality, we have:

- Continued our sponsorship and active involvement with the national Women of the Year Awards and sponsor the “Woman of Edge” award.
- Relunched and extended the scope of our mentoring programme to support inclusive career progression across the firm. Over 70% of those enrolled on this programme are female and initial feedback is positive.
- Increased the visibility of our women’s network (NEW) open to both our workforce and clients. At the reporting date, this network had over 1,000 members and has plans for further expansion.
- Through our gender sub-group, chaired by a member of the senior management team, continued to focus on how we can further support our female talent pipeline into senior roles, including Partnership including launching an inclusive career pathway survey.
- understood the importance of role models in the workplace and we link to events such as International Women’s Day to educate, inspire and inform our people about some of the challenges faced and the role we all have to play in achieving gender parity.

- Have introduced promotion targets to ensure gender and diversity equality as a strategic priority. Our aim is that all Partner and Director promotion board shortlists should reflect the eligible application pool.

In relation to recruitment, we:

- Regularly review our recruitment and promotion practices – for example, using contextualised recruitment for all graduate recruitment which hard wires social mobility metrics into the recruitment process to enable better understanding of a candidate's achievements within their social context. We are currently updating our graduate recruitment processes to ensure continued accessibility and fair assessment of candidates.
- Continue to offer alternative routes into qualification which combine paid employment with funded exams.
- Have appointed a new Graduate Recruitment Manager and are currently updating our graduate recruitment platform to provide more advice to prospective candidates. As part of our graduate recruitment strategy, our graduate recruitment manager is focussing on how we can attract more male trainees to help us obtain a better gender balance in our junior roles. We continue our focus on attracting candidates and building a talent pipeline of candidates from diverse backgrounds, including candidates from ethnic minority backgrounds.
- Are planning to undertake a recruitment audit to highlight potential barriers and unconscious bias in our processes. This will be led by our D&I team but in collaboration with our internal employee networks and will involve reviewing our recruitment process from advert to offer.

To help us better understand any challenges or blockers to our promotion process, our gender sub-group surveyed all legal staff about their experience of the promotion pathway and the results have informed our action plan for 2022/23. This includes:

- Additional communication about the process, highlighting key dates in the promotion cycle.
- Running a series of drop-in sessions for Associates, Managing Associates and Directors to talk about the promotion process, the support available, myth busters and to demystify the process.
- Launching a mentoring programme to specifically support our employees returning from maternity leave, parental leave or career breaks.
- Introducing monthly succession planning conversations with all of our Office Managing Partners – this will include a review of the diversity data.
- Reviewing our annual appraisal process to move towards continuous review conversations.
- Introducing gender targets for our promotions so that that all candidate shortlists for promotion are reflective of the gender balance of the recruitment pool.
- We are now planning a similar review of our promotion pathway for our Business Professional Teams.

Conclusion

The impact of COVID, whilst driving positive change, has also highlighted the need to continually focus on diversity and inclusion. Whilst we are making progress, we know that there is still work to be done. Although we have had a slight increase in our gender and ethnicity pay gaps this year, we remain committed to taking action to address the changes. Given the profile of our firm, eliminating our gender pay gap will require a long-term commitment because the gap is predominantly a reflection of the make-up of our workforce with a higher proportion of white men in our most senior positions.

We are committed to working hard to gain a gender balance across the firm at all levels, including the partnership, and to embed our diversity initiatives. We are determined to continue to identify changes needed so that we give everyone at Freeths an equal opportunity and the support to achieve their full potential.

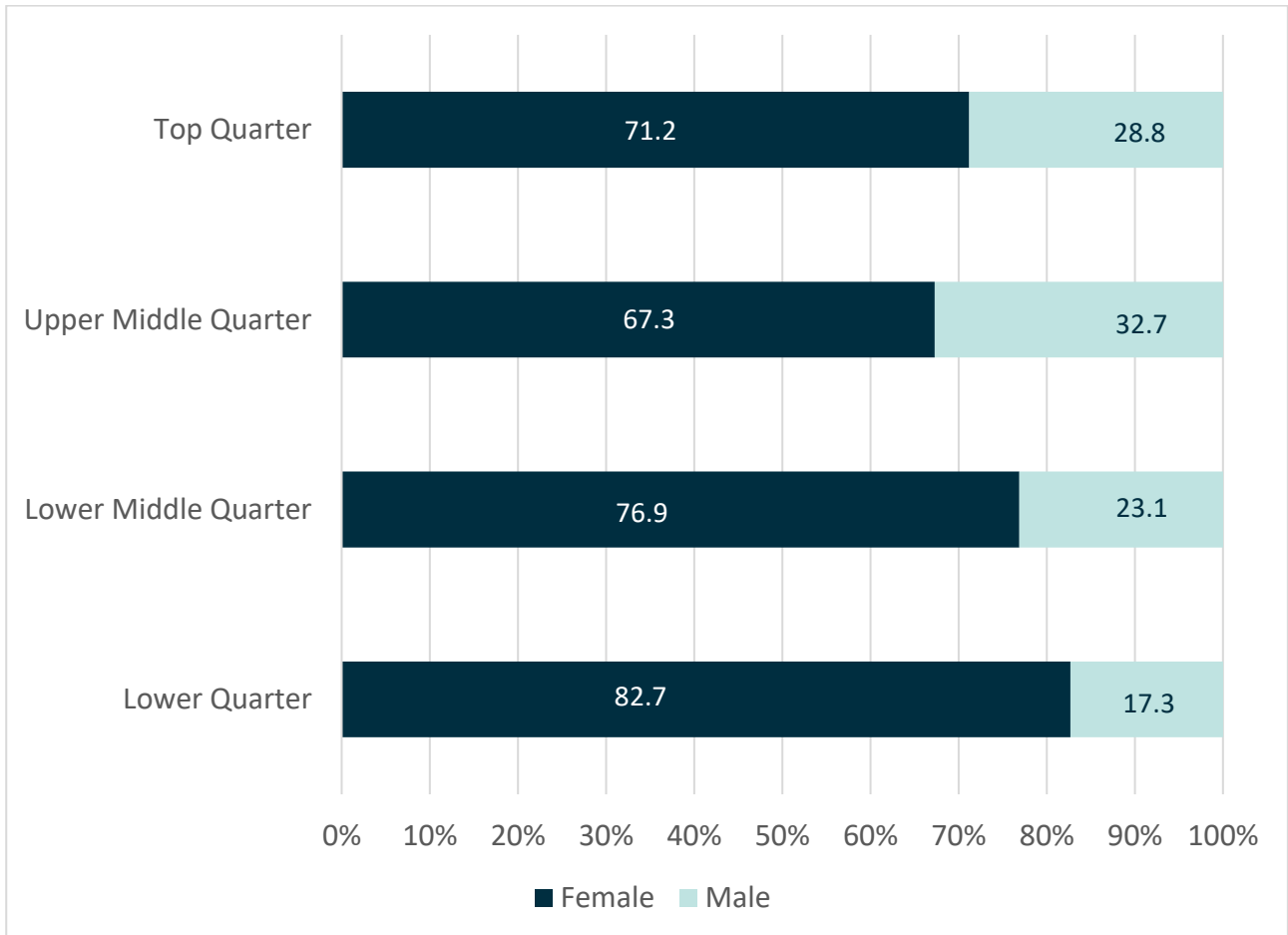
We are laying the foundations for our next generations of diverse talent across our business, from recruitment of our legal assistants and qualification of our trainees through to promotion of our partners. To embed that success, we also look to the future – to retain, sponsor and promote all talent.

The Board and our Senior Management Teams are fully committed to driving the change required to ensure that the pay gap is reduced and, over time, eliminated.

	Gender Pay Gap (Mean)	Gender Pay Gap (Median)	Gender Bonus Group (Mean)	Gender Bonus Group (Median)	Males Receiving Bonus Pay	Females Receiving Bonus Pay
WCS	9%	11.6%	22.9%	26.1%	88.9%	89.12%
Partner	24.41%	20.0%	31.5%	50%	60.9%	68.2%

	Ethnicity Pay Gap (Mean)	Ethnicity Pay Gap (Median)	Ethnicity Bonus Group (Mean)	Ethnicity Bonus Group (Median)	Black, Asian, and Ethnic minority Employees Receiving Bonus Pay	White Employees Receiving Bonus Pay
WCS	11.8%	10.6%	15.8%	13.8%	71.95%	76.02%
Partner	34.7%	16.7%	47.8%	100%	71.4%	64.0%

WCS Proportion of staff in each pay quarter



I can confirm that the information reported is accurate.

Paul Thorogood
Designated Member