

Report

FREETHS

Gender and Ethnicity Pay Gap Report

5th April 2023

freeths.co.uk

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Our commitment

Operating in a diverse and inclusive workplace where all our people have the support and opportunity to achieve their full potential is at the heart of our people strategy.



But it's more than this. Our people are central to the success of our firm. A strategic priority for us is to ensure equality of opportunity by building a more gender-balanced and diverse workforce at all levels within our firm. This means continuously challenging our people processes to ensure fair and equal access, setting gender and ethnicity targets linked to promotion, encouraging women and those from other under-represented groups (which includes ethnicity, disability, socio-economic background and sexual orientation) to join our firm and progress through and into senior roles, updating our recruitment processes and supporting our people to develop their cultural awareness and understanding of D&I through our

compulsory "conscious about inclusion" training and our firmwide D&I pledge.

This year, we are proud to say that our mean ethnicity pay gap has reduced. However, we have seen a slight increase in our mean gender pay gap. We understand that there isn't a short-term fix and that eradicating our pay gaps will take time, because they are primarily attributable to the diversity profile of our people. Our goal is gender and ethnicity parity at all levels within our firm and we are working hard to achieve this. In the last 12 months, we have seen an improved gender balance in our senior talent which includes an increased number of women in our

Partnership and on our Board. Whilst this is a positive step forwards for gender parity, this is not instantly reflected in our reported figures because we also have an increased percentage of female entry-level talent joining our business in our entry roles again this year, and this has, in the short term, negatively impacted on our gender pay gap. As this talent progresses through the firm we are confident that this will achieve a positive impact on our gender pay gap.

Our Board and our Senior Management Teams are fully committed to driving the change required to ensure our pay gaps are reduced and, over time, eliminated.

We believe we can achieve this through our continued commitment to recruiting from a diverse talent pool and most importantly by focusing on supporting our talented people as they grow their long-term careers with Freeths.

As the senior D&I sponsor at Freeths, I confirm that the gender and ethnicity pay gap information published in this report is accurate. This report was approved by our Board on the 8th March 2023.

Philippa Dempster,
Senior Partner and London
Managing Partner

Understanding the data

The context

Gender Identity

The current legal requirement for gender pay gap reporting reports gender in a binary way, recognising only male and female gender identities. Whilst we have reported our gender pay gap in line with legal requirements and based on HMRC data, we understand that gender identity is broader than this. When reviewing our internal policy and processes we use gender data that is more reflective of gender identity as this provides a truer understanding of our people and diversity profile.

Our legal requirement

Our legal requirement is to publish gender pay gap data relating to our employees employed by Willoughby Corporate Services Limited (WCS), an employing entity of Freeths, but we also publish our pay gap data relating to the members of our LLP ("Partners") and our ethnicity pay gap for WCS. We believe this provides a more transparent 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.

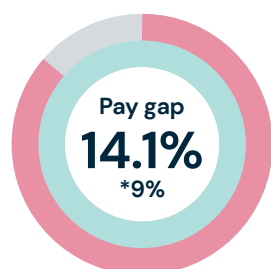
Diversity Pay Gap v Equal pay

There is a common misconception that the Gender Pay Gap reports on whether men and women are being paid the same amount for work which is comparable and of equal value. This is not the case. Gender Pay Gap reporting is based on government methodology and is a measure of the difference between the average earnings of men and women across the entire organisation regardless of their job role. For us, that means that our pay gap data covers those employees who are not yet qualified through to those who have been qualified for more than 10 years, and for partners, the group ranges from newly appointed partners to our senior leadership team. Within our firm and across the UK economy more men than women are employed in senior roles which creates a gender pay gap. At Freeths, we are very conscious to ensure equal pay and we are confident that men and women are paid equally for similar roles and levels of performance.



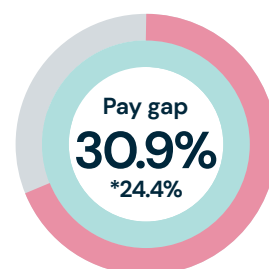
Data at a glance

WCS Gender Pay Gap

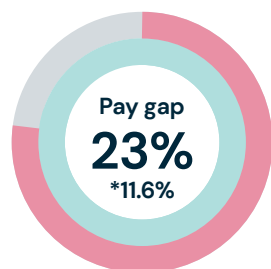


Mean hourly rate of pay

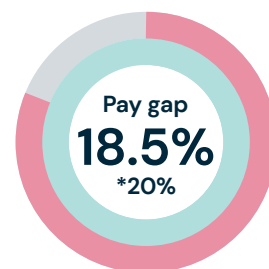
Partner Pay Gap



Mean hourly rate of pay



Median hourly rate of pay



Median hourly rate of pay

Mean and medium percentages with comparison to 2021* for full pay relevant employees



Gender Profile of the firm comparing 2021 to 22

2021

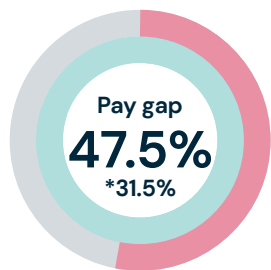
Category	Female	Male	(blank)	Grand Total
Legal Assistant	81%	19%	0%	48
Trainee Solicitor	71%	29%	0%	58
Executive	84%	16%	0%	57
Associate	71%	28%	1%	102
Senior Associate	69%	31%	0%	62
Managing Associate	71%	28%	1%	92
Director	59%	41%	0%	66
Member	27%	73%	0%	161
Grand Total	391	261	1	655

2022

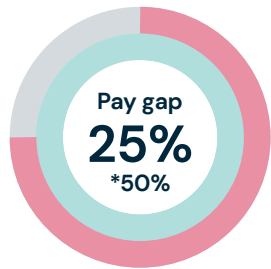
Category	Female	Male	(blank)	Grand Total	Percentage change in the number of women compared to 2021
Legal Assistant	74%	26%	0%	81	-7%
Trainee Solicitor	82%	18%	0%	73	+9%
Executive	88%	8%	4%	52	+4%
Associate	67%	29%	4%	122	-4%
Senior Associate	69%	31%	0%	74	0
Managing Associate	67%	33%	0%	97	-4%
Director	54%	46%	0%	74	-5%
Member	28%	72%	0%	152	+1%
Grand Total	450	280	8	738	

Data at a glance

Partner Bonus Gap

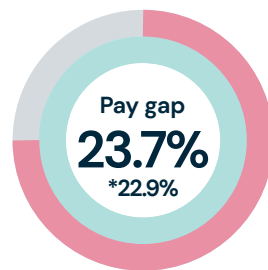


Mean bonus pay gap

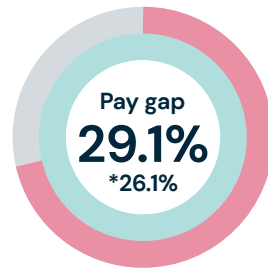


Medium Bonus Pay Gap

WCS Bonus Pay Gap



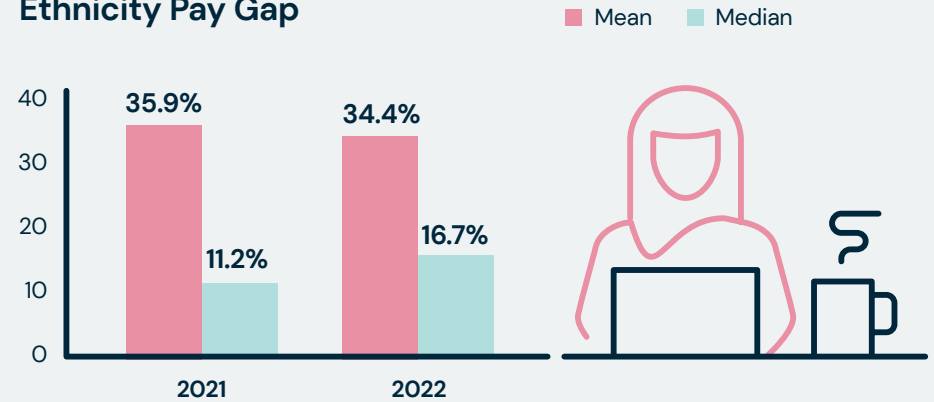
Mean bonus pay gap



Medium Bonus Pay Gap

Mean and medium percentages with comparison to 2021* for full pay relevant employees

Ethnicity Pay Gap



Part time employees by gender



% of men and women receiving a bonus for all pay groups



Firm Profile

Our gender pay gap is primarily attributable to our firm profile. At the date of reporting, our WCS workforce was 73% female (a slight decrease from 75% the previous year) with 82% of our trainees being female, compared to 28% of our Partners.

We anticipate that having a larger female talent pool in junior roles will have a long-term positive impact on our gender pay gap as this talent progresses through the firm. To ensure we continue to make progress in this area, we've introduced gender and ethnicity targets for promotion. Our target is to have all promotion shortlists reflect the profile of the total applicant pool. It is encouraging that the number of female partners has increased again this year to 28% and gender representation on our Board has increased to 28.5% female.



82%

of WCS work force is female

(a slight decrease from 75% in 2021)



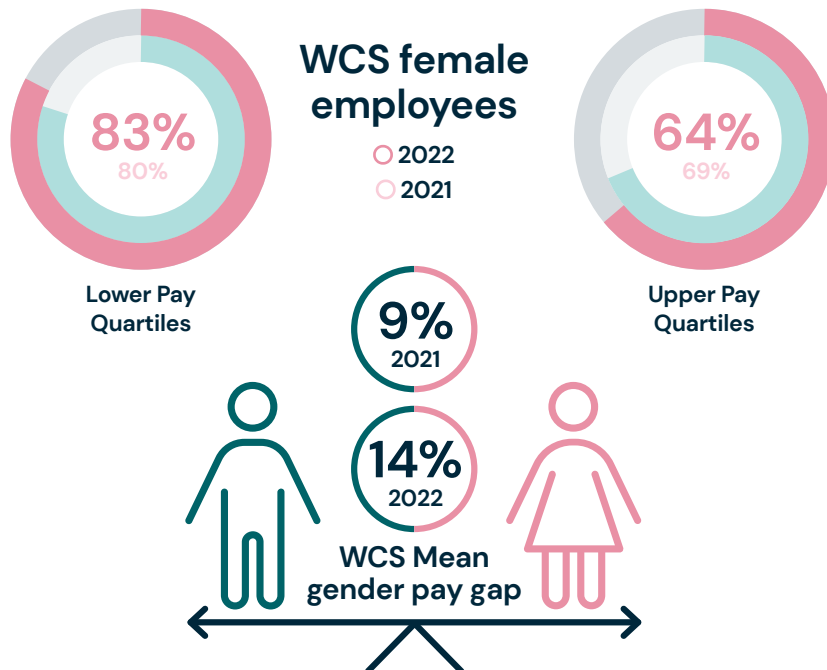
28.5%

gender representation

on our Board

Key findings

This year we saw a slight widening in our gender pay gap for WCS employees from 9% to 14%. When we drill down into the data, it is apparent that this increase is due to having a higher proportion of females in the lower pay quartiles compared to last year (83% female 2022, 80% in 2021) compared to the upper pay quartiles (64% female 2022 and 69% in 2021). This is consistent with the fact, in common with the legal profession and available talent pool, we are recruiting more females into our junior roles.



2022

2022	Male	Female	Total	Quartile %		Female Variance to average %
				Male	Female	
Lower Quartile	23	99	122	18.9%	81.1%	7.8%
Lower Middle Quartile	19	104	123	15.4%	84.6%	11.2%
Upper Middle Quartile	50	73	123	40.7%	59.3%	-14.0%
Upper Quartile	39	84	123	31.7%	68.3%	-5.0%
Total	131	360	491	26.7%	73.3%	

2021

2021	Male	Female	Total	Quartile %		Female Variance to average %
				Male	Female	
Lower Quartile	18	86	104	17.3%	82.7%	8.2%
Lower Middle Quartile	24	80	104	23.1%	76.9%	2.4%
Upper Middle Quartile	34	70	104	32.7%	67.3%	-7.2%
Upper Quartile	30	74	104	28.8%	71.2%	-3.4%
Total	106	310	416	25.5%	74.5%	

Key findings

Recruitment

This increase in our gender pay gap is driven primarily by recruitment. In the financial year 2021/22, we saw an increase in overall headcount of 18% compared to the previous year. 78% of our new hires recruited into the lower and lower middle quartiles (Legal Assistants & Executives) were female, compared to 52% of the upper middle quartile (Associates & Senior Associates) and 45% into the upper quartile (Senior Associates and Managing Associates) being female.

This higher proportion of females in more junior roles impacts on our median pay gap which increased from 11.6% to 23%. This is due to the fact that our female median salary is at the newly qualified level whereas our male median salary is 1-2 Years PQE.

2022	Male	Female	Total	Male	Female
Lower Quartile	86	67	19	78%	22%
Lower Middle Quartile	18	14	4	78%	22%
Upper Middle Quartile	31	16	15	52%	48%
Upper Quartile	22	10	12	45%	55%
Total	157	107	50	68%	32%

Maternity Leave

The increase in our gender pay gap can also be linked to having an increased number of females on maternity leave. (Those on maternity leave are excluded from the pay gap calculations). In 2022, 18 female employees were on maternity leave, compared to 10 in 2021. These employees are primarily from the upper pay quartiles, and their exclusion from the calculations has directly contributed 1% to the mean pay gap and 9% to the median pay gap increases.



Partner Pay Gap

Our mean Partner Pay Gap has risen from 24.4% in 2021 to 30.9% in 2022 but the median has reduced from 20% to 18.5%. The increase in the mean is linked to internal promotions. 33% of newly promoted partners in the pay period were female which increases the proportion of newly promoted female partners resulting in an increase in our partner pay gap. Again, we are hopeful that having more female talent progressing through to partner will be a trend which continues, and that in the longer term that this will positively impact our gender pay gap.

Bonus Pay Gap

Our firm bonus (for WCS employees) 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). To be eligible employees must be employed on a set date, it is not performance related. This year the number of people within the firm receiving a bonus decreased from 89% to 71% mainly due to increased recruitment.

WCS

Our mean bonus pay gap for WCS has increased slightly from 22.9% to 23.7%. Our bonus payment is calculated based on an individual's actual salary, rather than their FTE, and therefore having 14% of our female employees working part-time compared to 1% of men impacts significantly on our bonus gender pay gap and this is coupled with a higher number of women in junior roles.

In addition to the firmwide staff bonuses, we do allocate ad hoc bonuses to those achieving performance which is significantly above that which is expected. At the snapshot date more of these bonuses were paid to senior male employees.



Partners

All Partners benefit where the firm exceeds performance targets as this is relevant to their partnership share. As with employees for exceptional performance bonuses are given. Our Partner bonus pay gap increased from 31.5% to 47.5% but the median reduced from 50% to 25%. This is primarily due to the profile of the partnership population.

Ethnicity Pay Gap

Our employees voluntarily provide us with their ethnicity data and therefore this report is based on the data provided by 94% of our workforce. Those who have not provided the data have been excluded from the report. At the reporting report, 18.3% of our WCS employees were from a Black, Asian or Minority Ethnic background (an increase from 17.5% last year).

We have broad representation across all four quartiles, although we do have a slightly smaller representation in senior roles. Given the relatively small number of ethnic minority employees, any changes can have a significant effect on our pay gap.

We are pleased to see that our mean ethnicity pay gap has reduced from 11.8% in 2021 to 8.8% in 2022. This is most likely linked to talent progressing

through the firm. Our legal assistant and trainee cohorts have higher representation of ethnic minority talent and so as they progress this should reduce the disparity between the lower and upper quartiles and impact our ethnicity pay gap.

In contrast, our median ethnicity pay gap increased from 11% in 2021 to 19% in 2022. This is due to the increased number of ethnic minority employees on maternity leave – six ethnic minority employees were on maternity leave in the pay period which means they are excluded from the data. However, these employees are primarily in the upper middle pay quartile, and their inclusion would have raised our median pay by three places giving a median pay gap of 9% and in line with our mean ethnicity pay gap.

2022

	White	Ethnic minority*	Total	Quartile %		Variance to average
				White	Ethnic minority*	
Lower Quartile	90	25	115	78.3%	21.7%	3.4%
Lower Middle Quartile	95	22	117	81.2%	18.8%	0.5%
Upper Middle Quartile	95	23	118	80.5%	19.5%	1.2%
Upper Quartile	99	15	114	86.8%	13.2%	-5.2%
Total	131	360	491	26.7%	73.3%	

2021

	White	Ethnic minority*	Total	Quartile %		Variance to average
				White	Ethnic minority*	
Lower Quartile	90	25	115	78.3%	21.7%	3.4%
Lower Middle Quartile	95	22	117	81.2%	18.8%	0.5%
Upper Middle Quartile	95	23	118	80.5%	19.5%	1.2%
Upper Quartile	99	15	114	86.8%	13.2%	-5.2%
Total	131	360	491	26.7%	73.3%	

Includes our Black, Asian and Minority Ethnic talent. Currently reported as a single group due to the number of people.

Actions to drive Change: How will we close the gap

The last few years have been extremely challenging for all businesses, but there is also opportunity to drive change. Our agile working policy, introduced pre COVID, has now been fully integrated into our culture and working practices. With 14% 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 are investing in our D&I capability and have expanded our D&I team, established a network of D&I champions in all offices and we are currently re-launching our employee network groups to give better governance, ownership and ability to drive change. We are also seeking to engage our people in D&I activities through our firmwide D&I pledge. Almost half of our people have signed the D&I pledge and are committed to 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 such as mentoring, mock interviews, assisting with work experience.

As part of our wider diversity strategy, we are reviewing how we can further increase diversity representation and how we can continue to ensure equality of opportunity across our firm. This commitment is reflected in our recruitment, promotion, and internal employment processes and is a central element of our D&I strategy, which has been signed by our Board.

We know that it will take time, focus and long-term commitment to eliminate our pay gaps but we are working hard to bring about the change we want to see. We are seeing progress in our diversity profile with an increase in the number of female partners, board members and a better gender balance in senior roles plus we have also seen an increase in our WCS ethnicity profile from 17.7% - 18.3%. These changes are as step in the right direction, but it will take time for these successes to impact our pay gaps.

Actions to drive Change

Actions to close our gender and diversity pay gaps:

- 1** Introduced promotion targets to ensure gender and diversity equality as a strategic priority. Our target is that all Managing Associate, Partner and Director promotion shortlists should reflect the eligible application pool. We anticipate that this will have positive impact on our pay gaps as talent progresses through the firm.
- 2** Following our inclusive careers pathway survey, we introduced informal drop-in sessions to provide opportunity for employees to talk about the promotion process and get peer lead advice and guidance about our promotion pathway.

3 Continued our sponsorship and active involvement with the national Women of the Year Awards and sponsor the “Woman of Edge” award.

4 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.

5 Launched our reverse mentoring programme for our Board members with a focus on ethnicity and gender.

6 Increased the visibility of our women’s network (NEW) open to both our people and clients. At the reporting date, this network had over 1,000 members and has plans for further expansion.

7 Understood the importance of role models in the workplace and linking to events such as International Women’s Day to educate, inspire and inform our people about some of the challenges faced in the workplace and the role we all have to play in achieving gender parity.

8 Reviewed our family friendly benefits to ensure we remain competitive and we have equity in our benefits. 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. With 14% of our WCS workforce (and 13% of our Partners) working part-time, we understand the importance of flexibility and agile working for everyone.

9 Launched our menopause network for employees to get peer advice, guidance and support. Hosted menopause sessions for all employees to learn more about menopause symptoms and how to offer to support for colleagues.

10 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.

Actions to drive Change

11 Offered mentoring to those returning from maternity or shared parental leave and we are delighted that 100% of employees due to return from maternity leave in the pay period did return to work.

12 Are introducing a new HR system which will enable us to run real time D&I data – this will feed into succession planning conversations (to include discussion about D&I) with all of our Office Managing Partners and Department Heads.

13 Alongside our D&I Committee, our Black Lawyers Network, established in 2020, provides opportunity for our black and black heritage employees to drive change and influence business decisions – examples include, leading on our black history month celebrations,

and expanding our graduate recruitment outreach to specifically reach out to black heritage students such as our Instagram campaign with Lawcareers.net.

14 We continue our partnership with Birmingham Black Lawyers, 10,000 Black interns project and the Stephen James Partnership to offer summer internships and mentoring to students from Black heritage backgrounds. These initiatives are directly linked to our talent pipeline and recruitment for legal assistants and over time they should have a positive impact on our ethnicity pay gap.

In relation to recruitment, we:

1 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 partnered with Cappfinity to introduce a skills based and more inclusive graduate recruitment processes.

2 Continue to offer alternative routes into qualification which combine paid employment with funded exams such as our school leaver and graduate apprenticeships.

3 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 legal

assistant and trainee cohorts. We continue our focus on attracting candidates and building a talent pipeline of candidates from diverse backgrounds, including candidates from ethnic minority backgrounds.

4 We have completed an audit of our recruitment processes with a D&I lens and are currently compiling an action plan.

5 Launched our Early Talent Pathway with a specific focus on attracting graduates from diverse backgrounds.

6 We are developing our recruitment reporting capability to enable us to interrogate and track our D&I data in relation to recruitment.

Awards and accreditations

