

# FREETHS

## Gender Pay Gap Report 2021

At Freeths, we are committed to operating in a diverse and inclusive workplace where all our people can achieve their full potential. “Doing the right thing” to us means recruiting the best person for the job irrespective of gender or other protected characteristic, rewarding all our people fairly and promoting on merit. Our diversity focus is about removing barriers and encouraging women and those from other under-represented groups into senior roles so that we build a more gender-balanced and diverse workforce able to deliver our strategic business plan.

We aim to be transparent and focussed in our diversity initiatives and our annual Gender Pay Report supports this. In line with legal requirements, our first gender pay gap report focussed solely on our legal employees employed by Willoughby Corporate Services Limited (WCS), an employing entity of Freeths. Of course, as a law firm ensuring legal compliance is vital but we aim to go further when promoting diversity within our firm and we know that in order for us to be a truly diverse firm we need to analyse the data at all levels within the Firm. Therefore, in 2019 we decided to voluntarily include members of the LLP (“partners”), together with our ethnicity pay gap report, alongside our WCS gender pay gap report. We believe that this provides a wider 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.

It is important to note that whilst we do have a gender pay gap this does not reflect concerns over equal pay. When compiling the figures we found no indication of gender or ethnicity pay differentials between lawyers of similar qualification, nor gender or ethnicity pay differentials between staff in our organisation who perform similar roles. We are confident that men and women at Freeths are paid equally for doing work of equal value. We continually review our policies and practices to ensure fairness and actively review financial decision making during our annual pay review. Our gender and ethnicity pay gaps are primarily attributable to our imbalance towards white men in our senior roles.

### **Summary of our findings**

Over the past year, our Diversity and Inclusion Committee and Staff Council have been examining the causes of our gender and ethnicity pay gaps. Specifically we are reviewing how we can encourage more women and employees from black and ethnic minority backgrounds into senior roles, including partnership, and we have introduced a number of initiatives and an action plan to try to address these causes. Examples of these initiatives include:

- Compulsory “above the line” people management training, which includes deep dive examination of a range of diversity issues for all of our Partners and Directors;
- A rolling programme of compulsory face to face unconscious bias training applicable to all staff;
- We relaunched and extended 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 very positive;
- Increasing the visibility of our women’s network (NEW) – During 2019 NEW members organised 12 networking events across 7 locations covering topics such as “imposter Syndrome”, “mentoring” or

“mental well-being” for both clients and employees. At the reporting date, this network had approximately 1000 members and has plans for further expansion;

- Following the review and rebranding our flexible working policy and family friendly policies, we revised our shared parental leave pay to bring it in line with our maternity pay. The aim is to support our male employees with their caring responsibilities and to date, six men have taken shared parental leave;
- Reviewing support for women returning to work following a career break and how we recruit from within this talent pool;
- Establishing, in conjunction with the Staff Council, a working group to look at further extending our flexible working regime, which has resulted in our launch of an agile working policy. We understand the importance of this for all staff – currently 19% of our workforce work part-time which includes 15% of our legal staff (trainees/lawyers/directors/partners) and 9% of our Partners;
- In 2019 we launched our Parenting and Carers Network with one key responsibility is to review the support available for working parents and carers and make recommendations for further activities, support and advice.
- Continuing our sponsorship and active involvement with the national Women of the Year Awards. In 2019 we also sponsored the “Woman of Edge” award and although the annual event in 2020 was delayed due to COVID, we have continued our involvement with the Awards;
- We have established a sub-group, chaired by a member of the Board to specifically focus on how we can further support our female talent pipeline into senior roles, including Partnership;
- In light of the black lives matter movement, we established a Black Lawyers Network and a key objective of the network is to make recommendations for further inclusion for our black heritage employees which has so far included awareness raising, black history month magazine and panel discussions;
- Reviewing on a regular basis our recruitment and promotion practices – for example, using contextualised recruitment for all graduate recruitment. Contextualised recruitment hard wires social mobility metrics into the recruitment process to enable us to understand better a candidate’s achievements within a social context but also works intersectionally with race and gender;
- Offering alternative routes into qualification which combine paid employment with funded exams. These routes attracts more applicants who are first generation to university, are state educated or from an ethnic minority background than our traditional training contract recruitment;
- Launching our “Time2Talk” platform enabling employees to confidentially raise concerns or ideas;
- We understand the importance of role models in the workplace and have planned a series of short videos where our employees share their stories to help highlight the diversity within our firm plus alternative routes into partnership.

We are encouraged that our action plan and initiatives aimed at addressing our gender pay gap are having a positive impact on our overall gender pay gap itself. Our mean gender pay gap for WCS employees (most legal staff excluding partners) has reduced from 10.98% in 2019 to 6.76% in 2020. When we drill down into the data it is apparent that our gender pay gap is largely due to having a higher proportion of women in our junior legal roles. For example, almost 75% of our legal assistants and trainees are female, and whilst we anticipate this will have a long term positive impact on our gender pay gap, at present, this causes a disparity. It is encouraging that when reviewing our internal promotions data for the pay period, 67% of those promoted to director and partnership roles were female. On further analysis of this data, if we focus purely on our legally qualified staff (from NQ and above) this shows that we have a 1.16% gender pay gap bias towards our female employees. Whilst we are encouraged to see a reduction in our gender pay gap, we are committed to continually monitoring the data and taking action to address our gender pay gap.

Our firm bonus payment is calculated based on firm performance with all eligible employees receiving an equal percentage share which is then based on their actual salary rather than their FTE salary. Again, having a higher number of women in junior roles coupled with the fact that 26% of our female employees work part-time compared to 1% of our men at the snapshot date have both impacted on our bonus gender pay gap as the bonus is calculated using actual salaries (based on number of hours work) rather than percentage payments. We have small number of ad hoc bonuses paid those adding significant value to the firm performance and at the snapshot date more of these bonuses went to senior male employees which further impacts the bonus pay gap.

In relation to our mean ethnic pay gap, this has reduced dramatically since we first analysed this data in 2018. In 2018 this stood at 38%, in 2019 it reduced to 14.2% and today it is 8.69%. As part of our wider diversity strategy we are also looking to increase the diversity representation across the firm whilst continuing to reduce the ethnicity pay gap. Our newly formed Black Lawyers Group in conjunction with our Diversity and Inclusion Committee will continue to monitor and make recommendations.

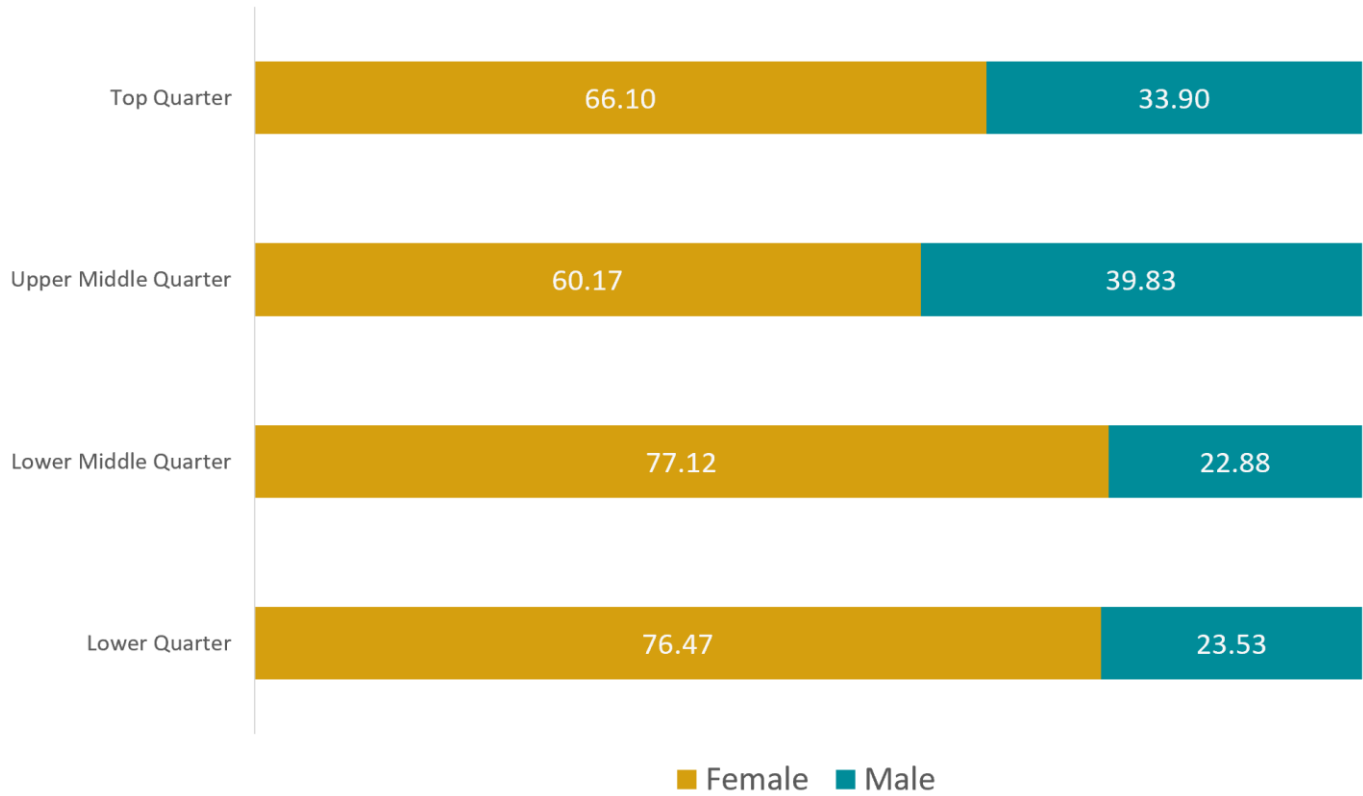
Lastly, we are also encouraged to see that our initiatives and action plan are also having a positive impact on our partnership gender pay gap. This has reduced from 27% in the year ending March 2018 to 20.6% in the year ending March 2020.

Although we are taking steps in the right direction, we understand that that it will take time to significantly reduce our pay gaps because they are predominantly a reflection of the make-up of our workforce – with higher numbers of women in junior legal roles or business support roles and a larger proportion of men in the most senior positions within the firm. However, we are committed to working hard to gain a gender balance in 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 to achieve their full potential.

	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	6.8%	8.2%	30.3%	29.2%	74.65%	74.72%
Partners	20.61%	15.24%	19%	(25%)	42%	41%

	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	8.7%	0%	25.2%	13.8%	71.95%	76.02%
Partners	32.9%	9.5%	83.4%	(25%)	50%	41.9%

## WCS Proportion of staff in each pay quarter



I can confirm that the information reported is accurate.

Paul Thorogood  
Designated Member