



Rachel Reeves MP
Business, Energy and Industrial Strategy Committee
House of Commons
London SW1A 0AA

By e-mail: beiscom@parliament.uk

8 June 2018

Dear Ms Reeves

Gender pay gap – request for information

Thank you for your letter of 25 May 2018. Having published our report in March 2018, we decided that given our commitment to progress on gender balance, a desire to be transparent, and to demonstrate our inclusive approach, we would amend our reporting going forward, irrespective of whether the statutory requirements changed. On that basis we communicated to all UK partners and employees in April 2018 that we would publish partner data in our 2018 pay gap reporting, and would include 2017 for transparency too. We are therefore happy to expedite our expanded reporting and share with you the details of our 2017 partner data.

Background information

The following information is important context to understand our approach to the publication of gender pay gap data.

The firm Freshfields Bruckhaus Deringer LLP (“FBD LLP”) is a limited liability partnership. FBD LLP was not within the scope of the publishing requirements under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the “Regulations”) as at 5 April 2017.

FBD LLP did not meet the 250 employee threshold for reporting, as it had only 20 UK employees and 132 UK Members at that date. All the employees of FBD LLP are engaged as Consultants held out as Partners and have employment contracts.

Freshfields Services Company (“FSC”) is a wholly-owned subsidiary of FBD LLP and provides the firm with the services necessary for the conduct of its legal operations. FSC does and did fall within the scope of the Regulations, and therefore published data as required in respect of the 5 April 2017 snapshot date (the “FSC Employee Data”). FSC is a

private unlimited company.

FSC and FBD LLP are separate legal entities, and separate “employers” for the purpose of the Regulations.

Methodology

The FSC Employee Data already published was prepared in accordance with the Regulations.

It is not possible for FBD LLP to produce data relating to its Members on the same basis as the FSC Employee Data, as Members receive profit shares as owners of FBD LLP, rather than pay, and do not have contractual weekly working hours.

On that basis, FBD LLP does not consider that the profit share of Members is readily comparable to employee pay. FBD LLP has nevertheless undertaken calculations on profit share as if it were pay for the purpose of responding to your letter.

We have calculated the requested pay gap information for partners using the 5 April 2017 snapshot date for consistency with the FSC Employee Data.

Further information on methodology is set out in the Appendix.

Response to questions

The FSC Employee Data already published is included below, together with data for FBD LLP only (covering both Members and Consultants held out as Partners), and finally the combined employee and partner data which combines the data from both FSC and FBD LLP. Our responses follow the numbering in your letter.

Pay and bonus information

1. Gender pay gap (hourly rate)

	FSC Employee Data	FBD LLP only	Employees + Partners (FSC and FBD LLP)
Mean gap	13.9%	19%	60.4%
Median gap	13.3%	17.6%	34.1%

2. Gender bonus pay gap

	FSC Employee Data	FBD LLP only*	Employees + Partners (FSC and FBD LLP)
Mean gap	41.0%	100%	42.2%
Median gap	33.3%	100%	34.2%

*NB – only one individual in FBD LLP received a bonus payment in the period.

3. Proportion of men and women receiving bonuses

	FSC Employee Data	FBD LLP only	Employees + Partners (FSC and FBD LLP)
% men	58.9%	0.8%	51.4%
% women	64.5%	0%	62.7%

Proportions of staff identifying as female

The percentage of UK staff identifying as female in the specified groups is included as at 5 April 2017, for consistency with the published FSC Employee Data and 1 May 2018 as requested.

This includes any individuals who were excluded from the hourly pay calculations in line with the Regulations by reason of unpaid or reduced pay leave.

4. Proportion of junior associates identifying as female

Junior associates	5 April 2017	1 May 2018
% identifying as female	50.8%	54.2%
% identifying as male	49.2%	45.8%

5. Proportion of senior associates identifying as female

Senior associates	5 April 2017	1 May 2018
% identifying as female	51.2%	47.9%
% identifying as male	48.8%	52.1%

6. Proportion of partners identifying as female

“Partners” covers Members and Consultant Partners

Partners	5 April 2017	1 May 2018
% identifying as female	20.3%	22.8%
% identifying as male	79.7%	77.2%

Strategies for female progression

7. Strategies to help women progress to partner level

As outlined in our gender pay gap report published in March 2018 it is a priority of ours to continue our efforts on improving gender balance and we recognise there is still more to be done. Strategies we have in place include:

- Supporting women’s development and progression through opportunities such as our Global Sponsorship Programme (GSP). This provides sponsorship, coaching and tailored training opportunities for mid-level/senior women associates, aimed at retaining and developing our top talent and supporting them to progress to more senior roles at the firm/partnership. As an example, our 2018 counsel promotions were 45% female, and of those women promoted, 67% had been part of our GSP.
- Senior sponsorship of gender diversity, for example with pipeline partners who help us to track and monitor the career progression of our female talent pipeline.
- Inclusive leadership training that is being rolled out across all practice groups, for Senior Directors, partners and counsel globally which includes tailored content around understanding unconscious bias and inclusive behaviours.
- Enhanced flexibility and agile working practices for the benefit of all at the firm.
- Our women’s networks engage in a range of activities including mentoring, panel discussions and client events to support the development of women at the firm.

8. Strategies to help women progress to Executive Committee/Board level

The firm's governance structure has two bodies which are at the level of Executive Committee and Board. The firm's Board, called the Partnership Council, comprises the Senior Partner and fifteen elected members. Members represent geographical constituencies and are elected by the partnership. The Executive Committee equivalent, called the Practice Committee, comprises the firm's Managing Partner, Practice Group Leaders and Regional Managing partners as ex officio members. Appointments into these roles are made by the Senior Partner and/or Managing Partner after a consultation process and approved by relevant partners. There are a number of other significant leadership positions in the firm, including sector group leaders and the chair of the firm's Financial and Risk Committee, which performs the functions of an audit committee.

We are focused on improving the diversity of representation across all of our leadership and committee roles, including our Partnership Council and Practice Committee. Strategies include:

- We provide a number of training and coaching opportunities to men and women partners to support their leadership development.
- We proactively consider diversity when succession planning for leadership roles.
- We are consulting with partners to better understand their perspectives and identify opportunities for us to improve the representation of women in leadership roles.

9. Success with increasing female progression to partner, Executive Committee and Board level

We have seen an amount of progress in the UK with regard to female progression to partnership and representation in leadership roles, but acknowledge there is still much more to be done.

We have created an internal target that has been in place for 4 years with regard to promotion of women to our partnership. This target is that 30% of our candidates for partner promotion will be women (on a 3 year rolling average). In the UK specifically, since 2015, 42% of promotions to partnership have been women. The partnership in London during that time has increased from 18% to 23% women.

With regard to leadership roles in the partnership globally, of our women partners, who currently account for 15% of our total partnership globally, 36% currently hold a leadership position or a committee role. For example, 50% of our Global Sector Group Leads are women.

Of our global Senior Directors, who lead our business services teams, 56% are women, including two recent joiners, our new global Chief Financial Officer and Chief Digital and Technology Officer.

We appreciate the committee's interest and rigour on this and would welcome any further clarity as to how meaningful data can usefully be collated in a consistent way across organisations.

Yours sincerely

A handwritten signature in black ink that reads "Edward Braham". The signature is written in a cursive style with a large, prominent 'E' at the beginning.

Edward Braham
Senior Partner

Appendix

Methodology

Partner pay

1. Hourly rates

- (a) Any Members or Consultant Partners on a period of reduced pay or unpaid leave in the April 2017 pay period have been excluded from the hourly rate calculation (consistent with the FSC Employee Data)
- (b) Members
 - (i) "Pay" has been calculated for Members as at 5 April 2017, excluding any Members on a period of reduced or unpaid leave in the April 2017 pay period (consistent with the FSC Employee Data)
 - (ii) Hourly rate has been calculated using full-time equivalent profit share for the financial year ending 30 April 2017, and the weekly hours applicable to the lawyer groups in the FSC Employee Data
- (c) Consultant Partners with variable pay
 - (i) Hours and pay may be variable depending on the specific arrangements with the Consultant Partner in question
 - (ii) An individual Consultant Partner may receive a different hourly rate for different types of work
 - (iii) Hourly rate has been calculated based on total pay in the 12 month period May 2016 to April 2017 and the total hours to which that pay relates, in order to produce a representative average rate for each Consultant Partner
 - (iv) Any Consultant Partner who has a contract with FBD LLP but who did not receive any payment in the 12 months ending with the April 2017 pay period has been treated as being on reduced pay/unpaid leave and excluded from the pay calculation

(d) Fixed pay Consultant Partners

For partners who receive fixed annual pay, hourly rate has been calculated for the 2017 April pay period based on the provisions of the Regulations, as for the FSC Employee Data.

- 2. No benefits in kind are provided to the Members or Consultant Partners.
- 3. Bonuses are not typically paid to Members or Consultant Partners. One Consultant Partner received bonus payments in the 12 month period up to 5 April 2017.

4. Any Members or Consultant Partners excluded from the pay calculation by reason of reduced/unpaid leave are included in the bonus data at questions 2 and 3, and data requested at question 6.

Associate demographics

5. “Junior associates” in question 4 covers the first three post-qualification career milestones for lawyers at FSC.
6. “Senior associates” in question 5 covers the two most senior career milestones for lawyers at FSC.