



HERBERT
SMITH
FREEHILLS

**LEADING FOR
INCLUSION 2018-21**
**GLOBAL DIVERSITY
AND INCLUSION
STRATEGY**

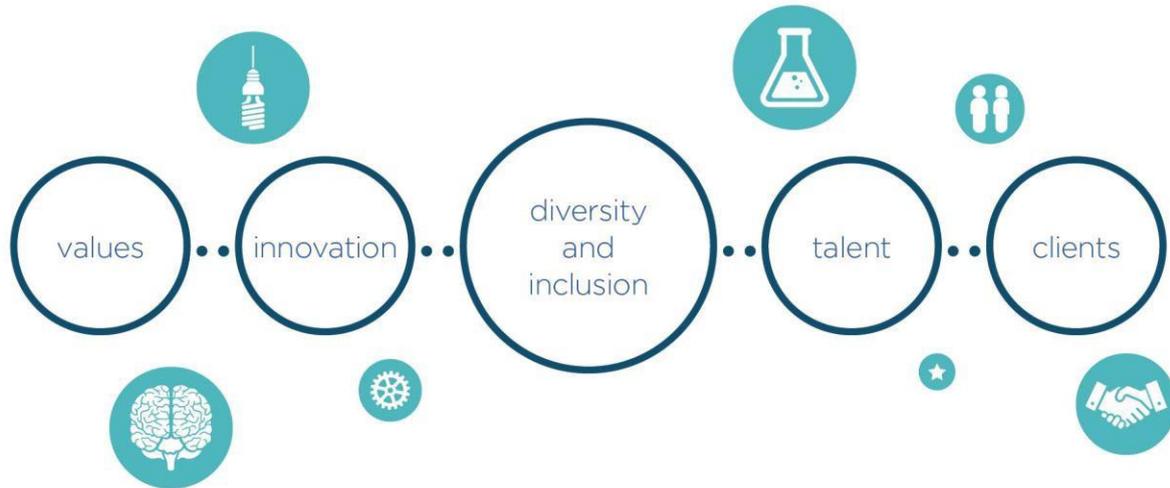
1 Introduction

We first developed a global D&I strategy in 2013. Led by the Global Diversity & Inclusion Group (GDIG), the strategy has focussed on leveraging diversity to enhance our firm culture and client relationships, with the vision of being the leading global law firm for diversity and inclusion. Our 2013 strategy was a synergy of three global priorities - gender, multiculturalism and LGBT+ inclusion. Each priority has had a strategic program focusing on global application and regional activity, and significant progress has been made in what we set out to achieve. At a local level, our D&I networks continue to do much of the people and client facing D&I work. Various initiatives have been implemented to promote inclusion as a hallmark of our culture.

To achieve our vision, it is now essential to broaden our focus from three global priorities to a heightened focus on inclusion, underpinned by the diversity of our people. It is also important to articulate that we have a D&I strategy to help the firm achieve its vision, and our strategy must always be able to flex with the needs of the business, while staying true to the overall business objective of creating a diverse and inclusive culture.

2 Executive summary

- *Leading for Inclusion* essentially represents a **strategy re-set**, building on our achievements to date but with a renewed focus on **inclusion** in addition to diversity.
 - Our previous global strategy prioritised specific strands of diversity (gender, multiculturalism and LGBT+), as the focus was on integration post the merger and setting global priorities within which we could extend our D&I activities in the EMEA and Asia regions to create a more balanced global platform. This strategy emphasises inclusion as the overriding objective for our work whilst at the same time reaffirming the importance of increasing our focus on gender as a key element of this strategy. It is important to emphasise that we remain committed to achieving our existing diversity goals including in relation to increasing the proportion of women in the partnership and in key leadership roles etc. **Appendix 1** contains a brief summary of key achievements in relation to our pre-existing priority areas of gender, multiculturalism and LGBT+.
 - We have made a more explicit link in this strategy to the Beyond 2020 strategy, articulating how D&I contributes to this and building on **Talent, Clients, Innovation and Values** as the four key pillars of the D&I strategy.
 - In re-setting our focus on inclusion, we will be paying particular attention to:
 - building closer relationships with **clients** through our shared commitment to diversity and inclusion
 - **leader behaviours** essential for creating an inclusive culture
 - the **wellbeing** of our people
 - building a **diverse pipeline to partnership** and then **retaining that diversity in the partnership**
 - the role of our **diversity networks** in strengthening client and people engagement and cross-network collaboration, and intersectionality across diversity strands
 - integrating D&I into **BAU processes**.
 - The strategy is supported by a **governance structure** that integrates D&I into decision making and is underpinned by clear accountability for inclusive leadership behaviours via the PPR
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process. In addition, *Leading for Inclusion* will see us increase our focus on rigorous data to inform decisions and the assessment of progress.

3 Diversity and Inclusion (defining what we mean)

Diversity refers to characteristics relevant to our identity and important for individual authenticity, including gender and gender identity, ethnicity and race, religion and belief, nationality, sexual orientation, disability, age and social class.

Inclusion refers to an environment which values diversity and enables people to be their authentic self in the workplace. An inclusive workplace is characterised by openness, equality and non-discrimination. Inclusion is the enabler of diversity in that it provides the environment for our people to give their best and reach their full potential.² In an inclusive culture, different perspectives are actively encouraged, and people are confident in their ability to progress within the organisation regardless of their particular background or identity. There is a high level of psychological safety within an inclusive organisation.

Diversity and Inclusion is integral to how we attract, retain, develop and engage people and the team relations we have with each other.³ Inclusive workplaces are crucial for our wellbeing and for minimising risk.⁴ Many of our clients expect diversity in their legal teams, and want a team which is able to solve high levels of complexity by virtue of having diverse perspectives. In a recent RFP from Anglo American to become one of their preferred external law firms, one of the four key

² Although feelings of inclusion clearly differ from person to person, perceptions of fairness and respect and value and belonging are two key indicators which pave the way for experiences of psychological safety and inspired performance (Deloitte, 2013).

³ A Diversity Council of Australia report released in November 2017 found that employees in inclusive teams are:

- 19 times more likely to be very satisfied with their job compared to workers in non-inclusive workplaces (58% to 3%)
- 10 times more likely to be highly effective (58% to 6%)
- 9 times more likely to innovate (45% to 5%)
- 4 times more likely to stay with their employer over the coming year (62% to 16%)

⁴ Harnessing the right culture in the workplace, one that is open and promotes inclusion, creates an environment where employee wellbeing can flourish (Thriving at Work, Stevenson and Farmer, 2017).

competencies highlighted in the RFP was diversity. Accordingly, our (ultimately successful) pitch had a large focus on D&I.

As we head into the next strategy cycle, our emphasis in terms of language and actions will be more on inclusion, inclusive leadership and the creation of an inclusive culture in addition to diversity, in recognition of the fact that we need an inclusive culture in order to attract a diverse range of people and leverage that diversity as a key contributor to our business performance.

4 Leading for Inclusion 2018-21 Global Diversity and Inclusion Strategy

4.1 Vision

Our vision is to be the leading global law firm for diversity and inclusion.

4.2 Link to Beyond 2020 strategy

Leading for Inclusion is integrally connected to the Firm's [Beyond 2020](#) strategy and, in particular, the objective to have a diverse, innovative culture where high performance, client focus and highly engaged people are our differentiators.

Leading for Inclusion contributes to the firm's overall strategy in the following ways:

- (a) **People, Performance and Leadership:** Performance on D&I helps create a competitive advantage in attracting and retaining top talent. Inclusive environments encourage authenticity and people perform better where they can be themselves. Moreover, people are more likely to give discretionary effort when they feel engaged. This means there is a strong correlation between diverse and inclusive cultures and high engagement.
- (b) **Clients, sectors and products:** The Client Listening Survey 2016 made clear that many of our clients associate D&I with trust and confidence in us as a firm, and expect that we will present them with teams of diverse people who are able to bring innovative perspectives to increasingly complex problems. Our D&I client events are some of the best attended of any of our events, and provide excellent opportunities for collaboration between our organisations.
- (c) **Platform:** HSF aspires to be the leading law firm for the attraction, promotion and retention of talented people from a wide range of cultural backgrounds. Greater cultural diversity and inclusivity in our teams will better equip us to bring innovative solutions to our clients' increasingly complex problems across our global network.
- (d) **A leading professional services firm:** We benchmark our D&I practices against the professional services sector and playing a leading role in D&I in that sector. Sector collaboration, such as participating in the legal sector LGBT+ mentoring pilot programme in the UK, further strengthens our position as a leading professional services firm. Occasionally we partner with other leading professional services organisations such as PwC and BCG.

In re-setting our strategy, *Leading for Inclusion* builds on our achievements to date but with a renewed focus on inclusion. Whereas the 3 diversity strands of gender, multiculturalism and LGBT+ comprised the key focus of our 2014-17 strategy, the next 3 years will place the creation of a truly inclusive culture front and centre of our strategy.





There is still much to be achieved across the individual diversity strands (particularly in relation to gender and multiculturalism), but approaching our priorities within the overall framework of inclusion will ensure that we constantly consider how we are leveraging our diversity for the benefit of the business (our people and clients).

Leading for Inclusion is predicated on inclusive leaders being celebrated as role models in the firm and is framed around 4 key pillars as set out below.



TO ATTRACT AND RETAIN TOP TALENT FROM A DIVERSE RANGE OF PEOPLE AND ENABLE THEM TO PERFORM TO THEIR FULL POTENTIAL

4.3 Talent – our people

As the leading global law firm for our diverse and inclusive culture, we will:

- (a) position the Firm as an **employer of choice** for top talent where D&I is an integral part of our employer brand and employee proposition;
- (b) embed the concept of **inclusive leadership** (IL) and IL behaviours in all our leadership development programmes and strengthen accountability and visible leadership via D&I objectives in PPRs for partners and business services leaders;
- (c) facilitate senior leader **role modelling** on D&I via communications and the staff diversity networks;
- (d) raise awareness to **counteract unconscious bias** via the Open Minds e-learning and speaker series;
- (e) ensure **selection processes are free from bias** so we make the fairest and best selection decisions, particularly in the graduate and lateral hire recruitment process;
- (f) support the development of a **diverse talent pipeline** to partnership (including through lateral partner hires) and other senior leader roles, and actively support diverse talent once in the partnership and senior leader roles (such as via sponsorship);
- (g) review progress against our **gender targets** for gender balance in the partnership, partner leadership roles and senior business service roles, taking action to support progress – this will include re-setting gender targets in May 2019 when our current gender targets expire;
- (h) actively work with **practice groups** to improve gender diversity;
- (i) develop a **global wellbeing strategy** to enhance people performance, wellbeing and retention; and
- (j) support our **D&I networks** by:
 - (1) **profiling our networks** to increase engagement and encourage collaboration across the networks so as to better leverage our global platform and client-facing D&I work;
 - (2) ensuring **effective leadership** of the networks via Sponsors and Chairs; and
 - (3) working with our networks to develop their **annual plans** based on *Leading for Inclusion*.

4.4 Clients



TO ENGAGE WITH OUR CLIENTS VIA OUR DIVERSITY AND INCLUSION PROGRAMMES AND BE BEST PLACED TO MEET THE NEEDS OF A DIVERSE CLIENT BASE ACROSS GLOBAL MARKETS

As the leading global law firm for our diverse and inclusive culture, we will:

- (a) ensure the **client perspective** informs our D&I programmes, with D&I being integrated into client listening as BAU;
- (b) increase **client collaboration** on D&I as a way of building and strengthening client relationships via events, memberships and consulting advice, mirroring the firm's focus on sectors and facilitating cross-selling;
- (c) **create global D&I content for pitches** and tailor pitch submissions to the client based on knowledge of the client's focus and approach to D&I; and
- (d) build our **market reputation** on D&I as a key differentiator.

4.5 Innovation



TO INNOVATE FOR OUR CLIENTS AND OUR BUSINESS THROUGH THE CONTRIBUTION OF DIVERSE PERSPECTIVES

As the leading global law firm for our diverse and inclusive culture, we will:

- (a) constantly **reinforce the link between D&I and innovation**; leveraging our staff diversity networks to access diversity of thought to develop innovative solutions to issues which the firm faces;
- (b) embed a culture of **psychological safety** which is open to new ideas and insights and reduce the restricted thinking associated with unconscious bias; and
- (c) support **specific initiatives** in the firm's innovation strategy, e.g. agile working.

4.6 Values



TO ENABLE ALL OUR PEOPLE TO CONNECT, COLLABORATE, EXCEL AND LEAD TO CREATE A GLOBAL ONE-FIRM INCLUSIVE CULTURE

As the leading global law firm for our diverse and inclusive culture, we will support the firm's values to:

**CONNECT
VIA NETWORKS**

**COLLABORATE
WITH CLIENTS**

**EXCEL
IN THE MARKET**

**LEAD
FOR INCLUSION**



5 Measuring success

Success under *Leading for Inclusion* will see a D&I lens over all of our BAU processes.

Indicators of this will include:

- (a) improving results in our **annual global diversity audit** including in relation to perceptions of flexible work practices, career progression and multiculturalism;
- (b) progress against the **gender targets**;
- (c) lessening of any **gender pay gap** in the UK and Australia;
- (d) **clients**: increasing diversity in the **teams** put forward for client pitches and also increasing diversity in the secondee talent pool for **client** and international assignments;
- (e) monitoring **pipeline development** from PPDC nominations to partner pipeline, to slate and partner promotions;
- (f) improving diversity data collection across strands to enable monitoring of **performance reviews, talent review, attrition and remuneration**;
- (g) increasing diversity in **graduate recruitment** and in **PPDC candidates**;
- (h) increasing diversity in the people profiled in our internal and external **comms**;
- (i) improving **Global Engagement Survey** D&I results;
- (j) improving results in **best practice benchmarks** relevant to the local markets and award submissions;
- (k) increasing our **supplier diversity**;
- (l) D&I programme **evaluation and feedback**; and
- (m) each region developing its own client and people goals with respect to **multiculturalism**.

In addition to measuring progress against (a) – (c) every year, we will prioritise 3 other areas from the above list to review each year.

6 Governance and accountability

Our Head of Diversity & Inclusion is a member of our People & Culture Board, which is chaired by our CEO, Justin D'Agostino. The Board is comprised of senior leaders from across the firm who are passionate about driving our people-centred culture, a culture that is guided by a powerful common purpose to co-create value for each other, our clients and the broader community.

The People & Culture Board advises our Core Executive on key diversity and inclusion topics such as our gender targets, ethnicity targets and our global D&I programmes. The Core Executive is accountable to the partnership for the implementation of our diversity and inclusion strategy.

Furthermore, our Regional Executives are accountable for delivering regional initiatives and progress on diversity and inclusion, with a particular focus on ensuring greater diversity in our partnership pipeline as well as in senior leadership roles more generally.

At a local level, each partner and people leader in the firm will be accountable for creating an inclusive culture within their own team. In terms of partner accountability, partner performance review (PPR) forms contain a requirement for each partner to set a D&I objective. This strategy, together with guidance from the D&I team, should assist partners in setting their D&I objectives each year.



Appendix 1: achievements to date across our 3 focus areas

Gender

We have focussed, and will continue to focus on the following 4 areas:

- (a) **Targets:** The setting of gender targets in March 2014 has been instrumental in shifting the conversation about progression of female talent and increasing gender balance in the partnership. As a reminder, the following 5 targets were set:

- (1) To have 30% women in the global partnership by 2019, with an interim target of 25% by 2017.
- (2) To have 30% women in partner leadership roles by 2019, with an interim target of 25% by 2017.
- (3) No one gender should be more than 60% in the annual partner promotions over a three year rolling period.
- (4) Women will progress to equity partnership in line with the targets of 25% in 2017 and 30% in 2019.
- (5) No one gender should be more than 60% of global business services leadership roles.

While there is still a long way to go before we have gender parity in the partnership and in leadership roles, progress has been made structurally and culturally. There has been greater scrutiny of the talent pipeline and a focus on developing talent including through mentoring and sponsorship. A review of women in leadership roles led to greater transparency in processes related to promotions to leadership roles. In 2017, 4 out of 5 practice groups met the interim target of 25% women in partnership.

- (b) **Client engagement:** Women's networks continue to be influential in engaging with clients where there is a shared value to support gender equality. We continue to be a first mover in celebrating gender diversity, for example, the Moscow office was one of the first firms to host a women in business client event, which is now held annually. In Australia, we recently held a joint panel discussion on D&I with ANZ where Mark Rigotti was a panellist along with a senior leader from ANZ and PwC. We are now organising a similar session with NAB with a particular focus on our Sydney Lean In circles.
- (c) **Sponsorship:** As set out in the Guide to Network Sponsorship, the sponsorship programme is aimed at women and men on the partnership pipeline, junior partners and partners at key transition points (most notably on return from parental leave).
- (d) **Gender programmes:** We have developed gender programmes across the global network according to the needs in that particular part of the network. The *Career Directions* and *Career Transitions* women-targeted development programmes have been a key component of the gender diversity strategy in the UK, EMEA and Asia. *Career Directions* was first introduced in London in 2014 for female associates 2 years PQE. The proportion of female attrition has been reducing since the programme was introduced. It has since also been delivered in Dubai, Hong Kong, Germany and France. The *Career Transitions* programme for post-PPDC associates and the *Developing your practice: strategies for success* for pre-review point partners have both received positive feedback. Australia to date has instead relied on the sponsorship programme and individual coaching for women post PPDC. In addition, the Sydney *Lean In*



Circles are very popular and we now have around 6 circles led by female partners and/or Executive Counsel with about 12 participants in each. Going forward the *Career Transitions* programme (post-PPDC associates from the PPDC 2018 cohort) and the *Developing your practice: strategies for success* will be offered across all regions.

In November 2017, the Global Exec agreed to the GDIG's recommendation for a twice yearly review by regional Executives of partners below the review point. Essentially, this will involve a twice yearly discussion at the regional Executive and will ideally include a member of the GDIG and a senior female partner from a different practice group. Key issues will be shared with the Global Executive and Council.

Multiculturalism

Our multiculturalism strategy has focussed on the following areas:

- (a) **Recruitment:** A D&I lens has been applied across all recruitment processes to take steps to eliminate bias during interviews and to ensure candidates are representative of the local cultural diversity in each region. The firm's relationship with RARE Recruitment and using contextual data for graduate recruitment in London has supported our efforts to hire the best talent.
- (b) **Retention and progression** of people from a wide range of cultural backgrounds including into leadership roles.
- (c) **Data:** Multicultural monitoring is part of the annual UK Diversity Audit and in some of the EMEA offices. We have also asked cultural background questions in the Asia-Pac region in late 2016, but with somewhat disappointing response rates, particularly in Australia. Analysis of inclusion indicators by nationality, ethnicity and race, and religion and faith provide a foundation for the Multiculturalism Network programme. Diversity monitoring, including ethnicity, cultural background, and religion and belief, was implemented as part of the Partner Promotion Development Centre (PPDC) process.
- (d) **Staff and network engagement:** Multiculturalism networks exist in London, Sydney, Melbourne and Hong Kong and the D&I committees across our offices touch on the topic of cultural diversity. In the 2017 EMEA diversity audit, 30% of all respondents reported they would be interested in joining a multiculturalism network or learning more about multiculturalism. There is an opportunity to further develop multiculturalism networks and activity globally.
- (e) **Cultural intelligence (CQ):** We continue to raise awareness of cultural diversity due to nationality, ethnicity and race, and religion and faith. We have successes in this area from a global awareness campaign during global D&I week 2015, ensuring a balance of diverse role models in internal and external communications. The complexities of our business require the development of CQ to better serve our clients and colleagues across international jurisdictions. One tool which is helping us develop our CQ is Country Navigator, an online platform offering cultural diversity information and supports many parts of the business including International Mobility and Business Development.

LGBT+

We have a market leading reputation on LGBT+ diversity and inclusion, having been a 'first mover' in this space in all regions (UK, Asia, Australia and EMEA) and with rankings in the leading best practice benchmarks. Further detail is set out below:



(a) **Global IRIS Network:** In 2017, a global LGBT+ Network was formed under the leadership of Justin D'Agostino and rebranded IRIS (Inclusion, Respecting Identity and Sexuality). There is an annual video conference for the network which promotes collaboration and support between offices. The formation of a global network has been important in our support of LGBT+ and ally colleagues in small offices where there was not previously a LGBT+ network.

(b) **Market recognition and reputation:** The firm continues to maintain a strong market position for LGBT+ inclusion by participating in global and regional benchmarks. The firm has received recognition in Asia, Australia and the UK and Justin D'Agostino has received a number of personal accolades. Recognition for LGBT+ inclusion is a USP for client pitches and engagement. The firm publically supported the Marriage Equality Campaign in Australia and was the first corporate law firm to sign the Charter of LGBT+ Commitment in France, sponsored by l'Autre Cercle.

We are continuing to leverage the business opportunities of our market-leading reputation for LGBT+ inclusion – in a recent example, an Of Counsel and Partner sponsor of the IRIS Network in London spoke at the launch event of Tideway's LGBT+ network which resulted in the firm receiving instructions from Tideway.

(c) **Community engagement:** IRIS Networks have a strong focus on supporting charities and community interest groups. The London LGBT+ Summer Party supports a new charity each year, and the firm sponsors a range of LGBT+ events including Sydney Mardi Gras, Melbourne Queer Film Festival, the Brisbane MELT Festival, Pride WA and Pink Dot (Hong Kong and Singapore). Individuals have also invested a significant number of hours providing pro bono support to charities and community initiatives.

(d) **Ally Programme:** Educating colleagues and clients about the diversity within the Lesbian, Gay, Bisexual, and Trans* populations is further supported through the Ally Programme. The global launch of the programme during Global D&I Week 2017 was well received. Continuous review and development of the Ally Programme is an opportunity to strengthen the firm's commitment to inclusion and ensure everyone feels comfortable to bring their whole self to work.