Freshfields LLP

Annual report and financial statements

for the year ended 30 April 2025

FRESHFIELDS

Registered number: OC334789

Freshfields LLP

Annual report and financial statements for the year ended 30 April 2025

Freshfields LLP

Annual report and financial statements 2025

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Freshfields LLP

Report to the members

The Board, on behalf of the members, presents their annual report and the audited consolidated financial statements of Freshfields LLP for the year ended 30 April 2025.

Firm structure

Freshfields LLP ("the LLP") is a limited liability partnership registered in England and Wales. The consolidated financial statements incorporate the financial statements of Freshfields LLP and its subsidiary and associated undertakings ("the Firm") for the year ended 30 April 2025. Freshfields is the collective name for the international legal practice comprising Freshfields LLP and the other partnerships, corporations and other undertakings which carry on business under the name "Freshfields".

The Firm has branches outside the United Kingdom and its principal activity during the year was the provision of legal services.

A list of members' names and non-members who are designated as partners is available for inspection at 100 Bishopsgate, London, EC2P 2SR, which is also Freshfields LLP's principal place of business and registered office.

Principal activity

The principal activity of Freshfields is the provision of legal services through a network of offices in Asia, Europe, the Middle East and the United States. All results derive from continuing activities.

Business review

Total revenue for the year was £2,248.3m, an increase of 6.0% compared with the prior year (2024: £2,121.3m).

The profit before partners' annuities decreased to £636.8m (2024: £675.0m).

Net cash at the end of the year was £87.4m, compared with £36.1m in the prior year. Details of the movement in net cash can be found in the consolidated cash flow statement on page 36.

Net assets, before the provision for partners' annuities payable from future profits were £975.0m (2024: £963.8m).

Going concern

The Firm had net cash of £87.4m at 30 April 2025 compared to £36.1m in the prior year. In common with other businesses, the current economic environment means that demand for our services could be impacted in the short term. In addition, liquidity pressure on our clients could also have an adverse impact on the business. However, the Firm has considerable financial resources together with a diverse range of clients across different geographic locations and sectors. The Firm also has considerable discretion over the timing of any cash distributions to partners.

Having considered the current economic conditions and potential uncertainty over the level and timing of future revenues, the Firm's forecasts and projections, and the level of borrowing facilities available, the members are satisfied that the Firm has adequate resources to continue in operational existence for the foreseeable future. As part of this assessment, the members have considered a range of possible scenarios including a significant downside scenario. The members are comfortable that even in the event of a significant downturn, the Firm will be able to meet its obligations for at least 12 months from the date of approving the financial statements. For this reason the members continue to adopt the going concern basis in preparing the accounts.

Management

The Board is the main policy setting body of the Firm and is responsible for reviewing the strategy, performance and overall management of the Firm. The Board comprises the Senior Partner and ten other partners, elected by the partnership, who reflect the geographic and practice spread of the Firm. The Board meets on a regular basis.

Report to the members

Management (continued)

The Executive Committee is the key operational body of the Firm and is responsible for the development of the Firm's practice areas in line with the Firm's strategy. The Committee comprises the Senior Partner and other members of the Global Leadership Team and the Practice Group Leaders for each of the Firm's practice areas. The Global Chief Financial Officer also has a seat on the Committee.

The Finance Committee is a subcommittee of the Board with responsibility for monitoring the Firm's financial affairs, including its accounting policies and processes. The Finance Committee comprises several members of the Board together with other partners. One or more members of the Global Leadership Team and the Global Chief Financial Officer regularly attends meetings.

The designated members of Freshfields LLP during the year ended 30 April 2025 and to the date of this report were:

Georgia Dawson	Senior Partner
Rick van Aerssen	Managing Partner
Jonathan Kembery	General Counsel
Rafique Bachour	Partner and former Managing Partner

Members' profit shares, drawings and capital

The term "partner" in this document is used to refer to a member of Freshfields LLP, or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in one of Freshfields LLP's subsidiary or associated undertakings. The term "member" in this document is used to refer only to a member of Freshfields LLP.

The partners who are not members of the LLP receive remuneration equivalent to that of comparable members. Their remuneration is included within "employment expenses" in the consolidated income statement. Remuneration that is payable to a member that is treated as a charge against profit is shown under the heading "Members' remuneration charged as an expense" in the consolidated income statement.

The profits for the year are finalised after the year end. The allocation and distribution of the profits is agreed by the Board following the recommendation of the Finance Committee, based on the needs of the Firm. As members draw a proportion of their expected profit share during the year, before the profits for the year have been determined and allocated to them, by the year end their current accounts with Freshfields LLP are generally in deficit. The total of these accounts is shown in the consolidated balance sheet within "Amounts due from members". Once the profit for the year has been allocated and approved for distribution, the members' current accounts are in surplus by the amounts retained to settle their tax liabilities and the amount of their share of the year's profits that have not yet been paid to them.

The Firm is financed through partners' capital, undistributed profits and bank facilities. Partners subscribe the entire capital of Freshfields LLP. The amount of capital required by the Firm is agreed by the Board following a recommendation by the Finance Committee with reference to the expected future cash requirements and future cash flows of the Firm. Capital is repaid to partners after they cease to be partners of the Firm.

Corporate responsibility

Freshfields LLP produces a separate Corporate Social Responsibility report that is available on the Firm's website at www.freshfields.com/en-gb/about-us/responsible-business/reporting/responsible-business-reports/

Freshfields LLP

Report to the members

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as the auditor in accordance with the LLP agreement.

Approval

Approved by the Finance Committee for the Board and signed on their behalf on 4 December 2025 by:

Georgia Dawson
Partner and designated member

Jonathan Kembery
General Counsel and designated member

Freshfields LLP

Energy and carbon report

The following report is structured around the Climate-Related Financial Disclosure (CFD) framework requirements under regulation 12B of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Metrics and targets

Our global carbon footprint reporting includes all Scope 1 and Scope 2 emissions with no exclusions, and all applicable Scope 3 categories (fuel and energy-related activities, waste generated in operations, business travel, employee commuting and purchased goods and services category). The footprint is generated across the Firm's 33 offices in the US, UK, Continental Europe, Middle East and Asia.

Representatives from each office submit environmental performance data on an annual basis, covering energy and utilities consumption, business travel, waste data, and paper purchases. Our procurement team submit data on our global supply chain. These data are analysed and converted into a carbon footprint by EcoOnline, which is then externally verified by Carbon Footprint Ltd.

The following report includes carbon and energy data concerning our global operations. The scopes and categories of emissions identified in Table 1 (below) reflect the nature of and tracking required for our science-based targets.

Table 1: Carbon footprint data (market-based results) as verified by Carbon Footprint Ltd, a third-party assurance consultancy

	2024/25 financial year	**2023/24 financial year**	**2018/19 (baseline year for Freshfields' SBTs)**
Scope 1 and 2 (tCO_2e) market-based *	1,322	3,258	6,916
Scope 3 (tCO_2e)**	52,472	44,769	80,276
Total GHG emissions Scopes 1, 2 & 3 (tCO_2e)***	53,794	48,027	87,192
Revenue (GBP millions)	2,248.3	2,121.3	1,493.1
(Scope 1 and 2) tCO_2e/1m revenue GBP	0.588	1.536	4.632
All Scopes tCO_2e/1m revenue GBP	23.331	22.643	58.401
Global electricity consumption (thousand MWh)	17.6	16.5	22.5
Electricity from 100% renewable sources (thousand MWh)	17.3	13.0	13.3

In previous years, we presented a Scope 3 value which included only the historic categories which were verified (fuel- and energy-related emissions, waste, business travel, employee commuting, and paper and water from category 1). Since 2023/24, all Scope 3 categories have been verified during the carbon footprint verification process. Therefore, for clarity, we will include one row for all Scope 3 emissions (including optional emissions for hotels).

* *We use the market-based Scope 2 emissions in all our carbon reporting due to our commitment to the RE100 (renewable electricity) initiative and for clarity in our science-based targets progress reporting via CDP.*

** *Includes all Scope 3 categories relevant to Freshfields. This covers purchased goods and services, fuel- and energy-related emissions, waste, business travel (including optional hotel emissions) and employee commuting (including some optional home-working emissions).*

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Energy and carbon report

**** Following the approval of our net zero target by SBTi in June 2025, emissions calculations for our baseline year and the 2023/24 reporting year were re-run using current carbon conversion factors to ensure all upstream emissions factors were included per the SBTi Corporate Net Zero Standard. Other scopes and categories also underwent some recalculation and re-categorisation during the net zero target application process to align with the Standard. During the target review process with the SBTi the baseline data for combined Scope 1 and 2 emissions was amended to reflect the market-based value rather than the location-based value, hence the above data for all Scopes of emissions differ from our 2023/24 response.*

The Firm saw an increase in its carbon footprint in the 2024/25 financial year, although positive progress was made across specific scopes and categories.

There has been a continued decrease in Scope 1 and 2 emissions, which is the result of increased adoption of renewable energy; notably our Paris office which has moved to a green tariff, and through the purchase of renewable energy certificates (RECs) for offices in the US, China (including Hong Kong), Vietnam, Ireland and Slovakia. This decrease comes despite a 9% increase in energy consumption, resulting from an increase in floorspace and headcount in several of our offices versus 2023/24 (a full year in the recently opened New York premises at 3 World Trade Center, a new office in San Francisco and an office move in Singapore to a larger space in January 2025).

Business travel emissions have continued to increase year on year since the Covid pandemic (see Table 2 overleaf), reaching 16,135 tCO2e in 2024/25, nearing the pre-pandemic level. A Global Business Travel Policy was put in place in 2023 to promote lower carbon transport options (e.g. rail before air travel where possible). Travel emissions growth has been amplified by significant business growth in the US region which is particularly reliant on air travel; air travel emissions doubled in the US in 2024/25 versus the 2018/19 baseline.

This reporting period (2024/25) is the second time that our purchased goods and services emissions, category 1 from Scope 3, have been verified, alongside the other Scopes and categories listed in Table 1. During the summer of 2024, we undertook a review of our supplier engagement strategy, with a view to understanding the maturity of carbon / climate reporting within our supply chain. We have also adopted a quarterly review approach to assess how SBTi engagement within our supply chain is changing throughout the year. Furthermore, the Firm issued a new Supplier Code in March 2025 which includes environmental expectations of suppliers (including carbon reduction targets and footprint disclosure), to help drive alignment with Freshfields' own commitments. The refreshed supplier engagement strategy has resulted in an increase in supplier emissions covered by science-based targets from 32% in the last financial year to 46% in April 2025.

All offices across the Freshfields network respond to an annual request for environmental data, including information on activities which materially impact the Firm's carbon footprint, such as electricity consumption and business travel. The data is not only used in our carbon reporting, but also to identify areas where the Firm can improve its environmental performance. The annual results are presented to our Environmental Delivery Group (EDG) and Global Leadership Team (GLT) before being circulated to all Freshfields colleagues. Our science-based targets commitment was borne out of a desire to implement leading environmental practices as a firm, alongside wider environmental targets covering the phase-down of single-use plastics across all offices, a reduction of waste to landfill, and a goal for all new offices, moves and refits to meet ambitious sustainability standards.

Table 2 (overleaf) indicates the Firm's progress against our climate targets.

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Energy and carbon report

Table 2: Progress against Freshfields' climate targets

Near-term science-based targets (2027 target date unless stated otherwise)	**FY 2024/25**	**FY 2023/24**	**FY 2018/19 (baseline)**
55% reduction in Scope 1 and 2 emissions (market-based)*	81% reduction versus baseline (1,322 tCO_2e)	53% reduction versus baseline (3,258 tCO_2e)	6,916 tCO_2e*
80% global renewable electricity supply by 2025, and 100% by 2030	99%	79%	59%
30% reduction in fuel and energy-related activities emissions*	20% increase versus baseline (2,407 tCO2e)	4% increase versus baseline (2,089 tCO_2e)	2,002 tCO_2e
35% reduction in business travel related emissions*	6% decrease versus baseline (16,135 tCO_2e)	18% reduction versus baseline (14,179 tCO_2e)	17,217 tCO_2e
63% of suppliers by emissions committed to SBTs**	46%	32%	No data
Long-term net zero target (2050)	**FY 2024/25**	**FY 2023/24**	**FY 2018/19 (baseline)**
95% reduction in Scope 1 and 2 emissions*	83% reduction versus baseline (1,145 tCO_2e)	53% reduction versus baseline (3,258 tCO_2e)	6,916 tCO_2e
90% reduction in Scope 3 emissions*	38% reduction versus baseline (52,472 tCO_2e)	44% reduction versus baseline (44,769 tCO_2e)	80,276 tCO_2e

** See asterisk three beneath Table 1.*

***The supplier engagement target has been increased from 62% to 63% at the request of the SBTi, following recategorisation of some Scope 3 emissions (moving hotel and homeworking emissions to an 'optional' category) during the SBTi net zero target application.*

We have seen progress made across a number of our near-term targets, notably our 55% Scope 1 and 2 reduction target and our 100% renewable energy target, both of which have been met. This comes as a result of increased purchase of renewable energy, and our focus on ensuring new offices, moves and refits meet high sustainability standards as set out in our green building guidelines (covering building certification, proximity to public transport, energy sources and waste infrastructure). Our New York office, occupied since February 2024 is rated LEED Gold, as is our San Francisco office. Our new Singapore office (occupied from January 2025) is in a building awarded BCA Platinum for its best practices in environmental design and construction, and the adoption of green building technologies.

We have not made progress reducing our fuel- and energy-related activities emissions. We understand this relates to the emissions associated with our access to lower emission electricity and heating fuels. There is volatility in the emissions factors relating to supplied electricity and heating fuels that are beyond our control. To support emissions reduction, we focus on energy management within our office network, both energy efficiency and reduction of energy demand. Workplace energy efficiency remains a focus area too, not least in our Manchester and London offices which are required to participate in the UK Environment Agency's Energy Saving Opportunities Scheme (ESOS). An action plan was submitted to the Environment Agency in March 2025 projecting savings of 185,257 kWh to December 2027.

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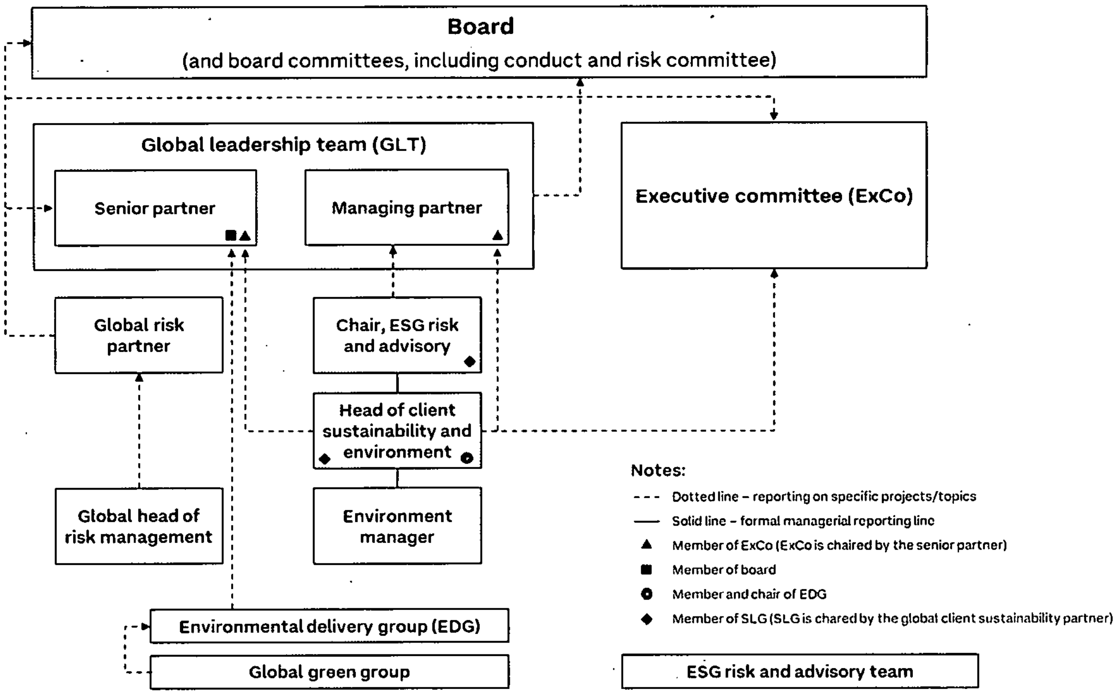
We are also making progress towards our supplier engagement target of 63% of our suppliers (by emissions) adopting SBTi-aligned targets of their own by 2027. Over the previous reporting year, supplier emissions covered by such targets increased from 32% to 46%.

Business travel emissions have continued to rise as the Firm grows its business. Notably, this results from an increase in air travel in the US, a key growth market, where two new offices were announced in 2024/25 (Boston and San Francisco), as well as growth in headcount across the US region. As noted above, a Global Business Travel Policy is in place which prioritises low carbon travel. In March 2025, the Firm introduced business travel carbon accounting into its financial reporting to increase awareness of business travel emissions among budget holders. Management of business travel remains a focus for the firm, for both carbon and cost.

Climate governance

Diagram 1 illustrates the governance of climate change within Freshfields.

Diagram 1: Climate governance at Freshfields



The Senior Partner is the most senior individual role in the Firm, and is a member of the Firm's Board, the Chair of the Firm's Executive Committee (ExCo) and the leader of the GLT. The Senior Partner holds ultimate responsibility for climate-related risks and opportunities within the Firm, including decisions regarding the acceptance of new business that raise complex sustainability issues.

ExCo receives requests from the Head of Client Sustainability and Environment to consider and ultimately endorse the Firm's approach to climate-related risks and opportunities, including its science-based targets and wider environmental targets (set in January 2021). It also takes into account climate-related matters in firm decision-making as part of discussion and approval of the Firm's approach to business travel, conferences and events, discussion and approval of new firm office space or fit-outs, waste and energy efficiency, and endorsement of the Firm's client strategy framework (which includes a key focus on our client advisory sustainability practice, including climate and energy transition-related mandates). Input on the climate and sustainability dimensions of our client mandate strategy is provided to ExCo via our head of ESG Risk and Advisory, supported by six cross-departmental co-leads and a wider team of partners across all legal practices and markets where the Firm operates.

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The GLT prepares a six-monthly written report to the Board, which includes an update on progress against the Firm's environmental targets and environmental initiatives, as well as on the Firm's client sustainability practice (including climate-related and energy-transition matters).

An Environmental Delivery Group (EDG) was established in January 2023 to drive the actions necessary to deliver on our targets, alongside the Firm's broader environmental agenda. The EDG is overseen by the Firm's regional COOs, works with specialists (including environment, procurement, IT and workplace/facilities management teams), and receives input from our Global Green Group of environmental champions. The EDG, which meets quarterly to review progress and identify areas for increased focus, is chaired by our Head of Client Sustainability and Environment, and supported by the wider Environment team. The EDG reports to the Firm's Senior Partner and GLT as required.

The Firm's Head of Client Sustainability and Environment is responsible for the delivery of our environmental performance and has suitable qualifications and experience in this regard (including strategic climate-related expertise). As required, they provide briefings and reports to senior management.

Strategy

In January 2023, the Firm published near-term science-based targets to align its carbon emissions with the Paris ambition to limit global warming to well below 2°C above pre-industrial levels. Together, these targets are baselined to FY 2018/19*:

- 55% combined reduction of Scope 1 and 2 emissions (operational and energy supply) by 2027
- 100% renewable electricity supply to all offices by 2030 (commitment to RE100), with a milestone of 80% by 2025
- 30% reduction in other fuel and energy related emissions by 2027
- 35% reduction in business travel emissions by 2027
- 63% of our suppliers (by emissions) to be committed to SBTs by 2027.**

** See asterisk two beneath Table 1.*

***See asterisk two beneath Table 2.*

In January 2025, the Firm's Executive Committee agreed a long-term net zero target of 2050. The target proposal was submitted to the SBTi in March 2025 and subsequently approved and published by the SBTi on 11 July 2025. The target, which meets the SBTi corporate net zero standard, will see the firm reduce its Scope 1 and 2 emissions by 95% and Scope 3 emissions by 90% by 2050, with the remaining 10% of residual [Scope 3] emissions being offset. A net zero road map (see Diagram 2) was developed in conjunction with the target proposal, outlining indicative actions that will reduce the Firm's carbon footprint over this period, weighted towards near-term solutions.

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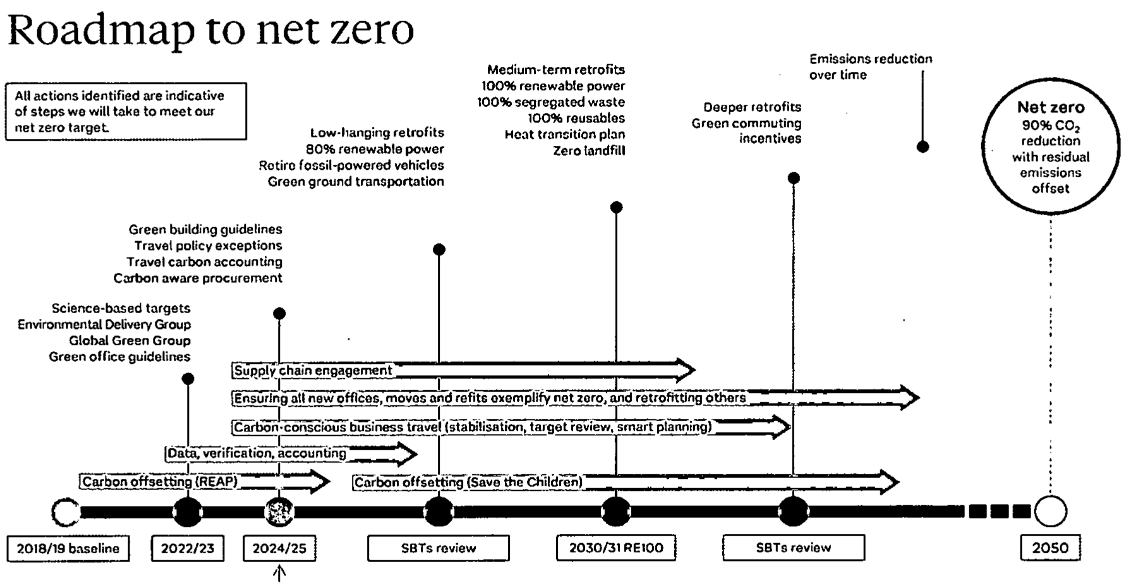
Diagram 2: Freshfields' net zero roadmap



The targets sit within a global environmental policy and associated delivery plan for firm-wide environmental improvement that spans workplace (including building energy), travel, waste, catering and procurement. These themes come together within the framework shown in Diagram 3 (overleaf) which is communicated to colleagues from day one at Freshfields and throughout their time at the Firm. The EDG is responsible for the establishment, action, and review of the Firm's delivery plan.

From November 2024 – March 2025, Freshfields introduced a mandatory global environmental training module to its staff. The purpose of this training, which will remain as a module in our annual mandatory learning cycle for all new employees, is to educate colleagues on the Firm's environmental ambition including focus areas, commitments and targets, partnerships, governance, and colleague responsibilities (reflecting the expectations outlined in our global environmental policy). A section of the module is dedicated to the Firm's climate targets, highlighting the importance of emissions reduction in transitioning the firm toward net zero — and the role everyone can play in achieving that.

In terms of planning horizons, we regard short-term to be one year, the timeframe of our annual reporting cycle. This is used for climate/carbon-related reporting and for reviewing progress against our targets. Our medium-term environmental planning typically spans 2–5 years, which is used to monitor progress against interim targets. This view covers our near-term science-based targets (which currently complete in 2027) and other interim targets (e.g. paper reduction) to be met in 2025. Our long-term environmental planning horizon spans 5–25 years, which covers the time leading to our net zero target date of 2050.

Freshfields is committed to working collaboratively with suppliers to improve their sustainability performance with the aim of achieving continuous improvement in our suppliers' environmental and carbon emissions performance and the services we receive. In March 2025 we published a new Supplier Code which supersedes our previous set of Responsible Procurement Guidelines. The Supplier Code outlines the expectations Freshfields has for its suppliers, whilst referencing the Firm's own duties and responsibilities. Expectations of suppliers include:

- comply with all applicable environmental laws, regulations and standards
- commit to science-based targets on carbon emissions by 2027
- measure and report emissions and share carbon footprint information
- disclose environmental performance using recognised scoring systems or standards (e.g. Ecovadis, CDP, ISSB, GRI).

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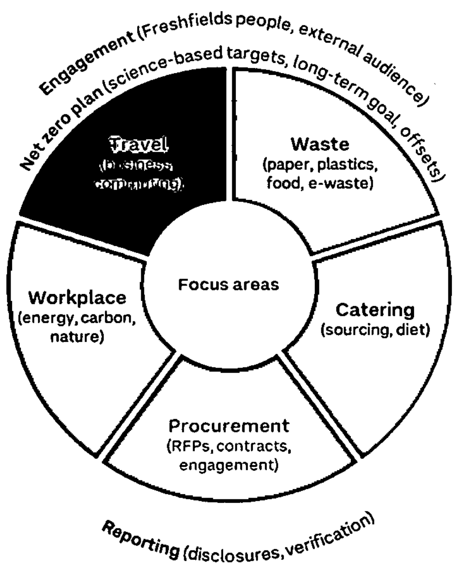
Energy and carbon report

Commencing in 2024, Freshfields enhanced its supplier engagement strategy on carbon and environment, principally by establishing a responsible procurement forum (RPF). The forum brings together product owners, budget holders and procurement and environment specialists to develop and implement our supplier engagement processes with an initial focus on climate/carbon. We are gathering data to increase our understanding of our supply chain's readiness for decarbonisation, whilst identifying opportunities to support suppliers on their emissions reduction journeys. We focus on our top 250 suppliers by spend, which account for circa. 80% of our purchased goods and services emissions. Within this group we are focusing particularly on our top 115 suppliers by spend, which account for 63% of our purchased goods and services emissions. A detailed carbon questionnaire has been issued to the full top 250 suppliers and the RPF is embedding climate-related questions and expectations into quarterly business reviews, tenders and contracts. Where appropriate, one-to-one conversations are conducted with suppliers to discuss their climate strategies, in particular their approach to committing to science-based targets.

In January 2025, through our membership of the United Nations Global Compact (UNGC), we rolled out a supplier engagement programme as part of our responsible procurement programme. The training, which is free to our suppliers, focuses on the Ten Principles of the UNGC (including the three principles related to environment), the Sustainable Development Goals (SDGs) and the fundamentals of business sustainability. Around 650 suppliers across the UK, Germany and Spain actively engaged in this initiative.

Diagram 3: Framework underpinning Freshfields' global environmental policy



On the client-facing side, the Freshfields ESG Risk and Advisory group (formerly the client sustainability group) helps clients navigate the most significant legal ESG issues (including climate) they encounter as a business. The group brings together the expertise of specialist ESG lawyers from across Freshfields' global network: ESG litigation expertise, high-end strategic advice, and execution of complex, ESG-driven transactions and transformational projects. The group advises clients on managing the legal risks of their most significant sustainability matters, and to navigate opportunities for transition.

Our global ESG network of lawyers continues to grow, integrating expertise across practice groups, from disputes to transactions; regulation to antitrust; tax to people and reward. At the heart of this capability is our co-lead structure of six partners and counsel who own the ESG Risk and Advisory group's strategy and resourcing, while the much broader sustainability network of partners and senior lawyers amplifies the work of the group cross-firm. Freshfields is privileged to advise clients across every sector on their climate-related issues and ambitions and are working to further integrate sustainability considerations into our client engagement and onboarding progress.

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To promote the work being undertaken by our ESG Risk and Advisory group to an internal audience, we hosted a spotlight series of webinars to all colleagues globally during Freshfields Earth Month in April 2025. Furthermore, as part of our client engagement strategy, we regularly deliver training to clients on topics relating to climate (among other ESG topics), for example: EU simplification of its ESG disclosure rules, and; the global baseline of sustainability-related disclosure standards and ESG litigation trends.

Partnerships and commitments

We have made a number of commitments and participate in collaborations to advance respect for environmental practices in commercial legal practice:

- In January 2021, Freshfields signed the 'Green Pledge', an initiative led by the Campaign for Greener Arbitrations (CGA) consisting of eight principles to minimise the carbon footprint and wider environmental impact of arbitration mandates. Later that year, we signed the Greener Litigation Pledge, focusing on minimising printed documents and travel in litigation mandates. Freshfields colleagues chair the CGA's steering committees for North America and Africa and, internally, taskforces have been set up to drive progress on both pledges. In the same year (2021), we signed the COP26 coal pledge, committing to ending new coal power development and financing.
- Since 2021 Freshfields has been a member of the RE100 initiative, bringing together corporates to commit to 100% renewable energy by 2030. This commitment forms one of our near-term SBTs.
- Freshfields is an active member of the Legal Sustainability Alliance, participating in a number of working groups which cover topics such as Scope 3 supplier emissions and TCFD/TNFD.
- In 2023, Freshfields co-launched Legal Charter 1.5, an industry-led initiative promoting action in line with the Paris ambition. We are a dialogue partner among a group of 16 other law firm members. We led the meaningful offsetting workstream which resulted in a high impact carbon collaboration with Freshfields' pro bono client, Save the Children Global Ventures.
- Freshfields also partnered with Chapter Zero in 2024, a network of UK-based non-executive directors focused on climate transition, which has resulted in a series of in-person events delving into the legal implications of climate change for boards.
- We maintain a close relationship with the UN Global Compact. In addition to providing a global analysis of sustainability reporting frameworks for UNGC Germany, we were proud to host the UK network's annual look forward in February 2025 (just as we did in 2024). We also invited circa. 650 of our suppliers to participate in the UNGC-delivered training on the UN's guiding principles, the SDGs and fundamentals of sustainable business.

Freshfields has reported its carbon footprint since 2007, having historically offset emissions across Scopes 1 and 2 and Scope 3 categories including waste and business travel. In 2015, the Firm made a 10-year commitment to a flagship carbon removal project, Reforestation in East Africa Programme (REAP), which produces a range of co-benefits for local communities including income generation, gender empowerment (through rotating leadership) and protection of biodiversity. Whilst the final portion of carbon credits from REAP will be received in 2026, Freshfields' 2024/25 carbon footprint (Scope 1, market-based Scope 2, plus the Scope 3 categories: waste, business travel (including hotels), employee commuting (including some homeworking), fuel- and energy-related activities, plus paper and water from category 1) was offset using an intermediate delivery of REAP carbon credits received in 2021 (Verra standard project).

In February 2025, Freshfields announced its collaboration with Save the Children Global Ventures (SCGV) to fund child-focused climate adaptation in vulnerable communities, demonstrating the firm's continued commitment to climate leadership. SCGV acts as global children's charity Save the Children's vehicle for impact investing and innovative finance. As part of the Legal Charter 1.5, we have joined forces with other law firms for greater impact to develop and create a scalable platform (and model) for private sector funding of projects that meet the needs of families living in regions most vulnerable to climate change.

Energy and carbon report

Initially, the focus will be on agroforestry and reforestation in and around the tea-growing areas of the Nandi region, western Kenya, where child poverty, malnutrition and food insecurity are high, and climate change is impacting farmers. The project, which we currently expect to align with Verra's VM0047 methodology, breaks new ground in using carbon finance from the private sector to fund child-focused climate adaptation, reflecting the mission of SCGV to use innovative sources of finance to achieve longer term goals for children. Tree planting is due to commence in late 2025, with the first carbon credits due to be delivered in 2030, which Freshfields will use to offset its footprint from 2030–2040.

Risks and opportunities

Risk management

Freshfields has an established process for identifying, analysing, managing, and reporting to leadership on the principal risks to our firm's strategy and business model, and a dedicated Risk team focused on maintaining the framework for doing this (including a Global Risk Partner and a Global Head of Risk Management). Principal risks are identified and determined on a materiality (impact on strategy execution and likelihood of materialising) basis through a process of periodic 'horizon-scanning' consultation with a wide range of stakeholders in senior roles across the Firm's different global practice groups, its international office footprint and leadership of its main business support functions. For each agreed principal risk at the Firm, a senior-level owner group (typically at Board/GLT/ExCo level) is in place that agrees on the risk's assessment and mitigation approach and meets regularly to track progress and discuss any emerging or materialising issues related to its areas of focus supported by the dedicated Risk team.

Key outputs and progress from all the risks ownership groups are consolidated and reported by the Risk team to the Conduct and Risk Committee, a sub-committee of the Firm's governing Board, with the mandate to oversee its risk management and compliance systems, and to the Firm's GLT. The aim is to revisit and fully refresh the list of principal risks every two years, although there is full scope to add risks to or remove them from the register outside of this timeframe where needed to ensure it remains fully up to date. Consideration is also given to how different principal risks may inter-connect. For example, climate change correlates with other principal risks we track related to regulatory change, to business continuity and to reputation management and this interplay is carefully considered to ensure our approach in each case is appropriately coordinated and fully integrated as necessary.

The impact of sustainability (notably climate change) on the Firm is included as one of the Firm's principal risks, owned jointly by our Head of Client Sustainability and Environment and an experienced partner in the Firm who will also chair the Firm's proposed new Responsible Business Committee. It is, therefore, subject to detailed analysis and has an associated action plan to monitor and, where necessary, improve our management of its component parts. This overarching action plan, drafted by the risk owners, has been widely discussed with firm-wide sector group leadership and is subject to on-going senior management review as part of the cycle of oversight and challenge in place for all principal risks.

The individual climate-related risks and opportunities outlined below were identified by the Risk and Environment teams, considering the impact of climate change across the full range of business activities and processes undertaken by the Firm. An initial 'long-list' of impact areas was prioritised and reduced to the most material areas by considering the assessed impacts (financial and non-financial) and likelihood of occurrence in each case. Scenario analysis was conducted on these climate-related risks and opportunities to understand their materiality within our business and strategy in different future outlooks as outlined below. Any individual climate related risk emerging from this process assessed to attain principal risk-level materiality for the Firm's overall strategic direction was elevated to that corresponding level of focus and review.

We consider the impact of climate change and broader sustainability risks in relation to the clients we are asked to represent and the mandates we are invited to advise on.

Within our climate-related risk assessments, the Firm considers reputational risks, current and emerging regulation, and other legal risks as most relevant to the Firm. To a lesser extent, we also consider market, technology, and physical risks.

Freshfields LLP

Energy and carbon report

Scenario analysis of principal climate-related risks

Freshfields' principal climate risks and opportunities are presented below. We have used scenarios developed by the Intergovernmental Panel on Climate Change which are general in nature, scientifically robust, and widely adopted. Whilst our own targets are aligned with a 1.5°C global warming pathway, this threshold may be breached. As such we have updated our best case scenario versus previous' years from 1.5°C to 1.8°C warming. Specifically, we have used the following shared socioeconomic pathways (SSPs): SSP1–2.6 (assumes global warming of 1.8°C by 2100), and SSP2–4.5 (2.7°C by 2100).

A. Best case scenario of +1.8°C (SSP1-2.6) — limiting global warming broadly in line with the Paris ambition to preserve human life, nature and economic prosperity.
B. Delayed action scenario of +2.7°C (SSP2–4.5) — delaying the transition to a low-carbon world with additional (and serious) negative impacts on human life, nature and economic prosperity.

In each case, variations in the expected time horizon, magnitude and likelihood of the identified risks and opportunities are noted. For clarity, we have assigned the following:

- Horizon: short term (one year); medium term (1–5 years); long term (5–25 years)[1]
- Magnitude (financial): low (<£100K); medium (£100K-£1m); high (>£1m)
- Likelihood (probability of occurrence during a 12-month period): exceptionally unlikely, 0–5%; very unlikely 6–25%; unlikely 26–50%; more likely than not 51–75%; likely 76–95%; virtually certain 96–100%.

As part of our business continuity strategy, we monitor the above risks and opportunities and our responses to them to ensure that the business remains resilient to a dynamic climate policy and physical risk environment.

We have clustered these risks into two categories:

- risks resulting from physical impacts of changes in weather and climate extremes on our operations
- risks resulting from transition of the economy (and public policy) in response to climate change.

Table 3: Risks and opportunities from climate change

Scenario A: +1.8°C best case

Global momentum is built towards maintaining climate stability and commitments made through the COP process aim to keep warming under 2°C. In this scenario, our client base along with the broader economy take significant steps towards reducing their emissions across industries and geographies, with climate change a key strategic driver in many (if not all) global markets.

Scenario B: +2.7°C delayed action

Climate policy stalls politically following roll backs in some jurisdictions, and general pressure on public spending causes governments to refocus on short-term priorities. The present global energy mix and annual emissions levels remain roughly stable, such that atmospheric CO_2 levels continue to rise. More severe heatwaves, floods, storms, droughts and fires are witnessed throughout the world, causing significant losses, migration and political instability.

Risk 1	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Physical disruption to operations, IT infrastructure and commuting due to extreme weather	Physical risk Direct operations	Time horizon: Long-term Magnitude: Low Likelihood: Unlikely	Time horizon: Medium-term Magnitude: Medium Likelihood: More likely than not

[1]One year represents our annual reporting cycle; five years represents the tenure of our senior partner; 5–25 years, which is aligned with the long-term aims of the Firm.

<table>
<tr><td>Description</td><td colspan="3">Risk of flooding, heatwave or other forms of extreme weather could lead to disruption of our data servers or temporarily impede the supply of electricity to our offices.

There is a risk of drought in many of our office locations (London, Paris, Rome, Madrid, Beijing, Shanghai, Silicon Valley, San Francisco and Raleigh) which may impact the Firm's ability to keep offices open. For example, droughts can impact the availability of cooling water to nuclear energy facilities (e.g., China, UK and France) and disrupt energy supplies for certain periods. Severe heatwaves may hinder the ability of employees to commute to the office, client meetings or courts and tribunals. Similarly, our Manchester office is located immediately next to a river which carries a risk of flooding in extreme rainy conditions. New York City is highly vulnerable to flooding from coastal storms, posing access risks to our office at 3 World Trade Center.</td></tr>
<tr><td>Response</td><td colspan="3">Most employees and all fee-earning employees are equipped with remote working equipment to allow them to continue working even if they can't attend the office or other commitments in person. We also have an Agile Working Policy in place and a hybrid working support hub for colleagues.

Business continuity measures are included in our approach to Information Security: our data centres are certified to ISO 22301 standard (business continuity).

Our core IT services are Cloud hosted. This means multiple server centres internationally can hold our data at any time, mitigating risks from extreme weather in a specific location. We remain committed to a Cloud-first strategy for all future application deployments.</td></tr>
<tr><td>Risk 2</td><td>Category</td><td>A: +1.8°C best case</td><td>B: +2.7°C delayed action</td></tr>
<tr><td>Reputation or stigmatisation of sector</td><td>Transition risk

Direct operations</td><td>Time horizon: Short-term

Magnitude: High

Likelihood: Unlikely</td><td>Time horizon: Short-term

Magnitude: High

Likelihood: Unlikely</td></tr>
<tr><td>Description</td><td colspan="3">As a leading multi-disciplinary global law firm, some of our work involves advising entities which operate, finance or are otherwise involved in carbon-intensive businesses. Amid growing stakeholder scrutiny of certain sectors and individual companies that are negatively associated with climate change, professional services firms which provide advice to these actors could receive criticism by stakeholders for their role in 'facilitating' carbon-intensive activities.

The primary impact of such scrutiny is likely to be reputational in nature, with potential indirect impacts on recruitment and business development.</td></tr>
</table>

Freshfields LLP

Energy and carbon report

Response	Freshfields' response to this risk is multi-faceted and includes, most relevantly: (a) a business development strategy that focuses on securing a growing volume of business aligned with climate transition; and (b) a business acceptance process that screens all new clients and mandates against a range of criteria, including climate-related risks and opportunities. The Firm reserves the right to refuse business on ethical as well as financial and regulatory grounds.		
Risk 3	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Changing client behaviour, based on who we represent and how we perform	Transition risk Direct operations	Time horizon: Medium-term Magnitude: Medium Likelihood: Unlikely	Time horizon: Medium-term Magnitude: Low Likelihood: Unlikely
Description	An increasing number of commercial and public sector organisations are exploring how they can positively support the climate transition. As a supplier to such organisations, this means our engagement is being made increasingly conditional on our climate policies and emissions performance. If our actions and responses do not meet the changing expectations of our clients, it is possible we could experience a reduction in business (for example, by de-selection from our clients' panels of preferred legal providers). Organisations taking a leadership position on the transition could additionally impose blanket exclusions on certain service providers based on climate-related criteria.		
Response	The Firm has captured environmental data from all offices since 2007, with the purpose of reporting an annual carbon footprint, and offsetting select emissions as part of our commitment to carbon neutrality. We have enhanced our public profile by publishing near-term science-based targets (SBTs) and a long-term 2050 net zero target as mentioned above. The Firm also completes an annual disclosure to CDP and EcoVadis, which we make available to clients. Our scores at the end of 2024/25 were B for CDP, and 70% for Ecovadis. The Firm's SBTs are supplemented by other commitments including in relation to phasing-down waste to landfill and phasing down single-use plastics. We are growing our resources (time, effort and adoption of third-party reporting standards / platforms) to strengthen our ability to respond to increasingly detailed client due diligence, including questionnaires, more detailed pitch and selection panel submissions and audit requests.		

Risk 4	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Changing client needs	Transition risk Downstream	Time horizon: Medium-term Magnitude: Medium-low Likelihood: More likely than not	Time horizon: Medium-term Magnitude: Medium-low Likelihood: More likely than not
Description	The global transition to a low carbon economy involves a significant rebalancing of commercial activity, notably the replacement of 'traditional' carbon-intensive business models and processes with more sustainable alternatives. If the transition is sustained, it will likely transform, shrink or disappear certain industries over varying timeframes according to their geographic locations and levels of political intervention. It is possible that some of the companies impacted by transition could be Freshfields' clients, and their demand for legal support may change in comparison to current or historic experience, with possible revenue implications.		
Response	As noted above, our firm's ability to adapt our business model to climate transition is multi-faceted and includes a focus on growing the share of our business that is aligned with decarbonisation. For example, we advise clients in carbon-intensive sectors on their transition, and new clients who are innovating in this space (e.g. in climate change technology). Given that some of our clients' interests involve or are related to carbon intensive activities it is possible that there could be some attrition in our client base. However, this is not likely to be sudden, and we expect that the volume of any such attrition will be outweighed by the growth of business related to the climate transition, as noted in the opportunities below.		
Opportunity 1	**Category**	**A: +1.8°C best case**	**B: +2.7°C intermediate**
Resource, energy and carbon efficiencies (and adoption of new technologies) through operations and estate	Transition opportunity Direct operations	Time horizon: Medium-term Magnitude: Low Likelihood: Virtually certain	Time horizon: Medium-term Magnitude: Low Likelihood: Virtually certain
Description	Our agile working policy contributes to space and resource efficiency, allowing the Firm to review all office spaces regularly to ensure excess space is reduced or handed back to landlords. Reductions in office space as well as the application of energy and resource efficiency measures combine to support a reduction in the Firm's Scope 1 and Scope 2 greenhouse gas emissions. Furthermore, the agile working policy has led to a reduction in employee commuting emissions.		

Freshfields LLP

Energy and carbon report

Response	Offices across the Freshfields network have been able to make energy and cost savings in existing spaces over previous years and will continue to do so in the future, ensuring high sustainability criteria are met for new offices, moves and refits, as outlined in our Green Building Guidelines. Our environment and workplace teams use utilities and carbon data, food orders and waste levels, as well as attendance records, to identify potential areas of savings.		
Opportunity 2	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Smarter travel choices including low carbon modes and digital working	Transition opportunity Direct operations / upstream	Time horizon: Short- and medium-term Magnitude: Medium-low Likelihood: Virtually certain	Time horizon: Medium-term Magnitude: Medium-low Likelihood: Virtually certain
Description	Business travel is sometimes necessary for Freshfields to deliver quality services to clients. We understand, though, that business travel accounts for a large portion of our annual emissions and also has significant cost implications. With advances in technologies including improved video conferencing software, it has been increasingly possible for some meetings, hearings, seminars and training to be conducted remotely. This not only saves costs for travel and accommodation but also reduces the carbon emissions of those activities.		
Response	The Firm revised its Global Business Travel Policy in 2023 to encourage colleagues to maximise the efficiency and value generated from business travel, for example ensuring trips cover multiple objectives to justify the emissions and cost consumed. The policy, which is reviewed annually, also includes guidance on class of travel and mode of transport, dependent on distance travelled, emphasising the use of rail above air for shorter journeys. From March 2025, a business travel carbon footprint is included in the monthly financial reports shared with practice group leads and the GLT. This increases visibility of business travel carbon spend within the firm's main business units. In support of the target to reduce business travel emissions, and consideration of wellbeing of colleagues, the Firm now routinely assesses whether training and internal meetings in particular can be held online. The Firm is also signatory to the Greener Litigation Pledge and Greener Arbitration Pledge which encourage a more environmentally focused approach to handling mandates.		

Opportunity 3	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Increased demand for our climate-related legal services	Transition opportunity Direct operations	Time horizon: Short-term Magnitude: Medium Likelihood: Virtually certain	Time horizon: Short-term Magnitude: Medium Likelihood: Likely
Description	It is likely that an increasing number of entities impacted by climate-related issues will be Freshfields' clients and will require additional legal support compared to current or historic levels: (1) Transactional: the ongoing climate transition creates opportunities for global law firms to help clients navigate risks and opportunities as their businesses transform, as well as develop business with new high growth 'transition businesses' providing innovative goods, technology or services central to sustainability. This is likely to include major transactional mandates such as mergers and acquisitions, spin-offs and expansions into new geographical and market verticals and large-scale asset disposals, all of which will require legal support conversant in the language and regulatory requirements of climate change. It will also encompass legal aspects of carbon trading, offsetting and other financial instruments and investments linked to climate change. (2) Litigation, regulatory and competition compliance: in addition to direct opportunities to secure and grow the volume of our business helping clients navigate — and potentially drive — the climate transition, other opportunities to expand our business in supporting clients to navigate climate-related issues exist.		
Response	The primary means of realising this opportunity involves positioning the Firm close to key current and potential clients with economically significant climate transition-aligned strategies, with the aim of acting as a 'trusted advisor' on their strategic, climate-linked activities. Underpinning this is our high-profile body of work and externally respected knowledge/expertise on all legal aspects of climate change and energy transition. With the increased demand for this expertise, we continue to expand the skills of our lawyers on these topics with training and hiring. We advise clients in carbon-intensive sectors on aspects of their transition, and we are acquiring new clients who are innovating in the climate solutions space (for example in energy technologies).		

Freshfields LLP

Energy and carbon report

Response (continued)	We expect our transition-linked advice to increase over the coming years as innovation continues to grow, and regulation (or regulatory uncertainty) expands. Freshfields works with multiple clients to deliver bespoke environmental and sustainability training, as well as publishing thought-leadership articles, delivering webinars and roundtables (open to all clients) with experts in sustainability, and positioning sustainability (both internal practices and global activity/developments) at the heart of our client relationships.		
Opportunity 4	**Category**	**A: +1.8°C best case**	**B: +2.7°C delayed action**
Cost and carbon savings through supply chain engagement	Transition opportunity Upstream	Time horizon: Short-term Magnitude: Low Likelihood: More likely than not	Time horizon: Short-term Magnitude: Low Likelihood: Likely
Description	There are opportunities in our supply chain for both cost-savings and emissions reduction, delivered through climate-focused engagement of key suppliers, adjustments to future procurement processes and new or replacement goods and services with improved carbon performance.		
Response	Our strategy in this area involves investing in a rigorous and suitably well-resourced procurement and supplier management framework and function that enables the consistent and clear identification of all contracted third parties used by the Firm and a process for querying and understanding their potential for linked cost and carbon efficiency, for example through innovative business practices (including technology-based solutions), economies of scale, new business and service-provision models. Freshfields' supplier engagement strategy provides the Firm with a clearer understanding of the carbon maturity of its suppliers', permitting targeted education and engagement to increase climate ambition (e.g. in January 2025, Freshfields invited circa. 650 suppliers across the UK, Spain, Germany, and the US to attend training delivered by the UNGC relation to the Sustainable Development Goals, the UN Guiding Principles and sustainability reporting).		

Energy and carbon report

Physical risks

With higher temperature increases comes an increase in the occurrences of extreme events and changes to weather patterns. Freshfields plans for extreme weather as part of its wider business continuity programme, and employees are provided with suitable equipment as standard to accommodate agile working in case offices are impacted or commuting becomes untenable. Under all scenarios the temperature will rise, and severe meteorological events will become more commonplace, frequent and widespread, impacting all regions leading up to 2050.

In a 2.7°C scenario, increases in the severity of meteorological events will dramatically increase the risks posed to our physical operations. This may require us to alter the location of our premises and any remaining data centres not replaced by cloud services in respect of flooding, heatwaves, and severe storms. Weather-related damage to premises is very likely in the 2.7°C scenario, where the cost of repairs from physical damage (including to air conditioning units) and increased insurance premia, or absence of available insurance, is likely to impact on affordability of suitable rented office space, with knock-on effects to tenants such as Freshfields. Countries relying on hydropower and nuclear energy may experience power outages during longer periods of water scarcity, impacting on cooling facilities.

The impact on commuting would also be severe, for example railways needing constant repairs and roads being overheated and potentially unusable. In July 2024, the Freshfields Information Security Group refreshed the Business Continuity Plan programme. One of the first tasks involved a review of the adverse risks affecting all our offices, including weather and climate-related physical and natural risks which are exacerbated by climate change (droughts, heatwaves, floods, storms, fires). In case of a climate-related event physically impacting our offices, all offices and business units are equipped for remote working for a minimum of one month. That said, in some cases, homes could become difficult to work from where insulation and cooling systems are ineffective.

These same weather-related impacts will also affect supply chains. As infrastructure becomes less reliable, the cost of energy and of transport, and of anything imported (especially foods), is likely to rise, which will affect the Firm's cost base and operational costs.

All of the above impacts from increased average temperatures will be apparent in the 1.8°C scenario selected, albeit less severe, disruptive and costly. However, the Firm's business continuity planning prioritises keeping our IT systems working, with a focus on security and resilience of our infrastructure.

Transition risks

Transition risks result from the perception of our work in the market, the changing needs of our client base, future regulatory changes, evolving industry norms, and the need to equip staff with new skills and capabilities.

In the more ambitious 1.8°C scenario, our carbon intensive clients will need to transition to lower carbon operations extremely rapidly, requiring legal services to enable this. Similarly, all our clients will need to keep a careful lookout for climate-related regulation and prepare intensively for enhanced disclosure and regulatory compliance.

In the 2.7°C scenario it is likely that some jurisdictions will maintain a focus on emissions reduction, whilst others continue to pursue fossil fuel-based strategies. Many but not all will continue to develop and implement tighter climate regulation, but it will be a fragmented picture with potential to raise tensions between countries that could impact the legal advice our clients – many of which are global in nature – require. Whilst there may be less clean energy transactions in an economy that still uses a fossil-fuel energy system primarily, a wide range of other legal risks arise for our client base through the challenges of cross-border management in a fragmented and dynamic policy environment on climate. These include complex and differentiated regulatory compliance and disclosure risks, disputes and investigations, where our legal services may be demanded by clients.

Clearly, as a client-focused organisation, our services must remain relevant as our client base transitions to lower-carbon ways of working, and this will involve the development of new capabilities, propositions and expertise as transition deepens across the global economy. This is particularly true with clients in carbon intensive industries which have furthest to transition. We continue to invest and innovate in our client sustainability services in order to maintain our position as a leading contributor to climate transition, supporting our clients into the long term.

Through our attention to physical and transition climate risk management, the Firm aims to become more aware of the risks and opportunities presented by climate change to its business, with a view to enhancing the resilience of its business model and incorporating climate considerations in its strategy.

Freshfields LLP

Energy and carbon report – Streamlined Energy and Carbon Reporting

Scope

The Firm engaged an independent firm to review its 2024/25 Greenhouse Gas (GHG) inventory for its UK operations for compliance with Streamlined Energy & Carbon Reporting (SECR) for the same reporting period as these financial statements.

Methodology

All emissions were calculated using a sustainability platform, which automatically selects the most geographically and temporally appropriate emission factors and non-standard conversions (e.g. fuel efficiency, heat content) for each emission source using the Greenhouse Gas Protocol reporting methodology. Each of the emission factors and non-standard conversions is associated with a level of uncertainty, assigned by the tool based on its associated level of scientific certainty.

The platform runs calculations on data entered in the background to accurately report on GHG emissions for those activities in real time. The platform ensures that GHG inventory is always calculated using the best, most locally appropriate factors, and assumptions from reputable sources, allowing compliance with the best practices set out by the GHG Protocol.

The platform rests on a comprehensive database of emissions factors and assumptions that is regularly maintained by expert carbon analysts. Emissions factors are either peer reviewed or from reputable sources (universities, governments, scientific bodies) and they include EPA Emissions Factors Hub, DEFRA, DESNZ, IPCC, EC-NIR, COAG, SEAI, AIB residual mix factors for Europe and many others (over 100 different institutions). The database currently consists of over 120,000 emission factors and 130,000 assumptions in the database covering different geographies and time periods, ensuring the platform follows the methodology of the Greenhouse Gas Protocol.

The verification was led by our Environmental Consultants. The review was completed in accordance with the 'ISO 14064 Part 3 (2019): *Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements*'. The work was undertaken to provide a limited level of assurance with respect to the GHG statements made. The consultants believe that the review of the assessment and associated evidence, coupled with the subsequent report, provides a reasonable and fair basis for their conclusion.

Results

The following data was within the scope of the verification (which have been audited):

- **Scope 1:** natural gas and refrigerant loss (no company vehicles) –**6 tCO2e,** 2024: 8 tCO2e
- **Scope 2:** purchased electricity –**1,451 tCO2e** – location based and **0 tCO2e** (market based) 2024: 1,451 tCO2e – location based and 2 tCO2e (market based)
- **Scope 3:** business travel (personal car & hire car) – **6 tCO2e,** 2024: 5 tCO2e)

	2025	2024
Energy consumption (kWh)	7,691,108	7,073,772 kWh
Location-based (LB) total - tCO2e	1,464	1,464 tCO2e
Market-based (MB) total - tCO2e	12	15 tCO2e
LB emissions per employee - tCO2e/FTE	0.77	0.85 tCO2e/FTE
MB emissions per employee - tCO2e/FTE	0.01	0.01 tCO2e/FTE

Energy and carbon report – Streamlined Energy and Carbon Reporting

The energy consumption figure in the above table includes energy consumed in the combustion of gas (on-site water boilers), fuel usage for hire cars and employee expensed mileage, as well as energy consumed as a result of the purchase of electricity by the company. Our Manchester and London offices are both on a 100 per cent renewable electricity supply and for the first time in 2025 we procured REGO renewable energy certificates (market-based instruments) to compensate for electricity consumption in Bratislava.

Our London office has a dedicated Environment Manager and environmental management system, certified to ISO 14,001 standard (plus an energy management system certified to ISO 50001). Freshfields published its first Global Environmental Policy in 2024, including guidance for employees on behaviours which support mindful consumption of energy. Furthermore, the Firm introduced a mandatory global environmental training module in February 2025, which remains mandatory for all new joiners, containing a set of individual responsibilities for colleagues, designed to support our environmental ambition and decarbonisation efforts.

Our London and Manchester offices are both captured under the UK Energy Savings Opportunities Scheme. A phase 3 action plan was submitted to the Environment Agency in early 2025, which includes initiatives that are estimated to save 185,257 kWh of energy annually. The actions are due for completion in future reporting cycles. During the 2024/25 period, no energy savings initiatives were captured. During the previous reporting year (May 2023 – April 2024) the following energy efficiency measures were captured:

1. Reduced usage of Zumtobel perimeter lighting in the office space. Estimated cost savings £20,000. Estimated energy saved is 29,858 kWh.
2. Implementation of lighting energy control system. Estimated cost savings £25,000. Estimated energy saved is 37,323 kWh.
3. Implementation of OMNI fan coil management system. Estimated cost savings £65,000. Estimated energy saved is unknown

Energy efficiency measures are in place across our FSC offices as standard, including PIR sensors, thermostats for heating and cooling activation, minimal usage of energy-intensive kitchen appliances (ie ovens) on days with reduced footfall, automatic switch-off of lights as well as educational communications to colleagues encouraging 'switch-off' behaviours relating to monitors, lights and ventilation in meeting rooms, and maintenance of electrical equipment (including upgrades and replacement where appropriate) to ensure optimal performance.

Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards (the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB). The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Firm's ability to continue as a going concern.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the Firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members.

Freshfields LLP
Independent auditor's report to the members of Freshfields LLP
For the year ended 30 April 2025

Opinion

In our opinion:

- the financial statements of Freshfields LLP (the parent limited liability partnership) and its subsidiaries (the group) give a true and fair view of the state of the group's and of parent limited liability partnership's affairs as at 30 April 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent limited liability partnership financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting (Practice, including Financial Reporting Standard 101 " Reduced Disclosure Framework) "; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships (LLPs).

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and limited liability partnership balance sheets;
- the consolidated and limited liability partnership statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent limited liability partnership financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of members

As explained more fully in the members' responsibilities statement per page 19, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's and the parent limited liability partnership's industry and its control environment, and reviewed the group's and the parent limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities, including fraud as detailed below

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the group's and parent limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements' such as compliance with the Companies Act 2006 and SRA regulations and;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the parent limited liability partnership's ability to operate or to avoid a material penalty. These included the parent limited liability partnership's compliance with Solicitors Regulation Authority requirements and environmental regulations

We discussed among the audit engagement team including relevant internal specialists such as pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud relating to revenue recognition. This has been pinpointed to the valuation of unbilled revenue, more specifically the accuracy of the TCR (time cost rates) percentage applied in the calculation of unbilled revenue. To address this risk, we have performed the following procedures:
    - Obtained an understanding of the relevant controls regarding the unbilled revenue valuation;
    - Selected a sample of matters excluded from the unbilled revenue calculation, and obtained evidence that it was appropriate that the selected items be excluded;
    - Confirmed the rates used to value Gross unbilled revenue at year-end to the standard rate in the system;
    - Developed an independent point estimate to determine if the Time Cost Rate ('TCR') used to value the adjusted gross unbilled revenue was appropriate; and
    - Agreed a sample of hours worked by fee earners to timesheets.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing the Board's meeting minutes.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Black

Jeremy Black, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

Date: 4 December 2025

Freshfields LLP
Consolidated income statement
For the year ended 30 April 2025

	Note	2025 £m	2024 £m
Revenue	5	2,248.3	2,121.3
Operating expenses			
Employment expenses	9	(1,206.3)	(1,100.8)
Depreciation and amortisation	13	(98.8)	(90.6)
Other operating expenses		(270.3)	(232.6)
Insurance revenue	22	110.5	92.6
Insurance service expense	22	(119.4)	(146.8)
Operating profit		664.0	643.1
Finance income	6	0.5	0.2
Finance expenses	6	(28.1)	(18.5)
Finance income from insurance contracts	22	20.4	44.1
Profit before tax		656.8	668.9
Taxation	10	(7.8)	(3.6)
Profit for the year before members' remuneration and profit		649.0	665.3
Members' remuneration charged as an expense		(0.7)	(0.4)
Profit for the year available for discretionary division amongst members		648.3	664.9
Memorandum summary of results			
Profit for the year available for discretionary division amongst members		648.3	664.9
Change in provision for partners' annuities included in arriving at profits for the year, but payable from future profits	22	(11.5)	10.1
Profit before partners' annuities		636.8	675.0

The results for the year are all derived from continuing activities.

Freshfields LLP
Consolidated statement of comprehensive income
For the year ended 30 April 2025

	Note	2025 £m	2024 £m
Profit for the year available for discretionary division amongst members		648.3	664.9
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of net defined benefit pension scheme	25	3.0	(5.3)
Deferred tax (loss)/credit on actuarial gain	16	(0.8)	1.3
		2.2	(4.0)
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference on foreign currency net investments		(9.5)	(0.7)
Other comprehensive loss for the year		(7.3)	(4.7)
Total comprehensive income for the year		641.0	660.2

Freshfields LLP
Consolidated balance sheet
For the year ended 30 April 2025

	Note	2025 £m	2024 £m
Assets			
Non-current assets			
Property, furniture, equipment and assets under construction	13	180.7	188.5
Right of use assets	13	448.1	490.6
Investments	15	0.2	0.2
Deferred tax assets	16	2.1	2.8
Trade and other receivables	17	6.1	6.6
		637.2	688.7
Current assets			
Trade and other receivables	17	1,173.2	1,167.2
Amounts due from members		281.7	269.6
Cash and cash equivalents		87.4	64.3
		1,542.3	1,501.1
Total assets		**2,179.5**	**2,189.8**
Current liabilities			
Trade and other payables	18	(512.2)	(461.1)
Bank loans and overdrafts	18	-	(78.2)
Current tax liabilities		(3.5)	(2.3)
Provisions	20	(5.5)	(4.1)
Members' capital		(10.7)	(12.1)
Lease liability	19	(84.3)	(75.7)
		(616.2)	(633.5)
Non-current liabilities			
Trade and other payables	18	(120.6)	(82.1)
Provisions	20	(15.2)	(19.5)
Retirement benefit obligations	25	(8.8)	(11.2)
Members' capital		(201.2)	(150.4)
Lease liability	19	(454.4)	(491.8)
Insurance contract liabilities	22	(1,572.0)	(1,661.3)
		(2,372.2)	(2,416.3)
Equity			
Foreign exchange reserves		(22.1)	(31.6)
Other reserves		831.0	891.6
Total liabilities and equity		**(2,179.5)**	**(2,189.8)**

Freshfields LLP
Consolidated balance sheet (continued)
For the year ended 30 April 2025

The following balances relating to members and former members are included in the consolidated balance sheet:

	Note	2025 £m	2024 £m
Members' capital		211.9	162.5
Amounts due from members		(281.7)	(269.6)
Total members' other interests		(808.9)	(860.0)
Members' interests		(878.7)	(967.1)
Provision for annuities dependent on future generation of profits			
Insurance contract liabilities	22	1,249.8	1,333.3
		1,249.8	1,333.3
Members' interests before provision for annuities dependent on future generation of profit		371.1	366.2

The financial statements of Freshfields LLP (registered number OC334789) were approved by members on 3 December 2025 and were signed on their behalf on 4 December 2025.

Signed on behalf of the Members

Georgia Dawson
Partner and designated member

Jonathan Kembery
General Counsel and designated member

Freshfields LLP
Limited liability partnership balance sheet
For the year ended 30 April 2025

	Note	2025 £m	2024 £m
Assets			
Non-current assets			
Property, furniture, equipment and assets under construction	14	13.6	10.2
Right of use assets	14	81.9	96.9
Investments	15	0.4	0.4
Trade and other receivables	17	2.0	3.0
		97.9	110.5
Current assets			
Trade and other receivables	17	1,106.3	904.0
Amounts due from members		281.4	269.4
Cash and cash equivalents		58.1	40.1
		1,445.8	1,213.5
Total assets		**1,543.7**	**1,324.0**
Current liabilities			
Trade and other payables	18	(761.4)	(494.7)
Bank loans and overdrafts	18	-	(75.3)
Current tax liabilities		(1.2)	(1.0)
Provisions	21	(1.0)	-
Members' capital		(10.7)	(12.1)
Lease liability	19	(20.6)	(24.9)
		(794.9)	(608.0)
Non-current liabilities			
Trade and other payables	18	(33.1)	(21.6)
Provisions	21	(5.4)	(5.4)
Members' capital		(201.2)	(150.4)
Lease liability	19	(66.7)	(76.9)
Insurance contract liabilities	22	(1,249.8)	(1,333.3)
		(1,556.2)	(1,587.6)
Equity			
Foreign exchange reserves		(7.8)	(33.7)
Other reserves		815.2	905.3
Total liabilities and equity		**(1,543.7)**	**(1,324.0)**

Freshfields LLP
Limited liability partnership balance sheet (continued)
For the year ended 30 April 2025

The following balances relating to members and former members are included in the LLP balance sheet:

	Note	2025 £m	2024 £m
Members' capital		211.9	162.5
Amounts due from members		(281.4)	(269.4)
Total members' other interests		(807.4)	(871.6)
Members' interests		(876.9)	(978.5)
Provision for annuities dependent on future generation of profits			
Insurance contract liabilities	22	1,249.8	1,333.3
		1,249.8	1,333.3
Members' interests before provision for annuities dependent on future generation of profit		372.9	354.8

The profit for the financial year dealt with in the financial statements of the parent undertaking, Freshfields LLP, was £487.7m (2024: £462.7m).

The financial statements of Freshfields LLP (registered number OC334789) were approved by members on 3 December 2025 and were signed on their behalf on 4 December 2025.

Signed on behalf of the Members

Georgia Dawson
Partner and designated member

Jonathan Kembery
General Counsel and designated member

Freshfields LLP
Consolidated statement in changes in equity
For the year ended 30 April 2025

	Foreign exchange reserve	Other reserves	Members' reserves
	£m	£m	£m
Balance at 1 May 2023	32.3	(1,051.9)	(1,019.6)
Profit for the year available for discretionary division amongst members	-	664.9	664.9
Differences on translation of foreign operations	(0.7)	-	(0.7)
Actuarial gain on pension scheme	-	(4.0)	(4.0)
Total comprehensive income for the year	(0.7)	660.9	660.2
Profit allocated to members	-	(500.6)	(500.6)
Balance at 30 April 2024	31.6	(891.6)	(860.0)
Profit for the year available for discretionary division amongst members	-	648.3	648.3
Differences on translation of foreign operations	(9.5)	-	(9.5)
Actuarial loss on pension scheme	-	2.2	2.2
Total comprehensive income for the year	(9.5)	650.5	641.0
Profit allocated to members	-	(589.9)	(589.9)
Balance at 30 April 2025	22.1	(831.0)	(808.9)

Memorandum summary of financial position

Members' capital	211.9
Provision for partners' annuities payable from future profits	1,572.0
Members' capital and reserves, before partners' annuities payable from future profits at 30 April 2025	975.0

Freshfields LLP
Limited liability partnership statement of changes in equity
For the year ended 30 April 2025

	Foreign exchange reserve	Other reserves	Members' reserves
	£m	£m	£m
Balance at 1 May 2023	27.0	(1,061.7)	(1,034.7)
Profit for the year available for discretionary division amongst members	-	462.7	462.7
Differences on translation of foreign operations	6.7	-	6.7
Total comprehensive income for the year	6.7	462.7	469.4
Allocated profit	-	(306.3)	(306.3)
Balance at 30 April 2024	33.7	(905.3)	(871.6)
Profit for the year available for discretionary division amongst members	-	487.7	487.7
Differences on translation of foreign operations	(25.9)	-	(25.9)
Total comprehensive income for the year	(25.9)	487.7	461.8
Allocated profit	-	(397.6)	(397.6)
Balance at 30 April 2025	7.8	(815.2)	(807.4)

Memorandum summary of financial position

Members capital	211.9
Provision for members' annuities payable from future profits	1,249.8
Members' capital and reserves, before members' annuities payable from future profits at 30 April 2025	654.3

Freshfields LLP
Consolidated cash flow statement
For the year ended 30 April 2025

	Note	2025 £m	2024 £m
Net cash flow from operating activities	23	787.6	683.9
Corporation tax paid		(5.8)	(1.4)
Net cash inflow from operating activities		781.8	682.5
Cash flows from investing activities			
Purchase of property, furniture and equipment	13	(33.4)	(72.4)
Interest received		0.4	0.2
Net cash used in investing activities		(33.0)	(72.2)
Cash flows from financing activities			
Capital contributions by members		58.3	45.1
Capital repayments to members		(11.1)	(2.2)
Payment to and on behalf of members		(607.9)	(554.7)
Cash payment on members' remuneration charged as an expense		(0.7)	(0.4)
Interest paid		(3.9)	(10.0)
Drawdown of short-term borrowing		25.0	120.0
Repayment of short-term borrowings		(75.0)	(85.0)
Payment of lease liabilities		(80.7)	(69.8)
Net cash used in financing activities		(696.0)	(557.0)
Net increase in cash and cash equivalents		52.8	53.3
Cash and cash equivalents at beginning of year		36.1	(15.1)
Effect of foreign exchange rate movements on cash		(1.5)	(2.1)
Cash and cash equivalents at end of year		87.4	36.1

Cash and cash equivalents represented by:

	2025 £m	2024 £m
Cash and cash equivalents	87.4	64.3
Bank overdrafts	-	(28.2)
	87.4	**36.1**

The cash payments of partners' annuities are presented within the changes in insurance contract liabilities which can be found in Note 23. Please see Note 22 for the reconciliation of measurement components of insurance contract balances and insurance contracts analysis of liabilities for remaining coverage and incurred claims where the movement is shown.

Freshfields LLP

Notes to the financial statements
For the year ended 30 April 2025

1. General information

Freshfields LLP (the LLP) is a limited liability partnership registered in England and Wales, incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The principal activities of the LLP and its subsidiary or associated undertakings ("the Firm") and the nature of the Firm's operations are set out in the Report to the members on pages 1 to 3.

The LLP meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100), issued by the Financial Reporting Council. Accordingly, the LLP has adopted Financial Reporting Standard 101: 'Reduced Disclosure Framework' (FRS 101), as issued by the Financial Reporting Council, and the entity financial statements of the LLP have been prepared in accordance with that standard. As permitted by section 408 of the Companies Act 2006 the LLP has elected not to present its own income statement for the year.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Firm operates.

In this document the term "*partner*" refers to a member of Freshfields LLP, or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in one of Freshfields LLP's subsidiary or associated undertakings. The term "*member*" in this document is used to refer only to a member of Freshfields LLP, the ultimate parent company for these purposes.

2. Adoption of new and revised Standards

At the date of authorisation of these financial statements, the Firm has not applied the following new and revised IFRSs that have been issued but are not yet effective, they are not expected to have a material impact on the financial statements:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments disclosures
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- Annual Improvements to IFRS Accounting Standards – Volume 11

OECD Pillar 2 Rules

The Firm is within scope of the OECD Pillar 2 rules, which introduce a global minimum effective tax rate of 15% for large multinational entities meeting the specified revenue threshold. These rules were substantively enacted in the United Kingdom on 11 July 2023 with effect for accounting period commencing on or after 1 January 2024.

Based on an initial impact assessment undertaken in respect of the Firm's structure and financial data, the potential exposure to top up taxes under the Pillar 2 framework is not expected to be material. The Firm continues to monitor developments and refine its assessment as further guidance becomes available..

The mandatory temporary exception under IAS 12 from recognising and reporting information about deferred tax assets and liabilities relating to Pillar 2 has been applied.

3. Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards. The LLP financial statements have been prepared in accordance with Financial Reporting Standard 101: 'Reduced Disclosure Framework' (FRS 101), as issued by the Financial Reporting Council. The financial statements have been prepared on the historical cost basis and on the basis of the accounting policies presented below.

The consolidated financial statements provide comparative information in respect of the previous period. The presentation and classification of items in the financial statements is consistent year on year.

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Freshfields LLP and its subsidiary or associated undertakings for the year ended 30 April 2025. Freshfields is an international legal practice comprising Freshfields LLP and its subsidiary or associated undertakings. The Firm operates in the following jurisdictions: Abu Dhabi, Austria, Bahrain, Belgium, China, Dubai, France, Germany, Hong Kong, Ireland, Italy, Japan, Saudi Arabia, Singapore, Slovakia, Spain, The Netherlands, United Kingdom, United States, and Vietnam. The activities are conducted through the LLP and its subsidiaries, undertakings and partnerships set out in Note 15 or through branches of those entities, the results of which are all included in the consolidated accounts. In these consolidated financial statements Freshfields means Freshfields LLP and the other partnerships, corporations and other undertakings which carry on business under the name "Freshfields".

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Firm. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Summary of disclosure exemptions

As permitted by FRS 101, the LLP has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements. As permitted by section 408 of the Companies Act 2006 the LLP has elected not to present its own income statement for the year.

Going concern

The Firm had £87.4m of net cash at 30 April 2025 compared to £36.1m in the previous financial year. In common with other businesses, the current economic conditions mean that demand for our services could be impacted in the short term. In addition, liquidity pressure on our clients could also have an adverse impact on the business. However, the Firm has considerable financial resources together with a diverse range of clients and across different geographic locations and sectors. The Firm also has considerable discretion over the timing of any cash distributions to partners.

Having considered the current economic conditions and potential uncertainty over the level and timing of future revenues, the Firm's forecasts and projections, and the level of borrowing facilities available, the members are satisfied that the Firm has adequate resources to continue in operational existence for the foreseeable future. As part of this assessment, the members have considered a range of possible scenarios including a significant downside scenario. The members are comfortable that even in the event of a significant downturn, the Firm will be able to meet its obligations for at least 12 months. For this reason, the members continue to adopt the going concern basis in preparing the accounts.

Property, furniture and equipment

Property, furniture and equipment are stated at cost less provision for depreciation and any impairment.

Property, furniture and equipment are depreciated on a straight-line basis at rates estimated to write off their cost less any residual value over the period of their estimated useful lives. Assets under construction are not depreciated until the in-use date has passed. The annual rates used, based on cost, are generally as follows:

Leasehold improvements	Over the period of the lease
Furniture and fittings	20%
Office and other equipment	33⅓%
Other assets	10-20%
Right of use assets	Over the period of the lease

Investments

Investments are included at cost less any provision for impairment.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Firm's balance sheet when the Firm becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are measured at the transaction price determined under IFRS 15 net of expected credit losses (ECLs) as required by IFRS 9. The Firm's receivables are recognised at the cost less estimated irrecoverable amounts.

Impairment of financial assets

The Firm recognises an allowance for ECLs for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Firm expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Firm applies a simplified approach in calculating ECLs. Therefore, the Firm does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Firm has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Firm considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Firm may also consider a financial asset to be in default when internal or external information indicates that the Firm is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Firm. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand or demand deposits and other short-term highly liquid investments.

Bank loans and overdrafts

Bank loans and overdrafts are recorded at the value of proceeds on initial recognition. Interest is included in finance expenses.

Trade and other payables

Trade and other payables, including borrowings, are measured at their fair value, they are then subsequently reduced for discounts given by suppliers.

Trade and other payables are treated as current liabilities if they fall due within one year or less and they are treated as non-current liabilities if they fall due after one year.

Taxation

The taxation payable on partnership profits is usually a personal liability of the members. A retention from each member's profit share is made to fund payments of taxation on members' behalf. In some jurisdictions income tax payable on partnership profits is a liability of Freshfields LLP. These net tax liabilities, together with those of corporate subsidiary entities, are recorded as charges to the income statement and as liabilities in the balance sheet.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. Significant accounting policies (continued)

Revenue from contracts with customers

Revenue represents amounts chargeable to clients for professional services provided during the year, excluding disbursements and sales tax. Revenue for services provided to clients which has not been billed at the balance sheet date has been recognised based on the fair value of services provided at that date. Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Firm expects to be entitled in exchange for those goods or services. Revenue includes certain billed disbursements where the Firm acts as a principal. Revenue excludes billed disbursements, such as external counsel fees, where the Firm acts as an agent.

Contracts related to the provision of a specific professional service are comprised of a single performance obligation because the promises to provide the services are capable of being distinct and separately identifiable. Each distinct service that the Firm promises to transfer to the customer meets the criteria to be a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by Firm's performance as the Firm performs it.

The Firm recognises the revenue over time using the input method by measuring the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Firm. The normal credit term is 30 days from invoice date.

Contract balances

- **Unbilled revenue**

Unbilled revenue is classified as a contract asset, defined as the right to consideration in exchange for goods or services transferred to the customer. If the Firm performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- **Trade receivables**

A receivable represents the Firm's right to an amount of consideration that is unconditional (i.e., the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in the trade and other receivables section.

- **Deferred income**

Deferred income is classified as a contract liability, defined as the obligation to transfer goods or services to a customer for which the Firm has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Firm transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Firm performs under the contract.

Finance income and costs

The Firm's finance income and finance costs include interest income and interest expense which are recognised on an accruals basis.

Pensions

The Firm operated a defined benefit pension scheme which was closed to future accrual on 30 June 2010. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments within staff costs. Past service costs are recognised immediately in the income statement if the benefits have been vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount in other finance costs. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Firm, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Firm's defined benefit scheme. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the scheme.

The Firm also operates defined contribution pension schemes. The costs of these schemes are charged to the income statement in respect of pension costs and other post-retirement benefits on the basis of the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. Significant accounting policies (continued)

Insurance contracts

Annuities to current and retired partners

The Firm provides for partners' annuities payable to partners retiring at the age of 55 or have received board consent following their retirement. The current partners' annuities scheme was set up in 2006 and benefit entitlements are based on partner service. The partners' annuities are unfunded and are dependent on the future generation of profits with annual payments being mainly capped at 7.5% of applicable profit before annuity charges in any financial year.

A contract transfers 'significant insurance risk' only if an insured event could cause the Firm to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

The Firm's partners' annuities meet the IFRS 17 criteria of an insurance contract as a contract exists between the LLP and partners to pay annuities in the event of the survival of the annuitant which is the insured event. The Firm exercises judgement to determine if the annuities arrangement of its partners transfers significant insurance risk from the policyholder (the partner) to the Firm. The Firm has concluded that the insurance risk is significant due to the variation in amounts paid to partners which are dependent on the partners' survival and could result in significant additional amounts being paid that would not be otherwise payable in the event of non-survival.

The Firm adopted IFRS 17 from 1 May 2022 (the 'transition date' for the Firm) and applied the fair value approach ('FVA') for partners' annuities to calculate the impact of IFRS 17 on transition since it was deemed impracticable to apply the standard retrospectively.

Initial measurement

The partners' annuities at transition were accounted for using the General Measurement Model ('GMM') which is measured as the total of the fulfilment cash flows and the contractual service margin ('CSM'). The fulfilment cash flows consist of the present value of future cash flows calculated using probability-weighted estimates, together with an explicit risk adjustment for non-financial risk ('risk adjustment'). Future cash flows comprise all cash flows that are within the contract boundary such as future annuity payouts required to fulfil the promised services under the contract. The risk adjustment for non-financial risk is the margin for the uncertainty about the amount and timing of the cash flows that arises from non financial risks. The CSM for the Firm's partners' annuities arose on transition as the difference between the fair value of the liability of the remaining coverage and the present value of the fulfilment cash flows as determined on the transition date. The CSM on the balance sheet relates to the insurance services yet to be provided under the insurance contracts and is released to the income statement in future reporting periods as the insurance services are provided.

The Firm considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow. For this reason, future Partner cohorts joining the annuity scheme are considered to be onerous contracts.

On initial recognition, the onerous assessment is performed on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is £nil and the group measurement consists entirely of fulfilment cash flows. The net outflow expected from a group of contracts which are determined to be onerous is the group's 'loss component'. It is initially calculated at the point the group of contracts becomes onerous and is recognised at that date in the profit or loss account. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement at the point the group of contracts becomes onerous.

3. Significant accounting policies (continued)

Insurance contracts (continued)

Subsequent measurement

The carrying amount of partners' annuities at each reporting date is the sum of the liability for remaining coverage ('LRC') and the liability for incurred claims ('LIC'). The LRC comprises the fulfilment cash flows that relate to annuity payout services that will be provided under the contracts in future periods and any remaining CSM at that date. The fulfilment cash flows of partners' annuities are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The LIC includes the fulfilment cash flows for incurred claims that have not yet been paid, including claims that have been incurred but not yet reported.

Changes in fulfilment cash flows are recognised as follows:

- Changes related to past or current service are recognised in the insurance revenue and insurance service expense lines within the income statement. Changes in risk adjustment that relate to past or current service are disaggregated between the insurance revenue and finance (expense)/income from insurance contracts;
- The effect of the time value of money and changes in financial risk are recognised as finance (expense)/income from insurance contracts; and
- Changes related to future service are adjusted against the CSM unless the group of insurance contracts is or becomes onerous in which case such changes are recognised in the insurance service result.

For the transition cohort the carrying amount of the CSM at the end of the reporting period is the carrying amount at the start of the reporting period, adjusted for:

- Interest accreted on the carrying amount of the CSM during the reporting period using the discount rate determined at the date of initial recognition of the group of contracts.
- The changes in fulfilment cash flows relating to future service at the locked-in discount rates and other financial assumptions which for the Firm's partners' annuities were determined on the transition date (except where increases in fulfilment cash flows cause a group of contracts to become onerous or decreases in fulfilment cash flows are allocated to the loss component of the LRC).
- The amount recognised as insurance revenue because of the insurance contract services provided in the year. This is based on coverage units, a measure used to determine the allocation of the CSM of a group of contracts over the current and remaining coverage periods. The number of coverage units in a group of contracts is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. Coverage units are discounted and are updated at each reporting period to reflect the current best estimate of services expected to be provided in future periods. The Firm determines the quantity of the benefits provided for partners' annuities in each reporting period based on the annuity payouts expected to be received by the partners.

When a loss component exists, the loss component is released based on a systematic allocation of subsequent changes relating to future service in the fulfilment cash flows to the loss component and the LRC excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows relating to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period.

Discount rate

Discount rates are applied to best estimate cash flows, the risk adjustment, accretion of interest on the CSM and to discount coverage units. The bottom-up approach is applied in determining discount rates using risk-free yield curves (using the Prudential Regulation Authority ('PRA') risk-free rate curve) adjusted to reflect the characteristics of the cash flows and the liquidity of the contracts. Given that the partners' annuities are unfunded with no backing assets, the illiquidity premium is set to be consistent with the IFRS 17 illiquidity premiums observed in the market for annuity businesses of UK insurers'.

The discount rate assumption for partners' annuities has been set equal to PRA risk-free curve plus an illiquidity premium of 1.70% (2024: 1.50%). Refer to Note 22 for the sensitivity analysis.

3. Significant accounting policies (continued)

Insurance contracts (continued)

Risk adjustment

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the contract is fulfilled. The Firm estimates the risk adjustment separately from other components of the fulfilment cash flows using a cost of capital approach. It is calculated by projecting risk capital over the entire coverage period, discounting and applying a cost of capital assumption.

The risk capital at each point in time reflects the increase in the present value of annuities when the non-financial risks over a one-year time horizon are stressed at a 1 in 10-year level, where the non-financial risks cover longevity, entry age of new partners, future profit growth and partner withdrawal rates.

Over a one-year time horizon the confidence level associated to the risk adjustment is 87% (2024: 87%). This is equivalent to estimating that the probability that adverse changes in best estimate liabilities from non-financial risk over the next year exceed the amount of the risk adjustment is less than 13%.

Presentation

The partners' annuities are grouped as a single portfolio of insurance contracts which are presented in the balance sheet within non-current liabilities. A portfolio of insurance contracts is presented as a whole and cannot be split into its current and non-current cash flows, therefore the insurance contract liabilities are classified as non-current due to the long-term nature of the fulfilment of the respective obligations with the majority of those due to be settled beyond the next twelve months. The partners' annuities are disclosed as a single portfolio of insurance contracts as they are subject to similar risks and are similar products, being the payment of annuities to retired partners. A maturity analysis of the estimated future cash flows for these annuities is provided in Note 22.

The Firm disaggregates the amounts recognised in the income statement into insurance revenue, insurance service expense and finance (expense)/income from insurance contracts.

Insurance revenue

The Firm recognises insurance revenue in each reporting period at an amount which reflects the provision of services arising from the group of insurance contracts in the period. For both the Firm and LLP, insurance revenue is comprised of:

- The release of the CSM in the period;
- The release of risk adjustment included within the LRC; and
- The amount of claims (i.e. annuity payments) expected to be paid in the period to partners based on estimates at the start of the reporting period, also released from the LRC.

Insurance service expense

Insurance service expenses include the amount of actual claims paid to partners during the reporting period. These amounts are included in the LIC and are ordinarily settled in cash by the end of the reporting period. Insurance service expenses also include the recognition and reversal of onerous losses on groups of insurance contracts.

Finance (expense)/income from insurance contracts

Insurance finance expenses or income present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts. Finance (expense)/income from insurance contracts comprise changes in the carrying amounts of the group of insurance contracts arising from:

- Accretion of interest on CSM;
- Unwind of discounting on fulfilment cash flows; and
- Impact of financial assumption changes (such as inflation rates and discount rates) upon fulfilment cash flows.

These effects are recognised as finance (expense)/income from insurance contracts in the consolidated income statement.

3. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of operations which have a functional currency other than Sterling are translated into Sterling at the average rates of exchange for the year. The balance sheets of these operations are translated at the exchange rates ruling on the balance sheet date. Exchange differences arising from the retranslation of opening net assets, together with the difference between the income statement translated at the average and closing exchange rates, are reported in the statements of comprehensive income. All other exchange differences are included in the income statement.

Provisions

A provision is recognised in the balance sheet when there is a present obligation as a result of a past event, and it is probable that Freshfields LLP will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). In common with others law firms, the Firm may be involved in disputes in the ordinary course of business which give rise to claims. Where liability or costs are likely to be incurred by the Firm in defending and ultimately concluding such matters, and those costs can be measured reliably, they are provided for in the financial statements. No separate disclosure is made of the detail of any individual claims or proceedings as to do so could seriously prejudice the position of the group and breach the Firm's confidentiality obligations.

Members' interests

Members subscribe capital in proportion to the number of profit sharing points allocated to them. Members' capital may only be withdrawn when a member retires. Members' capital is included in non-current liabilities while retiring member's capital is included in current liabilities.

Drawings by members on account of profits have been classified as amounts due from members within current assets.

Leases

The Firm assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Firm as a lessee

The Firm applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Firm recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Firm recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Firm at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Firm recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Firm and payments of penalties for terminating the lease, if the lease term reflects the Firm exercising the option to terminate.

3. Significant accounting policies (continued)

Leases (continued)

ii) Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Firm uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low value assets

The Firm applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value such as small electrical and office furniture items. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Firm's accounting policies, which are described in Note 3, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Firm's accounting policies

Insurance contract liabilities for partners' annuities

The Firm has applied certain judgements in determining the value of the insurance contract liabilities for partners' annuities. The judgements applied by the Firm are to determine the technique for estimating the risk adjustment, to determine the characteristics which make the partners' annuity illiquid, the level of illiquidity premium to apply to the discount rate and how the illiquidity premium is determined. Further details of the discount rate and risk adjustment assumptions are set out in Note 3. The Firm continues to review its assumptions and data points used to determine the illiquidity premium and risk adjustment and will continue to analyse emerging trends and make adjustments in future periods where appropriate. The key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below and in Note 22.

Key source of estimation uncertainty

The key estimates and assumptions are set out below. Any significant change in these estimates could have a material impact on the Firm's financial results and position.

Actuarial valuation

The liabilities in respect of the defined benefit pension scheme and the insurance contract liabilities for partners' annuities have been independently calculated by actuaries based on information provided by the Firm. The details and sensitivity analysis are set out in notes 3, 22 and 25.

Estimates of future cash flows to fulfil insurance contracts

Following the adoption of IFRS 17, the Firm estimates future cash flows based on the projection of the benefits payable to current and former partners after retirement, based on their service to date and expected future service. This is based on deterministic best estimate assumptions for future inflation, headcount growth, life expectancy and other demographic assumptions. These assumptions are reassessed at each reporting date to reflect conditions existing at the measurement date.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates of future cash flows to fulfil insurance contracts (continued)

The focus of sensitivities is on assumptions which could lead to a material change in the valuation of the insurance liabilities in a way that could have a significant impact on the Firm's profit before tax and equity. Uncertainty in the estimation of future cash flows to make payments for partners' annuities arises primarily from the unpredictability of inflation as disclosed in Note 22. The inflation curves used are as follows:

	1 year	5 year	10 year	15 year	20 year	40 year
At 30 April 2024	2.6%	2.4%	2.9%	2.9%	2.8%	2.8%
At 30 April 2025	2.3%	2.4%	2.6%	2.6%	2.6%	2.4%

The impact from changing life expectancy assumption does not have a material impact on the carrying amount of insurance contract liabilities nor the current year profit or loss or equity. The carrying amount of insurance contract liabilities is not sensitive to changes in life expectancy assumptions largely because changes in fulfilment cash flows would adjust the contractual service margin and together these amounts are included in the carrying amount of insurance contract liabilities.

Discount rates

The Firm uses discount rates to calculate the time value of money on its insurance contract liabilities. Information about the judgments made in the approach to determine discount rates, including illiquidity premium is presented in Note 3. The yield curves that were used to discount the estimates of future cash flows are as follows:

	1 year	5 year	10 year	15 year	20 year	40 year
At 30 April 2024	6.5%	5.7%	5.5%	5.6%	5.6%	5.4%
At 30 April 2025	5.5%	5.3%	5.7%	6.0%	6.1%	5.9%

These assumptions are reassessed at each reporting date to reflect conditions existing at the measurement date. The sensitivities are disclosed within Note 22.

For Firm leases, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Firm's incremental borrowing rate. Generally, the Firm uses the incremental borrowing rate as the discount rate.

The Firm determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

5. Revenue

Set out below is the disaggregation of the Firm's revenue by geographical location. The Firm only provides legal services and therefore, only has one revenue stream:

	2025 £m	2024 £m
Geographical markets		
Europe	1,597.6	1,561.3
United States	473.3	391.1
Asia	133.5	126.5
Middle East & North Africa	43.9	42.4
Total revenue	2,248.3	2,121.3

Notes to the financial statements (continued)
For the year ended 30 April 2025

6. Finance income and finance costs

	2025 £m	2024 £m
Finance income		
Interest receivable and similar income	0.5	0.2
Finance expenses		
Interest payable	(3.3)	(9.7)
Interest on leases	(24.2)	(8.5)
Interest expense on pension scheme liability	(0.6)	(0.3)
	(28.1)	(18.5)
Net finance expense	(27.6)	(18.3)

7. Profit before tax:

Profit before tax is stated after charging:	2025 £m	2024 £m
Depreciation of property, furniture and equipment	36.1	32.5
Loss on disposal of property, furniture and equipment	0.2	3.0
Depreciation of right of use assets	62.7	58.1
Foreign exchange loss	17.9	4.0

8. Auditor's remuneration

The analysis of auditor's remuneration is shown below:

	2025 £m	2024 £m
Fees payable to the LLP's auditors for the audit of the LLP's annual accounts	0.7	0.6
Fees payable to the LLP's auditor and its associates for other services:		
The audit of the LLP's subsidiaries pursuant to legislation	0.2	0.3
Taxation services	1.6	2.2
Services pursuant to legislation	0.1	0.1
Other consultancy services	0.7	0.4
Total fees to auditor	3.3	3.6

9. Employment expenses

Consolidated

	2025 £m	2024 £m
Salaries	1,058.1	954.5
Social security costs	66.1	58.8
Pension costs	11.2	13.3
Other staff costs	70.9	74.2
	1,206.3	1,100.8

Notes to the financial statements (continued)
For the year ended 30 April 2025

9. Employment expenses (continued)

LLP

	2025 £m	2024 £m
Salaries	120.0	127.3
Social security costs	5.5	5.4
Pension costs	2.7	2.2
Other staff costs	10.8	11.7
	139.0	146.6

The average number of people employed during the year was:

	Consolidated 2025 No.	2024 No.	LLP 2025 No.	2024 No.
Fee earning staff	3,901	3,703	650	633
Secretarial and support staff	2,044	1,938	275	265
	5,945	5,641	925	898

10. Taxation

	2025 £m	2024 £m
Corporation tax	36.6	35.1
Deferred tax	(0.1)	(0.1)
Total tax charge for the year	36.5	35.0
Compensating payments due from partners	(28.7)	(31.4)
Total tax on profit	7.8	3.6
Reconciliation of tax charge:		
Profit before tax	656.8	668.9
Less: amounts subject to personal tax	(648.0)	(655.4)
Taxable profits on ordinary activities before taxation	8.8	13.5
At UK standard corporate rate all at 25% (2024: 25%)	2.2	3.4
Tax effects of:		
Expenses not deductible for tax purposes	-	0.2
Capital allowances in excess of depreciation	0.5	(0.5)
Adjustment in respect of prior year	1.1	(2.3)
Different tax bases in other jurisdictions	4.1	2.9
Deferred tax - revaluation of pension scheme	(0.1)	(0.1)
Total tax charge for the year	7.8	3.6

11. Profit attributable to the members

Partners' share of profits:

The Finance Committee determines the amount of profits to be distributed, which are divided among the members based on their profit sharing points allocated in accordance with the Firm's members agreement. Remuneration that is payable to a member that falls to be treated as a charge against profits is shown under the heading "Members' remuneration charged as an expense" in the consolidated income statement. Profits are allocated on a gross basis before income tax charges, which are mainly the personal liability of the individual members.

	2025	2024
Average number of members	296	294

12. Profit attributable to the LLP

The profit for the financial year dealt with in the financial statements of the parent undertaking, Freshfields LLP, was £487.7m (2024: £462.7m).

13. Property, furniture, equipment and assets under construction – Consolidated

	Leasehold improvements	Furniture and fittings	Office and other equipment	Right-of use assets	Assets under construction	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 May 2023	136.7	57.5	145.4	680.2	8.9	1,028.7
Exchange adjustments	(1.2)	(0.7)	(0.8)	(9.4)	(0.1)	(12.2)
Additions	52.4	10.1	7.5	129.1	2.4	201.5
Disposals	(7.0)	(0.3)	(1.9)	(75.9)	-	(85.1)
Reclassification of assets under construction	7.3	0.5	0.7	-	(8.5)	-
At 30 April 2024	188.2	67.1	150.9	724.0	2.7	1,132.9
At 1 May 2024	188.2	67.1	150.9	724.0	2.7	1,132.9
Exchange adjustments	(6.6)	(1.4)	(0.7)	(5.6)	-	(14.3)
Additions	16.7	4.8	5.1	71.7	6.8	105.1
Disposals	(2.5)	(1.7)	(4.1)	(61.7)	-	(70.0)
Lease modifications	-	-	-	(31.2)	-	(31.2)
Reclassification of assets under construction	1.0	-	0.1	-	(1.1)	-
At 30 April 2025	196.8	68.8	151.3	697.2	8.4	1,122.5
Accumulated depreciation						
At 1 May 2023	(59.1)	(35.6)	(101.1)	(222.6)	-	(418.4)
Exchange adjustments	0.7	0.2	0.8	-	-	1.7
Charge for the year	(10.3)	(4.7)	(17.5)	(58.1)	-	(90.6)
Disposals	5.0	0.1	1.1	47.3	-	53.5
At 30 April 2024	(63.7)	(40.0)	(116.7)	(233.4)	-	(453.8)
At 1 May 2024	(63.7)	(40.0)	(116.7)	(233.4)	-	(453.8)
Exchange adjustments	2.3	0.8	0.7	-	-	3.8
Charge for the year	(13.2)	(6.7)	(16.2)	(62.7)	-	(98.8)
Disposals	2.5	1.8	3.8	47.0	-	55.1
At 30 April 2025	(72.1)	(44.1)	(128.4)	(249.1)	-	(493.7)
Carrying amount						
At 30 April 2025	124.7	24.7	22.9	448.1	8.4	628.8
At 30 April 2024	124.5	27.1	34.2	490.6	2.7	679.1

Freshfields LLP

Notes to the financial statements (continued)
For the year ended 30 April 2025

14. Property, furniture and equipment and assets under construction – LLP

	Leasehold improvements	Furniture and fittings	Office and other equipment	Right-of use assets	Assets under construction	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 May 2023	17.9	11.1	11.3	213.3	0.5	254.1
Exchange adjustments	(0.5)	(0.1)	(0.3)	(4.0)	-	(4.9)
Additions	2.2	0.4	1.0	3.7	0.1	7.4
Disposals	-	(0.1)	(0.3)	-	-	(0.4)
Reclassification of assets under construction	-	-	0.2	-	(0.2)	-
At 30 April 2024	19.6	11.3	11.9	213.0	0.4	256.2
At 1 May 2024	19.6	11.3	11.9	213.0	0.4	256.2
Exchange adjustments	(0.3)	(0.2)	(0.2)	(1.7)	-	(2.4)
Additions	4.8	0.9	0.7	24.1	-	30.5
Disposals	(0.8)	(1.2)	(1.9)	(55.9)	-	(59.8)
At 30 April 2025	23.3	10.8	10.5	179.5	0.4	224.5
Accumulated depreciation						
At 1 May 2023	(14.8)	(7.5)	(9.1)	(91.5)	-	(122.9)
Exchange adjustments	0.5	-	0.2	-	-	0.7
Charge for the year	(0.8)	(0.7)	(1.0)	(24.6)	-	(27.1)
Disposals	-	0.1	0.1	-	-	0.2
At 30 April 2024	(15.1)	(8.1)	(9.8)	(116.1)	-	(149.1)
At 1 May 2024	(15.1)	(8.1)	(9.8)	(116.1)		(149.1)
Exchange adjustments	0.3	0.1	0.1	-	-	0.5
Charge for the year	(0.5)	(0.9)	(1.4)	(24.7)	-	(27.5)
Disposals	0.8	1.2	1.9	43.2	-	47.1
At 30 April 2025	(14.5)	(7.7)	(9.2)	(97.6)		(129.0)
Carrying amount						
At 30 April 2025	8.8	3.1	1.3	81.9	0.4	95.5
At 30 April 2024	4.5	3.2	2.1	96.9	0.4	107.1

15. Investments

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Subsidiary undertakings	-	-	0.3	0.3
Other investments	0.2	0.2	0.1	0.1
	0.2	0.2	0.4	0.4

Freshfields LLP and the Firm have investments in the following subsidiary undertakings:

Subsidiary undertakings	Registered office address	Principal activity	Holding of Ordinary shares
Freshfields Singapore Pte Ltd (formerly Freshfields Bruckhaus Deringer Singapore Pte Ltd)	2 Central Boulevard, #48-01 West Tower IOI Central Boulevard Towers Singapore 018916	Legal services	100%
Freshfields WLL(formerly Freshfields Bruckhaus Deringer WLL)	Bahrain World Trade Centre, East Tower, 37th Floor, Bahrain	Legal services	100%
Freshfields International Limited	100 Bishopsgate, London, EC2P 2SR, England	Management services	100%
Bouverie Holdings Limited	100 Bishopsgate, London, EC2P 2SR, England	Management services	100%
Freshfields Service Company	100 Bishopsgate, London, EC2P 2SR, England	Management services	100%
Freshfields (Holdings) Limited	100 Bishopsgate, London, EC2P 2SR, England	Holding company	100%
Freshfields Services Limited	55th Floor, One Island East Taikoo Place, Quarry Bay, Hong Kong	Management services	100%
Freshfields Services S.a.r.l	9 Av. de Messine, 75008 Paris, France	Management services	100%
Yugen Kaisha Freshfields	Akasaka Biz Tower 36F, 5-3-1 Akasaka Minato-ku,Tokyo 107-6336 Japan	Management services	100%

At 30 April 2025, the LLP has the power to exercise, or actually exercises, dominant influence or control over the following undertakings or partnerships:

Undertakings	Registered office address	Principal activity
Freshfields US LLP	51st Floor, 3 World Trade Center, 175 Greenwich Street, New York, USA	Provides law related services
Freshfields Hong Kong Partnership	55th Floor, One Island East Taikoo Place, Quarry Bay, Hong Kong	Provides law related services
Freshfields Horitsu Jimusho	Akasaka Biz Tower 36F,5-3-1 Akasaka Minato-ku,Tokyo 107-6336 Japan	Provides law related services
Freshfields Gaikokuho Jimu-Bengoshi Jimusho	Akasaka Biz Tower 36F,5-3-1 Akasaka Minato-ku,Tokyo 107-6336 Japan	Provides law related services
Studio Legale Associato a Freshfields LLP (formerly Studio Legale Associato a Freshfields Bruckhaus Deringer)	Via dei Giardini 7 20121 Milan, Italy	Provides law related services
Freshfields PartG mbB	Große Gallusstraße 14 60315 Frankfurt am Main	Provides law related services
Freshfields Rechtsanwälte PartG mbB	Hohe Bleichen 7, 20354 Hamburg, Germany	Provides law related services
Freshfields Ireland LLP	1st Floor, 22-23 Upper Pembroke Street, Dublin 2, DO2 HR98	Provides law related services

Freshfields LLP

Notes to the financial statements (continued)
For the year ended 30 April 2025

15. Investments (continued)

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Subsidiary undertakings				
Cost				
At start of year	-	-	0.3	0.3
Carrying value	-	-	0.3	0.3

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Other investments				
Cost				
At start of year	0.2	0.2	0.1	0.1
Carrying value	0.2	0.2	0.1	0.1

Freshfields Trustees Company, incorporated in England and Wales and wholly owned by the Firm, has not been consolidated. The Company acts as a trustee for the administration of the Firm's insurance policies held for the benefit of members and staff. It had £nil net assets at 30 April 2025 (2024: £nil) and does not make a profit or a loss.

16. Deferred tax - Consolidated

Deferred tax provided in the financial statements is set out as below:

	2025 £m	2024 £m
Deferred tax asset at the start of the year	2.8	1.4
Credited to income statement	0.1	0.1
(Charged)/credited to other comprehensive income	(0.8)	1.3
Deferred tax asset as at end of the year	2.1	2.8

	2025 £m	2024 £m
Deferred tax asset arising in relation to retirement benefit obligations	2.1	2.8

The deferred tax asset has been recognised at a rate of 25%, which was the substantively enacted UK rate of corporation tax at the reporting date.

Deferred tax assets and liabilities are offset only where the Firm has a legally enforceable right to do so.

17. Trade and other receivables

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Due within one year				
Trade receivables	765.2	762.1	368.1	374.3
Unbilled revenue	251.6	256.4	123.5	134.4
Amounts due from other group undertakings	-	-	507.1	309.2
Prepayments	40.4	41.1	8.5	11.5
Other receivables due within one year	116.0	107.6	99.1	74.6
	1,173.2	1,167.2	1,106.3	904.0
Due after more than one year				
Rental deposits	5.9	4.4	2.0	1.7
Prepayments	-	1.6	-	1.2
Other receivables	0.2	0.6	-	0.1
	6.1	6.6	2.0	3.0

Amounts due from group undertakings are repayable on demand and do not attract any interest.

Other receivables comprise amounts recoverable relating to input taxes, withholding taxes, other local taxes and other sundry debtors.

Client receivables are shown after impairment provisions for bad and doubtful debts of £5.4m (2024: £10.4m), movements on which are shown overleaf.

17. Trade and other receivables (continued)

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Movement in the allowance for doubtful receivables				
At start of year	(10.4)	(9.0)	(4.9)	(3.7)
Currency translation adjustment	0.2	0.2	-	-
Charge to income statement	(5.6)	(11.2)	(3.4)	(5.3)
Utilisation	10.4	9.6	5.9	4.1
At end of year	(5.4)	(10.4)	(2.4)	(4.9)
Aging of receivables:				
Under 1 month	475.8	478.0	231.6	234.8
1-2 months	123.6	133.5	62.6	70.3
3-5 months	127.2	117.8	59.4	55.8
6 months or more	44.0	43.2	16.8	18.3
	770.6	772.5	370.4	379.2
Less allowance for doubtful receivables	(5.4)	(10.4)	(2.3)	(4.9)
	765.2	762.1	368.1	374.3

Further information regarding credit risk and the allowance for doubtful receivables in relation to trade receivables is given in Note 28.

18. Trade and other payables

	Consolidated 2025 £m	2024 £m	LLP 2025 £m	2024 £m
Due within one year				
Trade payables	65.5	66.4	44.1	42.2
Bank loans	-	50.0	-	50.0
Bank overdrafts	-	28.2	-	25.3
Other payables	198.8	204.5	80.2	91.5
Taxes and social security	18.3	21.2	1.9	1.9
Accruals and deferred income	229.6	169.0	24.2	27.2
Amounts due to other group undertakings	-	-	611.0	331.9
	512.2	539.3	761.4	570.0
Due after more than one year				
Other payables	120.6	82.1	33.1	21.6
	120.6	82.1	33.1	21.6

At the balance sheet date the Firm had committed bank facilities of £200m (2024: £150m) and uncommitted overdraft facilities of £75m (2024: 105m).

At the balance sheet date the Firm had bank loans of £nil (2024: £50m) drawn down under a revolving credit facility.

18. Trade and other payables (continued)

The committed bank facilities expire as follows:

	2025 £m	2024 £m
Under one year	-	100.0
Between one and two years	50.0	-
Over two years	150.0	50.0
	200.0	150.0

Interest on the uncommitted facilities would be payable at floating rates linked to the based rate and its currency equivalent. Any drawdown in respect of the committed facilities incurs interest at floating rates linked to SONIA.

Amounts due to group undertakings are repayable on demand and do not attract any interest.

Other payables compromise non-member capital, drawings and tax reserves, other partner and former partner liabilities.

In the event of an administration or winding up of Freshfields, the assets of the Firm (including the sums, if any, contributed or to be contributed by Members to make up losses or deficiencies of capital) shall be applied first (and in priority to amounts due to Members in respect of members' capital) in the payment of the debts and liabilities of the Firm to its creditors (which shall include, for the avoidance of doubt, the Members, but only in respect of amounts due to the Members not being members' capital).

19. Leases

Consolidated

The Firm leases properties and office equipment under non-cancellable leases of varying lengths. In accordance with IFRS 16, the Firm has recognised right-of-use assets and corresponding liabilities for these leases.

Amounts recognised in the consolidated balance sheet:

Right of use assets	Property £m	Office and other equipment £m	Total £m
At 1 May 2023	456.9	0.7	457.6
Additions	129.0	0.1	129.1
Depreciation	(57.9)	(0.2)	(58.1)
Disposals	(28.8)	-	(28.8)
Exchange adjustments	(9.2)	-	(9.2)
At 30 April 2024	490.0	0.6	490.6
At 1 May 2024	490.0	0.6	490.6
Additions	71.6	0.1	71.7
Depreciation	(62.6)	(0.1)	(62.7)
Disposals	(45.9)	-	(45.9)
Exchange adjustments	(5.7)	0.1	(5.6)
At 30 April 2025	447.4	0.7	448.1

Notes to the financial statements (continued)
For the year ended 30 April 2025

19. Leases (continued)

Lease liabilities	Property £m	Office and other equipment £m	Total £m
Current liabilities	84.2	0.1	84.3
Non current liabilities	454.2	0.2	454.4
Total liabilities	538.4	0.3	538.7

Amounts recognised in the income statement

	2025 £m	2024 £m
Depreciation charge on right of use property	(62.6)	(57.9)
Depreciation charge on right of use office equipment	(0.1)	(0.2)
Interest expense (included in finance costs)	(24.2)	(8.5)

The Firm is committed to lease payments of £211m (2024: £91m) in relation to leases that have not yet commenced.

LLP

Amounts recognised in the LLP balance sheet:

Right of use assets	Property £m	Office and other equipment £m	Total £m
At 1 May 2023	121.3	0.5	121.8
Additions	3.7	-	3.7
Depreciation	(24.5)	(0.1)	(24.6)
Disposals	-	-	-
Exchange adjustments	(4.0)	-	(4.0)
At 30 April 2024	96.5	0.4	96.9
At 1 May 2024	96.5	0.4	96.9
Additions	24.1	-	24.1
Depreciation	(24.6)	(0.1)	(24.7)
Disposals	(12.7)	-	(12.7)
Exchange adjustments	(1.7)	-	(1.7)
At 30 April 2025	81.6	0.3	81.9

Lease liabilities	Property £m	Office and other equipment £m	Total £m
Current liabilities	20.5	0.1	20.6
Non current liabilities	66.6	0.1	66.7
Total liabilities	87.1	0.2	87.3

19. Leases (continued)

Amounts recognised in the income statement

	2025 £m	2024 £m
Depreciation charge on right of use property	(24.6)	(24.5)
Depreciation charge on right of use office equipment	(0.1)	(0.1)
Interest expense (included in finance costs)	(1.8)	(1.0)

The LLP is committed to lease payments of £Nil (2024: £Nil) in relation to leases that have not yet commenced.

Maturity analysis

	Group (£m)			LLP (£m)		
	Under 1 year	2-5 years	Over 5 years	Under 1 year	2-5 years	Over 5 years
Property	84.2	278.1	428.8	21.8	57.1	13.4
Office equipment	0.1	0.2	-	0.1	0.1	-
	84.3	278.3	428.8	21.9	57.2	13.4

20. Provisions – consolidated

	Property £m	Other £m	2025 Total £m	2024 Total £m
At start of year	14.9	8.7	23.6	32.3
Exchange adjustments	(2.1)	-	(2.1)	0.2
Charged to income statement	7.0	2.0	9.0	21.1
Utilisation of provision	(8.9)	(0.9)	(9.8)	(30.0)
Release of unused provision	-	-	-	-
At end of year	10.9	9.8	20.7	23.6
Total provisions			20.7	23.6
Included in provision for current liabilities			5.5	4.1
Included in provision for non-current liabilities			15.2	19.5
			20.7	23.6

Other provisions comprise provisions for healthcare costs, insurance, certain retirement benefits and provisions for legal claims against the Firm where an outflow of economic benefit is considered probable. They are expected to fall due for payment between May 2025 and April 2033.

Property provisions include dilapidations provisions in relation to leases expiring between May 2025 and July 2039.

Notes to the financial statements (continued)
For the year ended 30 April 2025

21. Provisions – LLP

	Property £m	Other £m	2025 Total £m	2024 Total £m
At start of year	1.1	4.3	5.4	8.4
Exchange adjustments	-	-	-	0.1
Charged to income statement	0.3	1.6	1.9	1.0
Utilisation of provision	(0.6)	(0.3)	(0.9)	(4.1)
At end of year	0.8	5.6	6.4	5.4
Total provisions			6.4	5.4
Included in provision for current liabilities			1.0	-
Included in provisions for non-current liabilities			5.4	5.4
			6.4	5.4

Other provisions comprise provisions for healthcare costs, insurance, certain retirement benefits and provisions for legal claims against the LLP where an outflow of economic benefit is considered probable. They are expected to fall due for payment between May 2025 and April 2033.

Property provisions include dilapidations provisions in relation to leases expiring between May 2025 and July 2039.

22. Insurance contract liabilities

Insurance contracts analysis of liabilities for remaining coverage and incurred claims:

	Liabilities for remaining coverage			
	Excluding loss component £m	Loss component £m	Liability for incurred claims £m	Total £m
Insurance contract liabilities at 1 May 2023	1,674.1	49.9	-	1,724.0
Insurance revenue				
Contracts under the fair value transition approach	(92.6)	-	-	(92.6)
Insurance service expense				
Incurred claims and other insurance service expenses	-	(1.1)	72.8	71.7
Losses and reversal of losses on onerous contracts	-	75.1	-	75.1
Insurance service result	(92.6)	74.0	72.8	54.2
Finance income from insurance contracts	(24.1)	(20.0)	-	(44.1)
Total changes in profit or loss	(116.7)	54.0	72.8	10.1
Claims paid	-	-	(72.8)	(72.8)
Total cash flows	-	-	(72.8)	(72.8)
Insurance contract liabilities at 30 April 2024	1,557.4	103.9	-	1,661.3
Insurance contract liabilities relating to non-member' annuities				328.0
Insurance contract liabilities relating to retired and current members' annuities				1,333.3
Total insurance contract liabilities at 30 April 2024				1,661.3

Freshfields LLP

Notes to the financial statements (continued)
For the year ended 30 April 2025

22. Insurance contract liabilities (continued)

	Excluding loss component £m	Loss component £m	Liability for incurred claims £m	Total £m
Insurance contract liabilities at 1 May 2024	1,557.4	103.9	-	1,661.3
Insurance revenue				
Contracts under the fair value transition approach	(110.5)	-	-	(110.5)
Insurance service expense				
Incurred claims and other insurance service expenses	-	-	77.8	77.8
Losses and reversal of losses on onerous contracts	-	42.7	-	42.7
Systematic allocation of loss component	-	(1.1)	-	(1.1)
Insurance service result	(110.5)	41.6	77.8	8.9
Finance income from insurance contracts	3.7	(24.1)	-	(20.4)
Total changes in profit or loss	(106.8)	17.5	77.8	(11.5)
Claims paid	-	-	(77.8)	(77.8)
Total cash flows	-	-	(77.8)	(77.8)
Insurance contract liabilities at 30 April 2025	1,450.6	121.4	-	1,572.0
Insurance contract liabilities relating to non-member annuities				322.2
Insurance contract liabilities relating to retired and current members' annuities				1,249.8
Total insurance contract liabilities at 30 April 2025				1,572.0

Reconciliation of measurement components of insurance contract balances:

	Estimates of present value of future cash flows £m	Risk adjustment for non-financial risk £m	Contractual service margin £m	Total £m
Insurance contract liabilities at 1 May 2023	1,410.5	71.2	242.3	1,724.0
Changes that relate to current service				
CSM recognised for services provided	-	-	(12.4)	(12.4)
Changes in risk adjustment for non-financial risk for risk expired	-	(5.5)	-	(5.5)
Experience adjustments	(2.9)	-	-	(2.9)
Total changes that relate to current service	(2.9)	(5.5)	(12.4)	(20.8)
Changes that relate to future service				
Contracts initially recognised in the year	57.8	19.9	-	77.7
Changes in estimates that adjust the CSM	58.7	(7.2)	(51.5)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	0.1	(2.8)	-	(2.7)
Total changes that relate to future service	116.6	9.9	(51.5)	75.0
Insurance service result	113.7	4.4	(63.9)	54.2
Finance (income)/expense from insurance contracts	(48.6)	(5.2)	9.7	(44.1)
Total change in profit or loss	65.1	(0.8)	(54.2)	10.1
Claims paid	(72.8)	-	-	(72.8)
Total cash flows	(72.8)	-	-	(72.8)
Insurance contract liabilities at 30 April 2024	1,402.8	70.4	188.1	1,661.3

22. Insurance contract liabilities (continued)

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	£m	£m	£m	£m
Insurance contract liabilities at 1 May 2024	1,402.8	70.4	188.1	1,661.3
Changes that relate to current service				
CSM recognised for services provided	-	-	(14.0)	(14.0)
Changes in risk adjustment for non-financial risk for risk	-	(5.1)	-	(5.1)
Experience adjustments	(14.8)	-	-	(14.8)
Total changes that relate to current service	(14.8)	(5.1)	(14.0)	(33.9)
Changes that relate to future service				
Contracts initially recognised in the year	33.1	10.9	-	44.0
Changes in estimates that adjust the CSM	(26.1)	(8.6)	34.7	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	1.8	(3.0)	-	(1.2)
Total changes that relate to future service	8.8	(0.7)	34.7	42.8
Insurance service result	(6.0)	(5.8)	20.7	8.9
Finance (income)/expense from insurance contracts	(23.1)	(4.0)	6.7	(20.4)
Total change in profit or loss	(29.1)	(9.8)	27.4	(11.5)
Claims paid	(77.8)	-	-	(77.8)
Total cash flows	(77.8)	-	-	(77.8)
Insurance contract liabilities at April 2025	1,295.9	60.6	215.5	1,572.0

Insurance revenue

Amounts relating to the changes in liabilities for remaining coverage:

£m	**2025**	**2024**
CSM recognised for services provided	14.0	12.5
Change in risk adjustment for non-financial risk for risk expired	3.9	4.4
Expected incurred annuity payments	92.6	75.7
Total insurance revenue	110.5	92.6

The following table analyses the expected recognition of the CSM in profit or loss:

Partner annuities

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total (£m)
At 30 April 2025	8.7	9.4	10.1	9.9	8.4	41.6	127.4	215.5
At 30 April 2024	6.1	6.9	7.5	7.0	6.3	32.4	121.9	188.1

Liquidity risk

Liquidity risk is the risk that the Firm will encounter difficulty in meeting obligations associated with partners' annuities that are settled by delivering cash. Liquidity risk in respect of liabilities arising from insurance contracts liabilities has been analysed based on the expected payment pattern of the annuities payouts. The partners' annuities payouts are contingent on the Firm's future profitability; hence, they are limited to the profits generated by the Firm, capped at 7.5% of the annual applicable Firm profits before annuity charges. The table below presents the maturity analysis of the group of insurance contracts held that are in a liability position based on the estimated timing of the remaining contractual discounted cash flows.

Notes to the financial statements (continued)
For the year ended 30 April 2025

22. Insurance contract liabilities (continued)

Partner annuities

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total (£m)
At 30 April 2025	88.3	86.5	83.6	78.7	67.0	290.0	601.8	1,295.9
At 30 April 2024	89.7	87.4	85.0	75.9	68.0	299.1	697.7	1,402.8

Sensitivity analysis for each significant assumption in the measurement of insurance contracts

The following table demonstrates the effect on profit before tax, insurance contract liability and equity of reasonably possible changes in key assumptions for the Firm, assuming other assumptions remain unchanged. In practice this is unlikely to occur, and changes in some assumptions may be correlated.

2025	Change in variable	Increase / (decrease) in profit before tax	Increase / (decrease) in insurance contract liabilities	Increase / (decrease) in equity
Discount rate	0.50% increase	72.2	(72.2)	72.2
	0.50% reduction	(79.5)	79.5	(79.5)
Inflation rate	0.25% increase	(33.6)	33.6	(33.6)
	0.25% reduction	31.9	(31.9)	31.9

2024	Change in variable	Increase / (decrease) in profit before tax	Increase / (decrease) in insurance contract liabilities	Increase / (decrease) in equity
Discount rate	0.50% increase	83.4	(83.4)	83.4
	0.50% reduction	(92.2)	92.2	(92.2)
Inflation rate	0.25% increase	(38.4)	38.4	(38.4)
	0.25% reduction	36.6	(36.6)	36.6

23. Reconciliation of operating profit to net cash inflow from operating activities

	2025 £m	2024 £m
Profit before taxation	656.8	668.9
Adjustment for:		
Net finance expenses	27.6	18.3
Depreciation charges	98.8	90.6
Loss on disposal of tangible fixed assets	0.2	3.0
Increase in provisions	(2.9)	(8.5)
Changes in insurance contract liabilities	(89.3)	(62.7)
Operating cash inflows before movement in working capital	691.2	709.6
Increase in trade receivables	(3.4)	(157.6)
Increase in trade and other payables	99.8	131.9
Net cash inflow from operating activities	787.6	683.9

24. Capital commitments

The Firm has no expenditure commitments approved and contracted for as at 30 April 2025 (2024: £nil).

25. Defined benefit pension scheme

A subsidiary of Freshfields LLP operates a defined benefit pension scheme for qualifying employees ('the Plan'), which was closed to future accrual on 30 June 2010. The amount charged in the accounts for the funding of the pension scheme is £Nil (2024: £Nil charge).

Under the regulations, a funding valuation is required to take place every three years. If the valuation shows that the Plan is in deficit, contributions to eliminate the deficit will be payable over an agreed period.

The latest triennial actuarial valuation for funding purposes was completed as at 1 May 2024. As part of the actuarial valuation process a new Schedule of Contributions and Recovery Plan was agreed, which set out the Firm's future contribution requirements to the Plan.

Based on the new Schedule of Contributions, the Firm's expected contribution to the Plan for the year to 30 April 2026 will be around £5.0m.

The Firm will meet other expenses (including administration expenses, investment management expenses and the PPF levy) in addition to this amount.

The Plan is exposed to a number of risks, including changes to long term UK interest rates and inflation expectations, movements in investment markets, changes in life expectancy rates and regulatory risk from changes in UK pensions legislation. The actuarial calculations require assumptions and projections to be made about uncertain future events. It is likely that future experience will not follow the actuarial assumptions, so actual outcomes may differ from projected outcomes.

In July 2024, the Court of Appeal confirmed an earlier ruling by the UK high court on the Virgin Media Limited v NTL Pension Trustees II Limited case. This case may have implications for other defined benefit pension schemes in the UK. At the balance sheet date, it was unknown if, or to what extent, this ruling will impact defined benefit pension schemes in the UK and therefore no adjustment has been made in accounting for the pension deficit. The Firm will monitor the case alongside the Trustees of the scheme.

In accordance with International Accounting Standard 19 "Employee benefits", the full actuarial valuation has been reviewed and updated as at 30 April 2025 based upon the following assumptions:

	2025	**2024**	**2023**	**2022**
	%pa	**%pa**	**%pa**	**%pa**
Rates of increase in salaries	-	-	-	-
Rates of increase in pensions	2.9	3.1	3.0	3.3
Discount rate	5.5	5.1	4.8	3.0
Inflation	3.0	3.4	3.1	3.6

The mortality assumptions are based on standard mortality tables. The assumptions are that a member who retired in 2025 at age 65 will live on average for a further 21 years after retirement if they are male and for a further 24 years after retirement if they are female.

The Plan's duration can be thought of as being a measure of the average time over which future benefit payments are made to members of the Plan. The Plan's duration at 30 April 2025 is estimated to be around 15 years.

25. Defined benefit pension scheme (continued)

The scheme assets and liabilities are disclosed below:

	2025 £m	2024 £m	2023 £m	2022 £m
Equities	8.5	8.6	9.1	11.4
Bonds - Government	19.7	19.5	9.6	37.5
Diversified growth	22.1	24.5	23.7	25.6
Cash and other net assets	0.9	1.4	1.9	0.3
Liability driven investment	44.8	49.0	67.1	79.6
Total fair value of assets	96.0	103.0	111.4	154.4
Actuarial value of liability	(104.8)	(114.2)	(117.0)	(148.5)
(Deficit)/surplus	(8.8)	(11.2)	(5.6)	5.9

	2025 £m	2024 £m	2023 £m	2022 £m
Analysis of amounts recognised in income				
Net interest expense/(income)	0.6	0.3	(0.3)	(0.1)
Past service cost	-	-	-	-

	2025 £m	2024 £m	2023 £m	2022 £m
Analysis of amounts recognised in the statement of comprehensive income				
Remeasurement - return on plan assets excluding interest income (loss)/gain	(7.7)	(11.0)	(49.3)	(20.1)
Remeasurement - effect of experience adjustments gain/(loss)	0.9	0.4	(9.8)	(0.8)
Remeasurement - effect on changes in assumptions gain	9.8	5.3	42.9	19.8
Effect of changes in demographic assumptions gain	-	-	-	0.2
	3.0	(5.3)	(16.2)	(0.9)

Movements in the present value of the defined benefit obligation in the year were as follows:

	2025 £m	2024 £m
Opening defined benefit obligation	114.2	117.0
Interest expense	5.7	5.6
Actuarial gain arising from experience adjustments	(0.9)	(0.4)
Actuarial gain arising from changes in financial assumptions	(9.8)	(5.3)
Benefits paid	(4.4)	(2.7)
Closing defined benefit obligation	104.8	114.2

Movements in the fair value of plan assets in the year were as follows:

	2025 £m	2024 £m
Opening fair value of scheme assets	103.0	111.4
Interest income	5.1	5.3
Loss on plan assets (excluding amounts included in net interest expense)	(7.7)	(11.0)
Benefits paid	(4.4)	(2.7)
Closing fair value of scheme assets	96.0	103.0

History of experience gains and losses

	2025 £m	2024 £m	2023 £m	2022 £m
Difference between the expected and actual return on scheme	(7.7)	(11.0)	(49.3)	(20.1)
Percentage of scheme assets	(8%)	(11%)	(44%)	(13%)
Experience gains/(loss) on scheme liabilities	0.9	0.4	(9.8)	(0.8)
Percentage of scheme liabilities	1%	-	(8%)	(1%)
Actuarial gain due to changes in assumptions	9.8	5.3	42.9	20.0
Percentage of scheme liabilities	9%	5%	37%	13%
Total actuarial profit/(loss) recognisable in the statement of other comprehensive income	3.0	(5.3)	(16.2)	(0.9)
Percentage of scheme liabilities	3%	(5%)	(14%)	(1%)

Sensitivity analysis

A 0.25% pa decrease in the discount rate assumption would increase the value of the liabilities by around £3.2m.
A 0.25% pa increase in the assumed rate of inflation would increase the value of the liabilities by around £2.2m.
A 0.25% pa increase in the assumed long-term rate of future mortality improvements would increase the value of the liabilities by around £0.5m.

The Firm operates a defined contribution pension scheme in the UK for which the pension cost charge for the year amounts to £9.4m (2024: £8.1m). As at 30 April 2025, the amount payable in relation to this scheme is £1.9m (2024 £1.5m).

26. Contingent liabilities

The Firm has no such liabilities as at 30 April 2025 (2024:£ nil).

27. Related party transactions

Balances and transactions between Freshfields LLP and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Balances outstanding between the LLP and other group undertakings are disclosed in notes 17 and 18. Note that all amounts due to and from other group undertakings are repayable on demand and are not interest bearing. As permitted under FRS 101, the LLP has taken advantage of the disclosure exemptions available under that standard in relation to intercompany transactions between the LLP and the other wholly owned subsidiaries.

The key management personnel comprise the Senior Partner, Managing Partners and heads of the Global Practice Groups. The share of profit and remuneration of key management personnel amounted to £25.8m (2024: £26.2m). The majority of partners in key management positions maintain significant client responsibilities.

28. Financial instruments

The carrying value of the financial assets and liabilities at the balance sheet date is set out below. In each case the fair value is not materially different from carrying value.

	2025 £m	2024 £m
Financial assets measured at amortised cost		
Trade receivables	765.2	762.1
Unbilled revenue	251.6	256.4
Amounts due from members	281.7	269.6
Other receivables	122.1	112.8
Cash and cash equivalents	87.4	64.3
Investments	0.1	0.2
	1,508.1	1,465.4
Financial liabilities measured at amortised cost		
Members' capital	211.9	162.5
Trade and other payables	403.2	452.1
	615.1	614.6

The following summarises the principal risks associated with the Firm's financial assets and liabilities and how those risks are managed.

Liquidity and capital risk

The Firm is financed by partners' capital, undistributed earnings and bank facilities. The capital structure is reviewed regularly to ensure that it is adequate to fund the current and projected needs of the Firm. The adequacy of borrowing facilities is regularly reviewed in light of projections of future cash flows.

Currency risk

The reporting currency of the Firm is Pounds Sterling but its business is international. The principal currencies to which the Firm is exposed are Euros and US dollars (and currencies linked to the US dollar).

The effect of currency fluctuation is mitigated across the Firm by revenue and costs incurred by each entity being principally in the functional currency of the location.

The consolidated balance sheet exposure to currencies other than sterling is regularly monitored and the Firm maintains currency cash balances to ensure they match the currency of the expected future payments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Firm is exposed to credit risk from its operating activities (primarily trade receivables).

Cash deposits with banks and financial institutions give rise to counterparty risks. The Firm manages that risk by ensuring funds are deposited across a number of high quality approved counterparties and within defined counterparty limits.

An assessment is made of the credit risk associated with clients by reviewing independent ratings and by monitoring the level of unpaid fees. The Firm's broad client base, both geographically and across industry sectors, ensures no one client accounts for a material proportion of the Firm's client receivables or unbilled revenues. Aging of trade receivables is disclosed in Note 17.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Firm does not hold collateral as security.

28. Financial instruments (continued)

Credit risk (continued)

The Firm evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Firm's trade receivables using a provision matrix:

30 April 2025

Consolidated	Under 1 month	1-2 months	3-5 months	6 months and more	Total
	£m	£m	£m	£m	£m
Expected credit loss rate	0.2%	0.2%	1.5%	5.5%	0.7%
Estimated gross carrying amount at default	475.8	123.6	127.2	44.0	770.6
Expected credit loss	0.9	0.2	1.9	2.4	5.4

LLP	Under 1 month	1-2 months	3-5 months	6 months and more	Total
	£m	£m	£m	£m	£m
Expected credit loss rate	0.2%	0.2%	1.5%	5.4%	0.6%
Estimated gross carrying amount at default	231.6	62.6	59.4	16.8	370.4
Expected credit loss	0.5	0.1	0.9	0.9	2.4

30 April 2024

Consolidated	Under 1 month	1-2 months	3-5 months	6 months and more	Total
	£m	£m	£m	£m	£m
Expected credit loss rate	0.4%	0.5%	0.5%	17.1%	1.3%
Estimated gross carrying amount at default	478.0	133.5	117.8	43.2	772.5
Expected credit loss	1.7	0.7	0.6	7.4	10.4

LLP	Under 1 month	1-2 months	3-5 months	6 months and more	Total
	£m	£m	£m	£m	£m
Expected credit loss rate	0.4%	0.6%	0.5%	18.0%	1.3%
Estimated gross carrying amount at default	234.8	70.3	55.8	18.3	379.2
Expected credit loss	0.9	0.4	0.3	3.3	4.9

Foreign currency risk management

The carrying amounts of the Firm's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2025	2024	2025	2024
	£m	£m	£m	£m
Euro	(89.5)	(53.9)	509.6	494.7
US Dollar	(171.9)	(142.7)	253.7	232.7
Other	(67.8)	(47.2)	120.2	87.7
	(329.2)	(243.8)	883.5	815.1

28. Financial instruments (continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% decrease in sterling values against the relevant currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in sterling exchange rates. A positive number below indicates an increase in profit and equity where sterling weakened 10% against the relevant currency. For a 10% strengthening in sterling in relevant currency, there would be an equal and opposite impact on the profit and equity and the balances would be negative.

Profit or loss	2025 £m	2024 £m
Euro currency impact	41.0	43.5
US Dollar currency impact	6.3	7.4
Other currency impact	4.5	3.5
	51.8	54.4

29. Changes in liabilities from financing activities

	1 May 2024 £m	Cash flows £m	Finance leases movement £m	30 April 2025 £m
Lease liability	(567.6)	80.8	(51.9)	(538.7)
Bank loans	(50.0)	50.0	-	-
Net debt	(617.6)	130.8	(51.9)	(538.7)