

C L I F F O R D

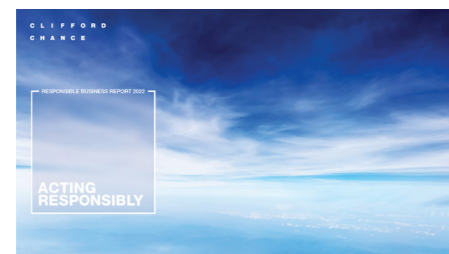
C H A N C E

ANNUAL REVIEW 2022

OUR VISION

We will be the global law firm of choice for the world's leading businesses of today and tomorrow.

We always strive to exceed the expectations of our clients, whether from business government or the not-for-profit sector, and provide the highest quality service and legal insight. We pride ourselves on our approachable, collegial and team-based culture, and the commitments we make to our people and the wider world.



Read our
Responsible Business Report 2022

SOME HIGHLIGHTS

FOR THE YEAR ENDING 30 APRIL 2022

£1,969 m (+8%)

Revenues

£783 m (+9%)

Partnership Profit

£686 m (+11%)

Total Tax Contribution

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Prior results do not guarantee a similar outcome.

74,938 (+7%)

Total Pro Bono and
Community Outreach hours

£36.4 m (+35%)

Value of Pro Bono work

48.2%

Decrease in CO₂ emissions
(Scope 1 & 2) per FTE*

* from the latest baseline of FY17/18

A YEAR OF PROGRESS

Our team has delivered another outstanding year of results. We are seeing the positive outcome of our long-term strategic focus to diversify our client base, continually increase our market share and growth in priority geographies such as the Americas. These results are a testament to Matthew Layton's leadership as the previous Global Managing Partner, as well as the energy, dedication, teamwork and phenomenal expertise of all our colleagues. It is because of this that, profit per equity partner increased by 10% year on year to in excess of £2m.

Clients are at the heart of everything we do. To serve them better, we continue to prioritise our relationships with them and the delivery of our balanced combination of expertise and our increasingly global focus. Despite geopolitical uncertainty and signs of a slowdown in some markets, all our regions grew in income and net profit.

CHARLES ADAMS
GLOBAL MANAGING PARTNER



Our Global Platform

Clifford Chance's global platform gives the firm a position of strength and confidence looking ahead. New mandates with market-leading businesses including Cinven, Mercer, NMC Healthcare, as well as many more, show the excellent progress against our goals which we achieved by taking a long-term view and making strategic investments in our business while remaining agile and adaptable.

The firm's diverse portfolio of clients and services delivered revenue growth in practice areas and we have now seen an almost doubling of revenue in financial investors over the last seven years. The firm's highly regarded corporate advisory practices, as well as the global financial markets team experienced significant peaks in activity levels, contributing to overall growth.

Continued priorities and investment in our People strategy

Investment in our people has and will continue to be an important priority and we are committed to delivering the firm's People, Talent and Inclusion strategy today and in the years to come.

Throughout the last 12 months, we have seen a transition to hybrid working across the firm. Our support for the wellbeing of our people has been a key priority throughout the global pandemic and as people adapt to new ways of working. Clifford Chance continues to work hard to ensure the experience of all our colleagues allows them to thrive in their roles and develop their expertise and long-term career goals.

The firm has made progress against its global inclusion goals, including meeting

inclusion targets for gender and ethnicity, which were comfortably passed in the UK and US. This year saw the highest percentage of promoted female partners at 41% and the 3-year 5% LGBT partner goal was exceeded ahead of schedule.

Investing in our market-leading international platform: FY15 - FY22

Our clients need us to be strong where they need us most. Over the past seven years we have successfully expanded our business in the Americas and Asia Pacific, whilst continuing to drive strong growth across our operations in Continental Europe, the Middle East and the UK.

Our platform provides our clients with the truly global depth of expertise and joined-up service they rely on for support on their most complex and business-critical matters.

Looking ahead

"We continue to keep our intensified focus on securing strong foundations for our future success; understanding what clients will need from us and what type of firm we will need to be. Our strong and diverse bench of talented leaders, both long-serving and recent appointments, will play a critical role in executing the firm's strategy and ensuring Clifford Chance remains the firm of choice for world-leading businesses of today and tomorrow."

In the new reality, we have all become accustomed to uncertainty, so we are vigilant in staying close to our clients, listening to our people and being prepared for the unknown. As we observe the evolving geopolitics in a number of regions, the appalling Russian military aggression in Ukraine, as well as the global economic headwinds linked with the impact of inflation and supply chain fragility, it is critical we remain agile and ready to embrace change as well as act when needed."



HOW WE PERFORMED

FINANCIAL INFORMATION

The summary financial information below is based upon the audited statutory consolidated financial statements of Clifford Chance LLP, which are prepared in accordance with International Financial Reporting Standards (IFRS).

Further information regarding the financial performance of the firm for the year ended 30 April 2022 can be found in the related press release and fact sheet

REVENUE

	2022	2021
Revenue by Geographic Area:	£m	£m
Americas	259	246
Asia Pacific	344	301
Continental Europe	622	591
Middle East	57	50
United Kingdom	687	640
Total	1,969	1,828

CONSOLIDATED INCOME STATEMENT

	2022	2021
Year ended 30 April	£m	£m
Revenue	1,969	1,828
Other operating income	3	3
Operating costs		
Staff and related costs	(869)	(824)
Other operating costs	(253)	(285)
Net impairment losses on financial assets	(20)	(13)
Operating profit	830	709
Finance income	3	3
Finance costs	(21)	(20)
Finance costs – net	(18)	(17)
Profit before tax and members' remuneration and profit share	812	692
Members' remuneration charged as an expense	(18)	(30)
Profit before tax available for profitshare among members	794	662
Income tax expense	(40)	(20)
Profit for the financial year available for profit share among members	754	642

The Results derive from continuing operations

CONSOLIDATED BALANCE SHEET

As at 30 April	2022	2021
	£m	£m
ASSETS		
Property, Plant and equipment	65	72
Right use of assets	329	311
Finance Lease receivable-non current	98	120
Deferred tax assets	1	51
Total Non-Current Assets	493	554
Accrued income	369	305
Trade and other receivables	520	457
Finance lease receivable - current	24	23
Amounts due from members	81	88
Cash and cash equivalents	378	370
Total Current Assets	1,372	1,243
TOTAL ASSETS	1,865	1,797
LIABILITIES		
Trade and other payables	492	457
Employee benefit obligations	21	21
Provisions	1	2
Lease liability - current	94	87
Members' capital - current	31	31
Total Current Liabilities	639	598
Employee benefit obligations	266	429
Provisions	54	28
Lease liability - non-current	461	475
Members' capital - non-current	111	126
Total Non-Current Liabilities	892	1,058
Total liabilities	1,531	1,656
Total Equity	334	141
Total liabilities excluding members' interests classified as liabilities	1,324	1,425
Net assets of members excluding members' interests classified as liabilities	541	372

HOW WE PERFORMED CONTINUED...

CONSOLIDATED BALANCE SHEET (CONTINUED)

	2022	2021
As at 30 April	£m	£m
Represented By:		
Provision for annuities due to current members	65	74
Members' capital - current	31	31
Members' capital - non-current	111	126
Members' interests classified as liabilities	207	231
Reserves	334	141
	541	372
Total Members' Interest		
Amounts due from members	(81)	(88)
Provision from annuities due to current members	65	74
Members' capital - current	31	31
Members' capital - Non-current	111	126
Reserves	334	141
	460	284

CONSOLIDATED CASH FLOW STATEMENT

	2022	2021
As at 30 April	£m	£m
Cash flow from operating activities:		
Profit before tax and members' remuneration and profit share	812	692
Interest paid	19	20
Interest received	(3)	(3)
Depreciation	78	81
Contributions to defined benefit pension scheme	(22)	(36)
Amounts (credited)/charged for annuity obligations	(5)	2
Annuities paid to former partners	(20)	(20)
Increase/(decrease) in property and other provisions	13	(1)
Remuneration to members	(16)	(11)
Operating cashflow before movements in working capital	856	724
Increase in accrued income	(56)	(22)
(Increase)/decrease in receivables	(56)	34
Increase in payables	26	38
Cash generated by operations	770	774
Income taxes paid	(22)	(19)
Net cash generated from operating activities	748	755
Cash flow from investing activities:		
Purchase of property, plant and equipment	(15)	(20)
Proceeds from sublease	26	25
Net cash generated from investing activities	11	5
Cash flow from financing activities:		

HOW WE PERFORMED CONTINUED...

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	2022	2021
As at 30 April	£m	£m
Drawings and distributions to members	(647)	(571)
Repayment of lease liabilities (including interest paid £12m (2021 £13m))	(101)	(106)
Capital net repayments to members	(15)	-
Net cash outflow from financing activities	(763)	(677)
Net (decrease)/increase in cash and cash equivalents	(4)	83
Cash and cash equivalents at beginning of year	370	299
Effects of foreign exchange rate changes	12	(12)
Cash and cash equivalents at the end of the year	378	370

PROFIT ATTRIBUTABLE TO EQUITY PARTNERS

	2022	2021
Year ended 30 April 2021	£m	£m
Profit before tax for the financial year before members' remuneration and profit shares on the basis of IFRS	812	692
Adjustments for partnership structure and accounting policies	(29)	25
Amounts payable to equity partners and annuitants before tax	783	717

The profit on the basis of IFRS is attributable to those partners of the firm who are members of Clifford Chance LLP. However, certain members of Clifford Chance LLP are not equity partners in the firm and certain equity partners of Clifford Chance LLP are not members of it. In addition, the profit on the basis of IFRS is determined in accordance with accounting policies which differ from those applicable under the partnership agreement. The principal differences relate to the accounting treatment of annuities, pension schemes and property leases. Accordingly, in order to arrive at the amounts payable to equity partners and annuitants before tax, adjustments are made to the IFRS profit to reflect the equity partnership structure instead of the membership structure and to reflect the differences between the accounting policies applicable under the partnership agreement and IFRS. The average number of equity partners during the year was 385 (2021: 387). The average profit per equity partner based on the profit before tax for the financial year attributable to equity partners excluding annuities amounts to £2.04 million (£1.85 million).

STATUTORY ACCOUNTS

The financial information included in this statement does not constitute the statutory accounts of Clifford Chance LLP within the meaning of the Companies Act 2006. Statutory accounts for the financial year ended 30 April 2021 have been delivered to the Registrar of Companies. Statutory accounts for the financial year ended 30 April 2022 have not yet been delivered to the Registrar of Companies. The auditors have reported on the accounts for both such financial years; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under Section 498 (2) or (3) Companies Act 2006, as applicable to limited liability partnerships.

SELECTED HIGHLIGHTS FROM THE PAST YEAR

- Invested in 17 new lateral partner hires, across all markets and practice areas and with particular focus on our financial investors offering
- Closed Moscow office and ceased operations in **Russia** transferring Russian work to a new, locally established independent law firm during May-June 2022
- Committed US\$1.7m through employee donations and matched funding, to support humanitarian efforts in response to **Ukraine** crisis. Local offices and regions pledged additional US\$274k. Donations made to UNHCR, the International Red Cross, Ukrainian House in Poland, People in Need in the Czech Republic and Save the Children Romania
- Launched our **People and Talent Strategy** focused on hiring top talent across the globe, supporting the career progression of our people, advancing the learning and leadership development opportunities for our people, and ensuring fair and competitive reward programmes. Our people priorities and our culture are underpinned by inclusion, wellbeing and employee listening
- Continued progress on our **gender, ethnicity and LGBT+ inclusion targets**. This year saw our highest ever percentage of promoted female partners at 41% and we exceeded our 5% LGBT UK partner goal 3 years ahead of schedule as well as exceeding our targets on ethnic minority partners. Awarded top Law Firm in Stonewall UK index and 3rd overall, gold status in Stonewall global workplace equality index in our first year of entry and gold in the Australian Workplace Equality Index. We continued to rollout our award-winning reverse mentoring programme. Expanded affinity networks in number, activity and engagement levels, with our Enable network winning People in Law award for their "My Lived Experience" campaign.
- Achieved 78% engagement and enablement levels in our most recent **People Survey**, high and above industry benchmarks. Our people are proud to work at Clifford Chance (88%) attest to great teamwork and collaboration (83%) and a work set up that allows them to be productive (83%). All of this is underpinned and propelled by the high levels of support for our culture with 86% agreeing that the firm values inclusion and similarly 86% who say they are treated with respect.

CLIFFORD CHANCE

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Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications.

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