

# GENDER PAY GAP RESULTS



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2019

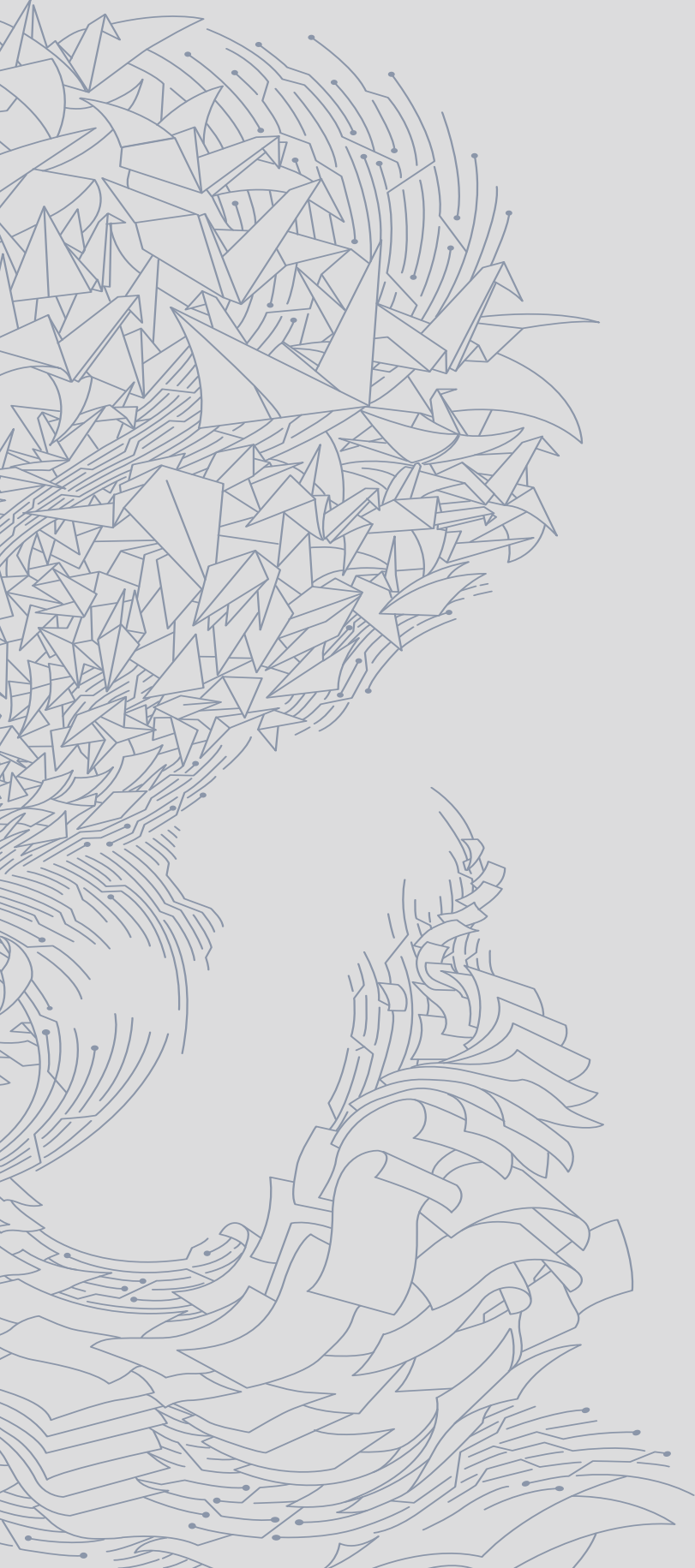


Illustration: Helping Agreements Take flight by Nic Mac

# ADDLESHAW GODDARD 2019 GENDER PAY RESULTS

Encouraging greater diversity, particularly at senior levels, continues to be a strategic priority for our firm and our gender pay report includes our 2019 results (with a comparison against our 2018 figures) and, in the interests of transparency, a greater level of detail in our figures including our partner data and, for the first time, our ethnicity pay gap data, which are both excluded by the current regulations.

Work has been ongoing to ensure that we foster a workplace where everyone is able to reach their full potential and in 2019 we were accredited (for the 12th time) with a place in The Times Top 50 Employers for Women, which is a significant endorsement of our commitment to providing a workplace in which women can flourish and advance their careers.

Nevertheless, the results from our 2019 pay gap analysis, in particular our combined partner and employee gap, show us that there is still more to do in facilitating a higher level of female and ethnic minority representation at senior levels of the business and fewer “gendered” roles. We continue to look at how we can do more in this area.

At the end of 2019 we appointed Inclusion Partners across all our key focus areas including both gender and ethnicity. We have been working to set strategic plans for the coming year, whilst launching an internal campaign focusing on inclusion and collaboration.

While we acknowledge that closing the gap will take time, we welcome a greater scrutiny on the issue. There is more detail in this report on the various steps we are taking to address the pay gap across both gender and ethnicity.



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# WHAT IS THE GENDER PAY GAP?

Employers with 250 or more employees are required to report on the gender pay and bonus gaps within their organisation. In short, this is the difference between the earnings of the average man and woman in the business, treating men and women as two large groups and disregarding their role.

The presence of a gender pay gap does not mean an employer has an equal pay issue and the two issues should not be confused.

The MEAN pay gap figure is calculated using the average pay rate (or bonus) of all the men and women - the difference between the two is the mean pay gap.

Some of the typical causes of the gender pay gap are occupational segregation (i.e. women tend to be steered towards certain occupations and/or sectors which offer narrower scope for financial reward) and representation (i.e. relative lack of female representation within senior, high earning positions).

The MEDIAN pay gap figure is calculated using the mid-point pay rate (or bonus) of all the men and women i.e. where half earn more and half earn less - the difference is the median pay gap.

## OUR APPROACH TO REPORTING

As well as the gender pay and bonus gap figures for AG Service Company Limited (our employee population), we are also publishing the pay gap of the Members of Addleshaw Goddard LLP (the partner group), which is a separate legal entity falling outside of the gender pay gap reporting obligations.

Partners are not paid a salary, instead they receive a share of the firm's profits. In the absence of government guidance, we have followed the approach recommended by The Law Society in calculating our partner pay gap.

The pay reporting date for this report, set by legislation, is 05 April 2019 and the bonus reporting period is 06 April 2018 - 05 April 2019. The statistics and information provided here relate to UK colleagues only.

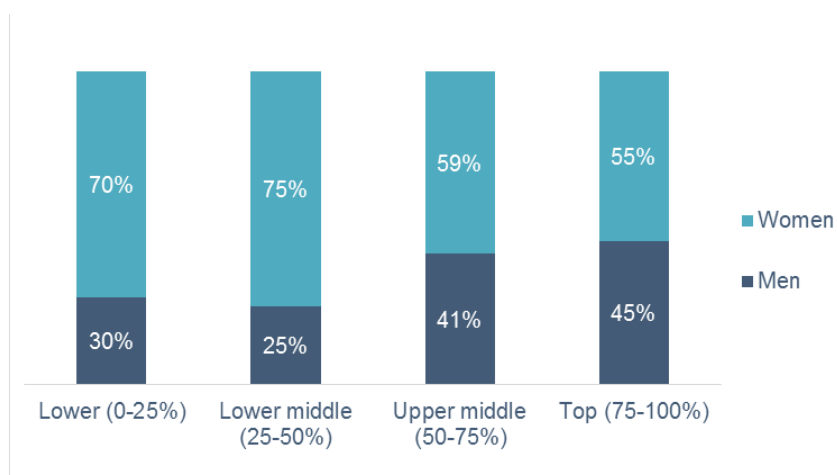
## ETHNICITY PAY GAP

We have also published our ethnicity pay gap information, which looks at both employees and employees and partners combined. We have calculated our ethnicity pay gap, notwithstanding the limitations of the data due to the high level of colleague non-disclosure (c.25%). We have removed from the analysis those where their ethnicity is unknown and compared the earnings of white vs. non-white (encompassing all Black, Asian and minority ethnic (BAME) categories).

# GENDER PAY GAP

## EMPLOYEES

We have a split of 66% female employees to 34% male. If we look at the four pay quartiles, from top to bottom, men and women are represented across those quartiles as below.



## COMMENTARY

The higher percentage of female staff in the lower quartiles is reflective of the fact that there are significantly more women in junior, lower paid roles across the business compared to men. For example, our business support function, where salaries are lower, is predominantly made up of women, and our secretarial services population is 94% female. Since last year we have seen a 1% increase in the number of women in the top pay quartile.

## OUR EMPLOYEE PAY GAP IS AS FOLLOWS:

	2019	2018
MEAN	17.9%	19.8%
MEDIAN	19.8%	18.9%

## COMMENTARY

Our mean pay gap has reduced by 1.9% on last year, but we have seen a small increase of 0.9% in the median. The gap exists because we employ more women in lower paid positions (as demonstrated by our pay quartile results) and in support roles (which are predominantly occupied by women) which tend to be based outside London in our northern offices, where salaries are lower. If, for example, we remove PAs from the analysis, the gap reduces to 11.2% (mean) and 10.6% (median).

Looking at discrete populations, the pay gap is much smaller; for our lawyers it is 4.3% (mean) and 2.5% (median) and for business services employees it is 5.1% (mean) and - 0.9%\*<sup>1</sup> (median).

Within our lawyer population, our pay gap at associate level is 1.4% (mean) and -1.5%<sup>2</sup> (median), at managing associate level is 4.3% (mean) and 6.7% (median) and at legal director level is 3.6% (mean) and 1.3% (median).

Looking at the narrowing of our mean gender pay gap it is notable that:

- The highest paid female employee is now ranked 4th (compared to 6th in 2018 and 15th in 2017)
- In the top 10 highest earners across the firm, the mean gap has reduced from 20.6% to 15.5%

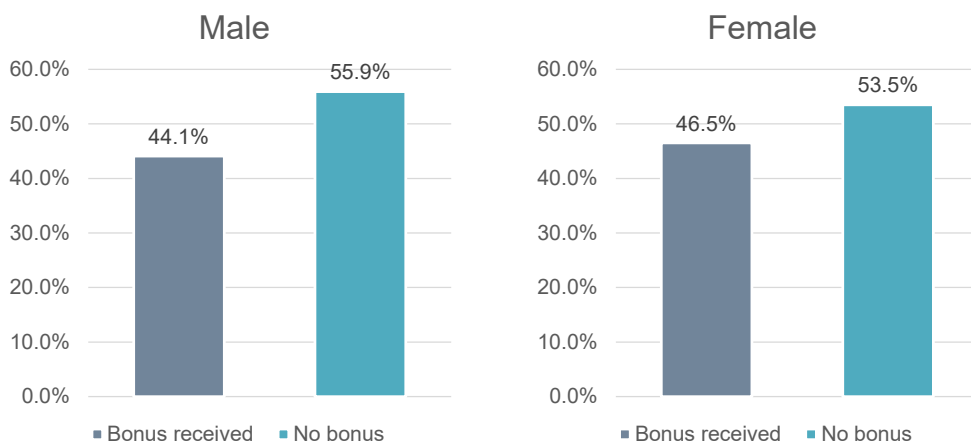
## OUR EMPLOYEE BONUS GAP IS AS FOLLOWS:

	2019	2018
MEAN	46.2%	41%
MEDIAN	50.0%	35%

<sup>1</sup> A negative number indicates a pay gap in favour of women.

<sup>2</sup> A negative number indicates a pay gap in favour of women.

## PROPORTION OF MALE AND FEMALE EMPLOYEES WHO RECEIVED A BONUS:



### COMMENTARY

Our bonus gap is driven by the fact that we have proportionately more women in areas of the business where fewer bonus awards are made and lower bonuses tend to be paid e.g. non-fee earning roles. We are required to calculate the pay gap on actual bonuses received, rather than full time equivalent for part-timers, which further drives our bonus gap as we have significantly more female part-time employees than male.

The rise in our bonus gap on the face of it looks concerning. However, bonuses vary greatly in amount and if we remove a small number of bonuses at the 'extremes' the differential significantly reduces to c.28% (mean). In 2019, for the first time since gender pay gap reporting began in 2017, the proportion of women receiving a bonus has overtaken men by 2.4%.

## **PARTNERS**

We have a split of 28% female partners to 72% male. Based on partners' total profit share (including bonus) for the FY ended 18/19, our partner pay gap is:

	2019	2018
MEAN	22.7%	25.9%
MEDIAN	37.3%	45.6%

## **COMMENTARY**

The partner pay gap is driven by the fact that within the partnership we have significantly more senior men – as things stand, 81% of our equity partners are male. It is pleasing to see a reduction in both the mean and median pay gap.

## **PARTNERS AND EMPLOYEES COMBINED**

This year, we have again combined the employee and partner statistics to produce an overall organisational pay gap. There has been a small increase in the mean and a small decrease in the median since last year's results.

	2019	2018
MEAN	59.1%	58.2%
MEDIAN	36.7%	38.5%



# ETHNICITY PAY GAP

We have calculated our ethnicity pay gap, notwithstanding the limitations of the data due to the high level of colleague non-disclosure (c.25%) which means that our results may not be entirely representative of the total population. We have removed from the analysis those where their ethnicity is unknown and compared white vs. non-white (encompassing all BAME categories).

The data shows that the pay gap favours white employees, explained by the fact that the majority of those who identify as BAME are business and secretarial services colleagues (where average salaries are lower than for fee earners) and paralegals and trainees (who are more junior fee earners where salaries are again lower).

	2019
MEAN	10.5%
MEDIAN	8.1%

Our employee ethnicity bonus pay gap is as follows:

	2019
MEAN	26.7%
MEDIAN	33.3%

As with our gender bonus pay gap, the gap is largely attributable to a small number of bonuses at the “extremes” which skew the data.

If we add partners to the analysis, we have an overall organisational ethnicity pay gap of:

	2019
MEAN	37.5%
MEDIAN	15.8%

As with gender, this reinforces the need to increase the number of partners from BAME backgrounds, and also to increase BAME representation within the fee earning population more generally. As things stand, only 2.6% of our partners, who have disclosed their ethnicity, are BAME, something we are determined to improve on through a strong focus on ethnicity diversity over the coming year.

# WHAT ARE WE DOING TO ADDRESS THE ISSUE?

We have continued to focus on diversifying our firm at the most senior levels through a number of initiatives. In the last 12 months we have taken the following actions which we believe will help to address the pay gap.

## INCLUSION PROGRAMME

- We have refocused our diversity and inclusion programme to ensure an inclusion centred approach that promotes collaboration. As part of this revised strategy we have appointed a new Board Inclusion Sponsor and Inclusion Partners, responsible for our priority areas, including gender and ethnicity.
- Our Gender Inclusion Partners are forming strategic plans based on findings of a recent workplace study, commissioned by the firm in partnership with Dr Jill Armstrong - Murray Edwards College, Cambridge. Insights from this study will help to shape the focus of our gender, and wider inclusion, ambition into the future.

## FLEXIBILITY

- We have enabled flexible and agile working for many colleagues.

## FAMILY SUPPORT

We have:

- Offered support to our working parents through lunches, seminars and offering generous parental pay packages – our Shared Parental Leave package matches our maternity package enabling a number of fathers to take up to 20 weeks paid leave,

thereby normalising the role of men in childcare.

- Published details of our parental leave and pay policies on our website for potential recruits to access.

## FEMALE SUPPORT/ DEVELOPMENT

We have:

- Piloted a new female sponsorship programme. The programme is built upon research that demonstrates that women need greater sponsorship, as opposed to mentoring, and the scheme has provided a platform for senior sponsors to support and advocate for women, as well as giving them advice and encouragement.
- Continued investment in our annual female development programme to support women in advancing their careers.
- Continued investment in our programme which supports female returners to the workplace, who have taken career gaps and are facing barriers to re-entry to the profession.
- Continued to run a programme, focusing on honing women's business development skills – which are vital for the step up to partnership.

- Run female networking events for senior fee earners to give associates access to career advice and female role models.
- Supported our female partner group with regular networking lunches.
- Supported women in the business through a number of events to celebrate 100 Years of Women in Law and International Women's Day.

## ETHNICITY

We have:

- Appointed two Inclusion Partners for ethnicity, who are forming strategic plans to support our internal and external work in this area.
- Run BAME lunches internally to bring together colleagues to share experiences.
- Held external facing BAME panel events to discuss a variety of topics, providing a valuable platform for sharing ideas and experiences, and promoting the firm to potential BAME recruits.
- We are in the process of forming a multi-cultural network where colleagues can come together to plan internal and external events, mark key celebrations and milestones and share experiences informally.

Our newly appointed Gender and Ethnicity Inclusion Partners are currently working on a strategic plan for these areas to ensure we move in the right direction. We will be setting clear targets and KPIs to inform our progress. Everyone will have a role to play in helping us to achieve our ambitions to become a more diverse and inclusive firm.

We are determined that our continued focus in this area will see our pay gap close over time.

I confirm that the information above is accurate.



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<sup>3</sup> The data published in this report is published by AG Service Company Limited (AGSC). AGSC is a wholly-owned subsidiary and the service company of Addleshaw Goddard LLP. AGSC is the main employing entity for Addleshaw Goddard's UK based employees.

**PROBLEMS. POSSIBILITIES.  
COMPLEXITY. CLARITY.  
OBSTACLES. OPPORTUNITIES.  
THE DIFFERENCE IS IMAGINATION.  
THE DIFFERENCE IS **AG.****

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