

PAY GAP REPORT: 2023



**ADDLESHAW
GODDARD**

MORE IMAGINATION MORE IMPACT

PRIVATE AND CONFIDENTIAL

PAY GAP REPORT 2023

At Addleshaw Goddard we remain focused on creating and promoting an inclusive environment based on equality of opportunity where everyone is able to be the best that they can be.

In this report we are publishing our 2023 pay gap results (with a comparison against our 2021 and 2022 figures). To demonstrate our commitment to diversity, equity and inclusion (DE&I), again we are going beyond our regulatory requirements of reporting against gender data and have included our partner data, our ethnicity pay gap, and additionally for the first time one social mobility indicator (parental occupation at the age of 14). We believe that tracking our social mobility pay gap gives us an intersectional focus on underrepresented groups in the business.

Our employee gender pay gap has slightly decreased in the mean (down by 0.7%) and increased in the median (up by 2.2%). So not a significant change, but it is good to see women moving up in the pay quartiles.

We are pleased to see reductions in both the mean and median pay gaps for ethnically diverse employees, which now stand at 4.1% mean (down by 7.1%) and 16.7% median (down by 1.2%). There is also greater representation of ethnically diverse colleagues in the top pay quartile than we have seen in previous years.

The strategies we have had in place over the past few years have contributed to the positive shifts, and we are now in a position to revise them as we prepare to set out our new gender and ethnicity targets for 2027. Part of our ambition is to enhance accountability and ownership by leaders of their targets and role in our wider DE&I strategy, continue the focus on our recruitment processes, building closer links with different communities, enhancing colleagues' ability to be their authentic selves and continuing to provide opportunities for career advancement through mentorship and sponsorship.

We appreciate that we still have some way to go in narrowing all of our gaps and we continue to review our processes and strategies to reflect this.



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GENDER PAY GAP

It is a legal requirement for employers with 250 or more employees to report on the gender pay and bonus gaps within their organisation. This is the difference between the average hourly earnings of men and women in the business, treating men and women as two large groups and disregarding their role. It is not aimed at showing whether men and women are paid equally for the same role which is already a separate legal requirement. Therefore, 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.

One of the causes of the gender pay gap within organisations is the fact that there are often more men than women in senior, high earning roles. Women may have greater representation in more junior and administrative functions which has the effect of reducing the average pay and bonuses for women as a whole.

Other reasons for the gap include the fact that women tend to be steered towards certain occupations and/or sectors which offer narrower scope for financial reward. Women are also more likely to work part time, which contributes to the bonus gap as actual bonus figures are used for the calculation, rather than full time equivalent amounts.

MEAN MEDIAN

MEAN

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

MEDIAN

The **MEDIAN** pay gap figure is calculated using the mid-point hourly pay rate (or bonus amount) 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 before, we are publishing our gender pay and bonus gap figures for AG Service Company Limited (our employee population), and 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 5 April 2023 and the bonus reporting period is 6 April 2022 – 5 April 2023.

The statistics and information provided here relate to UK colleagues only. In line with Government guidance, we have excluded from our employee pay gap calculations all those who were not paid a full salary in the relevant pay period (for example, those on parental leave).

FURTHER PAY GAP REPORTING

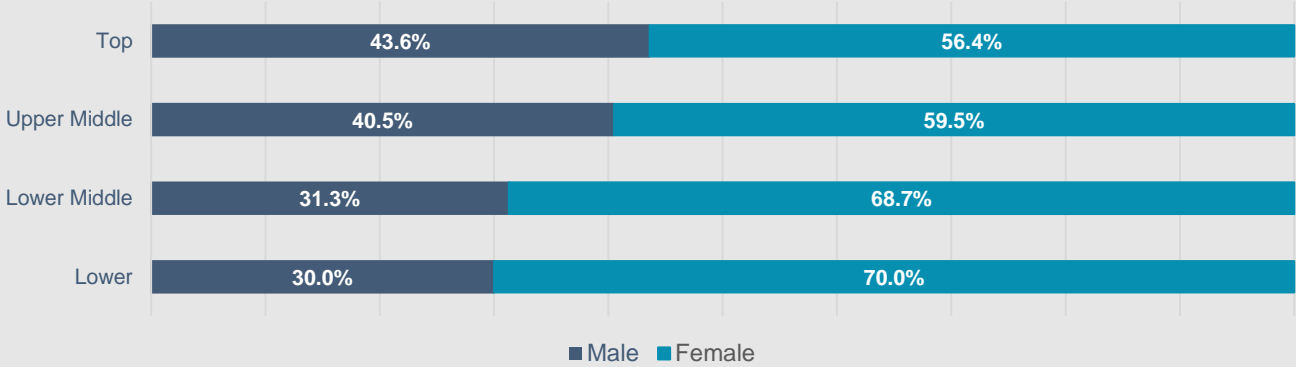
Although not a legal requirement, once again this year we are including data on our ethnicity pay gap report, which looks at both employees, and employees and partners combined; and Social Mobility reporting based on parental occupation at the age of 14 across different populations.

Having explored including data on our LGBTQ+ and disabled populations, currently we do not hold enough data to share anything meaningful, so we have opted not to include pay gap data for these populations. However, we will keep this under review for subsequent pay gap reports.

GENDER PAY GAP DATA

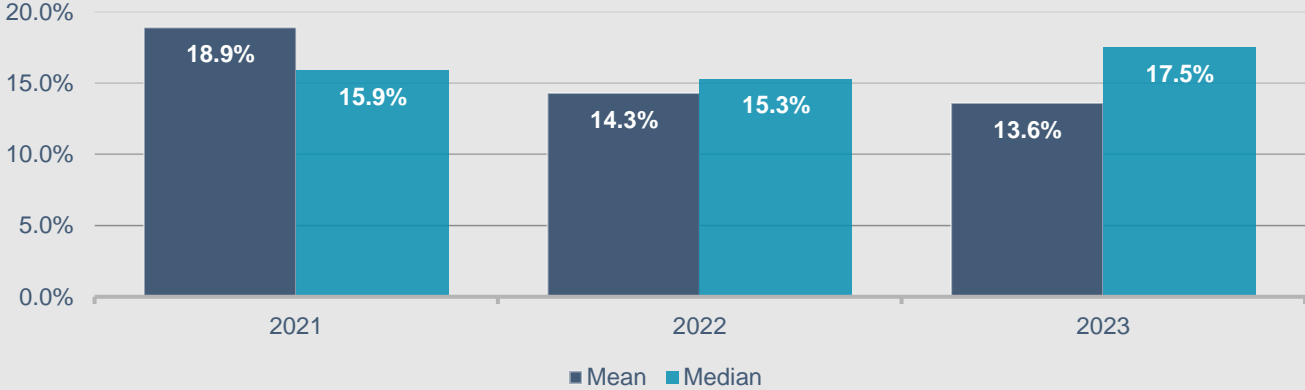
Our workforce as of April 2023 comprised 63.7% female employees and 36.3% male, excluding partners.

If we look at the four pay quartiles, from top to bottom, men and women are represented across those quartiles as below:



The high percentage of female colleagues in the lower quartiles is reflective of the fact that there are significantly more women in junior, lower paid roles compared to men. For example, our Secretarial Services function, where salaries tend to be lower, is predominantly made up of women. It is again pleasing to see female representation slightly increasing within the top quartile by 0.8%, to 56.4%.

Employee Gender Pay Gap

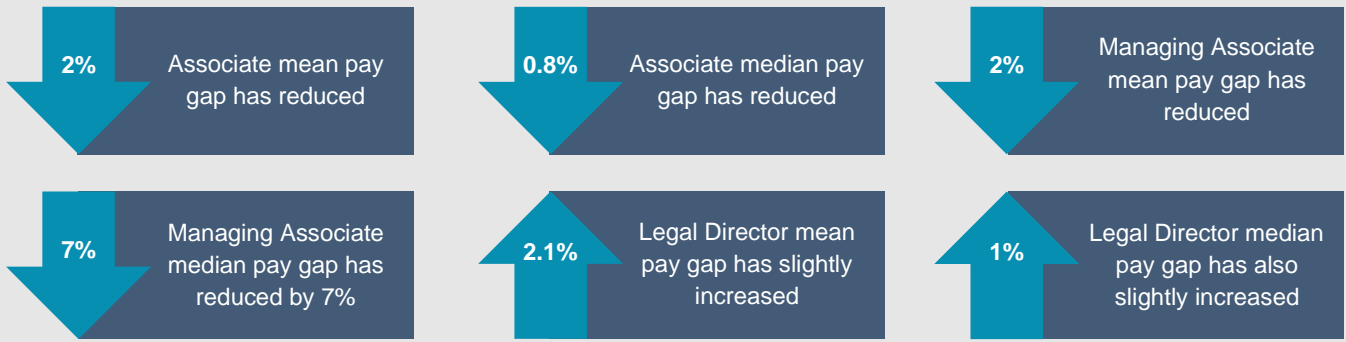


Our mean employee pay gap has decreased by 0.7% in 2023 and our median pay gap has increased by 2.2 %.

Our pay gap is driven by the fact that we employ a substantial number of women in non-fee earning and support roles, and regions outside London. In our Secretarial Services team, for example, the male population has dropped from 6.1% in 2022 to 5.2% in 2023 which has negatively affected our median pay gap figure.

Looking at discrete populations, there have been varying shifts. In the fee earner population, the mean pay gap has slightly increased to 9.4% (an increase of 0.9%). However, we have seen the median pay gap reduce for the same population, now standing at 9% (a decrease of 3.2%).

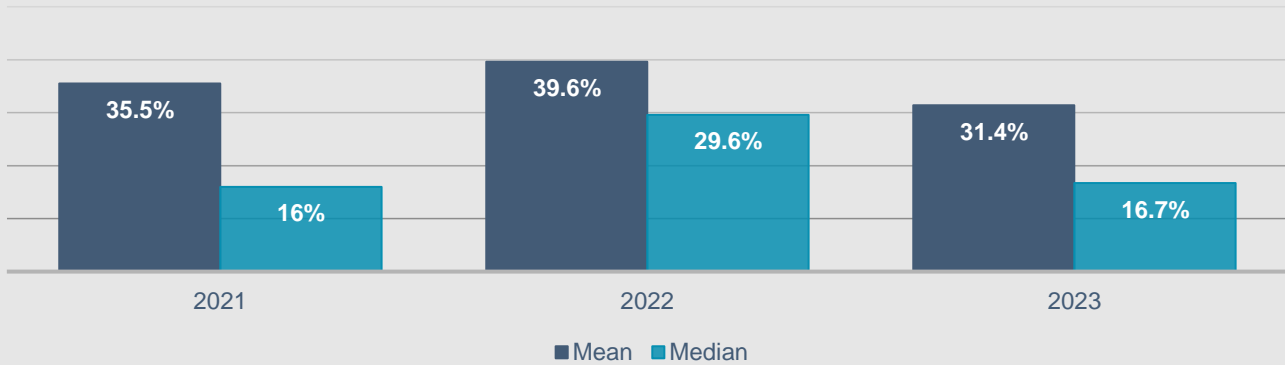
Across our fee earning populations, we have seen some mixed results. Compared to 2022:



Whilst it is pleasing to see that for our Associates and Managing Associates (which make up our largest female fee earner populations) the gap has narrowed, there is still work to do at the Legal Director level. In September 2022, 62% of promotes to Legal Director were female colleagues. This impacted the pay gap as there is now a higher proportion of junior women within that cohort, but this should be redressed as they progress.

Among our Business Services employees, the mean pay gap has reduced from 0.8% in 2022 to -4.2% in 2023 (meaning that the pay gap is now in favour of women), and the median pay gap remains at -1.1%. This is reflective of more women in Business Services being promoted to higher earning roles.

Gender Bonus Pay Gap (Employee)

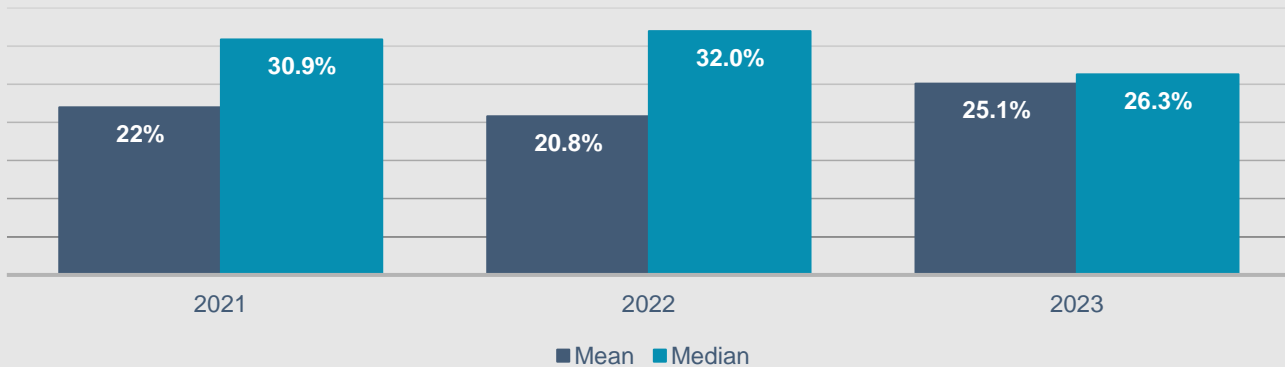


This year it is positive to see a significant reduction in both the mean and median gender bonus gaps and 61.4% of women receiving a bonus, compared to 61.6% of men.

PARTNER DATA

In 2023 we had a population of 32.1% female partners in the UK (compared to 29.5% in 2022) which is pleasing progress, however, this increase in new junior female partners has produced a mixed set of results when we look at the partner gender pay gap data.

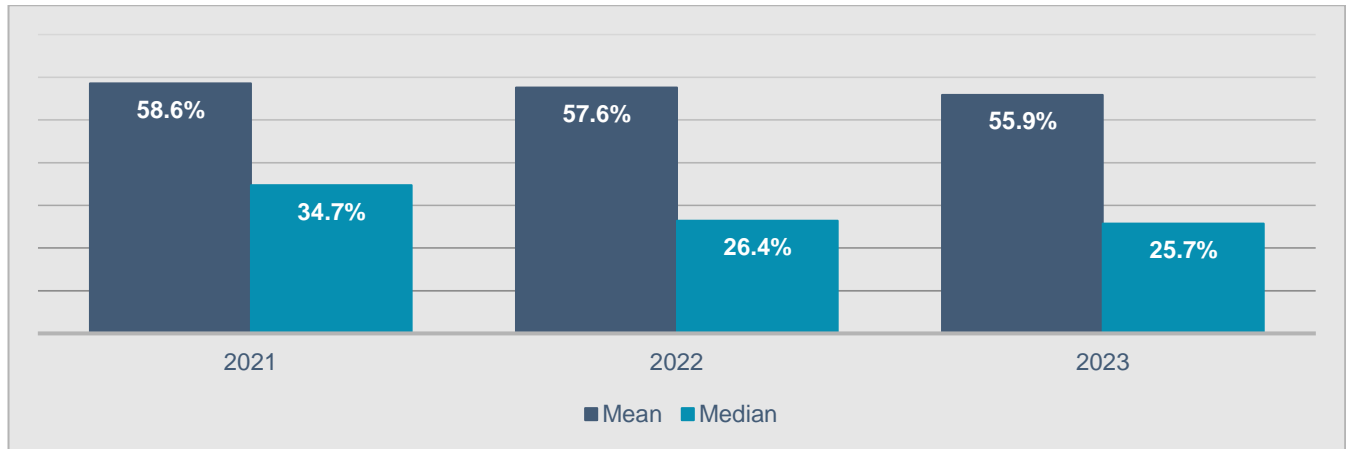
Based on partners' total profit share (including bonus) for the FY ended 22/23, our partner pay gap is:



The partner pay gap is driven by the fact that we have significantly more men at higher levels within partnership. However, it is worth noting that the median gap is steadily closing as we have seen an increase in the number of women progressing through the partnership in recent years.

FIRMWIDE DATA (PARTNERS AND EMPLOYEES)

This year, we have again combined the employee and partner statistics to produce an overall organisational pay gap. It shows a 1.7% reduction in the mean pay gap and a reduction of 0.7% in the median pay gap since last year. Firmwide, we have seen increase of females in the top two quartiles of pay.



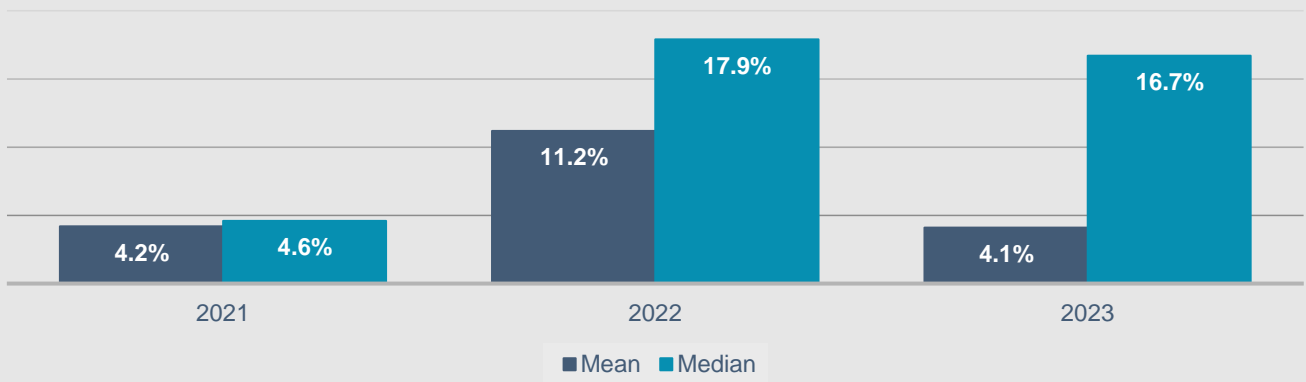
ETHNICITY PAY GAP

To create a data sample of a meaningful size, we have grouped together colleagues from ethnically diverse backgrounds and compared their pay and bonuses to white colleagues.

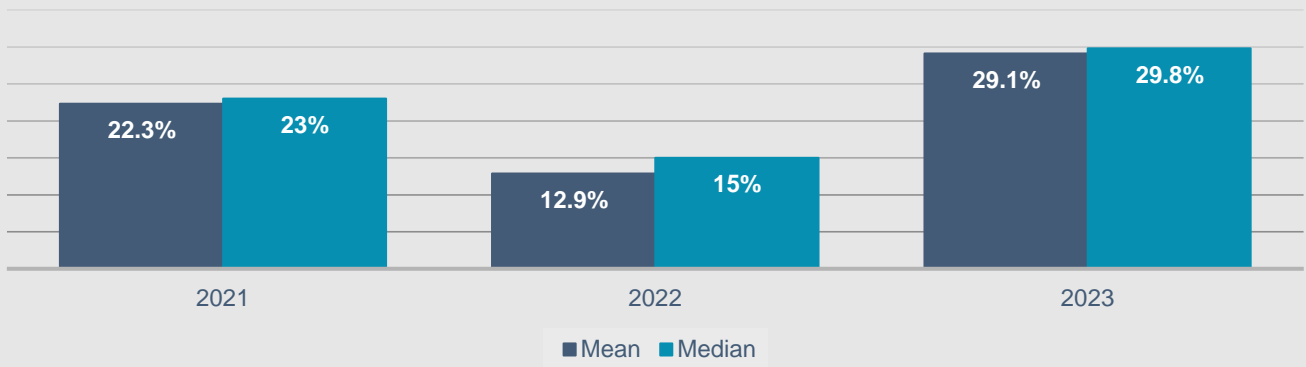
Pleasingly we have seen reductions in both the mean and median pay gap for ethnically diverse employees, with a mean reduction of 7.1% and a median reduction of 1.2%.

The biggest shift is seen in average hourly pay for ethnically diverse solicitors, compared to their white peers, with a higher percentage of ethnically diverse colleagues represented in the top quartile than we have seen in previous years.

Ethnicity Pay Gap

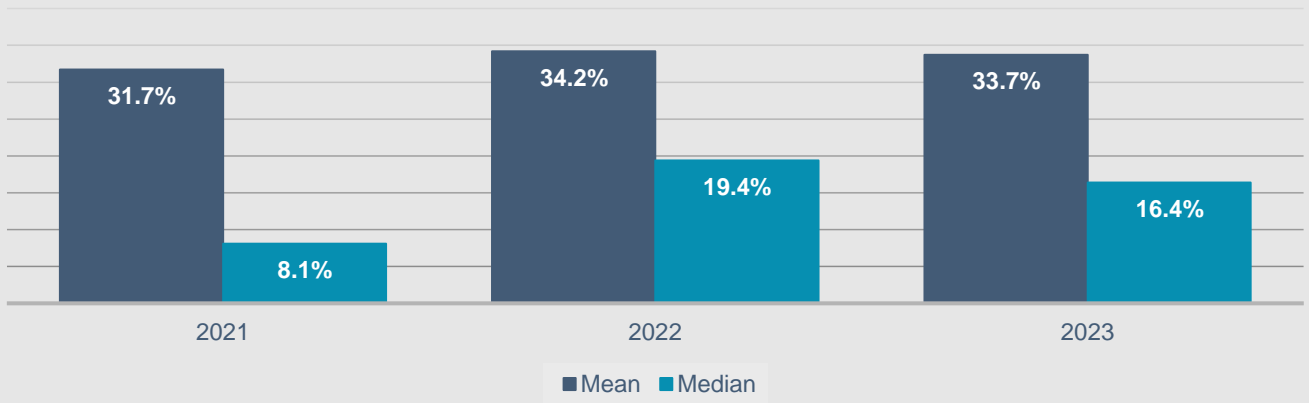


Ethnicity Bonus Gap



The bonus gap has widened in 2023 compared with previous years. This is partly because in 2023 we had a larger proportion of ethnically diverse colleagues with lower levels of tenure compared to white colleagues. Overall, however we have seen an increase in the percentage of ethnically diverse colleagues receiving a bonus, from 61.4% in 2022 to 64.3% in 2023. Equally we have seen a reduction in the percentage of white colleagues' receiving a bonus, from 72.9% in 2022 to 68.9%. This means that the proportion of colleagues in each population receiving a bonus are now getting closer to parity.

Firmwide Ethnicity Pay Gap



Including partners in the analysis, we have seen the firmwide mean pay gap decrease by 0.5% and the median pay gap decrease by 3.0%.



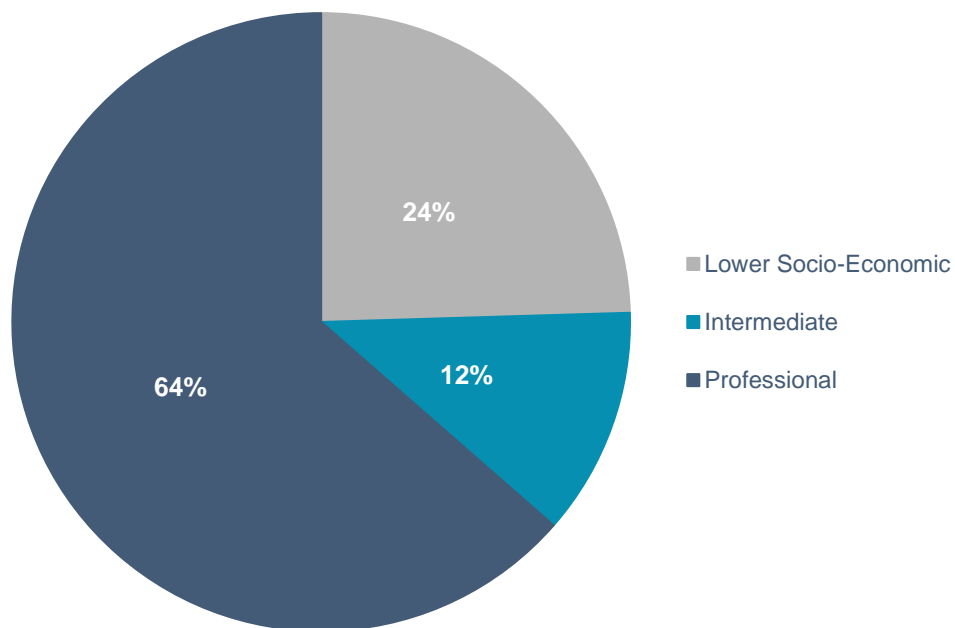
SOCIAL MOBILITY PAY GAP

This year, we have for the first time voluntarily included data on pay gap by reference to socio economic background as a way of helping us report on progress in our DE&I strategy on social mobility. We felt that we had sufficient data to do some meaningful analysis albeit within the confines of the groupings and definitions used.

We have based this reporting on guidance taken from the Social Mobility Commission and the National Statistics Socio-Economic Classification (NS-SEC) and have measured socio-economic background by analysing colleagues' responses to the question "When you were aged 14 what was the occupation of the main earner in your household?". Responses were then grouped into the three broad categories using as far as possible the following general examples of occupations which would fall into each category, as suggested by [the Social Mobility Commission](#).

PROFESSIONAL BACKGROUND	Teacher, Nurse, Accountant, Solicitor, Police Officer
INTERMEDIATE BACKGROUND	Secretary, call Centre Agent, Nursery Nurse, Restaurant Manager
LOWER SOCIO-ECONOMIC BACKGROUND (GROUPED BY SOME AS WORKING CLASS)	Electrician, Farm Worker, Train Driver, Cleaner, Security Guard, Plumber

70% of those asked in the UK (including partners) voluntarily answered the above question about their parents' occupation and using the above groupings, this statistically translates as follows:



SOCIAL MOBILITY PAY GAP (EMPLOYEE AND PARTNER)

	MEAN	MEDIAN
Professional vs. Lower Socio-Economic	25%	31.9%
Professional vs. Intermediate	10.2%	16.3%
Intermediate vs. Lower Socio-Economic	16.5%	18.7%

Only a few firms currently report on similar data, so it is difficult to know how we compare, but initial indications are that we compare well to other firms. There is of course always more to do.

As this is the first time, we have reported on socio-economic pay gap data, we do not have comparisons to draw against, but in future this is something we will track. To give further context to this data, we have looked at the pay gaps within our different populations. (Where the data shows a negative value, this indicates that the pay gap is in favour of people from a lower socio-economic background).

Secretarial Services – here 44.4% of colleagues come from professional background households, 45% from intermediate backgrounds and 10.6% from lower socio-economic backgrounds. The pay gaps for this population are:

	MEAN	MEDIAN
Professional vs. Lower Socio-Economic	-5.9%	-5.0%
Professional vs. Intermediate	-4.6%	1.5%
Intermediate vs. Lower Socio-Economic	-1.2%	-6.6%

Business Services population – here 56.2% of colleagues come from professional background households, 11.8% from intermediate backgrounds and 32% from lower socio-economic backgrounds. The pay gaps for this population are:

	MEAN	MEDIAN
Professional vs. Lower Socio-Economic	8.7%	6%
Professional vs. Intermediate	18.8%	17.5%
Intermediate vs. Lower Socio-Economic	-12.4%	-14%

Solicitors – here 73.4% of colleagues come from professional background households, 11.3% from intermediate backgrounds and 15.3% from lower socio-economic backgrounds. The pay gaps for this population are:

	MEAN	MEDIAN
Professional vs. Lower Socio-Economic	-2.0%	3.6%
Professional vs. Intermediate	3.5%	15%
Intermediate vs. Lower Socio-Economic	-5.7%	-13.4%

Trainee solicitor salaries do not vary so pay gap analysis is not required, but for context, 69% of trainees come professional background households, 14.1% from intermediate backgrounds and 16.9% from lower socio-economic backgrounds.

We take as a positive indicator that although there are some gaps, most of those that exist within the above populations are not too significant. Our hope is that this points to a degree of success in our wider investments in improving social mobility inclusion across the firm.

CLOSING THE GAP

It is positive to see significant reductions in some of our pay gaps, but as you can see from the wider picture, there is still work to be done.

Below are just some of the ways in which we are working to close the gaps:

- We now have our board approved 2027 gender and ethnicity targets and will publish these in spring 2024 – designed to further diversify our business at all levels.
- The continued growth of our flagship talent programme (Altitude) designed to maintain our diverse talent pipeline, and Flourish, our female development programme.
- Our 'Included' programme supports trainee solicitors from diverse backgrounds to excel in their training contracts and set them up for their future career at our firm post qualification.
- Our female partner sponsorship programme continues and is a significant contributor to women progressing through the partnership.
- The continued expansion of our Leeds ethnicity network "Stronger Together" which brings together the 'Big 4' accountancy firms and six largest law firms in Leeds to raise the profile of racial diversity, inclusion and equality in the region.
- Our new partnerships with diversity focused recruitment organisations.
- The expansion of our Apprentice Programme which now includes both Solicitor Apprentices and Business Services Apprentices, a key social mobility initiative.
- Our continued participation in the Social Mobility Employer Index (in 2023 having climbed to 36th) and implementation of their recommendations.
- Our continued focus on supporting parents and people with caring needs with programmes such as our Parental Pod Programme (supporting parents returning to the workplace) and Neurodiversity Coaching Programme (supporting parents with neurodiverse children).
- Taking learnings from our pilot Work Allocation Programme, designed to reduce the impact of bias and increase fairer work allocation opportunities across the firm.
- The continued growth and investment into our employee networks which now cover gender, ethnicity, LGBTQ+, disability and social mobility and have nearly 700 members across the firm.
- A dashboard for the Human Resource Managers to utilise in salary review meetings and get real-time results to help them see/monitor pay and bonus proposals and consider the impact of decisions on diverse groups.



As a firm, we will consider where our gaps remain and what strategies we can support to close them. I am particularly pleased that we can now include Social Mobility reporting, enabling a greater focus on our underrepresented populations through an intersectional lens. We are hopeful that our revised gender and ethnicity targets, which are both stretching but realistic, together with the accountability placed on our leadership teams to meet their targets will contribute to more positive progress over the next three years.

This remains a key priority for our business.

I confirm that the information above is accurate.



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