

PAY GAP REPORT (UK): 2024



UK PAY GAP REPORT 2024

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.

This year's report not only meets but exceeds regulatory requirements in the UK by incorporating a comprehensive analysis across gender, ethnicity, social mobility, and for the first time, LGBTQ+ and disability data – meaning that we now cover each of our priority inclusion areas. This approach aims for a more nuanced understanding of pay disparities, facilitating targeted strategies to address them.

KEY HIGHLIGHTS:

Focusing on our combined partner and employee pay gaps, as they offer a more complete view of our business, we have seen the following trends:

- **Gender:** A fairly static picture over the last three years. As more female employees move into the top pay quartile and our partnership becomes more gender diverse, we hope to see this positively reflected in future years.
- **Ethnicity:** A continued narrowing of both the mean and median pay gaps for ethnically diverse colleagues, facilitated by a higher percentage of ethnically diverse employees in the top pay quartile than we have seen in previous years.
- **Social Mobility:** Gaps similar to last year, but with some positive trends in narrowing the median pay gap for individuals from lower socio-economic backgrounds, reflecting our commitment to social mobility.
- It's been helpful to see the initial analysis of our Disability and LGBTQ+ data and next year we look forward to being able to report against the year-on-year data.

Our ongoing efforts to close pay gaps are multifaceted, focusing on inclusive recruitment, career advancement support and fostering an inclusive environment where everyone can meet their full potential. Whilst we celebrate the positive shifts reflected in this year's report, we acknowledge the journey ahead and action needed to achieve full pay equity across all demographics.

Our continued investment in diversity, equity, and inclusion (DE&I) initiatives and alignment with our broader AG2030 strategy exemplify our commitment to narrowing these gaps. This report not only showcases our progress but also areas for improvement, reinforcing our resolve to maintain momentum in creating a truly diverse and inclusive workplace at all levels, where everyone can thrive.



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BACKGROUND

It is a legal requirement in the UK 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 2024 and the bonus reporting period is 6 April 2023 – 5 April 2024.

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

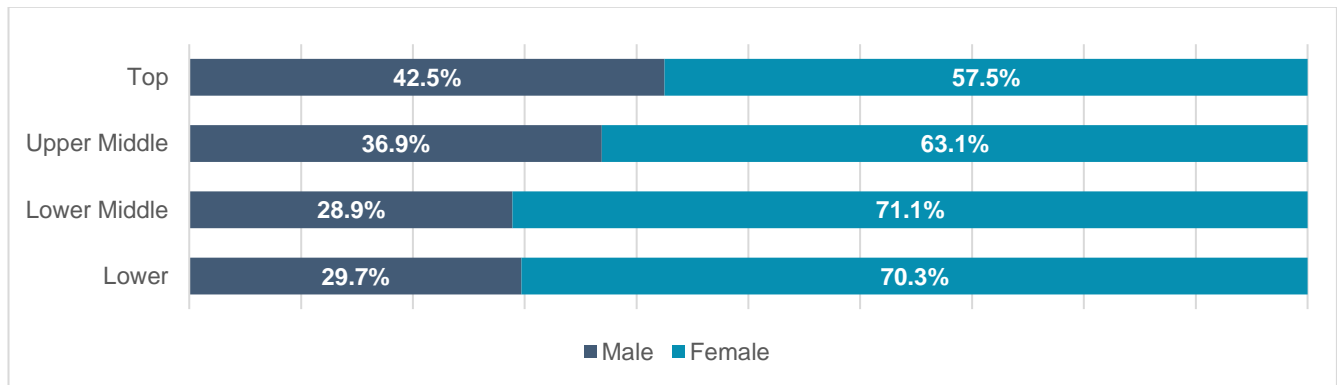
Although not a legal requirement, once again we are including data on our ethnicity and social mobility pay gaps, and, this year, adding LGBTQ+ and disability pay data.

GENDER PAY GAP

EMPLOYEE DATA

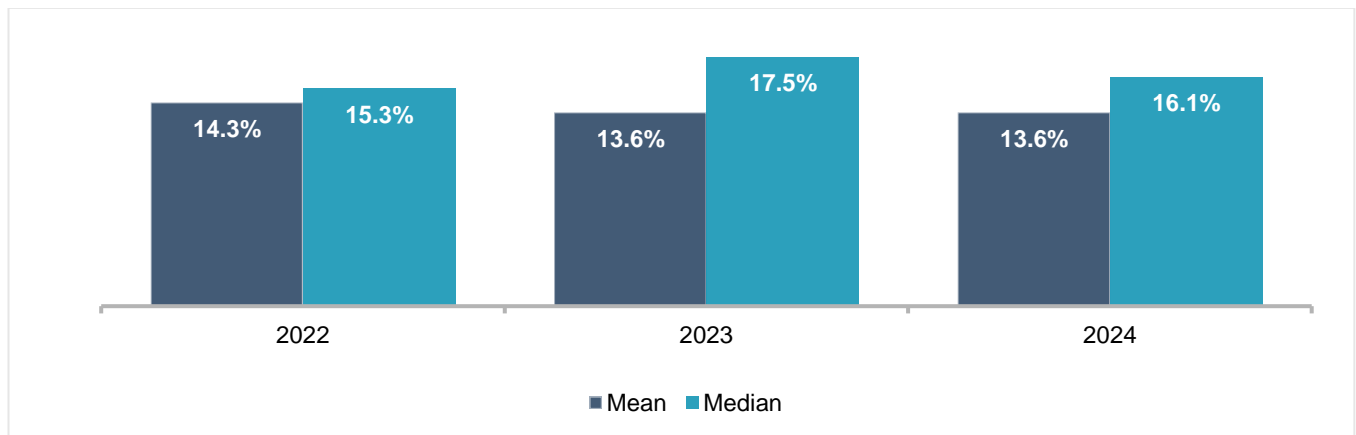
Our workforce as of April 2024 comprised 65.5% female employees and 34.5% male, excluding partners.

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



There continues to be significantly more women in junior, lower paid roles compared to men (for example, within our Secretarial Services function, where salaries tend to be lower). Positively, female representation is increasing steadily across all quartiles. Within the top quartile it has increased by 1.1% to 57.5% and by 3.6% in the upper middle quartile to 63.1%.

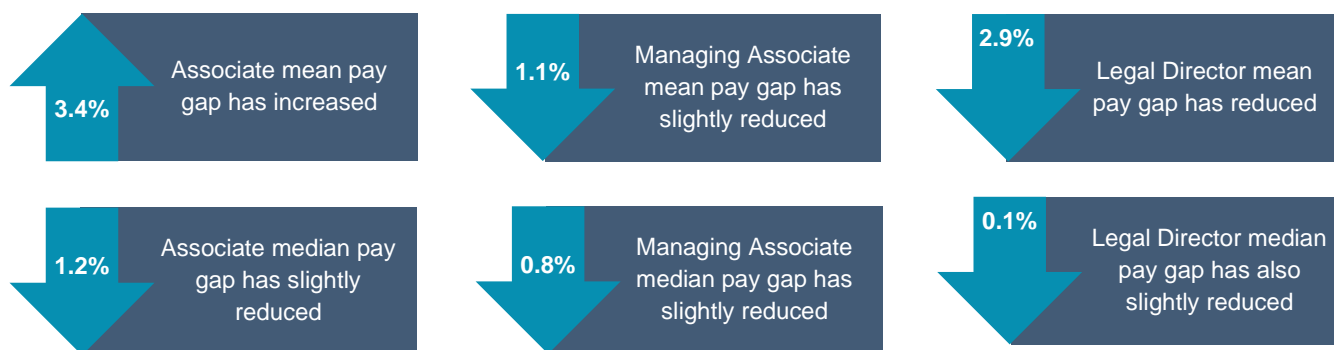
GENDER PAY GAP



Our mean employee pay gap stayed the same at 13.6% and our median pay gap has decreased by 1.4% to 16.1% since 2023.

Our pay gap is driven by the fact that we employ a substantial number of women in non-fee earning and support roles, and in regions outside London where salaries are lower. We have also had a slight drop in male representation in our Secretarial Services team to 4.9% from 5.2% in 2023.

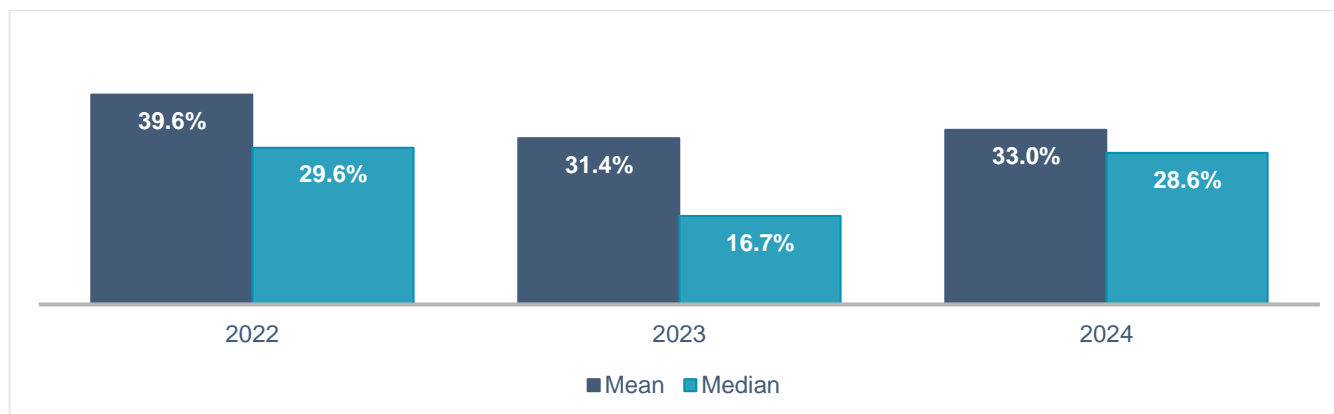
Looking across our fee earner populations, the mean pay gap has slightly increased to 10.6% (an increase of 1.2%) and median pay gap to 11.4% (an increase of 2.4%). However, looking at the population within that group, the pay gaps have mostly reduced since 2023. In September 2023, female colleagues made up 42.9% of promotes to Legal Director in the UK, which helped to close the pay gap within that group.



Among our Business Services employees, the mean and median pay gaps continue to be in favour of women:

	2023	2024
MEAN	-4.2%	-3.7%
MEDIAN	-1.1%	-7.5%

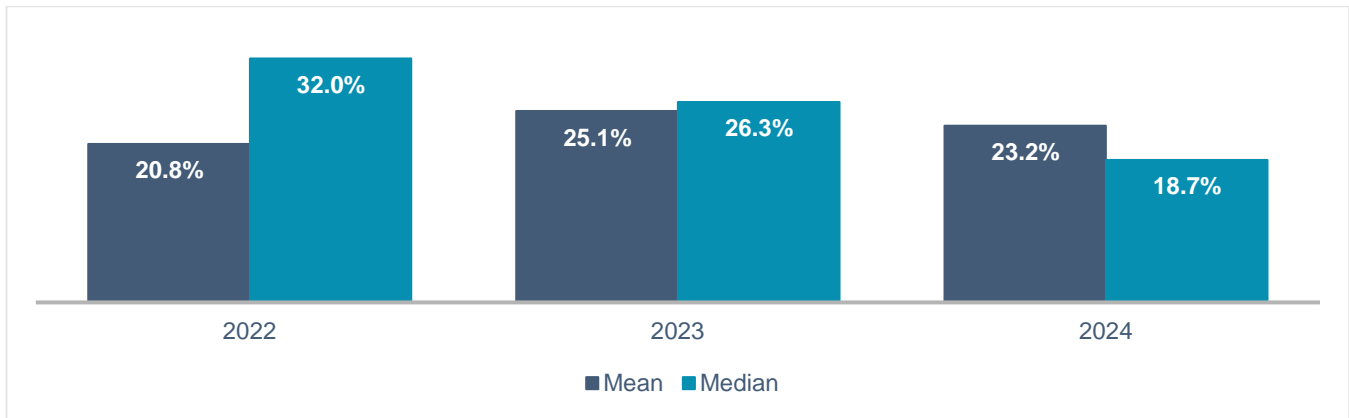
GENDER BONUS GAP



There has been an increase in the mean and median bonus gaps, partly attributable to 56% of women receiving a bonus, compared to 58.2% of men.

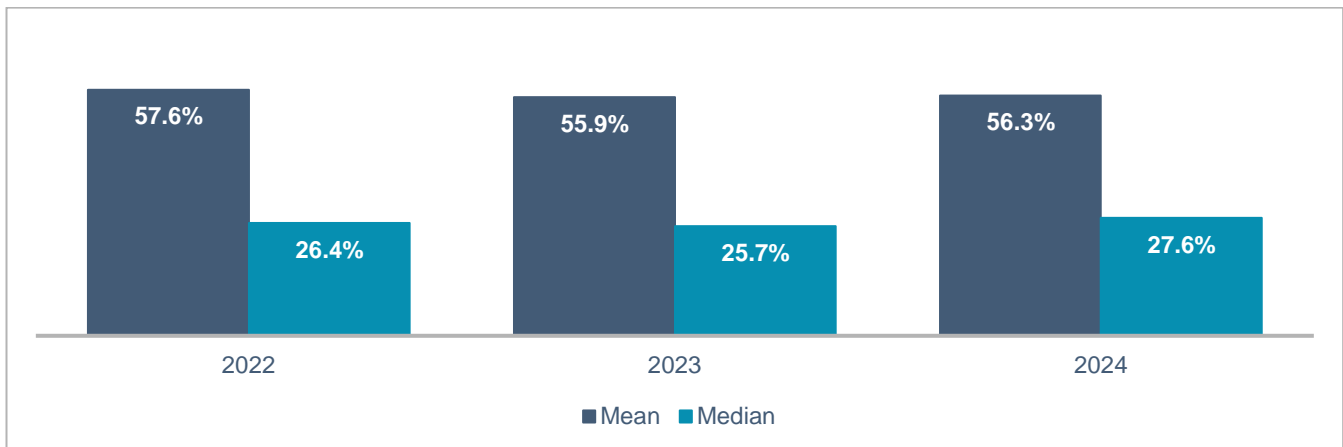
PARTNER DATA

Our partner pay gap is calculated based on partners' total profit share for FY 2023/24. In 2024, 32.1% of UK partners were female, and we have seen a reduction in both the mean and median partner pay gaps since last year. The median pay gap is now significantly smaller than in 2022, however the mean is slightly higher. The partner pay gap is driven by more men at more senior levels within the partnership. However, the gaps are closing as women progress through the partnership.



FIRMWIDE DATA (PARTNERS AND EMPLOYEES)

This year, we have again combined our employee and partner data to produce an overall organisational pay gap. It shows a slight increase in the mean pay gap of 0.4% and increase of 1.9% in the median pay gap since last year, but overall, the three-year picture is fairly static.



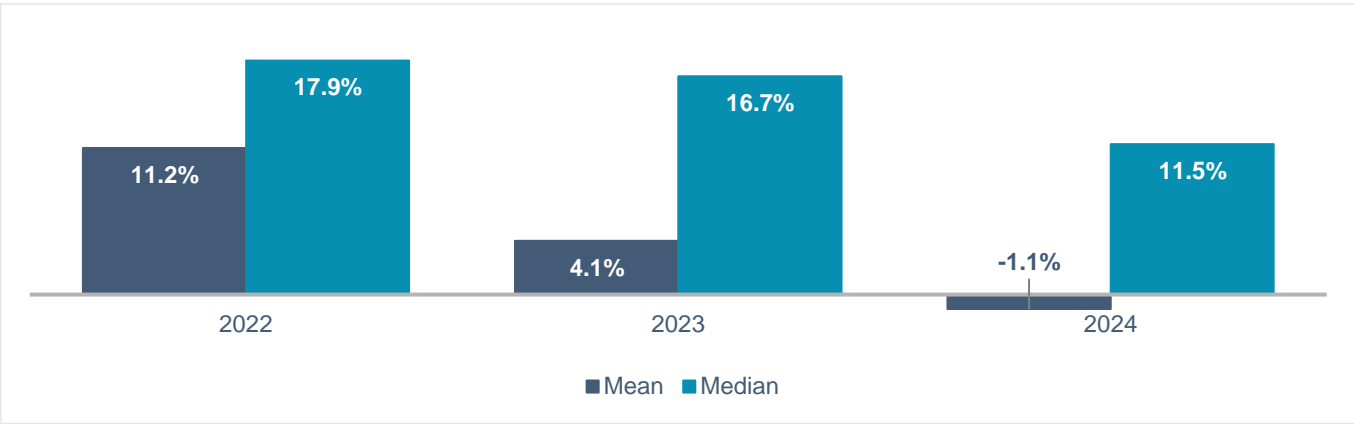
ETHNICITY PAY GAP

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.

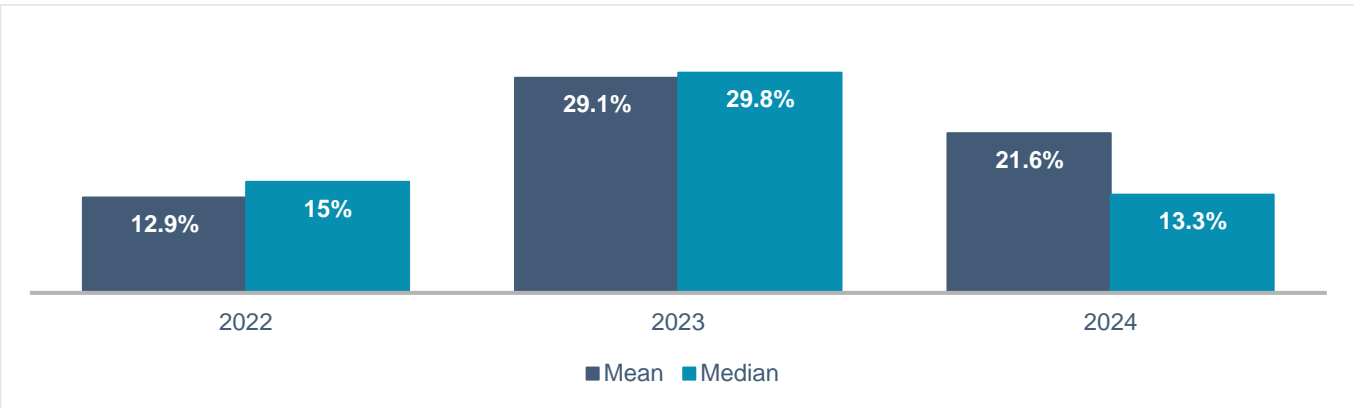
Pleasingly we have seen some significant reductions in both the mean and median pay gap for ethnically diverse employees, with a 5.2% reduction in both mean at -1.1% and median at 11.5%.

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.

EMPLOYEE ETHNICITY PAY GAP



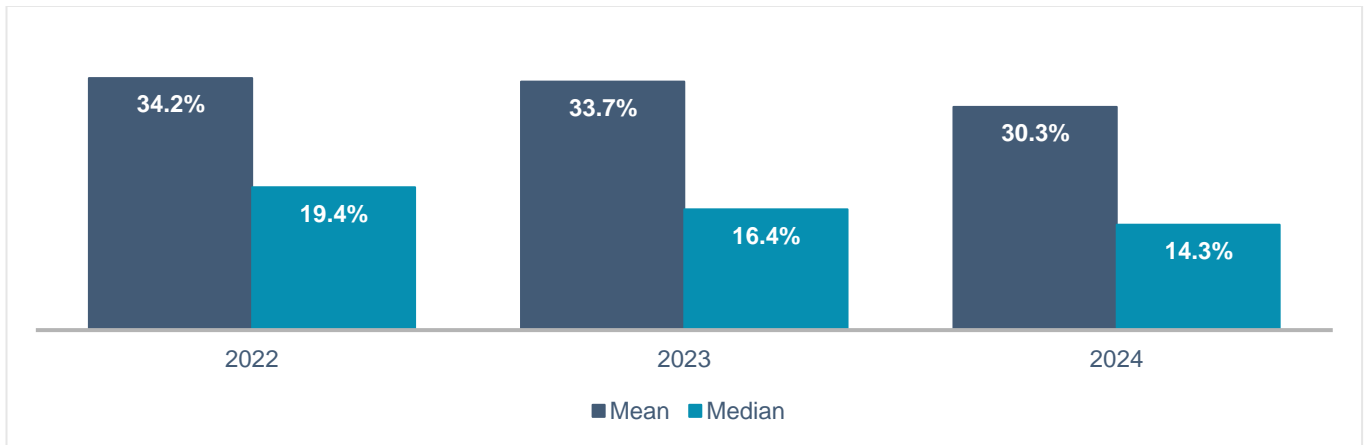
EMPLOYEE ETHNICITY BONUS GAP



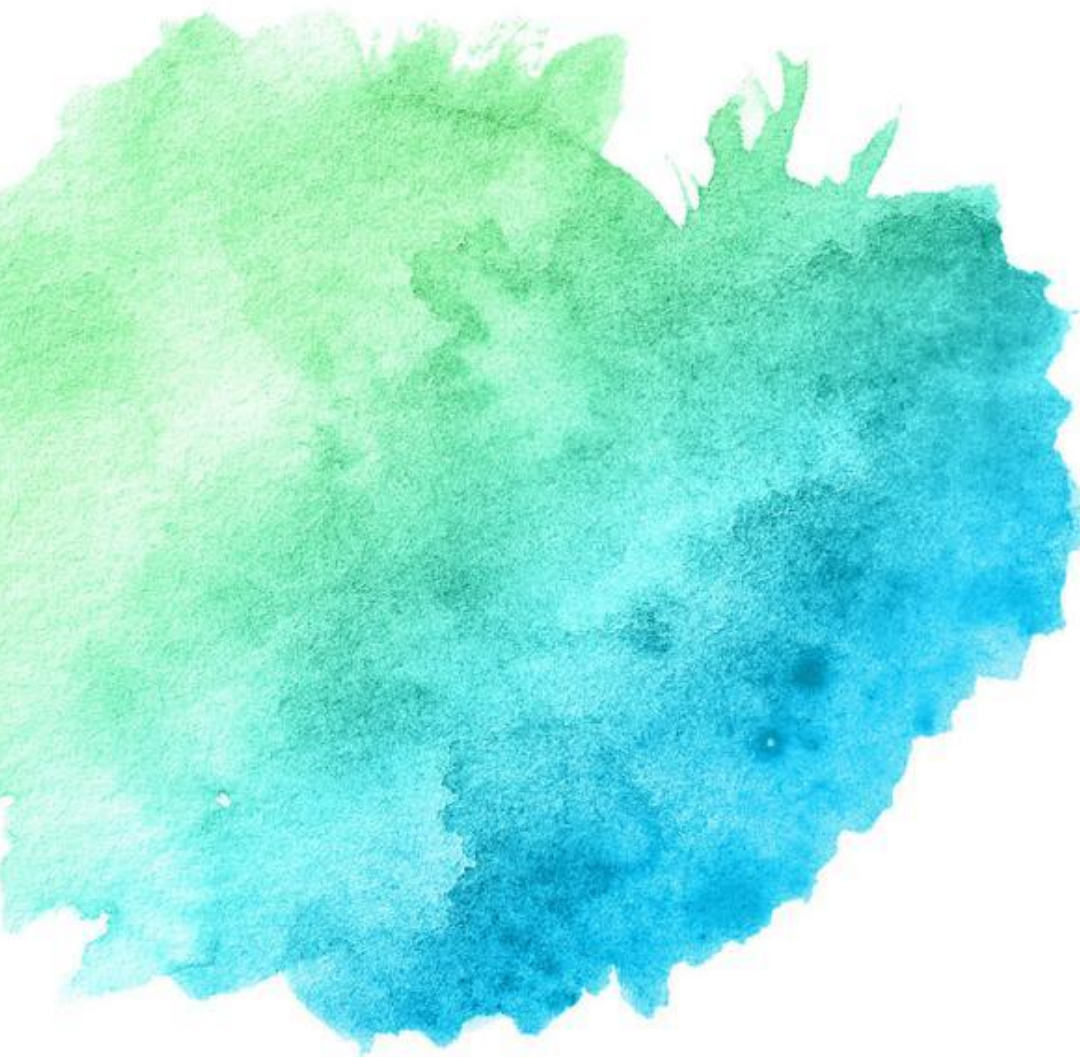
In 2024 the ethnicity bonus gap significantly reduced compared with previous year. This is partly because in 2023 we had a larger proportion of ethnically diverse colleagues with lower levels of tenure compared to white colleagues.

We have observed proportionally higher increases in the average bonus paid to ethnically diverse colleagues across our Business Services, Secretarial Services and Trainee populations compared to white colleagues, which has resulted in a decrease in both the mean and median bonus gaps.

FIRMWIDE ETHNICITY PAY GAP



Pleasingly, when we include partners in the analysis, we see the firmwide mean pay gap decrease by 3.4% and the median pay gap decrease by 2.1%.

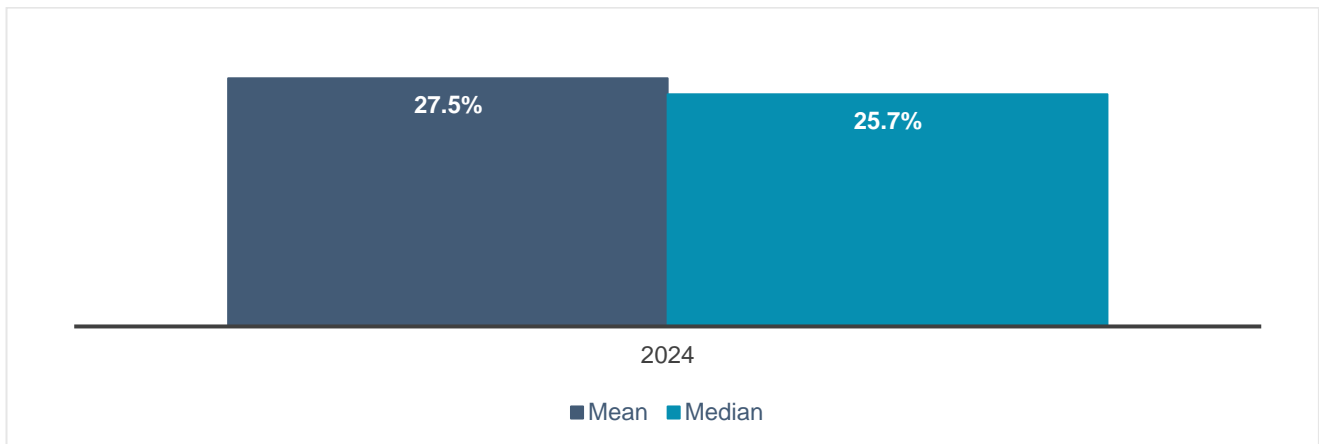


LGBTQ+ PAY GAP

This year, for the first time, we have analysed the pay gap for our LGBTQ+ colleagues, based on the data of those who have chosen to disclose.

Given a small declared population size of 5.8% (employees) and 4.4% (partner), we have taken the approach of only reporting on the firmwide population to make for more meaningful analysis.

FIRMWIDE LGBTQ+ PAY GAP



It is interesting to see similar results across both the mean and median data and next year we hope to be able to draw comparisons for year-on-year performance, hopefully with some reductions against these numbers.

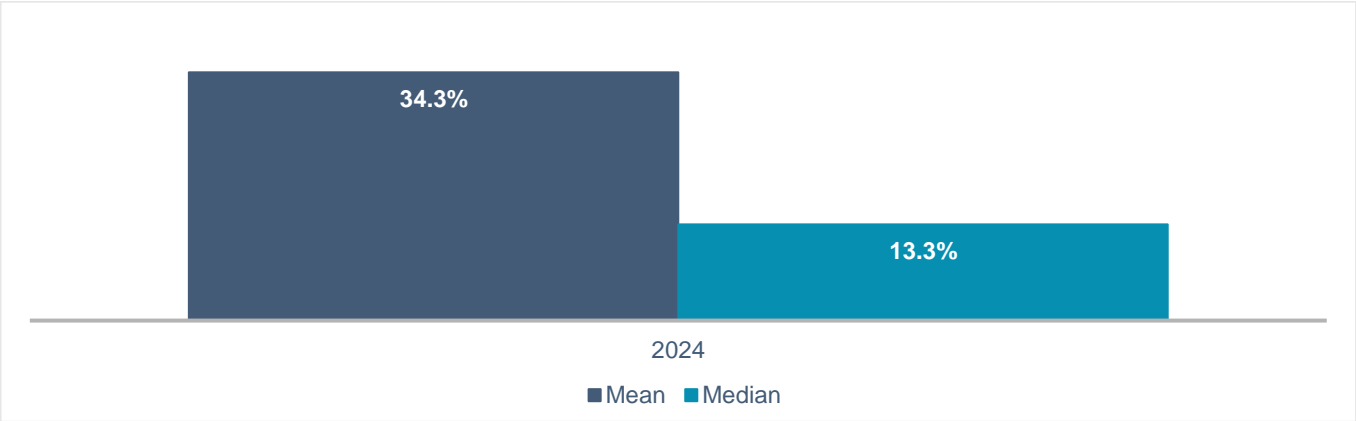
One of the challenges we acknowledge is that due to the small population size, the median data is likely to be impacted significantly given we will have colleagues at either end of the pay brackets.

DISABILITY PAY GAP

This year, for the first time, we have analysed the pay gap for our disabled colleagues, based on the data of those who have chosen to disclose.

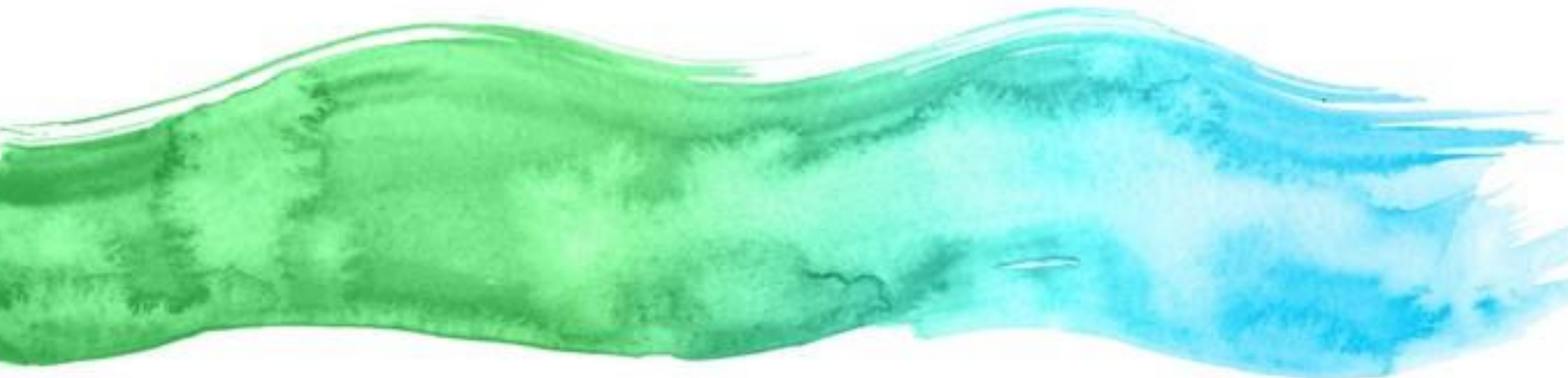
Given a small, declared population size of 5.9% (employees) and 3.1% (partner), we have taken the approach of only reporting on the firmwide population to make for more meaningful analysis.

FIRMWIDE DISABILITY PAY GAP



The mean data is much higher than we would like it to be, however the median data is positive.

We hope that with further investment in our disability inclusion programme, we will not only attract more disabled colleagues to our business but empower more colleagues to disclose their disability, resulting in more meaningful and accurate results in years to come.



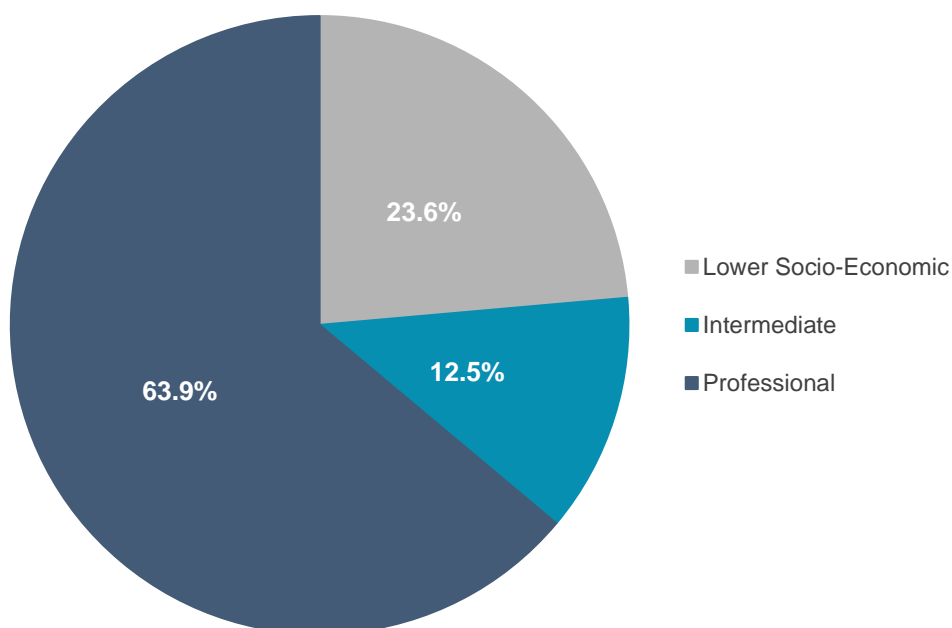
SOCIAL MOBILITY PAY GAP

This year we are again including data on pay gap by reference to socio economic background.

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

68% 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:



FIRMWIDE SOCIAL MOBILITY PAY GAP

	2023		2024	
	Mean	Median	Mean	Median
Professional vs. Lower Socio-Economic	25%	31.9%	25.2%	26.9%
Professional vs. Intermediate	10.2%	16.3%	10%	17.9%
Intermediate vs. Lower Socio-Economic	16.5%	18.7%	17%	11%

Interestingly, across both the mean and median, results have remained relatively static but with a few positive exceptions. Notably, the median Professional vs. Lower Socio-Economic results and the median Intermediate vs Lower Socio-Economic results show narrowing gaps (by 5% and 7.7% respectively) for those from lower socio-economic backgrounds.

To give further context to this data, we have again 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**

44.1% of colleagues come from professional background households, 44.8% from lower socio-economic backgrounds and 11% from intermediate backgrounds. The pay gaps for this population are:

	2023		2024	
	Mean	Median	Mean	Median
Professional vs. Lower Socio-Economic	-5.9%	-5%	-4.4%	-5.1%
Professional vs. Intermediate	-4.6%	1.5%	-0.5%	3.7%
Intermediate vs. Lower Socio-Economic	-1.2%	-6.6%	-3.9%	-9.1%

- **BUSINESS SERVICES POPULATION**

55.2% of colleagues come from professional background households, 13% from intermediate backgrounds and 31.7% from lower socio-economic backgrounds. The pay gaps for this population are:

	2023		2024	
	Mean	Median	Mean	Median
Professional vs. Lower Socio-Economic	8.7%	6%	7.9%	9.8%

Professional vs. Intermediate	18.8%	17.5%	20.6%	24.5%
Intermediate vs. Lower Socio-Economic	-12.4%	-14%	-15.9%	-19.5%

- SOLICITORS**

72.5% of colleagues come from professional background households, 11.1% from intermediate backgrounds and 16.4% from lower socio-economic backgrounds. The pay gaps for this population are:

	2023		2024	
	Mean	Median	Mean	Median
Professional vs. Lower Socio-Economic	-2%	3.6%	4.4%	6.9%
Professional vs. Intermediate	3.5%	15%	5.4%	15.9%
Intermediate vs. Lower Socio-Economic	-5.7%	-13.4%	-1%	-10.7%

- PARTNERS**

70.4% of colleagues come from professional background households, 13.3% from intermediate backgrounds and 16.3% from lower socio-economic backgrounds. The pay gaps for this population are:

	2023		2024	
	Mean	Median	Mean	Median
Professional vs. Lower Socio-Economic	-11.2%	-10.6%	-6.9%	-13.9%
Professional vs. Intermediate	0.6%	-38.3%	4.6%	-30.7%
Intermediate vs. Lower Socio-Economic	-11.8%	20%	-12.1%	12.8%

Trainee solicitor salaries do not vary so pay gap analysis is not required but, for context, 68.1% of trainees come from professional background households, 14.9% from intermediate backgrounds and 17% from lower socio-economic backgrounds.

Although there are some gaps, it is positive that most of those that exist within the above populations are not too significant. Our hope is that this points to success in our wider investments in improving social mobility inclusion across the firm, which is reflected by the firm being ranked 11th in the Social Mobility Foundation's Top 75 Employer Index 2024.

CLOSING THE GAP

It is encouraging to see significant reductions in some of our pay gaps, however our focus continues to be on narrowing all of our gaps. Some of the programmes and initiatives which help us to achieve this, whether directly or indirectly, are summarised below:

RECRUITING DIVERSE TALENT

- We have introduced an inclusive recruitment hub and an inclusive recruitment guide to help promote DE&I both in advance of, and during, the interview process to ensure that all candidates get the best experience when interviewing with us.
- We continue to build closer connections with diverse communities through sponsorship and engagement at conferences and diverse business shows such as UK Black Business Week.
- We continue to work with external consultants on our recruitment process to ensure they are inclusive (e.g. from a neurodiversity perspective)
- We monitor attraction, recruitment, attrition and promotion processes via data dashboards from a diversity perspective to identify any areas of improvement.

CREATING AN INCLUSIVE CULTURE/ ENSURING FAIR AND TRANSPARENT PROCESSES

- We published our revised, board approved Gender (all offices) and Ethnicity targets (UK only) in 2024 and we continue to use them to drive engagement and accountability across the firm for achieving these targets.
- During our performance and annual remuneration reviews, Line Managers are evaluated based on their efforts to "create a positive, fair, and inclusive environment," including promoting equality.
- Our HR Managers continue to use a real-time dashboard in salary review meetings to help them see/monitor pay and bonus proposals and how decisions impact diverse groups across the teams being considered.
- We continue to enhance support for working parents and have created a central hub (the 'Fertility and Parental Hub') which contains all relevant policies and resources in a single accessible location.
- The continued growth and investment into our employee networks (covering gender, ethnicity, LGBTQ+, disability and social mobility and include nearly 700 members across the firm) provides opportunities for learning, networking and celebration of identity.

SUPPORTING CAREER ADVANCEMENT

- The expansion of our Apprentice Programme which now includes both Solicitor Apprentices and Business Services Apprentices, has been a key social mobility initiative helping to create new pathways into our business.
- Our 'Included' programme supports trainee solicitors from diverse backgrounds to excel in their training contract and set them up for their future career at our firm post qualification.
- We continue to enhance our female focused talent programme Flourish and now run it biannually so we can reach more people.
- The launch of the LGBTQ+ Lawyer's Programme in 2024 (a cross-sector development programme for LGBTQ+ lawyers looking to take the next step in their careers) has now become a cornerstone for our LGBTQ+ inclusion strategy, ensuring that our colleagues are equipped with the right tools to progress their careers.
- The launch of our workplace adjustments portal in 2024 to ensure that colleagues who require a workplace adjustment can easily access these and start positive conversations about how the business can further support them.
- The continued investment into our award-winning neuro-inclusion programme which includes a dedicated resource hub, a professional coaching programme, inter-law-firm network as well as a collaborative work experience programme supporting neurodivergent law students.



As a firm we have recently reaffirmed our commitment to investing in the right culture which is one of the core pillars of our AG2030 strategy. It is therefore pleasing to see a steady closing of gaps within our various populations and to be able to report for the first time on our LGBTQ+ and disability pay gaps. We are determined to keep this momentum and focus further on those areas where we would like to see the gaps continue to close.

This remains a key priority for our business.

I confirm that the information above is accurate.



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