

ADDLESHAW GODDARD 2018 GENDER PAY RESULTS



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Encouraging greater diversity, particularly at senior levels, continues to be a strategic priority for our firm and our second gender pay report includes our 2018 results (with a comparison against our 2017 figures) and, in the interests of transparency, a greater level of detail in our figures. In future we will be going beyond the regulatory requirements by including our partner population in our pay gap analysis (which is excluded by the current regulations).

Since the publication of our 2017 report, work has been ongoing to ensure that we foster a workplace where everyone is able to reach their full potential and in 2018 we were accredited (for the 11th 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 2018 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 representation at senior levels of the business and fewer “gendered” roles.

While we acknowledge that closing the gap will take time, we welcome a greater scrutiny on the issue of gender pay and, in a direct response to our gender pay reporting, we have put a particular focus in the last year on moving more women into the most senior levels of our firm. There is more detail in this report on the various steps we are taking to address the pay gap.



NIKI LAWSON
HR Director

A handwritten signature in black ink, appearing to read 'Niki Lawson', written over a thin horizontal line.

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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 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.

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.

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. 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).

OUR APPROACH TO REPORTING

Our 2018 results include colleagues in Scotland who joined the firm following the merger in June 2017 with HBJ Gateley. Having run the results for our English offices separately, the inclusion of the Scottish offices does not materially affect our data.

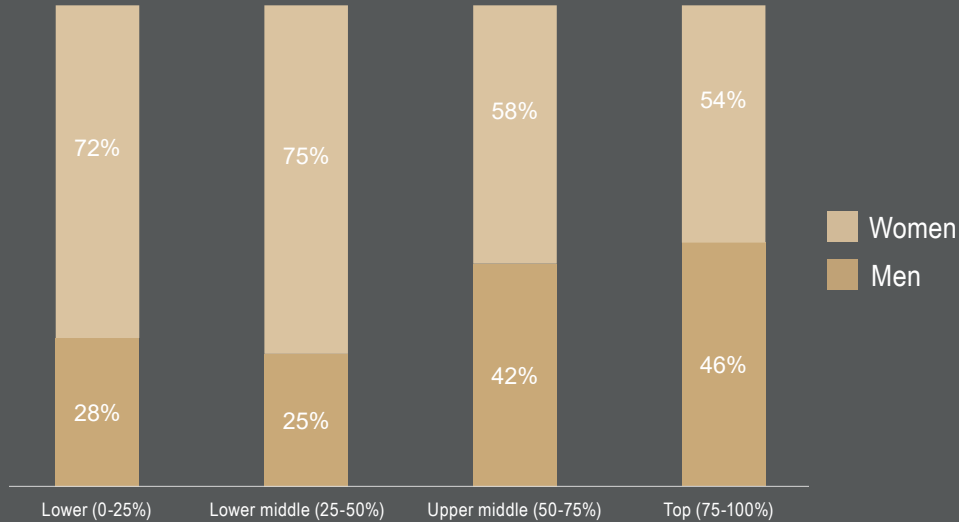
As well as the gender pay and bonus gap figures for AG Service Company Limited (our employee population), we are also publishing the pay gap of the Members of Addleshaw Goddard LLP (the partner group), which is a separate legal entity falling outside of the gender pay gap reporting obligations. Partners 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 2018 and the bonus reporting period is 06 April 2017 – 05 April 2018. The statistics and information provided here relate to UK colleagues only.

OUR RESULTS

Employees

We have a split of 65% female employees to 35% male. If we look at the four pay quartiles, from top to bottom, men and women are represented across those quartiles as follows:



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 93% female. Pleasingly, since last year we have seen a 3% increase in the number of women in the top pay quartile.

Our employee pay gap is as follows:

	2018	2017
Mean	19.8%	23.8%
Median	18.9%	16.4%

Commentary:

Our mean pay gap has reduced by 4% on last year, but we have seen a small increase of 2.5% 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, where salaries are lower. If, for example, we remove PAs from the analysis, the gap reduces to 13.2% (mean) and 10.2% (median).

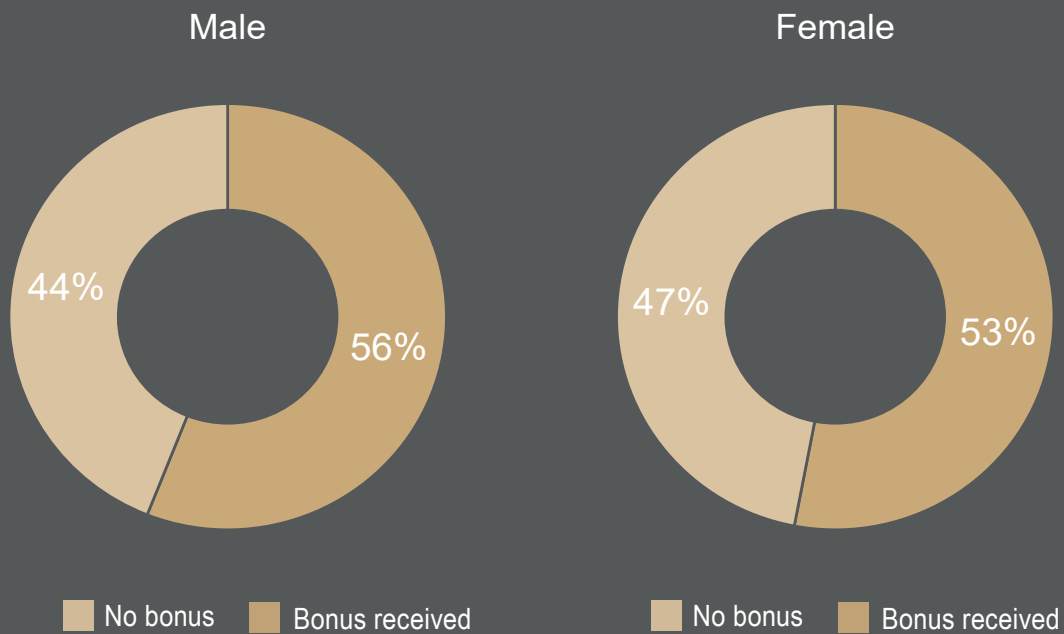
Looking at discrete populations, the pay gap is much smaller; for our lawyers it is 7% (mean) and 4% (median) and for business services employees it is 6.2% (mean) and 0.4% (median).

Within our lawyer population, our pay gap at associate level is -2% (mean) and -4% (median) (indicating a pay gap in favour of women), at managing associate level is 4% (mean) and 6% (median) and at legal director level is 5% (mean) and -2% (median).

Our employee bonus gap is as follows:

	2018	2017
Mean	41%	43.2%
Median	35%	33.3%

The proportion of male and female employees who received a bonus:



Commentary:

Our results are broadly comparable to last year with a small decrease in the mean bonus gap and a similar increase in the median. 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. Bonuses vary greatly in amount and if we remove a small number of bonuses at the 'extremes' the differential reduces to c.29% (mean). The gap between the proportion of men and women receiving a bonus has closed by 3% on 2017.

Partners

We have a split of 27% female partners to 73% male. Based on partners' total profit share (including bonus) for the FY ended 17/18, our partner pay gap is:

	2018
Mean	25.9%
Median	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. Now that we are promoting more women into the partnership, it will mean that in the short term our pay gap may widen until those partners progress into the equity. When we look at equity partners only, the gap narrows considerably to 3.7% (mean) and 11.1% (median) and for non-equity partners to 7.1% (mean) and 13.5% (median).

Partners and Employees Combined

This year, we have combined the employee and partner statistics to produce an overall organisational pay gap:

	2018
Mean	58.2%
Median	38.5%

Commentary:

This is arguably a more accurate reflection of the firm's gender pay position than the employee figure which we are required by law to publish. Going forward, we will report against this annually. Again, the pay gap is driven by our male-dominated equity partnership and the predominance of men at the most senior, and well-paid, level of the firm. It also reflects the challenges presented by occupational segregation where women make up the vast majority of our secretarial population and administrative roles.

WHAT ARE WE DOING TO ADDRESS THE ISSUE?

Since the publication of our first pay gap report 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:

Flexibility

- ▶ Enabled flexible and agile working for many colleagues.



Family support

- ▶ Offered support to our working parents through lunches, seminars and offering generous parental pay packages – our Shared Parental Leave packages 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

- ▶ 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
- ▶ Piloted a new 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.



Unconscious Bias

- ▶ Analysed our performance review data for bias to ensure that the processes which underpin our remuneration structure is fair
- ▶ Designed and launched a short video to remind decision makers of their unconscious bias when making decisions about recruitment, promotions and review ratings
- ▶ Rolled out mandatory diversity and inclusion e-learning for all partners and employees which included information on unconscious bias, the gender pay gap and its causes
- ▶ Reminded recruiting partners/managers of the potential for unconscious bias to impact recruitment decisions and promoted the use of structured, competency-based interviews.



Our focus for the coming year will be promoting female role models and alternative models of leadership, developing female networks internally and piloting a sponsorship programme to help move more female partners into the equity.

We hope that our continued work in this area will see our gender pay gap close over time.

I confirm that the information above is accurate.



JOHN JOYCE¹
Managing Partner

A handwritten signature in black ink, appearing to read 'John Joyce', written in a cursive style.

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¹ 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.

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Aberdeen, Doha, Dubai, Edinburgh, Glasgow, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

* a formal alliance with Hashidate Law Office

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