

# PAY GAP REPORT 2020

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Addleshaw Goddard



## INTRODUCTION

Encouraging greater diversity, particularly at senior levels, continues to be a strategic priority for AG and our gender pay report includes our 2020 results (with a comparison against our 2018 and 2019 figures).

The last year has been a very challenging one for most businesses, and I am pleased and encouraged that during this period the firm's efforts to become more diverse and inclusive as an organisation have accelerated.

Work has been ongoing to ensure that we foster a workplace where everyone is able to reach their full potential and in April 2021 we were accredited (for the 13th 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.

We welcome the Government's decision not to suspend the 2020/21 reporting period and require businesses to continue to be transparent about their pay gap, in particular given evidence about the impact that Covid-19 has had on different demographic groups, especially women and women from ethnically diverse backgrounds.

As before, to be fully transparent, we are publishing our partner data which is excluded by the current regulations and also our ethnicity pay gap, given the importance we are placing on becoming a more ethnically diverse business.

There is more detail in this report on the various steps we are taking to address the pay gap – including a number of new initiatives designed to diversify the senior levels of our business.

Nevertheless, the results from our 2020 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 will continue to focus on these areas over the coming year.



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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.

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 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.

## 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 2020 and the bonus reporting period is 06 April 2019 – 05 April 2020. 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).

Throughout this report we use the term women, and define this as all people who self-identify as women. Any colleagues who are non-binary or gender non-conforming will not be represented by our analysis.

## ETHNICITY PAY GAP

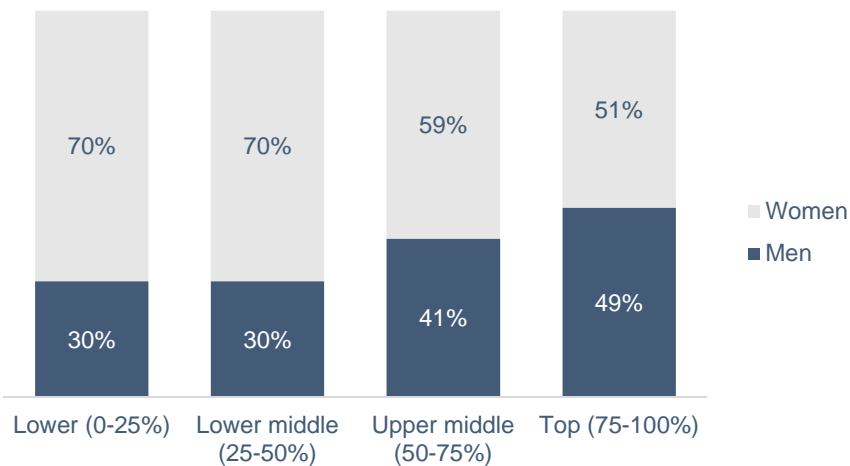
We have also published our ethnicity pay gap information, which looks at both employees, and employees and partners combined. We have calculated our ethnicity pay gap, notwithstanding the limitations of the data due to the high level of colleague non-disclosure regarding their ethnicity (c.20%). We have removed from the analysis those where their ethnicity is unknown and compared the earnings of White and ethnic minority colleagues.

Given the existing small numbers of individuals, we have taken the decision – in line with other firms – to report on colleagues from an ethnic minority background as one group, rather than splitting out into separate ethnic groups (Black, Asian, Mixed/Multiple Ethnicities, Other) in order to make for more meaningful data analysis.

# GENDER PAY GAP

## EMPLOYEE DATA

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.



The higher percentage of female colleagues 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 96% female.

## OUR EMPLOYEE PAY GAP IS AS FOLLOWS:

	2020	2019	2018
MEAN	18.4%	17.9%	19.8%
MEDIAN	16.4%	19.8%	18.9%

Our mean pay gap has increased by 0.5% on last year, but we have seen a more significant decrease of 3.4% 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 13.7% (mean) and 11.7% (median).

Looking at discrete populations, the pay gap is much smaller; for our fee earners (excluding trainees and paralegals) it is 9.3% (mean) and 11.1% (median) and for business services employees it is 5.2% (mean) and -1.9%<sup>1</sup> (median). Within our lawyer population, our pay gap at Associate level is 6% (mean) and 4.4% (median), at Managing Associate level is 3.3% (mean) and 4.4% (median) and at Legal Director level is 5.1% (mean) and 1.1% (median).

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

## OUR EMPLOYEE BONUS GAP IS AS FOLLOWS:

	2020	2019	2018
MEAN	42.0%	46.2%	41.0%
MEDIAN	47.2%	50.0%	35.0%

## 56% OF MALE EMPLOYEES AND 52% OF FEMALE EMPLOYEES RECEIVED A BONUS.

Our bonus gap is driven by the fact that we have proportionately more women in areas of the business where 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' of the data, the differential significantly reduces to c.29% (mean).

## PARTNER DATA

We have a split of 28% female partners to 72% male. Based on partners' total profit share (including bonus) for the FY ended 19/20, our partner pay gap is:

	2020	2019	2018
MEAN	23.9%	22.7%	25.9%
MEDIAN	37.9%	37.3%	45.6%

The partner pay gap is driven by the fact that within the partnership we have significantly more senior men – at the pay reporting date, 81% of our equity (i.e. most senior) partners were male.

## FIRMWIDE DATA (PARTNERS AND EMPLOYEES)

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

	2020	2019	2018
MEAN	55.3%	59.1%	58.2%
MEDIAN	37.9%	36.7%	38.5%

# ETHNICITY PAY GAP

As described above, 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.

The employee ethnicity pay gap is significantly smaller this year than last and would not be considered statistically significant:

	2020	2019
MEAN	2.9%	10.5%
MEDIAN	1.8%	8.1%

Our employee ethnicity bonus gap is as follows:

	2020	2019
MEAN	21%	26.7%
MEDIAN	20.8%	33.3%

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

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

	2020	2019
MEAN	34.3%	37.5%
MEDIAN	9.8%	15.8%

As with gender, this reinforces the need to increase the number of partners from ethnic minority backgrounds, and also to increase ethnic minority representation within the fee earning population more generally (where salaries are usually higher). As things stand, only 4% of our UK partners are from an ethnic minority background, something we are determined to improve on through a strong focus on ethnic diversity over the coming year.

# ACTIONS TO CLOSE THE GAP

Our gender and ethnicity pay gaps are predominantly driven by a lack of diversity at the most senior levels of our business, where salaries and bonuses are highest. In order to help address this issue we are focusing on a number of areas:

## STRATEGY

- We have set strategic plans and targets across gender and ethnicity, overseen by our Inclusion Partners. Our recently launched 'The Best She Can Be' hub brings together everything we're doing to promote gender balance in our workplace.

## AGILITY

- Pre-pandemic, many colleagues worked regularly from home and were on flexible patterns – we will likely see this increase, helping women (who tend to take on more child and eldercare responsibilities) to manage that alongside their careers.
- Flexible career options i.e. offering alternative career paths and roles such as Legal Director, which can be an alternative to partnership, help us retain talented women in the business.

## SUPPORT FOR PARENTS AND CARERS

- We run seminars and networking forums for parents and carers, as well as buddying schemes for those on leave.
- Generous parental pay policies allow women to take time off to look after their young children, reducing financial pressures which might mean having to return to work before they are ready.
- Our shared parental leave policy, which matches our maternity leave policy in terms of pay, serves to encourage more men to take an active role in looking after their baby in the first year of its life and 'de-gender' the role of a primary carer.

## CAREER DEVELOPMENT

- Flourish is our long-standing development programme focused on female lawyers, helping them achieve their career aims.
- Our junior partner sponsorship programme is an innovative programme designed to support talented women in accessing the highest level of our business (equity partnership), which is already showing impressive results.
- Our female mentoring programme is a new initiative to help more women move up into the partnership.

## NETWORKS

- AG Embrace is our race and ethnicity network, providing the opportunity for colleagues of all races and ethnicities to connect with one another, raise awareness, celebrate individuality, share experiences and help build an inclusive culture.
- The Vine, our newly launched women's network, will be offering support and access to role models for all women in the firm.
- We collaborate with external organisations such as InterLaw and the NOTICED ethnicity network.

## AWARENESS

- Campaigns, such as International Women's Day and Black History Month, allow us to role model successful women and colleagues from diverse backgrounds across the business.
- Training and events on topics such as 'gender intelligence' and allyship, help to raise awareness amongst colleagues.
- A number of reverse mentoring schemes focus on connecting colleagues from ethnically diverse backgrounds with senior leaders to raise awareness of the experience and challenges faced by ethnic minority colleagues.

Our Gender and Ethnicity Inclusion Partners are currently implementing strategic plans for these areas to ensure we move in the right direction, supported by our Inclusion Advocates and colleagues around the firm who actively promote a number of inclusion strands. We have also set clear targets and KPIs to inform our progress. More about these initiatives, as well as details of our targets, can be found in our annual Inclusion Report. Everyone has a role to play in helping us to achieve our ambitions to become a more diverse and inclusive firm.

We are determined to apply a continued focus in this area in order to see our pay gap close over time.

I confirm that the information above is accurate.



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*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.  
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