

PAY GAP REPORT 2022



**ADDLESHAW
GODDARD**

MORE IMAGINATION MORE IMPACT

PAY GAP REPORT 2022

Promoting greater diversity and inclusion within the firm continues to be a priority at Addleshaw Goddard. We evolve our approach to reflect the ever-changing economic and cultural landscape in the United Kingdom. Increasing costs of living and a permanently changed world of work where hybrid working is commonplace, have reinforced our drive to support all colleagues in reaching their full potential.

In this report we are publishing our 2022 pay gap results (with a comparison against our 2020 and 2021 figures). Once again, to be fully transparent, we are publishing our partner data which is excluded by the current regulations and our ethnicity pay gap, given the importance we are placing on becoming a more ethnically diverse business.

Within the results there is good news. Our employee gender pay gap has reduced for the third consecutive year and we have almost closed the gender pay gap within Business Services (0.8% gap). But we are making slower progress with our overall firmwide gender pay gap (including partners) and our ethnicity gap, which demonstrates the need to support more women and ethnically diverse colleagues into senior roles, especially within partnership.

Our initiatives are focusing on our recruitment processes both for lateral and graduate hires, and continuing to build a culture of belonging to ensure that our diverse talent stays and progresses through the firm. We recognise that we will need to keep working even harder to leverage the progress we are making in some areas, to drive improvements in other areas and in particular ethnic diversity.



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WHAT IS THE 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

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 2022 and the bonus reporting period is 6 April 2021 – 5 April 2022. 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.

ETHNICITY PAY GAP

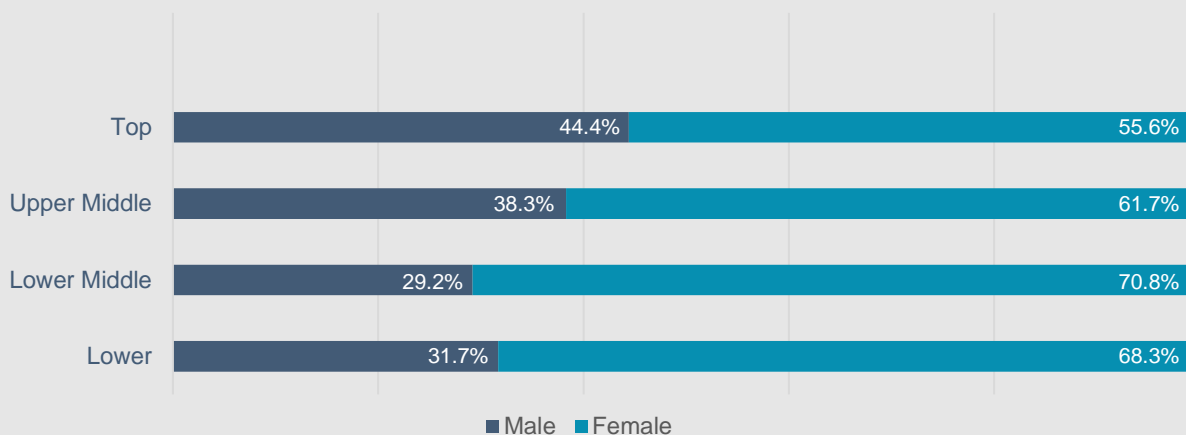
We are also publishing our ethnicity pay gap information, which looks at both employees, and employees and partners combined. We have removed from the analysis those where their ethnicity is unknown (31.8%) and compared the earnings of White colleagues and colleagues from ethnically diverse backgrounds. Given the existing small numbers of individuals, we have taken the decision (in line with other firms) to report on colleagues from ethnically diverse backgrounds as one combined group, rather than splitting out into separate ethnic groups (Asian, Black, Mixed Heritage etc) to make for more meaningful data analysis.

GENDER PAY GAP

EMPLOYEE DATA

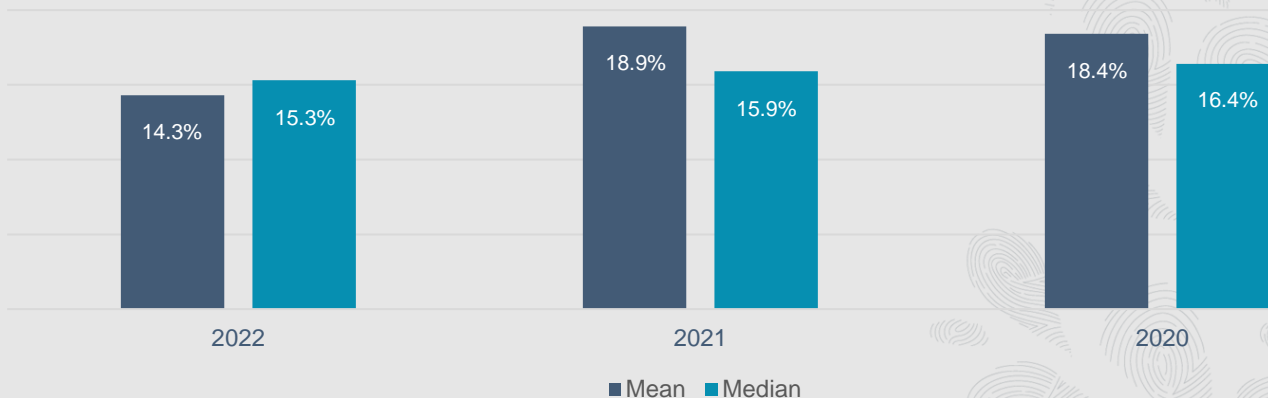
Our workforce as of April 2022 comprised 64% female employees and 36% male, excluding partners.

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 good to see increased female representation in the top quartile from 52.3% in 2021 to 55.6% in 2022, a 3.3% increase.

Our employee pay gap is as follows:



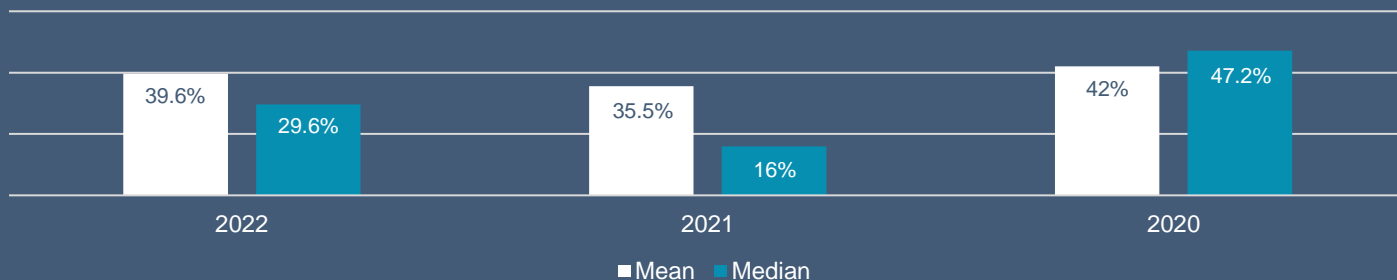
Our employee pay gap is driven by the fact that we employ a substantial number of women in non-fee earning and support roles, and regions outside London, where salaries are lower.

Our mean pay gap reduced by 4.6% in 2022 and there was also a slight reduction in our median pay gap of 0.6%. These positive shifts are testament to more women moving into higher earning / senior positions; in 2022 women made up 70% of Legal Directors promotions, 50% of Managing Associate promotions and 65% of all promotions in Business Services.

Looking at discrete populations, there have been varying shifts. In the fee earner population, the mean pay gap has slightly increased to 8.3% (an increase of 1.6%). Our mean pay gap at Associate level stands at 2.6% (a 2.8% reduction on 2021) and the median stands at 3.4%. At Managing Associate level, the pay gap stands at 5.5% (mean) and 9.2% (median). At Legal Director level, the pay gap stands at 7.7% (mean) and 3.8% (median).

Among our Business Services employees, the mean pay gap reduced to 0.8% (a reduction of 6.9% on 2021) which is reflective of more women in Business Services being promoted to higher earning roles.

Our employee bonus gap is as follows:



The mean and median bonus gaps have increased since last year. However, 2021 was an anomaly year in relation to bonuses due to a one off 'Thank you' payment made to employees during the pandemic, so it is fairer to compare the 2022 results with 2020, where the mean and median bonus gaps were higher.

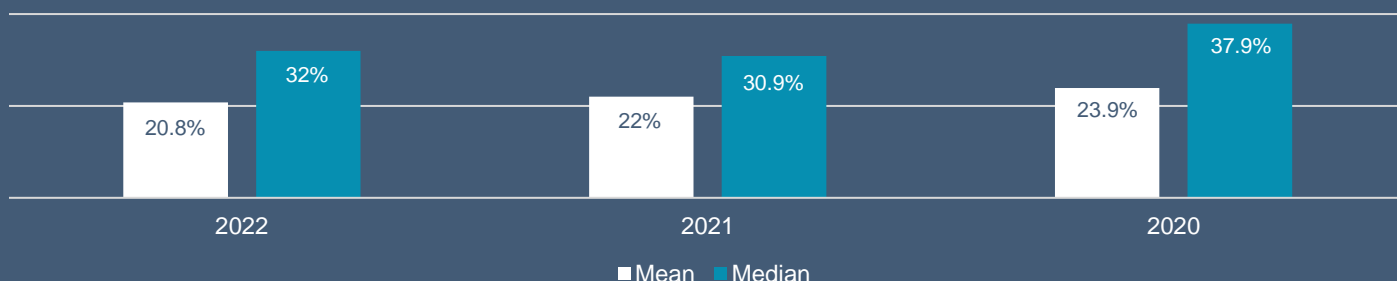
Our bonus gap is driven by the fact that we have proportionately more women in areas of the business where lower bonuses tend to be paid e.g. non-fee earning roles and roles based outside London. We are also required to calculate the pay gap on actual bonuses paid, rather than a full-time equivalent amount, 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 which are outliers in terms of the amounts awarded, the mean is then 31.7%, which is a reduction of nearly 8%. These particular bonuses are very small in number but have a significant impact on the gap.

In 2022, 61% of women received a bonus, compared to 58% of men.

PARTNER DATA

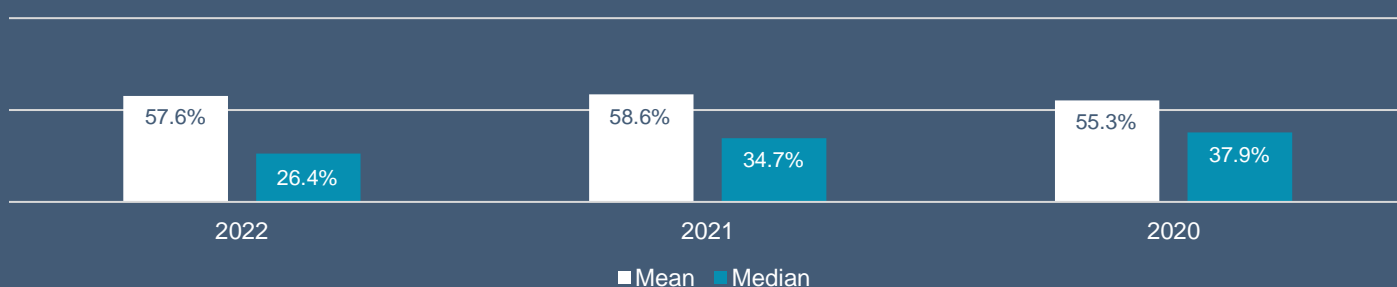
In 2022 we had a ratio of 29.5% female partners to 70.5% male. Based on partners' total profit share (including bonus) for the FY ended 21/22, our partner pay gap is:



The partner pay gap is driven by the fact that we have significantly more men within the equity partnership. However, it is worth noting that the mean gap is steadily closing as we have seen the number of female equity partners increase. We had a positive shift in 2022 with regards to female representation at equity partner level – an increase of 3.5%, to 22.5%.

FIRMWIDE DATA (PARTNERS AND EMPLOYEES)

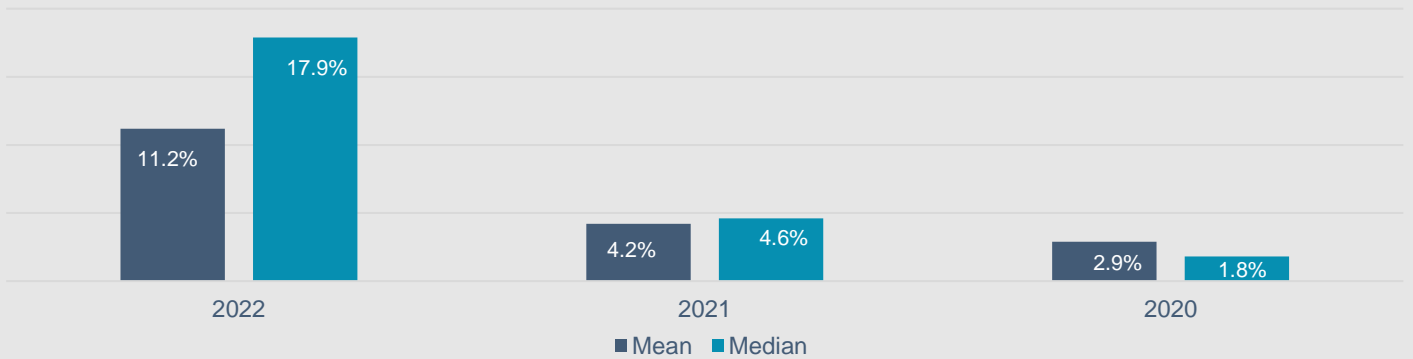
This year, we have again combined the employee and partner statistics to produce an overall organisational pay gap. It shows a 1% reduction in the mean pay gap and a reduction of 8.3% in the median pay gap since last year.



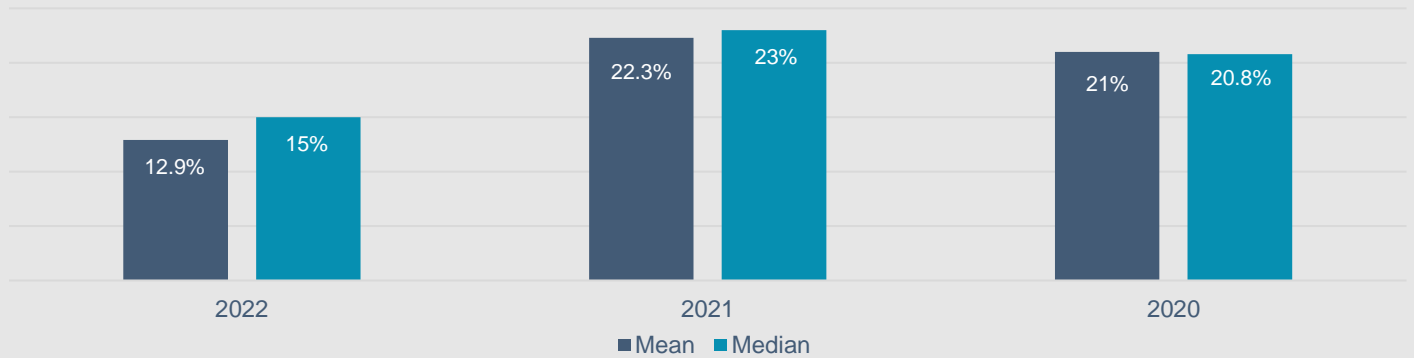
ETHNICITY PAY GAP

In line with last year's approach, 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 has unfortunately increased in 2022, which is attributable to the loss of some ethnically diverse colleagues in more senior roles and the recruitment of ethnically diverse colleagues into other, more junior roles, which pay a lower salary.

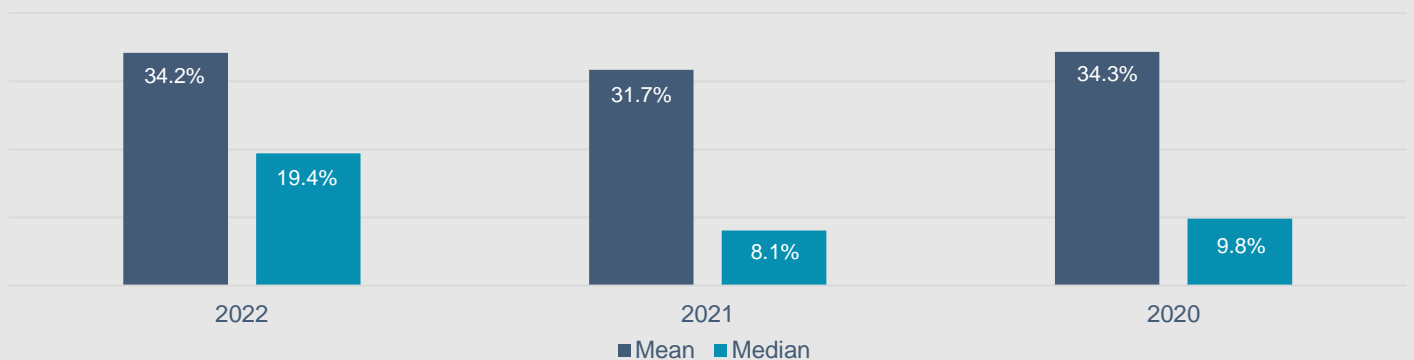
Our employee ethnicity pay gap:



Our employee ethnicity bonus gap is as follows:



It is encouraging to see the notable narrowing of both the mean (by 9.4%) and median (by 8%) bonus gaps in favour of our ethnically diverse populations. If we add partners to the analysis, we have an overall organisational ethnicity pay gap of:



Both mean and median gaps have increased this year as compared to 2021. It highlights the continuing need to increase the number of ethnically diverse colleagues within the partner group and other more senior roles.

CLOSING THE GAP

It is heartening to acknowledge the progress we are making in narrowing the employee gender pay gap, but we know there is more to do, particularly in terms of the firmwide gender pay gap (including partners) and our ethnicity pay gap. Work continues in earnest to positively affect change and identify the factors that are hindering progress, whilst recognising that some initiatives relating to recruitment, progression and promoting cultural change, take time to deliver results. Below we have outlined some of our continuing efforts to narrow our pay gaps, through bringing more diverse talent into the business, and offering the right culture and support to allow them to progress into senior roles.

STRATEGY

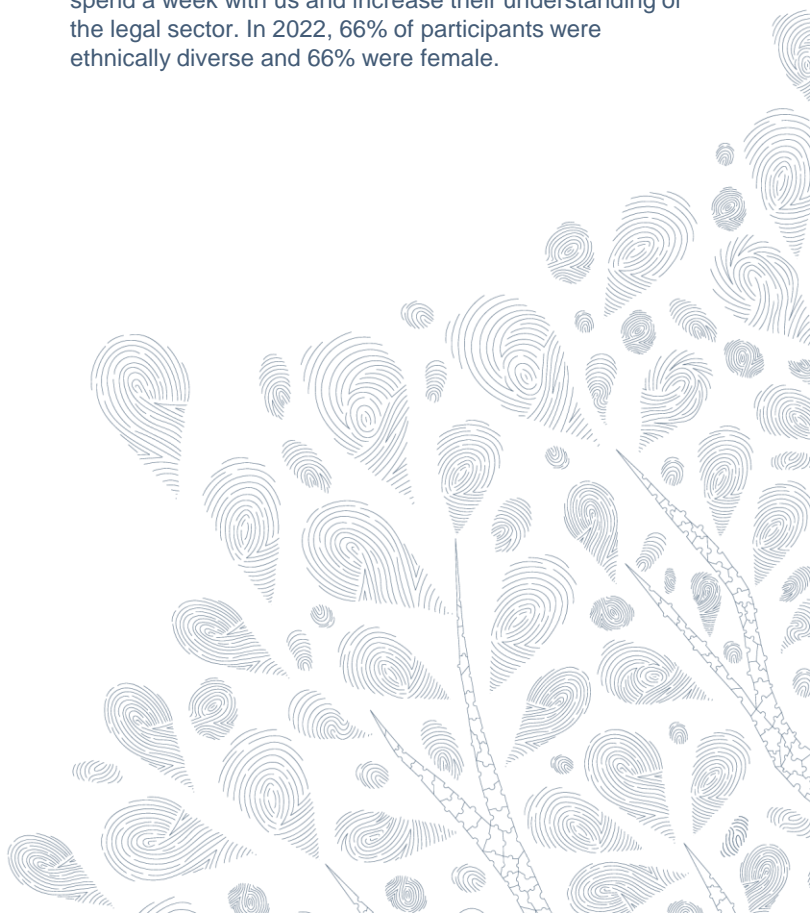
- Gender and ethnicity are priority areas within our inclusion strategy, supported by our Inclusion Partners and a dedicated Inclusion team.
- We set public targets to help monitor our progress to becoming a more gender and ethnically diverse business, particularly at senior levels. The targets are due to be reviewed later this year and we will aim to reset with new attainable, but stretching, targets.

CAREER DEVELOPMENT

- We have reviewed our award-winning female development programme (Flourish) allowing, for the first time, colleagues to self-nominate onto the programme, giving everyone a fair chance at self-development. In 2022/2023 we will be expanding Flourish to two cohorts to increase its impact.
- We launched a new flagship talent programme ('Altitude') for all genders, to maintain a pipeline of talent to senior leadership. It aims to demystify senior roles and offer practical skills e.g. building business cases and developing client relationships 56% of participants were women.
- 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 partner sponsorship programme continues and is a significant contributor to women being promoted to equity partnership.
- We are part of the Stronger Together Leeds network 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. We are taking part in the network's cross-organisation mentoring programme, to enable discussions on what it takes to succeed in a professional services environment and facilitate career development for those involved.

TALENT PIPELINE AND RECRUITMENT

- We have a keen focus on our resourcing teams and hiring managers to embed best practice recruitment processes and activities. For example, supporting them to disrupt the impact of bias in selection and interview processes to facilitate higher conversion from application to offer for female and ethnically diverse candidates.
- We proactively identify / target women in under-represented fields e.g. through recruitment sites which allows candidates to be filtered and searched by gender. This is having a positive impact on gender representation within Business Services.
- We have broadened participation in our graduate recruitment initiative 'Ethnicity Talent Law' which targets students outside Russell group universities in the North of England. We are looking to extend the initiative to London, with a focus on a broader pool of universities.
- We have seen positive outcomes in our trainee placement scheme process where in 2022 61% of offers were made to females versus an application rate of 59%.
- We run our Legal Access Week twice each year which enables young people from low-income backgrounds to spend a week with us and increase their understanding of the legal sector. In 2022, 66% of participants were ethnically diverse and 66% were female.



CLOSING THE GAP (CONT'D)

SUPPORT FOR FAMILIES

- We launched our 'Parental Pods' which provide a supportive space for returning parents of all genders to share experiences, raise concerns and learn more about our parental policies. 75% of participants are women.
- Our Carers' Policy sets out the support available to working carers and provides guidance to managers and colleagues, ensuring carers (who are often female) are able to balance their work and caring commitments effectively.
- We continue to offer flexible working patterns to suit colleagues that have caring and other responsibilities to manage that alongside their careers. Hybrid working post-Covid has been particularly beneficial to women with caring responsibilities, and we have seen a 300% increase in the number of flexible working requests, 94% of which were made by women.

CULTURE AND AWARENESS

- Internal networks, including our Gender Balance and Ethnicity networks, are vital in supporting our inclusion strategy. They are steadily maturing and creating an avenue for colleagues to affect change in the business. They have both seen an increase in membership and feedback suggests that colleagues see them as safe spaces to network, share experiences and learn.
- We continue to celebrate important dates and months in the inclusion calendar such as International Women's Day, South Asian Heritage month and Black History, month as well as host intersectional female and ethnically diverse speakers across the different inclusion strands.
- We run mandatory annual 'Respectful Workplace' training to educate colleagues on the basics around diversity and anti-harassment. We create safe avenues for colleagues to report concerns, including through our external reporting service, Safecall.
- We have a menopause working group of women at senior, mid and junior level focusing on our menopause strategy with external professionals, as well as a comprehensive 'hub' of information online, to support colleagues and managers.
- Our newly launched Fertility Treatment policy offers support to those undergoing treatment and doubles the amount of paid leave that colleagues in the business can take.
- We have rolled out reverse mentoring, with the aim of upskilling colleagues around ethnicity inclusion, across our divisions and directorates. Most have now completed their second iterations with positive impact reflected in the actions of senior leadership.



It is pleasing to see those areas in which we are making progress, but we acknowledge there is still much more to do. We will continue to intensify our focus and investment to accelerate a positive closing of the gaps. We hope to leverage some of the progress we are making in the gender sphere to improve our ethnicity representation and pay gap. The Inclusion Partners, Advocates, and all those in leadership roles, particularly our partners, are tasked with ensuring that this remains high on the firm's agenda.

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.

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